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# **ADX Energy Ltd**

ABN 50 009 058 646

**ANNUAL REPORT**

**31 DECEMBER 2023**

ADX ENERGY LTD

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**ADX ENERGY LTD**  
**CORPORATE DIRECTORY**

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**Directors**

Ian Tchacos (Executive Chairman)  
Paul Fink (Technical Director / CEO)  
Edouard Etienvre (Non-Executive Director)  
John Begg (Non-Executive Director)

**Company Secretaries**

Peter Ironside  
Amanda Sparks

**Registered and Principal Office**

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**Share Registry**

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221 St George's Terrace  
Perth, Western Australia 6000  
Telephone: +61 8 9323 2001  
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**Solicitors**

Steinepreis Paganin  
Level 4, Next Building  
16 Milligan Street  
Perth Western Australia 6000

**Bankers**

Commonwealth Bank of Australia  
1254 Hay Street  
West Perth Western Australia 6005

**Stock Exchange Listing**

Australian Securities Exchange Ltd  
152-158 St Georges Terrace  
Perth Western Australia 6000  
ASX Code: ADX

**Auditors**

InCorp Audit & Assurance Pty Ltd (formerly Rothsay Audit & Assurance Pty Ltd)  
Suite 11, 4 Ventnor Avenue  
West Perth, Western Australia 6005

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**ADX ENERGY LTD**  
**CHAIRMAN'S REPORT**

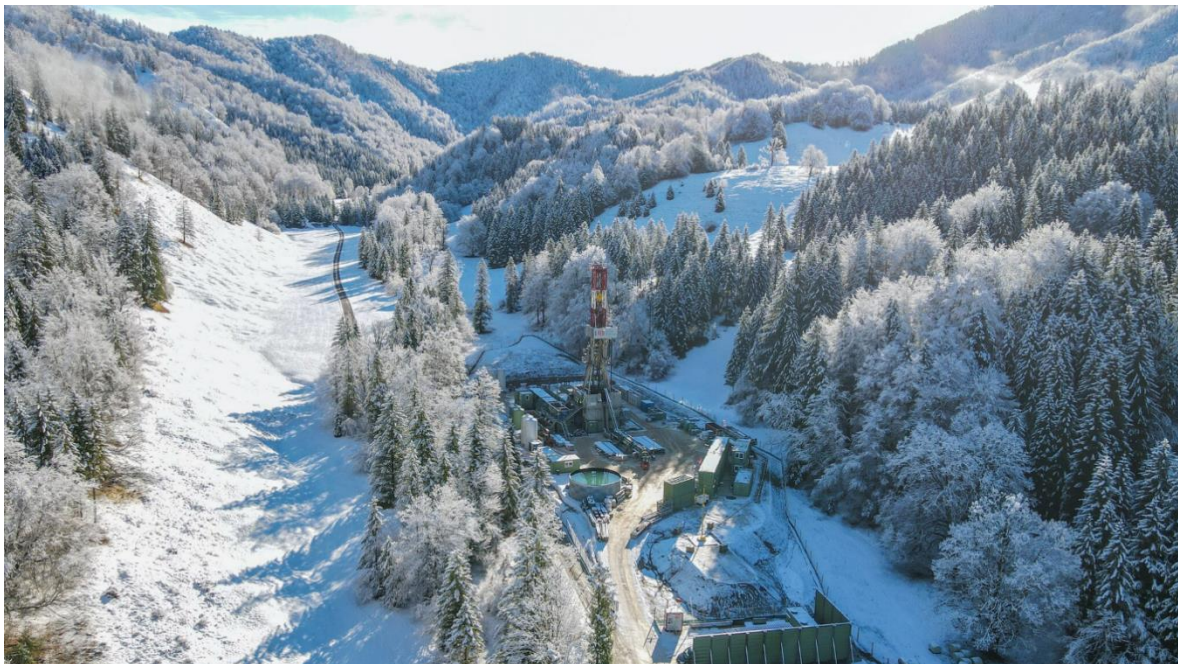
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Dear Shareholder,

During the year ended 31 December 2023, ADX Energy Ltd (“**ADX**” or the “**Company**”) has progressed the development of its business in Austria in a number of important areas. Your Company has established three new asset partnerships through valuable farmouts to progress appraisal and exploration activities in Upper Austria, added to its Vienna basin fields production with sustained and stable oil production testing at its Anshof oil discovery and the drilling of the Anshof-2 appraisal well. ADX also finalised permitting for the large Welchau gas prospect, early results from which indicate a gas-condensate discovery that can be transformational for the Company.

The establishment of our partnerships has been made possible by the development of a partnership structure for the first time in Austria that has been approved by Bundesministerium für Finanzen (Finance Ministry) to ensure compliance with the terms of our underlying exploration contracts in Upper Austria, thereby providing a clear commercial framework for further co-investment in our attractive portfolio of assets. Our progress during 2023 places the Company on a trajectory of establishing strong underlying value development through increasing production and reserves growth as well as exposing our Shareholders to exceptional value generation opportunities via an active exploration program funded primarily via farmout transactions and cash flow.

In addition to the above-mentioned asset and commercial activities, the Company has been able to access capital necessary to carry out its activities and continue to build its asset base via a combination of placements and loan note transactions. Of particular importance, given the focus of our activities, the Company has been able to expand its shareholder base into the United Kingdom and Europe.



**The RED E200 drill rig prior to well spud at the Welchau-1 location, ADX-AT-II licence in Upper Austria**

Subsequent to the year-end, ADX announced a gas and liquids hydrocarbon discovery at the Welchau-1 gas exploration well. The drilling and evaluation results indicate a structural outcome similar to the predrill prognosis, a large gross hydrocarbon column (356 metres) supported by excellent liquids rich gas shows and a flow of gas and hydrocarbon liquids to surface, evidence of good open fracture and vuggy porosity (required for good well productivity in carbonate reservoirs) and an excellent correlation between gas shows and fractures as well as the vuggy porosity confirmed on logs. While we were unable to complete our sampling program in the well, the results are very positive and the potential of the discovery remains undiminished. We now look forward to reporting further analysis of drilling results culminating in the announcement of a Contingent Resource prior to testing the well in October 2024. This will then allow us to confirm the flow rate potential of the well and, if successful, the reserves potential of Welchau.

It is truly a very compelling economic proposition to discover a potentially large gas resource in the heart of Europe, at shallow drill depths and adjacent to infrastructure in a market in great need for domestic gas.

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**ADX ENERGY LTD**  
**CHAIRMAN'S REPORT**

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Energy markets in Europe have been in turmoil since Russia's invasion of Ukraine in February 2022. Gas markets have fundamentally changed due to the phasing out of Russian gas and an increased reliance on imported LNG resulting in structurally higher prices in Europe together with ongoing market volatility. Austria is very vulnerable on the supply side, importing 87% of its gas, with 65% sourced from Russia via Ukraine in calendar year 2023. Anything we can do to increase domestic gas supply will be of significant importance for the energy security and economy of the Republic of Austria.

During the year, ADX has enjoyed the benefit of working in an efficient, transparent and supportive licensing regime made possible by having competent people on the ground that can operate assets, originate new investment opportunities and introduce partners to fund the Company's growth. These attributes are becoming particularly rare amongst junior energy companies, and favourably distinguishes ADX from its peers.

Our business in Austria is growing rapidly, enabled by the availability of an extensive 3D seismic data, the ability to rapidly secure permitting for our drilling and production activities, access to infrastructure and the high value pricing for our oil and gas.

Anshof is a great case study for what can be achieved in Austria - we commenced permitting the discovery well in July 2021 after securing the exploration permit in January of that year. We spudded the well in December 2021 and announced a discovery in January 2022. We tested the well in April 2022 and had the well on long-term production test by October 2022. It is stunning progress in comparison to other jurisdictions. I don't know of many places, other than perhaps Texas, where that can be achieved.

Production operations during the year resulted in an increase in production from 238 BOEPD in 2022 compared to an average of approximately 287 BOEPD in 2023. The boost in production coming largely from the contribution from the Anshof discovery while that was on long term test. We hope to build on the production rate at Anshof with the installation of a permanent production facility with a processing capacity of up to 3000 BOPD of liquids and plan to drill two additional wells at the location during 2024.

Sales revenues from Austrian Production during the year totalled A\$ 12,175,000 net to ADX. This was a 16% decrease compared to the year ending 31 December 2022. The decrease in revenue is mainly the result of a decrease in product prices. The average received crude oil price was reduced from A\$132.48/bbl to in 2022 to A\$115.19/bbl in 2023.



**Oil Tanker Loading during Anshof-3 Long term Production Test, ADX-AT-II licence in Upper Austria**

While capital markets remained relatively tight, ADX was able to raise A\$ 6.4 million from a placement and share purchase plan in November last year. The issue was oversubscribed, and it was significant that approximately 40% of the funds were sourced from European and UK investors. It is becoming increasingly apparent that ADX' activities are starting to resonate with European investors who have experienced high energy prices and supply insecurity.

2023 was a busy year operationally. We achieved some important targets with the long-term stable production test from the Anshof-3 discovery well as well as the procurement and commencement of installation of a permanent production facility at Anshof which will facilitate increased stable production. The results of the Anshof-2 appraisal well were a temporary setback, however, we expect that a side track well will deliver a positive result and add to the soon-to-recommence production at Anshof-3 once the permanent facility is commissioned in late March 2024/early April 2024.

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**CHAIRMAN'S REPORT**

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We are planning for the Anshof-2 side track to be followed up with a further appraisal well later in the year, with the goal being to have three wells producing at Anshof by year-end.

We are very pleased to introduce a high-quality, collaborative partner to the Anshof project. The Anshof-2 and the planned Anshof-1 well will be predominantly funded via the investment agreement with MND Austria a.s. ("**MND**"). MND have funded past costs and long lead drilling expenditures of EUR 1,932,000 and have total firm investment payment obligations of EUR 5,280,000 for the drilling, completion and tie-in of the Anshof-2 and Anshof-1 wells. Under the terms of the investment agreement MND will earn a 30% economic interest in the Anshof Field Area.

A further partnership transaction was completed with MND after year end. MND paid back costs of EUR 450,000 to ADX and has committed to fund EUR 4,500,000 of exploration drilling expenditure to earn a 50% economic interest in an investment area within the ADX-AT-I exploration licence where the partnership plans to drill a further gas exploration well in Q4 2024.

In addition to our partnerships with MND we have a very important investment agreement with TSXV-listed MCF Energy Ltd. ("**MCF**") that has delivered significant funding for the drilling of the successful Welchau-1 well. MCF have paid back costs and will fund 50% of the Welchau-1 well costs up to EUR 5.1 million to earn a 25% economic interest in the Welchau Investment Area.

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**MCF Energy CEO Jim Hill (left) and ADX Energy Executive Chairman Ian Tchacos on location at Welchau**

All in all, 2023 has been a very positive year however, it was with deep regret after year end that I reported the illness of our Chief Executive Officer, Mr Paul Fink. Paul has made an exceptional contribution to the growth of the Company. I am now very happy to report that Paul is on the mend and is likely to resume his duties in the coming months.

I would also like to thank Mr Andrew Childs, who retired as a Non-Executive Director, and welcome Mr John Begg as our new Non-Executive Director. John brings a wealth of talent to our board, he is a highly experienced energy professional that has been instrumental in the discovery and commercialisation of numerous oil and gas fields in Australia, North Africa, SE Asia and California.

**ADX ENERGY LTD**  
**CHAIRMAN'S REPORT**

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Looking forward, we have a very active and exciting year ahead of us which we expect will include the following important milestones:

- The further evaluation, assessment and testing of the potentially transformational Welchau gas liquids discovery,
- The imminent commissioning of the Anshof permanent production facility and the recommencement of production from the Anshof-3 well,
- The drilling of the Anshof-2 side track and the Anshof-1 appraisal wells which have the potential to significantly boost production at Anshof,
- The drilling of a further gas exploration well funded by our partner MND in the ADX-AT-I permit and
- The ongoing development of our highly prospective exploration portfolio.

Your Board believes that your Company has a compelling investment proposition provided by the combination of production, reserves growth and an active exploration program mainly funded by farm-in transactions.

The recent potentially large discovery at Welchau validates the quality of the ADX' Teams asset selection and adds a uniquely strategic and potentially transformative dimension to ADX' near term future as a European energy company.

We thank you for your support and look forward to reporting a very exciting period in the Company's development.



IAN TCHACOS  
Executive Chairman

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**OPERATIONS REPORT**

**OPERATIONS REVIEW**

**Europe Energy Markets Overview**

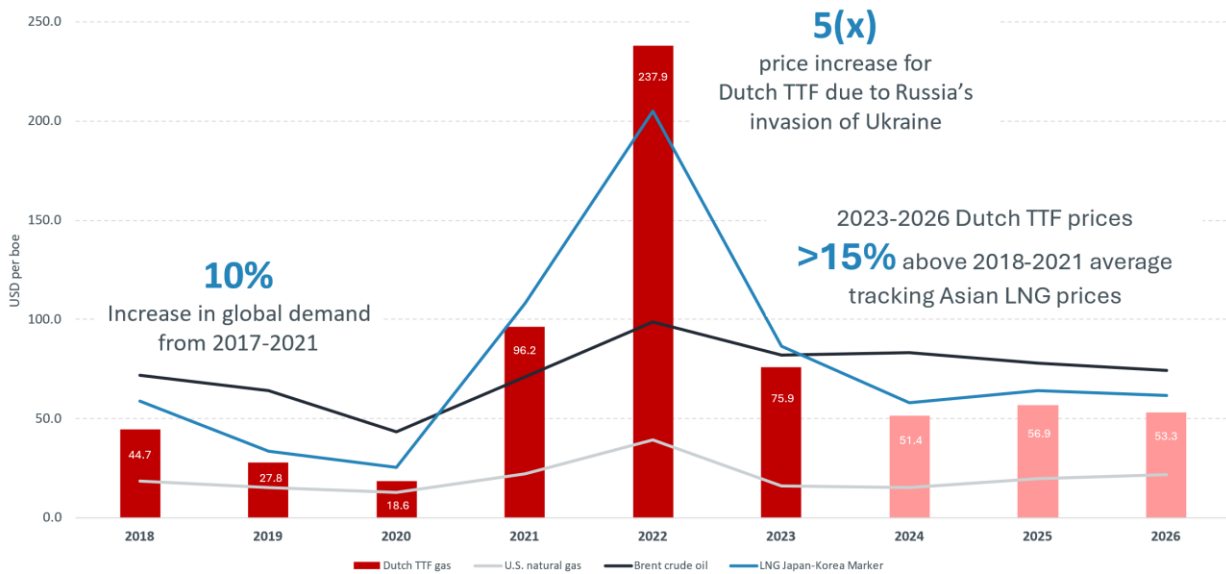
Russia’s invasion of Ukraine in February 2022 has fundamentally changed the European gas market by:

- phasing out Russian gas supplies (down 84%);
- increasing supplies of and reliance on liquified natural gas (LNG);
- causing structurally higher prices above historical averages; and
- enhancing market volatility.

However, after the unprecedented market conditions experienced in 2022; the natural gas market in Europe gradually re-balanced in 2023 due to softer demand caused by mild weather for the past two winters; and reduced consumption (power generation, residential and industrial). During the period, natural gas consumption in Europe dropped by 7% to its lowest level since 1995.

LNG is now the main source of natural gas supply in Europe contributing to 42% of the supply. However, the increase in global LNG production only represents 34% of the decrease in Russian piped gas deliveries to Europe. As a result, natural gas supply in Europe remains tight which creates uncertainty and volatility.

Despite a steep decline in natural gas prices in Europe (down 68% in 2023), these remain elevated and substantially above historical averages. There is also a strong correlation between European gas price and Asian LNG price benchmarks.



2018-2023 average TTF **>300%** above average U.S. natural gas prices over the same period

**Natural gas and Brent crude oil prices 2018-2026**

Whilst market conditions have improved, security of supply remains a key concern; primarily in winter. For the past two winters, temperatures above seasonal average has distorted the actual impact of the gas supply shock faced since February 2022. However, this risk is acknowledged by market participants and illustrated by the wide summer/winter spreads observed in the futures market.

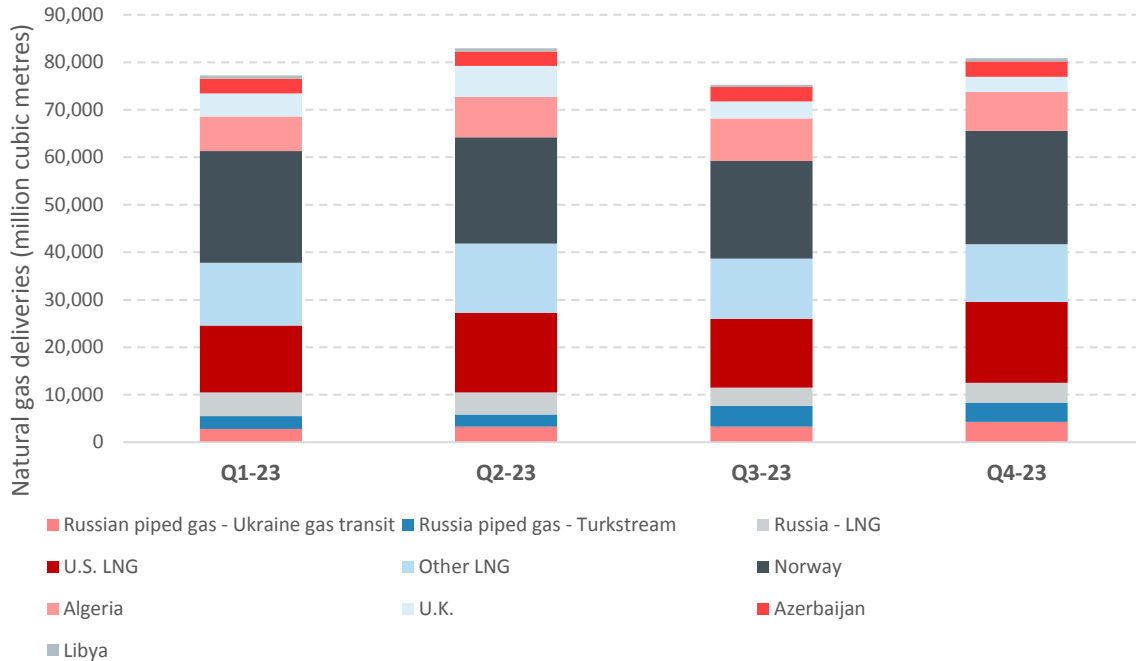
Domestic gas production does not provide a much-needed safety net. It declined by approx. 10% in 2023 mainly due to the shutdown in October 2023 of the giant Groningen field in The Netherlands. Europe’s gas production is expected to drop by an additional 7% by 2026.

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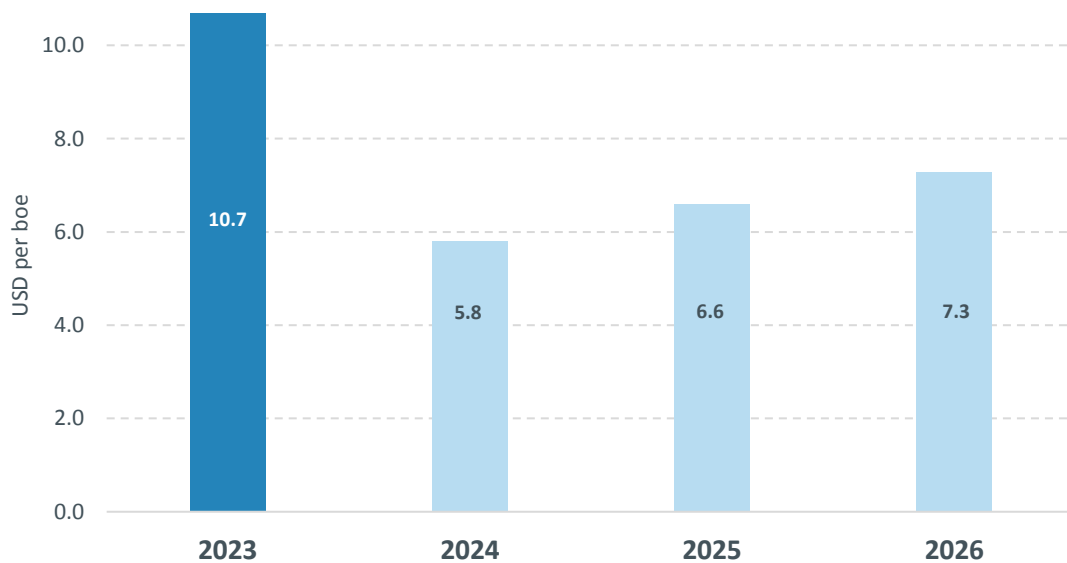
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Further reduction in piped gas supplies from Russia is also contributing to supply uncertainty. Piped gas supplies from Russia to Europe halved in 2023 (lowest level since the 1970s). Further reduction is anticipated from the end of October 2024 with the expiry of the Ukraine gas transit contract which the Ukrainian government is not willing to renew.



**Quarterly natural gas supply in Europe (2023)**

LNG supply to Europe cannot be taken for granted. Reliance on spot LNG cargoes carries significant supply chain uncertainties and risk of diversion to more attractive markets. China regained its position as the World's largest LNG importer in 2023 (imported quantities up by 14%) and LNG demand in the Asia-Pacific grew by 4%. This combined with lower demand for LNG in Europe have led the Platts LNG Japan-Korea Marker to trade at a USD 10.7 per boe premium to Dutch TTF (2023 average) therefore shifting flexible LNG flows to Asian markets.



**Platts LNG Japan-Korea Marker premium to Dutch TTF (2023-2026)**

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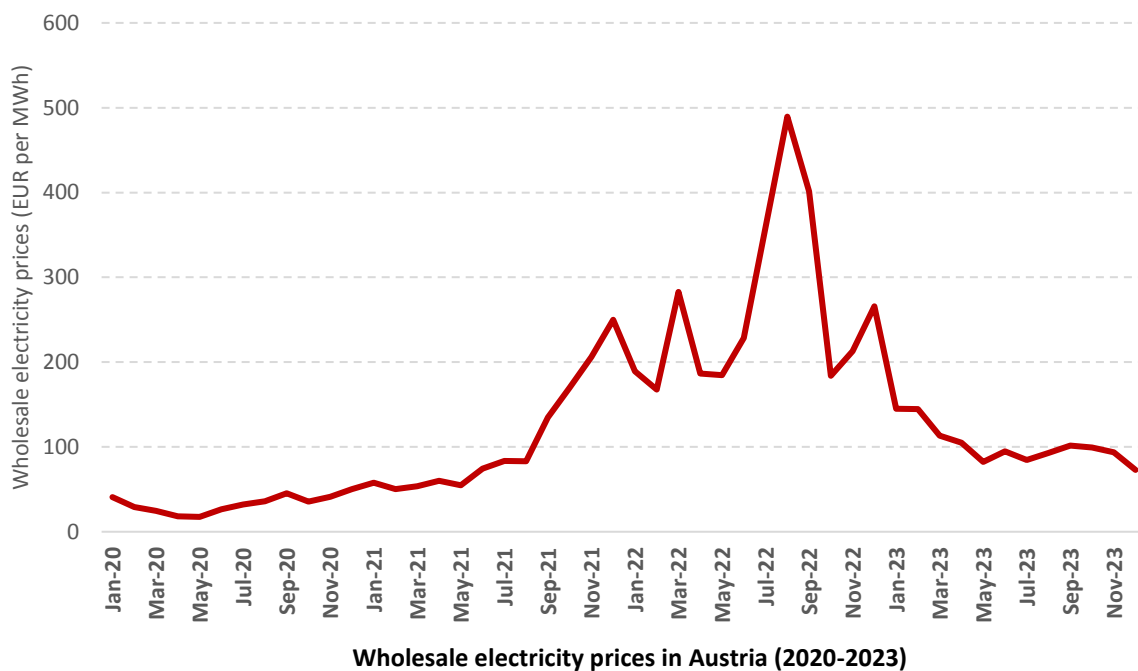
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Electricity prices experienced a steep correction in 2023 (annual average down by 61%) in line with the decline of natural gas prices after record highs in 2022. However, electricity prices remain 200% higher than in 2019.

After dropping by 3.1% in 2022, demand for electricity in Europe declined further in 2023 (down 3.2%) to the level of the early 2000's due to:

- economic slowdown in Europe;
- energy efficiencies and mild winter weather; and
- depressed industrial demand (-5.8% in 2022 and -6.0% in 2023) mainly from energy intensive industries such as chemicals and metals processing.

Supply recovery also contributed to the price re-adjustment. Whilst gas-fired power generation declined sharply in 2023, hydropower generation recovered (+16% in 2023 vs -20% in 2022) and availability of nuclear power generation improved after extensive maintenance in France.



European electricity demand outlook is strong for the next three years. Demand is expected to gradually return to 2021 levels by end of 2026 (+2.3% p.a. on average over the 2024 to 2026 period).

Despite some structural demand destruction in energy-intensive industries, a recovery in electricity demand is anticipated due to more moderate prices and expanding electrification (electric vehicles, heat pumps, data centres, etc.). It is anticipated that electricity demand will grow by +2.5% p.a. in 2025 and 2026.

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**ASSET ACTIVITIES SUMMARY**

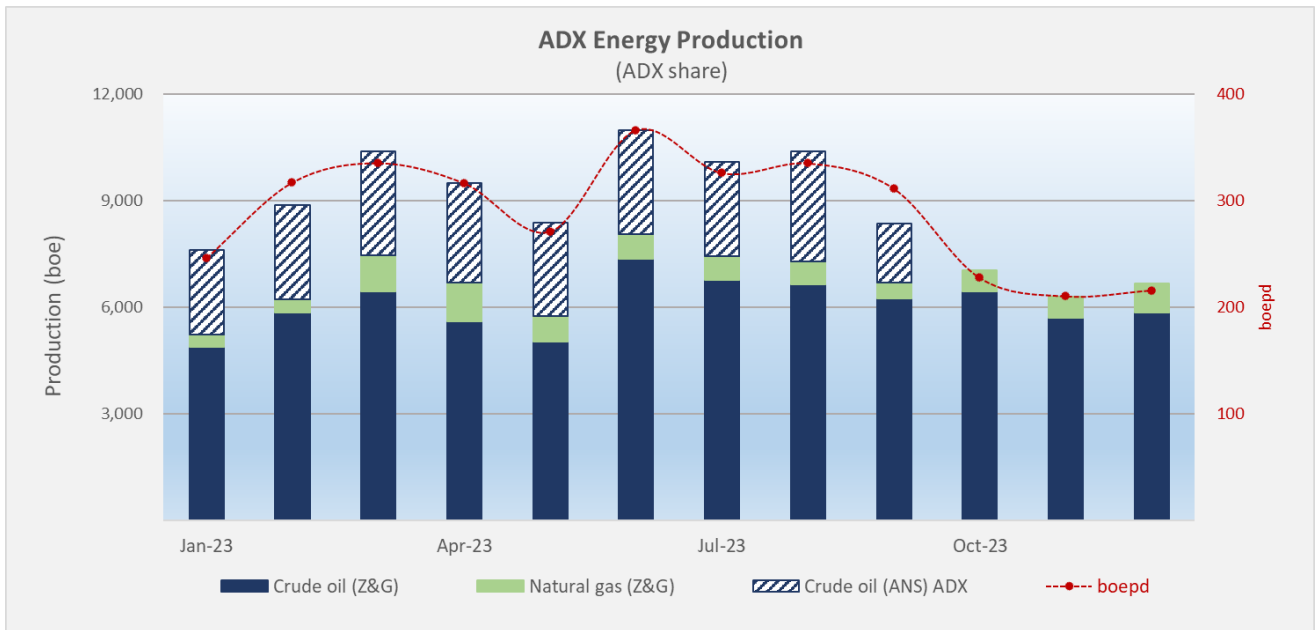
**PRODUCTION AND DEVELOPMENT - VIENNA BASIN FIELDS AND ANSHOF DISCOVERY AREA - ONSHORE AUSTRIA**

- ADX is operator and holds a 100% interest in the Vienna Basin Fields.
- ADX is operator and held an 80% economic interest in the Anshof Discovery Area (excluding the Anshof-2 well) until 15 September 2023 reducing to 50% for the remainder of the period following the finalisation of the Anshof Investment Agreement.
- ADX is Operator and holds a 60% economic interest in the Anshof-2 well.

The production rate net to ADX from the Vienna Basin Fields and the Anshof Discovery Area (collectively, Austrian Production) during the year averaged approximately 287 BOEPD compared to 238 BOEPD for the year ending December 2022. Stable oil and gas production continued during the year from the 100% ADX owned Vienna Basin Fields producing an average of 221 BOEPD.

The 20% increase in average production was due to Anshof-3 test production through to October contributing an average 66 BOEPD net to ADX over the year shown in the figure below. After coming online in October 2022, the Anshof-3 well was shut in on 19th September 2023 after reaching the regulatory limit of 5,000 tonnes (36,000 barrels) for test production. Anshof-3 production is expected to recommence after the installation and commissioning of a permanent production facility in late March 2024/early April 2024.

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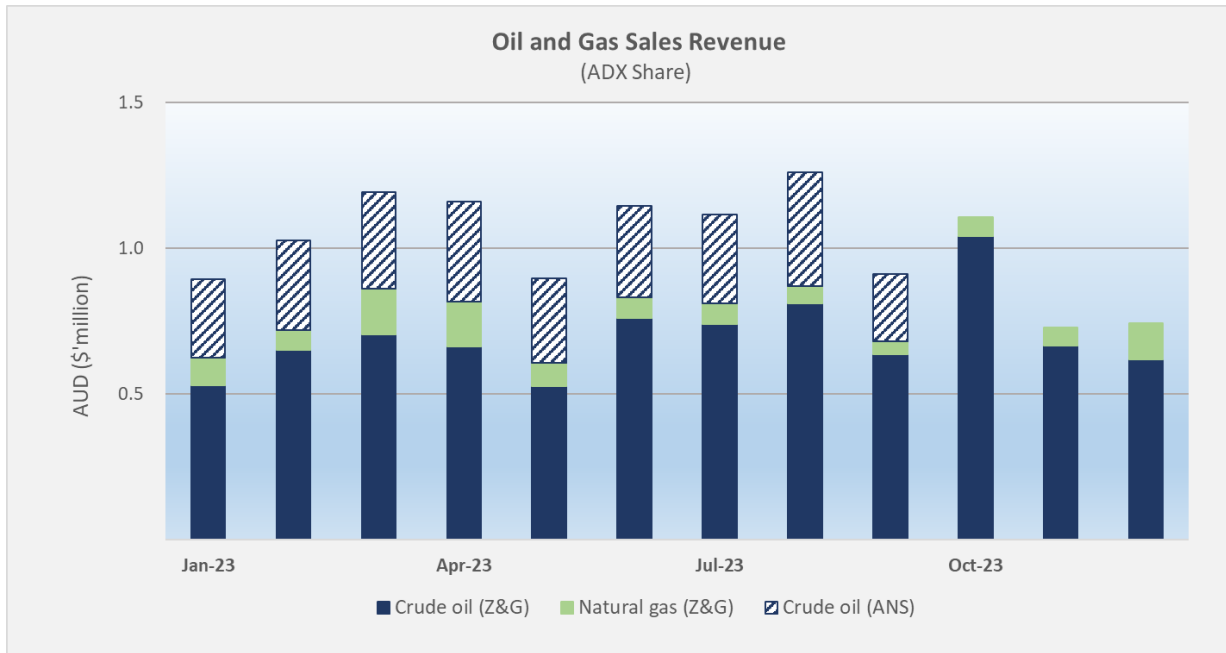


**Austrian monthly and average daily oil equivalent production rate for oil, gas and total BOEPD**

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Sales revenues from Austrian Production during the year totalled A\$ 12,175,000 net to ADX, a 16% decrease compared to the year ended 31 December 2022. The decrease in revenue is the result of a decrease in product prices. The average crude oil price received reduced from A\$132.48/bbl to in 2022 to A\$115.19/bbl in 2023 and the gas prices came off record highs delivering an average of A\$371.69/BOE in 2022 reducing to A\$130.47/BOE. Notwithstanding that gas prices have come off the 2022 record highs, gas prices achieved from the Vienna Basin in 2023 continue to outstrip oil prices.

The figure below shows the variation in monthly sales revenue and the revenue contribution from the Anshof-3 well test.



**Austrian Production monthly oil and gas sales revenue**

Due to volatile market conditions and in line with its rolling hedging strategy, ADX seeks to provide stability for near term revenue generation, ADX hedged approximately 100 BOPD from April 2023 through to the end of the period. On 5 April 2023 a total of 16,440 barrels for the period between 1 April 2023 to 30 September 2023 was hedged under a swap contract at a fixed price of USD 82.94 per barrel (Dated Brent price). On 27 July 2023, ADX executed further hedging transactions with a fixed price swap contract 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. The hedging counterparty for both transactions was Britannic Trading Limited (a trading entity of BP).

The balance of the crude oil production from the Vienna basin fields and all of ADX' share of the crude oil production from the Anshof field was unhedged allowing ADX to maintain exposure to upside in Brent crude oil pricing. Gas production from the Vienna basin fields was also unhedged.

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***Vienna Basin Fields***

Gaiselberg and Zistersdorf (collectively the Vienna Basin Fields) continued stable and low-emissions oil and gas production through 2023. 80,874 BOE were produced and sold into the European market.

The following table summarises ADX' unaudited estimates of Developed Reserves as at 31 December 2023, based on reserves reported 31 December 2022, less production from the Vienna Basin Fields during the subsequent twelve-month period. ADX confirms that it is not aware of any new information or data that may materially affect the Vienna Basin Reserves.

<b>ADX Vienna Basin Unaudited Developed Reserves as at 31 December 2023</b>		
	<b>1P Reserves</b>	<b>2P Reserves</b>
<b>Total Developed (BOE) @ 31 December 2022</b>	1,059,965	1,719,965
<b>Production 2023 (BOE)</b>	80,874	80,874
<b>Total Developed (BOE) @ 31 December 2023</b>	979,091	1,639,091
<b>Notes</b>		
<ol style="list-style-type: none"> <li>1. ADX holds a 100% working interest in the fields</li> <li>2. The notional reference point for reserves is the permit boundary or export line inlet.</li> <li>3. Deterministic evaluation methods have been used.</li> <li>4. Associate gas resources includes inerts sold with the gas.</li> <li>5. There is no fuel &amp; flare consumption for the Fields.</li> <li>6. BOE means barrels of oil equivalent including solution gas</li> <li>7. Conversion factors are 1.124m<sup>3</sup>/tonne oil, 165.4 sm<sup>3</sup> gas per boe and a gas Higher Heating Value of 40.7 MJ/sm<sup>3</sup></li> </ol>		

***Anshof Oil Discovery Area Appraisal and Development***

The Anshof-3 exploration well located in the ADX-AT-II license in Upper Austria encountered oil in Eocene oil reservoirs in 2022 and an extended production test commenced on 16 October 2022 using a leased early production unit. The well produced at a stable rate of approximately 110 barrels per day (gross) through the 2023 year until it was shut in on 19th September 2023 after reaching the regulatory limit of 5,000 tonnes (36,000 barrels) for test production. Production during the period was curtailed due to facilities constraints. Anshof-3 production is expected to recommence after the installation and commissioning of a permanent production facility in late March 2024/early April 2024.



**Anshof Permanent Production Facility; currently being moved from Ampfing to Anshof**

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Anshof-3 production performance exceeded expectations throughout the test in 2023 with strong pressure support and deliverability. Water-free 33° API crude oil production has been maintained since October 2022 and the crude oil quality continues to meet all the required specifications of the transporter and the buyer (OMV-refinery near Vienna).

The Anshof-2 well was drilled in the fourth quarter 2023. The well intersected the predicted Eocene oil reservoir section at a depth of approximately 2160 metres measured depth (MD), approximately 60 metres shallower than prognosis in terms of vertical depth but with no movable oil. Remapping of the field extent incorporating these results is underway.

***Anshof Field Area and Anshof-2 Well Participation and Operatorship***

ADX and MND executed an Energy Investment Agreement on 04<sup>th</sup> August 2023 (“Anshof EIA”) whereby MND earned 30% interest in the Anshof Field Area from ADX. Under the terms of the Anshof EIA, MND will make payments to ADX VIE GmbH of EUR 1,335,000 for back costs and EUR 597,353 for Anshof-1 and Anshof-2 well long lead items. The total firm and contingent investment payment obligations by MND are up to EUR 11,520,000 to earn a 30% economic interest in the Anshof Field Area (Refer to the ASX release dated 7 August 2023). ADX’ economic interest in the Anshof Field Area reduced from 80% to 50% as a result of this transaction.

XST elected not to participate in the Anshof-2 well. ADX and MND agreed to fund XST’s share of well costs on a 50:50 basis and in turn obtain the right to 60% and 40% respectively of production from the well unless XST opts to buy back into the well at a premium of 500% to well costs. XST retains its 20% economic interest in the remainder of the Anshof Field Area (i.e. Anshof Field Area less the Anshof-2 well) with both ADX and MND’s economic interests remaining at 50% and 30% respectively.

***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 became effective from 31 March 2023. The award of the production licence provides the regulatory framework for development of the Anshof Field including the recommencement of production of Anshof and the further development of the field.

***Permanent Production Facilities Planning and Engineering***

Procurement, planning and design work continued during the reporting period for the installation of permanent production facilities (PPF) to replace the early production system used for the test of Anshof-3 which was shut in during September 2023. The early production system limited oil production due to processing, storage and offloading for trucking (of oil to train loading export facilities) constraints and was only designed to produce a single well. The PPF will have the capacity to process oil from multiple wells with liquids production capacity of approximately 3,000 barrels of oil per day. It will be mostly unmanned and operate 24 hours per day. Installation and commissioning of the PPF is planned for late March 2024/early April 2024.

Production from the PPF will initially be trucked to a nearby train loading facility as has been the case with the Anshof-3 well. In the longer term it is intended to construct new production pipelines to nearby export facilities less than 4km from the Anshof-3 location.

***Anshof-2 Appraisal Well***

The Anshof-2 downdip appraisal well was successfully drilled during the quarter to a total measured depth of 2321 metres (TMD) with a final inclination of approximately 73° (i.e. near horizontal). The well was spudded at 10:00 am Central European Time (CET) on the 13th of November 2023 and the RED Drilling & Services GmbH (RED) E-202 drilling rig was released on the 12th of December 2023 following completion of suspension operations. Anshof-2 was drilled without any lost time safety incidents and within budget.

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**Anshof-2 Drilling with the RED E-202 drilling rig**

The well intersected the predicted Eocene oil reservoir section at a depth of approximately 2160 metres measured depth (MD), approximately 60 metres shallower than prognosis in terms of vertical depth.

The Eocene sands confirm at least 12 metres net vertical thickness of high quality reservoir with an average porosity of 15% and a maximum porosity of 20%, significantly better than the reservoir quality and thickness found in the Anshof-3 discovery well.

Although there is oil saturation interpreted from logs across the interval there is no evidence of moveable oil. Based on the log analysis the well intersected the Eocene below the field oil-water-contact (OWC). The well was plugged back with cement and suspended at the 9 5/8" casing shoe for deviation to a yet to be finalised up-dip location.

The presence of a thick high-quality reservoir section was in line with ADX' P10 (upside) case pre drill maps and the fact that Anshof oil field structure is flatter and larger due to the Eocene sands being encountered some 60 metres higher than prognosis. Remapping is underway and is expected to result in increased oil volumes for the expected OWC.

ADX will review the depth conversion, fault mapping and seal integrity as part of its review and assessment for the best follow-up well as an Anshof oil producer. This will also include a critical review of the potential field OWC depth to be between the ODT seen in Anshof-3 and the water-up-to (WUT) seen in Anshof-2.

***Anshof Field Reserves***

Independent consultants RISC Advisory Pty Ltd (RISC) were engaged to provide an independent reserve and resource assessment for the Anshof field. The competent person's report prepared by RISC (CPR) has an effective date of 1 October 2022. Refer to ASX release dated 31 October 2022.

Since that time, the Anshof-3 extended test has produced water-free approximately 36,000 barrels at rates and pressures higher than expected by RISC. The Anshof-2 well has also been drilled and the presence of a much thicker than expected high-quality reservoir section and the fact that Anshof oil field structure is flatter and may be larger due to the Eocene sands being encountered 60 metres higher than prognosis is expected to compensate for the shallower than expected OWC depth at Anshof-2. As a result, a larger crestal volume with greater reservoir thickness can be expected requiring fewer production wells due to higher well productivities and reserves recovery per well.

ADX plans to integrate these results and provide an update in relation to the Anshof Field Reserves as soon as the relevant work has been completed .

The following table summarises the unaudited estimates of gross Developed Reserves as at 31 December 2023, based on unaudited reserves reported as at 31 December 2022, less production from the Anshof-3 during the subsequent twelve-month period.

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<b>Anshof Unaudited Reserves (Gross) as at 31 December 2023</b>		
	<b>1P Reserves</b>	<b>2P Reserves</b>
<b>Anshof Gross Reserves (BOE) @ 31 December 2022</b>	493,518	5,118,518
<b>Production 2023 (BOE)</b>	29,685	29,685
<b>Anshof Gross Reserves (BOE) @ 31 December 2023</b>	463,833	5,088,833

**Notes**

1. The notional reference point for reserves is the permit boundary or export line inlet.
2. ADX has an 50% economic interest in the Anshof discovery area and 50% entitlement to its gross reserves and resources; except the Anshof-2 well where it has a 60% economic interest and entitlement subject to the terms of XST's non-participation in the well.
3. Probabilistic methods have been used to determine oil in place and recoverable oil. Deterministic methods were used to develop production profiles and well numbers.
4. Associated gas resources include inerts sold with the gas. There is no fuel and flare.
5. Conversion factors are 7.3 bbl per tonne of oil and 5,800 MMscf per MMboe of gas.
6. ADX confirms that the results of the Anshof-2 well will impact Anshof Field Reserves estimates. As described in its announcement of 11 December 2023, the presence of a much thicker than expected high-quality reservoir section and the fact that Anshof oil field structure is flatter and larger due to the Eocene sands being encountered 60 metres higher than prognosis is expected to compensate for the shallower than expected OWC depth at Anshof-2. As a result, a larger crestal volume with greater reservoir thickness may be present requiring fewer production wells due to higher well productivities and reserves recovery per well.

**Table 1: Anshof Field Reserves and Resources**

**A. Proved Reserves** are those quantities of Petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from known reservoirs and under defined technical and commercial conditions. If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

**B. Probable Reserves** are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

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**UPPER AUSTRIA EXPLORATION LICENSES, MOLASSE BASIN – ONSHORE AUSTRIA**

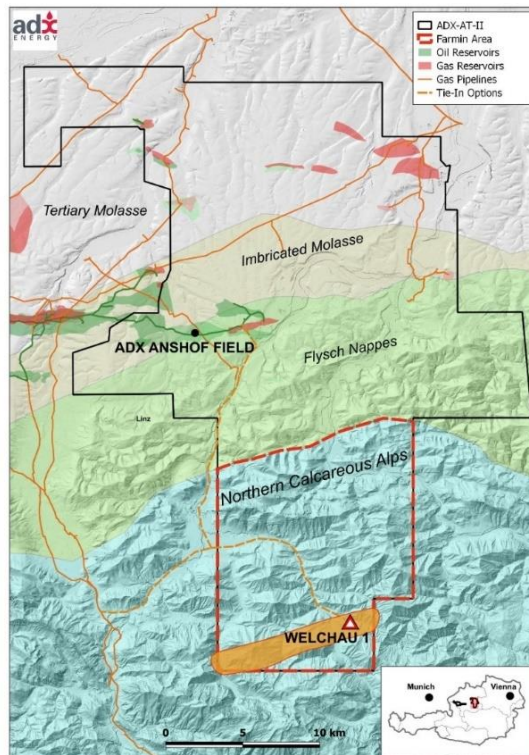
**Welchau Giant Gas Exploration Well**

- ADX is operator and holds a 75% interest in the Welchau Investment Area subsequent to completion of MCF's funding obligations.

During the period, ADX executed an Energy Investment Agreement with MCF Energy Ltd via its subsidiary MCF Energy GmbH (MCF) to fund 50% of the 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. Upon completion of MCF's funding obligations ADX will hold a 75% economic interest in the Welchau Investment Area.

The Welchau gas prospect has exceptional gas resource potential, located in the heart of Europe at a relatively shallow drill depth and proximal to gas pipelines. Pre-drill, ADX estimated that Welchau had best technical Prospective Resources of 807 BCFE (134 MMBOE)<sup>1</sup> at a reporting date of 22 June 2023. The Welchau prospect targeted the same reservoirs as the nearby Molln-1 well which tested gas in 1989.

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

During the period, ADX achieved all the necessary milestones to be prepared for drilling in early 2024. These included:

- Securing a drilling permit from the Mining Authority;
- Securing and Environmental Clearance from the Department of Nature Protection of the State Government of Upper Austria;
- Contracted all drilling and associated services including the RED Drilling & Services GmbH E-202 drilling rig; and
- Commenced Well site construction.

<sup>1</sup> 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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Subsequent to the year-end, the Welchau-1 gas exploration well was spudded on 24<sup>th</sup> February 2024. Well site construction was completed and rig mobilisation occurred in January 2024. The well reached a total depth of 1733 metres on 17<sup>th</sup> March 2024. Welchau-1 was drilled without any lost time safety incidents and below budget due to improved drill rates and efficiencies.

Strong liquids-rich gas shows were encountered over a 115-metre interval in the Steinalm Formation between 1452 and 1567 metres. 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 with an intense, light blue petroleum fluorescence evident on the fracture surfaces when viewed under ultra violet light. An image of the cut section of recovered core is shown below.

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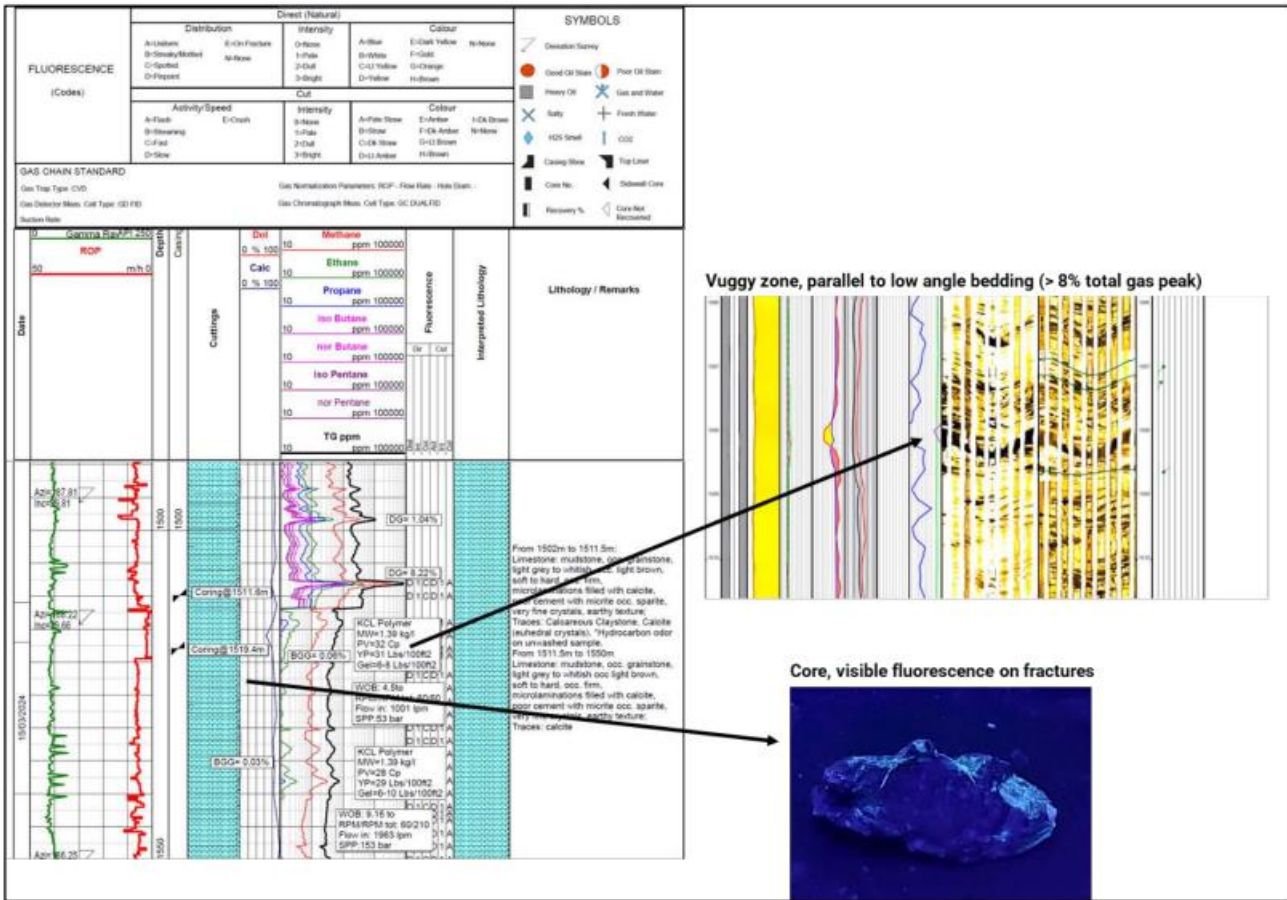
**Cut section of Welchau-1 core demonstrating its natural fracture system**

The logging of Welchau-1 confirmed open fracture networks and vuggy porosity essential for well productivity coincident with high gas shows (up to 20%) seen during drilling.



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Left: The Welchau-1 mudlog with several distinct gas peaks in the area from 1490 to 1550 m MD. The zone of the highest gas peak (> 8%) can clearly be identified on the image log (top right) where large vugs (dark coloured due to conductive mud entering the formation) are present. Bottom right: A piece of rock recovered during coring, which shows intense, light blue fluorescence on naturally occurring fractures.

Five pressure recordings from the interval 1479 metres to 1597 metres MD revealed a complex carbonate reservoir setting in an over pressurised hydraulic system at an equivalent formation density of 1.28 SG. The corresponding permeability of the pressure tested levels show medium to very high permeability which is in agreement with fracture density and petrophysical log interpretation.

Liquid hydrocarbon and gas inflow to the wellbore was observed at surface following downhole sampling operations. High mud gas readings for C1 of up to 20% were recorded from the well bore with heavier components up to C5 recorded. Following the observation of gas seen at surface, liquid hydrocarbons were also observed in the mud at surface exhibiting fluorescence. The inflow of hydrocarbons to the well bore is further confirmation of the existence of mobile hydrocarbons.

Future well operations include the casing, cementing and suspension of the well for later production testing, followed by rig down and demobilisation of the RED E200 drill rig. The future testing and potential deepening of the well can be done with a cost-effective workover rig.

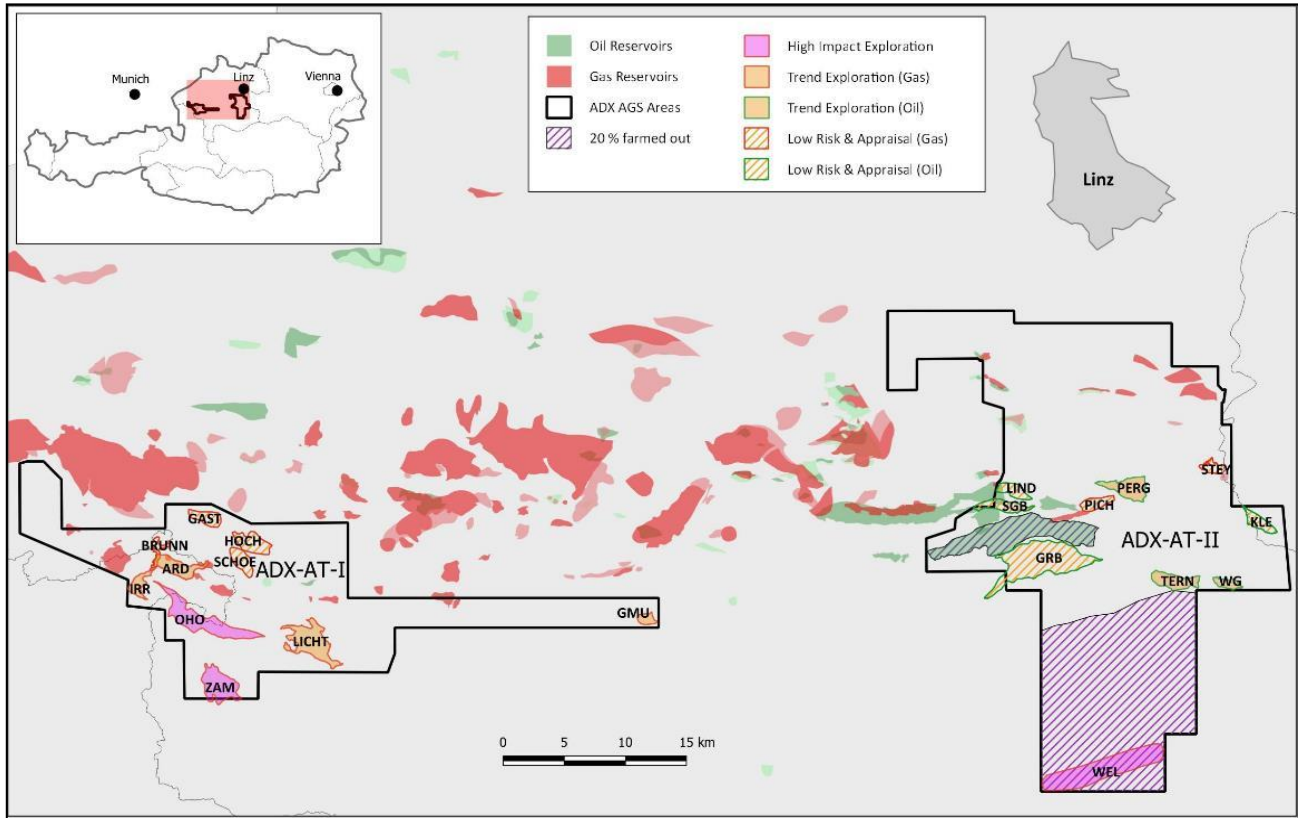
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**Upper Austria AGS Exploration Licences, Molasse Basin – Onshore Austria**

- ADX is operator and holds a 100% interest in the ADX-AT-I and ADX-AT-II exploration licences other than the Anshof Discovery Area (above), the Welchau Farmout area (above) and the ADX-AT-I Investment Area (below).

ADX holds licence areas for exploration, production and gas storage with a total area of 1,022 km<sup>2</sup> 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 de-risking existing prospects and identifying and maturing new exploration and appraisal prospects based on leading edge 3D seismic and artificial intelligence (AI) applications.

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**ADX-AT-I and ADX-AT-II Licence Areas**

During the period, ADX focussed on the giant Welchau gas prospect and the low-risk shallow gas portfolio in the ADX-AT-I licence such as the combined HOCH and GAST and SCHOE prospects shown below in the exploration prospect inventory table reported on 22 June 2023. The map above shows the location of the three above mentioned prospects in the northern part of ADX AT-I.

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. 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 known from offset wellbores; and
- C. Short tie-in distances to the extensive Upper Austrian gas network.



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Revision of resources by prospect				
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
	ARD	GAS	2,2	13,2
DISCOVERIES & APPRAISAL	SGB	OIL	2,8	na
	GRB	OIL	9,5	na
	LIND	OIL	0,8	na
	KLE	OIL	0,8	na
LOW RISK & COST TIE IN GAS APPRAISAL & EXPLORATION	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
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

**Prospective Resources reported 22 June 2023**

A detailed review of the HOCH and GAST prospects has revealed that they could be two connected parts of the same much larger combined accumulation adding significantly to the resource potential. The subsequent estimated technical prospective resources are shown in the table below.

HOCH-GAST - Prospective Resources			
	Min (P90)	Best Technical	Max (P10)
mmboe	0,3	1,4	3,1
Bscf	1,5	8,0	17,3

**Prospective resources estimates of the combined HOCH and GAST prospect**

**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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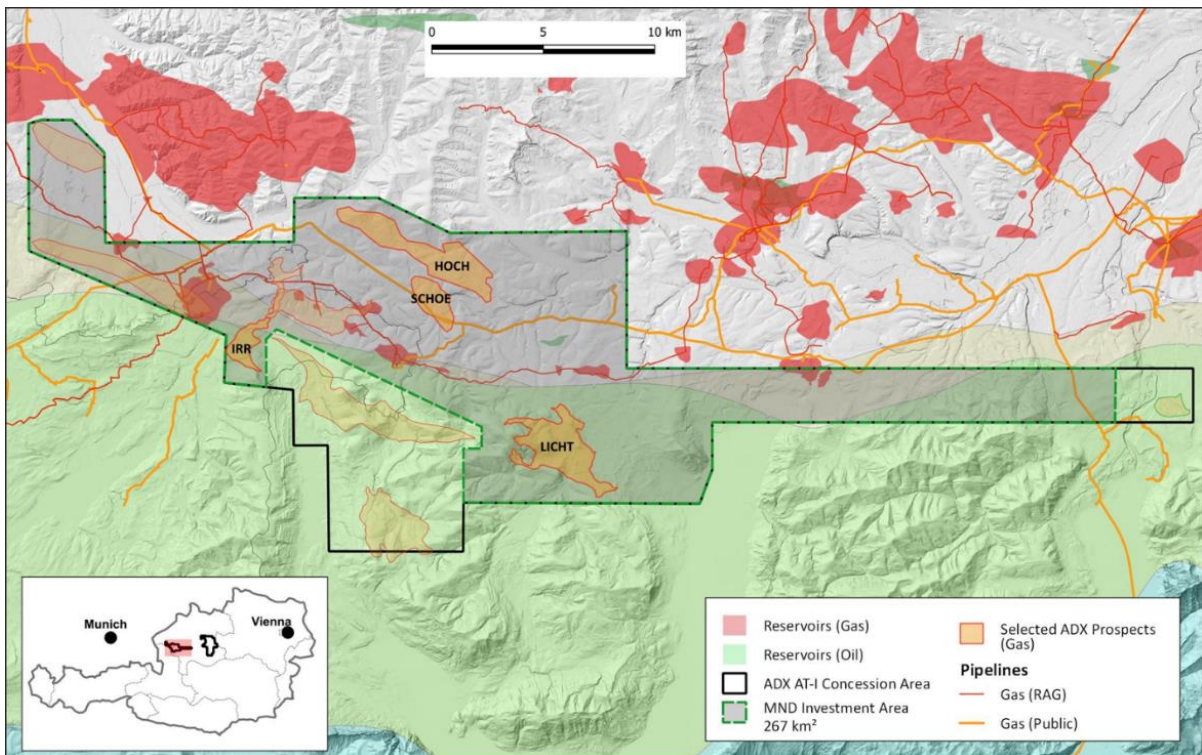
**ADX-AT-I Investment Area**

- ADX is operator and holds a 50% interest in the ADX-AT-1 Investment Area subject to MND completing its funding obligations.

During the period, ADX finalised agreements with MND Austria a.s. (MND) for MND to fund a gas exploration program in ADX-AT-I. The transaction was announced on the 4th of December 2023 and received confirmation of acceptance of the MND Investment Area partnership documentation by the Austrian Ministry of Finance. The transaction subsequently reached completion on the 5th of January 2024. MND a.s., the parent of MND, is a highly credentialed European explorer, producer and oil services group that generated approx. EUR 8.5 billion of revenue in 2022.

MND will secure a 50% economic interest in the Exploration Investment Area by providing cash payments of EUR 0.45 million to ADX and funding 100% of an agreed exploration work program of EUR 4.5 million. The Exploration Investment Area is part of the ADX-AT-I licence area.

At completion (January 2024) MND paid back costs of EUR 0.45 million to ADX and will fund EUR 4.5 million for exploration drilling to earn a 50% economic interest in MND Investment Area (an exploration investment area within the ADX-AT-I license), in Upper Austria. ADX retained a 100% interest in the remainder of the ADX-AT-I licence including adjacent gas exploration prospects (e.g. OHO and ZAM). The MND Investment Area is shown in the map below.



**Map showing the MND Investment Area within the ADX-AT-I licence which includes the LICHT and IRR gas exploration prospects**

Several gas prospects, all mapped using 3D seismic, are available for drilling in the MND Investment Area. ADX and MND currently intend to drill either the LICHT or the IRR gas exploration prospect during the second half of 2024. The LICHT prospect location has already received a drilling permit including an environmental clearance and ADX continues to work on securing drilling and environmental approvals for IRR. The prevailing strong gas pricing in Austria and proximity to infrastructure means that success with even a modest sized gas discovery can be highly value adding and profitable for the Company.

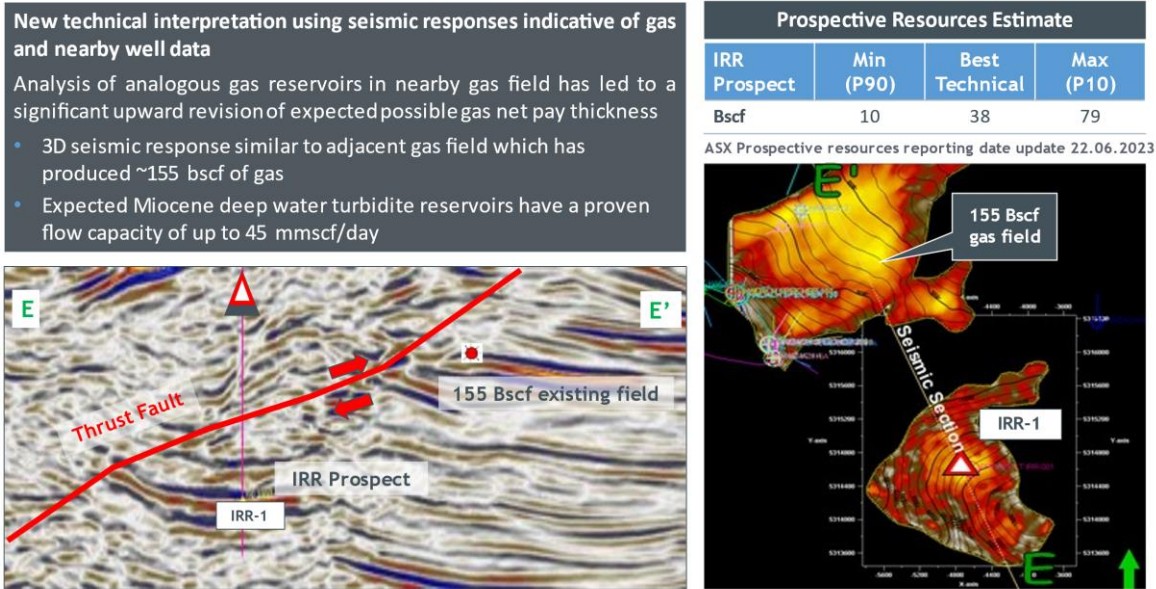
Both prospects offer significant resource potential and are fully covered by high quality 3D seismic and supported by seismically generated direct hydrocarbon indicator responses. ADX and MND plan to select the first drilling prospect early in 2024 with a view to drilling during the second half of 2024.

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The IRR prospect is featured in the Prospect Summary below. It shows the large (stratigraphic) resources upside potential and the strong analogy with a close by gas field that has produced approximately 155 BCF of gas during its field life prior to conversion to a large gas storage facility.

**IRR-1 Gas Prospect Summary**



**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.

**IECEA MARE PRODUCTION LICENSE AND PARTA EXPLORATION LICENSE – ONSHORE WESTERN ROMANIA**

**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 Iecea 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 the 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. The governing authority is the National Agency for Mineral Resources (NAMR) which is supporting the extension which can be granted through a government process. The validity of the Iecea Mare production licence is 20 years and not affected.

ADX continues to be engaged in ongoing discussions with the Regulatory Authorities in this regard and ADX has delivered a number of requested reports in support of the extension discussions, including reports specifically documenting the extensive past activity with the objective of receiving a de facto waiver on the fulfilment of the obligatory work program. Options to exploit the geothermal potential of the Romanian part of the Pannonian Basin are under investigation with the authorities in combination with a subsurface review of the likely prospectivity.

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**Italy - d 363C.R.-AX Licence - Offshore Sicily**

➤ 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 licenses to determine suitability for sustainable hydrocarbon prospecting, exploration and development activities (refer ASX Announcement dated 4 February 2019). In May 2022, Italian licensing authorities offered ADX the opportunity to ratify the d363C.R.-AX licence under a number of conditions including that only the gas potential within the licence is commercially exploited. Pleasingly, the technical work undertaken by ADX has highlighted the excellent shallow gas prospectivity of the shallow water licence.

The total best technical prospective resource potential of five high graded prospects is 369 BCF (refer ASX announcement 30 August 2022). The five high graded prospects are considered as relatively low risk, simple 4-way dip anticline closures featuring a seismic amplitude response commonly known as DHIs (or Direct Hydrocarbon Indicators).

The table below summarises the above-mentioned prospects that are defined by existing 2D seismic.

License d363C.R- AX	Prospect Name	Fluid	Best Technical Recoverable (BSCF)	Best Technical Recoverable (MMboe)
	1	GAS	61,9	10,3
<b>DHI SUPPORTED GAS EXPLORATION OFFSHORE SICILY</b>	2	GAS	69,7	11,6
	3	GAS	105,8	17,6
	4	GAS	41,7	7,0
	5	GAS	89,7	15,0
<b>Total Exploration</b>			<b>368,8</b>	<b>61,5</b>

Based on initial discussions with the Italian authorities, ADX submitted a work program in 2022 committing to seismic reprocessing and the option to acquire 2D seismic and 3D seismic data. Since none of the gas prospects and other identified leads have been covered with 3D seismic to date, ADX expects that more prospects may be identified, including large stratigraphic traps as indicated by the existing 2D seismic. It is expected that 3D seismic would substantially reduce exploration risk and attract further investment through farmouts. At the end of 4 years after licence ratification, ADX could elect to drill a well or drop the licence.

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. ADX received a principally positive reply from the Ministry in mid-July 2023 subject to further submissions.

ADX is currently awaiting ministerial response following the submission of several technical, commercial and financial capability documents for the award of a gas exploration and exploitation license. ADX has been informed by the Italian ministry during the quarter that the documents are currently under a final review by an independent group of experts outside of the Ministry.

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***EXPLORATION AND PRODUCTION FARM-OUT ACTIVITIES***

During the period, ADX has had success with multiple farmout transactions during the period including with MCF Energy Ltd. in relation to Welchau, the MND Anshof Investment Agreement and another Investment Agreement for MND to fund a gas exploration program in ADX AT-I.

ADX has been engaged in further on-going discussions with multiple parties to fund additional exploration and appraisal programs in Upper Austria. This has resulted in a number of farm-in proposals currently under discussion and further prospect generation to attract further investment in the extensive ADX exploration portfolio. The Participation Framework Agreements developed by ADX and approved by the Ministry (for the Anshof transaction) can be readily used as a template for future farm-in and co-investment transactions.

***NEW VENTURE E&P ACTIVITIES***

Subject to ADX' current focus on the Welchau discovery evaluation and operations, ADX continues to evaluate complementary production, appraisal and exploration opportunities located onshore Europe where it has geotechnical and operational experience. Priority opportunity is given to projects where there are significant synergies with the Company's current portfolio and operations.

During the reporting period, ADX has successfully participated in the evaluation and offer process for a highly complementary production, appraisal and exploration opportunity for an onshore Europe opportunity. As one of the preferred bidders ADX will continue to further evaluate the opportunity which would have significant synergies with the Company's current portfolio and operations.

***ADX RENEWABLE ENERGY PROJECT FORMATION***

Electricity remains ADX' highest operating expense at the Vienna Basin Fields. Despite the re-balancing in the European electricity market over the past 12 months, wholesale electricity prices in Austria remained elevated throughout 2023 trading at a significant premium to historical average prices (prior to the invasion of Ukraine by Russia in February 2022) and look set to remain high according to the futures market.

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.

During the period, ADX has also undertaken a feasibility review of the GMU geothermal project which is feasible and potentially commercially attractive due to increased energy prices. The combination of oil and gas targets overlying a potential geothermal target reduces risk. We are seeking a partner in this project.

ADX remains committed to these projects in the longer term, however, due to capital and skills constraints during the period, ADX has prioritised oil and gas activities at a time when Europe and particularly Austria are seeking domestic sources of energy supply.

***VIENNA BASIN HYDROGEN PRODUCTION AND STORAGE PROJECT***

Work undertaken on the Vienna Basin Solar Project over the Period has demonstrated that there are strong synergies for the Vienna Basin Hydrogen Project. These include the creation of a monetisation route for green electricity due to grid injection limitations and having access to a cost-effective feedstock allowing the production of premium green hydrogen compliant with standards applicable to the mobility sector.

ADX has therefore commenced during the period the evaluation of a green hydrogen early production scheme (Green Hydrogen EPS) using a small-scale electrolyser with a capacity of  $\leq 250$  kW. The Green Hydrogen EPS would allow ADX to produce green hydrogen using as feedstock electricity generated from the Vienna Basin Solar Project and generate early revenues focusing on the mobility sector (which attracts higher prices due to product scarcity).

The next phases of the Vienna Basin Hydrogen Project would remain as follows:

- a pilot phase with a 2.5 MW electrolyser capacity able to produce approx. 370 tonnes of renewable hydrogen; and

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- a scaleup phase whereby the electrolyser capacity will be upgraded to 30 MW resulting in a renewable hydrogen production capacity of 5,200 tonnes per annum.

Timing of the Vienna Basin Hydrogen Project implementation is dependent on the upgrade of the electricity grid to be able to access sufficient renewable electricity to feed larger size electrolysers.

ADX is also awaiting further regulatory advances in relation to renewable gases which will provide more offtake certainty required for project expansion. Austria has committed to achieve climate neutrality by 2040 (as opposed to 2050 for the European Union) and is considering the introduction of a mandatory quota for renewable gases (similar to mandatory blending of biofuels in gasoline and diesel). If implemented, such regulation would provide a strong legal and commercial framework for renewable hydrogen production.

***VIENNA BASIN SOLAR PROJECT***

ADX undertook during the Period further evaluation of various photovoltaic (PV) plant configurations for the Vienna Basin Solar Project taking into consideration that electricity injection into the local grid is limited to up to 300 kWh per connection point.

The implementation of the Vienna Basin Solar Project would allow ADX to become a renewable energy producer within 12-15 months from final investment decision. Initially, the most attractive configuration is a solar plant with a capacity of 1 MWp at the Gaiselberg site (combined with battery storage) and solar plant with a capacity of 0.35 MWp at the Gösting site. The capacity of the solar plant at the Gaiselberg site could be upgraded to 2.5 MWp over time to provide more feedstock for the Vienna Basin Hydrogen Project.



**Potential layout of the PV panels at the Gaiselberg site (approx. 1 MWp)**

These solar plant configurations could provide cost-effective electricity supply for the Vienna Basin Hydrogen Project with an all-in cost estimated at EUR 40-65 per MWh which is below current wholesale electricity prices in Austria.

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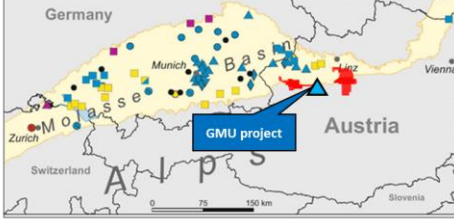

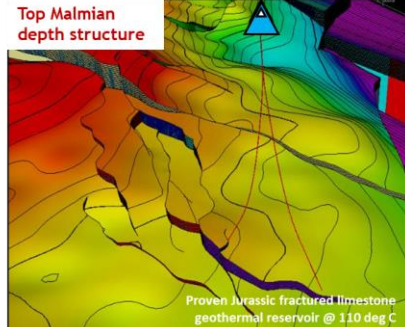
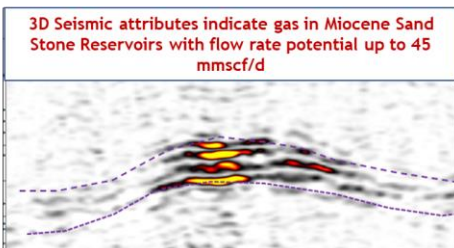
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***OIL, GAS AND GEOTHERMAL MULTI-ENERGY PROJECT IN UPPER AUSTRIA***

The GMU prospect located in the Eastern part of the ADX-AT-I exploration licence in Upper Austria (Molasse basin) was highlighted, presented and discussed in detail in the ASX release on the 22 June 2023. It combines a geothermal opportunity (fractured Jurassic limestone with 110°C reservoir temperature) and stacked overlying oil and gas targets defined on high quality 3D seismic

The GMU prospect provides the combination geothermal potential representing 18 MW of thermal power together with overlying oil and gas potential. The combination of geothermal and hydrocarbon potential is increasingly attractive due to increasing energy prices and increasing local industry demand seeking sustainable long term alternatives to expensive oil, gas and electricity.

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<p><b>The GMU prospect combines geothermal opportunity with multiple overlying oil and gas targets defined on 3D seismic</b></p>	<p><b>Map showing large many geothermal projects (blue symbols) in Bavaria in same reservoir as GMU Project</b></p>
<p>Geothermal opportunity (fractured Jurassic limestone) is a proven play in the Molasse basin. 3D seismic attributes analysis indicating oil and gas potential in stacked targets which can be accessed by a single well above the Jurassic limestone geothermal reservoir</p> <ul style="list-style-type: none"> <li>➤ High productivity reservoirs with best technical resource 3.9 mmboe</li> <li>➤ Geothermal potential of 18 MW thermal power</li> <li>➤ Market opportunity for district heating and power generation</li> </ul>	 <p>Source: Bavarian Ministry for Environment</p>
 <p>Molasse basin geothermal plant in nearby Bavaria, Germany</p>	 <p>Top Malmian depth structure</p> <p>Proven Jurassic fractured limestone geothermal reservoir @ 110 deg C</p>
<p><b>3D Seismic attributes indicate gas in Miocene Sand Stone Reservoirs with flow rate potential up to 45 mmscf/d</b></p> 	

Summary of combined Geothermal and oil & gas potential at GMU, located in the Eastern part of the ADX-AT-I licence

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**RESERVES REPORT**

**RESERVES REPORT**

***Gaiselberg and Zistersdorf Production Assets, Vienna Basin – Onshore Austria***

ADX purchased the Vienna Basin Fields (Gaiselberg and Zistersdorf) in December 2019. Since then, the fields have been producing oil and gas continuously and have been ADX' primary source of cash flow.

ADX equity interest in the relevant production licenses is summarised as follows:

<b>ADX Vienna Basin Oil and Gas Field Interests</b>			
<b>Field</b>	<b>Working Interest</b>	<b>License Expiry <sup>1</sup></b>	<b>Block or License</b>
Zistersdorf Field	100%	N/A	Zistersdorf
Gaiselberg Field	100%	N/A	Gaiselberg

Since purchase of the fields, two Competent Person's Reports (CPR) have been undertaken by independent consultants engaged by ADX to audit the Developed Reserves at the Vienna Basin Fields. The first CPR had an effective date of 31 December 2019 and the most recent CPR prepared by RISC has an effective date of 1 July 2021. The results of RISC's CPR were announced on the ASX on 4 November 2021.

ADX reserves attributable to Vienna Basin Fields effective 31 December 2022 were previously reported (Annual Report 2022). These were based on RISC CPR audited Developed Reserves as at 1 July 2021 less production during the subsequent 18-month period.

The following table summarises ADX' unaudited estimates of Developed Reserves as at 31 December 2022, based on reserves reported 31 December 2021, less production from the Vienna Basin Fields during the subsequent 12-month period.

<b>ADX Vienna Basin Unaudited Developed Reserves as at 31 December 2023</b>		
	<b>1P Reserves</b>	<b>2P Reserves</b>
<b>Total Developed (BOE) @ 31 December 2022</b>	1,059,965	1,719,965
<b>Production 2023 (BOE)</b>	80,874	80,874
<b>Total Developed (BOE) @ 31 December 2023</b>	979,091	1,639,091

**Notes**

1. ADX holds a 100% working interest in the fields
2. The notional reference point for reserves is the permit boundary or export line inlet.
3. Deterministic evaluation methods have been used.
4. Associate gas resources includes inerts sold with the gas.
5. There is no fuel & flare consumption for the Fields.
6. BOE means barrels of oil equivalent including solution gas
7. Conversion factors are 1.124m<sup>3</sup>/tonne oil, 165.4 sm<sup>3</sup> gas per boe and a gas Higher Heating Value of 40.7 MJ/sm<sup>3</sup>

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**Anshof Discovery Area, ADX AT-II AGS license, Upper Austria – Onshore Austria**

During January 2022, ADX discovered oil in Eocene reservoirs and shallow gas in Miocene reservoirs at the Anshof-3 well. ADX completed and tested the Eocene reservoir in May 2022. A long-term production test commenced from the Anshof-3 well on 16 October 2022. The well has produced water free oil averaging oil rates between 110-120 barrels per day continuously for the entire test period until it was shutin 19 September 2023 at the end of the test period.

ADX equity interest in the relevant license is summarised as follows:

<b>ADX Anshof Oil Field Interests</b>				
<b>Area</b>	<b>Effective Dates</b>	<b>Economic Interest</b>	<b>Licence Expiry<sup>3</sup></b>	<b>Block or Licence</b>
<b>Anshof Field</b>	31 December 2022 – 15 September 2023	80% <sup>1</sup>	N/A	ADX AT-II
<b>Anshof Field (except Anshof-2 Well)</b>	16 September 2023 – current	50% <sup>1</sup>	N/A	ADX AT-II
Anshof-2 Well	13 November 2023 - current	60% <sup>2</sup>	N/A	ADX AT-II
<b>Notes</b> 1. ADX farmed down its 80% economic interest to MND in return for certain upfront and contingent payments on 15 September 2023 2. XST elected not to participate in the Anshof-2 well resulting in ADX' additional 10% economic interest in this well 3. License Term is for life of field				

Independent consultants RISC were engaged to provide an independent reserve and resource assessment for the Anshof field. The RISC CPR relating to the Anshof field has an effective date of 1 October 2022. Refer to ASX release dated 31 October 2022. A long-term production test commenced from the Anshof-3 well on 16 October 2022. Since that time, the Anshof-3 extended test has produced water-free 36,000 barrels at rates and pressures higher than expected by RISC.

The Anshof-2 well has also been drilled and the presence of a much thicker than expected high-quality reservoir section and the fact that Anshof oil field structure is flatter and larger due to the Eocene sands being encountered 60 metres higher than prognosis is expected to compensate for the shallower than expected OWC depth at Anshof-2. As a result, current mapping indicates a larger crestal volume with greater reservoir thickness can be expected requiring fewer production wells due to higher well productivities and reserves recovery per well.

ADX plans to integrate these results and provide an update in relation to the Anshof Field Reserves as soon as practically possible.

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**RESERVES REPORT**

The following table summarises the unaudited estimates of gross and net Reserves as at 31 December 2023, based on unaudited reserves reported as at 31 December 2022, less production from the Vienna Basin Fields during the subsequent twelve-month period.

<b>ADX Anshof Unaudited Reserves as at 31 December 2023</b>		
	<b>1P Reserves</b>	<b>2P Reserves</b>
<b>Anshof Gross Reserves (BOE) @ 31 December 2022</b>	493,518	5,118,518
<b>Gross Production 2023 (BOE)</b>	29,685	29,685
<b>Anshof Gross Reserves (BOE) @ 31 December 2023</b>	463,833	5,088,833
<b>Anshof Net Reserves (BOE) @ 31 December 2022</b>	394,814	4,094,814
<b>Net Production 2023 (BOE)</b>	23,748	23,748
<b>Reduction in net economic interest under Energy Investment Agreement</b>	139,150	1,526,650
<b>Anshof Net Reserves (BOE) @ 31 December 2023</b>	231,916	2,544,416
<b>Notes</b>		
<ol style="list-style-type: none"> <li>1. The notional reference point for reserves is the permit boundary or export line inlet.</li> <li>2. ADX has an 50% economic interest in the Anshof discovery area and 50% entitlement to its gross reserves and resources; except the Anshof-2 well where it has a 60% economic interest and entitlement subject to the terms of XST's non-participation in the well.</li> <li>3. Probabilistic methods have been used to determine oil in place and recoverable oil. Deterministic methods were used to develop production profiles and well numbers.</li> <li>4. Associated gas resources include inerts sold with the gas. There is no fuel and flare.</li> <li>5. Conversion factors are 7.3 bbl per tonne of oil and 5,800 MMscf per MMboe of gas.</li> <li>6. ADX confirms that the results of the Anshof-2 well will impact Anshof Field Reserves estimates. As described in its announcement of 11 December 2023, the presence of a much thicker than expected high-quality reservoir section and the fact that Anshof oil field structure is flatter and larger due to the Eocene sands being encountered 60 metres higher than prognosis is expected to compensate for the shallower than expected OWC depth at Anshof-2. As a result, a larger crestal volume with greater reservoir thickness is currently mapped requiring fewer production wells due to higher well productivities and reserves recovery per well.</li> </ol>		

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**ADX ENERGY LTD**  
**RESERVES REPORT**

**ADX' Total Austrian Reserves**

ADX' total net Austrian Reserves are summarised below. This includes the Vienna Basin Fields Reserves and Anshof Field Reserves (described above) as of 31 December 2022. The reserves variance is a comparison of 2021 year end reserves versus 2022 year end reserves.

The positive variance of 223% estimated for the 2P reserves category is the result of the reserves attributed to the Anshof field discovered in January 2022 by the Anshof-3 well which was subsequently placed on long term test production in October 2022. A production license for the Anshof field was awarded in March 2023.

<b>ADX Austrian Fields Unaudited Net Reserves as at 31 December 2023</b>		
<b>Anshof Field and Vienna Basin Field Reserves (Barrels of Oil Equivalent)</b>		
	<b>1P Reserves</b>	<b>2P Reserves</b>
<b>Vienna Basin Fields (BOE) *</b>	979,091	1,639,091
<b>Anshof Field (BOE) #</b>	231,916	2,544,416
<b>Total Reserves (BOE) @ 31 December 2023</b>	<b>1,211,007</b>	<b>4,183,503</b>
<b>Notes</b>		
See Notes in Asset Tables above		

**Reporting Standards**

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.

PRMS Reserves Classifications Used

**1P** Denotes low estimate of Reserves (i.e., Proved Reserves). Equal to P1.

**2P** Denotes the best estimate of Reserves. The sum of Proved plus Probable Reserves.

**3P** Denotes high estimate of Reserves. The sum of Proved plus Probable plus Possible Reserves.

1. **Developed Reserves** are quantities expected to be recovered from existing wells and facilities.
  - a. *Developed Producing Reserves* are expected to be recovered from completion intervals that are open and producing at the time of the estimate.
  - b. *Developed Non-Producing Reserves* include shut-in and behind-pipe reserves with minor costs to access.

2. **Undeveloped Reserves** are quantities expected to be recovered through future significant investments.

A. **Proved Reserves** are those quantities of Petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from known reservoirs and under defined technical and commercial conditions. If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

B. **Probable Reserves** are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

C. **Possible Reserves** are those additional Reserves that analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability

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**RESERVES REPORT**

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to exceed the sum of Proved plus Probable plus Possible (3P) Reserves, which is equivalent to the high-estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves that are located outside of the 2P area (not upside quantities to the 2P scenario) may exist only when the commercial and technical maturity criteria have been met (that incorporate the possible development scope). Standalone Possible Reserves must reference a commercial 2P project.

**Persons compiling information about Hydrocarbons.** Pursuant to the requirements of the ASX Listing Rule 5.31, 5.41 and 5.42 the unaudited technical and reserves information contained in this report has been prepared under the supervision of Mr Paul Fink. Mr Fink is Technical Director of ADX Energy Limited, 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 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).

**RISC independent audit and competent person reports**

RISC has conducted an independent audit of the Developed Reserves for the Vienna basin Fields and a competent persons report for Undeveloped Reserves for the Anshof Fields. The reserves described above are based on RISC's assessments which have been previously announced by ADX. RISC has previously consented to the inclusion of information specified as RISC audited values in this report.

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**ADX ENERGY LTD**  
**DIRECTORS' REPORT**

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Your Directors present their report for the year ended 31 December 2023.

**DIRECTORS**

The names and particulars of the Directors of the Company in office during the year and up to the date of this report were as follows. Directors were in office for the entire year unless otherwise stated.

**Ian Tchacos**

**B.Eng (Mech.)**

*Executive Chairman (Appointed 2 March 2010)*

Mr Tchacos was appointed as Non-Executive Chairman of ADX on 2 March 2010 and appointed as Executive Chairman on 28 September 2015. He is a Petroleum Engineer with over 40 years international experience in corporate development and strategy, mergers and acquisitions, petroleum exploration, development and production operations, commercial negotiation, oil and gas marketing and energy finance. He has a proven management track record in a range of international oil company environments. As Managing Director of Nexus Energy, he was responsible for this company's development from an onshore micro-cap explorer to an ASX top 200 offshore producer and operator.

Mr Tchacos is a recipient of the RIU Good Oil Conference John Doran Lifetime Achievement Award. The award is presented annually to recognise an individual with an outstanding long-term record of achievement in the Australian oil and gas industry.

*Other directorships of listed companies in the last three years: 3D Oil Limited (current).*

**Paul Fink**

**MSc (Geophysics)**

*Executive Director (Appointed 25 February 2008)*

Mr Fink has over 35 years of petroleum exploration and production industry experience in technical and management positions. He is a graduate from the Mining University of Leoben, Austria and started his career as a seismic data processing geophysicist and then worked predominantly on international exploration and development projects and assignments in Austria, Libya, Bulgaria, UK, Australia and Pakistan as Exploration and Reservoir Manager for OMV. In 2005, Paul started his own petroleum consultancy working on projects in Romania and as Vice President for Focus Energy, leading their highly successful exploration and development campaign in Western India. Paul was a key team member for the resulting highly successful IPO on the London Stock Exchange (Indus Gas) which led to a market capitalisation of over GBP 1.5 billion, partly due to third party reserves audits managed by Paul.

*Other directorships of listed companies in the last three years: Nil.*

**Edouard Etienvre**

**MSc (Management)**

*Non-Executive Director (Appointed 7 January 2020)*

Mr Etienvre is an energy and natural resources executive and entrepreneur with over 15 years of experience in the oil and gas, mining, shipping and offshore facilities sectors initially with banks including sell-side equity research and reserve-based lending. More recently his experience has included positions with private and public E&P companies, ship owners and offshore facilities owners, mining companies and a mid-size trading group managing investments in companies active in the oil and gas sector. Mr Etienvre has extensive commercial, business development, risk assessment, management and project management experience and expertise including deal sourcing, transaction structuring and execution, commercial negotiations and financing including debt, equity, off-take finance, vendor finance and reverse take-overs.

*Other directorships of listed companies in the last three years: Nil.*

**John Begg**

**BSc (Geol)**

*Non-Executive Director (Appointed 4 March 2024)*

Mr Begg is a highly experienced energy professional who has been instrumental in the discovery and commercialisation of numerous oil and gas fields in Australia, North Africa, SE Asia and California. During his career he has founded, promoted and held executive roles in a number of companies listed in Australia and the UK. John brings valuable strategic, technical and commercial support and guidance to the Board and management team. Like Mr Tchacos, Mr Begg has also been



**ADX ENERGY LTD**  
**DIRECTORS' REPORT**

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awarded the RIU Good Oil Conference John Doran Lifetime Achievement Award (2018) for his outstanding long-term record of achievement in the Australian oil and gas industry.

*Other directorships of listed companies in the last three years:* None.

**Andrew Childs**

***BSc (Geology and Zoology)***

*Non-Executive Director (Appointed 11 November 2009. RESIGNED 4 March 2024)*

Mr Childs graduated from the University of Otago, New Zealand in 1980 with a Bachelor of Science in Geology and Zoology. Having started his professional career as an Exploration Geologist in the Eastern Goldfields of Western Australia, Mr Childs moved to petroleum geology and geophysics with Perth based Ranger Oil Australia (later renamed Petroz NL). He gained technical experience with Petroz as a Geoscientist and later commercial experience as the Commercial Assistant to the Managing Director. Mr Childs is Chairman of Sacgasco Limited, Executive Chairman of Xstate Resources Limited and Managing Director of Petroleum Ventures Pty Ltd.

*Other directorships of listed companies in the last three years:* Sacgasco Limited and Xstate Resources Limited (both current).

**COMPANY SECRETARIES**

***Peter Ironside B.Com, CA***

*Appointed 8 March 1995*

Mr Ironside has a Bachelor of Commerce Degree and is a Chartered Accountant and business consultant with over 45 years' experience in the exploration and mining industry. Mr Ironside has a significant level of accounting, financial compliance and corporate governance experience including corporate initiatives and capital raisings. Mr Ironside has been a Director and/or Company Secretary of several ASX listed companies including Integra Mining Limited and Extract Resources Limited (before \$2.18bn takeover) and is currently a non-executive director of E79 Gold Mines Limited and Stavely Minerals Limited.

***Amanda Sparks B.Bus, CA, F.Fin***

*Appointed 6 October 2015*

Ms Amanda Sparks is a Chartered Accountant with over 35 years of resources related financial experience, with explorers and producers. Ms Sparks has extensive experience in company secretarial, financial management, capital raisings, corporate transactions, corporate governance and compliance for listed companies and is currently a non-executive director and Company Secretary of Stavely Minerals Limited, a non-executive director of Godolphin Resources Limited and Company Secretary for E79 Gold Mines Limited.

**MEETINGS OF DIRECTORS**

During the year, no formal board meetings were held. As the Board has two overseas directors, regular online management meetings were held, and all important resolutions agreed via circular resolutions:

<b>Name of Director</b>	<b>Circular Board Resolutions</b>
I Tchacos	20
P Fink	20
E Etienvre	20
A Childs	20

**ADX ENERGY LTD**  
**DIRECTORS' REPORT**

**DIRECTORS' INTERESTS IN SHARES AND OPTIONS**

The following table sets out each director's relevant interest in shares and options in shares of the Company as at the date of this report.

	I Tchacos	P Fink	E Etienvre	J Begg
<b>Shares</b>				
Ordinary fully paid shares	<b>10,702,154</b>	<b>11,382,251</b>	<b>4,899,313</b>	-
<b>Options</b>				
Unlisted Options, Ex Price \$Nil, Expiry 31/10/2024	161,608	-	-	-
Unlisted Options, Ex Price \$0.16, Expiry 31/12/2024	100,000	50,000	50,000	-
Unlisted Options, Ex Price \$Nil, Expiry 31/01/2025	725,000	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/05/2025	314,584	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/07/2025	245,625	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/10/2025	329,465	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/01/2026	185,796	-	-	-
Unlisted Options, Ex Price \$0.17, Expiry 31/03/2026	-	-	-	500,000
Unlisted Options, Ex Price \$Nil, Expiry 31/05/2026	311,719	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/07/2026	269,532	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/10/2026	380,358	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/01/2027	283,929	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/05/2027	275,893	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/07/2027	300,000	-	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/10/2027	218,750	113,451	-	-
Unlisted Options, Ex Price \$Nil, Expiry 31/01/2028	131,425	-	-	-
<b>Total Options</b>	<b>4,233,684</b>	<b>163,451</b>	<b>50,000</b>	<b>500,000</b>

**CORPORATE INFORMATION**

**Corporate Structure**

ADX Energy Ltd is a limited liability company that is incorporated and domiciled in Australia. ADX Energy Ltd has prepared a consolidated financial report incorporating the entities that it controlled during the year as follows:

ADX Energy Ltd	-	parent entity
AuDAX Energy Srl	-	100% owned Italian controlled entity
Bull Petroleum Pty Ltd	-	100% owned Australian controlled entity (dormant)
Terra Energy Limited	-	100% owned UK controlled entity
ADX VIE GmbH	-	Terra Energy Limited owns 100% of this Austrian controlled entity
Danube Petroleum Limited	-	49.18% owned UK controlled entity
ADX Energy Panonia Srl	-	Danube Petroleum Limited owns 100% of this Romanian controlled entity
Kathari Energia Limited	-	100% owned UK controlled entity
Kathari Energia GmbH	-	Kathari Energia Limited owns 100% of this Austrian controlled entity

**Principal Activity**

The principal activities of the Group during the year were oil and gas production, appraisal and exploration.

**Operations review**

Refer to the Operations Review preceding this report.

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**ADX ENERGY LTD**  
**DIRECTORS' REPORT**

**Summary of Financial Position, Asset Transactions and Corporate Activities**

A summary of key financial indicators for the Group, with prior year comparison, is set out in the following table:

	Consolidated 31 December 2023 \$	Consolidated 31 December 2022 \$
Cash and cash equivalents held at year end	8,007,441	3,569,631
Net profit/(loss) for the year after tax	(4,209,715)	(2,437,874)
Non-controlling interest in loss for the year	(145,506)	(133,611)
Included in loss for the year:		
Operating revenue	13,178,208	14,452,734
Cost of sales – operating costs	(9,309,549)	(7,451,979)
Cost of sales – depreciation/amortisation	(2,281,358)	(2,351,874)
Restoration expenses – changes in abandonment provision	(970,159)	(888,944)
Dry well costs	(1,638,550)	-
Impairment expenses	-	(817,122)
Exploration expensed	(1,787,750)	(2,105,903)
Basic profit/(loss) per share from continuing operations	(1.12)	(0.72) cents
Net cash from/(used in) operating activities	(2,916,480)	3,636,599
Net cash from/(used in) investing activities	456,607	(4,829,609)
Net cash from/(used in) financing activities	6,768,031	(1,189,792)

Production in Austria was as follows:

	31 December 2023	31 December 2022
Crude Oil Sold (Barrels)*	102,614	75,839
Gas Sold (Boe)	8,062	12,309
<b>Total Oil Equivalent (Boe)</b>	<b>110,676</b>	<b>88,148</b>

\* Crude oil sold represents total gross production. This includes 29,801 crude oil barrels sold from the Anshof-3 well for the year ended 31 December 2023 (2022: 6,483). Refer to note 25 of the financial statements for partnership details for the Anshof-3 well.

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**DIRECTORS' REPORT**

**Funds from Farmouts and Partners**

During the year, the following funds were received from partners:

- On 24 March 2023, ADX received EUR 228,460 (A\$ 387,722) from MCF in accordance with the Energy Investment Agreement dated 28 November 2022 as payment for past costs relating to the Welchau prospect and the Molln appraisal opportunity.
- On 6 July 2023, EUR 58,972 (A\$ 96,659) was received from MCF Energy Ltd. For study costs in relation to the Welchau prospect.
- On 13 September 2023, a total of EUR 1,932,353 (A\$ 3,167,272) for past costs and long lead drilling expenditures was received from MND Austria a.s. (MND) to secure a 30% economic interest in the Anshof Field within the ADX-AT-II licence in Upper Austria.
- In November and December 2023, ADX received a total of EUR 1,550,268 (A\$ 2,508,118) for Anshof-2 drilling expenditures and permanent production facilities was received from MND Austria a.s. (MND).

**Loan Repayments**

During the year, \$613,491 of bank loans were repaid in Austria (refer to note 12 of the financial statements).

**Loan Notes**

On 11 July 2023, ADX announced that 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 new sophisticated investors. The terms for the Loan Notes 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 \$0.1, expiring 11 January 2025	150,000 Options per Loan Note (3,000,000 in Total)	-	Total of 3,000,000 Options*
Free Attaching Unlisted Options with an Exercise Price of \$0.14, expiring 11 January 2025	150,000 Options per Loan Note (3,000,000 in Total)	215,000 Options per Loan Note (2,150,000 in Total)	Total of 5,150,000 Options*

\* Post-consolidated amounts

**Additional Hedging**

On 27 July 2023, ADX executed further hedging transactions with Britannic Trading Limited (a trading entity of BP) 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.

Subsequent to year end, on 26 January 2024, ADX executed further hedging transactions with Britannic Trading Limited with a:

- Fixed price swap contract for 8,400 barrels of oil at a fixed Brent crude oil price for February 2024 to May 2024 inclusive of USD 80.00 per barrel. The quantity of hedged oil equates to approximately 70 BOPD during that period.

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**ADX ENERGY LTD**  
**DIRECTORS' REPORT**

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***Consolidation of Capital***

On 29 August 2023, ADX announced that a General Meeting would be held on Thursday 28 September 2023, to consolidate the issued capital of the Company through the conversion of every ten (10) existing Shares into one (1) Share (Consolidation).

ADX previously had long history (over 25 years) originating as a gold and base metal company before becoming an Energy company. Consolidation was proposed by the Company in order to reduce the number of Shares on issue as the Board considered it appropriate for ongoing growth with a capital structure that is more in line with ADX' size, peer group companies and the increasing European shareholder presence on the Company's share register.

Upon receiving Shareholders approval, the capital consolidation was completed, with an effective date of 28 September 2023.

***Placement Raising \$ 4.8 million***

In November 2023, ADX advised it had successfully raised \$ 4.8 million from placements totalling 48,000,000 shares at a price of \$ 0.10 per share to sophisticated, institutional and professional investors. One (1) free attaching unlisted option was issued for every two (2) Placement Shares. The exercise price of the Placement Options is \$ 0.16 with an expiry date of 31 December 2024.

The funds raised from the Placement and the Securities Purchase Plan will be applied to near term activities of the Company, which included funding of the Company's increased economic interest in the recently completed Anshof-2 Appraisal Well, the installation of permanent production facilities at Anshof to enable increased production from the Anshof-3 and Anshof-2 Wells as well as funding for the Company's share of the Welchau-1 Exploration Well.

***Securities Purchase Plan (SPP) Raising \$ 1.578 million***

On 22 November 2023, eligible Shareholders (SPP Participants) were invited to participate in a Securities Purchase Plan Offer at \$ 0.10 per Share. This was the same price as the offer price under the Placement. SPP Participants also received one free-attaching unquoted option to acquire a Share for every two SPP Shares issued. The SPP Options are exercisable on the same terms as the Placement Options. A total of 15,780,000 SPP Shares and 7,640,000 SPP Options were issued on 22 December 2023, and the final 250,000 SPP Options were issued on 22 February 2024.

***Unmarketable Parcel Share Sale Facility***

On 24 February 2023, ADX announced that it has completed the unmarketable parcel share sale facility (Facility) for shareholders who held less than A\$ 500 worth of fully paid ordinary shares in the Company (Unmarketable Parcel), as announced on ASX on 19 December 2022. Consideration totalled \$193,541.56 (\$0.00758712 per share, based on a pre-consolidation basis).

***DIVIDENDS***

No dividends were paid or declared during the year. The Directors do not recommend payment of a dividend.

***ENVIRONMENTAL ISSUES***

The Company's environmental obligations are regulated by the laws of the countries in which ADX has operations. The Company has a policy to either meet or where possible, exceed its environmental obligations. No environmental breaches have been notified by any governmental agency as at the date of this report.

***SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS***

Significant changes in the state of affairs of the Company during the year are detailed in the Operations Report and Financial Summary in this report.

***FUTURE DEVELOPMENTS***

The Company intends to continue its production operations in Austria and continue its' exploration and development programme on its existing permits, and to acquire further suitable permits for exploration and development. Additional comments on likely developments are included in the Operations Report.



**ADX ENERGY LTD**  
**DIRECTORS' REPORT**

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**SHARES UNDER OPTION**

Unissued ordinary shares of the Company under option at the date of this report are as follows:

	<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Unlisted Options	13,231,674	13 cents	10/08/2024
Unlisted Options	161,608	Nil cents	31/10/2024
Unlisted Options	31,865,000	16 cents	31/12/2024
Unlisted Options	3,000,000	10 cents	11/01/2025
Unlisted Options	5,150,000	14 cents	11/01/2025
Unlisted Options	725,000	Nil cents	31/01/2025
Unlisted Options	6,350,000	17 cents	30/04/2025
Unlisted Options	314,584	Nil cents	31/05/2025
Unlisted Options	245,625	Nil cents	31/07/2025
Unlisted Options	500,000	17 cents	31/03/2026
Unlisted Options	329,465	Nil cents	31/10/2025
Unlisted Options	185,796	Nil cents	31/01/2026
Unlisted Options	311,719	Nil cents	31/05/2026
Unlisted Options	269,532	Nil cents	31/07/2026
Unlisted Options	380,358	Nil cents	31/10/2026
Unlisted Options	283,929	Nil cents	31/01/2027
Unlisted Options	275,893	Nil cents	31/05/2027
Unlisted Options	300,000	Nil cents	31/07/2027
Unlisted Options	332,291	Nil cents	31/10/2027
Unlisted Options	131,425	Nil cents	31/01/2028
Total Options	<u>64,343,899</u>		

No option holder has any right under the options to participate in any other share issue of the Company or any other related entity.

2,580,756 (pre-consolidation 25,707,560) unlisted options with an exercise price of nil were exercised by Directors during the year.

**INDEMNIFICATION AND INSURANCE OF OFFICERS**

The Company has paid a premium to insure the Directors and Officers of the Company and its controlled entities. Details of the premium are subject to a confidentiality clause under the contract of insurance.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group.

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**ADX ENERGY LTD**  
**DIRECTORS' REPORT**

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**REMUNERATION REPORT (AUDITED)**

The Directors present the 2023 Remuneration Report, outlining key aspects of ADX' remuneration policy and framework, together with remuneration awarded this year.

The report is structured as follows:

- A. Key management personnel (KMP) covered in this report
- B. Remuneration policy, link to performance and elements of remuneration
- C. Contractual arrangements of KMP remuneration
- D. Remuneration awarded
- E. Equity holdings and movement during the year
- F. Other transactions with key management personnel
- G. Use of remuneration consultants
- H. Voting of shareholders at last year's annual general meeting

**A. KEY MANAGEMENT PERSONNEL COVERED IN THIS REPORT**

For the purposes of this report key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise).

**Key Management Personnel during the Year**

**Directors**

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

**Other KMPs**

Amanda Sparks	-	Company Secretary and Chief Financial Officer
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**B. REMUNERATION POLICY, LINK TO PERFORMANCE AND ELEMENTS OF REMUNERATION**

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders.

The Board ensures that executive reward satisfies the following key criteria for good reward corporate governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Transparency; and
- Capital management.

**Remuneration Philosophy**

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre Executives; and
- if required, establish appropriate, demanding performance hurdles in relation to variable Executive remuneration.

The Group has structured an executive framework that is market competitive and complementary to the reward strategy for the organisation.

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**ADX ENERGY LTD**  
**DIRECTORS' REPORT**

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Both Executive and Non-Executive Directors may elect, subject to Shareholder approval, to reduce their cash director fees and consulting fees in lieu of Shares in accordance with the Company's Directors' Share Plan (Salary Sacrifice). The Shares are issued on a quarterly basis according to the Directors' fees owing to each of the Directors at that time, at an issue price of no less than the volume weighted average sale price of Shares sold on ASX during the 90 days prior to the expiration of the corresponding calendar quarter in which the Directors' fees were incurred. The Executive Directors may also elect, subject to Shareholder approval, to reduce their cash consulting fees in lieu of Options in accordance with the Company's Performance Rights and Option Plan. The Options are issued on a quarterly basis according to the consulting fees owing to each of the Directors at that time, using a deemed price of no less than the volume weighted average sale price of Shares sold on ASX during the 90 days prior to the expiration of the corresponding calendar quarter in which the consulting fees were incurred.

**Remuneration Committee**

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered efficient for ADX. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and payments are provided to shareholders in the annual report and on the web. The Board has adopted the following policies for Directors' and executives' remuneration.

**Non-Executive directors' remuneration**

Non-executive Directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act as at the time of the Director's retirement or termination. Non-executive Directors' remuneration may include an incentive portion consisting of options or similar instruments, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with ASX listing rules.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers the amount of Director fees being paid by comparable companies with similar responsibilities and the experience of the Non-executive Directors when undertaking the annual review process. Fees for Non-Executive directors are not linked to the performance of the Group.

**Executive Remuneration**

In determining the level and make-up of Executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Remuneration is compared with the external market by reviewing industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable Executive roles.

Remuneration consists of a fixed remuneration and may include a long term incentive portion as considered appropriate.

Executives remuneration is currently a fixed consulting fee based on a daily rate for actual days worked.

Long term incentives granted to Executives are delivered in the form of options. The option incentives granted are aimed to motivate Executives to pursue the long term growth and success of the Company within an appropriate control framework and demonstrate a clear relationship between key Executive performance and remuneration. Director options are granted at the discretion of the Board and approved by shareholders. Performance hurdles are not attached to vesting periods; however the Board may determine appropriate vesting periods to provide rewards over a period of time to key management personnel. During the year there were no performance related payments made.

**C. CONTRACTUAL ARRANGEMENTS OF KMP REMUNERATION**

On appointment to the board, all Non-Executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director. Non-Executive Directors are paid a fee of A\$ 33,000 per annum, inclusive of any superannuation if applicable. In accordance with the Company's Directors' Share Plan (Salary Sacrifice), part may be paid in cash, and part in shares.

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**ADX ENERGY LTD**  
**DIRECTORS' REPORT**

Remuneration and other terms of employment for the Executive Directors and the other key management personnel are also formalised in consultancy agreements. The major provisions of the agreements relating to remuneration are set out below.

<b>Name</b>	<b>Term of agreement</b>	<b>Base annual remuneration inclusive of superannuation at 31/12/23</b>	<b>Termination benefit</b>
I Tchacos – Executive Chairman – Technical Consultancy	Term of 2 years commencing 1 July 2020. Subsequently monthly.	Technical consulting - \$1,500 per day (cash)	2 months (up to \$18,000)
I Tchacos – Executive Chairman – Corporate Consultancy	Ongoing	Corporate consulting - \$500/month (cash) plus options subject to Board and Shareholder approval for additional work at a value of \$1,500 per day  In addition, I Tchacos receives Directors fees of \$25,000 pa. 80% paid in cash, 20% paid in equity (subject to Shareholder approval)	2 months (up to \$18,000)
P Fink – Executive Director – Consultancy with ADX Energy Ltd	Term of 2 years commencing 1 July 2020. Subsequently monthly.	Retainer of \$500 per month (cash) plus consulting at \$1,500 per day (50% cash and 50% equity (options), subject to shareholder approval) Whilst P Fink is on a leave of absence due to an illness, the Board has agreed to temporarily increase the monthly retainer to \$15,000.  In addition, P Fink receives Directors fees of \$25,000 pa. 80% paid in cash, 20% paid in equity (subject to Shareholder approval). Whilst P Fink is on a leave of absence due to an illness, the Board has agreed to pay these directors fees 100% in cash.	2 months (up to \$18,000)
P Fink – Executive Director – Consultancy with ADX VIE GmbH	No written agreement	Consulting at EUR 900 per day	None
E Etienvre – Non-Executive Director – Consultancy with ADX Energy Ltd	Term of 2 years commencing 1 July 2020. Subsequently monthly.	Consulting at \$1,500 per day (50% cash and 50% equity (shares), subject to shareholder approval)  In addition, E Etienvre receives non-executive Directors fees of \$33,000 pa. 61% paid in cash, 39% paid in equity (subject to Shareholder approval). E Etienvre also receives Director fees from 49% owned subsidiary, Danube Petroleum Limited of GBP 12,000 per annum	1 month (up to \$7,500)
Amanda Sparks – Company Secretary and Chief Financial Officer	Ongoing	Monthly retainer of \$3,200, 50% paid in cash and 50% paid in equity. Additional hours above 20 hours per month are paid in cash at \$160 per hour.	None

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**ADX ENERGY LTD**  
**DIRECTORS' REPORT**

**D. REMUNERATION OF KEY MANAGEMENT PERSONNEL**

Details of the remuneration of each Director and named executive officer of the Company, including their personally-related entities, during the year was as follows:

2023	Cash salary, directors fees and consulting fees, including accruals* \$	Post-Employment	Share Based	Share Based	Share Based	Total \$
		Superannuation \$	Shares (in lieu of cash fees) <sup>(1)</sup> \$	Options (in lieu of cash consulting fees) <sup>(1)</sup> \$	Options (employee incentive plan) <sup>(2)</sup> \$	
<b>Directors</b>						
I Tchacos	347,679	3,009	3,750	60,000	-	414,438
P Fink	358,002	-	3,750	37,828	-	399,580
E Etienvre	197,767	-	124,617	-	-	322,384
A Childs	29,797	3,203	-	-	-	33,000
<b>Other KMP</b>						
A Sparks	80,640	10,221	14,400	-	41,600	146,861
<b>TOTAL 2023</b>	<b>1,013,885</b>	<b>16,433</b>	<b>146,517</b>	<b>97,828</b>	<b>41,600</b>	<b>1,316,263</b>

<sup>(1)</sup> Share based payments. These represent the amount expensed in the year for Shares and Options in lieu of cash consulting fees.

<sup>(2)</sup> Share based payments. These represent the amount expensed for options granted and vested in the year.

\* Includes accruals of fees paid subsequent to year end via equity.

2022	Cash salary, directors fees and consulting fees, including accruals \$	Post-Employment	Share Based	Share Based	Total \$
		Superannuation \$	Shares (in lieu of cash fees) \$	Options (in lieu of cash consulting fees) \$	
<b>Directors</b>					
I Tchacos	318,743	2,952	3,750	73,125	398,570
P Fink	345,221	-	3,750	51,609	400,580
E Etienvre	228,564	-	74,677	-	303,241
A Childs	29,932	3,143	-	-	33,075
<b>Other KMP</b>					
A Sparks	62,680	8,093	14,400	-	85,173
<b>TOTAL 2022</b>	<b>985,140</b>	<b>14,188</b>	<b>96,577</b>	<b>124,734</b>	<b>1,220,639</b>

There were no performance related payments made during the year. Performance hurdles are not attached to remuneration options.

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**ADX ENERGY LTD**  
**DIRECTORS' REPORT**

**Share-based Compensation**

**Shares:**

The Company's Directors' Share Plan (Salary Sacrifice), allows for shares to be issued on a quarterly basis according to the Directors' fees owing to each of the Directors at that time, at an issue price of no less than the volume weighted average sale price of Shares sold on ASX during the 90 days prior to the expiration of the corresponding calendar quarter in which the Directors' fees were incurred. The shares are issued after Shareholder approval.

The following shares were granted as equity compensation benefits (in lieu of cash remuneration) to Directors during the year.

Note: Effective 28 September 2023, ADX Shareholders approved a capital conversion of every ten (10) existing Securities into one (1) Security. All data below is based on post-consolidation data.

<b>Date Issued</b>	<b>Number of Shares</b>	<b>Value based on 90 Day VWAP \$</b>	<b>In lieu of part remuneration for the quarter ended</b>
24/01/2023	35,714	2,500	31/12/2022
26/05/2023	897,140	62,800	2022 Year
26/05/2023	640,959	44,867	31/03/2023
21/08/2023	677,120	47,398	30/06/2023
22/11/2023	442,795	39,852	30/09/2023
	<b>2,693,728</b>	<b>197,417</b>	
<b>Issued Subsequent to Year End</b>			
02/02/2024	214,660	22,969	31/12/2023

Summarised as:

<b>Director</b>	<b>2023 Number of Shares</b>	<b>2023 \$</b>
Ian Tchacos	67,460	5,000
Paul Fink	67,460	5,000
Edouard Etienvre	2,558,808	187,417
Andrew Childs	-	-
Issued during the year	<b>2,693,728</b>	<b>197,417</b>

The following shares were granted as equity compensation benefits (in lieu of cash remuneration) to other KMPs (Amanda Sparks) during the year.

<b>Date Issued</b>	<b>Number of Shares</b>	<b>Value based on 90 Day VWAP \$</b>	<b>In lieu of part remuneration for the quarter ended</b>
24/01/2023	68,571	4,800	31/12/2022
26/05/2023	68,571	4,800	31/03/2023
21/08/2023	68,571	4,800	30/06/2023
22/11/2023	53,333	4,800	30/09/2023
	<b>259,046</b>	<b>19,200</b>	
<b>Issued Subsequent to Year End</b>			
02/02/2024	44,859	4,800	31/12/2023

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**ADX ENERGY LTD**  
**DIRECTORS' REPORT**

**Options:**

The Executive Directors may also elect, subject to Shareholder approval, to reduce their cash consulting fees in lieu of Options in accordance with the Company's Performance Rights and Option Plan. The Options are issued on a quarterly basis according to the consulting fees owing to each of the Directors at that time, using a deemed price of no less than the volume weighted average sale price of Shares sold on ASX during the 90 days prior to the expiration of the corresponding calendar quarter in which the consulting fees were incurred.

The following options were granted as equity compensation benefits (in lieu of cash remuneration) to Directors during the year. Note: Effective 28 September 2023, ADX Shareholders approved a capital conversion of every ten (10) existing Securities into one (1) Security. All data below is based on post-consolidation data.

Date Issued	Number of Options	Value based on 90 Day VWAP \$	In lieu of part remuneration for the quarter ended
24/01/2023	514,955	36,047	31/12/2022
26/05/2023	470,759	32,953	31/03/2023
21/08/2023	499,554	34,969	30/06/2023
22/11/2023	332,291	29,906	30/09/2023
	1,817,560	133,875	
<b>Issued Subsequent to Year End</b>			
02/02/2024	131,425	14,062	31/12/2023

Summarised as:

Director	2023 Number of Options	2023 \$
Ian Tchacos	1,078,572	79,875
Paul Fink	738,988	54,000
	<u>1,817,560</u>	<u>133,875</u>

During the year the following options were granted as equity compensation benefits to Key Management Personnel. These options vested at grant date.

2023	Number of Options Exercise price 17 cents, expiry 30/04/2025	Value* per option at grant date \$
<b>Other KMP</b>		
A Sparks	1,000,000	0.0416

These options were granted under ADX's Employee Incentive Plan.

\* Value at grant date has been calculated in accordance with AASB 2 *Share-based Payment*. Stavelly used a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Further details are in note 3 of the financial statements.

The inputs to the model used were:

Grant date	<u>21/11/2023</u>
Spot price (\$)	0.115
Exercise price (\$)	0.17
Vesting date	21/11/2023
Expiry date	30/04/2025
Expected future volatility (%)	100
Risk-free rate (%)	4.01
Dividend yield (%)	-
Value Each (\$)	0.0416

**ADX ENERGY LTD**  
**DIRECTORS' REPORT**

No other options were granted as equity compensation benefits to Directors and other Key Management Personnel.

**Shares issued to Key Management Personnel on exercise of compensation options**

During the year to 31 December 2023, 2,580,757 compensation options (post-consolidation) were exercised by Directors or other Key Management Personnel (2022: 23,250,146 pre-consolidation). A summary of options exercised by Directors is as follows:

	Number	Exercise Price
<b>Ian Tchacos</b>		
Unlisted Options	1,207,813	Nil cents
<b>Paul Fink</b>		
Unlisted Options	1,372,944	Nil cents
<b>Total exercised</b>	<u>2,580,757</u>	

**E. EQUITY HOLDINGS AND MOVEMENTS DURING THE YEAR**

Note: Effective 28 September 2023, ADX Shareholders approved a capital conversion of every ten (10) existing Securities into one (1) Security. All data below is based on post-consolidation data.

**(a) Shareholdings of Key Management Personnel**

	Balance at beginning of the year	Options exercised	Granted as remuneration	Share Purchase Plan	Balance at end of the year
<b>Directors</b>					
I Tchacos	8,865,199	1,207,813	67,460	200,000	10,340,472
P Fink	9,841,847	1,372,944	67,460	100,000	11,382,251
E Etienvre	2,037,527	-	2,558,808	100,000	4,696,335
A Childs	2,538,852	-	-	100,000	2,638,852
<b>Other KMPs</b>					
A Sparks	3,298,873	-	259,046	300,000	3,857,919
	<u>26,582,298</u>	2,580,757	2,952,774	800,000	<u>32,915,829</u>

**(b) Option holdings of Key Management Personnel**

	Balance at beginning of the year	Granted as remuneration	Share Purchase Plan Options	Loan Note Options	Options exercised	Balance at end of the year	Not exercisable	Exercisable
<b>Directors</b>								
I Tchacos	4,481,500	1,078,572	-	-	(1,207,813)	4,352,259	-	4,352,259
P Fink	747,497	738,988	-	-	(1,372,944)	113,541	-	113,541
E Etienvre	-	-	-	-	-	-	-	-
A Childs	-	-	-	-	-	-	-	-
<b>Other KMPs</b>								
A Sparks	359,525	1,000,000	150,000	430,000	-	1,939,525	-	1,939,525
	<u>5,588,522</u>	2,817,560	150,000	430,000	(2,580,757)	<u>6,405,325</u>	-	<u>6,405,325</u>

**F. OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL**

There were no other transactions with key management personnel during the year.

**ADX ENERGY LTD**  
**DIRECTORS' REPORT**

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**G. USE OF REMUNERATION CONSULTANTS**

No remuneration consultants were engaged by ADX during the year.

**H. VOTING OF SHAREHOLDERS AT LAST YEAR'S ANNUAL GENERAL MEETING**

The Company received more than 99.5% of "yes" votes on its Remuneration Report for the 2022 year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

**END OF THE AUDITED REMUNERATION REPORT**

**SUBSEQUENT EVENTS**

Equity Issues in Lieu of Remuneration

On 2 February 2024, ADX issued the following shares and options. These amounts were accrued in the 31 December 2023 financial statements:

- a. 214,660 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 in shares for the quarter ended 31 December 2022 (\$22,969).
- b. 44,859 shares issued to ADX's Company Secretaries and consultants in consideration of remuneration elected to be paid in shares for the quarter ended 31 December 2023 (\$4,800).
- c. 131,425 Options granted to Director Ian Tchacos, as approved by Shareholders on 12 May 2023. The options were granted in consideration of consultancy fees remuneration elected to be paid in options for the quarter ended 31 December 2023 (value \$14,062). The options have a nil exercise price and expire on 31 January 2028.

On 25 March 2024, 9,968,337 unlisted options were exercised raising \$1,296,634.

There are no other matters or circumstances that have arisen since 31 December 2023 that have or may significantly affect the operations, results, or state of affairs of the Group in future years.

**CORPORATE GOVERNANCE**

The Directors of the Company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the Company's website for details of corporate governance policies:

<http://adx-energy.com/en/investors/corporate-governance.php>

**AUDIT INDEPENDENCE AND NON-AUDIT SERVICES**

**Auditor's independence - section 307C**

The Auditor's Independence Declaration is included on page 47 of this report.

**Non-Audit Services**

There were no non-audit services provided during the year.

Signed in accordance with a resolution of the Directors.



Ian Tchacos

Executive Chairman

Dated this 28th day of March 2024

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

To the directors of ADX Energy Ltd:

As lead auditor of the audit of ADX Energy Ltd for the year ended 31 December 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 audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

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

**In.Corp Audit & Assurance Pty Ltd**



**Graham Webb**  
Director

**28 March 2024**

**In.Corp Audit & Assurance Pty Ltd**  
**ABN 14 129 769 151**

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**ADX ENERGY LTD**  
**DIRECTORS' DECLARATION**

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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 31 December 2023 and of its performance for the year then ended; and
    - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
    - iii) complying with International Financial Reporting Standards (IFRS) as stated in note 1 of the financial statements; 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 year ended 31 December 2023.

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



Ian Tchacos  
Executive Chairman

Dated this 28th day of March 2024

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ADX ENERGY LTD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Consolidated	
		Year ended 31 Dec 2023	Year ended 31 Dec 2022
		\$	\$
Operating revenue	2	13,178,208	14,452,734
Cost of sales	2	(11,865,367)	(8,891,910)
<b>Gross profit</b>		<b>1,312,841</b>	<b>5,560,824</b>
<b>Other income</b>	2	3,628,457	5,057
<b>Other Expenses:</b>			
Administration, staff and corporate expenses, net of recoveries from projects (including share based payments)	2	(4,895,548)	(3,598,107)
Exploration expensed		(1,787,750)	(2,105,903)
Restoration expenses – changes in abandonment provision	14	(970,159)	(881,944)
Dry well costs	9	(1,638,550)	-
Impairment of wells	9	-	(817,122)
Finance costs	2	(244,439)	(210,437)
Loss on disposal of plant and equipment		(4,418)	(1,211)
<b>Total other expenses</b>		<b>(9,540,864)</b>	<b>(7,614,724)</b>
<b>Loss before income tax</b>		<b>(4,599,566)</b>	<b>(2,048,843)</b>
Income tax benefit/(expense)	4	389,851	(389,031)
<b>LOSS AFTER INCOME TAX</b>		<b>(4,209,715)</b>	<b>(2,437,874)</b>
Loss is attributable to:			
Owners of ADX Energy Ltd		(4,064,209)	(2,304,263)
Non-Controlling Interest	17	(145,506)	(133,611)
		<b>(4,209,715)</b>	<b>(2,437,874)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		240,499	139,731
Hedge accounting	18	-	107,389
Income tax relating to items of other comprehensive income/(loss)		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>240,499</b>	<b>247,120</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(3,969,216)</b>	<b>(2,190,754)</b>
Total comprehensive income is attributable to:			
Owners of ADX Energy Ltd		(3,699,668)	(2,093,716)
Non-Controlling Interest		(269,548)	(97,038)
		<b>(3,969,216)</b>	<b>(2,190,754)</b>
<b>Earnings per share for loss attributable to the ordinary equity holders of the Company:</b>		<b>Cents Per Share</b>	<b>Cents Per Share</b>
Basic loss per share	5	(1.12)	(0.72)

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 31 DECEMBER 2023

	Note	Consolidated	
		31 December 2023 \$	31 December 2022 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	8,007,441	3,569,631
Trade and other receivables	7	3,421,979	2,090,945
Inventories	8	2,255,367	883,199
<b>Total Current Assets</b>		<b>13,684,787</b>	<b>6,543,775</b>
<b>Non-Current Assets</b>			
Other receivables	7	1,104,192	1,137,797
Oil and gas properties	9	25,145,587	23,675,687
Right of use assets	10	1,209,783	239,640
Deferred tax assets	4	1,490,803	1,066,393
<b>Total Non-Current Assets</b>		<b>28,950,365</b>	<b>26,119,517</b>
<b>Total Assets</b>		<b>42,635,152</b>	<b>32,663,292</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	11	5,136,865	2,336,041
Borrowings	12	609,394	592,336
Lease liabilities – right of use assets	13	105,644	130,761
Current tax liabilities	4	-	233,807
Provisions	14	241,701	347,640
<b>Total Current Liabilities</b>		<b>6,093,604</b>	<b>3,640,585</b>
<b>Non-Current Liabilities</b>			
Borrowings	12	1,403,067	592,336
Lease liabilities – right of use assets	13	1,110,752	156,025
Provisions	14	18,286,204	15,875,114
<b>Total Non-Current Liabilities</b>		<b>20,800,023</b>	<b>16,623,475</b>
<b>Total Liabilities</b>		<b>26,893,627</b>	<b>20,264,060</b>
<b>Net Assets</b>		<b>15,741,525</b>	<b>12,399,232</b>
<b>Equity</b>			
Issued capital	15	90,503,290	84,105,646
Reserves	16	5,399,490	4,121,084
Accumulated losses		(88,273,347)	(84,209,138)
Capital and reserves attributable to owners of ADX Energy Ltd		7,629,433	4,017,592
Non-controlling interests	17	8,112,092	8,381,640
<b>Total Equity</b>		<b>15,741,525</b>	<b>12,399,232</b>

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 YEAR ENDED 31 DECEMBER 2023

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Non- controlling Interest	Total Equity \$
<b>At 1 January 2022</b>	<b>81,435,632</b>	<b>3,675,722</b>	<b>(81,904,875)</b>	<b>8,478,678</b>	<b>11,685,157</b>
Loss for the year	-	-	(2,304,263)	(133,611)	(2,437,874)
Other comprehensive income	-	210,547	-	36,573	247,120
<b>Total comprehensive income for the year, net of tax</b>	<b>-</b>	<b>210,547</b>	<b>(2,304,263)</b>	<b>(97,038)</b>	<b>(2,190,754)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Issue of share capital	2,911,133	-	-	-	2,911,133
Cost of issue of share capital	(241,119)	-	-	-	(241,119)
Share based payments	-	234,815	-	-	234,815
	2,670,014	234,815	-	-	2,904,829
<b>As at 31 December 2022</b>	<b>84,105,646</b>	<b>4,121,084</b>	<b>(84,209,138)</b>	<b>8,381,640</b>	<b>12,399,232</b>
<b>At 1 January 2023</b>	<b>84,105,646</b>	<b>4,121,084</b>	<b>(84,209,138)</b>	<b>8,381,640</b>	<b>12,399,232</b>
Loss for the year	-	-	(4,064,209)	(145,506)	(4,209,715)
Other comprehensive income	-	364,541	-	(124,042)	240,499
<b>Total comprehensive income for the year, net of tax</b>	<b>-</b>	<b>364,541</b>	<b>(4,064,209)</b>	<b>(269,548)</b>	<b>(3,969,216)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Issue of share capital	6,714,188	-	-	-	6,714,188
Cost of issue of share capital	(316,544)	-	-	-	(316,544)
Share based payments – options and performance rights	-	913,865	-	-	913,865
	6,397,644	913,865	-	-	7,311,509
<b>As at 31 December 2023</b>	<b>90,503,290</b>	<b>5,399,490</b>	<b>(88,273,347)</b>	<b>8,112,092</b>	<b>15,741,525</b>

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

ADX ENERGY LTD

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023

		Consolidated	
		Year ended 31 Dec 2023	Year ended 31 Dec 2022
		\$	\$
Note			
<b>Cash flows from operating activities</b>			
	Receipts in the ordinary course of activities	14,674,462	15,385,930
	Payments to suppliers and employees, including for exploration expensed	(17,286,768)	(12,837,726)
	Government subsidies received	-	1,236,230
	Interest received	3,760	5,057
	Interest paid	(58,564)	(152,892)
	Income taxes paid	(249,370)	-
	<b>Net cash flows from/(used in) operating activities</b>	<b>(2,916,480)</b>	<b>3,636,599</b>
<b>Cash flows from investing activities</b>			
	Payments for oil and gas properties	(5,090,328)	(5,765,139)
	Payments for exploration appraisal/development	(129,153)	(139,854)
	Receipts from exploration partners and farmouts	5,999,966	1,213,443
	Funds received on behalf of partner	-	107,999
	Funds paid on behalf of partner	-	(181,253)
	Other payments	(323,878)	(64,805)
	<b>Net cash flows from/(used in) investing activities</b>	<b>456,607</b>	<b>(4,829,609)</b>
<b>Cash flows from financing activities</b>			
	Proceeds from issue of shares and options	6,378,000	2,550,000
	Payment of share issue costs	(316,544)	(140,300)
	Repayment of loan notes	-	(2,625,000)
	Proceeds from loan notes	1,500,000	-
	Repayment of bank loans	(613,491)	(629,614)
	Cash secured for permits	-	(227,151)
	Payment of lease liabilities (right of use assets)	(179,934)	(117,727)
	<b>Net cash flows from/(used in) financing activities</b>	<b>6,768,031</b>	<b>(1,189,792)</b>
	<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>4,308,158</b>	<b>(2,382,802)</b>
	Net foreign exchange differences	129,652	13,916
	Add opening cash and cash equivalents brought forward	3,569,631	5,938,517
	<b>Closing cash and cash equivalents at the end of the year</b>	<b>8,007,441</b>	<b>3,569,631</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2023

**NOTE 1 – SUMMARY OF MATERIAL ACCOUNTING POLICIES**

**(i) Basis of Preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis. ADX Energy Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report is presented in Australian dollars, which is the group's presentation currency.

**Functional and presentation currency**

The functional currency of the parent entity is Australian Dollars. ADX has identified Australian dollars as its functional currency on the basis that all fundraising is in Australian dollars (AUD), 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  
Terra Energy Limited – GBP  
ADX VIE GmbH – EUR  
Danube Petroleum Limited – GBP  
ADX Energy Panonia Srl – EUR  
Kathari Energia Limited – GBP  
Kathari Energia GmbH – EUR

The presentation currency of the Group is Australian dollars.

**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 cash flows 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 statements have 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.

**(ii) Statement of Compliance**

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 1 – SUMMARY OF MATERIAL ACCOUNTING POLICIES - continued

(iii) **Adoption of new and revised standards**

**Early adoption of accounting standards**

The Group has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 January 2023.

**New and amended standards adopted by the Group**

There were no material new or amended standards implemented that had a material impact on the financial statements during the year.

(iv) **Significant Accounting Estimates and Judgements**

***Significant accounting judgements***

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

***Significant accounting estimates and assumptions***

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year are:

***Share-based payment transactions***

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the value of the services, or a Black-Scholes option pricing model.

***Commitments - Exploration***

The Group has certain minimum exploration commitments to maintain its right of tenure of its permits. These commitments require estimates of the cost to perform exploration work required under these permits.

***Deferred Appraisal Costs***

The Group capitalises acquisition expenditure and appraisal costs relating to its permits where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since exploration activities in such areas have not yet concluded.

***Impairment of Oil and Gas Properties***

For oil and gas properties, the expected future cash flow estimation is based on a number of factors, variables and assumptions, the most important of which are estimates of reserves and resources, future production profiles, commodity prices, costs and foreign exchange rates. These estimates may impact any impairment calculations.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 1 – SUMMARY OF MATERIAL ACCOUNTING POLICIES - continued

(iv) Significant Accounting Estimates and Judgements - continued

*Provision for Restoration and Rehabilitation*

Obligations associated with exploration, development and production assets are recognised when the Group has a present obligation, the future sacrifice of the economic benefits is probable, and the provision can be measured reliably. The determination of the provision requires significant judgement in terms of the best estimate of the costs of performing the work required, the timing of the cash flows and the appropriate discount rate. A change in any, or a combination of, the key assumptions used to determine the provision could have a material impact on the carrying value of the provision.

On an ongoing basis, the restoration will be remeasured in line with the changes in the time value of money (recognised as an expense and an increase in the provision), and additional disturbances recognised as additions to the provision. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). Asset retirement obligation costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its asset retirement obligations provision at each reporting date. The ultimate asset retirement obligations costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expense can also change. Therefore, significant estimates and assumptions are made in determining the provision for asset retirement obligations. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future asset retirement obligations costs required.

(v) Foreign currency translation

The presentation currency of the Group is Australian Dollars. The functional currency of ADX Energy Ltd is Australian Dollars. ADX's subsidiaries have the following functional currencies:

Danube Petroleum Limited – GBP	AuDAX Energy Srl – EUR
Bull Petroleum Pty Ltd – AUD	ADX VIE GmbH – EUR
Terra Energy Limited – GBP	ADX Energy Panonia Srl – EUR
Kathari Energia Limited – GBP	Kathari Energia GmbH – EUR

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the balance sheet date.

As at the reporting date the assets and liabilities of the subsidiaries are translated into the presentation currency of ADX Energy Ltd at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the year.

The exchange differences arising on the retranslation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

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ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 2 –INCOME AND EXPENSES

**Revenue**

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the consideration promised includes a variable component, the Group estimates the expected consideration for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period. Revenue from the sale of oil and gas is recognised and measured in the accounting period in which the goods and/or services are provided based on the amount of the transaction price allocated to the performance obligations. The performance obligation is the supply of oil and gas over the contractual term; the units of supply represent a series of distinct goods that are substantially the same with the same pattern of transfer to the customer. The performance obligation is considered to be satisfied as the customer receives the supply through the pipeline, based on the units delivered. Hence revenue is recognised over time.

**Exploration, evaluation and appraisal expenditure**

Exploration expenditure is expensed to the profit or loss statement as and when it is incurred and included as part of cash flows from operating activities.

Evaluation/appraisal and development expenditure is capitalised to the Statement of Financial Position as oil and gas properties. Evaluation/appraisal is deemed to be activities undertaken following a discovery from the beginning of appraisal and pre-feasibility studies conducted to assess the technical and commercial viability of extracting a resource before moving into the Development phase. The criteria for carrying forward the costs are:

- Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- Evaluation activities in the area of interest which has not yet reached a state which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area are continuing.

Costs carried forward in respect of an area of interest which is abandoned are written off in the year in which the abandonment decision is made.

	Note	Consolidated	
		Year Ended 31 Dec 2023	Year Ended 31 Dec 2022
		\$	\$
<b>OPERATING REVENUE</b>			
Oil sales		11,831,146	9,873,014
Gas sales		1,051,873	4,578,156
		<u>12,883,019</u>	<u>14,451,170</u>
Hedging gains/(losses), net		(109,679)	(630,812)
Other operating revenue (including reimbursements)		404,868	632,376
		<u>13,178,208</u>	<u>14,452,734</u>
<b>COST OF GOODS SOLD</b>			
Operating costs		8,473,800	6,473,304
Royalties		746,322	127,009
Depreciation		2,281,358	2,124,200
Amortisation of asset retirement obligation assets		274,460	197,675
Partner share of ANS-3 operations	25	89,427	(30,278)
		<u>11,865,367</u>	<u>8,891,910</u>

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ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Consolidated	
		Year Ended 31 Dec 2023	Year Ended 31 Dec 2022
		\$	\$
<b>NOTE 2 – INCOME AND EXPENSES - continued</b>			
<b>OTHER INCOME:</b>			
Income from farmouts - costs recoveries		3,391,226	-
Option fee income		163,635	-
Interest revenue		3,760	5,057
Other		69,836	-
		<u>3,628,457</u>	<u>5,057</u>
<b>OTHER EXPENSES – Administration and corporate expenses:</b>			
Share based payments – in lieu of cash remuneration		470,062	429,665
Share based payments – in lieu of other services		-	42,000
Share based payments – performance rights and options		634,590	23,463
	3(a)	<u>1,104,652</u>	<u>495,128</u>
Less: prior period accrued share based payments		(140,335)	(90,538)
Add: accrued share based payments issued/to be issued after period end		482,884	140,334
Net foreign exchange losses/(gains)		(84,892)	44,033
Short term lease expenses		88,341	39,553
Depreciation – right of use assets		133,692	115,517
Defined contribution superannuation/pension expense		153,430	118,719
Other administration, personnel and corporate expenses		5,233,086	3,928,520
		<u>6,970,858</u>	<u>4,791,266</u>
Less: project cost recoveries		(2,075,310)	(1,193,159)
		<u>4,895,548</u>	<u>3,598,107</u>
<b>OTHER EXPENSES – Finance costs:</b>			
Interest expense		81,961	139,947
Accretion		91,740	68,357
Right of use assets – interest		22,271	2,133
Share based payments – borrowing costs	3(a)	48,467	-
		<u>244,439</u>	<u>210,437</u>

**NOTE 3 – EQUITY-BASED PAYMENTS**

*Equity settled transactions:*

The Group provides benefits to executive directors, employees and consultants of the Group in the form of share-based payments, whereby those individuals render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with these individuals is measured by reference to the fair value of the equity instruments at the date at which they are granted.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 3 – EQUITY-BASED PAYMENTS – continued

The fair value of options is determined either using the Black-Scholes option pricing model, or in the case of consulting by directors, the number of options granted will be determined by dividing the Directors' consulting fees that the Company has agreed to pay to the Related Parties via equity using a deemed price based on the volume weighted average sale price of Shares sold on ASX during the 90 days prior to the expiration of the corresponding calendar quarter in which the Directors' consulting fees were incurred. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of ADX Energy Ltd (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the grant date fair value of the award;
- (ii) the extent to which the vesting period has expired; and
- (iii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest taking into account such factors as the likelihood of non-market performance conditions being met.

This opinion is formed based on the best available information at reporting date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. If an equity-settled award is forfeited, any expense previously recognised for the award is reversed. However, if a new award is substituted for a cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(a) Value of equity based payments in the financial statements

	Note	Consolidated	
		Year Ended 31 Dec 2023	Year Ended 31 Dec 2022
		\$	\$
Expensed against issued capital:			
Share-based payments – Options in lieu of capital raising costs		-	49,820
Share-based payments – Shares in lieu of capital raising costs		-	51,000
		-	100,820
Expensed in the profit and loss:			
Share-based payments – Employee Performance Rights and Options 3(b)(iv)		634,590	23,463
Options issued in lieu of fees:			
Share-based payments – Options Issued to Directors	3(b)(ii)	133,875	161,532
		768,465	184,995
Shares issued in lieu of fees:			
Share-based payments – Shares Issued to Directors	3(b)(i)	197,417	93,341
Share-based payments – Shares Issued to other KMPs	3(b)(iii)	19,200	19,200
Share-based payments – Shares Issued to consultants	3(b)(iii)	119,570	155,592
Share-based payments – Shares Issued for other services		-	42,000
		1,104,652	495,128
Options issued to loan note holders - Share-based payments – Borrowing costs	12	48,467	-

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 3 – EQUITY-BASED PAYMENTS – continued

(b) Summary of remuneration equity-based payments granted during the year:

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

Note: Effective 28 September 2023, ADX Shareholders approved a capital conversion of every ten (10) existing Securities into one (1) Security. All data below is based on post-consolidation data.

Date Issued	Number of Shares	Value based on 90 Day VWAP \$	In lieu of part remuneration for the quarter ended
24/01/2023	35,714	2,500	31/12/2022
26/05/2023	897,140	62,800	2022 Year
26/05/2023	640,959	44,867	31/03/2023
21/08/2023	677,120	47,398	30/06/2023
22/11/2023	442,795	39,852	30/09/2023
	<b>2,693,728</b>	<b>197,417</b>	
<b>Issued Subsequent to Year End</b>			
02/02/2024	214,660	22,969	31/12/2023

Summarised as:

Director	2023 Number of Shares	2023 Remuneration value \$	2022 Number of Shares	2022 Remuneration value \$
Ian Tchacos	67,460	5,000	62,574	5,000
Paul Fink	67,460	5,000	62,574	5,000
Edouard Etienvre	2,558,808	187,417	1,041,264	83,341
Andrew Childs	-	-	-	-
Issued during the year	<b>2,693,728</b>	<b>197,417</b>	<b>1,166,412</b>	<b>93,341</b>

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

Note: Effective 28 September 2023, ADX Shareholders approved a capital conversion of every ten (10) existing Securities into one (1) Security. All data below is based on post-consolidation data.

Date Issued	Number of Options	Value based on 90 Day VWAP \$	In lieu of part remuneration for the quarter ended
24/01/2023	514,955	36,047	31/12/2022
26/05/2023	470,759	32,953	31/03/2023
21/08/2023	499,554	34,969	30/06/2023
22/11/2023	332,291	29,906	30/09/2023
	<b>1,817,560</b>	<b>133,875</b>	
<b>Issued Subsequent to Year End</b>			
02/02/2024	131,425	14,062	31/12/2023

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ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 3 – EQUITY-BASED PAYMENTS – continued

(b) Summary of remuneration equity-based payments granted during the year - continued:

Summarised as:

Director	2023 Number of Options	2023 Remuneration value \$	2022 Number of Options	2022 Remuneration value \$
Ian Tchacos	1,078,572	79,875	1,147,402	93,563
Paul Fink	738,988	54,000	841,850	67,969
Issued during the year	<b>1,817,560</b>	<b>133,875</b>	<b>1,989,252</b>	<b>161,532</b>

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

Note: Effective 28 September 2023, ADX Shareholders approved a capital conversion of every ten (10) existing Securities into one (1) Security. All data below is based on post-consolidation data.

Date Issued	Number of Shares	\$	In lieu of part remuneration for the quarter ended
24/01/2023	556,967	38,988	31/12/2022
26/05/2023	378,970	26,528	31/03/2023
21/08/2023	438,250	30,677	30/06/2023
22/11/2023	503,684	42,577	30/09/2023
	<b>1,877,871</b>	<b>138,770</b>	
<b>Issued Subsequent to Year End</b>			
02/02/2024	402,643	41,388	31/12/2023

Summarised as:

Other KMPs	2023 Number of Shares	2023 Remuneration value \$	2022 Number of Shares	2022 Remuneration value \$
Amanda Sparks	259,046	19,200	232,208	19,200
<b>Consultants</b>				
Other consultants	1,618,825	119,570	1,923,081	155,592
<b>Issued during the year</b>	<b>1,877,871</b>	<b>138,770</b>	<b>2,155,289</b>	<b>174,792</b>

(iv) During the year the following securities were granted as equity compensation benefits to employees and consultants:

Note: Effective 28 September 2023, ADX Shareholders approved a capital conversion of every ten (10) existing Securities into one (1) Security. All data below is based on post-consolidation data.

- 6,628,000 unlisted performance rights granted on 1 June 2023 to employees in Vienna pursuant to the Company's Employee Incentive Plan for the 2022 year. On 8 June 2023, 5,641,853 of the Performance rights vested into fully paid ordinary shares, and 986,147 Performance rights lapsed.
- 3,850,000 unlisted options granted and allotted on 21 November 2023 to employees and consultants pursuant to the Company's Employee Incentive Plan; and
- 2,500,000 unlisted options granted and allotted on 6 December 2023 to consultants pursuant to the Company's Employee Incentive Plan.

**ADX ENERGY LTD**

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2023

**NOTE 3 – EQUITY-BASED PAYMENTS – continued**

**(b) Summary of remuneration equity-based payments granted during the year - continued:**

The inputs to the model used were:

Grant date	1/06/2023	21/11/2023	6/12/2023
	Performance rights	Options	Options
Spot price (\$)	0.07	0.115	0.10
Exercise price (\$)	Nil	0.17	0.17
Vesting date	8/6/2023	Immediately	Immediately
Expiry date	Upon vesting	30/04/2025	30/04/2025
Expected future volatility (%)	N/A	100	100
Risk-free rate (%)	-	4.01	4.01
Dividend yield (%)	-	-	-
Value Each (\$)	0.07	0.0416	0.0318
Number Granted	6,628,000	3,850,000	2,500,000
Valuation Method	Market Price at Grant Date	Black-Scholes	Black-Scholes

*Black-Scholes option pricing model*

The assessed fair values of the options were determined using a Black-Scholes option pricing model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

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**NOTE 3 – EQUITY-BASED PAYMENTS – continued**

**(c) Weighted average exercise price**

The following table shows the number and weighted average exercise price (WAEP) of share options granted as remuneration share based payments.

Note: Effective 28 September 2023, ADX Shareholders approved a capital conversion of every ten (10) existing Securities into one (1) Security. All data below is based on post-consolidation data.

	<b>12 Months to 31 December 2023 Number</b>	<b>12 Months to 31 December 2023 WAEP \$</b>	<b>12 Months to 31 December 2022 Number</b>	<b>12 Months to 31 December 2022 WAEP \$</b>
Outstanding at the beginning of year	5,653,997	0.02	6,003,510	0.1
Granted to Directors during the year	1,817,559	Nil	1,989,252	Nil
Granted to employees during the year	6,350,000	0.17	-	-
Granted in lieu of fees	-	-	425,000	0.13
Lapsed during the year	-	-	(438,750)	0.15
Exercised during the year	(2,580,756)	-	(2,325,015)	-
Outstanding at the end of the year	<u>11,240,800</u>	<u>0.13</u>	<u>5,653,997</u>	<u>0.02</u>
Exercisable at year end	11,240,800	0.13	5,653,997	0.02

The weighted average share price for options exercised during the year was \$Nil (2022: \$Nil).

**(d) Weighted average fair value**

The weighted average fair value of remuneration equity-based payment options granted during the year was \$0.046 (2022: \$0.06).

**(e) Range of exercise price**

The range of exercise price for options granted as remuneration share based payments outstanding at the end of the year was \$nil to \$0.17 (2022: \$nil to \$0.13).

**(f) Weighted average remaining contractual life**

The weighted average remaining contractual life of remuneration share based payment options that were outstanding as at the end of the year was 1.63 years (2022: 2.32 years).

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 4 - INCOME TAX EXPENSE

	Consolidated	
	Year Ended 31 Dec 2023	Year Ended 31 Dec 2022
	\$	\$
<b>(a) Income Tax Expense</b>		
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 year before tax	(4,599,566)	(2,048,843)
Prima facie income tax (benefit) @ 30%	(1,379,870)	(614,653)
Tax effect of non-deductible items	727,502	616,040
Tax rate differential	109,895	(38,763)
Windfall tax - Austria	-	178,777
Translation differences	(2,509)	16,441
Tax rate change – Austria	26,471	-
Deferred tax assets not brought to account	128,660	231,189
Income tax expense/(benefit) attributable to operating result	<u>(389,851)</u>	<u>389,031</u>
<b>(b) Current tax liabilities</b>		
Current tax liabilities	-	<u>233,807</u>
<b>(c) Deferred tax assets not recognised relate to the following:</b>		
Tax losses	<u>15,065,555</u>	<u>14,642,907</u>
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.		
<b>(d) Deferred tax assets and liabilities:</b>		
Deferred tax assets:		
Tax losses - Austria	2,769,083	1,118,269
Temporary differences - Other	306,660	70,342
Less: Offset Deferred Tax Liabilities:		
Temporary differences - Oil and gas properties, net of JV	(1,271,132)	(6,185)
Temporary differences - Asset retirement obligations	(35,558)	(60,916)
Temporary differences - Other	(278,250)	(55,117)
	<u>1,490,803</u>	<u>1,066,393</u>

**(e) Franking Credits**

The franking account balance at year end was \$nil (2022: \$nil).

**(f) Tax Consolidation Legislation**

ADX Energy Ltd and its 100% owned Australian subsidiaries have not formed a tax consolidated group.

**ADX ENERGY LTD**

**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 5 - EARNINGS PER SHARE**

Note: Effective 28 September 2023, ADX Shareholders approved a capital conversion of every ten (10) existing Securities into one (1) Security. All data below is based on post-consolidation data.

	<b>Consolidated</b>	
	<b>Year Ended 31 Dec 2023</b>	<b>Year Ended 31 Dec 2022</b>
	<b>Cents</b>	<b>Cents</b>
Basic loss per share attributable to members of ADX Energy Ltd	(1.12)	(0.72)
	<b>\$</b>	<b>\$</b>
Loss attributable to ordinary equity holders of the Company used in calculating:		
- basic earnings per share	(4,064,209)	(2,304,263)
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	362,870,060	321,305,210

Diluted earnings per share is not disclosed because potential ordinary shares, being options granted, are not dilutive and their conversion to ordinary shares would not demonstrate an inferior view of the earnings performance of the Company.

**NOTE 6 - CASH AND CASH EQUIVALENTS**

Cash at bank and on hand	8,007,441	3,569,631
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

	Consolidated	
	Year Ended 31 Dec 2023	Year Ended 31 Dec 2022
	\$	\$
<b>NOTE 6 - CASH AND CASH EQUIVALENTS – continued</b>		
<b>(i) Reconciliation of loss for the period to net cash flows used in operating activities</b>		
Loss after income tax	(4,209,715)	(2,437,874)
Income from partners classified as investing cash flows	(2,829,402)	-
Non-Cash Items:		
Depreciation and amortisation	2,689,510	2,437,392
Restoration expenses – changes in abandonment provision	970,159	881,944
Dry well costs	1,638,550	-
Impairment of wells	-	817,122
Loss on sale of plant and equipment	4,418	1,211
Foreign exchange losses/(gains)	(84,892)	44,033
Share-based payments expensed	1,153,119	495,128
Accretion	91,740	68,357
Change in assets and liabilities:		
(Increase)/decrease in receivables	(232,997)	777,458
(Increase)/decrease in inventories	(1,310,583)	(84,820)
(Increase)/decrease in oil and gas assets	(657,342)	-
(Increase)/decrease in deferred tax assets	(424,409)	170,884
Increase/(decrease) in payables	404,434	194,958
Increase/(decrease) in income tax payable	(233,808)	233,808
Increase/(decrease) in lease liabilities	3,122	-
Increase/(decrease) in provisions	111,616	36,998
Net cash flows (used in)/from operating activities	(2,916,480)	3,636,599

**(ii) Non-Cash Financing and Investing Activities**

There were no non-cash financing or investing activities during the year other than the issue of 8,150,000 options to loan note holders (\$145,400). Refer to note 12. (2022: \$100,820 for shares and options issued to lead manager of a placement). Other non-cash operating activities, consisting of shares and options granted in lieu of remuneration are disclosed in note 3.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

	Consolidated	
	Year Ended 31 Dec 2023	Year Ended 31 Dec 2022
	\$	\$
<b>NOTE 7 – TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade and other debtors	754,896	1,371,408
Accrued income – back costs	728,038	-
GST/VAT refundable	845,741	55,225
Prepayments	579,626	536,505
Prepayments – inventories	438,488	-
Cash secured for credit cards	20,000	20,000
Others	55,190	107,807
Total current receivables	3,421,979	2,090,945

Information about the impairment of trade and other receivables, their credit quality and the group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 24. Receivables do not contain past due or impaired assets as at 31 December 2023 (2022: none).

	Consolidated	
	Year Ended 31 Dec 2023	Year Ended 31 Dec 2022
	\$	\$
<b>Non-Current</b>		
Cash secured for bank loans and licences	1,104,192	1,072,992
Prepayments	-	64,805
	1,104,192	1,137,797

EUR 120,000 (AUD 194,143) is held as security for bank loans – refer note 12. The remaining EUR 562,501 (AUD 910,049) is secured for the Group's AGS licences in Austria.

**NOTE 8 – INVENTORIES**

Inventories include hydrocarbon stocks, consumable supplies and maintenance and drilling spares. Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes direct costs and an appropriate portion of fixed and variable production overheads where applicable. Inventories determined to be obsolete or damaged are written down to net realisable value, being the estimated selling price less selling costs.

	Consolidated	
	Year Ended 31 Dec 2023	Year Ended 31 Dec 2022
	\$	\$
Drilling inventories	-	473,178
Oil and gas inventories	46,732	58,806
Materials and consumables	2,208,635	351,215
Total current inventories	2,255,367	883,199

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 9 – OIL AND GAS PROPERTIES

Oil and gas properties are stated at cost less accumulated depreciation and impairment charges. Oil and gas properties include the costs to acquire, construct, install or complete production and infrastructure facilities such as pipelines, capitalised borrowing costs, development wells and the estimated cost of dismantling and restoration. Subsequent capital costs, including major maintenance, are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured.

Oil and gas properties and other plant and equipment are depreciated to their estimated residual values at rates based on their expected useful lives with a maximum period of 100 months. All items of oil and gas properties are depreciated using the straight-line method over their useful life capped at 100 months. The majority of the Oil and Gas equipment is depreciated over 8.3 years.

Impairment: Oil and gas properties are assessed for impairment on a cash-generating unit (CGU) basis. Individual assets within a CGU may become impaired if their ongoing use changes or if the benefits to be obtained from ongoing use are likely to be less than the carrying value of the individual asset.

	Consolidated	
	Year Ended 31 Dec 2023	Year Ended 31 Dec 2022
	\$	\$
Austria		
Buildings	266,833	296,672
Undeveloped land	182,913	177,793
Field office fixtures and equipment	340,222	265,259
Plant and machinery	3,511,728	3,723,913
Wells	6,960,443	4,647,644
Retirement obligation assets	1,655,805	1,441,571
Construction in progress	3,072,838	4,588,376
Rights and other intangible assets	10,807	21,132
	16,001,589	15,162,360
Romania		
Appraisal costs	9,143,998	8,513,327
	25,145,587	23,675,687
<i>Reconciliation of the carrying amount of oil and gas assets:</i>		
Buildings – opening balance	296,672	331,264
Depreciation	(38,817)	(36,338)
Translation differences	8,978	1,746
	266,833	296,672
Undeveloped Land – opening balance	177,793	176,351
Translation differences	5,120	1,442
	182,913	177,793

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

	Consolidated	
	Year Ended 31 Dec 2023 \$	Year Ended 31 Dec 2022 \$
<b>NOTE 9 – OIL AND GAS PROPERTIES - continued</b>		
Field office fixtures and equipment – opening balance	265,259	333,519
Additions	143,408	-
Disposals	-	(1,287)
Depreciation	(75,321)	(67,913)
Translation differences	6,876	940
	340,222	265,259
Plant and machinery – opening balance	3,723,913	4,460,030
Additions	373,687	-
Depreciation	(696,730)	(752,634)
Translation differences	110,858	16,517
	3,511,728	3,723,913
Wells – opening balance	4,647,644	6,527,211
Additions	94,323	196,132
Transfers	3,568,743	-
Depreciation	(1,459,433)	(1,256,963)
Impairment	-	(817,122)
Translation differences	109,166	(1,614)
	6,960,443	4,647,644
<p>During the prior year, \$817,122 of impairment was recorded for wells that are no longer economic. These wells have not been abandoned and may become economic in the future.</p>		
Retirement obligation assets (Austria) – opening balance	1,441,571	1,446,983
Additions	449,456	187,795
Amortisation	(274,460)	(197,675)
Translation differences	39,238	4,468
	1,655,805	1,441,571
Construction in progress – opening balance	4,588,376	2,473,884
Additions – net of partner contributions	3,494,943	2,168,855
Transfers to Wells	(3,568,743)	-
Dry well costs expensed	(1,638,550)	-
Translation differences	196,812	(54,363)
	3,072,838	4,588,376

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NOTES TO THE FINANCIAL STATEMENTS  
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	Consolidated	
	Year Ended 31 Dec 2023	Year Ended 31 Dec 2022
	\$	\$
<b>NOTE 9 – OIL AND GAS PROPERTIES - continued</b>		
Rights and other intangible assets – opening balance	21,132	31,501
Depreciation	(11,057)	(10,352)
Translation differences	732	(17)
	<u>10,807</u>	<u>21,132</u>
Appraisal costs – Romania – opening balance	8,513,327	8,085,301
Additions	148,804	253,618
Additions – rehabilitation and restoration provision – note 14	237,826	108,507
Translation differences	244,041	65,901
	<u>9,143,998</u>	<u>8,513,327</u>

**NOTE 10 – RIGHT OF USE ASSETS**

**Non-Current Assets**

Right of use assets - properties	<u>1,209,783</u>	<u>239,640</u>
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*Reconciliation of the carrying amount of right of use assets:*

Opening balance	239,640	356,545
Additions	1,263,948	-
Disposals	(156,782)	-
Depreciation	(133,692)	(115,517)
Translation differences	(3,331)	(1,388)
	<u>1,209,783</u>	<u>239,640</u>

Refer to note 13 for lease liabilities for right of use assets.

**NOTE 11 – TRADE AND OTHER PAYABLES**

**Current**

Trade creditors and accruals	5,113,468	2,336,041
Accrued interest payable	23,397	-
	<u>5,136,865</u>	<u>2,336,041</u>

The Group's exposure to interest rate risk is discussed in Note 24.

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**ADX ENERGY LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**NOTE 12 – BORROWINGS**

Loan Notes

On 11 July 2023, ADX secured \$1,500,000 in loan note funding. A total of 30 loan notes of \$ 50,000 each totalling \$ 1,500,000 (Loan Notes) were issued to a small number of supportive existing shareholders and new sophisticated investors. The Loan Notes are unsecured. The terms for the Loan Notes are summarised as follows:

	<b>Loan Note A</b>	<b>Loan Note B</b>	<b>Total Loan Notes</b>
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 \$0.10, expiring 11 January 2025	150,000 Options per Loan Note (3,000,000 in Total)	-	Total of 3,000,000 Options*
Free Attaching Unlisted Options with an Exercise Price of \$0.14, expiring 11 January 2025	150,000 Options per Loan Note (3,000,000 in Total)	215,000 Options per Loan Note (2,150,000 in Total)	Total of 5,150,000 Options*

\* Post-consolidated amounts

The Options were valued using a Black-Scholes option pricing model (total value \$145,400). The inputs to the model used were:

<b>Valuation date</b>	<b>5/7/2023</b>	<b>5/7/2023</b>
Spot price (\$)	0.07	0.07
Exercise price (\$)	0.10	0.14
Vesting date	Immediately	Immediately
Expiry date	11/01/2025	11/01/2025
Expected future volatility (%)	80	100
Risk-free rate (%)	8	12
Dividend yield (%)	-	-
Value Each (\$)	0.021	0.016
Number Granted	3,000,000	5,150,000
Total Value \$	63,000	82,400

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NOTE 12 – BORROWINGS - continued

Bank Loans

As announced on 5 August 2020, ADX' 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:

- Loan A - EUR 500,000 (A\$ 808,931): interest-free until 31 July 2022, at which point interest charged is at Euribor plus 0.75%, with the rate to be at least 0%; and
- Loan B - EUR 630,000 (A\$ 1,019,253): incurring interest at 1% per annum on the drawn down value.

- The Collateral for the loan facilities is EUR 120,000 (A\$ 194,143) (held in an ADX VIE GmbH bank account with Volksbank).
- The loans are fully drawn. Loan repayments commenced on 30 June 2022 and continue to be repaid every six months through to 31 December 2024.
- 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 753,332.66 (A\$ 1,218,787.67) of these loans have been repaid.

	Consolidated	
	Year Ended 31 Dec 2023 \$	Year Ended 31 Dec 2022 \$
<b>Current</b>		
Bank loans – Loan A - interest bearing	339,751	262,096
Bank loans – Loan B - interest bearing	269,643	330,240
	609,394	592,336
<b>Non-Current</b>		
Loan notes – interest bearing - unsecured	1,500,000	-
Loan notes – borrowing costs (options)	(145,400)	-
Loan notes – borrowing costs (options - accretion)	48,467	-
Loan notes – net	1,403,067	-
Bank loans – Loan A - interest bearing	-	262,096
Bank loans – Loan B - interest bearing	-	330,240
	1,403,067	592,336

The Group's exposure to liquidity and interest rate risk is discussed in Note 24.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

	Consolidated	
	31 December 2023 \$	31 December 2022 \$
<b>NOTE 13 – LEASE LIABILITIES</b>		
<b>Current</b>		
Right of use assets	105,644	120,462
Other	-	10,299
	<u>105,644</u>	<u>130,761</u>
<b>Non-Current</b>		
Right of use assets	1,110,752	119,819
Other	-	36,206
	<u>1,110,752</u>	<u>156,025</u>
<b>NOTE 14 – PROVISIONS</b>		
<b>Current</b>		
Provision for employee entitlements	<u>241,701</u>	<u>347,640</u>
<b>Non-Current</b>		
Provision for employee entitlements	234,346	16,793
Provision for asset retirement obligations (ARO) – production assets	17,144,238	15,207,275
Provision for rehabilitation and restoration – Romania	907,620	651,046
	<u>18,286,204</u>	<u>15,875,114</u>
Provision for asset retirement obligations (non-current) – opening balance	15,207,275	13,909,846
Additions capitalised – note 9	449,456	187,795
Additions expensed	970,159	881,944
Accretion	91,740	68,357
Translation differences	425,608	159,333
	<u>17,144,238</u>	<u>15,207,275</u>
Provision for rehabilitation and restoration – Romania – opening balance	651,046	538,138
Additions capitalised - note 9	237,826	108,507
Translation differences	18,748	4,401
	<u>907,620</u>	<u>651,046</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 15 – ISSUED CAPITAL

	31 December 2023 \$	31 December 2022 \$
<b>(a) Issued Capital</b>		
Ordinary shares fully paid	90,503,290	84,105,646

**(b) Movements in Ordinary Share Capital**

Note: Effective 28 September 2023, ADX Shareholders approved a capital conversion of every ten (10) existing Securities into one (1) Security. All data below is based on post-consolidation data.

Number of Shares	Summary of Movements – Current Year (2023)	Note	2023 \$
351,291,583	Opening balance 1 January 2023		84,105,646
35,714	Issue of shares to Directors (part remuneration for 12/2022 quarter)	3(b)(i)	2,500
68,571	Issue of shares to Company Secretary (remuneration for 12/2022 quarter)	3(b)(iii)	4,800
488,396	Issue of shares to Consultants (remuneration for 12/2022 quarter)	3(b)(iii)	34,188
305,956	Issue of shares to Directors (part remuneration for 09/2022 quarter)	3(b)(i)	21,417
591,184	Issue of shares to Directors (part remuneration for 12/2022 quarter)	3(b)(i)	41,383
640,959	Issue of shares to Directors (part remuneration for 3/2023 quarter)	3(b)(i)	44,867
68,571	Issue of shares to Company Secretary (remuneration for 3/2023 quarter)	3(b)(iii)	4,800
310,399	Issue of shares to Consultants (remuneration for 3/2023 quarter)	3(b)(iii)	21,728
5,641,853	Shares issued upon exercise of Performance Rights	3(b)(iv)	-
2,580,756	Options exercised by Directors at \$Nil	15(c)(ii)	-
677,120	Issue of shares to Directors (part remuneration for 6/2023 quarter)	3(b)(i)	47,398
68,571	Issue of shares to Company Secretary (remuneration for 6/2023 quarter)	3(b)(iii)	4,800
369,679	Issue of shares to Consultants (remuneration for 6/2023 quarter)	3(b)(iii)	25,878
442,795	Issue of shares to Directors (part remuneration for 9/2023 quarter)	3(b)(i)	39,852
53,333	Issue of shares to Company Secretary (remuneration for 9/2023 quarter)	3(b)(iii)	4,800
450,351	Issue of shares to Consultants (remuneration for 9/2023 quarter)	3(b)(iii)	37,777
48,000,000	Placement and SPP at 10 cents	15(b)(i)	4,800,000
15,780,000	Placement and SPP at 10 cents	15(b)(ii)	1,578,000
	Costs of share issues – cash		(316,544)
<u>427,865,791</u>	Closing Balance as at 31 December 2023		<u>90,503,290</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 15 – ISSUED CAPITAL - continued

(b) Movements in Ordinary Share Capital

Number of Shares	Summary of Movements – Prior Year (2022)		2022 \$
2,974,437,202	Opening balance 1 January 2022		81,435,632
902,728	Issue of shares to Directors (part remuneration for 12/2021 quarter)	3(b)(i)	9,930
436,363	Issue of shares to Company Secretary (remuneration for 12/2021 quarter)	3(b)(iii)	4,800
3,627,388	Issue of shares to Consultants (remuneration for 12/2021 quarter)	3(b)(iii)	37,777
43,258,177	Shares issued upon exercise of Performance Rights	3(b)(vi)	-
23,250,146	Options exercised by Directors at \$Nil	15(c)(ii)	-
5,250,000	Shares issued to advisor (cash)	3(b)(iii)	42,000
154,253	Issue of shares to Directors (part remuneration for 12/2021 quarter)	3(b)(i)	1,234
3,185,543	Issue of shares to Directors (part remuneration for 3/2022 quarter)	3(b)(i)	25,484
600,000	Issue of shares to Company Secretary (remuneration for 3/2022 quarter)	3(b)(iii)	4,800
4,657,511	Issue of shares to Consultants (remuneration for 3/2022 quarter)	3(b)(iii)	36,796
425,000,000	Placement at 6 cents	15(b)(i)	2,550,000
8,500,000	Issue of shares in lieu of broker fees (non-cash)	3(b)(v)	51,000
4,741,208	Issue of shares to Directors (part remuneration for 6/2022 quarter)	3(b)(i)	37,930
600,000	Issue of shares to Company Secretary (remuneration for 6/2022 quarter)	3(b)(iii)	4,800
6,429,146	Issue of shares to Consultants (remuneration for 6/2022 quarter)	3(b)(iii)	49,979
2,680,384	Issue of shares to Directors (part remuneration for 9/2022 quarter)	3(b)(i)	18,763
685,714	Issue of shares to Company Secretary (remuneration for 9/2022 quarter)	3(b)(iii)	4,800
4,516,771	Issue of shares to Consultants (remuneration for 9/2022 quarter)	3(b)(iii)	31,041
	Costs of share issues – non-cash	3(b)(v)	(100,820)
	Costs of share issues – cash		(140,300)
<u>3,512,912,534</u>	Closing Balance as at 31 December 2022		<u>84,105,646</u>

Current Year transactions:

(i) **Placement Raising A\$ 4.8 million**

In November 2023, ADX advised it had successfully raised \$ 4.8 million from placements totalling 48,000,000 shares at a price of \$ 0.10 per share to sophisticated, institutional and professional investors. One (1) free attaching unlisted option was issued for every two (2) Placement Shares. The exercise price of the Placement Options is \$ 0.16 with an expiry date of 31 December 2024.

The funds raised from the Placement and the Securities Purchase Plan will be applied to near term activities of the Company, which included funding of the Company's increased economic interest in the recently completed Anshof-2 Appraisal Well, the installation of permanent production facilities at Anshof to enable increased production from the Anshof-3 and Anshof-2 Wells as well as funding for the Company's share of the Welchau-1 Exploration Well.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 15 – ISSUED CAPITAL - continued

(b) Movements in Ordinary Share Capital - continued

(ii) *Securities Purchase Plan (SPP) Raising A\$ 1.578 million*

On 22 November 2023, eligible Shareholders (SPP Participants) were invited to participate in a Securities Purchase Plan Offer at \$ 0.10 per Share. This was the same price as the offer price under the Placement. SPP Participants also received one free-attaching unquoted option to acquire a Share for every two SPP Shares issued. The SPP Options are exercisable on the same terms as the Placement Options. The 15,780,000 SPP Shares and 7,890,000 SPP Options were issued on 22 December 2023.

(c) Options on issue at year end

	Note	Number	Exercise Price	Expiry Date
Unlisted Options		23,175,011	13 cents	10/08/2024
Unlisted Options		511,608	Nil cents	31/10/2024
Unlisted Options	15(c)(iii)	31,640,000	16 cents	31/12/2024
Unlisted Options	15(c)(iv)	3,000,000	10 cents	11/01/2025
Unlisted Options	15(c)(iv)	5,150,000	14 cents	11/01/2025
Unlisted Options		725,000	Nil cents	31/01/2025
Unlisted Options		6,350,000	17 cents	30/04/2025
Unlisted Options		314,584	Nil cents	31/05/2025
Unlisted Options		245,625	Nil cents	31/07/2025
Unlisted Options		329,465	Nil cents	31/10/2025
Unlisted Options		185,796	Nil cents	31/01/2026
Unlisted Options		311,719	Nil cents	31/05/2026
Unlisted Options		269,532	Nil cents	31/07/2026
Unlisted Options		380,358	Nil cents	31/10/2026
Unlisted Options		283,929	Nil cents	31/01/2027
Unlisted Options		275,893	Nil cents	31/05/2027
Unlisted Options		300,000	Nil cents	31/07/2027
Unlisted Options		332,291	Nil cents	31/10/2027
Total Options		<u>73,780,811</u>		

During the year:

- (i) 1,817,560 unlisted options were granted in lieu of remuneration to Directors Ian Tchacos and Paul Fink. Refer note 3(b)(ii).
- (ii) 2,580,757 unlisted options were exercised by Directors (exercise price was nil as these were previously granted in lieu of remuneration).
- (iii) 31,640,000 unlisted options were issued for every two shares subscribed for in November 2023 Placement and December 2023 Securities Purchase Plan..
- (iv) 3,000,000 unlisted options with an exercise price of \$0.10 and 5,150,000 unlisted options with an exercise price of \$0.14 were issued to Loan Note holders – refer to note 12.
- (v) 6,780,006 unlisted options with an exercise price of \$0.15 lapsed during the year.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

	Consolidated	
	31 December 2023 \$	31 December 2022 \$
<b>NOTE 16 - RESERVES</b>		
Share-based payments reserve	6,638,109	5,724,244
Foreign currency translation reserve	(1,238,619)	(1,603,160)
	<u>5,399,490</u>	<u>4,121,084</u>

**Share-based payments reserve**

Balance at the beginning of the year	5,724,244	5,489,429
Share-based payments (options granted)	913,865	234,815
Balance at the end of the year	<u>6,638,109</u>	<u>5,724,244</u>

*Nature and purpose of the reserve:*

The Share-based payments reserve is used to recognise the fair value of options issued but not exercised.

**Foreign currency translation reserve**

Balance at the beginning of the year	(1,603,160)	(1,706,318)
Currency translation differences	364,541	103,158
Balance at the end of the year	<u>(1,238,619)</u>	<u>(1,603,160)</u>

*Nature and purpose of the reserve:*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 17 – NON-CONTROLLING INTERESTS

	Consolidated	
	31 December 2023 \$	31 December 2022 \$
Non-Controlling Interests	8,112,092	8,381,640
<i>Movement during the year:</i>		
Balance at the beginning of the year	8,381,640	8,478,678
Share of loss for the period	(145,506)	(133,611)
Share of other comprehensive income	(124,042)	36,573
Balance at the end of the year	8,112,092	8,381,640

Non-controlling interests represent Reabold Resources Plc (LSE AIM:RBD) (Reabold) interest held in the Danube group. The Danube Group consists of Danube Petroleum Limited (registered in England and Wales) and its wholly owned Romanian subsidiary, ADX Energy Panonia Srl.

As at 31 December 2023, Reabold holds a 50.82% interest in Danube (2022: 50.82%). ADX Energy Ltd continues to consolidate the Danube Group as it has control via day-to-day management, accounting and two out of three directors on the board of Danube Petroleum Limited are directors of ADX Energy Ltd.

Summarised financial information for Danube Petroleum Limited and its 100% owned subsidiary ADX Energy Panonia SRL is as follows. The amounts disclosed are before inter-company eliminations:

	Consolidated	
	31 December 2023 \$	31 December 2022 \$
<b>Summarised Statement of Financial Position</b>		
Current assets	569,779	603,901
Current liabilities	(198,909)	(199,450)
Current net assets	370,870	404,451
Non-current assets	15,861,710	15,613,993
Non-current liabilities	(907,620)	(651,046)
Non-current net assets	14,954,090	14,962,947
Net Assets	15,324,960	15,367,398
<b>Summarised Statement of Profit or Loss and Other Comprehensive Income</b>		
Revenue	-	-
Loss for the period	(286,309)	(262,911)
Other comprehensive income	(244,081)	71,968
Total comprehensive income	(530,390)	(190,943)
Loss allocated to Non-Controlling Interests	(145,506)	(133,612)
Other comprehensive income allocated to Non-Controlling Interests	(124,042)	36,574



ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 17 – NON-CONTROLLING INTERESTS - continued

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
<b>Summarised Statement of Cash Flows</b>		
Cash flows from/(used in) operating activities (including VAT paid)	(139,076)	76,903
Cash flows from/(used in) investing activities	412,403	(253,618)
Cash flows from financing activities	185,336	-
Net foreign exchange differences	(3,501)	(45,469)
Net increase/(decrease) in cash and cash equivalents	455,162	(222,184)

NOTE 18 – DERIVATIVE FINANCIAL INSTRUMENTS

The Group's accounting policy for cash flow hedges are as follows:

Cash flow hedges are a derivative or financial instrument designated to hedge the exposure to variability in cash flows attributable to a particular risk associated with an asset, liability or forecast transaction.

- Recognition date: At the date the instrument is designated as a hedging instrument.
- Measurement: Measured at fair value. The fair value of oil derivative contracts is determined by estimating the difference between the relevant market prices and the contract price, for the volumes of the derivative contracts.
- Changes in fair value: Changes in the fair value of derivatives designated as cash flow hedges are recognised directly in other comprehensive income and accumulated in equity in the hedging reserve to the extent that the hedge is effective. Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. To the extent that the hedge is ineffective, changes in fair value are recognised immediately in the income statement within other income or other expenses. Amounts accumulated in equity are transferred to the income statement or the statement of financial position, for a non-financial asset, at the same time as the hedged item is recognised. When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the underlying forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Hedge effectiveness is determined at the inception of the hedge relationship, and through regular prospective assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

*Hedging reserves*

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. The group defers the changes in the forward element of forward contracts and the time value of option contracts in the costs of hedging reserve.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 18 – DERIVATIVE FINANCIAL INSTRUMENTS - continued

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
<b>Hedging Reserve</b>		
Balance brought forward	-	107,389
Change in value of hedging instruments recognised in Other Comprehensive Income for the period	-	(107,389)
Movement for the year	-	(107,389)
Balance at the end of the year	-	-

As at 31 December 2023, there were no derivative financial instruments in place.

NOTE 19 – PARENT ENTITY INFORMATION	Company	
	31 December 2023	31 December 2022
	\$	\$
<b>Statement of Financial Position information</b>		
Current assets	4,852,494	780,526
Non-current assets	4,575,920	3,089,249
Current liabilities	(400,138)	(415,353)
Non-current liabilities	(1,421,993)	(16,792)
Net Assets	7,606,283	3,437,630
Issued capital	90,503,290	84,105,646
Reserves	6,638,110	5,724,245
Accumulated losses	(89,535,117)	(86,392,261)
<b>Profit and loss information</b>		
Loss for the year	(3,142,856)	(2,597,967)
Comprehensive income for the year	(3,142,856)	(2,597,967)

**Commitments and contingencies**

There are no commitments or contingencies, including any guarantees entered into by ADX Energy Ltd on behalf of its subsidiaries as at year end.

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ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 19 – PARENT ENTITY INFORMATION - continued

Subsidiaries

Name of Controlled Entity	Class of Share	Place of Incorporation	% Held by Parent Entity	
			31 December 2023	31 December 2022
AuDAX Energy Srl	Ordinary	Italy	100%	100%
Bull Petroleum Pty Ltd	Ordinary	Australia	100%	100%
Terra Energy Limited	Ordinary	UK	100%	100%
ADX VIE GmbH	Ordinary	Austria	Held 100% by Terra Energy Limited	Held 100% by Terra Energy Limited
Danube Petroleum Limited	Ordinary	UK	49.18%	49.18%
ADX Energy Panonia Srl	Ordinary	Romania	Held 100% by Danube Petroleum Limited	Held 100% by Danube Petroleum Limited
Kathari Energia Limited	Ordinary	UK	100%	100%
Kathari Energia GmbH	Ordinary	Austria	Held 100% by Kathari Energia Limited	Held 100% by Kathari Energia Limited

Refer to note 17, non-controlling interests, for details on Danube Petroleum Limited Group.

Consolidated	
31 December 2023	31 December 2022
\$	\$

NOTE 20 – COMMITMENTS AND CONTINGENCIES

(a) Short term leases (non-cancellable):

Within one year	15,076	399,170
Later than one year, not later than five years	-	1,240
Balance at the end of the year	15,076	400,410

Short term leases are primarily for the office lease in Perth.

The Group has a lease-to-buy contract for a production unit for Anshof operations in upper Austria. The rental cost of EUR 50,000 per quarter (for a maximum of eight quarters) is capitalised as construction in progress at year end. The agreement commenced on 1 November 2023. ADX has the option to purchase prior to the end date of 31 October 2025 with a balloon payment of up to EUR 600,000.

(b) Commitments and Contingencies for Oil and Gas Properties

In order to maintain current rights of tenure to exploration licenses the Company may be compelled to perform minimum exploration activities to meet requirements specified by the relevant governments. These expenditure commitments may be varied as a result of renegotiations, relinquishments, farm-outs or sales. Land leases in Austria are held by an unrelated party and reimbursed by ADX. These amount to approximately EUR 51,000 per annum (A\$ 81,000) and comprise approximately 95 individual lease contracts, and have no end date or termination date.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2023

**NOTE 20 – COMMITMENTS AND CONTINGENCIES - continued**

**Parta Exploration License and Iecea Mare Production License - Western Romania**

*Ownership of Parta Exploration License and Iecea Mare Production License.*

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 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.

**Parta Exploration License**

In December 2012, the Romanian Government ratified the concession agreement for ADX' EX 10 Parta license (Parta Permit). The committed work program agreed in June 2019 for the Parta Permit required the acquisition of 60 km of 2D and 100 km<sup>2</sup> of 3D seismic and the drilling of two exploration wells. Total commitments are estimated at A\$ 5.4 million (EUR 3.5 million) for a 2 year period commencing 21 June 2019 following an extension agreed with the National Agency of Mineral Resources (NAMR), which was extended for another 18 months until 3 December 2022. ADX Energy Panonia SRL is the Romanian license holder in accordance with the concession agreement for exploration phase 1. The total concession agreement duration is 20 years with a possible 15 years extension. After phase 1 which expired on 3 December 2022, ADX had the option to immediately enter phase 2, by assuming further commitments, or apply for another extension which will require a government ratified approval. ADX has chosen the second option and is in ongoing discussions with the governing body i.e. NAMR with a view to the submission of an extension application to the government.

**Iecea Mare Production License**

In 2018, ADX acquired a 100% equity interest in the Iecea Mare Production license (License). ADX has committed to pay a 5% royalty from the license seller Amromco Energy for production from wells located within License. The current production license is valid until November 2034 and extensions are possible. The license does not carry any commitments, but an annual work-program has to be agreed with the Romanian government (via NAMR), which then becomes a commitment. ADX estimates the annual cost for such activities may be approximately \$50,000 per annum.

**Data User Agreement –Austria**

In December 2019, ADX entered into a Data User Agreement (DUA) with RAG Austria AG (RAG) for access to RAG Exploration Data (including 3650 km<sup>2</sup> of modern 3D seismic) in the Molasse Basin, in Upper Austria. Under the DUA, ADX has exclusive access to 3D and 2D seismic and geological data from RAG for oil and gas activities in its exploration, production and gas storage licenses (AGS Licenses) ratified on the 1<sup>st</sup> January 2021 with the Federal Ministry responsible for Mining (BMLRT) on behalf of the Republic of Austria as an event subsequent to year end. ADX has agreed to pay RAG a license fee as a function of the active AGS license areas for up to 5 years. In 2023, the fee paid to RAG under the DUA was EUR 78,652.

**Upper Austria Exploration (AGS) Licenses – Austria**

ADX executed concession agreements for exploration, production and gas storage in Upper Austria (Upper Austria AGS) on the 8<sup>th</sup> of January 2021 between ADX and Federal Ministry responsible for Mining on behalf of the Republic of Austria. Effective on 1<sup>st</sup> April 2022, ADX successfully was awarded license extensions for the Upper Austria AGS license areas ADX-AT-I and ADX-AT-II resulting in a total area of 1022 km<sup>2</sup>. In order to secure these licenses and the related work program, ADX VIE GmbH had to put in place a bank guarantee for an amount of EUR 937,378 (of which EUR 562,316 is secured by cash). The total term for the Upper Austria AGS licenses including the newly awarded extension area is 16 years without any relinquishment and the first 4-year firm period commenced on 1<sup>st</sup> January 2021. ADX has a 3 well exploration drilling commitment during the 4-year firm period. The total remaining minimum financial obligation to keep the Upper Austria AGS licenses in good standing taking into account expenditures already made in relation to the drilling of the Anshof-3 discovery well is EUR 1.25 million which needs to be expended in the ADX-AT-I license area before the 1<sup>st</sup> of January 2025. In January 2024 ADX has secured funding obligation from MND Austria a.s. (MND) in relation to ADX-AT-I. MND has paid back costs of EUR 0.45 million to ADX VIE GmbH and will fund EUR 4.5 million for exploration drilling to earn a 50% economic interest in an Exploration Investment Area within the ADX-AT-I license. MND's obligation will meet ADX' obligation outstanding in relation to ADX-AT-I.

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**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2023

**NOTE 20 – COMMITMENTS AND CONTINGENCIES - continued**

**Anshof Prospect in Upper Austria – Xstate Partnership Agreement**

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.

**Anshof Field Area in Upper Austria – MND Partnership Agreement**

On 7 August 2023, ADX and MND entered into an Energy Investment Agreement (EIA) in relation to the appraisal and development of the Anshof Field Area subject to the satisfaction of conditions precedent including confirmation of acceptance of the Anshof Field Area partnership documentation by the ministry of finance of the Republic of Austria (Bundesministerium für Finanzen) (BMF) and the payment by MND to ADX of past costs and long lead drilling expenditures of EUR 1.932 million. The EIA conditions precedent were satisfied on 18<sup>th</sup> of September 2023. The total firm investment payment obligations by MND are EUR 5.28 million for the drilling, completion and tie-in of the Anshof-2 and Anshof-1 wells. Under the terms of EIA, MND has secured 30% economic interest in the Anshof Field Area by the payment of past costs as well as the payment of firm investment obligations.

ADX VIE, MND and existing partner XST finalised partnership and operating agreements covering the Anshof Field Area following the announced clearance of documentation between ADX VIE, MND and existing partner XST by the BMF.

ADX is the operator and retains a 50% economic interest in the Anshof Field Area with partners MND and XST holding a 30% and 20% economic interest respectively in the partnership. ADX will retain a 100% interest in the remainder of the ADX-AT-II exploration area other than the Welchau Area where ADX holds a 75% economic interest.

**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 based on a well cost cap of EUR 3.8 million 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).

On the 9th of January 2024, ADX announced that MCF and ADX had agreed to vary the terms of the EIA such that MCF will fund 50% of the Welchau-1 well costs up to EUR 5.1 million to earn a 25% economic interest in the Welchau Investment Area. MCF and ADX will pay their economic interest share of Welchau Investment Area related costs of 25% and 75% respectively once the revised well cost cap has been reached.

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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 20 – COMMITMENTS AND CONTINGENCIES - continued**

**ADX-AT-I Investment Area in Upper Austria – MND Partnership Agreement**

On the 5th of December 2024, ADX announced an Energy Investment Agreement (EIA) with MND for co-investment in an exploration area within the ADX-AT-I license (Investment Area), in Upper Austria. In accordance with the terms of the EIA MND has paid back costs of EUR 0.45 million to ADX and has committed to fund EUR 4.5 million for exploration drilling to earn a 50% economic interest in the Investment Area. Completion was subject the clearance of the Investment Area partnership documentation by the BMF which was secured on the 9th of January 2024.

ADX is the operator and retains a 50% economic interest in the ADX-AT-I Investment Area. ADX retains a 100% interest in the remainder of the ADX-AT-I licence.

**Other contingencies**

**d363 C.R.-AX license – Italy**

ADX was advised on the 4th of February 2019 that the Italian senate passed legislation to suspend exploration activities in all permits that have been approved or are in the process of being approved for a period of up to 18 months (to approximately August 2020) to enable the government authorities to evaluate the suitability of exploration areas for sustainable hydrocarbon exploration and production activities. The Italian senate further advised that the suspension will be extended to the first quarter of 2021. Due to the COVID-19 pandemic the suspension of exploration activities were further extended.

During the reporting period the Italian licensing authorities offered ADX the opportunity to ratify d363 C.R.-AX prospecting license. The ratification is subject to a number of conditions including that only the gas potential within its d363C.R.-AX license is commercially exploited. ADX submitted a report to the Italian authorities detailing the natural gas prospectivity of the license for gas, upon which the licensing authorities reactive positively and asked ADX to submit a new work program suitable for exploration and development of the offshore gas resources. Based on discussions with the authorities a detailed report and work commitment was submitted in October 2022. The commitment for the first 3 years will consist of, subject to a pending approval:

- 150 km of seismic data purchase from ENI and Total with a minimum expenditure of EUR 70,000;
- 2D and 3D seismic reprocessing with a minimum expenditure of EUR 40,000; and
- Acquisition of new 2D seismic of 150 line km or 60 sqkm of 3D seismic, subject to the outcome of the preceding reprocessing and interpretation work. The financial commitments is EUR 500,000.

It should be noted that after each year and fulfilment of the respective work, ADX can drop the license. In year 4, ADX can elect to drill a well (with a commitment to reach 2500 metres total depth (TD) or drop the license.

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**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2023

**NOTE 21 – RELATED PARTY DISCLOSURES**

**(a) Compensation of Key Management Personnel**

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Short-term employment benefits	1,013,885	985,140
Post-employment benefits	16,433	14,188
Share-based payments	285,945	221,311
	1,316,263	1,220,639

**(b) Other transactions and balances with Key Management Personnel**

- i) Director Ian Tchacos, through Warroorah Pty Ltd ATF Tchacos Fund and Ian Z Tchacos, provides office premises to ADX Energy Ltd. The key terms are gross monthly rental of \$2,103.87 per month, monthly estimated outgoings of \$334.32 per month (both excluding GST), lease commencing 1 August 2022 for a 12 month term, thereafter on 3 month rolling terms. Rent review to be on 1 July of each year based on CPI. These terms are considered normal commercial rates. Rental paid, including outgoings, for the year (excluding GST) ended 31 December 2023 totalled \$29,395 (2022: \$11,395).
- ii) In the prior year, Director Andrew Childs, through his entity Resource Recruitment provided ADX Energy Ltd office premises in Subiaco, and paid rent on a month by month basis at normal commercial rates to 31 July 2022. Rental paid for the year (excluding GST) ended 31 December 2023 totalled \$nil (2022: \$18,200).
- iii) Andrew Childs is Executive Chairman of Xstate Resources Limited (Xstate). Xstate holds a 20% economic interest in ADX' Anshof field in Upper Austria.
- iv) In July 2023, Company Secretary, Amanda Sparks, through the A & A Sparks S/F A/C and her spouse Anthony Sparks, provided \$100,000 loan notes to ADX Energy Ltd (refer to note 12). The interest rate is 12%. These terms were considered normal commercial rates. 430,000 free attaching unlisted options with an exercise price of \$0.14 and expiring 11 January 2025 were issued with the Loan Notes. During the year, interest of \$5,030 was paid or accrued.

**(c) Transactions with Other Related Parties**

- i) In July 2023, Company Secretary, Peter Ironside, through Ironside Pty Ltd <Ironside Family A/c>, provided \$200,000 loan notes to ADX Energy Ltd (refer to note 12). The interest rate is 8% for \$100,000 and 12% for \$100,000. These terms were considered normal commercial rates. 300,000 free attaching unlisted options with an exercise price of \$0.10, and 730,000 free attaching unlisted options with an exercise price of \$0.14 and both expiring 11 January 2025 were issued with the Loan Notes. During the year, interest of \$8,384 was paid or accrued.
- ii) In November 2023, Company Secretary, Peter Ironside, through Ironside Pty Ltd <Ironside Family A/c> and Ironside Pty Ltd <Ironside Super Fund A/c>, participated in ADX's placement (refer to note 15(b)(i)). A total of 1,690,000 shares, together with 845,000 free attaching options were issued to related entities of Peter Ironside for \$129,000. The exercise price of the Placement Options is \$ 0.16 with an expiry date of 31 December 2024.

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ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

	Consolidated	
	31 December 2023 \$	31 December 2022 \$
<b>NOTE 22 – AUDITOR’S REMUNERATION</b>		
Amount paid or due and payable to the auditor for:		
Audit and review of the financial statements	52,000	50,500
Other services	-	-
Total remuneration of auditors	52,000	50,500

**NOTE 23 – SEGMENT INFORMATION**

**Reportable Operating Segments Identified**

For management purposes, the Group has organised its operating segments into three reportable segments as follows:

- Sicily Channel Offshore Exploration and Evaluation Segment: this segment includes assets and activities that are associated with oil and gas exploration offshore Italy.
- Romania Exploration and Appraisal/Development Segment: this segment includes assets and activities that are associated with oil and gas exploration, appraisal and development in that region, and include the costs if the parent entity, Danube Petroleum Limited.
- Austria Production Segment: this segment includes assets and activities that are associated with oil and gas production in that region. All oil sales are made to a single customer in Austria, and all gas sales are made to a single customer in Austria.

The following items are not allocated to segments as they are not considered part of core operations of any segment and are managed on a Group basis.

- Interest revenue
- Foreign currency gains/(losses)
- Corporate costs

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ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 23 – SEGMENT INFORMATION - continued

Operating Segments	Sicily Channel \$	Romania \$	Austria (Production) \$	Total Operations \$
<b>Year ended 31 December 2023</b>				
Revenue and income	-	-	13,178,208	13,178,208
<b>Total segment revenue</b>				<b>13,178,208</b>
<b>Result</b>				
Segment result after tax	(45,552)	(204,207)	(1,441,731)	(1,691,490)
<b>Reconciliation of segment profit after tax to net loss after tax:</b>				
Unallocated revenue and income				3,760
Foreign currency gains/(losses)				(84,892)
Unallocated expenditure				(2,437,093)
<b>Net loss after tax</b>				<b>(4,209,715)</b>
<b>Depreciation, amortisation and impairment included in segment result</b>				
	-	-	2,689,510	<b>2,689,510</b>
<b>Assets</b>				
Segment assets	34,075	9,247,218	27,994,830	37,276,123
<b>Reconciliation of segment assets:</b>				
Unallocated cash				5,207,126
Other				151,903
<b>Total assets</b>				<b>42,635,152</b>
<b>Liabilities</b>				
Segment liabilities	(8,232)	(1,254,382)	(23,314,000)	(24,576,614)
<b>Reconciliation of segment liabilities:</b>				
Unallocated liabilities				(2,317,013)
<b>Total liabilities</b>				<b>(26,893,627)</b>
<b>Capital expenditure for the year</b>				
Segment capital expenditure – oil and gas assets	-	-	4,704,621	4,704,621
<b>Reconciliation of capital expenditure:</b>				
Unallocated additions				-
<b>Total capital expenditure</b>				<b>4,704,621</b>

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ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 23 – SEGMENT INFORMATION - continued

Operating Segments	Sicily Channel \$	Romania \$	Austria (Production) \$	Total Operations \$
<b>Year ended 31 December 2022</b>				
Revenue and income	-	-	14,452,734	14,452,734
<b>Total segment revenue</b>				<b>14,452,734</b>
<b>Result</b>				
Segment result after tax	212,844	(268,417)	414,715	359,142
<b>Reconciliation of segment profit after tax to net profit after tax:</b>				
Unallocated revenue and income				5,067
Foreign currency gains/(losses)				(44,033)
Unallocated expenditure				(2,758,040)
<b>Net profit/(loss) after tax</b>				<b>(2,437,874)</b>
<b>Depreciation, amortisation and impairment included in segment result</b>				
	-	-	3,254,514	<b>3,254,514</b>
<b>Assets</b>				
Segment assets	23,833	8,895,232	22,627,545	31,546,610
<b>Reconciliation of segment assets:</b>				
Unallocated cash				675,677
Other				441,005
<b>Total assets</b>				<b>32,663,292</b>
<b>Liabilities</b>				
Segment liabilities	(5,220)	(675,883)	(19,145,945)	(19,827,048)
<b>Reconciliation of segment liabilities:</b>				
Unallocated liabilities				(437,012)
<b>Total liabilities</b>				<b>(20,264,060)</b>
<b>Capital expenditure for the year</b>				
Segment capital expenditure – oil and gas assets	-	253,618	2,552,782	2,806,400
<b>Reconciliation of capital expenditure:</b>				
Unallocated additions				-
<b>Total capital expenditure</b>				<b>2,806,400</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2023

**NOTE 24 – FINANCIAL RISK MANAGEMENT**

The Group is exposed to market risk (commodity, currency and interest rate risks), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. ADX' Board of Directors (Board) is responsible for approving ADX's policies on risk oversight and management and ensuring management has developed and implemented effective risk management and internal controls. Risk management is carried out by the senior executives under these policies which have been approved by the Board. Management identifies, evaluates and, if necessary, hedges financial risks.

**Commodity price risk**

During the year the Group continued generating revenue from its fields in Austria. With this oil and gas production and revenue, the group is exposed to the Brent Benchmark crude oil price and European gas price fluctuations. Exposure to oil and gas price risk is measured by monitoring the Group's forecast financial position and cash flows with various assumptions. This analysis is regularly performed. Commodity prices' hedging may be undertaken where the Board of Directors determines that a hedging strategy is appropriate to mitigate potential periods of adverse movements in commodity prices and protect forward cash flows to meet commitments. This will be balanced against the desire to expose shareholders to oil price upside and the reliability of production forecasts.

As at 31 December 2023, no derivative financial instruments were in place.

The hedging program is designed to provide certainty of cash flows during a period of expected ongoing volatility.

**Currency risk**

The Group's source currency for the majority of costs is in Euro (EUR). Operating revenue is invoiced in EUR but is indexed to Dated Brent price which is denominated in United States Dollar (USD). Currency risk arises where the value of a financial instrument or monetary item fluctuates due to changes in foreign currency exchange rates. The exposure to currency risk is measured using sensitivity analysis and cash flow forecasting.

The Board has formed the view that in the ordinary course of business it would not be beneficial for the Group to purchase forward contracts or other derivative financial instruments to hedge any currency risk. Currency risk for operating revenue is hedged via hedging of the commodity as necessary (see section 'Commodity price risk').

During the year the company undertook capital raising activities via the issue of new shares on the ASX. These capital raisings are priced and received in AUD. Over the time period of a capital raising there is some short-term exposure to movements in the AUD to EUR exchange rates as part of the funds are used in Europe. At year end, management has assessed that the entity's exposure to foreign exchange movements is immaterial due to revenues and costs primarily in EUR and therefore no further analysis is provided. The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained in EUR and AUD, to meet current operational commitments.

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ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTE 24 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

**Interest rate risk**

At balance date the Group's exposure to market risk for changes in interest rates relates primarily to the Company's borrowings. The Group constantly analyses its exposure to interest rates, with consideration given to potential renewal of existing positions, the mix of fixed and variable interest rates and the period to which deposits may be fixed.

Given the very low interest rates for variable borrowings, the interest rate risk is considered immaterial.

	31 December 2023	31 December 2022
	\$	\$
Borrowings - fixed rate	1,500,000	-
Borrowings – variable	609,394	1,184,672
Borrowings - variable (non-interest bearing)	-	-
<b>Total</b>	<b>2,109,394</b>	<b>1,184,672</b>

**Liquidity risk**

Liquidity risk is the risk that Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows with scenario analysis. As at reporting date the Group had sufficient cash reserves to meet its current requirements.

The contractual maturity analysis of payables as at year end are:

	Total	Less than 1	Between 1-5
	\$	Year	Years
	\$	\$	\$
<b>31 December 2023</b>			
Trade and other payables	5,136,865	5,136,865	-
Borrowings	2,109,394	609,394	1,500,000
<b>Total</b>	<b>7,246,259</b>	<b>5,746,259</b>	<b>1,500,000</b>
<b>31 December 2022</b>			
Trade and other payables	2,336,041	2,336,041	-
Borrowings	1,184,672	592,336	592,336
<b>Total</b>	<b>3,520,713</b>	<b>2,928,377</b>	<b>592,336</b>

**Credit risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

Significant cash deposits are with institutions with a minimum credit rating of A+ (or equivalent) as determined by a reputable credit rating agency e.g. Standard & Poor.

The Group has only one customer for operating revenue being a significant company in Austria. Revenue is received monthly and hence the credit risk deemed very low. The customer is Austria's largest energy storage company, and one of Europe's leading gas storage facility operators

The Group does not have any other significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

**NOTE 25 -PARTNERSHIPS – 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 has an Anshof Partnership with MND Austria a.s. (MND) and Xstate Resources Limited (ASX: XST) (Xstate). ADX is the operator and holds an 50% economic interest in the Anshof Discovery Area. MND and Xstate holds a 20% and 30% economic interest respectively. For the period prior to 8 September 2023, ADX held 80% and Xstate held 20%.

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.

	<b>Consolidated</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
	\$	\$
<b>Partner Share of Operations (included as cost of goods sold)</b>		
Partners share of ANS-3 operations profit/(loss) – refer to note 2	89,427	(30,278)
<b>Operations – ANS-3</b>		
Sales revenue	3,433,391	825,444
Cost of Goods Sold (excluding depreciation and amortisation)	(2,851,270)	(976,836)
	<u>582,121</u>	<u>(151,392)</u>
Profit allocated:		
ADX VIE GmbH	492,694	(121,114)
MND Austria a.s.	(26,997)	-
Xstate Resources Limited	<u>116,424</u>	<u>(30,278)</u>
	<u>582,121</u>	<u>(151,392)</u>

**NOTE 26 - SUBSEQUENT EVENTS**

On 2 February 2024, ADX issued the following shares and options. These amounts were accrued in the 31 December 2023 financial statements:

- a. 214,660 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 in shares for the quarter ended 31 December 2022 (\$22,969).
- b. 44,859 shares issued to ADX’s Company Secretaries and consultants in consideration of remuneration elected to be paid in shares for the quarter ended 31 December 2023 (\$4,800).
- c. 131,425 Options granted to Director Ian Tchacos, as approved by Shareholders on 12 May 2023. The options were granted in consideration of consultancy fees remuneration elected to be paid in options for the quarter ended 31 December 2023 (value \$14,062). The options have a nil exercise price and expire on 31 January 2028.

On 25 March 2024, 9,968,337 unlisted options were exercised raising \$1,296,634.

There are no other matters or circumstances that have arisen since 31 December 2023 that have or may significantly affect the operations, results, or state of affairs of the Group in future years.

**ADX ENERGY LTD**  
**INDEPENDENT AUDITOR'S REPORT**

To the members of ADX Energy Ltd

**Opinion**

We have audited the financial report of ADX Energy Ltd (“the Company”) and its controlled entities (“the Group”) which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including material accounting policy information, and the directors’ declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group’s financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit 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 & 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 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, would be in the same terms if given to the directors as at the time of this auditor’s report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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**ADX ENERGY LTD**

**INDEPENDENT AUDITOR'S REPORT (continued)**

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter – Revenue. Refer to Note 2 to the financial statements	How our Audit Addressed the Key Audit Matter
<p>The Group generated revenue of \$13,178,208 predominately from the sale of gas and oil.</p> <p>Revenue recognition is considered to be a key audit matter given the significance of revenue to the group's results and performance.</p>	<p>Our procedures over revenue included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• We documented and assessed the processes and controls in place to recognize revenue;</li> <li>• We verified a sample of oil and gas sales revenue transactions and associated receipts to determine they were accurately accounted for;</li> <li>• We reviewed the accounting policy for revenue recognition and ensured it was in accordance with AASB 15 "Revenue"; and</li> <li>• We assessed the appropriateness of the revenue disclosures included in the financial report.</li> </ul>
Key Audit Matter – Oil and Gas Properties. Refer to Note 9 to the financial statements	How our Audit Addressed the Key Audit Matter
<p>The Group's principal assets are oil and gas production plant and equipment with a carrying value of \$25,145,587 as at 31 December 2023.</p> <p>The carrying value of these assets is considered to be a key audit matter given they represent approximately 60% of the total assets of the Group.</p>	<p>Our procedures over oil and gas properties included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• We verified a sample of additions to assure the correct capitalisation process and the existence of the asset;</li> <li>• We reviewed management's assessment for impairment;</li> <li>• We applied our knowledge of the business and corroborated our work with publicly available external information; and</li> <li>• We assessed the appropriateness of the disclosures included in the financial report.</li> </ul>

**ADX ENERGY LTD**

**INDEPENDENT AUDITOR'S REPORT (continued)**

**Key Audit Matters (continued)**

**Key Audit Matter – Asset retirement obligations. Refer to Note 14 to the financial statements**

**How our Audit Addressed the Key Audit Matter**

The Group has a significant asset retirement obligation provisions for the Austrian and Romanian oil and gas properties.

These provisions are considered to be a key audit matter given they are subject to a significant level of judgement and are material in the context of the financial statements as a whole.

Our procedures over the asset retirement obligation provisions included but were not limited to the following:

- We reviewed management's estimate, the useful lives and valuation of the assets forming part of the asset retirement obligation;
- We discussed with management as to the regulatory compliance surrounding their retirement obligations;
- We reviewed the compliance of the accounting treatment of the asset retirement obligation with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, and
- We assessed the appropriateness of the disclosures included in the financial report.

**Information Other than the Financial Report and Auditor's Report Thereon**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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**ADX ENERGY LTD**

**INDEPENDENT AUDITOR'S REPORT (continued)**

**Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:  
[https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf).

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters.

We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

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**ADX ENERGY LTD**

**INDEPENDENT AUDITOR'S REPORT (continued)**

**REPORT ON THE REMUNERATION REPORT**

**Report on the Remuneration Report**

We have audited the remuneration report included in the directors' report for the year ended 31 December 2023.

In our opinion the remuneration report of ADX Energy Ltd for the year ended 31 December 2023 complies with section 300A of the *Corporations Act 2001*.

**Responsibilities for the Remuneration Report**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**In.Corp Audit & Assurance Pty Ltd**



**Graham Webb**  
Director

28 March 2024

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**ADX ENERGY LTD**

**ADDITIONAL SHAREHOLDER INFORMATION**

Information as at 25 March 2024

**a) Substantial Shareholders (who have lodged notices with ADX Energy Ltd)**

<b>Name</b>	<b>Number of Shares Disclosed in Substantial Holder Notice</b>
None	

**b) Shareholder Distribution Schedule**

Size of Holding	Number of Shareholders	Number of Ordinary Shares	Percentage of Issued Capital
1 - 1,000	93	28,976	0.01
1,001 - 5,000	139	452,899	0.10
5,001 - 10,000	451	3,782,857	0.86
10,001 - 100,000	1,031	40,391,976	9.21
100,001 and over	438	394,144,723	89.82
Total Shareholders	<b>2,152</b>	<b>438,801,431</b>	<b>100.00</b>

Number of shareholders holding less than a marketable parcel 188

**Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy or attorney, Representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote; and
- (i) on a poll every member entitled to vote and present in person or by proxy or attorney or representative duly authorised shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited).

There are no voting rights for Option holders or Performance Rights.

**c) Securities Subject to Escrow:**

There are no securities subject to escrow.

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ADX ENERGY LTD

ADDITIONAL SHAREHOLDER INFORMATION

d) Twenty largest shareholders:

	Name	Number of Ordinary Shares	% of Issued Capital
1.	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	63,683,136	14.51
2.	BNP PARIBAS NOMS PTY LTD	24,434,257	5.57
3.	CITICORP NOMINEES PTY LIMITED	24,133,702	5.50
4.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	22,560,100	5.14
5.	MR PAUL FINK	11,382,251	2.59
6.	EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	6,500,000	1.48
7.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	5,931,431	1.35
8.	EONIA PTY LTD	5,289,901	1.21
9.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	5,135,737	1.17
10.	NGX COMMODITIES LTD	4,223,584	0.96
11.	MR BRIAN THOMAS CLAYTON + MRS JANET CLAYTON	4,133,334	0.94
12.	WARROORAH PTY LTD <TCHACOS FUND A/C>	4,066,416	0.93
13.	IRONSIDE PTY LTD <IRONSIDE SUPER FUND A/C>	3,515,222	0.80
14.	HIGHBRIDGE VIEW PTY LTD	3,264,000	0.74
15.	MOMENTIUS PTY LTD	3,261,205	0.74
16.	IRONSIDE PTY LTD <IRONSIDE FAMILY A/C>	3,130,953	0.71
17.	IRONSIDE PTY LTD <THE IRONSIDE SUPER FUND A/C>	3,100,000	0.71
18.	MR SYED KHALIL BIN SYED IBRAHIM	3,000,000	0.68
19.	MR TIMOTHY FRANCIS CLIVE MCDONNELL	2,913,312	0.66
20.	BOND STREET CUSTODIANS LIMITED <PACORK - D00089 A/C>	2,615,036	0.62
		<b>206,273,577</b>	<b>47.01</b>
	Remaining Holders Balance	232,527,854	
	Shares on issue	<b>438,801,431</b>	

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ADX ENERGY LTD

ADDITIONAL SHAREHOLDER INFORMATION

e) Unlisted Options (Holders of more than 20%):

	Number	Exercise Price	Expiry Date	Holders of >20%
Unlisted Options	13,231,674	13 cents	10/08/2024	No holder with > 20%
Unlisted Options	161,608	Nil cents	31/10/2024	Mr Ian Tchacos (100%)
Unlisted Options	31,865,000	16 cents	31/12/2024	HSBC Custody Nominees (Australia) Limited (27.51%), all others each holding less than 20%
Unlisted Options	3,000,000	10 cents	11/01/2025	Jetosea Pty Ltd (50%), all others each holding less than 20%
Unlisted Options	5,150,000	14 cents	11/01/2025	Jetosea Pty Ltd (50%), all others each holding less than 20%
Unlisted Options	725,000	Nil cents	31/01/2025	Mr Ian Tchacos (100%)
Unlisted Options	6,350,000	17 cents	30/04/2025	Employee Incentive Plan
Unlisted Options	314,584	Nil cents	31/05/2025	Mr Ian Tchacos (100%)
Unlisted Options	245,625	Nil cents	31/07/2025	Mr Ian Tchacos (100%)
Unlisted Options	500,000	17 cents	31/03/2026	Mr John Begg (100%)
Unlisted Options	329,465	Nil cents	31/10/2025	Mr Ian Tchacos (100%)
Unlisted Options	185,796	Nil cents	31/01/2026	Mr Ian Tchacos (100%)
Unlisted Options	311,719	Nil cents	31/05/2026	Mr Ian Tchacos (100%)
Unlisted Options	269,532	Nil cents	31/07/2026	Mr Ian Tchacos (100%)
Unlisted Options	380,358	Nil cents	31/10/2026	Mr Ian Tchacos (100%)
Unlisted Options	283,929	Nil cents	31/01/2027	Mr Ian Tchacos (100%)
Unlisted Options	275,893	Nil cents	31/05/2027	Mr Ian Tchacos (100%)
Unlisted Options	300,000	Nil cents	31/07/2027	Mr Ian Tchacos (100%)
Unlisted Options		Nil cents	31/10/2027	Mr Ian Tchacos (66%) and Mr Paul Fink (34%)
	332,291			
Unlisted Options	131,425	Nil cents	31/01/2028	Mr Ian Tchacos (100%)
<b>Total Options</b>	<b>64,343,899</b>			

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**ADX ENERGY LTD**  
**TENEMENT SCHEDULE**

Permit	% held
Onshore Austria, Zistersdorf and Gaiselberg Production License	100%
Upper Austria AGS Licenses <sup>(a)</sup>	100%
Onshore Romania, Parta <sup>(b)</sup>	100%
Onshore Romania, Iecea Mare Production Licence <sup>(b)</sup>	100%
Offshore Italy, d363C.R.-AX <sup>(c)</sup>	100%

**(a)** Concession agreements for exploration, production and gas storage in Upper Austria (Upper Austria AGS).

**Anshof Discovery Area**

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 Anshof Investment Agreement with MND Austria a.s (MND) where MND has secured a 30% economic interest in the Anshof Discovery Area by providing cash payments to ADX and funding 60% of the Anshof work program funding.

In accordance with Anshof Discovery Area Partnership agreements the economic interests in the Anshof-2 well are 60% ADX and 40% MND.

XST has elected not to participate in the Anshof-2 well. ADX and MND agreed to fund XST's share of well costs on a 50:50 basis and will in turn obtain the right to 60% and 40% respectively of production from the well unless XST opts to buy back into the well at a premium of 500% to well costs. XST retains its 20% economic interest in the remainder of the Anshof Discovery Area Partnership (i.e. Anshof Discovery Area less the Anshof-2 well) with both ADX and MND's economic interests remaining at 50% and 30% respectively.

**Welchau Farmin Area**

ADX has executed an Energy Investment Agreement with MCF Energy Ltd via its subsidiary MCF Energy GmbH (MCF) to fund 50% of the 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. Upon completion of MCF's funding obligations ADX will hold a 75% economic interest in the Welchau Investment Area.

**ADX-AT-I Investment Area**

ADX announced an Exploration Investment Agreement with MND Austria a.s (MND) where MND will secure a 50% economic interest in the Exploration Investment Area by providing cash payments to ADX and funding 100% of an agreed exploration work program of EUR 4.5 million. The Exploration Investment Area is part of the ADX-AT-I licence area.

ADX retains a 100% interest in the remainder of the ADX-AT-II exploration license and the remainder of the ADX-AT-I exploration license.

**(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.

**(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.

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