

12 May 2017



ADX Energy Ltd

Dear Shareholder

AUSTRALIA

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## PRIORITY SHORTFALL OFFER - SHAREHOLDERS WITH UNMARKETABLE PARCELS

On 1 May 2017, ADX Energy Ltd (**ADX**) 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**).

ADX lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 1 May 2017 and the Offer will be open until 23 May 2017 (**Closing Date**).

### Shortfall Offer

Any entitlement not taken up pursuant to the Offer will form the shortfall offer (**Shortfall Offer**). The Shortfall Offer is a separate offer made pursuant to the Prospectus and will remain open for up to three months following the Closing Date. The issue price for each fully paid share in the capital of ADX (**Share**) to be issued under the Shortfall Offer (**Shortfall Shares**) shall be \$0.013 being the price at which New Shares have been offered under the Offer. Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions.

### Priority Shortfall Offer

The Shortfall Shares will be issued in priority to eligible shareholders who hold an unmarketable parcel of Shares at the Record Date and who apply for Shares in excess of their Entitlement to the extent required for those Shareholders to hold a marketable parcel (**Priority Shortfall Offer**).

An unmarketable parcel is a parcel of Shares worth less than \$500 in accordance with the procedure set out in ADX's constitution and in accordance with the ASX Listing Rules. For the purpose of the Priority Shortfall Offer, a marketable parcel is deemed to be 38,462 Shares (\$500 at \$0.013, rounded up).

**ADX's share register shows that the number of Shares held by you in ADX as at the Record Date is valued at less than \$500.** Accordingly, you are an unmarketable parcel shareholder and will be eligible to participate in the Priority Shortfall Offer. To participate in the Priority Shortfall Offer, please refer to the Prospectus and the accompanying Entitlement and Acceptance Form.

Where the number of New Shares subscribed for under the Priority Shortfall Offer exceeds the number of Shortfall Shares available, those Shareholders will be scaled back on a pro rata basis.

### **Unmarketable Parcel Sale Facility**

As part of its ongoing capital management program, ADX is considering a program to enable the potential sale of all unmarketable parcels of Shares. Should ADX decide to proceed with the sale of unmarketable parcels, further details will be announced by ADX in accordance with the ASX Listing Rules.

The Offer and the accompanying Shortfall Offer provide eligible shareholders with an opportunity to increase their holdings to amounts greater than those deemed unmarketable without paying any brokerage.

For further information on the Shortfall Offer you should contact ADX's Company Secretary on +61 8 9381 4266.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Ian Tchacos', written over a light grey rectangular background.

Ian Tchacos  
**Executive Chairman**