



ADX Energy Ltd

30 November 2021

Dear Shareholder

SHAREHOLDER UPDATE – VIENNA BASIN HYDROGEN PROJECT

ADX Energy Ltd (ADX) has made a number of ASX announcements regarding our progress in relation to the Vienna Basin Hydrogen Production and Storage Project (“Vienna Basin H₂ Project”) since the beginning of this year culminating with the recent memorandum of agreement with a major local provider of green energy for our project. I would like to take this opportunity to further clarify where ADX sees its’ future in the production and storage of green hydrogen and try to demystify how our project can be commercialised.

Hydrogen has been around for a long time but the demand for green hydrogen is accelerating rapidly due to the world’s focus on decarbonisation. There are many low carbon uses for hydrogen including transport, steel production, fertiliser production and power generation. There are various ways of creating hydrogen which determines its classification from an environmental perspective (classified as grey, blue and green) based on the way it is produced and the level of carbon created in the process.

ADX is focused on green hydrogen which is the gold standard for creating hydrogen from water using renewable energy which is carbon free. There is no doubt that there is a large market emerging for green hydrogen. A large deficiency in supply of green hydrogen for the foreseeable future is likely to make it a premium product for the years to come. By focusing on green hydrogen, ADX is playing to its strengths through the upcycling of our producing oil and gas assets in the Vienna Basin for a sustainable future by taking advantage of a unique set of circumstances which are described below.

We are seeing many innovative and visionary developments for the production and transportation of hydrogen as well as its use in fuel cells and the potential to transform carbon intensive industries such as steel and cement production in the future. These transformational developments will take time and a large deployment of capital.

What we are seeking to do at our Vienna Basin Fields is much more here and now. We are not relying on any new technologies, we are simply taking advantage of what we have and what is around us, utilizing off the shelf technology to initiate a project that can cost effectively generate, store and deliver green hydrogen to local markets.

At our Vienna Basin Fields we are fortunate to own depleted gas reservoirs that can be used for safe and cheap storage of hydrogen. ADX also owns land that can be utilised for the installation of hydrogen generation facilities. Our fields are surrounded by some of the largest wind power

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generators in Austria. We recently announced a memorandum of agreement with Windkraft Simonsfeld AG for the potential supply of curtailed green power to generate green hydrogen from an abundant supply of fresh water.

Renewable power from wind and solar is ideal for generation of green hydrogen. There are times when there is excess power that exceeds the capacity of the power grid hence the power is wasted unless the energy can be stored. The availability of low-cost, safe reservoir storage is critical because it allows otherwise curtailed power to be converted to hydrogen and stored. Stored hydrogen can then be sold at appropriate rates to suit market demand or in our case local pipeline capacity.

ADX fields are already connected to the local pipeline network into which we supply our existing natural gas production from our Vienna Basin fields. The local pipeline network, since 1 July 2021, has been designated by the Austrian regulatory authorities to receive up to 10% hydrogen by volume. This will enable ADX to displace a portion of its existing natural gas production with green hydrogen up to the 10% statutory limit. There is a clear commitment from the European Union to further increase the proportion of hydrogen in existing natural gas pipeline networks and in some countries, such as the Netherlands, dedicated hydrogen pipelines are being built or have already been completed.

To summarise, the Vienna Basin Hydrogen Project has the following positive and unique attributes:

1. Availability of green power and water for green hydrogen production at our fields;
2. ADX owned land and facilities for the installation of off the shelf electrolyser equipment;
3. The ability to store large quantities of intermittently produced hydrogen economically in depleted ADX reservoirs;
4. The availability of an existing local pipeline network where we can deliver Hydrogen for use by the local industry and the community; and
5. Proximity to the city of Vienna where there are substantial high value market development opportunities.

The abovementioned set of circumstances mean that ADX has everything it needs to immediately pursue phase 1 of our project focusing on the delivery of green hydrogen to the local community via the existing gas network. With phase 1 in place, we can then credibly build the scale of the project to provide green hydrogen for regional fuel switching including power generation and transportation.

In addition to the physical attributes of the project, ADX is very well placed in Austria where there is government support for substantial growth in green power production needed for green hydrogen production (government policy is to increase renewable power by factor of 6 by 2030) as well as within Europe, where there is strong financial support for hydrogen projects including subsidies and favourable funding terms for renewable projects.

Your Board is very encouraged by the opportunity to rapidly build a green hydrogen business by initially supplying green hydrogen to the local community and then upscaling our project to capture tangible, emerging green hydrogen market opportunities. In addition to our project

feasibility work, we are also creating a renewable energy subsidiary which will become the investment vehicle for funding assets such as the Vienna Basin H₂ Project when it reaches the point of commerciality.

At ADX we are redeploying our assets, people and skills into zero carbon energy production through potential developments like the Vienna Basin H₂ Project and the novel geothermal pilot project with Siemens Energy. By investing our oil and gas cash flows into long term, low carbon energy assets we are future proofing the Company by creating new value development pathways as well as enhancing the value and life of our existing oil and gas assets.

INVESTOR BRIEFING AND WEBINAR

If you would like to hear more about the Vienna Basin H₂ project, we will be hosting a Webinar on **Thursday 2 December 2021 between 9:00 AM - 10:00 AM AWST**.

Register via: <https://register.gotowebinar.com/register/7305497622163475470>

Questions can be submitted now to alex@investorstream.com.au or in written form during the webinar. A recorded copy of the webinar will be made available on the ADX Energy [website](#) and social media platforms shortly following the conclusion of the webinar.

Yours faithfully



**Ian Tchacos
Executive Chairman
ADX ENERGY LTD**

Authorised for lodgement by Ian Tchacos, Executive Chairman