

2 October 2014

## Romania – Exploration Update

ADX Energy Ltd (**ASX: ADX**) is pleased to provide this update on seismic operations and the geotechnical assessment of the Parta permit in Western Romania. ADX holds a 50% interest in the license and is the operator of the Parta permit.

### ***Currently Identified Prospectivity***

As reported earlier ADX has completed 90km 2D seismic within the Parta block and intends to acquire a further 110km following the finalisation of landowner access agreements. ADX and its partner also intends to acquire an additional 200km<sup>2</sup> of 3D seismic to delineate further exploration prospects.

Based on 2D seismic data acquired to date and recent mapping work ADX has identified three exploration prospects. These prospects are deemed to be drill-ready based on the technical de-risking provided by seismic which has increased the chance of success and the attractive economics which would underpin a discovery.

Well economics are supported by relatively shallow target depths (800 to 2,000 meters), low drilling costs (< 2 MMUSD per well), availability of infrastructure, attractive fiscal terms and the proximity to European markets which would result in relatively modest discoveries delivering excellent returns on investment. As more modern 2D and 3D seismic data becomes available further prospects are likely to emerge.

### ***Farm out Discussions and Acceleration of Drilling***

While it was ADX's original intention to drill wells following the acquisition of additional seismic, given the existence of attractive drilling targets ADX and its partner now plan to fast track the drilling of at least two drillable prospects. ADX has commenced discussions with potential farminees which are active in the region with a view to commencing drilling in the second quarter of 2015.

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The prospective resources for the top three prospects have been estimated by ADX as follows;

**Prospective Resources<sup>4</sup> for the 3 top drilling candidates**

<b>Gross<sup>1</sup> Prospective Resources</b>		<b>LOW</b>	<b>BEST</b>	<b>HIGH</b>
GAS	[bcf]	10.3	38.5	83.0
Oil	[mmbbls]	2.4	8.1	16.8
<b>TOTAL in Mmboe<sup>3</sup></b>		<b>4.1</b>	<b>15.0</b>	<b>31.6</b>

<b>Net<sup>2</sup> to ADX Prospective Resources</b>		<b>LOW</b>	<b>BEST</b>	<b>HIGH</b>
GAS	[bcf]	5.2	19.6	41.5
OIL	[mmbbls]	1.2	4.1	8.4
<b>TOTAL in Mmboe<sup>3</sup></b>		<b>2.1</b>	<b>7.6</b>	<b>15.8</b>

<sup>1</sup>**Gross:** Prospective (recoverable) Resources attributable to 100% joint venture interest

<sup>2</sup>**Net:** Prospective (recoverable) Resources attributable to the ADX operated 50% joint venture interest

<sup>3</sup>**MMboe:** Million barrels of oil equivalent. Conversion factor: 1bcf of gas is 0.178 MMboe

<sup>4</sup>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.

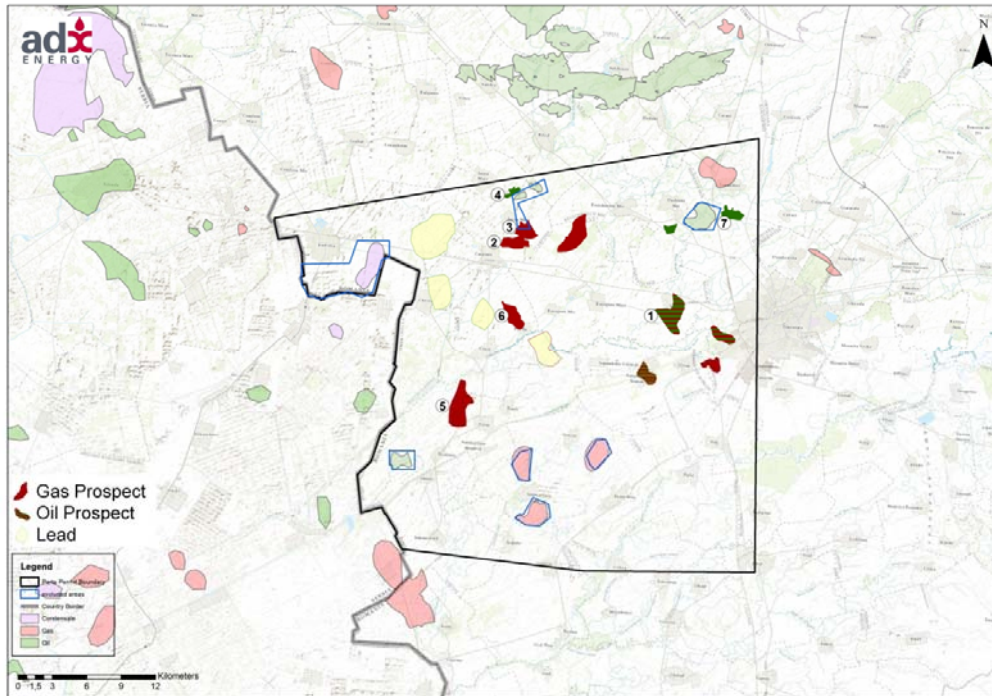
***Further Seismic Acquisition and Permitting***

In parallel with preparation for drilling early next year ADX is continuing work on finalizing land access arrangements for further 2D and 3D seismic acquisition which will enable ADX to mature existing leads to prospect status for a further round of drilling potentially in late 2015.

ADX will provide further progress updates on farmouts, preparation for drilling operations and further seismic operations as they occur.

**Background Information regarding the Parta Permit**

The map below shows the location of selected prospects within the Parta permit, together with already discovered oil & gas fields in the area.

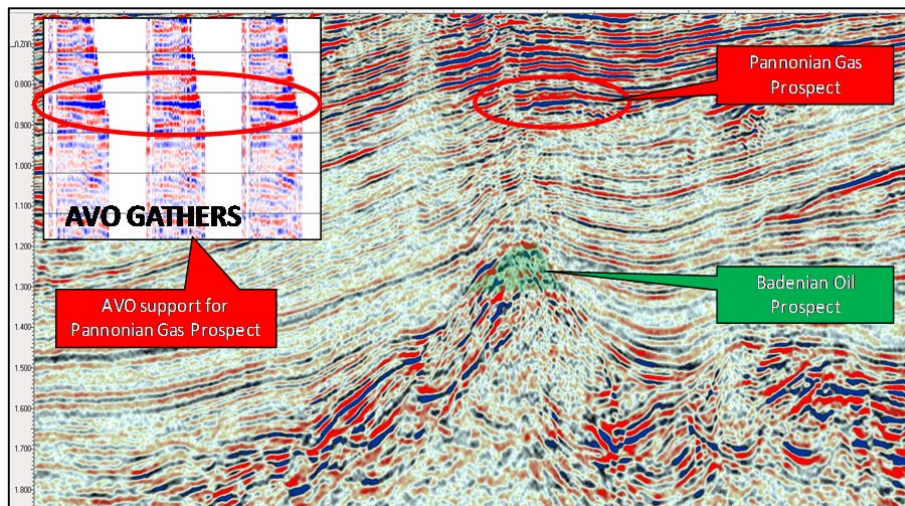


**Parta license map with location of selected leads and prospects of the ADX prospect inventory**

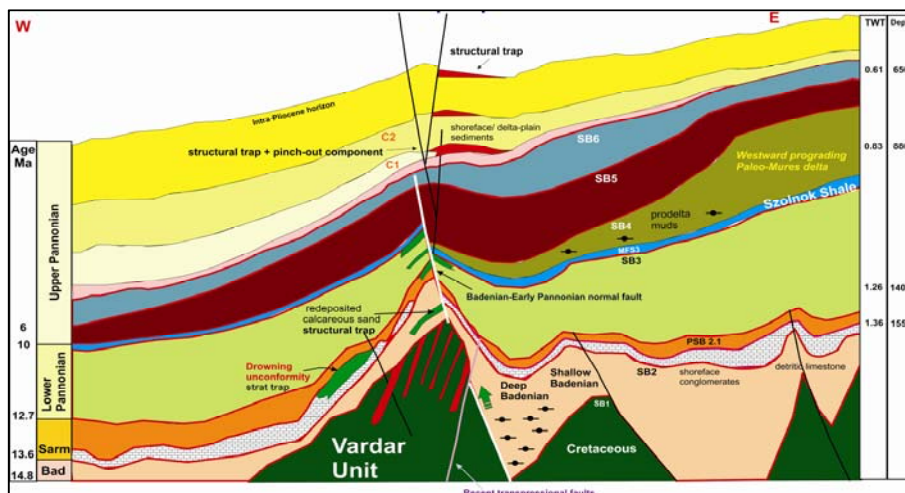
Some of the prospects such as “2”, “3”, “4” and “7” as per above map are adjacent to existing fields and have an appraisal rather than pure exploration character. In case of a discovery a fast and highly economic development is therefore possible.

Other prospects such as “1” are exploration prospects and have several gas and oil targets. Existing wells in the Parta permit did find good reservoir at the prospective and proven (producing) oil fairway level and hence the reservoir risk is mitigated.

A newly acquired seismic line and a schematic cross section for prospect "1" are shown below.



New seismic section (ADX acquired) across prospect "1" showing the gas and oil targets



Geological section across prospect "1" showing a number of possible additional targets

### ***Methodology of Resource Estimation***

- In line with the guidelines of the 2007 Petroleum Resource Management System (PRMS) the resources have been assessed by the volumetric method using probabilistic (Monte Carlo) methods, thereby systematically capturing a range of uncertainties related to each key input resource calculation parameter such as reservoir properties, hydrocarbon saturation, recovery factor and area extent of the prospective hydrocarbon accumulation.
  
- The resource calculation parameters to assess the prospective resources were based on the analysis of the following data:
  - i. Newly acquired 2D and 3D seismic data
  - ii. Reprocessed and vintage (previously acquired) seismic data
  - iii. Petrophysical analysis of nearby control well data
  - iv. Review of recovery factors and fluid types of nearby analogous producing oil and gas reservoirs or discoveries

### ***Qualified Resource Evaluator Statement***

The information in this report and the prospective resources and related supporting documentation and data have been reviewed by Mr. Paul Fink who is a petroleum consultant and serves on the board of ADX as Non-Executive director. He holds an MSc from the Mining University of Leoben, is a chartered Engineer, a member of Fidic (International Federation of Consulting Engineers) and a member of EAGE (European Association of Geoscientists and Engineers) and is qualified in accordance with ASX listing rule 5.41.

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