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30 April 2018

Activities Report Quarter Ended 31 March 2018

HIGHLIGHTS

Offshore Italy – Nilde Oil Field Redevelopment

- In January 2018, the Italian Regulatory Authorities (Authority) advised that in their opinion ADX has insufficient financial capability to fulfil its Permit commitments. In the same notification the Authority has advised that ADX has the necessary technical and HSSE capacity in line with the legislation.
- ADX filed an objection in February 2018 to the Authority providing updated financial information, increased parent financial and legal arguments supporting ADX's position under the legislation.
- ADX has commenced discussions with financially capable farm-in partners, financial guarantors and contractor companies interested in farm in, oil off take or providing services with a view to enhancing the financial support for the license and progressing with Permit ratification.

Offshore Tunisia – Dougga Appraisal and Development

- Continued farm-in or finance discussions with an increased number of parties with a view to securing funding for the Dougga Sud appraisal well. Engagement of an experienced investment advisor to further expand the targeting of new companies and ensure the most competitive process possible.
- Completion of all Dougga development concept work and appraisal drilling design work in preparation for the Dougga Sud appraisal well.
- Mapping work of Dougga gas condensate resource related exploration upside involving the integration of 2D seismic and 3D seismic was carried out revealing that Dougga could be part of a large "Megastructure" approximately 3 times the area of currently defined resource.

- ADX commenced market definition work for Dougga project sales products including Sales Gas, LPG and Condensate:
 - Tunisia's gas transportation, purchasing and power generation authority, Société Tunisienne de l'Electricité et du Gaz ("STEG") has indicated to ADX that they could buy all available gas from Dougga; and
 - Studies indicate that LPG is in very high demand and would be utilised domestically, and condensate will most likely be exported. LPG and Condensate are both sold on the basis of international pricing.
- Further investigation of opportunities to enhance project returns including increasing the base case plant rate from 100 MMSCFD to 150 MMSCFD which is expected to result in more optimal economics and a resource life of approximately 15 years based on ADX estimates of 2C Resources.
- ADX was invited by the national oil company ETAP to attend a work shop to discuss the potential of the Dougga Gas Project as well as barriers for investment in Tunisia. The presentation was released to the ASX on 20 April 2018.

Onshore Romania – Parta license

- Following the agreement announced on 4th December 2017 with Reabold Resources Plc (LSE AIM:RBD) (Reabold) to invest US\$2 million in the recently incorporated Danube Petroleum Limited (Danube), ADX finalised the transaction following the completion of transfers, which included a number of approvals required by Romanian authorities.
- ADX has established an operations team to undertake the Parta Appraisal comprising of experienced professionals with both Romanian and international experience.
- Technical work and planning progressed including the finalisation of well locations and drilling programs for two well locations. The redrill of the Carpinis-55 discovery is now engineered as a simple vertical well which provides a significant cost saving and operational risk reduction.
- Discussions have commenced with several rig contractors and 8 companies have expressed their interest to participate in the rig tender for two wells. Rig selection is expected to occur during May 2018 with a view to commencement of drilling during Q4 2018.

OPERATIONS

Offshore Italy, D363C.R.-AX permit “Nilde” (ADX Operator, 100% equity interest)

The Nilde Oil Field Redevelopment Project

Regulatory Approvals

In January 2018, the designated Italian Regulatory Authorities (Ministry) advised that, in its opinion, whilst ADX has acceptable technical and HSSE capacity, the Company currently has insufficient financial capability to fulfil its permit commitments.

ADX and its Italian legal advisors believe that the Ministry has not undertaken its evaluation based on current or appropriate information. Furthermore the financial evaluation by the Ministry is unreasonable and extends beyond the financial evaluation criteria prescribed in the relevant Italian regulations. Notwithstanding the compliance by ADX with all the items provided by law, the Ministry added an additional requirement in their evaluation (not provided in the law) to have in advance the capacity to bear the expenses foreseen for the future activities both in the Permit and ADX’s other projects. This is despite ADX not being obliged, based on the permit work commitments, to drill a well until year 4 of the Permit’s term.

ADX has submitted a response to the Ministry providing updated financial information, increased parent financial support, submitted legal arguments supporting ADX’s position, provided details of its funding track record through farm-out transactions and included letters of support from a number of financially capable industry players which are interested in supporting the Nilde Project. To date, ADX has not received any response from the Ministry.

Forward Strategy – Farm-Out and Financial Support

After discussions with various knowledgeable sources in Italy, it is clear to ADX that the financial rejection of ADX’s application to ratify the license is politically motivated. The Ministry appears not to be willing to grant the license to operate an offshore Permit to a small company that may undertake the drilling of a well without the introduction of a larger balance sheet to the project. ADX believes this can be rectified by introducing a financially capable farm-in partner or financial guarantor.

ADX has now reversed its previous approach of securing the approvals then attracting a farm-in or funding partner and has consequently commenced farm-out discussions with interested parties with a view to securing a farm-out subject to Permit ratification. ADX is also discussions

with a number financial guarantors and contractor companies interested in providing a guarantee in exchange for a right of first refusal to provide finance, services or equipment in respect of the Nilde Project.

ADX has finalised the geological and engineering studies which it has undertaken over the past 2 years incorporating and integrating all historical data to determine the remaining resources. A fit for purpose development plan has also been formulated in conjunction with experienced contractors (Calm Oceans Pte Ltd and SPEC Energy) on the basis of a leased platform, storage and oil processing facilities. This data has now been incorporated into a detailed Information Memorandum for ongoing discussions with potential farminees and financial investors in the project.

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

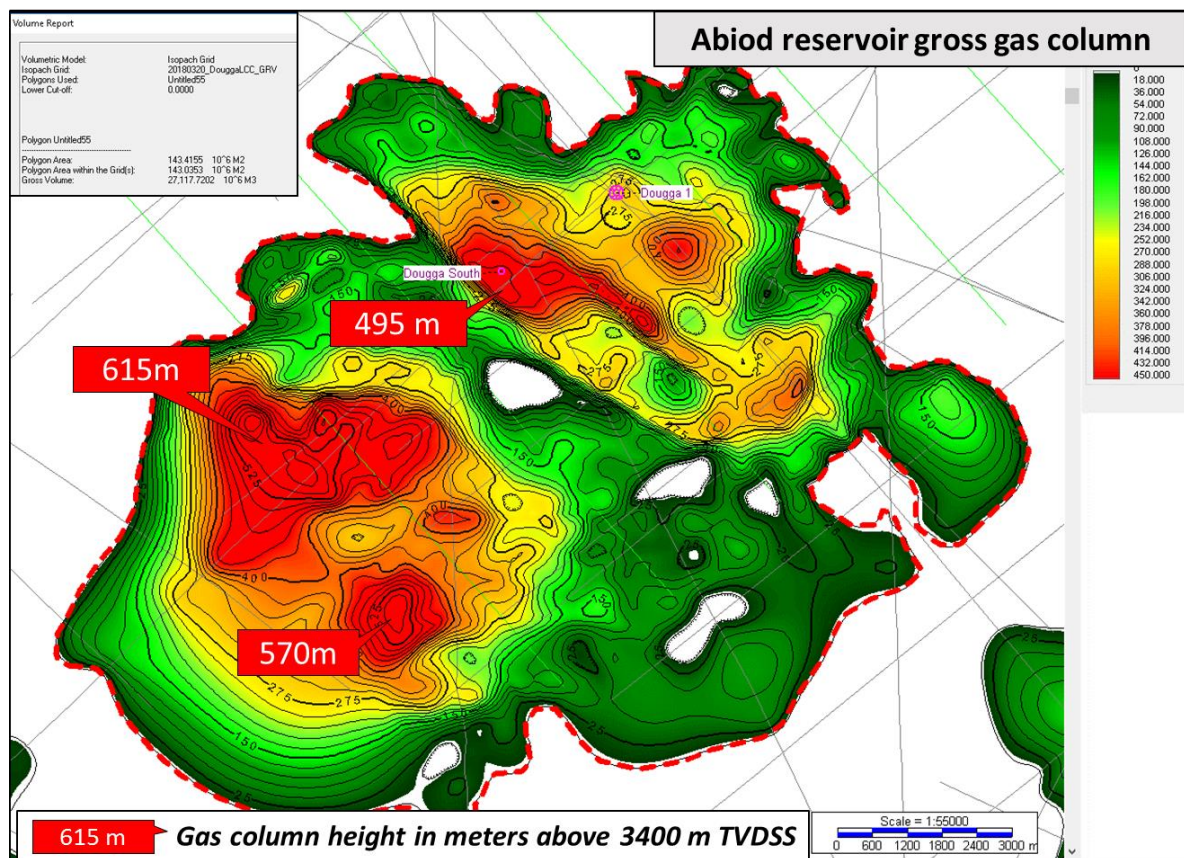
Dougga Gas Project Definition

Dougga gas project definition work was concluded in January 2018. The subsurface resource data (previously announced on 20 December 2017), provides the project information and cost data which has been incorporated in to an Information Memorandum for the asset.

Dougga Exploration Potential

In addition to the existing Dougga resource identified on the ADX acquired 3D seismic data set, a potential extension of structure based on a combination of 2D and 3D seismic has been mapped. The current mapping indicates that Dougga is potentially part of a large Megastructure approximately 3 times the area of the current Dougga resource. This potential extension is capable of being matured for drilling in the future by the acquisition of additional 3D seismic to further enhance the Dougga gas project's strategic significance, value and profitability.

The extension of seismic mapping and subsurface analysis has revealed that the Dougga structural high appears to share a common spill point with a second, larger structural high to the south-west as shown in the figure below. Together, the two structural highs may potentially form a continuous gas accumulation with a common gas water contact. The potential of this prospective upside case is substantial with approximately 50% of the Megastructure (inclusive of the Dougga resource) lying within the Kerkouane permit.



Although further drilling would be required to evaluate whether the south-west structural high contains hydrocarbons, this exploration upside demonstrates significant future expansion potential for the Douga gas project in addition to the Contingent Resources already discovered.

Douga-Sud Drilling Planning

In late 2017, ADX executed a drilling contract with Noble Drilling Services (Noble) to utilise the Globe Trotter II drill ship for the drilling and testing of the Douga-Sud well. The contract delivers an excellent technical and commercial option for the drilling and testing of the well during the second half of 2018. The rig is a high specification, high efficiency, dynamically positioned drill rig that has been secured by ADX at very competitive rates, including zero mobilisation and demobilisation charges.

ADX has undertaken detailed well design, well planning and budgeting work for the Douga Sud well together with expressions of interest for long lead items and major supporting contract services. ADX is now well prepared to put a drilling and procurement team on the ground in

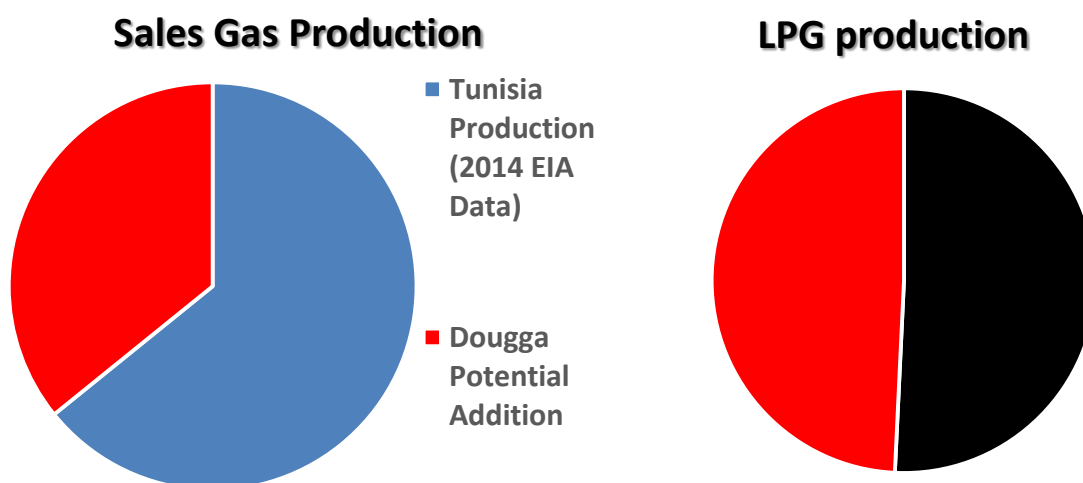
Tunisia once funding for the well is confirmed and a rig timing notification is received from Noble.

Based on recent discussions with Noble regarding rig availability, a spud date around the end 2018 is now likely. This timing provides ADX with additional time to secure an optimal well funding while retaining the excellent Noble rig option.

Dougga Product Market Analysis

During the quarter, ADX commenced product market enquiries for the sale of gas, LPG and condensate from a potential project. Tunisia’s gas demand is growing at approximately 6% per annum, while its domestic gas production is in decline having dropped to approximately 40% of the country’s gas demand requirements. Tunisia imports its substantial gas deficit from Algeria via the Transmed pipeline that connects Algeria and Tunisia to European markets. Tunisia also imports approximately 60% of its LPG requirements. Dougga is ideally positioned for both local electricity generation demand and export to Europe via the Transmed pipeline In addition the substantial expected LPG component from a future Dougga sales stream is ideal for the Tunisian LPG market.

ADX planning cases for facilities capacity considered to date include a 100 MMSCFPD and a 150 MMSCFPD raw gas production cases. These production cases would result in processed sales gas of 56 MMSCPD and 84 MMSCFPD respectively, LPG of 4500 BPD and 6750 BPD respectively and condensate of 4000 BPD and 6000 BPD respectively. The resulting product volumes represent an addition of between 37% and 55% to Tunisia’s current gas production and 65% to 95% of Tunisia’s current LPG production.



Dougga Potential Production compared to current Gas and LPG production in Tunisia

Discussions with Tunisia’s gas transportation, purchasing and power generation authority, Société Tunisienne de l’Electricité et du Gaz (“STEG”) indicate that they are very supportive and invested in the success of ADX’s Dougga project. STEG purchases gas on behalf of the Country on an oil equivalent pricing formula and has indicated to ADX that it is a position to purchase all the available gas produced from Dougga. STEG have also indicated proximal access exists to the existing pipeline network for the delivery of Dougga sales gas from the potential gas plant location. In this case, Dougga gas would be displacing Algerian gas currently being accessed from the Transmed pipeline.

In Tunisia, LPG and condensate is sold on an international pricing basis. LPG is likely to be utilised domestically and condensate will most likely be exported. ADX’s share of gas and liquids proceeds would be paid in US\$ and expatriated.

Tunisian Stakeholder Support

This potential contribution of Dougga to Tunisia’s energy requirements makes it a project of national significance which is now being recognised by the relevant authorities in Tunisia following the recent project definition work undertaken by ADX. ADX is receiving strong support from its production sharing contractor partner, ETAP, Tunisia’s hydrocarbon authority, Directorate-General for Hydrocarbons (“DGH”). Recognising ADX efforts and the importance of Dougga, ETAP requested that ADX attend a workshop to discuss the potential of the Dougga Gas Project as well as barriers for investment in Tunisia with Ministry.

Unlike other jurisdictions these government authorities have the capacity to ensure all the necessary land access arrangements and licenses can be secured to execute the project. The rights of these authorities are clearly defined in the Tunisian Hydrocarbon Code.

Dougga Farm-out Process

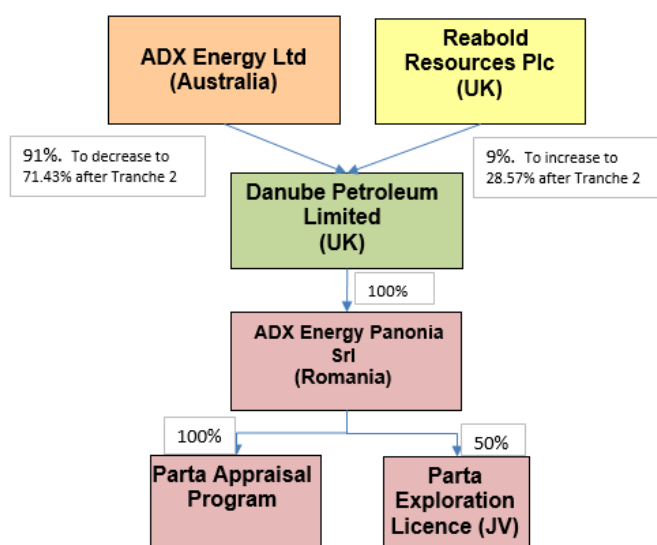
The completion of technical and commercial work defining the Dougga gas project has enabled ADX to complete a detailed Information Memorandum for the asset and open a comprehensive virtual dataroom (VDR) for interested farminees and/or alliance partners. Several parties are already in an advanced stage of evaluation and ADX has expanded marketing of the asset with the assistance of an experienced investment advisor. ADX is endeavouring to enhance competition with a view to ensuring an optimal transaction for its shareholders.

Onshore Western Romania, Parta Concession

(ADX is Operator and 91% shareholding in Danube Petroleum Limited which holds a 50% interest in Parta Exploration license and 100% interest in the Parta Appraisal Project)

Parta Appraisal Project Funding

During the quarter, ADX has finalised the agreement announced on the 4 December 2017 with Reabold Resources Plc (LSE AIM:RBD) (Reabold) to invest US\$2 million in the recently incorporated Danube Petroleum Limited (Danube) following the recent completion of transfers and conditions precedent. After the tranche 2 payment of funds held in escrow to be made by Reabold, ADX will hold 71% interest in UK registered Danube. Danube holds a 50% interest in the Parta exploration license (“Parta”) and a 100% participating interest in the Parta Appraisal Program (scheduled for commencement in Q4 2018) via ADX Energy Panonia Srl (a wholly owned Romanian Company).



Schematic of Danube Ownership Structure for Parta Assets

Parta Appraisal Drilling and Development preparations

In addition to engaging with the operator of the nearby (approx. 12 to 15 km) oil and gas processing facility, ADX has started a tender process with several national and international drilling companies for the provision of a two well drilling program. Eight companies have expressed their interest to tender for the drilling of 2 wells towards the year end 2018.

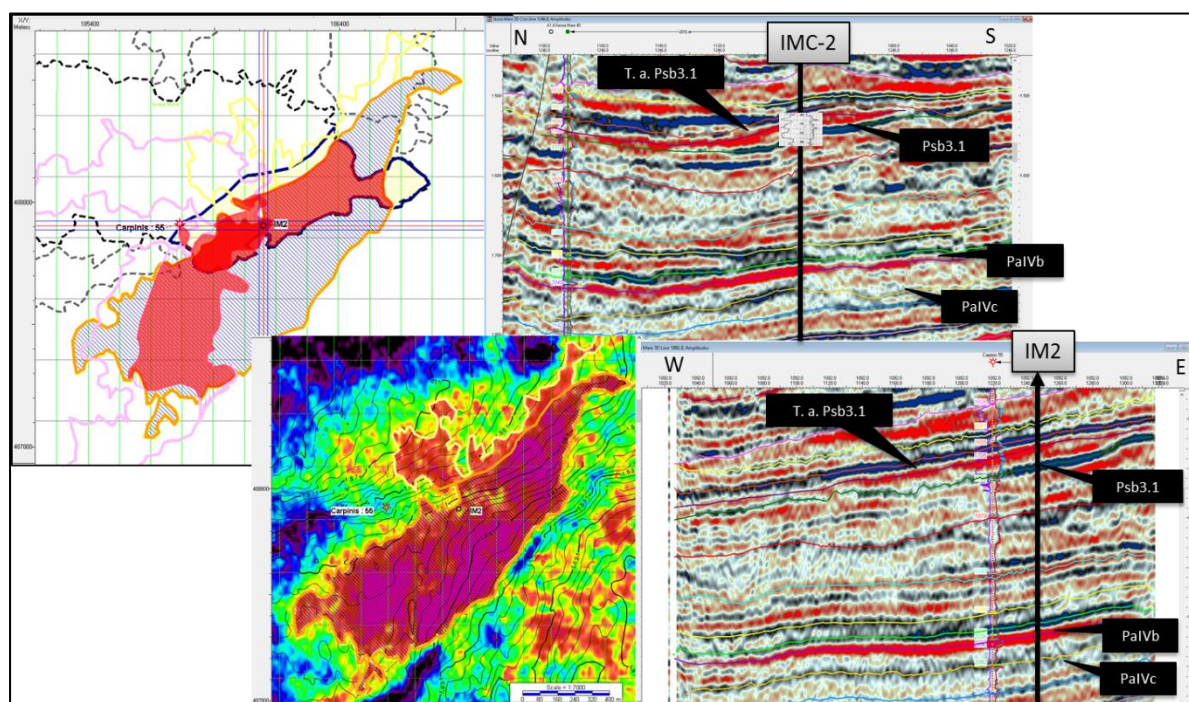
Tenders for long lead items (casing, tubing, wellhead equipment and services) have been issued to a number of manufacturers. Bids and decisions are due in May 2018.

In order to optimize the drilling approval process and subsurface work further, ADX has nominated a subsurface team leader with extensive Romanian experience, including the Parta license area. Approvals are required from government authorities, local authorities and landowners. Based on past experience it is expected that this process will take 6 to 8 months.

Parta Appraisal Project 3D Seismic Mapping

During the quarter ADX progressed technical work to finalise the drilling locations for the two wells. These well locations will be reviewed and approved by the Agency NAMR based on well proposal reports to be submitted by ADX.

For the Carpinis prospect area it was possible to design a well path which is vertical and can still meet the objective of testing both the shallow and deep gas reservoir targets. The name of this well will be Iecea Mica-2 (IMC-2). The figure below shows seismic sections through both targets and the vertical well path, respectively.



The vertical well path simplifies drilling operation, reduces technical risk for logging and completion operations as well as providing cost savings relative to the original deviated well plan.



Parta Exploration License Activities

ADX, on behalf of Danube, has agreed with joint venture partner RAG (who holds a 50% working interest outside the Iecea Mare appraisal area), to permit further areas for 3D seismic acquisition. This will enable a large continuous area of approximately 250 sqkm can be accessed for a future exploration 3D seismic survey. Based on the above mentioned focus, the main activity during this quarter has been the permitting of the final and most difficult areas for 3D seismic acquisition. ADX believes that it will be in a position to acquire further exploration seismic in the Parta permit during 2019 after the completion of the Parta Appraisal program.

NEW VENTURES

There was no significant new ventures activity during the quarter.

FINANCE AND ADMINISTRATION

ADX's cash at the end of the March 2018 quarter was \$2.046 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 ^{note1}	100%	100%	-
Offshore Italy, Pantelleria	100%	100%	-
Offshore Italy, d364C.R.-AX	100%	-	-
Onshore Romania, Parta ^{note2}	50%	50%	-

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.

Note 2: ADX holds a 91% share holding in Danube Petroleum Limited (Danube). Upon the completion of tranche 2 of the recently completed US\$2 million funding transaction with Reabold Resources Plc, ADX will hold a 71% interest in Danube. Danube holds a 50% license in the Parta Exploration license and a 100% interest in the Parta Appraisal Project. ADX is the operator of the permit pursuant to a Services Agreement with Danube.

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 and 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.