

16 November 2020

ADX Extends Hedging Position for its Austrian Production in 2021

“Brent swap contract secured at USD 44.34 per barrel”

Key Points:

- ADX has secured fixed price swaps at an average Brent crude oil price of USD 44.34 per barrel for the period from 1 January 2021 to 30 June 2021 for quantities representing 40% of the Gaiselberg and Zistersdorf fields forecast proven (1P) oil production.
- The revised hedging position is in combination with the previously secured swaps at a fixed Brent price of USD 41.77 per barrel from 1 January 2021 to 30 April 2021 ensuring pricing certainty over approximately 80% of proven (1P) oil production at an average Brent price in excess of USD 43 per barrel for the first four months of next year.
- The combined fixed swap position ensures certainty of cash flow during a period of expected ongoing volatility in the Brent oil price to cover field operating costs, well work over costs and maintenance costs required to maintain optimal levels of production as well as local administrative costs required to ensure ADX can continue ongoing portfolio growth initiatives.
- The hedging counterparty for this transaction as well as the previous hedging is BP.
- The new hedging position was initiated to take advantage of a Brent crude oil price upswing early last week in response to the positive announcements from Pfizer Inc. and BioNTech SE regarding a COVID-19 vaccine as well as positive news regarding world oil supply and demand during the last quarter. ADX believes there is a risk of short term oil price weakness as was observed later last week when many countries in Europe went into COVID-19 related lock downs.

ADX Energy Ltd (ASX Code: **ADX**) is pleased to advise that it has executed further hedging transactions on behalf ADX VIE GmbH (ADX wholly owned Austrian subsidiary) (**ADX VIE**) with BP for additional fixed price swaps from 1 January 2021 to 30 June 2021 representing 40% of ADX VIE proven (1P) production at an average Brent crude oil price of USD 44.34 per barrel.

The transactions in combination with a previous fixed price swaps contracted in June 2020 results in ADX VIE having fixed price swaps in place covering over 80% of its forecast (1P) proven production from 1 January to 30 April 2021 with 40% fixed at an average Brent price

USD 44.34 per barrel and 40% fixed at USD 41.77 per barrel. The remaining 20% of production during the period will be priced at the prevailing Brent price. During the period between 1 May 2021 and 30 June 2021, 40% of ADX VIE proven (1P) production profile will be hedged at an average Brent price of USD 44.34 per barrel.

ADX seeks to deploy an ongoing hedging strategy that ensures sufficient revenue is available to cover all field operating costs and field overheads as well as planned field maintenance and production enhancing well work over work during a period of expected oil price volatility ahead of projected strengthening of oil price later next year. The combination of efficient field production and sale infrastructure (tanks and pipelines) as well as stable, long lived, low decline and high value oil production ensures that the Gaiselberg and Zistersdorf fields will continue to deliver strong cash flow in the longer term despite the current volatility in oil pricing.

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