

1 March 2023

Welchau Gas Prospect Farmin, Further Farm-in Option

“MCF Energy Ltd have elected not to take up an option to fund a further 50% of ADX’ Welchau-1 exploration well to earn a further 20% economic interest in the Welchau Investment Area.

Key points:

- As previously announced on the 15th of December 2022, Canadian TSX Venture Exchange (“TSXV”) listed MCF Energy Ltd. (TSXV – MCF.V) (“MCF Energy”), formerly Kepis & Pobe Financial Group Inc, completed an Energy Investment Agreement (EIA) to fund 50% of the cost of the Welchau-1 exploration well to earn a 20% economic interest in the Welchau Investment Area by making an initial payment of EUR 197,000 for 50% of the predrill costs as well as payment of a non-refundable option fee of EUR 100,000 (Option Fee).
- In accordance with the EIA (refer ASX release dated 29 November 2022), MCF Energy had the option to fund a further 50% of the Welchau-1 well cost to earn a further 20% economic interest in the Welchau Farmin Area (Option). MCF Energy has elected not to exercise the Option there by limiting the MCF Energy’s economic interest in the Welchau Investment Area to 20% upon funding 50% of Welchau-1 well cost.
- ADX will pursue further farmin alternatives to fund all or part of the remaining 50% of the cost of drilling the Welchau-1 well, as well as the ongoing planning and permitting for the Welchau-1 well, with a view to commence well site preparation and drilling operations during the third quarter of 2023.
- The Welchau prospect has the potential to contain an 807 Billion Cubic Feet (BCFE) equivalent (approx. 134 MBOE) best technical prospective resource** ^{note 1} (refer ASX release dated 20 June 2022). Welchau is located up-dip from a gas discovery (Molln-1 well) drilled in 1989 which intersected at least a 400 m gas column, with 900 m interpreted from pressure data and tested condensate rich, pipeline quality gas (40 barrels per mmcf and maximum flowrate of 3.5 mmcfpd) (refer to Appendix 1 at the end of this release).

Note 1: The prospective resource estimates in this release are classified and reported in accordance with the PRMS – SPE Guidelines for the exploration licenses ADX-AT-I and ADX-AT-II, in the Molasse Basin, Austria. Refer to the end of this release for an explanation of prospective resource classifications used and the basis on which the prospective resources were estimated. 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**) entered into an Energy Investment Agreement for the Welchau Investment Area with Canadian TSX Venture Exchange (“TSXV”) listed MCF Energy Ltd. (TSXV – MCF.V) (“MCF Energy”), formerly Kepis & Pobe Financial Group Inc, on the 29th of November 2022.

Under the terms of the Energy Investment Agreement (“EIA”), MCF Energy will fund 50% of the Welchau-1 well drilling costs to earn a 20% economic interest in the Welchau Farmin Area. By the payment of a non-refundable EUR 100,000 Option Fee, MCF Energy was granted the Option to fund a further 50% of the Welchau-1 well cost to earn a further 20% economic interest in the Welchau Investment Area on or before 21 January 2023. The Option was subsequently extended to the 28th February 2023 on the same terms as previously agreed by the parties.

MCF Energy has elected not to exercise the additional participation Option. At the completion of MCF Energy’s funding obligation under the EIA for 50% of the cost of the Welchau-1 well, MCF Energy will hold 20% economic interest and ADX will retain a 80% economic interest in the Welchau Investment Area (refer to Appendix 1, Figure 1 at the end of this release). The Welchau-1 well cost is estimated to be EUR 3,810,000 (A\$ 5,910,000).

Welchau-1 Well Planning

ADX recently executed a land access and rental agreement for the Welchau-1 surface drilling location with the Austrian Forestry Ministry. ADX is undertaking well planning and the permitting for the Welchau-1 well with a view to commence well site preparation and drilling during the third quarter of 2023.

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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 25 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 considers the 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).

Appendix 1

Welchau Gas Prospect Summary

The Welchau gas prospect has best technical resources estimated by ADX at 807 BCFE (134 MMBOE) ^{Note 1}. It is potentially connected to an accidental gas discovery at the Molln-1 well which was drilled and extensively tested in 1989. The Molln-1 tested pipeline quality gas at a rate of up to 3.5 mmcfpd down dip from the Welchau proposed drilling location.

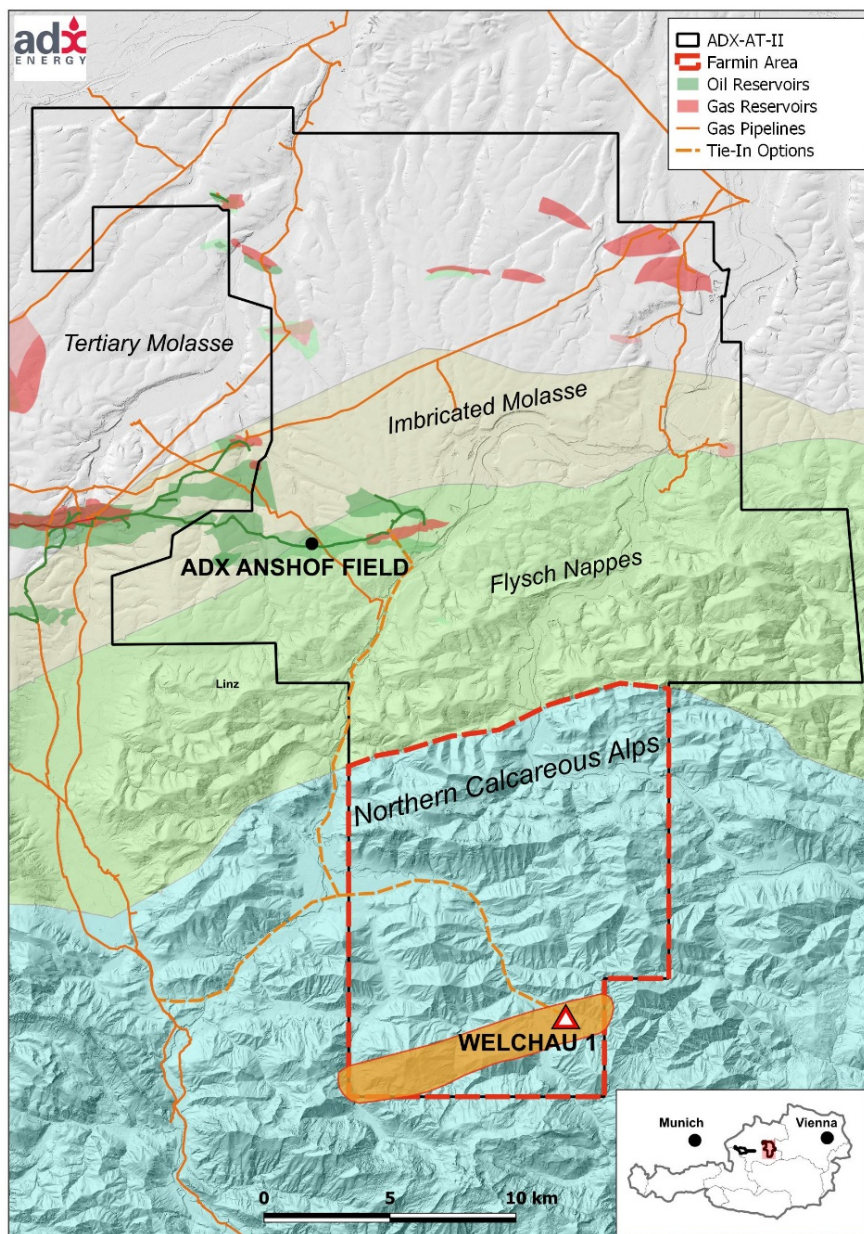


Figure 1: Map showing ADX-AT-II license area, the Welchau Farmin Area (Red Dashed Border), the Welchau-1 drilling location in the Northern Calcareous Alps as well as the recently discovered and now producing Anshof oil field to the north

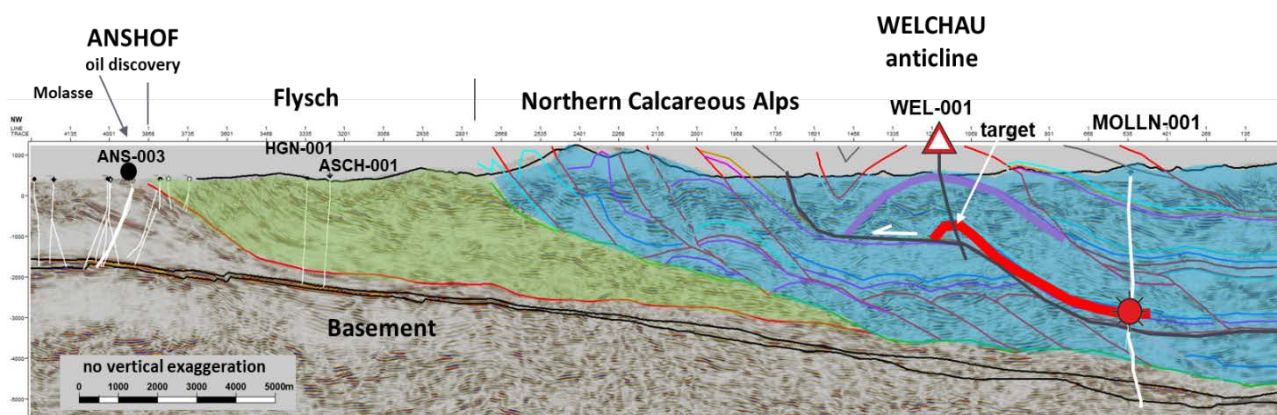


Figure 2: Geoseismic Cross Section showing the Molln-1 well in the south, the giant Welchau thrust anticline and the ADX Anshof-3 production well in the north. Note that the Molln-1 well was targeting an Anshof play type at ca. 5700 metres of depth but accidentally made a significant gas discovery (red highlight) much shallower within the thrust belts of the Northern Calcareous Alps which will also be targeted at Welchau

The gas prospect is located in the foothills of the Austrian Alps and is analogous to the large anticline structures discovered in Kurdistan and the Italian Apennines. Welchau is a relatively shallow prospect (approx. 1120 m TVD). There is excellent access to the planned drilling location via roads and a short tie-in distance to the national gas pipeline network (approx. 18 km).

The main target at Welchau is the Triassic Steinalm Formation, a fractured carbonate reservoir trapped in a trending ramp anticline with more than 20 km lateral extent and 100 km² maximum closure area. The structure is defined by extensive outcrop mapping and balanced 2D cross sections along a profile parallel to the shortening direction.

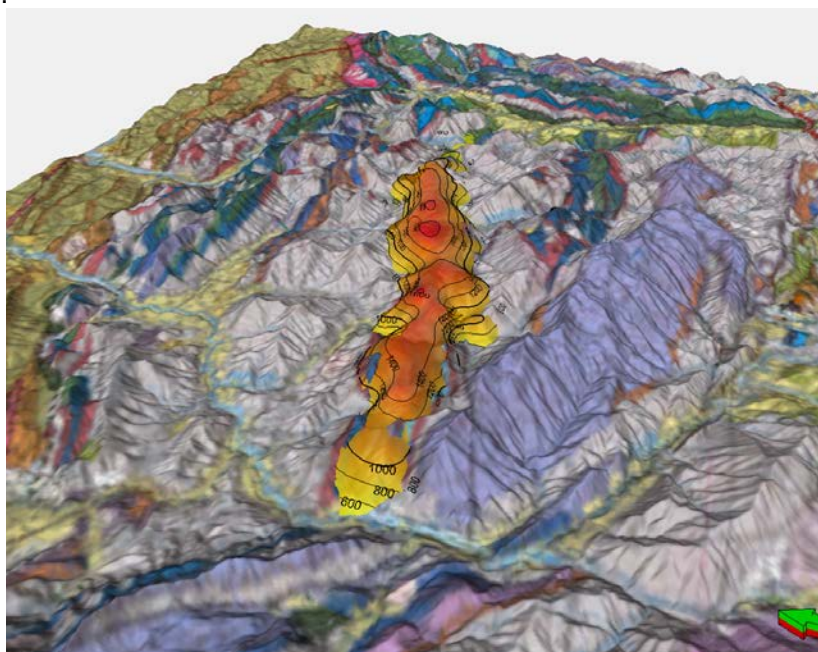


Figure 3: Surface expression of the Welchau anticline with 23 km lateral extension and 100 km² area

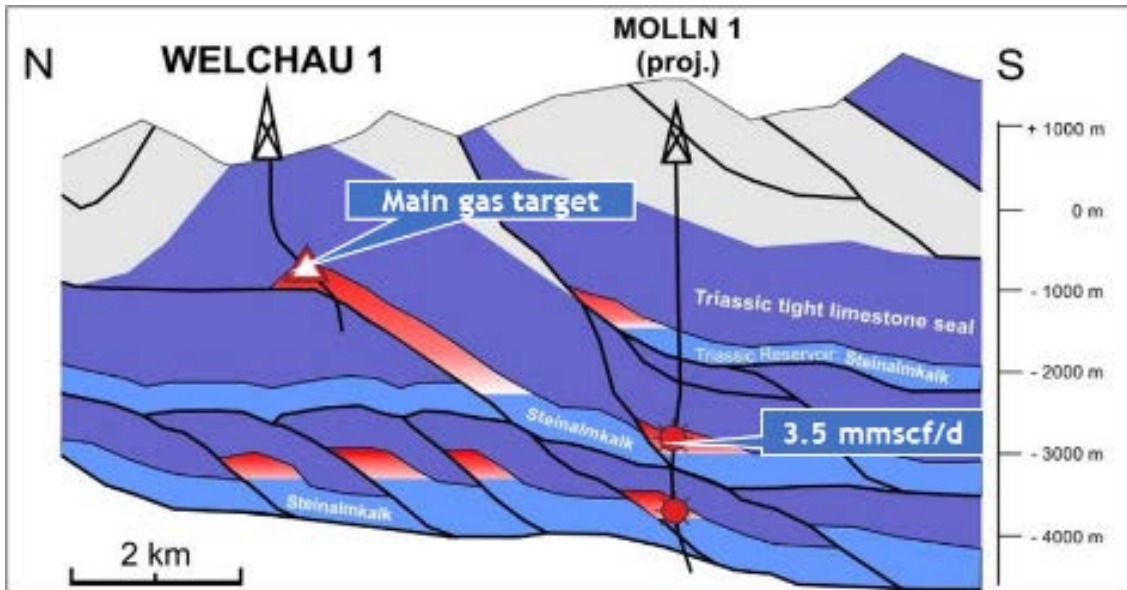


Figure 4: Schematic cross section of the Welchau gas prospect and the Molln-1 gas discovery



Figure 5: Molln-1 well gas test in 1989

ADX prospective resource estimates for the Welchau prospect are summarised below.

Welchau Gas Prospect				
Prospective Recoverable Resources Estimates				
		Minimum	Best Technical	Maximum
Gas	BCF	171	651	1315
<i>Oil equivalent</i>	<i>BOE</i>	<i>29</i>	<i>108</i>	<i>219</i>
Condensate	BBLs	6.8	26	52.6
Total Oil Equivalent	BOE	35	134	272
Total Gas Equivalent	BCFE	212	807	1631
<i>Mcf per BBl conversion used</i>		<i>6</i>		

The original Resources Reporting Date for Welchau prospective resources was on 16 May 2022, the estimates were further revised on 20 June 2022.

The Molln-1 well located down dip of Welchau was drilled and tested in 1989. The results from this nearby well have significantly reduced risk in the following areas;

- Gas quality and gas charge has been demonstrated by gas flows during testing that also confirmed a high condensate yield (40 barrels per mmcf);
- Reservoir productivity of Triassic Steinalm Formation which was tested at 3.5 mmcfpd; and
- The quality of the top seal to hold a large gas column (900 metres interpreted from pressure and well test data, minimum 400 metres).

Reporting Standards for Resource Estimation

Reserves and resources are reported in accordance with the definitions of reserves, contingent resources and prospective resources and guidelines set out in the Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE), Society of Exploration Geophysicists (SEG), Society of Petrophysicists and Well Log Analysts (SPWLA) and European Association of Geoscientists and Engineers (EAGE), revised June 2018.

Prospective Resource Classifications

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.

Nomenclature and conversions used in this release

BBL means US barrel

MMBLS means millions of US barrels.

MCF means thousand cubic feet

MMCF means million cubic feet

BCF means billion cubic feet

TCF means trillion cubic feet

BOE means barrels of oil equivalent

MMBOE means millions of barrels of oil equivalent

Oil to gas energy equivalent conversion: 1 BBL = 6 MCF

End of this Release