ASX Release

24 September 2018

Further Funding (US$ 1.5 million) received for Parta Appraisal drilling onshore Romania.

Highlights of this Release

- **Tranche 2 funds received from Reabold under agreement to invest US$ 2 million in Danube**
- **Landowner and ministry approvals received for first appraisal well**
- **Purchase of long lead items and drilling rig contracting underway**
- **The Iecea Mica 2 well is a redrill of an historic gas discovery with independently assessed appraisal potential *(2C Contingent Resources 15.5 Bcf* [Note 1]*)* and additional exploration potential defined on 3D seismic *(Best Estimate Unrisked Prospective Resources 15.6 Bcf* [Note 2]*)***
  Refer to ADX ASX announcement dated 11 July 2018.
- **Excellent economic potential is expected due to low drilling and development costs, favourable fiscal terms and robust gas pricing**

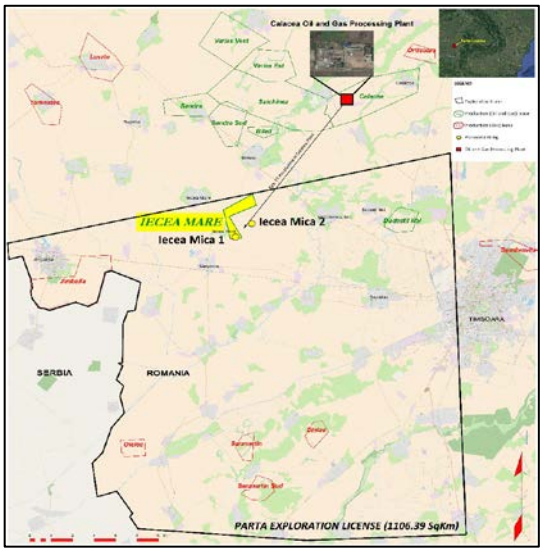
Appraisal Program Summary

The Map shows the Parta exploration license, the Iecea Mare production license (yellow), the Iecea Mica 1 and 2 well locations and the available Calacea Gas Plant.

The Iecea Mica wells target multiple pay zones in previously tested reservoirs and additional exploration potential defined on new 3D seismic.

The acquisition of the Iecea Mare production license allows for production from the existing license area without the need to secure a new production license.

The short 15km to the Calacea Gas Plant with state guaranteed access enables rapid, low cost development.



ADX Energy Ltd (ASX Code: **ADX**) is pleased to announce that Reabold Resources Plc (LSE AIM:RBD) (Reabold) has transferred Tranche 2 funding of US$ 1.5 million under an agreement to invest a total of US$ 2 million in the special purpose vehicle Danube Petroleum Limited (Danube). Reabold now holds a 29% shareholding in Danube with the remaining 71% held by ADX.

Danube was formed to conduct appraisal, development and exploration activities onshore Western Romania. Danube's interests are held via a wholly owned Romanian subsidiary including a 50% interest in the Parta exploration license ("Parta"), a 100% interest in the Iecea Mare Production License (transfer in progress) and a 100% participating interest in the Parta Appraisal Program.

The Tranche 2 transfer was made upon the achievement of key milestones including the approval of the location and well program for the first appraisal well by the relevant Romanian Licensing Authority (NAMR), landowner approvals

for access to the rig site and finalization of a tendering process for key long lead equipment purchases including casing, tubing and well heads as well as a rig contract to drill the first well of the two well program.

ADX and Reabold have agreed that Reabold has an option (at Reabold's election) to invest a further funding of US$ 0.5 million and ADX will either invest directly or source investment from a third party of US$ 0.5 million on the same terms as Reabold's Tranche 1 and Tranche 2 investments by 31 October 2018.

ADX will provide further ongoing updates on operational readiness for the planned Iecea Mica 1 well.

Summary of Parta Appraisal Program Resource Estimates

Contingent Resources and Prospective Resources Estimates for the appraisal program are as summarised in the table below at 100% working interest (*source: ERCE Independent Evaluation Report and ADX ASX announcement 11/7/2017)*

Recoverable Hydrocarbon Volumes			ERCE Estimates		
Prospect	**Target Reservoir**	**PRMS Category**	**P90 (bscf)**	**P50 (bscf)**	**P10 (bscf)**
IM-1	Pa IV	Contingent [1]	*2.0*	***6.1***	*16*
IM-1	Pa VI	Prospective [2]	*2.4*	***4.4***	*7.3*
IM-1	Pa VIII inf.	Prospective	2.7	***8.3***	21.3
IM-2	PsB4.3	Prospective	5.4	***15.6***	*39.1*
IM-2	Pa IV	Contingent	4.8	***15.5***	*43*
Total Program		**Contingent [3]**	**6.8**	**21.6**	**59.0**
Total Program		**Prospective [4]**	**10.5**	**28.3**	**67.7**

Notes regarding resources table:

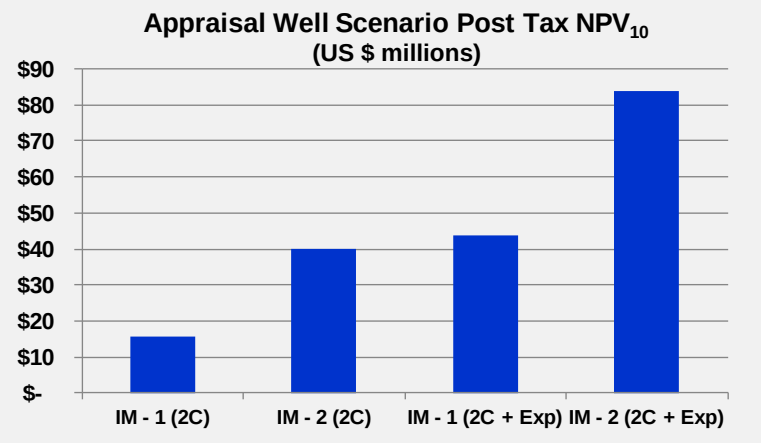
1. *Contingent Resources are those quantities of petroleum estimated, as at a given date, to be potentially recoverable from known accumulations but, for which the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. 1C, 2C, 3C Estimates: 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*
2. *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.*
3. *The total Contingent Resources presented in the table above are unrisked and have not been adjusted for the chance that the Contingent Resources will be developed and will reach commercial producing status. Totals are by arithmetic summation as recommended under PRMS guidelines. This results in a conservative 1C total and optimistic 3C total.*
4. *The total Prospective Resources estimates presented in the table above are unrisked and have not been adjusted for the chance of discovery and chance of development. Totals are by arithmetic summation as recommended under PRMS guidelines. This results in a conservative low case total and optimistic high case total*

Summary of Parta Appraisal Program Economic Potential

The Following economic cases have been considered in the following analysis;

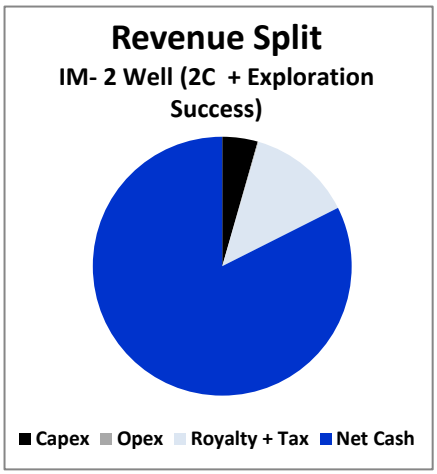
1. ***Iecea Mica - 1 well Appraisal Success*** [1]	3. ***Iecea Mica - 1 well Appraisal and Exploration Success*** [3]
2. ***Iecea Mica – 2 well Appraisal Success*** [2]	4. ***Iecea Mica - 2 well Appraisal and Exploration Success*** [4]

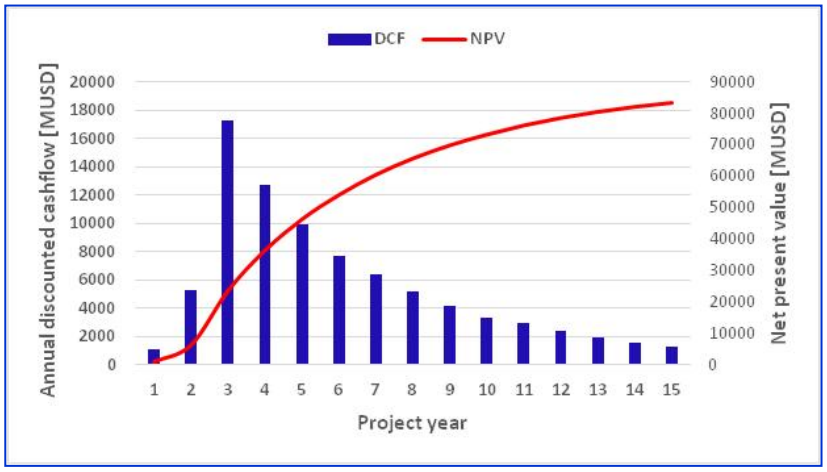
Case 1: ERCE 2C Contingent Resources Estimates are used for Iecea Mica-1**Case 2**: ERCE 2C Contingent Resources Estimates are used for Iecea Mica-2, **Case 3**: ERCE 2C Contingent Resources Estimates and Best Estimate Prospective Resources are used for Iecea Mica-1, **Case 4:** ERCE 2C Contingent Resources Estimates and Best Estimate Prospective Resources are used for the Iecea Mica-2.



The resulting economics for the appraisal well program are very encouraging with high internal rates of return (IRR) for all cases ranging from 39% to 79%. A high revenue split and rapid pay backs less than 3 years in all cases. Return on investment (ROI) ranges from 3.7 to 10.3. Average cash flows over a 10 year period range from US$ 2.1 to US$ 10.9 million per annum per well. The cumulative discounted cash flows (NPV10) are summarized in the figure above and for case 4 in the figure below, where the NPV(10) is in excess of 80 MM US$ for the Iecea Mare-2 well alone.

The revenue split for the Iecea Mica-2 well based on appraisal and exploration success (Case 4) as well as the projected cash flow and Net Present Value at a discount rate of 10% is shown below.





The above analysis is made based on the following assumptions;

- 2C Contingent Resource and Best Estimate Prospective Resource Estimates
- Gas pricing 6.23$/mmBtu
- Hydrocarbon Type: Dry Gas
- Royalty rate 3.5%; 7.5% if daily production exceeds 3.9 MMscf/d
- Corporate Tax on profit 16% (No historical costs assumed)
- Inflation 2% p.a. applied to product prices and OPEX
- Max. initial daily production rate per well < 125,000 scbm/d (4.4 MMscf/d)
- Initial decline rate 20% per year for 4 years, later 10% per year
- Production limits are derived from nearby production data.

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PERSON 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 Ltd. 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).

CAUTIONARY STATEMENTS:

CONTINGENT RESOURCES: Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations but, for which the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. 1C, 2C, 3C Estimates: in a probabilistic resource size distribution these are the estimates that have a respectively 90% (P90), 50% (P50) and 10% (P10) probability that the quantities actually recovered will be exceeded.

PROSPECTIVE RESOURCES: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

END OF RELEASE