

27 November 2024

Operations Update

Welchau-1 Production Testing Progress Report 2

“Production log analysis of first Steinalm formation test indicates flow at a single point from the lower perforated interval dominated production with little or no contribution from rest of the 27-metre interval.

Preparations are underway to test upper part of the 128-metre thick Reifling formation.”

Key points:

- ADX holds a 75% economic interest in the Welchau discovery and other emerging prospects in the Welchau Investment Area located in ADX' ADX-AT-II licence in Upper Austria (refer Figure 3).
- The RED Drilling & Services W-102 workover rig (Workover Rig) has been set up and used to install well completions required for testing the Welchau-1 well.

Further Analysis of the first Steinalm Formation Test

- The Steinalm formation was tested across two perforation intervals between 1452.5 m to 1463.5 m of measured depth (MD) “Upper” and 1474.5 m to 1480 m MD “Lower”(refer Figure 1).
- The perforated intervals are over fractured zones where hydrocarbon shows were observed during drilling and above where oil was recovered from a down hole modular formation dynamic tester (MDT).
- A production logging tool (PLT) has been run in the well to determine the source of the produced mud and formation water.
- PLT results indicate that most of the fluid produced during the first Steinalm test came from the bottom perforations of the Lower interval with little or no contribution from the Upper interval approximately 27 metres above.
- Fluid entry appears to be at a single point at approximately 1478 m MD which was flowing preferentially to the Upper perforated interval. The dominant flow is interpreted to be from a fracture system accessing an oil/water contact lower in the structure.
- The first Steinalm test was not considered to be diagnostic of the presence or absence of hydrocarbons. ADX may re-test the Upper perforated interval at a future time after isolating the Lower perforated interval.

Planned Reifling Formation Testing Program

- The Steinalm test completion has been retrieved and the Steinalm Upper and Lower perforations have been isolated with a packer.
- A new completion will be run in the well to perforate and test the upper section of the 128-m thick Reifling formation. Three intervals will be perforated in the upper Reifling including (1) 1324 m to 1340 m MD (16 m), (2) 1346 m to 1351 m (5 m) and (3) 1358 m to 1382 m (24 m) MD (refer Figure 2).
- Commencement of testing of the Reifling formation is expected to take place by the end of the week commencing 2nd of December.
- The forward testing program after the Reifling formation test will be determined based on further analysis of results from Steinalm and Reifling tests.

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ADX Energy Ltd (**ASX Code: ADX**) has completed the first flow test of the Steinalm formation in the Welchau-1 discovery well, located in the ADX-AT-II licence in Upper Austria. ADX holds a 75% economic interest in the Welchau Investment Area which contains the Welchau discovery and other emerging prospects in the Northern Calcareous Alps (refer Figure 3).

On the 20th of November 2024, ADX announced the initial results of the first test of the Steinalm formation where gas was observed at surface followed by an unassisted stable rate of liquid flow including drilling mud, likely contaminated formation water and some oil traces. The observed liquid rate was between 240 to 290 barrels per day from unstimulated perforated intervals.

The Steinalm formation was tested across two perforation intervals between 1452.5 m to 1463.5 m of measured depth (MD) “Upper” and 1474.5 m to 1480 m MD “Lower”. The perforated intervals are over fractured zones where hydrocarbon shows were observed during drilling of the well and above where oil was recovered from a down hole modular formation dynamic tester (MDT).

Further Analysis of the first Steinalm Formation Test

A production logging tool (PLT) was run in the well to determine the source of the produced mud and formation water. The PLT results indicate that most of the fluid produced during the first Steinalm test came from the bottom of the Lower perforation interval with little or no contribution from the Upper perforation interval approximately 27 metres above. Fluid entry to the well bore appears to be at a single point at approximately 1478 m MD which was flowing preferentially to the Upper perforations. The dominant flow is interpreted to be from a fracture system accessing an oil/water contact lower in the structure. Based on the PLT results, the first Steinalm test is not considered to be diagnostic of the presence or absence of hydrocarbons. ADX may re-test the Upper perforated interval at a future time after isolating the Lower perforated interval.

Figure 1 below shows the completion diagram for the Steinalm Test 1 and a schematic showing the dominant contribution of flow from the bottom of the Lower interval as interpreted from the PLT results. It is not possible to determine the accuracy of flow measurement. It is therefore considered possible that all the flow is from the Lower perforated interval.

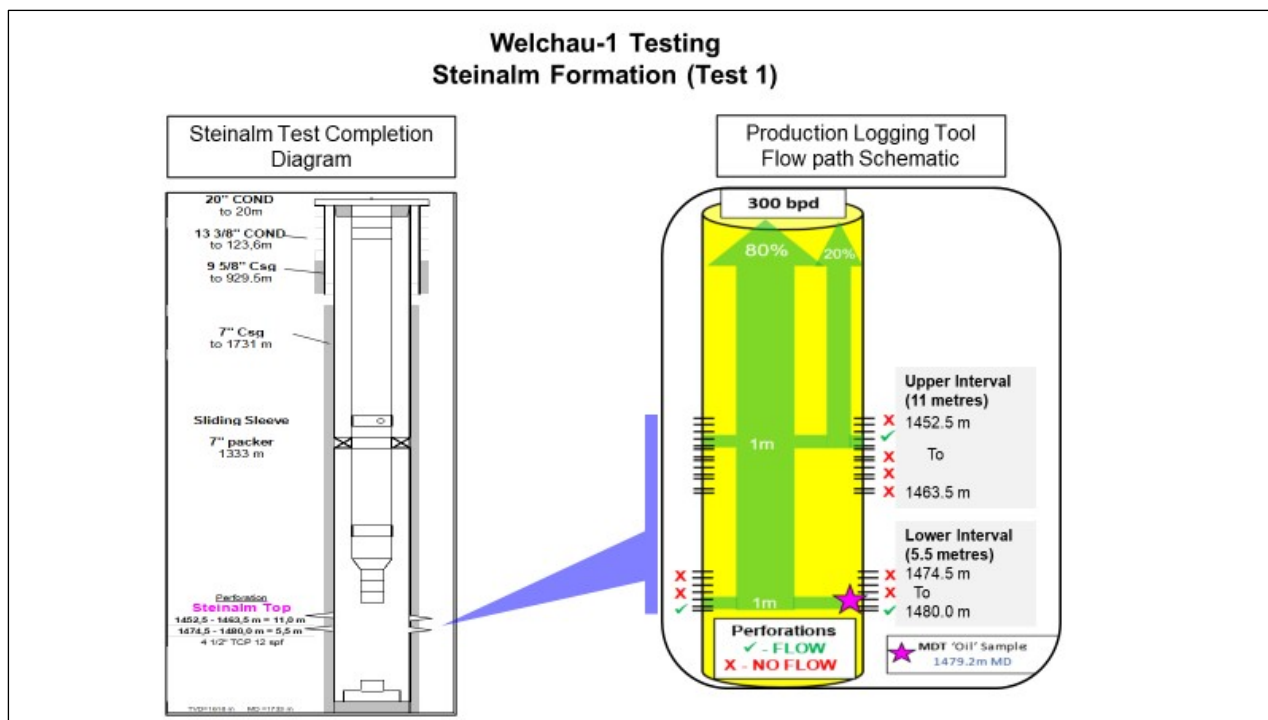


Figure 1: Steinalm formation – Test 1, completion configuration and PLT interpreted flow paths

Planned Reifling Formation Testing Program

The Steinalm test completion has been retrieved and the Steinalm Upper and Lower perforations have been isolated with a packer. The plan is to move up the hole, higher into the interpreted hydrocarbon column and undertake a test of the upper section of the 128 m thick Reifling formation across three perforated intervals.

A new test completion will be run in the well and the Reifling formation will be perforated across three intervals. The three perforated intervals that will be tested contemporaneously include (1) a 16 m interval from 1324 m to 1340 m MD, (2) a 5 m interval from 1346 m to 1351 m MD and (3) a 24 m interval from 1358 m to 1382 m MD (refer Figure 2).

The commencement of testing of the Reifling formation is expected to take place by the end of next week.

The forward testing program after the Reifling formation test will be determined based on further analysis of results from the Steinalm and Reifling tests.

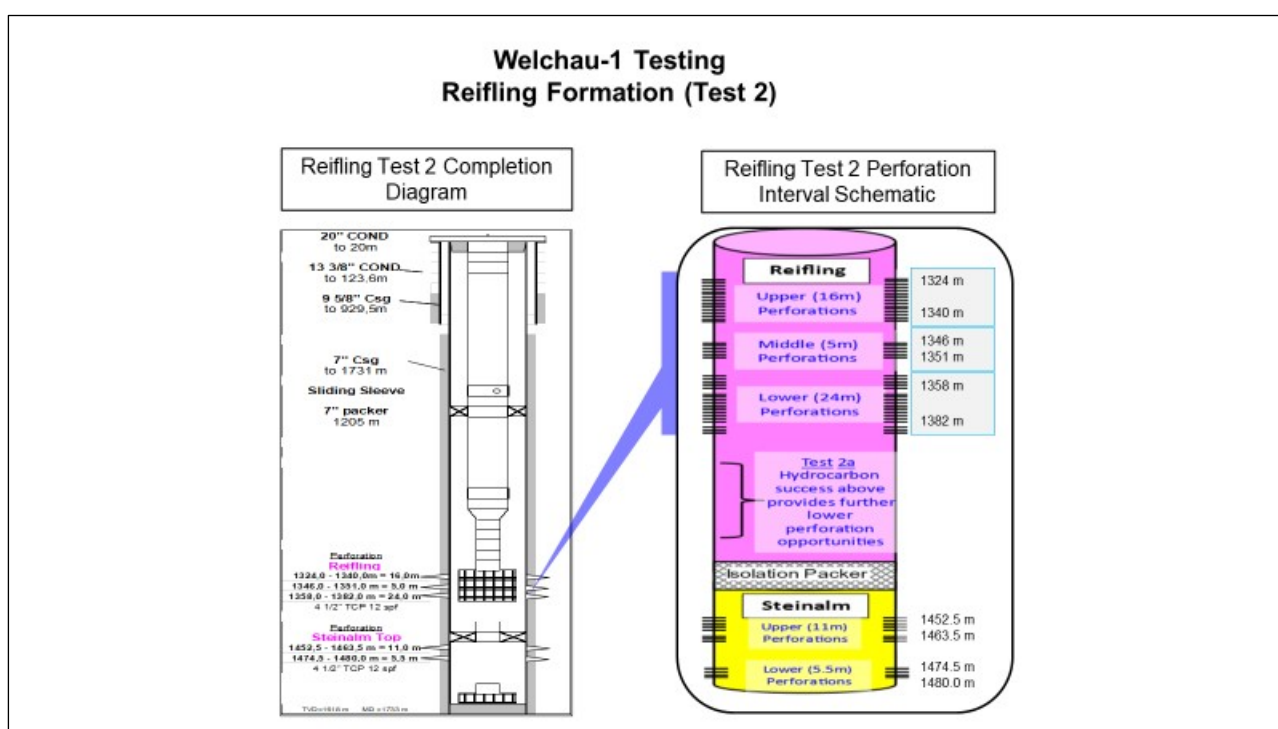


Figure 2: Reifling formation – Test 2, completion configuration and perforation Intervals

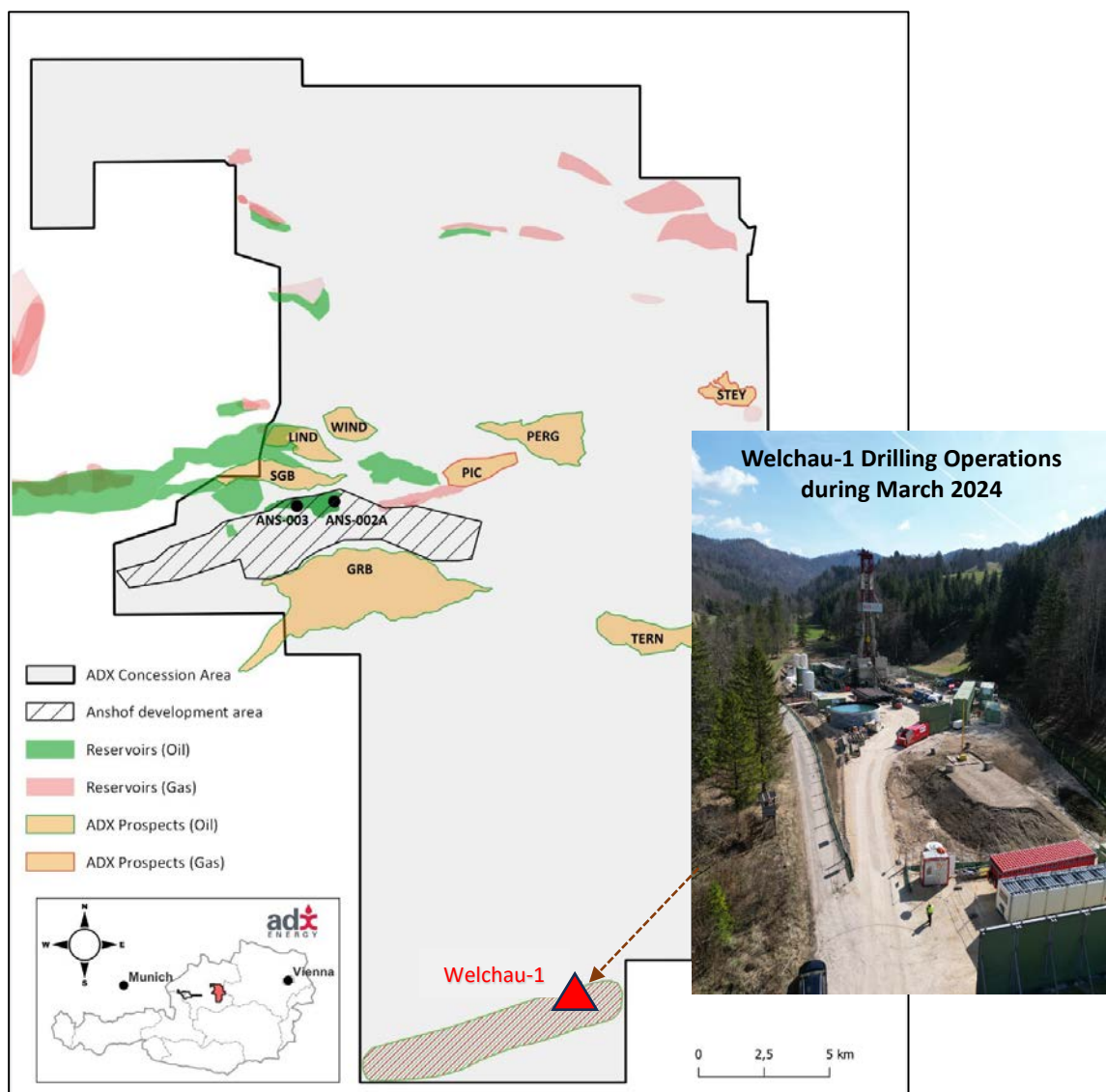


Figure 3: Location of the Welchau-1 Discovery in the Northern Calcareous Alps within the ADX-AT-II license area, as well as the Anshof oil discovery (ANS-3) and recent Anshof appraisal well (ANS-2A)

ADX Economic Participation

ADX has executed an Energy Investment Agreement (EIA) with MCF Energy Ltd. via its subsidiary MCF Energy GmbH (MCF) to fund 50% of Welchau-1 well costs up to a well cost cap of EUR 5.1 million to earn a 25% economic interest in the Welchau Investment Area which is part of ADX' ADX-AT-II licence in Upper Austria. The Welchau Investment Area contains the Welchau discovery well and other emerging oil and gas prospects. MCF has met its earn-in funding obligations in accordance with the EIA to earn a 25% economic interest. ADX holds a 75% economic interest in the Welchau Investment Area. MCF is obliged to pay 25% of ongoing well costs as well as exploration and appraisal expenditures. ADX holds a 100% economic interest in the remainder of the ADX-AT-II licence other than the Anshof Discovery Area.

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Authorised for lodgement by Ian Tchacos, Executive Chairman

Persons compiling information about Hydrocarbons:

Pursuant to the requirements of the ASX Listing Rule 5.41 the technical and reserves information relating to Austria contained in this release has been reviewed by Paul Fink as part of the due diligence process on behalf of ADX. Mr Fink is Technical Director of ADX Energy Ltd is a qualified geophysicist with 30 years of technical, commercial and management experience in exploration for, appraisal and development of oil and gas resources. Mr Fink is a member of the EAGE (European Association of Geoscientists & Engineers) and FIDIC (Federation of Consulting Engineers).

Nomenclature and conversions used in this release

m means metric metre

BBL means US barrel

MMBLS means million US barrels

MCF means thousand cubic feet

MMCF means million cubic feet

BCF means billion cubic feet

TCF means trillion cubic feet

BOE means barrel of oil equivalent

MMBOE means million barrels of oil equivalent

MMSCFPD means million standard cubic feet per day

End of this Release