



ADX Energy Ltd

ABN 50 009 058 646

**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
30 JUNE 2021**

Directors

Ian Tchacos (Executive Chairman)
Paul Fink (Executive Director)
Andrew Childs (Non-Executive Director)
Edouard Etienvre (Non-Executive Director)

Company Secretaries

Amanda Sparks
Peter Ironside

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Solicitors

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Perth Western Australia 6000

Bankers

Commonwealth Bank of Australia
1254 Hay Street
West Perth Western Australia 6005

Stock Exchange Listing

Australian Stock Exchange - ASX Code: ADX
152-158 St Georges Terrace
Perth, Western Australia 6000

Auditors

Rothsay Auditing
Level 1, Lincoln Building
4 Ventnor Avenue
West Perth, Western Australia 6005

ADX ENERGY LTD

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 30 June 2021.

DIRECTORS

The names of Directors of the Company during or since the half-year and up to the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Name	Position
Mr Ian Tchacos	Executive Chairman
Mr Paul Fink	CEO and Executive Director
Mr Andrew Childs	Non-Executive Director
Mr Edouard Etienvre	Non-Executive Director

REVIEW AND RESULTS OF OPERATIONS

Summary of Financial Performance

A summary of key financial indicators for the Group, with prior period half-year comparison, is set out in the following table:

	Consolidated 6 Months to 30 June 2021 \$	Consolidated 6 Months to 30 June 2020 \$
Net profit/(loss) for the half-year after tax attribute to members of the Parent Entity	(1,881,877)	(2,221,102)
Included in loss for the half-year:		
Operating revenue	4,493,776	3,699,011
Cost of sales – operating costs	(2,511,344)	(2,952,325)
Cost of sales – depreciation/amortisation	(1,418,927)	(1,475,904)
Exploration expensed	(1,170,024)	(733,067)
Basic profit/(loss) per share (cents) from continuing operations	(0.08) cents	(0.13) cents
Net cash (used in) operating activities	(1,327,536)	(212,699)
Net cash from/(used in) investing activities	(515,839)	(1,564,298)
Net cash from/(used in) financing activities	3,731,080	(55,942)

During the six month period:

- Exploration expenditure was \$1,170,024. This was expenditure primarily in Austria.
- Production from ADX's Zistersdorf and Gaiselberg Fields in Austria was as follows:

	6 Months to 30 June 2021	6 Months to 30 June 2020
Crude Oil Sold (Barrels)	50,883	48,061
Gas Sold (M ³)	740,948	1,053,021
Total Oil Equivalent (BOE)	55,396	54,473
Average Production Rate (BOEPD)	306	298

Operations Review

Activities Overview

During the half year ended 30 June 2021, ADX has expanded its activities in Austria with the addition of highly prospective drill ready exploration licenses in Upper Austria and the initiation the Vienna Basin hydrogen production and storage project. Revenues from ADX' production operations in Austria have increased substantially having benefited from increased production rates and substantially improved oil pricing conditions due to the gradual emergence from the COVID-19 pandemic. During the reporting period ADX also collaborated with Siemens Energy (Siemens) and RED drilling and service GMBH (Red) which resulted in a Letter of Intent executed after the reporting period and relating to a pilot project to evaluate a potentially transformational geothermal to power technology.

The rapid development of ADX' asset position in Austria has enabled the Company to pursue its strategic ambition of becoming a leading European energy producer as well as a provider of long-term energy solutions for a low carbon society. ADX is producing safe, low greenhouse gas emission energy now to the highest environmental standards at its Gaiselberg and Zistersdorf fields in the Vienna Basin. The Vienna Basin fields, together with low risk exploration, are expected to provide the cash flow to expand the Company's hydrocarbon and green energy production opportunities. The Vienna basin hydrogen production and storage project at Gaiselberg and Zistersdorf is an excellent example of how ADX can redeploy our assets, people and skills for transition to long term low carbon energy production and carbon abatement.

Strategic Focus

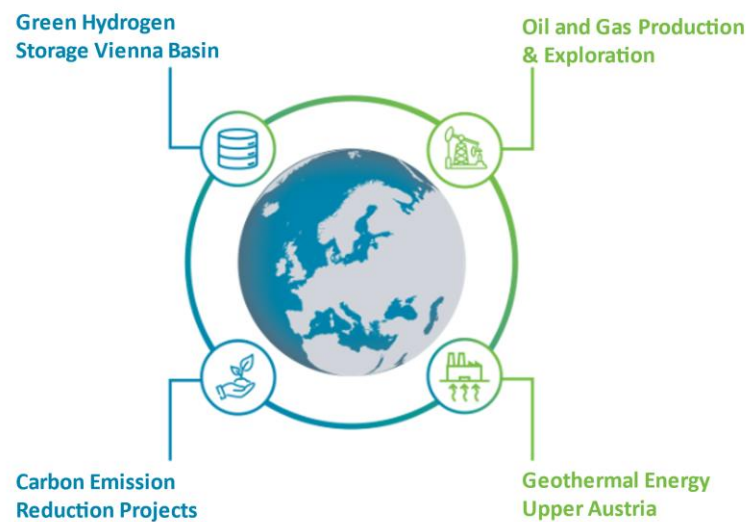


Figure 1: ADX strategic focus for oil and gas as well as green energy projects

The planned geothermal pilot project with Siemens and RED is another renewable energy solution which is highly compatible with ADX assets and skills. If the pilot project is successful, the power generation technology could be applied on a large scale to ADX' operated Austrian licenses as well as other central European countries where ADX has identified geothermal to power generation opportunities.

The Company is very well positioned to expand its oil and gas business in the short term and build a green energy asset base for exceptional growth in the longer term thereby enhancing the value of both asset classes. ADX believes this mix energy production and the provision of solutions for a low carbon society will enhance value for shareholders and the communities in which we operate.

The development of our ADX asset base in Austria has been enabled by the establishment of a local operational and technical hub in Vienna. Our management team has been well placed to oversee production operations and exploration activities in Austria as well as our green project initiatives in Austria. Of critical importance are the long-term relationships with contractors, regulatory authorities and the ongoing collaborative relationship with RAG Exploration & Production GmbH (RAG E&P); the seller of the Gaiselberg and Zistersdorf fields.

Austria provides a unique opportunity for ADX to expand its oil and gas activities as well as redeploy its assets and people for renewable energy projects. The ability to transition to a low carbon economy is made possible in Austria due to the excellent availability of extensive oil and gas as well as renewable energy infrastructure in close proximity oil and gas reservoirs which could be used for low carbon technologies such as hydrogen storage, geothermal power generation and carbon storage.

Austria's excellent physical attributes are complimented by government policy that recognises the need for hydrocarbons in the immediate future as well as requirement for stable renewable energy available in the longer term. To enable this transition there is extensive financial support in the form of subsidies and low-cost loans.

Austrian Hydrocarbon and Renewable Energy Projects

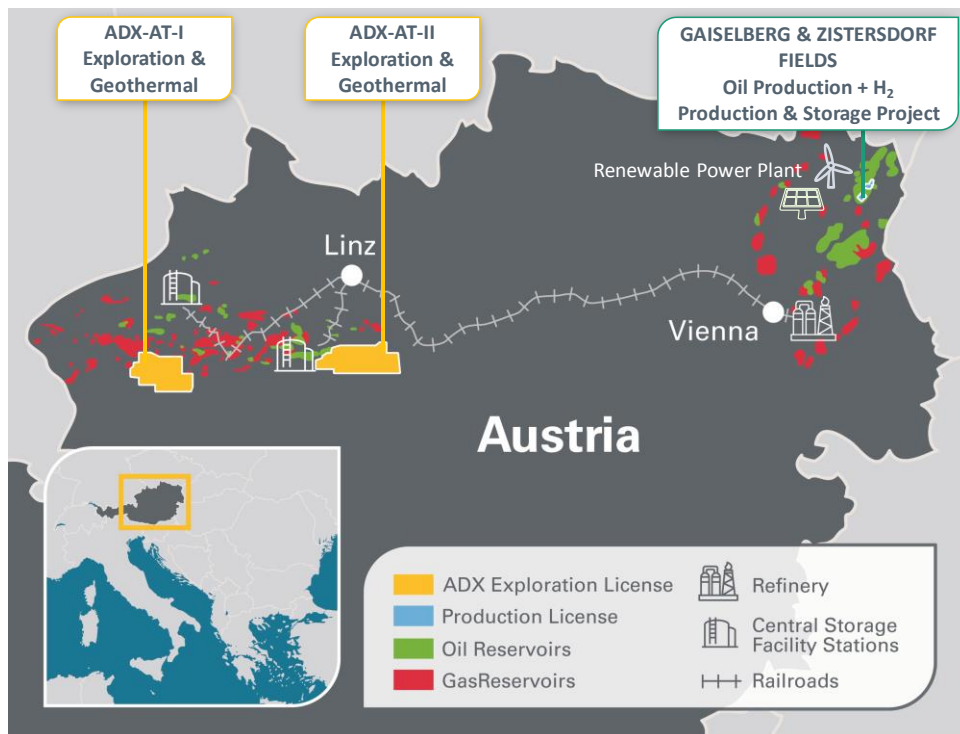


Figure 2: Map showing ADX oil and gas as well as renewable energy projects in the feasibility phase

During the half year period, production at the Gaiselberg and Zistersdorf fields averaged approximately 306 barrels of oil equivalent per day ("BOEPD") compared to 271 BOEPD for the six months to December 2020, an increase of 13%. Over the reporting period Brent Crude – the crude oil benchmark upon which Gaiselberg and Zistersdorf crude oil production is sold averaged USD 64.86 per barrel compared USD 43.61 per barrel, an increase of 49%. The production and pricing trends for oil have resulted in a substantial increase in revenues from production operations which are being redeployed in expanding the Austrian business.

ADX ENERGY LTD

DIRECTORS' REPORT

In January 2021 ADX signed Concession agreements for exploration, production and gas storage in Upper Austria (Upper Austria AGS) with the Federal Ministry responsible for Mining (BMLRT) on behalf of the Republic of Austria. Finalisation of the Upper Austria AGS followed a comprehensive federal approval process which included the Finance Ministry. The award of the Upper Austria exploration licenses (ADX-I and ADX-II shown in Figure 2) demonstrates Austria's continued commitment to domestic energy sector investment. Austria's energy policy is premised on a preference for oil and gas produced in country where strict greenhouse gas emissions and environmental standards can be guaranteed. The Upper Austria AGS has provided a highly prospective drill ready exploration and appraisal acreage position proximal to infrastructure in a highly productive basin where historically an exploration success rate of 48% has been achieved. Drilling can commence within a short time and hydrocarbons can be developed quickly, cost effectively and with a high degree of commercial certainty.

In addition to oil and gas production, as well as exploration activities, ADX initiated its first renewable energy project at the Gaiselberg and Zistersdorf fields in the Vienna basin. On 21 January 2021 ADX reported a Co-operation Agreement with highly reputed and experienced hydrogen experts Horváth & Partners (Horvath) to evaluate the deployment of reservoirs at the Gaiselberg and Zistersdorf producing fields in the Vienna Basin (ADX Fields) for green hydrogen (H₂) storage. During the reporting period ADX and Horvath have progressed the business case for green hydrogen storage in the Vienna basin and are in discussions with renewable energy producers with a view to a strategic partnership to commence a pilot project which can be expanded to a larger scale development.

Shortly after the end of the reporting period ADX announced a Letter of Intent with Siemens and RED to build and operate a well test site (Pilot Project) in Austria to evaluate geothermal to power technology. ADX is the responsible party for all licensing and subsurface execution aspects of the project, including engineering, geological analysis, operational planning and implementation. ADX will need to obtain all necessary regulatory permits and has had positive initial discussions with the relevant mining authorities in Austria during the reporting period.

Activities in Romania have focussed on detailed review of the IMIC -1 well up dip potential as well as other side track, infill drilling and exploration opportunities within the Iecea Mare production license located and the Parta exploration license using a reprocessed 3D seismic dataset. ADX also secured an 18-month work program extension the Ex-10 Parta Exploration License to conduct the current exploration phase.

No further activities have been undertaken in Italy on the Nilde Oil Redevelopment Project due to a country wide government moratorium on exploration activities.

During the next half year ADX will focus on the following activities:

- An independent reserves review of the Gaiselberg and Zistersdorf fields using the results of a recently developed reservoir simulation modelling;
- The implementation of a workover program to enhance production at Gaiselberg and Zistersdorf fields;
- Commencement of exploration operations in the Upper Austria AGS license with the planned drilling of the Anshof - 1 well;
- Expansion of ADX' exploration license footprint in Upper Austria;
- Partnership formation to progress the Vienna Basin Hydrogen Generation and Storage Project; and
- Progress the geothermal pilot project with Siemens.

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DIRECTORS' REPORT

Asset Activities Summary

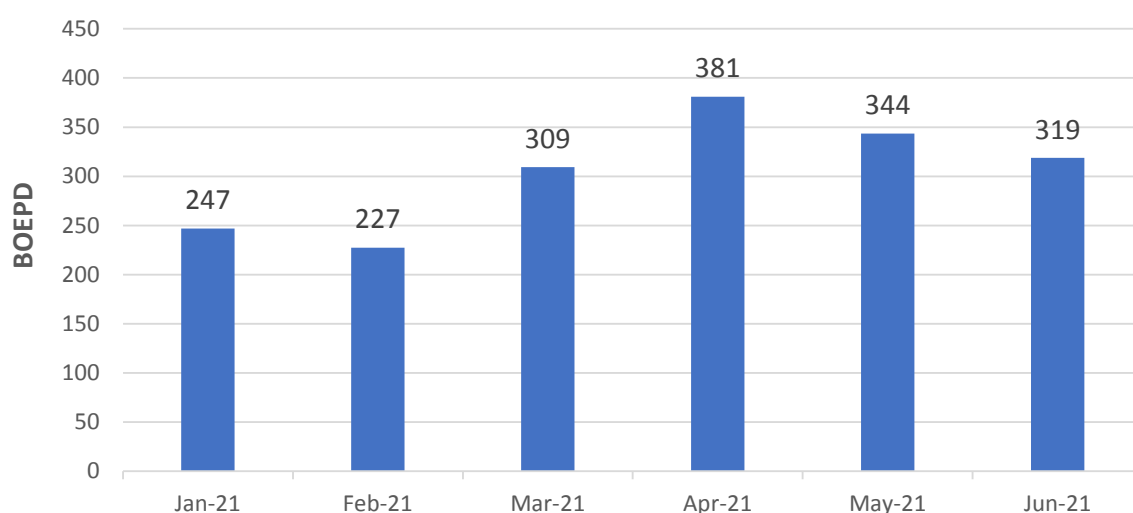
Gaiselberg and Zistersdorf Production Assets, Vienna Basin - Onshore Austria

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

Field production rate during the half year averaged approximately 306 BOEPD, increasing from an average rate in January 2021 of 247 BOEPD to 319 BOEPD in June. The rate increase was the result of well restoration work to fix pump failures from a flooding event in Q4 2020 and the perforation of a producing well to access a previously not produced oil zone (behind pipe reserves).

Average monthly production

(barrels of oil equivalent)



Gaiselberg and Zistersdorf fields daily production rate

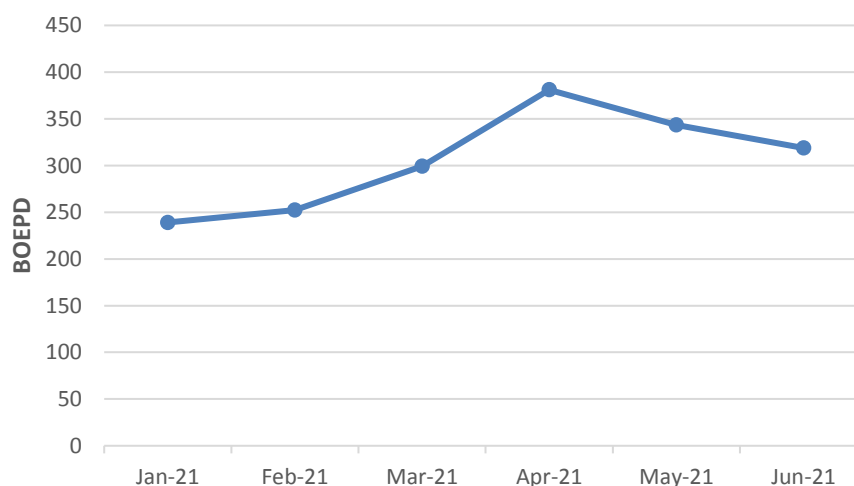


Figure 3: Gaiselberg and Zistersdorf fields average daily oil equivalent production rate

Sales revenues during the six month period totalled \$ 3,396,891 (net of hedging losses) increasing from \$ 369,933 in January 2021 to \$ 713,922 per month in May as a result of improved production and Brent crude oil price recovery. The monthly average sales revenues during the period was approximately \$ 566,148 per month.

ADX has been able to achieve increasing levels of production over the past 12 months due to lowdown time and better than expected field performance. Field operating margins have increased in line with increased sales revenues due to the recovery in oil pricing following the COVID-19 pandemic in 2020.

ADX renewed its hedging positions during the reporting period with increasing oil price. ADX now has approximately 200 barrels per day of hedged production consisting of two fixed price swap contracts resulting in an average hedged Brent price of USD 68.87 per barrel compared to the previous average hedged oil price position of USD 43.05 per barrel consisting of two previous contemporaneous hedge contracts. The level of crude oil production now hedged compares to the current field oil equivalent field production of 320 barrels per day resulting in approximately one third of production remaining unhedged.

During the reporting period ADX completed an internal field reserves review incorporating both historical and ongoing production data, a reprocessed 3D data seismic dataset and the extensive field well data base. The abovementioned field dataset has been incorporated into a 3D geological model for the field and a history matched reservoir simulation model. The reservoir simulation model has been used to forecast future production and reserves estimates.

ADX intends to commission a Competent Persons Report (CPR) for the fields based on a 30 June 2021 calculation date. The simulation model will also be used to assist in optimisation of field production including further well operations to access behind pipe reserves from existing wells which may enhance field production rates at a relatively low cost.

Vienna Basin Hydrogen Production and Storage Project

On 20 January 2021 ADX announced a cooperation agreement with Horváth & Partners (Horváth) with the objective to support building a viable hydrogen (H₂) business establishing ADX as a provider of large-scale green hydrogen production and underground storage. ADX is well positioned to potentially utilise already identified depleted reservoirs at its Gaiselberg and Zistersdorf fields in the Vienna basin (ADX Fields) for hydrogen storage.

The ADX Fields are very suitable for green hydrogen storage due to their close proximity to Austria's largest renewable electricity sources that can be used for electrolysis to produce green hydrogen, the availability of high-quality reservoirs at suitable depth which have proven their safe storage properties for millions of years as gas reservoirs, as well as excellent gas export infrastructure directly connected to the ADX Fields that can be used to bring green hydrogen to market.

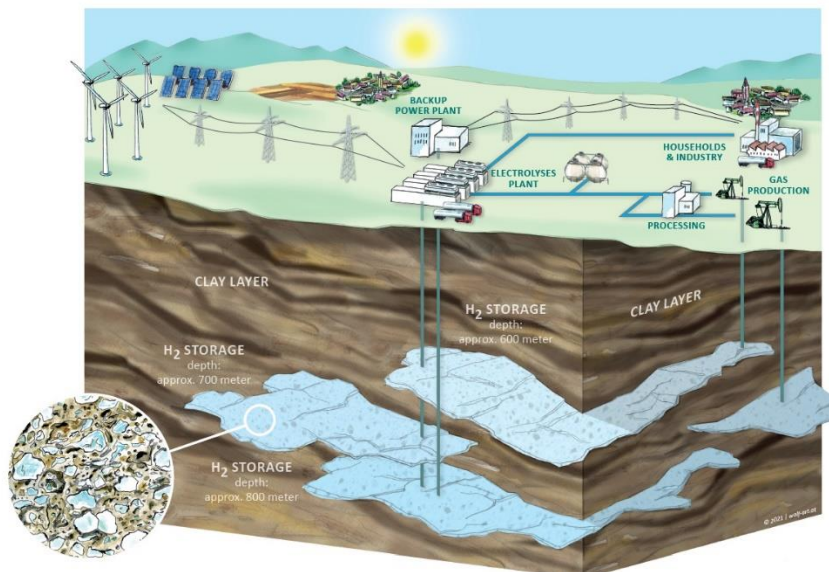


Figure 4: Schematic showing the potential use of available green power from wind parks which are proximal to Gaiselberg and Zistersdorf fields to generate and store hydrogen

A number of Pannonian age high quality reservoirs have been identified which have historically contained methane. The reservoirs are ideally suited for the safe storage of green hydrogen. It is estimated that a single reservoir could hold on average around 60 GWh of energy in the form of hydrogen. This is the energy equivalent of powering approximately 20,000 households in Austria for an entire year. The business case for underground energy storage is enhanced by the ever-increasing capacity of intermittent wind and solar energy.

In Austria alone a six-fold increase from currently 3.8 GW in wind and solar energy is necessary to meet the minimum European Union (EU) renewable energy targets by 2030. The largest wind and solar power generation capacity in Austria, Slovakia and Czech Republic is located close to the ADX Fields.

ADX is planning to commence a pilot project using a 1 MW electrolyser to produce, store and on-sell green hydrogen in the local gas network which can accommodate up to a 10% hydrogen concentration. Legislation is already in place for 10% H₂ blending in the extensive European gas grid.

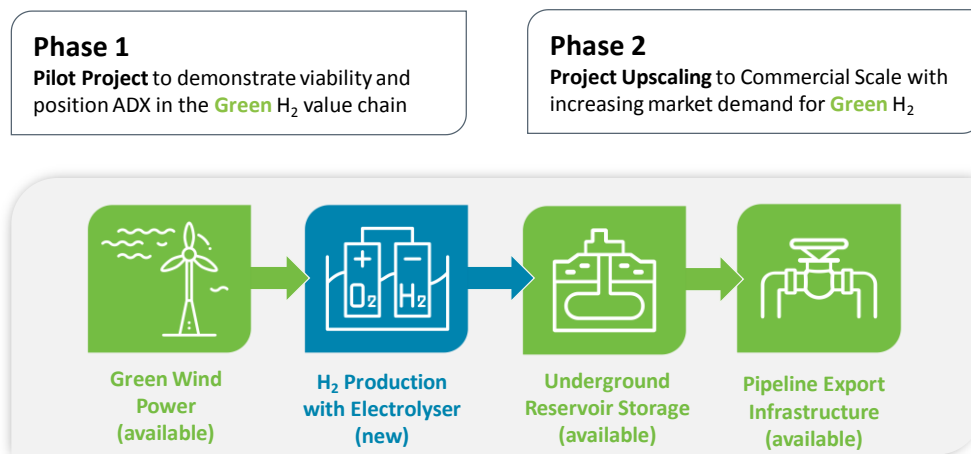


Figure 5: Schematic showing the project structure for Vienna Basin hydrogen production and storage project

ADX has developed the business case for the Vienna Basin green hydrogen production and storage project and initiated discussions with renewable energy producers with a view to forming a strategic partnership to commence a pilot project during 2022. Discussions with renewable energy producers which can provide a source green power to progress the pilot project have been very positive. It is intended that following the development of the pilot project which establishes ADX in the green hydrogen value chain, ADX and its partner will then upscale the project to a 30 MW capacity in line with expected increases in the local demand hydrogen in the mid 2020's.

Upper Austria AGS Exploration Licenses, Molasse Basin – Onshore Austria

ADX is operator and holds a 100% interest in the production licenses

ADX signed concession agreements for exploration, production and gas storage in Upper Austria (Upper Austria AGS) on the 8th of January 2021 with the BMLRT on behalf of the Republic of Austria. In addition to the Upper Austria AGS, ADX finalised an infrastructure access agreement with RAG E&P which enables access to nearby RAG E&P owned oil and gas infrastructure at attractive tariffs.

Due to ADX access to a high-quality 3D seismic and well data in Upper Austria with a replacement value of EUR 90 million resulting from a data trade agreement with RAG executed in July 2019, ADX has been able to high grade an area of 450 km² (AGS area) that includes 10 “drill ready” exploration prospects and 5 appraisal drilling opportunities.

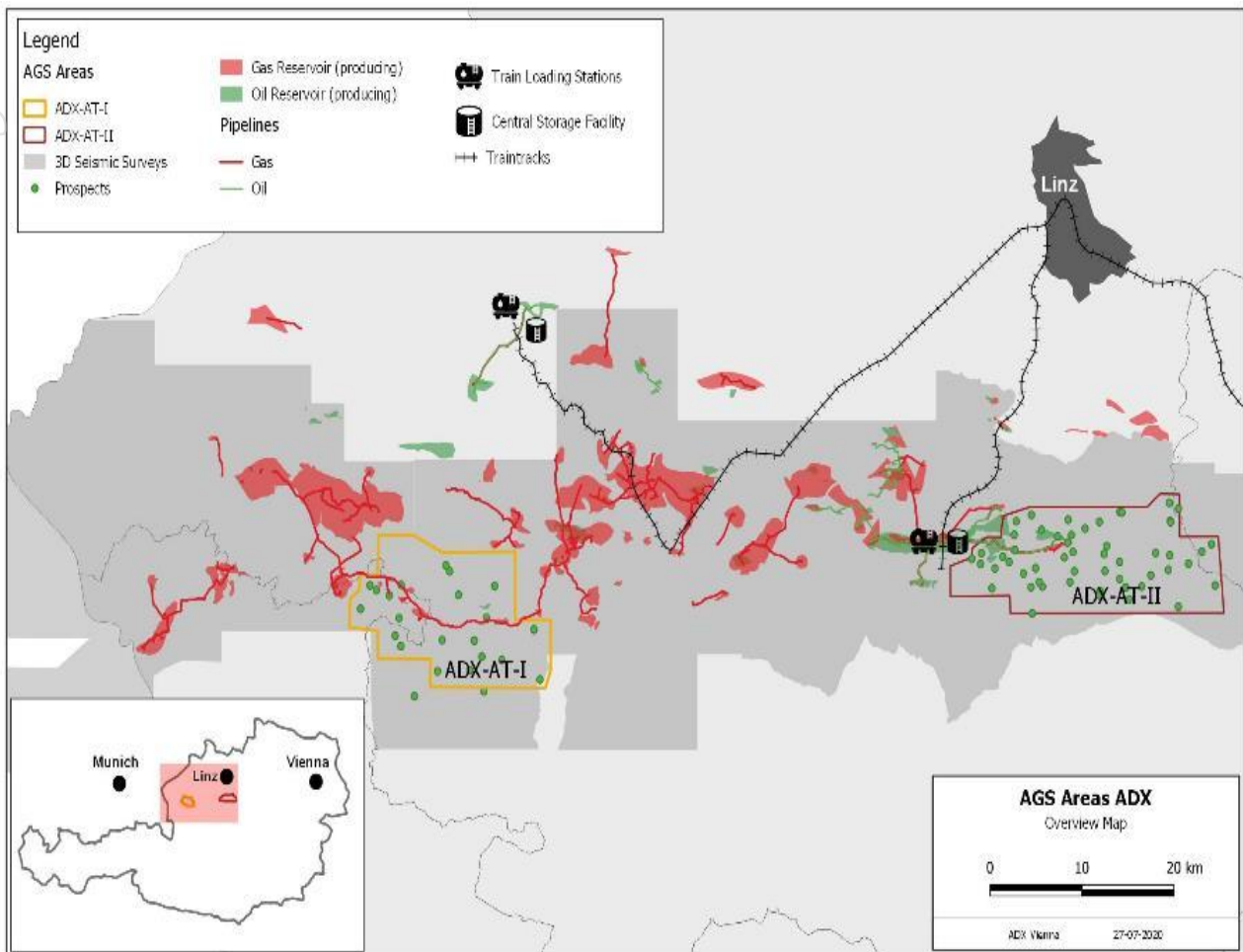


Figure 6: Map showing ADX Upper Austria AGS licenses (ADX-AT-I & ADX-AT-II) proximal to the RAG oil and gas production area of the Molasse Basin East of Munich

The prospect portfolio summarised in figure 7 includes multiple play types with outstanding resource upside potential and infrastructure access agreements, which enable fast developments on attractive terms. Several prospects have a geothermal play option, providing further upside potential and increasing probability of commercial success.

On the 30th March 2021 ADX announced an upgraded technical assessment for 10 “drill ready” exploration prospects within the ADX-AT-I and ADX-AT-II licences to 58 million barrels of oil equivalent (MMBOE) combined best technical case prospective resources. ^{Note 2}

Activities during the reporting period have been focused on prospect maturation and peer reviews, preparation of a data base for farmout discussions and more recently preparation for drilling the Anshof prospect targeting 6.6 million barrels (MMBBL) of best technical recoverable resources (crude oil) “ASX Reporting Date 30/3/2021”.

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DIRECTORS' REPORT

PROSPECT NAME	fluid	Map Name	Best Technical Recoverable [mmboe]	well TD [m TVD]	Exploration Well Cost [MM Euro]
Σ HIGH IMPACT EXPLORATION					
OHO	gas (oil)	OHO	20,4	4 365	6,6
ZELL AM MOOS	gas (oil)	ZAM	14,6	5 400	7,3
Σ TREND EXPLORATION					
LICHTENBERG	gas	LIC	2,7	3 010	3,6
IRRS DORF	gas	IRR	3,0	2 950	2,9
TERNBERG	oil	TER	3,2	2 890	5,0
WOLFSGRUB	oil	WOL	2,2	3 150	5,1
PERGERN	oil	PER	2,5	1 790	2,2
ANSHOF	oil	ANS	6,6	2 250	1,8
ARD (LP gas only)	gas	ARD-BR	2,2	2 700	2,1
SIERNING IMB	gas	SIE	1,0	1 100	1,4
Σ APPRAISAL / SIDE TRACK					
STEYR 3 (APPR)	gas	STE	0,5	1 270	1,5
BAD HALL - LIND (appr.)	oil	LIN	0,8	2 150	1,8
BAD HALL - STEIN (appr.)	oil	SGB	0,8	2 200	1,8
BRUNN (sidetrack)	gas	ARD-BR	0,8	2 100	1,2
KLE 1A (Sidetrack)	oil	KLE	0,6	2 260	1,3
TOTAL EXPLORATION [mmboe]			58		
TOTAL [mmboe]			62		

Figure 7: Shows a summary of the current prospect portfolio including the two preferred prospects Anshof and OHO highlighted in red (ASX Reporting Date 30/3/2021)

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 explorations appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Note 2:

The prospective resource estimates in this release are classified and reported in accordance with the PRMS – SPE Guidelines for the exploration licenses ADX-AT-I and ADX-AT-II, in the Molasse Basin, Austria. Refer to the end of this release for an explanation of prospective resource classifications used and the Basis on which the prospective resources were estimated. 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 explorations appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Anshof -1 Prospect Summary

Anshof (ANS) is a well defined Eocene – Cenomanian prospect located updip from existing oil production from adjacent fields. ADX' team has developed a structural model based on new 3D seismic constraining the nearby producing Voitsdorf, Bad Hall and Pfarrkirchen oil fields which has resulted in identification of a number of on trend prospects and appraisal opportunities. Success at ANS-1 would validate the structural model and de-risk multiple follow up prospects. ANS has a best technical case prospective resource potential of 6.6 MMBOE with significant upside potential in the primary Eocene sandstone reservoir objective at a drill depth of only 2,250m. The estimated well cost including deeper Cenomanian secondary target is EUR 1.8 million. The economic potential for this prospect is substantial given the high chance of success and relatively low well cost.

ADX ENERGY LTD

DIRECTORS' REPORT

Oberholz-2 Prospect (OHO)

OHO is a high impact, Jurassic play opening prospect with a large best technical case prospective resource of 20 MMBOE oil and gas potential. The Jurassic "Hoeflein" gas condensate field further east (approx. 80 MMBOE 2P reserves) serves as an analogy. The prospect is mapped on 3D seismic with nearby well control. The target depth is 4,365m MD and the dry hole cost is estimated at EUR 6.6 million. Drilling approvals and a ready to use well site are available. Given the large resource potential with potentially highly productive reservoirs in an onshore setting proximal to infrastructure the key economic indicators for an oil or gas case are very strong.

Success at OHO would open up a trend with large resources potential where ADX already has identified and mapped several follow-up locations. The well site for OHO is already available.

A summary of the key license attributes are summarised as follows:

- Extensive portfolio of low-risk plays and high historical exploration success;
- Significant growth potential through "underexplored" but already proven play types;
- Multiple "drill ready" prospects in concessions held 100% by ADX;
- 58 MMBOE best technical prospective resources (for 10 exploration prospects) as well as 5 appraisal opportunities;
- Concessions fully covered by modern 3D seismic, depth processed;
- Rapid monetisation through existing field infrastructure with access agreements;
- Stable EU regulatory framework;
- 16-year exploration term without relinquishment; and
- Attractive fiscal terms and hydrocarbon pricing (Brent equivalent and Central European Gas).

Geothermal Pilot Project located in Austria

ADX to operate in cooperation with Siemens Energy and RED Drilling

During the period ending 30 June 2021 ADX entered discussions Siemens and RED to build and operate a well test site (Pilot Project) in Austria to evaluate a new, highly efficient geothermal to power technology. On the 15th of July 2021 ADX announced that it had entered into a Letter of Intent (LOI) with Siemens and RED to commence further work on securing a suitable test site.

Under the terms of the LOI ADX is the responsible party for all licensing and subsurface execution aspects of the project, including engineering, geological analysis, operational planning and implementation. ADX will need to obtain all necessary regulatory permits and has had positive initial discussions with the relevant mining authorities in Austria.

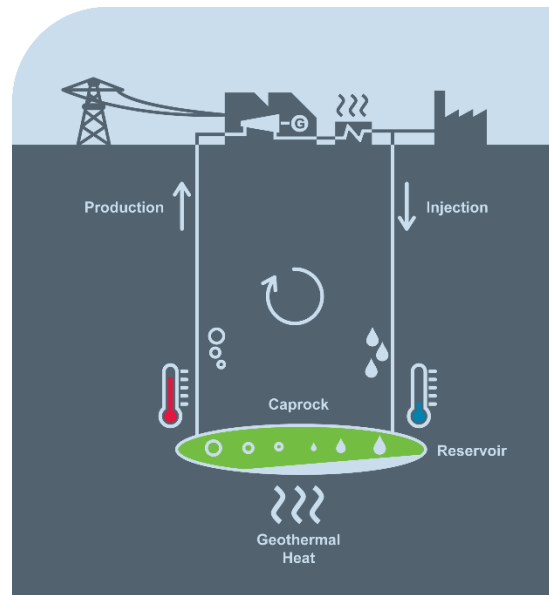


Figure 8: Schematic showing the process for generating renewable power from geothermal reservoirs

Siemens will provide thermodynamic engineering work for the evaluation of the power generation system. RED will execute any drilling and well workover operations required and undertake well performance monitoring.

ADX and RED have already identified potential well test sites where existing wells can be reconfigured to implement the Pilot Project. Subject to the suitability of the wells with respect to thermodynamic attributes and reservoir quality, as well as securing regulatory approvals, it is expected that the first downhole testing could be conducted in Q4 2021.

Participation in the Pilot Project is intended to provide ADX with increased knowledge, experience and credibility to develop and deploy suitable geothermal power generation technologies on a large scale in ADX' operated Austrian licenses as well as other Central European countries where ADX has identified geothermal power generation opportunities.

Subject to the suitability of one of the identified well sites from a technical perspective ADX and Siemens intend to commence pilot project planning and execution during Q3 2021.

lecea Mare Production License and Parta Exploration License - Onshore Western Romania

ADX holds a 49.2% shareholding in Danube Petroleum Limited (Danube). The remaining shareholding in Danube is held by Reabold Resources Plc. Danube via its wholly owned subsidiary, ADX Energy Panonia srl, 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 lecea Mare Production license. ADX is the operator of the permit pursuant to a Services Agreement with Danube.

During the reporting period ADX focused on a detailed technical evaluation of the license potential, with a focus on the successfully reprocessed 3D seismic in the lecea Mare production license. The 3D seismic also covers the exploration prospect IMIC-2 (Updip Carpinis-55). The evaluation will be completed in the second quarter. The technical work has focused on three areas:

- **IMIC-1 gas discovery area** (lecea Mare production license) where three gas bearing reservoirs have been discovered, including the Pa IV reservoir which had relatively more quickly built-up pressure after the September 2020 acid job, indicating drilling induced reservoir damage. The technical work focused on a 3D remapping of the area and a new assessment of the resources discovered by the well and the up dip upside potential further south, including the Pa VI reservoir which not only showed gas pay on logs and gas chromatography but also the presence of higher hydrocarbons (condensate).

- *The northern oil fields* (Ilecea Mare production license) area where previous operator Amromco had ceased infill drilling due to a strategic withdrawal from Western Romania and a focus on its eastern Romanian assets. The revised mapping has identified several very low risk infill / sidetrack opportunities and also could explain a recently drilled well (A1) by the previous operator which discovered oil but did water out after a relatively short production time. See map below for explanation and showing the upside sidetrack potential.

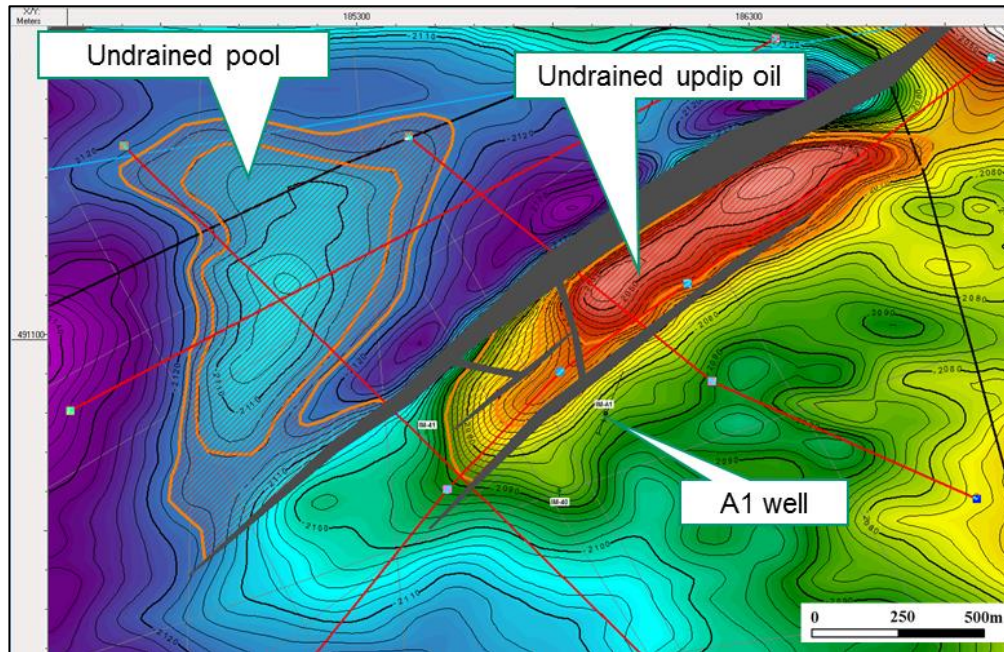


Figure 9: A 3D seismic defined depth map showing appraisal at the Pa V reservoir level within the Ilecea Mare production license

- *The Carpinis-55 Pa III gas exploration / appraisal area* (Parta license) where detailed mapping, 3D reprocessing and AVO (seismic processing technique to image gas filled reservoirs) confirmed the large anomaly indicating gas presence seen on vintage 2D data. The prospect has hence been de-risked at this level and work to quantify the extent of the AVO anomaly and hence potential gas resources is ongoing.

An 18-month work program extension was granted for Ex-10 Parta Exploration License for the current exploration phase. The extension enables ADX to source alternate funding on behalf of Danube to acquire a 100 km² 3D seismic program that was deferred following a default by a previous partner.

Nilde Oil Field Redevelopment d 363C.R.-AX PERMIT - Offshore Italy

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

ADX had 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.

On 13 February 2021, Mr Mario Draghi was sworn in as Prime Minister of Italy pledging to oversee effective implementation of COVID-19 economic stimulus. ADX has been informally advised that Mr Draghi has requested the resumption of production and exploration activities in Italy. ADX is seeking an appointment with the Ministry to assess the timing of potential resumption of activities in the d 363C.R.-AX exploration permit.

ADX ENERGY LTD

DIRECTORS' REPORT

TENEMENTS LIST

Tenements held at the beginning and the end of the half year reporting period as per below table:

Permit	Percentage held as at 1 January 2021	Percentage held as at 30 June 2021	Percentage change
Onshore Austria, Zistersdorf and Gaiselberg Production License	100%	100%	-
Upper Austria AGS Licences 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%	-

Note 1: Concession agreements for exploration, production and gas storage in Upper Austria (Upper Austria AGS) acquired on 8 January 2021.

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.

SUBSEQUENT EVENTS

Derivatives

Additional derivative financial instruments were put in place on 13 July 2021 for fixed price swaps on a total of 12,275 barrels of oil, for a fixed Brent crude oil price from July 2021 to October 2021 at USD 71.71 per barrel.

COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential future impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the governments, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required by section 307C of *the Corporations Act 2001* is set out on page 17.

This report is made in accordance with a resolution of the directors.



Ian Tchacos
Executive Chairman
PERTH, 13 September 2021

ADX ENERGY LTD

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of ADX Energy Ltd, I state that:

1. In the opinion of the directors:
 - a) The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and
 - ii) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the half-year ended 30 June 2021.

This declaration is signed in accordance with a resolution of the Board of Directors.



Ian Tchacos
Executive Chairman

PERTH, 13 September 2021



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsay.com.au

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001**

As lead auditor of the review of ADX Energy Ltd for the half-year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of ADX Energy Ltd and the entities it controlled during the year.

Rothsay Auditing

Donovan Odendaal
Partner
13 September 2021

ADX ENERGY LTD
CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Note	Half-year ended 30 June 2021 \$	Half-year ended 30 June 2020 \$
Operating revenue	3	4,493,776	3,699,011
Cost of sales	3	(3,930,271)	(4,428,229)
Gross profit		563,505	(729,218)
Other income		11,206	13,350
Other Expenses:			
Administration, staff and corporate expenses, net of recoveries from exploration projects	3	(1,434,703)	(1,265,990)
Exploration expensed		(1,170,024)	(733,067)
Finance costs	3	(141,030)	(124,612)
Total expenses		(2,745,757)	(2,123,669)
Loss before income tax		(2,171,046)	(2,839,537)
Income tax benefit/(expense)	5	202,434	516,613
Net loss for the half-year		(1,968,612)	(2,322,924)
Loss is attributable to:			
Owners of ADX Energy Ltd		(1,881,877)	(2,221,102)
Non-Controlling Interest	12	(86,735)	(101,822)
		(1,968,612)	(2,322,924)
Other Comprehensive Income/(Loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(311,751)	48,488
Hedge accounting	11(b)	168,374	355,055
Income tax relating to items of other comprehensive income/(loss)	11(b)	(83,246)	(88,764)
Other comprehensive income/(loss) for the period, net of tax		(226,623)	314,779
Total comprehensive income/(loss) for the period		(2,195,235)	(2,008,145)
Total comprehensive loss is attributable to:			
Owners of ADX Energy Ltd		(1,990,074)	(1,884,910)
Non-Controlling Interest		(205,161)	(123,235)
		(2,195,235)	(2,008,145)
Earnings per share for loss attributable to the ordinary equity holders of the Company:		Cents Per Share	Cents Per Share
Basic and diluted loss per share		(0.08)	(0.13)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

ADX ENERGY LTD
CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	As at 30 June 2021 \$	As at 31 December 2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents		4,156,399	2,144,469
Other receivables		2,265,666	1,619,229
Inventories		1,101,807	999,446
Total Current Assets		7,523,872	4,763,144
Non-Current Assets			
Other receivables		751,119	190,914
Oil and gas properties	7	22,513,913	23,952,807
Right of use assets		421,958	484,880
Deferred tax assets	5	1,477,872	1,404,728
Total Non-Current Assets		25,164,862	26,033,329
Total Assets		32,688,734	30,796,473
LIABILITIES			
Current Liabilities			
Trade and other payables		1,593,272	1,948,686
Borrowings	8	1,182,214	902,654
Lease liabilities – right of use assets		131,809	121,870
Provisions	9	316,406	294,585
Total Current Liabilities		3,223,701	3,267,795
Non-Current Liabilities			
Deferred tax liabilities	5	512,467	556,141
Borrowings	8	3,677,479	3,945,489
Lease liabilities – right of use assets		341,622	364,524
Provisions	9	13,976,070	13,969,628
Total Non-Current Liabilities		18,507,638	18,835,782
Total Liabilities		21,731,339	22,103,577
Net Assets		10,957,395	8,692,896
EQUITY			
Issued capital	10	78,687,311	74,334,593
Reserves	11	3,253,129	6,419,852
Accumulated losses		(79,615,154)	(80,898,819)
Capital and reserves attributable to owners of ADX Energy Ltd		2,325,286	(144,374)
Non-controlling interests	12	8,632,109	8,837,270
Total Equity		10,957,395	8,692,896

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

ADX ENERGY LTD
CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Contributed Equity	Reserves	Accumulated Losses	Non- controlling Interests	Total Equity
	\$	\$	\$	\$	\$
At 1 January 2020	71,889,435	6,189,581	(76,618,754)	9,059,704	10,519,966
Loss for the half-year	-	-	(2,221,102)	(101,822)	(2,322,924)
Other comprehensive income/(loss)	-	336,192	-	(21,413)	314,779
Total comprehensive loss for the period, net of tax	-	336,192	(2,221,102)	(123,235)	(2,008,145)
Transactions with owners in their capacity as owners:					
Issue of share capital, net of transaction costs	1,050,000	-	-	-	1,050,000
Share based payments – options - note 4	-	191,390	-	-	191,390
Share based payments – shares - note 4	57,054	-	-	-	57,054
Share issue costs for share based payments	(10,546)	-	-	-	(10,546)
	1,096,508	191,390	-	-	1,287,898
At 30 June 2020	72,985,943	6,717,163	(78,839,856)	8,936,469	9,799,719

At 1 January 2021	74,334,593	6,419,852	(80,898,819)	8,837,270	8,692,896
Loss for the half-year	-	-	(1,881,877)	(86,735)	(1,968,612)
Other comprehensive income/(loss)	-	(108,197)	-	(118,426)	(226,623)
Total comprehensive loss for the period, net of tax	-	(108,197)	(1,881,877)	(205,161)	(2,195,235)
Transfer of reserves to accumulated losses	-	(3,165,542)	3,165,542	-	-
Transactions with owners in their capacity as owners:					
Issue of share capital, net of transaction costs	4,440,854	-	-	-	4,440,854
Share based payments – options - note 4	-	-	-	-	-
Share based payments – shares - note 4	105,449	107,016	-	-	212,465
Share issue costs for share based payments	(193,585)	-	-	-	(193,585)
	4,352,718	107,016	-	-	4,459,734
At 30 June 2021	78,687,311	3,253,129	(79,615,154)	8,632,109	10,957,395

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

ADX ENERGY LTD
CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2021

CONSOLIDATED	Half-year ended 30 June 2021 \$	Half-year ended 30 June 2020 \$
Cash Flows from Operating Activities		
Receipts in the ordinary course of activities	4,777,988	4,076,306
Payments to suppliers and employees, including for exploration expensed	(5,452,259)	(4,322,393)
Interest received	249	321
Interest paid	(107,920)	(159,773)
Hedging payments	(708,058)	-
Other (mostly government subsidies)	162,464	192,840
Net Operating Cash Flows	(1,327,536)	(212,699)
Cash Flows from Investing Activities		
Payments for oil and gas properties – Austrian facilities	(485,654)	(713,191)
Payments for oil and gas properties - appraisal/development	(30,185)	(1,032,241)
Refund – Austrian final acquisition price	-	201,997
Payments made on behalf of joint operation partners and operations	-	(189,402)
Repayments from exploration partners and operations	-	168,539
Net Investing Cash Flows	(515,839)	(1,564,298)
Cash Flows from Financing Activities		
Proceeds from issue of shares	4,440,854	-
Payment of share issue costs	(193,585)	(5,942)
Loan note repayments	(437,500)	-
Convertible loan note repayments	-	(50,000)
Bank Loans	462,036	-
Cash secured for Upper Austria AGS Licences	(540,725)	-
Net Financing Cash Flows	3,731,080	(55,942)
Net Increase/(Decrease) In Cash and Cash Equivalents	1,887,705	(1,832,939)
Cash and Cash Equivalents at beginning of half-year	2,144,469	4,953,759
Effect of foreign exchange rates	124,225	(81,611)
Cash and Cash Equivalents at End of Half-Year	4,156,399	3,039,209

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021

1. Basis of Preparation of Half-Year Financial Statements

ADX Energy Ltd is a company limited by shares, domiciled and incorporated in Australia. Its shares are publicly traded on the Australian Stock Exchange.

This consolidated financial report for the half-year ended 30 June 2021 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report for the year ended 31 December 2020 and any public announcements made by ADX Energy Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year financial statements have been prepared in accordance with the historical cost basis.

The Group is a for profit entity and is primarily involved in hydrocarbon exploration, evaluation, and development.

The half year consolidated financial statements comprise the financial statements of ADX Energy Ltd and its subsidiaries ("Group") as at 30 June 2021.

Functional and presentation currency

ADX Energy Ltd has identified Australian dollars as its functional currency on the basis that all fundraising is in Australian dollars, and loans to subsidiary companies are made from Australian dollars.

ADX's subsidiaries have the following functional currencies:

- AuDAX Energy Srl – Euro
- Bull Petroleum Pty Ltd – AUD
- Danube Petroleum Limited – GBP
- ADX Energy Panonia Srl - Euro
- Terra Energy Limited - GBP
- ADX VIE GmbH - Euro

The presentation currency of the Group is Australian dollars.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021

1. Basis of Preparation of Half-Year Financial Statements - continued

Going Concern

The financial statements have been prepared on the basis that the Company will continue to meet its commitments and can therefore continue normal business activities and realise assets and settle liabilities in the ordinary course of business.

As a producer in Austria, the Group expects to generate cash flows, but with a focus on exploration and development in other parts of Europe, the Group may need additional cashflows to finance these activities. As a consequence, the ability of the Company to continue as a going concern may require additional capital fundraising, farmouts of projects or other financing opportunities. The Directors believe that the Company will continue as a going concern. As a result, the financial information has been prepared on a going concern basis. However, should fundraising, farmouts or any alternative financing opportunities be unsuccessful, the Company may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

Adoption of New or Revised Standards

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report. All new and amended Accounting Standards and Interpretations effective from 1 January 2021 have been adopted. None of these amended standards had a material impact on the ADX Group. The Group has not elected to early adopt any new standards or amendments.

2. Earnings Per Share

The Company's potential ordinary shares, being its options granted, have been excluded in the determination of diluted earnings per share as they are considered to be anti-dilutive for the periods presented.

	Consolidated	
	6 Months to 30 June 2021	6 Months to 30 June 2020
	\$	\$
3. Income and Expenses		
OPERATING REVENUE		
Oil sales	3,955,098	2,639,597
Gas sales	234,972	155,655
Hedging gains / (losses), net	(793,179)	421,305
Other operating revenue (including reimbursements)	192,614	356,001
Government subsidies	904,271	126,453
	<u>4,493,776</u>	<u>3,699,011</u>

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021

		Consolidated	
		6 Months to 30 June 2021	6 Months to 30 June 2020
	Note	\$	\$
3. Income and Expenses - continued			
COST OF GOODS SOLD			
Operating costs		2,511,344	2,952,325
Depreciation		1,317,092	1,366,380
Amortisation of asset retirement obligation assets		101,835	109,524
		<u>3,930,271</u>	<u>4,428,229</u>
OTHER EXPENSES – Administration and corporate expenses:			
Share based payments – in lieu of cash remuneration	4	203,627	233,042
Share based payments – other	4	8,839	14,688
		<u>212,466</u>	<u>247,730</u>
Less: prior period accrued share based payments		(111,681)	(115,994)
Add: accrued share based payments issued/ to be issued after period end		84,022	98,293
Other administration, staff and corporate expenses		2,005,680	1,786,009
Net foreign exchange losses/(gains)		(26,174)	(40,626)
		<u>2,164,313</u>	<u>1,975,412</u>
Less: project cost recoveries		(729,610)	(709,422)
		<u>1,434,703</u>	<u>1,265,990</u>
FINANCE COSTS			
Interest expense		106,267	105,288
Accretion		34,763	19,324
		<u>141,030</u>	<u>124,612</u>

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021

4. Share Based Payments

(a) Value of share based payments in the financial statements

		Consolidated	
		6 Months to 30 June 2021	6 Months to 30 June 2020
	Note	\$	\$
Expensed in the profit and loss:			
Share-based payments – Shares Issued to Directors in lieu of fees	4(b)(i)	43,961	22,755
Share-based payments – Options to Directors in lieu of fees	4(b)(ii)	107,016	175,988
Share-based payments – Shares Issued to Co Secs and Consultants in lieu of fees	4(b)(iii)	52,650	34,299
Share-based payments – Options to Directors		-	14,688
Share-based payments – Shares issued to advisor in lieu of cash		8,839	-
		212,466	247,730

(b) Summary of share-based payments granted during the half-year:

- (i) Shares pursuant to ADXs' Directors' Share Plan, approved by Shareholders at ADX's AGM as follows:

Date Issued	Number of Shares	Value based on 90 Day VWAP \$	In lieu of part remuneration for the quarter ended
16/02/2021	958,332	5,750	31/12/2020
01/06/2021	3,710,937	22,266	Year to 31/12/2020
01/06/2021	1,771,699	15,945	31/3/2021
	6,440,968	43,961	

- (ii) Options pursuant to ADXs' Performance Rights and Option Plan, approved by Shareholders at ADX's AGM as follows:

Date Issued	Number of Options	Value based on 90 Day VWAP \$	In lieu of part remuneration for the quarter ended
16/02/2021	9,882,811	59,297	31/12/2020
01/06/2021	5,302,085	47,719	31/3/2021
	15,184,896	107,016	

- (iii) Shares to consultants and company secretaries in lieu of remuneration:

Date Issued	Number of Shares	Value based on 90 Day VWAP \$	In lieu of part remuneration for the quarter ended
16/02/2021	4,388,536	24,368	31/12/2020
01/06/2021	3,328,074	28,281	31/3/2021
	7,716,610	52,649	

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Consolidated	
	6 Months to 30 June 2021 \$	6 Months to 30 June 2020 \$
5. Income Tax Expense		
(a) Income Tax Expense		
The reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Company's applicable income tax rate is as follows:		
Profit/(loss) for the period	(2,171,046)	(2,839,537)
Prima facie income tax (benefit) @ 30%	(651,314)	(851,861)
Tax effect of non-deductible items	84,553	117,055
Tax rate differential	44,204	107,211
Translation differences	38,942	-
Deferred tax assets not brought to account	281,181	110,982
Income tax expense / (benefit) attributable to operating result	(202,434)	(516,613)
	30 June 2021 \$	31 December 2020 \$
(b) Deferred tax assets not recognised relate to the following:		
Tax losses	14,263,335	13,992,715
These deferred tax assets have not been brought to account as it is not probable that tax profits will be available against which deductible temporary differences can be utilised.		
(c) Deferred tax assets and liabilities:		
Deferred tax assets:		
Temporary differences - Asset retirement obligations	295,774	313,859
Temporary differences - Other	127,724	229,380
Temporary differences – Tax Losses (Austria)	1,054,370	861,489
	1,477,868	1,404,728
Deferred tax liabilities:		
Temporary differences - Oil and gas properties	406,978	434,890
Temporary differences - Other	105,489	121,251
	512,467	556,141

6. Non-cash Financing and Investing Activities

There were no non-cash financing or investing activities during the period (2020: nil). Non-cash operating activities, consisting of shares and options granted in lieu of remuneration are disclosed in note 4.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Consolidated	
	30 June 2021	31 December 2020
	\$	\$
7. Oil and Gas Properties		
Austria		
Buildings	354,820	381,308
Undeveloped land	178,890	190,835
Field office fixtures and equipment	354,589	391,087
Plant and machinery	4,954,465	5,392,632
Wells	7,454,960	8,078,874
Retirement obligation assets	1,570,965	1,685,278
Construction in progress	67,274	69,647
Rights and other intangible assets	37,301	15,631
Romania		
Appraisal costs	7,540,649	7,747,515
	<u>22,513,913</u>	<u>23,952,807</u>
<i>Reconciliation of the carrying amount of oil and gas assets:</i>		
Buildings – opening balance	381,308	312,912
Additions	-	102,282
Depreciation	(18,513)	(39,252)
Translation differences	(7,975)	5,366
	<u>354,820</u>	<u>381,308</u>
Undeveloped Land – opening balance		-
Additions	190,835	180,317
Translation differences	(11,945)	10,518
	<u>178,890</u>	<u>190,835</u>
Field office fixtures and equipment – opening balance	391,087	283,372
Additions	9,297	153,249
Depreciation	(33,778)	(55,329)
Translation differences	(12,017)	9,795
	<u>354,589</u>	<u>391,087</u>
Plant and machinery – opening balance	5,392,632	5,229,189
Additions	31,445	789,490
Transferred from Construction in Progress	-	291,754
Transferred from Wells	-	1,785
Depreciation	(417,461)	(944,156)
Translation differences	(52,151)	24,570
	<u>4,954,465</u>	<u>5,392,632</u>

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Consolidated	
	30 June 2021 \$	31 December 2020 \$
7. Oil and Gas Properties - continued		
Wells – opening balance	8,078,874	9,490,449
Additions	261,331	189,120
Transferred from Construction in Progress	-	142,815
Transferred to Plant and Machinery	-	(1,785)
Depreciation	(842,561)	(1,747,108)
Translation differences	(42,684)	5,383
	<u>7,454,960</u>	<u>8,078,874</u>
Retirement obligation assets – opening balance	1,685,278	1,873,795
Additions	-	56,313
Disposals	-	(28,239)
Amortisation	(101,837)	(217,455)
Translation differences	(12,476)	864
	<u>1,570,965</u>	<u>1,685,278</u>
Construction in progress – opening balance	69,647	444,092
Additions	3,359	56,053
Transferred to Plant and machinery	-	(291,754)
Transferred to Wells	-	(142,815)
Translation differences	(5,732)	4,071
	<u>67,274</u>	<u>69,647</u>
Rights and other intangible assets – opening balance	15,631	-
Additions	26,621	16,351
Depreciation	(4,733)	(679)
Translation differences	(218)	(41)
	<u>37,301</u>	<u>15,631</u>
Appraisal costs – Romania – opening balance	7,747,515	5,372,435
Additions	47,477	2,269,396
Translation differences	(254,343)	105,684
	<u>7,540,649</u>	<u>7,747,515</u>

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Consolidated	
	30 June 2021 \$	31 December 2020 \$
8. Interest Bearing Liabilities		
Current		
Loan notes – interest bearing	875,000	875,000
Bank loans – interest bearing	166,139	-
Bank loans – non-interest bearing	131,857	-
Insurance funding – interest bearing	9,218	27,654
	<u>1,182,214</u>	<u>902,654</u>
Non-Current		
Loan notes- interest bearing	2,187,500	2,625,000
Bank loans – interest bearing	830,696	525,014
Bank loans – non-interest bearing	659,283	795,475
	<u>3,677,479</u>	<u>3,945,489</u>
Loan Notes		
On 23 November 2020, ADX announced an amendment to the repayment terms of the Company's A\$ 3.5 million loan notes ("Loan Notes"). The repayment of the A\$ 3.5 million principal will now be repaid in two tranches – Tranche 1 of A\$ 1.75 million to be repaid semi-annually with 4 equal payments over a period of 2 years commencing from 26 May 2021 and ending on 26 November 2022; and Tranche 2 of A\$ 1.75 million repayable as a bullet payment at the end of 2 years on 26 November 2022.		
Upon receiving Shareholder approval at a General Meeting held on 19 February 2021, the Company cancelled existing options previously issued in relation to the Loan Notes (having been granted a waiver of ASX Listing Rule 6.23.3) and granted to the Loan Note holders 2 equal tranches of 67,500,020 options each, one tranche with an exercise price of A\$ 0.01 maturing on 26 May 2022 and the other tranche with an exercise price A\$ 0.015 maturing on 26 November 2023 respectively.		
9. Provisions		
Current		
Provision for employee entitlements	<u>316,406</u>	<u>294,585</u>
Non-Current		
Provision for employee entitlements	14,436	-
Provision for asset retirement obligations (ARO) – production assets	<u>13,961,634</u>	<u>13,969,628</u>
	<u>13,976,070</u>	<u>13,969,628</u>
Reconciliation of the movement in ARO provision:		
Opening balance	13,969,628	13,810,164
Additions – other	112,409	81,451
Accretion	33,932	70,207
Translation differences	<u>(154,335)</u>	<u>7,806</u>
	<u>13,961,634</u>	<u>13,969,628</u>

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021

10. Issued Capital

(a) Issued Capital

Number of Shares	Summary of Movements	Note	6 Months to 30 June 2021 \$
1,958,299,849	Opening balance 1 January 2021		74,334,593
500,000,951	Issue of Shares under Share Purchase Plan		3,000,006
958,332	Issue of shares to Directors (part remuneration for 12/2020 quarter)	4	5,750
4,388,536	Issue of shares to Co Secs and Consultants (remuneration for 12/2020 quarter)	4	24,368
1,500,000	Shares issued to advisor (non-cash)	4	8,839
12,500,000	Shares issued to advisor (cash)		100,000
167,605,653	Options exercised at \$0.008		1,340,848
3,710,937	Issue of shares to Director E Etienvre for part remuneration for 2020	4	22,266
1,771,699	Issue of shares to Directors (part remuneration for 3/2021 quarter)	4	15,945
3,328,074	Issue of shares to Co Secs and Consultants (remuneration for 3/2021 quarter)	4	28,281
-	Costs of share issues - cash		(193,585)
<u>2,654,064,031</u>	Closing Balance as at 30 June 2021		<u>78,687,311</u>

Share Purchase Plan

On 29 January 2021, the Share Purchase Plan (SPP) closed significantly oversubscribed, with the Company receiving applications totalling approximately A\$3.6 million, well in excess of the targeted amount of A\$ 1 million. In recognition of the strong show of support by shareholders for the Company's recently announced growth initiatives, the ADX Board has resolved to use its discretion to accept oversubscriptions and increase the size of the SPP to approximately A\$ 3.0 million and to issue 500,000,951 shares.

Under the SPP, each Eligible Shareholder was entitled to subscribe for up to A\$ 30,000 of new fully paid ordinary shares in the Company at the issue price of A\$ 0.006 per share, subject to scale back. The SPP forms part of the capital raising as announced on 15 December 2020, which also comprised a Placement to institutional and sophisticated investors raising A\$ 1.3 million at A\$ 0.006 per share.

In addition, one (1) free attaching unlisted option was offered for every two (2) shares issued under the SPP ("SPP Options"). The exercise price of the SPP Options was A\$ 0.008 with an expiry date of 15 June 2021. The offer of SPP Options was made separately under a prospectus ("Prospectus"). The issue of the SPP Options under the Prospectus was approved by Shareholders at a General Meeting held on Friday 19 February 2021.

Funds raised by the Placement and the SPP are being used to supplement ADX's cash requirements for the Company's key projects as well as growth opportunities in Austria and for working capital purposes. The Austrian growth opportunities include the payment of a bank guarantee to the Austrian Mining Authority for the recently announced Molasse basin exploration and appraisal licenses in Upper Austria as well as work overs on its producing Gaiselberg and Zistersdorf fields in the Vienna basin. Funds were secured during the quarter for this bank guarantee.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021

10. Issued Capital - continued

(b) Options on issue as at 30 June 2021

	Number	Exercise Price	Expiry Date
Unlisted Options	67,500,020	1.0 cents	26/05/2022
Unlisted Options	6,354,086	Nil cents	31/05/2022
Unlisted Options	10,864,955	Nil cents	31/05/2023
Unlisted Options	3,954,545	Nil cents	31/10/2023
Unlisted Options	67,500,020	1.5 cents	26/11/2023
Unlisted Options	4,106,250	Nil cents	31/01/2024
Unlisted Options	12,578,571	Nil cents	26/06/2024
Unlisted Options	9,451,563	Nil cents	31/07/2024
Unlisted Options	8,470,981	Nil cents	31/10/2024
Unlisted Options	9,882,811	Nil cents	31/01/2025
Unlisted Options	5,302,085	Nil cents	31/05/2025
Total Unlisted Options	<u>205,965,887</u>		

	Note	Number of Options
Summary of Movements during the year		
Opening balance 1 January 2021		320,139,294
Issue of unlisted options in lieu of remuneration to Directors Ian Tchacos and Paul Fink – Dec 2020 quarter	4	9,882,811
Issue of unlisted options in lieu of remuneration to Directors Ian Tchacos and Paul Fink – March 2021 quarter	4	5,302,085
Cancellation of loan note options	8	(135,000,005)
Issue of loan note options with an exercise price of \$0.01	8	67,500,020
Issue of loan note options with an exercise price of \$0.015	8	67,500,020
Issue of unlisted options with an exercise price of \$0.008 under the Share Purchase Plan	10(a)	250,000,473
Options exercised at \$0.008		(167,605,653)
Lapsed Placement and SPP Options (\$0.008)		(206,753,158)
Lapsed options previously issued to a Director (\$0.013)		<u>(5,000,000)</u>
Closing Balance as at 30 June 2021		<u>205,965,887</u>

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Consolidated	
	30 June 2021 \$	31 December 2020 \$
11. Reserves		
Share-based payments reserve	5,068,064	4,961,047
Foreign currency translation reserve	(1,649,593)	(1,456,267)
Option premium reserve (a)	-	2,915,542
Asset revaluation reserve (a)	-	250,000
Hedging Reserve (b)	(165,342)	(250,470)
	<u>3,253,129</u>	<u>6,419,852</u>
(a) The Option Premium Reserve and Asset Revaluation Reserve were transferred to Accumulated Losses during the year.		
(b) <i>Reconciliation of the movement in Hedging Reserve:</i>		
Balance brought forward	(250,470)	-
Change in value of hedging instruments recognised in Other Comprehensive Income for the period	168,374	(333,716)
Deferred tax movement	(83,246)	83,246
Balance at the end of the period	<u>(165,342)</u>	<u>(250,470)</u>

12. Non-controlling Interests

ADX's subsidiaries that have non-controlling interests:

Name of Controlled Entity	Place of Incorporation	% Held by ADX Group	
		30 June 2021	31 December 2020
Danube Petroleum Limited	UK	49.18%	49.18%
<u>Danube's 100% owned subsidiary</u>			
ADX Energy Panonia Srl	Romania	49.18%	49.18%

Danube Petroleum Limited (Danube), via its' Romanian subsidiary, 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.

	Consolidated	
	30 June 2021 \$	30 June 2020 \$
Non-controlling Interests		
Opening balance as at 1 January	8,837,270	9,059,704
Share of loss for the period	(86,735)	(101,822)
Share of other comprehensive loss	(118,426)	(21,413)
	<u>8,632,109</u>	<u>8,936,469</u>

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2021

13. Derivative Financial Instruments

As at 30 June 2021, the following derivative financial instruments are in place:

- Fixed price swaps for a fixed Brent crude oil price from July 2021 to December 2021 of USD 66.03 per barrel.

After 30 June 2021, on 13 July 2021, additional derivative financial instruments were put in place:

- Fixed price swaps for a fixed Brent crude oil price from July 2021 to October 2021 at USD 71.71 per barrel.

In total, ADX, has fixed price swaps in place for the period between 1 July 2021 and 31 October 2021 representing approximately 80% of its forecast proven (1P) production and fixed price swaps in place for the period between 1 November 2021 and 31 December 2021 representing circa 40% of its forecast proven (1P) production.

Fixed Price Swaps

	Barrels of Oil (BBL)	Fixed Price USD
July 2021 to December 2021	18,035	USD 66.03
July 2021 to October 2021	12,275	USD 71.71

14. Related Party Transactions

Mr Andrew Childs is the owner of Resource Recruitment. ADX Energy Ltd has an office rental agreement with Resource Recruitment to rent office premises in Subiaco on a rolling monthly basis going forward.

There were no new related party transactions during the half-year.

15. Commitments and Contingencies

Since the last annual reporting date, there has not been a material change to commitments or contingencies.

16. Subsequent Events

Derivatives

Additional derivative financial instruments were put in place on 13 July 2021 for fixed price swaps on a total of 12,275 barrels of oil, for a fixed Brent crude oil price from July 2021 to October 2021 at USD 71.71 per barrel.

COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential future impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the governments, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in subsequent financial years.



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF

ADX ENERGY LTD

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of ADX Energy Ltd ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.





INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
ADX ENERGY LTD (continued)

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Rothsay Auditing

Dated 13 September 2021

Donovan Odendaal
Partner