



# **ADX Energy Ltd**

**ABN 50 009 058 646**

**HALF-YEAR FINANCIAL REPORT  
FOR THE SIX MONTHS ENDED  
30 JUNE 2015**

**Directors**

Ian Tchacos (Non-Executive Chairman)  
Wolfgang Zimmer (Managing Director)  
Paul Fink (Non-Executive Director)  
Andrew Childs (Non-Executive Director)

**Company Secretary**

Peter Ironside

**Registered and Principal Office**

Level 2, Suite 14  
210 Bagot Road  
Subiaco, Western Australia 6008  
Telephone: +61 8 9381 4266  
Facsimile: +61 8 9381 4766  
Web Page: [www.adxenergy.com.au](http://www.adxenergy.com.au)  
Email: [admin@adxenergy.com.au](mailto:admin@adxenergy.com.au)

**Technical Office**

Wassergasse 11  
2500 Baden, Austria  
Telephone: +43(0)2252 206 506  
Facsimile: +43(0)2252 206 506-20

**Share Registry**

Computershare Investor Services Pty Ltd  
Level 11  
172 St George's Terrace  
Perth, Western Australia 6000  
Telephone: +61 8 9323 2001  
Facsimile: +61 8 9323 2033

**Solicitors**

Freehills  
250 St George's Terrace  
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  
2 The Esplanade  
Perth, Western Australia 6000

**Auditors**

Rothsay Chartered Accountants  
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 2015.

**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.

<b>Name</b>	<b>Position</b>
Mr Ian Tchacos	Non-Executive Chairman
Dr Wolfgang Zimmer	Managing Director
Mr Paul Fink	Technical Director
Mr Andrew Childs	Non-Executive Director

**REVIEW AND RESULTS OF OPERATIONS**

**Change in Accounting Policy – Exploration and Evaluation Expenditure**

Exploration expenditure of \$728,169 was expensed to the income statement this year following a voluntary change in the Company's accounting policy. Under the new policy, exploration and evaluation expenditure is charged to the profit and loss account as incurred. Comparative information has been restated.

**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 30 June 2015	Restated Consolidated 30 June 2014
	\$	\$
Net profit/(loss) for the half-year after tax	(1,023,801)	(843,543)
Included in loss for the half-year:		
Revenue from farmouts	-	267,720
Exploration expensed	(728,169)	(638,745)
Impairment of investment in associate	(18,106)	-
Share-based payments expense	-	(101,307)
Basic profit/(loss) per share (cents) from continuing operations	(0.16) cents	(0.16) cents
Net cash (used in) operating activities	(952,742)	(1,121,365)
Net cash from/(used in) investing activities	1,602,259	123,380
Net cash (used in) financing activities	-	-

During the six month period:

- Exploration expenditure was \$728,169. This was primarily expenditure on the Parta Joint Operation in Romania, and Tunisia costs.
- On 20 December 2013, ADX signed a settlement agreement with Gulfsands Petroleum Plc ("Gulfsands"). Under this agreement, Gulfsands withdraws from the Kerkouane Permit offshore Tunisia and ADX transfers its entire remaining non-operated 30% participating interest in its onshore Chorbane exploration permit to Gulfsands for a cash consideration of USD 1.75M. The first instalment of the cash consideration, being USD 250,000 was received by ADX in January 2014. Completion of the sale fell due on 26 August 2014, but Gulfsands failed to pay the purchase price of USD 1.5 million. ADX commenced court proceedings.

# ADX ENERGY LTD

## DIRECTORS' REPORT

On 3 February 2015, ADX and Gulfsands signed a new settlement agreement concerning the settlement of all claims and liabilities between them. Gulfsands agreed to pay ADX US\$1.5 million and ADX agreed to provide certain additional documentation by the end of February 2015. As a result of the settlement, the proceedings before the English High Court were discontinued. All other terms of the settlement remain confidential. In accordance with this settlement agreement, GPX completed the payment of the first US\$1.25 million tranche to ADX on 10 February 2015. The remainder was received on 27 February 2015.

### Asset Transactions and Corporate Activities

There were no significant asset transactions or corporate activities.

### Operations Review

#### ONSHORE ROMANIA (ADX operated)

##### Romania Parta Concession – Pannonian Basin 50% Interest

The evaluation of the permit and land access permitting for seismic acquisition has been progressed. As previously reported ADX had applied for an extension of the current exploration period, in order to be able to complete its seismic and drilling programs. A 30 month extension of the exploration period for the EX-10 PARTA permit has been signed with NAMR ("Agentia Nationala Pentru Resurse Minerale"), the national agency for mineral resources in Romania. The agreement is subject to the standard ratification by the Romanian government which is expected by September. The exploration period will begin on the day of ratification.

The extension of the exploration period will also enable ADX to resume previously discontinued farmout discussions on the permit.

#### OFFSHORE ITALY AND TUNISIA (ADX operated)

##### Offshore Tunisia & Italy – Kerkouane & Pantelleria Permits, d363 C.R-AX permit Kerkouane 100% interest; Pantelleria 100% interest; d363 C.R-AX 100% interest

**Italy.** The results of two data room visits at ENI's office were incorporated in ADX evaluation of the new exploration permit d363 C.R-AX. ADX's main focus is initially the old Nilde oil field and several surrounding oil discoveries which have never been commercialised. The excellent prospectivity of the area is supported also by the fact that commercialisation is possible even for modest discoveries. This is due to the relative moderate water depths of less than 100 meters, excellent reservoirs (i.e. 6,000 bbls/d production rates obtained from vertical oil wells at Nilde) and the appropriate fiscal regime in Italy.

**Tunisia.** Planning and design of a 3D seismic survey in the Kerkouane permit has been progressed and discussions with potential contractors for the acquisition continued.

### 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 2015	Percentage held as at 30 June 2015	Percentage acquired
Offshore Tunisia, Kerkouane, ADX operated	100%	100%	-
Offshore Italy, Pantelleria, ADX operated	100%	100%	-
Offshore Italy, d 364 C.R-AX, ADX operated	100%	100%	-
Offshore Italy, d 363 C.R-AX, ADX operated	100%	100%	-
Onshore Romania, Parta, ADX operated	50%	50%	-

ADX Energy holds 17.7% shares of ASX listed Riedel Resources Limited (<http://www.riedelresources.com.au>).

**ADX ENERGY LTD**  
**DIRECTORS' REPORT**

---

**SUBSEQUENT EVENTS**

No matter or circumstance has arisen since 30 June 2015 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 2015 financial statements; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Rolf Garda  
Lead Auditor  
Rothsay Chartered Accountants"

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



Wolfgang Zimmer  
Managing Director  
PERTH, 8 September 2015

# ADX ENERGY LTD

## INDEPENDENT REVIEW REPORT



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 9486 7094 www.rothsayresources.com.au

### Independent Review Report to the Members of ADX Energy Ltd

#### The financial report and directors' responsibility

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for ADX Energy Ltd for the half-year ended 30 June 2015.

The Company's directors are responsible for the preparation and fair presentation of the consolidated 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 2015 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 2015 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

Rolf Garda  
Partner

Dated 8 SEPTEMBER, 2015



**ADX ENERGY LTD**  
**DIRECTORS' DECLARATION**

---

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

In the opinion of the Directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - 1) giving a true and fair view of the financial position as at 30 June 2015 and the performance for the half-year ended on that date of the consolidated entity; and
  - 2) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Wolfgang Zimmer  
Managing Director

PERTH, 8 September 2015

**ADX ENERGY LTD**  
**CONSOLIDATED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2015**

	Note	Half-year ended 30 June 2015 \$	Restated * Half-year ended 30 June 2014 \$
<b>Continuing Operations</b>			
<b>Revenue and Income</b>			
Interest Revenue		2,189	9,943
Other revenue		-	267,720
		2,189	277,663
<b>Expenses</b>			
Administration and corporate expenses, net of recoveries from exploration projects	3	274,993	452,677
Exploration expensed		728,169	638,745
Impairment of investment in associate		18,106	-
Total expenses		1,021,268	1,091,422
<b>Loss before income tax</b>		<b>(1,019,079)</b>	<b>(813,759)</b>
Income tax expense		(4,722)	(29,784)
<b>Net loss for the half-year</b>		<b>(1,023,801)</b>	<b>(843,543)</b>
<b>Other Comprehensive Income/(Loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		209,008	(85,492)
Income tax relating to items of other comprehensive income/(loss)		-	-
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>209,008</b>	<b>(84,492)</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>(814,793)</b>	<b>(928,035)</b>
<b>Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company:</b>			
		Cents Per Share	Cents Per Share
Basic loss per share	2	(0.16)	(0.16)

\* Refer to Note 1 for more information regarding prior year restatement.



**ADX ENERGY LTD**  
**CONSOLIDATED**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2015**

	Note	As at 30 June 2015 \$	Restated * As at 31 Dec 2014 \$	Restated * As at 1 January 2014 \$
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents		1,375,916	707,167	1,702,778
Trade and other receivables		265,129	2,144,191	522,955
Other financial assets at fair value		-	-	2,343
<b>Total Current Assets</b>		<b>1,641,045</b>	<b>2,851,358</b>	<b>2,228,076</b>
<b>Non-Current Assets</b>				
Receivables		23,110	15,932	19,670
Property, plant and equipment		39,322	78,665	147,425
Investment in associate		-	17,355	-
<b>Total Non-Current Assets</b>		<b>62,432</b>	<b>111,952</b>	<b>167,095</b>
<b>Total Assets</b>		<b>1,703,477</b>	<b>2,963,310</b>	<b>2,395,171</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables		218,591	664,727	551,504
Provisions		9,491	8,395	20,099
<b>Total Current Liabilities</b>		<b>228,082</b>	<b>673,122</b>	<b>571,603</b>
<b>Total Liabilities</b>		<b>228,082</b>	<b>673,122</b>	<b>571,603</b>
<b>Net Assets</b>		<b>1,475,395</b>	<b>2,290,188</b>	<b>1,823,568</b>
<b>EQUITY</b>				
Issued capital	5	64,161,036	64,161,036	63,222,181
Reserves		5,815,837	5,606,829	5,269,565
Accumulated losses		(68,501,478)	(67,477,677)	(66,668,178)
<b>Total Equity</b>		<b>1,475,395</b>	<b>2,290,188</b>	<b>1,823,568</b>

\* Refer to Note 1 for more information regarding prior year restatement.

**ADX ENERGY LTD**  
**CONSOLIDATED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2015**

	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total Equity \$
<b>At 1 January 2014 – Restated *</b>	<b>63,222,181</b>	<b>5,269,565</b>	<b>(66,668,178)</b>	<b>1,823,568</b>
Loss for the half-year	-	-	(843,543)	(843,543)
Exchange differences on translation of foreign operations	-	(85,492)	-	(85,492)
<b>Total comprehensive loss for the period, net of tax</b>	<b>-</b>	<b>(85,492)</b>	<b>(843,543)</b>	<b>(928,035)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital, net of transaction costs	-	-	-	-
Share based payments	-	100,112	-	100,112
	-	100,112	-	100,112
<b>At 30 June 2014 – Restated *</b>	<b>63,222,181</b>	<b>5,284,185</b>	<b>(67,511,721)</b>	<b>994,645</b>
<b>At 1 January 2015 – Restated *</b>	<b>64,161,036</b>	<b>5,606,829</b>	<b>(67,477,677)</b>	<b>2,290,188</b>
Loss for the half-year	-	-	(1,023,801)	(1,023,801)
Exchange differences on translation of foreign operations	-	209,008	-	209,008
<b>Total comprehensive loss for the period, net of tax</b>	<b>-</b>	<b>209,008</b>	<b>(1,023,801)</b>	<b>(814,793)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital, net of transaction costs	-	-	-	-
Share based payments	-	-	-	-
	-	-	-	-
<b>At 30 June 2015</b>	<b>64,161,036</b>	<b>5,815,837</b>	<b>(68,501,478)</b>	<b>1,475,395</b>

\* Refer to Note 1 for more information regarding prior year restatement.

**ADX ENERGY LTD**  
**CONSOLIDATED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2015**

<b>CONSOLIDATED</b>	<b>Half-year ended 30 June 2015 \$</b>	<b>Restated * Half-year ended 30 June 2014 \$</b>
<b>Cash Flows from Operating Activities</b>		
Receipts in the ordinary course of activities	41,164	30,062
Payments to suppliers and employees	(991,373)	(1,131,586)
Interest received	2,189	9,943
Income tax paid	(4,722)	(29,784)
<b>Net Operating Cash Flows</b>	<b>(952,742)</b>	<b>(1,121,365)</b>
<b>Cash Flows from Investing Activities</b>		
Payments for plant and equipment	-	(1,571)
Proceeds from sale of permits/farmouts	1,953,313	273,450
Costs associated with sale of permits/farmouts	(260,650)	(72,933)
Repayment of deposit	-	(108,090)
Payments made on behalf of joint venture partners	(604,220)	(692,179)
Repayments from joint ventures	513,816	724,703
<b>Net Investing Cash Flows</b>	<b>1,602,259</b>	<b>123,380</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of shares	-	-
Payment of share issue costs	-	-
<b>Net Financing Cash Flows</b>	<b>-</b>	<b>-</b>
<b>Net Increase/(Decrease) In Cash and Cash Equivalents</b>	<b>649,517</b>	<b>(997,985)</b>
Cash and Cash Equivalents at beginning of half- year	707,167	1,702,778
Effect of foreign exchange rates	19,232	(40,040)
<b>Cash and Cash Equivalents at End of Half-Year</b>	<b>1,375,916</b>	<b>664,753</b>

\* Refer to Note 1 for more information regarding prior year restatement.

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2015

---

### 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 general purpose consolidated financial report for the half-year ended 30 June 2015 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

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

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 2014 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 half year consolidated financial statements comprise the financial statements of ADX Energy Ltd and its subsidiaries ("Group") as at 30 June 2015.

#### **Voluntary Change in Accounting Policy - Exploration and evaluation expenditure and recognition of assets**

The report for the half-year ended 30 June 2015 has been prepared on the basis of a retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure.

The previous accounting policy was to capitalise and carry forward exploration and evaluation expenditure as an asset when rights to tenure of the area of interest are current and either:

- such expenditure is expected to be recovered through successful development and commercial exploitation of the area of interest; or
- the exploration activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Accumulated exploration expenditure, which no longer satisfied the above policy, was written off to profit and loss to the extent to which they are considered to be impaired.

The new exploration and evaluation expenditure accounting policy is to charge exploration and evaluation expenditure against profit and loss as incurred.

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2015

---

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

The new accounting policy was adopted as at 1 January 2015 and has been applied retrospectively. Management judges that the change in policy will result in the financial report providing more relevant and no less reliable information. Recognition treatment of exploration and evaluation assets are inherently uncertain and expensing as incurred results in a more transparent Balance Sheet and Profit and Loss. Both the previous and new accounting policies are compliant with AASB 6 Exploration for and Evaluation of Mineral Resources.

The impacts of the accounting policy change are set out below:

The capitalised exploration and evaluation asset previously reported as at 31 December 2014 has decreased by \$6,429,226 (2013: decreased by \$4,602,609). The Statement of Profit or Loss and Other Comprehensive Income increased the loss for the 2014 half-year by \$528,569 and increased the accumulated losses brought forward at 1 January 2014 by \$4,602,609.

Basic loss per share has also been restated. This has resulted in an increase in the loss per share by 0.10 cents per share for the half-year ended 30 June 2014.

Exploration and evaluation expenditure that is expensed is included as part of cash outflows from operating activities, and exploration and evaluation expenditure that was capitalised was included as cash flows from investing activities. This change in accounting policy has resulted in cash outflows from operating activities for the half-year to 30 June 2014 increasing by \$531,655 with a corresponding decrease in cashflows from investing activities.

#### **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 sufficient 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.

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2015

---

### 2. Basis of Preparation of Half-Year Financial Statements - continued

#### Adoption of New or Revised Standards

Apart from the changes in accounting policy noted below, and the voluntary change in accounting policy noted above, 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 2015 have been adopted, including:

- AASB 2014-1 Part A – Annual Improvements 2010-2012 and 2011-2013 Cycles

This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs and addresses the following items:

- AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.
- AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination.
- AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets.
- AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.
- AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.

The adoption of AASB 2014-1 Part A had no effect on the 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.

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2015

	Consolidated	
	6 Months to 30 June 2015	6 Months to 30 June 2014
	\$	\$
<b>3. Expenses</b>		
Administration and corporate expenses include:		
Depreciation	41,521	33,968
Share based payments – options	-	101,307

### 4. Non-Cash Financing and Investing Activities

There were no non-cash financing or investing activities during the period (six months to 30 June 2014: none).

### 5. Issued Capital

		6 Months to 30 June 2015 \$
Number of Shares	Summary of Movements	
656,478,273	Opening balance 1 January 2015	64,161,036
-	Issued during the six months	-
656,478,273	Closing Balance at 30 June 2015	64,161,036

### 6. Related Party Transaction

There were no new related party transactions, except for the following:

On 10 March 2015, ADX entered into a 12 month lease agreement for its office premises at 210 Bagot Road Subiaco with ADX’s Director, Andrew Childs trading as Resource Recruitment. During the half-year to 30 June 2015 an amount of \$7,000 (net of GST) was paid/payable for this office rental.

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2015

### 7. Share Based Payments

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

	Consolidated	
	6 Months to 30 June 2015 \$	6 Months to 30 June 2014 \$
Expensed in the profit and loss:		
Share-based payments – options	-	101,307

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

##### 6 Months to 30 June 2015

No options granted

##### 6 Months to 30 June 2014

Granted to Directors (approved by Shareholders on 13 February 2014):

- 15,000,000 options expiring 15 February 2016, exercisable at 4 cents each.

Granted to employees and consultants:

- 5,500,000 options expiring 15 February 2016, exercisable at 4 cents each.

The assessed fair values of the options were determined using a Black-Scholes option pricing model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option. The inputs to the model used were:

	24/02/2014
Number of options	20,500,000
Option exercise price (\$)	0.04
Expected life of options (years)	2
Dividend yield (%)	-
Expected volatility (%)	105
Risk-free interest rate (%)	5.35
Underlying share price (\$)	0.015
Value of Option (\$)	0.0049

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.



# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2015

---

### 8. Commitments and Contingencies

#### Exploration Commitments and Contingencies for Tunisia, Italy and Romania

In order to maintain current rights of tenure to exploration licenses the Company may be compelled to perform minimum exploration activities to meet requirements specified by the relevant governments. These expenditure commitments may be varied as a result of renegotiations, relinquishments, farm-outs or sales.

#### Tunisia - Kerkouane Permit

ADX together with Entreprise Tunisienne d'Activités Pétrolières (ETAP) have applied for an extension of the exploration period over the Kerkouane permit and has received approval of an extension until 6 August 2016. Commitment will be 500km<sup>2</sup> of 3D seismic and the drilling of one well. ADX holds 100% with farm out processes under way.

#### Romania - Parta

In December 2012, the Romanian Government ratified the concession agreement for ADX's EX 10 Parta license ("Parta Permit"). The committed work program for the Parta Permit requires the acquisition of 2D and 3D seismic and the drilling of two exploration wells. Total commitments are estimated at A\$5.4 million (euro 3.5 million) for the 2.5 year period. ADX's share of this commitment is 50%. To date 90 km of 2D and 35km<sup>2</sup> of 3D seismic has been acquired. In order to complete the exploration program a 30 month extension of the exploration period has been signed with NAMR on 4 June 2015.

### 9. Subsequent Events

No matter or circumstance has arisen since 30 June 2015 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.