

8 June 2018



## ADX acquires Production License within Parta Permit onshore Romania

ADX Energy Ltd

### Key Points

- Low cost strategic asset within the Parta Exploration Permit
- Immediate synergies for Parta Appraisal Program operations
- License covered by 3D seismic and overlaps resource potential targeted by the Parta Appraisal Program
- Enables the optimal location of one Parta Appraisal well
- Potential utilisation of License area for rapid development of successful Parta Appraisal Program wells
- Access to further development, appraisal and exploration opportunities

AUSTRALIA

Level 2,  
Suite 14, 210 Bagot Road  
Subiaco WA 6008

PO Box 63 Subiaco 6904

T +61 (08) 9381 4266

F +61 (08) 9381 4766

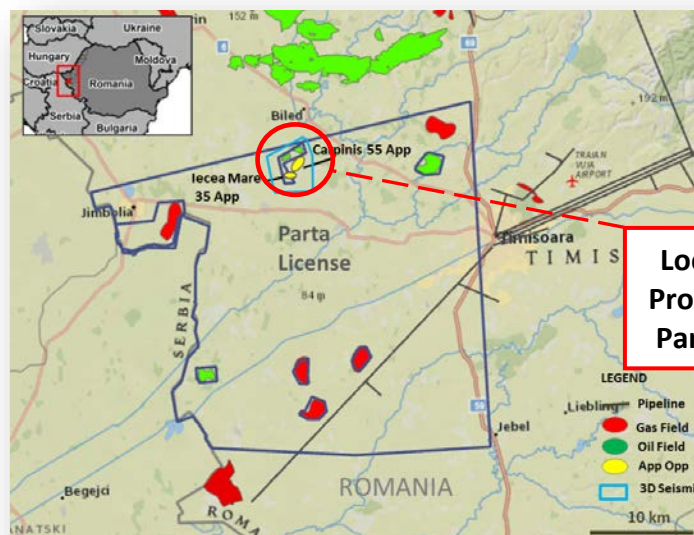
E [admin@adxenergy.com.au](mailto:admin@adxenergy.com.au)

ABN 50 009 058 646

[www.adxenergy.com.au](http://www.adxenergy.com.au)

ADX Energy Ltd (ASX Code: **ADX**) is pleased to announce its Romanian subsidiary ADX Energy Panonia SRL ("ADX Panonia") has executed a Sales and Purchase Agreement ("SPA") to purchase 100% equity interest in the Iecea Mare Production license "License" from the Romanian production company Amromco Energy SRL. Under the terms of the SPA, ADX Panonia will pay Euro 30,000 and a 5% royalty for production from wells located within License.

ADX holds its interest <sup>1</sup> in ADX Panonia via a recently formed special purpose vehicle Danube Petroleum Limited (Danube). The License area is 4.7 km<sup>2</sup> expiring in November 2034. The License does not contain any active oil and gas infrastructure however it overlaps mapped contingent and prospective resources which will be targeted by the upcoming Parta Appraisal Program schedule for late 2018 as well as containing additional development, appraisal and exploration opportunities identified on 3D seismic.



**Location of IECEA MARE  
Production License within  
Parta Exploration Permit**

**Note 1:** ADX holds a 91% share holding in Danube Petroleum Limited (Danube). Upon the completion of tranche 2 of the recently completed US\$2 million funding transaction with Reabold Resources Plc, ADX will hold a 71% interest in Danube. Danube holds a 50% license in the Parta Exploration license and a 100% interest in the Parta Appraisal Project. ADX is the operator of the permit pursuant to a Services Agreement with Danube.

The acquisition enables one of the Parta Appraisal wells to be drilled from an optimal location within the License area. Upon Appraisal Program success it is possible to locate production facilities within the License area enabling the initiation of potential production operations without the need to secure a production license. The location of the License proximal to the active Calacea gas plant ensures the potential for cost effective and rapid tie in of gas production.

ADX intends to provide an operational update in relation to the planned Parta Appraisal Program in the coming weeks.

**Ian Tchacos, Executive Chairman of ADX commented** “The Iacea Mare acquisition is an important operational and strategic acquisition which has been secured at low cost. The License provides Danube with the ability to optimize the planned Parta Appraisal Program and enables the rapid development of future production wells thereby providing ADX and other Danube shareholders with potential to access rapid cash flow. The License also offers further appraisal and exploration opportunities defined on modern 3D seismic.”

**For further details please contact:**

**Paul Fink**

**Chief Executive Officer**

+61 (08) 9381 4266

[www.adxenergy.com.au](http://www.adxenergy.com.au)

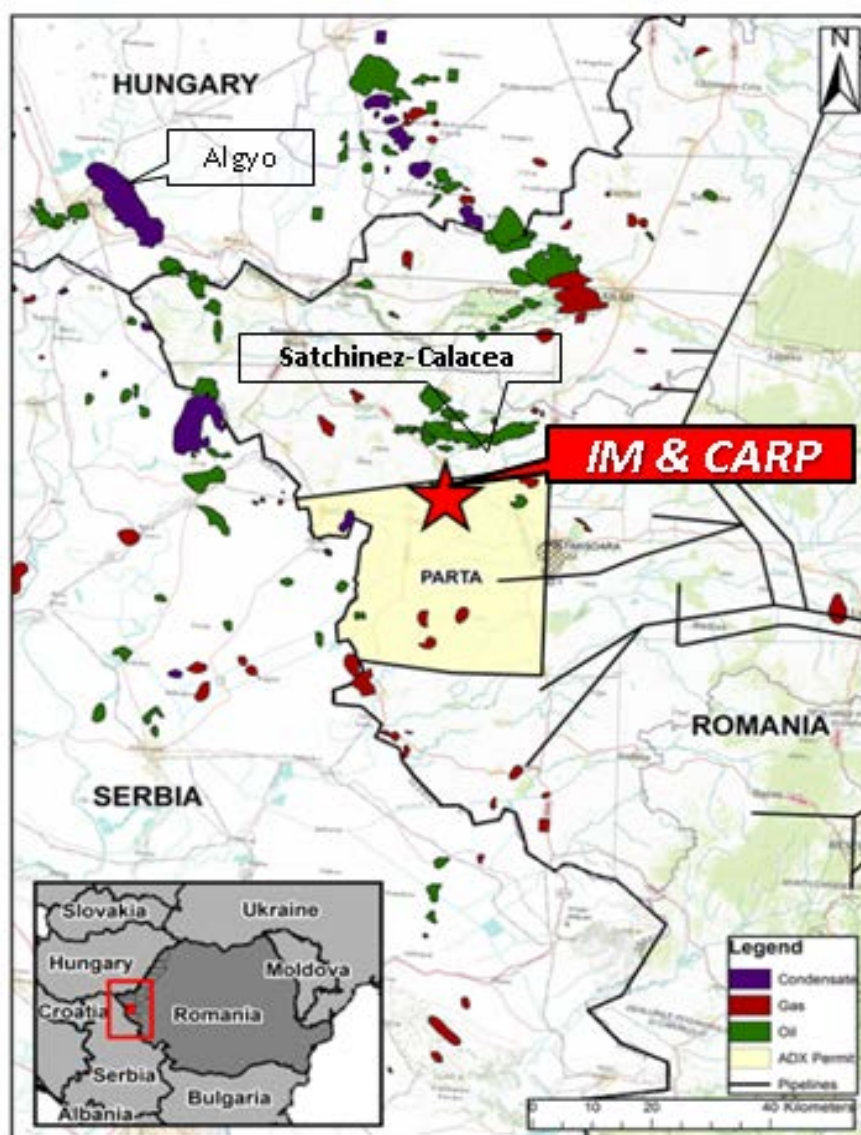
**Ian Tchacos**

**Executive Chairman**

+61 (08) 9381 4266

### **Parta Appraisal Program Background**

A recently acquired 3D seismic in the northern part of the ADX-operated 1,221 sqkm Parta license in Western Romania (Figure 1) has enabled ADX to delineate a number of oil and gas appraisal drilling opportunities based on historic wells which were drilled but never produced. The Parta Appraisal Program (Program) includes 2 gas redrill opportunities named after existing nearby wells and the villages of Iacea Mare (“IM”) and Carpinis (“CARP”). Due to their short distance to an active oil and gas processing facility (Satchinez – Calacea) a rapid, low cost development is expected, which ensures that even relatively small resources can be developed economically.



*Figure 1 : Parta Licence Location Map*

The Program is expected to commence in late 2018 and offer access to both contingent and prospective resource targets. Each of the wells will intersect two or more potential gas accumulations; with at least one previously tested zone in each thereby offering significant, low risk appraisal and exploration potential and a fast track to early cash flow from gas production.

Of special interest is the shallowest opportunity (approx. 1600 meters) at the new CARP location (Figure 2). Excellent reservoir quality has already been proven by a well just at the edge of the bright seismic amplitude anomaly shown in the figure below. While it has some exploration

character, it offers significant upside potential (32 bscf P10 GIIP) and would also de-risk several other similar follow up prospects already identified within the license.

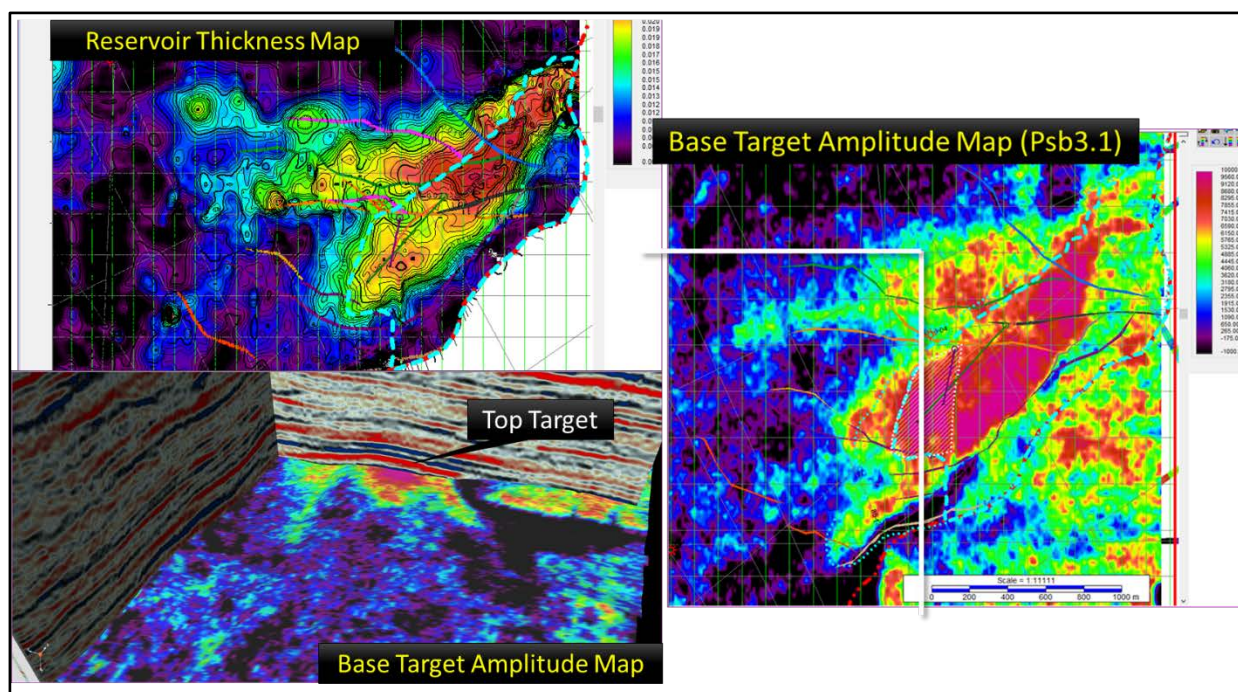


Figure 2 : CARP Location Shallow Reservoir Target

With sediment input from the north, reservoir sands are pinching out against the structural high to the south, which sets up an ideal stratigraphic trapping position and allows for excellent resource upside potential. The prospect's success chances are further enhanced because the top of the prospect features a (small) 4-way dip closure located on the greater structural nose.

The table below summarizes the key five prospective and/or tested gas reservoir intervals which will be intersected by the two wells resulting in a number of possible discrete outcomes. Due to the relatively low expected drilling costs of US\$2 to \$3million per well and shallow gas pool depths (around 1600 to 2400 meters), even a single well, single pool discovery can be profitably commercialized.

Prospect	Target Reservoir	Depth meters TVD	P90 GIIP (bscf)	P50 GIIP (bscf)	P10 GIIP (bscf)
IM-35	Pa IV	2030	4	8	17
IM-35	Pa VI	2240	4	6	10
IM-35	Pa VIII inf.	2350	3	10	32
<b>Total IM-35 (bscf)</b>			11	24	59
CARP-55	PsB4.3	1630	4	11	32
CARP-55	Pa IV	2036	10	24	56
<b>Total CARP 55 (bscf)</b>			14	35	88
<b>Total IM35 + CARP-55</b>			25	59	147

Table 1 : Appraisal Program Reservoir Target Summary

Note 1: Refer to ASX announcement 8/8/2017 Contingent & Prospective Resources

Economic modeling indicates that should several targets be successful, a significantly higher commercial value can be realized, as per the table below, which summarizes a few selected outcome scenarios.

Opportunity	Well Cost (US\$million)	P50 OGIP (BCF)	Recoverable Gas (BCF)	NPV <sub>10</sub> (A.T.) (US\$million)	ROI	Comment
CARP 55 Upper Zone	\$2.2	11	3.3 (Single Well)	\$7.0	2.5	Single shallow zone
CARP 55 Upper & Lower Zone	\$2.5	35	7.3 (Single Well) 25.4 (Total Field)	\$19.2 (Single Well) \$64.3 (Total Field)	4.8 5.3	Single well dual zone 5 well full development
IM 35 Upper Zone	\$2.5	8	3.2 (Single Well)	\$6.4 (Single Well)	2.3	Single shallow zone
IM 35 All Zones	\$3.2	18	8 (Single Well)	\$22.4 (Single Well)	4.9	Single well dual zone

Table 2 : Appraisal Program Potential Economic Scenarios

Note 1: Refer to ASX announcement 8/8/2017 Contingent & Prospective Resources

**Prospective Resources:**

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both a risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence a significant quantity of potentially moveable hydrocarbons.

**Contingent Resources:** Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations but, for which the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies.

**PERSON COMPILING INFORMATION ABOUT HYDROCARBONS** Pursuant to the requirements of the ASX Listing Rules 5.41 and 5.42, the technical and resource information contained in this presentation has been reviewed by Paul Fink, Technical Director of ADX Energy Ltd. Mr. Fink is a qualified geophysicist with 23 years of technical, commercial and management experience in exploration for, appraisal and development of oil and gas resources. Mr. Fink has reviewed the results, procedures and data contained in this presentation and considers the resource estimates to be fairly represented. Mr. Fink has consented to the inclusion of this information in the form and context in which it appears. Mr. Fink is a member of the EAGE (European Association of Geoscientists & Engineers) and FIDIC (Federation of Consulting Engineers).

**DISCLAIMER:** The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

**END OF RELEASE**