

11 January 2021

ADX Signs Upper Austria Exploration, Production & Storage Concession Agreement

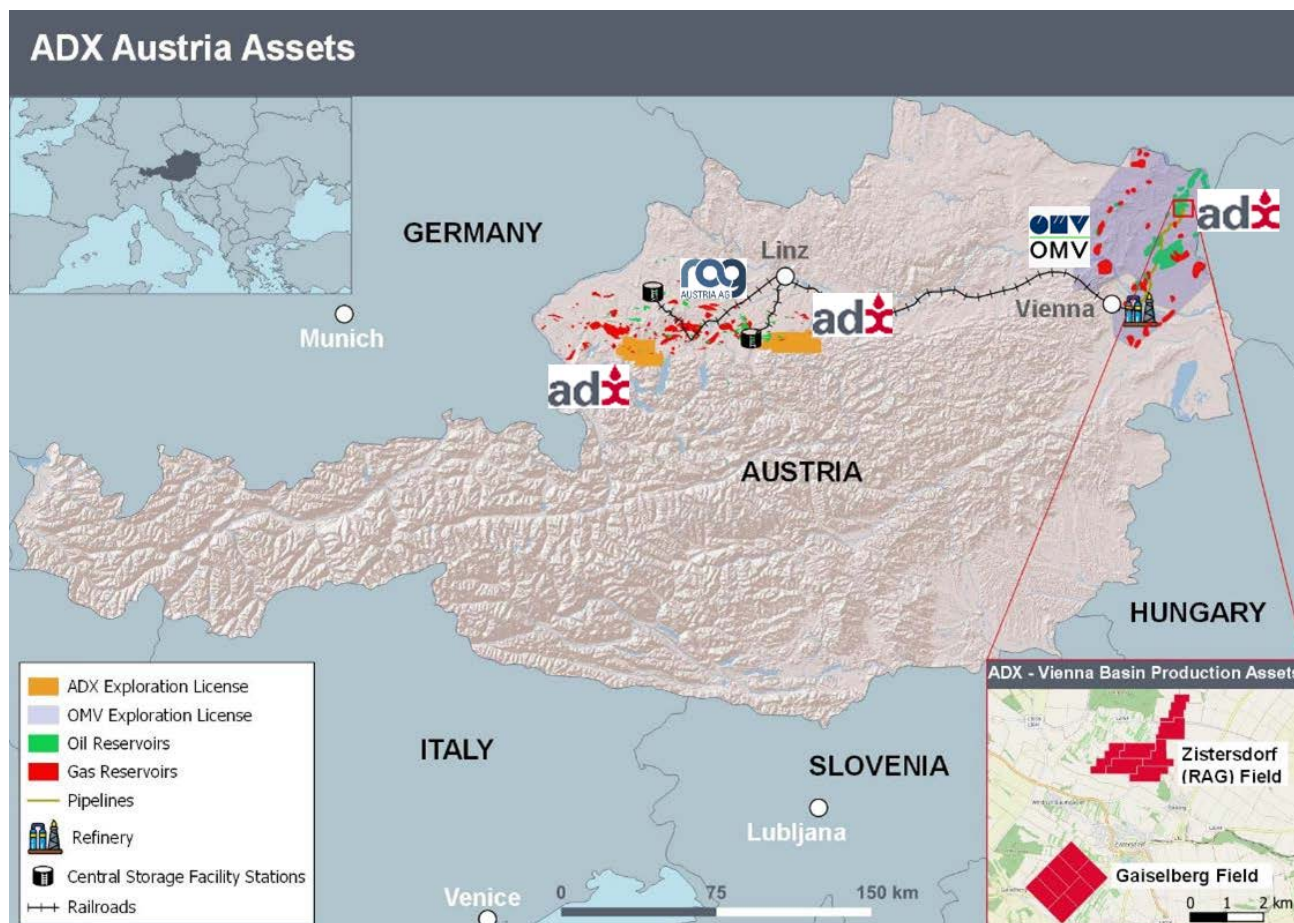
“Legal rights secured to drill ready prospect portfolio adjacent to infrastructure in a premier investment jurisdiction”

Key Points:

- ◆ Concession agreements for exploration, production and gas storage in Upper Austria (Upper Austria AGS) signed on the 8th of January 2021 between ADX and Federal Ministry responsible for Mining (“BMLRT”) on behalf of the Republic of Austria.
- ◆ Signing of the Upper Austria AGS followed a comprehensive federal approval process including the Finance Ministry which demonstrates Austria’s continued commitment to domestic energy sector investment. Austria’s energy policy is premised on a preference for oil and gas produced in country where strict greenhouse gas emissions and environmental standards can be guaranteed.
- ◆ The signing of the Upper Austria AGS is the culmination of over 18 months of technical work, commercial discussions and relationship building with RAG Exploration & Production GmbH (RAG E&P) and the Austrian designated authorities resulting in the achievement of the following important milestones;
 - The execution of a data trade agreement with RAG in July 2019 in conjunction with the acquisition of Gaiselberg and Zistersdorf asset acquisition providing access to high-quality 3D seismic and well data in Upper Austria (“Data Set”) with a replacement value of EUR 90 million;
 - Utilising the Data Set to high grade an area of 450 km² (“AGS area”) that includes 10 drill ready exploration prospects with a best technical prospective resource estimate of 42 million barrels of oil equivalent ^{note 1} (MMBOE) (“Prospect Inventory”). Refer ASX release dated 30 November 2020;
 - Demonstration of financial and technical capability to Austrian regulators and negotiation of the concession agreement on favourable terms for the Upper Austria AGS; and
 - Finalisation of an infrastructure access agreement with RAG E&P which enables access to nearby RAG E&P owned oil and gas infrastructure on attractive tariffs (“Infrastructure Access Agreement”). Refer to ASX announcement 22nd December 2020.
- ◆ As a result of the above arrangements ADX has secured a highly prospective drill ready exploration and appraisal acreage position proximal to infrastructure in a highly productive basin where an exploration success rate of 48% has been achieved. Drilling can commence within a short time and hydrocarbons can be developed quickly, cost effectively and with a high degree of commercial certainty.
- ◆ A key benefit AGS Area is its central location in the heart of Europe where there is strong political and financial support for green energy projects such as geothermal and hydrogen storage by the European Union.
- ◆ ADX has been approached by a number of interested parties and has commenced an informal farmout discussions ahead of a formal data room process planned for late January.

Note 1: Prospective Resources are those estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further explorations appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

ADX Energy Ltd (ASX Code: ADX), is pleased to advise that it has executed concession agreements with the Federal Ministry responsible for Mining (“BMLRT”) on behalf of the Republic of Austria has ratified the exploration, production and gas storage concession agreements (“AGS”) negotiated earlier in the year with the responsible BMLRT for Upper Austria (refer ASX announcement 30th November 2020) following a comprehensive but highly efficient and speedy approval process.



ADX Asset Position Overview showing ADX production areas within the OMV dominated Vienna Basin in the East and the now government ratified ADX Upper Austria AGS licenses (orange) proximal to the RAG oil and gas production area of the Molasse Basin east of Munich

The execution of the concession agreements for the Upper Austria AGS is a significant milestone for ADX which is now the sole exploration operator in the Austrian part of the prolific Molasse oil and gas basin. The new drill ready and potentially substantial growth portfolio in Upper Austria complements the stable, long term, cash flow from ADX Lower Austrian oil and gas fields which are located in the middle of OMV’s (the National Oil Company of Austria) principal area of operations.

ADX is now well positioned for significant short to mid-term growth in Austria, a country where over a 1 billion barrels of oil and 2.7 TCF of gas has been produced, with a stable legal and economic framework as well as attractive fiscal terms. The unique “ADX master of the basin” position in Upper Austria has been enabled by exclusive access to high quality 3D seismic, well data and a highly experienced local exploration and production operations team who has had an outstanding track record for cost efficient rapid project

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execution and a recent (approx. 10 years) historical exploration success rate of 48% based on modern 3D seismic.

AGS Terms

The total term for the Upper Austria AGS is 16 years without any relinquishment and the first 4 year firm period commencing 1st January 2021. ADX has entered a 2 well drilling commitment, however the minimum financial obligation to keep the licenses in good standing is EUR 2.2 million for the first period.

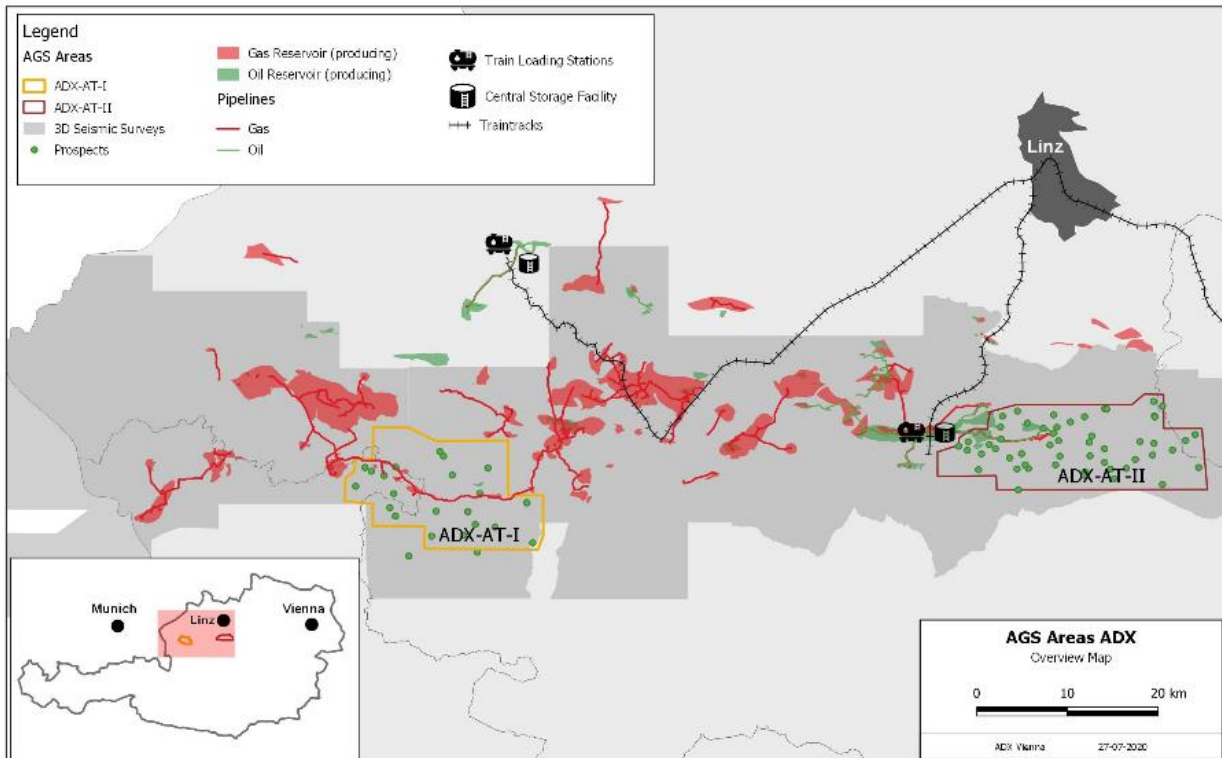
Licensing System

Austria does not have a typical open door licensing round system for obtaining oil and gas rights, however the concession agreement negotiations with the respective Mining Authorities and the subsequent speedy government ratification process which required finance ministry approvals has highlighted the efficiency and the government support for oil and gas activities and investment. It is important to emphasise that the acceptance of ADX as an oil and gas operator and producer in Lower Austria was a key milestone and pre-condition for achieving the historic award of oil and gas concessions in Austria, where only OMV and RAG have been the only companies to undertake exploration operations for almost a century.

Due to the above-mentioned licensing system, there is a high barrier for entry into Austria as a new oil and gas operator however once a license has been secured the system is highly flexible and favourable for the licensee. A significant advantage of the system is the ability to make exploration and production area extensions, part relinquishments and secure drilling location approvals in relatively short time frames of a few months.

Infrastructure Access Agreement

Another key milestone enhancing the commercial potential of the Upper Austria AGS was achieved in December 2020 when ADX signed an infrastructure agreement with RAG E&P covering principal legal and commercial terms for a guaranteed access to a modern and extensive oil and gas infrastructure (refer ASX release 23rd December 2020).



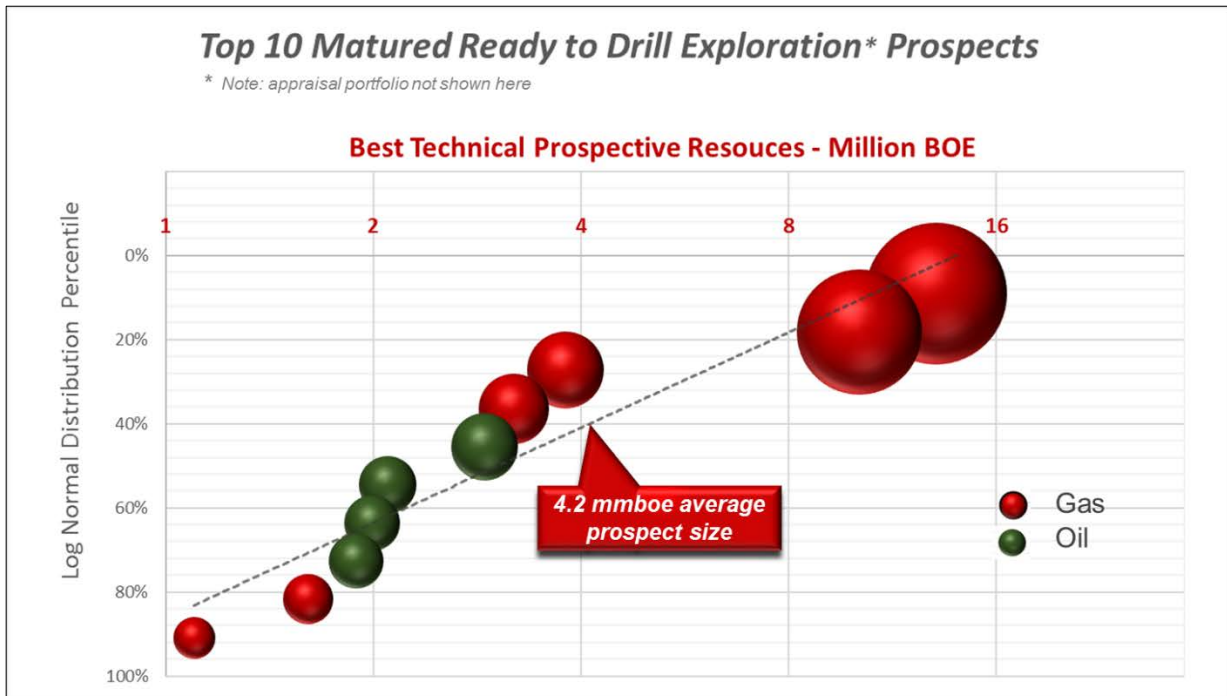
Map showing ADX Upper Austria AGS exploration areas proximal to RAG's infrastructure and fields. The round green dots indicate a rich portfolio of oil and gas prospects & leads covered by 3D seismic

The infrastructure agreement enables the reduction of capital expenditures and the time taken from drilling

to commercial production due to the ability to tie into RAG E&P's existing hydrocarbon gathering, processing and storage facilities which is in turn connected to Austria's extensive oil and gas infrastructure network.

Prospect Inventory

The drill ready exploration prospect inventory for the Upper Austria AGS licenses is summarised in the below prospective resources histogram showing the best technical case resources (**Resources**) for each prospect. The prospects range from just over 1 to over 15 MMBOE Resources. The average prospect Resource size is 4.2 MMBOE. Prospects less than 1 MMBOE are profitable due to proximity to modern infrastructure. The larger prospects exceeding a 10 MMBOE Resources if successful are highly valuable in an onshore setting proximal to infrastructure. Refer to ASX release 30 November 2020 when above resource estimates were first announced.

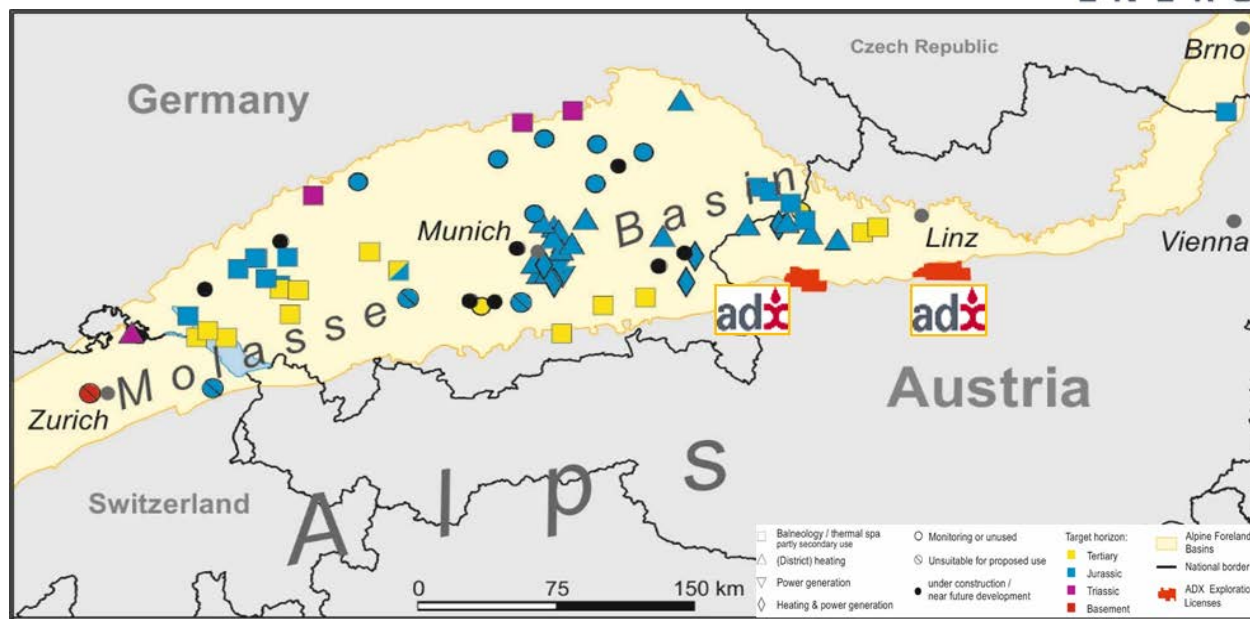


Resource Size Distribution for top ten matured exploration prospects (lognormal fit)

The recent historical exploration success ratio utilising 3D seismic has been approximately 48%. The licenses also include lower risk appraisal opportunities or RAG field extensions within ADX exploration license areas. ADX is fortunate to have an experienced and successful exploration team that has worked the basin for RAG prior to joining ADX.

Geothermal Potential

In addition to the above-mentioned hydrocarbon opportunities, the western part of the Molasse basin has proven geothermal potential that is already being exploited in a growing number of projects especially around Munich across the border in Germany. The Molasse geothermal potential is not yet exploited to its potential in Austria. ADX is fortunate to have a number of prospects with both hydrocarbon and geothermal potential in already proven high productivity reservoirs.



Molasse Basin Geothermal Potential Map with blue symbols showing operating plants with highly productive Jurassic geothermal reservoirs used also for directly for electricity generation (source: Bavarian Ministry for Environment)

With the signing of the Upper Austria AGS now achieved, ADX will commence a systematic farmout process by the end of January 2021. The process has already started with a number of interested companies approaching ADX ahead of the formal farmout process.

ADX is confident of being able to complete a successful farmout process because it can offer interested investors or companies competitive advantages compared to other opportunities available on the market. The important attributes of the farmout offering can be summarized as follows;

- A ready to drill well balanced portfolio mapped on modern 3D seismic with low drilling costs (ranging from EUR 1.2 million to max. EUR 7 million, on average EUR 2.6 million for the typical trend exploration prospects). *This is in contrast to many other projects where large upfront time and costs are required for a country entry, acquiring seismic, mapping and prospect maturation.*
- Low political risk country with extensive oil and gas infrastructure, efficient license administration and short approval times for wells and development projects as well as highly profitable economics resulting in short pay out times. Excellent fiscal and licensing terms with 16 years exploration period without obligatory relinquishment and easy extension of license areas. *This is in contrast to many other jurisdictions where the authorities often change terms, are not supportive of oil and gas investment and take a long time to approve operational activities.*
- Infrastructure agreement with RAG E&P enables the certainty of costs and time required for development facilitating the rapid development of projects and the commercialisation of even smaller reserves sizes. *This is in contrast to projects where after a successful exploration campaign the economics and shareholder value can get destroyed due to an inability to access infrastructure or be disadvantaged in comparison to larger established players which stifle competition or attempt to take over small successful exploration operators.*
- The presence of a proven and highly experienced local exploration and production team with an outstanding track record which provides confidence and ensures efficient and low-cost operation. *This is in contrast to many opportunities where getting a competent team with “boots on the ground” has not yet been established resulting in uncertainty and a high initial cost for building an efficient operations team.*

ADX Executive Chairman, Mr Ian Tchacos, said, *ADX has secured a very privileged acreage position in Upper Austria which is substantially enhanced by the existence of a drill ready portfolio and guaranteed access to oil and gas infrastructure on favourable terms. The signing of the Upper Austria AGS is the culmination of over eighteen months of technical work, commercial discussions and relationship building with RAG E&P and the Austrian designated Authorities by our local ADX team. We are particularly encouraged by the Austrian government's continued commitment to domestic energy sector investment as well as the encouragement of renewable opportunities that exist such as geothermal or hydrogen storage. ADX is well placed in a jurisdiction with immediate oil and gas growth potential and longer term renewable development opportunities.*

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Authorised for lodgement by Ian Tchacos, Executive Chairman

Persons compiling information about Hydrocarbons. Pursuant to the requirements of the ASX Listing Rule 5, the unaudited prospective resource information contained in this release has been prepared under the supervision of Mr Paul Fink. Mr Fink is Technical Director of ADX Energy Ltd, is a qualified geophysicist with 23 years of technical, commercial and management experience in exploration for, appraisal and development of oil and gas resources. Mr. Fink has consented to the inclusion of this information in the form and context in which it appears. Mr. Fink is a member of the EAGE (European Association of Geoscientists & Engineers) and FIDIC (Federation of Consulting Engineers).

Resource Classifications used in this release.

Prospective Resources are those estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further explorations appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Low Estimate scenario of Prospective Resources - denotes a conservative estimate of the quantity that will actually recovered from an accumulation by an oil and gas project. When probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

Best Estimate scenario of Prospective resources - denotes the best estimate of the quantity that will actually be recovered from an accumulation by an oil and gas project. It is the most realistic assessment of recoverable quantities if only a single result were reported. When probabilistic methods are used, there should be at least a 50 % probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

High Estimate scenario of Prospective Resources - denotes an optimistic scenario of the quantity that will actually be recovered from an accumulation by an oil and gas project. When probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will be equal or exceed the high estimate.

ADX has only reported Best Estimate Prospective Resources Scenarios in this release.

Type of Permits

The Prospective Resources relate to exploration licenses ADX-AT-I and ADX-AT-II (Licenses), in the Molasse Basin, Austria. ADX will hold at a 100% equity interest at the commencement of the license terms on 1 January 2021 for up to four periods of four years each. The license area is 450 Km². Royalty is paid based on the value of hydrocarbons produced at a rate of 15% to maximum 20% for oil and 19% to maximum 22% for gas, depending on product prices.

Prospective resources have been estimated on the following basis.

ADX has calculated resource estimates probabilistically under the PRMS guidelines outlined in chapter 4.2.3 (June 2018 revision), following the interpretation of all available well data and seismic data including 3D seismic data within the Licenses and within the basin. Ten prospects have been high graded and matured technically for drilling based on the evaluation of risk and resource potential. Given the excellent availability of data available to ADX prior to License award additional geotechnical studies will not be required prior to drilling. ADX anticipates drilling at least two wells in the first 4year term of the license period.

Historical success rates for exploration in the basin have been 47% when utilizing 3D seismic. A similar success rate is expected for future drilling. Given the availability of infrastructure and high- quality productive reservoirs in the basin there is a high probability that successful exploration will result in commercial production.