



ADX Energy Ltd

ABN 50 009 058 646

**HALF-YEAR FINANCIAL REPORT
FOR THE PERIOD ENDED
31 DECEMBER 2011**

Directors

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

Company Secretary

Peter Ironside

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Solicitors

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

Bankers

National Australia Bank
100 St George's Terrace
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Stock Exchange Listing

Australian Stock Exchange
2 The Esplanade
Perth, Western Australia 6000
ASX Code: ADX

Auditors

Rothsay Chartered Accountants
Level 18, Central Park Building
152-158 St Georges Terrace
Perth, Western Australia 6000

ADX ENERGY LTD
DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2011.

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	Non-Executive Chairman
Dr Wolfgang Zimmer	Managing Director
Mr Paul Fink	Technical Director
Mr Andrew Childs	Non-Executive Director

REVIEW AND RESULTS OF OPERATIONS

The review of the Company's operations during the half-year ended 31 December 2011 is as follows:

The net loss for the half-year ended 31 December 2011 was \$2,802,000 (2010: \$1,098,000) after exploration write-downs of \$1,512,000.

OFFSHORE ITALY AND TUNISIA (ADX operated, 60% interest) - Kerkouane & Pantelleria Permit, d364 C.R.-AX permit (all ADX operated)

In the offshore Kerkouane license, Tunisia, a 2D seismic survey was completed under a data exchange and acquisition agreement with Shell as part of larger program being undertaken by Shell in their adjacent Sicily Channel licenses. The final PSTM (pre stack time migration) data processing continued on schedule. Under the agreement ADX and its partners have obtained a total of 104 km of 2D seismic in the area around the Kerkouane-1 gas discovery well, which is located in the NE part of the Kerkouane license.

Also within the Kerkouane license a new 3D depth conversion of the Dougga condensate field and Lambouka discovery area were undertaken, using the seismic migration velocities of the PGS Geostreamer 3D survey. ADX conclusion is that the impact on resources upside of the Dougga condensate field is substantial – and has therefore started a review project with an independent competent person company.

A large opportunity of significant size was identified in Lambouka (see Table 1) below the drilled section and ADX intends to explore this in conjunction with future appraisal of the shallower Lambouka gas discovery.

In addition to the Dougga and Lambouka discoveries a number of appraisal and exploration prospects and leads were identified both on 3D and 2D seismic data. The most likely prospective resource estimates are summarized in the two tables below:

Table 1: Prospects covered by 3D, most likely (ML) prospective resource estimate

Project Name	Status	Resource Estimate [mmboe]	Likely Fluid
Lambouka-Deep	Drill Deeper - Exploration	126	gas condensate
Dougga West	Near Field Exploration	226	oil or gas condensate (resource base on Birsa oil case)
Elissa	Exploration	57	gas condensate
TOTAL COVERED BY 3D SEISMIC		409 mmboe	

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DIRECTORS' REPORT

Table 2: Prospects and leads covered by 2D seismic only, ML prospective resources

Project Name	Status	ML Resource [mmboe]	Fluid
Kerkouane	Appraisal	87	gas condensate
Lambouka Overthrust	Exploration	17	gas condensate
Tazerka - North	Exploration	24	oil
Galliano	Exploration	122	gas condensate
East Galliano	Exploration	146	gas condensate
North Zibbibo	Exploration	20	oil
Cap Bon Mare	Exploration	77	gas condensate
Carthage	Exploration	79	gas condensate
TOTAL COVERED BY 2D SEISMIC		572 mmboe	

As a result of the progressive coverage of the Sicily Channel with modern 3D and 2D data (Shell, ADX), and ADX in house work which has confirmed excellent prospectivity on trend with its Kerkouane exploration and appraisal projects, an application was made for two adjacent permits in Italy. In the case of one permit the application process was completed ("d 364 C.R.-AX"), for the other one the application is still pending. Since more acreage is being taken up by other companies in the area (i.e. Shell, Repsol, ENI) another reason for the application is to get protection acreage for prospects and leads which may extend from the Tunisian Kerkouane permit into neighbouring Italian waters.

ONSHORE TUNISIA (ADX operated, 40% interest) - Chorbane Permit: Sidi Dhafer Oil Discovery

Following the completion of farm outs to secure funding for drilling the Sidi Dhafer-1 exploration well was drilled without safety and environmental incidents to a total depth of 2,011 meters. Although the country situation in Tunisia continues to improve significantly after the revolution, ADX was at the time of drilling the only operator in country to operate an exploration well in a populated area.

Based on wireline data, MDT reservoir fluid samples, crude oil analysis and petrophysical analysis, ADX has estimated the mean contingent oil in place (OIP) resource in the Bireno section to be 51 mmbbls. The Bireno formation hosts a number of producing oil fields in the area. An estimated 20 meter dolomitized section intersected in Sidi Dhafer is prognosed to be of particularly good reservoir quality and an oil sample was retrieved out of this section. The confirmation of recoverable volumes and resulting potential reserves are contingent upon a successful well where the primary objective will be proving commercial flow rates and determining likely recovery factors.

Following a competitive tender and bidding process, an LOI (Letter of Intent) was signed with DIETSWELL SA, for the provision of the Sedlar-160 drilling rig to undertake the well testing of the Sid Dhafer #1 well.

ONSHORE ROMANIA (ADX operated, 60% interest) - Parta Concession and AMI Activities

ADX is the operator and held a 60% interest in the permit. The Parta block has an area of 1,221 km² and is located in the prolific oil and gas producing southern Pannonian basin. This prospective block covers 7 excised oil and gas fields and is considered underexplored based on seismically identified prospectivity.

Following the signature of the fiscally very attractive concession agreement, all required ministerial signatures were obtained and sent to the Prime Minister for final ratification, which is still pending.

Given that the PM signature is regarded as a formality ADX started a tender process for both 2D and 3D seismic acquisition in 2012. The 3D will focus on a proven oil prone area in the north of Parta, whereas the 2D will focus on delineation of new prospects and firm up large stratigraphic gas plays in the southern and middle part of Parta.

ADX ENERGY LTD

DIRECTORS' REPORT

The tender process was completed with a good turnout of potential seismic contractors who are technically qualified to undertake the seismic acquisition. 4 offers from various Europe based contractors were evaluated in detail based on commercial and technical criteria for the final contract award.

Asset transactions and Corporate Activities

Significant asset transactions and corporate activities were as follows:

- In the Sicily Channel licenses offshore Tunisia and Italy (Kerkouane and Pantelleria) a Sale and Purchase Agreement was executed to buy back a further 10% interest in the Lambouka prospect area from PharmAust Limited (PAA) and a 20% interest from Carnavale Resources Limited (CAV). ADX holds now a 60% interest in the Kerkouane permit including the Lambouka Prospect Area.

CAV paid US\$ 765,000 to ADX as a condition of the deal as reimbursement for past joint venture costs. As consideration for the interest, ADX issued 11,172,535 ordinary shares, approximately 70% of which are subject to phased escrow provisions. In the event that production is derived from a development of the Lambouka-1 well discovery, ADX will additionally pay two production payments of US\$1 million each, after 6 and 12 months continuous production respectively.

ADX issued 1,000,000 ordinary shares as consideration for the interest from PAA and also forgave PAA for outstanding past joint venture costs totaling \$400,473. PAA paid ADX US\$ 50,000 in cash as part of the agreement.

- In November 2011, ADX successfully placed 23,805,357 shares to institutions and sophisticated investors at an issue price of 8 cents per share raising gross proceeds of \$1,914,000.
- In December 2011, ADX successfully completed a Share Purchase Plan with XXX shares issued at an issue price of 8 cents per share raising gross proceeds of \$270,000.

SUBSEQUENT EVENTS

The following events have occurred since 31 December 2011:

- The preparations for testing of the Sidi Dhaher-1 oil discovery have now been completed and scheduling to move the rig and auxiliary equipment to the well site is currently underway with key site personnel in place. On behalf of the joint venture ADX is also undertaking preparations for an extended well test to establish long term flow performance in the event of a successful test.
- In Romania, a buy back of the interests of Caspian Oil & Gas Limited and Sibinga Petroleum Limited each having held a 20% interest in the Joint Venture in Romania was completed successfully. The transactions reposition ADX as the operator and 100% interest holder in the Parta concession and eleven prospecting permits. ADX has received considerable third party interest for participation in this prospective acreage from larger European companies. The consideration for acquiring these companies interests is the reimbursement by ADX to each company for past joint venture contributions (a total of euro 673,243, approximately A\$865,000).

No other matter or circumstance has arisen since 31 December 2011 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.

ROUNDING

The amounts contained in this report and in the financial statements have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

ADX ENERGY LTD
DIRECTORS' REPORT

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 31 December 2011 interim financial statements; and
- no contraventions of any applicable code of professional conduct in relation to the review.

Graham Swan
Lead Auditor
Rothsay Chartered Accountants"

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



Wolfgang Zimmer
Managing Director
PERTH, 12 March 2012

ROTHSAY

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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 31 December 2011.

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 31 December 2011 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 31 December 2011 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



Graham R Swan
Partner

Dated 12th March 2012



Chartered Accountants

Liability limited by the Accountants Scheme, approved
under the Professional Standards Act 1994 (NSW).

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 31 December 2011 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, 12 March 2012

ADX ENERGY LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Note	Consolidated Half-year ended 31 Dec 2011 \$'000	Consolidated Half-year ended 31 Dec 2010 \$'000
Continuing Operations			
Revenue and Income			
Interest Revenue		14	18
Other revenue		4	1
		18	19
Expenses			
Administration and corporate expenses, net of recoveries from exploration projects	3	712	940
Exploration expensed		175	177
Exploration impairment	5	1,512	-
Share of loss from associate		421	-
		2,820	1,117
Loss before income tax		(2,802)	(1,098)
Income tax expense			-
Net loss for the half-year		(2,802)	(1,098)
Other Comprehensive Income/(Loss)			
Exchange differences on translation of foreign operations		(192)	(3,122)
Income tax relating to items of other comprehensive income/(loss)		-	-
Other comprehensive income/(loss) for the period, net of tax		(192)	(3,122)
Total comprehensive income/(loss) for the period		(2,994)	(4,220)
Cents Per Share			
Basic loss per share	2	(0.68)	(0.32)

ADX ENERGY LTD
BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	Consolidated As at 31 Dec 2011 \$'000	Consolidated As at 30 June 2011 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		2,919	783
Trade and other receivables		229	2,818
Other financial assets at fair value		8	7
Total Current Assets		3,156	3,608
Non-Current Assets			
Receivables		34	35
Property, plant and equipment		98	119
Deferred exploration expenditure	5	10,389	9,578
Investment in associate		4,322	4,743
Total Non-Current Assets		14,843	14,475
Total Assets		17,999	18,083
LIABILITIES			
Current Liabilities			
Trade and other payables		738	1,492
Provisions		28	33
Total Current Liabilities		766	1,525
Total Liabilities		766	1,525
Net Assets		17,233	16,558
EQUITY			
Contributed equity	6	61,511	58,504
Reserves		3,405	2,935
Accumulated losses		(47,683)	(44,881)
Total Equity		17,233	16,558

ADX ENERGY LTD

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Contributed Equity \$'000	Reserves \$'000	Accumulated Losses \$'000	Total Equity \$'000
CONSOLIDATED				
At 1 July 2010	53,652	4,180	(39,044)	18,788
Loss for the half-year	-	-	(1,098)	(1,098)
Exchange differences on translation of foreign operations	-	(3,122)	-	(3,122)
Total comprehensive loss for the period, net of tax	-	(3,122)	(1,098)	(4,220)
Transactions with owners in their capacity as owners:				
Issue of share capital, net of transaction costs	4,849	-	-	4,849
Share based payments	-	702	-	702
	4,849	702	-	5,551
At 31 December 2010	58,501	1,760	(40,142)	20,119
At 1 July 2011	58,504	2,935	(44,881)	16,558
Loss for the half-year	-	-	(2,802)	(2,802)
Exchange differences on translation of foreign operations	-	(192)	-	(192)
Total comprehensive loss for the period, net of tax	-	(192)	(2,802)	(2,994)
Transactions with owners in their capacity as owners:				
Issue of share capital, net of transaction costs	2,079	-	-	2,079
Share based payments – acquisition of exploration	928	-	-	928
Share based payments	-	662	-	662
	3,007	662	-	3,669
At 31 December 2011	61,511	3,405	(47,683)	17,233

ADX ENERGY LTD

STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

CONSOLIDATED	Half-year ended 31 Dec 2011 \$'000	Half-year ended 31 Dec 2010 \$'000
Cash Flows from Operating Activities		
Receipts in the ordinary course of activities	58	28
Payments to suppliers and employees	(542)	(1,105)
Interest received	14	18
Net Operating Cash Flows	(470)	(1,059)
Cash Flows from Investing Activities		
Payments for plant and equipment	(2)	-
Payments for capitalised exploration expenditure	(2,289)	(7,210)
Proceeds from sale of Cooper Basin interest	-	1,058
Proceeds from farmout agreement – Chorbane	-	1,381
Receipts from exploration bonds	1,021	1,548
Receipts from exploration partners	135	97
Payments made on behalf of joint venture partners	(677)	(614)
Repayments from joint ventures	2,335	689
Receipts from exploration refunds	-	-
Other payments	-	(5)
Net Investing Cash Flows	523	(3,056)
Cash Flows from Financing Activities		
Proceeds from issue of shares	2,184	4,800
Payment of share issue costs	(106)	(7)
Net Financing Cash Flows	2,078	4,793
Net Increase/(Decrease) In Cash and Cash Equivalents	2,131	678
Cash and Cash Equivalents at beginning of half- year	783	2,271
Effect of foreign exchange rates	5	(21)
Cash and Cash Equivalents at End of Half-Year	2,919	2,928

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

1. Basis of Preparation of Half-Year Financial Statements

This general purpose financial report for the half-year ended 31 December 2011 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 30 June 2011 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. All values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

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.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

New Accounting Policies

Since 1 July 2011 the Group has adopted the following Standards and Interpretations, which became operative for annual periods beginning on or after 1 July 2011. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

The following have been adopted from 1 July 2011:

- AASB 124 Related Party Disclosures.
- AASB 1054 Australian Additional Disclosures.
- AASB 2009-12 Amendments to Australian Accounting Standards.
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.
- AASB 2010-5 Amendments to Australian Accounting Standards.
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets.
- AASB 2011-5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation.

The Group has not elected to early adopt any new standards or amendments.

Basis of Consolidation

The half year consolidated financial statements comprise the financial statements of ADX Energy Ltd and its subsidiaries ("Group") as at 31 December 2011.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

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	
31 December 2011	31 December 2010
\$'000	\$'000

3. Expenses

Administration and corporate expenses include:

Depreciation	29	5
Share based payments – options	662	702

4. Non-Cash Financing and Investing Activities

- a) A Sale and Purchase Agreement was signed with Carnavale Resources Limited ("CAV") on 12 August 2011 to buy back a 20% interest in the Lambouka Prospect Area in the Kerkouane Permit. An option to purchase an interest in the extension of the Lambouka Prospect into Italian waters (Pantelleria Permit) was also cancelled as part of the agreement. As consideration for the interest, ADX issued 11,172,535 ordinary shares (\$860,000). In the event that production is derived from a development of the Lambouka-1 well discovery, ADX will additionally pay two production payments of US\$1 million each, after 6 and 12 months continuous production respectively.
- b) ADX entered into a Sale and Purchase Agreement with PharmAust Limited ("PAA") on 9 September 2011 to buy back a 10% interest in the Lambouka Prospect Area. ADX issued 1,000,000 ordinary shares (\$68,000) as consideration for the interest and also forgave PAA for outstanding past joint venture costs totaling \$400,473.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Consolidated	
	31 December 2011 \$'000	30 June 2011 \$'000
5. Deferred Exploration Expenditure		
Deferred exploration and evaluation costs brought forward	9,578	12,826
Capitalised expenditure incurred during the year	1,132	6,706
Shares issued – Lambouka buy-back – refer note 4	928	-
Shares issued – Millrose JV option agreement	-	128
Expenditure written off during the year	(1,512)	(6,912)
Sale of subsidiary – exploration assets	-	(1,401)
Currency translation differences	263	(1,769)
Deferred exploration and evaluation costs carried forward	10,389	9,578

6. Contributed Equity

Number of Shares	Summary of Movements	Issue Price	\$'000
398,955,458	Opening balance 1 July 2011		58,504
11,172,535	Acquisition of 20% interest in Lambouka – refer note 4	7.7 cents	860
1,000,000	Acquisition of 10% interest in Lambouka – refer note 4	6.8 cents	68
23,805,357	Placement on 24 November 2011	8 cents	1,915
3,375,000	Share Purchase Plan (SPP) on 16 December 2011	8 cents	270
	Costs of placement - cash		(106)
438,308,350	Closing Balance at 31 December 2011		61,511

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

7. Operating Segments

Operating Segments	Minerals	Oil and Gas	Total Operations
	\$'000	\$'000	\$'000
<u>Six Months ended 31 December 2011</u>			
Revenue	-	-	-
Total segment revenue			-
Result			
Segment result	(421)	(271)	(692)
Amortisation and depreciation	-	(27)	(27)
Impairment of deferred explorations	-	(1,512)	(1,512)
Total Segment result	(421)	(1,810)	(2,231)
Reconciliation of segment loss after tax to net loss after tax:			
Unallocated revenue and income			17
Foreign currency gains/(losses)			35
Unallocated depreciation			(2)
Unallocated expenditure			(621)
Net loss after tax			(2,802)
Assets			
Segment assets	4,322	10,963	15,285
Reconciliation of segment assets:			
Cash held by parent			2,621
Other			93
Total assets			17,999
Liabilities			
Segment liabilities	-	634	634
Reconciliation of segment liabilities:			
Unallocated liabilities			132
Total liabilities			766

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

7. Operating Segments – continued

Operating Segments	Minerals	Oil and Gas	Total Operations
	\$'000	\$'000	\$'000
<u>Six Months ended 31 December 2010</u>			
Revenue	-	-	-
Total segment revenue			-
Result			
Segment result	(19)	(197)	(216)
Amortisation and depreciation	-	(3)	(3)
Impairment of deferred explorations	-	-	-
Total Segment result	(19)	(200)	(219)
Reconciliation of segment loss after tax to net loss after tax:			
Unallocated revenue and income			18
Foreign currency losses			(2)
Unallocated depreciation			(2)
Unallocated expenditure			(893)
Net loss after tax			(1,098)
Assets			
Segment assets	1,476	18,148	19,624
Reconciliation of segment assets:			
Cash held by parent			2,497
Other			102
Total assets			22,223
Liabilities			
Segment liabilities	8	1,905	1,913
Reconciliation of segment liabilities:			
Unallocated liabilities			191
Total liabilities			2,104

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

8. Share Based Payments

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

	Consolidated	
	31 December 2011 \$'000	31 December 2010 \$'000
Expensed in the profit and loss:		
Share-based payments - options	662	702
Included in capitalised exploration :		
Share-based payments - shares	928	128

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

6 Months to 31 December 2011

No options granted

During the 2011 half-year, 12,172,535 shares (\$928,000) were issued in consideration for the buy-back of interests in the Lambouka project (refer note 4). The fair value was based on the market value at the time the shares were issued.

6 Months to 31 December 2010

Granted to employees and consultants on 5 July 2010 were 2,750,000 options expiring 31 December 2012, exercisable at 25 cents each, vesting 1 May 2012.

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:

Grant date	5/7/2010
Option exercise price (\$)	0.25
Expected life of options (years)	2.49
Dividend yield (%)	-
Expected volatility (%)	121
Risk-free interest rate (%)	5.28
Underlying share price (\$)	0.24
Value of Option (\$)	0.1612

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.

During the 2010 half-year, 750,000 shares (\$127,500) were issued in consideration for an option agreement in relation to Millrose Joint Venture Exploration licence 53/600. The fair value was based on the market value for the licence agreement.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

9. Commitments and Contingencies

Since the last annual reporting date, there have been no material changes of any commitments or contingent liabilities.

10. Equity Facility

In October 2009, ADX Energy Ltd executed a Committed Equity Facility Agreement to secure an A\$20,000,000 facility with Trafalgar Capital Specialised Investment Fund, Luxembourg (Trafalgar). Subject to terms and conditions of the facility, ADX Energy Ltd may, at its discretion, issue shares to Trafalgar at any time over the next 30 months. Shares issued to Trafalgar will be priced at 95% of the lowest of the daily volume weighted average price ("VWAP") of the Ordinary Shares on ASX as quoted by Bloomberg during the prior five consecutive trading day period. This facility expires April 2012.

As at 31 December 2011, the equity facility has not been utilised.

11. Subsequent Events

The following events have occurred since 31 December 2011:

- The preparations for testing of the Sidi Dhaher-1 oil discovery have now been completed and scheduling to move the rig and auxiliary equipment to the well site is currently underway with key site personnel in place. On behalf of the joint venture ADX is also undertaking preparations for an extended well test to establish long term flow performance in the event of a successful test.
- In Romania, a buy back of the interests of Caspian Oil & Gas Limited and Sibinga Petroleum Limited each having held a 20% interest in the Joint Venture in Romania was completed successfully. The transactions reposition ADX as the operator and 100% interest holder in the Parta concession and eleven prospecting permits. ADX has received considerable third party interest for participation in this prospective acreage from larger European companies. The consideration for acquiring these companies interests is the reimbursement by ADX to each company for past joint venture contributions (a total of euro 673,243, approximately A\$865,000).

No other matter or circumstance has arisen since 31 December 2011 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.