

11 December 2018



ADX Energy Ltd

Funding Options for Parta Appraisal Drilling - Onshore Romania

ADX Energy Ltd (ASX Code: **ADX**) is pleased to announce that Reabold Resources Plc (LSE AIM:RBD) and ADX have agreed to a number of funding options for Danube Petroleum Limited (“Danube”) ^{note 1} in order to provide funding certainty for future appraisal drilling operations.

To date Reabold has provided a total of £1,879,699 of funding pursuant to the subscription agreement dated 1 December 2017 (“Subscription Agreement”). Reabold now holds a 33% shareholding in Danube with the remaining 67% held by ADX.

The above mentioned funds raised for Danube are being deployed for the drilling of the first of two planned appraisal wells scheduled to spud during the first quarter of 2019. Ongoing operational and planning work by ADX on behalf of Danube has resulted in the commencement of manufacturing of key long lead items, including casing, tubing and wellheads which are due for completion in mid February 2019. In addition, efficient progress is being made with permitting for the drilling of the two wells both at a ministerial and local government level. Progress to date provides a high level of confidence that all relevant permits and authorisations will be granted during Q1 2019. The timing of completion of permitting and the availability of long lead items is expected to meet scheduled timing of a firm drilling rig slot in Q1 2019 as previously announced under a drilling contract that was signed in October 2018 for one firm well and one option well.

In relation to future Danube funding, ADX and Reabold have agreed the following funding commitments and options for planned Parta Appraisal Drilling and Development Operations;

1. Under the terms of the Subscription Agreement ADX has committed to either invest directly or source investment from a third party for £375,940 on the same terms as Reabold’s investments prior to 15 March 2019 (@£1.00 per share). In the event that ADX does not complete (or procure a third party to complete) the ADX Investment by 15 March 2019, ADX agrees to grant Reabold the right to subscribe to the shares at an issue price of £0.80 per Danube share.
2. ADX has agreed to grant to Reabold an option for Reabold to subscribe to a further 375,940 Danube shares at an issue price of £1.00 per share at any time prior to 15 March 2019.

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In addition to the above ADX and Reabold have agreed to grant the following options to subscribe for shares in Danube in order to provide funding for the second Parta Appraisal Well (“Second Parta Well Funding”);

1. Reabold may subscribe for a further 1,627,604 Danube shares at an issue price of £1.20 per share for a total subscription price of £1,953,125 by electing to subscribe to shares within 6 weeks of receipt well logging data from the final logging run on the First Parta Appraisal Well.
2. ADX may subscribe for a further 651,042 Danube shares at an issue price of £1.20 per share for a total subscription price of £781,250 by electing to subscribe to shares within 6 weeks of receipt of well logging data from the final logging run on the First Parta Well.
3. Reabold and ADX may exercise their respective options to acquire shares up to an equivalent value for Reabold (£1,953,125) and ADX (£781,250) at any time prior to the spudding of the First Parta Well at a subscription price of £1.00 per Danube share rather than £1.20 per Danube share.

The agreed funding options provide a framework to fund the drilling, testing and completion for production of the two planned Parta Appraisal wells. Assuming the above funding options are exercised up to £5,365,954 (approximately US\$7 million) of funding will be provided to Danube by the parties. If Second Parta Well Funding is subscribed at a price of £1.20 per share Reabold will hold a 45% shareholding in Danube with the remaining 55% will be held by ADX.

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