

Annual Report

31 DECEMBER 2012



ADX Energy Ltd

ADX Energy Ltd

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owned subsidiary of ADX)

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Directors

Ian Tchachos
(Non-Executive Director)

Wolfgang Zimmer
(Managing Director)

Paul Fink
(Technical Director)

Andrew Childs
(Non-Executive Director)

Company Secretary

Peter Ironside

Share Registry

Computershare Investor Services
Pty Ltd

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250 St George's Terrace
Perth, Western Australia 6000

Bankers

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St George's Terrace
Perth, Western Australia 6000

Commonwealth Bank Of Australia
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Stock Exchange Listing

Australian Stock Exchange
2 The Esplanade
Perth, Western Australia 6000
ASX Code: ADX

Auditors

Rothsay Chartered Accountants
Central Park Building,
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Perth, Western Australia 6000

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Our vision

Striving for superior shareholder returns through better investment choices, by applying state of the art technology and high quality management.

Profile and Vision

ADX Energy Ltd (ADX) is an Australian Stock Exchange (ASX) listed oil and gas exploration and appraisal company. ADX operates four oil and gas permits in North Africa and Europe, together with gold and base metal interests in Australia held via its stake in ASX listed [Riedel Resources](#) (RIE).

The company is headquartered in Perth, Western Australia with additional offices operating out of Vienna (Austria), Tunis (Tunisia) and Bucharest (Romania).

ADX Energy's **vision** is to achieve superior shareholder returns through better investment choices, by applying state of the art technology and high quality management.

ADX strives to achieve exponential growth based on a **strategy** of early entry to high impact exploration opportunities in proven oil and gas basins.

The company has been able to execute its **strategy** thereby gaining leverage from early entry to prospective acreage, adding value through technical studies or state of the art seismic and achieving farmouts to minimise the requirement for equity funding.

The **geographic focus** for the company's energy appraisal and exploration activities is onshore Tunisia, offshore Tunisia, offshore Italy and Romania where there is access to good infrastructure, strong energy markets, stable governments and attractive fiscal terms.

The company's **operating philosophy** is to maintain operatorship through the exploration and appraisal phase of the asset cycle to ensure appropriate influence, the ability to maintain important core skills and gain greater access to new asset opportunities.

Global Operations





Wolfgang Zimmer

Managing Director's Report

Dear Shareholders

This annual report is the first one prepared on a calendar year basis effective 1 July 2012.

Year end will be therefore 31 December. The purpose of the change of the financial year end is to synchronise the Company's financial year end with that of its affiliated companies and joint venture operations. It is expected that this change will effectively also lead to overall cost savings for the ADX group of companies.

Onshore Tunisia operations dominated our work effort in 2012. All operations were handled with care and we were able to overcome massive operational problems during the Tunisian revolution and its aftermath. Thanks to our hands on crisis management all our employees and contractors were able to return home safely. However, cost increases were inevitable as activities were delayed for long periods of time or were halted altogether.

ADX has continued to maintain conservative handling of its financial resources.

Successful farmouts in previous years provided the majority of our funding and additional farmouts of the Tunisian Chorbane permit will carry ADX through a 2D seismic acquisition program in 2013.

In Romania we are already acquiring 2D seismic and are looking forward to drilling activities in the Parta permit towards the end of 2013.

Despite a very challenging 2012 your Company has bright future. The Board looks forward to the coming year which we expect will result in significant progress across the Company's prospective asset base. We expect these activities will provide ADX shareholders with exposure to some exceptional appraisal and exploration drilling opportunities funded by industry farm outs.

On behalf of the Board I would like to thank you for your support and I look forward to the ongoing solid growth of ADX for the benefit of our shareholders.

REVIEW OF ACTIVITIES

In late 2011, the Sicily Channel licenses offshore Tunisia and Italy (Kerkouane and Pantelleria) Sales and Purchase Agreements were executed to buy back a 10% interest in the Lambouka prospect area from PharmAust Limited and a 20% interest from Carnavale Resources Limited. ADX holds now a 60% interest in the Kerkouane permit, including the Lambouka Prospect Area.

An independent review by ISIS, a resource certification company based in Perth, has confirmed the results of ADX's technical work and that the Dougga gas condensate field is a potentially viable resource. A Dougga appraisal well will be an important next step to confirm its commercial potential.

Farm out activities for the Sicily channel have commenced in Q4 2012 with a view to close the data room by mid 2013 and complete Farm out negotiation soon thereafter.

In addition to technical risk reduction, ADX is continuing discussion of the development strategy for Dougga with the Tunisian authorities.

The intention is to improve the contractual arrangements so that required terms for possible reserve based lending as a prerequisite for the future development of the Dougga gas condensate field can be achieved.

The exploration well Sidi Dhaher -1, onshore Tunisia, had to be plugged and abandoned following an unsuccessful test in June 2012. As reflected by the Company's share price performance the negative Sidi Dhaher result was a significant disappointment for all of us. It should, however, be remembered that the large majority of ADX costs associated with that program were funded by farmouts and the Company still holds a portfolio of high impact appraisal and exploration projects at high equity interests.

The renewal of the Exploration license for the Tunisian Chorbane permit to the 12th of July 2015 was approved by the Tunisian authorities.

The total commitment for the period until 2015 is to drill one exploration well to 2500 meters.

In Romania ADX has signed the concession agreement for the exploration permit EX-10 Parta with NAMR (National Agency of Mineral Resources) in January 2011. The complex process of getting the document executed by all required Romanian ministers caused considerable delays. The governmental approval was finally received on 27th of November 2012 and gazetted on 4th of December 2012.

In May 2012 a farm in agreement was signed with RAG (Rohöl-Aufsuchungs Aktiengesellschaft) to earn 50% interest in the Parta Permit upon a payment in lieu of past costs and a payment of a promoted share of future costs prior to the commencement of seismic operations. The forward work commitment for the Parta Permit requires the acquisition of 2D and 3D seismic and the drilling of two exploration wells. ADX retains a 50% interest and operatorship.

The contract for the Romanian seismic operations has been tendered, bid and negotiated during 2012. It was planned to start operations within a month after the government has ratified the concession agreement. At the time of writing this report the seismic operations in the Parta permit had already commenced.

New Ventures

ADX is routinely screening exploration, appraisal and development opportunities in the areas of interest. Of special interest and importance are Eastern Europe and the Caspian Basin.

Organisational Structure

ADX continued to maintain small offices in Vienna, Tunis and Bucharest in addition to its headquarters in Perth for reasons of operational efficiency and to take advantage of the opportunities available in the areas of operations.



Wolfgang Zimmer
Managing Director



Paul Fink

Operations Review

ROMANIA

PARTA – EX10 EXPLORATION LICENSE & PROSPECTING LICENSES

Operator: ADX

Interest: 50%

The PARTA-EX10 block (Figure 1) covers an area of 1,221 km² and is located in the oil & gas producing southern Pannonian basin of Western Romania. The block includes seven excised oil and gas fields and is considered underexplored.

Oil and gas exploration activities in Parta ceased with the fall of the Communist regime in Romania in 1989, with exploration activities already very low in the decade prior to the 1989 revolution.

During 2012 ADX has made good progress on several pre-operation initiatives:

- A competitive tendering process for the upcoming 2D and 3D seismic campaign has been completed and a contract has been signed with the Romanian seismic contractor Prospecțiuni.
- Several new oil prospects have been added to the portfolio which will be the main focus of the 3D acquisition.
- The RAG farm in has secured funding for seismic and drilling.

Following the government ratification in November, preparatory work started on the seismic acquisition in order to fast track the committed work program. Due to the excellent prospectivity for oil and gas identified on vintage seismic data and analysis of past drilling results, we will acquire almost twice as much data as required by the commitment. In order to avoid any significant environmental footprint and minimize crop damage and compensation to farmers the seismic surveys will be acquired with dynamite only. Although it is more costly compared to vibroseis, outstanding high resolution data quality can be expected from dynamite data (The acquisition parameter testing in February 2013 has already confirmed this).

Drilling of the first well is planned to start earliest in late 2013. Due to the relatively shallow target depths and relatively young geological age of rocks in the area (mainly Pliocene and Upper Miocene age) drilling costs are the lowest within the ADX portfolio.

In addition to the Parta operations, ADX has further prepared for the expected 2013 licensing rounds and conducted corporate New Venture activities, some of which still await conclusion at the time of writing this report. As part of these activities ADX has further increased its Romanian database and progressed the evaluation work of its eight prospecting licenses (Figure 2).

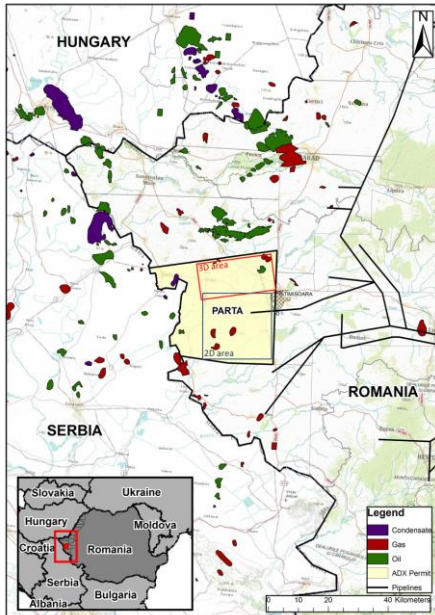


Figure 1: Parta Block, Western Romania

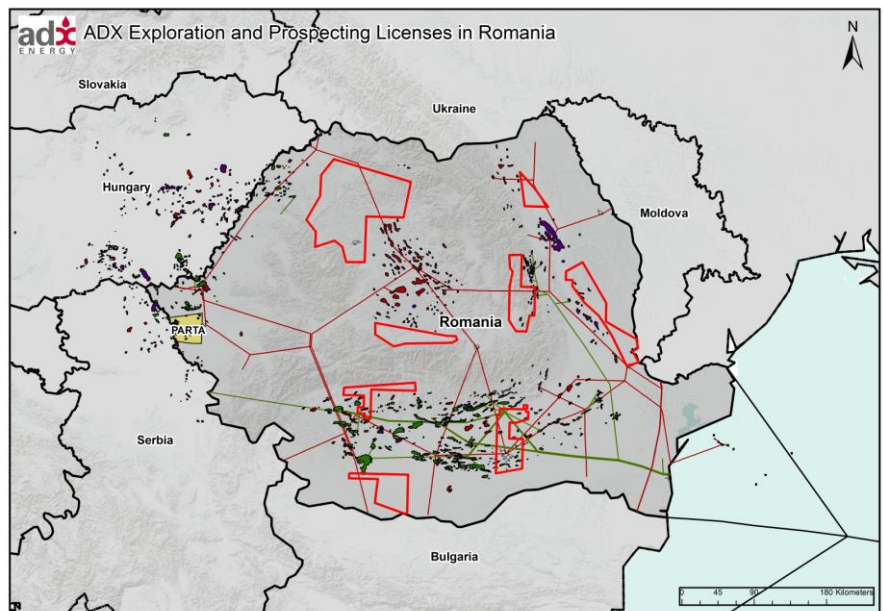


Figure 2: Parta Block, Western Romania in yellow and ADX Prospecting Licenses in red

TUNISIA and ITALY
Kerkouane Permit, Pantelleria Permit
Dougga, Dougga-West, Elissa, Lambouka (& Lambouka Deep)
Operator: ADX Energy Ltd
Interest: 60% interest in the Tunisian Kerkouane license, 100% in the Pantelleria License (Italy)

The ADX operated licenses are located in the offshore Sicily Channel between Tunisia's Cap Bon area and the island of Sicily (Italy) and comprise an area of approximately 5,000 sqkm (Figure 3). The foothill belt and overthrust area which contains large to giant anticlines is proven to be hydrocarbon bearing but is in contrast to the medium to small sized oil & gas producing Gulf of Hammamet foreland area largely underexplored. Following a 3D seismic acquisition program (approx. 700 sqkm) and the Lambouka-1 well in 2010, ADX has continued to leverage on its 3D seismic investment and identify and further mature large sized appraisal and exploration prospects on excellent seismic data, never seen before in the structurally more complex foothill belt area. As a result of the recent work on 3D seismic a large sized portfolio of oil & condensate appraisal and exploration opportunities has emerged around the Dougga gas condensate field. Due to the close distance of the prospects we call this the "Dougga – Hub".

The combined "Dougga Hub" potential is now in the order of 1.2 Billion Barrels of oil equivalent (mean unrisked contingent and prospective resources, respectively). The table below summarizes the prospects covered by 3D seismic and the related resources for one prospective or proven reservoir interval.

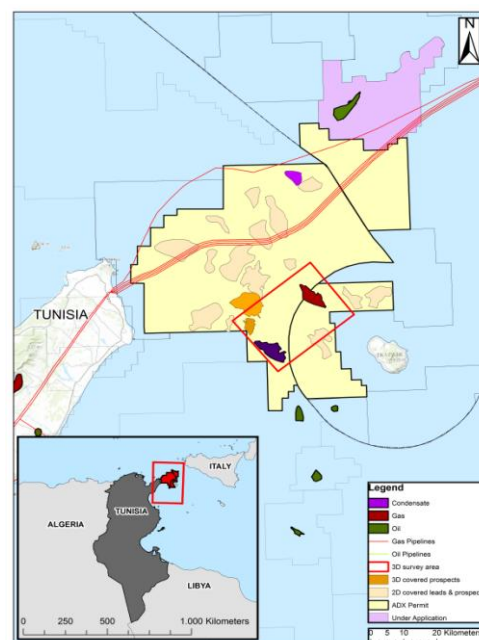


Figure 3: ADX Sicily Channel Licenses

Resource Summary Table for Kerkouane & Pantelleria 3D covered assets:

3D Project Name	Status	ML Resource [mmboe]	Fluid
Dougga	Appraisal of contingent resources	173	gas condensate
Lambouka	Appraisal	52	gas only, condensate potential not quantified, estimated at 24 mmbbls
Lambouka-Deep	Drill Deeper - Exploration	126	gas condensate
Dougga West	Near Field Exploration	226	oil or gas condensate (resource given for oil case in Birsa)
Elissa	Exploration	616	Oil (Birsa) or condensate (Abiod)
TOTAL COVERED BY 3D SEISMIC		1,193	

The activity focus in the second half of the year was to mature the Geostreamer 3D seismic covered Dougga-West oil exploration prospect (Figure 4). Dougga-West has now advanced to the preferred exploration drilling candidate for the anticipated 2013/2014 drilling campaign for a number of reasons, which include:

- the very large size (230mmbbls mean recoverable prospective resources, with an upside of + 600mmbbls) as identified on high quality 3D seismic
- relatively shallow drilling depth
- the presence of high productivity Birsa sandstone reservoir
- oil as the expected hydrocarbon

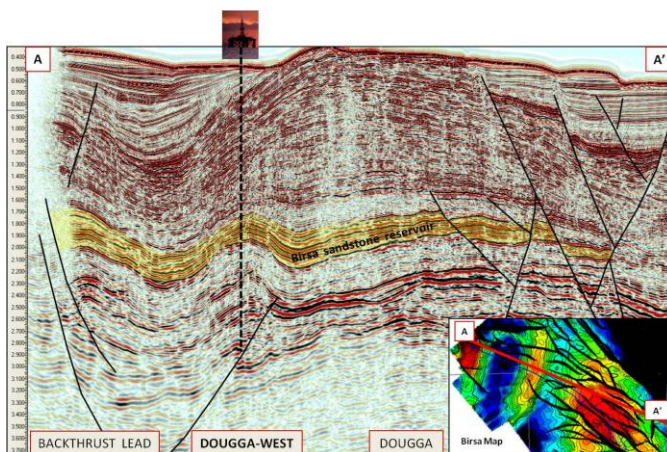


Figure 4: Dougga West Prospect with high productivity Birsa reservoir highlighted in yellow

Earlier in the year the technical evaluation focus was on the Dougga gas condensate discovery. Following the 2010 independent Tracs review of the Dougga field, further reservoir engineering studies have been undertaken with a view to better understand and confirm the upside of the discovery as identified by ADX on 3D seismic. A third party 3D seismic and pressure data review has therefore been undertaken and independently confirmed the upside. With that ADX estimates that the upside contingent resources (3C) are in the order of 270 mmboe (out of which 142 mmbbls are liquids).

As can be seen from Figure 5, the 3D seismic covered area of approximately 700 sqkm is however only a relatively small part of the entire 5,000 sqkm (approx.) ADX acreage holding within the Sicily Channel. Large parts of the proven and highly prospective foothill belt are currently only covered by vintage 2D seismic. New 2D seismic was however acquired in the Kerkouane-1 well discovery area by Shell (Shell Tunisia Offshore GmbH). (Shell had acquired the seismic within the ADX license as part of their large regional 2D survey immediately to the north of Kerkouane and Pantelleria).

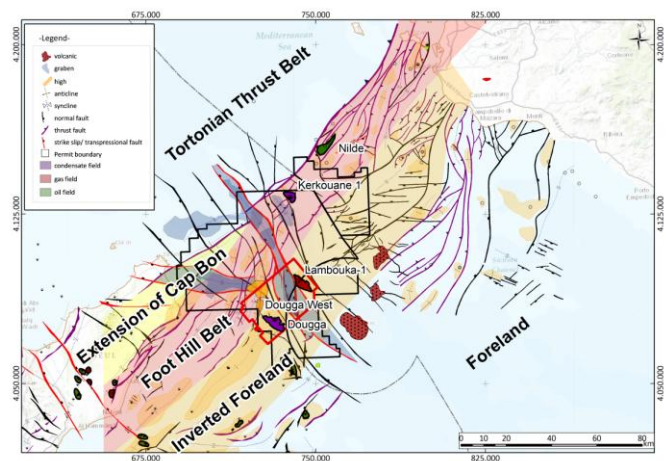


Figure 5: Tectonic belt system map, showing that most of the ADX acreage is within the most prospective but underexplored Foothill petroleum system

Therefore the ADX technical team has progressed the integration of 2D and 3D seismic, which also resulted in a large prospective resource upgrade of the Elissa prospect (Figure 6 showing Elissa seismic & map). ADX now estimates the mean resources of the Tertiary age Birsa reservoir to be 616 mmbbls; the upside is in excess of one billion barrels.

The 3D also allows imaging the deeper Cretaceous and Jurassic petroleum systems, which are structurally even larger in size, but more expensive to drill due to their target depths.

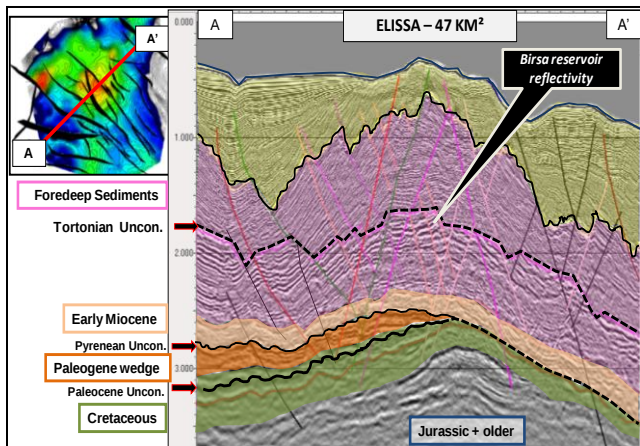


Figure 6: Elissa prospect which could contain in excess of 1 billion barrels of oil (P10 prospective resource)

Chorbane Permit

Operator: ADX

Interest (in 2012): 40%

ADX was in 2012 the operator of the 1,850 km² Chorbane permit which is located in central Tunisia. As part of the license renewal until July 2015 a 20% relinquishment was undertaken with the commitment to drill one exploratory well. Figure 7 shows the new Chorbane permit outline.

The relinquished area is mostly situated in the Northwest of the license. Following the disappointing Sidi Dhafer-1 well test results in the western part of Chorbane, the exploration focus has now shifted to the lower risk eastern part of Chorbane, where medium sized drilling prospects have been identified. Here a proven oil and gas generation area is present which has sourced several nearby producing oil and gas fields. The area has excellent infrastructure allowing relatively small discoveries to be commercialized.

The areas in the eastern part of the permit are lower risk but it is likely that additional seismic will be required to firm up drilling locations. Figure 8 shows an example where some of the more recently acquired 2D seismic lines demonstrate that a previous well which had encountered and flowed hydrocarbons was drilled in an unfavorable (downdip) structural position on a good sized structure. During the reporting period ADX has identified a number of such medium to low risk opportunities and intends to firm them up to drill ready status in the near future, if necessary with new seismic data in a still relatively under explored area.

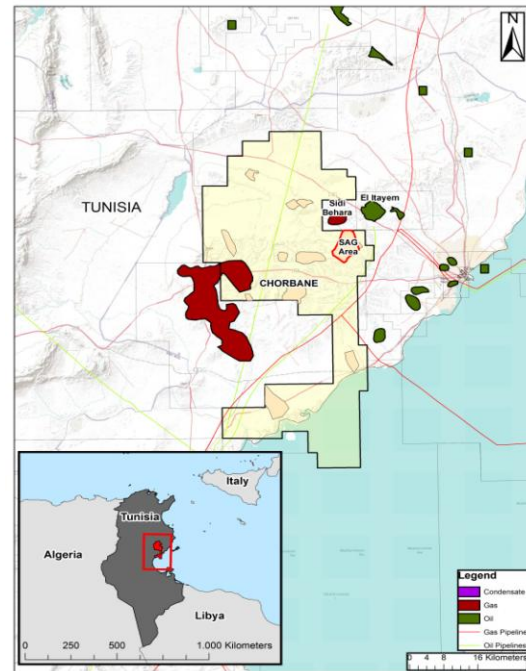


Figure 7: Chorbane Permit

In line with the strategy to focus on onshore Romania, Central Europe and the offshore Sicily Channel, ADX has started to reduce its position in Chorbane through farmouts in late 2012.

During the first half of the year the operational activity was the well testing of Sidi-Dhafer-1. Following the interpretation of a possible oil column based on wireline log pressure data and the retrieval of an oil sample from a good quality reservoir in October 2011, ADX and its Joint Venture partners decided to test. In order to minimise testing costs the operation was undertaken with a smaller rig. Well test operations conducted in June 2012 did not result in a proven flow of hydrocarbons. Without any detected oil reaching the well bore, it was decided that the well should be plugged and abandoned.

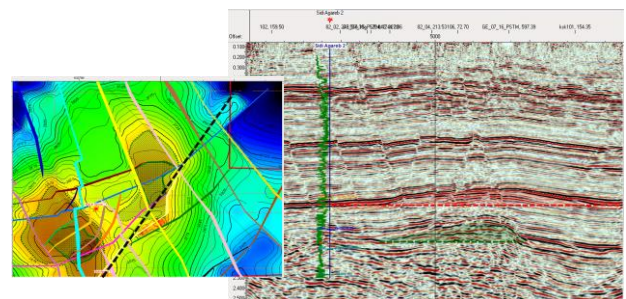


Figure 8: SAG East Undrilled Tertiary gas and Cretaceous oil targets updip of well SAG-2 (see figure 7 for SAG prospect location)

Your Directors present their report for the six months ended 31 December 2012. The names and particulars of the Directors of the Company in office during the financial year and up to the date of this report were as follows

CHANGE IN FINANCIAL YEAR END DATE

During the six months to 31 December 2012, ADX Energy changed its financial year end date from 30 June to 31 December. The change of year end enables ADX Energy to align its financial year end date with that of its joint ventures. The financial year of ADX Energy in this financial report is a transitional one from 1 July 2012 to 31 December 2012 (i.e. six months). Hereafter the company will report its results as normal with respect to a 31 December financial

Directors



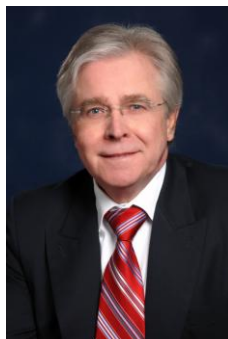
Ian Tchacos
B.Eng (Mech.)

Non Executive Chairman (appointed 2 March 2010)

Mr Tchacos is a Petroleum Engineer with over 25 years international experience in corporate development and strategy, mergers and acquisitions, petroleum exploration, development and production operations, commercial negotiation, oil and gas marketing and energy finance. He has a proven management track record in a range of international oil company environments.

As Managing Director of Nexus Energy he was responsible for this company's development from an onshore micro cap explorer to an ASX top 200 offshore producer and operator.

Other directorships of listed companies in the last three years: Nexus Energy Limited (until 21/12/2009), Australian Oil Company Limited and Riedel Resources Limited (current).



Wolfgang Zimmer
PhD - Geology and Petrology

Executive Managing Director (Appointed 10 December 2007)

Dr Wolfgang Zimmer has 34 years experience in the oil and gas industry. He received a PhD from the University of Vienna in Geology and Petrology. His career began with Mobil Oil in Austria where he worked in Europe and the USA in the E&P industry. In 1991 he joined OMV and fulfilled a variety of senior management roles for the next 15 years. He established OMV's Exploration and Production business in Australia and New Zealand and was its Managing Director for five years. Dr Zimmer has significant experience in North Africa having been the director of OMV's onshore and offshore production operations in Tunisia. In 2006 he joined Grove Energy, a Canadian and UK listed oil and gas explorer. During his time as CEO Grove was successfully merged with another TSX listed exploration company in 2007.

Other directorships of listed companies in the last three years: Riedel Resources Limited (until 30/6/2012).



Paul Fink
MSc (Geophysics)

Executive Technical Director (Appointed 25 February 2008)

Mr Paul Fink is based in Vienna and has over 20 years of petroleum exploration and production industry experience in technical and management positions. Mr Fink is a graduate from the Mining University of Leoben, Austria. He started his career as a processing geophysicist and then worked predominantly on international exploration and development projects and assignments in Austria, Libya, Bulgaria, UK, Australia and finally in Pakistan as Exploration and Reservoir Manager for OMV. In 2005 he started his own petroleum consultancy business working on projects in Romania and as acting Vice President (Exploration) for Focus Energy, leading their highly successful exploration campaign in India.

Other directorships of listed companies in the last three years: Nil.



Andrew Childs
BSc (Geology and Zoology)

Non Executive Director (appointed 11 November 2009)

Mr Childs is Executive Chairman of Australian Oil Company Ltd, Chairman of Bombora Energy Pty Ltd, Managing Director of Petroleum Ventures Pty Ltd, Non-Executive Director of Riedel Resources Limited and Xstate Resources Ltd. He is also Principal of Resource Recruitment and Managing Director of International Recruitment Services Pty Ltd.

Other directorships of listed companies in the last three years: Australian Oil Company Limited (current), Riedel Resources Limited (current), Xstate Resources Ltd (current), Jupiter Energy Limited (until 5/10/10), AIM/TSX listed Stratic Energy Corporation (until 11/10).

Company Secretary / Key People



Peter Ironside
B.Com, CA

Company Secretary

Mr Ironside is a Chartered Accountant and business consultant with over 25 years experience in the exploration and mining industry. He has been a director and/or company secretary of several ASX listed companies. Mr Ironside brings a significant level of accounting, compliance and corporate governance experience to the Board, together with support in the areas of corporate initiatives and capital raisings. Mr Ironside has been a director of listed companies, Integra Mining Limited since 21 December 2000 until December 2012, and Atticus Resources Limited since 5 April 2007.



Tim Stoll
**Dipl.-Ing. Drilling
Engineering and Fluid
Mining**

Operations Manager

Tim Stoll has over 10 years of technical, supervisory and management experience in oil and gas engineering. He received an engineering degree (Dipl.-Ing.) from the University of Mining and Technology, Freiburg, Germany. Tim started his career with the German independent operator Preussag Energie, which was later sold to Gaz de France to form the German exploration and production entity of GDF SUEZ. His roles in this company included operational positions in production and gas storage as well as the drilling engineer role. In 2009 he joined OMV PETROM as a Production Engineering Manager for the West-Romanian production district of Crisana-Banat, where he headed implementation of western oil well workover practice and modernization of production technology.



Kim Liew
MBA, CPA

Financial Controller

Ms Kim Liew is a Certified Practicing Accountant who holds an MBA from Curtin University in Perth, Western Australia. Ms Liew has over 15 years experience in the oil industry for both exploration and production companies, as well as the service and regulatory sectors. Ms Liew brings to ADX Energy Ltd, not only her experience in accounting, but also compliance and corporate governance experience. In 2003, Ms Liew held the position of Financial Controller at Rolls Royce Marine Australia Pty Ltd where she was responsible for all the financial and corporate affairs of the company in Australia.

Meetings of Directors

During the financial period, 2 meetings of directors were held. The number of meetings attended by each director during the six month is as follows:

	MEETINGS HELD	MEETINGS ATTENDED
I Tchacos	2	2
W Zimmer	2	2
P Fink	2	2
A Childs	2	2

Directors' Interests in Shares and Options

The following table sets out each director's relevant interest in shares and options in shares of the Company as at the date of this report.

	NUMBER OF SHARES	NUMBER OF OPTIONS
I Tchacos	3,859,429	nil
W Zimmer	8,860,746	nil
P Fink	1,940,000	nil
A Childs	11,920,869	nil

Corporate Information

Corporate Structure

ADX Energy Ltd is a limited liability company that is incorporated and domiciled in Australia. ADX Energy Ltd has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as follows:

ADX Energy Ltd	parent entity
Alpine Oil & Gas Pty Ltd	100% owned Australian controlled entity
AuDAX Energy GmbH	100% owned Austrian controlled entity
AuDAX Energy Srl	100% owned Italian controlled entity
ADX Energy Panonia Srl	100% owned Romanian controlled entity
Bull Petroleum Pty Ltd	100% owned Australian controlled entity

Principal Activity

The principal activities of the Group during the year were oil and gas exploration. There were no significant changes in the nature of the principal activities during the year.

Financial Summary

The net profit of the Group for the six months amounted to \$2,561,000 (year to 2012: loss of \$13,142,000).

Summary of financial positions

ADX's cash reserves at 31 December 2012 were \$ 2,080,000 (June 2012: \$500,000). During the period, the following significant events occurred:

- A successful placement in August 2012 of 47.058 million shares to institutions and sophisticated investors at an issue price of 1.7 cents per share raising gross proceeds of \$800,000.
- A farm in agreement was executed between ADX and Rohoelaufsuchungsgesellschaft ('RAG') in May 2012 in relation to ADX's Parta licence ("Parta Permit") in Romania. ADX retains operatorship and a 50% interest. Total funding from RAG under the agreement is 3.225 million Euros. To 31 December 2012, ADX has received 2.5 million euro (A\$3.174 million). The remaining funds are receivable upon the first cash call for the seismic acquisition program.
- ADX farmed-out a 10% interest in the Chorbane permit to Gulfsands Petroleum plc for a cash payment of US\$100,000 (A\$97,000) and funding of up to US\$600,000 for ADX's share of a planned US\$2million seismic programme.
- ADX signed a letter of intent with Rift Basin International Corp. (Rift) to farm-out a 15% interest in the Chorbane permit. The proposed transaction is subject to a number of conditions. US\$100,000 (A\$96,398) has been received from Rift as a good faith payment.

Operations review

Refer to the Operations Review preceding this report.

Dividends

No dividends were paid or declared during the year. The Directors do not recommend payment of a dividend.

Significant changes in the State of Affairs

Significant changes in the state of affairs of the Company during the financial year are detailed in the Operations Review and Financial Summary in this report.

Future Developments

The Company intends to continue its exploration programme on its existing permits, and to acquire further suitable permits for exploration and development. Additional comments on likely developments are included in the Operations Review.

Environmental Issues

The Company's environmental obligations are regulated by the laws of the countries in which ADX has operations. The Company has a policy to either meet or where possible, exceed its environmental obligations. No environmental breaches have been notified by any governmental agency as at the date of this report.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director and Executive of ADX Energy Ltd. The information provided in the remuneration report includes remuneration disclosures that are audited as required by section 308(3C) of the Corporations Act 2001.

For the purposes of this report key management personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise).

For the purposes of this report the term "Executive" includes those key management personnel who are not directors.

Remuneration Committee

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered efficient for ADX. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and payments are provided to shareholders in the annual report and on the web. The Board has adopted the following policies for Directors' and executives' remuneration.

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre Executives;
- link Executive rewards to shareholder value; and
- establish appropriate, demanding performance hurdles in relation to variable Executive remuneration.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

Non-Executive directors' remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

Non-executive Directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act as at the time of the Director's retirement or termination. Non-executive Directors' remuneration may include an incentive portion consisting of bonuses and/or options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with ASX listing rules. The option incentive portion is targeted to add to shareholder value by having a strike price considerably greater than the market price at the time of granting.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers the amount of Director fees being paid by comparable companies with similar responsibilities and the experience of the Non-executive Directors when undertaking the annual review process.

Executive Director Remuneration*Objective*

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward Executives for company, and individual performance;
- ensure continued availability of experienced and effective management; and
- ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of Executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable Executive roles.

Remuneration consists of a fixed remuneration and a long term incentive portion as considered appropriate.

Fixed Remuneration - Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board and the process consists of a review of Company and individual performance, and relevant comparative remuneration in the market. As noted above, the Board may engage an external consultant to provide independent advice.

Fixed Remuneration - Structure

The fixed remuneration is a base salary or monthly consulting fee.

Variable Pay — Long Term Incentives - Objective

The objective of long term incentives is to reward Executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The incentive portion is payable based upon attainment of objectives related to the Executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

Variable Pay — Long Term Incentives – Structure

Long term incentives granted to Executives are delivered in the form of options. The option incentives granted are aimed to motivate Executives to pursue the long term growth and success of the Company within an appropriate control framework and demonstrate a clear relationship between key Executive performance and remuneration. Director options are granted at the discretion of the Board and approved by shareholders. Other key management employees may be granted options under ADX's employee incentive scheme. Performance hurdles are not attached to vesting periods; however the Board determines appropriate vesting periods to provide rewards over a period of time to key management personnel.

During 2012 there were no performance related payments made.

B. SERVICE AGREEMENTS

On appointment to the board, all non-executive directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the executive directors and the other key management personnel are also formalised in service agreements. The major provisions of the agreements relating to remuneration are set out below.

Name	Term of agreement	Base salary excluding superannuation at 31/12/12	Termination benefit
I Tchacos – Chairman – Directors Fee	Commencing 2 March 2010 and continues whilst a director	\$50,000	None
I Tchacos – Chairman - Consultancy	Term of 1 year commencing 1 May 2012	\$1,500 per day or part there of	*
W Zimmer – Managing Director – Directors Fee	Commencing 23 August 2010 and continues whilst a director	\$44,000	None
W Zimmer – Managing Director – Consultancy	Term of 3 years commencing 1 February 2013.	\$295,000	*
P Fink – Technical Director - Consultancy	Term of 3 years commencing 15 January 2011	\$250,000	*
P Fink – Technical Director – Directors Fee	Commencing 9 September 2010 and continues whilst a director	\$30,000	None
A Childs – Non-executive Director	Commencing 1 May 2010 and continues whilst a director	\$40,000	None
P Ironside – Company Secretary	Ongoing	\$36,000	None

*Termination benefits are payable on early termination as follows:

Event	Notice period	Payment in lieu of notice
Termination for serious misconduct	None	None
Employee initiated termination	3 months	3 months
Termination due to specified events	1 month	1 Month
ADX initiated termination – I Tchacos	3 months plus 3 months payable	6 months
ADX initiated termination – W Zimmer	3 months plus 9 months payable	12 months
ADX initiated termination – P Fink	3 months	3 months

C. DETAILS OF REMUNERATION

Directors

The following persons were Directors of ADX Energy Ltd during the financial year:

Ian Tchacos	–	Non-Executive Chairman
Wolfgang Zimmer	–	Managing Director
Paul Fink	–	Technical Director
Andrew Childs	–	Non-Executive Director

Other Key Management Personnel (employees and consultants)

Peter Ironside – Company Secretary

There were no other persons that fulfilled the role of a key management person, other than those disclosed as Directors

Remuneration of Key Management Personnel

Details of the remuneration of each Director and named executive officer of the Company, including their personally-related entities, during the year was as follows:

6 Mths to 31 Dec		Cash salary, directors fees and consulting fees \$	Post Employment	Total Cash \$	Share Based	Total including share based payments \$	Remuneration consisting of options during the year %
			Superannuation \$		Options ⁽¹⁾ \$		
Directors							
I Tchacos	2012	31,174	2,064	33,438	-	33,438	-
W Zimmer	2012	169,510	-	169,510	-	169,510	-
P Fink	2012	139,998	-	139,998	-	139,998	-
A Childs	2012	19,018	1,712	20,730	-	20,730	-
Other KMP							
P Ironside	2012	18,000	-	18,000	-	18,000	-

12 Mths to 30 June							
Directors							
I Tchacos	2012	83,341	5,505	88,846	275,200	364,046	75.6%
W Zimmer	2012	339,020	-	339,020	275,200	614,220	44.8%
P Fink	2012	279,996	-	279,996	165,120	445,116	37.1%
A Childs	2012	36,400	3,276	39,676	165,120	204,796	80.6%
Other KMP							
P Ironside	2012	36,000	-	36,000	59,119	95,119	62.2%
P Ford ⁽²⁾	2012	123,436	10,281	133,717	-	133,717	-

⁽¹⁾ Share based payments – options. These represent the amount expensed in the period for options granted in the current year and/or in prior years.

⁽²⁾ Appointed February 2011, resigned 6 January 2012.

There were no performance related payments made during the year. Performance hurdles are not attached to remuneration options; however the Board determines appropriate vesting periods to provide rewards over a period of time to key management personnel.

D. SHARE-BASED COMPENSATION

There were no options granted as equity compensation benefits to Directors and other Key Management Personnel during the period (June 2012: none).

During the year, 19,825,000 key management personnel options lapsed (year ended 30 June 2012: 4,350,000), and nil (year ended 30 June 2012: 2,000,000) were forfeited upon resignation.

Shares issued to Key Management Personnel on exercise of compensation options

During the six months to 31 December 2012, there were no compensation options exercised by Directors or other Key Management Personnel (year to 30 June 2012: nil).

End of Remuneration Report.

Indemnification and Insurance of Officers

The Company has paid a premium to insure the Directors and Officers of the Company and its controlled entities. Details of the premium are subject to a confidentiality clause under the contract of insurance.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group.

Shares under Option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

	Number	Issue Price of Shares	Exercise Date
Unlisted Options	1,000,000	30 cents	Between 30/06/2012 and 01/07/2013
Unlisted Options	2,000,000	25 cents	Between 01/07/2013 and 28/02/2014
	<u>3,000,000</u>		

No option holder has any right under the options to participate in any other share issue of the Company or any other related entity.

No share options were exercised by employees or Key Management Personnel during the year.

Subsequent Effects

In February 2013, a 190 km 2D and 200 km² 3D seismic program commenced in the Parta Permit in Romania. The seismic program is expected to be completed during the second quarter of 2013. This could allow the first exploration well to be drilled as early as fourth quarter of 2013. The committed work program for the Parta Permit requires the drilling of two exploration wells before May 2015.

There are no other matters or circumstances that have arisen since 31 December 2012 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of ADX Energy Ltd support and adhere to the principles of corporate governance. The Company's Corporate Governance Statement is contained in this annual report.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

AUDIT INDEPENDENCE AND NON-AUDIT SERVICES

Auditors' independence - section 307C

The following is a copy of a letter received from the Company's auditors:

"Dear Sirs,

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 31 December 2012 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan (Lead auditor)
Rothsay Chartered Accountants"

There were no non-audit services provided during the financial period.

Signed in accordance with a resolution of the Directors.



Wolfgang Zimmer
Managing Director

Dated this 28th day of March 2013

This statement outlines the main corporate governance practices that were in place for the financial period. These corporate governance practices comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

BOARD OF DIRECTORS

The Board operates in accordance with the broad principles set out in its charter, which is available from the corporate governance information section of the Company website at www.adxenergy.com.au.

ROLE AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for ensuring that the Company is managed in a manner which protects and enhances the interests of its shareholders and takes into account the interests of all stakeholders. This includes setting the strategic directions for the company, establishing goals for management and monitoring the achievement of these goals.

A summary of the key responsibilities of the Board include:

1. **Strategy** - Providing strategic guidance to the Group, including contributing to the development of and approving the corporate strategy;
2. **Financial performance** - Approving budgets, monitoring management and financial performance;
3. **Financial reporting and audits** - Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the external auditors;
4. **Leadership selection and performance** - Appointment, performance assessment and removal of the Managing Director. Ratifying the appointment and/or removal of other senior management, including the Company Secretary and other Board members;
5. **Remuneration** - Management of the remuneration and reward systems and structures for Executive management and staff;
6. **Risk management** - Ensuring that appropriate risk management systems and internal controls are in place; and
7. **Relationships with the exchanges, regulators and continuous disclosure** - Ensuring that the capital markets are kept informed of all relevant and material matters and ensuring effective communications with shareholders.

The Board has delegated to management responsibility for:

- Strategies - Assisting in developing and implementing corporate strategies and making recommendations where necessary;
- Leadership selection and performance - Appointing management where applicable and setting terms of appointment and evaluating performance;
- Budgets - Developing the annual budget and managing day-to-day operations within budget;
- Risk Management - Maintaining risk management frameworks; and
- Communication - Keeping the Board and market informed of material events.

COMPOSITION OF THE BOARD

The names, skills, experiences and period of office of the Directors of the Company in office at the date of this Statement are set out in the Director's Report.

The composition of the Board is determined using the following principles:

- Persons nominated as Non-executive Directors shall be expected to have qualifications, experience and expertise of benefit to the Company and to bring an independent view to the Board's deliberations. Persons nominated as Executive Directors must be of sufficient stature and security of employment to express independent views on any matter.
- The Chairperson should ideally be independent, but in any case be Non-executive and be elected by the Board based on his/her suitability for the position.
- The roles of Chairperson and Managing Director should not be held by the same individual.
- All Non-executive Directors are expected voluntarily to review their membership of the Board from time-to-time taking into account length of service, age, qualifications and expertise relevant to the Company's then current policy and programme, together with the other criteria considered desirable for composition of a balanced board and the overall interests of the Company.
- The Company considers that the Board should have at least three Directors (minimum required under the Company's Constitution) and to have a majority of independent Directors but acknowledges that this may not be possible at all times due to the size of the Company. Currently the Board has four Directors, with only Mr Ian Tchacos and Mr Andrew Childs as independent. The number of Directors is maintained at a level which will enable effective spreading of workload and efficient decision making.

The Board has accepted the following definition of an independent Director:

“An independent Director is a Director who is not a member of management (a Non-executive Director) and who:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an Executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Company or another group member;
- is not a significant consultant, supplier or customer of the Company or another group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Company or another group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director’s ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director’s ability to act in the best interests of the Company.”

ADX considers a significant consultant, supplier or customer to be material if the total of their annual invoices amounts to more than 5% of the Company’s total expenditure in that category.

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

Each Director has the right of access to all relevant Company information and to the Company’s Executives and, subject to prior consultation with the Chairperson, may seek independent professional advice at the Company’s expense. A copy of advice received by the Director is made available to all other members of the Board.

NOMINATION COMMITTEE / APPOINTMENT OF NEW DIRECTORS

Because of the size of the Company and the size of the Board, the Directors do not believe it is appropriate to establish a separate Nomination Committee. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the web.

The composition of the Board is reviewed on an annual basis to ensure the Board has the appropriate mix of expertise and experience. Where a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board determines the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities and then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

TERM OF OFFICE

Under the Company’s Constitution, the minimum number of Directors is three. At each Annual General Meeting, one third of the Directors (excluding the Managing Director) must resign, with Directors resigning by rotation based on the date of their appointment. Directors resigning by rotation may offer themselves for re-election.

PERFORMANCE OF DIRECTORS AND MANAGING DIRECTOR

The performance of all Directors, the Board as a whole and the Managing Director is reviewed annually.

The Board meets once a year with the specific purpose of conducting a review of its composition and performance. This review includes:

- Determining the appropriate balance of skills and experience required to suit the Company’s current and future strategies;
- Comparing the requirements above against the skills and experience of current Directors and Executives;
- Assessing the independence of each Director;
- Measuring the contribution and performance of each Director;
- Assessing any education requirements or opportunities; and
- Recommending any changes to Board procedures, Committees or the Board composition.

The next annual review is due in the second half of 2013.

PERFORMANCE OF SENIOR EXECUTIVES

The Board meets at least annually to review the performance of senior Executives, considerations include the following:

- The performance of the senior Executive in supplying the Board with information in a form, timeframe and quality that enables the Board to effectively discharge its duties;
- Feedback from other senior Executives; and
- Any particular concerns regarding the senior Executive.

Mr Tim Stoll, Operations Manager, was appointed in February 2012. A performance review will be undertaken in quarter two of 2013.

CONFLICT OF INTEREST

In accordance with the Corporations Act 2001 and the Company's constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the Board meeting whilst the item is considered. Details of Directors related entity transactions with the Company and Group are set out in the related parties note in the financial statements.

DIVERSITY

ADX recognises its talented and diverse workforce as a key competitive advantage, and is committed to workplace diversity. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

ADX's Diversity Policy defines the initiatives which assist ADX with maintaining and improving the diversity of its workforce. In accordance with this policy and ASX Corporate Governance Principles, the Board has established the following objectives in relation to gender diversity. The aim is to achieve these objectives over the next 2 to 3 years as positions become vacant and appropriately skilled candidates are available:

Proportion of Women	Actual	Objective
Organisation as a whole	50%	50%
Executive Management Team	Nil	25%
Board	Nil	25%

REMUNERATION

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre Executives;
- Link Executive rewards to shareholder value; and
- Establish appropriate performance hurdles in relation to variable Executive remuneration.

A full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and Executives in the current period is included in the remuneration report, which is contained within the Report of the Directors.

BOARD REMUNERATION COMMITTEE

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered efficient for ADX. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and payments are provided to shareholders in the remuneration report in the Directors Report and on the web.

RISK OVERSIGHT AND MANAGEMENT

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

A summary of the risks recognised by the Board can be found in the corporate governance information section of the Company website at www.adxenergy.com.au.

Considerable importance is placed on maintaining a strong control environment. The Board actively promotes a culture of quality and integrity.

Control procedures cover management accounting, financial reporting, compliance and other risk management issues.

The Board encourages management accountability for the Company's financial reports by ensuring ongoing financial reporting during the year to the Board. Annually, the Company Secretary (who is responsible for preparing the financial reports) and the Managing Director are required to state in writing to the Board that in all material respects:

Declaration required under s295A of the Corporations Act 2001 -

- the financial records of the Group for the financial year have been properly maintained;
- the financial statements and notes comply with the accounting standards;
- the financial statements and notes for the financial year give a true and fair view; and
- any other matters that are prescribed by the Corporations Act regulations as they relate to the financial statements and notes for the financial year are satisfied.

Additional declaration required as part of corporate governance -

- the risk management and internal compliance and control systems in relation to financial risks are sound, appropriate and operating efficiently and effectively.

These declarations were received for the December 2012 financial year.

AUDIT COMMITTEE

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate audit committee is not considered appropriate for ADX. In addition to management's accountability, the Board assures integrity of the financial statements by:

- reviewing the Company's statutory financial statements to ensure the reliability of the financial information presented and compliance with current laws, relevant regulations and accounting standards;
- monitoring compliance of the accounting records and procedures, in conjunction with the Company's auditor, on matters overseen by the Australian Securities and Investments Commission, Australian Stock Exchange Limited ("ASX") and Australian Taxation Office;
- ensuring that management reporting procedures, and the system of internal control, are of a sufficient standard to provide timely, accurate and relevant information as a sound basis for management of the Group's business;
- reviewing audit reports and management letters to ensure prompt action is taken by the Company's management; and
- when required, nominating the external auditor and at least annually reviewing the external auditor in terms of their independence and performance in relation to the adequacy of the scope and quality of the annual statutory audit and half-year review and the fees charged.

CODE OF CONDUCT

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

The Code of Conduct embraces the values of:

- Integrity
- Excellence
- Commercial Discipline

The Board encourages all stakeholders to report unlawful/unethical behaviour and actively promotes ethical behaviour and protection for those who report potential violations in good faith.

TRADING IN ADX SECURITIES BY DIRECTORS, OFFICERS AND EMPLOYEES

The Board has adopted a specific policy in relation to Directors and officers, employees and other potential insiders buying and selling shares.

Directors, officers, consultants, management and other employees are prohibited from trading in the Company's shares, options and other securities if they are in possession of price-sensitive information.

The Company's Security Trading Policy is provided to each new employee as part of their induction training. ADX personnel must receive written approval prior to any dealing in ADX securities.

The Directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

MARKET DISCLOSURE POLICIES

The Board has a Market Disclosure Policy to ensure the compliance of the Company with the various laws and ASX Listing Rule obligations in relation to disclosure of information to the market. The Managing Director is responsible for ensuring that all employees are familiar with and comply with the policy.

ADX is committed to:

- ensuring that shareholders and the market are provided with timely and balanced information about its activities;
- complying with the general and continuous disclosure principles contained in the Australian Stock Exchange Limited ("ASX") Listing Rules and the Corporations Act 2001; and
- ensuring that all market participants have equal opportunities to receive externally available information issued by ADX.

COMMUNICATION WITH SHAREHOLDERS

The Company places significant importance on effective communication with shareholders.

Information is communicated to shareholders through the distribution of the annual and half yearly financial reports, quarterly reports on activities, announcements through the Australian Stock Exchange and the media, on the Company's web site and through the Chairman's address at the annual general meeting.

In addition, news announcements and other information are sent by email to all persons who have requested their name to be added to the email list. If requested, the Company will provide general information by email, facsimile or post.

The Company will, wherever practicable, take advantage of new technologies that provide greater opportunities for more effective communications with shareholders.

COMPANY WEBSITE

ADX has made available details of all its corporate governance principles, which can be found in the corporate governance information section of the Company website at www.adxenergy.com.au.

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 31 December 2012 and of its performance for the period then ended; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - iii) complying with International Financial Reporting Standards (IFRS) as stated in note 1 of the financial statements; 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 financial period ended 31 December 2012.

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



Wolfgang Zimmer
Managing Director

Dated this 28th day of March 2013

		Consolidated	
		6 Months to 31 Dec 2012	12 Months to 30 June 2012
	Note	\$'000	\$'000
Revenue and Income			
Interest revenue	2(a)	4	27
Gain on farm-out	2(a)	3,272	-
Other income	2(a)	3	7
		<u>3,279</u>	<u>34</u>
Expenses			
Administration and corporate expenses, net of recoveries from exploration projects	2(b)	485	1,611
Exploration expensed	2(b)	39	8,768
Impairment of investment in associate	11	-	2,000
Share of loss from associate	11	180	780
Other	2(b)	6	-
Total expenses		<u>710</u>	<u>13,159</u>
Profit/(loss) before income tax		<u>2,569</u>	<u>(13,125)</u>
Income tax expense	3	<u>(8)</u>	<u>(17)</u>
Profit/(loss) after income tax attributable to members of ADX Energy Ltd		<u>2,561</u>	<u>(13,142)</u>
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations		(130)	(313)
Income tax relating to items of other comprehensive income/(loss)		-	-
Other comprehensive income/(loss) for the period, net of tax		<u>(130)</u>	<u>(313)</u>
Total comprehensive profit/(loss) for the period		<u>2,431</u>	<u>(13,455)</u>
		Cents Per Share	Cents Per Share
Basic earnings/(loss) per share	4	5.44	(3.10)
Diluted earnings/(loss) per share	4	5.43	n/a

AS AT 31 DECEMBER 2012

		Consolidated	
		31 December 2012	30 June 2012
	Note	\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	2,080	500
Trade and other receivables	6	537	1,280
Other financial assets at fair value	7	2	8
Inventories	8	50	110
Total Current Assets		2,669	1,898
Non-Current Assets			
Receivables	6	37	38
Property, plant and equipment	9	191	209
Deferred exploration expenditure	10	6,125	6,201
Investment in associate	11	1,790	2,010
Total Non-Current Assets		8,143	8,458
Total Assets		10,812	10,356
LIABILITIES			
Current Liabilities			
Trade and other payables	12	430	2,493
Provisions	13	10	21
Total Current Liabilities		440	2,514
Non-Current Liabilities			
Trade and other payables	12	-	666
Total Non-Current Liabilities		-	666
Total Liabilities		440	3,180
Net Assets		10,372	7,176
Equity			
Issued capital	14	62,263	61,511
Reserves	15	3,571	3,688
Accumulated losses		(55,462)	(58,023)
Total Equity		10,372	7,176

FOR THE PERIOD ENDED 31 DECEMBER 2012

	Issued Capital \$'000	Reserves \$'000	Accumulated Losses \$'000	Total Equity \$'000
At 1 July 2011	58,504	2,935	(44,881)	16,558
Profit/(loss) for the year	-	-	(13,142)	(13,142)
Other comprehensive income/(loss)	-	(313)	-	(313)
Total comprehensive loss for the period, net of tax	-	(313)	(13,142)	(13,455)
Transactions with owners in their capacity as owners:				
Issue of share capital	3,112	-	-	3,112
Cost of issue of share capital	(105)	-	-	(105)
Share based payments	-	1,066	-	1,066
	3,007	1,066	-	4,073
As at 30 June 2012	61,511	3,688	(58,023)	7,176
At 1 July 2012	61,511	3,688	(58,023)	7,176
Profit/(loss) for the six months	-	-	2,561	2,561
Other comprehensive income/(loss)	-	(130)	-	(130)
Total comprehensive loss for the period, net of tax	-	(130)	2,561	2,431
Transactions with owners in their capacity as owners:				
Issue of share capital	800	-	-	800
Cost of issue of share capital	(48)	-	-	(48)
Share based payments	-	13	-	13
	752	13	-	765
As at 31 December 2012	62,263	3,571	(55,462)	10,372

FOR THE PERIOD ENDED 31 DECEMBER 2012

		Consolidated	
	Note	6 Months to 31 Dec 2012 \$'000	12 Months to 30 June 2012 \$'000
Cash flows from operating activities			
Receipts in the ordinary course of activities		52	130
Payments to suppliers and employees, including for exploration expensed		(564)	(1,019)
Interest received		4	27
Income tax paid		(8)	(17)
Net cash flows used in operating activities	5(i)	(516)	(879)
Cash flows from investing activities			
Payments for plant and equipment		(17)	(92)
Proceeds from farmouts		2,606	696
Payments for exploration expenditure capitalised		(1,475)	(4,855)
Payments for bonds		-	-
Receipts from bonds		-	1,021
Payments made on behalf of joint venture partners and ventures		(688)	(1,177)
Receipts from exploration partners and ventures		973	2,808
Net cash flows used in investing activities		1,399	(1,599)
Cash flows from financing activities			
Proceeds from issue of shares and options		800	2,185
Payment of share issue costs		(48)	(106)
Net cash flows from financing activities		752	2,079
Net increase/(decrease) in cash and cash equivalents held		1,635	(399)
Net foreign exchange differences		(55)	116
Add opening cash and cash equivalents brought forward		500	783
Closing cash and cash equivalents carried forward	5	2,080	500

FOR THE PERIOD ENDED 31 DECEMBER 2012

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis with the exception of listed equity securities held for trading which have been measured at fair value.

The financial report is presented in Australian dollars, which is the group's presentation currency, and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated. The Group is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that class order to the nearest thousand dollars.

Change of year end

ADX Energy changed its financial year end date from 30 June to 31 December. This change of year end enables ADX Energy to align its financial year end date with that of its joint ventures. The financial year of ADX Energy in this financial report is a transitional one from 1 July 2012 to 31 December 2012 (i.e. six months).

Functional and presentation currency

Effective 1 April 2012, the functional currency of the parent entity changed to United States dollars. ADX has identified the US dollar as its functional currency for the following reasons:

- The majority of ADX's activities are supporting its subsidiaries and their joint ventures, primarily denominated in US dollars;
- A significant portion of ADX's assets (cash) are denominated in US dollars; and
- US dollars are the primary global currency used in the oil industry.

The presentation currency of the Group is Australian dollars.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

(c) Adoption of new and revised standards**Early adoption of accounting standards**

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012.

New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods. The Group's assessment of the impact of these new standards and interpretations that may have an impact on the Group is set out below:

AASB 11 Joint Arrangements (effective from 1 January 2013)

AASB 11 clarifies the accounting treatments for joint arrangements. There is no material impact for ADX.

AASB 12 Disclosure of Interests in Other Entities (effective from 1 January 2013)

AASB 12 is a disclosure standard only which may require additional disclosures for interests in other entities, including joint arrangements.

AASB 13 Fair Value Measurement (effective from 1 January 2013)

AASB 13 establishes a single framework for measuring fair value of financial and non-financial items. ADX has not yet made an assessment of the impact of these amendments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(c) Adoption of new and revised standards - continued
AASB 119 Employee Benefits (effective from 1 January 2013)

AASB 19 includes amendments to the timing for recognition of liabilities for termination benefits. ADX currently calculates its liability for annual leave employee benefits on the basis that it is due to be settled within 12 months of the end of the reporting period because employees are entitled to use this leave at any time. The amendments require that such liabilities be calculated on the basis of when the leave is expected to be taken, i.e. expected settlement. ADX has not yet made an assessment of the impact of these amendments.

IAS 16 Property, Plant and Equipment (effective from 1 January 2013)

IAS 16 requires that items such as spare parts, stand-by or servicing equipment be classified as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise they are required to be classified as inventory. ADX will need to assess its inventory and reclassify relevant items, such as capital spares as plant and equipment. Cash outflows for relevant items will also be classified as investing activities rather than operating activities. ADX has not yet determined the quantum of the reclassifications.

(d) Significant accounting estimates and judgments

Significant accounting judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Exploration assets

The Group's accounting policy for exploration expenditure is set out at Note 1(m). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(ii) Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model.

(iii) Commitments - Exploration

The Group has certain minimum exploration commitments to maintain its right of tenure to exploration permits. These commitments require estimates of the cost to perform exploration work required under these permits.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING**POLICIES - continued****(e) Basis of consolidation**

The consolidated financial statements comprise the financial statements of ADX Energy Ltd (“Company” or “Parent Entity”) and its subsidiaries as at 30 December each year (the Group).

The financial statements of the subsidiaries are prepared for the same period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

(f) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange, adjusted for any conditions imposed on those shares. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

All identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(g) Foreign currency translation

The presentation currency of ADX Energy Ltd Group is Australian Dollars. The functional currency of ADX Energy Ltd and its subsidiaries is United States Dollars, except for AuDAX Energy GmbH and Audax Energy srl whose functional currencies are euros.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the balance sheet date.

As at the reporting date the assets and liabilities of the subsidiaries are translated into the presentation currency of ADX Energy Ltd at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period.

The exchange differences arising on the retranslation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

(h) Interest in a jointly controlled operation

Interests in jointly controlled assets are reported in the financial statements by including the consolidated entity's share of assets employed in the Joint Ventures, the share of liabilities incurred in relation to the Joint Ventures and the share of any expenses and revenues in relation to the Joint Ventures in their respective categories.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- continued

(i) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

(j) Trade and other receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. Cash on deposit is not due for settlement until rights of tenure are forfeited or performance obligations are met.

(k) Inventories

Consumables and spares are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to specific stock items identified.

(l) Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

(m) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – 2 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(n) Exploration and evaluation expenditure

Costs related to the acquisition of properties that contain resources are allocated separately to specific areas of interest. These costs are capitalised until the viability of the area of interest is determined.

Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest.

Such costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations are continuing. Accumulated costs in relation to an abandoned area are written off to the income statement in the period in which the decision to abandon the area is made.

The Directors review the carrying value of each area of interest as at the balance date and any exploration expenditure which no longer satisfies the above policy is written off.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(n) Exploration and evaluation expenditure - continued

Once an area of interest enters the development phase, all capitalised acquisition, exploration and evaluation expenditures will be transferred to mineral development or oil and gas properties, as appropriate.

(o) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

(p) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in profit or loss. The fair values of quoted investments are based on last trade prices. If the market for financial assets is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(q) Investment in associate

The Group's investment in its associate is accounted for under the equity method of accounting in the consolidated financial statements. This is an entity in which the Group has significant influence and which is not a subsidiary.

The financial year of the associate is the same as the Group. Both use consistent accounting policies and financial information of the same reporting date has been used by the Group in applying the equity method.

Under the equity method, the investment in the associate is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the associate.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

(r) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are

accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate.

The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill above. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

(s) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(u) Employee leave benefits

(i) Wages, salaries and, annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave and expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(u) Employee leave benefits – continued

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(v) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(x) Share-based payment transactions

Equity settled transactions:

The Group provides benefits to executive directors, employees and consultants of the Group in the form of share-based payments, whereby those individuals render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with these individuals is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of ADX Energy Ltd (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the grant date fair value of the award;
- (ii) the extent to which the vesting period has expired; and
- (iii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest taking into account such factors as the likelihood of non-market performance conditions being met.

This opinion is formed based on the best available information at balance date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. If an equity-settled award is forfeited, any expense previously recognised for the award is reversed. However, if a new award is substituted for a cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(y) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING**POLICIES - continued****(y) Income tax – continued**

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(z) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING**POLICIES - continued****(z) Other taxes – continued**

- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(aa) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(ab) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately.

However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the Financial Statements.

		Consolidated	
		6 Months to 31 Dec 2012	12 Months to 30 June 2012
		\$'000	\$'000
NOTE 2 – REVENUE AND EXPENSES			
(a) Revenue and Income			
Revenue			
Interest revenue		4	27
Income			
Net gain on farm-outs (i)		3,272	-
Other		3	7
		<u>3,279</u>	<u>34</u>
 (i) Net gains on farmouts relate to:			
Gain on farm-out of Romanian Parta permit		3,174	-
Gain on farm-out of Chorbane permit		98	-
		<u>3,272</u>	<u>-</u>
 (b) Expenses			
Administration and corporate expenses include:			
Depreciation		45	37
Net foreign exchange losses/(gains)		(42)	(26)
Operating lease rental expense		66	156
Share based payments	20	13	1,066
Other administration and corporate expenses, net of recoveries		403	378
		<u>485</u>	<u>1,611</u>
 Exploration expenses include:			
Impairment of deferred exploration	10	-	8,719
Other exploration expenses		39	49
		<u>39</u>	<u>8,768</u>
 Other expenses include:			
Impairment of financial assets - shares		6	-

Consolidated

6 Months to 31 Dec 2012	12 Months to 30 June 2012
\$'000	\$'000

NOTE 3 - 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 period	2,569	(13,125)
Prima facie income tax (benefit) @ 30%	771	(3,937)
Tax effect of non-deductible items	41	3,491
Prior year tax loss now utilised	(806)	-
Deferred tax assets not brought to account	2	463
Income tax attributable to operating loss	8	17

(b) Deferred tax assets not recognised relate to the following:

Tax losses	7,618	8,243
Other Timing Differences	2	3
	7,620	8,246

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) Franking Credits

The franking account balance at year end was \$nil (June 2012: \$nil).

(d) Tax Consolidation Legislation

ADX Energy Ltd and its 100% owned Australian subsidiaries have not formed a tax consolidated group.

	Consolidated	
	6 Months to 31 Dec 2012	12 Months to 30 June 2012
NOTE 4 - EARNINGS PER SHARE		
	Cents	Cents
Basic earnings/(loss) per share	5.44	(3.10)
Diluted earnings/(loss) per share	5.43	n/a
	\$'000	\$'000
Profit/(loss) attributable to ordinary equity holders of the Company used in calculating:		
- basic earnings per share	2,561	(13,142)
- diluted earnings per share	2,571	n/a
	Number of shares	Number of shares
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	470,533,415	424,461,151
Adjustment for calculation of diluted earnings per share		
- options and performance shares	3,000,000	-
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	473,533,415	424,461,151

For the year ended 30 June 2012, diluted earnings per share was not disclosed because potential ordinary shares, being options granted, are not dilutive and their conversion to ordinary shares would not demonstrate an inferior view of the earnings performance of the Company.

	Consolidated	
	31 December	30 June
	2012	2012
	\$'000	\$'000
NOTE 5 - CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	2,080	500
(i) Reconciliation of loss for the period to net cash flows used in operating activities		
Profit/(loss) after income tax	2,561	(13,142)
Non-Cash Items:		
Depreciation	45	37
Foreign exchange losses/(gains)	(42)	(26)
Share-based payments expensed - options	13	1,066
Impairment of exploration assets	-	8,719
Impairment of financial assets -shares	6	-
Impairment of investment in associate	-	2,000
Loss from associate	180	780
Gain on farmout – investing activities	(3,272)	-
Change in assets and liabilities:		
(Increase)/decrease in receivables	108	(73)
(Increase)/decrease in inventories	-	(110)
Increase/(decrease) in payables	(104)	(118)
Increase in provisions	(11)	(12)
Net cash flows used in operating activities	(516)	(879)

(ii) Non-Cash Financing and Investing Activities

The following non-cash financing and investing activities were undertaken:

6 Months to 31 December 2012:

a) None.

12 Months to 30 June 2012:

b) A Sale and Purchase Agreement was signed with Carnavale Resources Limited ("CAV") on 12 August 2011 to buy back a 20% interest in the Lambouka Prospect Area in the Kerkouane Permit. An option to purchase an interest in the extension of the Lambouka Prospect into Italian waters (Pantelleria Permit) was also cancelled as part of the agreement. As consideration for the interest, ADX issued 11,172,535 ordinary shares (\$860,000). In the event that production is derived from a development of the Lambouka-1 well discovery, ADX will additionally pay two production payments of US\$1 million each, after 6 and 12 months continuous production respectively. Refer to note 11.

c) ADX entered into a Sale and Purchase Agreement with PharmAust Limited ("PAA") on 9 September 2011 to buy back a 10% interest in the Lambouka Prospect Area. ADX issued 1,000,000 ordinary shares (\$68,000) as consideration for the interest and also forgave PAA for outstanding past joint venture costs totaling \$400,473. Refer to note 11.

	Consolidated	
	31 December 2012	30 June 2012
	\$'000	\$'000
NOTE 6 – TRADE AND OTHER RECEIVABLES		
Current		
Share of cash held by joint ventures	155	199
Cash on deposit - security bonds	26	26
GST/VAT refundable	57	80
Receivables from joint ventures	274	881
Other	25	94
Total current receivables	537	1,280
Non-Current		
Cash on deposit - security bonds	36	36
Other	1	2
Total non-current receivables	37	38

Fair Value and Risk Exposures:

- (i) Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.
- (ii) The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.
- (iii) Details regarding interest rate risk exposure are disclosed in note 23.
- (iv) Other receivables generally have repayments between 30 and 90 days.

Receivables do not contain past due or impaired assets as at 31 December 2012 (30 June 2012: none).

NOTE 7 - OTHER CURRENT FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Current

Listed equity securities held for trading	2	8
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The fair value of listed securities has been determined by reference to published price quotations in an active market.

	Consolidated	
	31 December	30 June
	2012	2012
	\$'000	\$'000
NOTE 8 - INVENTORIES		
Inventories - spares	50	110
NOTE 9 - PROPERTY, PLANT AND EQUIPMENT		
Motor vehicles- at cost	141	141
Less: Accumulated depreciation	(129)	(127)
	12	14
Plant and equipment - at cost	328	321
Less: Accumulated depreciation	(149)	(126)
	179	195
Total property, plant and equipment	191	209
<i>Reconciliation of property, plant and equipment:</i>		
Motor Vehicle		
Carrying amount at beginning of year	14	19
Depreciation	(2)	(5)
Currency translation differences	-	-
Carrying amount at end of year	12	14
Plant and Equipment		
Carrying amount at beginning of year	195	100
Additions	17	122
Depreciation	(43)	(32)
Currency translation differences	10	5
Carrying amount at end of year	179	195

	Consolidated	
	31 December	30 June
	2012	2012
	\$'000	\$'000
NOTE 10 - DEFERRED EXPLORATION EXPENDITURE		
Deferred exploration costs brought forward	6,201	9,578
Capitalised expenditure incurred during the year	166	4,572
Shares issued – 20% interest in Lambouka (note 5)	-	860
Shares issued – 10% interest in Lambouka (note 5)	-	68
Expenditure written off during the year	-	(8,719)
Currency translation differences	(242)	(158)
Deferred exploration costs carried forward	6,125	6,201

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas.

Impairment

Exploration and evaluation expenditure written off in the six months to 31 December 2012 year was nil (30 June 2012 related to the Pantelleria prospect area \$866,000, new ventures \$147,000 and \$7,706,000 for the Chorbane prospect area).

The Board assesses impairment of all exploration expenditure at each reporting date by evaluating the conditions specific to the Company and to the particular asset that may lead to impairment. These include if substantive expenditure has been incurred on exploration and evaluation of resources and this has not led to the discovery of commercial viable quantities of resources or sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

NOTE 11 – INVESTMENT IN ASSOCIATE

Investment in associate	1,790	2,010
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The investment in associate represents ADX's 24.2% interest (25 million shares) in Riedel Resources Limited (ASX: RIE). Riedel is a listed Australian mineral exploration company. The fair value based on the closing ASX share price for Riedel at 31 December was \$1,900,000 (30 June 2012: \$2,000,000).

Reconciliation of investment in associate:

Carrying amount at beginning of year	2,010	4743
Share of losses in associate	(180)	(780)
Impairment of investment in associate	-	(2000)
Currency translation differences	(40)	47
Net carrying value	1,790	2,010

	Consolidated	
	31 December	30 June
	2012	2012
	\$'000	\$'000
NOTE 11 – INVESTMENT IN ASSOCIATE - continued		
The following table illustrates summarised information of the investment in Riedel Resources Limited.		
Share of associate's balance sheet as at year end:		
Current assets	215	311
Non-current assets	2,676	3,216
Current liabilities	(33)	(202)
Non-current liabilities	-	-
Net assets	2,858	3,325
Share of associate's revenue and loss:		
Revenue	3	93
Loss before income tax	(180)	(780)
Share of associate's commitments and contingencies		
Share of capital commitments and contingencies	-	-
NOTE 12 – TRADE AND OTHER PAYABLES		
Current		
Trade creditors and accruals	430	2,493
Non-Current		
Farmin consideration subject to approvals (a)	-	666
(a) A farm in agreement was executed between ADX and Rohoelaufsuchungsgesellschaft ('RAG') in May 2012 in relation to ADX's Parta licence ("Parta Permit") in Romania. ADX will retain operatorship and a 50% interest. This amount represented the euro 500,000 paid on signing, and was repayable if no approvals are obtained by 1 July 2013. In December 2012 approvals were obtained and this amount was recognised in income. Refer to note 2(a).		
Fair Value and Risk Exposures		
(i) Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.		
(ii) Trade and other payables are unsecured and usually paid within 60 days of recognition.		
NOTE 13 – PROVISIONS		
Current		
Employee entitlements	10	21

Consolidated

31 December
201230 June
2012

\$'000

\$'000

NOTE 14 – ISSUED CAPITAL**(a) Issued Capital**

Ordinary shares fully paid

62,263

61,511

Number of Shares	Summary of Movements	Issue Price	\$'000
398,955,458	Opening balance at 30 June 2011		58,504
11,172,535	Acquisition of 20% interest in Lambouka – refer note 5	7.7 cents	860
1,000,000	Acquisition of 10% interest in Lambouka – refer note 5	6.8 cents	68
23,805,357	Placement on 24 November 2011	8 cents	1,914
3,375,000	Share Purchase Plan (SPP) on 16 December 2011	8 cents	270
	Costs of placement - cash		(105)
438,308,350	Closing Balance at 30 June 2012		61,511
438,308,350	Opening balance at 30 June 2012		61,511
47,058,825	Placement on 28 August 2012	1.7 cents	800
	Costs of placement - cash		(48)
485,367,175	Closing Balance at 31 December 2012		62,263

(c) Options on issue

	Number	Issue Price of Shares	Exercise Date
Unlisted Options	1,000,000	30 cents	Between 30/06/2012 and 01/07/2013
Unlisted Options	2,000,000	25 cents	Between 1/7/2013 and 28/02/2014
	3,000,000		

During the period:

- (i) nil unlisted options were granted as share-based payments (year to 30 June 2012: 2,000,000);
- (ii) nil unlisted options were forfeited (year to 30 June 2012: 3,000,000);
- (iii) 22,700,000 unlisted options expired (year to 30 June 2012: 6,375,000); and
- (iv) No unlisted options were exercised (year to 30 June 2012: Nil).

(d) Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors are fully entitled to any proceeds of liquidations.

NOTE 14 – ISSUED CAPITAL - continued**(e) Capital management**

When managing capital, management's objective is to ensure the entity continues as a going concern as well as maintains optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management may in the future adjust the capital structure to take advantage of favourable costs of capital and issue further shares in the market. Management has no current plans to adjust the capital structure. There are no plans to distribute dividends in the next year.

Consolidated	
31 December	30 June
2012	2012
\$'000	\$'000
Share-based payments reserve	3,664
Option premium reserve	2,916
Asset revaluation reserve	250
Foreign currency translation reserve	(3,259)
	<u>(3,129)</u>
	<u>3,571</u>
	<u>3,688</u>

NOTE 15 - RESERVES

Share-based payments reserve	3,664	3,651
Option premium reserve	2,916	2,916
Asset revaluation reserve	250	250
Foreign currency translation reserve	(3,259)	(3,129)
	<u>3,571</u>	<u>3,688</u>

Share-based payments reserve

Balance at the beginning of the year	3,651	2,585
Share-based payments	13	1,066
Balance at the end of the year	<u>3,664</u>	<u>3,651</u>

Nature and purpose of the reserve:

The Share-based payments reserve is used to recognise the fair value of options issued but not exercised.

Option premium reserve

Option premium reserve	<u>2,916</u>	<u>2,916</u>
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Nature and purpose of the reserve:

The option premium reserve is used to accumulate proceeds received from the issuing of options.

Asset revaluation reserve

Asset revaluation reserve	<u>250</u>	<u>250</u>
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Nature and purpose of the reserve:

The asset revaluation reserve is used to record increments and decrements in the value of non-current assets. This reserve can only be used to pay dividends in limited circumstances.

	Consolidated	
	31 December	30 June
	2012	2012
	\$'000	\$'000
NOTE 15 – RESERVES - continued		
Foreign currency translation reserve		
Balance at the beginning of the year	(3,129)	(2,816)
Currency translation differences	(130)	(313)
Balance at the end of the year	(3,259)	(3,129)

Nature and purpose of the reserve:

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

	Company	
	31 December	30 June
	2012	2012
	\$'000	\$'000
NOTE 16 – PARENT ENTITY INFORMATION		
Balance sheet information		
Current assets	2,087	422
Non-current assets	6,028	7,141
Current liabilities	(103)	(231)
Non-current liabilities	-	(663)
Net Assets	8,012	6,669
Issued capital	62,263	61,511
Reserves	6,907	6,978
Accumulated losses	(61,158)	(61,820)
	8,012	6,669
Profit and loss information		
Profit/(loss) for the year	662	(23,787)
Comprehensive profit/(loss) for the year	585	(23,949)

Commitments and contingencies

There are no commitments or contingencies, including any guarantees entered into by ADX Energy on behalf of its subsidiaries

NOTE 16 – PARENT ENTITY INFORMATION – continued

Subsidiaries

Name of Controlled Entity	Class of Share	Place of Incorporation	% Held by Parent Entity	
			2012 @ 31 Dec.2012	2012 @ 30 Jun.2012
Alpine Oil & Gas Pty Ltd *	Ordinary	Australia	100%	100%
AuDAX Energy GmbH *	Ordinary	Austria	100%	100%
AuDAX Energy Srl *	Ordinary	Italy	100%	100%
ADX Energy Panonia Srl *	Ordinary	Romania	100%	100%
Bull Petroleum Pty Ltd *	Ordinary	Australia	100%	100%

* Not audited by Rothsay.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

	Consolidated	
	31 December 2012 \$'000	30 June 2012 \$'000
(a) Operating leases (non-cancellable):		
Within one year	99	108
More than one year but not later than five years	5	42
	<u>104</u>	<u>150</u>

These non-cancellable operating leases are primarily for office premises.

(b) Exploration Commitments and Contingencies for Tunisia, Italy and Romania

In order to maintain current rights of tenure to exploration licenses the Company may be compelled to perform minimum exploration activities to meet requirements specified by the relevant governments. These expenditure commitments may be varied as a result of renegotiations, relinquishments, farm-outs or sales.

Tunisia - Chorbane Permit

The exploration period for the Chorbane permit onshore Tunisia is for three years to 12 July 2015. Under the terms of the licence, 20% of the permit will be relinquished. The agreed minimum work obligation for the three year period is to drill one exploration well.

Tunisia - Kerkouane Permit

In January 2011 ADX was granted by the Government of Tunisia a further three year exploration license over the Kerkouane permit (through to 22 February 2014). Exploration commitments for the period include the drilling of one well and a well test on the Lambouka discovery.

Romania - Parta

In December 2012, the Romanian Government ratified the concession agreement for ADX's EX 10, Parta license ("Parta Permit"). The committed work program for the Parta Permit requires the acquisition of 2D and 3D seismic and the drilling of two exploration wells. In September 2012, the seismic contract was signed with commitments estimated at A\$4.487 million (euro 3.5 million) for the 2013 year. ADX's share of this commitment is 50%.

NOTE 17 – COMMITMENTS AND CONTINGENCIES - continued**(c) Conditional commitments to previous partner**

In March 2009, ADX entered an agreement with a previous partner to acquire that partners' 30% interest in the Sicily Channel exploration permit, Pantelleria. As consideration, ADX will pay US\$280,000 cash if and when ADX disposes of an interest in that permit.

In August 2011, a Sale and Purchase Agreement was signed with Carnavale Resources Limited ("CAV") to buy back a 20% interest in the Lambouka Prospect Area in the Kerkouane Permit. In the event that production is derived from a development of the Lambouka-1 well discovery, ADX will additionally pay two production payments of US\$1 million each, after 6 and 12 months continuous production respectively.

NOTE 18 - INTERESTS IN JOINT VENTURES**(a) Joint Venture details**

Joint Venture	Note	Principal Activities	ADX Group % Interest	
			31 December 2012	30 June 2012
Kerkouane, Lambouka and Remainder – Tunisia		Exploration	60%	60%
Chorbane – Tunisia	a	Exploration	30%	40%
Pantelleria – Italy		Exploration	100%	100%
Romania –Parta Block		Exploration	50%	50%

Notes:

- a) In November 2012, ADX farmed-out a 10% interest in the Chorbane permit.

NOTE 18 - INTERESTS IN JOINT VENTURES**(b) Assets utilised in the Joint Venture**

The following amounts represent the consolidated entity's interests in the assets employed in Joint Ventures. These amounts are included in the consolidated Financial Statements under their respective categories as follows:

	Consolidated	
	31 December	30 June
	2012	2012
	\$'000	\$'000
Current assets		
Trade and other receivables	171	342
Inventories	50	110
Total current assets	221	452
Non-current assets		
Exploration and evaluation not yet cash called	-	908
Total non-current assets	-	908
Total assets	221	1,360
Current liabilities		
Trade and other payables	115	1,108
Total current liabilities	115	1,108
Total liabilities	115	1,108
Net assets	106	252
(c) Share of Joint Ventures profit or loss		
Exploration expensed	-	-

(d) Commitments relating to Joint Venture

Capital expenditure commitments and contingent liabilities in respect of the Joint Ventures are disclosed in Note 17.

NOTE 19 – KEY MANAGEMENT PERSONNEL DISCLOSURES**(a) Compensation of Key Management Personnel**

	Consolidated	
	6 Months to	12 Months to
	31 Dec 2012	30 June 2012
	\$	\$
Short-term employment benefits	377,900	898,193
Post-employment benefits	3,776	19,062
Share-based payment	-	939,759
	381,676	1,857,014

NOTE 19 – KEY MANAGEMENT PERSONNEL DISCLOSURES - continued

(b) Option holdings of Key Management Personnel

6 Months to 31 Dec 2012	Balance at beginning of the period	Granted as remuneration	Options exercised	Options expired or forfeited	Change due to appointment/ (resignation)	Balance at end of the year	Not exercisable	Exercisable
Directors								
I Tchacos	6,000,000	-	-	(6,000,000)	-	-	-	-
W Zimmer	6,000,000	-	-	(6,000,000)	-	-	-	-
P Fink	3,600,000	-	-	(3,600,000)	-	-	-	-
A Childs	3,600,000	-	-	(3,600,000)	-	-	-	-
Other KMP								
P Ironside	1,625,000	-	-	(1,125,000)	-	500,000	-	500,000
	20,825,000	-	-	(20,325,000)	-	500,000	-	500,000
12 Months to 30 June 2012								
Directors								
I Tchacos	6,000,000	-	-	-	-	6,000,000	-	6,000,000
W Zimmer	7,500,000	-	-	(1,500,000)	-	6,000,000	-	6,000,000
P Fink	4,650,000	-	-	(1,050,000)	-	3,600,000	-	3,600,000
A Childs	4,650,000	-	-	(1,050,000)	-	3,600,000	-	3,600,000
Other KMP								
P Ironside	2,375,000	-	-	(750,000)	-	1,625,000	-	1,625,000
P Ford	2,000,000	-	-	(2,000,000)	-	-	-	-
	27,175,000	-	-	(6,350,000)	-	20,825,000	-	20,825,000

NOTE 19 – KEY MANAGEMENT PERSONNEL DISCLOSURES – continued

(c) Shareholdings of Key Management Personnel

	Balance at beginning of the year	Options exercised	Granted as remuneration	Net change other	Change due to appointment / (resignation)	Balance at end of the year
6 Months to 31 Dec 2012						
Directors						
I Tchacos	3,859,429	-	-	-	-	3,859,429
W Zimmer	8,653,746	-	-	207,000	-	8,860,746
P Fink	1,720,000	-	-	220,000	-	1,940,000
A Childs	11,920,869	-	-	-	-	11,920,869
Other KMP						
P Ironside	5,984,680	-	-	-	-	5,984,680
	32,138,724	-	-	427,000	-	32,565,724
12 Months to 30 June 2012						
Directors						
I Tchacos	3,609,429	-	-	250,000	-	3,859,429
W Zimmer	8,154,321	-	-	499,425	-	8,653,746
P Fink	1,600,000	-	-	120,000	-	1,720,000
A Childs	10,709,869	-	-	1,211,000	-	11,920,869
Other KMP						
P Ironside	5,984,680	-	-	-	-	5,984,680
P Ford	-	-	-	-	-	-
	30,058,299	-	-	2,080,425	-	32,138,724

All equity transactions with Key Management Personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arms-length.

(d) Other transactions and balances with Key Management Personnel

Mr Ian Tchacos and Mr Andrew Childs are directors of ADX's associate, Riedel Resources Limited (Riedel) and Dr Wolfgang Zimmer until 30/6/2012. No transactions were undertaken with Riedel.

NOTE 20 – SHARE-BASED PAYMENTS

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

	Consolidated	
	6 Months to 31 Dec 2012 \$'000	12 Months to 30 June 2012 \$'000
Expensed in the profit and loss:		
Share-based payments - options	13	1,066

NOTE 20 – SHARE-BASED PAYMENTS – continued**(b) Summary of share-based payments granted during the year:****Six months ended 31 December 2012**

None.

Year ended 30 June 2012

Granted to employees and consultants:

- 2,000,000 options expiring 28 February 2014, exercisable at 25 cents each, vesting 1 July 2013.

The assessed fair values of the options were determined using a Black-Scholes option pricing model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option. The inputs to the model used were:

Grant date	07/02/2012	30/04/2012
Option exercise price (\$)	0.25	0.25
Expected life of options (years)	02.06	01.83
Dividend yield (%)	-	-
Expected volatility (%)	95.24	95.24
Risk-free interest rate (%)	06.06	06.06
Underlying share price (\$)	0.069	0.081
Value of Option (\$)	0.0161	0.0188

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

(c) Weighted average fair value

The weighted average weighted average fair value of share based payment options granted during the period was nil (year ended 30 June 2012: \$0.01745).

(d) Weighted average exercise price

The following table shows the number and weighted average exercise price ("WAEP") of share options granted as share based payments.

	6 Months to 31 Dec 2012	6 Months to 31 Dec 2012	12 Months to 30 June 2012	12 Months to 30 June 2012
	Number	WAEP	Number	WAEP
Outstanding at the beginning of year	25,700,000	0.252	33,075,000	0.268
Granted during the year	-	-	2,000,000	0.250
Forfeited during the year	-	-	(3,000,000)	0.258
Exercised during the year	-	-	-	-
Expired during the year	(22,700,000)	0.250	(6,375,000)	0.329
Outstanding at the end of the year	3,000,000	0.252	25,700,000	0.252
Exercisable at year end	1,000,000	0.300	23,700,000	0.252

The weighted average share price for options exercised during the period was nil (30 June 2012: nil).

NOTE 20 – SHARE-BASED PAYMENTS – continued**(e) Range of exercise price**

The range of exercise price for options granted as share based payments outstanding at the end of the year was \$0.25 to \$0.30 (30 June 2012: \$0.25 to \$0.30).

(f) Weighted average remaining contractual life

The weighted average remaining contractual life of share based payment options that were outstanding as at 31 December 2012 was 0.94 years (30 June 2012: 0.59 years).

Consolidated

	6 Months to 31 Dec 2012	12 Months to 30 June 2012
	\$	\$

NOTE 21 - AUDITORS' REMUNERATION

Amount received or due and receivable by the auditor for:

Auditing the financial statements, including audit review - current year audits

19,000 46,500

Other services

- -

Total remuneration of auditors

19,000 46,500

NOTE 22 – SEGMENT INFORMATION**Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the exploration type. Discrete financial information about each of these operating businesses is reported to the Board on at least a quarterly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of activity type and phase of operations, as these are the sources of the Group's major risks and have the most effect on the rates of return.

Reportable Operating Segments Identified

For management purposes, the Group has organised its operating segments into two reportable segments as follows:

- Minerals Exploration and Evaluation Segment: This segment includes assets and activities that are associated with mineral exploration (investment in associate Riedel).
- Oil and Gas Exploration and Evaluation Segment: This segment includes assets and activities that are associated with oil and gas exploration.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, the Group's financing (including finance income) is managed on a group basis and are not allocated to operating segments.

NOTE 22 – SEGMENT INFORMATION – continued**Accounting Policies**

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the accounts.

There have been no inter-segment transactions.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

The following items are not allocated to segments as they are not considered part of core operations of any segment and are managed on a Group basis.

- Interest revenue
- Foreign currency gains/(losses)
- Corporate costs

NOTE 22 – SEGMENT INFORMATION – continued

Operating Segments	Minerals	Oil and Gas	Total Operations
	\$'000	\$'000	\$'000
6 Months ended 31 December 2012			
Revenue and income	-	3,272	3,272
Total segment revenue			3,272
Result			
Segment result	-	3,250	3,250
Depreciation	-	(23)	(23)
Impairment of investment in associate	(180)	-	(180)
Impairment of deferred exploration	-	-	-
Total Segment result	(180)	3,227	3,047
Reconciliation of segment loss after tax to net loss after tax:			
Unallocated revenue and income			7
Foreign currency gains/(losses)			42
Unallocated depreciation			(22)
Unallocated expenditure			(505)
Income tax expense			(8)
Net profit after tax			2,561
Assets			
Segment assets	1,790	6,809	8,599
Reconciliation of segment assets:			
Cash held by parent			2,017
Other			196
Total assets			10,812
Liabilities			
Segment liabilities	-	399	399
Reconciliation of segment liabilities:			
Unallocated liabilities			41
Total liabilities			440
Capital expenditure			
Segment capital expenditure – deferred exploration	-	1,475	1,475
Segment capital expenditure – plant and equipment	-	-	-
Total Segment capital expenditure	-	1,475	1,475
Reconciliation of capital expenditure:			
Unallocated additions			17
Total capital expenditure			1,492

NOTE 22 – SEGMENT INFORMATION – continued

Operating Segments	Minerals	Oil and Gas	Total Operations
	\$'000	\$'000	\$'000
12 Months ended 30 June 2012			
Revenue and income	-	-	-
Total segment revenue			-
Result			
Segment result	(780)	(399)	(1,179)
Depreciation	-	(9)	(9)
Impairment of investment in associate	(2,000)	-	(2,000)
Impairment of deferred exploration	-	(8,719)	(8,719)
Total Segment result	(2,780)	(9,127)	(11,907)
Reconciliation of segment loss after tax to net loss after tax:			
Unallocated revenue and income			34
Foreign currency gains/(losses)			26
Unallocated depreciation			(29)
Unallocated expenditure			(1,266)
Net profit after tax			(13,142)
Assets			
Segment assets	2,010	7,599	9,609
Reconciliation of segment assets:			
Cash held by parent			400
Other			347
Total assets			10,356
Liabilities			
Segment liabilities	-	2,893	2,893
Reconciliation of segment liabilities:			
Unallocated liabilities			287
Total liabilities			3,180
Capital expenditure			
Segment capital expenditure – deferred exploration	-	5,500	5,500
Segment capital expenditure – plant and equipment	-	-	-
Total Segment capital expenditure	-	5,500	5,500
Reconciliation of capital expenditure:			
Unallocated additions			122
Total capital expenditure			5,622

NOTE 23 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash. The main purpose of this financial instrument is to provide working capital for the Group's operations.

The Group has various other financial instruments such as trade debtors, security bonds and trade creditors, which arise directly from its operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken, except for share investments which are considered immaterial.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and foreign currency risk. The Board reviews and agrees on policies for managing each of these risks and they are summarised below.

Interest rate risk

At balance date the Group's exposure to market risk for changes in interest rates relates primarily to the Company's cash and bonds. The Group constantly analyses its exposure to interest rates, with consideration given to potential renewal of existing positions, the mix of fixed and variable interest rates and the period to which deposits may be fixed.

At balance date, the Group had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	Consolidated	
	31 December	30 June
	2012	2012
	\$'000	\$'000
<i>Financial Assets:</i>		
Cash and cash equivalents	2,076	487
Trade and other receivables	46	46
Net exposure	<u>2,122</u>	<u>533</u>

Sensitivity

At 31 December 2012, if interest rates had increased by 0.5% from the year end variable rates with all other variables held constant, post tax profit and equity for the Group would have been \$5,000 higher (June 2012: changes of 0.5% \$2,000 higher). The 0.5% (June 2012: 0.5%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical RBA movements over the last year.

Liquidity risk

The Group has no significant exposure to liquidity risk as there is effectively no debt. The Group manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

Significant cash deposits are with institutions with a minimum credit rating of AA (or equivalent) as determined by a reputable credit rating agency e.g. Standard & Poor.

The Company does not have any other significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

NOTE 23 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued**Foreign currency risk**

As a result of oil and gas exploration operations in Europe being denominated in USD and Euro, the Group's balance sheet can be affected by movements in the USD/A\$ and Euro/USD exchange rates. The Company does not hedge this exposure.

The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained in Euros and AUD, to meet current operational commitments.

At 31 December 2012, the Group had the following exposures to foreign currencies that are not designated in cash flow hedges:

	Consolidated	
	31	30 June
	December	2012
	2012	2012
	\$'000	\$'000
<i>Financial Assets:</i>		
Cash and cash equivalents	2,057	376
Trade and other receivables - current	33	46
<i>Financial Liabilities:</i>		
Trade and other payables - current	(75)	(380)
Other payables – non-current	-	(655)
Net exposure	<u>2,015</u>	<u>(613)</u>

Sensitivity

At 31 December 2012, if exchange rates had increased by 12% or decreased by 12% from the year end rates with all other variables held constant, post tax profit and equity for the Group would have been \$218,000 lower / \$278,000 higher (30 June 2012: changes of 12% \$88,000 lower/\$69,000 higher).

The 12% (30 June 2012: 12%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of actual historical rates, for the Australian dollar to the US dollar and Euro, for the preceding year.

Management believes the balance date risk exposures are representative of the risk exposure inherent in financial instruments.

Commodity price risk

The Group's exposure to price risk is minimal given the Group is still in an exploration phase.

NOTE 23 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued**Fair value**

Disclosure of fair value measurements by level are as follows:

- Level 1 – the fair value is calculated using quoted prices in active markets
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data

The following table presents the Group's assets and liabilities measured at fair value as well as the methods used to estimate the fair value.

	6 months ended 31 December 2012				Year ended 30 June 2012			
	Quoted Market Price (Level 1) \$'000	Valuation with Observable Market Data (Level 2) \$'000	Valuation with no Observable Market Data (Level 3) \$'000	Total \$'000	Quoted Market Price (Level 1) \$'000	Valuation with Observable Market Data (Level 2) \$'000	Valuation with no Observable Market Data (Level 3) \$'000	Total \$'000
Consolidated								
Other current financial assets at fair value	2	-	-	2	8	-	-	8

Transfer Between Categories

There were no transfers between Level 1 and Level 2 during the year.

NOTE 24 - SUBSEQUENT EVENTS

In February 2013, a 190 km 2D and 200 km 3D seismic program commenced in the Parta Permit in Romania. The seismic program is expected to be completed during the second quarter of 2013. This could allow the first exploration well to be drilled as early as fourth quarter of 2013. The committed work program for the Parta Permit requires the drilling of two exploration wells before May 2015.

There are no other matters or circumstances that have arisen since 31 December 2012 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years.



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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ADX ENERGY LTD

Report on the financial report

We have audited the accompanying financial report of ADX Energy Ltd (the Company) which comprises the balance sheet as at 31 December 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flow state for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the period.

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used in and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).

**Audit opinion**

In our opinion the financial report of ADX Energy Ltd is in accordance with the *Corporations Act 2001*, including:

- a) (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of their performance for the period ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b) the consolidated financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the period ended 31 December 2012. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Audit opinion

In our opinion the remuneration report of ADX Energy Ltd for the period ended 31 December 2012 complies with section 300A of the *Corporations Act 2001*.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of ADX Energy Ltd for the year ended 31 December 2012 included on ADX Energy Ltd's website. The company's directors are responsible for the integrity of the website. We have not been engaged to report on the integrity of the website. This auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this website.


Rothsay



Graham R Swan
Partner

Dated 28 March 2013

Information as at 22 March 2013

a) Substantial Shareholders (who have lodged notices with ADX Energy Ltd)

None

b) Shareholder Distribution Schedule

Size of Holding	Number of Shareholders	Number of Ordinary Shares	Percentage of Issued Capital
1 - 1,000	179	88,809	0.02
1,001 - 5,000	528	1,713,569	0.35
5,001 - 10,000	518	4,227,525	0.87
10,001 - 100,000	1,315	53,207,670	10.96
100,000 and over	524	426,129,602	87.80
Total Shareholders	3,064	485,367,175	100
Number of shareholders holding less than a marketable parcel	1,817	16,932,553	3.49

Voting Rights

- (i) at meetings of members entitled to vote each member may vote in person or by proxy or attorney, or in the case of a member which is a body corporate, by representative duly appointed under section 250D;
- (ii) on a show of hands every member entitled to vote and present in person or by proxy or attorney or representative duly authorised shall have one (1) vote;
- (iii) on a poll every member entitled to vote and present in person or by proxy or attorney or representative duly authorised shall have one (1) vote for each fully paid share of which he is the holder and in the case of contributing shares until fully paid shall have voting rights pro rata to the amount paid up or credited as paid up on each such share; and
- (iv) a member shall not be entitled to vote at general meeting or be reckoned in a quorum in respect of any shares upon which any call or other sum presently payable by him is unpaid.

c) Twenty largest shareholders:

Name	Number of Ordinary Shares	% of Issued Capital
1 JP Morgan Nominees Australia Limited <Cash Income A/C>	162,549,578	33.49
2 Runyon Pty Ltd <Super Fund A/C>	8,763,679	1.81
3 Mr Andrew Childs	8,340,381	1.72
4 Vasse Group Limited	8,154,321	1.68
5 Kenlow (1982) Pty Ltd <Super Fund A/C>	8,041,667	1.66
6 HSBC Custody Nominees (Australia) Limited	7,031,118	1.45
7 Mr Alistair Robertson Chomley	4,290,000	0.88
8 Mr Ian Tchacos <The Tchacos Superfund A/C>	3,476,096	0.72
9 Brazell Pty Ltd <A & M Super Fund A/C>	3,200,000	0.66
10 Mr Victor Miasi	3,000,000	0.62
11 Mr Victor Miasi + Mr Joseph Miasi <Victor Miasi Super A/C>	3,000,000	0.62
12 Ironside Pty Ltd <Ironside Super Fund A/C>	2,711,112	0.56
13 Mr Bryce Coleman Martin + Mrs Helen Grant McFarlane Martin <Ambria A/C>	2,383,334	0.49
14 Jindabyne Pty Ltd <HW Daly Family A/C>	2,352,686	0.48
15 Mr Lewis Alexander Draper + Mrs Janet Anne Draper <L A Draper Super Fund A/C>	2,210,000	0.46
16 Mr Timothy Francis Clive McDonnell	2,041,903	0.42
17 Mr Stanley John Fields	2,000,000	0.41
18 Dr Paul Vincent Grech	2,000,000	0.41
19 Citicorp Nominees Pty Limited	1,818,000	0.37
20 Mr Andrew Ross Childs	1,786,000	0.36
	<u>239,149,875</u>	<u>49.27</u>
Shares on issue at 22 March 2013	<u>485,367,175</u>	

d) Unlisted Options issued under the Employee Option Scheme

	Number	Issue Price of Shares	Exercise Date
Unlisted Options	1,000,000	30 cents	Between 30/06/2012 and 01/07/2013
Unlisted Options	2,000,000	25 cents	Between 1/7/2013 and 28/02/2014
	<u>3,000,000</u>		

TENAMENT SCHEDULE

OIL AND GAS ASSETS

Europe and North Africa

Project	Permit	ADX Group Interest (%)	Operator
Kerkouane – Tunisia	Kerkouane	60%	ADX
Pantelleria – Italy	G.R15.PU	100%	ADX
Chorbane – Tunisia	Chorbane	30%	Gulfsands Petroleum plc
Romania ⁽²⁾	EX-10 PARTA	50%	ADX
Italy	D 364 C.R.-.AX	100%	ADX