

ADX Energy Ltd (ASX: ADX)

February 13, 2025

Share price: A\$0.03

Target: A\$0.30

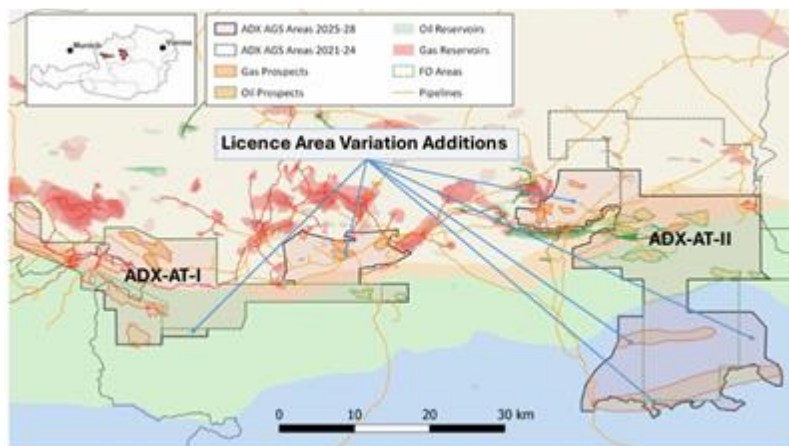
New acreage in Austria increases prospect inventory with a focus on low risk, shallow gas

- ADX's acreage in Austria has been modified to include additional near-term, low-risk gas prospects, as well as high-impact, higher-risk opportunities.
- One focus of the 2025 program is to drill shallow, low-risk, high initial production gas prospects that can be rapidly put into production. ADX has more than tripled the number of these prospects within its revised acreage positions at ADX-AT-I and ADX-AT-II, holding 100% WI in the new prospects. A typical well at a shallow gas prospect has an initial production rate of 10-15 mmcf/d.
- The new acreage expands ADX's position around Welchau to include a potential extension of the still being tested and evaluated Welchau-1, plus coverage of the Molln-1 gas condensate appraisal opportunity (previously outside the ADX acreage) and the follow-up Rossberg prospect.
- ADX also plans to drill follow-on development and exploration/appraisal wells in the Anshof area in 2025.
- We have not changed our target price of A\$0.30/sh.

Rating & target	Old	New	
Target	A\$ 0.300	n.c.	
Yield		0%	
Implied total return		1011%	
Share data	2023	2024e	2025e
Shares dil., mm	502	695	695
Mkt cap, US\$mm	\$9	\$13	\$13
EV, US\$mm	\$5	\$7	\$9
Financial Data	2023	2024e	2025e
Gas, mmcf/d	0.2	0.1	0.1
Liquids, bbl/d	263	196	278
Total boe/d (6:1)	289	216	302
CFO, US\$mm	(\$2)	(\$2)	(\$0)
Net capex, US\$mm	(\$0)	\$6	\$2
Net debt, US\$mm	(\$4)	(\$5)	(\$4)
CFPS dil., US\$/shr	(\$0.00)	(\$0.01)	\$0.00
EPS dil., US\$/shr	(\$0.00)	(\$0.01)	(\$0.01)
Valuation	2023	2024e	2025e
Share price,	A\$ 0.027	A\$ 0.027	A\$ 0.027
A\$/shr			
EV/DACF	n.a.	-2.5x	5306.2x
EV per boe/d (US\$)	\$17,460	\$32,720	\$29,885
Net asset value			
CNAV, A\$/shr			A\$ 0.070
RENAV, A\$/shr			A\$ 0.267
Unrisked NAV, A\$/shr			A\$ 3.003
P/CNAV			0.4x
P/RENAV			0.1x
P/ENAV			0.0x

All figures in US\$ unless otherwise noted
A\$/US\$: 0.67

ADX licences area variations



Source: Company

Reflections on the 4Q24 operating update

ADX held A\$9.1 mm at YE24. This is higher than we anticipated (A\$6.6 mm) and reflects lower spending at Welchau. ADX is well funded for its low capex activity programme in 2025.

Valuation

We have incorporated the YE24 cash position in our forecasts. We are also assuming only one development well at Anshof in 2025. Overall our ReNAV of A\$0.27/sh remains broadly unchanged ahead of an update at Welchau and further visibility on the shallow gas prospects to be drilled in 2025.

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Figure 1. Financial & operating information

ADX Energy Ltd (ADX AU)								
Financial & Operating Information		2022	2023	2024e	2025e	2026e	2027e	2028e
Commodity Prices								
Brent	US\$/bbl	\$100.92	\$82.46	\$80.48	\$73.74	\$70.00	\$70.00	\$70.00
Austria Gas price	US\$/mcf	\$37.75	\$17.95	\$11.68	\$10.69	\$10.01	\$9.92	\$9.92
USD/CAD	US\$/C\$	\$0.75	\$0.74	\$0.72	\$0.75	\$0.75	\$0.75	\$0.75
A\$/US\$	A\$/US\$	\$0.69	\$0.67	\$0.67	\$0.68	\$0.72	\$0.72	\$0.72
Production								
Oil and Liquids	bbl/d	190	263	196	278	455	590	703
Natural Gas	mmcf/d	0.3	0.2	0.1	0.1	0.1	0.1	0.1
Total (6 mcf = 1 boe)	boe/d	238	289	216	302	479	611	724
% Oil and Liquids	%	80%	91%	90%	92%	95%	97%	97%
Netbacks								
Realized Price	US\$/boe	\$119.65	\$83.56	\$86.63	\$68.24	\$65.69	\$65.87	\$65.97
Royalties	US\$/boe	\$0.00	\$4.73	\$1.78	\$4.46	\$7.14	\$8.23	\$8.81
Production & Transport Costs	US\$/boe	\$85.69	\$81.04	\$101.12	\$65.95	\$50.05	\$45.63	\$42.85
Operating Netback	US\$/boe	\$29.10	(\$2.21)	(\$16.26)	(\$2.17)	\$8.50	\$12.01	\$14.30
Taxes	US\$/boe	\$3.22	-\$2.47	\$0.00	-\$5.79	-\$1.31	\$0.79	\$2.18
Cash Flow Netback	US\$/boe	\$11.80	(\$8.94)	(\$35.83)	\$0.01	\$7.34	\$11.09	\$13.23
Government Take	%	3%	3%	2%	-2%	9%	14%	17%
Financials								
Cash Flow (CFO)	US\$mm	\$3	(\$2)	(\$2)	(\$0)	\$1	\$2	\$3
CFPS - diluted	US\$/shr	\$0.00	(\$0.00)	(\$0.01)	\$0.00	\$0.00	\$0.00	\$0.01
EBITDAX	US\$mm	\$2	\$1	(\$2)	(\$1)	\$1	\$3	\$4
E&D Capex	US\$mm	\$4	\$5	\$18	\$2	\$5	\$3	\$3
A&D Capex, Net	US\$mm	(\$1)	(\$5)	(\$12)	\$0	\$0	\$0	\$0
Total Net Capex	US\$mm	\$3	(\$0)	\$6	\$2	\$5	\$3	\$3
Total Net Capex/CFO	x	1.3x	0.2x	-3.0x	-13.3x	3.7x	1.1x	0.8x
Leverage								
Net Debt	US\$mm	(\$2)	(\$4)	(\$5)	(\$4)	(\$2)	(\$2)	(\$3)
Net debt/CFO (Trailing)	x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Entry Net Debt/CFO	x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Capital Structure								
Basic Shares o/s @ YE	mm	3513	428	567	567	567	567	567
Diluted Shares o/s @ YE	mm	3911	502	695	695	695	695	695
Market Capitalization	US\$mm	\$19	\$9	\$13	\$13	\$14	\$14	\$14
Enterprise Value	US\$mm	\$17	\$5	\$7	\$9	\$11	\$12	\$11
Dividends & Sustainability								
Dividends	US\$mm	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$/shr	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dividend Yield	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Free Cash Flow	US\$mm	(\$2)	(\$7)	(\$20)	(\$2)	(\$3)	(\$0)	\$1
Cash Use/CFO	%	133%	16%	-304%	-1326%	369%	110%	78%
Performance								
Prod. Per Shr Growth (Y/Y) - dil	%	-32%	76%	241%	25%	59%	n.a.	n.a.
PPS Growth (Y/Y) DDA - dil.	%	-34%	90%	885%	-4%	-8%	n.a.	n.a.
CFPS Growth (Y/Y) - dil.	%	-243%	-177%	-1%	-94%	-1100%	97%	42%
CFPS Growth (Y/Y) DDA - dil.	%	-211%	-221%	1201%	-96%	-680%	n.a.	-100%
ROCE	%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net Asset Value								
CNAV (Atax) - diluted	A\$/shr	A\$ 0.070						
RENAV (Atax) - diluted	A\$/shr	A\$ 0.267						
Unrisked NAV (Atax) - diluted	A\$/shr	A\$ 3.003						
P/CNAV	x	0.4x						
P/RENAV	x	0.1x						
P/Unrisked NAV	x	0.0x						
Valuation								
Share Price, YE/Current	A\$/shr	A\$ 0.007	A\$ 0.027	A\$ 0.027	A\$ 0.027	A\$ 0.027	A\$ 0.027	A\$ 0.027
P/CF	x	18.4x	-49.5x	-3.6x	10033.0x	9.6x	5.0x	3.5x
EV/DACF	x	4.8x	n.a.	-2.5x	5306.2x	6.4x	3.4x	2.2x
Target EV/DACF	x	131.8x	-13.8x	-6.4x	17322.2x	18.5x	9.7x	6.7x
EV per boe/d	US\$/boe/d	\$72,605	\$17,460	\$32,720	\$29,885	\$23,856	\$19,090	\$15,051
Proved Plus Probable	mmboe	5	5	5	4	4	4	4
EV per 2P boe	US\$/boe	\$3.69	\$1.10	\$1.57	\$2.05	\$2.70	\$2.92	\$2.92
EV per 2P boe, with FDC	US\$/boe	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

a) EBITDAX = Pre-Int. & Pre-Tax Cash Flow; b) DDA = Debt-and-Dividend-Adjusted

c) CNAV incl. 2P reserves, RENAV incl. 2P reserves + Risked LT inventory upside, ENAV incl. 2P reserves + Unrisked LT inventory upside

Source: Auctus Advisors, Company Disclosures

**Futures strip as of 12-Feb-25

Figure 2. NAV Table

	WI Reserves / Resources (mmboe)	Unrisked NAV (US\$ mm)	Unrisked NAV/sh A\$/Share	GCoS (%)	EMV (US\$ mm)	A\$/Share	% Total
Net Cash (YE24)		5	0.012		5	0.012	4%
G&A		-18	-0.038		-18	-0.038	-14%
Options and Warrants Exercised		13	0.028		13	0.028	10%
Austria							
Zistersdorf 2P Reserves	2	7	0.015	100%	7	0.015	6%
Anshof 2P Reserves	3	26	0.056	95%	25	0.054	20%
Total Core NAV		34	0.073		32	0.070	26%
Austria							
Welchau Prospect - Steinalm formation	45	310	0.668	15%	46	0.100	38%
Welchau Prospect - Reifling formation	19	133	0.286	30%	40	0.086	32%
Anshof 3P Reserves upside	5.9	51	0.110	10%	5	0.011	4%
Oil prospect (farm-out)	2	18	0.039	45%	8		0%
Remaining prospects	72	617	1.330	30%	185		0%
H2 30 MW CH4 Equivalent		12	0.025				0%
Additional value - H2 30 MW H2 Market (US\$4/kg)		42	0.090				0%
Romania							
Iecea Mare	2	7	0.015	60%	4		0%
Italy							
d363C.R.-AX oil contingent resources	155	171	0.367	25%	43		0%
Total Risked Appraisal & Exploration		1,360	2.930		332	0.197	74%
Total NAV		1,393.93	3.003		364	0.267	100%
Unrisked NAV						3.003	
P/Core NAV					38.6%		
P/NAV					10.1%		
P/Unrisked NAV					0.9%		

Source: Auctus, Company Disclosures

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