



# **ADX Energy Ltd**

**ABN 50 009 058 646**

**HALF-YEAR FINANCIAL REPORT  
FOR THE SIX MONTHS ENDED  
30 JUNE 2017**

**Directors**

Ian Tchacos (Executive Chairman)  
Paul Fink (Executive Director)  
Andrew Childs (Non-Executive Director)  
Robert Brown (Non-Executive Director)  
Philip Haydn-Slater (Non-Executive Director)

**Company Secretary**

Amanda Sparks  
Peter Ironside

**Registered and Principal Office**

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210 Bagot Road  
Subiaco, Western Australia 6008  
Telephone: +61 8 9381 4266  
Facsimile: +61 8 9381 4766  
Web Page: [www.adxenergy.com.au](http://www.adxenergy.com.au)  
Email: [admin@adxenergy.com.au](mailto:admin@adxenergy.com.au)

**Share Registry**

Computershare Investor Services Pty Ltd  
Level 11  
172 St George's Terrace  
Perth, Western Australia 6000  
Telephone: +61 8 9323 2000  
Facsimile: +61 8 9323 2033

**Solicitors**

Steinepreis Paganin  
Level 4, Next Building  
16 Milligan Street  
Perth Western Australia 6000

**Bankers**

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

**Stock Exchange Listing**

Australian Stock Exchange - ASX Code: ADX  
152-158 St Georges Terrace  
Perth, Western Australia 6000

**Auditors**

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

# ADX ENERGY LTD

## DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 30 June 2017.

### DIRECTORS

The names of Directors of the Company during or since the half-year and up to the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

| Name                   | Position  |
|------------------------|---|
| Mr Ian Tchacos         | Executive Chairman                              |
| Mr Paul Fink           | CEO and Executive Director                      |
| Mr Andrew Childs       | Non-Executive Director                          |
| Mr Robert Brown        | Non-Executive Director                          |
| Mr Philip Haydn-Slater | Non-Executive Director – appointed 21 July 2017 |

### REVIEW AND RESULTS OF OPERATIONS

#### Summary of Financial Performance

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

|  | Consolidated<br>30 June 2017<br>\$ | Consolidated<br>30 June 2016<br>\$ |
|--|------------------------------------|------------------------------------|
| Net profit/(loss) for the half-year after tax                    | (1,707,300)                        | (790,427)                          |
| Included in loss for the half-year:                              |                                    |                                    |
| Exploration expensed   | (986,924)                          | (426,936)                          |
| Share-based payments expensed                                    | (403,340)                          | (165,904)                          |
| Gain on fair value of financial asset                            | 55,310                             | 194,306                            |
| Basic profit/(loss) per share (cents) from continuing operations | (0.18) cents                       | (0.11) cents                       |
| Net cash (used in) operating activities                          | (843,646)                          | (732,443)                          |
| Net cash from investing activities                               | (3,000)                            | 45,808                             |
| Net cash from financing activities                               | 1,904,145                          | 735,970                            |

During the six month period:

- Exploration expenditure was \$986,924. This was primarily expenditure on the Parta Joint Operation in Romania, the Nilde redevelopment project offshore Italy and activities on the Kerkouane permit offshore Tunisia. Expenditure includes \$134,419 in recognising a provision for restoration and rehabilitation.
- On 31 May 2017, ADX announced the close of the 1 for 5 Non-Renounceable Entitlement Issue with the take up of 86,534,242 shares raising a total \$1,124,945. On 19 June 2017, ADX advised that under the Shortfall Offer, it accepted applications for 69,230,768 Shares to raise an additional \$900,000. Total raised was \$2.025 million of the maximum \$2.415 million under the Entitlement Issue with the level of participation confirming ongoing shareholder support for ADX and its projects.

The funding will provide ADX with the resources and run time required to complete the necessary studies on its Nilde and Dougga assets and market both assets in a manner that will enable the funding of its planned appraisal programs.

Operations Review

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

The Nilde Field Redevelopment Project

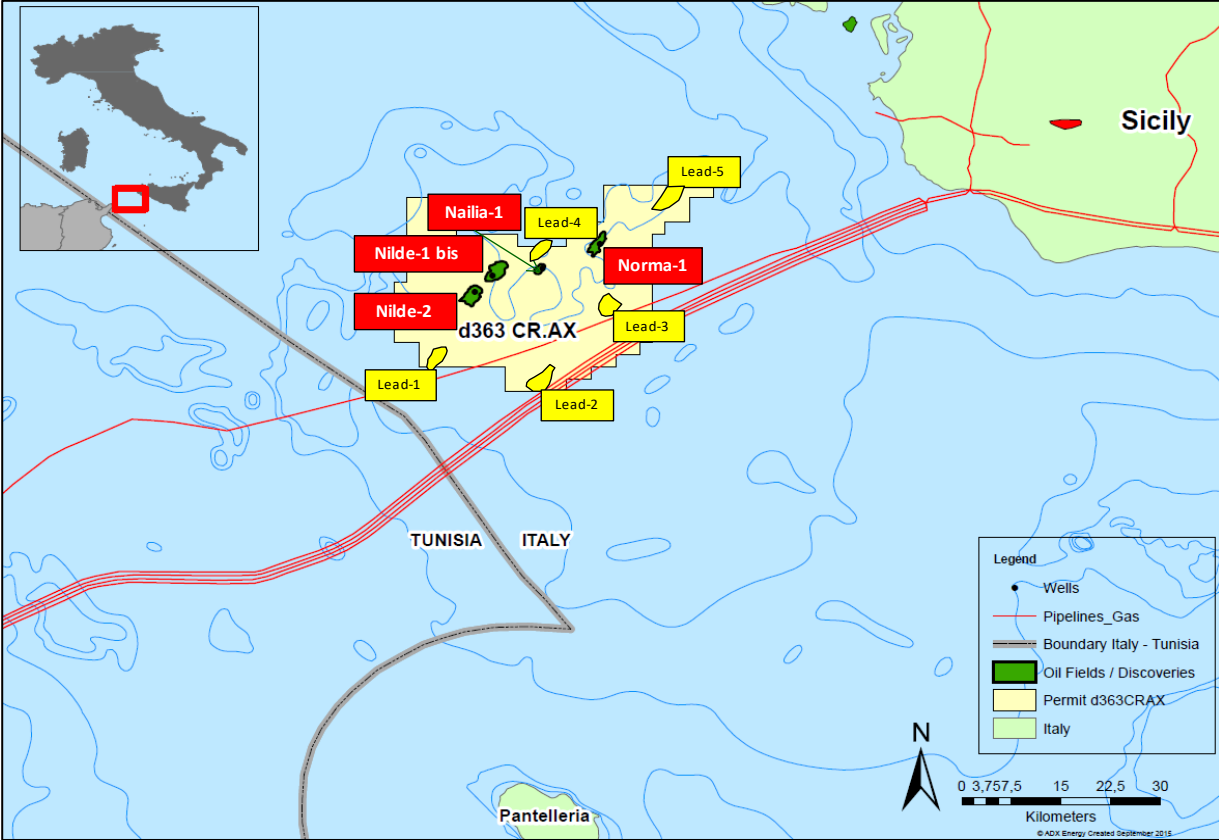


Figure 1: Nilde oil field and oil discoveries location, approximately 54 km west of Sicily

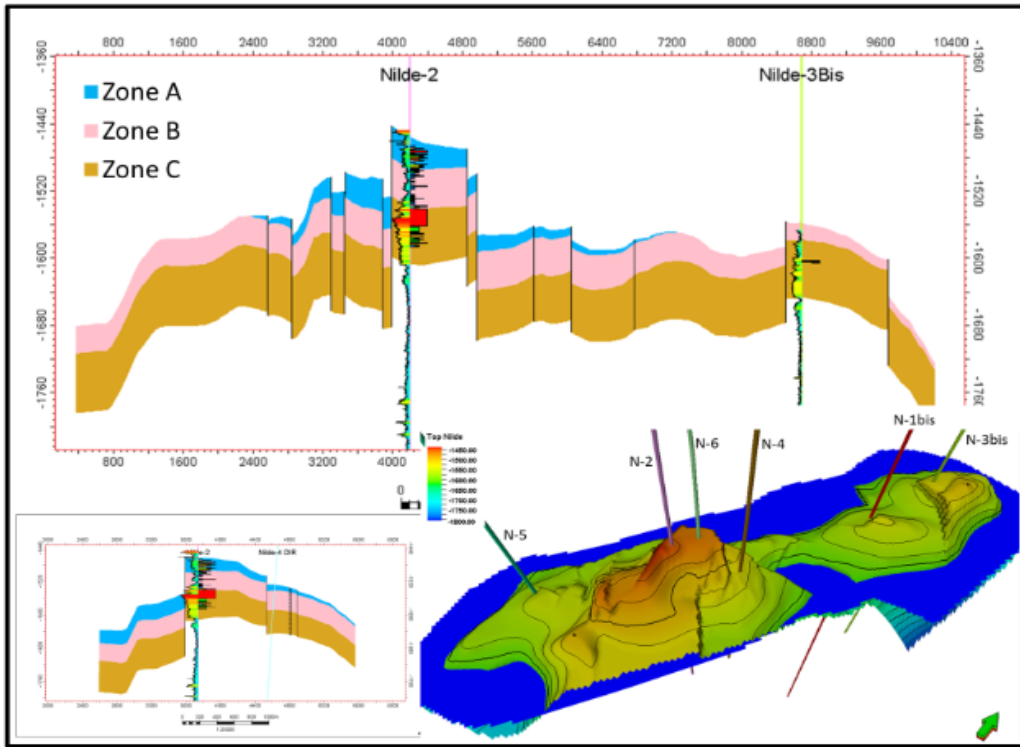
During the period the following key results were achieved for progressing the shallow water Nilde oil field development:

1. Completion of static reservoir modelling work and a range of reservoir simulation based production forecasts leading to a revised probabilistic 2C resource of 33 mmbbls of remaining oil reserves which is in line with the independent competent person's review conducted by Senergy based on the volumetric method. The table below summarizes the probabilistic synthesis of the reservoir simulation generated production forecasts:

| Gross Contingent <sup>1</sup> Oil Resource Volumes (MMstb) |                          |                          |                          |
|--|--------------------------|--------------------------|--------------------------|
|  | 1C <sup>2</sup> Estimate | 2C <sup>2</sup> Estimate | 3C <sup>2</sup> Estimate |
| <b>Nilde &amp; Nilde Bis</b>                               | <b>21.7</b>              | <b>32.8</b>              | <b>49.8</b>              |

<sup>1</sup> 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.

<sup>2</sup> 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.



**Figure 2:** Nilde structure montage with 3D top structure visualization and layered cross-sections through key wells in both strike and dip directions.

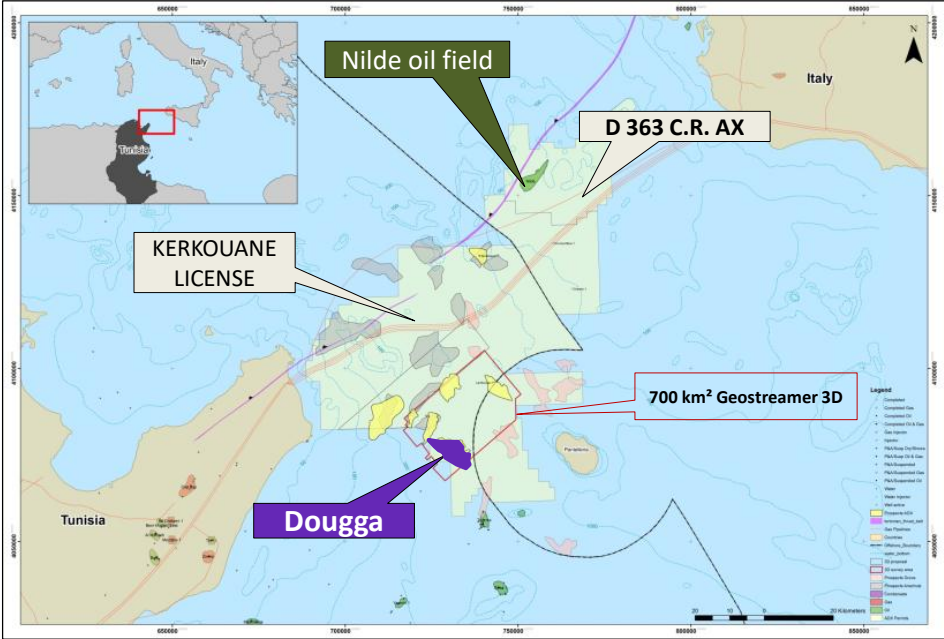
2. Detailed project economic analysis revealed the healthy economic potential of the Nilde development at US\$40/bbl. The excellent project economics are due to high reservoir productivity, light sweet crude, shallow drill depths, shallow water depth and low royalties. Resulting Post Tax NPV10 values are US\$200 to \$650 million @ approximately US\$40/bbl for 1C to 3C case.
3. A collaboration with Calm Oceans Pte Ltd (Singapore) led to the initial selection of a preferred development option using a self-installing Mono Column Platform (MCP) and a gravity based storage and offloading system (RPSO) which would enhance the overall viability of the Development in terms of economics, feasibility and operability. Based on this concept more detailed design work is currently underway, together with appraisal and development well and testing design work.
4. Financing and farmout activities have commenced to source funding for an appraisal / development well from potential sources of vendor finance, oil traders, private equity and industry farminees, with a number of such companies expressing initial interest prior to ADX marketing the opportunity.
5. ADX has provided all the required submissions to the licensing authority Ufficio Nazionale Minerario Per Gli Idrocarburi e Le Georisorse (UNMIG). The submissions included extensive background information on operational, technical and financial capability. ADX now expects a formal ratification of the exploration licence in the coming quarter which will enable the commencement of the appraisal well licensing process.

**ADX ENERGY LTD**

**DIRECTORS' REPORT**

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

The 3,080km<sup>2</sup> Kerkouane license contains a number of large exploration prospects and the Dougga gas condensate discovery. The license is contiguous with the ADX' Sicily channel licenses as shown in Figure 3 below.



**Figure 3:** Location map of ADX offshore Sicily Channel acreage showing Dougga gas condensate discovery and the Nilde oil field.

**Dougga Appraisal and Development**

Dougga is a large 150 km<sup>2</sup> gas condensate discovery with a gas column of over 600m defined on 3D Seismic. During the period ending 30 June 2017 ADX reached agreement with its National Oil Company partner, ETAP, to vary the Kerkouane work program from the acquisition of 3D exploration seismic and the drilling of an exploration well to the drilling and productivity testing of a well updip from Dougga 1 gas condensate discovery - called Dougga Sud (or South). This variation to the work program enables ADX to focus its activities on the potential appraisal and development of the Dougga which ADX believes has the potential to be a viable and significant gas and liquids project.

Technical studies to further define Dougga focused on the following work;

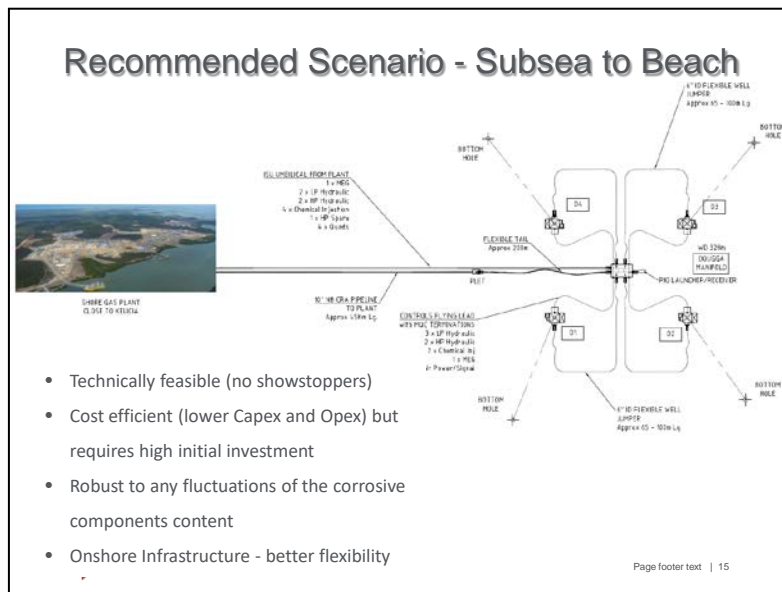
- Geological, geophysical and reservoir engineering studies including structural 3D modelling, seismic structural attribute work, DFN (discrete fracture network) modelling utilising Petrel software resulting in the revision of in place hydrocarbon volumes. This 3D Geological modelling incorporating fracturing indicates a 103% increase in Gas In Place "GIP" estimates. This increase in in-place gas volumes is expected to result in a positive revision of recoverable existing resource estimates for Dougga shown below.

| Contingent Resources Estimates      | 1C        | 2C         | 3C         |
|-------------------------------------|-----------|------------|------------|
| <b>Total Oil Equivalent [mmbae]</b> | <b>88</b> | <b>173</b> | <b>268</b> |
| Liquids: Condensate & LPG [mmbbls]  | 47        | 91         | 142        |
| Sales Gas [bcf]                     | 264       | 517        | 804        |

*CONTINGENT RESOURCES & DEFINITIONS* Refer to ASX announcement by ADX dated 26/9/2012. 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 resource figures quoted in this presentation are third party verified. 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.

- The commencement of dynamic modelling with a view to generating revised recoverable resource estimates as well as gas and condensate production forecasts for Dougga.
- The finalization of a development concept study for the Dougga by TechnipFMC. The interim study findings were presented to the Tunisian authorities. The work concluding that the development of Dougga via a subsea development exporting condensate rich gas to an onshore gas plant is a technically feasible and robust development concept. Finalisation of facilities cost estimates for the development of Dougga are ongoing.



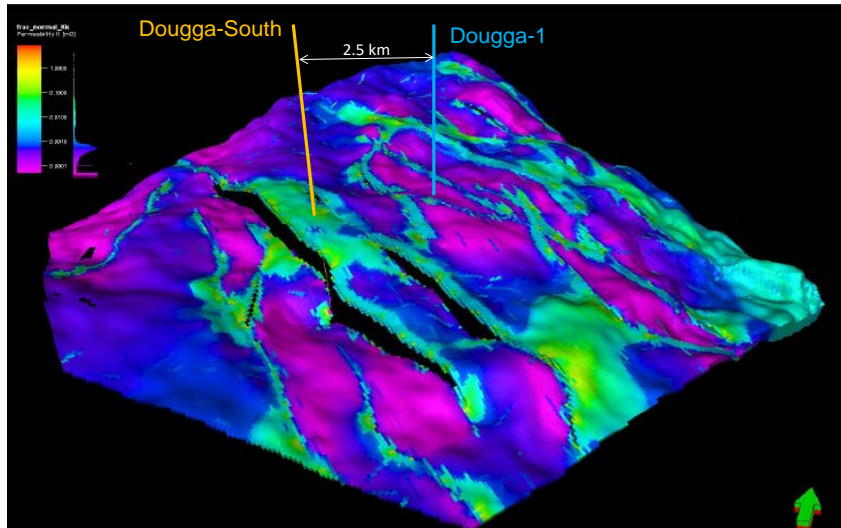
**Figure 4:** The leading Development Scenario – Subsea to Beach with an onshore gas processing plant.

- The Dougga Sud appraisal well drilling location was selected by ADX and agreed by ETAP at a location approximately 300 m updip from the Dougga 1 discovery well. A successful well at Dougga Sud is prognosed to intersect 600 m gas column with improved reservoir characteristics.

In addition to the above technical work ADX undertook preliminary well planning for the drilling and testing of the Dougga Sud appraisal well and issued expressions of interest for a drilling rig to drill the Dougga Sud well during 2018. ADX expects to finalise a drilling rig agreement with a suitable contractor in the near future.

In May 2017, ADX met with officials of the Tunisian Power Generation Directorate who expressed a very strong interest in the potential of the Dougga project to provide domestic gas supply. Tunisia is now a 60% net importer of gas with gas fired power generation representing 95% of national consumption. This results in a large unmet demand for new supplies which is exacerbated by the decline of maturing existing gas fields. It was confirmed by Tunisian authorities that current gas prices in Tunisia are approximately US\$6 to US\$6.50 per Gigajoule at current oil prices.

The combination of the variation to the work program, the resource definition studies and the development concept feasibility studies is expected to place ADX in a favourable position to progress farmout discussions with industry farminees to source funding for the Dougga Sud appraisal well.



**Figure 5:** The above visualisation shows Top Abiod reservoir 3D structure including predicted (relative) vertical permeability with green areas and blue colours defining areas of relatively higher predicted fracture permeability from DFN modelling. The 3D visualisation also shows the relative location of the Dougga 1 and the planned Dougga Sud well.

**New Ventures**

There was no significant new ventures activity during the period.

**SHARE INVESTMENTS**

ADX Energy holds 26.7 million shares in ASX listed Riedel Resources Limited (ASX:RIE) (<http://www.riedelresources.com.au>). On 26 July 2017, Riedel announced its intention to raise approximately \$550,000 by way of private share placement under its current 15% capacity at \$0.015 (1.5 cents). In addition Riedel announced an underwritten 1 for 3 non-renounceable pro rata rights issue to raise approximately \$1,400,000 at a price of \$0.015 per share (a 50% premium to its previous last traded closing share price on the 21<sup>st</sup> of July).

Subsequent to 30 June 2017, ADX acquired an additional 8,921,570 shares under Riedel’s Non-Renounceable Pro-Rata Rights Issue (refer to the Subsequent Events note below).

The above Riedel funding package is intended to fund a Joint Venture and Earn In to earn up to a 100% in the Cármenes copper cobalt project in Northern Spain. The Cármenes Project covers historic high grade cobalt (Co), copper (Cu), nickel (Ni) and gold (Au) mines.

ADX is very encouraged by the recent progress by Riedel and continues to review its position in this investment.

**TENEMENTS LIST**

Tenements held at the beginning and the end of the half year reporting period as per below table:

| Permit                               | Percentage held as at 1 January 2017 | Percentage held as at 30 June 2017 | Percentage acquired |
|--------------------------------------|--------------------------------------|------------------------------------|---------------------|
| Offshore Tunisia, Kerkouane          | 100%                                 | 100%                               | -                   |
| Offshore Italy, Pantelleria          | 100%                                 | 100%                               | -                   |
| Offshore Italy, d 363 C.R-AX *       | 100%                                 | 100%                               | -                   |
| Offshore Italy, d 364 C.R-AX         | 100%                                 | 100%                               | -                   |
| Onshore Romania, Parta, ADX operated | 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 2017.



**ADX ENERGY LTD**  
**DIRECTORS' REPORT**

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**SUBSEQUENT EVENTS**

Subsequent to year end:

1. On 12 July 2017, ADX granted 5,000,000 options to consultants for marketing and introduction services. The options have an exercise price of 3 cents and expire 31 December 2018.
2. In August 2017, ADX acquired 8,921,570 shares in ASX listed Riedel Resources Limited (ASX:RIE) under Riedel's Non-Renounceable Pro-Rata Rights Issue for \$133,823. Total shares held by ADX in Riedel currently total 35,686,279 shares.
3. On 9 August 2017, ADX issued the following shares:
  - a. 10,424,104 shares issued pursuant to ADXs' Directors' Share Plan, approved by Shareholders on 31 May 2017. The shares were issued to directors in consideration of remuneration waived for the period 1 January 2017 to 30 June 2017 (\$145,938).
  - b. 1,634,284 shares issued to ADX's Company Secretaries in consideration of remuneration waived for the period 1 January 2017 to 30 June 2017 (\$22,880).
  - c. 1,069,174 shares issued to consultants in lieu of services (\$12,300).

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in subsequent financial years.

**AUDITOR'S INDEPENDENCE DECLARATION**

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

**"Lead auditor's independence declaration under Section 307C of the Corporations Act 2001**

To: The Directors of ADX Energy Ltd

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:

- no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 30 June 2017 financial statements; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan  
Lead Auditor  
Rothsay Chartered Accountants"

This report is made in accordance with a resolution of the directors.



Ian Tchacos  
Executive Chairman  
PERTH, 7 September 2017

# ROTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 9486 7094 www.rothsayresources.com.au

## Independent Review Report to the Members of ADX Energy Ltd

### The financial report and directors' responsibility

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for ADX Energy Ltd for the half-year ended 30 June 2017.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* 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.

### Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 30 June 2017 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of ADX Energy Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

### Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of ADX Energy Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 30 June 2017 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay Auditing

Graham Swan FCA  
Partner

Dated 7 September 2017



Chartered Accountants

**ADX ENERGY LTD**  
**DIRECTORS' DECLARATION**

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In accordance with a resolution of the Directors of ADX Energy Ltd, I state that:

- 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 30 June 2017 and of its performance for the half-year ended on that date; and
    - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory reporting requirements; 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.
1. 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 half-year ended 30 June 2017.

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



Ian Tchacos  
Executive Chairman

PERTH, 7 September 2017



**ADX ENERGY LTD**  
**CONSOLIDATED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2017**

|  | Note | Half-year<br>ended<br>30 June 2017<br>\$ | Half-year<br>ended<br>30 June 2016<br>\$ |
|--|------|--|--|
| <b>Continuing Operations</b>   |      |  |  |
| <b>Revenue, Income and Gains</b>   |      |  |  |
| Interest Revenue   |      | 1,160                                    | 418                                      |
| Other revenue  |      | -  | 808                                      |
| Gain on fair value of financial asset  |      | 55,310                                   | 194,306                                  |
|  |      | <u>56,470</u>                            | <u>195,532</u>                           |
| <b>Expenses</b>  |      |  |  |
| Administration and corporate expenses,<br>net of recoveries from exploration projects              | 3    | 349,027                                  | 383,321                                  |
| Administration expenses – share based payments   | 8    | 403,340                                  | 165,904                                  |
| Exploration expensed   |      | 986,924                                  | 426,936                                  |
|  |      | <u>1,739,291</u>                         | <u>976,161</u>                           |
| <b>Loss before income tax</b>  |      | (1,682,821)                              | (780,629)                                |
| Income tax expense   |      | (24,479)                                 | (9,798)                                  |
| <b>Net loss for the half-year</b>  |      | <u><b>(1,707,300)</b></u>                | <u><b>(790,427)</b></u>                  |
| <b>Other Comprehensive Income/(Loss)</b>   |      |  |  |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                              |      |  |  |
| Exchange differences on translation of foreign operations  |      | (32,241)                                 | (23,408)                                 |
| Income tax relating to items of other comprehensive<br>income/(loss)                               |      | -  | -  |
|  |      | <u>(32,241)</u>                          | <u>(23,408)</u>                          |
| <b>Other comprehensive income/(loss) for the period, net of tax</b>                                |      | <u><b>(32,241)</b></u>                   | <u><b>(23,408)</b></u>                   |
| <b>Total comprehensive income/(loss) for the period</b>  |      | <u><b>(1,739,541)</b></u>                | <u><b>(813,835)</b></u>                  |
| <br>   |      |  |  |
| <b>Earnings per share for loss attributable to the ordinary<br/>equity holders of the Company:</b> |      |  |  |
|  |      | Cents Per Share                          | Cents Per Share                          |
| Basic loss per share   | 2    | <u>(0.18)</u>                            | <u>(0.11)</u>                            |

**ADX ENERGY LTD**  
**CONSOLIDATED**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2017**

|                                      | Note | As at<br>30 June<br>2017<br>\$ | As at<br>31 December<br>2016<br>\$ |
|--------------------------------------|------|--------------------------------|------------------------------------|
| <b>ASSETS</b>                        |      |                                |                                    |
| <b>Current Assets</b>                |      |                                |                                    |
| Cash and cash equivalents            |      | 1,828,356                      | 734,152                            |
| Trade and other receivables          |      | 84,669                         | 152,683                            |
| Other financial assets at fair value | 5    | 321,177                        | 266,874                            |
| <b>Total Current Assets</b>          |      | <u>2,234,202</u>               | <u>1,153,709</u>                   |
| <b>Non-Current Assets</b>            |      |                                |                                    |
| Property, plant and equipment        |      | 250                            | 281                                |
| <b>Total Non-Current Assets</b>      |      | <u>250</u>                     | <u>281</u>                         |
| <b>Total Assets</b>                  |      | <u>2,234,452</u>               | <u>1,153,990</u>                   |
| <b>LIABILITIES</b>                   |      |                                |                                    |
| <b>Current Liabilities</b>           |      |                                |                                    |
| Trade and other payables             |      | 815,313                        | 422,249                            |
| <b>Total Current Liabilities</b>     |      | <u>815,313</u>                 | <u>422,249</u>                     |
| <b>Non-Current Liabilities</b>       |      |                                |                                    |
| Provisions                           | 9    | 130,480                        | -                                  |
| <b>Total Non-Current Liabilities</b> |      | <u>130,480</u>                 | <u>-</u>                           |
| <b>Total Liabilities</b>             |      | <u>945,793</u>                 | <u>422,249</u>                     |
| <b>Net Assets</b>                    |      | <u><b>1,288,659</b></u>        | <u><b>731,741</b></u>              |
| <b>EQUITY</b>                        |      |                                |                                    |
| Issued capital                       | 6    | 67,795,794                     | 65,859,376                         |
| Reserves                             |      | 6,287,250                      | 5,959,450                          |
| Accumulated losses                   |      | (72,794,385)                   | (71,087,085)                       |
| <b>Total Equity</b>                  |      | <u><b>1,288,659</b></u>        | <u><b>731,741</b></u>              |

**ADX ENERGY LTD**  
**CONSOLIDATED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2017**

|  | Contributed<br>Equity<br>\$ | Reserves<br>\$   | Accumulated<br>Losses<br>\$ | Total<br>Equity<br>\$ |
|--|-----------------------------|------------------|-----------------------------|-----------------------|
| <b>At 1 January 2016</b>                                     | <b>64,161,036</b>           | <b>5,960,243</b> | <b>(69,173,585)</b>         | <b>947,694</b>        |
| Loss for the half-year                                       | -                           | -                | (790,427)                   | (790,427)             |
| Exchange differences on translation of foreign operations    | -                           | (23,408)         | -                           | (23,408)              |
| <b>Total comprehensive loss for the period, net of tax</b>   | <b>-</b>                    | <b>(23,408)</b>  | <b>(790,427)</b>            | <b>(813,835)</b>      |
| <b>Transactions with owners in their capacity as owners:</b> |                             |                  |                             |                       |
| Issue of share capital, net of transaction costs             | 735,970                     | -                | -                           | 735,970               |
| Share based payments – options - note 8                      | (13,906)                    | 13,906           | -                           | -                     |
| Share based payments – shares - note 8                       | 32,850                      | -                | -                           | 32,850                |
|  | 754,914                     | 13,906           | -                           | 768,820               |
| <b>At 30 June 2016</b>                                       | <b>64,915,950</b>           | <b>5,950,741</b> | <b>(69,964,012)</b>         | <b>902,679</b>        |
| <b>At 1 January 2017</b>                                     | <b>65,859,376</b>           | <b>5,959,450</b> | <b>(71,087,085)</b>         | <b>731,741</b>        |
| Loss for the half-year                                       | -                           | -                | (1,707,300)                 | (1,707,300)           |
| Exchange differences on translation of foreign operations    | -                           | (32,241)         | -                           | (32,241)              |
| <b>Total comprehensive loss for the period, net of tax</b>   | <b>-</b>                    | <b>(32,241)</b>  | <b>(1,707,300)</b>          | <b>(1,739,541)</b>    |
| <b>Transactions with owners in their capacity as owners:</b> |                             |                  |                             |                       |
| Issue of share capital, net of transaction costs             | 1,904,145                   | -                | -                           | 1,904,145             |
| Share based payments – options - note 8                      | (28,586)                    | 360,041          | -                           | 331,455               |
| Share based payments – shares - note 8                       | 60,859                      | -                | -                           | 60,859                |
|  | 1,936,418                   | 360,041          | -                           | 2,296,459             |
| <b>At 30 June 2017</b>                                       | <b>67,795,794</b>           | <b>6,287,250</b> | <b>(72,794,385)</b>         | <b>1,288,659</b>      |

**ADX ENERGY LTD**  
**CONSOLIDATED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2017**

| <b>CONSOLIDATED</b>   | <b>Half-year<br/>ended<br/>30 June 2017<br/>\$</b> | <b>Half-year<br/>ended<br/>30 June 2016<br/>\$</b> |
|---|--|--|
| <b>Cash Flows from Operating Activities</b>                     |  |  |
| Receipts in the ordinary course of activities                   | 70,508   | 8,000  |
| Payments to suppliers and employees                             | (890,835)  | (731,063)  |
| Interest received   | 1,160  | 418  |
| Income tax paid   | (24,479)   | (9,798)  |
| <b>Net Operating Cash Flows</b>                                 | <b>(843,646)</b>                                   | <b>(732,443)</b>                                   |
| <b>Cash Flows from Investing Activities</b>                     |  |  |
| Proceeds from sale of plant and equipment                       | -  | 808  |
| Payments made on behalf of joint venture partners               | (208,000)  | (277,000)  |
| Repayments from joint ventures                                  | 205,000  | 322,000  |
| <b>Net Investing Cash Flows</b>                                 | <b>(3,000)</b>                                     | <b>45,808</b>                                      |
| <b>Cash Flows from Financing Activities</b>                     |  |  |
| Proceeds from issue of shares                                   | 2,024,946  | 800,002  |
| Payment of share issue costs                                    | (120,801)  | (64,032)   |
| <b>Net Financing Cash Flows</b>                                 | <b>1,904,145</b>                                   | <b>735,970</b>                                     |
| <b>Net Increase/(Decrease) In Cash and Cash<br/>Equivalents</b> | <b>1,057,499</b>                                   | <b>49,335</b>                                      |
| Cash and Cash Equivalents at beginning of half-year             | 734,152  | 622,021  |
| Effect of foreign exchange rates                                | 36,705   | (22,829)   |
| <b>Cash and Cash Equivalents at End of Half-Year</b>            | <b>1,828,356</b>                                   | <b>648,527</b>                                     |

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

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### 1. Basis of Preparation of Half-Year Financial Statements

ADX Energy Ltd is a company limited by shares, domiciled and incorporated in Australia. Its shares are publicly traded on the Australian Stock Exchange.

This consolidated financial report for the half-year ended 30 June 2017 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

The Group is a for profit entity and is primarily involved in hydrocarbon exploration, evaluation, and development.

The half-year financial report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report for the year ended 31 December 2016 and any public announcements made by ADX Energy Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year financial statements have been prepared in accordance with the historical cost basis.

The half year consolidated financial statements comprise the financial statements of ADX Energy Ltd and its subsidiaries ("Group") as at 30 June 2017.

#### 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.



# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

### 1. Basis of Preparation of Half-Year Financial Statements - continued

#### Adoption of New or Revised Standards

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report, except for the Restoration and Rehabilitation Provision, which was recorded for the first time in these half-year financial statements. Refer to note 9.

All new and amended Accounting Standards and Interpretations effective from 1 January 2017 have been adopted. None of these amended standards had a material impact on the ADX Group.

The Group has not elected to early adopt any new standards or amendments.

### 2. Earnings Per Share

The Company's potential ordinary shares, being its options granted, have been excluded in the determination of diluted earnings per share as they are considered to be anti-dilutive for the periods presented.

|  | <b>Consolidated</b>                 |                                     |
|--|-------------------------------------|-------------------------------------|
|  | <b>6 Months to<br/>30 June 2017</b> | <b>6 Months to<br/>30 June 2016</b> |
|  | \$                                  | \$                                  |
| <b>3. Expenses</b>                             |                                     |                                     |
| Administration and corporate expenses include: |                                     |                                     |
| Depreciation                                   | 16                                  | 5,583                               |

### 4. Non-Cash Financing and Investing Activities

On 19 June 2017, ADX granted 5,000,000 options to the lead manager of ADX's Entitlement Issue in accordance with the Lead Managers Mandate. Value \$28,586. These options have an exercise price of 3 cents and expire 31 December 2018 (six months to 30 June 2016: 5,000,000 options to the lead manager of ADX's May 2016 placement. Value \$13,906).

There were no other non-cash financing or investing activities during the period.

|  | <b>Consolidated</b>     |                             |
|--|-------------------------|-----------------------------|
|  | <b>30 June<br/>2017</b> | <b>31 December<br/>2016</b> |
|  | \$                      | \$                          |
| <b>5. Other Financial Assets at Fair Value Through Profit and Loss</b> |                         |                             |
| <b>Current</b>   |                         |                             |
| Listed equity securities held – Riedel Resources Limited               | 321,177                 | 266,874                     |

The fair value of listed securities has been determined by reference to published price quotations in an active market. During the six months, the fair value increased by \$54,303 plus currency translation differences of \$1,006 which resulted in a gain of \$55,310 for the six months to 30 June 2017.

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

### 6. Issued Capital

#### (a) Issued Capital

| Number of<br>Shares | Summary of Movements  | 6 Months to<br>30 June<br>2017<br>\$ |
|---------------------|---|--------------------------------------|
| 920,323,359         | Opening balance 1 January 2017                                  | 65,859,376                           |
| 7,365,506           | Issue of shares to Directors (remuneration for 12/2016 quarter) | 51,559                               |
| 1,328,571           | Issue of shares to Co Secs (remuneration for 12/2016 quarter)   | 9,300                                |
| 86,534,242          | Entitlement Issue   | 1,124,945                            |
| 69,230,768          | Shortfall offer – Entitlement Issue                             | 900,000                              |
|                     | - Costs of share issues - cash                                  | (120,800)                            |
|                     | - Costs of share issues – non-cash options (note v)             | (28,586)                             |
| 1,084,782,446       | Closing Balance at 30 June 2017                                 | 67,795,794                           |

- (ii) On 8 February 2017, ADX issued 7,365,506 shares pursuant to ADXs’ Directors’ Share Plan, approved by Shareholders on 26 May 2016. The shares were issued in consideration of remuneration waived for the quarter ended 31 December 2016. The calculate issue price was 0.7 cents (total value \$51,559).
- (iii) On 8 February 2017, ADX issued 1,328,571 shares to ADX’s Company Secretaries in consideration of remuneration waived for the quarter ended 31 December 2016. The calculate issue price was 0.7 cents (total value \$9,300).
- (iv) On 2 June 2017, ADX issued 86,534,242 shares pursuant to an Entitlement Issue. The Entitlement Issue was undertaken on the basis of one (1) new share for every five (5) shares at an issue price of \$0.013 per share. The gross proceeds raised totaled \$1,124,945.
- (v) On 19 June 2017, ADX issued 69,230,768 shares pursuant to the shortfall offer under the Entitlement Issue. The gross proceeds raised totaled \$900,000.
- (vi) On 19 June 2017, ADX granted 5,000,000 options to the lead manager of ADX’s Entitlement Issue in accordance with the Lead Managers Mandate. Value \$28,586. These options have an exercise price of 3 cents and expire 31 December 2018.
- (vii) Subsequent to 30 June 2017, on 9 August 2017, ADX issued the following shares:
- a. 10,424,104 shares issued pursuant to ADXs’ Directors’ Share Plan, approved by Shareholders on 31 May 2017. The shares were issued to directors in consideration of remuneration waived for the period 1 January 2017 to 30 June 2017 (\$145,938).
  - b. 1,634,284 shares issued to ADX’s Company Secretaries in consideration of remuneration waived for the period 1 January 2017 to 30 June 2017 (\$22,880).
  - c. 1,069,174 shares issued to consultants in lieu of services (\$12,300).

Because the shares were not issued as at 30 June 2017, these amounts have been accrued as payable in the financial statements for 30 June 2017.

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

### 6. Issued Capital - continued

#### (b) Options on issue at 30 June 2017

|                  | Number     | Exercise Price | Expiry Date      |
|------------------|------------|----------------|------------------|
| Unlisted Options | 57,312,121 | 2 cents        | 30 November 2017 |
| Unlisted Options | 43,000,000 | 1.9 cents      | 1 December 2018  |
| Unlisted Options | 5,000,000  | 3 cents        | 31 December 2018 |

Subsequent to year end, an additional 5,000,000 unlisted options with an exercise price of 3 cents, expiry date of 31 December 2018, were granted.

### 7. Related Party Transaction

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 30 June 2017 at normal commercial rates. This rental agreement was extended to 30 June 2018.

The Board also agreed to rent additional office space at premises owned by an entity associated with Director, Mr Ian Tchacos. The rental is on a monthly casual basis at normal commercial rates.

There were no other new related party transactions during the half-year.

### 8. Share Based Payments

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

|  | Consolidated                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | 6 Months to<br>30 June<br>2017<br>\$ | 6 Months to<br>30 June<br>2016<br>\$ |
| Expensed against issued capital:   |                                      |                                      |
| Share-based payments – Options - note (b)(iv)                            | 28,586                               | 13,906                               |
| Expensed in the profit and loss:   |                                      |                                      |
| Share-based payments – Shares Issued to Directors in lieu of fees (b)(i) | 51,559                               | 32,850                               |
| Share-based payments – Shares Issued to Co Secs in lieu of fees (b)(ii)  | 9,300                                | -                                    |
| Share-based payments – Options to Directors (b)(iii)                     | 254,373                              | -                                    |
| Share-based payments – Options to Co Secretaries and Staff (b)(iii)      | 77,083                               | -                                    |
| Share-based payments – Shares to be Issued (accrued)                     | -                                    | 138,640                              |
| Foreign exchange translation   | 11,025                               | (5,586)                              |
|  | 403,340                              | 165,904                              |

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

### 8. Share Based Payments – continued

#### (b) Summary of share-based payments (options) granted during the half-year:

##### 6 Months to 30 June 2017

- (i) On 8 February 2017, ADX issued 7,365,506 shares pursuant to ADXs' Directors' Share Plan, approved by Shareholders on 31 May 2017. The shares were issued in consideration of remuneration waived for the quarter ended 31 December 2016. The calculate issue price was 0.7 cents (total value \$51,559).
- (ii) On 8 February 2017, ADX issued 1,328,571 shares to ADX's Company Secretaries in consideration of remuneration waived for the quarter ended 31 December 2016. The calculate issue price was 0.7 cents (total value \$9,300).
- (iii) On 1 June 2017, ADX granted:
  - a. 33,000,000 unlisted options to Directors, approved by Shareholders on 31 May 2017; and
  - b. 10,000,000 unlisted options to ADX's Company Secretaries and other staff.The options have an exercise price of 1.9 cents and expire 1 December 2018.

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                       | 1/6/2017 |
|----------------------------------|----------|
| Option exercise price (\$)       | 0.019    |
| Expected life of options (years) | 1.5      |
| Dividend yield (%)               | -        |
| Expected volatility (%)          | 139.5    |
| Risk-free interest rate (%)      | 1.53     |
| Underlying share price (\$)      | 0.014    |
| Value of Option (\$)             | 0.0077   |

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.

- (iv) On 19 June 2017, ADX granted 5,000,000 options to the lead manager of ADX's Entitlement Issue in accordance with the Lead Managers Mandate. Value \$28,586. These options have an exercise price of 3 cents and expire 31 December 2018.

##### 6 Months to 30 June 2016

5,000,000 options granted to Lead Manager of a placement. Expiring 28 April 2017, exercisable at 2 cents each.

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

|  | <b>Consolidated</b> |                    |
|--|---------------------|--------------------|
|  | <b>30 June</b>      | <b>31 December</b> |
|  | <b>2017</b>         | <b>2016</b>        |
|  | \$                  | \$                 |
| <b>9. Provision for Restoration and Rehabilitation</b> |                     |                    |
| <b><i>Non-Current</i></b>                              |                     |                    |
| Opening balance  | -                   | -                  |
| Additions  | 130,480             | -                  |
| Closing balance  | 130,480             | -                  |

Obligations associated with exploration and development assets are recognised when the Group has a present obligation, the future sacrifice of the economic benefits is probable, and the provision can be measured reliably. The determination of the provision requires significant judgement in terms of the best estimate of the costs of performing the work required and the timing of the cash flows. A change in any, or a combination of, the key assumptions used to determine the provision could have a material impact on the carrying value of the provision. Any change in the provision is recorded in the statement of profit or loss.

### **10. Commitments and Contingencies**

Since the last annual reporting date, there has not been a material change to commitments or contingencies other than an update to the commitment for the Kerkouane Permit as follows:

#### **Tunisia - Kerkouane Permit**

ADX, together with Entreprise Tunisienne d'Activités Pétrolières (ETAP), have agreed a modified work program and jointly submitted this program to the Tunisian authorities (Direction Generale de l'Energie, "DGE") for a second license renewal as per the PSC provisions (Production Sharing Contract). The three year renewal includes a 36% relinquishment of the exploration block area and the commitment to an exploration well during the renewal period following the drilling, evaluation and productivity testing of the Dougga Sud well. The relinquishment area has been agreed with ETAP and does not impact the Dougga gas discovery, the Kerkouane gas discovery or the prospective exploration inventory covered by 3D seismic which includes the Dougga West oil prospect.

### **11. Subsequent Events**

Subsequent to year end:

1. On 12 July 2017, ADX granted 5,000,000 options to consultants for marketing and introduction services. The options have an exercise price of 3 cents and expire 31 December 2018.
2. In August 2017, ADX acquired 8,921,570 shares in ASX listed Riedel Resources Limited (ASX:RIE) under Riedel's Non-Renounceable Pro-Rata Rights Issue for \$133,823. Total shares held by ADX in Riedel currently total 35,686,279 shares.

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

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### 11. Subsequent Events – continued

3. On 9 August 2017, ADX issued the following shares:
  - a. 10,424,104 shares issued pursuant to ADXs' Directors' Share Plan, approved by Shareholders on 31 May 2017. The shares were issued to directors in consideration of remuneration waived for the period 1 January 2017 to 30 June 2017 (\$145,938).
  - b. 1,634,284 shares issued to ADX's Company Secretaries in consideration of remuneration waived for the period 1 January 2017 to 30 June 2017 (\$22,880).
  - c. 1,069,174 shares issued to consultants in lieu of services (\$12,300).

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in subsequent financial years.