

ADX Energy Ltd (ASX: ADX)

May 01, 2025

Share price: A\$0.025

Target: A\$0.30

Readying-up the portfolio to return to drilling in 4Q, 2025

- 1Q25 net production was 246 boe/d. This is in line with our expectations. ADX held A\$6.7 mm in cash at the end of March.
- ADX is prioritizing production growth in Austria, with plans to advance up to 12 shallow gas prospects across ADX-AT-I and ADX-AT-II where it has varied its exploration acreage to maximise exposure to the proven gas play. The company aims to secure a partner for the first cluster of three prospects in 3Q25, with two of these wells potentially being drilled in 4Q25.
- These prospects hold 4-6 bcf resources (per prospect) and carry very low geological risk. Initial production rates for typical wells are estimated at 10-15 mmcf/d. They can quickly be brought on production due to their proximity to open access pipelines.
- ADX intends to drill a new oil appraisal well in the Anshof area in 4Q25.
- The company continues to await a decision from the Austrian Ministry regarding its return to Welchau.
- In Italy, ADX anticipates receiving the Sicily Channel Gas Exploration Permit in May.
- Pending further progress at Welchau, we have not changed our target price of A\$0.30 per share. However, our target price now includes two shallow gas prospects and one Anshof oil area prospect.

Rating & target		Old	New
Target		A\$ 0.300	n.c.
Yield			0%
Implied total return			1204%
Share data			
Shares dil., mm	2024	2025e	2026e
	657	616	616
Mkt cap, US\$mm	\$10	\$9	\$9
EV, US\$mm	\$5	\$9	\$3
Financial Data			
	2024	2025e	2026e
Gas, mmcf/d	0.1	0.1	5.6
Liquids, bbl/d	196	246	254
Total boe/d (6:1)	216	270	1,193
CFO, US\$mm	(\$1)	(\$2)	\$5
Net capex, US\$mm	\$7	\$2	\$1
Net debt, US\$mm	(\$5)	(\$0)	(\$6)
CFPS dil., US\$/shr	(\$0.00)	(\$0.01)	\$0.01
EPS dil., US\$/shr	(\$0.01)	(\$0.01)	(\$0.00)
Valuation			
	2024	2025e	2026e
Share price, A\$/shr	A\$ 0.023	A\$ 0.023	A\$ 0.023
EV/DACF	-3.0x	-2.9x	0.4x
EV per boe/d (US\$)	\$24,418	\$33,047	\$2,351
Net asset value			
CNAV, A\$/shr			A\$ 0.050
RENAV, A\$/shr			A\$ 0.293
Unrisked NAV, A\$/shr			A\$ 3.126
P/CNAV			0.5x
P/RENAV			0.1x
P/ENAV			0.0x

All figures in US\$ unless otherwise noted

A\$/US\$: 0.64

Near term newsflow

We anticipate that ADX will provide prospective resources estimates for the shallow gas prospects in Upper Austria and for the Sicily Channel Gas Exploration Permit in Italy in 2Q25. These resource estimates could prove substantial when viewed in the context of the company's existing reserves.

Forecasts and valuation

For 2025, production at Anshof is now assumed to remain flat as the focus shifts to appraisal and low risk exploration drilling. With a very high probability of success, we anticipate one successful exploration well in both 2025 and 2026, each contributing approximately 10 mmcf/d gross production per well (60% WI post farm-out). The company's 2P NAV is estimated at A\$0.05 per share. The unrisked value of each shallow gas prospect is approximately A\$0.04 per share, based on a 60% WI or 3 bcf net to ADX. We are not carrying any value for Italy yet.

Contact details

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Figure 1. Financial & operating information

ADX Energy Ltd (ADX AU)

Financial & Operating Information		2023	2024	2025e	2026e	2027e	2028e	2029e
Commodity Prices								
Brent	US\$/bbl	\$82.46	\$80.48	\$68.73	\$70.00	\$70.00	\$70.00	\$70.00
Austria Gas price	US\$/mcf	\$17.95	\$11.68	\$10.07	\$9.86	\$9.92	\$9.92	\$9.92
USD/CAD	US\$/C\$	\$0.74	\$0.72	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75
A\$/US\$	A\$/US\$	\$0.67	\$0.67	\$0.64	\$0.64	\$0.64	\$0.64	\$0.64
Production								
Oil and Liquids	bbl/d	263	196	246	254	254	254	838
Natural Gas	mmcf/d	0.2	0.1	0.1	5.6	1.6	5.6	1.6
Total (6 mcf = 1 boe)	boe/d	289	216	270	1,193	516	1,191	1,100
% Oil and Liquids	%	91%	90%	91%	21%	49%	21%	76%
Netbacks								
Realized Price	US\$/boe	\$83.56	\$90.29	\$67.52	\$42.48	\$51.38	\$42.49	\$59.41
Royalties	US\$/boe	\$4.73	\$5.75	\$3.33	\$5.77	\$3.19	\$5.79	\$7.85
Production & Transport Costs	US\$/boe	\$81.04	\$105.57	\$111.67	\$28.21	\$57.86	\$28.26	\$44.39
Operating Netback	US\$/boe	(\$2.21)	(\$21.03)	(\$47.48)	\$8.50	(\$9.67)	\$8.45	\$7.17
Taxes	US\$/boe	-\$2.47	\$0.00	\$0.00	\$2.40	\$1.21	\$3.09	\$3.31
Cash Flow Netback	US\$/boe	(\$8.94)	(\$27.44)	(\$32.58)	\$11.55	(\$0.93)	\$10.82	\$14.73
Government Take	%	3%	6%	5%	19%	9%	21%	19%
Financials								
Cash Flow (CFO)	US\$mm	(\$2)	(\$1)	(\$2)	\$5	(\$0)	\$5	\$6
CFPS - diluted	US\$/shr	(\$0.00)	(\$0.00)	(\$0.01)	\$0.01	(\$0.00)	\$0.01	\$0.01
EBITDAX	US\$mm	\$1	(\$0)	(\$3)	\$6	\$0	\$6	\$7
E&D Capex	US\$mm	\$5	\$19	\$2	\$1	\$1	\$3	\$5
A&D Capex, Net	US\$mm	(\$5)	(\$12)	\$0	\$0	\$0	\$0	\$0
Total Net Capex	US\$mm	(\$0)	\$7	\$2	\$1	\$1	\$3	\$5
Total Net Capex/CFO	x	0.2x	-5.4x	-1.0x	0.2x	-3.9x	0.6x	0.8x
Leverage								
Net Debt	US\$mm	(\$4)	(\$5)	(\$0)	(\$6)	(\$5)	(\$7)	(\$9)
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	428	574	574	574	574	574	574
Diluted Shares o/s @ YE	mm	502	657	616	616	616	616	616
Market Capitalization	US\$mm	\$8	\$10	\$9	\$9	\$9	\$9	\$9
Enterprise Value	US\$mm	\$4	\$5	\$9	\$3	\$4	\$2	\$1
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	(\$7)	(\$20)	(\$4)	\$4	(\$1)	\$2	\$1
Cash Use/CFO	%	16%	-535%	-103%	16%	-390%	58%	78%
Performance								
Prod. Per Shr Growth (Y/Y) - dil	%	76%	240%	15%	359%	n.a.	n.a.	-8%
PPS Growth (Y/Y) DDA - dil. ^b	%	93%	1429%	-69%	396%	n.a.	n.a.	26%
CFPS Growth (Y/Y) - dil.	%	-177%	-34%	65%	-335%	-104%	-2377%	26%
CFPS Growth (Y/Y) DDA - dil. ^b	%	-223%	1252%	-59%	-363%	n.a.	-100%	71%
ROCE	%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net Asset Value								
CNAV (Atax) - diluted	A\$/shr	A\$ 0.050						
RENAV (Atax) - diluted	A\$/shr	A\$ 0.293						
Unrisked NAV (Atax) - diluted	A\$/shr	A\$ 3.126						
P/CNAV	x	0.5x						
P/RENAV	x	0.1x						
P/Unrisked NAV	x	0.0x						
Valuation								
Share Price, YE/Current	A\$/shr	A\$ 0.023	A\$ 0.023	A\$ 0.023	A\$ 0.023	A\$ 0.023	A\$ 0.023	A\$ 0.023
P/CF	x	-42.2x	-4.0x	-2.8x	1.7x	-49.8x	1.9x	1.5x
EV/DACF	x	n.a.	-3.0x	-2.9x	0.4x	-13.9x	0.3x	0.1x
Target EV/DACF	x	-13.8x	-8.0x	-5.5x	2.7x	-81.6x	2.8x	2.1x
EV per boe/d	US\$/boe/d	\$12,826	\$24,418	\$33,047	\$2,351	\$7,383	\$1,543	\$502
Proved Plus Probable	mmboe	5	5	4	4	4	3	3
EV per 2P boe	US\$/boe	\$0.81	\$1.17	\$2.02	\$0.71	\$1.01	\$0.55	\$0.19
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 30 Apr 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 (YE25)		0	0.000		0	0.000	0%
G&A		-13	-0.033		-13	-0.033	-11%
Options and Warrants Exercised		4	0.010		4	0.010	3%
Austria							
Zistersdorf 2P Reserves	2	7	0.017	100%	7	0.017	6%
Anshof 2P Reserves	3	23	0.059	95%	22	0.056	19%
Total Core NAV		21	0.053		20	0.050	17%
Austria							
Welchau Prospect - Steinalm formation	45	273	0.693	15%	41	0.104	35%
Welchau Prospect - Reifling formation	19	117	0.297	25%	29	0.074	25%
Shallow gas prospect 1 (farm-out)	0.5	16	0.041	60%	10	0.025	8%
Shallow gas prospect 2 (farm-out)	0.5	15	0.037	60%	9	0.022	8%
Anshof area oil prospect (farm-out)	2	16	0.040	45%	7	0.018	6%
Remaining prospects	72	544	1.379	30%	163		0%
H2 30 MW CH4 Equivalent		11	0.029				0%
Additional value - H2 30 MW H2 Market (US\$4/kg)		42	0.107				0%
Romania							
Iecea Mare	2	7	0.018	60%	4		0%
Italy							
d363C.R.-AX oil contingent resources	155	171	0.433	25%	43		0%
Total Risked Appraisal & Exploration		1,212	3.073		306	0.243	83%
Total NAV		1,232.34	3.126		326	0.293	100%
Unrisked NAV						3.126	
P/Core NAV					46.1%		
P/NAV					7.8%		
P/Unrisked NAV					0.7%		

Source: Auctus, Company Disclosures

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