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31 January 2018

Activities Report

Quarter Ended 31 December 2017

HIGHLIGHTS

Offshore Italy – Nilde Oil Field Redevelopment

- ADX has commenced a formal farmout process following a number of unsolicited approaches and the finalisation of a detailed Information Memorandum and data base.
- Completion of the internal subsurface technical and commercial audit including a review of development costs and schedule in conjunction with Calm Oceans Pte Ltd in preparation for a third party DD process.
- As a subsequent event, the designated Italian Regulatory Authorities have advised that ADX fulfils its technical and HSSE capability requirements. The Authorities have further advised that ADX does not, in its opinion, fulfil the financial capability requirements. ADX legal advisers believe that the financial evaluation by the Authority is based on incorrect data, the evaluation is unreasonable and extends beyond the criteria of the legislation and the Authorities have introduced additional requirements in their evaluation (not provided for in the law). In line with the process, ADX is in the process of filing an objection supported by the submission of updated financial documentation relating to both ADX's Italian subsidiary and ADX.

Offshore Tunisia – Dougga Appraisal and Development

- Kerkouane PSC licence commitments have been varied and approved; the PSC will be extended for a further 3 year term following the drilling and testing of the Dougga-Sud well. This revised commitment replaces the previous commitment for an exploration well and 500km² 3D seismic.
- High confidence drilling and testing cost estimate of US\$24.4 million for Dougga Sud following completion of detailed planning as well as engagement with suppliers and contractors (US\$17.7 million and US\$6.7 million for drilling and testing respectively).
- In October 2017, a rig contract was executed with Noble Drilling Services for the Globe Trotter II drill ship. The current expected spud date of 4th quarter of 2018 is based on the expected availability of the drill ship.

- Development concept cost reduction to US\$930million, circa US\$5.50/barrel of oil equivalent in the 2C resources case (a 30% saving over previous estimates) based on reliable third-party budget estimates.
- Solid economic returns from the base case development concept of a 100MMCFD gas plant (delivering 56MMCFD sales gas and 8500BBL/D liquids) with further potential economic enhancements for a larger 150MMCFD gas plant and/or partial debt financing of the development costs. The range of valuations shown in Figure 1, which is based on \$55/bbl flat real oil price and related gas price based on Tunisian pricing formula.

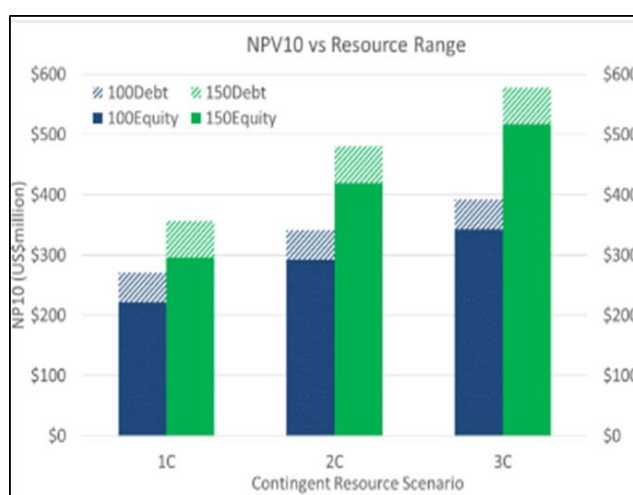


Figure 1: Dougga project NPV10 vs Resource Range under various scenarios

Onshore Romania – Parta license

- In December 2017, ADX signed an agreement with Reabold Resources Plc (LSE AIM:RBD) (Reabold) to invest US\$2 million in ADX’s wholly owned subsidiary, Danube Petroleum Limited (Danube), in return for a 29% shareholding.
- Planning and permitting has advanced substantially with the drilling of two appraisal wells currently scheduled for Q4 2018 where Danube will hold 100% participating interest.
- ADX, on behalf of Danube, is in discussion with a number of parties expressing interest in further investments in Danube to fund the second well in the Parta appraisal program.
- ADX progressed technical work on the Iacea Mare 3D area and identified additional exploration potential accessible from planned wells significantly enhancing the upside of the existing appraisal projects.

Independent Asset Assessment

ADX engaged with a number of qualified parties with a view to obtaining an Independent Evaluation Report for the Dougga Gas Condensate Project offshore Tunisia, the Nilde, Naila & Norma discoveries offshore Sicily and the Parta appraisal project in Romania. The assessment is intended to provide an independent review of the ADX asset base for the support of farm out activities, the information of its shareholders and a possible stock market listing on AIM.

OPERATIONS

Offshore Italy, D363C.R-.AX permit “Nilde” (ADX Operator, 100% equity interest)

The Nilde Oil Field Redevelopment Project

Regulatory Approvals

As part of the ratification process for the exclusively awarded application, ADX was advised that on July 4, 2017, the Constitutional Court (Judgement 198/2017) declared that an Implementing Decree of March 25, 2015 had been cancelled because the Regions were not adequately involved in the process. Without the presence of that Implementing Decree, the Ministry, UNMIG (UFFICIO NAZIONALE MINERARIO PER GLI IDROCARBURI E LE GEORISORSE), has not been in a position to award exploration licences for any onshore or offshore areas.

Based on the documents provided by ADX and subsequent feedback from UNMIG, ADX was previously of the opinion that the resolution of the Decree issue would be the last impediment to the license ratification with the expectation that the licence would be ratified by the end of 2017/early 2018. In January 2018, subsequent to the end of the quarter, the designated Italian Regulatory Authorities advised that, in its opinion, whilst ADX has acceptable technical and HSSE capacity, the Company currently has insufficient financial capability to fulfil its permit commitments.

Based on the opinion of the Company’s Italian legal advisors, the Authorities have acted and decided in line with the regulations and law with respect to the technical and HSSE capacities and past performance of ADX, but for as yet unknown reasons, have extended their evaluation beyond the existing guidelines and legislation with respect to the financial evaluation criteria. ADX is in the process of filing an objection seeking to have this decision reversed which is supported by the submission of updated financial documentation relating to both the Italian subsidiary and ADX which meets stated financial requirements, examples of past financial performance and letters of support from associated contractors and sources financial support .

Farm-out Status

The relatively low risk nature of the resource, the low predicted capital costs and excellent fiscal terms continue to attract potential investors to the Nilde project including vendor finance, oil traders, private equity and industry farminees. A formal dataroom process is underway.

While the government decision is disappointing and may cause delays in operating the permit, it is not expected to substantially affect current farm-out efforts. ADX expects that any offers will now be made subject to license ratification, thereby enhancing the financial and legal strength of ADX in the view of the Italian authorities.

Technical Update and Competent Person's Assessment

Upon completion of an internal peer review with the assistance of Calm Oceans Pte Ltd (in relation to the development planning and costs) and ongoing implementation of internal recommendations, ADX is now in a position for a third party competent person's assessment and has started to engage with relevant, qualified companies. This review will be based on the extensive subsurface, development design, facilities review, schedule, OPEX and CAPEX estimates in 2017, and is expected to be finalised by the end of Q1 2018.

Offshore Tunisia, Kerkouane permit (ADX Operator, 100% equity interest)

License Renewal and Change of Work Program

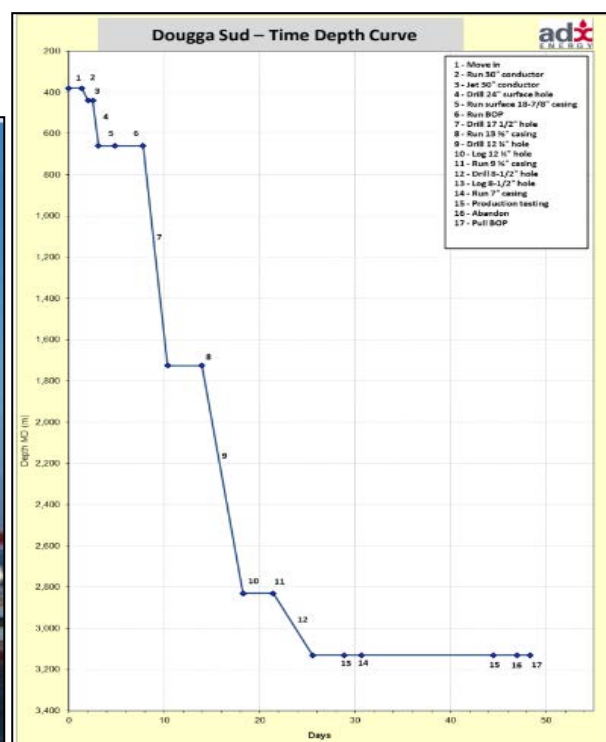
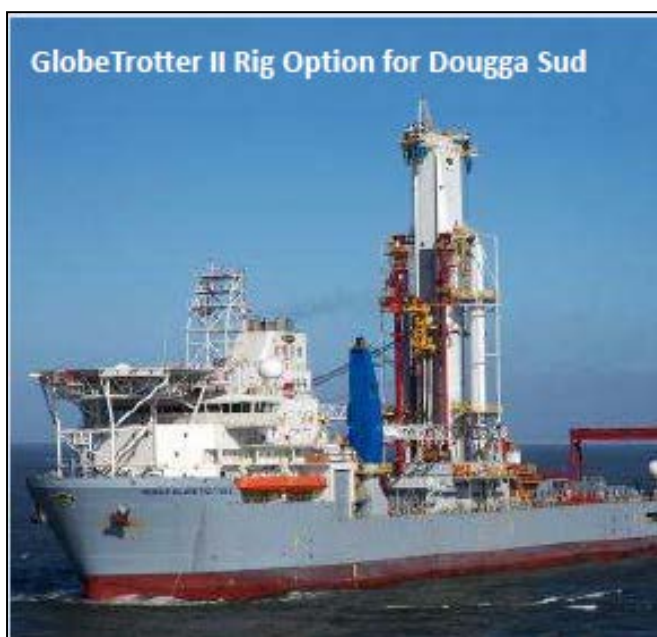
Throughout 2017, ADX has been engaged in discussions with the Tunisian national oil company, ETAP and the Directorate of Hydrocarbons (DGH) in relation to the renewal of the Kerkouane permit for a further 3 years and a related change in the work program. During this quarter, after the positive recommendations of ETAP and DGH, the Tunisian Hydrocarbon Consultative Committee Meeting (HCC), has accepted the proposed change of work program and permit renewal.

Under the HCC decision, ADX is no longer required to acquire an exploration focused 3D seismic program of 500km² and drill an exploration well, but instead can fulfil its outstanding obligations by drilling and testing Dougga-Sud, with a view towards completing the well as a future producer. ADX has also been advised of a requirement for a bank guarantee in relation to the modification of the work program and during the quarter, ADX has commenced discussions with the DGH to determine the level, timing and form of the required guarantee.

Upon the successful completion of a Dougga Sud well test, any bank guarantee in place will be lifted and ADX can enter into the second license renewal period for the Kerkouane license for a further 3 years, as per the Production Sharing Contract provisions. An exclusive production license may then be granted over the Dougga field after declaration of commerciality.

Dougga-Sud Drilling Planning and Rig Contract

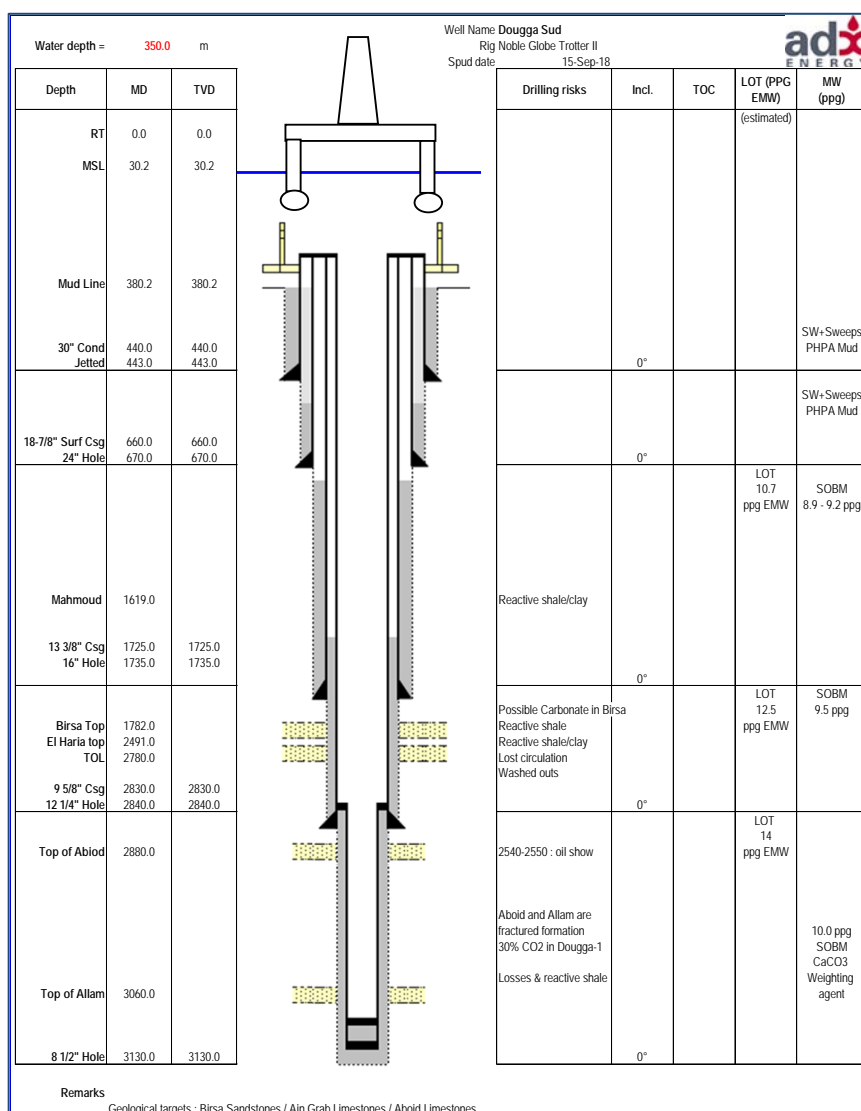
In October 2017, ADX executed a drilling contract with Noble Drilling Services to utilise the Globe Trotter II drill ship (image below) for the drilling and testing of the Dougga-Sud well. The contract delivers an excellent technical and commercial option for the drilling and testing of the well during the second half of 2018. The rig is a high specification, high efficiency, dynamically positioned drill rig that has been secured by ADX at very competitive rates, including zero mobilisation and demobilisation charges.



During the quarter, ADX has completed a detailed well design (below) including drilling time vs depth plan (above). The work included a long lead item availability reviews, development of the well contracting strategy and the preparation of a budget estimate. The work has been completed by a highly experienced drilling design and management company with support from experienced logistics personnel in Tunisia.

The drilling and testing is estimated to take around 57 days to complete with a total cost of US\$24.4million (US\$17.7million and US\$6.7million for the drilling and testing phases respectively) including 10% non-productive time (NPT).

In addition, ADX has also initiated work on obtaining related environmental and marine operations approvals from the designated Tunisian statutory authorities. This work enables ADX to be in a position to drill in the second half of 2018.



Dougga Subsurface Work and Competent Person's Report

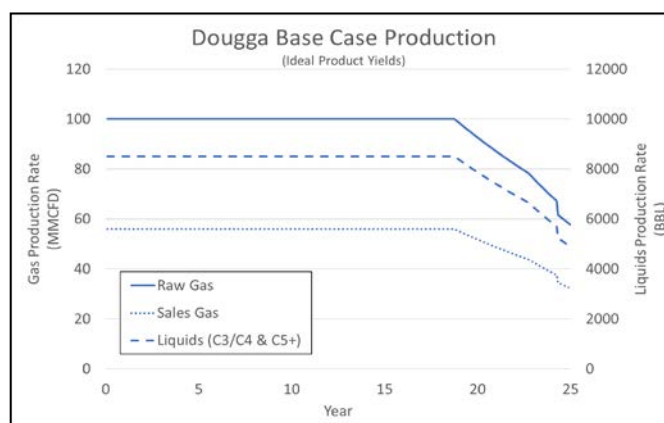
As in the case of Nilde, the Company has started to engage with relevant, qualified companies for an independent review of the contingent resources (Table 2), development concept and commerciality studies which were completed by ADX this quarter and announced on 20 December 2017. This independent review is expected to be completed by the end of Q1 2018.

<i>DOUGGA CONTINGENT RESOURCES¹ (2017)</i>	1C	2C	3C
Total Oil Equivalent (MMBOE)	108	165	250
Sales Gas (BCF)	368	564	851
Liquids: LPG (MMBLS)	29	44	66
Liquids: Condensate (MMBLS)	25	39	59

Note 1. 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.

Table 1: Dougga Contingent Resources as announced 20 December 2017

The base case (2C) shown below is for 6 development wells (including Dougga Sud) which is expected to deliver 56MMCFD sales gas and 8500BBL/D liquids (C3/4 and condensate) for almost 20 years of plateau production.



Further subsurface work has also been undertaken to consider options for carbon dioxide sequestration close to the proposed Dougga onshore processing plant. Two relatively close and sufficiently sized subsurface structures have been identified as realistic options for use during the production of Dougga. ADX is also investigating the potential sale of carbon dioxide sales opportunities for domestic and European industrial use.

Dougga Cost Estimates and Commercial Analysis

During the quarter, ADX conducted an Expressions of Interest process with suitably qualified contractors for the Dougga development concept equipment and installation packages designed by Technip FMC. The process has allowed ADX to highgrade and obtain budget estimates from parties who have the capability and experience to supply equipment and facilities for the

development of Dougga. ADX received budget estimates for packages including the Subsea facilities, Subsea pipeline and umbilicals and the Onshore gas plant. Based upon these estimates ADX's most likely capital cost for facilities and wells is US\$930 million - a reduction of over 30% compared to previous cost estimates based on a more complex design concept.

Based on the above mentioned development and operating costs, economic modelling of the project under current Tunisian PSC (Production Sharing Contract) terms was completed. The TechnipFMC study and actual Globe Trotter II rig rates provided under the contract with Noble are key elements of the current CAPEX estimates for the economic modelling. In addition to that development, financing scenarios were investigated to compare 100% equity based versus partial debt based finance. Under the current Tunisian PSC terms debt financing (70% debt, 30% equity) enhances contractor NPV and IRR as shown in the figure below for a flat, real US\$55/bbl prevailing oil price and the 3 resource case scenarios (1C of 108 mmboe, 2C of 165 mmboe, 3C of 250 mmboe). A further gas rate sensitivity was modeled for a 150 mmscf/d plant rate which further significantly improves the potential commerciality of the project.

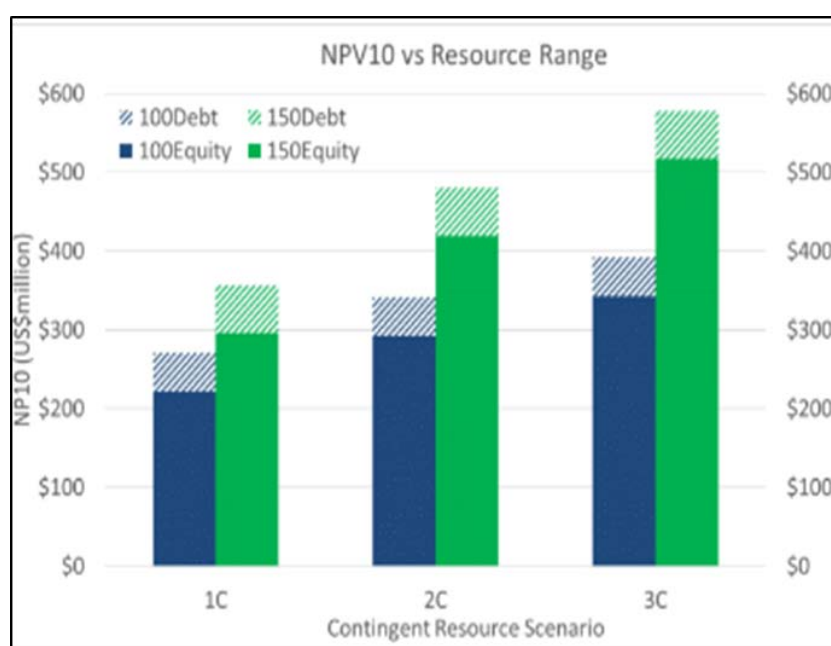


Figure 2: Dougga project NPV10 vs Resource Range under various scenarios

Dougga Farm-out Process

The advancement of the subsurface and development design work, along with the detailed commercial analysis, has enabled ADX to open a comprehensive virtual dataroom (VDR) for interested farminees and/or alliance partners. Several parties are already in an advanced stage of evaluation and are continuing to engage positively with the Company.

Onshore Western Romania, Parta Concession

(ADX Operator, 50% equity interest in Parta Exploration license and 71% effective interest in the Parta appraisal project)

Parta Appraisal Project Funding

During the quarter ADX signed an agreement with Reabold Resources Plc (LSE AIM:RBD) (Reabold) to invest US\$ 2 million in the recently incorporated Danube Petroleum Limited (Danube), currently a wholly owned ADX subsidiary. Upon completion of the transaction, Danube will hold ADX's 50% interest in the Parta exploration license ('Parta') and 100% participating interest in the upcoming Parta Appraisal Program.

Upon completion, Reabold will hold a 29% shareholding in Danube, valuing ADX's 71% shareholding in the UK registered Danube at US\$5 million. This is a benchmark for further incoming parties who have expressed interest to join the appraisal project.

The Parta Appraisal Program comprises two re-drill wells (planned for the 2H 2018) to test 33 bcf of prospective and contingent resources spread over a total of 5 gas reservoirs and defined on recently acquired 3D seismic.

Parta Appraisal Drilling and Development Preparations

During the quarter ADX engaged with the Operator of the nearby oil and gas processing facility for the producing Satchinez and Calacea fields. A plant visit has now been completed and confirmed that the estimated dry gas production volumes from the Parta license could be handled by this plant.

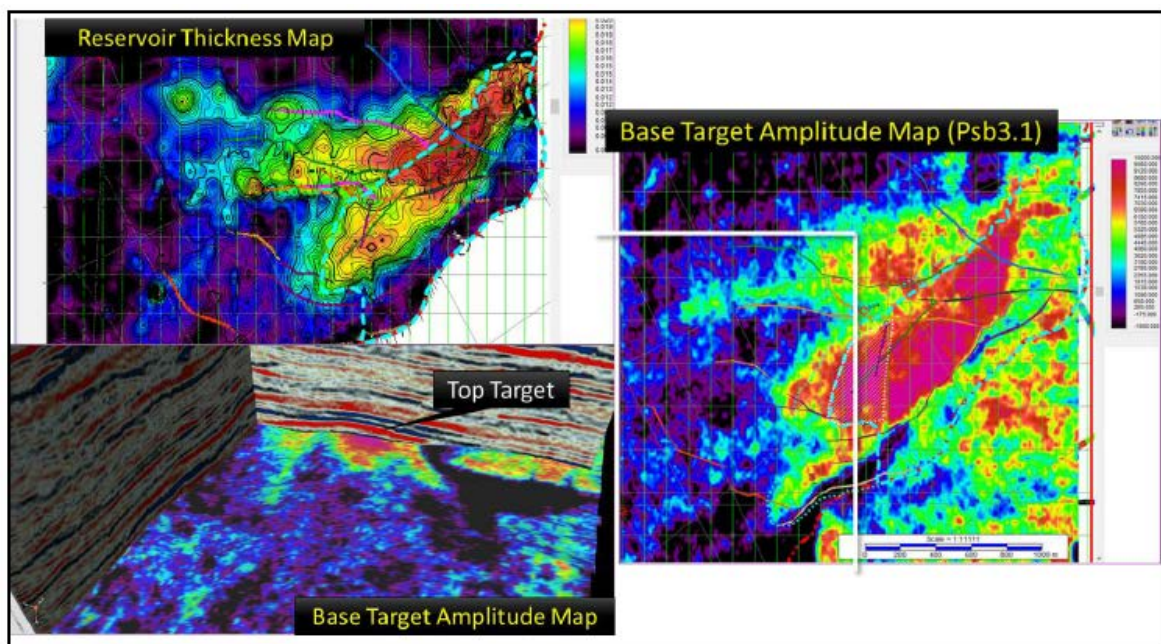
ADX has also engaged with a number of local and international drilling companies and expects to commence rig tendering during Q1 2018. In the interim, the well proposal and drilling documents to obtain permits from the granting authority NAMR (AGENTIA NATIONALA PENTRU RESURSE MINERALE) are being prepared. This will be followed by land acquisition and permits for construction (including wells site access roads and the well site).

Parta Appraisal Subsurface Work

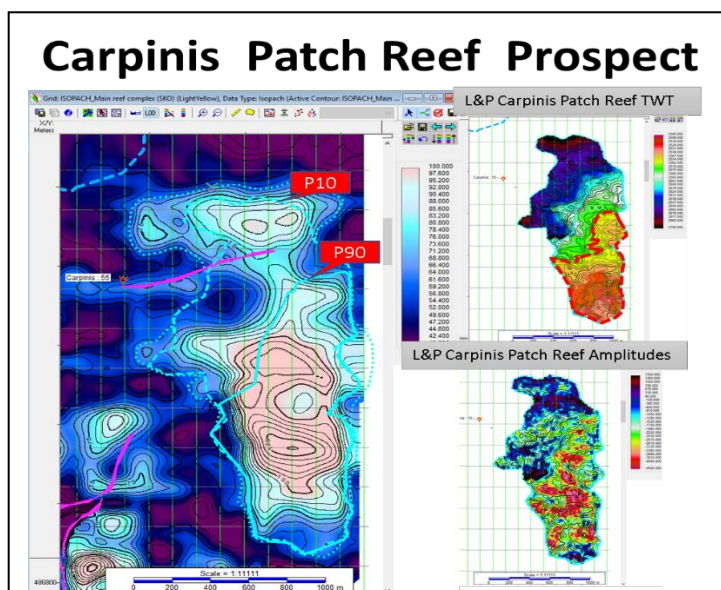
During the quarter ADX progressed technical studies on the Iecea Mare 3D area and identified further exploration potential, some of which could be reached by deepening the proposed

appraisal wells. These new prospects have the potential to significantly enhance the upside and follow-up potential of the Parta appraisal projects.

An example of the additional potential is a structural/stratigraphic prospect underneath the proposed Carpinis-55 appraisal well. The two figures below show the shallow (1600 meters) gas sand appraisal target and the deeper (approx. 2500 meters) potential Miocene carbonate build up exploration prospect which is estimated to contain an unrisks best technical prospective resource of 15 bscf.



Carpinis-55: shallow appraisal target shown above, and deeper exploration target below.



Parta License Activities outside the Parta appraisal project area

Outside the Parta appraisal project area ADX, on behalf of Danube and its partner RAG (who holds a 50% working interest in the exploration permit) intend to permit additional areas for 3D seismic acquisition so that a large continuous area of approximately 250 sqkm could be accessed for a 3D seismic acquisition. It is intended that 3D exploration seismic acquisition will be delayed to 2019 to enable prioritising of the Parta Appraisal Project.

INDEPENDENT ASSET ASSESSMENT

As discussed in the relevant asset sections, ADX is now well placed to have its assets independently assessed. With that intention ADX has engaged with a number of qualified parties with a view to obtaining an Independent Evaluation Report for the Dougga Gas Condensate Project offshore Tunisia, the Nilde, Naila and Norma discoveries offshore Sicily and the Parta appraisal project in Romania. The assessment is intended to provide an independent technical and economic review of the assets which can be used to support of farm out activities. Such a report can also be valuable for financial investors without the technical capability to assess resource assets.

ADX is also investigating a possible stock market compliance (or joint) listing on AIM (London Alternative Investment Market) where ADX believes it can generate further investor interest given the location of its assets in Europe and North Africa. It is intended that the Independent Asset Assessment will also be ASX compliant for the information of its Australian Shareholders.

NEW VENTURES

There was no significant new ventures activity during the quarter.

FINANCE AND ADMINISTRATION

ADX's cash at the end of the December 2017 quarter was \$1,829,000

TENEMENT TABLE

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

Permit	Percentage held at the beginning of the Quarter	Percentage held at the end of the Quarter	Percentage acquired
Offshore Tunisia, Kerkouane	100%	100%	-
Offshore Italy, d363C.R-.AX*	100%	100%	-
Offshore Italy, Pantelleria	100%	100%	-
Offshore Italy, d364C.R-.AX	100%	100%	-
Onshore Romania, Parta ^{note1}	50%	50%	-

* 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.

Note1: Upon completion of the Transfer of Interest of ADX's Romanian subsidiary (which holds the Parta Permit) from ADX to Danube Petroleum Limited (Danube) and the completion of the recently announced US\$ 2 million funding transaction with Reabold Resources Plc, ADX will hold 71% interest in Danube. Danube will in turn be a 50% license holder in the Parta Exploration license and hold a 100% interest in the Parta Appraisal Project.

Yours faithfully,



Paul Fink
CEO/Technical Director



Ian Tchacos
Executive Chairman



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 and Engineers) and FIDIC (Federation of Consulting Engineers).

DISCLAIMER: 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.