



4 February 2019

New Italian Government Review Bill for Exploration and Production Activities

ADX Energy Ltd (ASX Code: **ADX**) advises that the Italian Senate has passed a Bill 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 (“The Plan”).

The Bill is scheduled to be voted on in Parliament on the 12th of February 2019 and if enacted will become law.

It is intended under the proposed legislation that the Ministries of Economic Development and Environment will review all areas in the Italian onshore and offshore territories to determine which are suitable for sustainable hydrocarbon prospecting, exploration and development activities (“E & P Activities”). All areas will be assessed on the basis environment, social and economic suitability.

Offshore areas will be considered on the basis of the potential effects to the ecosystem, as well as impacts on sea routes, fishing and potential interference with the coastal communities. Areas considered suitable for E & P Activities will resume activities. If The Plan is not enacted within two years activities will resume.

ADX anticipates that the d 363C.R-.AX permit offshore Sicily containing the Nilde oil field given its distance from shore (53 kilometers) and its location in a benign sea environment in terms of sea bottom carbonate banks and associated life forms and will be judged appropriate for E & P operations. In order to minimise the risk ADX has requested a reduction in permit area by approximately 55% to minimise perceived impact. The reduced area will include the Nilde oil field, the Norma and Naila discoveries as well as the most prospective areas for future exploration.

This is an unfortunate setback given the recent positive engagement with Italian Authorities following the provision by ADX to the Italian Authorities of farm in agreement documentation with a view to securing permit ratification (the “Decree”) as soon as practically possible. On the positive side, The Plan may result in a more efficient framework for achieving environmental approvals for operations in pre approved areas. ADX will seek to secure a positive judgment on financial capability before any new law is enacted to provide greater certainty to its farmin partner SDP and other parties that have recently expressed interest in participating in the Nilde project.

ADX Energy Ltd

AUSTRALIA

Level 2,
Suite 14, 210 Bagot Road
Subiaco WA 6008

PO Box 63 Subiaco 6904

T +61 (08) 9381 4266
F +61 (08) 9381 4766
E admin@adxenergy.com.au

ABN 50 009 058 646

www.adxenergy.com.au

ADX will continue to keep shareholders informed in relation to the passage of the Bill through the Italian Parliament and its potential effect on the d 363C.R.-AX permit and the Nilde Redevelopment project.

For further details please contact:

Paul Fink

Chief Executive Officer

+61 (08) 9381 4266

www.adxenergy.com.au

Ian Tchacos

Executive Chairman

+61 (08) 9381 4266