



ADX Energy Ltd

ABN 50 009 058 646

**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
30 JUNE 2019**

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

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Share Registry

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Solicitors

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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 Auditing
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 2019.

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

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 6 Months to 30 June 2019 \$	Consolidated 6 Months to 30 June 2018 \$
Net profit/(loss) for the half-year after tax attribute to members of the Parent Entity	(856,559)	(1,329,050)
Included in loss for the half-year:		
Exploration expensed	(768,035)	(861,979)
Share-based payments expensed	(87,320)	(327,939)
Basic profit/(loss) per share (cents) from continuing operations	(0.07) cents	(0.12) cents
Net cash (used in) operating activities	(1,356,078)	(1,111,863)
Net cash from investing activities	8,898	13,581
Net cash from financing activities	683,202	681,557

During the six month period:

- Exploration expenditure was \$768,035. This was expenditure primarily in Romania on the Parta Exploration Licence and the Parta Sole Risk project in Romania.
- On 10 May 2019, Reabold Resources Plc (LSE AIM:RBD) (Reabold) subscribed for an additional 375,940 shares in ADX's UK subsidiary, Danube Petroleum Limited, at 1 GBP per share (A\$685,084), increasing Reabold's share of the Danube group to 37.5%.

ADX ENERGY LTD

DIRECTORS' REPORT

Operations Review

Activities Overview

In late 2018 ADX secured a farmout with SDP Services Limited (SDP) to fund up to a maximum of Euro 20.82 million for the Nilde Oil Project Redevelopment in Italy. Under the terms of the Farmin, SDP will earn a 50% Interest in the project and a 5% net profits royalty. SDP brings strong financial and operating capacity to the project as a result ADX is well placed to take the project forward. Regrettably on February 4th 2019, the Italian Parliament approved the Bill to suspend oil and gas operations for 18 months which was a serious setback for the company.

Since that time ADX has concentrated its efforts during the half year on achieving operational readiness for the Iacea Mica-1 appraisal well, onshore Romania, securing a farmout for the Parta Exploration Permit, ongoing financing and farmout discussions for Dougga Sud appraisal well in Tunisia and complimentary new ventures opportunities onshore Europe.

Despite a very well defined technical and commercial solution developed by ADX in conjunction with Technip FMC for the potential appraisal and development of Dougga Gas Condensate Discovery, the PSC terms offered in Tunisia remain a barrier to investment for such a high capital cost project. ADX has recently requested a suspension of the Kerkouane license on the basis of force majeure due to the recent termination of a drilling contract by Noble Services International Limited for the Globe Trotter II drill ship. The termination by Noble was due to unforeseen extension of contractual commitments by previously contracted operators. As a result, activities in Tunisia are likely to be deferred or suspended in favour of more stable and fiscally attractive jurisdictions.

On July 2, 2019 ADX announced the acquisition RAG Assets, in Austria which include the Zistersdorf and Gaiselberg producing fields and exclusive access to RAG's exploration data and portfolio in upper Austria. The acquisition now positions ADX as an onshore European producer, developer and explorer in Austria and Romania.

The combination of the RAG Assets and ADX's existing Romanian Assets provide multiple growth and value creation opportunities in low cost, pro-development jurisdictions with favourable fiscal terms, proven prospectivity for oil and gas, excellent access to infrastructure and high energy pricing.

Asset Activities Summary

Onshore Romania – Iacea Mare Production License and Parta Exploration License

ADX is operator and holds a 63% shareholding in Danube Petroleum Limited (Danube). The remaining shareholding in Danube is held by Reabold Resources Plc. Danube via its' Romanian subsidiary, ADX Panonia, holds a 100% interest in the Parta Exploration license (including a 100% interest in the Parta Appraisal Sole Risk Project) and a 100% interest in the Iacea Mare Production license.

During the 6 month period to June 2019, preparations for drilling and testing of the Iacea Mica-1 well were progressed with all statutory approvals and licenses secured. All long lead items were delivered together with road and site preparations to enable a spud date in early August 2019. The prospectivity of the Iacea Mica-1 Well and a summary of the drilling program was reported to shareholders ahead of the commencement of drilling.

The Romanian Licensing Authority ("NAMR") confirmed a further 2 year extension for the current license phase of the Parta Exploration Permit with minimal additions to the work program other than some seismic processing.

A Heads of Agreement for a farmin to the Parta Exploration License was announced on 8 April 2019 with an Australian private company Parta Energy Pty Ltd - whereby Parta Energy will fund US\$1.5 million to acquire a 3D seismic program to earn a 50% interest in the license.

A Farmin Agreement for the abovementioned farm in transaction was completed on the 17th of July 2019 and seismic acquisition is expected to commence in November 2019.

ADX ENERGY LTD
DIRECTORS' REPORT

Nilde Oil Field Redevelopment d 363C.R.-AX PERMIT - Offshore Italy (Operator, 100% equity interest)

No further activities have been undertaken since ADX was advised on the 4th of February 2019 that the Italian Parliament passed legislation to suspend exploration activities in permits that have been approved or are in the process of being approved for a period of up to 18 months to enable the government authorities to evaluate the suitability of exploration areas for sustainable hydrocarbon exploration and production activities.

ADX believes it is in a strong financial position to commence appraisal operations on the Nilde Oil Redevelopment project upon resumption of oil and gas activities given the funding commitment of Euro 20.8 million by SDP.

Kerkouane Permit Offshore Tunisia (Operator, 100% equity interest)

In 2018, ADX had secured a drilling option for the Dougga Sud appraisal well from Noble Drilling Services Inc. (Noble) for the Globe Trotter II drilling rig up until the end of June 2019. Subsequent to that date Noble required the approval from another operator to continue to offer the rig. ADX requested a further extension during the quarter to continue to provide the ability to drill the Dougga Sud well subject to the availability of farmout or funding support. Noble has advised that it is unable to secure the approval to extend the contract and as a result the parties have terminated the contract.

In order to drill the Dougga Sud well ADX will require an alternative rig with the capability to drill in water depths of 330 metres. Given the scarcity of moderate to deep water rigs in the Mediterranean, ADX has requested a deferment of its drilling obligation with National Oil Company (ETAP). These discussions are expected to take place during the coming quarter.

Discussions were ongoing during the reporting period with a number of parties with a view to securing either a farmout, vendor finance or a combination of both. Farmout interest has waned since the end of 2018 due to the decline in oil price however ADX continues to seek further interest from new potential farminees or funding partners for the project.

Due to the potential strategic importance of Dougga and the need to obtain the support from ETAP for any potential funding transaction, ADX has increased engagement with ETAP at a high level and is developing a more collaborative approach with respect to the attraction of capital to the Dougga Gas Condensate Project to ensure the support from ETAP with respect to the Tunisian ministry. Unfortunately, this has become increasingly difficult in Tunisia due to increasing political instability as well as a large number of retirements from key positions within the ETAP and the designated authority.

RAG Production and Exploration Data Acquisition

During the reporting period, ADX undertook due diligence for the RAG Assets located onshore in the Vienna Basin, having been established as a potentially preferred bidder for the assets which include the 350 BOEPD Zistersdorf and Gaiselberg producing fields as well as 3D seismic, 2D seismic and geological data from for yet to be licensed exploration areas covered by the data. ADX entered into binding agreements with RAG for the RAG Assets on 2 July 2019 and paid a Euro 400,000 deposit for the assets on 15 July 2019. ADX expects to close the transaction on 1 October 2019.

A number of value creation opportunities are provided to ADX by RAG acquisition including;

- Developed reserves and stable production from well maintained, highly optimised production facilities providing a predictable cash flow base;
- Additional undeveloped reserves from infill drilling and low cost side tracks from existing wells providing low risk and low cost reserves and cash flow enhancement; and
- Additional undeveloped resource potential from currently producing but as yet not targeted reservoirs providing potential for substantial increases in reserves and production utilising existing facilities.

ADX ENERGY LTD

DIRECTORS' REPORT

The RAG exploration data acquisition and acreage application provide multiple low risk appraisal and nearfield exploration opportunities providing rapid cash flow development as well as several high risk, high reward prospects providing exceptional leverage for investors

Upon closing of the RAG transaction, ADX will become the first foreign publicly listed oil and gas company in the Austrian oil and gas sector, where exploration acreage and production has been held exclusively for over 50 years by two large majority state-owned companies (RAG and OMV). Importantly ADX is in a unique position to work collaboratively with the seller (RAG) who will remain in the gas transmission and storage business but is systematically exiting the E & P business. The transaction includes a commercial framework that facilitates the commercialisation of ADX's intended production enhancement opportunities and exploration activities through skills and data access, as well as favourable production infrastructure access and tariff arrangements.

The RAG acquisition enables ADX to focus its activities on assets capable of attracting funding, that can be rapidly commercialised and provide high returns on investment. The Board of ADX looks forward to reporting our progress in relation to the RAG acquisition in Austria and the successful Iecea Mica-1 appraisal well in Romania which have the capacity to position ADX as a unique break through business in very desirable European jurisdictions traditionally dominated by national oil companies and well-funded private equity groups.

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 2019	Percentage held as at 30 June 2019	Percentage acquired
Offshore Tunisia, Kerkouane	100%	100%	-
Offshore Italy, d 363 C.R.-AX ¹	100%	100%	-
Onshore Romania, Parta ²	100%	100%	-
Onshore Romania, Iecea Mare Production Licence ²	100%	100%	-

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 63% shareholding in Danube Petroleum Limited (Danube). The remaining shareholding in Danube is held by Reabold Resources Plc. Danube via ADX Panonia holds a 100% interest in the Parta Exploration license (including a 100% interest in the Parta Appraisal Sole Risk Project) and a 100% interest in the Iecea Mare Production license. ADX is the operator of the permit pursuant to a Services Agreement with Danube.

SUBSEQUENT EVENTS

Share Issues in Lieu of Remuneration

Subsequent to year end, on 8 August 2019, ADX issued the following shares and options. These amounts were accrued for in the 30 June 2019 financial statements:

- 2,464,283 shares issued pursuant to ADXs' Directors' Share Plan, approved by Shareholders on 31 May 2019. The shares were issued to directors in consideration of remuneration elected to be paid via shares for the quarter ended 30 June 2019 (\$17,250).
- 685,714 shares issued to ADX's Company Secretaries in consideration of remuneration elected to be paid via shares for the quarter ended 30 June 2019 (\$4,800).
- 1,497,321 shares issued to consultants in lieu of services elected to be paid via shares for the quarter ended 30 June 2019 (\$10,106).

ADX ENERGY LTD

DIRECTORS' REPORT

- d. 30,871,205 Options granted to Directors Ian Tchacos and Paul Fink, as approved by Shareholders on 31 May 2019. The options were granted in consideration of consultancy fees remuneration elected to be paid via options for the period 1 July 2018 to 30 June 2019 (value \$255,544). The options have a nil exercise price and 18,072,991 expire on 31 May 2023 and 12,798,214 expire on 31 July 2023.

Austrian Oil and Gas Production Asset Acquisition

On 2 July 2019, ADX announced it had entered into binding agreements with RAG Exploration & Production GmbH (REP) on the 1st of July 2019 for the acquisition of Zistersdorf & Gaiselberg Fields located onshore in the Vienna Basin. In addition, ADX will acquire 3D and 2D seismic and geological data from RAG Austria AG (RAG; RAG Exploration Data) for yet to be licensed exploration areas covered by the data.

The purchase price of Euro 4 million is based on an effective date of 1 January 2019. Payment includes a staged financing process including an initial payment of a 10% non refundable deposit following signing of the Asset Purchase Agreement (APA) with the balance of the funds due at closing on the later of 1 October 2019 or transfer of the production licenses. The final cash payment is to be adjusted for the net post tax cashflow of the fields between the effective date and the closing date. A Data User Agreement (DUA) has also been executed for access to RAG Exploration Data (including 3650 km² of modern 3D seismic) in the Molasse Basin.

The deposit of 400,000 euros was paid on 15 July 2019.

Convertible Loan Facilities

On 16 July 2019, ADX announced it had finalised Convertible Loan Facility Agreements ('Loan Agreements') which are convertible to shares in ADX to several key existing shareholders and new investors to raise A\$1,205,000 of new funding. Included in this new funding was \$150,000 provided equally by ADX's Directors Ian Tchacos, Paul Fink and Robert Brown.

The funding was utilised to fund the deposit, asset structure formation (see below) and transaction costs for the Zistersdorf and Gaiselberg Fields located onshore in the Vienna Basin, Austria (RAG Production Assets) from RAG Exploration & Production GmbH (refer ASX announcement 1 July 2019) as well as ongoing activities across the rest of ADX asset portfolio.

The key terms for the Loan Agreements are summarised as follows:

1. Loan Term: 6 months commencing 12 July 2019, extendable by mutual agreement in writing at least 15 days prior to expiry of Loan Term.
2. Loan Interest: 10% per annum; Payable at Termination.
3. Loan Conversion Rights: The lender has the option to convert part or all of the loan into ADX shares prior to Termination. The conversion price is determined the lower of:
 - a. the share price used for any capital raising by issue of ADX shares during the term of the Loan Agreement; and
 - b. A\$0.007 per share.
4. Early Termination by ADX: ADX may terminate the loan at any time from 12 October 2019 to expiry by repayment of Loan Amount plus accrued interest. ADX will provide the Lender with three (3) business days notice prior to allow the Lender time to elect conversion.

If the price under 3(a) is less than A\$0.007, then the conversion to shares is subject to Shareholder approval. All conversion rights of Directors of ADX Energy Ltd and their related parties (including associates) are subject to Shareholder approval.

Since 30 June 2019, 7,142,855 of these convertible loan facilities have been converted at \$0.007 to 7,142,855 shares (\$50,000).

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DIRECTORS' REPORT

Romanian Farm-In

On 17 July 2019, ADX announced it had entered into that it has finalized a Farm-in Agreement including the satisfaction of conditions precedent on behalf of Danube Petroleum Limited (Danube) and ADX Energy Panonia Srl (Panonia) to fund a 3D seismic program in the Parta Exploration License (License) onshore Romania. Parta Energy Pty Ltd (Farminee) will fund a US\$ 1.5 million 3D Seismic program to secure a 50% interest in the License. ADX will remain the contract operator for the Parta Exploration License.

No other matter or circumstance has arisen since 30 June 2019 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 2019 financial statements; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan
Lead Auditor
Rothsay Auditing"

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



Ian Tchacos
Executive Chairman
PERTH, 13 September 2019



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Independent Review Report to the Members of ADX Energy Ltd

The financial report and directors' responsibility

The half year financial report comprises the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cashflow statement, accompanying notes to the financial statements, and the directors' declaration for ADX Energy Ltd for the half-year ended 30 June 2019.

The Company's directors are responsible for the preparation and fair presentation of the half year 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 2019 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 2019 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 13th September 2019



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ADX ENERGY LTD
DIRECTORS' DECLARATION

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

1. In the opinion of the directors:
 - 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 2019 and of its performance for the half-year ended on that date; and
 - ii) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001; 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.
2. 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 2019.

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



Ian Tchacos
Executive Chairman

PERTH, 13 September 2019

ADX ENERGY LTD
CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Note	Half-year ended 30 June 2019 \$	Half-year ended 30 June 2018 \$
Continuing Operations			
Revenue, Income and Gains			
Interest Revenue		1,068	1,972
Other		10,755	-
		<u>11,823</u>	<u>1,972</u>
Expenses			
Administration, staff and corporate expenses, net of recoveries from exploration projects	3	170,413	473,739
Exploration expensed		768,035	861,979
		<u>938,448</u>	<u>1,335,718</u>
Loss before income tax		(926,625)	(1,333,746)
Income tax expense		-	-
Net loss for the half-year		<u>(926,625)</u>	<u>(1,333,746)</u>
Loss is attributable to:			
Owners of ADX Energy Ltd		(856,559)	(1,329,050)
Non-Controlling Interest	7	(70,066)	(4,696)
		<u>(926,625)</u>	<u>(1,333,746)</u>
Other Comprehensive Income/(Loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(277,531)	107,387
Income tax relating to items of other comprehensive income/(loss)		-	-
Other comprehensive income/(loss) for the period, net of tax		<u>(277,531)</u>	<u>107,387</u>
Total comprehensive income/(loss) for the period		<u>(1,204,156)</u>	<u>(1,226,359)</u>
Total comprehensive loss is attributable to:			
Owners of ADX Energy Ltd		(1,134,090)	(1,221,663)
Non-Controlling Interest	7	(70,066)	(4,696)
		<u>(1,204,156)</u>	<u>(1,226,359)</u>
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
		Cents Per Share	Cents Per Share
Basic loss per share	2	<u>(0.07)</u>	<u>(0.12)</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

ADX ENERGY LTD
CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	As at 30 June 2019 \$	As at 31 December 2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents		2,719,716	3,299,229
Other receivables	5	1,244,436	684,405
Total Current Assets		<u>3,964,152</u>	<u>3,983,634</u>
Non-Current Assets			
Property, plant and equipment		-	-
Total Non-Current Assets		<u>-</u>	<u>-</u>
Total Assets		<u>3,964,152</u>	<u>3,983,634</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		884,746	444,576
Total Current Liabilities		<u>884,746</u>	<u>444,576</u>
Non-Current Liabilities			
Provisions		257,826	283,844
Total Non-Current Liabilities		<u>257,826</u>	<u>283,844</u>
Total Liabilities		<u>1,142,572</u>	<u>728,420</u>
Net Assets		<u>2,821,580</u>	<u>3,255,214</u>
EQUITY			
Issued capital	6	69,156,025	69,070,587
Reserves		6,126,834	6,404,365
Accumulated losses		(76,495,613)	(75,639,054)
Capital and reserves attributable to owners of ADX Energy Ltd		<u>(1,212,754)</u>	<u>(164,102)</u>
Non-controlling interests	7	4,034,334	3,419,316
Total Equity		<u>2,821,580</u>	<u>3,255,214</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

ADX ENERGY LTD
CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Contributed Equity	Reserves	Accumulated Losses	Non- controlling Interests	Total Equity
	\$	\$	\$	\$	\$
At 1 January 2018	68,333,856	6,422,352	(74,585,469)	699,620	870,359
Loss for the half-year	-	-	(1,329,050)	(4,696)	(1,333,746)
Exchange differences on translation of foreign operations	-	107,387	-	-	107,387
Total comprehensive loss for the period, net of tax	-	107,387	(1,329,050)	(4,696)	(1,226,359)
Transactions with owners in their capacity as owners:					
Issue of share capital, net of transaction costs	-	-	-	704,316	704,316
Share based payments – options - note 8	-	68,318	-	-	68,318
Share based payments – shares - note 8	259,521	-	-	-	259,521
	(8,779)	-	-	-	(8,779)
At 30 June 2018	250,742	68,318	-	704,316	1,023,376
At 1 January 2019	69,070,587	6,404,365	(75,639,054)	3,419,316	3,255,214
Loss for the half-year	-	-	(856,559)	(70,066)	(926,625)
Exchange differences on translation of foreign operations	-	(277,531)	-	-	(277,531)
Total comprehensive loss for the period, net of tax	-	(277,531)	(856,559)	(70,066)	(1,204,156)
Transactions with owners in their capacity as owners:					
Issue of share capital, net of transaction costs	-	-	-	685,084	685,084
Share based payments – options - note 8	-	-	-	-	-
Share based payments – shares - note 8	87,320	-	-	-	87,320
Share issue costs for share based payments	(1,882)	-	-	-	(1,882)
	85,438	-	-	685,084	770,522
At 30 June 2019	69,156,025	6,126,834	(76,495,613)	4,034,334	2,821,580

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

ADX ENERGY LTD
CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2019

CONSOLIDATED	Half-year ended 30 June 2019 \$	Half-year ended 30 June 2018 \$
Cash Flows from Operating Activities		
Receipts in the ordinary course of activities	37,369	72,202
Payments to suppliers and employees	(1,394,516)	(1,186,037)
Interest received	1,069	1,972
Net Operating Cash Flows	(1,356,078)	(1,111,863)
Cash Flows from Investing Activities		
Payments for Project Licence	-	(16,419)
Payments made on behalf of joint venture partners	(191,102)	(113,000)
Repayments from joint ventures	200,000	143,000
Net Investing Cash Flows	8,898	13,581
Cash Flows from Financing Activities		
Proceeds from issue of shares	-	-
Payment of share issue costs	(1,882)	(8,778)
Proceeds from issue of shares in subsidiary	685,084	690,335
Net Financing Cash Flows	683,202	681,557
Net Increase/(Decrease) In Cash and Cash Equivalents	(663,978)	(416,725)
Cash and Cash Equivalents at beginning of half-year	3,299,229	1,840,247
Effect of foreign exchange rates	84,465	49,002
Cash and Cash Equivalents at End of Half-Year	2,719,716	1,472,524

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2019

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 2019 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

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 2018 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 Group is a for profit entity and is primarily involved in hydrocarbon exploration, evaluation, and development.

The half year consolidated financial statements comprise the financial statements of ADX Energy Ltd and its subsidiaries ("Group") as at 30 June 2019.

Functional and presentation currency

Effective 1 January 2019, the functional currency of the parent entity changed from United States dollars back to Australian Dollars. ADX has identified Australian dollars as its functional currency on the basis that all fundraising is in Australian dollars, and loans to subsidiary companies are made from Australian dollars.

ADX's subsidiaries have the following functional currencies:

- Alpine Oil & Gas Pty Ltd – USD
- AuDAX Energy Srl – Euro
- Bull Petroleum Pty Ltd – AUD
- Danube Petroleum Limited – GBP
- ADX Energy Panonia Srl - Euro
- Terra Energy Limited - GBP
- ADX VIE GmbH - Euro

The presentation currency of the Group is Australian dollars.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2019

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

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.

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. All new and amended Accounting Standards and Interpretations effective from 1 January 2019 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.

		Consolidated	
	Note	6 Months to 30 June 2019	6 Months to 30 June 2018
		\$	\$
3. Expenses			
Administration and corporate expenses comprise:			
Share based payments – in lieu of cash remuneration	8	87,320	319,183
Share based payments – other	8	-	8,656
		87,320	327,839
Less: prior period accrued share based payments		(60,983)	(139,675)
Add: accrued share based payments issued/ to be issued after period end		192,030	101,044
Other administration, staff and corporate expenses		898,516	959,628
Net foreign exchange losses/(gains)		(302,014)	29,425
		814,869	1,278,261
Less: project cost recoveries		(644,456)	(804,522)
		170,413	473,739

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2019

4. Non-cash Financing and Investing Activities

There were no non-cash financing or investing activities during the period (2018: nil). Non-cash operating activities, consisting of shares and options granted in lieu of remuneration are disclosed in note 8.

	Consolidated	
	30 June 2019 \$	31 December 2018 \$
5. Other Receivables		
<i>Current</i>		
Share of cash held by joint operations	25,232	11,725
GST/VAT refundable	112,724	138,229
Receivables from joint operations	41,788	-
Prepayments – drilling	1,064,692	534,451
	1,244,436	684,405

6. Issued Capital

(a) Issued Capital

Number of Shares	Summary of Movements	6 Months to 30 June 2019 \$
1,207,970,915	Opening balance 1 January 2019	69,070,587
2,874,996	Issue of shares to Directors (remuneration for 9/2018 and 12/2018 quarters)	34,500
2,206,893	Issue of shares to Co Secs and Consultants (remuneration for 9/2018 and 12/2018 quarters)	26,483
2,464,283	Issue of shares to Directors (remuneration for 3/2019 quarter)	17,250
1,298,214	Issue of shares to Co Secs and Consultants (remuneration for 3/2019 quarter)	9,087
-	Costs of share issues - cash	(1,882)
1,216,815,301	Closing Balance at 30 June 2019	69,156,025

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2019

6. Issued Capital - continued

Details of shares issued during the period:

- (i) On 8 April 2019, ADX issued:
 - a. 2,874,996 shares pursuant to ADXs' Directors' Share Plan, approved by Shareholders on 31 May 2019. The shares were issued in consideration of remuneration elected to be paid via shares for the quarters ended 30/9/2018 and 31/12/2018. The calculated issue price was 1.2 cents (total value \$34,500).
 - b. 2,206,893 shares to ADX's Company Secretaries and Consultants in consideration of remuneration elected to be paid via shares for the quarters ended 30/9/2018 and 31/12/2018. The calculated issue price was 1.2 cents (total value \$26,483).
- (ii) On 28 June 2019, ADX issued:
 - a. 2,464,283 shares pursuant to ADXs' Directors' Share Plan, approved by Shareholders on 31 May 2019. The shares were issued in consideration of remuneration elected to be paid via shares for the quarter ended 31/3/2019. The calculated issue price was 0.7 cents (total value \$17,250).
 - b. 1,298,214 shares to ADX's Company Secretaries and Consultants in consideration of remuneration elected to be paid via shares for the quarter ended 31/3/2019. The calculated issue price was 0.7 cents (total value \$9,087).
- (iii) Subsequent to year end, on 8 August 2019, ADX issued the following shares and options. These amounts were accrued for in the 30 June 2019 financial statements:
 - a. 2,464,283 shares issued pursuant to ADXs' Directors' Share Plan, approved by Shareholders on 31 May 2019. The shares were issued to directors in consideration of remuneration elected to be paid via shares for the quarter ended 30 June 2019 (\$17,250).
 - b. 685,714 shares issued to ADX's Company Secretaries in consideration of remuneration elected to be paid via shares for the quarter ended 30 June 2019 (\$4,800).
 - c. 1,497,321 shares issued to consultants in lieu of services elected to be paid via shares for the quarter ended 30 June 2019 (\$10,106).

(b) Options on issue at 30 June 2019

	Number	Exercise Price	Expiry Date
Unlisted Options	25,000,000	2 cents	31 December 2019
Unlisted Options	5,000,000	3 cents	31 December 2019
Unlisted Options	9,770,047	Nil	31 May 2022
Total Options	39,770,047		

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2019

6. Issued Capital - continued

Details of options granted during the period:

- (i) No options were granted during the six months. 4 million director options lapsed on 31 May 2019.
- (ii) Subsequent to 30 June 2019, on 8 August 2019, ADX granted 30,871,205 Options granted to Directors Ian Tchacos and Paul Fink, as approved by Shareholders on 31 May 2019. The options were granted in consideration of consultancy fees remuneration elected to be paid via options for the period 1 July 2018 to 30 June 2019 (value \$255,544). The options have a nil exercise price and 18,072,991 expire on 31 May 2023 and 12,798,214 expire on 31 July 2023.

Because the options were not granted as at 30 June 2019, this amount has been accrued as payable in the financial statements for 30 June 2019.

7. Non-controlling Interests

ADX's subsidiaries that have non-controlling interests:

Name of Controlled Entity	Place of Incorporation	% Held by ADX Group	
		30 June 2019	31 December 2018
Danube Petroleum Limited	UK	62.5%	66.7%
<u>Danube's 100% owned subsidiary</u>			
ADX Energy Panonia Srl	Romania	62.5%	66.7%

Danube Petroleum Limited (Danube), via its' Romanian subsidiary, ADX Energy Panonia, holds a 100% interest in the Parta Exploration license (including a 100% interest in the Parta Appraisal Sole Risk Project) and a 100% interest in the Iecea Mare Production license.

On 10 May 2019, Reabold Resources Plc (LSE AIM:RBD) (Reabold) subscribed for an additional 375,940 shares in Danube at 1 GBP per share (A\$685,084), increasing Reabold's share of the Danube group to 37.5%.

	Consolidated	
	30 June 2019	31 December 2018
	\$	\$
Non-controlling Interests		
Opening balance	3,419,316	-
Share of Issued Capital	685,084	3,494,343
Share of Loss for the period	(70,066)	(75,027)
	4,034,334	3,419,316

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2019

8. Share Based Payments

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

		Consolidated	
		6 Months to 30 June 2019	6 Months to 30 June 2018
Note		\$	\$
Expensed against issued capital:			
	Share-based payments – Options	-	-
Expensed in the profit and loss:			
	Share-based payments – Shares Issued to Directors in lieu of fees	6(a) 51,750	116,065
	Share-based payments – Shares Issued to Co Secs and Consultants in lieu of fees	6(a) 35,570	143,455
	Share-based payments – Options to Directors in lieu of fees	-	59,663
	Share-based payments – Options to Directors	-	8,656
		87,320	327,839

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

No options were granted during the half-year.

9. Related Party Transactions

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 2019 at normal commercial rates. This rental agreement was extended to 30 June 2020.

Subsequent to year end (refer note 11), on 16 July 2019, ADX announced it had finalised Convertible Loan Facility Agreements ('Loan Agreements') which are convertible to shares in ADX to several key existing shareholders and new investors to raise A\$1,205,000 of new funding. Included in this new funding was \$150,000 provided equally by ADX's Directors Ian Tchacos, Paul Fink and Robert Brown.

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

10. Commitments and Contingencies

Since the last annual reporting date, there has not been a material change to commitments or contingencies other than as follows:

Romania – Parta

In December 2012, the Romanian Government ratified the concession agreement for ADX's EX 10 Parta license ("Parta Permit"). As at 21 June 2019 the committed work program for the Parta Permit requires the acquisition of 60 km of 2D and 100 km² of 3D seismic and the drilling of two exploration wells. Total commitments are estimated at A\$5.4 million (euro 3.5 million) for a 2.0 year period commencing 21 June 2019 following an extension agreed with NAMR. ADX Energy Panonia SRL ("ADX Panonia") share of this commitment is 100% which will reduce to 50% upon the completion of a farm in commitment by Tamaska Oil and Gas Limited ("Tamaska") to Fund 100 km² of 3D seismic at an estimated cost of A\$ 2.2

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2019

million funded by Tamaska. To date approx. 100 km of 2D (surface) and 50 km² of 3D (surface area) seismic has been acquired. The current license validity is until 21 June 2021. In order to retain the license, ADX Panonia have committed to an additional 60 km of 2D seismic and approximately 100 km² of 3D seismic.

11. Subsequent Events

Share Issues in Lieu of Remuneration

Subsequent to year end, on 8 August 2019, ADX issued the following shares and options. These amounts were accrued for in the 30 June 2019 financial statements:

- a. 2,464,283 shares issued pursuant to ADXs' Directors' Share Plan, approved by Shareholders on 31 May 2019. The shares were issued to directors in consideration of remuneration elected to be paid via shares for the quarter ended 30 June 2019 (\$17,250).
- b. 685,714 shares issued to ADX's Company Secretaries in consideration of remuneration elected to be paid via shares for the quarter ended 30 June 2019 (\$4,800).
- c. 1,497,321 shares issued to consultants in lieu of services elected to be paid via shares for the quarter ended 30 June 2019 (\$10,106).
- d. 30,871,205 Options granted to Directors Ian Tchacos and Paul Fink, as approved by Shareholders on 31 May 2019. The options were granted in consideration of consultancy fees remuneration elected to be paid via options for the period 1 July 2018 to 30 June 2019 (value \$255,544). The options have a nil exercise price and 18,072,991 expire on 31 May 2023 and 12,798,214 expire on 31 July 2023.

Austrian Oil and Gas Production Asset Acquisition

On 2 July 2019, ADX announced it had entered into binding agreements with RAG Exploration & Production GmbH (REP) on the 1st of July 2019 for the acquisition of Zistersdorf & Gaiselberg Fields located onshore in the Vienna Basin. In addition, ADX will acquire 3D and 2D seismic and geological data from RAG Austria AG (RAG; RAG Exploration Data) for yet to be licensed exploration areas covered by the data.

The purchase price of Euro 4 million is based on an effective date of 1 January 2019. Payment includes a staged financing process including an initial payment of a 10% non refundable deposit following signing of the Asset Purchase Agreement (APA) with the balance of the funds due at closing on the later of 1 October 2019 or transfer of the production licenses. The final cash payment is to be adjusted for the net post tax cashflow of the fields between the effective date and the closing date. A Data User Agreement (DUA) has also been executed for access to RAG Exploration Data (including 3650 km² of modern 3D seismic) in the Molasse Basin.

The deposit of 400,000 euros was paid on 15 July 2019.

Convertible Loan Facilities

On 16 July 2019, ADX announced it had finalised Convertible Loan Facility Agreements ('Loan Agreements') which are convertible to shares in ADX to several key existing shareholders and new investors to raise A\$1,205,000 of new funding. Included in this new funding was \$150,000 provided equally by ADX's Directors Ian Tchacos, Paul Fink and Robert Brown.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2019

11. Subsequent Events - continued

The funding was utilised to fund the deposit, asset structure formation (see below) and transaction costs for the Zistersdorf and Gaiselberg Fields located onshore in the Vienna Basin, Austria (RAG Production Assets) from RAG Exploration & Production GmbH (refer ASX announcement 1 July 2019) as well as ongoing activities across the rest of ADX asset portfolio.

The key terms for the Loan Agreements are summarised as follows:

1. Loan Term: 6 months commencing 12 July 2019, extendable by mutual agreement in writing at least 15 days prior to expiry of Loan Term.
2. Loan Interest: 10% per annum; Payable at Termination.
3. Loan Conversion Rights: The lender has the option to convert part or all of the loan into ADX shares prior to Termination. The conversion price is determined the lower of:
 - a. the share price used for any capital raising by issue of ADX shares during the term of the Loan Agreement; and
 - b. A\$0.007 per share.
4. Early Termination by ADX: ADX may terminate the loan at any time from 12 October 2019 to expiry by repayment of Loan Amount plus accrued interest. ADX will provide the Lender with three (3) business days notice prior to allow the Lender time to elect conversion.

If the price under 3 (a) is less than A\$0.007, then the conversion to shares is subject to Shareholder approval. All conversion rights of Directors of ADX Energy Ltd and their related parties (including associates) are subject to Shareholder approval.

Since 30 June 2019, 7,142,855 of these convertible loan facilities have been converted at \$0.007 to 7,142,855 shares (\$50,000).

Romanian Farm-In

On 17 July 2019, ADX announced it had entered into that it has finalized a Farm-in Agreement including the satisfaction of conditions precedent on behalf of Danube Petroleum Limited (Danube) and ADX Energy Panonia Srl (Panonia) to fund a 3D seismic program in the Parta Exploration License (License) onshore Romania. Parta Energy Pty Ltd (Farminee) will fund a US\$ 1.5 million 3D Seismic program to secure a 50% interest in the License. ADX will remain the contract operator for the Parta Exploration License.

No other matter or circumstance has arisen since 30 June 2019 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.