

26 June 2020

ROMANIA WELL FLOW TEST OPERATIONS UPDATE 2

“Production equipment being run in to the Iecea Mica -1 well in preparation for flow testing”

Key Points:

- ◆ **Workover Rig** has been mobilised and rigged up according to schedule.
- ◆ **Production Equipment** is being run into the well with perforation equipment required to initiate well production and flow testing.
- ◆ **Flow Testing** is expected to commence next week.
- ◆ **Further Operations Updates** to be provided following the commencement of flow testing.

ADX Energy Ltd (ASX Code: **ADX**), is pleased to advise that work over rig mobilisation and set up has been completed at the Iecea Mica-1 (IMIC-1) well site at Iecea Mare Production License onshore Romania. The production equipment required to flow test the well is currently being run into the well together with perforation equipment required to initiate flow from the well. Well flow will be initiated utilising underbalanced perforation to maximise inflow and clean up with a view to maximising well productivity.



Preparation of perforation equipment prior to running into IMIC-1 well

ADX Energy Ltd (ASX:ADX)

ASX RELEASE



Running production string into IMIC-1 well prior to flow testing

Production testing will commence following the running of the production string and perforation of the well.

ADX will provide further updates following the commencement of flow testing.

Background Regarding IMIC -1 Drilling Results and Testing Objectives

(Refer to ADX Release dated 9/9/2019 and note that ADX is not aware of any information or data that materially effects the original estimates)

The IMIC -1 well encountered gas across three zones with a combined total arithmetic sum for the three zones of 20 BCF 2C contingent resources estimated (refer to table below). The well was suspended for future completion as a producer following testing. Testing has been deferred until down hole well production equipment was manufactured and then further delayed due to border closures caused by the Covid-19 pandemic which have prevented testing operations until now.

Testing will concentrate on the PA IV sand (Pliocene age) which is a proven reservoir and has the greatest upside reserves potential of the 3 hydrocarbon bearing reservoir intervals intersected in the IMIC-1 well (refer to table below). This reservoir unit has a large stratigraphic upside potential which will be further quantified in the near future with the planned high resolution 2D seismic program scheduled for the third quarter of 2020.

The testing program has been designed to determine the production capacity of the well through multiple flow rate measurements and pressure build up response measurements. Produced gas will be sampled to determine the suitability of the IMIC-1 gas composition for commercial sales. The expectation based on mudlog data and nearby analogues is that a dry gas will be produced which will require minimal processing prior to market delivery.

Following the completion of the production testing program the well will be shut in awaiting commercial production at a future time.

IMIC-1 Contingent Recoverable Resources Estimates ^(Note 1)					
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

(Refer ADX Release dated 9/9/2019 and note that ADX is not aware of any information or data that materially effects the original estimates)

Note 1: 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.

Gas Commercialisation Studies

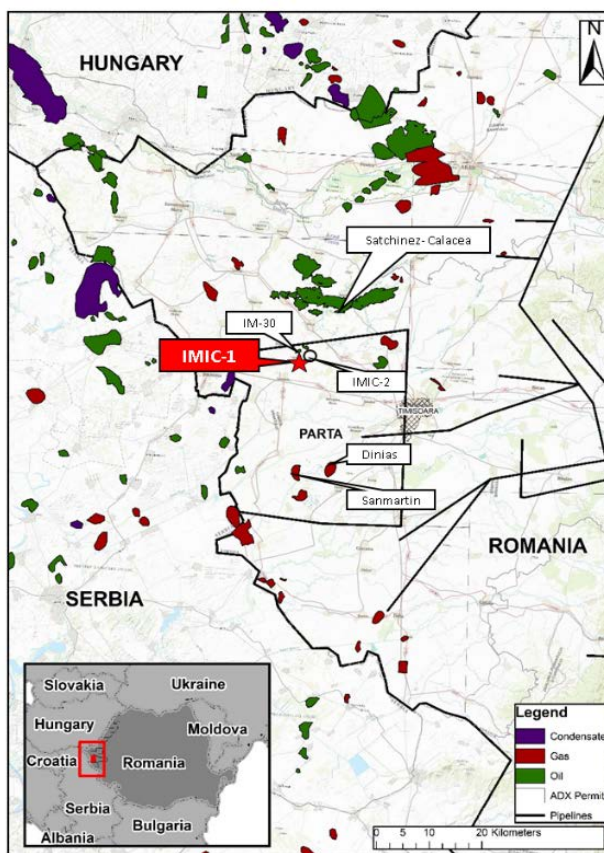
Engineering studies are ongoing to determine the potential viability of two development options including the delivery of sales gas to the grid at the nearby Satchinez-Calacea Gas Plant or alternately the conversion of produced gas to power and the connection to a high voltage power line located approximately 2km from the IMIC-1 location. The production test results will provide important information required for the finalisation of feasibility studies.



The Satchinez- Calacea oil & gas plant 12 Kms from IMIC-1 Well

Gas Resource Assessment

The resource potential of the three gas reservoirs intersected at IMIC -1 will be further assessed utilising high resolution 2D seismic that will be acquired across IMIC-1 and potential IMIC-2 accumulations. The appraisal seismic is expected to better define the extent of gas zones where ADX has interpreted substantial stratigraphic resource upside (refer to ASX announcement on 9 September 2019). The appraisal seismic will be acquired in conjunction with the planned 3D seismic program during the 3rd quarter of 2020 in close proximity to the IMIC -1 and the IMIC-2 wells.



Location Map showing IMIC-1 location and the surrounding Parta exploration license

Asset Ownership Structure

ADX holds a 49% shareholding in Danube Petroleum Limited (Danube). The remaining shareholding in Danube is held by Reabold Resources PLC. Danube via its Romanian subsidiary, ADX Energy Panonia srl, holds:

- a 100% interest in the Parta Exploration license in Romania (including a 100% interest in the Parta Sole Risk Area). Upon completion of a farmin by Tamaska Oil & Gas Limited’s subsidiary Parta Energy, Danube will hold a 50% interest in the Parta Exploration License; and
- a 100% interest in the Iacea Mare Production license in Romania (which hosts the IMIC-1 well and future IMIC-2 well).

For further details please contact:

Paul Fink
Chief Executive Officer
+61 (08) 9381 4266
paul.fink@adx-energy.com

Ian Tchacos
Executive Chairman
+61 (08) 9381 4266
ian.tchacos@adxenergy.com.au

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

Disclaimer

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Persons 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 Limited. 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).