



28 July 2016

Activities Report Quarter Ended 30 June 2016

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HIGHLIGHTS

COPORATE AND FINANCE

- Completion of a placement of 114,286,000 new shares at 0.7 cents per share to raise gross proceeds of \$800,000.
- The ADX board was reduced to three members following the removal of Dr Zimmer at the 26 May 2016 AGM.
- The closure of the Austrian office with no outstanding liabilities was announced and approved by the local authorities.

OPERATIONS

Offshore Italy

- Additional key data was secured for the Nilde field which is required to assess initial reserves, historical production performance and remaining potential.
- A first pass 3D geological model confirmed the likely existence of a significant OIIP (oil in place) volume supporting previous estimates by Senergy in a Competent Persons Report (CPR) announced by ADX on 17 February 2016.
- Historical production data (for oil, gas and water) provided to ADX by the Italian designated authority further supported of the likely remaining oil resources potential assessed by Senergy CPR.
- A number of geotechnical and reservoir characterisation consultancies highly experienced in carbonate reservoirs analogous to Nilde type oil reservoirs have been engaged to confidently confirm the reserves potential through the development of a representative geological model, reservoir model development, production history matching and future production performance prediction. This work is ongoing.
- Ongoing engagement with various offshore operators, drilling contractors, engineering companies, FPSO (floating offshore processing and offloading facility) providers and potential funding partners in preparation for the submission of a field development plan for Nilde.
- *Data received and geological studies conducted during the quarter continued to support the focus on and the ongoing investment in the Nilde re-development project.*

Offshore Tunisia

- During the quarter, ADX engaged with the Tunisian authorities in relation to the extension of Kerkouane license, offshore Tunisia. The license contains the large Dougga gas condensate discovery.
- As a subsequent event on 21 July 2016, ADX announced the license extension and its intention to focus on the appraisal and feasibility of Dougga rather than exploration.

Onshore Romania – Parta license:

- Land access continued for the conduct of 3D seismic. With close to 100% court case successes and a large number of landowners, including major agricultural companies, signing voluntary for seismic land access, the completion of permitting and subsequent acquisition process can be handed over to a seismic contractor within a month.

NEW VENTURES

- During the quarter, ADX made an unsuccessful conditional bid for a Romanian producing oilfield opportunity and has commenced the assessment of two further oil & gas development /production opportunities where ADX has potential access to low cost, high value barrels. ADX will provide further details of these opportunities if transactions reach an advanced nature.

OPERATIONS

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

The Nilde Field Redevelopment Project

The d363C.R-.AX 3rd party independent resources review completed in Q1 2016 by Senergy (GB) Ltd, identified significant and highly encouraging resources as per the table below:

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

CONTINGENT RESOURCES & DEFINITIONS Refer to ASX announcement by ADX dated 17/2/2016 and notes below. ADX confirms that it is not aware of any new information or data that affects the information included in that market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. All contingent resource figures quoted in this quarterly report are third party verified.

During this quarter, key data from ENI and the government authorities in Italy were obtained to finalise a 3D geological model and the ongoing development of a dynamic reservoir simulation model. Despite some concerning delays in obtaining important historical production data (for now received oil, gas and water), the project remains well on track for the objective of booking reserves before year end 2016.

The static geological model based on first pass petrophysics has resulted in a significantly increased OIIP, which would suggest that even in the produced areas of the field the recovered oil is approximately 25% of the OIIP (“Oil Initially In Place”). Typically high permeability reservoirs such as Nilde have recovery factors in

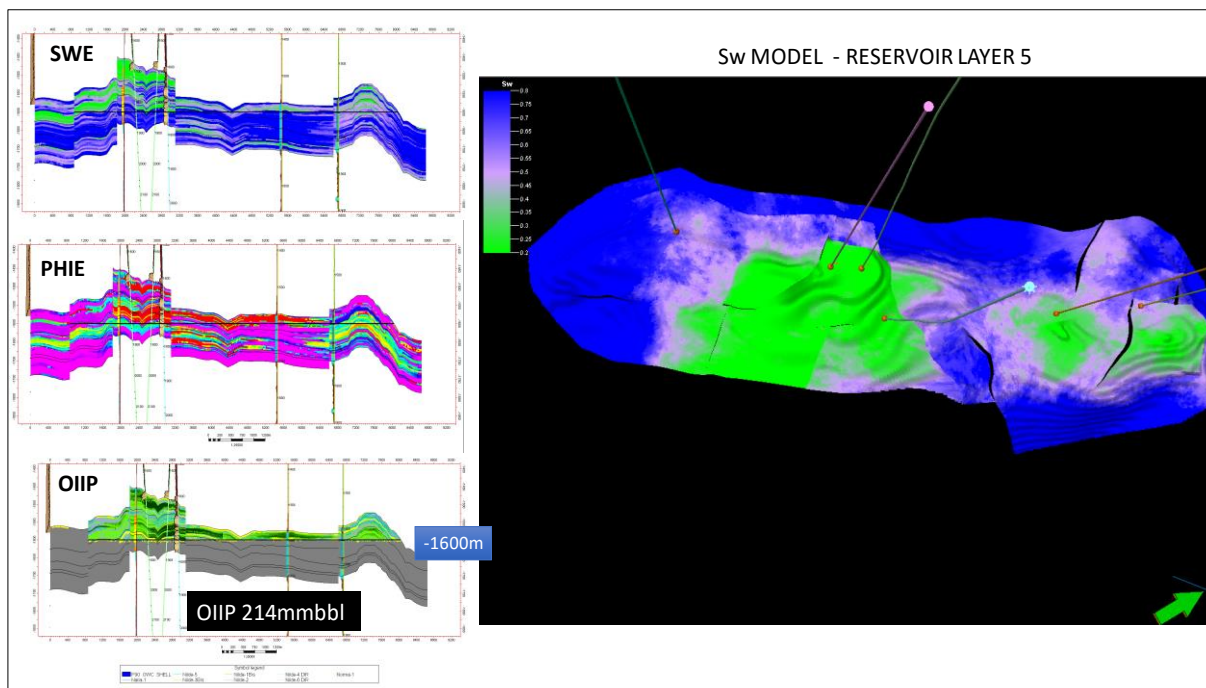
Notes

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.

³ Totals are by arithmetic summation as recommended under PRMS guidelines. This results in a conservative low case total and optimistic high case total.

the order of 40%. Additional upside reserves is provided by the existence but as yet not yet incorporated fracture porosity which will be incorporated into the dynamic model. An example for one specific layer of the 3D model is shown below.

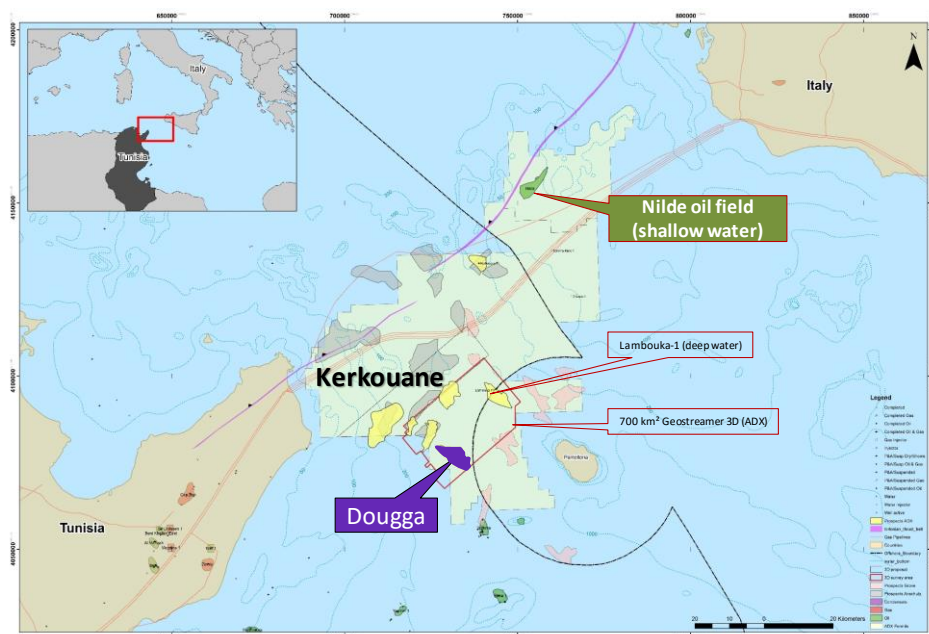


Equally important, after some delay the Nilde production data (for oil, gas and water) was finally received through the Italian authorities (UNMIG). The data is key to perform a history match for the field enabling the calibration of the dynamic reservoir simulation model which will enable higher confidence predictions of future field production. The data already now shows that the field was prematurely abandoned at relatively low water cut and reservoir pressures close to the initial pressures. The data also verifies ADX's initial assumptions that a combination of oil price crash, highly localized over production and a lack of water treatment facilities in 1989 led to the premature abandonment of Nilde with only modest water production. The next steps on the way to book reserves are:

1. Update the geological model and OIIP incorporating additional well data, physical inspection of core data to accurately characterise the reservoir and the development of a credible oil saturation model based on capillary pressure. This work is underway with a number of selected experts who have Nilde and/or fractured reservoir experience.
2. Fracture model and dynamic simulation model development which has been calibrated with historical production and used for predictive production forecasting to provide the basis for reserves estimation and the design of an optimal subsurface development scheme.
3. Well design and cost estimation to develop a high confidence cost estimate for well drilling and completion incorporating historical drilling performance, modern completion practices including horizontal drilling and an optimal down hole pumping or lift solution to maximise recovery (not present in original development).
4. Ongoing work with FPSO providers (or alternative processing and storage solutions) to develop a credible lease cost for the production storage and offloading of Nilde crude.
5. Incorporating the above information into a field development plan which demonstrates the technical and commercial viability of the project.

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

The 3080 sqkm large Kerkouane license contains a number of large sized exploration prospects and the Dougga gas condensate discovery. The license is contiguous with the ADX Sicily channel licenses as per below map.



Since the Arab spring, ADX has concentrated on the exploration potential of the permit in order to maximize the value of its 740sqkm Geostreamer 3D seismic however ADX believes a Dougga commercialization strategy is more desirable in the current investor climate. Furthermore ADX believes the commerciality of a potential development of the large independently assessed resource base at Dougga (ASX release 14 October 2016, see summary table below) can be enhanced based on a subsea tie back to an onshore liquids removal gas plant rather than the previous basis of design utilizing an offshore facility for condensate separation and offloading. This approach is expected to yield significant capital cost savings.

DOUGGA CONTINGENT + PROSPECTIVE RESOURCES	1C+LOW	2C+BEST	3C+HIGH
Total Oil Equivalent [mmboe]	127	220	333
Liquids: Condensate & LPG [mmbbls]	66	116	176
Sales Gas [bcf]	325	570	862

Refer to ASX announcements 26/9/2012 (contingent) and 4/11/2014 (prospective). ADX confirms that it is not aware of any new information or data that affects the information included in that market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

In order to gain time for the execution of an amended work program ADX discussed the necessity for a license extension with the designated Tunisian authorities. As recently announced on 21 July 2016, ADX has been awarded a one year extension for the Kerkouane. The main work program commitment for the permit is the drilling of one well. ADX believes the drilling of a Dougga appraisal well targeting up dip potential identified on high quality 3D seismic will satisfy the work commitment and potentially demonstrate the commercial viability of the large Dougga gas and liquids discovery. ADX has been encouraged by recent discussions with the Tunisian authorities that further appraisal and subsequent development of Dougga would be viewed favourably.

The forward program for the permit is to undertake a Dougga field feasibility study incorporating a new basis of design with a view to achieving a potentially significant CAPEX reduction, thereby providing the basis for

an economic basis of design which can be incorporated into a development plan supporting the application for a production license. It is envisaged that this will be followed by the drilling of an appraisal well targeting up dip potential identified on high quality 3D seismic with the key objective of establishing that the Dougga reservoir can produce at commercial rates.

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

During the quarter, ADX has achieved a large increase in the number of land access permits for seismic acquisition signed within an area of previous high community resistance. The positive outcomes are the result of close to a 100% success rate in court cases and a highly efficient permitting team of local lawyers with a good community network.

While the entire 3D area of approximately 200sqkm has not been permitted yet by the team of lawyers, ADX believes that the successfully permitted area is now large enough for a conventional seismic acquisition company to take over and complete the task within one to two months. This is expected to occur upon ratification of the permit extension which is expected in the coming months.

Subject to industry funding from the recommencement of farmout discussions, ADX and its partner will commence 3D seismic acquisition as soon as practically possible.

NEW VENTURES

In addition to exploration operations in Romania, ADX has identified, through its local network, a number of potential production opportunities which are becoming available in Romania. ADX believes Romania provides the opportunity to acquire high value barrels at a good price given the current oil price environment.

ADX is concentrating on assets that are not material enough for larger companies but could provide meaningful cash flow and further production gains in a rising oil price through work overs and low risk development drilling. ADX is well placed on the ground in Romania with good local contactor and designated authority relationships.

During the quarter ADX made an unsuccessful conditional bid for a Romanian producing oilfield opportunity and has commenced the assessment of two further oil & gas production and development opportunities where ADX has potential access to low cost, high value barrels.

ADX will provide further details of these opportunities if transactions reach an advanced nature.

FINANCE AND ADMINISTRATION

During the quarter a placement of 114,286,000 new shares was completed at 0.7 cents per share to raise gross proceeds of \$800,000.

The company's AGM was conducted on the 26 of May 2016. A resolution for the re election of Dr Zimmer was unsuccessful and as a result the ADX Board has been reduced to three Directors. The Board intends to maintain the current number of Directors until there is a transformation in the scale of the Company's business.

In line with the Company's ongoing initiative to minimize administration costs and centralize accounting and administration to one office located in Perth the closure of the Vienna office with no outstanding liabilities was announced and approved by the local authorities.

ADX's cash at the end of the June 2016 quarter was \$0.645 million.

TENEMENT TABLE

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

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

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

SHARE INVESTMENTS

ADX Energy holds 26.7 million shares in ASX listed Riedel Resources Limited (ASX:RIE) (<http://www.riedelresources.com.au>).

Yours faithfully



Paul Fink
CEO/Technical Director



Ian Tchacos
Executive Chairman

PERSON COMPILING INFORMATION ABOUT HYDROCARBONS Pursuant to the requirements of the ASX Listing Rules 5.41 and 5.42, the technical and resource information contained in this presentation has been reviewed by Paul Fink, Technical Director of ADX Energy Ltd. Mr. Fink is a qualified geophysicist with 23 years of technical, commercial and management experience in exploration for, appraisal and development of oil and gas resources. Mr. Fink has reviewed the results, procedures and data contained in this presentation and considers the resource estimates to be fairly represented. Mr. Fink has consented to the inclusion of this information in the form and context in which it appears. Mr. Fink is a member of the EAGE (European Association of Geoscientists & Engineers) and FIDIC (Federation of Consulting Engineers).

DISCLAIMER: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.