



ADX Energy Ltd

ABN 50 009 058 646

ANNUAL REPORT

31 DECEMBER 2022

ADX ENERGY LTD

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ADX ENERGY LTD
CORPORATE DIRECTORY

Directors

Ian Tchacos (Executive Chairman)
Paul Fink (Technical Director / CEO)
Andrew Childs (Non-Executive Director)
Edouard Etienvre (Non-Executive Director)

Company Secretaries

Peter Ironside
Amanda Sparks

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Perth Western Australia 6000

Bankers

Commonwealth Bank of Australia
1254 Hay Street
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Stock Exchange Listing

Australian Securities Exchange Ltd
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ASX Code: ADX

Auditors

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West Perth Western Australia 6005

ADX ENERGY LTD
CHAIRMAN'S REPORT

Dear Shareholder,

During the year ended 31 December 2022, ADX Energy Ltd (ADX or the Company) has created a pathway to advance its goal of becoming a leading energy producer and explorer in Europe. Your Company has achieved a combination of a significant oil discovery, increasing cashflow, multiples of certified reserves growth, exploration portfolio development and new funding partnerships that have strengthened its financial position and enhanced its energy asset position in Austria. We are on a trajectory of establishing strong underlying value development through increasing production, reserves and cash flow as well as exposing our Shareholders to exceptional value generation opportunities via an active exploration program funded via farmout transactions. These significant developments place your Company in a favourable position to advance our renewable energy projects for energy transition which are highly compatible with ADX skills and asset position.

We continued to produce low greenhouse gas emission energy to the highest environmental standards at our Austrian Gaiselberg and Zistersdorf fields in the Vienna Basin (Vienna Basin Fields) and commenced the development of the Anshof discovery in Upper Austria (Anshof Field). The Vienna Basin Fields, together with the now producing Anshof Field and our extensive exploration opportunities adjacent to accessible infrastructure in Upper Austria, are expected to provide the near-term cash flow required to expand ADX's hydrocarbon and renewable energy production opportunities.

The safety of our people and our contractors, as well as the protection of the environment in the communities in which we work is of paramount importance. On behalf of Board of ADX, I am proud to report that no lost time incidents (LTI) were recorded during the reporting period for safety or environmental causes at ADX's Vienna basin oil and gas fields or at our Upper Austria exploration licenses where we have successfully executed in an exceptional timeframe the pathway from exploration to production.

Figure 1 below summarises key milestones achieved during calendar year 2022 for the Austrian business which your Board believes has positioned the Company for an active and transformative year in 2023. Our growth is underpinned by increasing financial capacity and proven operational capability. In conjunction with its oil and gas activities, ADX has continued its feasibility studies in relation to synergistic, renewable energy projects that your Board believes will add long term value to our existing energy asset base.

Summary of Austrian Activities during 2022

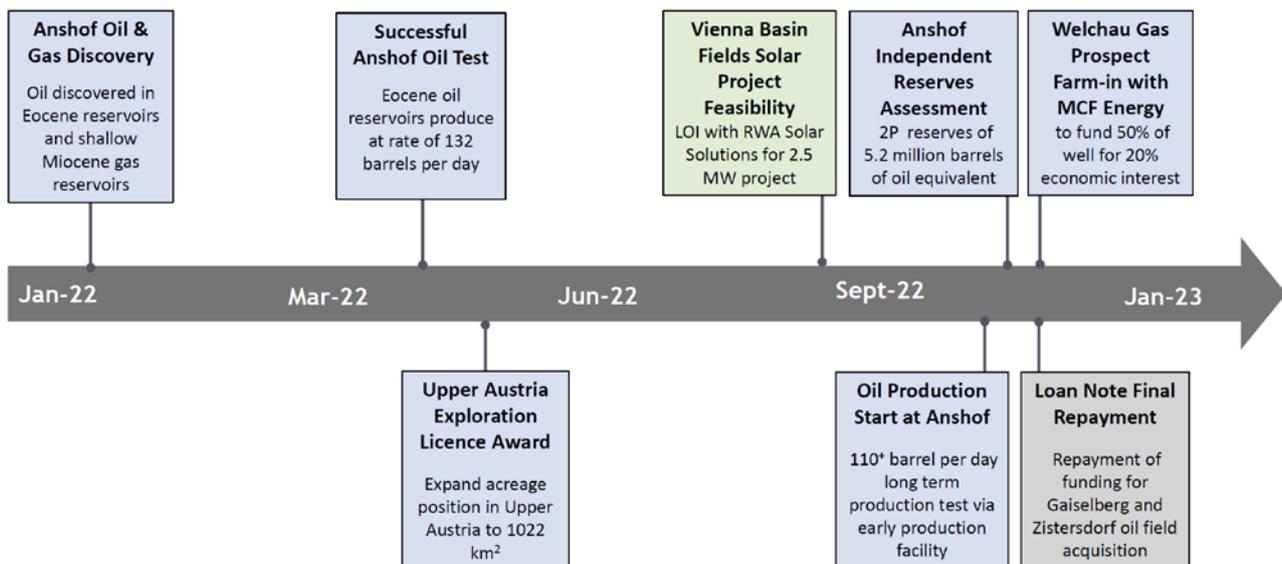


Figure 1: Key activities and milestones in Austria during Calendar Year 2022

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The consequences of your Company's recent achievements are summarised as follows;

- *The Anshof Discovery* has provided a new oil project development in Austria which is already delivering a 30% plus increase to ADX' production, an increase in the 2P reserves base of approximately 223% (based on an independent reserves review, ASX release dated 31 October 2022) and has the potential to deliver further multiples of cashflow as well as reserves upside with the two appraisal and development wells planned for the second half of 2023.
- *The Upper Austria license extension* has provided a substantial expansion of ADX' exploration prospect inventory including a multi energy oil, gas and geothermal opportunity as well as the World-class Welchau gas prospect which ADX is planning to commence drilling during the third quarter of 2023.
- *The Welchau gas prospect farmout* to the TSXV listed MCF Energy Ltd has provided funding certainty for 50% of the cost of drilling the Welchau-1 well while ADX will retain an 80% economic interest.
- *The Vienna Basin solar project* feasibility study which is being conducted with the highly reputable RWA Solar Solutions has the potential to provide off grid power for ADX' Vienna basin oil and gas production which could result in reduced operating costs, contribute to the decarbonisation of our operations and provide surplus green power which could be utilised for green hydrogen generation.
- *The final payment of the Loan Note* for an amount of A\$ 2,187,500 (which was the remaining sum outstanding under a facility drawn to fund the Vienna Basin Fields acquisition) was achieved by utilising increasing cash flow from operations which can now be dedicated to the further growth of the business.

A comparison of oil and gas pricing, oil and gas production, sales revenue and reserves between calendar years 2021 and 2022 is shown below in Figure 2. While production was lower in 2022 compared to 2021 due to increased well down time at the Vienna Basin Fields, the strengthening of oil and gas prices during 2022 has resulted in a 59% increase in revenues from Vienna Basin Fields together with the contribution from the Anshof-3 well in the fourth quarter following the commencement of long-term test production. The Anshof-3 well is expected to make a more significant contribution to cash flow during 2023 due to strong production performance which is expected to increase with the addition of further onsite storage. Of significant importance for the ongoing cashflow and value growth is the large addition to reserves (2P) of 223% from the recently discovered Anshof Field.

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Comparison of Production, Sales and Reserves by Calendar Year

	<u>2022</u>	<u>2021</u>	Percentage Change
Average Brent Oil Price (US\$ per barrel)	101	71	43%
Average Gas Price (EUR per MWh)	126	36	250%
Average Oil & Gas Production Rate (BOE per day)	238	284	-16%
Sales Revenue (A\$ 000)	14,451	9,097	59%
2P (proven and Probable) Reserves (BOE 000) ¹	5,815	1,802	223%

Note 1

Refer to ASX releases dated 31 October 2022 (for 2021 reserves) and 31 October 2022 (for 2022 reserves)

Reserves Calculated at 31 December 2021 and 31 December 2022 respectively

Proved and Probable Development Justified Reserves including associated gas produced from the field assessed in accordance with SPE-PRMS Petroleum Resources Management System

Figure 2: Comparison of product price, production, sales revenues and reserves by calendar year

ADX' strengthening financial position is shown in Figure 3. Increasing revenues from operations, together with farmouts and financing (totalling A\$ 11.3 million) has enabled ADX to deploy a substantial level of funding on wells, facilities and exploration expenditures (totalling A\$ 7.8 million) and retiring debt (A\$ 3.3 million). The combination of a robust cash position at year end (A\$ 3.6 million) with minimal debt, strong predicted cashflows from operations and farmout funding puts the Company in a strong financial position to further develop and expand its asset and cash flow position in 2023.



Figure 3: ADX Group cash inflows and outflows during calendar year 2022

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Our oil and gas production, development and exploration activities in Austria have remained our primary focus at a time when the development of domestic energy sources are critical to ensure energy security for European countries such as Austria. In addition to the expansion of ADX' hydrocarbon business, ADX has continued to progress studies with a view to determining the feasibility of complimentary renewable energy projects including the Vienna Basin hydrogen production and storage project, a potential solar park at its Vienna Basin Fields as well as the Gmunden Multi-Energy project (consisting of oil and gas exploration as well as a geothermal target) in Upper Austria.

Looking forward, your Company's investment strategy is being shaped by the recent events in Europe which are redefining energy markets. Declining domestic gas production and the disruption of gas supplies from Russia have had a marked effect on gas prices and has resulted in significant structural changes to the European gas market. Gas prices received by ADX during 2022 averaged approximately EUR 126 per MWh (equivalent to USD 330 per boe). This compares with an average gas price received in 2021 of EUR 36 per MWh (equivalent to USD 94 per boe). A summary of the "European Gas Market" trends during 2022 is included in the Operations Review that follows.

While extremely high gas prices are unlikely to be sustainable in the long term, it is likely that gas prices will remain elevated for the foreseeable future as a result of the strong unmet demand for gas and its role as a transition fuel in Europe. ADX is very well placed with its exploration portfolio in Upper Austria to supply domestic gas or supply gas to surrounding jurisdictions such as Germany. As a response to the exceptional demand for gas, we are prioritising gas exploration with the maturation of high impact prospects such as the giant Welchau gas prospect as well as more modest, lower risk gas prospects which can be developed rapidly due to their proximity to infrastructure. The focus on gas exploration, in conjunction with the development of Anshof, provides an excellent balance of commodity diversity and project risk.

ADX has been able to rapidly expand its asset base in Austria creating three pillars for value growth including hydrocarbon production, exploration and development of its complimentary renewable energy assets. Having drilled the Anshof discovery well within one year of the Upper Austria acreage award and commencing production within a year of discovery demonstrates the ability to rapidly commercialise energy projects in Austria due to an established licensing regime, excellent prospectivity and access to infrastructure.

Your Company is well placed to continue to build its opportunity rich conventional oil and gas business in Austria as well as its green energy business by leveraging the skills and relationships of our strong local management team. We can now deploy our increasing financial capacity and capitalise on the strong fundamentals for energy in Europe.

Our investment focus during the coming year will continue to be on Austria, based on activities which provide the best opportunity for generation of shareholder value in the current energy market environment. These activities include:

- The continued long life, safe and efficient production from ADX' Vienna Basin Fields to provide stable ongoing cash flow required for the ongoing development of the Company's asset base;
- The rapid development of the Anshof Field in Upper Austria by the drilling of the Anshof-2 and Anshof-1 wells with a view to substantially increasing production, cashflow and certified reserves for the Company;
- The drilling of the Welchau gas prospect to expose the Company to a potentially transformative World-class gas resource in the heart of Europe, where strong gas demand, combined with high gas prices, are expected to prevail;
- The drilling of an additional gas exploration prospect in Upper Austria which, if successful, can be rapidly developed to further contribute to near term cashflow and reserves growth;
- Ongoing portfolio development and farmout transactions to secure funds for the acceleration of drilling activity without the requirement to raise funds from the issue of further equity; and
- Progressing the feasibility of ADX' portfolio of synergistic, renewable energy projects with a view to reaching a financial investment decision on the most technically and economically viable project.

Your Board believes that achieving our stated goals for 2023 will result in the rapid transformation of your Company towards becoming a material European onshore energy producer and renewable green energy project developer. We are fortunate to be operating in an energy landscape which is hungry for conventional energy in the near term and seeking to transition

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to a low carbon economy. ADX has the opportunity to achieve material near term growth from its portfolio of conventional energy projects and upcycle its assets with compatible renewable energy projects. The combination of conventional energy and renewable energy investment is expected to provide ongoing value development for shareholders while ensuring availability of reliable energy as well as a transition to a low carbon future for the communities in which we operate.

On behalf of the Board of ADX, I would like to thank our Shareholders for their ongoing support. We look forward to reporting on the Company's activities during what should be a very exciting year in 2023.



IAN TCHACOS
Executive Chairman

ADX ENERGY LTD

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OPERATIONS REVIEW

Activities Overview

During the year ended 31 December 2022, ADX continued its production of safe, long life and low emissions oil and gas from its Vienna Basin Fields, commenced long-term test production from the Anshof discovery made in January 2022, expanded its exploration portfolio in Upper Austria and has continued to pursue the feasibility of complimentary long-term renewable energy projects.

The discovery and long-term production testing of the Anshof-3 well in Upper Austria is a significant expansion of ADX oil and gas operations. An independent reserves review undertaken in October 2022 provided an assessment of the significance of the Anshof Field in terms of reserves and economic potential. After the reporting date, in March 2023, ADX was awarded a production license for the Anshof Field from the Austrian Government. The production license provides the necessary certainty for the development of the field commencing with the drilling of the Anshof-2 and Anshof-1 development wells during the second half of 2023. The Anshof-2 and Anshof-1 wells, in combination with the already producing Anshof-3 well, are expected to rapidly increase ADX' production and cashflow from operations in Austria.

During the reporting period, European natural gas prices remained volatile reaching extraordinarily high levels during August 2022. The lack of domestic supply alternatives and the increased cost of liquefied natural gas (LNG) imports are likely to result in strong European gas pricing for years to come. As a result of the positive outlook for European gas, ADX has concentrated its efforts on increasing gas production from its Vienna Basin Fields as well as bringing forward its Upper Austrian gas prospect inventory for drilling. On 16 May 2022, and subsequently updated on 20 June 2022, ADX announced the potential of the Welchau gas prospect with a best technical resources estimate of 807 billion cubic feet of gas equivalent (BCFE). The Welchau prospect is relatively shallow (approximately 1120 metres total vertical depth to top gas reservoir) and located close to the national gas pipeline grid infrastructure. Welchau is proximal to the Molln-1 well which tested pipeline quality gas in 1989 at a time of limited gas markets and infrastructure when then Austria's state-owned company OMV was targeting the proven deep oil potential at a depth below 5000 metres. The resource size and location in the heart of Europe makes Welchau a very compelling investment proposition, which has attracted the interest of Canadian TSX Venture Exchange listed MCF Energy Ltd (MCF). MCF will fund 50% of the drilling of the Welchau-1 well to earn a 20% economic interest in the Welchau Area.

In addition to the expansion of ADX' hydrocarbon business, ADX has continued feasibility work to assess the viability of complimentary renewable energy projects including the Vienna Basin hydrogen production and storage project, a potential solar park at its Vienna Basin Fields as well as a potential geothermal and conventional exploration project (Gmunden Multi Energy Project) in Upper Austria. The Vienna basin hydrogen production and storage project, and the proposed solar park at the Vienna Basin Fields, are excellent examples of synergistic renewable energy projects that potentially compliment, extend the economic life and add value to an existing hydrocarbon producing asset. In the longer term, ADX has positioned itself to redeploy its assets, people and skills for transition to low carbon energy production which not only reduces ADX' hydrocarbon footprint but also adds value to its asset base.

European gas markets

As mentioned above, European gas markets are expected to have a significant impact on ADX and its investment strategy for the foreseeable future. With more than 80% of its gas consumption being imported and declining domestic production, Europe is highly dependent on external gas supply sources. Over the past two decades, Europe increasingly relied on gas deliveries from Russia to meet its requirements with Russian gas supplies representing 35% of Europe's demand in 2019-2021 (average) as opposed to 25% of Europe's demand in 2001.

After gradually reducing its piped gas exports to Europe and gas injection into its storage in Europe from April 2021, Gazprom created an artificially tight gas supply environment in Europe. The invasion of Ukraine by Russia on 24 February

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2022 worsened the European gas market conditions further at a time when gas inventories were low at 30% of storage capacity which is close to five-year average lows. This together with:

- gas storage regulation adopted by the European Union (EU) in June 2022 to reach 80% of storage capacity by 1 November 2022 and 90% of storage capacity by the 1 November of each subsequent year;
- Russian piped gas supply interruptions from May 2022 (Yamal-Europe pipeline) and end of August 2022 (Nord Stream pipeline system); and
- LNG supply disruptions with the fire at the Freeport LNG terminal in the USA which represents 15-20% of the USA's LNG export capacity,

resulted in strong European gas price increases at Europe's largest trading hub, the Dutch Title Transfer Facility (TTF) with gas prices averaging EUR 236 per MWh (equivalent to USD 617 per boe) in August 2022 after reaching an all-time high at EUR 345 MWh (USD 902 per boe) on 7 March 2022.

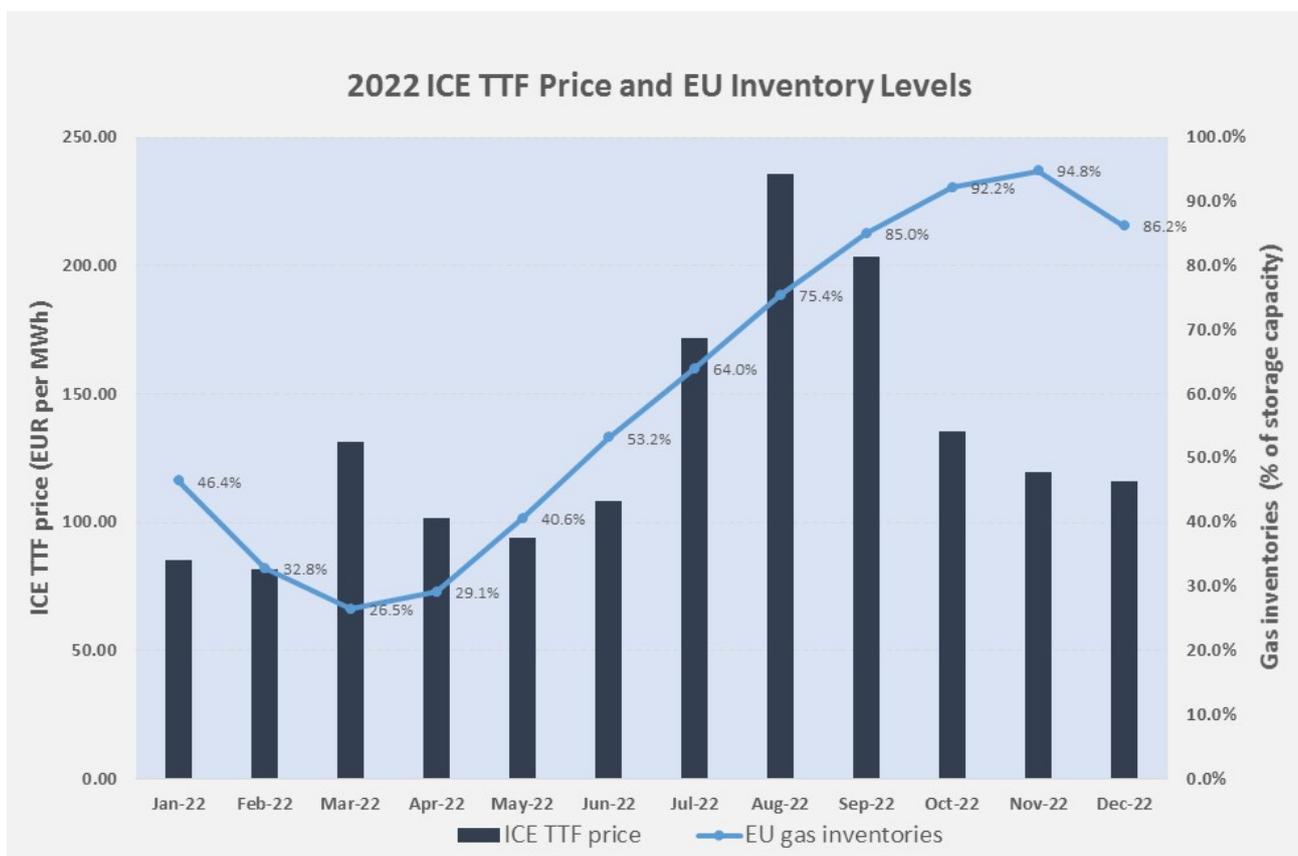


Figure 4: TTF natural gas prices and EU gas inventories in 2022 (monthly averages)

Energy security concerns ahead of the heating season caused swift reactions from the EU and its member states including:

- the European Commission issuing the REPowerEU plan on 18 May 2022 seeking to phase out Russian fossil fuels before 2030. For reference, in 2020, Russian gas imports represented 39% of the EU natural gas consumption;
- the EU member states agreeing on 26 July 2022 to a 15% voluntary reduction of gas consumption for the period from 1 August 2022 to 31 March 2023 to prevent gas shortages during the 2022/2023 winter; and
- the expansion of LNG regasification capacity including the deployment of floating storage regasification units (FSRU) leading to a 15% increase in LNG regasification capacity by end of 2022.

In light of these events and decisions, significant structural changes to the European gas market took place in 2022 as follows:

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- 80% reduction in Russian piped gas deliveries since September 2022;
- unprecedented LNG imports mainly sourced from the spot market. Europe managed to secure 66 billion cubic metres of LNG in 2022 mainly from the USA (65% of total LNG supplies to Europe in 2022); and
- increased piped gas flows from Norway and Azerbaijan.

The combination of high gas inventories (95.6% of storage capacity achieved on 13 November 2022), mild weather conditions in October and November 2022 which delayed the heating season by over one month and reduced industrial consumption (down 20% mainly due to high prices) mitigated the impact of Russian piped gas supply cuts in the second half of 2022. Despite the former, TTF gas prices remained elevated averaging EUR 124 per MWh (USD 325 per boe) in Q4 2022.

As at the end of December 2022, gas inventories in Europe were 20% above the five-year average. However, supply uncertainty in 2023 remains high with increased reliance on LNG imports. The global LNG liquefaction utilisation rate in 2022 was 84% (similar to 2021). Increased availability of LNG on the spot market in 2022 was a direct consequence of lower LNG imports in China (down 21% compared to 2021) and South America. The end of the zero-Covid policy since December 2022 and the economic recovery in China are likely to create increasing competition for LNG cargoes and renewed gas price pressure in Europe in 2023.

In such a context, the development of domestic gas supply and the production of renewable gases (green hydrogen and biomethane) are seen to have a key role to play to improve energy security in Europe. ADX has 179.2 mmmboe of best technical prospective resources of natural gas in its Austrian portfolio that is proximal to existing pipeline networks (refer to the Reserves Report). ADX is uniquely positioned to contribute within a relatively short timeframe to Europe's response to the on-going energy crisis and gas supply shortages.

Asset Activities Summary

Production and Development - Vienna Basin Fields and Anshof Discovery Area - Onshore Austria

ADX is operator and holds a 100% interest in the Vienna Basin Fields

ADX is operator and holds an 80% economic interest in the Anshof Discovery Area

The production rate from the Vienna Basin Fields and the Anshof Discovery Area (Austrian Production) during the year averaged approximately 238 BOEPD compared to 284 BOEPD for the year ending December 2021. The 16% reduction in average production was the result of well downtime from a number of key Vienna Basin producers during May and June 2022 which are being restored with a workover repair program that commenced after year end. Figure 5 shows the contribution of Anshof test production during the last quarter of 2022. Austrian production during 2023 is expected to increase substantially with the restoration of production from shut in Vienna Basin Field wells and the consistent contribution of production from Anshof-3 well production.

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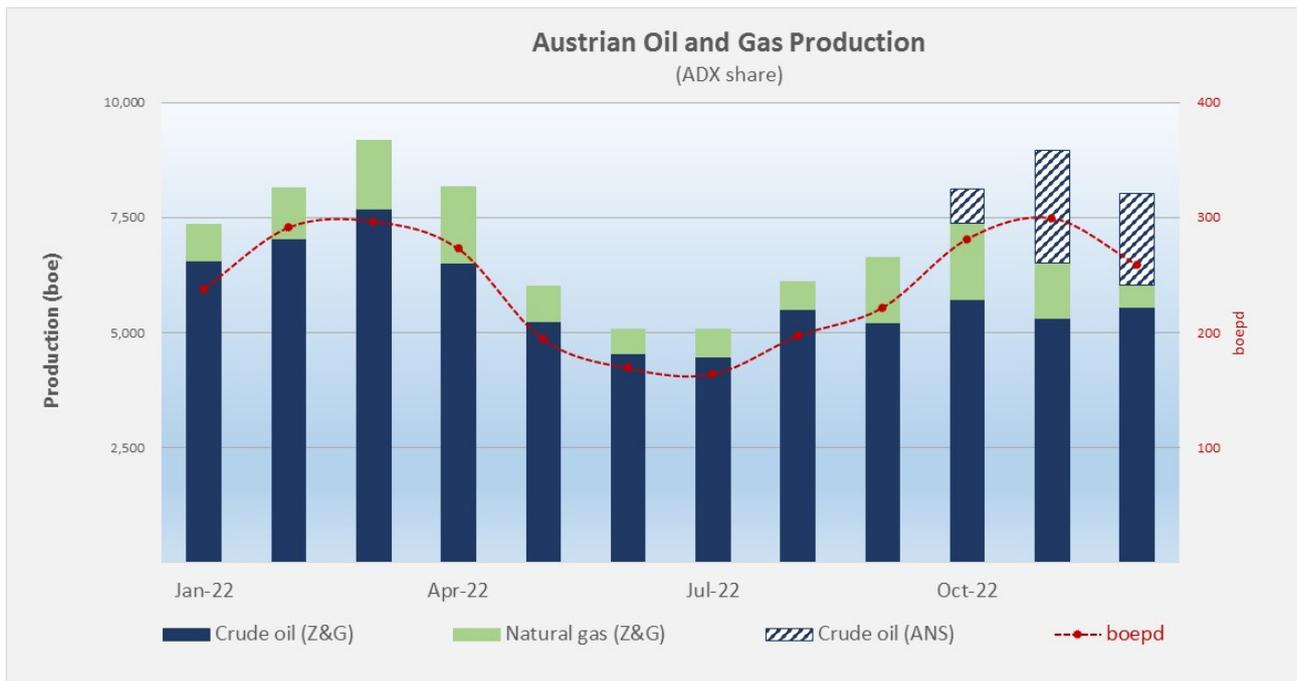


Figure 5: Austrian average daily oil equivalent production rate for oil, gas and total BOEPD

Sales revenues from Austrian Production during the year totalled A\$ 14,451,000, a 59% increase compared to the year ending 31 December 2021. The increase in revenue is the result of an increase in the average Brent crude oil price from USD 70.73 per barrel in 2021 to USD 101.19 per barrel in 2022 as well as an increase in realised average gas price from EUR 36 MWh to EUR 126 per MWh. Figure 6 shows the variation in monthly sales revenue and the build-up in the revenue contribution from the Anshof-3 well test.

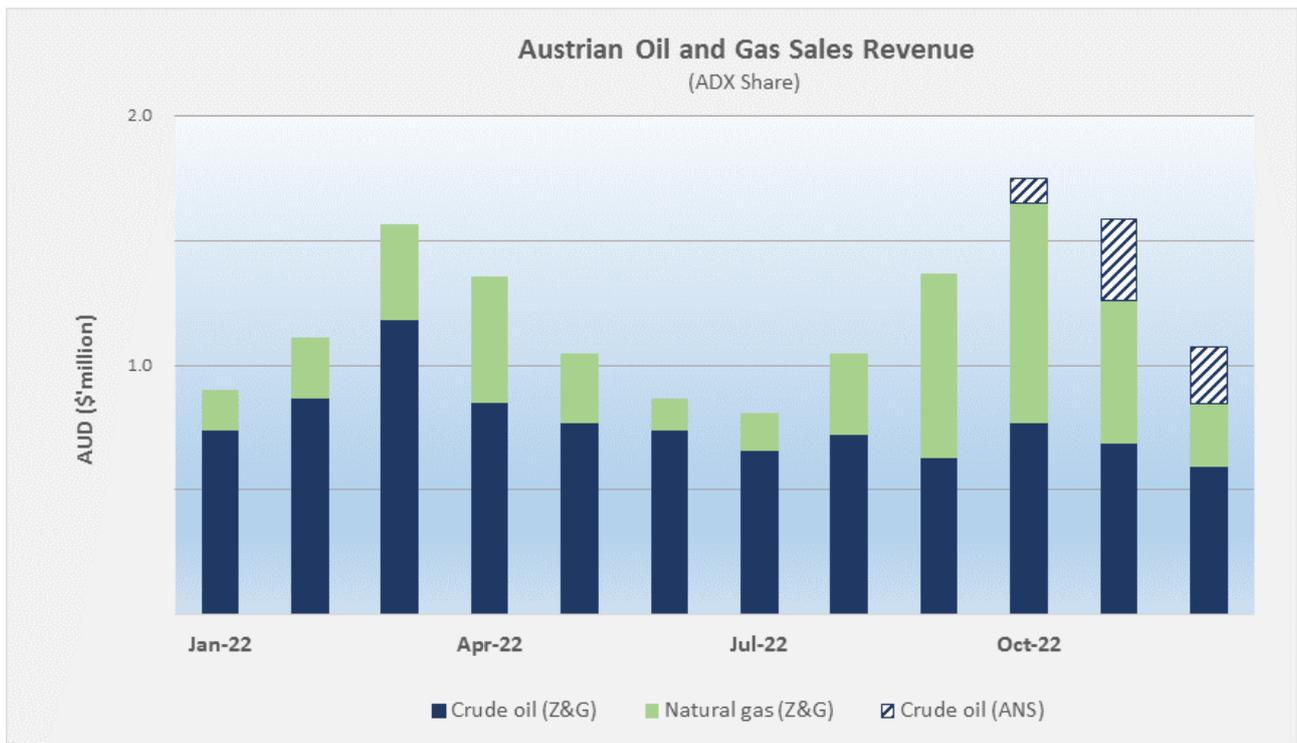


Figure 6: Austrian Production monthly oil and gas sales revenue

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Anshof Oil Discovery Area Appraisal and Development

The Anshof-3 exploration well located in the ADX-AT-II license in Upper Austria encountered oil in Eocene oil reservoirs in January 2022 and was subsequently flow tested in May 2022. An extended production test commenced on 16 October 2022 using a leased early production unit. The well produced at a stable rate of approximately 120 barrels per day during the fourth quarter. Well production performance exceeded expectations in relation to pressure support and deliverability. Water-free 33° API crude oil production has been maintained since October 2022. Crude oil quality meets all the required specifications of the transporter and the buyer (OMV-refinery near Vienna).



Figure 7: Oil tanker loading during long term testing at the Anshof-3 location

Limitations in crude oil storage capacity at the Anshof-3 well site has caused production interruptions due to curtailment of crude oil transport by truck. Additional tank storage will be installed during the second quarter of 2023 that will increase continuous oil production preventing the need for well shut ins at times when road transport is curtailed.

Anshof Field Independent Reserves Assessment

Independent consultants RISC Advisory Pty Ltd (RISC) were engaged to provide an independent reserve and resource assessment for the Anshof field. The competent person's report prepared by RISC (CPR) has an effective date of 1 October 2022. Refer to ASX release dated 31 October 2022.

The CPR results for 2P (proven + probable) reserves category are summarised as follows:

- 2P (proven + probable) gross reserves estimated at 5.2 million barrels of oil equivalent as at 1 October 2022¹; and
- the estimated Net Present Value (NPV8) of the gross 2P reserves is EUR 42.3 million (approx. A\$ 67 million) in real terms. The NPV8 was calculated at RISC's oil price forecast being equivalent to an average price of USD 71 per barrel and discounted at 8%. ADX expects better well performance and therefore less production wells to fully develop the Anshof field than has been estimated by RISC. This has the potential to significantly enhance field economics.

At the effective date ADX' 80% net share of the Anshof field's gross 2P reserves increases ADX' total reserves position by 223% to 5.85 million barrels of oil equivalent in aggregate including the producing Gaiselberg and Zistersdorf fields located in the Vienna Basin.

¹ Proved and Probable Development Justified Reserves including associated gas produced from the field has been assessed in accordance with SPE-PRMS 2028 Petroleum Resources Management System.

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The CPR also highlighted the large 3P (proven + probable + possible) reserves and 3C contingent resource potential of the Anshof Field of 26 million barrels of oil equivalent (refer to table 1 below) which ADX plans to commence appraising with the Anshof-2 well during the third quarter of 2023.

The CPR was conducted before the commencement of long-term production testing of the Anshof-3 well which has confirmed excellent reservoir continuity and pressure support.

The 1P, 2P and 3P Reserves have been classified as Undeveloped Reserves (Development Justified) and additional 3C Contingent Resources (Development Pending) have also been identified. A summary of the gross oil and gas reserves and resources for the Anshof Field is below in Table 1.

Table 1: Anshof Field Reserves and Resources

Oil & Gas Reserves	Oil (MMstb)			Gas (MMscf)			Total (MMboe)		
	1P	2P	3P	1P	2P	3P	1P	2P	3P
Anshof gross reserves	0.4	5.0	12.0	96	1,169	2,812	0.5	5.2	12.5
ADX net share	0.3	4.0	9.6	76	935	2,250	0.4	4.1	10.0
Oil & Gas Contingent Resources	Oil (MMstb)			Gas (MMscf)			Total (MMboe)		
	1C	2C	3C	1C	2C	3C	1C	2C	3C
Anshof gross Contingent Resources	0	0	12.9	0	0	3,041	0	0	13.5
ADX net share	0	0	10.3	0	0	2,433	0	0	10.8

Notes:

1. The notional reference point for reserves is the permit boundary or export line inlet.
2. ADX has an 80% economic interest in the Anshof discovery area and 80% entitlement to its gross reserves and resources.
3. Probabilistic methods have been used to determine oil in place and recoverable oil. Deterministic methods were used to develop production profiles and well numbers.
4. The 1P case is economically marginal but falls within the typical 10% audit tolerance. Therefore, volumes can be classified as reserves.
5. 1P reserves are based on a 3-well development of the 1P area. 2P reserves are based on a 14-well development of the 2P area. 3P reserves are an upside performance of the 2P wells. An additional 15 wells are estimated to fully develop the high case field area, with this incremental resource classified as contingent resources.
6. Associated gas resources include inerts sold with the gas. There is no fuel and flare.
7. Conversion factors are 7.3 bbl per tonne of oil and 5,800 MMscf per MMboe of gas.

A. Proved Reserves are those quantities of Petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from known reservoirs and under defined technical and commercial conditions. If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

B. Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

C. Possible Reserves are those additional Reserves that analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) Reserves, which is equivalent to the high-estimate scenario.

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When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves that are located outside of the 2P area (not upside quantities to the 2P scenario) may exist only when the commercial and technical maturity criteria have been met (that incorporate the possible development scope). Standalone Possible Reserves must reference a commercial 2P project.

Anshof-2 and Anshof-1 Development Drilling

The Anshof-2 and the Anshof-1 development wells will be drilled from the same drilling and production site as the Anshof-3 well. Anshof-2 is scheduled for drilling during the third quarter 2023 and the Anshof-1 well is planned to spud at the end of 2023 or the first quarter of 2024.

The wells are planned to progressively target thicker reservoir intersections in the 25 km² mapped Anshof structure. Anshof-3 did not intersect an oil water contact and the well continues to produce water free without discernible pressure decline, hence a large upside potential area remains to be appraised and developed.

Drill preparations for the wells included planning and long lead item equipment purchases, finalising relevant construction permits for cellar installation ahead of drilling as well as finalising service agreements for drilling and completion work. The Anshof-2 well will appraise the extent of the downdip oil in the large structure. It will be a high angle well with its meterage penetration of the Eocene oil reservoir maximising both the well oil flow rate and potential reserves recovered by the well. Anshof-1 well will be drilled as a more crestal producer in a thicker part of the Eocene reservoirs relative to the Anshof-3 well located in the Eastern part of the structure. The bottom hole location of Anshof-1 will be optimised utilising data gathered from the Anshof-2 well.

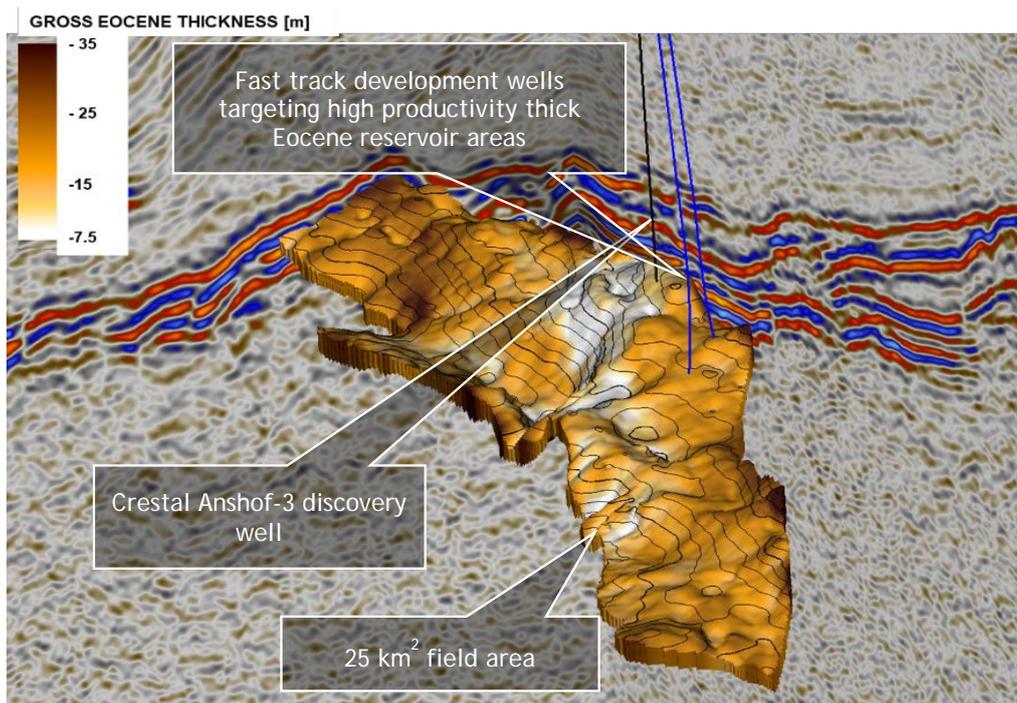


Figure 8: Anshof field outline based on 3D model utilising 3D seismic and offset well data showing the Anshof-3 well and the Anshof-2 and Anshof-1 well locations (shown in blue)

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Permanent Production Facilities Planning and Engineering

In addition to well planning and construction, design work was undertaken during the past year in preparation for the planned installation of permanent production facilities after the drilling of Anshof-2 and Anshof-1 wells. It is intended that a permanent production facility will be installed at the Anshof-3 well site, as well as related production pipelines to a permanent export facility approximately 4 km away. The production facilities and pipelines will enable 24-hour field production operations and replace the current early production system where oil production is limited by trucking capacity. The commitment to the permanent facilities investment will be made based on the Anshof-2 and Anshof-1 well results.

Anshof Production License Application

Technical documentation supporting a planned production license application was prepared during the last quarter of 2022. License submission was made to the relevant Authority after the reporting date and a production license was awarded in March 2023. The production license provides the regulatory framework for the development of the Anshof Field including the planned drilling of the Anshof-2 and Anshof-1 wells commencing during the third quarter 2023.

Upper Austria Exploration Licenses, Molasse Basin – Onshore Austria

ADX is operator and holds a 100% interest in the ADX-AT-I and ADX-AT-II Licenses other than in the Anshof Discovery Area where ADX is operator and holds an 80% economic interest. In the Northern Calcareous Alps zone of the ADX-AT-II license, ADX will hold an 80% economic interest once MCF Energy Ltd (MCF) has fulfilled its investment obligations under the applicable agreements (refer to license map below).

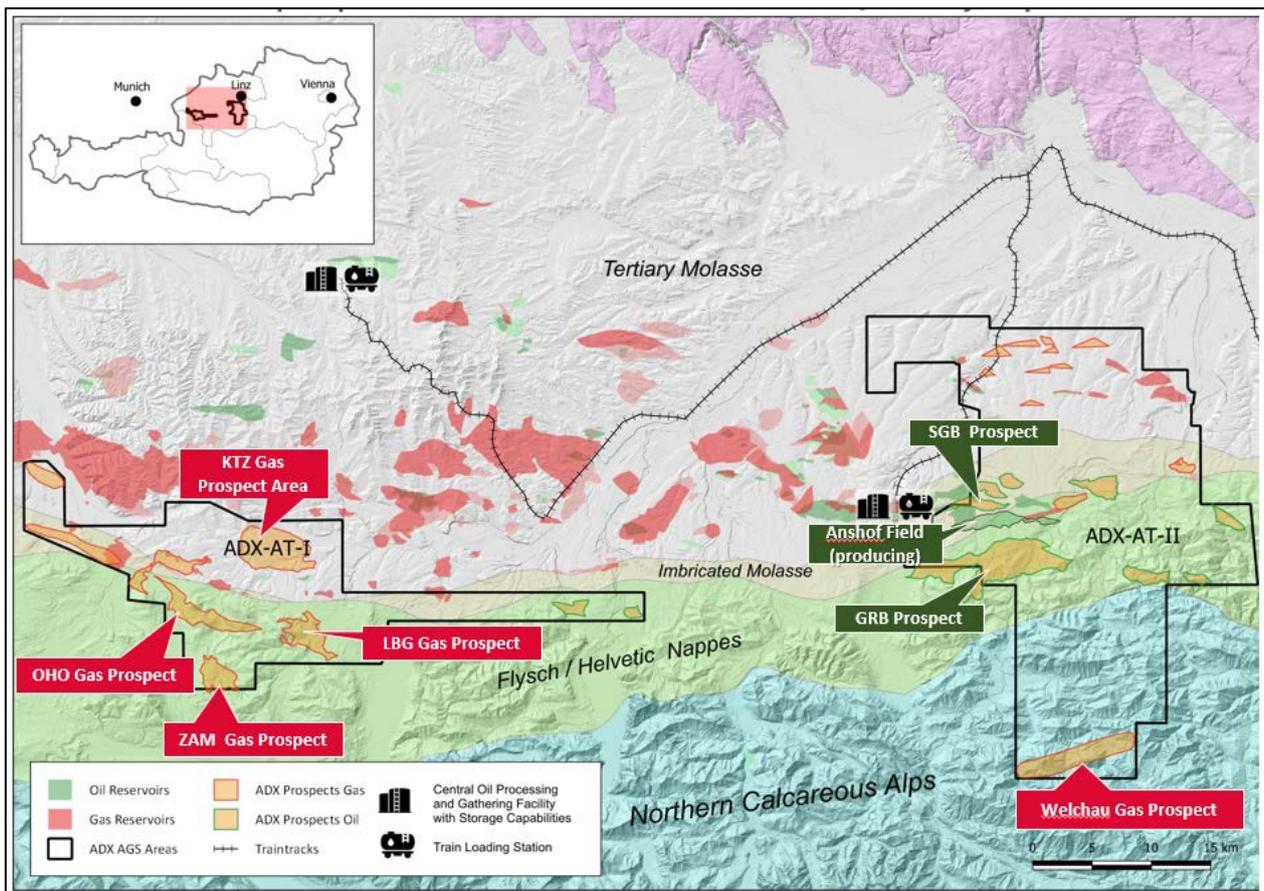


Figure 9: ADX' ADX-AT-I and ADX-AT-II Upper Austria Exploration Licenses

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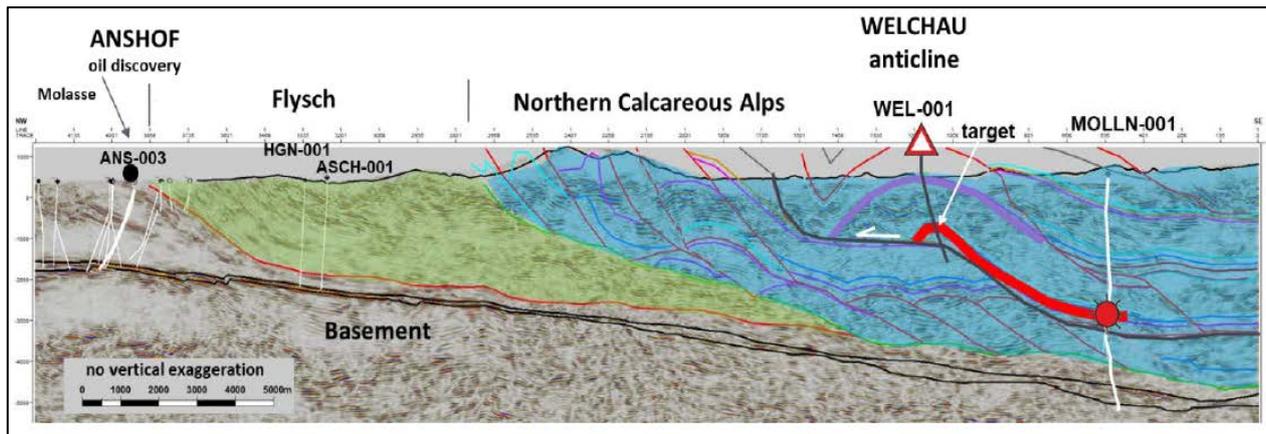


Figure 10: ADX geological cross section showing the giant Welchau gas prospect in the South (Calcareous Alps in blue) and ADX' Anshof oil field in the North

During May 2022, ADX successfully finalised agreements with the Austrian Mining Authority for the expansion of license area for exploration, production and gas storage up to a total area of 1,022 km². The license areas, ADX-AT-I and ADX-AT-II, are valid from 1 April 2022 for a period of up to 16 years without any relinquishment. In the case of a discovery, a production license with a validity of up to 60 years can be granted. In addition to exploration and production rights, ADX has also been granted the rights for gas storage.

The licenses which are largely covered with modern 3D seismic contain a well-balanced portfolio of oil and gas prospects ranging from low risk shallow gas appraisal opportunities to high impact gas prospects such as the ZAM, OHO and LBG gas prospects in ADX-AT-I. As a follow up to the recently discovered Anshof oil field, several low risk satellite prospects have been matured to drill ready status during the year, such as the GRB and SGB prospects highlighted in the license map above.

The table below provides an overview of the inventory announced on 30 November 2020, with revisions on 30 March 2021, 29 July 2021 and 21 April 2022. The table also includes the giant Welchau gas thrust anticline prospect described in the ASX release dated 20 June 2022. ADX is continuing to generate new prospects and review its portfolio. ADX expects to announce several additions and upgrades to this portfolio in May 2023.

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	Prospect Name	Fluid	Best Technical Recoverable (MMboe)
HIGH IMPACT EXPLORATION	WELCHAU (WEL)	GAS	134.0
	OBERHOLZ (OHO)	GAS (OIL)	20.4
	ZELL AM MOOS (ZAM)	GAS (OIL)	14.6
TREND EXPLORATION	GRUENBURG (GRB)	OIL	8.5
	IRRSORF (IRR)	GAS	3.0
	TERNBERG (TERN)	OIL	3.2
	LICHTENBERG (LBG)	GAS	2.7
	WOLFSGRUB (WG)	OIL	2.2
	PERGERN (PERG)	OIL	2.5
	AUSSERROID (ARD)	GAS	2.2
	SIERNING (SIER)	GAS	1.0
DISCOVERIES & APPRAISAL	STEINGRUB (SGB)	OIL	2.8
	LINDENBERG (LIND)	OIL	0.8
	BRUNN (BRUNN)	GAS	0.8
	KLEINRAMING (KLE)	OIL	0.6
	STEYR (STEY)	GAS	0.5
Total Exploration (MMboe)			194
Total Exploration + Appraisal (MMboe)			200

Figure 11: ADX Upper Austria prospect inventory

The following prospects and prospect areas respectively were a primary focus of activity during the year 2022:

- The giant *Welchau* gas prospect which has an 807 BCFE² (approx. 134 MMBOE) best technical prospective resource proximal to the Molln-1 gas discovery well which tested pipeline quality gas down dip from the proposed drilling location. The Original Resources Reporting Date for Welchau prospective resources was on 16 May 2022, the estimates were further revised on 20 June 2022. The Welchau prospect is in the foothills of the Austrian Alps and is analogous to the giant anticline structures discovered in Kurdistan and the Italian Apennines. The prospect is relatively shallow with a drill depth of approximately 1120 metres total vertical depth (TVD) and within tie-in distance to the national gas pipeline network.

² 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

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During the year 2022, ADX has commenced the planning and permitting of the Welchau well. ADX has also purchased long lead items for the well with a view to commencing the Welchau drilling operation during the third quarter of 2023. The estimated well cost for drilling and evaluating the well is approximately EUR 3,810,000. Refer to the section on Farm-in Funding and New Ventures.

- The *Anshof* satellite prospects such as GRB and SGB were significantly de-risked as a result of the Anshof-3 oil discovery and its excellent production performance from a relatively thin Eocene sandstone reservoir. These prospects have therefore become of high interest to potential further farminees.
- The *KTZ* shallow gas leads and prospect area, which is highly prospective for gas and surrounded by infrastructure, makes even small discovery volumes highly economic. These prospects can have very large gas resource upside potential due to their combined structural and stratigraphic nature. A combination of leading edge AVO (Amplitude versus Offset) analysis and AI (artificial intelligence) geobody detection has delivered a prospective set of leads which are currently being matured to a drillable status. ADX plans to provide details and prospective resources in May 2023 together with the shallow low risk gas appraisal opportunities in ADX-AT-II such as the Steyr prospect. ADX expects to be able to attract future investors with a rich portfolio of shallow low risk and short time frame to commercialise gas prospects, some of which having large upside potential due to their stratigraphic nature.
- The *Gmunden* multi energy resource prospect includes shallow, quick to monetise gas targets together with a deeper geothermal target assessed to have between 15 to 20 MW renewable energy potential based on similar developments in the region. There are a number of gas targets identified on 3D seismic these targets are supported partly by 3D seismic based direct hydrocarbon indicators (DHIs) based on AVO anomalies.
- The *ZAM* prospect is a follow-up to the large independently assessed OHO prospect with 20.4 MMBOE (approx. 140 BCFE gas equivalent) best technical prospective resources (refer to ASX release dated 10 November 2021 regarding Independent Review of OHO by RISC). Similar to *OHO*, high quality natural gas is expected at the *ZAM* prospect which has technical prospective resources estimated at 15 MMBOE^{3 2} (approx. 100 BCFE); and
- Finally, several medium risk but large upside potential gas prospects in ADX-AT-I have been matured into drill ready status. The main focus was on the LGB and IRR gas prospects shown in the above table. Both prospects are AVO supported indicating presence of gas directly, have large upside potential and are very close to gas infrastructure. The nearby Haidach gas field (now used for gas storage) is a well understood analogy for these also partly stratigraphic prospects. Haidach has produced in excess of 150 BCF of gas and is an example of the excellent resource potential of the area.

lecea Mare Production License and Parta Exploration License – Onshore Western Romania

ADX holds a 49.2% shareholding in Danube Petroleum Limited (Danube). The remaining shareholding in Danube is held by Reabold Resources Plc. Danube via its wholly owned subsidiary, ADX Energy Panonia srl, holds a 100% interest in the Parta Exploration licence (including a 100% interest in the Parta Appraisal Sole Risk Project) and a 100% interest in the lecea Mare Production licence. ADX is the operator of the permit pursuant to a services agreement with Danube.

During 2022, ADX undertook a detailed technical evaluation of the license potential, with a focus on the successfully reprocessed 3D seismic in the lecea Mare production license. The 3D seismic also covers the exploration prospect IMIC-2 (Updip Carpinis-55). AVO work revealed that the shallow gas target on this location has a high chance of being gas bearing.

Another focus of activity was to progress and mature low risk infill and side-track opportunities in the lecea Mare production license. The ADX reprocessed 3D seismic facilitated the maturation of four low risk side-track and infill opportunities within existing discoveries or fields. These opportunities were under final review in 2022 and will be marketed to potential investors in 2023.

A regional geothermal study was conducted over the Parta licence, and a detailed report was completed for the lecea Mare production licence with a special focus on the ADX' IMIC-1 well. ADX has been approached by several local communities in

³ 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

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relation to geothermal projects mainly for district heating, given its drilling experience and extensive 2D and 3D seismic database in the area. A very high geothermal gradient was encountered while drilling the well in the order of 6°C per 100 metres which is of interest for a potentially viable geothermal project.

Work was undertaken during the fourth quarter in relation to the Parta license extension to provide information to the relevant Romanian authorities following several positive meetings in relation to the possible extension of the current license period⁴. The governing authority is supporting the extension which can be granted through a formal government process.

Italy - d 363C.R-.AX Licence - Offshore Sicily

ADX is operator and holds 100% interest in the d 363C.R-.AX Exploration Permit

In February 2019, the Italian government suspended exploration activities in onshore and offshore licenses to determine suitability for sustainable hydrocarbon prospecting, exploration and development activities (refer ASX Announcement dated 4 February 2019). In May 2022, Italian licensing authorities offered ADX the opportunity to ratify the d363C.R-.AX licence under a number of conditions including that only the gas potential within the licence is commercially exploited. Technical work undertaken by ADX has highlighted the excellent shallow gas prospectivity of the shallow water licence.

The total best technical prospective resource potential of five high graded prospects is 369 BCF (refer ASX announcement 30 August 2022). The five high graded prospects are considered as relatively low risk since they are simple 4-way dip anticline closures featuring a seismic amplitude response commonly known as DHIs.

The table below summarises the above-mentioned prospects which are defined by existing 2D seismic.

License d363C.R- AX	Prospect Name	Fluid	Best Technical Recoverable (BSCF)	Best Technical Recoverable (MMboe)
	1	GAS	61,9	10,3
DHI SUPPORTED GAS EXPLORATION OFFSHORE SICILY	2	GAS	69,7	11,6
	3	GAS	105,8	17,6
	4	GAS	41,7	7,0
	5	GAS	89,7	15,0
Total Exploration			368,8	61,5

The original Resources Reporting Date for the above prospective resources was on 30 August 2022.

Based on initial discussions with the Italian authorities, ADX has, in the fourth quarter of 2022, submitted a work program committing to seismic reprocessing and the option to acquire 2D seismic and 3D seismic data. Since none of the gas prospects and other identified leads have been covered with 3D seismic to date, ADX expects that more prospects may be identified, including large stratigraphic traps as indicated by the existing 2D seismic. It is expected that 3D seismic would substantially reduce exploration risk and attract further investment through farmouts. At the end of 4 years after licence ratification, ADX could elect to drill a well or drop the licence.

It is expected that the Italian authorities will provide a positive response in 2023, given the importance of potential domestic gas supply to substitute Russian gas imports.

⁴ The total validity of the lecea Mare production licence is 20 years and is not affected.

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Farm- In & New Ventures Activities

During the 2022 reporting period, ADX has sought to partly finance its ongoing exploration activities in Austria through farmouts and, at the same time, expand its portfolio in existing areas of focus or activity such as Romania.

The farmout activities in Austria are supported by a comprehensive data room managed by both ADX and its London based advisors. This activity has already led to two successful farmin transactions within its Upper Austrian licences, including a transaction to fund 40% of the Anshof-3 well in 2021 and a transaction to fund 50% of the Welchau-1 well. On the 29th of November 2022, ADX announced an investment agreement with Kepis & Pobe Financial Group Inc., (KPFPG) a leading Canadian energy finance and development group. KPFPG has committed to fund 50% of the Welchau-1 well costs to earn a 20% economic interest in the Welchau farmin area which includes the giant Welchau gas prospect (807 BCFE). Subsequently, KPFPG satisfied completion conditions, including the payment of initial funds for long lead items during the first quarter of 2023. As announced on 23 January 2023, KPFPG assigned their interest in the investment agreement to TSXV listed MCF Energy Ltd.

In the fourth quarter of 2022, ADX further progressed its farmout activities for the Austrian ADX-AT-I and ADX-AT-II portfolio and expects to conclude further transactions during 2023.

ADX Renewable Energy Project Formation

Vienna Basin Hydrogen Production and Storage Project

ADX is progressing an integrated hydrogen project in the Vienna basin which is targeting production of renewable and green hydrogen (through electrolysis using renewable electricity) and storage of such hydrogen by redeploying depleted underground reservoirs at the Vienna Basin Fields which were previously containing and producing methane (natural gas).

In addition to the value development potential of the project, the ability to potentially use the Vienna Basin Fields for clean energy production and storage can add significant long-term value to the fields through upcycling of existing assets by sharing operations and the likely deferment of fields' abandonment.

Renewable and green hydrogen (H₂) is a carbon and emission free gas (both in its production and combustion) produced from electrolysis using as a feedstock electricity generated from renewable sources and a process resulting in CO₂ emissions of less than 36.4 grams per Mega Joule of hydrogen produced. Green hydrogen used for the mobility sector in the EU needs to comply with strict additional requirements as per the European Commission Delegated Act adopted on 10 February 2023 supplementing the EU Directive 2018/2001.

Why renewable hydrogen is critical for the energy transition:

Renewable hydrogen is critical to the success of the energy transition and the achievement of the EU Net Zero targets by:

- facilitating the decarbonisation of sectors less suited for direct electrification such as:
 - industrial production of raw materials (steel, fertilisers, refined products, chemicals, etc),
 - long-range ground mobility, heavy vehicles, shipping and aviation (synthetic fuels), and
 - high-grade industrial heat (cement, etc) and back-up power generation;
- integrating energy from renewable sources by:
 - providing resilience, flexibility and system balancing through storage,
 - allowing transportation of high volumes over long distances with pipelines and ships, and
 - creating an outlet for "stranded" renewable energy generated in remote locations;
- providing significant CO₂ abatement potential of 4 billion tonnes of CO₂ per annum in 2040 and 7 billion tonnes of CO₂ per annum in 2050 by displacing coal, diesel, fuel oil, natural gas and grey hydrogen; and
- improving energy security by:
 - allowing domestic production by countries generating or having access to renewable electricity,

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- providing the ability to store large quantities over a long period of time with minimal losses, and
- removing reliance on politically unstable or hostile countries for energy supply.

Project overview and basis of design:

ADX is planning to implement the Vienna Basin Hydrogen Production and Storage Project in two phases as follows:

- a pilot phase with a 2.5 Mega Watt (MW) electrolyser capacity capable of producing circa 370 tonnes of renewable hydrogen from 2025; and
- a scaleup phase whereby the electrolyser capacity will be upgraded to 30 MW resulting in a renewable hydrogen production capacity of 5,200 tonnes per annum from 2028.

The objective of the pilot phase is to “prove the concept” of the project by testing the systems and cycling the reservoirs, become a reliable supplier of renewable and green hydrogen and develop a “first mover advantage” in the market prior to scaling up the electrolyser capacity. ADX has received an offer from a leading renewable electricity producer in Austria regarding the supply of baseload renewable electricity for the pilot phase (requirement estimated at 22 GWh p.a. to achieve maximum electrolyser utilisation).

ADX is also in discussions with the local electricity grid operator (“Netz Niederösterreich”) to evaluate the various grid access options including cost and timeline to complete the necessary grid upgrades and connections to deliver the electricity required for the pilot phase (22 GWh p.a.) and the scaleup phase (250 GWh p.a.).

In order to execute projects ADX plans to team up with a multi-discipline consultancy firm with project management experience on the hydrogen sector to provide design, engineering, planning and project management support for the project. Discussions with leading manufacturers of electrolysers have also been initiated.

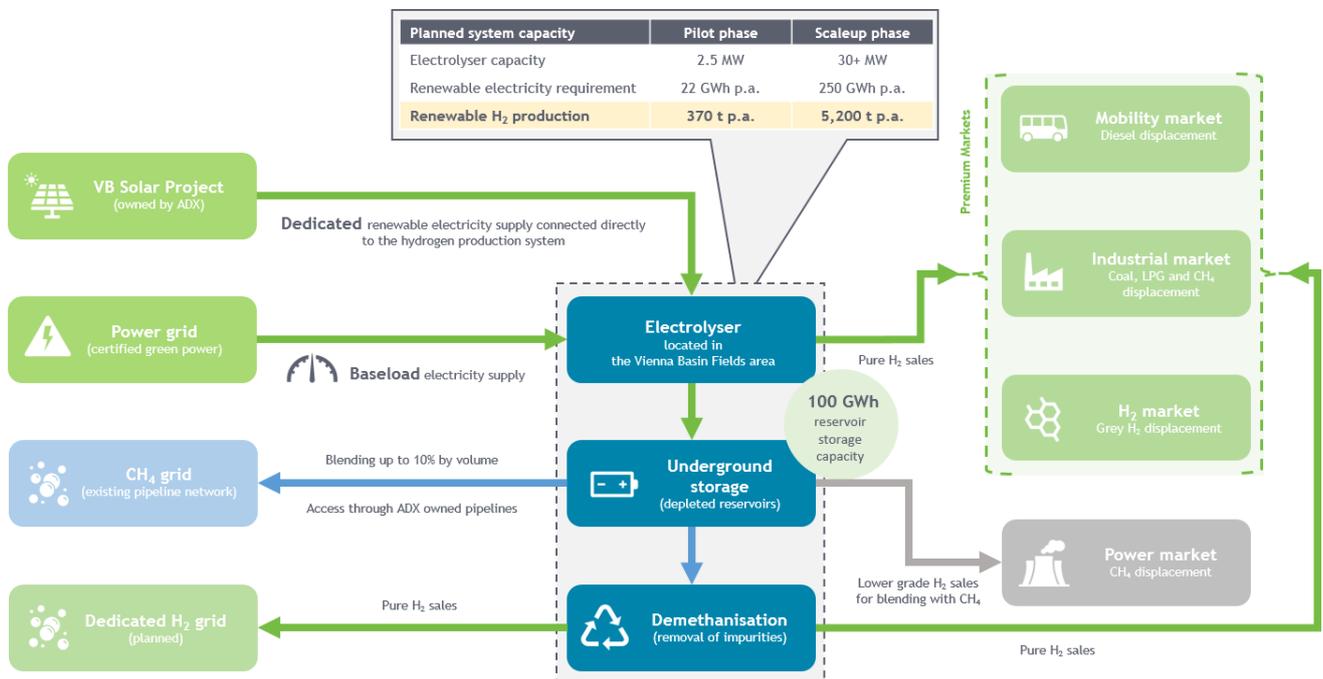


Figure 12: Overview of the Vienna Basin Hydrogen Project’s basis of design

ADX plans to sell renewable hydrogen to different market segments which will contribute to the decarbonisation of the Austrian economy. The pilot phase will primarily focus on deliveries to the local and regional pipeline network to which the Vienna Basin Fields are connected and ADX supplies its existing gas production.

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During this phase, ADX will also seek to secure independent certification of its renewable hydrogen as “green hydrogen” and allocate part of its green hydrogen production to industrial users requiring pure green hydrogen which could be delivered by road tankers. This will allow ADX to build relationships in a “premium” market segment likely to attract higher prices. The location of the Vienna Basin Fields offers the possibility to target a large number of industrial users (mainly participants to the Emissions Trading Systems (ETS)) in Austria, Czech Republic, Slovakia and Hungary.

From a marketing perspective, the scaleup phase will aim at:

- ramping up pipeline deliveries with the expansion of dedicated hydrogen networks. The European Hydrogen Backbone initiative plans to develop a dedicated hydrogen pipeline network across Europe targeting 28,000 km by 2030 and 53,000 km by 2040 consisting of repurposed gas pipelines (60%) and new pipeline stretches (40%);
- expanding supplies to industrial users to cater for growing demand linked to the reduction over time of their carbon emission allocations under the ETS; and
- develop sales to the mobility sector in collaboration with a network of fuelling stations. This will require that ADX develops its own renewable electricity generation capacity dedicated to green hydrogen production in order to comply with applicable EU regulations. The development and expansion of the Vienna Basin Solar Project (see below) could provide suitable feedstock for this market segment.

By combining production and storage of clean energy (renewable hydrogen), the project will support both the decarbonisation of the Austrian economy (scaleup phase expected to displace the equivalent of 1,100,000 litres of diesel per annum reducing carbon emission by 42,270 tonnes p.a.) and the improvement of Austria’s energy supply security in line with the objectives set by the Austrian government in the National Hydrogen Strategy (NHS).

The Vienna Basin Hydrogen Production and Storage Project has all the ingredients for success:

ADX is well positioned to successfully develop an integrated hydrogen project at the Vienna Basin Fields by combining:

- availability of renewable electricity. ADX has received an offer for the supply of baseload renewable electricity (22 GWh p.a.) for the pilot phase of the project;
- access to the electricity grid. A high voltage power line located within a 10-km radius of the Vienna Basin Fields could supply large quantities of electricity for the scale-up phase of the project;
- suitable high quality underground reservoirs able to safely store in aggregate approximately 100+ GWh of hydrogen (equivalent to the annual energy consumption of 25,000 Austrian households) have already been identified;
- availability of fresh water. Groundwater is plentiful in the area for use as feedstock for electrolysis; and
- availability of infrastructure to deliver hydrogen to market. ADX owns a network of existing gas pipelines connected to the local and regional gas grid. Since June 2021, Austria allows the injection of hydrogen in gas pipelines up to 10% by volume (up from 4% previously).

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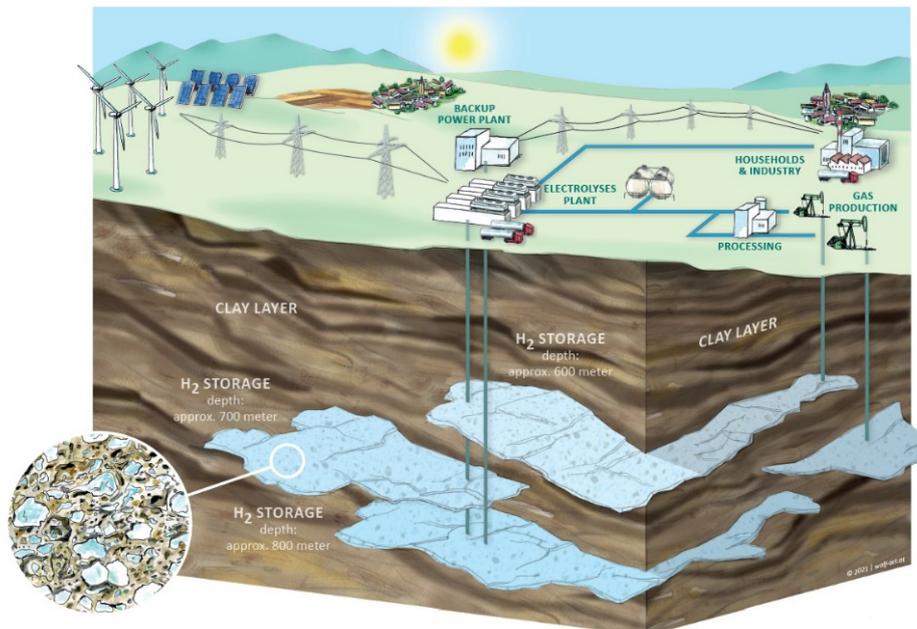


Figure 13: Schematic of the Vienna Basin Production and Storage Project Concept

Overview of the hydrogen market in Europe and Austria:

On 18 May 2022, the European Commission adopted the REPowerEU plan seeking to phase out imports of fossil fuels from Russia before 2030 in response to the invasion of Ukraine by Russia in February 2022. To achieve this target, the plan emphasises the development of clean energy as follows:

- increased target for the generation of energy from renewable sources by 2030 (45% of the EU energy consumption instead of 40% previously);
- acceleration of the electrolyser capacity build-up targeting 17.5 GW by 2025 and the production of 10,000,000 tonnes of renewable hydrogen per annum; and
- creation a modern regulatory framework for the hydrogen sector.

The target for renewable hydrogen production (10,000,000 tonnes p.a.) contained in the REPowerEU plan is in addition to 5,600,000 tonnes envisaged under the EU plan “Fit for 55”.



¹ Important Project of Common European Interest

² European Commission REPowerEU plan adopted on 18 May 2022

Figure 14: Overview of EU funding, regulatory support, plans and targets (by 2030)

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Austria has an ambitious target to produce 100% of its electricity from renewable sources by 2030 and achieve carbon neutrality by 2040. On 2 June 2022, the Austrian government issued the NHS which targets the installation in Austria of 1 GW of electrolyser capacity by 2030 for the production of green hydrogen to be used in sectors that have no alternatives. This plan is supported by EUR 40,000,000 p.a. of funding under the Renewable Energy Expansion Act.

Vienna Basin Solar Project

ADX owns approximately 13 hectares of land at the Vienna Basin Fields including well sites and land plots where production facilities are located. To run its low emissions oil and gas production operations at the Vienna Basin Fields, ADX has an electricity consumption of approximately 4.5 GWh per annum which constitutes a significant portion of the fields' operating costs.

With a view to further decarbonising its operations and lowering operating costs in a high electricity prices environment (wholesale electricity prices in Austria averaged EUR 262 per MWh in 2022), ADX is considering the installation of ground-mounted solar power generation plants at the Vienna Basin Field sites.

On 21 September 2022, ADX executed a letter of intent with RWA Solar Solutions GmbH (RWA) regarding joint feasibility studies for the potential development of solar power plants at the Vienna Basin Fields.

RWA is a subsidiary of RWA Raiffeisen Ware AG, a wholesale and service cooperatives company in Austria. RWA provides engineering, procurement and construction (EPC) and operations and maintenance (O&M) solutions for photovoltaic (PV) systems. RWA also makes investments in PV systems and has built PV plants in Austria with a combined installed capacity exceeding 15 Mega Watt peak (MWp).

After initial feasibility and evaluation work, ADX' preference is to develop a plant capacity of 2.5 MWp over a land area of 2 hectares based on an East-West orientation of the PV panels. ADX received a proposal from RWA during the fourth quarter of 2022 for engineering, procurement, construction, installation and commissioning of such PV plant.



Figure 15: Potential layout of a 2.5 MWp PV plant at the Gaiselberg site

ADX and RWA are progressing the evaluation of a self-consumption model for the proposed 2.5 MWp PV plant whereby 100% of the solar electricity generated by the plant would be used to run the Vienna Basin Fields' operations by using a

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dedicated battery system. With such configuration, the renewable electricity generated by the PV plant could be used to cover 45-50% electricity consumed by the Vienna Basin Fields operations.

The Vienna Basin Solar Project (referred to as VB Solar Project in Figure 12) is expected to have a useful life of 25-30 years (with the PV panels initially mounted) offering the opportunity to gradually dedicate renewable electricity generated by the plant (in excess of 2 GWh p.a.) to green hydrogen production for the mobility sector.

Gmunden Multi-Energy Project

The Molasse Basin is a proven, highly active geothermal growth area with an outstanding 90% success rate for geothermal wells. Numerous geothermal wells in the foreland Molasse of Southern Bavaria and Upper Austria provide a valuable database to build the geological model and demonstrate the profitability of geothermal wells. The combination of a high geothermal gradient and excellent proven reservoirs provide low risk commercialisation opportunities for geothermal developments.

The Gmunden Multi-Energy prospect is located in the Eastern part of the ADX-AT-I exploration licence in Upper Austria. The project targets oil and gas potential as well as fractured Malmian (Jurassic) limestone which is the principal geothermal reservoir in the highly successful geothermal projects across the nearby border in Germany (Munich area).

The Gmunden Multi-Energy project offers a combination of oil, gas and geothermal resource potential. The project has a geothermal power capacity estimated at 14.4 MW and could generate 115 GWh per annum of geothermal energy (power and heat) based on one multilateral well and two industrial off-takers.

ADX is reviewing funding models for a multi-energy well targeting shallower gas and oil as well as testing the deeper geothermal potential.

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Gaiselberg and Zistersdorf Production Assets, Vienna Basin – Onshore Austria

ADX purchased the Vienna Basin Fields (Gaiselberg and Zistersdorf) in December 2019. Since then, the fields have been producing oil and gas continuously and have been ADX' primary source of cashflow.

ADX equity interest in the relevant production licenses is summarised as follows:

ADX Vienna Basin Oil and Gas Field Interests			
Field	Working Interest	License Expiry ¹	Block or License
Zistersdorf Field	100%	N/A	Zistersdorf
Gaiselberg Field	100%	N/A	Gaiselberg

Since purchase of the fields, two Competent Person's Reports (CPR) have been undertaken by independent consultants engaged by ADX to audit the Developed Reserves at the Vienna Basin Fields. The first CPR had an effective date of 31 December 2019 and the most recent CPR prepared by RISC has an effective date of 1 July 2021. The results of RISC's CPR were announced on the ASX on 4 November 2021.

ADX reserves attributable to Vienna Basin Fields effective 31 December 2021 were previously reported (Annual Report 2021). These were based on RISC CPR audited Developed Reserves as at 1 July 2021 less production during the subsequent six-month period.

The following table summarises ADX' unaudited estimates of Developed Reserves as at 31 December 2022, based on reserves reported 31 December 2021, less production from the Vienna Basin Fields during the subsequent twelve-month period.

ADX Vienna Basin Unaudited Developed Reserves as of 31 December 2022		
	1P Reserves	2P Reserves
Total Developed (BOE) @ 31 December 2021	1,141,630	1,801,630
Production - 1 January to 31 December 2022	81,665	81,665
Total Developed (BOE) @ 31 December 2022	1,059,965	1,719,965

Anshof Discovery Area, ADX AT-II AGS license, Upper Austria – Onshore Austria

During January 2022, ADX discovered oil in Eocene reservoirs and shallow gas in Miocene reservoirs at the Anshof-3 well. ADX completed and tested the Eocene reservoir in May 2022. A long-term production test commenced from the Anshof-3 well on 16 October 2022. The well has produced water free oil continuously at approximately 120 barrels per day with no indication of decline.

ADX equity interest in the relevant license is summarised as follows:

ADX Anshof Oil Field Interests			
Field	Economic Interest	License Expiry ¹	Block or License ²
Anshof Field	80%	N/A	ADX AT-II
<i>Note 1: License term for life of field</i>			
<i>Note 2: ADX holds an 80% economic interest in the Anshof Field (Anshof Discovery Area) and a 100% equity interest in the ADX AT-II AGS license</i>			

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Independent consultants RISC were engaged to provide an independent reserve and resource assessment for the Anshof field. The RISC CPR relating to the Anshof field has an effective date of 1 October 2022. Refer to ASX release dated 31 October 2022. A long-term production test commenced from the Anshof-3 well on 16 October 2022.

In March 2023, subsequent to this reporting date, a production license was awarded by the Austrian authorities for the Anshof field (i.e. the Anshof Discovery Area). The production license provides the regulatory framework for the development of the Anshof field including the planned drilling of the Anshof-2 and Anshof-1 wells from the same well site as the producing Anshof-3 well during the second half of 2023.

Summary of Anshof CPR results

1P, 2P and 3P reserves have been classified as Undeveloped Reserves (Development Justified) and 3C Contingent Resources (Development Pending) have also been identified in the RISC CPR.

The gross oil and gas reserves and resources for the Anshof field are summarised as follows:

RISC CPR Anshof Field Reserves and Resources (1 October 2022)

Oil & Gas Reserves	Oil (MMstb)			Gas (MMscf)			Total (MMboe)		
	1P	2P	3P	1P	2P	3P	1P	2P	3P
Anshof gross reserves	0.4	5.0	12.0	96	1,169	2,812	0.5	5.2	12.5
ADX net share	0.3	4.0	9.6	76	935	2,250	0.4	4.1	10.0
Oil & Gas Contingent Resources	Oil (MMstb)			Gas (MMscf)			Total (MMboe)		
	1C	2C	3C	1C	2C	3C	1C	2C	3C
Anshof gross Contingent Resources	0	0	12.9	0	0	3,041	0	0	13.5
ADX net share	0	0	10.3	0	0	2,433	0	0	10.8

Notes:

1. The notional reference point for reserves is the permit boundary or export line inlet.
2. ADX has an 80% economic interest in the Anshof discovery area and 80% entitlement to its gross reserves and resources.
3. Probabilistic methods have been used to determine oil in place and recoverable oil. Deterministic methods were used to develop production profiles and well numbers.
4. The 1P case is economically marginal but falls within the typical 10% audit tolerance. Therefore, volumes can be classified as reserves.
5. 1P reserves are based on a 3-well development of the 1P area. 2P reserves are based on a 14-well development of the 2P area. 3P reserves are an upside performance of the 2P wells. An additional 15 wells are estimated to fully develop the high case field area, with this incremental resource classified as contingent resources.
6. Associated gas resources include inerts sold with the gas. There is no fuel and flare.
7. Conversion factors are 7.3 bbl per tonne of oil and 5,800 MMscf per MMboe of gas.

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The following tables summarise ADX's unaudited estimates of Undeveloped Reserves and Contingent Resources as of 31 December 2022, based on reserves as of 1 October 2022 (RISC CPR audited Undeveloped Reserves and Contingent Resources reported on 31 October 2022) less production from the Anshof Field during the fourth quarter of 2022.

ADX Anshof Field Unaudited Net Undeveloped Reserves as of 31 December 2022			
(80% Economic Interest Share)			
	1P Reserves	2P Reserves	3P Reserves
Total Reserves (BOE) @ 1 October 2022	400,000	4,100,000	10,000,000
Production - 16 October to 31 December 2022	5,186	5,186	5,186
Total Reserves (BOE) @ 31 December 2022	394,814	4,094,814	9,994,814
ADX Anshof Field Unaudited Contingent Resources as of 31 December 2022			
(80% Economic Interest Share)			
	1C Resources	2C Resources	3C Resources
Total Resources (BOE) @ 31 December 2022	0	0	10,800,000

ADX' Total Austrian Reserves

ADX' total net Austrian Reserves are summarised below. This includes the Vienna Basin Fields Reserves and Anshof Field Reserves (described above) as of 31 December 2022. The reserves variance is a comparison of 2021 year end reserves versus 2022 year end reserves.

The positive variance of 223% estimated for the 2P reserves category is the result of the reserves attributed to the Anshof field discovered in January 2022 by the Anshof-3 well which was subsequently placed on long term test production in October 2022. A production license for the Anshof field was awarded in March 2023.

ADX Austrian Fields Unaudited Net Reserves as of 31 December 2022			
Anshof Field and Vienna Basin Field Reserves (Barrels of Oil Equivalent)			
	1P Reserves	2P Reserves	3P Reserves
Vienna Basin Field (BOE) @ 31 December 2022	1,059,965	1,719,965	N/A ¹
Anshof Field Reserves (BOE) @ 31 December 2022	394,814	4,094,814	9,994,814
Total Reserves (BOE) @ 31 December 2022	1,454,779	5,814,779	9,994,814
Vienna Basin Field (BOE) @ 31 December 2021	1,141,630	1,801,630	N/A
Reserves Variance (%age) ²	27%	223%	N/A
Notes			
1. No 3P reserves have been reported in relation to the Vienna Basin Fields			
2. The Variance comparison is between ADX Austrian Reserves as of 31 December 2021 and 31 December 2022			
3. The above table does not include 3C contingent resources assessed in the RISC CPR as announced on 31 October 2022			

ADX ENERGY LTD

RESERVES REPORT

Reporting Standards

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.

PRMS Reserves Classifications Used

1P Denotes low estimate of Reserves (i.e., Proved Reserves). Equal to P1.

2P Denotes the best estimate of Reserves. The sum of Proved plus Probable Reserves.

3P Denotes high estimate of Reserves. The sum of Proved plus Probable plus Possible Reserves.

1. **Developed Reserves** are quantities expected to be recovered from existing wells and facilities.
 - a. *Developed Producing Reserves* are expected to be recovered from completion intervals that are open and producing at the time of the estimate.
 - b. *Developed Non-Producing Reserves* include shut-in and behind-pipe reserves with minor costs to access.
2. **Undeveloped Reserves** are quantities expected to be recovered through future significant investments.

A. **Proved Reserves** are those quantities of Petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from known reservoirs and under defined technical and commercial conditions. If deterministic methods are used, the term “reasonable certainty” is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

B. **Probable Reserves** are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

C. **Possible Reserves** are those additional Reserves that analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) Reserves, which is equivalent to the high-estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves that are located outside of the 2P area (not upside quantities to the 2P scenario) may exist only when the commercial and technical maturity criteria have been met (that incorporate the possible development scope). Standalone Possible Reserves must reference a commercial 2P project.

Persons compiling information about Hydrocarbons. Pursuant to the requirements of the ASX Listing Rule 5.31, the unaudited technical and reserves information contained in this report has been prepared under the supervision of Mr Paul Fink. Mr Fink is Technical Director of ADX Energy Limited, 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 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).

RISC independent audit and competent person reports

RISC has conducted an independent audit of the Developed Reserves for the Vienna basin Fields and a competent persons report for Undeveloped Reserves for the Anshof Fields. The reserves described above are based RISC’s assessments which have been previously announced by ADX. RISC has previously consented to the inclusion of information specified as RISC audited values in this report.

ADX ENERGY LTD
DIRECTORS' REPORT

Your Directors present their report for the year ended 31 December 2022.

DIRECTORS

The names and particulars of the Directors of the Company in office during the year and up to the date of this report were as follows. Directors were in office for the entire year unless otherwise stated.

Ian Tchacos

B.Eng (Mech.)

Executive Chairman (Appointed 2 March 2010)

Mr Tchacos was appointed as Non Executive Chairman of ADX on 2 March 2010 and appointed as Executive Chairman on 28 September 2015. He is a Petroleum Engineer with over 35 years international experience in corporate development and strategy, mergers and acquisitions, petroleum exploration, development and production operations, commercial negotiation, oil and gas marketing and energy finance. He has a proven management track record in a range of international oil company environments. As Managing Director of Nexus Energy, he was responsible for this company's development from an onshore micro cap explorer to an ASX top 200 offshore producer and operator.

Other directorships of listed companies in the last three years: 3D Oil Limited (current).

Paul Fink

MSc (Geophysics)

Executive Director (Appointed 25 February 2008)

Mr Fink has over 30 years of petroleum exploration and production industry experience in technical and management positions. He is a graduate from the Mining University of Leoben, Austria and started his career as a seismic data processing geophysicist and then worked predominantly on international exploration and development projects and assignments in Austria, Libya, Bulgaria, UK, Australia and Pakistan as Exploration and Reservoir Manager for OMV. In 2005, Paul started his own petroleum consultancy working on projects in Romania and as Vice President for Focus Energy, leading their highly successful exploration and development campaign in Western India. Paul was a key team member for the resulting highly successful IPO on the London Stock Exchange (Indus Gas) which led to a market capitalisation of over GBP 1.5 billion, partly due to third party reserves audits managed by Paul.

Other directorships of listed companies in the last three years: Nil.

Andrew Childs

BSc (Geology and Zoology)

Non-Executive Director (Appointed 11 November 2009)

Mr Childs graduated from the University of Otago, New Zealand in 1980 with a Bachelor of Science in Geology and Zoology. Having started his professional career as an Exploration Geologist in the Eastern Goldfields of Western Australia, Mr Childs moved to petroleum geology and geophysics with Perth based Ranger Oil Australia (later renamed Petroz NL). He gained technical experience with Petroz as a Geoscientist and later commercial experience as the Commercial Assistant to the Managing Director. Mr Childs is Chairman of Sacgasco Limited, Executive Chairman of Xstate Resources Limited and Managing Director of Petroleum Ventures Pty Ltd.

Other directorships of listed companies in the last three years: Sacgasco Limited and Xstate Resources Limited (both current).

Edouard Etienvre

MSc (Management)

Non-Executive Director (Appointed 7 January 2020)

Mr Etienvre is an energy and natural resources executive and entrepreneur with over 15 years of experience in the oil and gas, mining, shipping and offshore facilities sectors initially with banks including sell-side equity research and reserve-based lending. More recently his experience has included positions with private and public E&P companies, ship owners and offshore facilities owners, mining companies and a mid-size trading group managing investments in companies active in the oil and gas sector. Mr Etienvre has extensive commercial, business development, risk assessment, management and project management experience and expertise including deal sourcing, transaction structuring and execution, commercial negotiations and financing including debt, equity, off-take finance, vendor finance and reverse take-overs.

Other directorships of listed companies in the last three years: Nil.

ADX ENERGY LTD
DIRECTORS' REPORT

COMPANY SECRETARIES

Peter Ironside B.Com, CA

Appointed 8 March 1995

Mr Ironside has a Bachelor of Commerce Degree and is a Chartered Accountant and business consultant with over 45 years' experience in the exploration and mining industry. Mr Ironside has a significant level of accounting, financial compliance and corporate governance experience including corporate initiatives and capital raisings. Mr Ironside has been a Director and/or Company Secretary of several ASX listed companies including Integra Mining Limited and Extract Resources Limited (before \$2.18bn takeover) and is currently a non-executive director of E79 Gold Mines Limited and Stavely Minerals Limited.

Amanda Sparks B.Bus, CA, F.Fin

Appointed 6 October 2015

Ms Amanda Sparks is a Chartered Accountant with over 35 years of resources related financial experience, with explorers and producers. Ms Sparks has extensive experience in company secretarial, financial management, capital raisings, corporate transactions, corporate governance and compliance for listed companies and is currently a non-executive director and Company Secretary of Stavely Minerals Limited, and Company Secretary for E79 Gold Mines Limited.

MEETINGS OF DIRECTORS

During the year, no formal board meetings were held. As the Board has two overseas directors, regular online management meetings were held, and all important resolutions agreed via circular resolutions:

Name of Director	Circular Board Resolutions
I Tchacos	18
P Fink	18
A Childs	18
E Etienvre	18

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The following table sets out each director's relevant interest in shares and options in shares of the Company as at the date of this report.

	I Tchacos	P Fink	A Childs	E Etienvre
Shares				
Ordinary fully paid shares	94,830,558	108,382,276	25,388,524	20,375,260
Options				
Unlisted Options, Ex Price \$Nil, Expiry 31/07/2024	6,078,125	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/10/2024	5,116,071	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/01/2025	7,250,000	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/05/2025	3,145,833	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/07/2025	2,456,250	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/10/2025	3,294,642	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/01/2026	1,857,954	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/05/2026	3,117,187	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/07/2026	2,695,312	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/10/2026	3,803,571	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/01/2027	2,839,285	-	-	-
Total Options	41,654,230	-	-	-

ADX ENERGY LTD
DIRECTORS' REPORT

CORPORATE INFORMATION

Corporate Structure

ADX Energy Ltd is a limited liability company that is incorporated and domiciled in Australia. ADX Energy Ltd has prepared a consolidated financial report incorporating the entities that it controlled during the year as follows:

ADX Energy Ltd	-	parent entity
AuDAX Energy Srl	-	100% owned Italian controlled entity
Bull Petroleum Pty Ltd	-	100% owned Australian controlled entity (dormant)
Terra Energy Limited	-	100% owned UK controlled entity
ADX VIE GmbH	-	Terra Energy Limited owns 100% of this Austrian controlled entity
Danube Petroleum Limited	-	49.18% owned UK controlled entity
ADX Energy Panonia Srl	-	Danube Petroleum Limited owns 100% of this Romanian controlled entity
Kathari Energia Limited	-	100% owned UK controlled entity
Kathari Energia GmbH	-	Kathari Energia Limited owns 100% of this Austrian controlled entity

Principal Activity

The principal activities of the Group during the year were oil and gas production, appraisal and exploration.

Operations review

Refer to the Operations Review preceding this report.

Summary of Financial Position, Asset Transactions and Corporate Activities

A summary of key financial indicators for the Group, with prior year comparison, is set out in the following table:

	Consolidated 31 December 2022 \$	Consolidated 31 December 2021 \$
Cash and cash equivalents held at year end	3,569,631	5,938,517
Net profit/(loss) for the year after tax	(2,437,874)	(4,346,264)
Non-controlling interest in loss for the year	(133,611)	(174,666)
Included in loss for the year:		
Operating revenue	14,452,734	9,637,007
Cost of sales – operating costs	(7,451,979)	(5,705,718)
Cost of sales – depreciation/amortisation	(2,351,874)	(2,828,081)
Impairment expenses	(817,122)	-
Exploration expensed	(2,105,903)	(2,455,477)
Basic profit/(loss) per share from continuing operations	(0.07) cents	(0.16) cents
Net cash from/(used in) operating activities	3,636,599	(2,131,316)
Net cash from/(used in) investing activities	(4,829,609)	174,011
Net cash from/(used in) financing activities	(1,189,792)	5,850,040

During the year:

- Exploration expenditure was \$2,105,903. This was expenditure primarily for Austria \$1,592,092, new ventures \$377,453 and Romania \$132,831.
- Loan notes and bank loans of \$3,254,614 were repaid in cash during the year.

ADX ENERGY LTD
DIRECTORS' REPORT

Production from ADX' Zistersdorf and Gaiselberg fields, and ADX' share of the Anshof field in Austria was as follows:

	31 December 2022	31 December 2021
Crude Oil Sold (Barrels)	74,543	95,163
Gas Sold (Boe)	12,309	8,604
Total Oil Equivalent (Boe)	86,852	103,767
Average Production Rate (Boepd)	238	284

Government Subsidy Received from the Austrian Government

During the year, ADX' wholly owned subsidiary, ADX VIE GmbH received a further COVID-19 Pandemic (COVID) subsidy totalling EUR 782,157 (A\$ 1.2 million) from the Austrian government. This subsidy was paid by COFAG, Austria's financing agency which supports Austrian companies to mitigate the economic disruption caused by COVID and position those companies for future growth. COFAG focuses on companies with a viable future business model. The fixed cost subsidy assessment was based on eligible fixed business costs during the period September 2020 to February 2021. This is the second subsidy payment received by ADX which is in addition to a previous payment of EUR 107,500 (approximately A\$ 158,000) received for the period March 2020 to June 2020.

Placement Raising A\$ 2.55 million

On 10 August 2022, ADX advised it had successfully raised \$ 2.55 million from a placement of 425,000,000 shares at a price of \$ 0.006 per share to sophisticated, institutional and professional investors (the Placement). One (1) free attaching unlisted option was issued for every two (2) Placement Shares. The exercise price of the Placement Options is \$ 0.013 with an expiry date of 10 August 2024.

Funds raised by the Placement are to accelerate drilling programs in Upper Austria including the purchase of drilling long lead items and securing services required for the giant Welchau prospect gas exploration well and the Anshof-2 development well. In addition to drilling related investment, ADX commissioned an early production facility to commence commercial production from the Anshof-3 discovery well in October 2022.

Loan Repayments

In May 2022, ADX repaid A\$ 437,500 of its Loan Notes. In addition, ADX VIE GmbH repaid EUR 188,333 (A\$ 333,446) of bank loans in June 2022.

In November 2022, ADX fully repaid the outstanding balance of its Loan Notes, totalling A\$ 2,187,500. The outstanding balance was the remainder of a A\$ 3.5 million financing completed in October 2019 which was utilised in 2019 to fund the completion of the acquisition of the Zistersdorf and Gaiselberg oil and gas fields located in the Vienna Basin, as well as agreements for exploration data and access arrangements to RAG Austria AG's production infrastructure in Upper Austria.

In addition, ADX' Austrian subsidiary (ADX VIE GmbH) repaid its second principal instalment of bank loans (EUR 183,333 / A\$ 296,168). As at 31 December 2022, EUR 753,333 (A\$ 1,184,673) remains repayable in five equal, semi-annual instalments until 31 December 2024.

Unmarketable Parcel Share Sale Facility

On 19 December 2022, ADX announced the establishment of a share sale facility (Facility) for holders of fully paid ordinary shares in the Company (Shares) valued at less than \$ 500 (Unmarketable Parcel). Based on the price of Shares at the close of trading on 3 February 2023 (Closing Date) of A\$ 0.008, a holding of 62,499 Shares or less constituted an Unmarketable Parcel. Shareholders who held an Unmarketable Parcel were mailed a Retention Form, and those wishing to retain their Shares had to "opt-out" of the Facility by returning their duly completed Retention Form to the Company's share registry.

25,509,213 Shares were sold under the Facility in February 2023.

ADX ENERGY LTD
DIRECTORS' REPORT

DIVIDENDS

No dividends were paid or declared during the year. The Directors do not recommend payment of a dividend.

ENVIRONMENTAL ISSUES

The Company's environmental obligations are regulated by the laws of the countries in which ADX has operations. The Company has a policy to either meet or where possible, exceed its environmental obligations. No environmental breaches have been notified by any governmental agency as at the date of this report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the year are detailed in the Operations Report and Financial Summary in this report.

FUTURE DEVELOPMENTS

The Company intends to continue its production operations in Austria and continue its' exploration and development programme on its existing permits, and to acquire further suitable permits for exploration and development. Additional comments on likely developments are included in the Operations Report.

SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at the date of this report are as follows:

	Number	Exercise Price	Expiry Date
Unlisted Options	67,500,020	1.5 cents	26/11/2023
Unlisted Options	6,000,000	Nil cents	26/06/2024
Unlisted Options	6,078,125	Nil cents	31/07/2024
Unlisted Options	231,750,000	1.3 cents	10/08/2024
Unlisted Options	5,116,071	Nil cents	31/10/2024
Unlisted Options	7,250,000	Nil cents	31/01/2025
Unlisted Options	3,145,833	Nil cents	31/05/2025
Unlisted Options	2,456,250	Nil cents	31/07/2025
Unlisted Options	3,294,642	Nil cents	31/10/2025
Unlisted Options	1,857,954	Nil cents	31/01/2026
Unlisted Options	6,085,465	Nil cents	31/05/2026
Unlisted Options	4,992,187	Nil cents	31/07/2026
Unlisted Options	6,013,391	Nil cents	31/10/2026
Total Options	<u>351,539,938</u>		

No optionholder has any right under the options to participate in any other share issue of the Company or any other related entity.

23,250,146 unlisted options with an exercise price of nil were exercised by Directors during the year.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has paid a premium to insure the Directors and Officers of the Company and its controlled entities. Details of the premium are subject to a confidentiality clause under the contract of insurance.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group.

ADX ENERGY LTD
DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

The Directors present the 2022 Remuneration Report, outlining key aspects of ADX' remuneration policy and framework, together with remuneration awarded this year.

The report is structured as follows:

- A. Key management personnel (KMP) covered in this report
- B. Remuneration policy, link to performance and elements of remuneration
- C. Contractual arrangements of KMP remuneration
- D. Remuneration awarded
- E. Equity holdings and movement during the year
- F. Other transactions with key management personnel
- G. Use of remuneration consultants
- H. Voting of shareholders at last year's annual general meeting

A. KEY MANAGEMENT PERSONNEL COVERED IN THIS REPORT

For the purposes of this report key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise).

Key Management Personnel during the Year

Directors

Ian Tchacos	-	Executive Chairman
Paul Fink	-	Executive Director
Andrew Childs	-	Non-Executive Director
Edouard Etienvre	-	Non-Executive Director

Other KMPs

Amanda Sparks	-	Company Secretary and Chief Financial Officer
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B. REMUNERATION POLICY, LINK TO PERFORMANCE AND ELEMENTS OF REMUNERATION

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders.

The Board ensures that executive reward satisfies the following key criteria for good reward corporate governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Transparency; and
- Capital management.

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre Executives; and
- if required, establish appropriate, demanding performance hurdles in relation to variable Executive remuneration.

The Group has structured an executive framework that is market competitive and complementary to the reward strategy for the organisation.

ADX ENERGY LTD
DIRECTORS' REPORT

Both Executive and Non-Executive Directors may elect, subject to Shareholder approval, to reduce their cash director fees and consulting fees in lieu of Shares in accordance with the Company's Directors' Share Plan (Salary Sacrifice). The Shares are issued on a quarterly basis according to the Directors' fees owing to each of the Directors at that time, at an issue price of no less than the volume weighted average sale price of Shares sold on ASX during the 90 days prior to the expiration of the corresponding calendar quarter in which the Directors' fees were incurred. The Executive Directors may also elect, subject to Shareholder approval, to reduce their cash consulting fees in lieu of Options in accordance with the Company's Performance Rights and Option Plan. The Options are issued on a quarterly basis according to the consulting fees owing to each of the Directors at that time, using a deemed price of no less than the volume weighted average sale price of Shares sold on ASX during the 90 days prior to the expiration of the corresponding calendar quarter in which the consulting fees were incurred.

Remuneration Committee

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered efficient for ADX. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and payments are provided to shareholders in the annual report and on the web. The Board has adopted the following policies for Directors' and executives' remuneration.

Non-Executive directors' remuneration

Non-executive Directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act as at the time of the Director's retirement or termination. Non-executive Directors' remuneration may include an incentive portion consisting of options or similar instruments, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with ASX listing rules.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers the amount of Director fees being paid by comparable companies with similar responsibilities and the experience of the Non-executive Directors when undertaking the annual review process. Fees for Non-Executive directors are not linked to the performance of the Group.

Executive Remuneration

In determining the level and make-up of Executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Remuneration is compared with the external market by reviewing industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable Executive roles.

Remuneration consists of a fixed remuneration and may include a long term incentive portion as considered appropriate.

Executives remuneration is currently a fixed consulting fee based on a daily rate for actual days worked.

Long term incentives granted to Executives are delivered in the form of options. The option incentives granted are aimed to motivate Executives to pursue the long term growth and success of the Company within an appropriate control framework and demonstrate a clear relationship between key Executive performance and remuneration. Director options are granted at the discretion of the Board and approved by shareholders. Performance hurdles are not attached to vesting periods; however the Board may determine appropriate vesting periods to provide rewards over a period of time to key management personnel. During the year there were no performance related payments made.

C. CONTRACTUAL ARRANGEMENTS OF KMP REMUNERATION

On appointment to the board, all Non-Executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director. Non-Executive Directors are paid a fee of A\$ 33,000 per annum, inclusive of any superannuation if applicable. In accordance with the Company's Directors' Share Plan (Salary Sacrifice), part may be paid in cash, and part in shares.

ADX ENERGY LTD
DIRECTORS' REPORT

Remuneration and other terms of employment for the Executive Directors and the other key management personnel are also formalised in consultancy agreements. The major provisions of the agreements relating to remuneration are set out below.

Name	Term of agreement	Base annual remuneration inclusive of superannuation at 31/12/21	Termination benefit
I Tchacos – Executive Chairman – Technical Consultancy	Term of 2 years commencing 1 July 2020. Subsequently monthly.	Technical consulting - \$1,500 per day (cash)	2 months (up to \$18,000)
I Tchacos – Executive Chairman – Corporate Consultancy	Ongoing	Corporate consulting - \$500/month (cash) plus options subject to Board and Shareholder approval for additional work at a value of \$1,500 per day In addition, I Tchacos receives Directors fees of \$25,000 pa. 80% paid in cash, 20% paid in equity (subject to Shareholder approval)	2 months (up to \$18,000)
P Fink – Executive Director – Consultancy with ADX Energy Ltd	Term of 2 years commencing 1 July 2020. Subsequently monthly.	Retainer of \$500 per month (cash) plus consulting at \$1,500 per day (50% cash and 50% equity (options), subject to shareholder approval) In addition, P Fink receives Directors fees of \$25,000 pa. 80% paid in cash, 20% paid in equity (subject to Shareholder approval)	2 months (up to \$18,000)
P Fink – Executive Director – Consultancy with ADX VIE GmbH	No written agreement	Consulting at EUR 900 per day	None
E Etienvre – Non-Executive Director – Consultancy with ADX Energy Ltd	Term of 2 years commencing 1 July 2020. Subsequently monthly.	Consulting at \$1,500 per day (50% cash and 50% equity (shares), subject to shareholder approval) In addition, E Etienvre receives non-executive Directors fees of \$33,000 pa. 61% paid in cash, 39% paid in equity (subject to Shareholder approval). E Etienvre also receives Director fees from 49% owned subsidiary, Danube Petroleum Limited of GBP 12,000 per annum	1 month (up to \$7,500)
Amanda Sparks – Company Secretary and Chief Financial Officer	Ongoing	Monthly retainer of \$3,200, 50% paid in cash and 50% paid in equity. Additional hours above 20 hours per month are paid in cash at \$160 per hour.	None

ADX ENERGY LTD
DIRECTORS' REPORT

D. REMUNERATION OF KEY MANAGEMENT PERSONNEL

Details of the remuneration of each Director and named executive officer of the Company, including their personally-related entities, during the year was as follows:

2022	Cash salary, directors fees and consulting fees, including accruals* \$	Post Employment	Share Based	Share Based	Total \$
		Superannuation \$	Shares (in lieu of cash fees) ⁽¹⁾ \$	Options (in lieu of cash consulting fees) ⁽¹⁾ \$	
Directors					
I Tchacos	318,743	2,952	3,750	73,125	398,570
P Fink	345,221	-	3,750	51,609	400,580
A Childs	29,932	3,143	-	-	33,075
E Etienvre	228,564	-	74,677	-	303,241
Other KMP					
A Sparks	62,680	8,093	14,400	-	85,173
TOTAL 2022	985,140	14,188	96,577	124,734	1,220,639

⁽¹⁾ Share based payments. These represent the amount expensed in the year for Shares and Options in lieu of cash consulting fees.

* Includes accruals of fees paid subsequent to year end via equity.

2021	Cash salary, directors fees and consulting fees, including accruals* \$	Post Employment	Share Based	Share Based	Total \$
		Superannuation \$	Shares (in lieu of cash fees) ⁽¹⁾ \$	Options (in lieu of cash consulting fees) ⁽¹⁾ \$	
Directors					
I Tchacos	290,372	2,754	3,750	75,938	372,814
P Fink	318,297	-	3,750	63,328	385,375
A Childs	30,069	2,931	-	-	33,000
E Etienvre	82,518	-	36,094	-	118,612
TOTAL 2021	721,256	5,685	43,594	139,266	909,801

There were no performance related payments made during the year. Performance hurdles are not attached to remuneration options.

ADX ENERGY LTD
DIRECTORS' REPORT

Share-based Compensation

Shares:

The Company's Directors' Share Plan (Salary Sacrifice), allows for shares to be issued on a quarterly basis according to the Directors' fees owing to each of the Directors at that time, at an issue price of no less than the volume weighted average sale price of Shares sold on ASX during the 90 days prior to the expiration of the corresponding calendar quarter in which the Directors' fees were incurred. The shares are issued after Shareholder approval.

The following shares were granted as equity compensation benefits (in lieu of cash remuneration) to Directors during the year.

Date Issued	Number of Shares	Value based on 90 Day VWAP \$	In lieu of part remuneration for the quarter ended
8/02/2022	902,728	9,930	31/12/2021
31/05/2022	154,253	1,234	2021 Year
31/05/2022	3,185,543	25,484	31/03/2022
25/08/2022	4,741,208	37,930	30/06/2022
30/11/2022	2,680,384	18,763	30/09/2022
	11,664,116	93,341	
Issued Subsequent to Year End			
24/01/2023	357,140	2,500	31/12/2022
Not yet issued	8,971,429	62,800	30/9/2022 and 31/12/2022

Summarised as:

Director	2022 Number of Shares	2022 \$
Ian Tchacos	625,737	5,000
Paul Fink	625,737	5,000
Andrew Childs	0	-
Edouard Etienvre	10,412,642	83,341
Issued during the year	11,664,116	93,341

The following shares were granted as equity compensation benefits (in lieu of cash remuneration) to other KMPs (Amanda Sparks) during the year.

Date Issued	Number of Shares	Value based on 90 Day VWAP \$	In lieu of part remuneration for the quarter ended
8/02/2022	436,364	4,800	31/12/2021
31/05/2022	600,000	4,800	31/03/2022
25/08/2022	600,000	4,800	30/06/2022
30/11/2022	685,714	4,800	30/09/2022
	2,322,078	19,200	
Issued Subsequent to Year End			
24/01/2023	685,714	4,800	31/12/2022

ADX ENERGY LTD
DIRECTORS' REPORT

Options:

The Executive Directors may also elect, subject to Shareholder approval, to reduce their cash consulting fees in lieu of Options in accordance with the Company's Performance Rights and Option Plan. The Options are issued on a quarterly basis according to the consulting fees owing to each of the Directors at that time, using a deemed price of no less than the volume weighted average sale price of Shares sold on ASX during the 90 days prior to the expiration of the corresponding calendar quarter in which the consulting fees were incurred.

The following options were granted as equity compensation benefits (in lieu of cash remuneration) to Directors during the year.

Date Issued	Number of Options	Value based on 90 Day VWAP \$	In lieu of part remuneration for the quarter ended
8/02/2022	2,801,479	30,816	31/12/2021
31/05/2022	747,575	5,981	2021 Year
31/05/2022	5,337,890	42,703	31/03/2022
25/08/2022	4,992,187	39,938	30/06/2022
	19,892,522	161,532	
Issued Subsequent to Year End			
24/01/2023	5,149,552	\$ 36,047	31/12/2022

Summarised as:

Director	2022 Number of Options	2022 \$
Ian Tchacos	11,474,024	93,563
Paul Fink	8,418,498	67,969
	<u>19,892,522</u>	<u>161,532</u>

No other options were granted as equity compensation benefits to Directors and other Key Management Personnel.

Shares issued to Key Management Personnel on exercise of compensation options

During the year to 31 December 2022, 23,250,146 compensation options were exercised by Directors or other Key Management Personnel (2021: 26,369,420). A summary of options exercised by Directors is as follows:

	Number	Exercise Price	Expiry Date
Ian Tchacos			
Unlisted Options	4,864,955	Nil cents	31/05/2023
Unlisted Options	6,354,086	Nil cents	31/05/2022
Unlisted Options	3,954,545	Nil cents	31/10/2023
Unlisted Options	4,106,250	Nil cents	31/01/2024
Paul Fink			
Unlisted Options	3,026,785	Nil cents	31/10/2025
Unlisted Options	943,525	Nil cents	31/01/2026
Total exercised	<u>23,250,146</u>		

ADX ENERGY LTD
DIRECTORS' REPORT

E. EQUITY HOLDINGS AND MOVEMENTS DURING THE YEAR

(a) Shareholdings of Key Management Personnel

	Balance at beginning of the year	Options exercised	Granted as remuneration	Placement	On-market Trades (purchases)	On-market Trades (sales)	Balance at end of the year
Directors							
I Tchacos	68,746,415	19,279,836	625,737	-	-	-	88,651,988
P Fink	93,822,419	3,970,310	625,737	-	-	-	98,418,466
A Childs	25,388,524	-	-	-	-	-	25,388,524
E Etienvre	9,962,618	-	10,412,642	-	-	-	20,375,260
Other KMPs							
A Sparks	27,333,296	-	2,322,077	3,333,333	-	-	32,988,706
	225,253,272	23,250,146	13,986,193	3,333,333	-	-	265,822,944

(b) Option holdings of Key Management Personnel

	Balance at beginning of the year	Granted as remuneration	Placement - Options	Options exercised	Options expired	Balance at end of the year	Not exercisable	Exercisable
Directors								
I Tchacos	52,620,757	11,474,024	-	(19,279,836)	-	44,814,945	-	44,814,945
P Fink	3,026,785	8,418,498	-	(3,970,310)	-	7,474,973	-	7,474,973
A Childs	-	-	-	-	-	-	-	-
E Etienvre	-	-	-	-	-	-	-	-
Other KMPs								
A Sparks	1,928,572	-	1,666,666	-	-	3,595,238	-	3,595,238
	57,576,114	19,892,522	1,666,666	(23,250,146)	-	55,885,156	-	55,885,156

F. OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no other transactions with key management personnel during the year.

G. USE OF REMUNERATION CONSULTANTS

No remuneration consultants were engaged by ADX during the year.

H. VOTING OF SHAREHOLDERS AT LAST YEAR'S ANNUAL GENERAL MEETING

The Company received more than 93.5% of "yes" votes on its Remuneration Report for the 2021 year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

END OF THE AUDITED REMUNERATION REPORT

ADX ENERGY LTD
DIRECTORS' REPORT

SUBSEQUENT EVENTS

Equity Issues in Lieu of Remuneration

On 24 January 2023, ADX issued the following shares and options. These amounts were accrued in the 31 December 2022 financial statements:

- a. 357,140 shares issued pursuant to ADX' Directors' Share Plan, approved by Shareholders on 27 May 2022. The shares were issued to directors in consideration of remuneration elected to be paid in shares for the quarter ended 31 December 2022 (\$2,500).
- b. 5,569,673 shares issued to ADX's Company Secretaries and consultants in consideration of remuneration elected to be paid in shares for the quarter ended 31 December 2022 (\$38,988).
- c. 5,149,552 Options granted to Directors Ian Tchacos and Paul Fink, as approved by Shareholders on 27 May 2022. The options were granted in consideration of consultancy fees remuneration elected to be paid in options for the quarter ended 31 December 2022 (value \$36,047). The options have a nil exercise price and expire on 31 January 2027.

Exercise of Unlisted Options

On 27 February 2023, Director Ian Tchacos exercised 6,000,000 unlisted options with a nil exercise price, and Director Paul Fink exercised 9,785,240 unlisted options with a nil exercise price.

There are no other matters or circumstances that have arisen since 31 December 2022 that have or may significantly affect the operations, results, or state of affairs of the Group in future years.

CORPORATE GOVERNANCE

The Directors of the Company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the Company's website for details of corporate governance policies:

<http://adx-energy.com/en/investors/corporate-governance.php>

AUDIT INDEPENDENCE AND NON-AUDIT SERVICES

Auditor's independence - section 307C

The Auditor's Independence Declaration is included on page 43 of this report.

Non-Audit Services

There were no non-audit services provided during the year.

Signed in accordance with a resolution of the Directors.



Ian Tchacos
Executive Chairman

Dated this 29th day of March 2023

ROTHSAY

AUDIT & ASSURANCE PTY LTD

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor of the audit of ADX Energy Ltd for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of ADX Energy Ltd and the entities it controlled during the year.

Rothsay Audit & Assurance Pty Ltd



Graham Webb
Director

29 March 2023

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CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

ADX ENERGY LTD
DIRECTORS' DECLARATION

1. In the opinion of the directors:
 - a) The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the year then ended; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - iii) complying with International Financial Reporting Standards (IFRS) as stated in note 1 of the financial statements; and
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the year ended 31 December 2022.

This declaration is signed in accordance with a resolution of the Board of Directors.



Ian Tchacos
Executive Chairman

Dated this 29th day of March 2023

ADX ENERGY LTD

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	Consolidated	
		Year ended 31 Dec 2022	Year ended 31 Dec 2021
		\$	\$
Operating revenue	2	14,452,734	9,637,007
Cost of sales	2	(9,773,854)	(8,533,799)
Gross profit		4,678,880	1,103,208
Other income		5,057	78,248
Other Expenses:			
Administration, staff and corporate expenses, net of recoveries from exploration projects	2	(3,598,107)	(3,283,744)
Exploration expensed		(2,105,903)	(2,455,477)
Finance costs	2	(210,437)	(272,374)
Impairment	9	(817,122)	-
Loss on disposal of plant and equipment		(1,211)	(8,652)
Total other expenses		(6,732,780)	(6,020,247)
Loss before income tax		(2,048,843)	(4,838,791)
Income tax benefit/(expense)	4	(389,031)	492,527
LOSS AFTER INCOME TAX		(2,437,874)	(4,346,264)
Loss is attributable to:			
Owners of ADX Energy Ltd		(2,304,263)	(4,171,598)
Non-Controlling Interest	17	(133,611)	(174,666)
		(2,437,874)	(4,346,264)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		139,731	(433,977)
Hedge accounting	18	107,389	143,081
Income tax relating to items of other comprehensive income/(loss)		-	-
Other comprehensive income for the year, net of tax		247,120	(290,896)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(2,190,754)	(4,637,160)
Total comprehensive income is attributable to:			
Owners of ADX Energy Ltd		(2,093,716)	(4,278,568)
Non-Controlling Interest		(97,038)	(358,592)
		(2,190,754)	(4,637,160)
Earnings per share for loss attributable to the ordinary equity holders of the Company:		Cents Per Share	Cents Per Share
Basic loss per share	5	(0.07)	(0.16)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

ADX ENERGY LTD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Consolidated	
		31 December 2022 \$	31 December 2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	3,569,631	5,938,517
Trade and other receivables	7	2,090,945	2,820,819
Inventories	8	883,199	1,086,842
Total Current Assets		6,543,775	9,846,178
Non-Current Assets			
Other receivables	7	1,137,797	830,976
Oil and gas properties	9	23,675,687	23,866,044
Right of Use Assets	10	239,640	356,545
Deferred tax assets	4	1,066,393	1,237,277
Total Non-Current Assets		26,119,517	26,290,842
Total Assets		32,663,292	36,137,020
LIABILITIES			
Current Liabilities			
Trade and other payables	11	2,336,041	4,885,542
Borrowings	12	592,336	3,212,532
Lease liabilities	13	130,761	129,700
Current tax liabilities	4	233,807	-
Provisions	14	347,640	312,203
Total Current Liabilities		3,640,585	8,539,977
Non-Current Liabilities			
Borrowings	12	592,336	1,175,064
Lease liabilities	13	156,025	273,607
Provisions	14	15,875,114	14,463,215
Total Non-Current Liabilities		16,623,475	15,911,886
Total Liabilities		20,264,060	24,451,863
Net Assets		12,399,232	11,685,157
Equity			
Issued capital	15	84,105,646	81,435,632
Reserves	16	4,121,084	3,675,722
Accumulated losses		(84,209,138)	(81,904,875)
Capital and reserves attributable to owners of ADX Energy Ltd		4,017,592	3,206,479
Non-controlling interests	17	8,381,640	8,478,678
Total Equity		12,399,232	11,685,157

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

ADX ENERGY LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Non- controlling Interest	Total Equity \$
At 1 January 2021	74,334,593	6,419,852	(80,898,819)	8,837,270	8,692,896
Loss for the year	-	-	(4,171,598)	(174,666)	(4,346,264)
Other comprehensive income	-	(106,970)	-	(183,926)	(290,896)
Total comprehensive income for the year, net of tax	-	(106,970)	(4,171,598)	(358,592)	(4,637,160)
Transfer of reserves to accumulated losses	-	(3,165,542)	3,165,542	-	-
Transactions with owners in their capacity as owners:					
Issue of share capital	7,466,376	-	-	-	7,466,376
Cost of issue of share capital	(365,337)	-	-	-	(365,337)
Share based payments	-	528,382	-	-	528,382
	7,101,039	528,382	-	-	7,629,421
As at 31 December 2021	81,435,632	3,675,722	(81,904,875)	8,478,678	11,685,157
At 1 January 2022	81,435,632	3,675,722	(81,904,875)	8,478,678	11,685,157
Loss for the year	-	-	(2,304,263)	(133,611)	(2,437,874)
Other comprehensive income	-	210,547	-	36,573	247,120
Total comprehensive income for the year, net of tax	-	210,547	(2,304,263)	(97,038)	(2,190,754)
Transactions with owners in their capacity as owners:					
Issue of share capital	2,911,133	-	-	-	2,911,133
Cost of issue of share capital	(241,119)	-	-	-	(241,119)
Share based payments	-	234,815	-	-	234,815
	2,670,014	234,815	-	-	2,904,829
As at 31 December 2022	84,105,646	4,121,084	(84,209,138)	8,381,640	12,399,232

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

ADX ENERGY LTD

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

		Consolidated	
		Year ended	Year ended
		31 Dec 2022	31 Dec 2021
Note		\$	\$
Cash flows from operating activities			
	Receipts in the ordinary course of activities	15,385,930	10,131,820
	Payments to suppliers and employees, including for exploration expensed	(12,837,726)	(12,228,718)
	Government subsidies received	1,236,230	171,688
	Interest received	5,057	258
	Interest paid	(152,892)	(206,364)
	Net cash flows from/(used in) operating activities	3,636,599	(2,131,316)
Cash flows from investing activities			
	Payments for oil and gas properties	(5,765,139)	(679,887)
	Government subsidies for oil and gas properties	-	14,808
	Payments for exploration appraisal/development	(139,854)	(146,079)
	Receipts from exploration partners and farmouts	1,213,443	985,169
	Funds received on behalf of JV partner	107,999	-
	Funds paid on behalf of JV partner	(181,253)	-
	Other payments	(64,805)	-
	Net cash flows from/(used in) investing activities	(4,829,609)	174,011
Cash flows from financing activities			
	Proceeds from issue of shares and options	2,550,000	7,448,364
	Payment of share issue costs	(140,300)	(522,848)
	Repayment of loan notes	(2,625,000)	(875,000)
	Bank loans	-	462,036
	Repayment of bank loans	(629,614)	-
	Cash secured for permits	(227,151)	(540,725)
	Payment of lease liabilities (right of use assets)	(117,727)	(121,787)
	Net cash flows from/(used in) financing activities	(1,189,792)	5,850,040
	Net (decrease)/ increase in cash and cash equivalents held	(2,382,802)	3,892,735
	Net foreign exchange differences	13,916	(98,687)
	Add opening cash and cash equivalents brought forward	5,938,517	2,144,469
	Closing cash and cash equivalents at the end of the year	3,569,631	5,938,517

The above consolidated statement of cashflows should be read in conjunction with the accompanying notes.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis. ADX Energy Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report is presented in Australian dollars, which is the group's presentation currency.

Functional and presentation currency

The functional currency of the parent entity is Australian Dollars. ADX has identified Australian dollars as its functional currency on the basis that all fundraising is in Australian dollars (AUD), and loans to subsidiary companies are made from Australian dollars.

ADX's subsidiaries have the following functional currencies:

AuDAX Energy Srl – EUR
Bull Petroleum Pty Ltd – AUD
Terra Energy Limited – GBP
ADX VIE GmbH – EUR
Danube Petroleum Limited – GBP
ADX Energy Panonia Srl – EUR
Kathari Energia Limited – GBP
Kathari Energia GmbH – EUR

The presentation currency of the Group is Australian dollars.

Going Concern

The financial statements have been prepared on the basis that the Company will continue to meet its commitments and can therefore continue normal business activities and realise assets and settle liabilities in the ordinary course of business.

As a producer in Austria, the Group expects to generate cash flows, however with a focus on exploration and development in other parts of Europe, the Group may need additional cashflows to finance these activities. As a consequence, the ability of the Company to continue as a going concern may require additional capital fundraising, farmouts of projects or other financing opportunities. The Directors believe that the Company will continue as a going concern. As a result the financial statements have been prepared on a going concern basis. However, should fundraising, farmouts or any alternative financing opportunities be unsuccessful, the Company may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

(ii) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(iii) Adoption of new and revised standards

Early adoption of accounting standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 January 2022.

New and amended standards adopted by the Group

There were no material new or amended standards implemented that had a material impact on the financial statements during the year.

(iv) Significant Accounting Estimates and Judgements

Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year are:

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the value of the services, or a Black-Scholes option pricing model.

Commitments - Exploration

The Group has certain minimum exploration commitments to maintain its right of tenure of its permits. These commitments require estimates of the cost to perform exploration work required under these permits.

Deferred Appraisal Costs

The Group capitalises acquisition expenditure and appraisal costs relating to its permits where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since exploration activities in such areas have not yet concluded.

Impairment of Oil and Gas Properties

For oil and gas properties, the expected future cash flow estimation is based on a number of factors, variables and assumptions, the most important of which are estimates of reserves and resources, future production profiles, commodity prices, costs and foreign exchange rates. These estimates may impact any impairment calculations.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(v) Basis of consolidation

The consolidated financial statements comprise the financial statements of ADX Energy Ltd (“Company” or “Parent Entity”) and its subsidiaries as at 31 December each year (the Group). Subsidiaries are all entities over which the group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The financial statements of the subsidiaries are prepared for the same period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

(vi) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange, adjusted for any conditions imposed on those shares. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

All identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(vii) Foreign currency translation

The presentation currency of the Group is Australian Dollars. The functional currency of ADX Energy Ltd is Australian Dollars. ADX's subsidiaries have the following functional currencies:

Danube Petroleum Limited – GBP	AuDAX Energy Srl – EUR
Bull Petroleum Pty Ltd – AUD	ADX VIE GmbH – EUR
Terra Energy Limited – GBP	ADX Energy Panonia Srl – EUR
Kathari Energia Limited – GBP	Kathari Energia GmbH – EUR

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the balance sheet date.

As at the reporting date the assets and liabilities of the subsidiaries are translated into the presentation currency of ADX Energy Ltd at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the year.

The exchange differences arising on the retranslation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

(viii) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods & Services Tax (GST) except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 2 –INCOME AND EXPENSES

Revenue

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the consideration promised includes a variable component, the Group estimates the expected consideration for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period. Revenue from the sale of oil and gas is recognised and measured in the accounting period in which the goods and/or services are provided based on the amount of the transaction price allocated to the performance obligations. The performance obligation is the supply of oil and gas over the contractual term; the units of supply represent a series of distinct goods that are substantially the same with the same pattern of transfer to the customer. The performance obligation is considered to be satisfied as the customer receives the supply through the pipeline, based on the units delivered. Hence revenue is recognised over time.

Exploration, evaluation and appraisal expenditure

Exploration expenditure is expensed to the profit or loss statement as and when it is incurred and included as part of cash flows from operating activities.

Evaluation/appraisal and development expenditure is capitalised to the Statement of Financial Position as oil and gas properties. Evaluation/appraisal is deemed to be activities undertaken following a discovery from the beginning of appraisal and pre-feasibility studies conducted to assess the technical and commercial viability of extracting a resource before moving into the Development phase. The criteria for carrying forward the costs are:

- Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- evaluation activities in the area of interest which has not yet reached a state which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area are continuing.

Costs carried forward in respect of an area of interest which is abandoned are written off in the year in which the abandonment decision is made.

	Consolidated	
	Year Ended 31 Dec 2022	Year Ended 31 Dec 2021
	\$	\$
OPERATING REVENUE		
Oil sales	9,873,014	8,201,903
Gas sales	4,578,156	895,078
	14,451,170	9,096,981
Hedging gains/(losses), net	(630,812)	(1,256,513)
Government subsidies	12,088	1,237,155
Other operating revenue (including reimbursements)	620,288	559,384
	14,452,734	9,637,007
COST OF GOODS SOLD		
Operating costs	7,451,979	5,705,718
Depreciation	2,124,200	2,622,626
Amortisation of asset retirement obligation assets	197,675	205,455
	9,773,854	8,533,799

ADX ENERGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

		Consolidated	
	Note	Year Ended 31 Dec 2022	Year Ended 31 Dec 2021
		\$	\$
NOTE 2 – INCOME AND EXPENSES - continued			
OTHER EXPENSES – Administration and corporate expenses:			
Share based payments – in lieu of cash remuneration		429,665	358,971
Share based payments – in lieu of other services		42,000	18,114
Share based payments – performance rights for employees		23,463	322,602
	3(a)	495,128	699,687
Less: prior period accrued share based payments		(90,538)	(111,681)
Add: accrued share based payments issued/to be issued after period end		140,334	90,808
Net foreign exchange losses/(gains)		44,033	14,724
Short term lease expenses		39,553	47,257
Depreciation – right of use assets		115,517	120,066
Defined contribution superannuation/pension expense		118,719	137,825
Other administration, personnel and corporate expenses		3,928,520	3,595,333
		4,791,266	4,594,019
Less: project cost recoveries		(1,193,159)	(1,310,275)
		3,598,107	3,283,744
OTHER EXPENSES – Finance costs:			
Interest expense		139,947	202,049
Accretion		68,357	68,647
Right of use assets – interest		2,133	1,678
		210,437	272,374

NOTE 3 – EQUITY-BASED PAYMENTS

Equity settled transactions:

The Group provides benefits to executive directors, employees and consultants of the Group in the form of share-based payments, whereby those individuals render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with these individuals is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined either using the Black-Scholes option pricing model, or in the case of consulting by directors, the number of options granted will be determined by dividing the Directors' consulting fees that the Company has agreed to pay to the Related Parties via equity using a deemed price based on the volume weighted average sale price of Shares sold on ASX during the 90 days prior to the expiration of the corresponding calendar quarter in which the Directors' consulting fees were incurred. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of ADX Energy Ltd (market conditions) if applicable.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 3 – EQUITY-BASED PAYMENTS – continued

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the grant date fair value of the award;
- (ii) the extent to which the vesting period has expired; and
- (iii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest taking into account such factors as the likelihood of non-market performance conditions being met.

This opinion is formed based on the best available information at reporting date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. If an equity-settled award is forfeited, any expense previously recognised for the award is reversed. However, if a new award is substituted for a cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(a) Value of equity based payments in the financial statements

		Consolidated	
	Note	Year Ended 31 Dec 2022	Year Ended 31 Dec 2021
		\$	\$
Expensed against issued capital:			
Share-based payments – Options in lieu of capital raising costs	3(b)(v)	49,820	7,217
Share-based payments – Shares in lieu of capital raising costs	3(b)(v)	51,000	-
		100,820	7,217
Expensed in the profit and loss:			
Share-based payments – Employee Performance Rights	3(b)(vi)	23,463	322,602
Shares and Options issued in lieu of fees:			
Share-based payments – Shares Issued to Directors	3(b)(i)	93,341	71,609
Share-based payments – Options Issued to Directors	3(b)(ii)	161,532	198,563
Share-based payments – Shares Issued to other KMPs	3(b)(iii)	19,200	19,200
Share-based payments – Shares Issued to consultants	3(b)(iii)	155,592	69,599
Share-based payments – Shares Issued for other services	3(b)(iv)	42,000	18,114
		495,128	699,687

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 3 – EQUITY-BASED PAYMENTS – continued

(b) Summary of equity-based payments granted during the year:

- (i) Shares granted to Directors pursuant to ADX' Directors' Share Plan, approved by Shareholders on 27 May 2022 as follows:

Date Issued	Number of Shares	Value based on 90 Day VWAP \$	In lieu of part remuneration for the quarter ended
08/02/2022	902,728	9,930	31/12/2021
31/05/2022	154,253	1,234	31/12/2021
31/05/2022	3,185,543	25,484	31/3/2022
25/08/2022	4,741,208	37,930	30/06/2022
30/11/2022	2,680,384	18,763	30/09/2022
	11,664,116	93,341	
Issued Subsequent to Year End			
24/01/2023	357,140	2,500	31/12/2022
Not yet issued	8,971,429	62,800	30/9/2022 and 31/12/2022

Summarised as:

Director	2022 Number of Shares	2022 Remuneration value \$	2021 Number of Shares	2021 Remuneration value \$
Ian Tchacos	625,737	5,000	650,790	5,000
Paul Fink	625,737	5,000	650,790	5,000
Andrew Childs	-	-	-	-
Edouard Etienvre	10,412,642	83,341	8,527,328	61,609
Issued during the year	11,664,116	93,341	9,828,908	71,609

- (ii) Options granted to Directors pursuant to ADXs' Performance Rights and Option Plan, approved by Shareholders on 27 May 2022 as follows:

Date Issued	Number of Options	Value based on 90 Day VWAP \$	In lieu of part remuneration for the quarter ended
08/02/2022	2,801,479	30,817	31/12/2021
31/05/2022	747,575	5,981	31/12/2021
31/05/2022	5,337,890	42,703	31/3/2022
25/08/2022	4,992,187	39,937	30/06/2022
30/11/2022	6,013,391	42,094	30/09/2022
	19,892,522	161,532	
Issued Subsequent to Year End			
24/01/2023	5,149,552	36,047	31/12/2022

Summarised as:

Director	2022 Number of Options	2022 Remuneration value \$	2021 Number of Options	2021 Remuneration value \$
Ian Tchacos	11,474,024	93,563	16,146,725	119,438
Paul Fink	8,418,498	67,969	10,089,286	79,125
	19,892,522	161,532	26,236,011	198,563

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 3 – EQUITY-BASED PAYMENTS – continued

(b) Summary of equity-based payments granted during the year - continued:

(iii) Shares to consultants and company secretaries in lieu of remuneration:

Date Issued	Number of Shares	\$	In lieu of part remuneration for the quarter ended
08/02/2022	4,063,751	42,577	31/12/2021
31/05/2022	5,257,511	41,596	31/3/2022
25/08/2022	7,029,146	54,779	30/06/2022
30/11/2022	5,202,485	35,840	30/09/2022
	21,552,893	174,792	
Issued Subsequent to Year End			
24/01/2023	5,569,673	38,988	31/12/2022

Summarised as:

	2022 Number of Shares	2022 Remuneration value \$	2021 Number of Shares	2021 Remuneration value \$
Other KMPs				
Amanda Sparks	2,322,077	19,200	2,499,047	19,200
Consultants				
Other consultants	19,230,816	155,592	10,102,754	69,599
Issued during the year	<u>21,552,893</u>	<u>174,792</u>	<u>12,601,801</u>	<u>88,799</u>

- (iv) On 18 May 2022, ADX issued 5,250,000 shares (\$42,000) in consideration for investor relation services.
- (v) On 10 August 2022, ADX granted 15,000,000 options to the lead manager of ADX's Placement in accordance with the Lead Managers Mandate. Value \$49,820. These options have an exercise price of 1.3 cents and expire 10 August 2024. In addition, the Lead Manager received 8,500,000 Shares (\$51,000) in lieu of part brokerage fees. These Shares were issued on the same terms as the Placement Shares and received one (1) free attaching unlisted option was issued for every two (2) Shares (4,250,000 Options). The exercise price of the Options is \$ 0.013 with an expiry date of 10 August 2024.
- (vi) In the prior year, on 10 September 2021, ADX granted 46,086,012 performance rights to employees in Vienna, Austria. On 1 April 2022, 43,258,177 rights vested into fully paid shares and 2,827,835 rights lapsed. These rights were valued at \$322,602 (based on the share price of \$ 0.007 at the date of granting the rights). An adjustment of \$23,463 was recorded during the year to reflect the price at the date the shares were issued for local overseas tax purposes.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 3 – EQUITY-BASED PAYMENTS – continued

(c) Weighted average exercise price

The following table shows the number and weighted average exercise price (WAEP) of share options granted as share based payments.

	12 Months to 31 December 2022 Number	12 Months to 31 December 2022 WAEP \$	12 Months to 31 December 2021 Number	12 Months to 31 December 2021 WAEP \$
Outstanding at the beginning of year	60,035,042	0.001	68,680,951	0.0019
Granted to Directors during the year	19,892,522	Nil	26,236,011	Nil
Granted to others during the year	15,000,000	0.013	4,387,500	0.015
Lapsed during the year	(4,387,500)	0.015	(5,000,000)	0.013
Lapsed during the year	-	-	(2,500,000)	0.008
Exercised during the year	(23,250,146)	Nil	(26,369,420)	Nil
Exercised during the year	-	-	(5,400,000)	0.008
Outstanding at the end of the year	<u>67,289,918</u>	<u>0.003</u>	<u>60,035,042</u>	<u>0.001</u>
Exercisable at year end	67,289,918	0.003	60,035,042	0.001

The weighted average share price for options exercised during the year was \$Nil (2021: \$0.0014).

(d) Weighted average fair value

The weighted average fair value of equity-based payment options granted during the year was \$0.006 (2021: \$0.0067).

(e) Range of exercise price

The range of exercise price for options granted as share based payments outstanding at the end of the year was \$nil to \$0.013 (2021: \$nil to \$0.015).

(f) Weighted average remaining contractual life

The weighted average remaining contractual life of share based payment options that were outstanding as at the end of the year was 2.32 years (2021: 2.31years).

NOTE 4 - INCOME TAX EXPENSE

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 4 - INCOME TAX EXPENSE - continued

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint operations, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint operations, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Consolidated	
Year Ended	Year Ended
31 Dec 2022	31 Dec 2021
\$	\$

(a) Income Tax Expense

The reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:

Loss for year before tax	(2,048,843)	(4,838,791)
Prima facie income tax (benefit) @ 30%	(614,653)	(1,451,637)
Tax effect of non-deductible items	616,040	124,286
Tax rate differential	(38,763)	103,952
Windfall tax - Austria	178,777	-
Translation differences	16,441	46,937
Deferred tax assets not brought to account	231,189	683,935
Income tax expense/(benefit) attributable to operating result	389,031	(492,527)

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 4 - INCOME TAX EXPENSE - continued

	Consolidated	
	Year Ended	Year Ended
	31 Dec 2022	31 Dec 2021
	\$	\$

(b) Deferred tax assets not recognised relate to the following:

Tax losses	14,642,907	14,666,090
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These deferred tax assets have not been brought to account as it is not probable that tax profits will be available against which deductible temporary differences can be utilised.

(c) Deferred tax assets and liabilities:

Deferred tax assets:

Temporary differences - Asset retirement obligations	-	281,092
Temporary differences - Tax losses	1,118,269	1,309,604
Temporary differences - Other	70,342	109,821
Less: Offset Deferred Tax Liabilities		
Temporary differences - Oil and gas properties, net of JV	(6,185)	(374,176)
Temporary differences - Asset retirement obligations	(60,916)	-
Temporary differences - Other	(55,117)	(89,064)
	1,066,393	1,237,277

(d) Franking Credits

The franking account balance at year end was \$nil (2021: \$nil).

(e) Tax Consolidation Legislation

ADX Energy Ltd and its 100% owned Australian subsidiaries have not formed a tax consolidated group.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 5 - EARNINGS PER SHARE

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

	Consolidated	
	Year Ended 31 Dec 2022	Year Ended 31 Dec 2021
	Cents	Cents
Basic loss per share attributable to members of ADX Energy Ltd	(0.07)	(0.16)
	\$	\$
Loss attributable to ordinary equity holders of the Company used in calculating:		
- basic earnings per share	(2,304,263)	(4,171,598)
	Number of shares	Number of shares
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	3,213,048,798	2,553,707,139

Diluted earnings per share is not disclosed because potential ordinary shares, being options granted, are not dilutive and their conversion to ordinary shares would not demonstrate an inferior view of the earnings performance of the Company.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 6 - CASH AND CASH EQUIVALENTS

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as described above.

	Consolidated	
	Year Ended 31 Dec 2022	Year Ended 31 Dec 2021
	\$	\$
Cash at bank and on hand	3,569,631	5,938,517

Cash includes \$0.83 million held by 49.18% owned subsidiary Danube Petroleum Limited.

(i) Reconciliation of loss for the period to net cash flows used in operating activities

Loss after income tax	(2,437,874)	(4,346,264)
Non-Cash Items:		
Depreciation and amortisation	2,437,392	2,948,147
Impairment of wells	817,122	-
Loss on sale of plant and equipment	1,211	8,652
Foreign exchange losses/(gains)	44,033	14,724
Share-based payments expensed	495,128	699,687
Accretion	68,357	68,647
Change in assets and liabilities:		
(Increase)/decrease in receivables	777,458	(1,074,543)
(Increase)/decrease in inventories	(84,820)	(97,918)
(Increase)/decrease in deferred tax assets	170,884	167,451
Increase/(decrease) in payables	194,958	(112,936)
Increase/(decrease) in income tax payable	233,808	-
Increase/(decrease) borrowings	-	(27,655)
Increase/(decrease) in deferred tax liabilities	-	(639,388)
Increase/(decrease) in provisions	918,942	260,080
Net cash flows used in operating activities	3,636,599	(2,131,316)

(ii) Non-Cash Financing and Investing Activities

Fees paid to the lead manager of the placement included shares and options valued at \$100,820 (refer note 3(b)(iv)).

There were no other non-cash financing or investing activities during the year (2021: none). Non-cash operating activities, consisting of shares and options granted in lieu of remuneration are disclosed in note 3.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 7 – TRADE AND OTHER RECEIVABLES

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables (including VAT) within 12 months.

	Consolidated	
	Year Ended 31 Dec 2022	Year Ended 31 Dec 2021
	\$	\$
Current		
Trade and other debtors	1,371,408	1,190,387
GST/VAT refundable	55,225	63,635
Prepayments	536,505	239,904
Cash secured for credit cards	20,000	20,000
Other (2021: primarily foreign government subsidies receivable)	107,807	1,306,893
Total current receivables	2,090,945	2,820,819

Information about the impairment of trade and other receivables, their credit quality and the group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 24. Receivables do not contain past due or impaired assets as at 31 December 2022 (2021: none).

	Consolidated	
	Year Ended 31 Dec 2022	Year Ended 31 Dec 2021
	\$	\$
Non-Current		
Cash secured for bank loans and licences	1,072,992	830,976
Prepayments	64,805	-
	1,137,797	830,976

EUR 120,000 (AUD 188,709) is held as security for bank loans – refer note 12. The remaining EUR 562,316 (AUD 884,283) is secured for the Group's AGS licences in Austria.

NOTE 8 – INVENTORIES

Inventories include hydrocarbon stocks, consumable supplies and maintenance and drilling spares. Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes direct costs and an appropriate portion of fixed and variable production overheads where applicable. Inventories determined to be obsolete or damaged are written down to net realisable value, being the estimated selling price less selling costs.

	Consolidated	
	Year Ended 31 Dec 2022	Year Ended 31 Dec 2021
	\$	\$
Drilling inventories	473,178	761,640
Oil and gas inventories	58,806	21,412
Materials and consumables	351,215	303,790
Total current inventories	883,199	1,086,842

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 9 – OIL AND GAS PROPERTIES

Oil and gas properties are stated at cost less accumulated depreciation and impairment charges. Oil and gas properties include the costs to acquire, construct, install or complete production and infrastructure facilities such as pipelines, capitalised borrowing costs, development wells and the estimated cost of dismantling and restoration. Subsequent capital costs, including major maintenance, are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured.

Oil and gas properties and other plant and equipment are depreciated to their estimated residual values at rates based on their expected useful lives with a maximum period of 100 months. All items of oil and gas properties are depreciated using the straight-line method over their useful life capped at 100 months. The majority of the Oil and Gas equipment is depreciated over 8.3 years.

Impairment: Oil and gas properties are assessed for impairment on a cash-generating unit (CGU) basis. Individual assets within a CGU may become impaired if their ongoing use changes or if the benefits to be obtained from ongoing use are likely to be less than the carrying value of the individual asset.

	Consolidated	
	Year Ended 31 Dec 2022	Year Ended 31 Dec 2021
	\$	\$
Austria		
Buildings	296,672	331,264
Undeveloped land	177,793	176,351
Field office fixtures and equipment	265,259	333,519
Plant and machinery	3,723,913	4,460,030
Wells	4,647,644	6,527,211
Retirement obligation assets	1,441,571	1,446,983
Construction in progress	4,588,376	2,473,884
Rights and other intangible assets	21,132	31,501
Romania		
Appraisal costs	8,513,327	8,085,301
	23,675,687	23,866,044

Reconciliation of the carrying amount of oil and gas assets:

Buildings – opening balance	331,264	381,308
Depreciation	(36,338)	(37,383)
Translation differences	1,746	(12,661)
	296,672	331,264
Undeveloped Land – opening balance	176,351	190,835
Translation differences	1,442	(14,484)
	177,793	176,351

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Consolidated	
	Year Ended	Year Ended
	31 Dec 2022	31 Dec 2021
	\$	\$
NOTE 9 – OIL AND GAS PROPERTIES - continued		
Field office fixtures and equipment – opening balance	333,519	391,087
Additions	-	27,576
Disposals	(1,287)	-
Depreciation	(67,913)	(68,625)
Translation differences	940	(16,519)
	265,259	333,519
Plant and machinery – opening balance	4,460,030	5,392,632
Additions	-	16,599
Disposals	-	(8,470)
Depreciation	(752,634)	(826,452)
Translation differences	16,517	(114,279)
	3,723,913	4,460,030
Wells – opening balance	6,527,211	8,078,874
Additions	196,132	259,458
Depreciation	(1,256,963)	(1,680,247)
Impairment	(817,122)	-
Translation differences	(1,614)	(130,874)
	4,647,644	6,527,211
During the year, \$817,122 of impairment was recorded for wells that are no longer economic. These wells have not been abandoned and may become economic in the future.		
Retirement obligation assets (Austria) – opening balance	1,446,983	1,685,278
Additions	187,795	-
Amortisation	(197,675)	(205,455)
Translation differences	4,468	(32,840)
	1,441,571	1,446,983
Construction in progress – opening balance	2,473,884	69,647
Additions	2,168,855	2,434,687
Translation differences	(54,363)	(30,450)
	4,588,376	2,473,884

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Consolidated	
	Year Ended 31 Dec 2022	Year Ended 31 Dec 2021
	\$	\$
NOTE 9 – OIL AND GAS PROPERTIES - continued		
Rights and other intangible assets – opening balance	31,501	15,631
Additions	-	26,430
Depreciation	(10,352)	(10,098)
Translation differences	(17)	(462)
	21,132	31,501
	21,132	31,501
Appraisal costs – Romania – opening balance	8,085,301	7,747,515
Additions	253,618	179,251
Additions – rehabilitation and restoration provision – note 14	108,507	538,138
Translation differences	65,901	(379,603)
	8,513,327	8,085,301
	8,513,327	8,085,301

NOTE 10 – RIGHT OF USE ASSETS

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of right-to-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

	Year Ended 31 Dec 2022	Year Ended 31 Dec 2021
	\$	\$
Non-Current Assets		
Right of use assets - properties	239,640	356,545
	239,640	356,545

Reconciliation of the carrying amount of right of use assets:

Opening balance	356,545	484,880
Depreciation	(115,517)	(120,066)
Translation differences	(1,388)	(8,269)
	239,640	356,545
	239,640	356,545

Refer to note 13 for lease liabilities for right of use assets.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 11 – TRADE AND OTHER PAYABLES

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

	Consolidated	
	Year Ended 31 Dec 2022	Year Ended 31 Dec 2021
	\$	\$
Current		
Trade creditors and accruals	2,336,041	4,766,865
Accrued interest payable	-	12,945
Hedging liabilities (mark to market)	-	105,732
	<u>2,336,041</u>	<u>4,885,542</u>

The Group's exposure to interest rate risk is discussed in Note 24.

NOTE 12 – BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. The carrying amount of borrowings approximates their fair value.

Bank Loans

As announced on 5 August 2020, ADX' Austrian subsidiary, ADX VIE GmbH, secured banking facilities totalling EUR 1,130,000 from Volksbank Wien AG (Volksbank) and guaranteed by the Austria Wirtschafts ("Economy") Service (the Innovation and Start Up Financing bank of the Austrian state) (AWS), split between two loan facilities:

- Loan A - EUR 500,000 (A\$ 786,287): interest-free until 31 July 2022, at which point interest will be charged at Euribor plus 0.75%, with the rate to be at least 0%; and
 - Loan B - EUR 630,000 (A\$ 990,722): incurring interest at 1% per annum on the drawn down value.
- The Collateral for the loan facilities is EUR 120,000 (A\$ 188,709) (held in an ADX VIE GmbH bank account with Volksbank).
 - The loans are fully drawn. Loan repayments commenced on 30 June 2022 and continue to be repaid every six months through to 31 December 2024.
 - Loan covenants restrict dividends and profit distributions but do not prevent payment of intercompany recharges or loans. A negative pledge relating to other debt is limited to taking up further debt at a subsidiary level and does not restrict servicing of existing debt.

As at the date of this report, EUR 376,666 (A\$ 629,614) of these loans have been repaid.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 12 – BORROWINGS - continued

	Consolidated	
	Year Ended 31 Dec 2022	Year Ended 31 Dec 2021
	\$	\$
Current		
Loan notes – interest bearing	-	2,625,000
Bank loans – Loan A - interest bearing	262,096	-
Bank loans – Loan A - non-interest bearing	-	259,970
Bank loans – Loan B - interest bearing	330,240	327,562
	592,336	3,212,532
Non-Current		
Bank loans – Loan A - interest bearing	262,096	-
Bank loans – Loan A - non-interest bearing	-	519,940
Bank loans – Loan B - interest bearing	330,240	655,124
	592,336	1,175,064

During the year, the Loan notes were repaid in full.

The Group's exposure to liquidity and interest rate risk is discussed in Note 24.

NOTE 13 – LEASE LIABILITIES

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (ie: those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 13 – LEASE LIABILITIES - continued

	Consolidated	
	Year Ended 31 Dec 2022	Year Ended 31 Dec 2021
	\$	\$
Current		
Right of use assets	120,462	129,700
Other	10,299	-
	130,761	129,700
Non-Current		
Right of use assets	119,819	273,607
Other	36,206	-
	156,025	273,607

NOTE 14 – PROVISIONS

Obligations associated with exploration, development and production assets are recognised when the Group has a present obligation, the future sacrifice of the economic benefits is probable, and the provision can be measured reliably. The determination of the provision requires significant judgement in terms of the best estimate of the costs of performing the work required, the timing of the cash flows and the appropriate discount rate. A change in any, or a combination of, the key assumptions used to determine the provision could have a material impact on the carrying value of the provision.

On an ongoing basis, the restoration will be remeasured in line with the changes in the time value of money (recognised as an expense and an increase in the provision), and additional disturbances recognised as additions to the provision.

Key Estimates and Judgements

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). Asset retirement obligation costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its asset retirement obligations provision at each reporting date. The ultimate asset retirement obligations costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expense can also change. Therefore, significant estimates and assumptions are made in determining the provision for asset retirement obligations. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future asset retirement obligations costs required.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 14 – PROVISIONS - continued

	Consolidated	
	31 December 2022 \$	31 December 2021 \$
Current		
Provision for employee entitlements	347,640	312,203
Non-Current		
Provision for employee entitlements	16,793	15,231
Provision for asset retirement obligations (ARO) – production assets	15,207,275	13,909,846
Provision for rehabilitation and restoration – Romania	651,046	538,138
	15,875,114	14,463,215
Provision for asset retirement obligations (non-current) – opening balance	13,909,846	13,969,628
Additions	1,069,739	227,409
Accretion	68,357	68,647
Translation differences	159,333	(355,838)
Provision for asset retirement obligations (non-current) – closing balance	15,207,275	13,909,846
Provision for rehabilitation and restoration – Romania – opening balance	538,138	-
Additions - note 9	108,507	538,138
Translation differences	4,401	-
Provision for rehabilitation and restoration – Romania – closing balance	651,046	538,138

NOTE 15 – ISSUED CAPITAL

31 December 2022 \$	31 December 2021 \$
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Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(a) Issued Capital

Ordinary shares fully paid	84,105,646	81,435,632
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ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 15 – ISSUED CAPITAL - continued

(b) Movements in Ordinary Share Capital

Number of Shares	Summary of Movements – Prior Year (2021)		2021 \$
1,958,299,849	Opening balance 1 January 2021		74,334,593
500,000,951	Issue of Shares under Share Purchase Plan		3,000,006
9,828,908	Issue of shares to Directors		71,609
12,601,801	Issue of shares to Co Secs and Consultants		88,799
1,500,000	Shares issued to advisor (non-cash)		8,839
1,030,620	Shares issued to advisor (non-cash)		9,276
12,500,000	Shares issued to advisor (cash) at \$0.008		100,000
167,605,653	Exercise of Unlisted Options at \$0.008		1,340,848
26,369,420	Exercise of Unlisted Options at Nil		-
284,700,000	Placement at \$0.01		2,847,000
	Costs of share issues – cash		(358,121)
	Costs of share issues – non-cash		(7,217)
2,974,437,202	Closing Balance as at 31 December 2021		81,435,632
Number of Shares	Summary of Movements – Current Year (2022)	Note	2022 \$
2,974,437,202	Opening balance 1 January 2022		81,435,632
902,728	Issue of shares to Directors (part remuneration for 12/2021 quarter)	3(b)(i)	9,930
436,363	Issue of shares to Company Secretary (remuneration for 12/2021 quarter)	3(b)(iii)	4,800
3,627,388	Issue of shares to Consultants (remuneration for 12/2021 quarter)	3(b)(iii)	37,777
43,258,177	Shares issued upon exercise of Performance Rights	3(b)(vi)	-
23,250,146	Options exercised by Directors at \$Nil	15(c)(ii)	-
5,250,000	Shares issued to advisor (cash)	3(b)(iii)	42,000
154,253	Issue of shares to Directors (part remuneration for 12/2021 quarter)	3(b)(i)	1,234
3,185,543	Issue of shares to Directors (part remuneration for 3/2022 quarter)	3(b)(i)	25,484
600,000	Issue of shares to Company Secretary (remuneration for 3/2022 quarter)	3(b)(iii)	4,800
4,657,511	Issue of shares to Consultants (remuneration for 3/2022 quarter)	3(b)(iii)	36,796
425,000,000	Placement at 6 cents	15(b)(i)	2,550,000
8,500,000	Issue of shares in lieu of broker fees (non-cash)	3(b)(v)	51,000
4,741,208	Issue of shares to Directors (part remuneration for 6/2022 quarter)	3(b)(i)	37,930
600,000	Issue of shares to Company Secretary (remuneration for 6/2022 quarter)	3(b)(iii)	4,800
6,429,146	Issue of shares to Consultants (remuneration for 6/2022 quarter)	3(b)(iii)	49,979
2,680,384	Issue of shares to Directors (part remuneration for 9/2022 quarter)	3(b)(i)	18,763
685,714	Issue of shares to Company Secretary (remuneration for 9/2022 quarter)	3(b)(iii)	4,800
4,516,771	Issue of shares to Consultants (remuneration for 9/2022 quarter)	3(b)(iii)	31,041
	Costs of share issues – non-cash	3(b)(v)	(100,820)
	Costs of share issues – cash		(140,300)
3,512,912,534	Closing Balance as at 31 December 2022		84,105,646

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 15 – ISSUED CAPITAL - continued

(b) Movements in Ordinary Share Capital - continued

(i) Placement Raising A\$ 2.55 million

On 10 August 2022, ADX raised \$ 2.55 million from a placement of 425,000,000 shares at a price of \$ 0.006 per share to sophisticated, institutional and professional investors (the Placement). One (1) free attaching unlisted option was issued for every two (2) Placement Shares. The exercise price of the Placement Options is \$ 0.013 with an expiry date of 10 August 2024.

(c) Options on issue at year end

	Note	Number	Exercise Price	Expiry Date
Unlisted Options		67,500,020	\$ 0.015	26/11/2023
Unlisted Options		6,000,000	\$ nil	26/06/2024
Unlisted Options		6,078,125	\$ nil	31/07/2024
Unlisted Options	15(c)(iii)	231,750,000	\$ 0.013	10/08/2024
Unlisted Options		5,116,071	\$ nil	31/10/2024
Unlisted Options		7,250,000	\$ nil	31/01/2025
Unlisted Options		3,145,833	\$ nil	31/05/2025
Unlisted Options		2,456,250	\$ nil	31/07/2025
Unlisted Options		3,294,642	\$ nil	31/10/2025
Unlisted Options		1,857,954	\$ nil	31/01/2026
Unlisted Options		6,085,465	\$ nil	31/05/2026
Unlisted Options		4,992,187	\$ nil	31/07/2026
Unlisted Options		6,013,391	\$ nil	31/10/2026
Total Options		351,539,938		

During the year:

- (i) 19,892,522 unlisted options were granted in lieu of remuneration to Directors Ian Tchacos and Paul Fink. Refer note 3(b)(ii).
- (ii) 23,250,146 unlisted options were exercised by Directors (exercise price was nil as these were previously granted in lieu of remuneration).
- (iii) 212,500,000 unlisted options were issued for every two shares subscribed for in August 2022 Placement, and 19,250,000 unlisted options were issued as part of brokerage fees.
- (iv) 67,500,020 unlisted options with an exercise price of \$0.01, 4,387,500 unlisted options with an exercise price of \$0.015 and 142,350,000 unlisted options with an exercise price of \$0.015 lapsed during the year.

(d) Performance Rights on issue at year end

	2022 Number	201 Number
Unlisted Performance Rights	-	46,086,012

In the prior year, on 10 September 2021, ADX granted 46,086,012 performance rights to employees in Vienna, Austria. On 1 April 2022, 43,258,177 rights vested into fully paid shares and 2,827,835 rights lapsed.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 15 – ISSUED CAPITAL - continued

(e) Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors are fully entitled to any proceeds of liquidations.

(f) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as maintains optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. Management may in the future adjust the capital structure to take advantage of favourable costs of capital and issue further shares in the market. Management has no current plans to adjust the capital structure. There are no plans to distribute dividends in the next year.

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
NOTE 16 - RESERVES		
Share-based payments reserve	5,724,244	5,489,429
Foreign currency translation reserve	(1,603,160)	(1,706,318)
Hedging reserve – refer note 18	-	(107,389)
	4,121,084	3,675,722

Share-based payments reserve

Balance at the beginning of the year	5,489,429	4,961,047
Share-based payments (options granted)	234,815	528,382
Balance at the end of the year	5,724,244	5,489,429

Nature and purpose of the reserve:

The Share-based payments reserve is used to recognise the fair value of options issued but not exercised.

Foreign currency translation reserve

Balance at the beginning of the year	(1,706,318)	(1,456,267)
Currency translation differences	103,158	(250,051)
Balance at the end of the year	(1,603,160)	(1,706,318)

Nature and purpose of the reserve:

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 17 – NON-CONTROLLING INTERESTS

	Consolidated	
	31 December	31 December
	2022	2021
	\$	\$
Non-Controlling Interests	8,381,640	8,478,678
<i>Movement during the year:</i>		
Balance at the beginning of the year	8,478,678	8,837,270
Share of loss for the period	(133,612)	(174,666)
Share of other comprehensive gain/(loss)	36,574	(183,926)
Balance at the end of the year	<u>8,381,640</u>	<u>8,478,678</u>

Non-controlling interests represent Reabold Resources Plc (LSE AIM:RBD) (Reabold) interest held in the Danube group. The Danube Group consists of Danube Petroleum Limited (registered in England and Wales) and its wholly owned Romanian subsidiary, ADX Energy Panonia Srl.

As at 31 December 2022, Reabold holds a 50.82% interest in Danube (2021: 50.82%). ADX Energy Ltd continues to consolidate the Danube Group as it has control via day-to-day management, accounting and two out of three directors on the board of Danube Petroleum Limited are directors of ADX Energy Ltd.

Summarised financial information for Danube Petroleum Limited and its 100% owned subsidiary ADX Energy Panonia SRL is as follows. The amounts disclosed are before inter-company eliminations:

	Consolidated	
	31 December	31 December
	2022	2021
	\$	\$
Summarised Statement of Financial Position		
Current assets	603,901	1,079,396
Current liabilities	(199,450)	(26,613)
Current net assets	<u>404,451</u>	<u>1,052,783</u>
Non-current assets	15,613,993	14,505,560
Non-current liabilities	(651,046)	-
Non-current net assets	<u>14,962,947</u>	<u>14,505,560</u>
Net Assets	<u>15,367,398</u>	<u>15,558,343</u>
Summarised Statement of Profit or Loss and Other Comprehensive Income		
Revenue	-	-
Loss for the period	(262,911)	(343,696)
Other comprehensive income/(loss)	71,968	(361,915)
Total comprehensive loss	<u>(190,943)</u>	<u>(705,611)</u>
Loss allocated to Non-Controlling Interests	<u>(133,612)</u>	<u>(174,666)</u>
Other comprehensive gain/(loss) allocated to Non-Controlling Interests	<u>36,574</u>	<u>(183,926)</u>

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 17 – NON-CONTROLLING INTERESTS - continued

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Summarised Statement of Cash Flows		
Cashflows from/(used in) operating activities (including VAT paid)	76,903	93,147
Cashflows from/(used in) investing activities	(253,618)	(179,346)
Cashflows from financing activities	-	-
Net foreign exchange differences	(45,469)	(11,914)
Net increase/(decrease) in cash and cash equivalents	(222,184)	(98,113)

NOTE 18 – DERIVATIVE FINANCIAL INSTRUMENTS

The Group's accounting policy for cash flow hedges are as follows:

Cash flow hedges are a derivative or financial instrument designated to hedge the exposure to variability in cash flows attributable to a particular risk associated with an asset, liability or forecast transaction.

- Recognition date: At the date the instrument is designated as a hedging instrument.
- Measurement: Measured at fair value. The fair value of oil derivative contracts is determined by estimating the difference between the relevant market prices and the contract price, for the volumes of the derivative contracts.
- Changes in fair value: Changes in the fair value of derivatives designated as cash flow hedges are recognised directly in other comprehensive income and accumulated in equity in the hedging reserve to the extent that the hedge is effective. Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. To the extent that the hedge is ineffective, changes in fair value are recognised immediately in the income statement within other income or other expenses. Amounts accumulated in equity are transferred to the income statement or the statement of financial position, for a non-financial asset, at the same time as the hedged item is recognised. When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the underlying forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Hedge effectiveness is determined at the inception of the hedge relationship, and through regular prospective assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

Hedging reserves

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. The group defers the changes in the forward element of forward contracts and the time value of option contracts in the costs of hedging reserve.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 18 – DERIVATIVE FINANCIAL INSTRUMENTS - continued

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Hedging Reserve (included in Reserves - note 14)		
Balance brought forward	107,389	250,470
Change in value of hedging instruments recognised in Other Comprehensive Income for the period	(107,389)	(190,775)
Less: Deferred tax adjustments	-	47,694
Movement for the year	<u>(107,389)</u>	<u>(143,081)</u>
Balance at the end of the year	<u>-</u>	<u>107,389</u>

As at 31 December 2022, there were no derivative financial instruments in place.

	Company	
	31 December 2022	31 December 2021
	\$	\$
NOTE 19 – PARENT ENTITY INFORMATION		
Statement of Financial Position information		
Current assets	780,526	4,554,541
Non-current assets	3,089,249	1,636,776
Current liabilities	(415,353)	(3,156,611)
Non-current liabilities	(16,792)	(15,231)
Net Assets	<u>3,437,630</u>	<u>3,009,475</u>
Issued capital	84,105,646	81,435,632
Reserves	5,724,245	5,368,137
Accumulated losses	(86,392,261)	(83,794,294)
	<u>3,437,630</u>	<u>3,009,475</u>
Profit and loss information		
Loss for the year	(2,597,967)	(3,841,961)
Comprehensive income for the year	<u>(2,597,967)</u>	<u>(3,841,961)</u>

Commitments and contingencies

There are no commitments or contingencies, including any guarantees entered into by ADX Energy Ltd on behalf of its subsidiaries as at year end.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 19 – PARENT ENTITY INFORMATION - continued

Subsidiaries

Name of Controlled Entity	Class of Share	Place of Incorporation	% Held by Parent Entity	
			31 December 2022	31 December 2021
AuDAX Energy Srl	Ordinary	Italy	100%	100%
Bull Petroleum Pty Ltd	Ordinary	Australia	100%	100%
Terra Energy Limited	Ordinary	UK	100%	100%
ADX VIE GmbH	Ordinary	Austria	Held 100% by Terra Energy Limited	Held 100% by Terra Energy Limited
Danube Petroleum Limited	Ordinary	UK	49.18%	49.18%
ADX Energy Panonia Srl	Ordinary	Romania	Held 100% by Danube Petroleum Limited	Held 100% by Danube Petroleum Limited
Kathari Energia Limited	Ordinary	UK	100%	100%
Kathari Energia GmbH	Ordinary	Austria	Held 100% by Kathari Energia Limited	-

Kathari Energia GmbH was incorporated during the year.

Refer to note 17, non-controlling interests, for details on Danube Petroleum Limited Group.

Consolidated	
31 December 2022	31 December 2021
\$	\$

NOTE 20 – COMMITMENTS AND CONTINGENCIES

(a) Short term leases (non-cancellable):

Within one year	399,170	-
Later than one year, not later than five years	1,240	-
Balance at the end of the year	400,410	-

Short term leases are primarily for the early production unit for Anshof operations in upper Austria which expires in September 2023.

(b) Commitments and Contingencies for Oil and Gas Properties

In order to maintain current rights of tenure to exploration licenses the Company may be compelled to perform minimum exploration activities to meet requirements specified by the relevant governments. These expenditure commitments may be varied as a result of renegotiations, relinquishments, farm-outs or sales. Land leases in Austria are held by an unrelated party and reimbursed by ADX. These amount to approximately EUR 51,000 per annum (A\$ 81,000) and comprise approximately 95 individual lease contracts, and have no end date or termination date.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 20 – COMMITMENTS AND CONTINGENCIES - continued

Parta Exploration License and Iecea Mare Production License - Western Romania

Ownership of Parta Exploration License and Iecea Mare Production License.

ADX holds a 49.2% shareholding in Danube Petroleum Limited (Danube). The remaining shareholding in Danube is held by Reabold Resources Plc. Danube via its wholly owned subsidiary, ADX Energy Panonia srl, holds a 100% interest in the Parta Exploration license (including a 100% interest in the Parta Appraisal Sole Risk Project) and a 100% interest in the Iecea Mare Production license. ADX is the operator of the permit pursuant to a Services Agreement with Danube.

Parta Exploration License

In December 2012, the Romanian Government ratified the concession agreement for ADX' EX 10 Parta license (Parta Permit). The committed work program agreed in June 2019 for the Parta Permit required the acquisition of 60 km of 2D and 100 km² of 3D seismic and the drilling of two exploration wells. Total commitments are estimated at A\$ 5.4 million (EUR 3.5 million) for a 2 year period commencing 21 June 2019 following an extension agreed with the National Agency of Mineral Resources (NAMR), which was extended for another 18 months until 3 December 2022. ADX Energy Panonia SRL is the Romanian license holder in accordance with the concession agreement for exploration phase 1. The total concession agreement duration is 20 years with a possible 15 years extension. After phase 1 which expired on 3 December 2022, ADX had the option to immediately enter phase 2, by assuming further commitments, or apply for another extension which will require a government ratified approval. ADX has chosen the second option and is in constructive discussions with the governing body i.e. NAMR which will submit the extension application to the government.

Iecea Mare Production License

In 2018, ADX acquired a 100% equity interest in the Iecea Mare Production license (License). ADX has committed to pay a 5% royalty from the license seller Amromco Energy for production from wells located within License. The current production license is valid until November 2034 and extensions are possible. The license does not carry any commitments, but an annual work-program has to be agreed with the Romanian government (via NAMR), which then becomes a commitment. ADX estimates the annual cost for such activities may be approximately \$50,000 per annum.

Data User Agreement –Austria

In December 2019, ADX entered into a Data User Agreement (DUA) with RAG Austria AG (RAG) for access to RAG Exploration Data (including 3650 km² of modern 3D seismic) in the Molasse Basin, in Upper Austria. Under the DUA, ADX has exclusive access to 3D and 2D seismic and geological data from RAG for oil and gas activities in its exploration, production and gas storage licenses (AGS Licenses) ratified on the 1st January 2021 with the Federal Ministry responsible for Mining (BMLRT) on behalf of the Republic of Austria as an event subsequent to year end. ADX has agreed to pay RAG a license fee as a function of the active AGS license areas for up to 5 years. In 2022, the fee paid to RAG under the DUA was EUR 50,559.

Upper Austria Exploration (AGS) Licenses – Austria

ADX executed concession agreements for exploration, production and gas storage in Upper Austria (Upper Austria AGS) on the 8th of January 2021 between ADX and Federal Ministry responsible for Mining on behalf of the Republic of Austria. Effective on 1st April 2022, ADX successfully was awarded license extensions for the Upper Austria AGS license areas ADX-AT-I and ADX-AT-II resulting in a total area of 1022 km². In order to secure these licenses and the related work program, ADX VIE GmbH had to put in place a bank guarantee for an amount of EUR 937,378 (of which EUR 562,316 is secured by cash). The total term for the Upper Austria AGS licenses including the newly awarded extension area is 16 years without any relinquishment and the first 4-year firm period commenced on 1st January 2021. ADX has a 3 well exploration drilling commitment during the 4-year firm period. The total remaining minimum financial obligation to keep the Upper Austria AGS licenses in good standing taking into account expenditures already made in relation to the drilling of the Anshof-3 discovery well is EUR 1.25 million.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 20 – COMMITMENTS AND CONTINGENCIES - continued

Anshof Prospect in Upper Austria - Farmin

In November 2021, ADX signed a farm-in agreement with Xstate Resources Limited (Xstate) to partially fund the drilling of the Anshof prospect in the ADX-AT-II exploration license in Upper Austria (Farmin HOA). Under the terms of the Farmin HOA, Xstate has funded 40% of the Anshof well drilling expenditure up to a cap amount of EUR 1.8 million (EUR 720,000 net to Xstate) to earn a 20% economic interest in the Anshof Prospect Area. Xstate satisfied its funding commitments by funding 40% of the Anshof well drilling expenditures and has earned an economic interest in the Anshof Prospect Area. Xstate has elected not to fund 40% of a second well in Anshof or the Anshof Farmin Area to earn a 20% economic interest in the entire Anshof Farmin Area (Second Well Funding). As a result of the abovementioned election Xstate only has economic rights in relation to the Anshof Prospect Area, not the entire Anshof Farmin Area.

ADX and Xstate have agreed to enter into a production sharing agreement (PSA) and a cooperation agreement (CA) which will cover the conduct of ongoing operations and sharing of production from the Anshof Prospect Area.

Welchau Prospect in Upper Austria - Farmin

On the 29th of November 2022, ADX announced an investment agreement with Kepis & Pobe Financial Group Inc., (KPFPG) a leading Canadian energy finance and development group. KPFPG committed to fund 50% of the Welchau-1 well costs to earn a 20% economic interest in the Welchau farmin area which includes the giant Welchau gas prospect (807 BCFE). Subsequently, KPFPG satisfied completion conditions, including the payment of initial funds for long lead items during the first quarter of 2023. As announced on 23 January 2023, KPFPG assigned its interest in the investment agreement to TSXV listed MCF Energy Ltd (MCF). The initial payments received comprise EUR 197,000 for 50% of the predrill costs as well as payment of a non-refundable option fee of EUR 100,000 for an option to earn a further 20% economic interest by funding a further 50% of the Welchau-1 well costs (Option). After the reporting date, MCF elected not to exercise the Option.

Other contingencies

d363 C.R.-AX license – Italy

ADX was advised on the 4th of February 2019 that the Italian senate passed legislation to suspend exploration activities in all permits that have been approved or are in the process of being approved for a period of up to 18 months (to approximately August 2020) to enable the government authorities to evaluate the suitability of exploration areas for sustainable hydrocarbon exploration and production activities. The Italian senate further advised that the suspension will be extended to the first quarter of 2021. Due to the COVID-19 pandemic the suspension of exploration activities were further extended.

During the reporting period the Italian licensing authorities offered ADX the opportunity to ratify d363 C.R.-AX prospecting license. The ratification is subject to a number of conditions including that only the gas potential within its d363C.R.-AX license is commercially exploited. ADX submitted a report to the Italian authorities detailing the natural gas prospectivity of the license for gas, upon which the licensing authorities reactive positively and asked ADX to submit a new work program suitable for exploration and development of the offshore gas resources. Based on discussions with the authorities a detailed report and work commitment was submitted in October 2022. The commitment for the first 3 years will consist of, subject to a pending approval:

- 150 km of seismic data purchase from ENI and Total with a minimum expenditure of EUR 70,000;
- 2D and 3D seismic reprocessing with a minimum expenditure of EUR 40,000; and
- Acquisition of new 2D seismic of 150 line km or 60 sqkm of 3D seismic, subject to the outcome of the preceding reprocessing and interpretation work. The financial commitments is EUR 500,000.

It should be noted that after each year and fulfillment of the respective work, ADX can drop the license. In year 4, ADX can elect to drill a well (with a commitment to reach 2500 metres total depth (TD)) or drop the license.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 21 – KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Compensation of Key Management Personnel

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Short-term employment benefits	985,140	721,256
Post-employment benefits	14,188	5,685
Share-based payments	221,311	182,860
	1,220,639	909,801

(b) Other transactions and balances with Key Management Personnel

- i) Ian Tchacos, through Warroorah Pty Ltd ATF Tchacos Fund and Ian Z Tchacos, provides office premises to ADX Energy Ltd. The key terms are gross monthly rental of \$2,000 per month, monthly estimated outgoings of \$279 per month (both excluding GST), lease commencing 1 August 2022 for a 12 month term, thereafter on 3 month rolling terms. Rent review to be on 1 July of each year based on CPI. These terms are considered normal commercial rates. Rental paid for the year (excluding GST) ended 31 December 2022 totalled \$11,395 (2021: \$Nil).
- ii) Andrew Childs is the owner of Resource Recruitment. ADX Energy Ltd rented office premises in Subiaco, and paid rent on a month by month basis at normal commercial rates to 31 July 2022. Rental paid for the year (excluding GST) ended 31 December 2022 totalled \$18,200 (2021: \$31,200).
- iii) Andrew Childs is Executive Chairman of Xstate Resources Limited (Xstate). Xstate holds a 20% economic interest in ADX' Anshof field in Upper Austria.
- iv) In October 2019, Company Secretary, Amanda Sparks, through the A & A Sparks S/F A/C, provided a \$ 100,000 loan note to ADX Energy Ltd. The interest rate was 6%. These terms were considered normal commercial rates. During the year, interest of \$1,389 was paid, and the loan was fully repaid.

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$

NOTE 22 - AUDITORS' REMUNERATION

Amount paid or due and payable to the auditor for:

Audit and review of the financial statements	50,500	53,609
Other services	-	-
Total remuneration of auditors	50,500	53,609

NOTE 23 – SEGMENT INFORMATION

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of Directors.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 23 – SEGMENT INFORMATION - continued

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team. The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the work undertaken; and
- Geographic environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the Financial Statements.

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the geographical region. Discrete financial information about each of these operating businesses is reported to the Board. The reportable segments are based on aggregated operating segments determined by the similarity of economic environment, as these are the sources of the Group's major risks and have the most effect on the rates of return.

Reportable Operating Segments Identified

For management purposes, the Group has organised its operating segments into three reportable segments as follows:

- Sicily Channel Offshore Exploration and Evaluation Segment: this segment includes assets and activities that are associated with oil and gas exploration offshore Italy and Tunisia.
- Romania Exploration and Appraisal/Development Segment: this segment includes assets and activities that are associated with oil and gas exploration, appraisal and development in that region, and include the costs if the parent entity, Danube Petroleum Limited.
- Austria Production Segment: this segment includes assets and activities that are associated with oil and gas production in that region. All oil sales are made to a single customer in Austria, and all gas sales are made to a single customer in Austria.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, the Group's financing (including finance income) is managed on a group basis and are not allocated to operating segments.

Accounting Policies

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the accounts. There have been no material inter-segment transactions.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

The following items are not allocated to segments as they are not considered part of core operations of any segment and are managed on a Group basis.

- Interest revenue
- Foreign currency gains/(losses)
- Corporate costs

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 23 – SEGMENT INFORMATION - continued

Operating Segments	Sicily Channel \$	Romania \$	Austria (Production) \$	Total Operations \$
Year ended 31 December 2022				
Revenue and income	-	-	14,452,734	14,452,734
Total segment revenue				14,452,734
Result				
Segment result after tax	212,844	(268,417)	414,715	359,142
Reconciliation of segment profit after tax to net loss after tax:				
Unallocated revenue and income				5,067
Foreign currency gains/(losses)				(44,033)
Unallocated expenditure				(2,758,040)
Net loss after tax				(2,437,874)
Depreciation, amortisation and impairment included in segment result				
	-	-	3,254,514	3,254,514
Assets				
Segment assets	23,833	8,895,232	22,627,545	31,546,610
Reconciliation of segment assets:				
Unallocated cash				675,677
Other				441,005
Total assets				32,663,292
Liabilities				
Segment liabilities	(5,220)	(675,883)	(19,145,945)	(19,827,048)
Reconciliation of segment liabilities:				
Unallocated liabilities				(437,012)
Total liabilities				(20,264,060)
Capital expenditure for the year				
Segment capital expenditure – oil and gas assets	-	253,618	2,552,782	2,806,400
Reconciliation of capital expenditure:				
Unallocated additions				-
Total capital expenditure				2,806,400

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 23 – SEGMENT INFORMATION - continued

Operating Segments	Sicily Channel \$	Romania \$	Austria (Production) \$	Total Operations \$
Year ended 31 December 2021				
Revenue and income			9,637,007	9,637,007
Total segment revenue				9,637,007
Result				
Segment result after tax	(31,172)	(383,940)	(1,525,775)	(1,940,887)
Reconciliation of segment profit after tax to net profit after tax:				
Unallocated revenue and income				138,636
Foreign currency gains/(losses)				(14,723)
Unallocated expenditure				(2,529,290)
Net profit/(loss) after tax				(4,346,264)
Depreciation, amortisation and impairment included in segment result				
	-	-	2,948,147	2,948,147
Assets				
Segment assets	1,330	9,169,543	21,165,397	30,336,270
Reconciliation of segment assets:				
Unallocated cash				4,473,706
Other				1,327,043
Total assets				36,137,019
Liabilities				
Segment liabilities	(5,147)	(564,751)	(20,710,122)	(21,280,020)
Reconciliation of segment liabilities:				
Unallocated liabilities				(3,171,843)
Total liabilities				(24,451,863)
Capital expenditure for the year				
Segment capital expenditure – oil and gas assets	-	179,251	2,764,750	2,944,001
Reconciliation of capital expenditure:				
Unallocated additions				-
Total capital expenditure				2,944,001

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 24 – FINANCIAL RISK MANAGEMENT

The Group is exposed to market risk (commodity, currency and interest rate risks), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. ADX' Board of Directors (Board) is responsible for approving ADX's policies on risk oversight and management and ensuring management has developed and implemented effective risk management and internal controls. Risk management is carried out by the senior executives under these policies which have been approved by the Board. Management identifies, evaluates and, if necessary, hedges financial risks.

Commodity price risk

During the year the Group continued generating revenue from its Zistersdorf and Gaiselberg fields in Austria. With this oil and gas production and sales, the group is exposed to the Brent Benchmark crude oil price and European gas price fluctuations. Exposure to oil and gas price risk is measured by monitoring the Group's forecast financial position and cash flows with various assumptions. This analysis is regularly performed. Commodity prices' hedging may be undertaken where the Board of Directors determines that a hedging strategy is appropriate to mitigate potential periods of adverse movements in commodity prices and protect forward cash flows to meet commitments. This will be balanced against the desire to expose shareholders to oil price upside and the reliability of production forecasts.

As at 31 December 2022, no derivative financial instruments were in place.

The hedging program is designed to provide certainty of cash flows during a period of expected ongoing volatility.

Currency risk

The Group's source currency for the majority of costs is in Euro (EUR). Operating revenue is invoiced in EUR but is indexed to Dated Brent price which is denominated in United States Dollar (USD). Currency risk arises where the value of a financial instrument or monetary item fluctuates due to changes in foreign currency exchange rates. The exposure to currency risk is measured using sensitivity analysis and cash flow forecasting.

The Board has formed the view that in the ordinary course of business it would not be beneficial for the Group to purchase forward contracts or other derivative financial instruments to hedge any currency risk. Currency risk for operating revenue is hedged via hedging of the commodity as necessary (see section 'Commodity price risk').

During the year the company undertook capital raising activities via the issue of new shares on the ASX. These capital raisings are priced and received in AUD. Over the time period of a capital raising there is some short-term exposure to movements in the AUD to EUR exchange rates as part of the funds are used in Europe. At year end, management has assessed that the entity's exposure to foreign exchange movements is immaterial due to revenues and costs primarily in EUR and therefore no further analysis is provided. The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained in EUR and AUD, to meet current operational commitments.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 24 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Interest rate risk

At balance date the Group’s exposure to market risk for changes in interest rates relates primarily to the Company’s borrowings. The Group constantly analyses its exposure to interest rates, with consideration given to potential renewal of existing positions, the mix of fixed and variable interest rates and the period to which deposits may be fixed.

Given the very low interest rates for variable borrowings, the interest rate risk is considered immaterial.

	31 December 2022	31 December 2021
	\$	\$
Borrowings - fixed rate	-	2,625,000
Borrowings – variable	1,184,672	982,686
Borrowings - variable (non-interest bearing)	-	779,910
Total	1,184,672	4,387,596

Liquidity risk

Liquidity risk is the risk that Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows with scenario analysis. As at reporting date the Group had sufficient cash reserves to meet its current requirements.

The contractual maturity analysis of payables as at year end are:

	Total	Less than 1 Year	Between 1-5 Years
	\$	\$	\$
31 December 2022			
Trade and other payables	2,336,041	2,336,041	-
Borrowings	1,184,672	592,336	592,336
Total	3,520,713	2,928,377	592,336
31 December 2021			
Trade and other payables	4,885,542	4,885,542	-
Borrowings	4,387,596	3,212,532	1,175,064
Total	9,273,138	8,098,074	1,175,064

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

Significant cash deposits are with institutions with a minimum credit rating of A+ (or equivalent) as determined by a reputable credit rating agency e.g. Standard & Poor.

The Group has only one customer for operating revenue being a significant company in Austria. Revenue is received monthly and hence the credit risk deemed very low.

The Group does not have any other significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 25 - INTERESTS IN JOINT OPERATIONS

Interests in jointly controlled assets are reported in the financial statements by including the group's share of assets employed in the Joint Operations, the share of liabilities incurred in relation to the Joint Operations and the share of any expenses and revenues in relation to the Joint Operations in their respective categories.

	Principal Activities	ADX Group % Interest	
		31 December 2022	31 December 2021
Austria – Anshof Prospect	Oil Production	80%	n/a

The group has classified these as joint arrangements because under the terms of the agreements, all partners share in all the assets employed in the joint arrangement, excluding the underlying permit, and are liable for all the liabilities of the joint arrangement, according to their participating share.

The tables below provide summarised financial information for that joint operation. The information disclosed reflects the amounts presented in the financial statements of the joint operation and not ADX Energy Ltd Group's share of those amounts (ie 100% of the Joint Operation).

	Consolidated	
	31 December 2022	31 December 2021
Summarised Statement of Financial Position	\$	\$
Current assets	-	-
Current liabilities	(151,392)	-
Current net assets	(151,392)	-
Non-current assets	-	-
Non-current liabilities	-	-
Non-current net assets	-	-
Net Assets	(151,392)	-
Summarised Statement of Profit or Loss and Other Comprehensive Income		
Revenue	825,444	-
Loss for the period	(151,392)	-
Other comprehensive income/(loss)	-	-
Total comprehensive loss	(151,392)	-

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 26 - SUBSEQUENT EVENTS

Equity Issues in Lieu of Remuneration

On 24 January 2023, ADX issued the following shares and options. These amounts were accrued in the 31 December 2022 financial statements:

- d. 357,140 shares issued pursuant to ADX' Directors' Share Plan, approved by Shareholders on 27 May 2022. The shares were issued to directors in consideration of remuneration elected to be paid in shares for the quarter ended 31 December 2022 (\$2,500).
- e. 5,569,673 shares issued to ADX' Company Secretaries and consultants in consideration of remuneration elected to be paid in shares for the quarter ended 31 December 2022 (\$38,988).
- f. 5,149,552 Options granted to Directors Ian Tchacos and Paul Fink, as approved by Shareholders on 27 May 2022. The options were granted in consideration of consultancy fees remuneration elected to be paid in options for the quarter ended 31 December 2022 (value \$36,047). The options have a nil exercise price and expire on 31 January 2027.

Exercise of Unlisted Options

On 27 February 2023, Director Ian Tchacos exercised 6,000,000 unlisted options with a nil exercise price, and Director Paul Fink exercised 9,785,240 unlisted options with a nil exercise price.

There are no other matters or circumstances that have arisen since 31 December 2022 that have or may significantly affect the operations, results, or state of affairs of the Group in future years.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ADX ENERGY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of ADX Energy Ltd (“the Company”) and its controlled entities (“the Group”) which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and the directors’ declaration.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group’s financial position as at 31 December 2022 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s *APES 110 Code of Ethics for Professional Accountants (Including Independence Standards)* (the “Code”) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor’s report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ADX ENERGY LTD (continued)**

<i>Key Audit Matter - Revenue. Refer to Note 2 to the financial statements</i>	<i>How our Audit Addressed the Key Audit Matter</i>
<p>The Group generated revenue of \$14,452,734 predominately from the sale of gas and oil.</p> <p>Revenue recognition is considered to be a key audit matter given the significance of revenue to the group's results and performance.</p>	<p>Our procedures over revenue included but were not limited to the following:</p> <ul style="list-style-type: none"> • We documented and assessed the processes and controls in place to recognize revenue; • We verified a sample of oil and gas sales revenue transactions and associated receipts to determine they were accurately accounted for; • We reviewed the accounting policy for revenue recognition and ensured it was in accordance with AASB 15 "Revenue"; and • We assessed the appropriateness of the revenue disclosures included in the financial report.
<i>Key Audit Matter - Oil and Gas Properties. Refer to Note 9 to the financial statements</i>	<i>How our Audit Addressed the Key Audit Matter</i>
<p>The Group's principal assets are oil and gas production plant and equipment with a carrying value of \$23,675,687 as at 31 December 2022 which represents 72% of the total assets of the Group.</p> <p>Management performed an annual assessment for indicators of impairment.</p>	<p>Our procedures over oil and gas properties included but were not limited to the following:</p> <ul style="list-style-type: none"> • We verified a sample of additions to assure the correct capitalisation process and the existence of the asset; • We reviewed management's assessment for impairment; • We applied our knowledge of the business and corroborated our work with publicly available external information; and • We assessed the appropriateness of the disclosures included in the financial report.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ADX ENERGY LTD (continued)**

<i>Key Audit Matter - Asset retirement obligations. Refer to Note 14 to the financial statements</i>	<i>How our Audit Addressed the Key Audit Matter</i>
<p>The Group has a significant asset retirement obligation provisions for the Austrian and Romanian oil and gas properties.</p> <p>We do not consider the asset retirement obligation to be at a high risk of significant misstatement, however it is subject to a significant level of judgement and is material in the context of the financial statements as a whole.</p>	<p>Our procedures over the asset retirement obligation provisions included but were not limited to the following:</p> <ul style="list-style-type: none"> • We reviewed management's estimate, the useful lives and valuation of the assets forming part of the asset retirement obligation; • We discussed with management as to the regulatory compliance surrounding the retirement obligation; • We reviewed the compliance of the accounting treatment of the asset retirement obligation with <i>AASB 137 Provisions, Contingent Liabilities and Contingent Assets</i>, and • We assessed the appropriateness of the disclosures included in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ADX ENERGY LTD (continued)**

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters.

We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2022.

In our opinion the remuneration report of ADX Energy Ltd for the year ended 31 December 2022 complies with section 300A of the *Corporations Act 2001*.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ADX ENERGY LTD (continued)

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Rothsay Audit & Assurance Pty Ltd

Graham Webb
Director

Dated 29 March 2023

ADX ENERGY LTD

ADDITIONAL SHAREHOLDER INFORMATION

Information as at 24 March 2023

a) Substantial Shareholders (who have lodged notices with ADX Energy Ltd)

Name	Number of Shares Disclosed in Substantial Holder Notice
None	

b) Shareholder Distribution Schedule

<u>Size of Holding</u>	<u>Number of Shareholders</u>	<u>Number of Ordinary Shares</u>	<u>Percentage of Issued Capital</u>
1 - 1,000	36	3,011	0.00
1,001 - 5,000	23	75,896	0.00
5,001 - 10,000	24	212,235	0.01
10,001 - 100,000	594	45,321,790	1.28
100,001 and over	1,574	3,489,011,655	98.71
Total Shareholders	2,251	3,534,624,587	100.00
Number of shareholders holding less than a marketable parcel	296		

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy or attorney, Representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote; and
- (i) on a poll every member entitled to vote and present in person or by proxy or attorney or representative duly authorised shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited).

There are no voting rights for Optionholders or Performance Rights.

c) Securities Subject to Escrow:

There are no securities subject to escrow.

ADX ENERGY LTD

ADDITIONAL SHAREHOLDER INFORMATION

d) Twenty largest shareholders:

Name	Number of Ordinary Shares	% of Issued Capital
1. BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	447,560,681	12.66
2. CITICORP NOMINEES PTY LIMITED	117,576,813	3.33
3. BNP PARIBAS NOMS PTY LTD <DRP>	111,499,336	3.15
4. MR PAUL FINK	108,382,276	3.07
5. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	75,415,904	2.13
6. EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	50,000,000	1.41
7. JETOSEA PTY LTD	46,678,594	1.32
8. EONIA PTY LTD	43,320,884	1.23
9. MR SYED KHALIL BIN SYED IBRAHIM	40,000,000	1.13
10. WARROORAH PTY LTD <TCHACOS FUND A/C>	38,664,160	1.09
11. IRONSIDE PTY LTD <IRONSIDE SUPER FUND A/C>	35,152,220	0.99
12. MR BRIAN THOMAS CLAYTON + MRS JANET CLAYTON	33,333,333	0.94
13. MOMENTIUS PTY LTD	32,612,041	0.92
14. MR FARIS SALIM CASSIM	29,522,000	0.84
15. IRONSIDE PTY LTD <IRONSIDE FAMILY A/C>	28,309,523	0.80
16. BOND STREET CUSTODIANS LIMITED <PACORK - D00089 A/C>	26,150,355	0.74
17. CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	25,000,000	0.71
18. MR ALAN GEORGE BROOKS + MRS PHILIPPA CLAIRE BROOKS <A G & P C BROOKS S/FUND A/C>	24,500,000	0.69
19. MR TIMOTHY FRANCIS CLIVE MCDONNELL	24,500,000	0.69
20. BRAZELL PTY LTD <A & M SUPER FUND A/C>	23,839,500	0.67
	1,362,017,620	38.53
Remaining Holders Balance	2,172,606,967	
Shares on issue	3,534,624,587	

e) Unlisted Options (Holders of more than 20%):

	Number	Exercise Price	Expiry Date	Holders of >20%
Unlisted Options	67,500,020	1.5 cents	26/11/2023	(i)
Unlisted Options	6,078,125	Nil cents	31/07/2024	Mr Ian Tchacos (100%)
Unlisted Options	231,750,000	1.3 cents	10/08/2024	No holder with > 20%
Unlisted Options	5,116,071	Nil cents	31/10/2024	Mr Ian Tchacos (100%)
Unlisted Options	7,250,000	Nil cents	31/01/2025	Mr Ian Tchacos (100%)
Unlisted Options	3,145,833	Nil cents	31/05/2025	Mr Ian Tchacos (100%)
Unlisted Options	2,456,250	Nil cents	31/07/2025	Mr Ian Tchacos (100%)
Unlisted Options	3,294,642	Nil cents	31/10/2025	Mr Ian Tchacos (100%)
Unlisted Options	1,857,954	Nil cents	31/01/2026	Mr Ian Tchacos (100%)
Unlisted Options	3,117,187	Nil cents	31/05/2026	Mr Ian Tchacos (100%)
Unlisted Options	2,695,312	Nil cents	31/07/2026	Mr Ian Tchacos (100%)
Unlisted Options	3,803,571	Nil cents	31/10/2026	Mr Ian Tchacos (100%)
Unlisted Options	2,839,285	Nil cents	31/01/2027	Mr Ian Tchacos (100%)
Total Options	<u>340,904,250</u>			

ADX ENERGY LTD

ADDITIONAL SHAREHOLDER INFORMATION

(i) Holders of more than 20%

Name	#	%
Jetosea Pty Ltd	57,857,160	85.71
Others (each holding less than 20%)	9,642,860	14.29
Unlisted options expiring 26/11/2023	67,500,020	100

f) **Unlisted Performance Rights (Issued under ADX' Employee Incentive Plan):**

	Number	Number of Holders
Unlisted Performance Rights	-	-

ADX ENERGY LTD
TENEMENT SCHEDULE

Permit	% held
Onshore Austria, Zistersdorf and Gaiselberg Production License	100%
Upper Austria AGS Licenses ^(a)	100%
Onshore Romania, Parta ^(b)	100%
Onshore Romania, Iecea Mare Production Licence ^(b)	100%
Offshore Italy, d363C.R.-AX ^(c)	100%

Note a: Concession agreements for exploration, production and gas storage in Upper Austria (Upper Austria AGS). ADX announced a farmout to ASX listed Xstate Resources Limited (Xstate) to earn a 20% economic interest in the Anshof Prospect Area. Xstate has earned its 20% economic interest.

ADX announced a subsequent farmout to KPFG to earn 20% economic interest and ADX will retain an 80% economic interest in the Welchau Farmin Area.

ADX retains a 100% interest in the remainder of the ADX-AT-II exploration license and the entire ADX-AT-I exploration license.

Subsequent to year end, on 13 March 2023, ADX announced that Austria's Ministry of Finance has awarded a production license to ADX VIE GmbH (ADX) for the development Anshof oil field located within the ADX-AT-II exploration license in Upper Austria.

Note b: ADX holds a 49.2% shareholding in Danube Petroleum Limited (Danube). The remaining shareholding in Danube is held by Reabold Resources Plc. Danube via ADX Energy Panonia holds a 100% interest in the Parta Exploration license (including a 100% interest in the Parta Appraisal Sole Risk Project) and a 100% interest in the Iecea Mare Production license. ADX is the operator of the permit pursuant to a Services Agreement with Danube.

Note c: ADX has commenced a process with the Italian Designated Authority to convert the exclusively awarded application to a ratified licence. This process was commenced after the award by the Ministry of Industry.