

24 October 2022

Commercial Production Commences From Anshof-3 Discovery Well

Controlled production rates of 100 barrels per day boosts ADX Austrian oil production by 30%

Key points:

- ◆ Production of light crude oil (32° API) has commenced at stable flow rate of 100 barrels per day from Eocene oil reservoirs discovered in January 2022 in ADX' ADX-AT-II exploration license area in Upper Austria. ADX holds an 80% interest in Anshof.
- ◆ Well productivity is at the upper end of expectation, but production is currently limited by on site storage capacity and truck frequency transportation limitations. The production performance from the well will be observed to determine the production capacity and continuity of the Eocene reservoirs.
- ◆ ADX has secured an early production unit ("EPU") production system for onsite oil pre-processing, day storage and remote monitoring for approximately 12 months. Oil produced is being transported by truck to a nearby oil terminal for final processing prior to delivery to the OMV refinery near Vienna for sale.
- ◆ The Eocene oil at Anshof is a high-quality sweet crude which will trade at a small discount to Brent oil.
- ◆ Interim production of up to 37,000 barrels is allowed under Austrian legislation prior to finalising a production license for the entire discovery area which ADX has mapped to extend over an area of approximately 25 km².
- ◆ ADX anticipates a large upscale in Anshof production capacity within 12 months by the drilling of the two additional wells at the same well site as Anshof-3.
- ◆ Production rates from subsequent wells on the flank of the large Anshof structure, where the Eocene reservoirs are expected to thicken, are likely to result in significantly higher production rates. (Refer to Figure 1).

ADX Executive Chairman, Mr Ian Tchacos, said, "The Board of ADX is delighted by the commencement of commercial production during the long-term testing of the Anshof-3 well. Our management and operating team in Vienna have delivered a transformative outcome for the Company in a short time frame. Anshof represents an important new project and source of additional revenue for ADX with the potential of becoming material asset in terms of both reserves and production rate. The ability to deliver commercial production from Anshof within 2 years from securing the Upper Austrian exploration licenses is an extraordinary result brought about by a highly experienced technical team with access to an extensive 3D seismic data set as well as pre-existing access arrangements to excellent nearby production infrastructure."

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ADX Energy Ltd (**ASX Code: ADX**) is pleased to advise that it has commenced crude oil production at the Anshof-3 discovery well in the ADX-AT-II license in Upper Austria. Production from the Eocene oil reservoirs has been constrained to 100 barrels of oil per day due to restricted onsite day storage capacity and limitation on truck movements required to transport the oil to a nearby terminal for final processing for delivery by rail to the OMV refinery near Vienna. Eocene oil at Anshof is a high quality (32° API) sweet crude (i.e., low sulphur content) which will be sold at a small discount to Brent oil.

Oil is being produced from the Anshof-3 discovery as long-term testing operation in accordance with Austrian legislation allowing the production of up to 37,000 barrels prior to finalising a production license for the entire discovery area. ADX mapping indicates that Anshof extends to an area of approximately 25 km².

Well productivity, which is currently being curtailed, is at the upper end of expectation. Production performance from the Anshof-3 well will be observed during the long-term test to determine the production capacity, continuity of the Eocene reservoirs and pressure support at the Anshof-3 location. Production rates from subsequent wells on the flank of the large structure, where the Eocene reservoirs are expected to thicken, are likely to result in significantly higher production rates. (*Refer to Figure 1 below*).

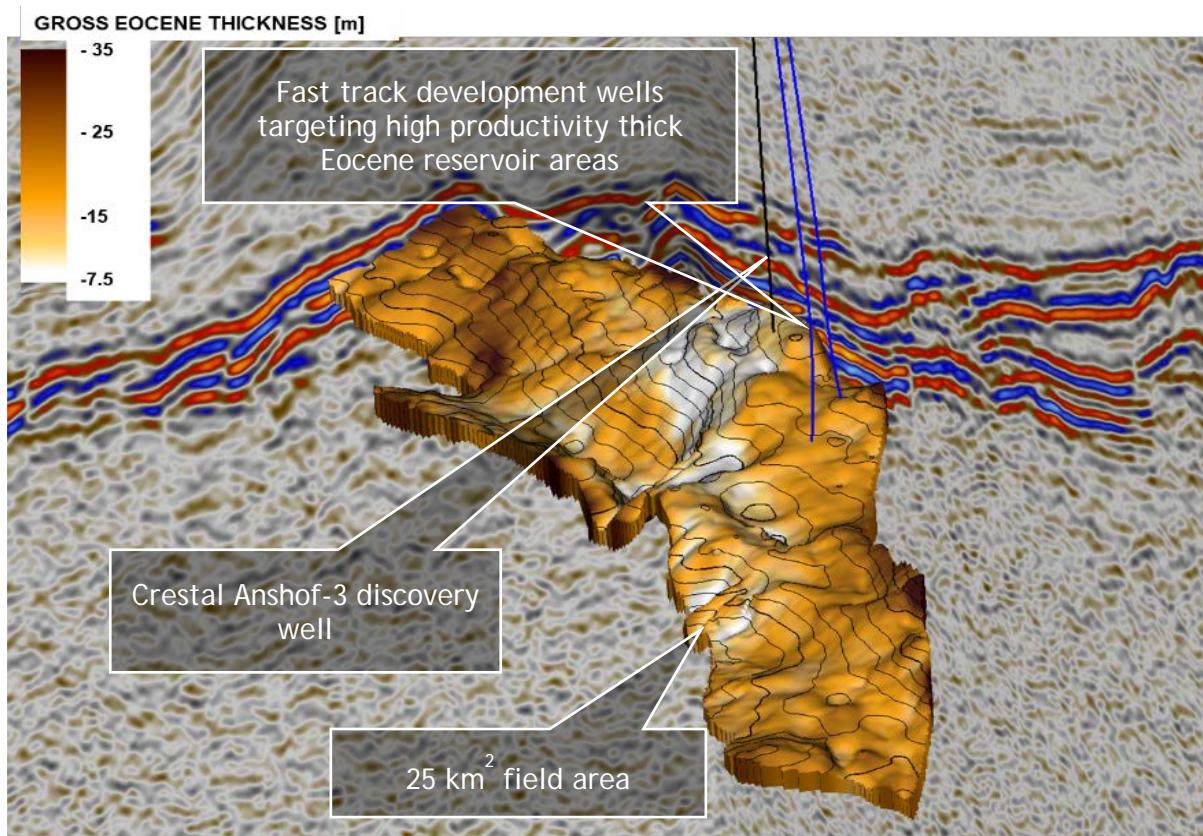


Figure 1: Anshof field map based on 3D model utilising 3D seismic and offset well data

The Anshof well is being produced via a leased EPU and the oil is processed, transported and sold under an agreement ("OSA") with RAG Exploration and Production GmbH ("RAG E&P"). The agreements enable the commercial long term test production of Anshof.

The EPU provides oil and gas separation, power generation, well site storage, offloading and telemetry control systems at the Anshof-3 location, which allows oil to be efficiently produced from the well with minimal operator intervention.

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Figure 2: Oil tanker offloading at Anshof-3 location



Figure 3: The Anshof-3 well and early production unit

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The OSA provides the commercial framework for the processing, transportation, delivery of Anshof crude to RAG E&P for sale in conjunction with its own crude delivered by train to the OMV refinery near Vienna. The sales price for Anshof crude will be at Brent less a small quality differential. ADX has achieved attractive terms for the processing, storage and transportation of Anshof crude through these arrangements.

ADX is planning the drilling of two additional production wells and the installation of a permanent production facility at the same location as the Anshof -3 well. Oil rates in subsequent wells on the flank of the large structure, where the Eocene reservoirs are expected to thicken, are likely to result in significantly higher production rates than the crestal located Anshof-3 well.

Further production reporting

Further well production results will be reported to Shareholders on an ongoing basis, together with details of sales revenues.

Note:

ADX announced a farmout to ASX listed Xstate Resources Limited to fund 40% of the Anshof-3 well costs to earn a 20% participating interest in the Anshof Prospect. Refer to ASX release dated 22 November 2021.

For further details please contact:

Paul Fink
Chief Executive Officer
+61 (08) 9381 4266
paul.fink@adx-energy.com

Ian Tchacos
Executive Chairman
+61 (08) 9381 4266
ian.tchacos@adxenergy.com.au

Authorised for lodgement by Ian Tchacos, Executive Chairman

Persons compiling information about Hydrocarbons:

Pursuant to the requirements of the ASX Listing Rule 5.31, 5.41 and 5.42 the technical and reserves information relating to Austria contained in this release has been reviewed by Paul Fink as part of the due diligence process on behalf of ADX. 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 reviewed the results, procedures and data contained in this release and, if applicable, considers resource estimates to be fairly represented. 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).

End of this Release