



ADX Energy Ltd

ABN 50 009 058 646

ANNUAL REPORT

31 DECEMBER 2015

ADX ENERGY LTD

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ADX ENERGY LTD
CORPORATE DIRECTORY

Directors

Ian Tchacos (Executive Chairman)
Paul Fink (Technical Director / CEO)
Andrew Childs (Non-Executive Director)
Wolfgang Zimmer (Non-Executive Director)

Company Secretary

Peter Ironside
Amanda Sparks

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Solicitors

Herbert Smith Freehills
250 St Georges Terrace
Perth Western Australia 6000

Bankers

Commonwealth Bank of Australia
1254 Hay Street
West Perth Western Australia 6005

Stock Exchange Listing

Australian Stock Exchange
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Perth Western Australia 6000
ASX Code: ADX

Auditors

Rothsay Chartered Accountants
Level 1, Lincoln Building
4 Ventnor Avenue
West Perth Western Australia 6005

ADX ENERGY LTD
CHAIRMAN'S REPORT

Dear Shareholders

The current oil price environment offers unique challenges but excellent opportunities for companies that can adapt appropriately. In response to the prevailing business fundamentals, ADX has reviewed its strategy and operating philosophy with a view to not only surviving but prospering from potential niche where it can excel. Our key goals are as follows:

- Focus on production or development assets that can be progressed in a low oil price environment;
- Retain but minimise spend on longer term, higher risk assets that require higher oil price or industry farm outs to undertake work programs; and
- Minimise organisational complexity, maintain a strong focus on core areas and reduce fixed overheads.

Your company is in a good position to achieve this because we are able to retain our key assets without immediate funding commitments and potentially make rapid progress with the Nilde Area Development Opportunity (Nilde), offshore Italy. Nilde is potentially economic at low oil prices and provides a line of sight to cashflow with minimal immediate expenditure. Our 100% equity interest in the prematurely abandoned Nilde field and the three proximal discoveries may enable ADX to leverage its position in these assets to secure funding or access services and equipment via a co investment model.

In late 2015, the Company commenced cost cutting initiatives to preserve cash, reduce fixed overhead and improve organisational efficiency. The Board has made the appropriate staff reductions and placed all management on part time contracts thereby securing the necessary skills required to further our assets on a part time basis. The Company has centralised its administrative and accounting functions in Australia, has closed its Tunisian operations office and is in the process of closing its Vienna (Austria) office. The Company has maintained suitably qualified and locally connected representatives in operating locations such as Tunisia, Romania and in Italy a location that the Board believes will be very important for the Company's immediate future.

More recently after the Company's year end, ADX announced the existence of a significant contingent oil resource in the Nilde Oil Area offshore Sicily which was verified by internationally recognised independent geotechnical consultants Senergy (GB) Limited, a member of the Lloyd's Register Group of companies. ADX has been very fortunate to secure this overlooked asset based on a single well commitment over six years. It was only after securing the block and obtaining relevant geotechnical data not publically available that the potential of this asset has become apparent. An extensive 2D seismic data set, well production data and geological information has been made available to ADX by ENI (the Italian National Oil Company) which has enabled ADX to undertake a resource assessment capable of being independently audited and plan feasibility studies which ADX believes will lead to a development plan and reserves for the field without the need for further appraisal work. ADX anticipates that the acquisition of 3D seismic prior to development drilling will be required for optimal production well positioning but does not require further data to complete feasibility work and progress the project.

Despite the challenging prevailing oil markets Nilde represents a significant development opportunity with the potential to provide a substantial cash flow stream given the already proven, highly productive reservoirs present, the relatively shallow water depths, modest drill depths, benign sea conditions and highly attractive fiscal terms. What is especially encouraging for a potential Nilde development in the current environment is the willingness of service companies and equipment providers to deploy their assets and services at attractive rates or to contribute services and equipment in exchange for a share of production. These potentially highly aligned funding models are ideal for a junior company like ADX.

ADX ENERGY LTD
CHAIRMAN'S REPORT

The industry is confronting difficult conditions especially for those companies with high cost assets, large asset commitments and debt. I believe ADX is very well positioned in comparison to our peers to survive and prosper if we can deliver the Nilde asset in the current environment. For those investors that believe current oil prices are not sustainable in the longer term, ADX offers a favourable investment proposition with an immediate development asset for immediate value development and minimal short term commitments across the remainder of its portfolio.

The Board of ADX appreciates the support of shareholders during a period where the Company has not been able to effect significant progress across its asset base. I believe we are now poised for a substantial re rating as the industry and investors start to appreciate the potential value of the Nilde Area assets. I look forward to reporting potentially transformational progress on the Nilde Assets during the rest of 2016.

A handwritten signature in black ink, appearing to read 'Ian Tchacos', with a stylized, elongated horizontal stroke at the end.

IAN TCHACOS
Chairman

ADX ENERGY LTD

OPERATIONS REPORT

OVERHEAD COST CUTTING

The cost cutting process commenced in 2014 and continued throughout 2015 with a number of measures to preserve cash while continuing to maintain operator capability.

The key initiatives were as follows:

- Appointment of Mr Ian Tchacos as Executive Chairman, Mr Paul Fink as CEO and Ms Amanda Sparks as Joint Company Secretary providing access to extensive international oil & gas operations, management and corporate experience.
- Minimising fixed overhead by eliminating fixed salaries and only paying management and technical staff based on actual work accomplished. Centralising administrative and accounting functions to Australia and minimising non productive overheads elsewhere.
- Commencement of closure of the Austrian office while simultaneous strengthening support of office locations with active projects such as Italy or Romania.

ASSET STRATEGY

Since the third quarter of 2015 the Company's focus has shifted to lower risk appraisal and development assets which are capable of being rapidly commercialised in benign political regimes and favourable operating environments. Within its existing portfolio ADX has a number of assets which have the potential to deliver shareholder value at low oil prices:

- The abandoned Nilde oil field, together with the surrounding discoveries of offshore Italy, in license d363 C.R.-.AX (ADX 100% equity interest and Operator), provides an excellent opportunity for the Company to develop a material potential resource base of unproduced oil (in Nilde) and additional near field discoveries. The resource is located in a highly productivity reservoir located in relatively shallow water, at shallow drill depths and is economically enhanced by very favourable fiscal terms.
- The ADX operated Parta permit (ADX 50% equity interest and Operator) in Romania offers a range of low cost and low risk exploration and appraisal opportunities which are awaiting the deployment of 3D seismic. It is anticipated that 3D seismic will greatly enhance the likelihood for a further farmout, which ADX is progressing in collaboration with its supportive and capable JV partner.
- While the Tunisian offshore permit Kerkouane (ADX 100% equity interest and Operator) still offers excellent exposure to very large contingent and prospective resources, the Company's strategy has been revised in light of the current oil and equity market conditions. ADX is now prepared to relinquish operatorship and accept a lower retained interest in exchange for a greater work program carry and/or cash. This will be subject to the Tunisian government granting an extension for the permit.

ADX will also pursue new ventures opportunities that provide appropriate long term growth potential within its geographic focus areas in the Mediterranean Sea, Italy and Eastern and Central Europe.

ASSETS

Offshore Italy Pantelleria Permits & d363 C.R.-.AX permit (Operator, 100% equity interests)

The d363 C.R.-.AX license was awarded to ADX in May 2014. The initial rationale for obtaining the license was to secure the continuation of the prolific foothill belt play fairway which ADX holds in Tunisia (in the Kerkouane permit) into Italy thereby building an attractive exploration portfolio in addition to and on trend with the Kerkouane license in a jurisdiction with significantly better fiscal terms than Tunisia. The combination of fiscal terms and shallower water provides the potential for smaller discoveries to be commercialised in a low oil price environment.

Detailed subsurface studies undertaken in the second half of 2015 on data obtained from the previous operator ENI (AGIP), who concluded exploration activities in 1991, revealed that the abandoned Nilde oil field and its proximal satellite discoveries contain significant remaining recoverable oil resources. The Nilde field was prematurely abandoned due to the inability to produce wells after water influx and a contemporaneous oil price collapse in 1989. At that time ENI (previously AGIP) abandoned the field after it had just peaked at around 12,100 bopd from two wells after seven years of self lifting oil production and an ultimate recovery of 21 mmbbl predominantly from a single vertical well. Three

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OPERATIONS REPORT

subsequent oil discoveries were tested but never developed despite a combination of shallow water depths (slightly less than 100 meters), shallow oil reservoir depths (1,500 meters) and very high productivity reservoirs (9,000 bopd long term production from a single vertical well).

Subsequent to the end of the 2015, ADX announced that it had completed its in house resource estimations of Nilde Area remaining resources and the data was provided to Senergy for an independent third party resource assessment. Senergy (GB) Limited, was established in 1990, is an independent consulting company and a member of the Lloyd's Register Group of companies with an extensive track history of independent resource assessments for London Stock Exchange listed companies). The results were announced on the ASX on the 17th February 2016 with the following results for the existing discoveries as per Table 1 below.

Table 1 Permit d363 C.R-AX Gross Contingent Resources

Gross Contingent ¹ Resources Volumes (MMstb)			
	1C ² Estimate	2C ² Estimate	3C ² Estimate
Nilde Field	8.7	13.1	17.8
Nilde- Bis Discovery	9.3	15.3	21.0
Norma Discovery	1.2	3.9	12.9
Naila Discovery	1.0	1.7	2.7
Total³	20.2	34.0	54.4

¹ Contingent Resources: those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations but, for which the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies.

² 1C, 2C, 3C Estimates: in a probabilistic resource size distribution these are the P₉₀ (90% probability), P₅₀, and P₁₀, respectively, for individual opportunities.

Totals are by arithmetic summation as recommended under PRMS guidelines. This results in a conservative low case total and optimistic high case total.

Note that exploration prospects in the permit were not assessed at this time by Senergy.

The planned forward work program consists of building a reservoir simulation model with a view to optimising well design, conducting feasibility analysis incorporating a preferred development option, a detailed development plan and a project cost estimate. This will enable ADX to position the project for development, attracting potential funding partners and commence the regulatory approval process. The near term objective for ADX is to demonstrate an economically viable development which is feasible at a US\$30 per barrel oil price oil and convert the current contingent resources to reserves for the Nilde oil field.

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

During late 2015 further measures were successfully implemented to reduce overheads including the closure of the Tunis office.

Several large prospects north of the Dougga gas condensate discovery were identified on 2D seismic. ADX has proven with its past 3D acquisition campaigns (i.e. 700sqkm Geostreamer 3D seismic) that structural imaging can be improved significantly and hence exploration risk substantially reduced.

As a consequence, 3D seismic acquisition design for a prospective area north of the Dougga gas condensate discovery has been undertaken and several seismic contractors were invited to submit cost estimates. ADX has also indicated to ETAP, the license holder for the Tunisian government that it would be keen to join operators of close by licenses for a larger 3D seismic group shoot in order to reduce costs.

A refocus on large sized exploration prospects at this time is a long term strategy based on a possible future oil price recovery since the relaxation of fiscal terms required to progress appraisal of the Dougga condensate discovery has not transpired to date.

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

The Parta permit covers an area of 1,221 km² and is located in the southern Pannonian basin area of western Romania. This prospective block covers 7 excised oil and gas fields and was never explored with modern seismic technology. Exploration activities ceased in the late eighties and since then the only modern technology applied was 3D seismic over existing oil and gas fields.

In June 2015, ADX was awarded a 30 month license extension for the Parta Permit by the NAMR (“Agentia Nationala Pentru Resurse Minerale”) and made progress with the government ratification of the extension which needs to be signed by three ministries. During the ratification progress, the license work program clock has stopped, hence the time to undertake the remaining exploration program is preserved.

In addition ADX has made good ongoing progress gaining land access contracts from landowners to enable further 3D seismic acquisition.

ADX has received ongoing attention from potential farminees that have expressed their interest in the Parta asset once the extension of the license has been ratified by the Romanian Authorities and the ability exists to acquire 3D seismic.

2016 Activity Summary

The additional cost cutting measures started in late 2015 will flow through to a substantially reduced fixed overhead by mid 2016. As discussed previously, the Company will focus its activities on the commercialisation of the Nilde Area assets offshore Italy, progressing the Parta Permit onshore Romania and low cost, low risk portfolio renewal in core areas.

A summary of the key activities to achieve the Company’s strategic goals are as follows:

- Nilde Area Asset data gathering, reservoir simulation and feasibility studies to determine an optimal development plan and transform the current contingent resources to a reserves category.
- Work closely with drilling rig contractors and FPSO (floating production storage and offloading) vessel contractors to determine the costs and resulting economics for the project in the current oil and gas business environment.
- Secure funding for the Nilde project via a variety of options such as a farm out, a partial equity sale and contribution of services and assets to the project in exchange for an interest in production. *Note: This model is becoming much more prevalent in the current oil price environment where contractors are seeking to find work for underutilised assets and people.*
- Complete the 3D seismic permitting in the Parta Permit onshore Romania and obtain government ratification for the 30 month extension. Subsequently, secure a farminee to fund a work program of low risk drilling prospects based on 3D seismic.
- Seek to defer expenditure on the Kerkouane Permit offshore Tunisia via a permit extension.
- Refresh the current asset portfolio with appraisal and/or production opportunities in Italy, Central & Eastern Europe where a combination of favourable fiscal terms, stable politics and local knowledge can deliver value development for ADX shareholders in a low oil price environment.

Riedel Resources Limited Share Investment

ADX Energy holds 26.7 million shares in ASX listed Riedel Resources Limited (ASX:RIE) (<http://www.riedelresources.com.au>). Riedel is currently well funded with cash resources, low overheads and exploration activities funded via farmouts which may deliver value development for its shareholders and ADX in the near term. ADX continues to monitor its investment in Riedel with a view to maximizing value for ADX shareholders in the longer term.

ADX ENERGY LTD
DIRECTORS' REPORT

Your Directors present their report for the year ended 31 December 2015.

DIRECTORS

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. Directors were in office for the entire year unless otherwise stated.

Ian Tchacos

B.Eng (Mech.)

Executive Chairman

Mr Tchacos was appointed as Non Executive Chairman of ADX on 2 March 2010 and appointed as Executive Chairman on the 28 September 2015. He is a Petroleum Engineer with over 30 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: Xstate Resources Limited (current), Riedel Resources Limited (until 18/1/2016) and Australian Oil Company Limited (until 1/5/2013).

Paul Fink

MSc (Geophysics)

Executive 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 Chairman of Australian Oil Company Ltd, Managing Director of Petroleum Ventures Pty Ltd and Non-Executive Director of Riedel Resources Limited. 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) and Xstate Resources Ltd (until 12/11/2013).

Wolfgang Zimmer

PhD - Geology and Petrology

Non-Executive Director (Appointed Managing Director on 10 December 2007 and became Non-Executive on 28 September 2015)

Dr Zimmer has 34 years experience in the oil and gas industry. His career began with Mobil Oil in Austria where he worked in Europe and the USA. In 1991 he joined OMV in a variety of senior management roles for the next 15 years. He established OMV's E&P 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.

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

ADX ENERGY LTD
DIRECTORS' REPORT

COMPANY SECRETARIES

Peter Ironside B.Com, CA

Mr Ironside has a Bachelor of Commerce Degree and is a Chartered Accountant and business consultant with over 28 years experience in the exploration and mining industry. Mr Ironside has a significant level of accounting, financial compliance and corporate governance experience including corporate initiatives and capital raisings. Mr Ironside has been a Director and/or Company Secretary of several ASX listed companies including Integra Mining Limited and Extract Resources Limited (before \$2.18Bn takeover) and is currently a non-executive director of Zamanco Minerals Limited and Stavelly Minerals Limited.

Amanda Sparks B.Bus, CA, F.Fin

Appointed 6 October 2015

Ms Amanda Sparks is a Chartered Accountant with over 26 years of resources related financial experience, both with explorers and producers. Ms Sparks has extensive experience in financial management, corporate governance and compliance for listed companies.

MEETINGS OF DIRECTORS

During the financial year, 7 meetings of directors were held. The number of meetings attended by each director during the year is as follows:

Name of Director	Meeting Held	Meetings Attended
I Tchacos	7	7
P Fink	7	7
A Childs	7	7
W Zimmer	7	6

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.

Name of Director	Number of Shares
I Tchacos	11,660,849
P Fink	9,706,666
A Childs	13,931,980
W Zimmer	8,154,321

DIVIDENDS

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

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.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

ADX ENERGY LTD
DIRECTORS' REPORT

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
ADX 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.

Operations review

Refer to the Operations Review preceding this report.

Change in Accounting Policy – Exploration and Evaluation Expenditure

Exploration expenditure of \$1,248,727 was expensed to the income statement this year following a voluntary change in the Company's accounting policy. Under the new policy, exploration and evaluation expenditure is charged to the profit and loss account as incurred. Comparative information has been restated.

Summary of Financial Position, Asset Transactions and Corporate Activities

A summary of key financial indicators for the Group, with prior year comparison, is set out in the following table:

	Consolidated 31 December 2015 \$	Restated Consolidated 31 December 2014 \$
Cash and cash equivalents held at year end	622,021	707,167
Net profit/(loss) for the year after tax	(1,695,908)	(809,499)
Included in loss for the year:		
Net gain from sale of permit / farmouts	-	1,694,063
Exploration expensed	(1,248,727)	(1,569,610)
Gain on reversal of equity accounting	3,547,785	-
Impairment of investment	(3,297,913)	-
Basic profit/(loss) per share from continuing operations	(0.26) cents	(0.14) cents
Net cash (used in) operating activities	(1,789,747)	(2,030,994)
Net cash (used in) investing activities	1,671,210	75,109
Net cash from financing activities	-	938,855

During the year:

- Exploration expenditure was \$1,248,727. This was primarily expenditure on the Parta Joint Operation in Romania, and Tunisia costs.
- On 20 December 2013, ADX signed a settlement agreement with Gulfsands Petroleum Plc ("Gulfsands"). Under this agreement, Gulfsands withdraws from the Kerkouane Permit offshore Tunisia and ADX transfers its entire

ADX ENERGY LTD
DIRECTORS' REPORT

remaining non-operated 30% participating interest in its onshore Chorbane exploration permit to Gulfsands for a cash consideration of USD 1.75M. The first instalment of the cash consideration, being USD 250,000 was received by ADX in January 2014. Completion of the sale fell due on 26 August 2014, but Gulfsands failed to pay the purchase price of USD 1.5 million. ADX commenced court proceedings.

On 3 February 2015, ADX and Gulfsands signed a new settlement agreement concerning the settlement of all claims and liabilities between them. Gulfsands agreed to pay ADX US\$1.5 million and ADX agreed to provide certain additional documentation by the end of February 2015. As a result of the settlement, the proceedings before the English High Court were discontinued. All other terms of the settlement remain confidential. In accordance with this settlement agreement, GPX completed the payment of the first US\$1.25 million tranche to ADX on 10 February 2015. The remainder was received on 27 February 2015.

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 Report 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 Report.

SHARES UNDER OPTION

There are no unissued ordinary shares of the Company under option at the date of this report.

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

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.

ADX ENERGY LTD
DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

A. INTRODUCTION

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.

Directors

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

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

Other Key Management Personnel (employees and consultants)

Peter Ironside	-	Company Secretary
Amanda Sparks	-	Company Secretary

There were no other persons that fulfilled the role of a key management person.

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.

B. 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.

ADX ENERGY LTD
DIRECTORS' REPORT

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 2015 there were no performance related payments made.

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DIRECTORS' REPORT

C. 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 annual salary inclusive of superannuation at 31/12/15	Termination benefit
I Tchacos – Chairman – Directors Fee	Commencing 2 March 2010 and continues whilst a director	\$50,000. Currently agreed to reduce by 50%	None
I Tchacos – Executive Chairman - Consultancy	Term of 1 year commencing 1 October 2015	\$1,500 per day (after 4 days, rate is reduced to 50% cash and 50% equity, subject to shareholder approval)	1 month @ 4 days per month per 12 months of service
P Fink – Executive Directors Fee	Commencing 9 September 2010 and continues whilst a director	Currently waived	None
P Fink – Executive Director - Consultancy	Term of 1 year commencing 1 October 2015	\$1,500 per day (after 8 days, rate is reduced to 50% cash and 50% equity, subject to shareholder approval)	1 month @ 8 days per month per 12 months of service
A Childs – Non-executive Directors Fee	Commencing 1 May 2010 and continues whilst a director	\$40,000. Currently agreed to reduce by 50%	None
W Zimmer – Non-executive Directors Fee	Commencing 23 August 2010 and continues whilst a director	\$44,000. Currently agreed to reduce by 100%	None
P Ironside – Company Secretary	Ongoing	\$36,000. Currently agreed to reduce by 50%	None
A Sparks – Company Secretary	Ongoing	\$38,400	None

ADX ENERGY LTD
DIRECTORS' REPORT

D. DETAILS OF REMUNERATION

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:

2015	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	59,038	3,991	63,029	-	63,029	-
P Fink	190,152	-	190,152	-	190,152	-
A Childs	30,580	3,193	33,773	-	33,773	-
W Zimmer ⁽²⁾	289,555	-	289,555	-	289,555	-
Other KMP						
P Ironside	30,000	-	30,000	-	30,000	-
A Sparks ⁽³⁾	9,600	-	9,600	-	9,600	-
TOTAL 2015	608,925	7,184	616,109	-	616,109	

2014						
Directors						
I Tchacos	52,247	4,300	56,547	9,767	66,314	14.7%
P Fink	279,479	-	279,479	24,417	303,896	8.0%
A Childs	36,697	3,440	40,137	9,767	49,904	19.6%
W Zimmer	371,222	-	371,222	29,301	400,523	7.3%
Other KMP						
P Ironside	36,000	-	36,000	9,767	45,767	21.3%
TOTAL 2014	775,645	7,740	783,385	83,019	866,404	

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

⁽²⁾ Wolfgang Zimmer was Managing Director until 25/09/2015, thereafter a Non-Executive Director.

⁽³⁾ Amanda Sparks was appointed Company Secretary on 6/10/2015.

Note: Remuneration to Wolfgang Zimmer are only amounts actually paid to Wolfgang Zimmer and do not include any amounts that Wolfgang Zimmer may be claiming against ADX for wrongful dismissal as these amounts are disputed by the remainder of the ADX Board. Refer to note 15(d) in the notes to the financial statements.

ADX ENERGY LTD
DIRECTORS' REPORT

D. DETAILS OF REMUNERATION - CONTINUED

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.

E. SHARE-BASED COMPENSATION

The following options were granted as equity compensation benefits to Directors and other Key Management Personnel during the year. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at various exercise prices with various expiry dates.

2015 – No share-based compensation.

2014	Terms and Conditions of Each Grant						
	Number of Granted Options for Year that Vested During Year	Granted Number	Grant Date	Value per Option at Grant Date \$	Exercise Price \$	First Exercise Date	Last Exercise Date
Directors							
I Tchacos	2,000,000	2,000,000	21-2-2014	0.00488	0.04	21-2-2014	15-2-2016
W Zimmer	6,000,000	6,000,000	21-2-2014	0.00488	0.04	21-2-2014	15-2-2016
P Fink	5,000,000	5,000,000	21-2-2014	0.00488	0.04	21-2-2014	15-2-2016
A Childs	2,000,000	2,000,000	21-2-2014	0.00488	0.04	21-2-2014	15-2-2016
Other Key Management Personnel							
P Ironside	2,000,000	2,000,000	21-2-2014	0.00488	0.04	21-2-2014	15-2-2016
TOTAL	17,000,000	17,000,000					

The Black-Scholes Option Pricing Model was used to value the options issued as share-based payments. Refer to note 19 'Share based payments' in the notes to the financial statements for variables used in the models.

There were no options granted as equity compensation benefits to Directors and other Key Management Personnel during the prior year.

During the year, no key management personnel options lapsed (2014: nil), and nil (2014: nil) were forfeited upon resignation.

Shares issued to Key Management Personnel on exercise of compensation options

During the year to 31 December 2015, there were no compensation options exercised by Directors or other Key Management Personnel (2014: nil).

ADX ENERGY LTD
DIRECTORS' REPORT

F. EQUITY HOLDINGS AND MOVEMENTS DURING THE YEAR

(a) Option holdings of Key Management Personnel

Year ended 31 Dec 2015	Balance at beginning of the year	Granted as remuneration	Options exercised	Options expired	Change due to appointment/ (resignation)	Balance at end of the year	Not exercisable	Exercisable
Directors								
I Tchacos	2,000,000	-	-	-	-	2,000,000	-	2,000,000
P Fink	5,000,000	-	-	-	-	5,000,000	-	5,000,000
A Childs	2,000,000	-	-	-	-	2,000,000	-	2,000,000
W Zimmer	6,000,000	-	-	-	-	6,000,000	-	6,000,000
Other KMP								
P Ironside	2,000,000	-	-	-	-	2,000,000	-	2,000,000
A Sparks	-	-	-	-	1,000,000	1,000,000	-	1,000,000
	17,000,000	-	-	-	1,000,000	18,000,000	-	18,000,000
Year ended 31 Dec 2014								
Directors								
I Tchacos	-	2,000,000	-	-	-	2,000,000	-	2,000,000
P Fink	-	5,000,000	-	-	-	5,000,000	-	5,000,000
A Childs	-	2,000,000	-	-	-	2,000,000	-	2,000,000
W Zimmer	-	6,000,000	-	-	-	6,000,000	-	6,000,000
Other KMP								
P Ironside	-	2,000,000	-	-	-	2,000,000	-	2,000,000
	-	17,000,000	-	-	-	17,000,000	-	17,000,000

ADX ENERGY LTD
DIRECTORS' REPORT

F. EQUITY HOLDINGS AND MOVEMENTS DURING THE YEAR

(b) 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
Year ended 31 Dec 2015						
Directors						
I Tchacos	5,526,095	-	-	4,500,000	-	10,026,095
P Fink	3,706,666	-	-	5,000,000	-	8,706,666
A Childs	13,931,980	-	-	-	-	13,931,980
W Zimmer	12,089,374	-	-	(3,935,053)	-	8,154,321
Other KMP						
P Ironside	7,282,598	-	-	-	-	7,282,598
A Sparks	-	-	-	-	-	-
	42,536,713	-	-	5,564,947	-	48,101,660
Year ended 31 Dec 2014						
Directors						
I Tchacos	3,859,429	-	-	1,666,666	-	5,526,095
P Fink	2,040,000	-	-	1,666,666	-	3,706,666
A Childs	11,920,869	-	-	2,011,111	-	13,931,980
W Zimmer	10,322,708	-	-	1,766,666	-	12,089,374
Other KMP						
P Ironside	7,282,598	-	-	-	-	7,282,598
	35,425,604	-	-	7,111,109	-	42,536,713

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.

G. OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no other transactions with key management personnel during the year (2014: none).

No loans or advances to/from key management personnel were outstanding at year end.

H. USE OF REMUNERATION CONSULTANTS

No remuneration consultants were engaged by ADX during the year.

End of Remuneration Report.

ADX ENERGY LTD
DIRECTORS' REPORT

SUBSEQUENT EVENTS

There are no matters or circumstances that have arisen since 31 December 2015 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.

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 2015 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Rolf Garda (Lead auditor)
Rothsay Chartered Accountants"

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

Signed in accordance with a resolution of the Directors.



Ian Tchacos
Executive Chairman

Dated this 31st day of March 2016

ADX ENERGY LTD
CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices that were in place for the financial year. 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 and/or Chief Executive Officer. Ratifying the appointment and/or removal of other senior management, including the Company Secretary/s 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.

The Company Secretaries are accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All directors have direct access to the Company Secretaries.

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

CORPORATE GOVERNANCE STATEMENT

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. Currently the Board has elected the Chairman to act as an Executive Chairman (on a part-time interim role) after the removal of ADX's Managing Director in September 2015. This decision was taken to provide continuity, experience and source suitable skills on a part time basis necessary to pursue the Company's current goals and strategic objectives. The roles of Chairperson and Managing Director/Chief Executive Officer 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 Andrew Childs as independent. Mr Ian Tchacos was independent until September 2015, after which he fulfills an interim role as Executive Chairman upon the removal of the Managing Director. 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:

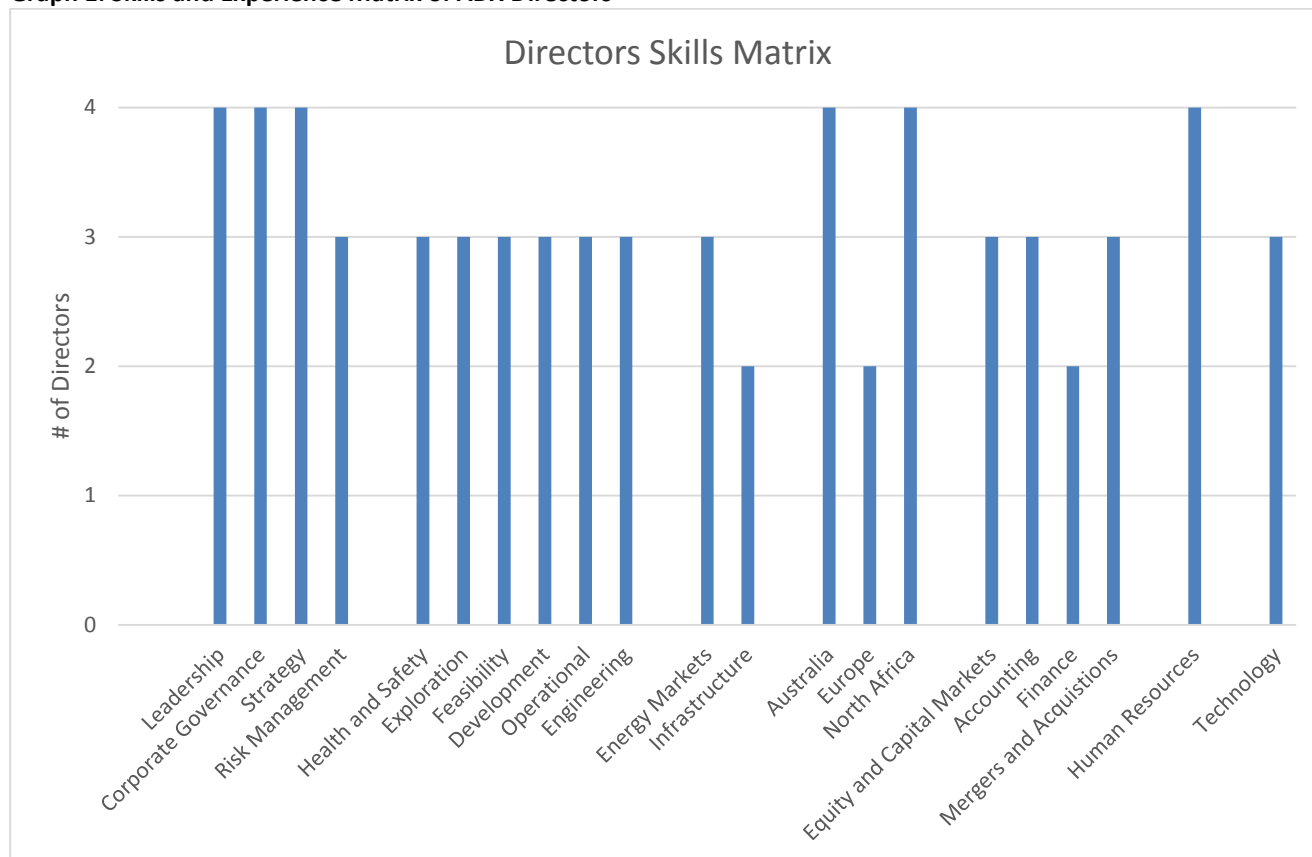
- is not a substantial shareholder of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an Executive capacity by the Company or another group member, or been a Director after 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."

The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold.

ADX ENERGY LTD

CORPORATE GOVERNANCE STATEMENT

Graph 1: Skills and Experience Matrix of ADX Directors



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.

All new non-executive directors are required to sign a letter of appointment which sets out the key terms and conditions of their appointment, including roles and responsibilities, time commitments and remuneration. Executive directors and other senior executives enter into an employment agreement which governs the terms of their appointment.

The Board undertakes appropriate checks prior to nominating a director for election by shareholders. These checks include a police and reference checks. Shareholders are provided with all material information in its possession concerning a director standing for election or re-election in the relevant notice of meeting.

ADX ENERGY LTD

CORPORATE GOVERNANCE STATEMENT

An informal induction is provided to all new directors, which includes meeting with technical and financial personnel to understand ADX's business, including strategies, risks, company policies and health and safety.

All directors are required to maintain professional development necessary to maintain their skills and knowledge needed to perform their duties. In addition to training provided by relevant professional affiliations of the directors, additional development is provided through attendance at seminars and provision of technical papers on industry related matters and developments offered by various professional organisations, such as accounting firms and legal advisors.

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 (if any) 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.

A review was undertaken in February 2015.

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.

ADX currently has no senior executives.

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.

ADX ENERGY LTD
CORPORATE GOVERNANCE STATEMENT

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. A copy of ADX's Diversity Policy can be found in Schedule 3 of ADX's Corporate Governance Manual on ADX's website at http://adx-energy.com/files/Corporate_Governance_Manual_ADX_Dec2015.pdf. In accordance with this policy and ASX Corporate Governance Principles, the Board has established the following objectives in relation to gender diversity.

Proportion of Women

	Actual	Objective
Organisation as a whole	40%	50%
Executive Management Team *	25%	25%
Board	Nil	25%

* Includes Executive Directors and Company Secretaries.

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 year is included in the remuneration report, which is contained within the Report of the Directors.

There are no schemes for retirement benefits for Non-executive Directors, other than superannuation.

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.

ADX ENERGY LTD
CORPORATE GOVERNANCE STATEMENT

RISK OVERSIGHT AND MANAGEMENT

Due to the size of the Company, no formal risk management policy is in place. Risks to the Company are reviewed at regular Board meetings as necessary and during any reviews of operating and strategic plans. The Company employs executives and retains consultants each with the requisite experience and qualification to enable the company to manage the risks to the Company. The Board is currently drafting a risk register and a resulting formal risk matrix and expect this to be in place by mid 2016. The risk matrix is likely to be strongly influenced by the Boards decision to focus on appraisal and development assets.

The Board is responsible for satisfying itself that risk management is effective and as a result, executives and consultants are asked to report to the Board when requested.

Any significant key risks identified by the Board are discussed to:

- (a) determine the impact upon the achievement of the Company's goals and objectives;
- (b) implement strategies to minimize or mitigate the risk; and
- (c) monitor and assess the effectiveness of risk management and internal compliance and control.

To this end, practises are in place that are directed towards achieving the following objectives:

- (a) compliance with applicable laws and regulations:
 - (i) preparation of reliable published financial information; and
 - (ii) implementation of risk transfer strategies where appropriate eg insurance.

Significant risks identified include loss of a significant project licence, default of partner, failure to raise future capital, country instability, failure of a development project, health, safety, and environmental occurrences or no exploration success. The Board will review the Risk Management Framework as a minimum on an annual basis, with a review to be undertaken in mid 2016.

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, honesty, transparency and integrity.

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

No internal audit function is currently in place due to the size of the Company. The Board encourages management accountability for the Company's financial reports by ensuring ongoing financial reporting during the year to the Board. Quarterly, the Company Secretary/CFO and the Managing Director/CEO 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 2015 financial year.

ADX ENERGY LTD
CORPORATE GOVERNANCE STATEMENT

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 managements accountability referred to above, the Board assures integrity of the financial statements by:

- (a) 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;
- (b) 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;
- (c) 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;
- (d) reviewing audit reports and management letters to ensure prompt action is taken by the Company's management; and
- (e) 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.

Where appropriate, the Audit Partner responsible for the audit of the Company may be invited to attend Board meetings.

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
- Transparency
- 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.

ADX ENERGY LTD
CORPORATE GOVERNANCE STATEMENT

CONTINUOUS DISCLOSURE

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:

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

SHAREHOLDER COMMUNICATIONS STRATEGY

The Company places significant importance on effective communication with shareholders. The Company has adopted a Shareholder Communications Strategy which can be accessed from ADX's website at http://adx-energy.com/files/Corporate_Governance_Manual_ADX_Dec2015.pdf.

Information is communicated to shareholders through the annual and half yearly financial reports, quarterly reports on activities, announcements through the Australian Stock Exchange and the media, on the Company's website and through the Chairman's address at the annual general meeting. After the Annual General Meeting, the Board provides shareholders with a presentation. Afterwards all directors are available to meet with any shareholders and answer questions.

Shareholders are encouraged to contact ADX through the Contact section on ADX's website to submit any questions via email, or call.

ADX's website provides communication details for its Share Registry, including an email address for shareholder enquiries direct to the Share Registry. This is found on ADX's website under Investors > Investor Centre.

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.

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

ADX ensures that its external auditor is present at all Annual General Meetings to enable shareholders to ask questions relevant to the audit directly to the auditor.

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.

ADX ENERGY LTD
DIRECTORS' DECLARATION

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 2015 and of its performance for the year 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 year ended 31 December 2015.

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



Ian Tchacos
Executive Chairman

Dated this 31st day of March 2016

ADX ENERGY LTD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

		Consolidated	Restated*
		Year ended	Year ended
		31 Dec 2015	31 Dec 2014
	Note	\$	\$
Revenue and Income			
Interest revenue	2(a)	2,535	14,440
Gain on sale of permit / farm-outs	2(a)	-	1,694,063
Other income	2(a)	5,552	1,103
		<u>8,087</u>	<u>1,709,606</u>
Expenses			
Administration and corporate expenses, net of recoveries from exploration projects	2(b)	698,624	919,783
Exploration expensed		1,248,727	1,569,610
Net gain/(loss) – other financial assets at fair value	2(b)	(249,872)	-
Total expenses		<u>1,697,479</u>	<u>2,489,393</u>
Profit/(loss) before income tax		(1,689,392)	(779,787)
Income tax expense	3	6,516	29,712
Profit/(loss) after income tax attributable to members of ADX Energy Ltd		(1,695,908)	(809,499)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		353,414	237,152
Income tax relating to items of other comprehensive income/(loss)		-	-
Other comprehensive income/(loss) for the year, net of tax		<u>343,414</u>	<u>237,152</u>
Total comprehensive profit/(loss) for the year		(1,342,494)	(572,347)
		Cents Per	Cents Per
		Share	Share
Basic earnings/(loss) per share	4	(0.26)	(0.14)

* Refer to Note 1 for more information regarding prior year restatement.

ADX ENERGY LTD
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

			Consolidated	
		31 December 2015	Restated * As at 31 Dec 2014	Restated * As at 1 January 2014
	Note	\$	\$	\$
ASSETS				
Current Assets				
Cash and cash equivalents	5	622,021	707,167	1,702,778
Trade and other receivables	6	197,012	2,144,191	522,955
Other financial assets at fair value		-	-	2,343
Total Current Assets		819,033	2,851,358	2,228,076
Non-Current Assets				
Receivables	6	-	15,932	19,670
Property, plant and equipment	7	46,783	78,665	147,425
Other financial assets at fair value	8	267,647	-	-
Investment in associate	9	-	17,355	-
Total Non-Current Assets		314,430	111,952	167,095
Total Assets		1,133,463	2,963,310	2,395,171
LIABILITIES				
Current Liabilities				
Trade and other payables	10	185,009	664,727	551,504
Provisions	11	760	8,395	20,099
Total Current Liabilities		185,769	673,122	571,603
Total Liabilities		185,769	673,122	571,603
Net Assets		947,694	2,290,188	1,823,568
Equity				
Issued capital	12	64,161,036	64,161,036	63,222,181
Reserves	13	5,960,243	5,606,829	5,269,565
Accumulated losses		(69,173,585)	(67,477,677)	(66,668,178)
Total Equity		947,694	2,290,188	1,823,568

* Refer to Note 1 for more information regarding prior year restatement.

ADX ENERGY LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 January 2014 – Restated*	63,222,181	5,269,565	(66,668,178)	1,823,568
Profit/(loss) for the year	-	-	(809,499)	(809,499)
Other comprehensive income/(loss)	-	237,152	-	237,152
Total comprehensive loss for the year, net of tax	-	237,152	(809,499)	(572,347)
Transactions with owners in their capacity as owners:				
Issue of share capital	1,000,000	-	-	1,000,000
Cost of issue of share capital	(61,145)	-	-	(61,145)
Share based payments	-	100,111	-	100,111
	938,855	100,111	-	1,038,966
As at 31 December 2014 – Restated*	64,161,036	5,606,829	(67,477,677)	2,290,188
At 1 January 2015 – Restated*	64,161,036	5,606,829	(67,477,677)	2,290,188
Profit/(loss) for the year	-	-	(1,695,908)	(1,695,908)
Other comprehensive income/(loss)	-	353,414	-	353,414
Total comprehensive loss for the year, net of tax	-	353,414	(1,695,908)	(1,342,494)
Transactions with owners in their capacity as owners:				
Issue of share capital	-	-	-	-
Cost of issue of share capital	-	-	-	-
Share based payments	-	-	-	-
	-	-	-	-
As at 31 December 2015	64,161,036	5,960,243	(69,173,585)	947,694

* Refer to Note 1 for more information regarding prior year restatement.

ADX ENERGY LTD

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

		Consolidated	
		Year ended	Restated*
		31 Dec 2015	31 Dec 2014
	Note	\$	\$
Cash flows from operating activities			
Receipts in the ordinary course of activities		86,389	296,372
Payments to suppliers and employees, including for exploration expensed		(1,872,155)	(2,312,093)
Interest received		2,535	14,440
Income tax paid		(6,516)	(29,713)
Net cash flows used in operating activities	5(i)	(1,789,747)	(2,030,994)
Cash flows from investing activities			
Proceeds from sale of plant and equipment		5,552	-
Refund of proceeds from farmouts		-	(108,000)
Proceeds from sale of permits/farmouts		1,953,313	273,450
Payments for costs of sale of permits/farmouts		(260,650)	(91,729)
Receipts from bonds		13,995	23,964
Payments made on behalf of joint operation partners and operations		(1,062,000)	(1,374,000)
Receipts from exploration partners and operations		1,021,000	1,366,389
Payments for investment in associate		-	(17,355)
Receipts from sale of share investments		-	2,390
Net cash flows used in investing activities		1,671,210	75,109
Cash flows from financing activities			
Proceeds from issue of shares and options		-	1,000,000
Payment of share issue costs		-	(61,145)
Net cash flows from financing activities		-	938,855
Net increase/(decrease) in cash and cash equivalents held		(118,537)	(1,017,030)
Net foreign exchange differences		33,391	21,419
Add opening cash and cash equivalents brought forward		707,167	1,702,778
Closing cash and cash equivalents carried forward	5	622,021	707,167

* Refer to Note 1 for more information regarding prior year restatement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(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.

Functional and presentation currency

The functional currency of the parent entity is 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 operations, 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.

Voluntary Change in Accounting Policy - Exploration and evaluation expenditure and recognition of assets

The report for the year ended 31 December 2015 has been prepared on the basis of a retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure.

The previous accounting policy was to capitalise and carry forward exploration and evaluation expenditure as an asset when rights to tenure of the area of interest are current and either:

- such expenditure is expected to be recovered through successful development and commercial exploitation of the area of interest; or
- the exploration activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Accumulated exploration expenditure, which no longer satisfied the above policy, was written off to profit and loss to the extent to which they are considered to be impaired.

The new exploration and evaluation expenditure accounting policy is to charge exploration expenditure against profit and loss as incurred.

The new accounting policy was adopted as at 1 January 2015 and has been applied retrospectively. Management judges that the change in policy will result in the financial report providing more relevant and no less reliable information. Recognition treatment of exploration assets are inherently uncertain and expensing as incurred results in a more transparent Balance Sheet and Profit and Loss. Both the previous and new accounting policies are compliant with AASB 6 Exploration for and Evaluation of Mineral Resources.

The impacts of the accounting policy change are set out below:

The capitalised exploration and evaluation asset previously reported as at 31 December 2014 has decreased by \$6,429,226 (1 January 2014: decreased by \$4,602,609). The Statement of Profit or Loss and Other Comprehensive Income increased the loss for the 2014 year by \$1,422,403 and increased the accumulated losses brought forward at 1 January 2014 by \$4,602,609.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basic loss per share has also been restated. This has resulted in an increase in the loss per share by 0.25 cents per share for the year ended 31 December 2014.

Exploration and evaluation expenditure that is expensed is included as part of cash outflows from operating activities, and exploration and evaluation expenditure that was capitalised was included as cash flows from investing activities. This change in accounting policy has resulted in cash outflows from operating activities for the year ended 31 December 2014 increasing by \$531,655 with a corresponding decrease in cashflows from investing activities.

Going Concern

The financial statements have been prepared on the basis that the Company will continue to meet its commitments and can therefore continue normal business activities and realise assets and settle liabilities in the ordinary course of business.

As an exploration group, the Company and its controlled entities do not generate cash flows from their operating activities to finance these activities. As a consequence the ability of the Company to continue as a going concern is dependent on the success of capital fundraising, farmouts of projects or other financing opportunities. The Directors believe that the Company will continue as a going concern. As a result the financial information has been prepared on a going concern basis. However should fundraising, farmouts or any alternative financing opportunities be unsuccessful, the Company may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

(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 year beginning 1 January 2015.

New and amended standards adopted by the Group

The Group has adopted all new and amended Australian Accounting Standards and AASB Interpretations effective as of 1 January 2015, including:

- AASB 2014-1 Part A – Annual Improvements 2010-2012 and 2011-2013 Cycles

This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs and addresses the following items:

- AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.
- AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination.
- AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.
- AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.

The adoption of AASB 2014-1 Part A had no effect on the Group.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting year. 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 9 Financial Instruments (effective from 1 January 2018)

AASB 9 includes requirements for the classification and measurement of financial assets. There is no material impact for ADX.

AASB 2014-3 Amendments to AASB 11 Accounting for Acquisitions of Interests in Joint Operations (effective from 1 January 2016)

This Standard provides guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. There is no material impact for ADX.

(d) Significant accounting estimates and judgments

Significant accounting judgments

There are no significant accounting judgments.

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 year are:

(i) 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.

(ii) 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.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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 31 December each year (the Group). Subsidiaries are all entities over which the group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

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 ADX 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 year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(g) Foreign currency translation - continued

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 group's share of assets employed in the Joint Operations, the share of liabilities incurred in relation to the Joint Operations and the share of any expenses and revenues in relation to the Joint Operations in their respective categories.

(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) 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.

(l) 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(m) Exploration and evaluation expenditure

Exploration expenditure is expensed to the profit or loss statement as and when it is incurred and included as part of cash flows from operating activities.

Evaluation expenditure is capitalised to the balance sheet. Evaluation is deemed to be activities undertaken from the beginning of the pre-feasibility study conducted to assess the technical and commercial viability of extracting a resource before moving into the Development phase. The criteria for carrying forward the costs are:

- Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- evaluation activities in the area of interest which has not yet reached a state which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area are continuing.

Costs carried forward in respect of an area of interest which is abandoned are written off in the year in which the abandonment decision is made.

(n) 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 consisting of shares held in a listed entity are included in the category 'financial assets at fair value through profit or loss'. Gains or losses on investments are recognised in profit or loss. The fair values of quoted investments are based on last trade prices.

(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.

(o) 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.

(p) 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

(q) 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.

(r) 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.

(s) 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(t) 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.

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 operations, 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 operations, 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(u) 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
- 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.

(v) 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.

(w) 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.

ADX ENERGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

		Consolidated	
		Year Ended 31 Dec 2015	Restated Year Ended 31 Dec 2014
	Note	\$	\$
NOTE 2 – REVENUE AND EXPENSES			
(a) Revenue and Income			
Revenue			
Interest revenue		2,535	14,440
Income			
Net gain on farm-outs (i)		-	1,694,063
Other		5,552	1,103
		<u>8,087</u>	<u>1,709,606</u>
(i) Net gains on farmouts relate to:			
Gain on sale/farm-out of Chorbane permit		-	2,125,070
Costs for Chorbane sale		-	(431,007)
		<u>-</u>	<u>1,694,063</u>
(b) Expenses			
Administration and corporate expenses include:			
Depreciation		50,256	75,527
Net foreign exchange losses		48,685	68,923
Operating lease rental expense		77,114	108,883
Share based payments	19	-	100,111
Other administration and corporate expenses, net of recoveries		522,569	566,339
		<u>698,624</u>	<u>919,783</u>
Net gain – other financial assets:			
Loss/(gain) on reversal of equity accounting	9	(3,547,785)	-
Loss on fair value – other financial assets	8	3,297,913	-
		<u>(249,872)</u>	<u>-</u>

ADX ENERGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Consolidated

Year Ended	Restated
31 Dec 2015	Year Ended
\$	31 Dec 2014
\$	\$

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	(1,689,392)	(779,787)
Prima facie income tax (benefit) @ 30%	(506,818)	(233,936)
Tax effect of non-deductible items	(108,499)	62,914
Deferred tax assets not brought to account	621,833	200,734
Income tax attributable to operating result	<u>6,516</u>	<u>29,712</u>

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

Tax losses	10,460,694	9,939,690
Other Timing Differences	-	1,115
	<u>10,460,694</u>	<u>9,940,805</u>

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 (2014: \$nil).

(d) Tax Consolidation Legislation

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

ADX ENERGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Consolidated	
	Year Ended 31 Dec 2015	Restated Year Ended 31 Dec 2014
NOTE 4 - EARNINGS PER SHARE		
	Cents	Cents
Basic earnings/(loss) per share	(0.26)	(0.14)
	\$	\$
Profit/(loss) attributable to ordinary equity holders of the Company used in calculating:		
- basic earnings per share	(1,695,908)	(809,499)
	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	656,478,273	565,382,394
Diluted earnings per share is 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.		

	\$	\$
NOTE 5 - CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	622,021	707,167

(i) Reconciliation of loss for the period to net cash flows used in operating activities		
Profit/(loss) after income tax	(1,695,908)	(809,499)
Non-Cash Items:		
Depreciation	50,256	75,527
Loss/(gain) on disposal of plant and equipment	(5,552)	-
Foreign exchange losses/(gains)	48,685	68,923
Share-based payments expensed - options	-	100,111
Loss/(gain) on reversal of equity accounting	(3,547,785)	-
Loss on fair value – other financial assets	3,297,913	-
Change in assets and liabilities:		
(Increase)/decrease in receivables	69,434	(1,803,759)
Gain on sale of permit/farmout – investing activities	-	(181,721)
Increase/(decrease) in payables	845	531,128
Increase in provisions	(7,635)	(11,704)
Net cash flows used in operating activities	(1,789,747)	(2,030,994)

(ii) Non-Cash Financing and Investing Activities

There were no non-cash financing and investing activities (2014: none).

ADX ENERGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Consolidated	
	31 December	31 December
	2015	2014
	\$	\$
NOTE 6 – TRADE AND OTHER RECEIVABLES		
Current		
Funds due from Gulfsands re Chorbane sale	-	1,838,967
Share of cash held by joint operations	88,241	25,857
Cash on deposit - security bonds	-	5,167
GST/VAT refundable	16,968	88,073
Receivables from joint operations	26,913	78,499
Prepayments	57,785	103,215
Other	7,105	4,413
Total current receivables	197,012	2,144,191
Non-Current		
Cash on deposit - security bonds	-	15,931

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 21.
- (iv) Other receivables generally have repayments between 30 and 90 days.

Receivables do not contain past due or impaired assets as at 31 December 2015 (2014: none).

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Consolidated	
	31 December 2015 \$	31 December 2014 \$
NOTE 7 - PROPERTY, PLANT AND EQUIPMENT		
Motor vehicles- at cost	-	16,009
Less: Accumulated depreciation	-	(5,070)
	-	10,939
Plant and equipment - at cost	408,964	407,718
Less: Accumulated depreciation	(362,181)	(339,992)
	46,783	67,726
Total property, plant and equipment	46,783	78,665
<i>Reconciliation of property, plant and equipment:</i>		
Motor Vehicle		
Carrying amount at beginning of year	10,939	13,000
Disposals	(7,024)	-
Depreciation	(3,273)	(3,214)
Currency translation differences	(642)	1,153
Carrying amount at end of year	-	10,939
Plant and Equipment		
Carrying amount at beginning of year	67,726	134,425
Additions	22,524	-
Depreciation	(50,256)	(72,313)
Currency translation differences	6,789	5,614
Carrying amount at end of year	46,783	67,726

ADX ENERGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Consolidated	
	31 December	31 December
	2015	2014
	\$	\$
NOTE 8 - OTHER NON-CURRENT FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS		
Non-current		
Listed equity securities held – Riedel Resources Limited	267,647	-
The fair value of listed securities has been determined by reference to published price quotations in an active market. Previously this investment was accounted for as an associate, and equity accounted. ADX Energy Ltd's interest has been diluted to 11.48% at year end (2014: 18%). Refer to note 9.		
NOTE 9 – INVESTMENT IN ASSOCIATE		
Investment in associate	-	17,355
The investment in associate represented ADX's 2014 interest of 18% (26.765 million shares) in Riedel Resources Limited (ASX: RIE). Riedel is a listed Australian mineral exploration company. The investment was held as a passive investment and measured using the equity method. During the 2015 year, ADX's interest in Riedel was diluted from 18% to 11.48%, and ADX's director, Ian Tchacos resigned from the Board of Riedel. ADX no longer has significant influence over Riedel, and accordingly losses of \$3,547,785 have been reversed from the consolidated statement of profit or loss.		
NOTE 10 – TRADE AND OTHER PAYABLES		
Current		
Trade creditors and accruals	185,009	664,727
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 11 – PROVISIONS		
Current		
Employee entitlements	760	8,395

ADX ENERGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Consolidated	
31 December 2015 \$	31 December 2014 \$

NOTE 12 – ISSUED CAPITAL

(a) Issued Capital

Ordinary shares fully paid	64,161,036	64,161,036
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(b) Movements in Ordinary Share Capital

Number of Shares	Summary of Movements	Issue Price	\$
545,367,175	Opening balance 1 January 2014		63,222,181
83,333,333	Placement on 21 October 2014	0.9 cents	750,000
27,777,765	Share Purchase Plan (SPP) on 11 November 2014	0.9 cents	250,000
	Costs of placement and SPP - cash		(61,145)
<u>656,478,273</u>	Closing Balance at 31 December 2014		<u>64,161,036</u>
<u>656,478,273</u>	Closing Balance at 31 December 2015		<u>64,161,036</u>

(c) Options on issue at 31 December 2015

	Number	Issue Price of Shares	Expiry Date
Unlisted Options	<u>20,500,000</u>	4 cents	15/02/2016

During the year:

- (i) No unlisted options were granted as share-based payments (2014: 20,500,000);
- (ii) No unlisted options were forfeited (2014: nil);
- (iii) No unlisted options expired (2014: 1,000,000); and
- (iv) No unlisted options were exercised (2014: 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.

(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.

ADX ENERGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Consolidated	
	31 December 2015 \$	31 December 2014 \$
NOTE 13 - RESERVES		
Share-based payments reserve	3,762,458	3,762,458
Option premium reserve	2,915,542	2,915,542
Asset revaluation reserve	250,000	250,000
Foreign currency translation reserve	(967,757)	(1,321,171)
	5,960,243	5,606,829
Share-based payments reserve		
Balance at the beginning of the year	3,762,458	3,662,347
Share-based payments expense / (reversal)	-	100,111
Balance at the end of the year	3,762,458	3,762,458
<i>Nature and purpose of the reserve:</i>		
The Share-based payments reserve is used to recognise the fair value of options issued but not exercised.		
Option premium reserve		
Option premium reserve	2,915,542	2,915,542
<i>Nature and purpose of the reserve:</i>		
The option premium reserve is used to accumulate proceeds received from the issuing of options.		
Asset revaluation reserve		
Asset revaluation reserve	250,000	250,000
<i>Nature and purpose of the reserve:</i>		
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.		
Foreign currency translation reserve		
Balance at the beginning of the year	(1,321,171)	(1,558,323)
Currency translation differences	353,414	237,152
Balance at the end of the year	(967,757)	(1,321,171)
<i>Nature and purpose of the reserve:</i>		
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.		

ADX ENERGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

NOTE 14 – PARENT ENTITY INFORMATION	Company	
	31 December	31 December
	2015	2014
	\$	\$
Balance sheet information		
Current assets	610,477	747,972
Non-current assets	311,568	6,397,776
Current liabilities	(64,022)	(267,643)
Non-current liabilities	-	-
Net Assets	858,023	6,878,105
Issued capital	64,161,036	64,161,036
Reserves	9,860,266	8,994,993
Accumulated losses	(73,163,280)	(66,277,924)
	858,023	6,878,105
Profit and loss information		
Profit/(loss) for the year	(6,885,356)	(1,203,545)
Comprehensive profit/(loss) for the year	(6,020,083)	(566,261)

Commitments and contingencies

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

Subsidiaries

Name of Controlled Entity	Class of Share	Place of Incorporation	% Held by Parent Entity	
			31 December	31 December
			2015	2014
Alpine Oil & Gas Pty Ltd *	Ordinary	Australia	100%	100%
ADX 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.

ADX ENERGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Consolidated	
31 December 2015 \$	31 December 2014 \$

NOTE 15 – COMMITMENTS AND CONTINGENCIES

(a) Operating leases (non-cancellable):

Within one year

27,008	23,613
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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 - Kerkouane Permit

ADX, together with Entreprise Tunisienne d'Activités Pétrolières (ETAP), has received an extension for expenditure commitments until 6 August 2016. The commitment is to undertake 500km² of 3D seismic and the drilling of one well. ADX holds 100% with farm out processes and discussions on further licence extensions underway.

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. Total commitments are estimated at A\$5.4 million (euro 3.5 million) for the 2.5 year period. ADX's share of this commitment is 50%. To date 90 km of 2D and 35km² of 3D seismic has been acquired. In order to complete the exploration program a 30 month extension of the exploration period has been signed with NAMR on 4 June 2015.

(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.

(d) Other contingencies

Dr Wolfgang Zimmer, Director, has indicated that he may be claiming against ADX for his removal as Managing Director in September 2015. ADX understands Dr Zimmer believes his removal was without cause. The ADX Board, excluding Dr Zimmer, advised Dr Zimmer in a formal Notice of Termination that his termination as Managing Director was with cause. Accordingly, in accordance with Dr Zimmer's contract, Dr Zimmer was paid one month's consulting fees in lieu of notice. The ADX Board, excluding Dr Zimmer, believe any claim brought by Dr Zimmer is not justified and ADX will defend any claim should it be made.

NOTE 16 - INTERESTS IN JOINT OPERATIONS

	Principal Activities	ADX Group % Interest	
		31 December 2015	31 December 2015
Romania –Parta Block	Exploration	50%	50%

ADX ENERGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

NOTE 16 - INTERESTS IN JOINT OPERATIONS - continued

The group has classified these as joint arrangements because under the terms of the agreements, all partners share in all the assets employed in the joint arrangement and are liable for all the liabilities of the joint arrangement, according to their participating share.

NOTE 17 – KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Compensation of Key Management Personnel

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
Short-term employment benefits	608,925	775,645
Post-employment benefits	7,184	7,740
Share-based payment	-	83,019
	616,109	866,404

Compensation of key management personnel does not include any amounts that Wolfgang Zimmer may be claiming against ADX for wrongful dismissal as these amounts are disputed by the remainder of the ADX Board. Refer to note 15(d) in the notes to the financial statements.

(b) Other transactions and balances with Key Management Personnel

Mr Andrew Childs is the owner of Resource Recruitment. ADX Energy Ltd has an office rental agreement with Resource Recruitment to rent office premises in Subiaco until 31 March 2016 at normal commercial rates. Rental paid for the year ended 31 December 2015 totalled \$18,000 (2014: nil).

NOTE 18 - AUDITORS' REMUNERATION

Amount received or due and receivable by the auditor for:

Auditing the financial statements, including audit review - current year audits	29,000	31,000
Other services	-	-
Total remuneration of auditors	29,000	31,000

NOTE 19 – SHARE-BASED PAYMENTS

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

Expensed in the profit and loss - Share-based payments - options	-	100,111
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(b) Summary of share-based payments granted during the year:

2015 Year

There were no options granted in the 2015 year.

2014 Year

Granted to Directors (approved by Shareholders on 13 February 2014):

- 15,000,000 options expiring 15 February 2016, exercisable at 4 cents each.

Granted to employees and consultants:

- 5,500,000 options expiring 15 February 2016, exercisable at 4 cents each.

ADX ENERGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

NOTE 19 – SHARE-BASED PAYMENTS - continued

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	21/02/2014
Number of options	20,500,000
Option exercise price (\$)	0.04
Expected life of options (years)	2
Dividend yield (%)	-
Expected volatility (%)	105
Risk-free interest rate (%)	5.35
Underlying share price (\$)	0.015
Value of Option (\$)	0.0049

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 year was nil (2014: \$0.0049).

(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.

	31 December 2015 Number	31 December 2015 WAEP \$	31 December 2014 Number	31 December 2014 WAEP \$
Outstanding at the beginning of year	20,500,000	0.04	1,000,000	0.25
Granted during the year	-	-	20,500,000	0.04
Expired during the year	-	-	(1,000,000)	0.25
Outstanding at the end of the year	20,500,000	0.04	20,500,000	0.04
Exercisable at year end	20,500,000	0.04	20,500,000	0.04

The weighted average share price for options exercised during the year was nil (2014: nil).

(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 \$0.04 (2014: \$0.04).

(f) Weighted average remaining contractual life

The weighted average remaining contractual life of share based payment options that were outstanding the end of the year was 0.125 years (2014: 1.125 years).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

NOTE 20 – 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 geographical region. 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 economic environment, 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:

- Tunisia Exploration and Evaluation Segment: This segment includes assets and activities that are associated with oil and gas exploration in that region.
- Romania Exploration and Evaluation Segment: This segment includes assets and activities that are associated with oil and gas exploration in that region.
- Italy Exploration and Evaluation Segment: This segment includes assets and activities that are associated with oil and gas exploration in that region.

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.

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

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 20 – SEGMENT INFORMATION - continued

Operating Segments	Tunisia	Romania	Italy	Total Operations
	\$	\$	\$	\$
Year ended 31 December 2015				
Revenue and income	5,552	-	-	5,552
Total segment revenue				5,552
Result				
Segment result	(474,309)	(602,504)	(228,435)	
Depreciation	(3,339)	-	-	
Total Segment result	(477,648)	(602,504)	(228,435)	(1,308,587)
Reconciliation of segment profit after tax to net profit after tax:				
Unallocated revenue and income				2,536
Foreign currency gains/(losses)				(48,685)
Unallocated depreciation				(46,915)
Unallocated expenditure				(287,741)
Income tax expense				(6,516)
Net profit after tax				(1,695,908)
Assets				
Segment assets	14,080	120,547	3,767	138,394
Reconciliation of segment assets:				
Unallocated cash				577,884
Other financial assets at fair value				267,647
Other				149,538
Total assets				1,133,463
Liabilities				
Segment liabilities	(23,987)	(52,948)	(7,718)	(84,653)
Reconciliation of segment liabilities:				
Unallocated liabilities				(101,116)
Total liabilities				(185,769)
Capital expenditure				
Segment capital expenditure – plant and equipment	-	-	-	-
Total Segment capital expenditure	-	-	-	-
Reconciliation of capital expenditure:				
Unallocated additions				22,524
Total capital expenditure				22,524

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 20 – SEGMENT INFORMATION - continued

Operating Segments	Tunisia	Romania	Italy	Total Operations
	\$	\$	\$	\$
Year ended 31 December 2014				
Revenue and income	1,694,063	-	-	1,694,063
Total segment revenue				1,694,063
Result				
Segment result	1,117,661	(878,290)	(78,377)	
Depreciation	(4,239)	-	-	
Total Segment result	1,113,422	(878,290)	(78,377)	156,755
Reconciliation of segment profit after tax to net profit after tax:				
Unallocated revenue and income				15,090
Foreign currency gains/(losses)				(46,754)
Unallocated depreciation				(71,287)
Unallocated expenditure				(833,590)
Income tax expense				(29,713)
Net profit after tax				(809,499)
Assets				
Segment assets	1,898,221	40,205	49,988	1,988,414
Reconciliation of segment assets:				
Unallocated cash				656,329
Investment in associate				17,355
Other				301,212
Total assets				2,963,310
Liabilities				
Segment liabilities	(317,949)	(117,069)	(12,968)	(447,986)
Reconciliation of segment liabilities:				
Unallocated liabilities				(225,136)
Total liabilities				(673,122)
Capital expenditure				
Segment capital expenditure – plant and equipment	-	-	-	-
Total Segment capital expenditure	-	-	-	-
Reconciliation of capital expenditure:				
Unallocated additions				-
Total capital expenditure				-

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 21 – 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 year 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 2015	31 December 2014
	\$	\$
<i>Financial Assets:</i>		
Cash and cash equivalents – interest bearing	4,293	485,039
Trade and other receivables – interest bearing	-	5,167
Net exposure	4,293	490,206

Sensitivity

Any sensitivity on changes of interest rates is immaterial on the groups result.

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.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 21 – 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 balance date, the Group had the following exposures to foreign currencies that are not designated in cash flow hedges:

	Consolidated	
	31 December 2015 \$	31 December 2014 \$
<i>Financial Assets:</i>		
Cash and cash equivalents - non USD	139,253	684,192
Trade and other receivables – current – non USD	68,857	204,751
<i>Financial Liabilities:</i>		
Trade and other payables – current – non USD	(173,211)	(657,710)
Net exposure	34,899	231,233

Sensitivity

Any sensitivity on changes of exchange rates is immaterial on the groups result.

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.

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

ADX ENERGY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

NOTE 21 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Fair value - continued

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.

	Year ended 31 December 2015				Year ended 31 December 2014			
	Quoted Market Price (Level 1)	Valuation with Observable Market Data (Level 2)	Valuation with no Observable Market Data (Level 3)	Total	Quoted Market Price (Level 1)	Valuation with Observable Market Data (Level 2)	Valuation with no Observable Market Data (Level 3)	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Consolidated								
Other non-current financial assets at fair value	267,647	-	-	-	-	-	-	-

Transfer Between Categories

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

NOTE 22 - SUBSEQUENT EVENTS

There are no matters or circumstances that have arisen since 31 December 2015 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years.

ADX ENERGY LTD
INDEPENDENT AUDIT REPORT



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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 2015 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).

ADX ENERGY LTD
INDEPENDENT AUDIT REPORT



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 2015 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 2015. 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 2015 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 2015 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 Auditing

Rolf Garda
Partner

Dated 31 March 2016



Chartered Accountants

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

ADX ENERGY LTD

ADDITIONAL SHAREHOLDER INFORMATION

Information as at 29 March 2016

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

M&G Investment Funds (4), (7)
M&G Investment Management Limited
M&G Limited
M&G Group Limited
M&G Securities Limited
Prudential plc

Hold 87,777,778 ordinary shares (currently representing 13.37%) per notice advised 20 October 2014.

b) Shareholder Distribution Schedule

Size of Holding	Number of Shareholders	Number of Ordinary Shares	Percentage of Issued Capital
1 - 1,000	179	88,160	0.01
1,001 - 5,000	508	1,636,837	0.25
5,001 - 10,000	450	3,679,305	0.56
10,001 - 100,000	1,031	40,753,999	6.21
100,001 and over	445	610,319,972	92.97
Total Shareholders	2,613	656,478,273	100
Number of shareholders holding less than a marketable parcel	1,938		

(c) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy or attorney, Representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote; and
- (iii) on a poll every member entitled to vote and present in person or by proxy or attorney or representative duly authorised shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited).

ADX ENERGY LTD

ADDITIONAL SHAREHOLDER INFORMATION

c) Twenty largest shareholders:

	Name	Number of Ordinary Shares	% of Issued Capital
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	166,117,328	25.30
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	97,345,766	14.83
3	KENLOW (1982) PTY LTD <SUPER FUND A/C>	11,708,333	1.78
4	WARROORAH PTY LTD <TCHACOS FUND A/C>	11,527,516	1.76
5	MR PAUL FINK	9,706,666	1.48
6	MR VICTOR MIASI + MR JOSEPH MIASI <VICTOR MIASI SUPER A/C>	9,000,000	1.37
7	RUNYON PTY LTD <SUPER FUND A/C>	8,763,679	1.33
8	MR ANDREW CHILDS	8,340,381	1.27
9	MR ALISTAIR ROBERTSON CHOMLEY	8,200,000	1.25
10	VASSE GROUP LIMITED	8,154,321	1.24
11	NATIONAL NOMINEES LIMITED <DB A/C>	6,355,087	0.97
12	DR PAUL VINCENT GRECH	6,233,930	0.95
13	TALEX INVESTMENTS PTY LTD <A F WYLIE SUPER FUND A/C>	6,200,000	0.94
14	BOND STREET CUSTODIANS LIMITED <PNCORK - D00089 A/C>	5,041,961	0.77
15	GREAT EASTERN HOLDINGS PTY LTD <NAMBUNG UNIT A/C>	5,000,000	0.76
16	MR ANGELO MARCO AMATO	4,750,000	0.72
17	MR TIMOTHY FRANCIS CLIVE MCDONNELL	4,467,504	0.68
18	AR JASON PTY LTD <A R JASON FAMILY A/C>	4,250,335	0.65
19	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	4,223,185	0.64
20	BRAZELL PTY LTD <A & M SUPER FUND A/C>	3,600,000	0.55
		388,985,992	59.24
	Shares on issue at 29 March 2016	656,478,273	

ADX ENERGY LTD
TENEMENT SCHEDULE

Oil AND GAS ASSETS
Europe and North Africa

Project	Permit	ADX Group Interest (%)	Operator
Kerkouane – Tunisia	Kerkouane	100%	ADX
Pantelleria – Italy	G.R15.PU	100%	ADX
Nilde – Italy – awarded application ^{Note 1}	d363 C.R.-.AX	100%	ADX
Orlando - Italy	d364 C.R.-.AX	100%	ADX
Romania	EX-10 PARTA	50%	ADX

Note 1: ADX has commenced a process with the Italian Designated Authority to convert the exclusively awarded application to a ratified licence. This process was commenced after the award by the Ministry of Industry. ADX believes ratification will occur during the first half of 2016.