



ADX Energy Ltd

ABN 50 009 058 646

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
30 JUNE 2023

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Directors

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

Company Secretaries

Amanda Sparks
Peter Ironside

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1254 Hay Street
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Stock Exchange Listing

Australian Stock Exchange - ASX Code: ADX
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Perth, Western Australia 6000

Auditors

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DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 30 June 2023.

DIRECTORS

The names of Directors of the Company during or since the half-year and up to the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Name	Position
Mr Ian Tchacos	Executive Chairman
Mr Paul Fink	CEO and Executive Director
Mr Andrew Childs	Non-Executive Director
Mr Edouard Etienvre	Non-Executive Director

REVIEW AND RESULTS OF OPERATIONS

Summary of Financial Performance

A summary of key financial indicators for the Group is set out in the following table:

	Consolidated 6 Months to 30 June 2023 \$	Consolidated 6 Months to 30 June 2022 \$
Net loss for the half-year after tax attributable to members of the Parent Entity	(2,299,049)	(940,466)
Included in loss for the half-year:		
Operating revenue and other income	7,707,391	6,658,608
Cost of sales – operating costs	(4,745,087)	(2,656,234)
Cost of sales – royalties	(472,131)	(13,525)
Cost of sales – depreciation/amortisation	(1,200,741)	(1,180,111)
Restoration expenses – changes in abandonment provision	(648,207)	(280,243)
Dry well cost	(387,461)	-
Exploration expensed	(1,072,561)	(1,097,331)
Basic profit/(loss) per share (cents) from continuing operations	(0.06) cents	(0.03) cents
Net cash from/(used in) operating activities	(54,980)	2,381,100
Net cash from/(used in) investing activities	(1,180,848)	(4,699,645)
Net cash from/(used in) financing activities	(426,938)	(1,102,105)

Production in Austria was as follows:

	6 Months to 30 June 2023	6 Months to 30 June 2022
Crude Oil Sold (Barrels)*	55,541	37,566
Gas Delivered (M ³)	703,010	1,046,230
Total Oil Equivalent (BOE)	59,824	43,940
Average Production Rate (BOEPD)	331	243

* Crude oil sold represents total gross production. This includes 20,380 crude oil sold from the Anshof-3 well for the six months to 30 June 2023 (2022: nil). Refer to note 13 of the financial statements for partnership details for the Anshof-3 well.

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Operations Review

Activities Overview

During the half year ended 30 June 2023, ADX Energy Ltd (ADX or the Company) focussed on production from our Austrian Gaiselberg and Zistersdorf fields in the Vienna Basin (Vienna Basin Fields), long term production testing from the Anshof-3 discovery in Upper Austria (Anshof Field), the development of the ADX exploration portfolio in Upper Austria and preparations for exploration, appraisal and development drilling in Upper Austria.

The safety of our people including our contractors and the protection of the environment within the communities in which we work is of paramount importance to ADX. The Board of ADX is proud to report that no lost time incidents (LTI) were recorded during the reporting period for safety or environmental causes at ADX' Vienna Fields, the Anshof Field or the Company's exploration licences.

During the reporting period we continued to:

- produce safe, long life and low emissions oil and gas at the Vienna Basin Fields;
- produce stable, economic test production from the Anshof Field;
- expand and enhance our portfolio of high impact and low risk exploration in Upper Austria;
- permit, procure and plan for the drilling of two appraisal and development wells at Anshof as well as the giant Welchau gas prospect in Upper Austria; and
- progress pre-feasibility work on complimentary renewable energy projects in our Austrian asset portfolio.

The Company has successfully:

- developed a substantial new source of stable cashflow and further substantiated the reserves and production potential of the Anshof Field (*refer Anshof Field Potential below*);
- secured a production licence for the Anshof Field;
- matured for drilling a step out prospect adjacent to the Anshof Field which is of similar resource scale and judged to be appraisal in nature due to a historic well that is believed to have tested oil at the GRB prospect;
- progressed a rigorous permitting process for the drilling of the Welchau gas prospect while addressing relevant stakeholder and community interests (*refer Welchau Prospect Potential below*);
- identified a new play of shallow gas prospects which are likely to be highly productive, cost-effective to drill and rapid to develop (*refer Shallow Gas Play*); and
- engaged with a new partner to coinvest with ADX to develop its Upper Austrian portfolio of assets. (*refer Anshof Funding Partner*).

Anshof Field Potential: Anshof has contributed to a 30% plus increase to ADX' production and an increase in the 2P reserves base of approximately 223% as at 31 December 2022 (based on an independent reserves review, ASX release dated 31 October 2022). The Anshof 2P (proven + probable) gross reserves estimated at 5.2 million barrels of oil equivalent as at 1 October 2022¹. Anshof has the potential to deliver further multiples of cashflow as well as reserves upside with the two appraisal and development wells planned in late 2023 and early 2024.

Welchau Prospect Potential: The giant Welchau gas exploration prospect (WEL) is an exceptional domestic energy supply opportunity located in the heart of Europe. Welchau will target the same reservoirs as the nearby Molln-1 well which tested pipeline quality gas in 1989. The prospect is relatively shallow to drill and a short tie-in distance to the national gas pipeline network (approx. 18 km).

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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Shallow Gas Play: Multiple, newly identified shallow gas prospects (Refer Figure 1 GAST, HOCH and SHOE prospects) generated with AI (Artificial Intelligence) software, modern sequence stratigraphic concepts and 3D seismic. The prospects are shallow to drill, proximal to gas pipeline infrastructure, have large stratigraphic upside potential, proven high permeability reservoirs and the potential for multiple follow ups.

Anshof Funding Partner: After the reporting period (refer ASX release dated 8 August 2023), the Company announced a transformational transaction with MND Austria a.s. (MND) to fund a total firm and contingent investment obligation of EUR 11.52 million (*A\$ 19.20 million*) to earn a 30% economic interest in the Anshof Field development. The funds will initially be deployed on the drilling the Anshof-2 and Anshof-1 development wells.

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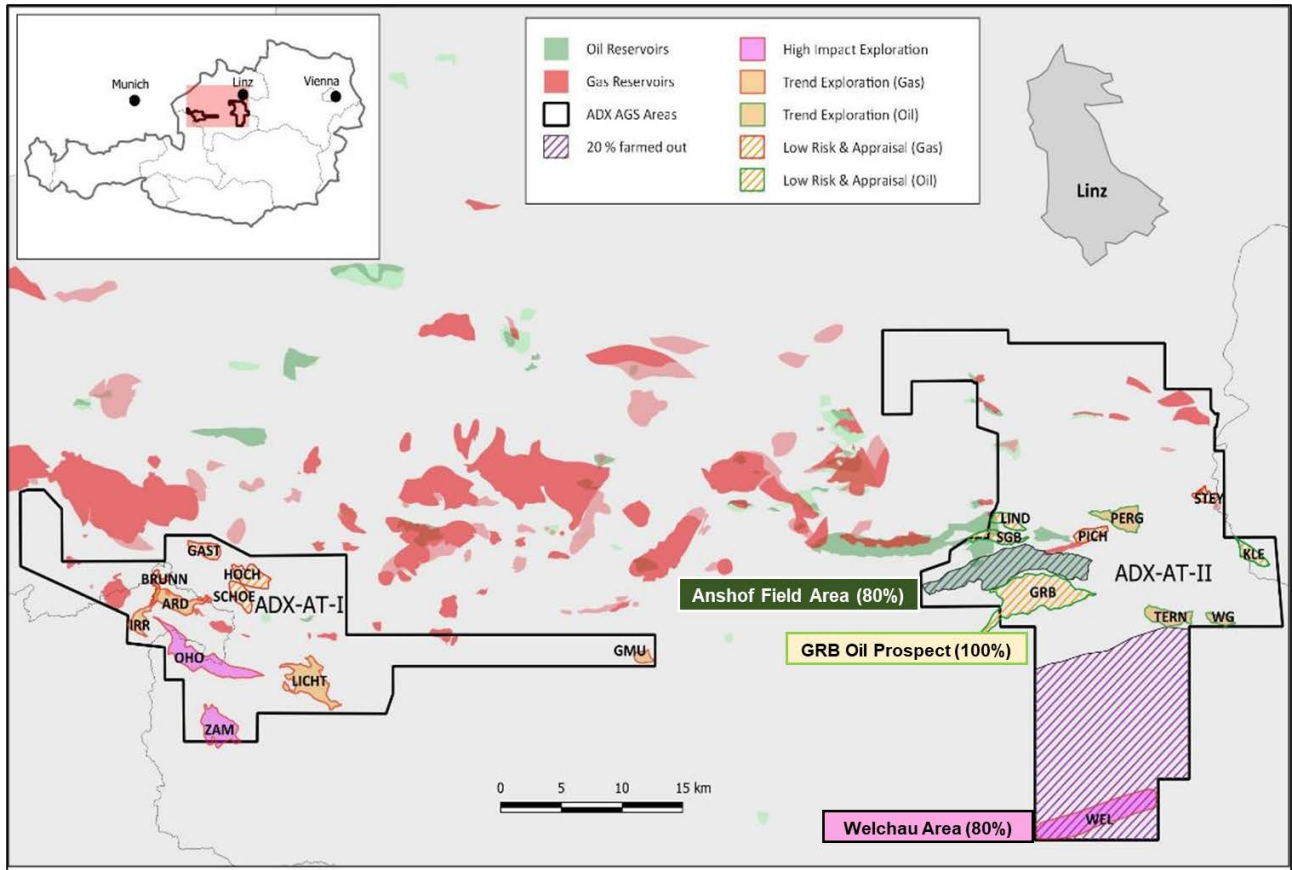


Figure 1: Map showing expanded Upper Austrian ADX-AT-I and ADX-AT-II licence areas including the Anshof oil discovery and farmin area as well as exploration prospects including the Welchau gas prospect and the Welchau farmin area

As described in the Asset Activities Summary section, oil production increased by 39%² during the period compared to the previous six months to 31 December 2022 as a result of increased well uptime at the Vienna Basin Fields and extended production testing at the Anshof Field. Gas volumes from the Vienna Basin Fields decreased by 34% when compared to the first half of 2022 due to depletion of a gas zone in a Vienna Basin Field well. During the period there was a 67% deterioration in gas price as well as a 14% deterioration in oil pricing compared to the previous six months to 31 December 2022 which resulted in a 17% decline in sales revenue despite the significantly higher oil production levels.

² Increase of 45% on a gross basis. Gross basis refers to 100% of all oil production, prior to deducting the Anshof-3 partners' 20% economic interest.

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Figure 2: Graph showing cash movements during the 6 months ending 30 June 2023

During the reporting period A\$ 3.4 million was generated from production operations, A\$ 2.3 million was utilised on corporate and administrative costs, A\$ 1.4 million was expended on capital costs and A\$ 1.1 million on exploration expenditures. The exploration and capital costs were predominantly pre-investments in upcoming drilling programs at Anshof and Welchau.

Oil and gas pricing conditions in Austria deteriorated from the unprecedented gas pricing levels experienced in late 2022 following Russia’s invasion of Ukraine. Brent oil price dropped from an average of US\$ 94.80 per barrel in the second half of 2022 to US\$ 79.83 per barrel for the first half of 2023. While oil and gas prices remain volatile the current pricing conditions remain favourable for oil and gas exploration, development and production.

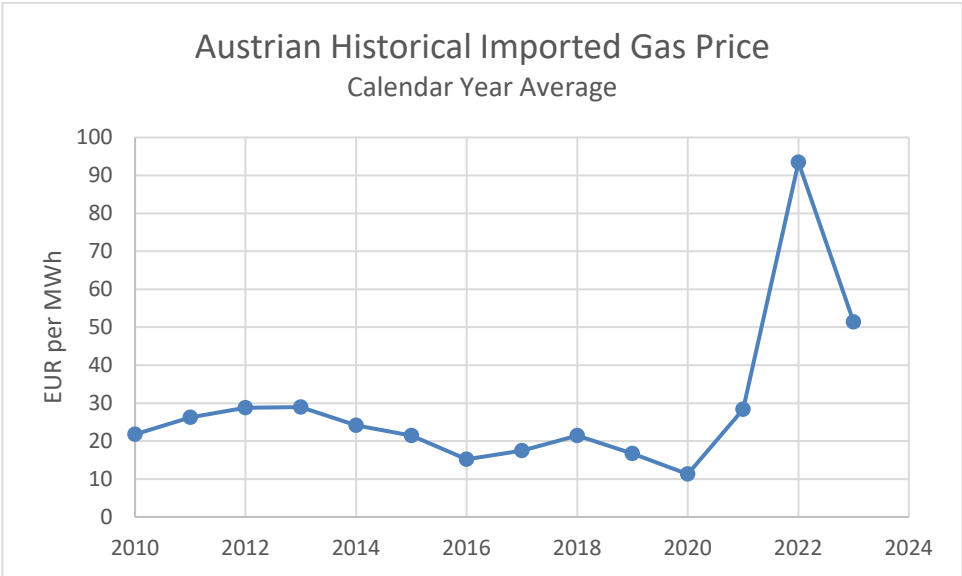


Figure 3: Graph showing historical pricing for gas imported into Austria

It is worth noting that global demand for oil reached its highest level in history during June 2023 according to the International Energy Agency. While oil demand continues to build new supply and reserves is declining as result of reduced

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investment in exploration and development. This is likely to result in robust oil pricing for the foreseeable future despite efforts to transition to other forms of energy.

Gas price received at our Vienna Basin Fields averaged EUR 55.69 per MWh during the first half of 2023 compared to EUR 154.54 per MWh during the second half of 2022. Despite the significant reduction in gas price since last year the current gas price remains favourable for gas exploration and development. In the ten years prior to the pricing imbalances experienced in 2020 due to Covid and in 2022 due to the Ukraine crisis, historical gas prices imported into Austria averaged EUR 22 per MWh. The gas price for 2023 year to date (January to August) is EUR 51 per MWh which is a significant premium to the historical long term average. It is envisaged that the trading range for gas will be between EUR 30 to 50 per MWh depending on demand, gas storage levels and the price of imported liquified natural gas (LNG).

The primary focus of the Company during the reporting period has been on delivering conventional oil and gas which is much needed in energy starved Europe. While political ambitions for renewable energy in Austria have been positive, the conditions in terms of availability of reasonably priced renewable electricity (currently three times the price of gas) and implementation of legislation for hydrogen access to the methane pipeline network has lagged behind (up to 10% hydrogen injection intended into the gas pipelines). The Austrian government's green policy is clear on these issues with the potential introduction of penalties on network operators for delays to reforms. We anticipate that with the planned reforms, ADX will be able to progress the technical definition of its value adding and complimentary renewable projects in the near future. ADX has the opportunity at its Vienna Basin Fields to become the site for an energy hub including a Solar Park, Green Hydrogen Production and underground Hydrogen Reservoir Storage. The production of renewable power from a Solar Park can be used for oil field self consumption, thereby reducing operating costs. Excess power being generated can be used to produce hydrogen for sale directly to high value mobility markets, delivery into the local methane network or storage in depleted reservoirs. This approach will position the Vienna Basin Green Hydrogen Project for third party hydrogen storage and upscale of the Pilot Hydrogen Production project when power prices revert to pre Ukraine invasion historical levels.

In addition to the Hydrogen and Solar projects described above, ADX has evaluated a geothermal opportunity in a proven fractured limestone play in its Upper Austria exploration licences in conjunction with overlying oil and gas prospects. The geothermal target and the stacked oil and gas prospects can be accessed by a single well. The geothermal potential at this location is approximately 18 MW of thermal power which can be used for district heating and power generation. ADX plans to secure a funding partner for this multi energy project.

Summary of Planned Activities

Looking forward to the second half of 2023, the Company is well positioned for the ongoing appraisal and development of the Anshof Field with the planned drilling of the Anshof-2 well during the 4th quarter of 2023 and Anshof-1 early in 2024. These two wells, in combination with the planned installation of a permanent production facility, will enable the step up of production and cash flow from three wells at Anshof. A successful appraisal drilling campaign at Anshof would most likely lead to a multiple well development with increasing production and developed reserves potential capable of providing rapid value and cashflow growth for the Company.

The planned drilling of the Welchau-1 this year is a significant opportunity for the Company to test a transformational gas prospect with World-class resource potential located onshore in the heart of Europe. Success at Welchau would propel the Company to another level in terms of materiality and growth potential.

In the medium-term, further opportunities for oil reserves and production growth potential are provided from further development drilling at Anshof, as well as the drilling of highly prospective nearfield oil exploration at GRB. The Company has developed a rich inventory of gas exploration prospects in the ADX-AT-I licence. The drilling of the first of two drill ready gas prospects is planned in the second half of 2024. The recently developed shallow gas play is likely to be the next

focus for the Company given these prospects provide relatively high value targets, relatively low drilling costs, have low geological risk, are proximal to infrastructure and have extensive follow up potential.

In conjunction with the abovementioned activities, ADX intends to undertake the ongoing feasibility studies in relation to the Vienna Basin Green Hydrogen Project and Solar Park as well as progress partnership formation discussions in relation to the GMU geothermal project in Upper Austria.

Asset Activities Summary

Production Assets, Vienna Basin Fields and Anshof Field – Onshore Austria

ADX is operator and holds a 100% interest in the Vienna Basin production licences.

ADX is operator and holds an 80% economic interest in the Anshof production licences.

The Anshof Field and Vienna Basin Fields production rate during the half year averaged approximately 308 BOEPD compared to 237 BOEPD for the six months to December 2022. The 30% increase is primarily due to more oil production from Anshof in this half year compared with the six months ending in December 2022. It is noted that Anshof production commenced in October 2022.

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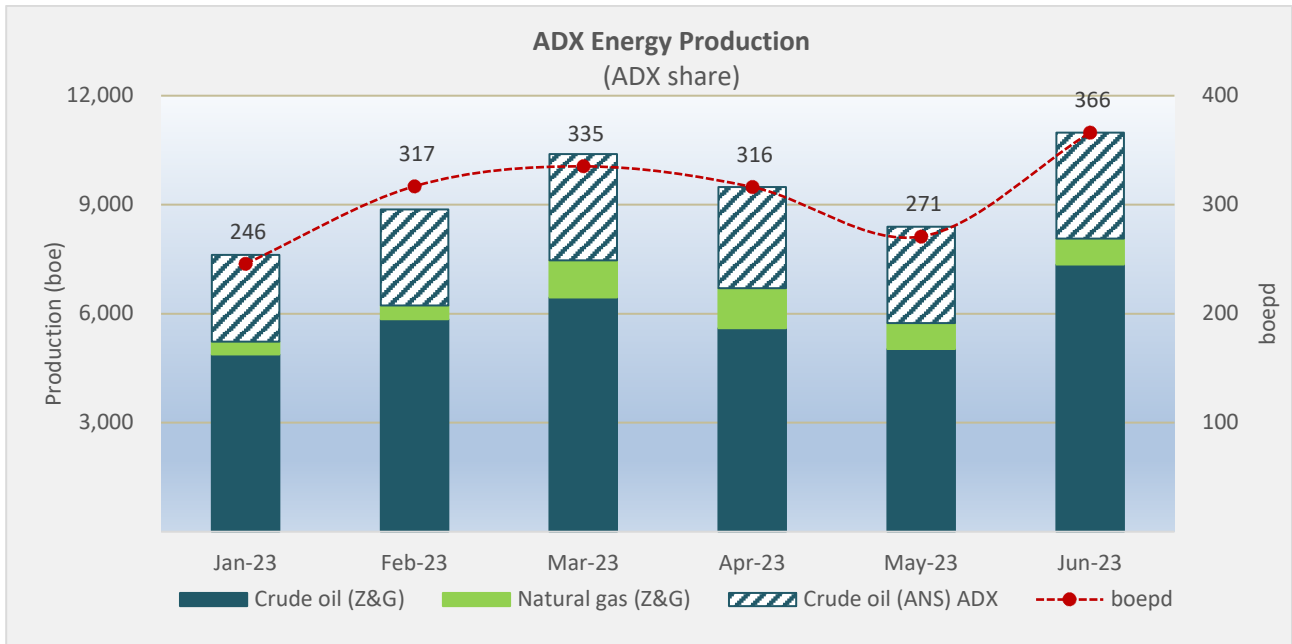


Figure 4: Anshof and Vienna Basin Fields – Monthly production and average daily oil equivalent production rate

Oil and gas sales revenues during the six-month period totalled A\$6.31 million (A\$ 6.7M gross), a 17% drop compared to the previous six months ending 31 December 2022.

The drop in revenue was largely due to lower gas volumes and significantly lower realised gas prices:

- The oil revenue increased by A\$ 961k to A\$ 5.68 million (net basis)³. This 20% increase since the prior quarter was result of a 39% increase in oil production and a 14% lower realised oil price (from A\$ 128 per bbl to A\$ 110 per bbl). There was increase uptime at the Vienna Basin Fields and more production months from Anshof. Anshof now represents 32% of the total half-yearly oil sales. This is up from 14% from the previous six months ending 31 December 2022.

³ Net basis refers to oil production after deducting the Anshof-3 partners' 20% economic interest.

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- The gas revenue dropped by A\$ 2.27 million to A\$ 625k due to a 34% decrease in gas production and a 67% decrease in realised gas prices (from A\$ 451 per boe to A\$ 148 per boe) as prices came off historical highs.

Production was reinstated from a number of wells at the Vienna Basin Fields during the reporting period. Wells at the Vienna Basin Fields require workovers on an ongoing basis to minimise production downtime and maintain stable production. During the reporting period there was the successful installation of 'gravel pack' to minimise sand production in some wells with shallow multi-layer unconsolidated sand reservoirs. Early evidence has shown higher and more stable oil and gas production and should ultimately lead to improved well production uptime and lower workover frequency.

Sales Revenue Variance: 1H 2023 from 2H 2022			
	Volume	Price	Revenue
Gas	-34%	-67%	-78%
Oil (net basis)	39%	-14%	20%
Total			-17%

Table 1: Production sales revenue variance - 1H 2023 to 2H 2022

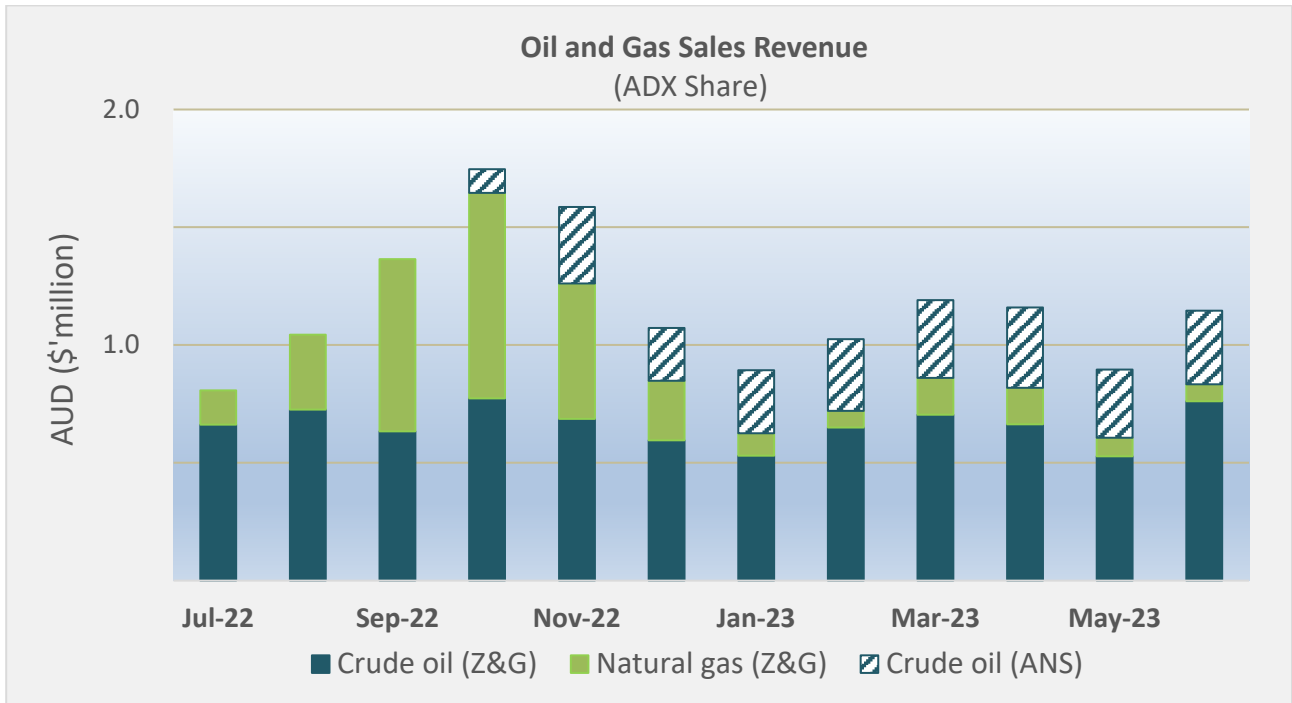


Figure 5: Anshof and Vienna Basin Fields – Monthly oil and gas sales revenue

Vienna Basin Green Hydrogen Project

ADX is progressing an integrated hydrogen project in the Vienna basin which is targeting production of renewable hydrogen (from electrolysis using renewable electricity) and storage of such hydrogen in depleted underground reservoirs at the Vienna Basin Fields which previously produced natural gas.

Renewable hydrogen (H₂) is a carbon and emission free gas (both in its production and combustion) which needs to be produced from electricity generated from renewable sources and a process resulting in CO₂ emissions of less than 36.4 grams per Mega Joule of hydrogen.

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Hydrogen is increasingly considered to be an attractive alternative to natural gas both from a security of supply and environmental perspective. Austria is targeting to produce 100% of its electricity from renewable sources by 2030 and be climate neutral by 2040. As a result, Austria aims to produce 5,000 GWh of green gas by 2030.

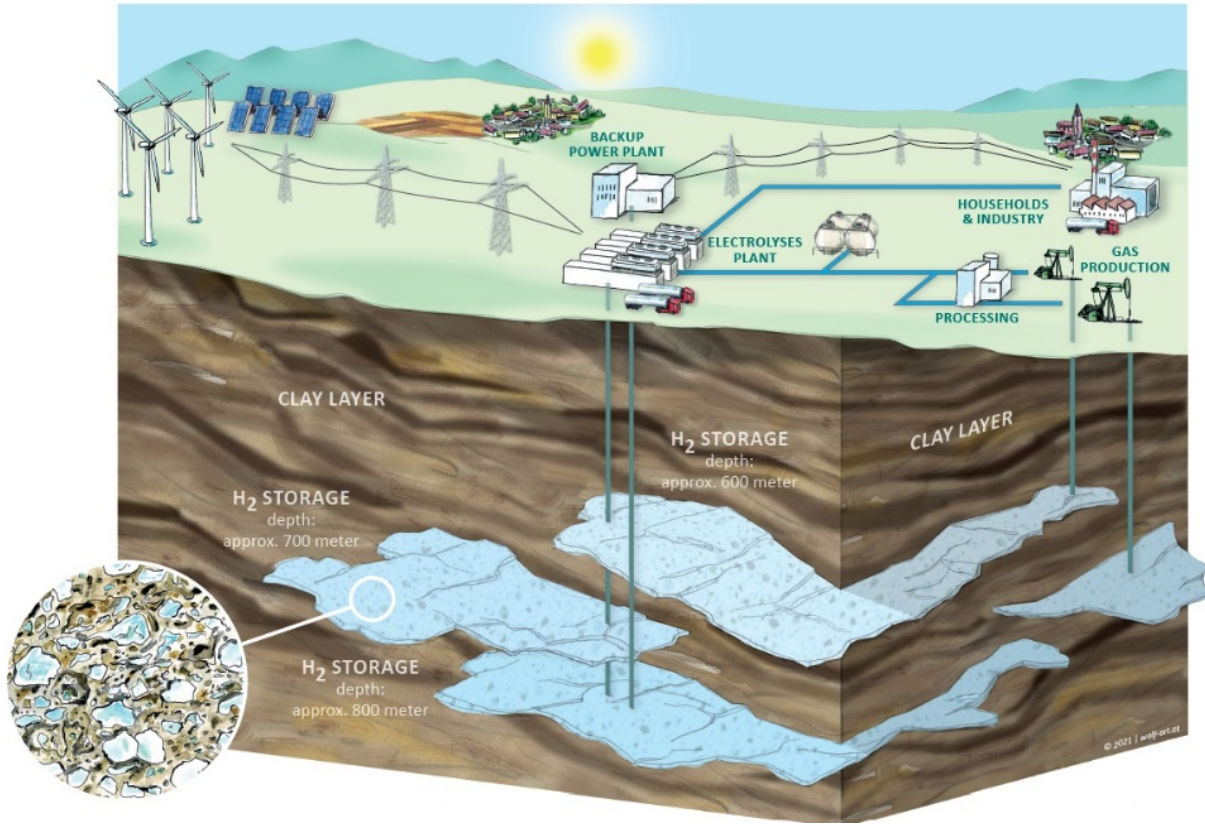


Figure 6: Schematic of the Vienna Basin Production and Storage Project concept

Work done during the reporting period has highlighted the synergies with the Vienna Basin Solar Project (also located at the Vienna Basin Fields) regarding the direct supply of renewable electricity to produce green hydrogen. Depending on the configuration utilised, the Vienna Basin Solar Project could supply electricity at a cost estimated between EUR 25 per MWh to EUR 60 per MWh. This compares with Austria's average wholesale electricity price more than EUR 100 per MWh in the first half of calendar year 2023 (despite lower natural gas prices). Power futures market suggest electricity prices in Austria will remain elevated.

The Vienna Basin Solar Project electricity has the potential to be a low-cost feedstock for green hydrogen production. This will improve the competitiveness of the Vienna Basin Green Hydrogen Project allowing production of green hydrogen for the mobility sector. Moreover, it will comply with the stringent requirements of the European Commission Delegated Act adopted on 10 February 2023 supplementing the European Union Directive 2018/2001 and establishing the rules for the production of renewable liquid and gaseous transport fuels of non-biological origin. The installation of a suitable battery system will allow consistent supply of renewable electricity to run the electrolyser supplementing the use of baseload renewable electricity sourced from the grid.

On this basis, ADX will consider the development of a green hydrogen early production scheme (Green Hydrogen EPS) to materialise a first mover advantage and generate early revenues. For this purpose, a small-scale electrolyser with a capacity of ≤ 250 kW (able to produce up to 50 m³ of hydrogen per hour at full utilisation) could be used. This Green Hydrogen EPS as a potential pre-cursor phase to the Pilot Project (2.5MW electrolyser), combined with the Vienna Basin Solar Project, would:

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- reduce the dependency on renewable electricity from third parties (e.g. wind farms, electricity grid);
- allow more time to work with network operator for upgrades to the electricity grid; and
- allow monetisation of renewable electricity in addition to what can be injected into the grid.

Hydrogen is currently available in 5 filling stations in Austria. However, various networks are interested in developing this segment. In addition, green hydrogen (even in small quantities) has multiple industrial applications and an extensive target customer base within a 100-km radius of the Vienna Basin Fields.

A Green Hydrogen EPS concept will be further reviewed and developed in the second half of the year.

The Green Hydrogen EPS concept and the Vienna Basin Solar Project are complimentary to the development of a larger scale hydrogen storage in depleted reservoirs within the Vienna Basin Fields. Such storage can be used for larger scale hydrogen production by ADX or third-party hydrogen storage when the planned European Hydrogen Backbone⁴ is constructed to connect nearby Vienna to a major hydrogen network.

Activities in the second half of the year will continue to source baseload renewable grid electricity for the pilot phase of the Vienna Basin Green Hydrogen Project (2.5 MW electrolyser capacity).

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. This land position includes available plots representing an area of 1 hectare in aggregate which could be used to install ground-mounted solar power generation plants with a combined capacity of 2 Mega Watt peak (MWp) (Plants) based on an East - West orientation of the photovoltaic (PV) panels.



Figure 7: Potential layout of the PV panels at the Gaiselberg site (approx. 1 MWp)

⁴ The European Hydrogen Backbone (EHB) initiative is a group of European energy infrastructure operators which initially published a vision paper for a dedicated hydrogen pipeline infrastructure, to a large extent based on repurposed natural gas pipelines in July 2020, with maps covering nine EU Member States plus Switzerland, home to the eleven Transmission System Operators (TSOs) participating at that time. Since then, the EHB initiative has grown to 31 European network operators with infrastructure covering 25 EU Member States plus Norway, the United Kingdom, and Switzerland. The EHB as currently contemplated is a geographically extended vision for a dedicated hydrogen infrastructure stretching across these 28 European countries including Austria.

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ADX anticipated that renewable electricity produced from the Plants (estimated at 2 GWh per annum) would be delivered and sold to the local power grid. The output from the Plants could offset approx. 45% of the electricity consumed by ADX to run its low emissions oil and gas production operations at the Vienna Basin Fields (approx. 4.5 GWh per annum).

As part of the permitting process, ADX made an application (on 29 September 2022) to the electricity grid operator Netz Niederösterreich for grid feed-in. The application was for grid connections at two separate connection points i.e. one near ADX' facilities in Gaiselberg, and one near ADX' facilities in Gösting (Zistersdorf field). Each connection sought to connect a potential PV plant with a capacity of 1 MWp.

Netz Niederösterreich have advised that at this time, the grid could only accommodate up to 30% of the available MWh capacity per annum of feed-in electricity at each proposed connection point from a 1 MWp PV installation. This may increase in the future should the grid be upgraded.

It is ADX' long-term plan to make the Vienna Basin Fields a multi-energy hub combining low emissions oil and gas production operations, renewable energy production and hydrogen storage activities.

Due to the limitations imposed by Netz Niederösterreich on access to the electricity grid and the review of alternative monetisation solutions (including the Green Hydrogen EPS), the finalisation of the Vienna Basin Solar Project basis of design (number of plants, location, initial PV capacity, potential expansion of the PV capacity) has been postponed.

The basis of design parameters will be adjusted in the second half of this year to incorporate the requirements and interface with the Green Hydrogen EPS. This will include an assessment of the PV capacity installation ranging from 1 MWp to 2.5 MWp.

Anshof Oil Appraisal and Development Project, Molasse Basin – Onshore Austria

ADX is operator and holds an 80% economic interest in the production licence.

The Anshof-3 well, located in the ADX-AT-II licence in Upper Austria, continues to produce water free oil. Its production performance exceeds expectations with strong pressure support and deliverability. This augurs well for the follow up appraisal and development programme at Anshof. At the beginning of the year the well was shut-in as it completed its pressure build-up test, key data to predict future reservoir performance. Since then, the well has produced 20,380 bbls for the half year under its production test. The crude oil has been redetermined at a slightly higher value crude with a 33.5° API. The crude oil quality continues to meet all the required specifications of the transporter and the buyer (OMV-refinery near Vienna).

Limited crude oil storage capacity at the Anshof-3 well site continues to cause unintended production interruptions, mostly at the end of weekends when road transport is curtailed by road regulation. ADX has refurbished and installed a storage vessel (1 x 50 m³) at the Anshof-3 site during the second quarter of this year to mitigate this limitation. The tank's commissioning is planned for Q3 and will enable an increase in Anshof-3 production to approximately 150 barrels per day.

Further oil storage will be installed on site to facilitate the increased field production after the drilling of the Anshof-2 well.

Anshof-2 and Anshof-1 Development Drilling

The Anshof-2 and Anshof-1 development wells will be drilled from the same drilling and production site as the Anshof-3 well. The wells are planned to progressively target thicker reservoir intersections in the 25 km² mapped Anshof

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structure. Anshof-3 did not intersect an oil water contact and the well continues to produce water free oil, hence a large upside potential area remains to be appraised and developed.

The drilling of Anshof-2 well is planned during the fourth quarter 2023 with a date yet to be determined for the Anshof-1 well. Key activities were carried out during the first half of the year for both Anshof-2 and Anshof-1 including siteworks construction, and well cellar installations and securing the long lead items such as well casing, production tubing and the wellheads.

ADX has general framework contracts in place with RED Drilling & Services GmbH (RED) for the supply of a drilling rig and a completion workover rig (and related services) to undertake the work. ADX continues to work closely with RED to finalise a drilling date for the Anshof-2 well, now expected to spud in mid October 2023.

The Anshof-2 well will appraise the extent of the downdip oil in the structure. It will be a high angle well with its meterage penetration of the Eocene reservoir maximising both the well oil flow rate and potential reserves recovered by the well.

The Anshof-1 well will be drilled as a producer in a more crestal part of the structure and, as with Anshof-2, in a thicker part of the Eocene reservoirs relative to the Anshof-3 well located in the Western part of the structure. The bottom hole location of Anshof-1 will be optimised utilising data gathered from the Anshof-2 well.

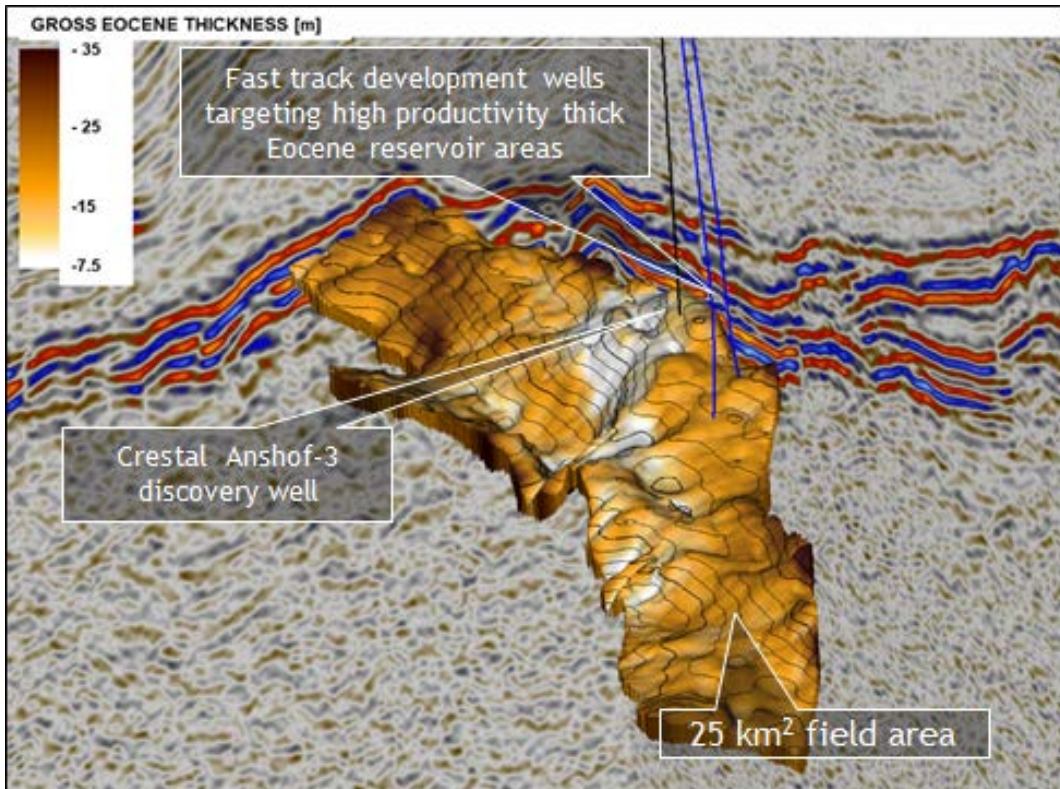


Figure 8: Anshof Field representation based on 3D model utilising 3D seismic and offset well data showing Anshof-3 together with planned Anshof-2 and Anshof-1 wells (shown in blue)

Permanent Production Facilities Planning and Engineering

Planning and design work continued during the reporting period for the installation of permanent production facilities to replace the current early production system. The permanent facility will have the capacity to process oil from multiple

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wells with production capacity exceeding 1,000 barrels of oil per day. Installation of a permanent facility is planned after the drilling of the Anshof-2 well. The base plan is to install the permanent production facilities at the Anshof-3 well site with new production pipelines to export facilities located approximately 4 kms away. Alternative options are also being investigated for the production pipeline tie-ins with the potential for cost and pipeline footprint reductions.

The production facilities and pipelines will enable continuous field production operations and replace the current early production system which limits oil production due to processing, storage and offloading for trucking (of oil to train loading export facilities) constraints.

Anshof Production Licence Award

A production licence was awarded on 3 March 2023 by Austria's Ministry of Finance to ADX VIE GmbH (ADX) for the Anshof oil field. The licence is effective from 31 March 2023.

The award of the production licence provides the regulatory framework for development of the Anshof Field including the planned drilling of the Anshof-2 and Anshof-1 wells commencing Q4 2023.

Upper Austria AGS Exploration Licences, Molasse Basin – Onshore Austria

ADX is operator and holds a 100% interest in the ADX-AT-I and ADX-AT-II exploration licences other than the Welchau Farmout area where MCF Energy Ltd. holds a 20% economic interest.

ADX holds licence areas for exploration, production and gas storage with a total area of 1,022 km² in the Molasse basin in Upper Austria. During the first half year of 2023, ADX has added major potential to the Company's portfolio in the licences by developing and maturing new exploration and appraisal prospects based on leading edge 3D seismic and artificial intelligence (AI) applications.

The table below (Table 2) reflects the recently revised best technical prospective resources (refer to ASX release dated 22 June 2023).

Significant goals were achieved during the reporting period by both de-risking existing prospects as well as adding new prospects. A few outstanding examples which the Company intends to target in future exploration activities are described further below:

- The **GRB oil prospect** has been de-risked into the low-risk appraisal category and stands out both due to its potentially very large resource size and its location next to the Anshof Field development. Figure 9 below summarises the prospect. The ongoing Anshof Field development would make exploration success at GRB a highly economic tie-in satellite field which could be brought on stream in a short timeframe.
- The **Low-Risk Shallow Gas Portfolio** was significantly boosted by the maturation of mainly stratigraphic prospects with the systematic application of AI software and the contribution of international experts on sequence stratigraphic traps. Figure 10 below summarises the prospects matured to date. ADX expects that several more prospects will be matured into drill ready status. So far, all prospects have a strong AVO (Amplitude Versus Offset) 3D seismic signature, indicating presence of gas reservoirs and hence further contributing to the reduction of the pre-drill risk. All prospects share the following highly favourable and important attributes:
 - A. Shallow drill depths from 800 to 2000 metres and hence low-cost drilling;
 - B. Highly productive proven reservoirs; and
 - C. Short tie-in distances to the extensive Upper Austrian gas network.

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New Upper Austrian Prospect Portfolio				
20 Prospects	Prospect	Fluid (Expected)	Best Technical Recoverable (MMboe)	Best Technical Recoverable (BScfe if gas)
HIGH IMPACT EXPLORATION	WEL	GAS	134	807
	OHO	GAS	20,4	122,4
	ZAM	GAS	16,7	100,2
TREND EXPLORATION	GMU	GAS	3,9	23,4
	IRR	GAS	6,3	37,8
	TERN	OIL	3,2	na
	LICHT	GAS	2,7	16,2
	WOLF	OIL	2,2	na
	PERG	OIL	2,5	na
New Low Risk Potential 18.7 mmboe	ARD	GAS	2,2	13,2
	SGB	OIL	2,8	na
	GRB	OIL	9,5	na
	LIND	OIL	0,8	na
	KLE	OIL	0,8	na
	SCHOE	GAS	1,1	6,6
	HOCH	GAS	0,8	4,8
	GAST	GAS	0,6	3,6
	PICH	GAS	1	6
	BRUNN	GAS	0,8	4,8
STEY	GAS	0,5	3	
DISCOVERIES & APPRAISAL				
LOW RISK & COST TIE IN GAS APPRAISAL & EXPLORATION				
Total Exploration (MMboe)			195	
Total Exploration + Appraisal (MMboe)			213	
Total Exploration + Appraisal - GAS only (BScf)				1 149
Total Appraisal & Low Risk - GAS only (BScf)				29

Table 2: Updated prospect inventory. All resources estimates shown are best technical prospective resources

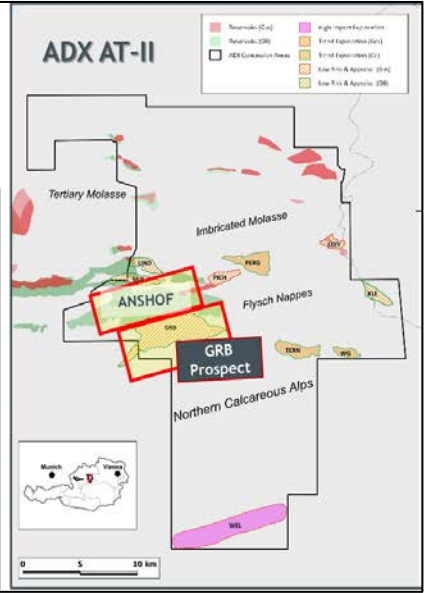
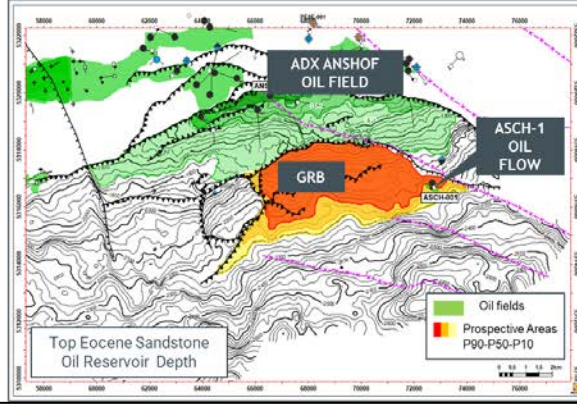
Prospective Resources are those estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further explorations appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

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GRB is now a low-risk, high reward oil appraisal project

Historic ASCH-1 well on structure proved oil flow to surface. Modern 3D Seismic and ADX structural interpretation that was tested on Anshof demonstrates the old well has proven an oil leg of a large up dip structure at GRB. As a result of this work the exploration prospect has been de-risked.

➤ Best technical prospective resource of GRB is 9.5 mmbœ¹



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Figure 9: Shows the GRB prospect which has appraisal character due to the downdip tested oil discovery at ASCH-1

- The IRR Gas Prospect has been fundamentally remapped to better understand its relationship with a close by also stratigraphically trapped gas field which has produced over 150 bscf of high quality natural gas. In addition to some de-risking this has led to an upgrade in reservoir properties and resulted in a major resource increase as per table 2. The proven Miocene clastic reservoirs which were deposited in a deep water setting have produced up to 45 mmscf/d from only one perforated interval. Figure 11 summarises the prospect. Refer to Cautionary Statement in relation to Prospective Resources on the previous page

- Last but not least the Giant Welchau Gas Prospect has been granted a drilling permit from the Mining Authority as a subsequent event in August 2023. ADX together with several leading geoscientists of the University of Vienna was also awarded research funding by the Austrian Federal Science Fund. While large parts of the substantial funding package will go to the University of Vienna to conduct leading edge structural geology work (i.e. section balancing and field work), ADX will be a major beneficiary since most of the work will be done over and close to the Welchau anticline area and areas further North where ADX has already identified several follow up prospects which would become highly attractive drilling targets should the Welchau-1 well be a discovery.

Three new gas prospects have been matured

Combination of AI Software, an international team of stratigraphic trap experts and local knowledge leading to deep understanding of unexplored gas potential.

- Large stratigraphic upside potential
- Proven high permeability reservoirs (10 mscfpd/well)
- Additional prospects being generated

Prospect	Fluid (Expected)	Best Technical Recoverable (MMboe)	Best Technical Recoverable (BScf if gas)
SCHOE	GAS	1,1	6,6
HOCH	GAS	0,8	4,8
GAST	GAS	0,6	3,6

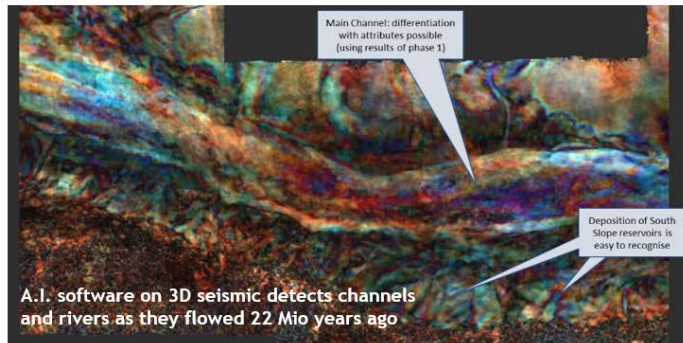
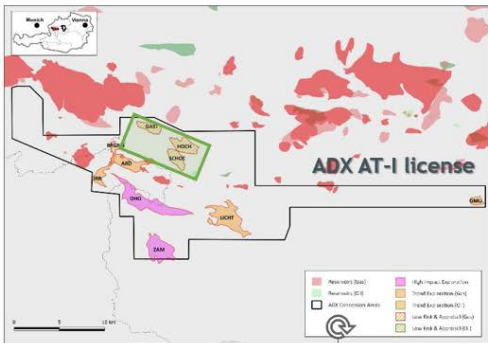


Figure 10: Summary of the low risk shallow gas prospects located next to infrastructure

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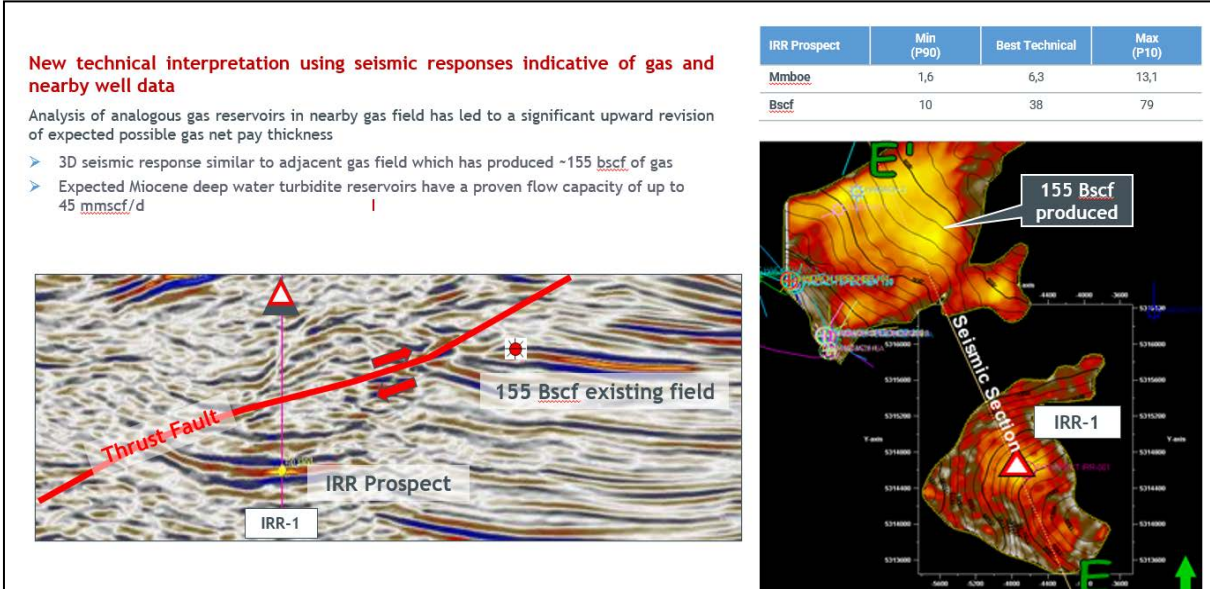


Figure 11: The high impact IRR gas prospect in the ADX-AT-I licence upgraded using detailed QI (Quantitative Interpretation) which has resulted in a significant prospective resources upgrade
Refer to Cautionary Statement in relation to Prospective Resources on Page 15 of this report

The GMU combined oil and gas and geothermal project has been updated with additional de-risking work on the gas potential through further AVO work. Figure 12 further below summarises the prospect. A unique attraction of the project is that the economics of the potentially 18 MW geothermal energy output could be significantly enhanced by additional revenues from gas (and oil) from the shallow reservoirs.

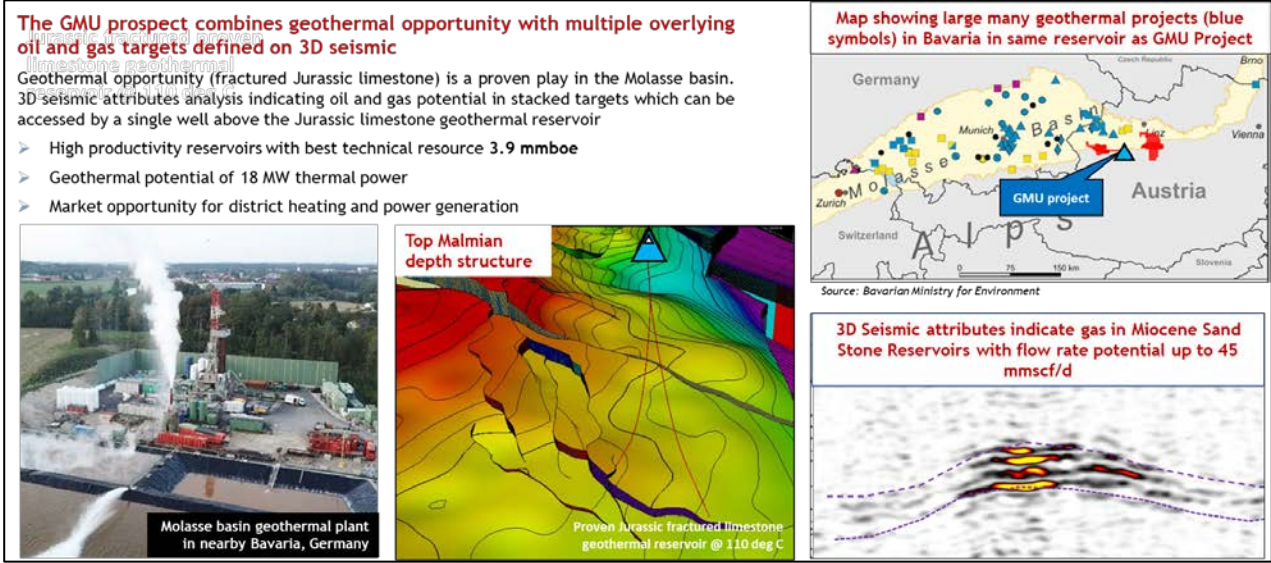


Figure 12: Summary of the combined Geothermal and oil & gas potential at GMU, located in the Eastern part of the ADX-AT-I licence.
Refer to Cautionary Statement in relation to Prospective Resources on Page 15 of this report

ADX ENERGY LTD

DIRECTORS' REPORT

ADX intends to optimally exploit the opportunities offered by this well-balanced prospect rich portfolio in the coming months with an immediate focus on the drilling of the Giant Welchau prospect in 2023, followed by a high impact gas prospect such as IRR, OHO or LICHT in the ADX-AT-I licence. As was advised in the ASX release dated 7 August 2023, European Industry partner MND and ADX have agreed, subject to contract, to conclude a further gas exploration investment in an area within the ADX-AT-I licence. Assuming the proposed transaction is executed, it is envisaged that ADX and MND will consider drilling one of the above-mentioned prospects during 2024.

ADX will continue to further mature the shallow low risk gas prospect portfolio with a view towards starting a back-to-back drilling program in 2024 to benefit from European gas prices above historical average and the readily available and accessible infrastructure.

lecea Mare Production Licence and Parta Exploration Licence – 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 the reporting period, ADX has submitted technical and financial documents in relation to Parta Exploration Licence to the relevant Romanian authorities following several positive meetings with the governing authority for the possible extension of the current licence period (Note: The validity of the lecea Mare production licence is 20 years and not affected). The governing authority is the National Agency for Mineral Resources (NAMR) which is supporting the extension which can be granted through a government process. ADX is currently providing several reports to assist NAMR with documenting the extensive past activity with the objective of receiving a de facto waiver on the fulfilment of the obligatory work program.

Permit d 363C.R.-AX Licence – Offshore Italy

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 licences to determine suitability for sustainable hydrocarbon prospecting, exploration and development activities. The Italian licensing authorities have subsequently offered ADX the opportunity to ratify the d363C.R.-AX licence with 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. (Refer to ASX release dated 30 August 2022).

During the reporting period, ADX has at the request of the Ministry (Ministero dell'Ambiente e della Sicurezza Energetica) submitted several documents in relation to the excellent gas exploration potential of the licence and in relation to ADX' technical and financial capability. As a subsequent event, ADX received a principally positive reply from the Ministry in mid-July 2023. The main topic of the discussion based on this reply is currently the level of financial security which needs to be supplied prior to the optional drilling phase ("drill or drop") at the end of the first licence period.

Note: *Prospective Resources are those estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further explorations appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.*

The prospective resource estimates are classified and reported in accordance with the PRMS – SPE Guidelines for the exploration licenses ADX-AT-I and ADX-AT-II, in the Molasse Basin, Austria. Prospective Resources are those estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons).

ADX ENERGY LTD

DIRECTORS' REPORT

TENEMENTS LIST

Tenements held at the beginning and the end of the half year reporting period as per below table:

Permit	Percentage held as at 1 January 2023	Percentage held as at 30 June 2023	Percentage change
Onshore Austria, Zistersdorf and Gaiselberg Production License	100%	100%	-
Upper Austria AGS Licenses ^(a)	100%	100%	-
Onshore Romania, Parta ^(b)	100%	100%	-
Onshore Romania, Iecea Mare Production Licence ^(b)	100%	100%	-
Offshore Italy, d363C.R.-AX ^(c)	100%	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 Discovery Area. Xstate have earned their 20% economic interest. ADX announced a subsequent farmout to MND to earn 30% economic interest and ADX will retain an 50% economic interest in the Anshof Discovery Area. ADX announced a subsequent farmout to MCF 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.

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.

SUBSEQUENT EVENTS

Loan Notes

On 11 July 2023, ADX announced it had secured A\$1.5 million in loan note funding for the ongoing pre-investment in equipment and services to drill up to 4 wells, as well as engineering and services for the installation of a permanent production facility to replace an early production unit currently in operation at the Anshof-3 production well.

A total of 30 loan notes of A\$ 50,000 each totalling A\$ 1.5 million (Loan Notes) were issued to a small number of supportive existing Shareholders and other new sophisticated and professional investors. The key terms of the Loan Note agreements are summarised as follows:

	Loan Note A	Loan Note B	Total Loan Notes
Face Value of Each Loan Note	\$50,000	\$50,000	\$50,000
Number of Loan Notes Issued	20	10	30
Total Loans aggregate amount	\$1,000,000	\$500,000	\$1,500,000
Loan Term	18 Months (11 January 2025)	18 Months (11 January 2025)	18 Months (11 January 2025)
Interest Rate per annum (payable quarterly in arrears)	8%	12%	8-12%
Free Attaching Unlisted Options with an Exercise Price of \$0.01, expiring 11 January 2025 – Per Loan Note	1,500,000 per Loan Note (30,000,000 in Total)	-	30,000,000 in Total
Free Attaching Unlisted Options with an Exercise Price of \$0.014, expiring 11 January 2025	1,500,000 per Loan Note (30,000,000 in Total)	2,150,000 per Loan Note (21,500,000 in Total)	51,500,000 in Total
		TOTAL OPTIONS	81,500,000

ADX ENERGY LTD

DIRECTORS' REPORT

A total of 81,500,000 free attaching Options were issued with the Loan Notes (Loan Note Options). The Loan Note Options comprise:

- 30,000,000 unlisted Options exercisable at \$0.01 each with an expiry date of 11 January 2025; and
- 51,500,000 unlisted Options exercisable at \$0.014 each with an expiry date of 11 January 2025.

Additional Hedging

On 27 July 2023, ADX executed further hedging transactions with Britannic Trading Limited (trading entity of BP) ("BTL") with the following additional derivative financial instruments:

- Fixed price swaps for 15,810 barrels of oil at a fixed Brent crude oil price for August 2023 to December 2023 at USD 81.45 per barrel.

Equity Issues in Lieu of Remuneration

On 21 August 2023, ADX issued the following shares and options. These amounts were accrued in the 30 June 2023 financial statements:

- 6,771,201 shares issued pursuant to ADX' Directors' Share Plan, approved by Shareholders on 12 May 2023. The shares were issued to directors in consideration of remuneration elected to be paid via shares for the quarter ended 30 June 2023 (\$47,398).
- 4,382,507 shares issued to ADX's Company Secretaries and consultants in consideration of remuneration elected to be paid via shares for the quarter ended 30 June 2023 (\$30,677).
- 4,995,535 Options granted to Directors Ian Tchacos and Paul Fink, as approved by Shareholders on 12 May 2023. The options were granted in consideration of consultancy fees remuneration elected to be paid via options for the quarter ended 30 June 2023 (value \$34,968). The options have a nil exercise price and expire on 31 July 2027.

Notice of General Meeting

On 29 August 2023, ADX announced it is holding a General Meeting of Shareholders on 28 September 2023. Included in the resolutions is a resolution to seeks Shareholder approval to consolidate the Company's issued capital on the basis that:

- every 10 Shares be consolidated into one (1) Share (subject to rounding); and
- every 10 Options be consolidated into one (1) Option (subject to rounding),

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required by section 307C of *the Corporations Act 2001* is set out on page 23.

This report is made in accordance with a resolution of the directors.



Ian Tchacos
Executive Chairman
PERTH, 13 September 2023

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ADX ENERGY LTD

DIRECTORS' REPORT

Persons compiling information about Hydrocarbons:

Pursuant to the requirements of the ASX Listing Rule 5.31, 5.41 and 5.42 the technical and reserves information relating to Austria and Italy contained in this release has been reviewed by Paul Fink as part of the due diligence process on behalf of ADX. Mr Fink is Technical Director of ADX Energy Ltd is a qualified geophysicist with 30 years of technical, commercial and management experience in exploration for, appraisal and development of oil and gas resources. Mr Fink has reviewed the results, procedures and data contained in this release and considers the resource estimates to be fairly represented. Mr Fink has consented to the inclusion of this information in the form and context in which it appears. Mr Fink is a member of the EAGE (European Association of Geoscientists & Engineers) and FIDIC (Federation of Consulting Engineers).

Previous Estimates of Reserves and Resources:

ADX confirms that it is not aware of any new information or data that may materially affect the information included in the relevant market announcements for reserves or resources and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

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ADX ENERGY LTD
DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of ADX Energy Ltd, I state that:

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 30 June 2023 and of its performance for the half-year ended on that date; and
 - ii) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001; 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 half-year ended 30 June 2023.

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



Ian Tchacos
Executive Chairman

PERTH, 13 September 2023

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ROTHSAY

AUDIT & ASSURANCE PTY LTD

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

As lead auditor of the review of ADX Energy Ltd for the half-year ended 30 June 2023, 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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

Rothsay Audit & Assurance Pty Ltd



Graham Webb
Director

13 September 2023

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ADX ENERGY LTD
CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2023

	Note	Half-year ended 30 June 2023 \$	Half-year ended 30 June 2022 \$
Operating revenue	3	7,043,474	6,656,924
Cost of sales	3	(6,526,200)	(3,849,870)
Gross profit		517,274	2,807,054
Other income	3	665,380	2,209
Other Expenses:			
Administration, staff and corporate expenses, net of recoveries from exploration projects	3	(1,804,223)	(2,143,402)
Exploration expensed		(1,072,561)	(1,097,331)
Finance costs	3	(56,549)	(125,745)
Restoration expenses – changes in abandonment provision	9	(648,207)	(280,243)
Dry well costs		(387,461)	-
Loss on disposal of plant and equipment		-	(1,211)
Total other expenses		(3,969,001)	(3,647,932)
Loss before income tax		(2,786,347)	(838,669)
Income tax benefit/(expense)	5	412,672	(155,264)
Net loss for the half-year		(2,373,675)	(993,933)
Loss is attributable to:			
Owners of ADX Energy Ltd		(2,299,049)	(940,466)
Non-Controlling Interest	12	(74,626)	(53,467)
		(2,373,675)	(993,933)
Other Comprehensive Income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		364,790	(207,444)
Hedge accounting	11	64,406	107,389
Income tax relating to items of other comprehensive income/(loss)	11	-	-
Other comprehensive income for the period, net of tax		429,197	(100,055)
Total comprehensive income for the period		(1,944,478)	(1,093,988)
Total comprehensive income is attributable to:			
Owners of ADX Energy Ltd		(2,047,553)	(933,206)
Non-Controlling Interest		103,075	(160,782)
		(1,944,478)	(1,093,988)
Earnings per share for loss attributable to the ordinary equity holders of the Company:		Cents Per Share	Cents Per Share
Basic loss per share		(0.06)	(0.03)

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 30 JUNE 2023

	Note	As at 30 June 2023 \$	As at 31 December 2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents		2,043,631	3,569,631
Trade and other receivables		2,635,441	2,090,945
Inventories		1,192,062	883,199
Total Current Assets		5,871,134	6,543,775
Non-Current Assets			
Other receivables		1,118,587	1,137,797
Oil and gas properties	7	24,725,326	23,675,687
Right of use assets		187,391	239,640
Deferred tax assets	5	1,526,988	1,066,393
Total Non-Current Assets		27,558,292	26,119,517
Total Assets		33,429,426	32,663,292
LIABILITIES			
Current Liabilities			
Trade and other payables		2,940,005	2,336,041
Borrowings	8	617,588	592,336
Lease liabilities – right of use assets		125,597	130,761
Current tax liabilities		250,215	233,807
Provisions	9	441,394	347,640
Total Current Liabilities		4,374,799	3,640,585
Non-Current Liabilities			
Borrowings	8	308,794	592,336
Lease liabilities – right of use assets		62,351	156,025
Provisions	9	17,593,122	15,875,114
Total Non-Current Liabilities		17,964,267	16,623,475
Total Liabilities		22,339,066	20,264,060
Net Assets		11,090,360	12,399,232
EQUITY			
Issued capital	10	84,277,322	84,105,646
Reserves	11	4,836,510	4,121,084
Accumulated losses		(86,508,187)	(84,209,138)
Capital and reserves attributable to owners of ADX Energy Ltd		2,605,645	4,017,592
Non-controlling interests	12	8,484,715	8,381,640
Total Equity		11,090,360	12,399,232

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 HALF-YEAR ENDED 30 JUNE 2023

	Issued Capital	Reserves	Accumulated Losses	Non- controlling Interests	Total Equity
	\$	\$	\$	\$	\$
At 1 January 2022	81,435,632	3,675,722	(81,904,875)	8,478,678	11,685,157
Loss for the half-year	-	-	(940,466)	(53,467)	(993,993)
Other comprehensive income	-	7,260	-	(107,315)	(100,055)
Total comprehensive income for the period, net of tax	-	7,260	(940,466)	(160,782)	(1,093,988)
Transactions with owners in their capacity as owners:					
Issue of share capital - Share based payments	162,820	-	-	-	162,820
Share based payments – options	-	102,963	-	-	102,963
Share issue costs	(17,179)	-	-	-	(17,179)
	145,641	102,963	-	-	248,604
At 30 June 2022	81,581,273	3,785,945	(82,845,341)	8,317,896	10,839,773
At 1 January 2023	84,105,646	4,121,084	(84,209,138)	8,381,640	12,399,232
Loss for the half-year	-	-	(2,299,049)	(74,626)	(2,373,675)
Other comprehensive income	-	251,496	-	177,701	429,197
Total comprehensive income for the period, net of tax	-	251,496	(2,299,049)	103,075	(1,944,478)
Transactions with owners in their capacity as owners:					
Issue of share capital - Share based payments	175,683	-	-	-	175,683
Share based payments – options and performance rights (note 11)	-	463,930	-	-	463,930
Share issue costs	(4,007)	-	-	-	(4,007)
	171,676	463,930	-	-	635,606
At 30 June 2023	84,277,322	4,836,510	(86,508,187)	8,484,715	11,090,360

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

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ADX ENERGY LTD
CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2023

CONSOLIDATED	Half-year ended 30 June 2023 \$	Half-year ended 30 June 2022 \$
Cash Flows from Operating Activities		
Receipts in the ordinary course of activities, including net GST refunds	7,150,710	7,454,057
Payments to suppliers and employees, including for exploration expensed	(7,273,714)	(5,536,049)
Interest received	1,463	454
Interest paid	(8,902)	(91,898)
Hedging receipts / (payments)	75,463	(671,290)
Other (mostly government subsidies)	-	1,225,826
Net cash flows from/(used in) operating activities	(54,980)	2,381,100
Cash Flows from Investing Activities		
Payments for oil and gas properties – Austrian facilities	(1,419,968)	(5,261,167)
Payments for oil and gas properties - appraisal/development	(64,405)	(32,591)
Receipts from farmouts/partners	463,332	594,113
Payments to partners	(159,807)	-
Net cash flows from/(used in) investing activities	(1,180,848)	(4,699,645)
Cash Flows from Financing Activities		
Payment of share issue costs	(4,007)	(17,179)
Loan note repayments	-	(437,500)
Bank Loans repaid	(308,794)	(333,446)
Cash secured for Upper Austria AGS Licences	-	(227,154)
Payment of lease liabilities (right of use assets)	(114,137)	(86,826)
Net cash flows from/(used in) financing activities	(426,938)	(1,102,105)
Net Decrease In Cash and Cash Equivalents	(1,662,766)	(3,420,650)
Cash and Cash Equivalents at beginning of half-year	3,569,631	5,938,517
Effect of foreign exchange rates	136,766	41,810
Cash and Cash Equivalents at End of Half-Year	2,043,631	2,559,677

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

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

1. Basis of Preparation of Half-Year Financial Statements

ADX Energy Ltd is a company limited by shares, domiciled and incorporated in Australia. Its shares are publicly traded on the Australian Stock Exchange.

This consolidated financial report for the half-year ended 30 June 2023 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report for the year ended 31 December 2022 and any public announcements made by ADX Energy Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

ADX Energy Ltd is a for-profit entity for the purpose of preparing the half-year financial statements.

The half year consolidated financial statements comprise the financial statements of ADX Energy Ltd and its subsidiaries ("Group") as at 30 June 2023.

Functional and presentation currency

ADX Energy Ltd has identified Australian dollars as its functional currency on the basis that all fundraising is in Australian dollars, 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
- Danube Petroleum Limited - GBP
- ADX Energy Panonia Srl - EUR
- Terra Energy Limited - GBP
- ADX VIE GmbH - EUR
- Kathari Energia Limited - GBP
- Kathari Energia GmbH - EUR

The presentation currency of the Group is Australian dollars (AUD).

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

1. Basis of Preparation of Half-Year Financial Statements - continued

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 information has 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.

Adoption of New or Revised Standards

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report. All new and amended Accounting Standards and Interpretations effective from 1 January 2023 have been adopted. None of these amended standards had a material impact on the ADX Group. The Group has not elected to early adopt any new standards or amendments.

2. Earnings Per Share

The Company's potential ordinary shares, being its options granted, have been excluded in the determination of diluted earnings per share as they are considered to be anti-dilutive for the periods presented.

	Consolidated	
	6 Months to 30 June 2023	6 Months to 30 June 2022
	\$	\$
3. Income and Expenses		
OPERATING REVENUE		
Oil sales	6,146,862	5,148,948
Gas sales	625,854	1,681,763
	<u>6,772,716</u>	<u>6,830,711</u>
Hedging gains / (losses), net	75,463	(630,812)
Other operating revenue (including reimbursements)	195,295	457,025
	<u>7,043,474</u>	<u>6,656,924</u>
OTHER INCOME		
Income from farmouts - costs recovery	498,828	-
Option fee income	163,458	-
Other	3,094	2,209
	<u>665,380</u>	<u>2,209</u>

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

		Consolidated	
		6 Months to 30 June 2023	6 Months to 30 June 2022
	Note	\$	\$
3. Income and Expenses - continued			
COST OF GOODS SOLD			
Operating costs		4,745,087	2,656,234
Royalties		472,131	13,525
Depreciation		1,067,472	1,080,335
Amortisation of asset retirement obligation assets		133,269	99,776
Partner share of ANS-3 operations	13	108,241	-
		6,526,200	3,849,870
OTHER EXPENSES – Administration and corporate expenses:			
Share based payments – in lieu of cash remuneration	4	244,682	200,320
Share based payments – in lieu of other services	4	-	42,000
Share based payments – performance rights for employees	4	394,930	23,463
		639,612	265,783
Less: prior period accrued share based payments		(140,334)	(90,538)
Add: accrued share based payments issued/ to be issued after period end		113,045	132,646
Net foreign exchange losses/(gains)		(110,631)	166,434
Short term lease expenses		66,129	43,806
Depreciation – right of use assets		61,541	58,308
Defined contribution superannuation/pension expense		70,642	57,542
Other administration, staff and corporate expenses		1,969,690	2,105,604
		2,669,694	2,739,585
Less: project cost recoveries		(865,471)	(596,183)
		1,804,223	2,143,402
FINANCE COSTS			
Interest expense		8,903	90,100
Accretion		44,477	34,566
Right of use assets - interest		3,169	1,079
		56,549	125,745

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ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

		Consolidated	
	Note	6 Months to 30 June 2023 \$	6 Months to 30 June 2022 \$
4. Share Based Payments			
(a) Value of share based payments in the financial statements			
Expensed in the profit and loss:			
Share-based payments – Employee Performance Rights	4(b)(v)	394,930	23,463
Shares and Options issued in lieu of fees:			
Shares Issued to Directors in lieu of fees	4(b)(i)	110,167	36,648
Options to Directors in lieu of fees	4(b)(ii)	69,000	79,500
Shares Issued to Co Secs in lieu of fees	4(b)(iii)	9,600	9,600
Shares Issued to Consultants in lieu of fees	4(b)(iv)	55,916	74,572
Shares issued to advisor in lieu of cash		-	42,000
		639,612	265,783

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

- (i) Shares pursuant to ADXs' Directors' Share Plan, approved by Shareholders at ADX's AGM on 12 May 2023 as follows:

Date Issued	Number of Shares	Value based on 90 Day VWAP \$	In lieu of part remuneration for the quarter ended
24/01/2023	357,140	2,500	31/12/2022
26/05/2023	8,971,393	62,800	30/09/2022 and 31/12/2022
26/05/2023	6,409,593	44,867	31/3/2023
	15,738,126	110,167	
Issued Subsequent to Year End			
21/08/2023	6,771,201	47,398	30/06/2023

- (ii) Options pursuant to ADXs' Performance Rights and Option Plan, approved by Shareholders at ADX's AGM on 12 May 2023 as follows:

Date Issued	Number of Options	Value based on 90 Day VWAP \$	In lieu of part remuneration for the quarter ended
24/01/2023	5,149,552	36,047	31/12/2022
26/05/2023	4,707,588	32,953	31/3/2023
	9,857,140	69,000	
Issued Subsequent to Year End			
21/08/2023	4,995,535	34,969	30/06/2023

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ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

4. Share Based Payments - continued

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

Date Issued	Number of Shares	Value \$	In lieu of part remuneration for the quarter ended
24/01/2023	685,714	4,800	31/12/2022
26/05/2023	685,714	4,800	31/3/2023
	1,371,428	9,600	
Issued Subsequent to Year End			
21/08/2023	685,714	4,800	30/06/2023

(iv) Shares to consultants in lieu of remuneration:

Date Issued	Number of Shares	Value \$	In lieu of part remuneration for the quarter ended
24/01/2023	4,883,959	34,188	31/12/2022
26/05/2023	3,103,994	21,728	31/3/2023
	7,987,953	55,916	
Issued Subsequent to Year End			
21/08/2023	3,696,793	25,878	30/06/2023

Consolidated	
6 Months to 30 June 2023 \$	6 Months to 30 June 2022 \$

5. Income Tax

(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 the period	(2,786,347)	(838,669)
Prima facie income tax (benefit) @ 30%	(835,904)	(251,601)
Tax effect of non-deductible items	245,275	387,761
Tax rate differential	94,638	(31,187)
Translation differences	38,397	(670)
Deferred tax assets not brought to account	44,922	50,961
Income tax (benefit)/expense attributable to operating result	(412,672)	155,264

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

	30 June 2023 \$	31 December 2022 \$
5. Income Tax - continued		
(b) Deferred tax assets not recognised relate to the following:		
Tax losses	14,998,106	14,462,676
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 - Tax losses	1,723,988	1,120,175
Temporary differences – Other	63,397	88,747
Less: Offset Deferred Tax Liabilities		
Temporary differences - Oil and gas properties	(164,038)	(4,571)
Temporary differences - Asset retirement obligations	(53,258)	(64,361)
Temporary differences – Other	(43,101)	(66,491)
Net Deferred Tax Assets	1,526,988	1,073,499

6. Non-cash Financing and Investing Activities

There were no non-cash financing or investing activities during the period (2022: nil). Non-cash operating activities, consisting of shares and options granted in lieu of remuneration and services are disclosed in note 4.

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ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

	Consolidated	
	30 June 2023	31 December 2022
	\$	\$
7. Oil and Gas Properties		
Austria		
Buildings	289,888	296,672
Undeveloped land	185,373	177,793
Field office fixtures and equipment	240,270	265,259
Plant and machinery	3,540,831	3,723,913
Wells	7,838,897	4,647,644
Construction in progress	1,971,981	4,588,376
Rights and other intangible assets	16,493	21,132
Retirement obligation assets	1,713,376	1,441,571
Romania		
Appraisal costs	8,928,217	8,513,327
	24,725,326	23,675,687
<i>Reconciliation of the carrying amount of oil and gas assets:</i>		
Buildings – opening balance	296,672	331,264
Depreciation	(19,193)	(36,338)
Translation differences	12,409	1,746
	289,888	296,672
Undeveloped Land – opening balance	177,793	176,351
Translation differences	7,580	1,442
	185,373	177,793
Field office fixtures and equipment – opening balance	265,259	333,519
Disposals	-	(1,287)
Depreciation	(35,851)	(67,913)
Translation differences	10,862	940
	240,270	265,259
Plant and machinery – opening balance	3,723,913	4,460,030
Depreciation	(337,642)	(752,634)
Translation differences	154,760	16,517
	3,540,831	3,723,913

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ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

	Consolidated	
	30 June 2023 \$	31 December 2022 \$
7. Oil and Gas Properties - continued		
Wells – opening balance	4,647,644	6,527,211
Additions	137,232	196,132
Transferred from Construction in Progress	3,488,518	-
Depreciation	(669,314)	(1,256,963)
Impairment	-	(817,122)
Translation differences	234,817	(1,614)
	7,838,897	4,647,644
Construction in progress – opening balance	4,588,376	2,473,884
Additions	2,801,749	2,168,855
Transferred to Wells	(5,191,817)	-
Dry well cost	(387,461)	-
Translation differences	161,134	(54,363)
	1,971,981	4,588,376
Rights and other intangible assets – opening balance	21,132	31,501
Depreciation	(5,472)	(10,352)
Translation differences	833	(17)
	16,493	21,132
Retirement obligation assets (Austria) – opening balance	1,441,571	1,446,983
Additions	341,272	187,795
Amortisation	(133,269)	(197,675)
Translation differences	63,802	4,468
	1,713,376	1,441,571
Appraisal costs – Romania – opening balance	8,513,327	8,085,301
Additions	51,726	253,618
Additions – rehabilitation and restoration provision	-	108,507
Translation differences	363,164	65,901
	8,928,217	8,513,327

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ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

	Consolidated	
	30 June 2023 \$	31 December 2022 \$
8. Borrowings		
Current		
Bank loans – Loan A - interest bearing	273,269	262,096
Bank loans – Loan B - interest bearing	344,319	330,240
	617,588	592,336
Non-Current		
Bank loans – Loan A - interest bearing	136,634	262,096
Bank loans – Loan B - interest bearing	172,159	330,240
	308,794	592,336

Bank Loans

As announced on 5 August 2020, ADX's 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:

- a) EUR 500,000 (A\$ 779,910): 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
- b) EUR 630,000 (A\$ 982,686): incurring interest at 1% per annum on the drawn down value.

- The Collateral for the loan facilities is EUR 120,000 (A\$ 196,754) (held in an ADX VIE bank account with Volksbank).
- The loan is repayable between 30 June 2022 and 31 December 2024. To 30 June 2023, EUR 565,000 has been repaid.
- 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 565,000 (A\$ 926,381) is repayable in three equal, semi-annual instalments until 31 December 2024.

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ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

	Consolidated	
	30 June	31 December
	2023	2022
	\$	\$
9. Provisions		
Current		
Provision for employee entitlements	441,394	347,640
Non-Current		
Provision for employee entitlements	17,557	16,793
Provision for asset retirement obligations (ARO) – production assets	16,896,765	15,207,275
Provision for rehabilitation and restoration – Romania	678,800	651,046
	17,593,122	15,875,114
<i>Reconciliation of the movement in ARO provision:</i>		
Opening balance	15,207,275	13,909,846
Additions – capitalised to retirement obligation assets	341,272	187,795
Additions - expensed	648,207	881,944
Accretion	44,477	68,357
Translation differences	655,534	159,333
Provision for asset retirement obligations (non-current) – closing balance	16,896,765	15,207,275
Provision for rehabilitation and restoration – Romania – opening balance	651,046	538,138
Additions	-	108,507
Translation differences	27,754	4,401
Provision for rehabilitation and restoration – Romania – closing balance	678,800	651,046

10. Issued Capital

(a) Issued Capital Movements

Number of Shares	Summary of Movements of Shares	Note	6 Months to 30 June 2023 \$
3,512,912,534	Opening balance 1 January 2023		84,105,646
357,140	Issue of shares to Directors (part remuneration for 12/2022 quarter)	4	2,500
5,569,673	Issue of shares to Co Secs and Consultants (remuneration for 12/2022 quarter)	4	38,988
15,785,240	Options exercised at \$Nil		-
8,971,393	Issue of shares to Directors (part remuneration for 2022)	4	62,800
6,409,593	Issue of shares to Directors (part remuneration for 3/2023 quarter)	4	44,867
3,789,708	Issue of shares to Co Secs and Consultants (remuneration for 3/2023 quarter)	4	26,528
56,418,530	Exercise of vested employee performance rights		-
-	Costs of share issues - cash		(4,007)
3,610,213,811	Closing Balance as at 30 June 2023		84,277,322

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

10. Issued Capital - continued

(b) Options on issue as at 30 June 2023

	Number	Exercise Price	Expiry Date
Unlisted Options	67,500,020	1.5 cents	26/11/2023
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	3,117,187	Nil cents	31/05/2026
Unlisted Options	2,695,312	Nil cents	31/07/2026
Unlisted Options	3,803,571	Nil cents	31/10/2026
Unlisted Options	2,839,285	Nil cents	31/01/2027
Unlisted Options	4,707,588	Nil cents	31/05/2027
Total Unlisted Options	<u>345,611,838</u>		

Summary of Movements of Options during the year	Note	Number of Options
Opening balance 1 January 2023		351,539,938
Options exercised at \$Nil		(15,785,240)
Issue of unlisted options in lieu of remuneration to Directors Ian Tchacos and Paul Fink – Dec 2022 quarter	4	5,149,552
Issue of unlisted options in lieu of remuneration to Directors Ian Tchacos and Paul Fink – March 2023 quarter	4	4,707,588
Closing Balance as at 30 June 2023		<u>345,611,838</u>

	Consolidated	
	30 June 2023 \$	31 December 2022 \$
11. Reserves		
Share-based payments reserve	6,188,174	5,724,244
Foreign currency translation reserve	(1,416,070)	(1,603,160)
Hedging Reserve	64,406	-
	<u>4,836,510</u>	<u>4,121,084</u>
<i>Reconciliation of the movement in Share-based Payments Reserve:</i>		
Balance brought forward	5,724,244	5,489,429
Share-based payments (options in lieu of capital raising costs)	-	49,820
Share-based payments (options granted to Directors)	69,000	161,532
Share-based payments (performance rights granted)	394,930	23,463
	<u>463,930</u>	<u>234,815</u>
Movement for the period	463,930	234,815
Balance at the end of the period	<u>6,188,174</u>	<u>5,724,244</u>

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

	Consolidated	
	30 June 2023 \$	31 December 2022 \$
11. Reserves - continued		
<i>Reconciliation of the movement in Hedging Reserve:</i>		
Balance brought forward	-	107,389
Change in value of hedging instruments recognised in Other Comprehensive Income for the period	64,406	(107,389)
Balance at the end of the period	64,406	-

12. Non-controlling Interests

ADX's subsidiaries that have non-controlling interests:

Name of Controlled Entity	Place of Incorporation	% Held by ADX Group	
		30 June 2023	31 December 2022
Danube Petroleum Limited	England (U.K.)	49.18%	49.18%
<u>Danube's 100% owned subsidiary</u>			
ADX Energy Panonia Srl	Romania	49.18%	49.18%

Danube Petroleum Limited (Danube), via its' Romanian subsidiary, 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.

	Consolidated	
	30 June 2023 \$	30 June 2022 \$
<i>Non-controlling Interests</i>		
Opening balance as at 1 January	8,381,640	8,478,678
Share of loss for the period	(74,626)	(53,467)
Share of other comprehensive income	177,701	(107,315)
	8,484,715	8,317,896

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ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

13. Partnership – Anshof Eocene Oil Project

Under ADX's upper Austria AGS licence, ADX must retain 100% ownership of the licence and is required to act without restrictions from partners. ADX is permitted to establish a partnership with other parties to allow an economic participation within the licence area.

ADX is establishing an Anshof Partnership with Xstate Resources Limited (ASX: XST) (Xstate). ADX is the operator and holds an 80% economic interest in the Anshof Discovery Area. Xstate holds a 20% economic interest.

As ADX provides the Partners with an interest in the operating result of Anshof, ADX recognises 100% of all sales revenue and 100% of expenses associated with the operations and also recognises an expense representing the Partners share of operating results.

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Partner Share of Operations (included as cost of goods sold)		
Partner share of ANS-3 operations included (note 3)	108,241	-
Operations – ANS-3		
Sales revenue	2,308,000	-
Cost of Goods Sold (excluding depreciation and amortisation)	(1,766,795)	-
	541,205	-
Profit allocated:		
80% ADX	432,964	-
20% Xstate Resources Limited	108,241	-
	541,205	-

14. Derivative Financial Instruments

As at 30 June 2023, the following derivative financial instruments are in place:

- Fixed price swaps for 5,520 barrels of oil at a fixed Brent crude oil price for July 2023 to September 2023 at USD 82.94 per barrel.

Subsequent to year end, in late July 2023, ADX executed the following additional derivative financial instruments:

- Fixed price swaps for 15,810 barrels of oil at a fixed Brent crude oil price for August 2023 to December 2023 at USD 81.45 per barrel.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

15. Commitments and Contingencies

Since the last annual reporting date, the following are material changes to commitments or contingencies.

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 partnership comprised of Articles of Association, production sharing agreement and a cooperation agreement 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 Investment 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). MCF elected not to exercise the Option.

ADX and MCF have agreed to enter into a partnership comprised of Articles of Association, production sharing agreement and a cooperation agreement which will cover the conduct of ongoing operations and sharing of production from the Welchau Investment Area.

16. Related Party Transactions

There were no new related party transactions during the half-year.

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ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

17. Subsequent Events

Loan Notes

On 11 July 2023, ADX announced it had secured A\$1.5 million in loan note funding for the ongoing pre-investment in equipment and services to drill up to 4 wells, as well as engineering and services for the installation of a permanent production facility to replace an early production unit currently in operation at the Anshof-3 production well.

A total of 30 loan notes of A\$ 50,000 each totalling A\$ 1.5 million (Loan Notes) were issued to a small number of supportive existing Shareholders and other new sophisticated and professional investors.

The key terms of the Loan Note agreements are summarised as follows:

	Loan Note A	Loan Note B	Total Loan Notes
Face Value of Each Loan Note	\$50,000	\$50,000	\$50,000
Number of Loan Notes Issued	20	10	30
Total Loans aggregate amount	\$1,000,000	\$500,000	\$1,500,000
Loan Term	18 Months (11 January 2025)	18 Months (11 January 2025)	18 Months (11 January 2025)
Interest Rate per annum (payable quarterly in arrears)	8%	12%	8-12%
Free Attaching Unlisted Options with an Exercise Price of \$0.01, expiring 11 January 2025 – Per Loan Note	1,500,000 per Loan Note (30,000,000 in Total)	-	30,000,000 in Total
Free Attaching Unlisted Options with an Exercise Price of \$0.014, expiring 11 January 2025	1,500,000 per Loan Note (30,000,000 in Total)	2,150,000 per Loan Note (21,500,000 in Total)	51,500,000 in Total
		TOTAL OPTIONS	81,500,000

A total of 81,500,000 free attaching Options were issued with the Loan Notes (Loan Note Options). The Loan Note Options comprise:

- 30,000,000 unlisted Options exercisable at \$0.01 each with an expiry date of 11 January 2025; and
- 51,500,000 unlisted Options exercisable at \$0.014 each with an expiry date of 11 January 2025.

Additional Hedging

On 27 July 2023, ADX executed further hedging transactions with Britannic Trading Limited (trading entity of BP) (“BTL”) with the following additional derivative financial instruments:

- Fixed price swaps for 15,810 barrels of oil at a fixed Brent crude oil price for August 2023 to December 2023 at USD 81.45 per barrel.

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ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2023

17. Subsequent Events - continued

Equity Issues in Lieu of Remuneration

On 21 August 2023, ADX issued the following shares and options. These amounts were accrued in the 30 June 2023 financial statements:

- a. 6,771,201 shares issued pursuant to ADX' Directors' Share Plan, approved by Shareholders on 12 May 2023. The shares were issued to directors in consideration of remuneration elected to be paid via shares for the quarter ended 30 June 2023 (\$47,398).
- b. 4,382,507 shares issued to ADX's Company Secretaries and consultants in consideration of remuneration elected to be paid via shares for the quarter ended 30 June 2023 (\$30,677).
- c. 4,995,535 Options granted to Directors Ian Tchacos and Paul Fink, as approved by Shareholders on 12 May 2023. The options were granted in consideration of consultancy fees remuneration elected to be paid via options for the quarter ended 30 June 2023 (value \$34,968). The options have a nil exercise price and expire on 31 July 2027.

Notice of General Meeting

On 29 August 2023, ADX announced it is holding a General Meeting of Shareholders on 28 September 2023. Included in the resolutions is a resolution to seeks Shareholder approval to consolidate the Company's issued capital on the basis that:

- every 10 Shares be consolidated into one (1) Share (subject to rounding); and
- every 10 Options be consolidated into one (1) Option (subject to rounding),

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in subsequent financial years.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF

ADX ENERGY LTD

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of ADX Energy Ltd ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our 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 annual 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.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.



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

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Rothsay Audit & Assurance Pty Ltd

Graham Webb
Director

Dated 13 September 2023

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