18 March 2024

Welchau-1 Well Discovers Condensate Rich Gas

"The well has intersected 115 metres of condensate rich gas shows in the primary target formation at a depth close to the pre drill prognosis."

Key points:

- The Welchau-1 gas exploration well was spudded on the 24th of February using the RED Drilling & Services GmbH (RED) E200 drill rig in the ADX-AT-II exploration licence in Upper Austria.
- Operations at 6.00 pm Central European Time (CET) on the 17th of March - the well had reached total depth (TD) of 1733 metres measured depth (MD) in the 8 ½ inch hole.
- Progress since the last report on the 10th of March has been the drilling of 8 ½ inch hole from 930 metres MD to a depth of 1733 metres MD and the retrieval of 7 metres of core from the primary target formation.
- The success case forward program is to run wireline logs then undertake down hole pressure measurement, inflow testing and formation fluid sampling across the zones of interest prior to running 7 inch casing and suspending the well.
- Well results from drilling and logging to date are as follows;
  - 115 metres of liquids rich gas shows intersected in the primary target formation *"Steinalm Formation"* at depth between 1452 metres and 1567 metres. The deepest gas shows were encountered in the well at a depth of 1645 metres MD.
  - The Steinalm Formation intersection in the well is in line with the pre-drill prognosis providing confidence in the structural model for Welchau.
  - The Steinalm Formation intersected in Welchau is the same zone that flowed condensate rich gas in the nearby Molln-1 well at a rate of 4 MMSCFPD in 1989.
  - Compositional analysis from gas shows at Welchau indicates very similar condensate rich gas to the gas tested at the Molln-1 well.
  - The well has encountered 380 metres of effective seal *"The Lunz Formation"* above the main target. Seal quality and thickness was a key risk that has been mitigated based on the results of Welchau-1.

ADX Executive Chairman, Mr Ian Tchacos, said, *"The Welchau gas discovery has the potential to yield an exceptional gas resource for ADX, its partner MCF and the Republic of Austria. The results to date are in line with pre-drill expectations confirming the exceptional geological and technical work by our Vienna team supported by local and international experts. Over the coming week ADX plans to execute its success case evaluation program for the well which will include electric line logging, down hole sampling, inflow testing and pressure measurement required to confirm the reservoir characteristics and the hydrocarbon composition. We look forward to providing further results on this potential play-opening discovery as they become available."*

ADX Energy Ltd (**ASX Code: ADX**) is pleased to advise that the Welchau-1 well has encountered 115 metres liquids rich gas column within the primary target "*Steinalm Formation"* at depth between 1452 metres and 1567 metres measured depth (MD). At 6.00 pm CET on the 17th of March 2024 the well had reached a total depth (TD) of 1733 metres. The well is being drilled using the RED E200 drill rig in the ADX-AT-II exploration licence in Upper Austria (refer to Location Map on Figure 2).

Since the last report on the 10th of March 2024, the well was drilled from 930 metres MD to a depth of 1733 metres MD in 8 ½ inch hole. A 7metre core section has been cut and retrieved from the primary target formation (*Steinalm Formation*).

The success case evaluation program is to run wireline logs then undertake down hole pressure measurement, inflow testing and formation fluid sampling across the zones of interest. The well will then be cased and suspended.

Well results to date

The well has encountered 380 metres of seal the "*Lunz Formation"* above the "*Steinalm Formation"* which is the primary target for the Welchau-1 well. The thick intersection of Lunz Formation is expected to provide an effective seal for the potential hydrocarbon accumulation at Welchau. Seal quality and thickness was a key risk which appears to have been mitigated.

Electric line logs and dipmeter data from the well has confirmed that the Welchau structure is an east-west trending, asymmetric anticline as predicted by ADX in the pre-drill structural model.

The Steinalm Formation was intersected at approximately 1452 metres MD which is line with pre-drill prognosis providing further confidence in the structural model for Welchau. The Steinalm Formation is the same zone that was tested in the down dip Molln-1 gas discovery well which flowed condensate rich gas at a rate of 4 MMSCFPD in 1989. Compositional analysis of gas shows encountered at Welchau indicates a very similar condensate rich gas to that tested at the Molln-1 well.

Liquid rich gas shows were encountered over an interval of 115 metres in the Steinalm Formation between 1452 metres and 1567 metres. The deepest gas shows were encountered in the well at a depth of 1645 metres MD. Drilling data suggests that the Steinalm Formation is an extensively fractured carbonate. Gas shows composed of Methane (C1) to Iso Pentane (C5) have been encountered throughout the section. The C1 to C5 ratio plots indicate the presence of permeable reservoir.

A 7 metre core was recovered from 1511 metres to 1519 metres MD in the Steinalm Formation to gather information on the rock properties (lithology and mineralogy, stratigraphy, petrophysical properties) and to have a calibration section for log interpretation. The cut surfaces of the core confirmed the presence of a natural fracture system which is essential for gas production performance. An image of the cut section of recovered core is shown on figure 1.

The well continues to be drilled efficiently and safely with minor drilling mud fluid losses. Well penetration rates returned to a level which was anticipated in the original well plan. Gained savings in drilling the 12 ¼ inch section will likely result in a success case well program in line with the predicted dry hole cost.

ADX Energy Ltd | ABN 50 009 058 646 -Registered and Principal Office Australia
29 Bay Road, Claremont WA 6010, Australia
Telephone: +61 8 9381 4266 | admin@adxenergy.com.au | adxenergy.com.au

Figure 1: Image of the cut section of recovered core showing the presence of a natural fracture system which is essential for gas production performance

Summary of Pre Drill Well Program

The Welchau-1 gas exploration well is targeting the mid Triassic age Steinalm Formation in which gas was discovered at the nearby Molln-1 well. The expected total drill depth is between 1500 metres to 1900 metres measured depth (MD). The main target depth is between 1100 metres and 1800 metres measured depth. The success case drilling and evaluation program is anticipated to take between 34 to 39 days from the spud date.

The RED Drilling & Services GmbH (RED) E200 drill rig drilling at Welchau

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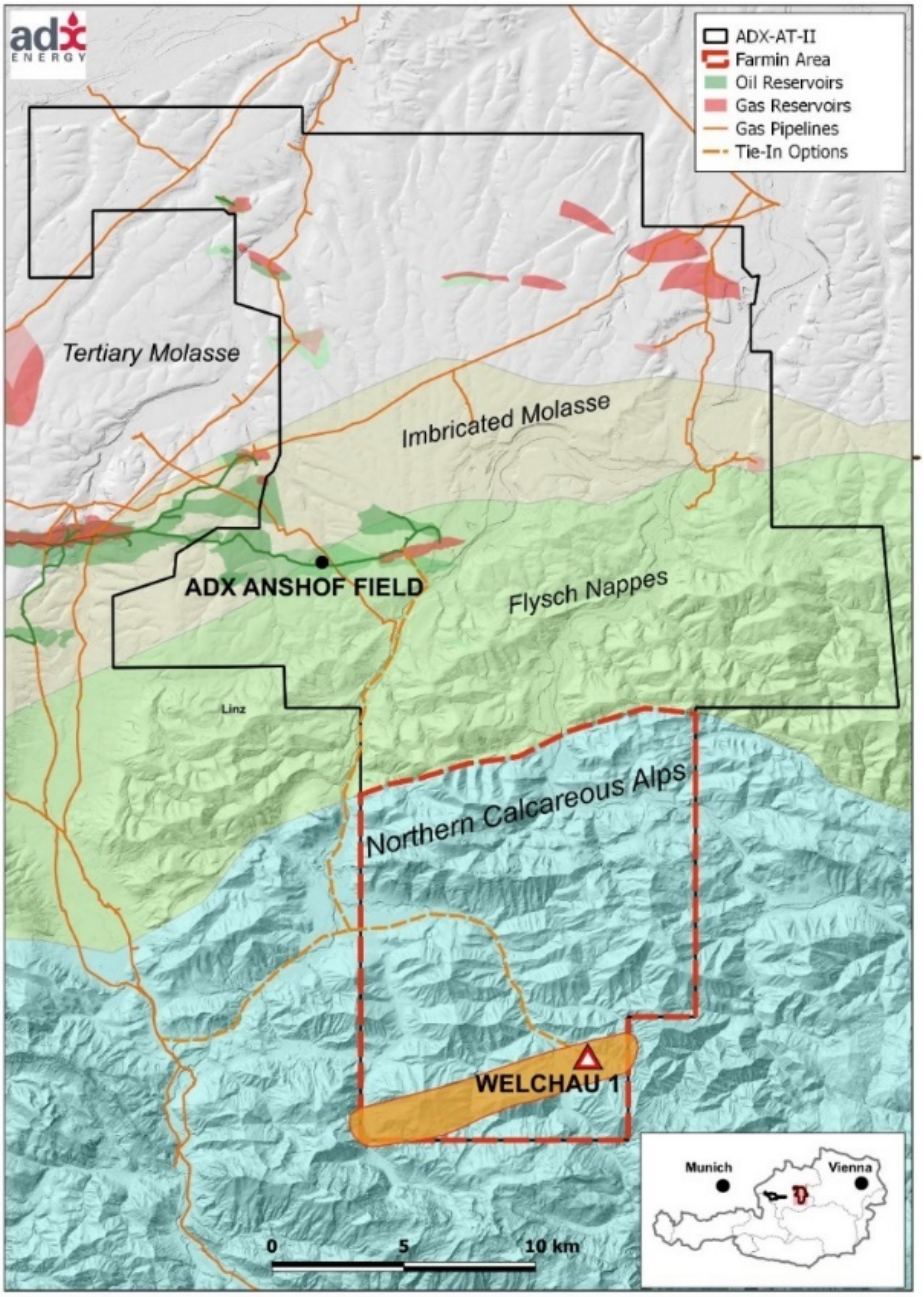

Figure 2: Map showing ADX-AT-II license area and the Welchau-1 drilling location in the Northern Calcareous Alps

Economic Participation in the Welchau Investment Area

ADX has executed an Energy Investment Agreement with MCF Energy Ltd. via its subsidiary MCF Energy GmbH (MCF) to fund 50% of Welchau-1 well costs up to a well cost cap of EUR 5.1 million to earn a 25% economic interest in the Welchau Investment Area which is part of ADX's ADX-AT-II licence in Upper Austria. The Welchau Investment Area contains the Welchau Gas Prospect and other emerging oil and gas prospects. Upon completion of MCF's funding obligations ADX will hold a 75% economic interest in the Welchau Investment Area. ADX holds a 100% economic interest in the remainder of the ADX-AT-II license other than the Anshof Discovery Area.

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For further details please contact:

Ian Tchacos
Executive Chairman
+61 (08) 9381 4266
ian.tchacos@adxenergy.com.au

Authorised for lodgement by Ian Tchacos, Executive Chairman

Persons compiling information about Hydrocarbons:

Pursuant to the requirements of the ASX Listing Rule 5.41 the technical and reserves information relating to Austria 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 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.

Reporting Standards for Resource Estimation

Reserves and resources are reported in accordance with the definitions of reserves, contingent resources and prospective resources and guidelines set out in the Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE), Society of Exploration Geophysicists (SEG), Society of Petrophysicists and Well Log Analysts (SPWLA) and European Association of Geoscientists and Engineers (EAGE), revised June 2018.

Prospective Resource Classifications

Low Estimate scenario of Prospective Resources - denotes a conservative estimate of the quantity that will actually be recovered from an accumulation by an oil and gas project. When probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

Best Estimate scenario of Prospective Resources - denotes the best estimate of the quantity that will actually be recovered from an accumulation by an oil and gas project. It is the most realistic assessment of recoverable quantities if only a single result were reported. When probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

High Estimate scenario of Prospective Resources - denotes an optimistic scenario of the quantity that will actually be recovered from an accumulation by an oil and gas project. When probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will be equal or exceed the high estimate.

Nomenclature and conversions used in this release

BBL means US barrel
MMBBLS means million US barrels
MCF means thousand cubic feet
MMCF means million cubic feet
BCF means billion cubic feet
TCF means trillion cubic feet
BOE means barrel of oil equivalent
MMBOE means million barrels of oil equivalent
MMSCFPD means million standard cubic feet per day

End of this Release

ADX Energy Ltd | ABN 50 009 058 646 -Registered and Principal Office Australia
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Telephone: +61 8 9381 4266 | admin@adxenergy.com.au | adxenergy.com.au