

# ADX Energy Ltd (ASX: ADX)

September 15, 2025

Share price: A\$0.03

**Target: A\$0.30**

## Deep dive into Italy

- ADX has released further details on its C.R 150.AU permit; located in shallow waters offshore western Sicily, ~50 km from a potential onshore tie-in to the TransMed pipeline, which transports Algerian gas to Europe.
- While initial efforts centred on the Nilde oil field, ADX has shifted its strategic focus toward gas, reflecting the evidence of high quality gas from historic oil exploration in the permit, Europe's growing demand for domestic supply and the recent offshore development of nearby Argo-Cassiopea—the largest greenfield gas project in Italy (~350 bcf).
- Italy's current regulatory and political environment remains supportive of upstream activity, with continued exploration across the Sicily Channel.
- The area has been historically very prospective for gas. Notably, in late 2024, ENI and Energean encountered ~100 bcf at the Gemini discovery, which may be commercialised via Argo-Cassiopea infrastructure which commenced production in August 2024. On ADX's permit, gas shows were recorded at multiple depths (512 m, 657 m, and 812 m) in the Nilde 2 well while targeting deeper oil reservoirs.
- The gas play targeted by ADX is proven, with excellent reservoir characteristics observed in regional analogs across Sicily and Tunisia—most notably porosities exceeding 30%. Multiple prospects were identified in high quality 2D seismic indicating gas amplitudes.
- The principal risk for ADX is commerciality. However shallow water depths, drill depths and proximity to shore is expected to facilitate the commerciality of any discoveries. The company believes that a 150 bcf development would be viable, supported by stacked reservoirs capable of delivering high flow rates. As of 2022, five mapped prospects on the permit were estimated to contain 369 bcf of prospective resources (best case). With ongoing seismic reprocessing, combined with data from recent discoveries, ADX expects both the number of prospects and the resource estimates to increase materially, driven by improved imaging of stacked reservoirs and higher porosity assumptions. The P10 case for the existing prospects already suggests 772 bcf of prospective resources, with associated geological risks expected to decline.
- We re-iterate our target price of A\$0.30 per share.

## Italy economics

Italy offers attractive fiscal terms for upstream development, with royalties set at just 10% and a corporate tax rate of 27.5%. ADX estimates that a 300 bcf gas development—spanning three fields and six subsea-completed wells (each producing ~15 mmcf/d) tied back to shore—would require capital expenditure of ~US\$380 mm. Based on current assumptions, this project carries a undiscounted free cash flow of ~US\$1.6 bn, equating to ~A\$4.00/sh.

## Valuation

Our ReNAV of A\$0.28 per share for the company is unchanged.

Rating & target		Old	New	
Target		A\$ 0.300	n.c.	
Yield			0%	
Implied total return			1100%	
Share data		2024	2025e	2026e
Shares dil., mm	657	616	616	
Mkt cap, US\$mm	\$11	\$10	\$10	
EV, US\$mm	\$6	\$9	\$13	
Financial Data		2024	2025e	2026e
Gas, mmcf/d	0.1	0.1	0.1	
Liquids, bbl/d	196	248	247	
Total boe/d (6:1)	216	271	270	
CFO, US\$mm	(\$1)	(\$1)	(\$2)	
Net capex, US\$mm	\$7	\$2	\$2	
Net debt, US\$mm	(\$5)	(\$1)	\$3	
CFPS dil., US\$/shr	(\$0.00)	(\$0.00)	(\$0.00)	
EPS dil., US\$/shr	(\$0.01)	(\$0.01)	(\$0.01)	
Valuation		2024	2025e	2026e
Share price, A\$/shr	A\$ 0.025	A\$ 0.025	A\$ 0.025	
EV/DACF	-3.5x	-4.6x	-5.4x	
EV per boe/d (US\$)	\$28,472	\$33,362	\$48,739	
Net asset value				
CNAV, A\$/shr				A\$ 0.003
RENAV, A\$/shr				A\$ 0.281
Unrisked NAV, A\$/shr				A\$ 3.037
P/RENAV				0.1x
P/ENAV				0.0x
All figures in US\$ unless otherwise noted				
A\$/US\$:	0.65			

## Contact details

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**Figure 1. Financial & operating information**

**ADX Energy Ltd (ADX AU)**

<b>Financial &amp; Operating Information</b>		<b>2023</b>	<b>2024</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>	<b>2028e</b>	<b>2029e</b>
<b>Commodity Prices</b>								
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	\$11.60	\$11.67	\$11.67	\$11.67
A\$/US\$	A\$/US\$	\$0.67	\$0.67	\$0.65	\$0.65	\$0.65	\$0.65	\$0.65
<b>Production</b>								
Oil and Liquids	bbl/d	263	196	248	247	247	247	247
Natural Gas	mmcf/d	0.2	0.1	0.1	0.1	0.1	2.6	5.1
Total (6 mcf = 1 boe)	boe/d	289	216	271	270	268	688	1,102
% Oil and Liquids	%	91%	90%	91%	91%	92%	36%	22%
<b>Netbacks</b>								
Realized Price	US\$/boe	\$83.56	\$90.29	\$68.87	\$65.89	\$65.89	\$68.40	\$69.00
Royalties	US\$/boe	\$4.73	\$5.75	\$2.91	\$3.41	\$3.44	\$10.74	\$12.49
Production & Transport Costs	US\$/boe	\$81.04	\$105.57	\$98.02	\$88.53	\$89.22	\$38.15	\$25.92
Operating Netback	US\$/boe	(\$2.21)	(\$21.03)	(\$32.06)	(\$26.05)	(\$26.77)	\$19.51	\$30.60
Taxes	US\$/boe	-\$2.47	\$0.00	\$0.00	\$0.00	\$0.00	\$0.16	\$0.10
Cash Flow Netback	US\$/boe	(\$8.94)	(\$27.44)	(\$11.52)	(\$16.15)	(\$16.79)	\$24.43	\$34.40
Government Take	%	3%	6%	4%	5%	5%	16%	18%
<b>Financials</b>								
Cash Flow (CFO)	US\$mm	(\$2)	(\$1)	(\$1)	(\$2)	(\$3)	\$5	\$12
CFPS - diluted	US\$/shr	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	\$0.01	\$0.02
EBITDAX	US\$mm	\$1	(\$0)	(\$2)	(\$2)	(\$2)	\$6	\$14
E&D Capex	US\$mm	\$5	\$19	\$2	\$2	\$1	\$3	\$0
A&D Capex, Net	US\$mm	(\$5)	(\$12)	\$0	\$0	\$0	\$0	\$0
Total Net Capex	US\$mm	(\$0)	\$7	\$2	\$2	\$1	\$3	\$0
Total Net Capex/CFO	x	0.2x	-5.4x	-1.6x	-1.0x	-0.5x	0.6x	0.0x
<b>Leverage</b>								
Net Debt	US\$mm	(\$4)	(\$5)	(\$1)	\$3	\$8	\$6	(\$6)
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.	-1.0x	1.7x	0.5x
<b>Capital Structure</b>								
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	\$11	\$10	\$10	\$10	\$10	\$10
Enterprise Value	US\$mm	\$4	\$6	\$9	\$13	\$18	\$16	\$4
<b>Dividends &amp; Sustainability</b>								
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)	(\$5)	(\$5)	\$2	\$12
Cash Use/CFO	%	16%	-535%	-162%	-96%	-48%	63%	3%
<b>Performance</b>								
Prod. Per Shr Growth (Y/Y) - dil.	%	76%	240%	15%	4%	-1%	157%	60%
PPS Growth (Y/Y) DDA - dil.	%	92%	1082%	-57%	-40%	-37%	110%	381%
CFPS Growth (Y/Y) - dil.	%	-177%	-34%	6%	55%	44%	-252%	166%
CFPS Growth (Y/Y) DDA - dil.	%	-222%	945%	-63%	-6%	-8%	-225%	700%
ROCE	%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Net Asset Value</b>								
RENAV (Atax) - diluted	A\$/shr	A\$ 0.281						
Unrisked NAV (Atax) - diluted	A\$/shr	A\$ 3.037						
P/CNAV	x	9.3x						
P/RENAV	x	0.1x						
P/Unrisked NAV	x	0.0x						
<b>Valuation</b>								
Share Price, YE/Current	A\$/shr	A\$ 0.025	A\$ 0.025	A\$ 0.025	A\$ 0.025	A\$ 0.025	A\$ 0.025	A\$ 0.025
P/CF	x	-45.8x	-4.4x	-8.8x	-6.0x	-5.9x	1.6x	0.7x
EV/DACF	x	n.a.	-3.5x	-4.6x	-5.4x	-7.0x	1.7x	0.2x
Target EV/DACF	x	-13.8x	-8.0x	-15.4x	-12.7x	-14.1x	3.6x	1.0x
EV per boe/d	US\$/boe/d	\$15,143	\$28,472	\$33,362	\$48,739	\$65,940	\$23,194	\$3,675
Proved Plus Probable	mmboe	5	5	5	5	5	4	4
EV per 2P boe	US\$/boe	\$0.86	\$1.23	\$1.84	\$2.73	\$3.75	\$3.57	\$1.00
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

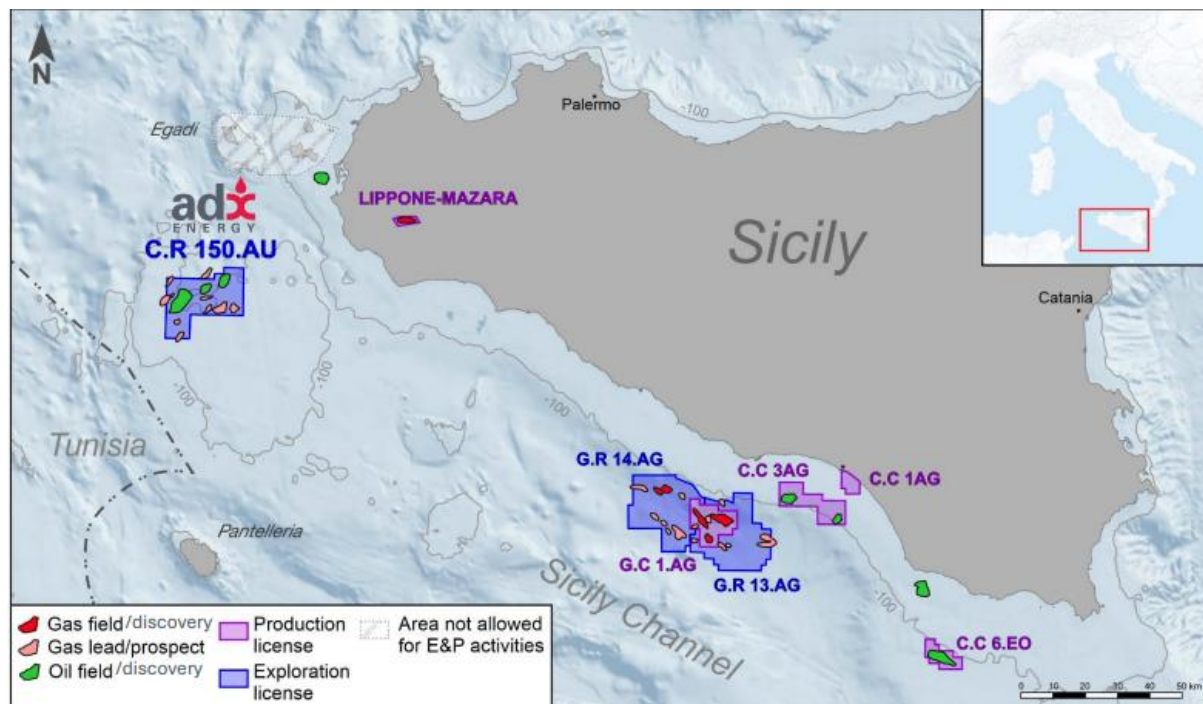
\*\*Futures strip as of 4-Sep-25

## Sicily portfolio

ADX holds a 100% interest in the C.R 150.AU permit located in shallow waters offshore western Sicily, ~50 km from a potential onshore tie-in to the TransMed pipeline, which transports Algerian gas to Europe.

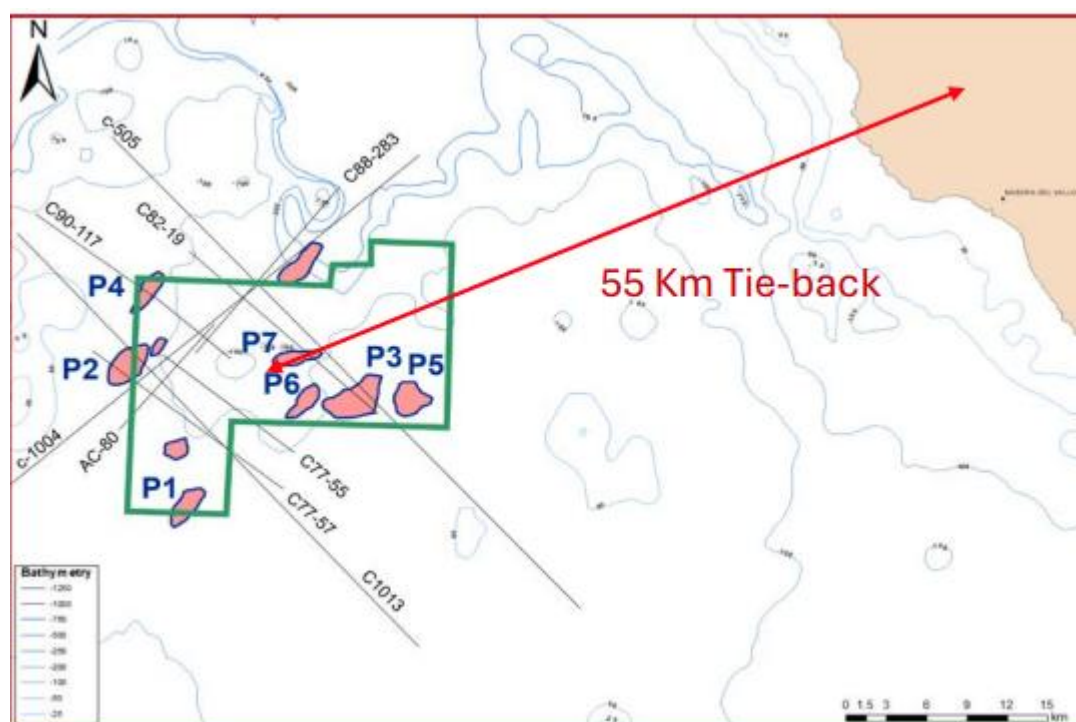
As of 2022, five mapped prospects within the permit area were estimated to contain between 103 and 772 bcf of prospective gas resources (P90–P10), with a best estimate of 369 bcf. Individually, the prospects range in size from 42 to 106 bcf (best case).

**Figure 2. Permits in Sicily**



Source: Company

**Figure 3. Identified prospects**



Source: Company

### **Licence and fiscal terms**

Exploration permits are granted for an initial six-year term, with the option for two successive three-year renewals. While the minimum work obligation includes drilling a single well, operators retain the flexibility to relinquish the permit without drilling, thereby limiting financial exposure.

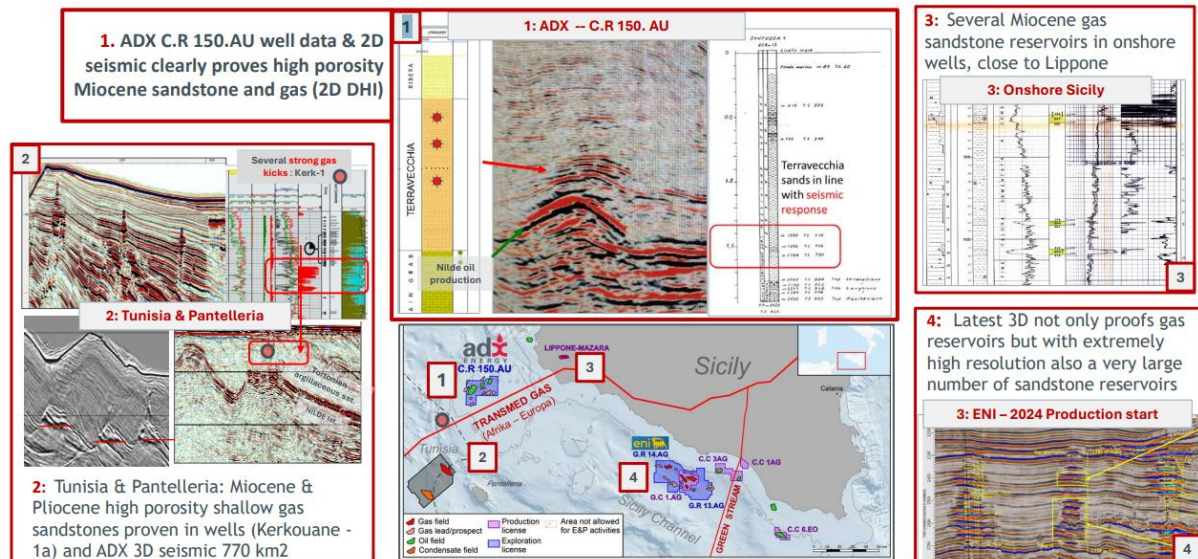
### **Learning from analogs and seismic**

The region has long been recognised as highly prospective for gas, with proven accumulations across a broad area in reservoir settings analogous to those targeted by ADX on its C.R 150.AU permit. Notably, in late 2024, ENI and Energean announced the ~100 bcf Gemini discovery, which may be commercialised via existing Argo-Cassiopea infrastructure which commenced commercial production in August 2024. Within ADX's acreage, the Nilde 2 well recorded strong gas shows at multiple depths (512 m, 657 m, and 812 m) while drilling toward deeper oil objectives. Strong kicks were also encountered in shallow, high-permeability reservoirs at the Kerk-1 well offshore Tunisia, near the maritime boundary with Sicily. Excellent analogies also exist at the Lippone field which is now estimated to be 87% depleted. The field is ~ 50 km from ADX' permit and may provide future development synergies for the tie back of discoveries. Both Lippone and Argo-Cassiopea produce Biogenic gas (99% Methane) requiring minimal processing.



The targeted reservoirs comprise high-porosity (up to 33%) late Tortonian (Upper Miocene) turbiditic sandstones and conglomerates, with a combination of structural and stratigraphic traps.

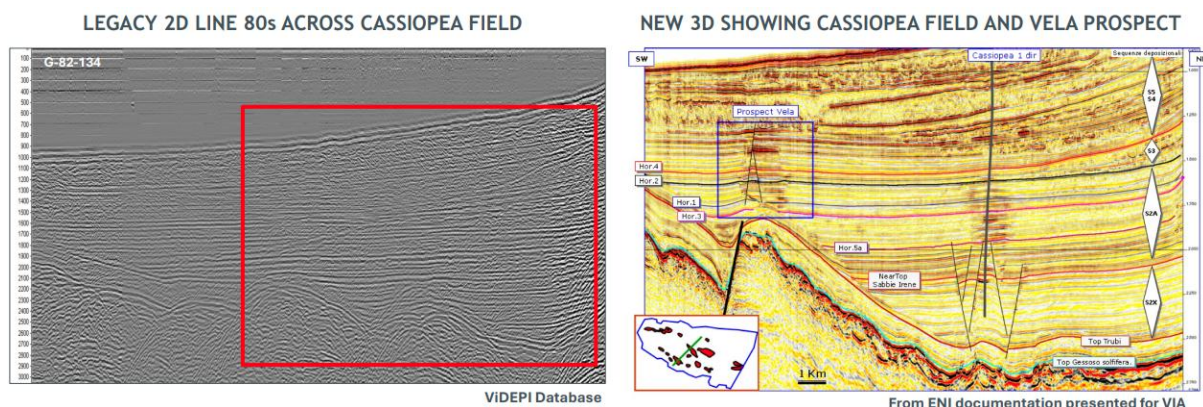
**Figure 4. Proven analogs in the area**



Source: Company

Modern seismic reprocessing is expected to materially enhance subsurface resolution, enabling clearer identification of stacked reservoir intervals in future wells. A compelling example is the recent 3D seismic acquisition over ENI and Energean's Cassiopea field and the adjacent Vela prospect, which revealed distinct amplitude anomalies associated with gas-bearing stacked reservoirs—features that were not discernible on legacy seismic datasets. These advancements underscore the potential for improved prospect delineation and resource estimation across analogous plays.

**Figure 5. The impact of 3D seismic at Cassiopea and Vela**



Source: Company

**Figure 6. 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)		1	0.002		1	0.002	1%
G&A		-13	-0.033		-13	-0.033	-12%
Options and Warrants Exercised		4	0.010		4	0.010	4%
<b>Austria</b>							
Zistersdorf 2P Reserves	2	8	0.020	100%	8	0.020	7%
Anshof Producing Reserves	4	1	0.003	30%	1	0.003	1%
<b>Total Core NAV</b>		<b>1</b>	<b>0.003</b>		<b>1</b>	<b>0.003</b>	<b>1%</b>
<b>Austria</b>							
Anshof Remaining 2P Reserves	0	14	0.035	30%	4	0.010	4%
Anshof area oil prospect (farm-out)	5	42	0.105				0%
Welchau Prospect - Steinalm formation	45	350	0.873	10%	35	0.087	31%
Welchau Prospect - Reifling formation	19	150	0.374	20%	30	0.075	27%
Welchau ROS oil prospect	11	86	0.000				0%
Welchau Deep gas prospect	11	85	0.000				0%
GOLD/ZAUN/GRAB shallow gas Cluster (farm-out)	1	20	0.050	72%	14	0.036	13%
PICH shallow gas prospect (farm-out)	0	8	0.019	75%	6	0.014	5%
STEY shallow gas prospect (farm-out)	0	1	0.001	68%	0	0.001	0%
HOCH and SCHOE shallow gas prospects (farm-out)	0	8	0.020	57%	4	0.011	4%
HASE Shallow Gas gas prospect (farm-out)	1	0	0.000				0%
Sub-Flysch area gas prospects	30	234	0.586				0%
Molasse area gas prospects	3	26	0.064				0%
<b>Romania</b>							
Iecea Mare	2	7	0.018				0%
<b>Italy</b>							
C.R150.AU gas prospective resources	96	185	0.461	25%	17	0.043	15%
<b>Total Risked Appraisal &amp; Exploration</b>		<b>1,215</b>	<b>2.606</b>		<b>116</b>	<b>0.278</b>	<b>99%</b>
<b>Total NAV</b>		<b>1,215.98</b>	<b>2.609</b>		<b>117</b>	<b>0.281</b>	<b>100%</b>
<b>Unrisked NAV</b>						<b>3.037</b>	
<b>P/NAV</b>					<b>8.9%</b>		
<b>P/Unrisked NAV</b>					<b>0.8%</b>		

Source: Auctus, Company Disclosures

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