

31 January 2020

Activities Report For Quarter Ended 31 December 2019

HIGHLIGHTS OF DECEMBER 2019 QUARTER ACTIVITIES

Operations

- 🔥 **Austrian Onshore - Zistersdorf and Gaiselberg Production Asset Acquisition:** – Acquisition of oil and gas fields completed on 2 December 2019 with first sales proceeds of Euro 497,631 (approx. A\$ 811,140) received in January 2020 for December 2019 production. The closing price was Euro 2,262,074 less the Euro 400,000 deposit paid previously (ASX Announcement 3/12/19). The field is performing on trend with average 2019 production 330 BOEPD (barrels of oil equivalent per day).
- 🔥 The Austrian acquisition includes agreements for exploration data valued in excess Euro 40 million as well as access arrangements to RAG's production infrastructure in Upper Austria. Data utilised to make applications for exploration acreage in upper Austria.
- 🔥 The transfer of RAG field production team and exploration personnel providing asset continuity and a highly skilled team for ADX. RAG office space area, administrative services, field production control systems and IT functions secured at favourable rates enabling a smooth transition, safe operations and reduced costs.
- 🔥 **Onshore Romania – Iecea Mare Production License and Parta Exploration License:** - Successful completion of drilling, evaluation and suspension of Iecea Mica-1 well with resulting 2C Contingent Resource estimates of 20 Bcf in three gas zones (ASX Announcement 9/9/19).
- 🔥 Planning, contracting and regulatory approvals work for the planned testing of Iecea Mica-1 well and drilling of Iecea Mica-2 well in Iecea Mare production license and 3D seismic acquisition work in Parta Exploration License.
- 🔥 A\$ 4.77 million funding contribution by Reabold Resources PLC (Reabold) and A\$ 1.28 million by ADX for appraisal and development activities in the Parta Sole Risk Area (ASX Announcement 2/12/19). Funding contributions Tamaska Oil and Gas ("Tamaska") pursuant to a farm in agreement where Tamaska will fund a US\$ 1.5 million seismic program to earn a 50% interest in the Parta Exploration Licence.

Finance and Corporate

- 🔥 Loan Note Facilities of A\$ 3,500,000 were finalised in October 2019 for the Austrian asset acquisition, consisting of 35 loan notes of \$100,000 each.

- 🔥 A\$ 2,000,000 institutional and sophisticated investor Placement was completed at 1 cent per share (ASX Announcement 14/10/19). A Share Purchase Plan on equivalent terms raised A\$ 797,018.
- 🔥 Convertible Loan Facilities of A\$ 1,205,000 were finalised in July 2019 (ASX Announcement 16/7/2019). During the quarter A\$ 30,000 of these loan facilities converted to shares with a further A\$ 1,050,000 converted subsequent to quarter end.

PLANNED ACTIVITIES QUARTER 1, 2020

- 🔥 **Austrian Onshore - Zistersdorf and Gaiselberg Production Asset** - A well work over program has commenced that is expected to enhance production. Transfer of ownership to ADX of 31 acres of agricultural land (including vineyards) associated with the Gaiselberg and Zistersdorf fields acquisition.
- 🔥 **Onshore Romania – Iecea Mare Production License** - Testing of Iecea Mica-1 well and preparation for Parta exploration 3D seismic acquisition.

OPERATIONS REPORT

Production Activities

Zistersdorf and Gaiselberg Production Assets , Vienna Basin - Onshore Austria

ADX is operator and holds a 100% interest in production license.

The Zisterdorf and Gaiselberg fields acquisition was completed, as well as agreements for exploration data and access arrangements to RAG's production infrastructure in Upper Austria. The acquired assets are very well maintained and operated to high safety and environmental standards with exceptional sustainability credentials. The 2 December 2019 closing price of Euro 2,262,074 (less the Euro 400,000 deposit) was less than the expected Euro 2,500,000 when the transaction was announced in July 2019 due to less than expected production costs between the 1 January 2019 effective date and the closing date.



A closing price adjustment is expected in favour of ADX of approximately Euro 200,000 due to a capital cost underspend prior to closing.

On trend production is being achieved from the Gaiselberg and Zistersdorf fields despite no scheduled well repair work being undertaken during the second half of 2019. Sales proceeds of Euro 497,631 (approx. A\$ 811,140) for December 2019 production was above expectation due to the increased oil price.

ADX has become only the third production operator and production company in Austria and is ideally positioned to secure a highly prospective, drill ready appraisal and exploration portfolio in Upper Austria supported by RAG's extensive 3D data base.

The RAG field production team and exploration personnel were transferred to ADX providing uninterrupted asset continuity and a highly skilled team for ADX to build its Austrian E&P position as well as a beach head for European growth opportunities.

ADX commenced utilisation of RAG office space, finance and administrative services, field production control systems and IT functions. These services have been provided at favourable rates enabling a smooth transition, safe operations and cost efficiencies.

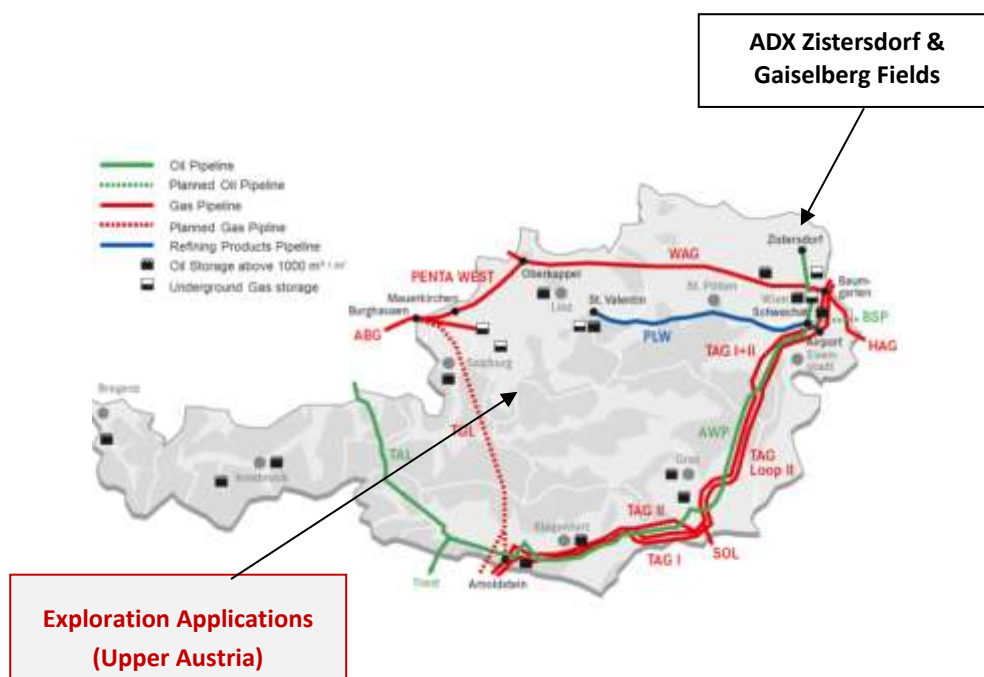
The final approvals were received for the transfer of ownership to ADX of 31 acres of agricultural land (including vineyards) associated with the Gaiselberg and Zistersdorf fields. This was the final condition transaction to be satisfied in relation to the transfer of assets.



A Data User Agreement providing ADX with exclusive access to RAG Exploration Data (including 3650 km² of modern 3D seismic) in Upper Austria has now come into legal force. Access to this valuable exploration data base in Upper Austria surrounding RAG's core production fields has been used to make exploration license applications. In addition ADX has secured facilities access arrangements to RAG's extensive oil and gas infrastructure providing certainty of rapid development for any appraisal or exploration success.

Current Quarter Planned Activities include;

- A well work over program has commenced that is expected to enhance production by approximately 17% or 54 BOEPD. The capital program will be funded from production revenues.
- A base line reserves assessment has commenced that will be followed by an Independent Evaluation Report.
- Evaluation and planning work is ongoing in relation to infill development wells and appraisal opportunities in the Zistersdorf and Gaiselberg fields.
- ADX is pursuing further collaboration opportunities pursuant to a non-binding letter of intent in relation to other assets in Upper Austria due to RAG's strategic shift from exploration and production to gas storage and gas transmission.
- Ongoing discussions are being held with the Austrian licencing Authorities in relation to exploration license applications in a prospective area in Upper Austria previously surrendered by RAG.



Exploration and Appraisal Activities

PARTA APPRAISAL PROJECT and PARTA EXPLORATION PERMIT – Onshore Romania

During the quarter, Funding contributions from Reabold of A\$4.77 million and from ADX of A\$1.28 million were secured for the Parta Sole Risk Area and the Parta Exploration License as a result of contributions to Danube Petroleum Limited (“Danube”) (refer ASX announcement dated 2/12/2019).

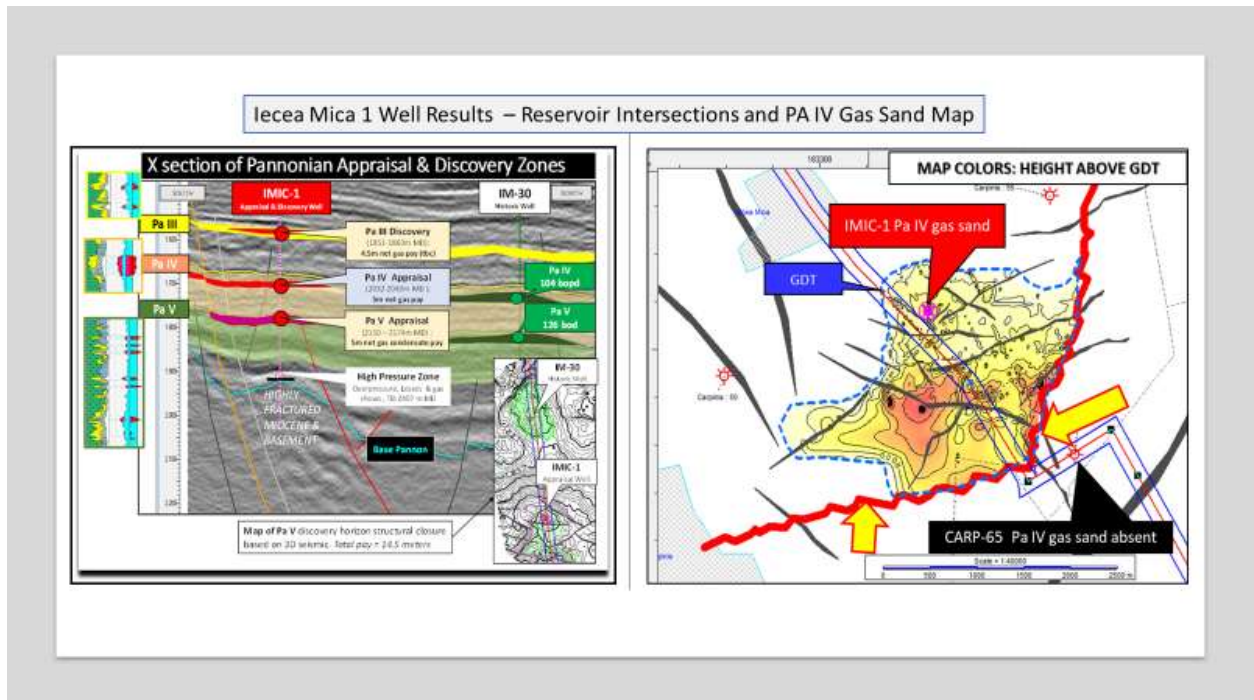
Preparations and contracting for testing of the Iacea Mica-1 (“IMIC-1”) well were ongoing in the quarter. The timing of the test has been determined by the time required to manufacture and deliver well down hole well equipment which enable the well to be completed and tested as a future production well without further intervention. Testing will concentrate on the PA IV sand which is a proven reservoir and has the greatest reserves potential of the 3 reservoir intervals intersected in the IMIC-1 well, including the large stratigraphic upside potential which will be further quantified with the planned high resolution 2D seismic (*see below*).



The IMIC-1 Well Head Suspended for Production Testing

IMIC-1 Contingent Recoverable Resources Estimates <small>(Note 1)</small>					
Discovery Well	Hydrocarbon Reservoir	Reservoir Top Depth (meters MD)	1C (bscf)	2C (bscf)	3C (bscf)
IMIC-1	Pa III	1851	1.9	2.7	3.9
IMIC-1	Pa IV	2033	3.0	11.0	40.0
IMIC-1	Pa V	2140	2.3	6.3	10.8
TOTAL Arithmetic Sum of Recoverable Volumes (bscf)			7.2	20.0	54.7

Note 1: Refer ASX Announcement 9/9/2019



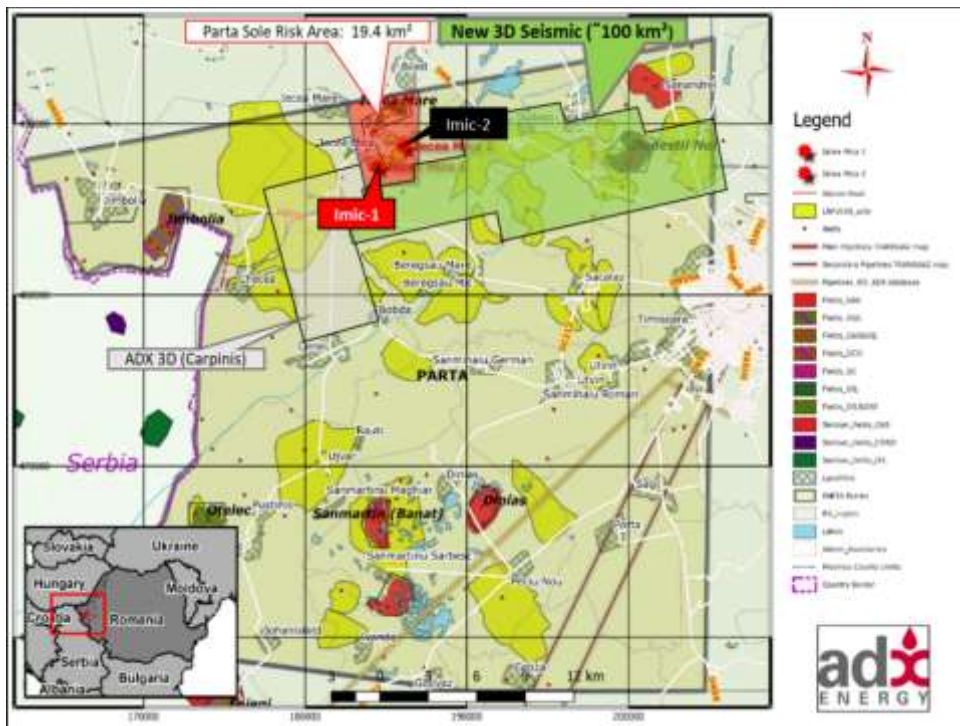
The Calacea Oil & Gas Plant 12 Kms from Ilecea Mica-1 Well

Studies for the commercialisation of IMIC-1 gas commenced during the quarter. Two viable commercialisation options are being considered including delivery of sales gas to the nearby Satchinez - Calacea Gas Plant or alternately the conversion of produced gas to power and the connection to a high voltage power line located approximately 2km from the IMIC-1 location. Either option is expected to provide a viable commercial solution. The purpose of the studies is to determine the optimal option in terms of schedule, cost and return on investment.

Planning, regulatory approvals and finalising contractual arrangements were undertaken for the acquisition of 100 Km² of 3D seismic in the Parta Exploration Permit as well as high resolution 2D seismic within the Parta Sole risk Area that includes the IMIC-1 well and the planned IMIC-2 well location (*see map below*).

The Parta 3D Program is likely to generate high quality appraisal and exploration targets with multiple stacked oil and gas pay opportunities (at less than 2,500m depth) based on a track record of high exploration success rates by other companies drilling new 3D seismic in the basin.

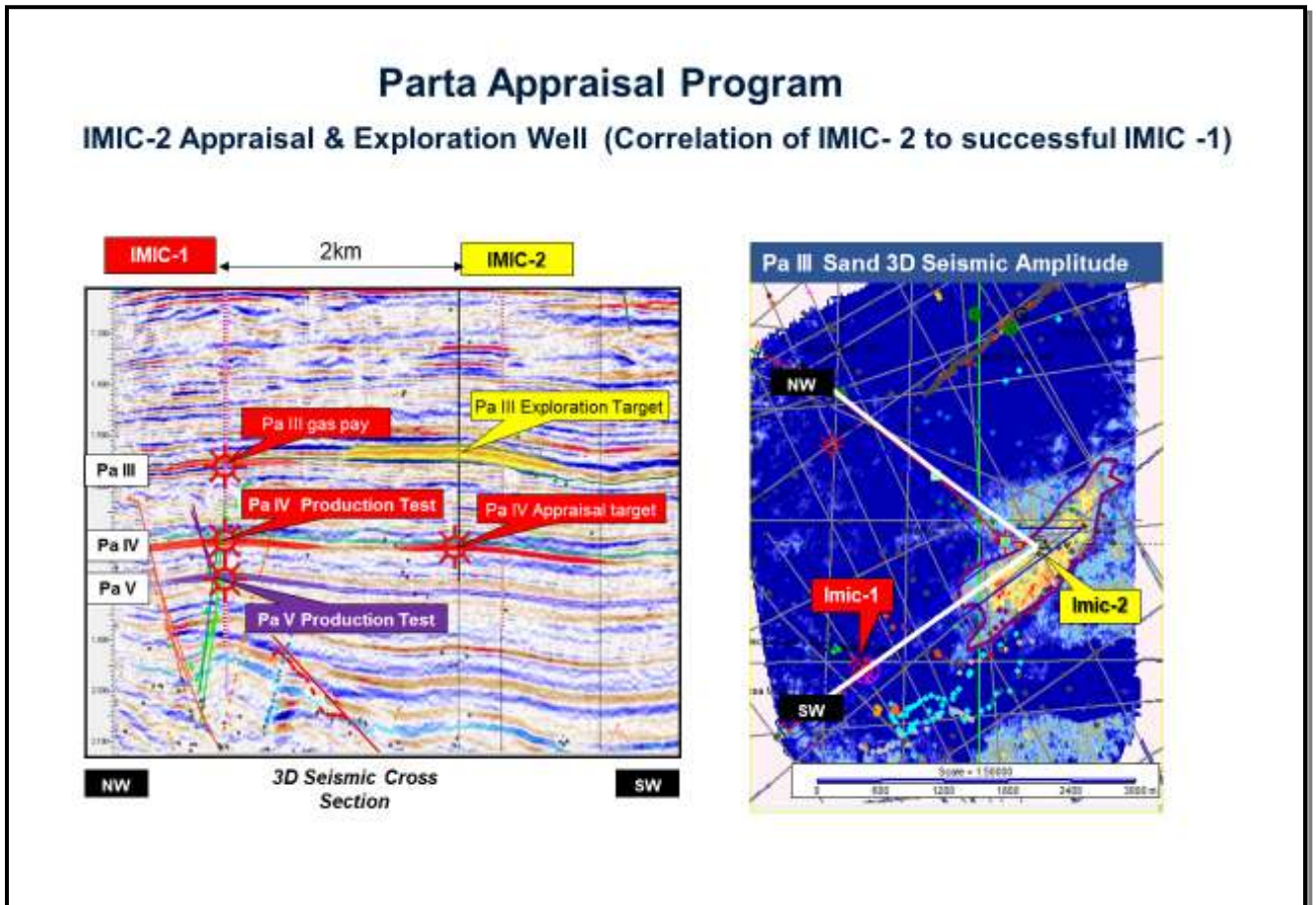
High resolution 2D seismic lines have also been planned across the IMIC-1 and IMIC-2 accumulations. The program is designed to better define the extent of gas zones where ADX has identified substantial stratigraphic upside volumes following the recent drilling of the IMIC-1 well (up to 40Bcf in the PA IV Sand – see IMIC-1 Contingent Resources Estimates Table above) which could extend south of the Sole Risk area.



Current Quarter Planned Activities include;

- Production testing the Iecea Mica-1 well in the Parta Sole Risk Area.
- Subject to a successful production test and the determination of a viable commercialisation option, book reserves for the IMIC-1 well and initiate development planning.
- Preparation, planning and regulatory approvals for the acquisition of 3D seismic in the Parta Exploration Permit.

- Preparation and planning for the Iecea Mica-2 well in the Parta Sole Risk Area. Drilling expected during Q3 2020.



Nilde Oil Field Redevelopment Project (Permit d 363C.R-.AX) – Offshore Italy

ADX is operator and holds 100% interest in the d 363C.R-.AX Exploration Permit

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.

No further activities have been undertaken on the Permit since ADX was advised on the 4th of February 2019 that the Italian Parliament passed legislation to suspend exploration activities in permits that have been approved or are in the process of being approved for a period of up to 18 months to enable the government authorities to evaluate the suitability of exploration areas for sustainable hydrocarbon exploration and production activities. Since that time ADX has been informally advised by the Italian Licensing Authorities that it has demonstrated sufficient financial capability for the

ratification of the permit upon resumption of oil and gas activities following earlier announced Farmin by SDP Services Limited (SDP).

Dougga Gas Condensate Project (Kerkouane Permit) – Offshore Tunisia

ADX is operator and holds 100% interest in the Kerkouane Exploration Permit

ADX has continued to engage with Middle Eastern and North African focussed companies in relation to the Dougga project however the current political situation post elections in Tunisia on 6th October 2019 has created uncertainty regarding the basis for renewal or extension of the Kerkouane permit.

As reported in ASX Announcement 6/9/2019 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.

New Venture Activities – Onshore Austria and Romania

ADX is pursuing new venture opportunities in Austria and Romania. New Venture opportunities in Austria are being pursued at a 100% equity basis. Opportunities in Romania are being pursued by ADX on behalf Danube Petroleum Limited.

Following the Austrian Production acquisition ADX has renewed focus on onshore European new venture opportunities providing a combination of production as well as significant upside potential from fast to monetize appraisal and exploration opportunities.

Current opportunities being pursued in Austria include;

- Applications for exploration acreage in Upper Austria utilising RAG 3D seismic data set; and
- Geothermal opportunities identified utilising the RAG 3D data set. The Mollasse basin in Upper Austria has substantial geothermal potential which has been demonstrated western extension of the basin in Germany.

A number of field rejuvenations projects were identified in Romania and the largest ever onshore exploration licensing round in Romania has been announced where bids are expected to be due to be submitted mid year 2020.

Finance and Corporate

Board Changes

In January 2020, ADX appointed Edouard Etienvre to the Board of ADX. Mr Etienvre is located in London and has extensive commercial, business development, debt market and capital market experience providing ADX with an excellent focal point for future investment from the London and European debt and equity markets. These are markets from which the Board of ADX believes it can generate increasing investor interest and financial support as it matures its production, appraisal and development business onshore Europe and the Mediterranean. Mr Etienvre replaces Mr Robert Brown who stepped down as a director due to increased overseas work commitments with other companies.

Funding

Austrian Acquisition Funding

In October 2019, ADX secured binding commitments for a A\$5.5 million funding package to complete the acquisition of the Zistersdorf and Gaiselberg oil and gas fields located onshore in the Vienna Basin, Austria (RAG Production Assets) as well as agreements for exploration data and access arrangements from RAG Austria AG (RAG) to RAG's production infrastructure in Upper Austria.

The funding package comprised of A\$ 3.5 million in Loan Notes (Loan Note Funding) from a small number of existing supportive shareholders, as well as a \$2.0 million placement of new shares to professional and sophisticated investors at a price of 1 cent per share (Placement). In addition to the Placement and Loan Notes, the Company completed a Share Purchase Plan (SPP) on the terms as the Placement to raise A \$ 0.797 million.

The Placement of 200 million fully paid ordinary shares at 1 cent per share was well subscribed by existing and new investors and the fundraising was completed under a prospectus. Each Placement subscriber received one free attaching quoted option (Option) for every three new shares issued. The Options are exercisable at 1.5 cents with an expiry date of 20 November 2020. QA Capital acted as Lead Manager to the Placement.

Placement funds were raised to fund the set up and administrative costs in relation to the RAG Production assets, applications for the planned exploration acreage in Austria related to the RAG Acquisition, funding of the Company's Romanian drilling, testing and development activities and general working capital.

35 loan notes of \$100,000 each totalling A\$ 3.5 million Loan Notes were issued during the quarter. For each Loan Note, ADX issued the subscriber 3,857,143 unlisted options, with an exercise price of 1.8 cents per option and expiring 2 years after the subscription date. Interest is paid quarterly at 6% per annum with 50% of the principal repaid after 12 months, and the remainder after 24 months.

In addition to the Placement and Loan Notes, the ADX initiated a Share Purchase Plan (SPP) which allowed eligible shareholders to acquire up to \$30,000 worth of Shares under the SPP at 1 cent per Share. The SPP of 79,701,800 fully paid ordinary shares raised \$797,018 before costs. SPP participants also received one free attaching quoted Option for every three new Shares issued on the same terms as the Placement Options.

Danube Funding Contributions

During the quarter ADX and Reabold Resources Plc made funding contributions to Danube Petroleum Limited (Danube) as follows:

- In October 2019, Reabold subscribed for 572,973 Danube Shares at an issue price of £1.00 per share and ADX in turn has made a funding contribution by subscribing to 381,982 Danube Shares at an issue price of £1.00 per share; and
- In November and December 2019, Reabold subscribed for 1,627,604 Danube shares at an issue price of £1.20 per share for a total subscription price of £1,953,125. ADX has also subscribed for 241,928 Danube shares at an issue price of £1.20 per share for a total subscription price of £290,314.

This funding enables ADX, in its role as operator, to finalise preparations for testing the successful Iacea Mica-1 ("IMIC-1") well in the Parta Sole Risk Area, Romania. ADX will also commence preparations for the IMIC-2 well on behalf of the Parties including the ordering of long lead items and the contracting of drilling services

Cash Balances

ADX's cash at the end of the quarter was \$5.018 million. This cash balance includes \$ 3.2 million held by 49.2% owned subsidiary Danube Petroleum Limited and its' Romanian subsidiary ADX Energy Panonia srl for Romanian Operations.

Tenement Table

Tenements held at the end of the quarter, their location, ADX' s percentage held at the end of the quarter and changes thereof:

Permit	% held at the beginning of the Quarter	% held at the end of the Quarter	% acquired
Onshore Austria, Zistersdorf and Gaiselberg Production License ¹	-	100%	100%
Onshore Romania, Parta ²	100%	100%	-
Onshore Romania, Iecea Mare Production Licence	100%	100%	-
Offshore Italy, d363C.R-.AX ³	100%	100%	-
Offshore Tunisia, Kerkouane	100%	100%	-

Note 1: Production License acquisition completed on 2 December 2019 (refer ASX announcement 3/12/19).

Note 2: 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.

Note 3: 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.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Paul Fink'.

Paul Fink

Chief Executive Officer

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paul.fink@adx-energy.com

A handwritten signature in blue ink, appearing to read 'Ian Tchacos'.

Ian Tchacos

Executive Chairman

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END OF THIS RELEASE - Authorised for lodgement by Ian Tchacos, Executive Chairman

Persons compiling information about Hydrocarbons:

Pursuant to the requirements of the ASX Listing Rule 5.31, 5.41 and 5.42 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 Limited 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 release 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).

Contingent Resources are those quantities of petroleum estimated, as at 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 estimates that have a respectively 90% (P90), 50% (P50) and 10% (P10) probability that the quantities actually recovered will be exceeded.