



31 October 2016

Activities Report
Quarter Ended 30 September 2016

HIGHLIGHTS

COPORATE

- Mr Robert Brown, a petroleum engineer with extensive international project feasibility, design and execution experience, joins ADX as Non-Executive Director.

OPERATIONS

Offshore Italy – Nilde Oil Field Redevelopment

- Integration of all available geological, drilling and production data led to the completion of a 3D model with a best technical case of 300 million barrels OIIP (oil initially in place) inferring a potential a 60 Million Barrels 2C remaining resource assuming the same recovery factor as that used by Competent Person Senergy.
- Detailed core analysis of Nilde production wells and close by exploration wells revealed the highly fractured nature of the Nilde oil reservoir which perfectly explains the long term high productivity of the production wells.
- Reservoir production simulation using the revised and more detailed geological model to develop field production forecasts is ongoing. History matching and reservoir simulation has commenced during the quarter. Results are expected in mid-November 2016.
- Review of development options is ongoing with preferred facility providers of FPSO's (floating, production, storage and offloading facilities) and MOPU's (mobile offshore production units).
- A drilling and well completion study has been undertaken to develop drilling programs and cost estimates for vertical, high angle or horizontal appraisal wells that can be used as producers.
- Early engagement with a number of potential farminees and potential purchasers prior to commencement of a formal farm-out process in November when the reservoir simulation is expected to be completed.
- Government Authority engagement has commenced to accelerate licensing based on Nilde appraisal drilling in 2017.

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Offshore Tunisia

- On 21 July 2016, ADX announced the Kerkouane license extension and its intention to focus on the appraisal and feasibility of the Dougga gas condensate discovery.
- Commencement of Dougga field feasibility study incorporating a new basis of design with a view to achieving a potentially significant CAPEX reduction, thereby providing a more economically viable basis of design which can be incorporated into a development plan supporting the application for a production license and a commercial development.

Onshore Romania – Parta license

- Finalisation of permitting with a combination of in house and local contractor resources has commenced during the quarter, following a successful campaign of court cases against certain landowners.

NEW VENTURES

- During the quarter, ADX undertook the assessment of five oil and gas development /production opportunities in Romania, where ADX has potential access to low cost, high value barrels. ADX continues to review potential opportunities and will provide further details of these opportunities if transactions reach an advanced nature.

OPERATIONS

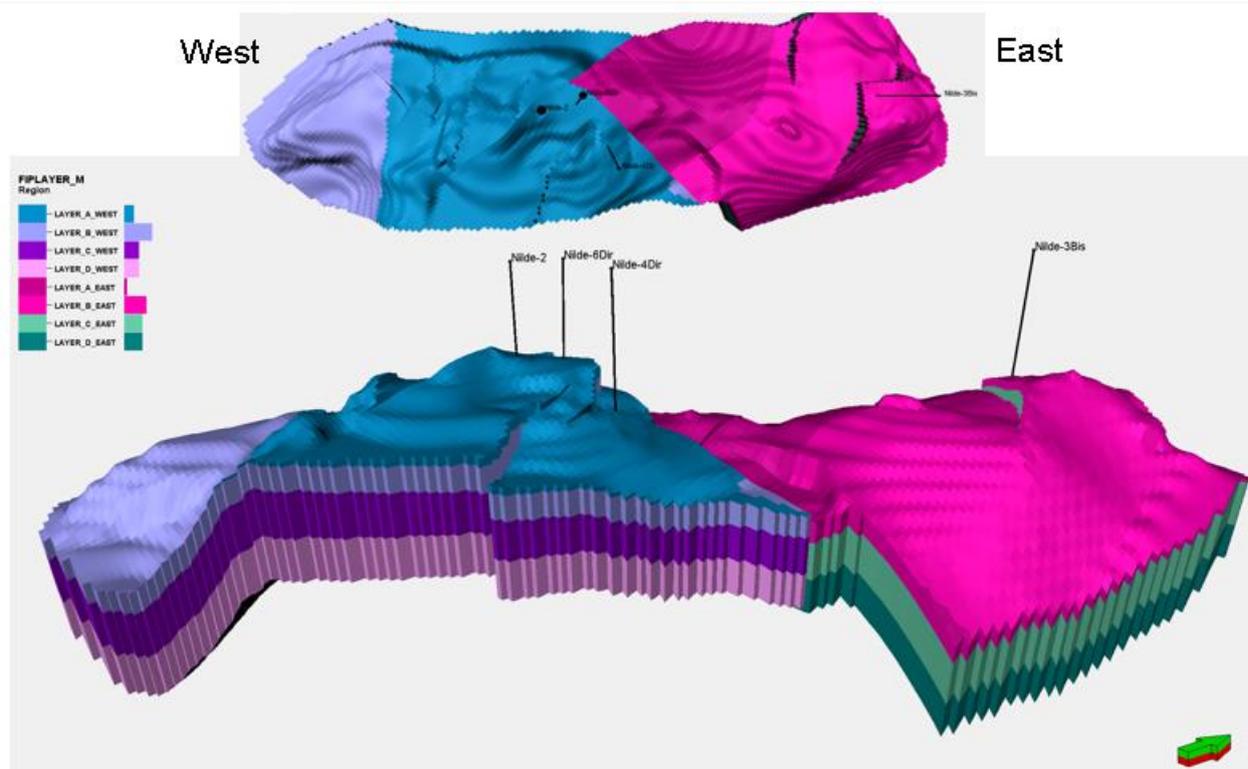
Offshore Italy Pantelleria Permits & d363C.R-.AX permit (Operator, 100% equity interests)

The Nilde Field Redevelopment Project

During the quarter, key data and reports obtained from ENI, Shell and the government authorities in Italy were used and integrated with state of the art evaluation tools to progress the assessment of remaining oil resources honouring all available data to enhance confidence in the field's potential.

A summary of key tasks that were completed or progressed follows:

1. Integration of core data and petrophysics to obtain an oil saturation model fit for reservoir simulation. This work also led to the highly confident determination of a FWL (free water level) and OWC (oil water contact) which is critical for determining oil in place.



Nilde Field: 3D oil layering model (Petrel software) upon which the 300 million barrels of oil OIIP (oil initially in place, best technical case) estimate is based.

2. Updating of the 3D geological model resulted in a best technical case OIIP (oil initially in place) of approximately 300 mmbo. A 60 Million Barrels 2C remaining resource can be inferred assuming the same recovery factor (i.e. ~30%) as that used by Competent Person Senergy (February 2016).
3. Commencement of reservoir simulation and history matching work based on new 3D geological model and newly obtained production data. The objective is to deliver a forward production profile, estimate recoverable reserves and design optimum production well locations and well design strategies.
4. Update of permeability model based on core analysis and description. The figure on the next page shows a core of the Nide-6 production well inside the oil producing zone.
5. Well design and cost estimation studies were undertaken to develop a high confidence cost estimate for well drilling and completion incorporating historical drilling performance, modern completion practices including horizontal drilling and an optimal down hole pumping or lift solution to maximise recovery (not present in original development).
6. Ongoing work with FPSO providers and alternative processing and storage solution to develop a credible lease cost for the production storage and offloading of Nilde crude.
7. Incorporating the above information into a field development plan which demonstrates the technical and commercial viability of the project.

In addition to the significant technical progress ADX engaged with the representative Italian government authorities to accelerate the conversion of permit into a production license.

The above mentioned work has provided the necessary resource and project definition necessary for the commencement of a farm out process with the intention of funding two suitably well defined appraisal wells which, upon success, could be utilized as production wells. ADX has already had early engagement with a number of potential farminees and purchasers of a partial interest in the license. ADX will advise shareholders of progress with these discussions.

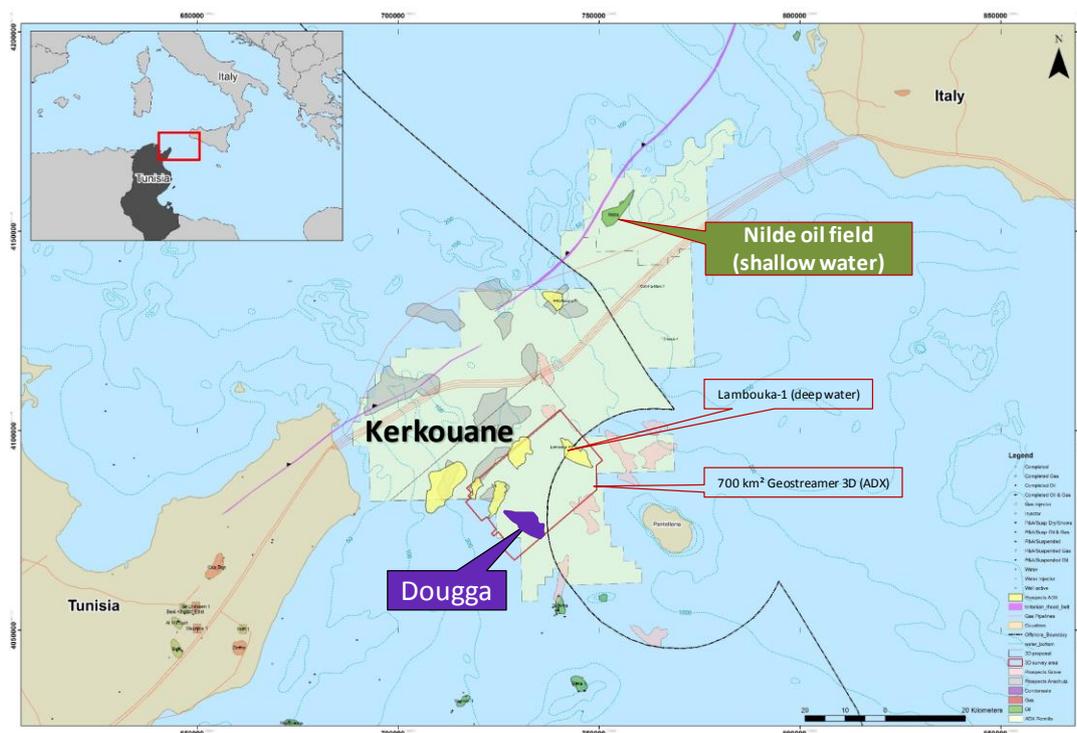
Refer also to ASX announcement 25 October 2016.



An example of oil reservoir core from Nilde-6 production well (1699 to 1700 meters MD). Note large scale sub-vertical fractures which facilitated the high flow rates of the Nilde wells. Conjugate geometry suggests well connected fracture system. Brownish color is due to oil staining.

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

The 3,080 sqkm large Kerkouane license contains a number of large sized exploration prospects and the Dougga gas condensate discovery. The license is contiguous with the ADX Sicily channel licenses as per below map.



While Kerkouane is primarily an exploration license, ADX believes that the commerciality of a potential development of the large independently assessed resource at Dougga (ASX release 14 October 2016, see summary table below) can be enhanced based on a subsea tie back to an onshore liquids removal and gas conditioning plant rather than the previous basis of design utilizing an offshore facility for condensate separation and offloading. This approach is expected to yield significant capital cost savings and enhance the commerciality of the project.

DOUGGA CONTINGENT + PROSPECTIVE RESOURCES	1C+LOW	2C+BEST	3C+HIGH
Total Oil Equivalent [mmboe]	127	220	333
Liquids: Condensate & LPG [mmbbls]	66	116	176
Sales Gas [bcf]	325	570	862

Refer to ASX announcements 26/9/2012 (contingent) and 4/11/2014 (prospective). 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.

During the quarter ADX commenced discussions with contractors regarding feasibility studies incorporating a new basis of design with a view to achieving potentially significant CAPEX reductions.

The objective is to create a commercially highly attractive project which would attract potential partners or investors in the appraisal of Dougga. This is intended to lead to the drilling of an appraisal well targeting up dip potential identified on high quality 3D seismic with the key objective of confirming that the Dougga reservoir can produce at commercial rates, as indicated by past reservoir studies.

Onshore Western Romania, Parta Concession (*Operator, 50% equity interest*)

During the quarter, ADX has conducted a successful trial permitting campaign with a team of local contractors and inhouse personnel, supported by a local law team. Based on this success this team has continued the permitting with an objective to finalize the entire 3D seismic acquisition area towards year end. The Joint Venture believes that this is more cost efficient and faster approach than engaging a seismic contractor to do the work.

Subject to industry funding from the recommencement of farmout discussions, ADX and its partner will commence 3D seismic acquisition as soon as practically possible.

NEW VENTURES

In addition to exploration operations in Romania, ADX has identified, through its local network, a number of potential production opportunities which are becoming available in Romania. ADX believes Romania can provide the opportunity to acquire high value production and reserves upside at a modest acquisition price given the current oil price environment.

ADX is concentrating on assets that are not material enough for larger companies but could provide meaningful cash flow and further production gains in a rising oil price through work overs and low risk development drilling. ADX is well placed on the ground in Romania with a good local contactor and designated authority relationships.

During the quarter, ADX has evaluated five partly producing oil and gas fields in Romania and is shortlisted for the bidding process.

ADX will provide further details of these opportunities if transactions reach an advanced status in terms of potential commitment.

FINANCE AND ADMINISTRATION

In line with the Company's ongoing initiative to minimize administration costs, all Austrian based fixed employee contracts were terminated and the office has been closed. ADX has been able to retain some required personnel and their key skills through part time consultancy contracts.

ADX's cash at the end of the September 2016 quarter was \$273,000.

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*	100%	100%	-
Offshore Italy, Pantelleria	100%	100%	-
Offshore Italy, d364C.R-.AX	100%	100%	-
Onshore Romania, Parta	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 the last quarter of 2016.

SHARE INVESTMENTS

ADX Energy holds 26.7 million shares in ASX listed Riedel Resources Limited (ASX:RIE) (<http://www.riedelresources.com.au>).

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 & 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.