

3 May 2017



ADX Energy Ltd

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Dear Shareholder

NON-RENOUNCEABLE ENTITLEMENT ISSUE

On 1 May 2017, ADX Energy Ltd (**ADX** or the **Company**) announced that it will be offering eligible shareholders the opportunity to acquire fully paid ordinary shares in the capital of ADX (**New Shares**) via a non-renounceable entitlement issue on the basis of one (1) New Share for every five (5) shares held by shareholders registered at 5.00 pm (AWST) on 10 May 2017 (**Record Date**) at an issue price of \$0.013 per New Share to raise approximately \$2.4 million (**Offer**).

The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 1 May 2017.

The lead manager to the offer is QA Capital Pty Limited. For information relating to the fee payable to the lead manager please refer to the Company's Prospectus.

The funds raised are intended to be used to fund exploration and appraisal expenditure at the Company's Nilde, Dougga and Parta projects and the Company's working capital.

Assuming all entitlements are accepted, following completion of the Offer, the Company will have issued approximately 185,803,488 New Shares resulting in total fully paid ordinary shares on issue of approximately 1,114,820,924.

Eligible Shareholders

The Offer is being made to all shareholders who:

1. are registered as a holder of fully paid ordinary shares in ADX as at 5.00 pm (Perth time) on the Record Date;
2. have a registered address in Australia, New Zealand or the British Virgin Islands;
3. are not in the United States or acting for the account or benefit of a person in the United States; and
4. are eligible under all applicable securities laws to receive the Offer without any requirement for a prospectus or disclosure document (as defined in the Corporations Act 2001 (Cth) (**Corporations Act**)) to be lodged or registered,

(**Eligible Shareholders**).

Further details about the Offer

New Shares issued under the Entitlement Offer will rank equally with all fully paid ordinary shares in the capital of the Company.

The Entitlement Offer is non-renounceable. Accordingly, entitlements do not trade on ASX, nor can they be transferred or otherwise disposed of.

Eligible Shareholders who take up their full entitlement, may subscribe for additional New Shares from a pool of those not taken up by Eligible Shareholders as at the closing date of the Offer (**Shortfall Offer**). There is no guarantee that applicants under the Shortfall Offer will receive the number of New Shares applied for under the Shortfall Offer, or any. The Directors reserve the right to allot and issue New Shares under the Shortfall Offer at their discretion.

As required under the ASX Listing Rules, the Company informs you that no Shareholder approval is required for the Offer and, therefore, no Shareholder approval will be sought.

Prospectus

The Offer is being made under a prospectus in accordance with section 713 of the Corporations Act 2001 (Cth) (**Corporations Act**) (**Prospectus**).

This letter is not an offer document but rather an advance notice of some key terms and conditions of the Offer. Full details of the Offer are set out in the Prospectus.

On 12 May 2017, Eligible Shareholders will be sent a Prospectus and personalised application form which contains important information about the Offer and sets out the number of New Shares they are entitled to purchase under the Offer. A copy of the Prospectus has been lodged with ASX and will also be available on that date on the ASX website at www.asx.com.au and ADX's website at www.adxenergy.com.au.

Eligible Shareholders should read all of the Prospectus carefully before deciding whether to participate in the Offer. For the purposes of calculating the entitlements of Eligible Shareholders, fractions of entitlements have been rounded up to the nearest whole number of New Shares.

Action required by Eligible Shareholders

Your entitlement may have value and it is important you determine whether to take up your entitlement (in whole or in part) or do nothing in respect of your entitlement.

Take up an entitlement: if you wish to take up all or part of your entitlement, you will need to complete and return the personalised application form together with the requisite application monies, or alternatively pay your application monies via BPAY® by following the instructions set out on the form. In each case, applications and application monies must be received by no later than 3.00 pm (AWST) on 23 May 2017.

Take up more than your entitlement: if you wish to apply for more New Shares than your entitlement you will need to complete the relevant section of the personalised application form and return it, with the requisite application monies, or alternatively pay your application monies via BPAY® by following the instructions set out on the form. In each case, applications and application monies must be received by no later than 3.00pm (AWST) on 23 May 2017.

Note: No application form is required if payment is made via BPAY®.

Do nothing: entitlements not taken up will lapse and New Shares in respect of those entitlements will form part of the Shortfall Offer.

Ineligible shareholders

Shareholders who are not Eligible Shareholders are ineligible shareholders (**Ineligible Shareholders**). Ineligible Shareholders are not eligible to participate in the Offer and will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1 (a) of the ASX Listing Rules after having regard to:

- the number of Ineligible Shareholders;
- the number and value of the New Shares which would be offered to Ineligible Shareholders if they were Eligible Shareholders; and
- the cost of complying with the legal requirements, and requirements of the regulatory authorities in jurisdictions outside of Australia, New Zealand and the British Virgin Islands.

Key dates for Eligible Shareholders

Lodgement of Prospectus with the ASIC	1 May 2017
Lodgement of Prospectus & Appendix 3B with ASX	1 May 2017
Notice sent to Optionholders	1 May 2017
Notice sent to Shareholders	3 May 2017
Ex date	9 May 2017
Record Date for determining Entitlements	10 May 2017
Prospectus despatched to Shareholders & Company announces despatch has been completed	12 May 2017
Last day to give notice to extend the Closing Date	18 May 2017
Closing Date*	23 May 2017
Securities quoted on a deferred settlement basis	24 May 2017
ASX notified of under subscriptions	26 May 2017
Despatch of holding statements	30 May 2017
Quotation of Securities issued under the Offer*	31 May 2017

* These dates are indicative only and are subject to change. ADX reserves the right to vary these dates, including extending the closing date of the Offer or accepting late applications, without prior notice but subject to the Corporations Act, ASX Listing Rules and other applicable laws.

ADX also reserves the right to withdraw the Offer at any time, in which case application monies (being the amount paid for New Shares applied for on a duly completed application form) will be refunded in accordance with the Corporations Act. No interest will be paid on any application monies received or refunded.

Further details

A copy of the Prospectus may be viewed on the ASX website at www.asx.com.au, or alternatively at the Company's website at www.adxenergy.com.au.

For further information on the Offer you should contact ADX's Company Secretary on +61 8 9381 4266 or consult your professional adviser.

Yours Sincerely



Ian Tchacos
Executive Chairman