



6 September 2019

## RAG Austrian Production Asset Update and Revision of Strategic Focus

### Highlights in this Release

The RAG acquisition provides the following asset opportunities;

- **350 BOPD production and 1 million barrels 2P reserves <sup>Note 1</sup> generating A\$10 million per annum of revenue**
- **Contingent Resource (2C) upside of 8.5 million barrels <sup>Note 1</sup> by developing already producing reservoirs**
- **Drill ready walk in exploration portfolio with access to adjacent infrastructure**
- **Multiple growth and value creation opportunities ranging from low risk reserves development to high reward exploration <sup>Note 1</sup>**

As well as the following strategic attributes;

- **Transformation to an onshore European producer with low risk predictable revenues**
- **First foreign publicly listed oil and gas player in the Austrian oil and gas sector (currently dominated by two majority state owned companies)**
- **Ability to focus on rapid cash flow growth and high return investments in low cost pro development jurisdictions**

*Note 1 – See attached presentation outlining reserves reporting requirements and the strategic and value creation potential of the Austrian acquisition.*

ADX Energy Ltd (ASX Code: **ADX**) is pleased to provide the attached presentation which is intended to provide Shareholders with a greater understanding of the potential impact for ADX of the RAG Asset acquisition onshore Austria as previously announced on 2 July 2019. RAG and ADX have been working closely together during the last 2 months to secure the necessary government transfers for producing licenses, transfers of land and exploration license applications.

The acquisition transforms ADX's business model from one that is dependent on opportunistic farmouts to one that is based on a sustainable growth platform with predictable cash flows, low risk expansion opportunities as well as the higher risk higher reward appraisal and exploration that can be funded by farmouts.

The RAG Assets, which include the Zistersdorf and Gaiselberg producing fields and exclusive access to RAG's exploration data and portfolio in upper Austria, positions ADX as an onshore European producer, developer and explorer in Austria and Romania.

The combination of the RAG Assets and ADX's existing Romanian Assets provide multiple growth and value creation opportunities in low cost, pro-development jurisdictions with favourable fiscal terms, proven prospectivity for oil and gas, excellent access to infrastructure and high energy pricing.

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The value creation opportunities provided by RAG acquisition can be summarised as follows;

***RAG producing assets***

- Developed reserves and stable production from well maintained, highly optimised production facilities providing a predictable cash flow base
- Additional undeveloped reserves from infill drilling and low cost side tracks from existing wells providing low risk and low cost reserves and cash flow enhancement
- Additional undeveloped resource potential from currently producing but as yet not targeted reservoirs providing potential for substantial increases in reserves and production utilising existing facilities

***RAG exploration data and acreage applications***

- Multiple low risk appraisal and nearfield exploration opportunities providing rapid cash flow development
- Several high risk, high reward prospects providing exceptional leverage for investors

Upon closing of the RAG transaction, ADX will become the first foreign publicly listed oil and gas company in the Austrian oil and gas sector, where exploration acreage and production has been held exclusively for over 50 years by two large majority state-owned companies (RAG <sup>Note 2</sup> and OMV <sup>Note 3</sup>). Importantly ADX is in a unique position to work collaboratively with the seller (RAG) who will remain in the gas transmission and storage business but is systematically exiting the E & P business. The transaction includes a commercial framework that facilitates the commercialisation of ADX's intended production enhancement opportunities and exploration activities through skills and data access, as well as favourable production infrastructure access and tariff arrangements.

**Going Forward**

As result of the RAG acquisition, ADX will focus its activities on assets capable of attracting funding, that can be rapidly commercialised and provide high returns on investment. Looking forward ADX's immediate focus will be to close the RAG acquisition, evaluate and test the Iecea Mica-1 well that is currently drilling in Romania as well as commencing production enhancement and appraisal opportunities in Austria.

In the longer term ADX expects to be in a position to pursue the appraisal of the potentially highly profitable Nilde Oil Redevelopment project offshore Italy following the expected termination of a government moratorium in Q4 2020 by utilising funding provided by the (Euro 20.8 million) farmout secured in late 2018 with SDP Services Limited.

By contrast activities in Tunisia are likely to be deferred or suspended in favour of the abovementioned more stable and fiscally attractive jurisdictions. Despite a very well defined technical and commercial solution developed by ADX in conjunction with Technip FMC for the potential appraisal and development of Dougga Gas Condensate Discovery, the PSC terms offered in Tunisia remain a barrier to investment for such a high capital cost project. ADX has recently requested a suspension of the Kerkouane license on the basis of force majeure due to the recent termination of a drilling contract by Noble Services International Limited for the Globe Trotter II drill ship. The termination by Noble was due to unforeseen extension of contractual commitments by previously contracted operators.

The Board of ADX can now look forward to reporting our progress in relation to the RAG acquisition and the Iacea Mica-1 well which, if successful, have the capacity to position ADX as a unique break through business in very desirable European jurisdictions traditionally dominated by national oil companies and well-funded private equity groups

*Note 2 - RAG is an oil and gas company headquartered in Vienna, with the largest gas storage facilities in Austria. Operations for exploration and production are situated in Upper Austria. Together with Wingas and Gazprom it owns the Haidach Gas Storage facility. RAG's stated strategic focus is the development of its downstream gas transmission and storage business.*

*Note 3 - OMV is an Austrian integrated oil and gas company which is headquartered in Vienna, Austria. Following partial privatization OMV became the Austrian first state owned company listed on the Vienna Stock Exchange. It is active in the upstream and downstream businesses with over 20,000 employees.*

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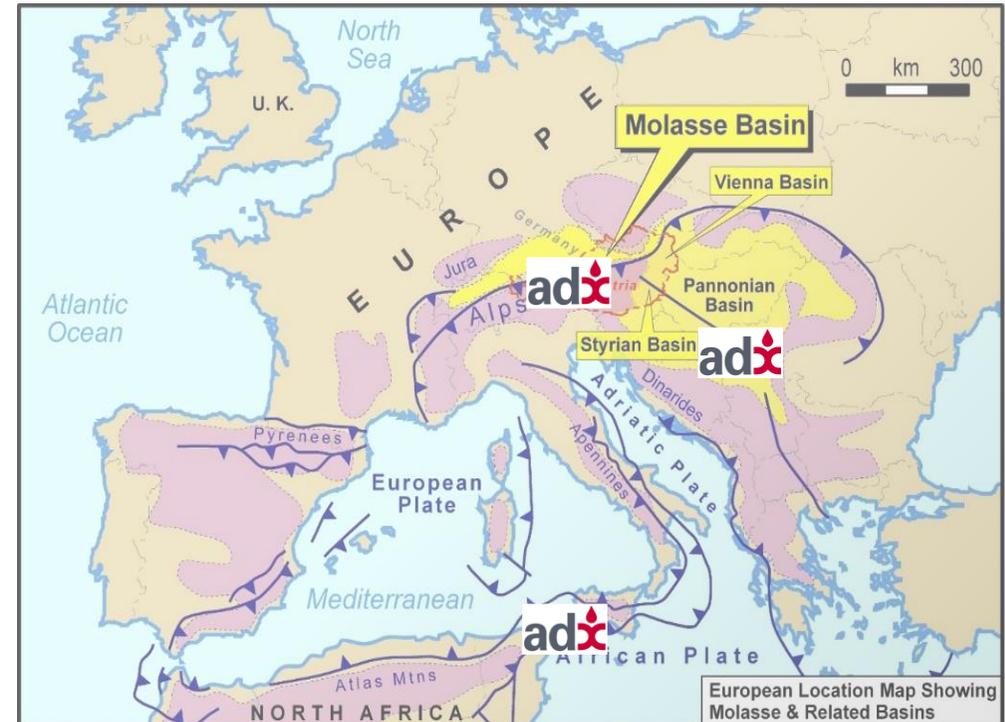
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# ADX Energy Ltd

## Austrian (RAG) Acquisition of Production & Exploration Assets

### *Implications for Strategy and Growth*



*“Transformation of ADX to an onshore European producer with reserves and resource upside as well as a drill ready exploration portfolio including access to infrastructure enabled by a highly collaborative transaction.”*

## Disclaimer Statement (1)

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This document has been prepared by ADX Energy Ltd for the purpose of providing information regarding the RAG production asset acquisition to interested analysts/investors and shareholders. Any statements, opinions, projections, forecasts or other material contained in this document do not constitute any commitments, representations or warranties by ADX Energy Ltd or its directors, agents and employees. Except as required by law, and only to the extent so required, directors, agents and employees of ADX Energy Ltd shall in no way be liable to any person or body for any loss, claim, demand, damages, costs or expenses of whatsoever nature arising in any way out of, or in connection with, the information contained in this document. This document includes certain statements, opinions, projections, forecasts and other material, which reflect various assumptions. The assumptions may or may not prove to be correct. ADX Energy Ltd recommends that potential investors consult their professional advisor/s as an investment in the company is considered to be speculative in nature.

### **Persons compiling information about Hydrocarbons.**

Pursuant to the requirements of the ASX Listing Rule 5.31 the technical and resources information 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 and 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).

Pursuant to the requirements of the ASX Listing Rule 5.31 the reserves information contained in this release has been reviewed by Martin Soh as part of the due diligence process on behalf of ADX. Dr. Soh is a petroleum engineer from Reservoir Minds with over 10 years of relevant experience in hydrocarbon reserves estimation. Dr. Soh has assessed the results, procedures and data contained in this presentation as they relate to reserves to be reasonable. Dr. Soh has consented to the inclusion of this information in the form and context in which it appears. Dr. Soh is a member of the Society of Petroleum Engineers.

ADX has reviewed REP's Reserves Estimates which are based on field performance and considers them to be conservative and reasonable. All estimates are calculated probabilistically using the relevant PRMS Reserves Classifications at an evaluation date of 1 January 2019 and were first reported to the ASX on 2 July 2019. ADX confirms that it is not aware of any new information or data materially affects the information included in that announcement and further confirms that material assumptions and technical parameters underpinning the estimates in that announcement have not materially changed. The conversion factor used to convert volumes of gas to volumes of oil equivalent was 0.178 boe/mcf. The Production and Reserves quoted in this release are still under the ownership of REP/RAG. ADX will assume those Reserves, the production and assets upon transfer of licences and closing of the transaction, estimated to be 1 October 2019. At that point, ADX may undertake further assessment of reserves.

## Disclaimer Statement (2)

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### PRMS Reserves Classifications used in this Report

**Developed Reserves** are quantities expected to be recovered from existing wells and facilities.

*Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate.*

*Developed Non-Producing Reserves include shut-in and behind-pipe reserves with minor costs to access.*

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

A. **Proved Reserves** (1P) 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 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.

**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. 1C, 2C, 3C Estimates: in a probabilistic resource size distribution these are the P90 (90% probability), P50, and P10, respectively, for individual opportunities. Totals are by arithmetic summation as recommended under PRMS guidelines. This results in a conservative low case total and optimistic high case total.

**Prospective Resources:** 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. “Low” means a conservative estimate of the quantity that will actually be recovered from the accumulation by the project; there is a 90% probability (P90) that the quantity actually recovered will equal or exceed the best estimate. “Best” means a best estimate of the quantity that will actually be recovered from the accumulation by the project; there is a 50% probability (P50) that the quantity actually recovered will equal or exceed the best estimate. “High” means an optimistic estimate of the quantity that will actually be recovered from the accumulation by the project; there is a 10% probability (P10) that the quantity actually recovered will equal or exceed the best estimate.

# RAG Asset Acquisition - Transaction Overview

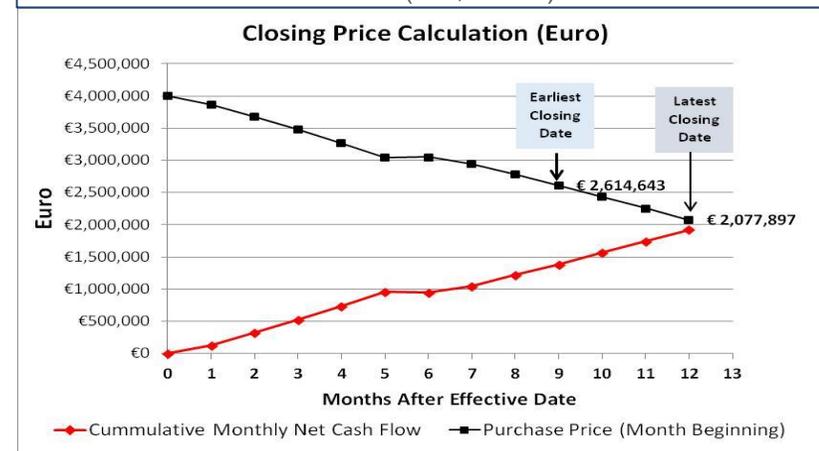
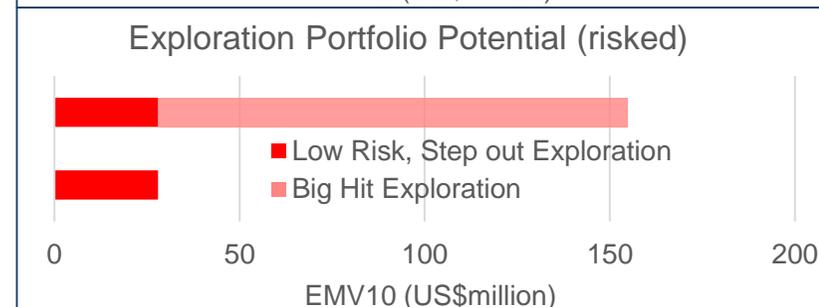
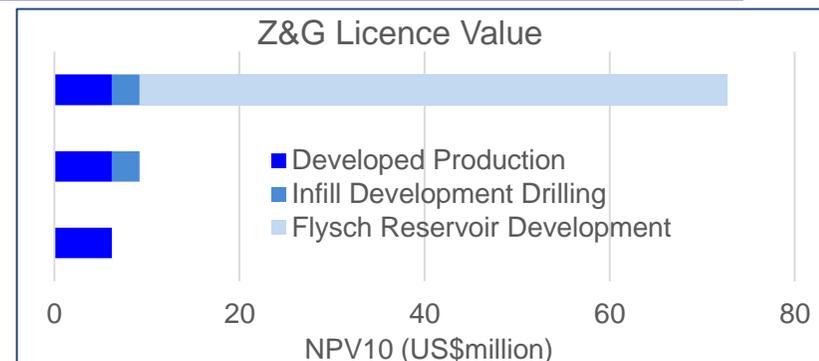
## Deal Summary

- Transaction with RAG Exploration & Production GmbH RAG to purchase of a 100% interest of Z&G producing oil fields on 2 July 2019. (350 BOPD)
- €4million production asset acquisition price @ 1/1/2019 effective date for Z & G Fields in the Vienna Basin ADX subsequently paid a €400,000 deposit
- **Plus** Exploration Data Agreement : 5 years exclusive access to RAG Exploration Data Based (*Historical Value of €100 million*) for €400k/year (subject to successful exploration licencing). First payment due no earlier than mid-2020 *note1*
- Closing price less deposit reduces by ~ €220k/month net post cashflow until completion. Includes 34 Acres of prime agricultural land.
- Transaction close expected between 1 to 15 October 2019 following transfers of property and government approvals . (~ €2.2million to pay @ Close)
- Local subsidiary (ADX VIE GmbH) and UK holding company (Terra Energy Limited) incorporated for acquisition and alternate funding.

## Other Commercial Terms and Conditions

- **Production Operations Team** (3 field technicians, 2 technical operations employees) transferred to ADX – already assisting ADX
- Agreements for infrastructure access and interface transfer for oil and gas
- **Exploration Team** (4 technical personnel) transferred to ADX upon closing and paid by RAG until February 2020. ADX may elect to continue their employment subject to successful licencing of exploration licences
- Non-binding letter of intent for parties to collaborate in relation to other RAG production assets in Austria following closure of this transaction

**Note 1: ADX will select the most prospective exploration acreage from RAG's exploration portfolio within a 6250 Km<sup>2</sup> area utilising RAG's extensive 3650 Km<sup>2</sup> 3D seismic data base.**



## Strategic Overview – Impact of RAG Assets on ADX Business

*The RAG Assets provide a platform for a sustainable growth business and an enabler for commercialising other assets in the ADX portfolio offering a focus on cash flow growth and rapid return on investment.*

### ***RAG Assets are a Break Through Opportunity***

- Sustainable long term cash flow from existing reserves
- Low risk reserves enhancement from infill drilling
- Material contingent resources development opportunity from existing footprint
- Data rich, drill ready exploration potential with proximal infrastructure access
- Collaborative transaction with RAG
  - asset synergies, infrastructure access, skilled personnel and further growth
- Beach head in pro development, infrastructure rich, high value energy market

### ***Operational Synergies with Existing Romania Position***

- Continue to build technical and financial capability to progress Romanian growth

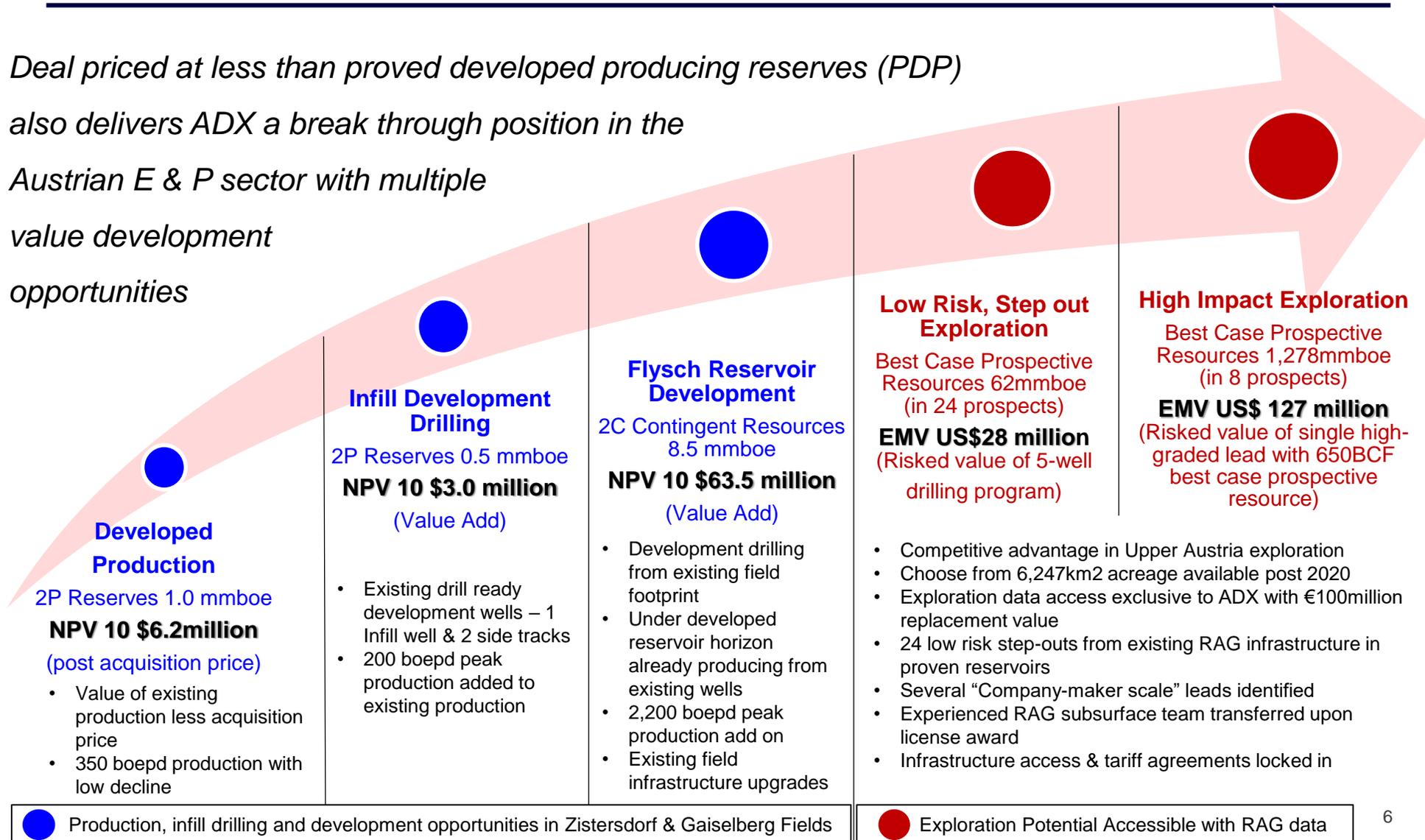
### ***Financial Strength to commercialise Offshore Assets***

- Nilde Oil Re Development Project offshore Italy progressed after moratorium ends
  - Farmout funding locked in and other parties are seeking investment



# RAG Assets – Value Development Potential

*Deal priced at less than proved developed producing reserves (PDP)  
also delivers ADX a break through position in the  
Austrian E & P sector with multiple  
value development  
opportunities*



# RAG Assets – Value Development Potential Key Assumptions

	Z&G Developed Production	Z&G Infill Drilling	Z&G field - Flysch reservoir development	Low risk, step out exploration	High Impact Exploration
					
Recoverable Volumes	1.0 mmboe	0.5 mmboe	8.5 mmboe	62 mmboe in 24 prospects	1,278 mmboe in 8 prospects
PRMS class	2P Reserves (producing)	2P Reserves (justified for development)	2C Contingent Resources (development pending)	Best Case Prospective Resources (Total)	Best Case Prospective Resources (Total)
Potential online date	2019	2020	2021	2021	2025
Peak Production	350 boepd	200 boepd	2,200 boepd	1300 boepd (risky)	3500 boepd (risky)
NPV10 Post Tax	\$6.2 million (after acquisition cost)	\$3.0 million	\$63.5 million	\$28million (risky) (5-well drilling campaign)	\$127 million (risky) (single prospect)
Payback period	end-2020	~2 years	~3 years (per well)	Variable	Variable
IRR	99%	30%	30%	Variable	Variable
PIR	140%	86%	84%	Variable	Variable
Oil / Gas Price Assumption	US\$65 per bbl	US\$65 per bbl	US\$ 65 per bbl	US\$ 9 -10 NPV per BOE (Resource Valuation)	US\$ 9 -10 NPV per BOE (Resource Valuation)

 Economic Assumptions for Reserves and Contingent Resources Cases in slides 14 to 17 of this presentation

 Prospect Description, Economic and Risking Assumptions for Exploration Cases in Slides 19 to 28 of this presentation

# Zistersdorf & Gaiselberg Oil Fields Summary

## Asset Summary

- ADX to be Operator and 100% interest holder
- Mature production in the Vienna Basin with very low decline rate (approx. 2% per annum)
- Highly optimised, automated and well-maintained production facilities.
- Efficient and low unit operating cost of \$32/bbl
- High value oil trading at 8% discount to Brent

## Low Entry Cost, Stable Production & Substantial Upside Based on 2P Reserves

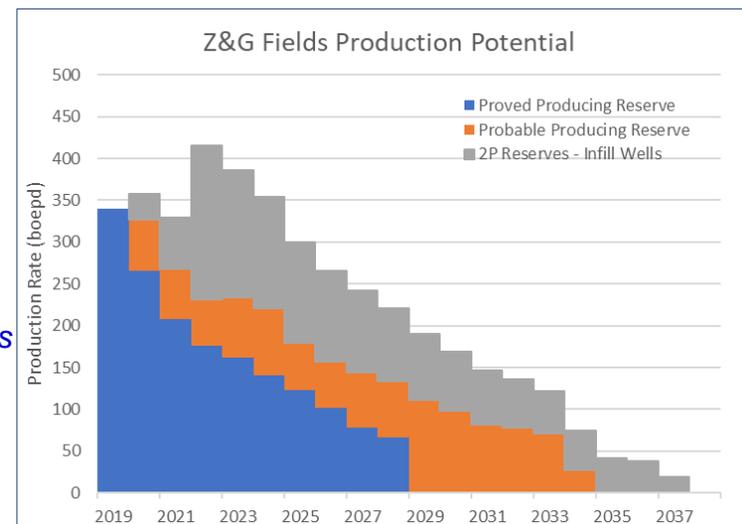
- Entry price well covered by 1P producing reserves & 2P case value premium
- Predictable, long-term cashflow to underpin growth
- 350 boepd and ~ US\$2.7 million per annum post tax cashflow
- 10-15 year production life with <10% decline pa

## Reserves Development Opportunities

- Multiple projects targeting behind pipe and undeveloped reserves ready to execute
- Ongoing program of workovers and reperforation opportunities in multi layered reservoir
- Infill drilling within producing oil fields; 2 side tracks and 1 new well

Reserves Potential		
1P Reserves	Developed	0.6 MMBOE
	Undeveloped	0.2 MMBOE
	<b>TOTAL</b>	<b>0.8 MMBOE</b>
2P Reserves:	Developed	1.0 MMBOE
	Undeveloped	0.5 MMBOE
	<b>TOTAL</b>	<b>1.5 MMBOE</b>

Note 1: Refer to ASX announcement dated 2/7/2019



# Flysch Potential – Contingent Resource in Proven Reservoir

## Asset Summary

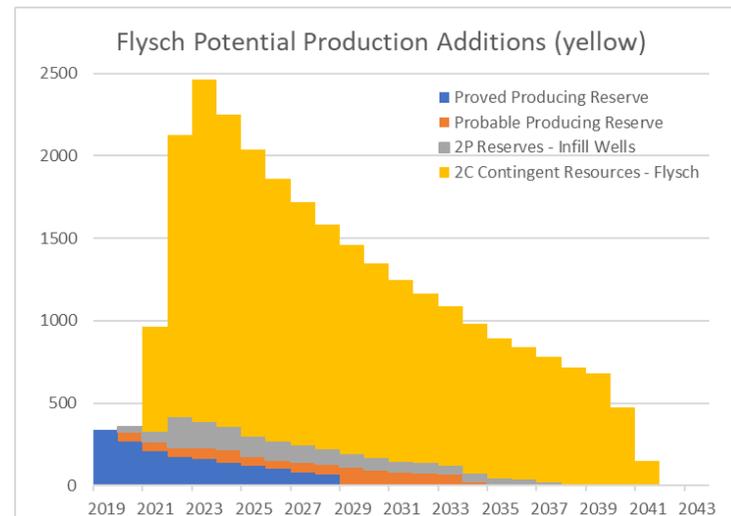
- Large potential value addition at low incremental cost per barrel
- Flysch Reservoir lies beneath producing Zistersdorf & Gaiselberg Fields
- Already in production from 5 wells within the Zistersdorf & Gaiselberg licences
- Low permeability reservoir needing high density wells but extensive, shallow and cheap to drill
- OMV targeting Flysch reservoir with Vienna basin wide 3D seismic program

## Convert Contingent Resources to Producing Reserves

- Transform contingent resources to producing reserves with simple, staged development plan
- 50 potential drilling locations – 2 wells drilled per month for 25 months
- Straightforward tie-ins – available capacity in surface processing facilities and pipelines

## High Incremental Value Add and Field Life Extension

- 2,200 boepd peak production and ~ US\$24 million per annum after tax cashflow
- 20 year production life estimated
- Extends production life of Zistersdorf & Gaiselberg by further 5 years and delays abandonment
- Staged development offers potential to fund later drilling with lending against reserves additions
- 2021 targeted for potential first production



Contingent Resource Potential			
<b>2C Contingent Resources (Pending Development)</b>	Oil	5.6	MMBBL
	Gas	16.4	BCF
	<b>TOTAL</b>	<b>8.5</b>	<b>MMBOE</b>

# Step-out, Low Risk Exploration

## Asset Summary

- 6,247km<sup>2</sup> exploration acreage will be available for licencing in early 2020
- Several low-risk play types – step-outs from existing RAG production/discoveries
- Mix of low risk appraisal and exploration with low cost tie back
- Chance of success range from 20%-50%
- Nearby infrastructure with capacity – access agreements locked in

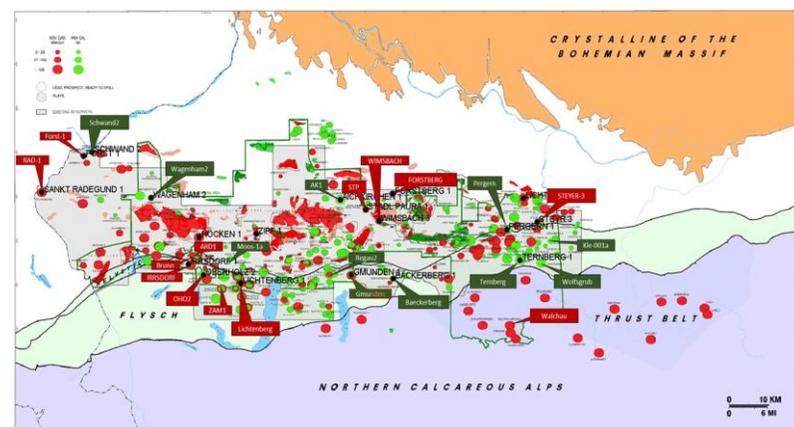
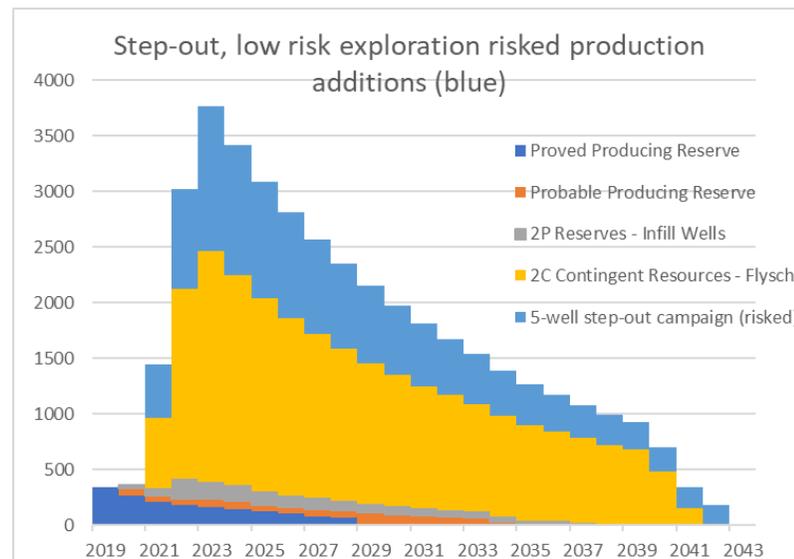
## Exploration Data Base - \$100million replacement value

- ADX has exclusive rights to the data for 5years for €400k pa
- 3,650km<sup>2</sup> modern, high quality 3D seismic and complete well database
- Inventory of identified and worked-up prospects (24) and leads (150)
- 8 ready to drill wells with approved well locations siteworks partially or fully completed

## Value Potential Based on Low Risk Step Out Tie in Prospects

- 62mmboe total in low-risk portfolio
- ADX planning 5-well campaign targeting 12.6mmboe - best case prospective resource <sup>Note 1</sup>
- Success case NPV10 range from \$24-97million per prospect
- Program EMV10 of \$28 million

Prospective Resource Potential		
Best Case Unrisked Prospective Resources (Arithmetically added)	9 prospects, COS >45%	11 MMBOE
	15 prospects COS 20-40%	51 MMBOE
	<b>TOTAL</b>	<b>62 MMBOE</b>



Note 1: Prospective Resources are those estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

# High Impact Exploration – Up dip from historic discovery

## Asset Summary

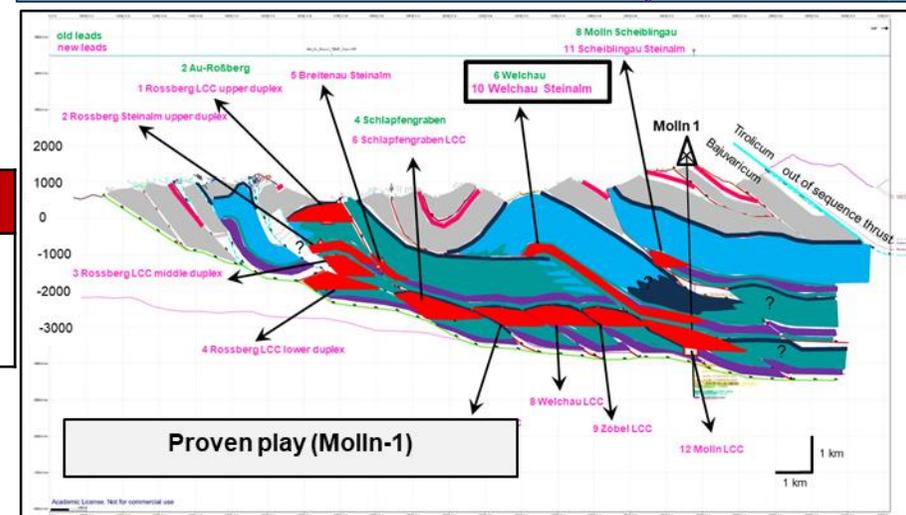
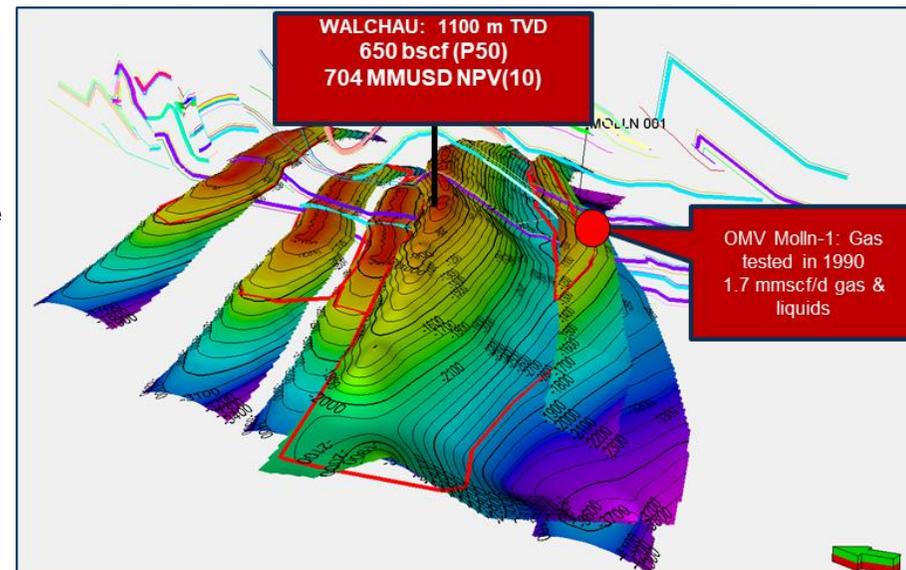
- Proven hydrocarbon system in thrust sheets of Northern Calcareous Alps (NCA)
- Located to the south of the step-out exploration acreage
- Successful 1980s wells including Mollin tested at 1.7mmscf/d gas and liquids
- 2D seismic coverage and portfolio of leads included in ADX-exclusive data package

## Updip Potential from Previous Discovery

- Large anticlines mapped on 2D seismic updip of existing discoveries
- Average prospective resource size 100+mmboe per prospect
- Moderate drilling depths between 1000-3000 m

## High Graded, Moderate Risk, High Impact Lead (Walchau)

- Updip of tested discovery with gas/condensate tested to surface
- Attractive gas play and future gas storage potential
- 19% probability of success
- US\$8 million drilling cost
- US\$704million NPV10 in the success case



## Prospective Resource Potential

**Best Case Unrisked  
Prospective Resources<sup>1</sup>  
(Arithmetically added)**

Lead 1 – Walchau	650 BCF
Follow up potential	1,162 MMBOE
<b>TOTAL</b>	<b>1,278 MMBOE</b>

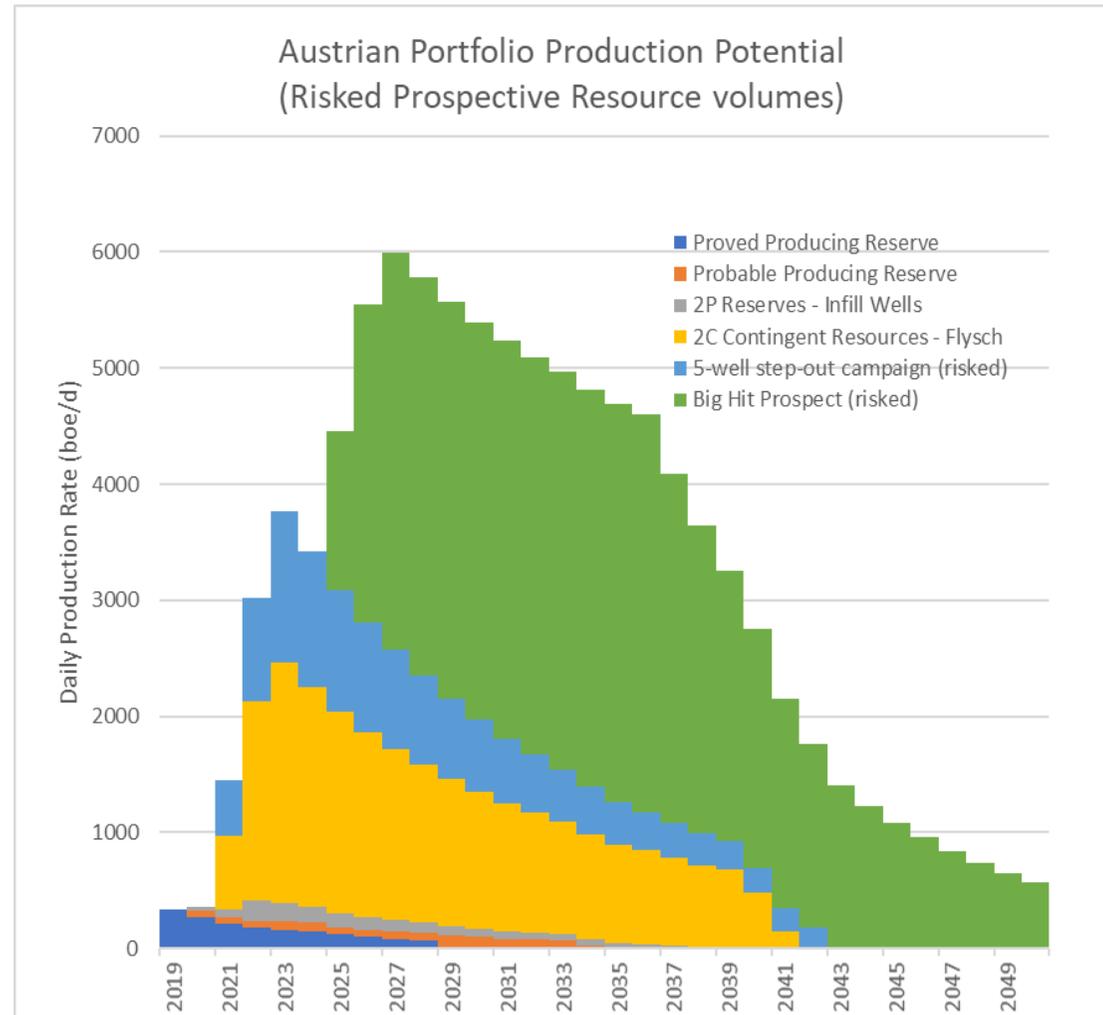
*Note 1: Prospective Resources are those estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.*

## RAG Assets – Summary of Growth Potential

### Multiple Growth Opportunities

1. Most likely 2P Reserves supported by historic performance underpins value
2. Immediate 2P reserves development opportunities to enhance cash flow
3. Large value growth to existing producing assets from 2C resource from currently producing reservoirs
4. Low risk, drill ready prospects provide high value per barrel, rapid cash flow tie in opportunities to existing infrastructure
5. High impact exploration opportunities exist offering transformational growth

*An established platform to build a high growth business underpinned by existing production, reserves additions and drill ready exploration that can be rapidly commercialised.*



## Additional Asset Information and Economic Assumptions

### Production Assets *Zistersdorf & Gaiselberg Fields*



# Zistersdorf & Gaiselberg Fields

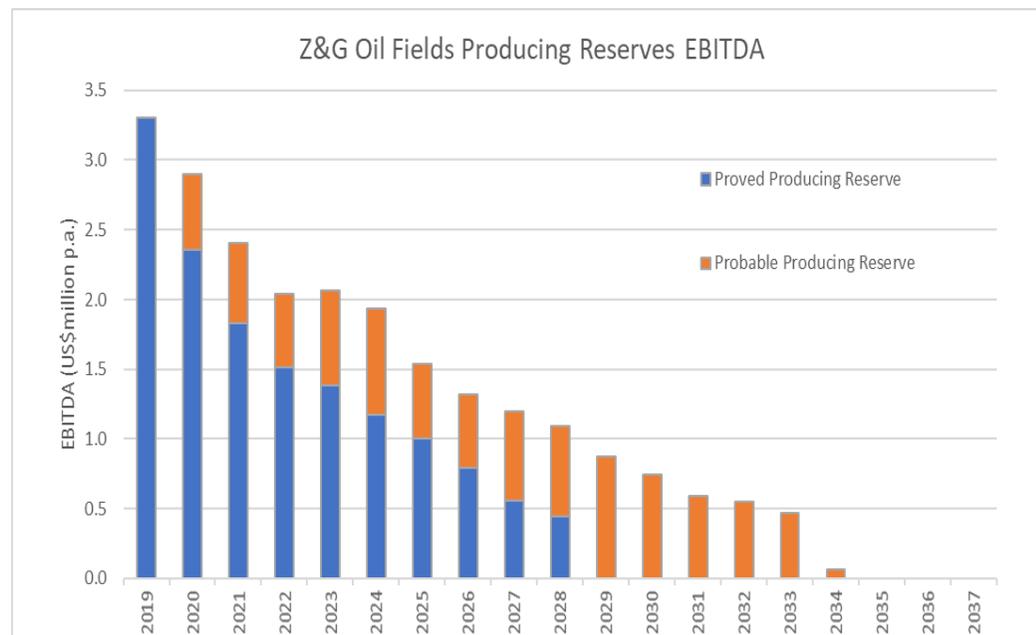
## *Producing Reserves Assumptions*

### *Commercial Setting*

- Brent US\$65/bbl, 7.9% quality discount applied
- Gas prices US\$6.4/mcf
- Royalty free field, 25% tax rate on EBIT,
- Euro/USD FX rate : 0.89
- 10 year straight line depreciation

### *Asset Parameters and Assumptions*

- Production forecasts based on decline analysis of 50+ years of historical production
- Currently 350boepd (90% oil, 10% gas)
- ~\$31/boe operating costs including tolling/tariffs
- Minor capital costs ~\$30k/year
- Pipeline upgrade required 2020 : \$750k
- €7.7million Abandonment costs (accepted by regulator)



Reserves*	1P Developed	2P Developed	2P Developed and Undeveloped
Total Reserves [MMBOE]	0.61	0.99	1.51
NPV10 US\$million	\$6.4million	\$10.8million	\$13.8million
Payback Period	End-2020	End-2020	~2 years

\* refer to announcement dated 2 July 2019.



## Zistersdorf & Gaiselberg Fields

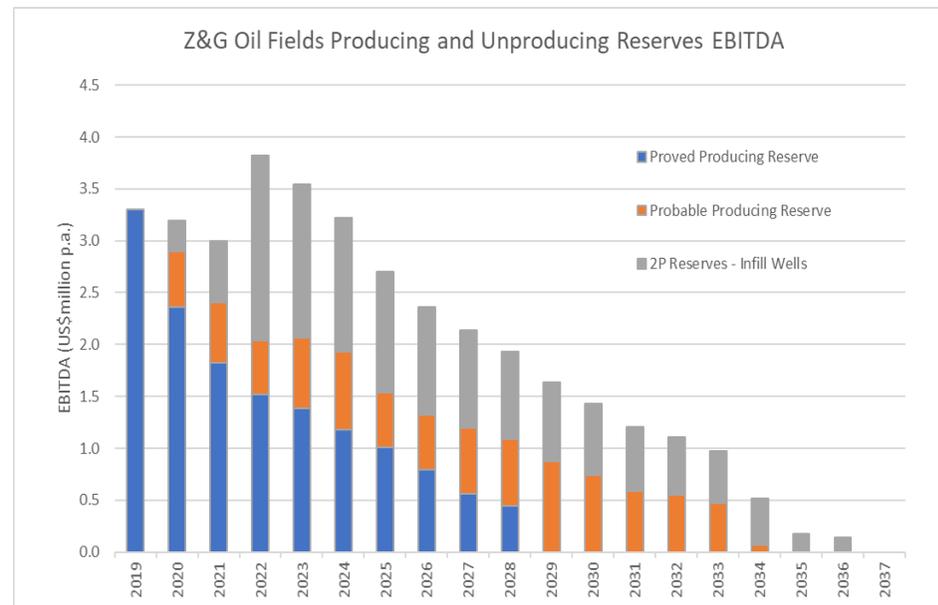
### *Undeveloped Reserves Assumptions – Well Side Tracks & Infill Drilling*

#### *Commercial Setting (as for producing reserves)*

- Brent US\$65/bbl, 7.9% quality discount applied
- Gas prices US\$6.4/mcf
- Royalty free field, 25% tax rate on EBIT,
- Euro/USD FX rate : 0.89
- 10 year straight line depreciation

#### *Asset Parameters*

- 2 sidetracks, 1 new drill (inc ESPs and tiein) US\$3.5million (in 2020/2021)
- Peak production increment 200boe/d (in 2022)
- 90% oil (10% gas)
- Production forecasts based on production history of similar historical wells
- ~\$31/boe operating costs including tolling/tariffs
- Abandonment cost estimate : 15% capex



	2P Producing Reserves	2P Undeveloped Reserves (Incremental)	Total 2P Reserves
Total Reserves* [MMBOE]	0.99	0.53	1.51
NPV10 US\$million	\$10.8million	\$3.0million	\$13.8million
Payback Period	End-2020	~2years	~2 years

\* Refer to announcement dated 2 July 2019.



# Zistersdorf & Gaiselberg Fields

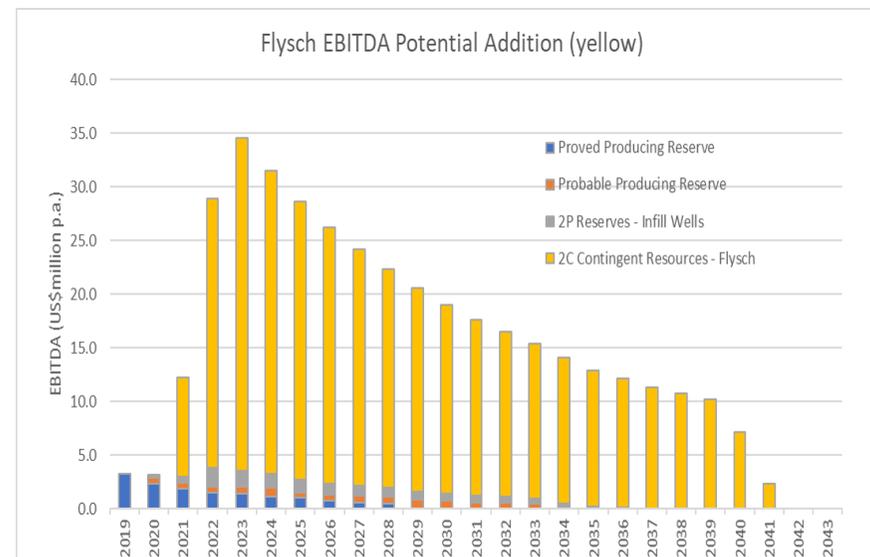
## *Flysch Reservoir Development Assumptions*

### *Commercial Setting (same as for reserves)*

- Brent US\$65/bbl, 7.9% quality discount applied
- Gas prices US\$6.4/mcf
- Royalty free field, 25% tax rate on EBIT,
- Euro/USD FX rate : 0.89
- 10 year straight line depreciation

### *Asset Parameters*

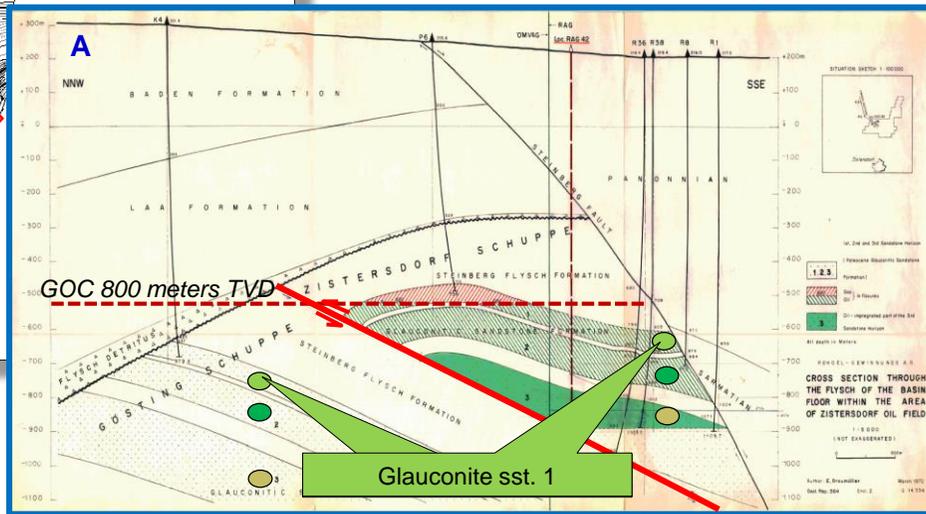
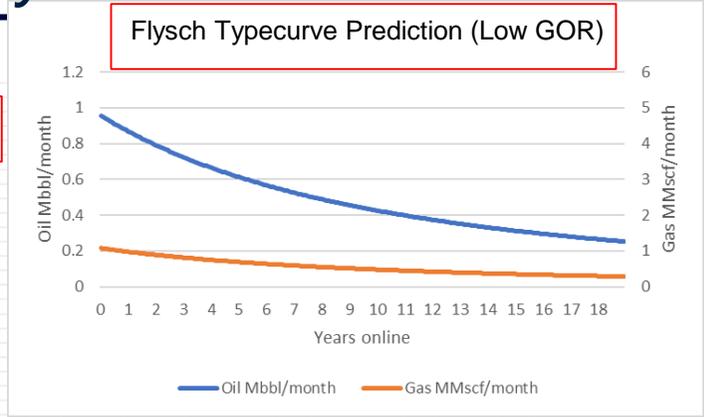
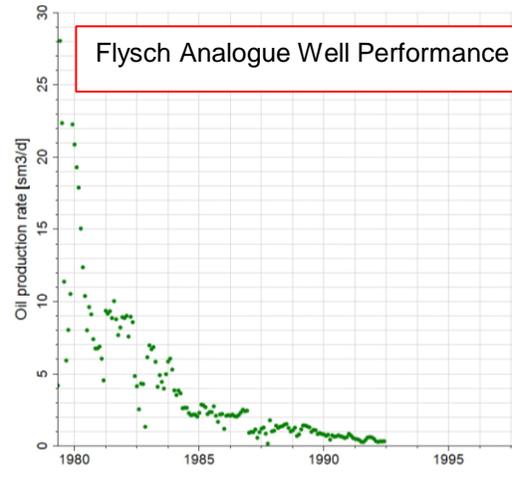
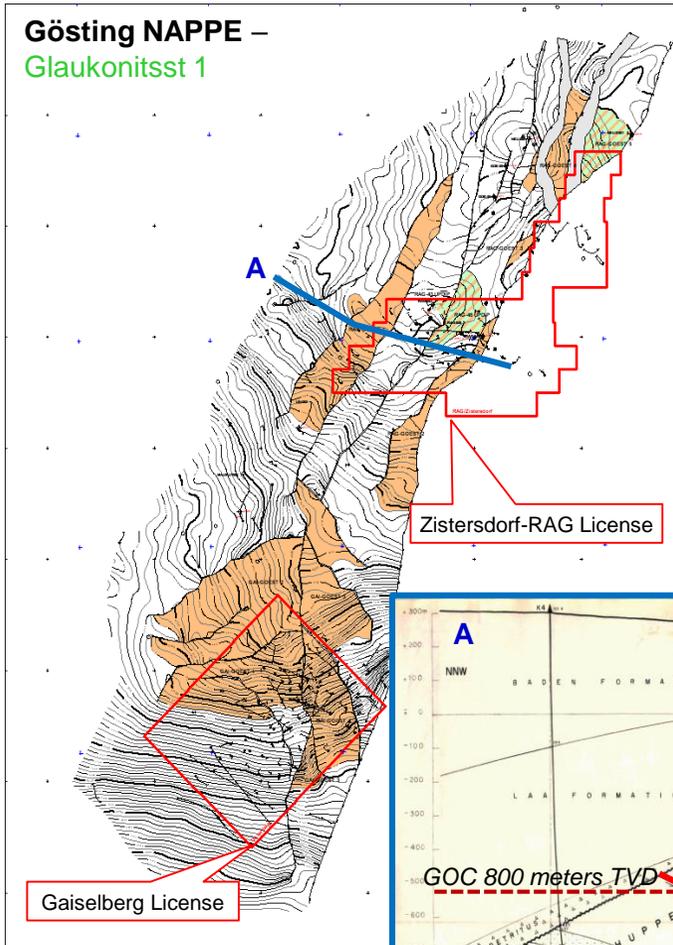
- Capex staged over 2 years
  - \$66million - 50 new wells; 2 wells per month
  - \$10million - surface works
- Production typecurve estimates from Flysch analogue producers
  - Initial production 35bopd/well; 10% decline
- \$10/boe incremental operating costs
- ABEX = 10% capex



	2C Flysch Contingent Resources	2P Total Reserves (Z&G Fields)	Z&G Licences Total Resource Value
<b>Total Volumes [MMBOE]</b>	8.5	1.51	
<b>NPV10 US\$million</b>	\$63.5million	\$13.8million	77.3million
<b>Payback Period</b>	3 years (per well)	~2 years	3-4 years

# Zistersdorf & Gaiselberg Fields

## Flysch Reservoir Development Opportunity



- 1.5km<sup>2</sup> conventional trap area/ per layer
- 6 reservoir layers
- Up to 50 potential well locations at 40 acre spacing
  - 35 shallow wells ~1000m
  - 15 deeper wells into repeated sections up to 2000m
- Production forecasts based on existing Flysch analogue wells
  - 30 low GOR wells
  - 20 high GOR wells

## Additional Asset Information and Economic Assumptions

Exploration Data &  
Acreage Access  
*Molasse Basin, Upper Austria*

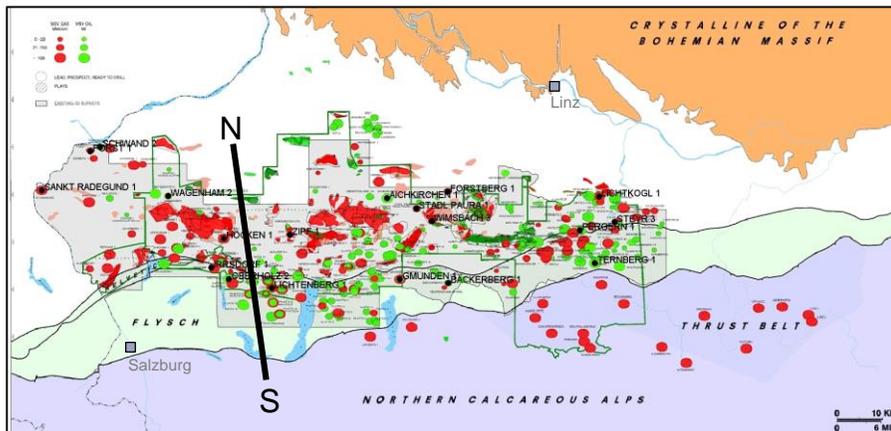


# RAG Exploration Data & Acreage Potential

## Exploration Data Purchase – Upper Austria

RAG has invested around 90 Million Euro over the last decade to acquire high quality 3D seismic. The large exploration acreage of approx. 6,247 km<sup>2</sup> is now covered with 3650 km<sup>2</sup> of modern 3D seismic. This dataset which is available to ADX is key to unlock the remaining potential of a proven oil & gas province. This data also includes all well data and access to a large lead and prospect inventory. It is also a necessary requirement for the exploration license award through the Austrian government authorities.

RAG did not relinquish the exploration acreage because of a lack of prospectivity but because of a change in company strategy which focussed on mature gas production and gas storage only. With the exit of Shell and Mobil as major shareholders exploration was no longer of interest.



Map showing 3D area (grey) and prospects and leads as green or red circles, see next slide for Cross Section A - B

## Exploration Portfolio – Molasse Basin

The exploration portfolio in Upper Austria consists of *several ready to drill* prospects out of which eight have already approved rig site locations, with site construction partly or fully completed by RAG. In addition to that a large number of 3D covered leads (>30) exists.

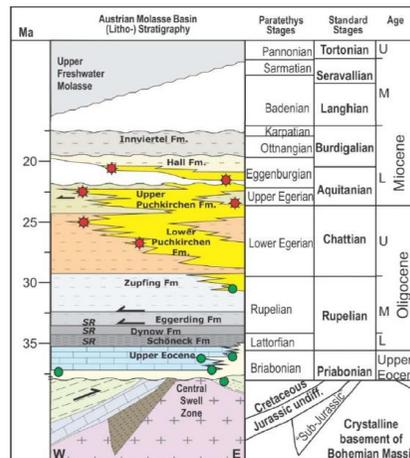
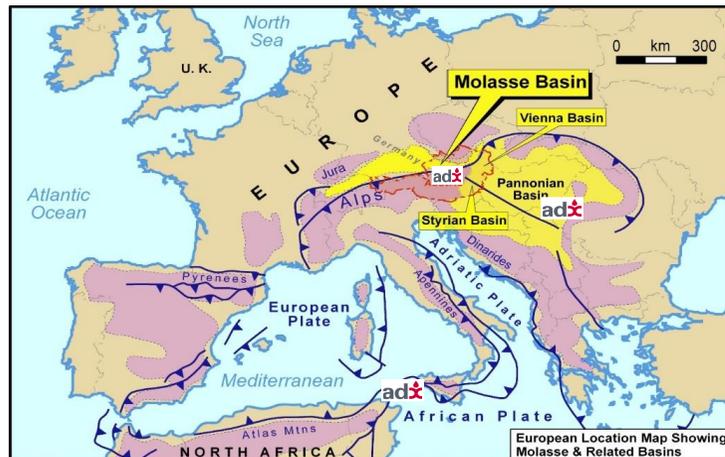
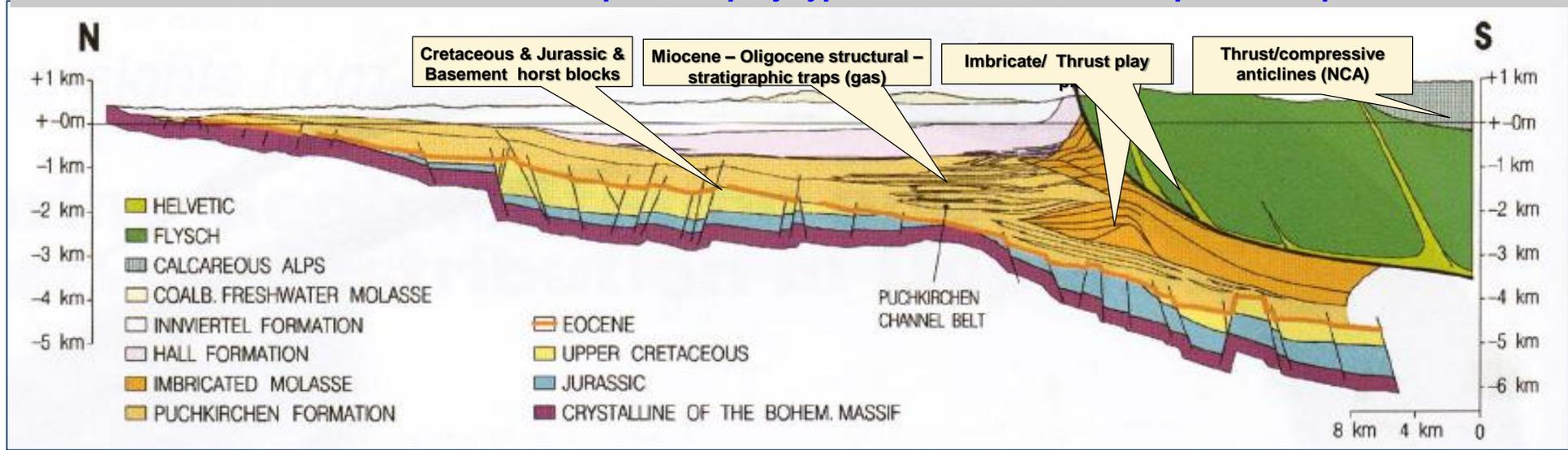
A large number of prospects are very close to infrastructure and producing fields with average dry hole cost in the order of 3 to 6 MMUSD. Several independent play types exist. The portfolio is well balanced and consist of low risk near field smaller sized shallow (800 to 2000 meters) exploration/ appraisal opportunities (mostly gas prospects), low to medium risk 3D covered structural and stratigraphic traps close to well control and a large portfolio of leads in the southern part close to or inside the thrust sheet of the Austrian Calcareous Alps where large sized anticlines with a resource potential of 100 mmbœ have been mapped based on 2D seismic or outcrop data.

ADX intends to focus in a first exploration phase on a mix of low risk appraisal – step out exploration projects infrastructure and medium risk larger sized on trend exploration prospects. In a second phase the large sized (100 mmbœ resource potential) thrust anticline leads can be matured and drilled.

The expected EMV(10) of the phase 1 exploration program consisting of 3 low risk and 2 medium risk prospects is expected to be in the order of 28 MMUSD and the Phase 2 leads in the order of 127 MMUSD.

# RAG Exploration Data & Acreage Potential

*Well Balanced Portfolio with several independent play types and reservoir – seal pairs – all proven*



The proven MOLASSE BASIN hydrocarbon system contains a number of independent play types with discoveries ranging from Jurassic to Miocene age. Charge risk is very low across all play types. Long distance migration including basement is proven.

The sub thrust plays (below Flysch thrust sheets) are under explored but now well defined with recently acquired 3D seismic.

The Triassic Northern Calcareous Alps (NCA) thrust play is proven, but not yet explored.



# RAG Exploration Data & Acreage Potential

## Exploration Strategy

1. Secure RAG's valuable 3D / 2D seismic and geological data base based on an annual lease agreement.
2. Secure high graded acreage covered by RAG's data set and with RAG's assistance
3. Transfer RAG exploration personnel to promote and operate future drilling programs.
4. Promote to potential farminees RAG's existing prospect inventory and generate further drillable prospects.
5. Introduce Partner into portfolio to fund Exploration Upside Potential while defraying risk

**Leverage in country position following RAG FIELDS acquisition – Ready made Inventory of Prospects, Excellent Data Set, Operator Status, access to highly experienced RAG people and ability to rapidly commercialise discoveries.**

## Portfolio Potential: 11 mmboe Appraisal – 51 mmboe On Trend – 1,422 mmboe Leads

3D Appraisal with POS >45%: 11 mmboe			
Appraisal or Satellite Prospect	Liquid	Play	Best mmboe
1 WMB3	Gas	VOR	0.39
2 WGH3	Oil	MB	1.57
3 LKL1	Gas	MB	0.66
4 WGU1	Oil	MB	2.10
5 STY1	Gas	MB	0.57
6 TERN1	Oil	MB	3.01
7 STP1	Gas+Oil	VOR	0.70
8 BR1	Gas	SS	1.29
9 ZI1	Gas	VOR	0.27
<b>3D APPRAISAL - SATELLITE TOTAL mmboe</b>			<b>10.6</b>

3D Exploration with POS 20% to 40 %: 51 mmboe			
1 FOR1	Gas	VOR	0.8
2 HOE1	Gas	VOR	2.3
3 FO1	Gas	VOR	0.8
4 GMU	Gas+Oil	MB	1.7
5 MOO	Oil	VOR	0.4
6 KLEI	Oil	MB	3.8
7 SCHW	Oil	MB	0.7
8 AUS	Gas	VOR	1.1
9 BÄCK	Oil	MB	0.8
10 PER	Oil	MB	2.8
11 LICHT	Gas	VOR	6.9
12 AICH	Oil	MB	2.0
13 IR	Gas	SS	6.4
14 SANKT R	Gas	MB	2.8
15 OBERH	Oil	MB	17.6
<b>3D Exploration - Peer Reviewed mmboe</b>			<b>50.7</b>

**LEGEND- SEE PRECEDING FIGURE FOR GEOLOGICAL POSITION:**  
**VOR: Foreland Play**  
**MB: Molasse Basin Play**  
**SS: South Slope Play**

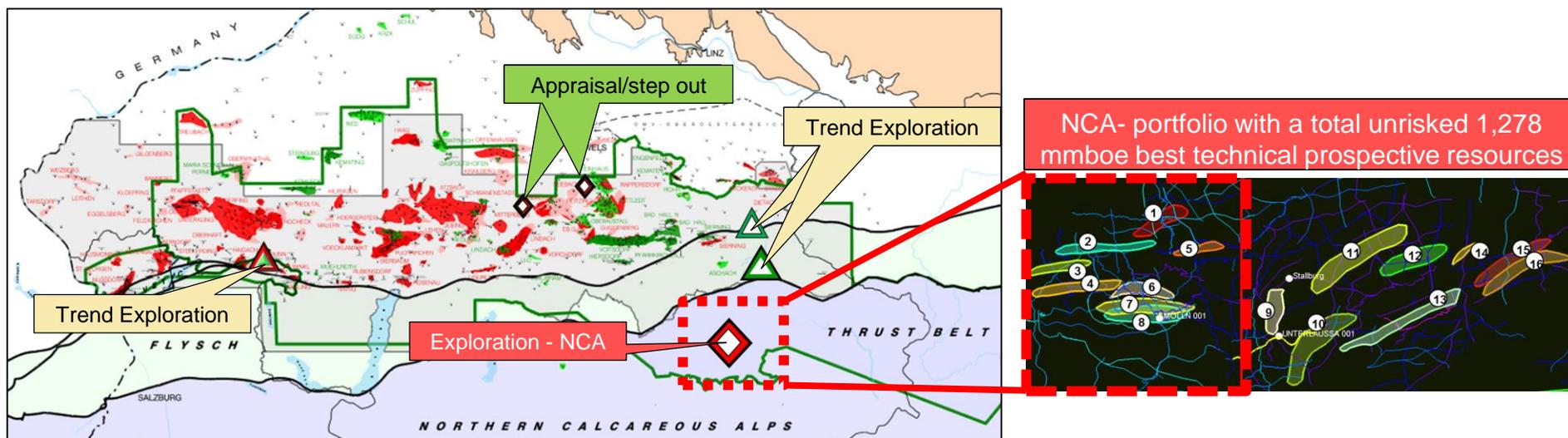
2 D & 3D Lead Status: 1,450 mmboe			
Number of Leads/ Area	Liquid	Play	Best mmboe
78 Molasse South Leads	Gas+Oil	MB + SS+ VOR	134.0
6 Molasse East Leads	Gas+Oil	MB + SS	10.0
8 Thrust Belt - Frontier Lead	Gas	Thrust Belt	1,278.0
<b>3D &amp; 2D Exploration - Lead Status mmboe</b>			<b>1,422.0</b>



# RAG Exploration Data & Acreage Potential

## - Exploration & Appraisal Portfolio Valuation Assumptions

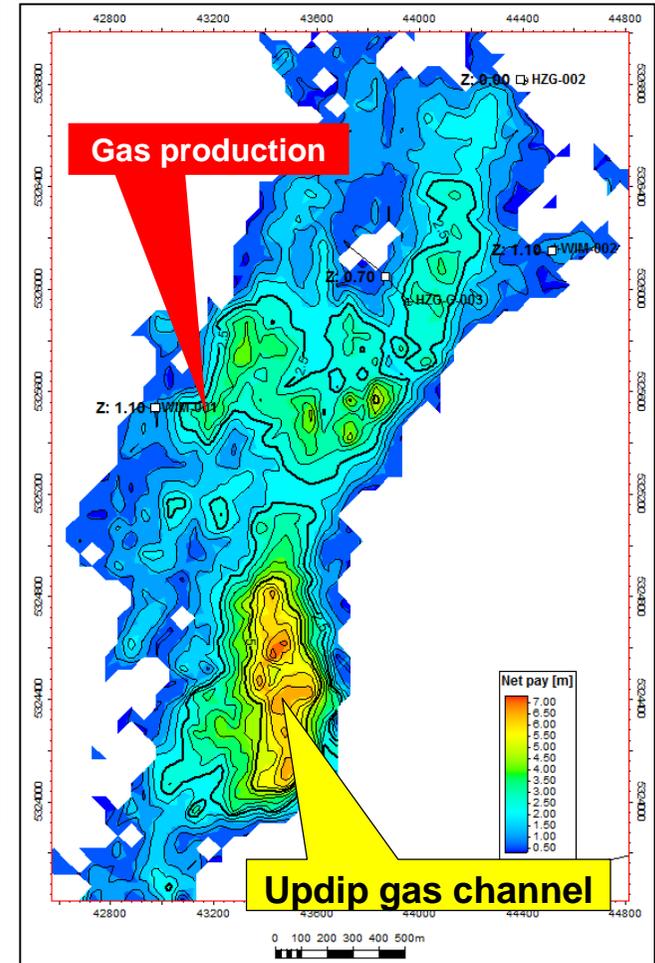
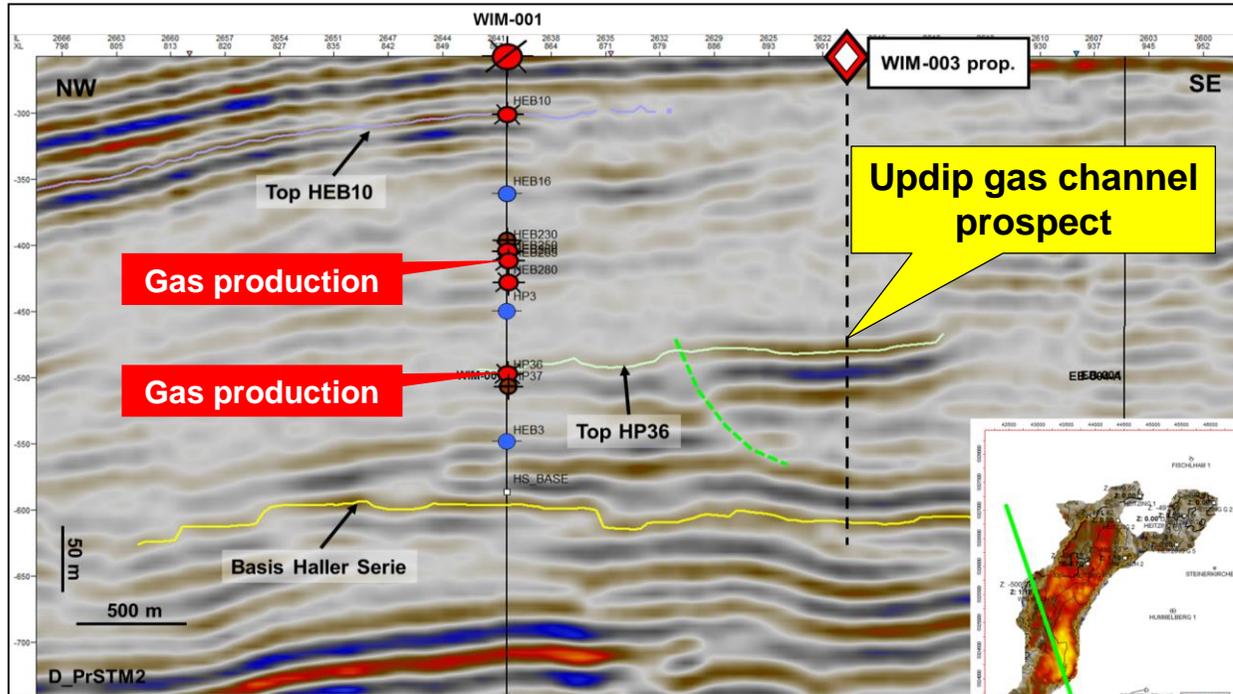
	No.	Average size (mmbøe)	NPV(10)/boe (US\$ MM)	DHC/well (MMUS\$)	POS	NPV - success (MMUS\$)	EMV (MMUS\$)
Appraisal - Step Out Wells	2	1.2	10	3.5	49%	24	8
On Trend Exploration Wells	3	3.4	9.5	4.5	30%	96.9	20
Exploration - NCA	1	108	6.5	8	19%	704	127
<b>Total</b>	<b>6</b>			<b>29</b>		<b>825</b>	<b>155</b>



ADX plans to drill 2 appraisal – step out wells and 3 low to medium risk exploration wells. Optionally a successful higher risk – high reward well in the south of the Molasse basin within the Northern Calcareous Alps (NCA) could add a step change of value to the portfolio.

# RAG Exploration Data & Acreage Potential

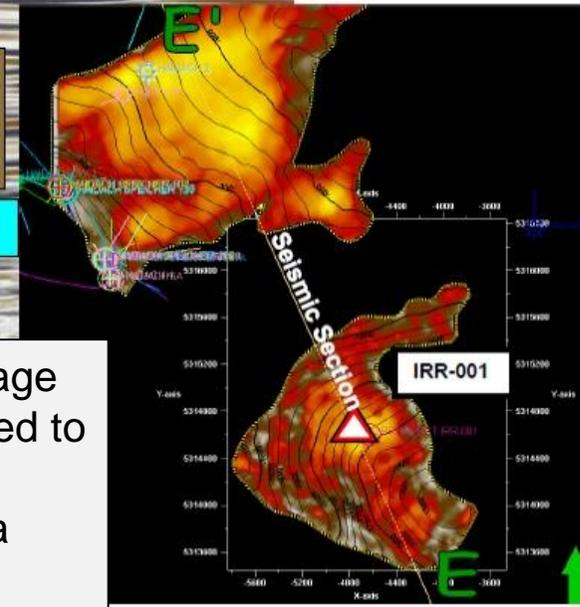
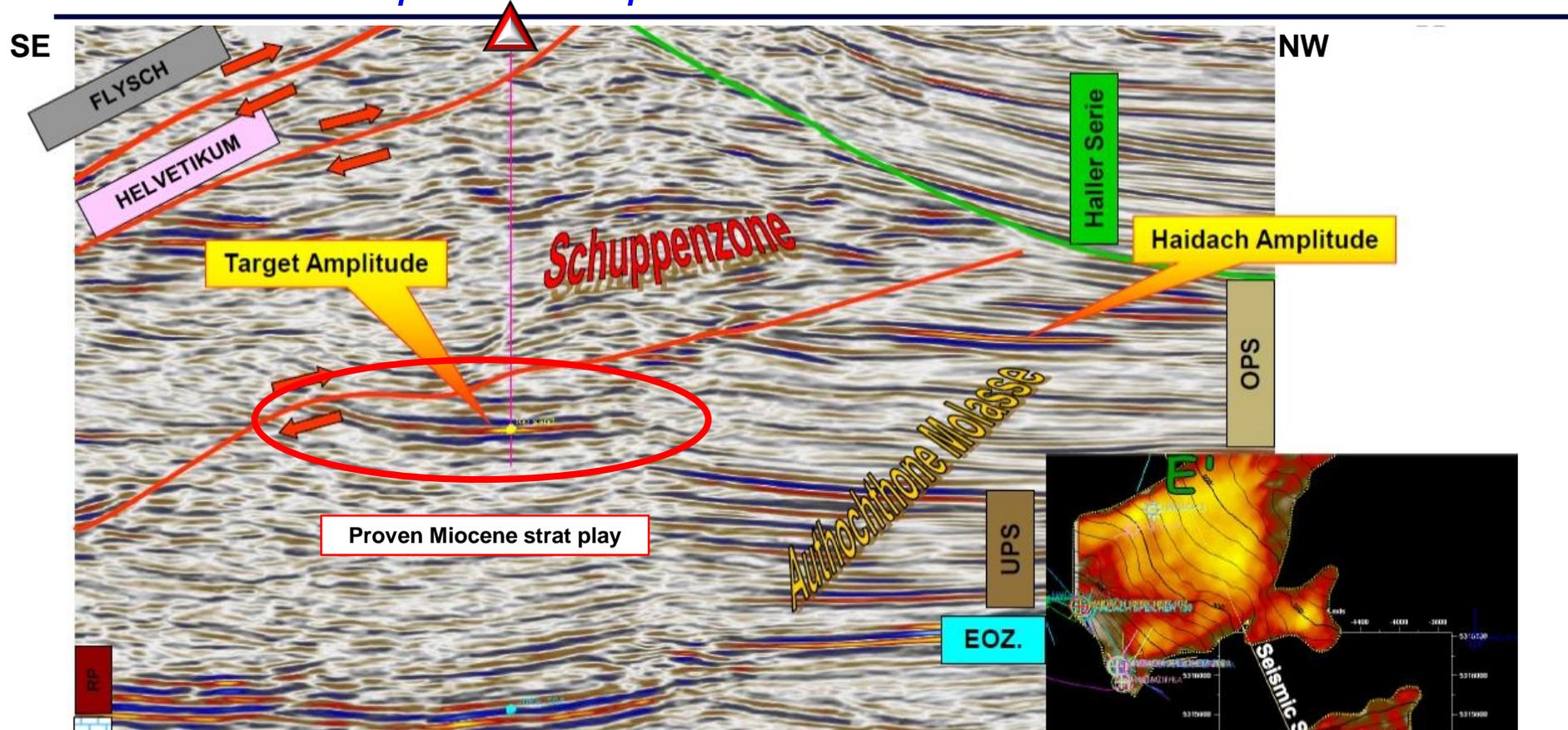
## - Step Out Gas Appraisal Example



The portfolio contains several shallow, small size (i.e. 3 - 5 bscf) but very low risk and highly profitable step out and appraisal opportunities next to infrastructure which can be monetized in a very short time frame. The example shown has a planned TD of only 1005 meters TVD.

# RAG Exploration Data & Acreage Potential

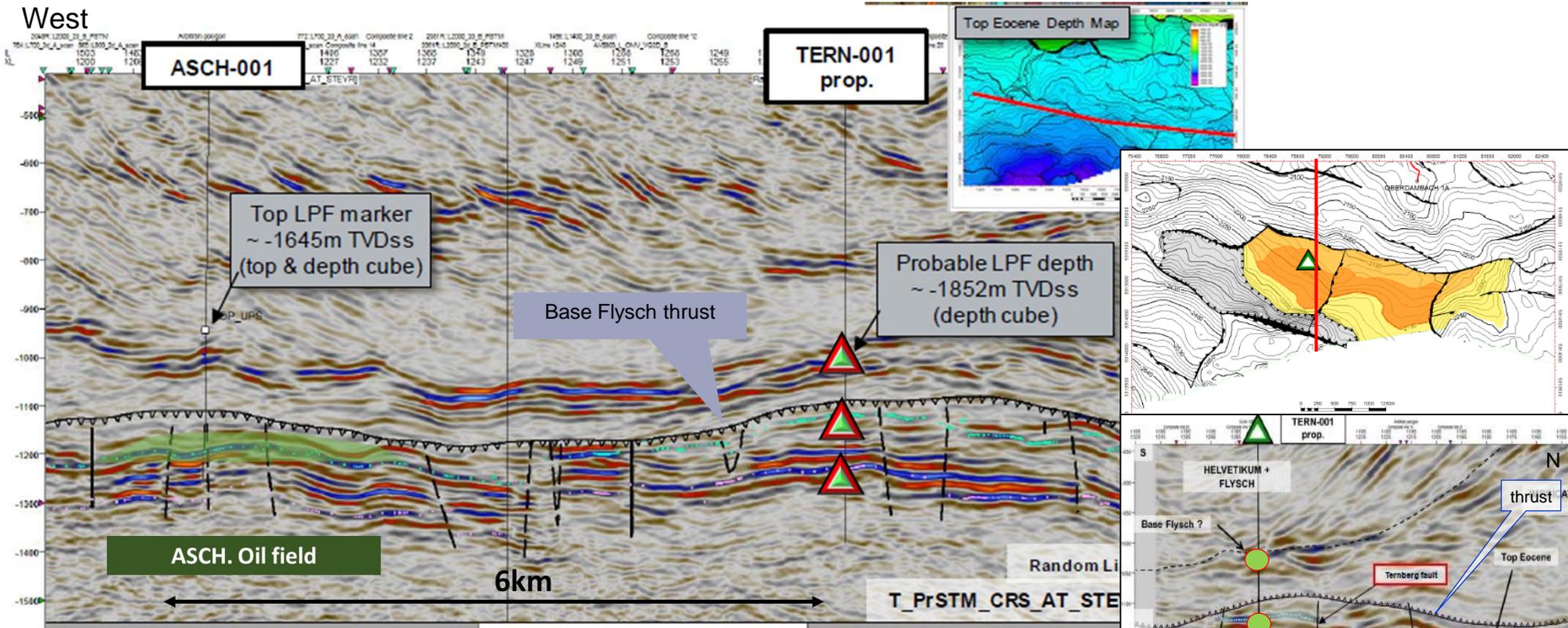
## - Low Risk Prospect Example



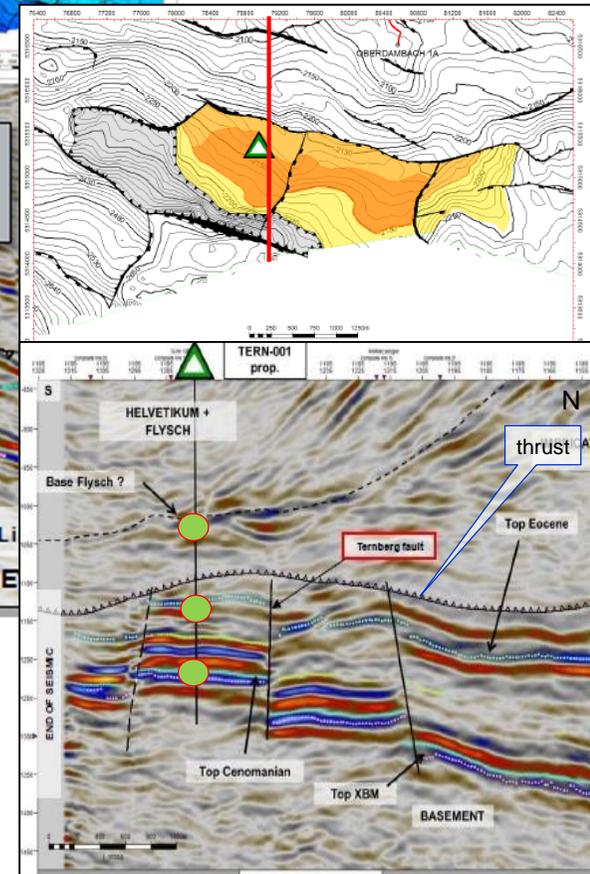
The prospect is only a few km SE of Haidach, the largest gas storage field in Austria. It is well defined by 3D seismic, AVO and is expected to contain 15 bscf of gas (best case, P50) with a 30 bscf upside case (P10). Risk is limited to reservoir quality at 2280 meters TVD, yet a much smaller resources (+1 bscf) would still be economic.

# RAG Exploration Data & Acreage Potential

## - Medium Risk Prospect Example

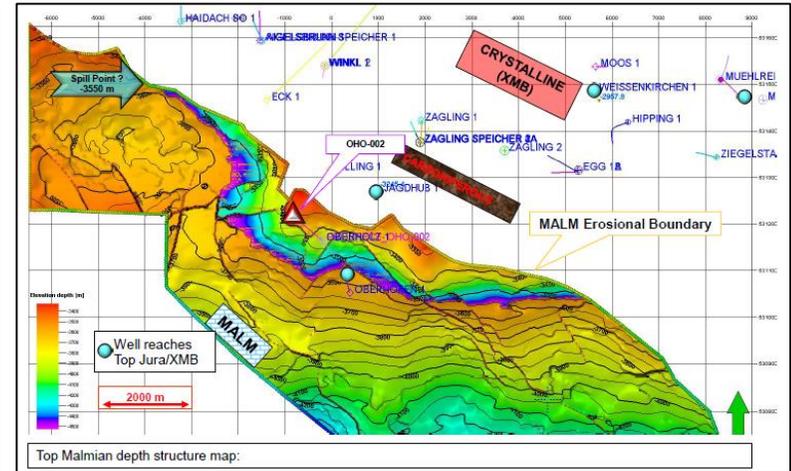
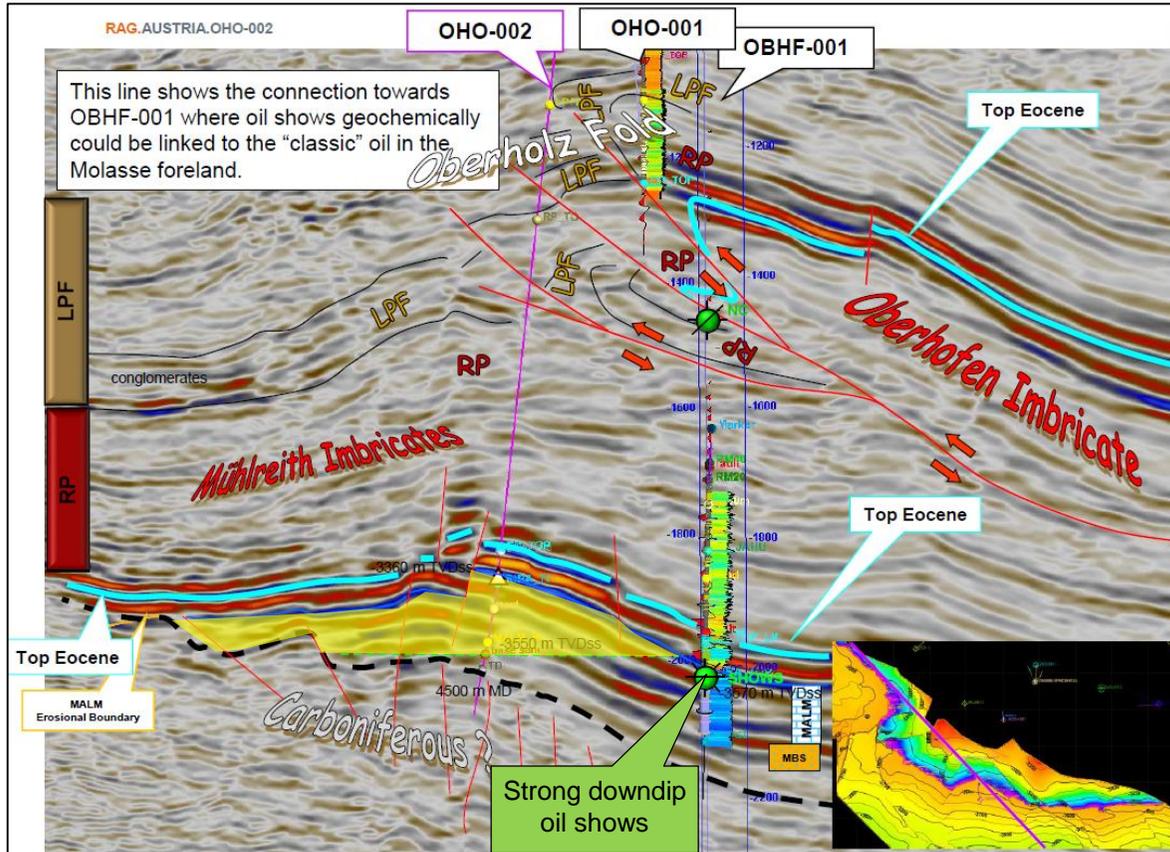


This 3 target prospect is on trend with the Aschach oil field and structurally well defined by 3D seismic. The probability of success for each of the two subthrust targets is 30%, giving a combined prospect chance of 51%. The best technical case for the deeper Eocene sandstone target (2600 meters TVD) is 3 mmb.



# RAG Exploration Data & Acreage Potential

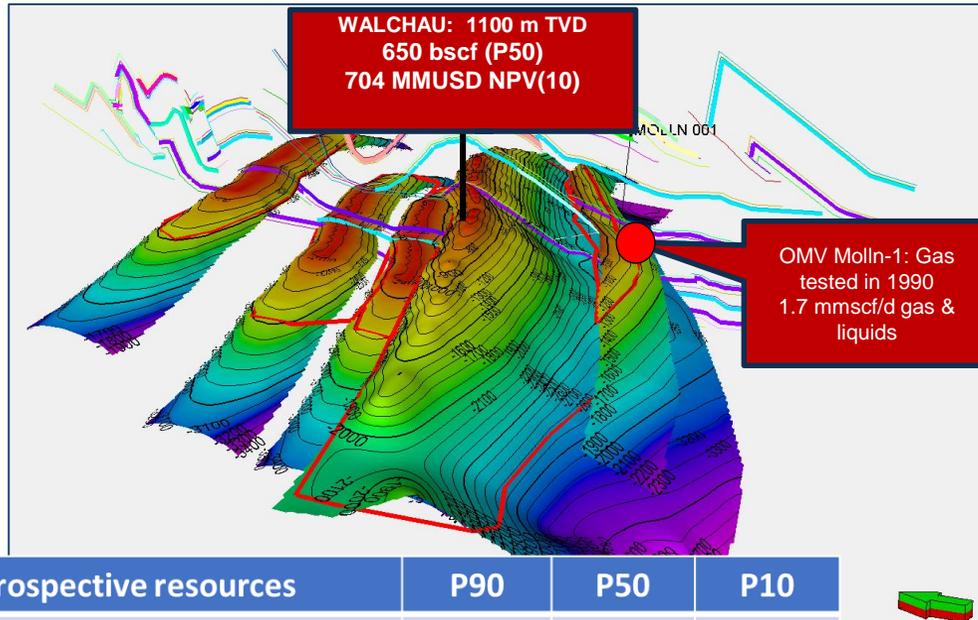
## - High Risk & Reward Prospect Example (OIL)



This subthrust Molasse Basin prospect has already a proven oil charge migration path from a downdip well. Key risk is the exact wedge-out position of the proven heavily karstified Malmian carbonate reservoir. It has two potential reservoir zones and a resource potential of 18 mmboe. Expected TD is 4500 meters.

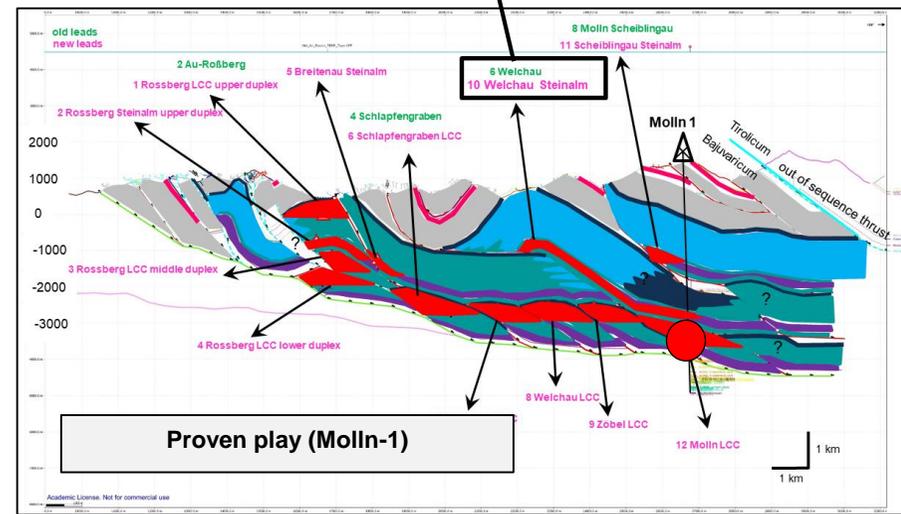
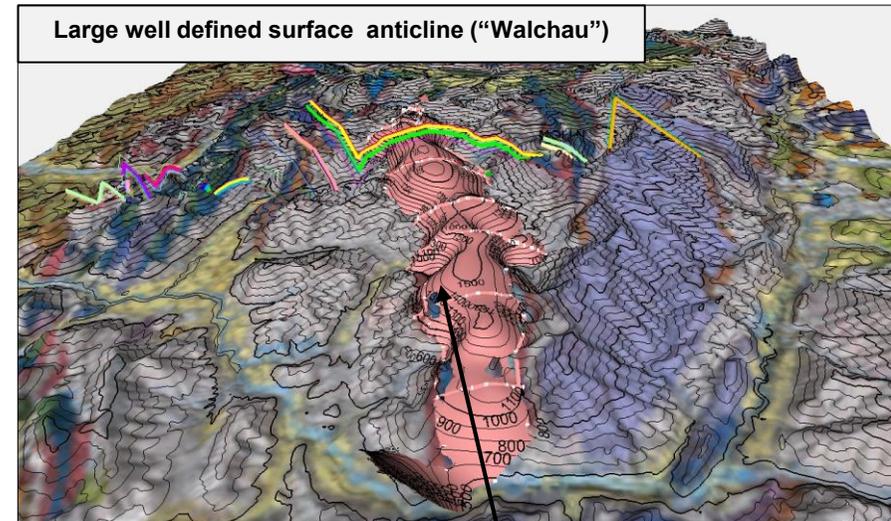
# RAG Exploration Data & Acreage Potential

## - High Risk & Reward Prospect Example (GAS)



Prospective resources	P90	P50	P10
Recoverable gas (bscf)	210	650	1,350

Proven hydrocarbon system with oil and gas discoveries made in thrust sheets of the Northern Calcareous Alps (“NCA”) in the 80’ies by accident when OMV drilled for +4000 meter wells to reach the autochthonous Mesozoic HC system. Since then no activity was undertaken. The new prospects have moderate drilling depths (1000 to 3000 meters). The current “thrust play” portfolio has a mean prospective resource of 1,278 mmoeb.



# Austrian Industry and Country Overview

## Austria Oil and Gas Industry Overview

### *Established Industry, Stable Regulatory Framework & Strong Market Fundamentals*

- Since 1932 Austria has produced approximately 900 MMBBLS of oil and 3 Tcf of natural gas
- Austria currently producing approx. 14,000 BOPD and 120 MMSCFPD gas
- Modern and environmentally friendly well maintained oil & gas infrastructure with a dense pipeline network is available.
- Oil is exclusively transported via pipeline to refineries (Schwechat and Burghausen in Germany)
- Attractive European gas prices: US \$ 8.60 per Mcf (RAG actual wellhead prices)

### *Attractive Fiscal Terms*

- 15% Oil Royalty Rate and 20% Gas Royalty Rate on new licences at current product prices (06/2019)
- The ADX producing oil fields have ZERO ROYALTY!
- 25% Corporate Tax
- New licences awarded on a first come first considered basis with a right to match

## Austria Country Overview

*Austria is a German speaking EU member country. Total population is around 8.8 million with a country area of 83,900 KM<sup>2</sup>. Around 2 million people live in the capital Vienna. The GDP per person with US\$ 52,600 is slightly above Germany (source World Bank) and one of the highest in the world.*

*Austria's primary energy demand is met with oil (40%), gas (25%), hydro (25%) and the remainder from coal and alternative energy. 80% of the gas comes from Russia.*

*Foreign investment is highly welcome, despite a lack of deep local capital markets. Around 160 Austrian industrial companies are world – market or technology leaders in their respective area of operations.*



## Contact Details

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