

Indices and Prices

All Ordinaries	5,756.00
Energy Index	9,456.70
Brent AU\$/bbl	70.1836
AUS\$/US\$	0.7465
Live Gold/AU\$	1,691.58
As at close 30 May 2017	

First published in StockAnalysis Issue 18, Volume 14 - 31 May 2017

Risked valuation of 12.8 cents per share . . .

Planning for appraisal/development drilling at Nilde oilfield, offshore Italy, ahead of farm-out from 100% position . . .

ADX - Development on multi-fronts

Capital Structure

Code	ADX
Shares*	1,115 m.
Options	100 m. @ 2cts
Share Price	\$ 0.013
Market Cap	\$ 14.5 m.
Cash (est June 17)	\$ 2.7 m.

* Post 1:5 issue

Recommendation: ADX has well advanced studies on both the Dougga gas field and Nilde oilfield appraisal and development. Following a 1:5 rights issue, ADX is well placed to move forward with plans to farm-out and conduct appraisal drilling on both projects.

The stock remains a speculative buy.

RE-POSITIONING TUNISIAN GAS/CONDENSATE DEVELOPMENT

While focusing on obtaining permission from Italian authorities for the drilling of a combined, appraisal and development well at the Nilde oilfield project, ADX has also been busy securing its dormant position in the **offshore Kerkouane permit** with Tunisian authorities.

The company had previously made a commitment to Tunisian authorities to shoot 500km² of 3D seismic and drill an exploration well. After further work on existing 3D seismic with its consultants and in discussion with government partners in Tunis, this programme has been altered to include drilling a new appraisal well just south of the existing Dougga gas discovery well to help determine the productivity of the Abiod reservoir and appraise the overlying oil prone Alam Formation at that location within the Dougga structure.

Previously, ADX discovered that the Dougga-1 discovery well was drilled in a zone where the productive Abiod limestone had been substantially degraded by erosion into a canyon at that location. Sophisticated analysis of 3D seismic data, looking at fracture density and fracture connectivity has led ADX to predict a much thicker zone of reservoir, as well as much higher fracture density and connectivity in the compartment where the Dougga Sud-1 well is proposed, immediately south of the original discovery well. As a result of the expected reservoir conditions, the company's consultants predict "very high gas flow rates" from a well at that location, which is expected to intersect a 600 metre-thick reservoir unit.

Gold Live AU\$



All Ordinaries



S&P ASX 200 Energy Index



Brent Crude Oil \$AU/barrel

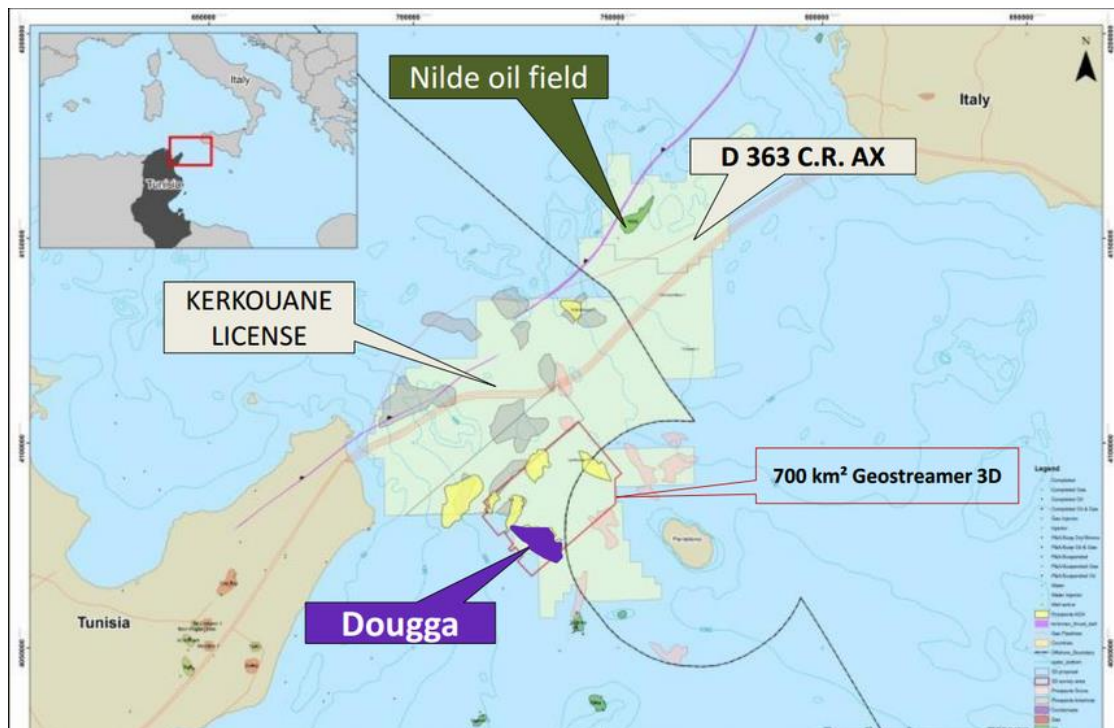


AU\$/US\$

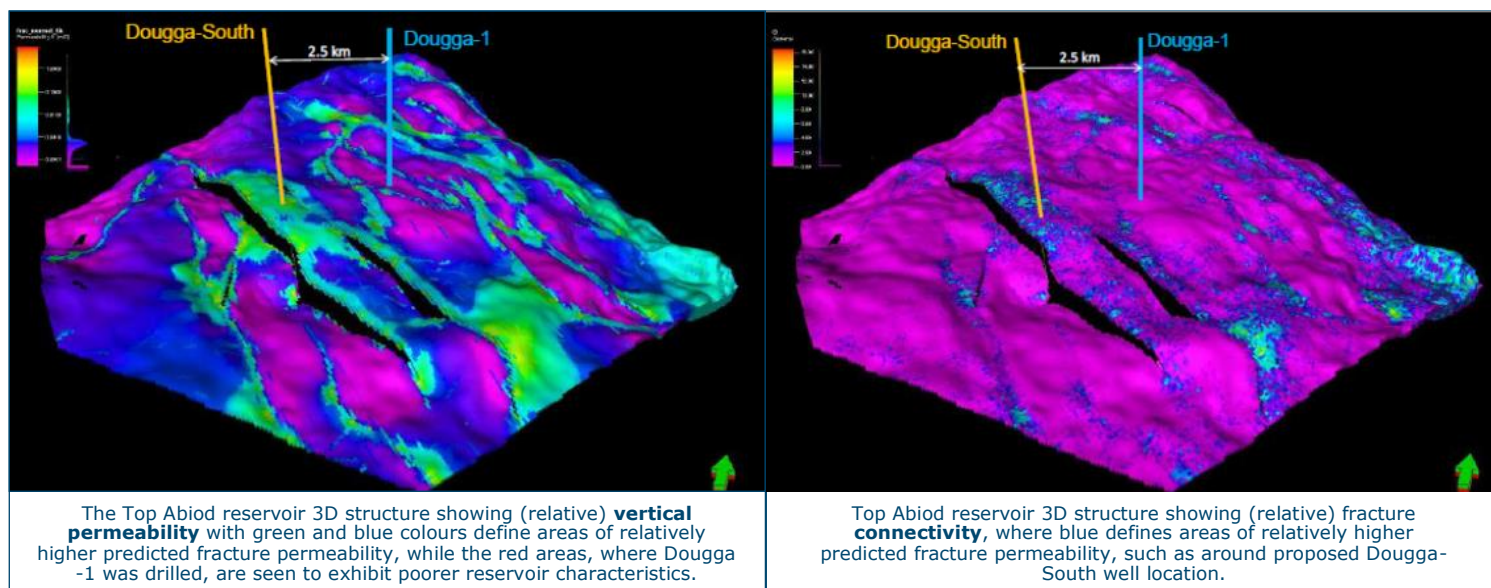


100% held Dougga has potential for over 900 Bcf of gas plus >120 mmbbls of liquids . . .

Seismic interpretation shows areas of strong fracture permeability within a high matrix permeability limestone reservoir . . .



As part of a second, three-year renewal for the Kerkouane licence, ADX will relinquish 36% of the permit, which can be achieved with virtually no loss of prospectivity.



Following drilling of an appraisal well at Dougga-Sud, ADX will also have a commitment to drill an exploration well in year three of its second renewal authorisation. The company has identified several potential targets with **Dougga West standing as a prime oil prospect located 9 kilometres from Dougga where a best case prospective resource of 227 mmbbls is estimated.**

DOUGGA RESOURCE REASSESSMENT

Geophysical studies on Dougga now indicate that the original gas-in-place at Dougga may be more than twice the original estimate. Once final estimates of reservoir characteristics and likely recovery are completed, estimates of sales gas could lift towards 1 Tcf with associated LPG and condensate of 180 mmbbls. StockAnalysis estimates that at a value of \$6/bbl for liquids and \$1 per Mcf for gas, such a project would have an insitu value of over \$2 billion.

Potential \$2 billion insitu value at Dougga . . .

DOUGGA DEVELOPMENT OPTION

A low-cost option for development of the Dougga field has been suggested, involving a tieback from the ocean floor at a water depth of ~330 metres, into a pipeline running 45 kilometres to a gas processing plant onshore. The company's consultants are working through costing for field development as well as a plant to process the gas, which contains ~30% CO₂, along with marketing options for each of the project's outputs, including a potentially valuable stream of CO₂.

Tunisia has become a net importer of natural gas, with the domestic market paying up to US\$6/Gj for gas supply.

StockAnalysis assesses a risked valuation of 12.8 cents per share for ADX, with risked exploration appeal lifting that target to 19 cents.

The stock has a technical target of 2.6 cents per share in the medium term.

Risked Valuation	\$m	\$/shr	Comment
Cash (est)	3	\$0.002	As of June '17
New Equity (est)	4	\$0.003	Dilution @ 2 cps
Mining assets	0	\$0.000	26m RIE
Nilde	89	\$0.064	20% of 1C NPV at Nilde/Bis
PARTA	4	\$0.003	60% of risked Exp'n value
Dougga	79	\$0.057	20% of risked Exp'n value
Options	2	\$0.001	Nov-Dec '17-'18
Corporate	-3	-\$0.002	4x annual
Sub-total	178	\$0.128	
Risked Petroleum Exploration Assets			
Tunisia	75	\$0.054	Largely Dougga West
Nilde Area	4	\$0.003	30% of Lead 4 only
Romania	8	\$0.005	Half of larger risked potential
	\$265	\$0.190	
Initial Target Price		\$0.026	

Source: Strachan Corporate

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