

31 July 2017

ADX Energy Ltd

Activities Report Quarter Ended 30 June 2017

AUSTRALIA

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HIGHLIGHTS

OPERATIONS

Offshore Italy – Nilde Oil Field Redevelopment

- Nilde appraisal planning is well advanced with the appraisal objectives confirmed. The appraisal well design is expected to be completed in the September quarter and options for an extended production test of the appraisal well are also being investigated.
- During the quarter, ADX initiated a ground-up subsurface peer review and audit of the Nilde project in support of the farmout process. Improvements have been made to the integration of the raw and interpretative data into the static and dynamic modelling which provides a more coherent basis for planning work and the farmout process.
- The preferred development concept is advancing well with detailed planning meetings with Calm Oceans Pte Ltd (COPL) in Singapore.
- Financing and farmout activities have intensified to source funding for an appraisal / development well from potential sources of vendor finance, oil traders, private equity and industry farminees.

Offshore Tunisia – Dougga Appraisal and Development

- Agreement by ADX and its National Oil Company partner, ETAP, to vary the Kerkouane work program from the acquisition of 3D exploration seismic and the drilling of an exploration well to the drilling and productivity testing of updip Dougga - called Dougga Sud (or South).
- TechnipFMC progressed the development concept study for the Dougga gas condensate discovery offshore Tunisia presenting their interim study findings to the Tunisian authorities. Their work concluding that the development of Dougga via a Subsea development exporting condensate rich gas is a technically feasible development concept and robust. Facilities cost estimates are expected to be completed by end July 2017.

- Geological, geophysical and reservoir engineering studies during the quarter included structural 3D modelling, seismic structural attribute work, DFN (discrete fracture network) modelling utilising Petrel software, revision of in place hydrocarbon volumes. Dynamic modelling is currently undertaken with a view to generating revised recoverable resource estimates as well as gas and condensate production forecasts for Dougga.
- The Dougga Sud appraisal well drilling location was selected by ADX and agreed by ETAP (national oil company) at a location approximately 300 m updip from the Dougga 1 discovery well.
- Drilling rig option expressions of interest for Dougga Sud issued in May have yielded very positive responses in terms of rig capability and day rate for a late 2017 to mid 2018 time slot. ADX will seek to finalise a drilling rig agreement by the end of August.
- Farmout discussions have commenced with industry farminees to source funding for the Dougga Sud appraisal well.

Onshore Romania – Parta license

- During the quarter ADX has completed the tender for 3D seismic acquisition and is currently finalizing contract negotiations with the preferred seismic bidder.
- ADX acquired a 3D seismic data set in the northern part of the license and mapped two low risk appraisal drilling opportunities with the potential to provide rapid cash flow.
- Across the two drilling opportunities there are five relatively shallow gas accumulations of which four have been either successfully well tested or flowed gas to surface during drilling operations. ADX expects to provide further details on resource and economic potential of these opportunities in the near future.

Finance and Administration

- A Non-Renounceable Entitlement issue raising a total \$1,124,945 was completed and a further \$900,000 was raised under a Shortfall Offer.
- Farm out and financing discussions are ongoing with a number of parties with respect to the Nilde Oil Redevelopment project and Dougga gas condensate appraisal project. It is expected that these discussions will be further escalated during the third quarter of 2017.
- Discussions commenced with potential farminees and equity funding sources with a view to securing funding for the Parta Appraisal Program. The preferred outcome being direct equity investment in a holding company which is currently 100% ADX owned.

Share Investments

- Post June 30 2017, Riedel Resources advised that it has secured a Joint Venture and Earn In Agreement for a Cobalt and Copper project in Spain. ADX is very encouraged by the announced transaction and continues to review its position in this investment.

OPERATIONS

Offshore Italy Pantelleria Permits & d363C.R-.AX permit (Operator, 100% equity interests)

The Nilde Field Redevelopment Project

Nilde Subsurface Review and Audit

During the quarter, a ground-up peer review and detailed audit of the Nilde subsurface modelling was initiated. The previous work had identified three potential subsurface outcomes and the objective of the audit was to independently review the integration of the data as well as identify and select the most likely base case for the project upon which to plan the appraisal and development. The review has defined the most likely base case scenario as well as several areas where the raw and interpretative data has been better integrated into the static and dynamic modelling. The resulting production forecasting from this base case scenario is currently underway and should be completed within two weeks. While this process has regrettably taken additional time, ADX believes the result will provide an improved planning case which is more credible and ensure confidence in the modelled expectation case resource assessment and production estimations for appraisal and development planning as well as the farmout.

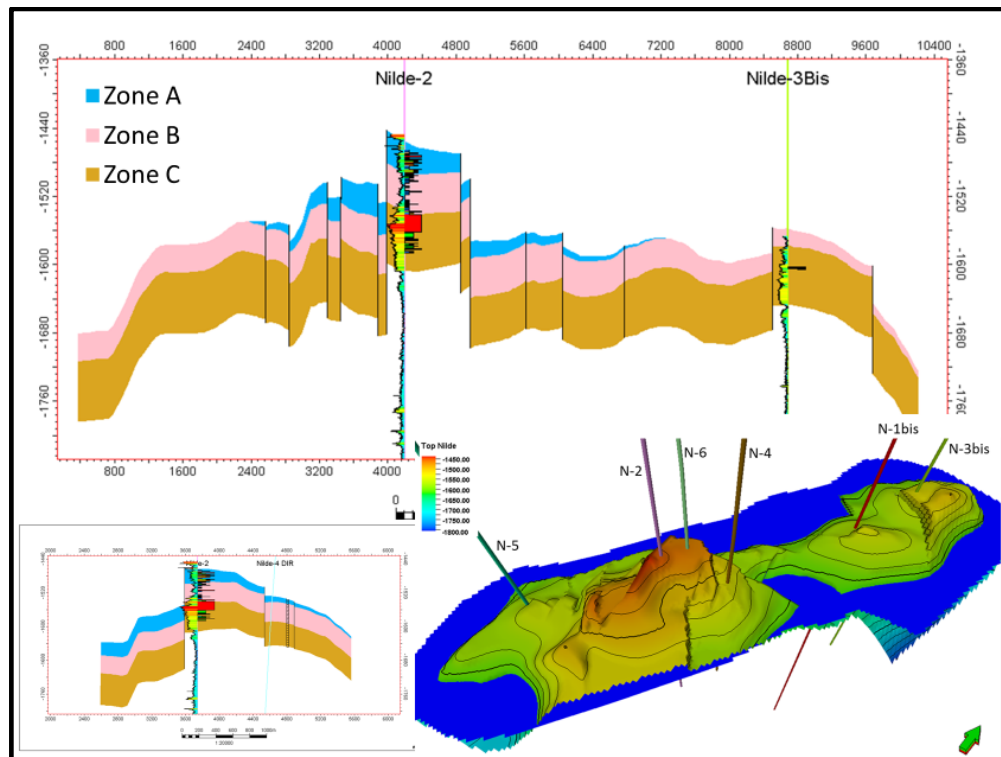


Figure 1: Nilde structure montage with 3D top structure visualization and layered cross-sections through key wells in both strike and dip directions.

Nilde Appraisal Objectives

The studies completed by ADX highlight the advantage of an appraisal well to confirm the subsurface model and base case resource expectation prior to making a final investment decision. A successful appraisal well will assist in optimising the development plan, reduce overall project risk and improve the terms of any development capital financing package. With reference to Figure 1, the data gathering objectives of the appraisal well in order to confirm the subsurface base case modelling are:

1. Confirm a minimum present-day hydrocarbon column thickness:
 - The Nilde field is a dual-porosity carbonate with the majority of the oil in place residing in the rock matrix which is connected by an extensive, highly permeable fracture network.
 - A normal characteristic of dual-porosity systems is that, during production, the recovery factor of the connected fracture network is high in comparison to relatively low recoveries from the rock matrix which leaves oil-filled matrix surrounded by a water-filled fracture network. During long periods of no production (such as the 28 years at Nilde since 1989), there will be equilibration with oil imbibing from the rock matrix into the fracture network with a tendency towards a common oil water contact.

- This characteristic is supported by the modelling at Nilde with the water table expected to have fallen dramatically since the end of production in 1989 and this will be tested with the appraisal well.
2. Confirm presence of hydrocarbons and productivity in the upper zone C in the Nilde-2 faultblock:
 - 99% of the previous production at Nilde was produced from perforations in the highly productive “Zone A” at the top of the Nilde formation in the Nilde-2 faultblock.
 - A poorer quality “Zone B” potentially isolates “Zone C” in the Nilde -2 fault block from the previous production. The upper Zone C is interpreted from core and logs to have the best matrix reservoir quality in the field as well as a medium quality fracture network potentially providing a good development well target.
 - The upper Zone C has only been tested downdip in Nilde-4, where, even though it had been swept, showed evidence of connected fractures.
 - The appraisal well is designed to confirm the presence and productivity of the potentially substantial volume of undrained hydrocarbons in Zone C.
 3. Confirm the reservoir flow characteristics in the faultblock to the south-west of Nilde-2:
 - 99% of the previous production at Nilde was produced from perforations in the highly productive “Zone A” at the top of the Nilde formation in the Nilde-2 faultblock.
 - The fault block to the south-west of Nilde-2 is separated from Zone A in the Nilde-2 area and it has not yet been directly produced from. Nilde-5 which was drilled downdip in this faultblock in 1985, is interpreted to have been swept by five years of production to that point in time but was never utilised as a producer.
 - It is likely that significant volumes of hydrocarbons remain in this faultblock updip of Nilde-5 providing a potential development target and the appraisal well is designed to intersect and confirm hydrocarbon presence here.
 4. Locate and complete the appraisal well as long-term producer:
 - The appraisal well will be designed such that it is capable of being completed as a producer in a location that the current modelling suggests would be a low-risk development target.

Options to conduct an Extended Production Test (EPT) from the appraisal well are being investigated with suitable rig availability and government approvals being key drivers. An EPT would give an improved understanding of the connected hydrocarbon volume and greater confidence in the long-term productivity expectations. Any oil produced during such an EPT would also provide revenues.

Nilde Development Concept and Updated Project Economics

The technical and economic analysis undertaken by ADX has validated the concept selection of leased platform, production and storage facilities offered under the Memorandum of Understanding (“MOU”) between ADX and COPL (ASX announcement 22 December 2016). During the quarter, ADX and COPL held working meetings in Singapore to refine the Basis of Design (subject to the appraisal well) and kickoff the detailed planning, engineering and accreditation. ADX plans to work closely with COPL over the next several quarters to progress the Basis of Design and Field Development Plan in parallel with appraisal planning enabling the interaction with Italian Authorities and the submission of final Field Development Plan closely following the results of the appraisal well.

Regulatory Approvals

ADX has provided all the required submissions to the licensing authority Ufficio Nazionale Minerario per Gli Idrocarburi e le Georisorse (“UNMIG”). The submissions included extensive background information on operational, technical and financial capability. ADX expects a formal ratification of the exploration licence in the coming quarter which will enable the commencement of the appraisal well licensing process.

Farmout Status

The relatively low risk nature of the resource, the low predicted capital costs and excellent fiscal terms provides attractive economics for the Nilde redevelopment project. The project is attracting a range of potential investment sources including vendor finance, oil traders, private equity and industry farminees.

The imminent completion of technical studies has enabled ADX to increase engagement with a number of potential farminees and/or purchasers of a partial interest in the project. In addition to direct engagement, ADX has entered into an agreement with London based representatives well known to the Company which are well connected with oil and gas companies, sources of vendor finance and private equity investors. Approximately 10 companies have been targeted and initial discussions have commenced with large to mid capitalisation companies. Remuneration is based on a success fee only.

ADX also intends to engage a farmout broker with a world-wide reach to identify parties which may not be known to ADX. ADX will continue to advise shareholders of material progress on funding discussions as farmout and financing discussions become our primary focus.

Figures 3a and 3b below show 3D visualizations of the fracture permeability and fracture connectivity at the top of the main Abiod gas condensate reservoir. Note the locations of the Dougga 1 discovery well and the Dougga Sud planned appraisal well.

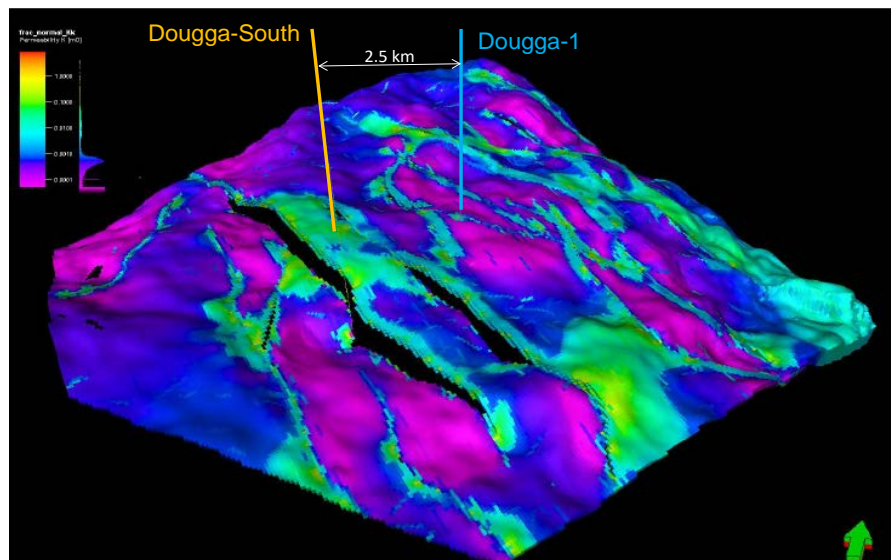


Figure 3a: Top Abiod reservoir 3D structure showing (relative) vertical permeability. Green areas and blue colours define areas of relatively higher predicted fracture permeability.

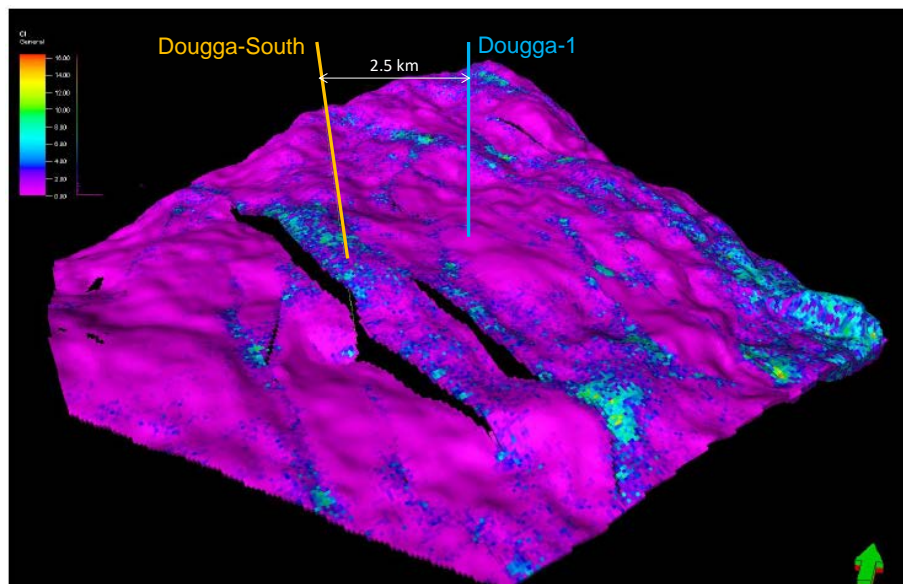


Figure 3b: Top Abiod reservoir 3D structure showing (relative) fracture connectivity. Blue colours define areas of relatively higher predicted fracture permeability, such as around the proposed Dougga Sud well location.

In addition to the fracture modelling, a 3D geocellular model was created (using Schlumberger's Petrel software) incorporating an updated petrophysical and structural model with 3D seismic derived reservoir attributes. As a consequence of this work, a fully integrated 3D model has been created enabling future reservoir simulation and optimum well placement.

The work is enabling a more accurate estimate of in place resources for the proven Abiod reservoir by integration the 3D seismic structure and seismic attributes (seismically derived indication of reservoir quality) with petrophysical data. Figure 4 is a 3D image of the top Abiod reservoir structure with colors showing potential reservoir (matrix) sweet spots derived from geological modeling in conjunction with 3D seismic attributes.

An additional important outcome of the above work was incorporation of fracture volumes and the 3D seismic derived Abiod net pay map (Figure 3).

The 3D model predicts that the highest fracture densities and reservoir connectivity can be expected in the compartment targeted by the proposed well Dougga Sud (or South) well. A combination of good fracture density and connectivity could facilitate high gas condensate flow rates.

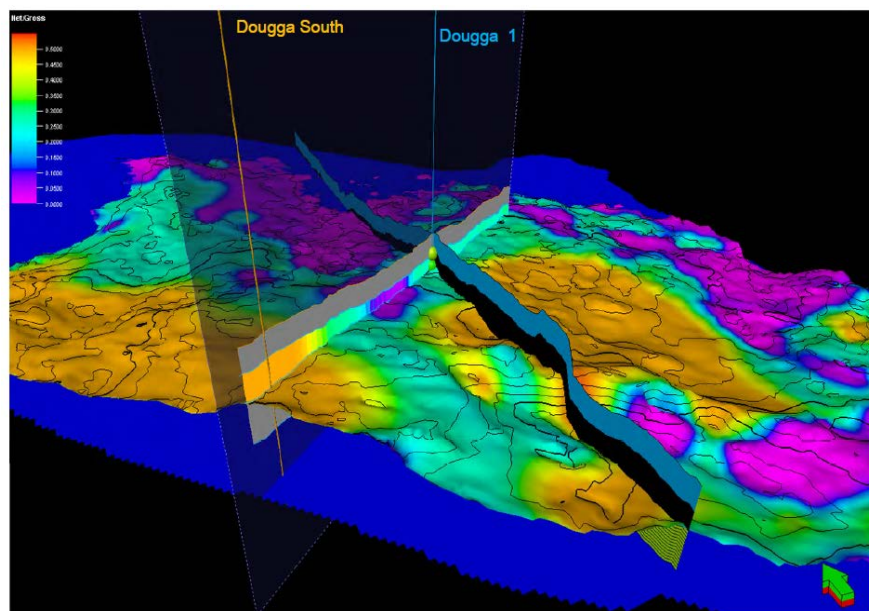


Figure 4: Top Abiod reservoir 3D structure showing the proposed Dougga-Sud appraisal well location and Dougga-1 discovery well which is approximately 300 meters further downdip.

Lateral distance between wells is approximately 2500 meters. Colours show net Abiod reservoir section, based on 3D geological modeling constrained by seismic attributes. The best expected Abiod reservoir sections (matrix) coincide with orange colors, blue to purple areas are relatively lower net Abiod reservoir section.

Work Program Variation

ADX and its National Oil Company partner, ETAP, have agreed to vary the work program replacing the previous exploration commitment of 500 Km² of 3D seismic and an exploration well with the drilling and testing of the Dougga Sud well. This is a very important enabler to source a funding partner to progress the Dougga appraisal with a view to determining the recoverable volumes and productive potential of the substantial Dougga gas condensate resource.

TechnipFMC Concept and Cost Studies

TechnipFMC investigated and ranked a number of development options for Dougga based on a 100 million SCF/day raw gas rate. On the 22nd of May 2017, TechnipFMC presented to ETAP and the DGH (Tunisian Regulator) technical staff a summary of the interim study findings for the Dougga Concept Study.

In summary, the work by TechnipFMC concluded that the development of Dougga via a subsea development exporting condensate rich gas is absolutely technically feasible and robust.

The key development scenarios that have been screened were presented, including:

- A. Subsea Wells with Subsea De-hydration and Gas Processing Onshore,
- B. Subsea Wells, no Offshore Processing and Gas Processing Onshore, and
- C. Subsea Wells, with De-hydration, Condensate Removal, Storage in an FPSO with further Gas Processing Onshore.

The two leading scenarios (B) and (C) have undergone more in-depth evaluation. The preliminary conclusions are as follows:

- A. Subsea De-hydration scenario: is not mature enough, has extra complexity, and does not solve all the issues. Hence screened-out after first round.
- B. Offshore processing scenario with FPSO – is good in terms of liquid handling and offloading, but not able to eliminate the Onshore processing completely (gas and residual liquid treatment). Hence remaining CAPEX and higher OPEX are expected over the life cycle of the project (for Onshore and Offshore facilities).

- C. Subsea directly to Beach scenario – is absolutely technically feasible and robust in terms of long multiphase transport. All processing for Gas and Liquids is done Onshore. CRA (Corrosion Resistant Alloy) pipeline eliminates risks for the CO₂ content deviations. The risks related to Ultimate Recovery Rate and reservoir pressure decline can be managed by introducing the Subsea Wet-Gas compression at the late life production, allowing postponement of the Capex but also tailoring the unit design/capacity to the known reservoir characteristics and exact wells' performance.

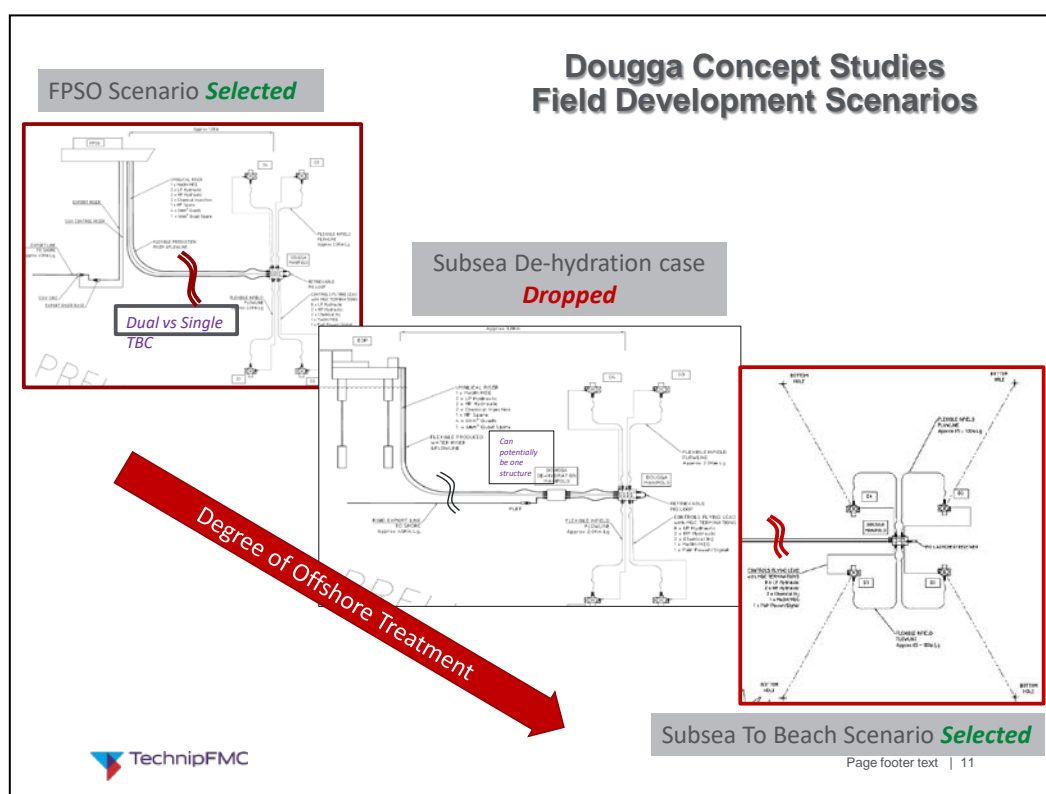


Figure 5: Dougga Development Concept Scenarios

Note: TechnipFMC has a successful track-record dealing with long tie-backs (up to 145 km) and subsea processing solutions.

Several subsea alternatives have been screened for the drill-center arrangement. A cluster solution has been selected which allows decoupling the drilling of four (4) single production wells and manifold fabrication/installation. This selection reduces sea floor complexity but requires deviated drilling (which may be required in any case to enable higher well productivity).

TechnipFMC issued a draft report summarizing all the study findings including cost estimates on the 13th of June 2017. ADX has reviewed the report findings and has requested a revision to the Condensate Storage and Export solution.

Drilling Rig Expressions of Interest

ADX commenced a bidding and evaluation process by issuing an Expression of Interest (EOI) request to secure a drilling rig option for the Dougga Sud well in April 2017.

A list of suitable drilling contractors for the Dougga Sud well was compiled taking into account the current business climate. Some important factors were that some companies may be at risk of default or bankruptcy and many rigs may have not operated for some time so are cold or hot stacked which may affect rig availability, rig performance, general safety risk and crew competence. In addition, the proximity of rigs to the Dougga Sud location is an important consideration for reducing or eliminating mobilisation costs as well as providing local experience.

Following a review of a drilling contractors database containing 78 potential contractors, 11 candidate companies were pursued based on the above mentioned criteria. The evaluation of tenders has resulted in a number of very attractive technical and commercial options. ADX has commenced the negotiation of drilling contracts to secure a favourable arrangement for the drilling and testing of the Dougga Sud well.

Gas Marketing Discussions

In May, ADX met with the Director of Power Generation in Tunis who was very interested to understand the potential of the Dougga project to provide domestic gas supply as Tunisia is now a 60% net importer of gas. Gas fired power generation represents 95% of consumption and the authority is desperate for new supplies. It was confirmed that current gas prices in Tunisia are approximately US\$6 to US\$6.50 per Gigajoule at current oil prices. ADX committed to meet with the power generation and gas infrastructure groups when next in Tunis to discuss progress with the project.

Farm-out Process

ADX has entered into an agreement with London based representatives well known to the Company which are well connected with oil and gas companies, sources of vendor finance and private equity investors. Approximately 12 companies have been targeted and initial discussions have commenced with large to mid capitalisation companies. Remuneration is based on a success fee only.

ADX has also identified a number of candidates with which it is engaging directly and also intends to engage a farmout broker with a world-wide reach to identify parties which may not be known to ADX.

The imminent completion of geotechnical work, appraisal well planning and development concepts studies will enable ADX to ramp up farmout efforts during the third quarter of 2017.

ADX believes that the recent studies and the variation of the license work program from an exploration commitment to the Dougga appraisal program provides a more compelling investment proposition. ADX is seeking funding for a Dougga appraisal well which is intended to prove the viability of a development through the demonstration of commercial flow rates and prospective addition of gas and liquids resources based on the substantial updip potential defined on 3D seismic.

Onshore Western Romania, Parta Concession (Operator, 50% equity interest)

Following the completion of 3D seismic permitting and land access agreements, several seismic acquisition contractors were invited to bid for an approximately 150 sqkm 3D seismic acquisition program. During this quarter, the preferred bidder was identified and commercial and technical discussions are currently ongoing in conjunction with obtaining the environmental and other permits required for the 3D seismic acquisition.

During the last quarter, ADX has obtained a small (approx. 20km²) area of modern 3D seismic which covers part of the recently abandoned Iecea Mare oil field area. Most of the useful 3D seismic data is located within the ADX exploration license. Due to the recent relinquishment of the Iecea Mare production license, ADX also has the right to drill inside that relinquished area. During this quarter an exploration prospect and appraisal/development opportunity inventory was completed within the 3D seismic area and Figure 7 below shows a simplified summary of the identified opportunities. Since a large part of the resources were outside the now relinquished production license the previous operator of this license could not access them because ADX already had acquired the Parta exploration license at the time.

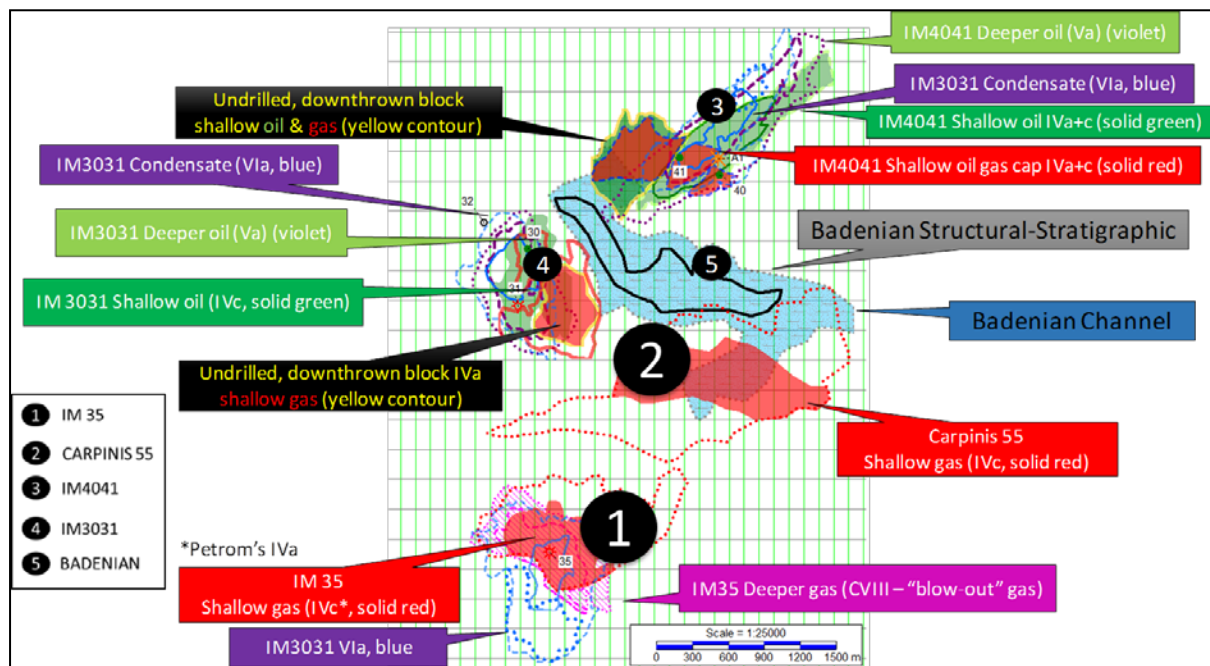


Figure 7: 3D seismic supported drilling opportunities; “1” and “2” are gas appraisal/development opportunities

Two drilling opportunities marked as “1” and “2” in Figure 7 above are of immediate interest because they offer a low risk, potential fast track to early cash flow from gas production. Figure 8 below summarises the opportunities on a 3D seismic cross section and includes gas in place estimates for the various mapped horizons. With the exception of one reservoir target all other targets have been proven either by long term well testing or free gas flow to surface. ADX will provide recoverable resource estimates upon completion of further technical and commercial evaluation work.

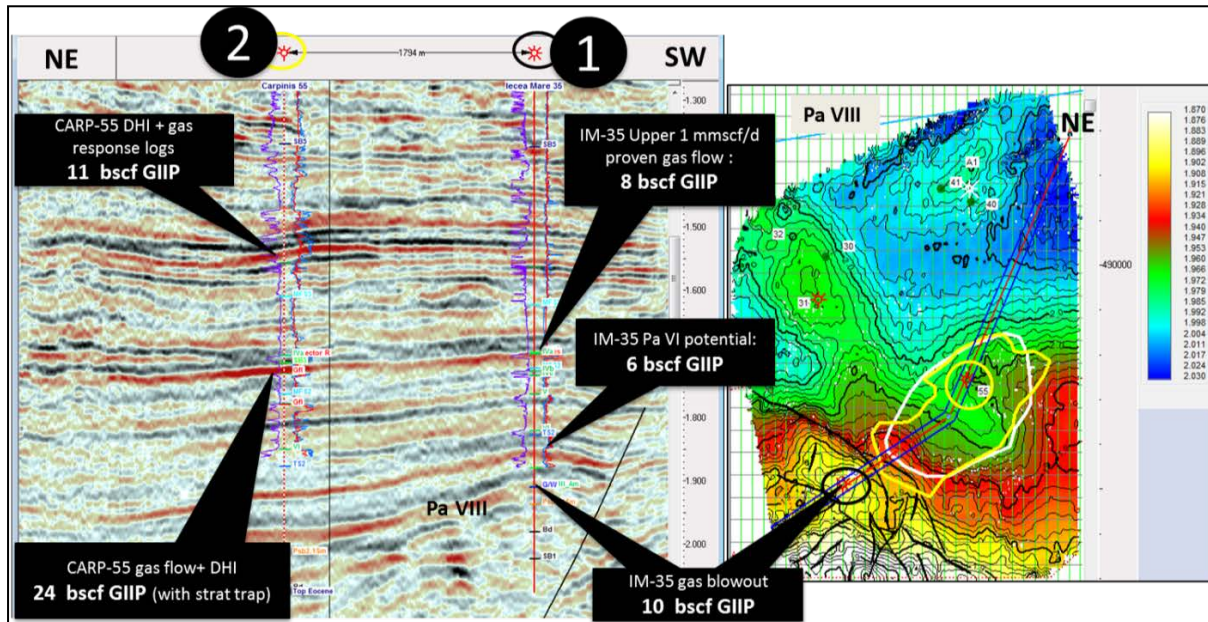


Figure 8: Seismic cross-section showing opportunities “1” and “2” in more detail including 5 potential hydrocarbon accumulations

ADX considers the shallow CARP-55 DHI opportunity (“1”) as a relatively low risk exploration prospect since the 3D seismic shows a very strong, well defined amplitude anomaly updip of the Carp-55 well, which proved up excellent and thick reservoir development and can be interpreted as gas bearing based on the old Romanian style wireline log data. The prospect can also be regarded as low risk because it is located on a structural nose and the top of the prospect features a (small) 4 way dip closure. With sediment input from the north, reservoir sands are pinching out against the structural high to the south, which sets up an ideal stratigraphic trapping mechanism and enabling the potential for a substantial upside resource. Figure 9 below shows the structure map and the 3D seismic amplitude anomaly map, respectively.

ADX is currently working on detailed development planning and economic analysis and intends to announce the results in an ASX release upon completion of the work.

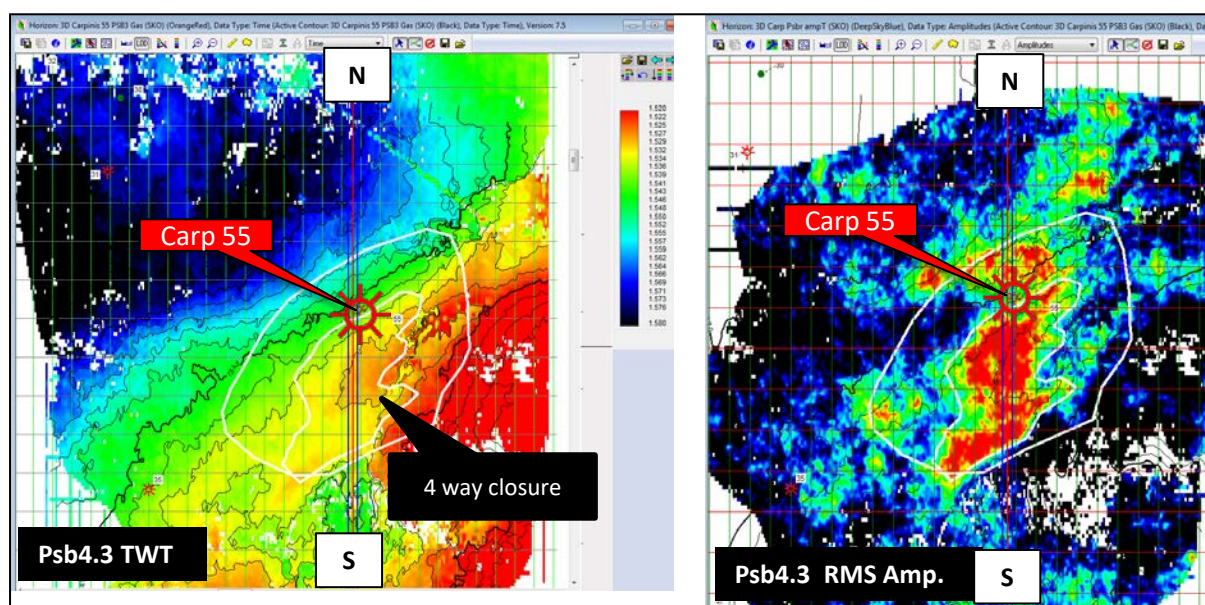


Figure 9: Structure map (left) and 3D reservoir amplitude map (right). The small white polygon encloses the very bright 0.6 km² area updip of well Carp-55 discussed in the text.

NEW VENTURES

There were no significant new ventures activity during the quarter.

FINANCE AND ADMINISTRATION

On 31 May 2017, ADX announced the close of the 1 for 5 Non-Renounceable Entitlement Issue with the take up of 86,534,242 shares raising a total \$1,124,945. On 19 June 2017, ADX advised that under the Shortfall Offer, it accepted applications for 69,230,768 Shares to raise an additional \$900,000. Total raised was \$2.025 million of the maximum \$2.415 million under the Entitlement Issue with the level of participation confirming ongoing shareholder support for ADX and its projects.

The funding will provide ADX with the resources and run time required to complete the necessary studies on its Nilde and Dougga assets and market both assets in a manner that will enable the funding of its planned appraisal programs.

ADX's cash at the end of the June 2017 quarter was \$1.823 million.

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	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. ADX believes ratification will occur during the second half of 2017.*

SHARE INVESTMENTS

ADX Energy holds 26.7 million shares in ASX listed Riedel Resources Limited (ASX:RIE) (<http://www.riedelresources.com.au>). On the 26th of July 2017, Riedel announced its intention to raise approximately \$550,000 by way of private share placement under its current 15% capacity at \$0.015 (1.5 cents). In addition Riedel announced an underwritten 1 for 3 non-renounceable pro rata rights issue to raise approximately \$1,400,000 at a price of \$0.015 per share (a 50% premium to its previous last traded closing share price on the 21st of July).

The above funding package is intended to fund a Joint Venture and Earn In to earn up to a 100% in the Cármenes copper cobalt project in Northern Spain. The Cármenes Project covers historic high grade cobalt (Co), copper (Cu), nickel (Ni) and gold (Au) mines.

ADX is very encouraged by the recent progress by Riedel and continues to review its position in this investment.

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 & 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.