



**ANNUAL REPORT**

**31 DECEMBER 2013**

# ADX ENERGY LTD

## CONTENTS

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<b>Contents</b>	<b>Page</b>
Corporate Directory.....	2
Managing Director's Report.....	3
Operations Report.....	5
Directors' Report.....	9
Corporate Governance Statement.....	19
Directors' Declaration.....	25
Consolidated Statement of Comprehensive Income.....	26
Consolidated Balance Sheet.....	27
Consolidated Statement of Changes in Equity.....	28
Consolidated Statement of Cash Flows.....	29
Notes to the Financial Statements.....	30
Auditors' Report.....	61
Additional Shareholder Information.....	63
Tenement Schedule.....	65

**ADX ENERGY LTD**  
**CORPORATE DIRECTORY**

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**Directors**

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

**Company Secretary**

Peter Ironside

**Registered and Principal Office**

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**Share Registry**

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Telephone: +61 8 9323 2001  
Facsimile: +61 8 9323 2033

**Solicitors**

Herbert Smith Freehills  
250 St Georges Terrace  
Perth Western Australia 6000

**Bankers**

National Australia Bank  
100 St Georges Terrace  
Perth Western Australia 6000

Commonwealth Bank of Australia  
1254 Hay Street  
West Perth Western Australia 6005

**Stock Exchange Listing**

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

**Auditors**

Rothsay Chartered Accountants  
Level 1, Lincoln Building  
4 Ventnor Avenue  
West Perth Western Australia 6005

**ADX ENERGY LTD**  
**MANAGING DIRECTOR'S REPORT**

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Wolfgang Zimmer  
Managing Director

Dear Shareholders

Please note that since last year our annual reporting is on a calendar year basis and all references to quarters are also for calendar year quarters.

**Focus on Romania**

The year 2013 saw a focus of our activities on our Romanian asset. Romania represents an important growth opportunity in line with ADX's strategy to focus its resources on core areas which offer excellent fiscal terms, proven prospectivity, and access to markets, including direct gas transmission into the European markets. We commenced seismic operations in the Parta permit early in the year and after a break over the harvesting period, continued operations throughout the fourth quarter.

Our permitting activities experienced some delays caused by unusual land access issues which have been unheard of in the past. We have therefore increased the permitting efforts in support of the local seismic service company. Good progress has been made to date with several large landowners.

I look forward to the coming year which I expect will result in significant progress across our Romanian prospective asset base. Your Board expects these activities will provide ADX shareholders with exposure to some exceptional exploration drilling opportunities.

**Consolidation in Tunisia**

With the withdrawal of Gulfsands from our offshore permit Kerkouane and the transfer of ADX remaining non operated interest in the onshore permit Chorbane to Gulfsands, ADX now holds a 100 % interest in the offshore permit Kerkouane. With these transactions ADX has positioned itself to better capitalise on the Sicily Channel assets in the coming year. The 100% interest in the Kerkouane permit enables ADX to offer improved terms for the expected industry farm out. Several interested companies have and still are currently reviewing the asset. We will update the market as soon as a legally binding offer has been made.

While it is difficult to predict capital markets in the medium term we remain positive about Tunisia as an investment destination, the country's political transformation and in particular of our ability to engage with the relevant authorities to progress our asset base and overcome operational challenges.

**New Ventures**

ADX is routinely screening exploration, appraisal and development opportunities in its areas of interest and beyond Tunisia and Romania. The Company continues to seek new opportunities for portfolio growth as well as synergistic corporate opportunities that offer cash flow and increased materiality.

**Organisational Structure**

ADX continued to maintain small offices in Vienna, Tunis and Bucharest in addition to its headquarters in Perth for reasons of operational efficiency and to take advantage of the opportunities available in Eastern Europe and the Mediterranean areas.

**ADX ENERGY LTD**  
**MANAGING DIRECTOR'S REPORT**

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**Outlook 2014**

Looking forward to 2014 the Company has exceptional opportunities in Tunisia and Romania:

- Preparation for exploration drilling of the Dougga West oil prospect and appraisal drilling of the Dougga gas condensate field offshore Tunisia to determine commerciality.
- Completion of seismic operations in preparation for drilling in the highly prospective Parta permit, onshore Romania.

On behalf of the Board of ADX I would like to thank our shareholders for their support and believe that their patience will be rewarded given the exceptional potential of the Company's asset base in comparison to the Company's current capitalisation.



WOLFGANG ZIMMER

**ADX ENERGY LTD**  
**OPERATIONS REPORT**

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Paul Fink  
Technical Director

**ROMANIA**

**PARTA – EX10 EXPLORATION LICENSE & PROSPECTING LICENSES**

**Operator: ADX**

**Interest: 50%**

ADX currently holds a petroleum exploration concession agreement for the PARTA-EX10 block in western Romanian and eight (8) so called prospecting permits in various hydrocarbon prospective parts of Romania (Figure 1).

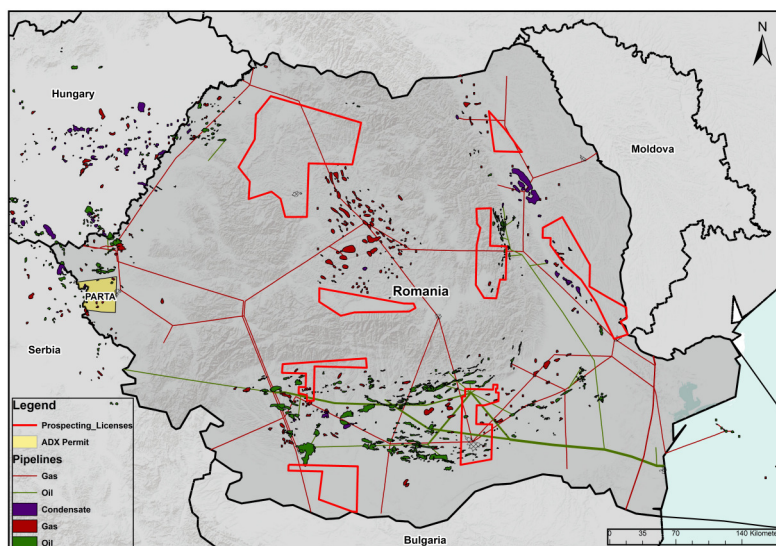


Figure 1. Parta block (1,221 km<sup>2</sup>, yellow area), Western Romania and prospecting licenses (red)

Despite a good number of producing oil & gas fields, exploration activities in Parta ceased with the fall of the Communist regimes in Romania in 1989, with exploration activities already very low in the years prior to the 1989 revolution. Following the Parta concession agreement government ratification in late November 2012 the following activities were carried out in 2013:

- Start of 2D seismic operations in February 2013, with a temporary suspension due to bad weather in April.
- Recommencement of 2D seismic operations<sup>1</sup> in October 2013 and completion of the 2D commitment.
- Start of the 3D seismic operations
- Processing of newly acquired data and special (AVO) processing over newly discovered potential drilling prospects

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<sup>1</sup> A report on the seismic operations with Romanian seismic contractor Prospectiuni SA was filed with the Romanian government authority ANMR (Agenția Națională pentru Resurse Minerale) on 31 January 2014.

**ADX ENERGY LTD**  
**OPERATIONS REPORT**

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Due to a number of reasons related partly to weather and anti-natural resources exploration sentiment, the seismic program could not be completed as quickly as initially anticipated. Despite these adversities ADX has however succeeded on two fronts:

First, the newly acquired high quality seismic data has resulted in a number of new leads and has confirmed the ADX strategy to enter proven and politically stable hydrocarbon provinces with modern seismic technology in order to identify overlooked conventional oil and gas fields and so called stratigraphic traps. An example is given below in Figure 2 where a newly identified structural oil prospect ("Matterhorn") has gained further support and risk reduction by a shallower AVO anomaly, indicating natural gas presence.

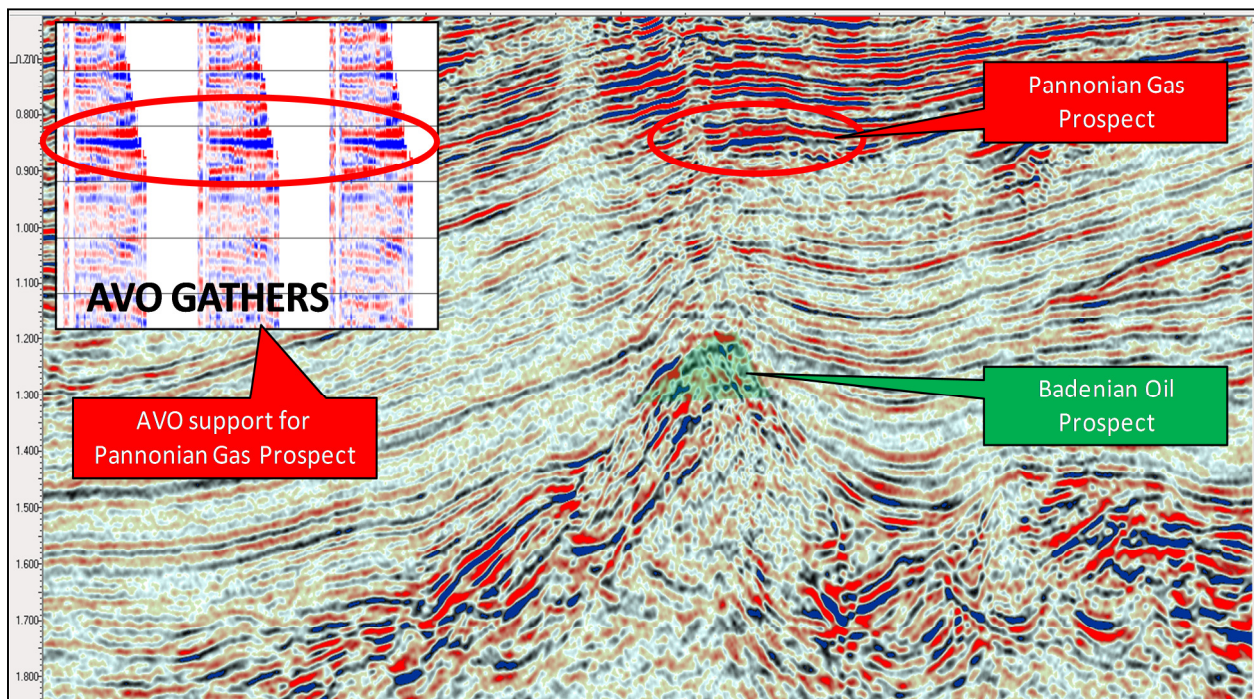


Figure 2. "Matterhorn" oil prospect supported by shallower (900 meters) possibly gas related "AVO" anomaly

Secondly, ADX is the only exploration company out of the companies having bid successfully in the last license round who has already acquired a substantial amount of new seismic data in onshore Western Romania and fulfilled its 2D seismic commitment. This was not only achieved by successfully starting seismic acquisition at the earliest possible date but also by engaging with the local population in an open dialogue to personally address the misinformation distributed by anti shale gas activists.

**Outlook for 2014:**

While this approach takes time it however builds a positive long term relationship of mutual trust with the local population and could also lead to a faster approval process for the exploration drilling campaign which is now planned for late 2014, after Q3 completion of some additional 2D seismic and the 3D seismic. Subject to Joint operation ("JO") approval this date could however be brought forward if the JO decided to drill a prospect such as the "Matterhorn" identified on 2D seismic. Due to the relatively shallow target depths and relatively young geological age of rocks in the area (mainly Pliocene and Upper Miocene age) drilling costs are the lowest within the ADX portfolio.

In addition to the Parta operations, ADX has further prepared for the expected 2014 licensing rounds and conducted corporate New Venture activities. As part of these activities ADX has continued to build its lead & prospect portfolio for the prospecting permits (Figure 1).



# ADX ENERGY LTD

## OPERATIONS REPORT

### TUNISIA and ITALY

Kerkouane Permit, Pantelleria Permit

Operator: ADX Energy Ltd

Interest (as of December 2013): 100% interest in the Tunisian Kerkouane license, 100% in the Pantelleria License (Italy)

The ADX operated licenses are located in the offshore Sicily Channel between Tunisia's Cap Bon area and the island of Sicily (Italy) and comprise an area of approximately 5,000 sqkm (Figure 3).

A regional prospectivity and play fairway review demonstrated that the ADX licenses are within the so called foothill belt and overthrust area which contains large to giant anticlines. This is in contrast to the Gulf of Hammamet foreland area where a large number of only medium to small sized oil & gas fields were discovered in the past.

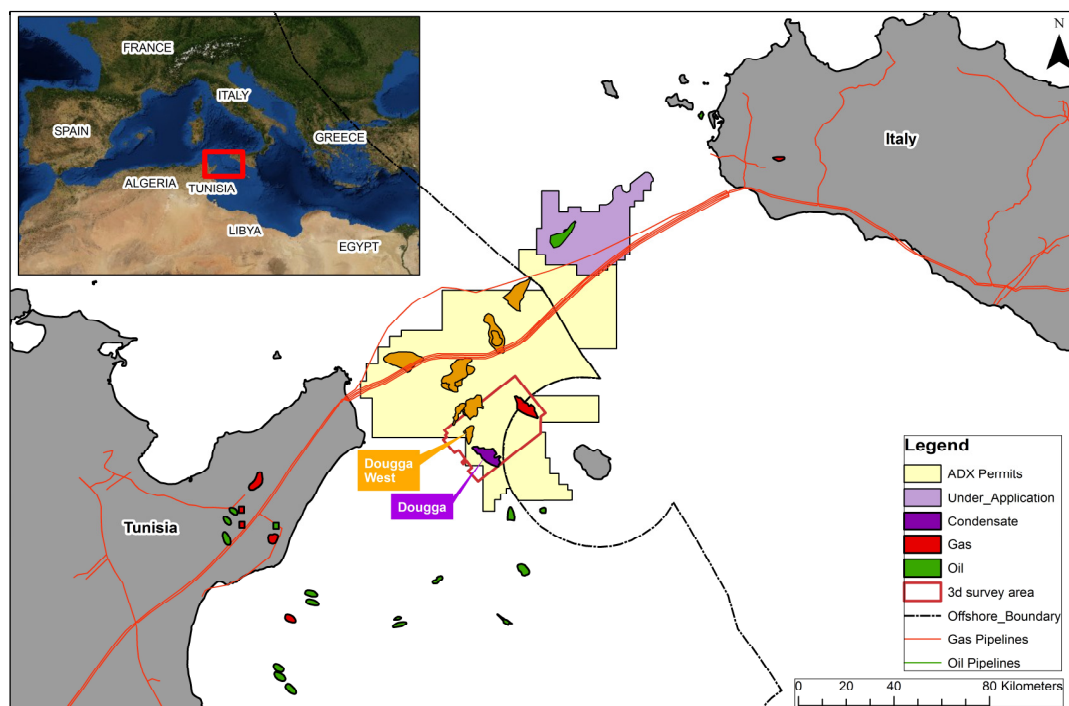


Figure 3 ADX Sicily Channel Licenses

Following an independent competent person's review and development feasibility study of the Dougga gas condensate appraisal opportunity a third party review was also undertaken for the so called Dougga West oil prospect, which is located only 10 km to the northwest of the Dougga gas condensate field. Perth based ISIS Petroleum Consultants ("ISIS") have confirmed the prospective upside resource potential just for the Upper Birsa sandstone reservoir in excess of a billion barrels and estimated the most likely (mean) unrisked OIP ("oil in place") at 423 mmbbls. (The P90 recoverable prospective resource<sup>2</sup> was estimated at 92 mmbbls, the P10 recoverable prospective resource at 925 mmbbls, respectively). The Birsa sandstone has proven to be a high porosity high permeability reservoir in nearby oil fields and therefore excellent oil flow rates and recovery factors in excess of 30% can be expected, subject to the development plan and the number of production wells.

In addition to the proven Upper Birsa reservoir which is expected at around 1900 meters below sea level, several secondary targets exist within the Dougga West structure as is illustrated in figure 4 below.

<sup>2</sup> The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) 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



**ADX ENERGY LTD**  
**OPERATIONS REPORT**

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**Outlook for 2014:**

The focus in 2014 will be on progressing the farmout activities now that ADX has again regained 100% of the license and hence a larger degree of freedom in negotiating a deal. Subject to the 2 year license extension approval, which was positively discussed and agreed with the relevant Tunisian authorities in late 2103, further 3D (dual sensor) seismic may be acquired, including the so called “Backthrust Lead” shown in figure 4 below.

While Dougga is already fully covered with 3D seismic, the reservoir upside potential and further alternative development schemes will be the focus of technical studies on this field. For example, the 30% CO<sub>2</sub> (carbon dioxide) contents of the gas condensate which is currently only adding to the development CAPEX could turn out to be a significant value add if a methanol production is envisaged as the ideal development scenario.

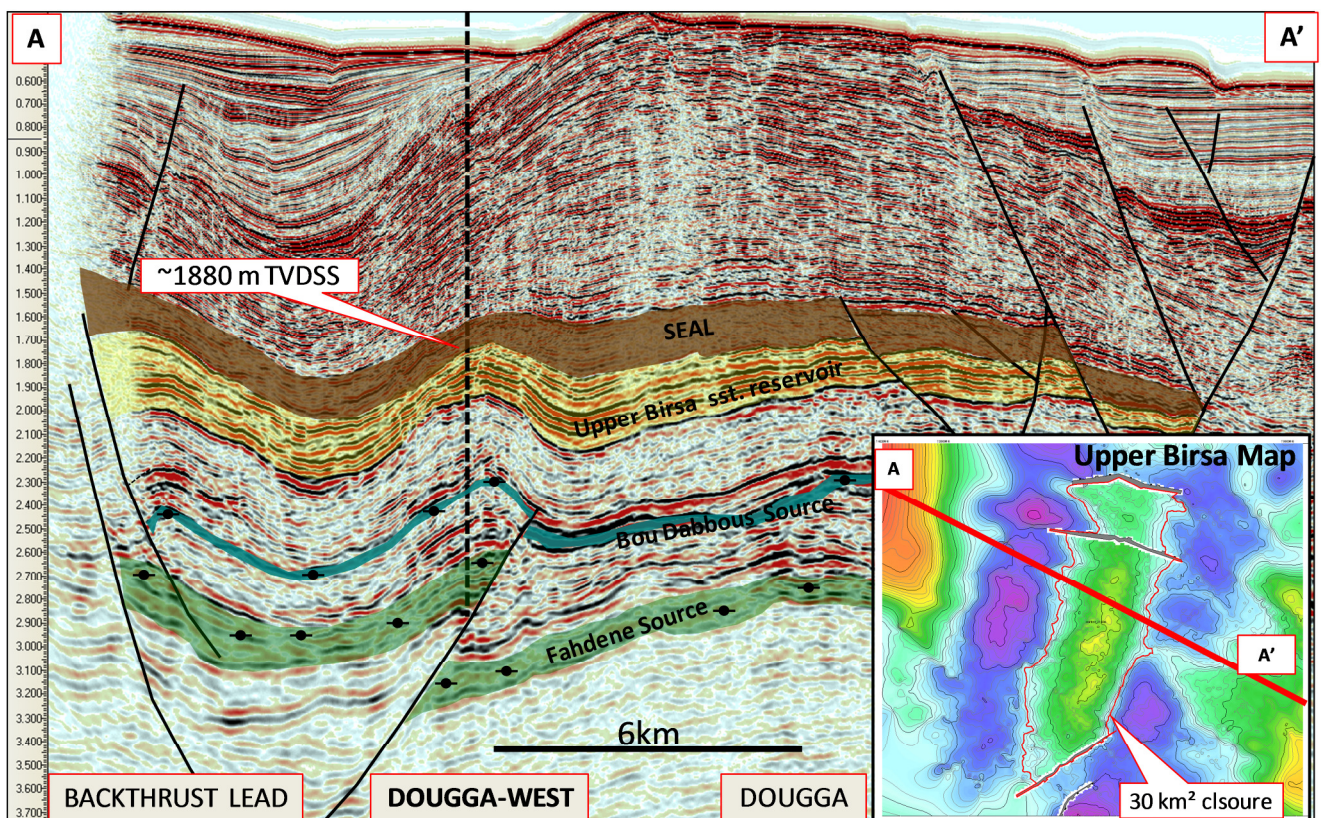


Figure 4 Dougga West Upper Birsa Oil Prospect

**TUNISIA**

**Chorbane Permit (divestment of non-operated asset)**

As part of the Kerkouane deal with Gulfsands Petroleum, ADX has fully divested its onshore Chorbane block interest. The divestment is in line with ADX's strategy to operate its assets. Also, after the drilling of the last very large structure in the block (i.e. “Sidi Dhafer”), the remaining medium sized prospects were not competitive in terms of resource size compared to the ADX operated Romanian portfolio. Here ADX can operate in a significantly better fiscal and lower drilling cost environment than onshore Tunisia.

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

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Your Directors present their report for the year ended 31 December 2013.

**DIRECTORS**

The names and particulars of the Directors of the Company in office during the financial year and up to the date of this report were as follows. Directors were in office for the entire year unless otherwise stated.



**Ian Tchacos**

**B.Eng (Mech.)**

*Non Executive Chairman (appointed 2 March 2010)*

Mr Tchacos is a Petroleum Engineer with over 25 years international experience in corporate development and strategy, mergers and acquisitions, petroleum exploration, development and production operations, commercial negotiation, oil and gas marketing and energy finance. He has a proven management track record in a range of international oil company environments.

As Managing Director of Nexus Energy he was responsible for this company's development from an onshore micro cap explorer to an ASX top 200 offshore producer and operator.

*Other directorships of listed companies in the last three years:* Australian Oil Company Limited (until 1/5/2013) and Riedel Resources Limited (current).



**Wolfgang Zimmer**

**PhD - Geology and Petrology**

*Executive Managing Director (Appointed 10 December 2007)*

Dr Wolfgang Zimmer has 34 years experience in the oil and gas Industry. He received a PhD from the University of Vienna in Geology and Petrology. His career began with Mobil Oil in Austria where he worked in Europe and the USA in the E&P industry. In 1991 he joined OMV and fulfilled a variety of senior management roles for the next 15 years. He established OMV's Exploration and Production business in Australia and New Zealand and was its Managing Director for five years. Dr Zimmer has significant experience in North Africa having been the director of OMV's onshore and offshore production operations in Tunisia. In 2006 he joined Grove Energy, a Canadian and UK listed oil and gas explorer. During his time as CEO Grove was successfully merged with another TSX listed exploration company in 2007.

*Other directorships of listed companies in the last three years:* Riedel Resources Limited (until 30/6/2012).



**Paul Fink**

**MSc (Geophysics)**

*Executive Technical Director (Appointed 25 February 2008)*

Mr Paul Fink is based in Vienna and has over 20 years of petroleum exploration and production industry experience in technical and management positions. Mr Fink is a graduate from the Mining University of Leoben, Austria. He started his career as a processing geophysicist and then worked predominantly on international exploration and development projects and assignments in Austria, Libya, Bulgaria, UK, Australia and finally in Pakistan as Exploration and Reservoir Manager for OMV. In 2005 he started his own petroleum consultancy business working on projects in Romania and as acting Vice President (Exploration) for Focus Energy, leading their highly successful exploration campaign in India.

*Other directorships of listed companies in the last three years:* Nil.

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

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**Andrew Childs**

**BSc (Geology and Zoology)**

*Non Executive Director (appointed 11 November 2009)*

Mr Childs is Executive Chairman of Australian Oil Company Ltd, Chairman of Bombora Energy Pty Ltd, Managing Director of Petroleum Ventures Pty Ltd and Non-Executive Director of Riedel Resources Limited. He is also Principal of Resource Recruitment and Managing Director of International Recruitment Services Pty Ltd.

*Other directorships of listed companies in the last three years:* Australian Oil Company Limited (current), Riedel Resources Limited (current), Xstate Resources Ltd (until 12/11/2013), Jupiter Energy Limited (until 5/10/2010), AIM/TSX listed Stratic Energy Corporation (until 11/2010).

**COMPANY SECRETARY**



**Peter Ironside B.Com, CA**

Mr Ironside has a Bachelor of Commerce Degree and is a Chartered Accountant and business consultant with over 28 years experience in the exploration and mining industry. Mr Ironside has a significant level of accounting, financial compliance and corporate governance experience including corporate initiatives and capital raisings. Mr Ironside has been a Director and/or Company Secretary of several ASX listed companies including Integra Mining Limited and Extract Resources Limited (before \$2.18Bn takeover) and is currently a non-executive director of Zamanco Minerals Limited and Stavely Minerals Limited.

**MEETINGS OF DIRECTORS**

During the financial year, 7 meetings of directors were held. The number of meetings attended by each director during the year is as follows:

	Meetings Held	Meetings Attended
I Tchacos	7	6
W Zimmer	7	7
P Fink	7	7
A Childs	7	7

**DIRECTORS' INTERESTS IN SHARES AND OPTIONS**

The following table sets out each director's relevant interest in shares and options in shares of the Company as at the date of this report.

Name of Director	Number of Shares	Number of Options at 4cents, expiry 15/2/2016
I Tchacos	3,859,429	2,000,000
W Zimmer	10,322,708	6,000,000
P Fink	2,040,000	5,000,000
A Childs	12,320,869	2,000,000

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

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**DIVIDENDS**

No dividends were paid or declared during the year. The Directors do not recommend payment of a dividend.

**ENVIRONMENTAL ISSUES**

The Company's environmental obligations are regulated by the laws of the countries in which ADX has operations. The Company has a policy to either meet or where possible, exceed its environmental obligations. No environmental breaches have been notified by any governmental agency as at the date of this report.

**CORPORATE INFORMATION**

**Corporate Structure**

ADX Energy Ltd is a limited liability company that is incorporated and domiciled in Australia. ADX Energy Ltd has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as follows:

ADX Energy Ltd	-	parent entity
Alpine Oil & Gas Pty Ltd	-	100% owned Australian controlled entity
ADX Energy GmbH	-	100% owned Austrian controlled entity
AuDAX Energy Srl	-	100% owned Italian controlled entity
ADX Energy Panonia Srl	-	100% owned Romanian controlled entity
Bull Petroleum Pty Ltd	-	100% owned Australian controlled entity

**Principal Activity**

The principal activities of the Group during the year were oil and gas exploration. There were no significant changes in the nature of the principal activities during the year.

**Operations review**

Refer to the Operations Review preceding this report.

**Summary of Financial Position, Asset Transactions and Corporate Activities**

A summary of key financial indicators for the Group, with prior period comparison, is set out in the following table:

	Consolidated Year 31 December 2013 \$	Consolidated Six Months 31 December 2012 \$
Cash and cash equivalents held at year end	1,702,778	2,080,538
Net profit/(loss) for the year after tax	(6,603,974)	2,560,937
Included in loss for the year:		
Revenue from farmouts	897,515	3,271,848
Exploration impairment	(4,647,690)	-
Impairment of investment in associate	(609,167)	-
Share of loss in associate	(1,452,425)	(180,248)
Basic profit/(loss) per share (cents) from continuing operations	(1.33) cents	5.44 cents
Net cash (used in) operating activities	(722,199)	(515,113)
Net cash (used in) investing activities	(889,594)	1,399,416
Net cash (used in) financing activities	958,800	752,000

During the year:

- Exploration assets were written down by A\$4,647,690. This was primarily in relation to the Kerkouane permit to reflect a carrying value in line with its value based on farmout discussions.



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

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- ADX's investment in Riedel Resources Limited was written down in June 2013 to reflect current market value at that time.
- A successful placement in October 2013 of 60 million shares to one institutional investor at an issue price of 1.7 cents per share raising gross proceeds of \$1,020,000.
- Additional farmout revenue from 2012 farmouts was recognised and received during the year.
- On 23 December 2013, ADX announced that it had reached an agreement whereby Gulfsands Petroleum plc ("Gulfsands") withdraws from the Kerkouane permit offshore Tunisia and ADX transfers its entire remaining 30% participating interest in its Chorbane exploration permit onshore Tunisia to Gulfsands. Under the terms of the agreement ADX received a cash payment of US\$ 250,000 in January 2014 after execution of this agreement and US\$1,500,000 after receipt of the required government approvals and other conditions, expected to be granted within 4 months.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

Significant changes in the state of affairs of the Company during the financial year are detailed in the Operations Review and Financial Summary in this report.

**FUTURE DEVELOPMENTS**

The Company intends to continue its exploration programme on its existing permits, and to acquire further suitable permits for exploration and development. Additional comments on likely developments are included in the Operations Review.

**REMUNERATION REPORT (AUDITED)**

This report details the nature and amount of remuneration for each Director and Executive of ADX Energy Ltd. The information provided in the remuneration report includes remuneration disclosures that are audited as required by section 308(3C) of the Corporations Act 2001.

For the purposes of this report key management personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise).

For the purposes of this report the term "Executive" includes those key management personnel who are not directors.

**Remuneration Committee**

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered efficient for ADX. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and payments are provided to shareholders in the annual report and on the web. The Board has adopted the following policies for Directors' and executives' remuneration.

**A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION**

**Remuneration Philosophy**

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre Executives;
- link Executive rewards to shareholder value; and
- establish appropriate, demanding performance hurdles in relation to variable Executive remuneration.

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

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**Remuneration structure**

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

**Non-Executive directors' remuneration**

*Objective*

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

*Structure*

Non-executive Directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act as at the time of the Director's retirement or termination. Non-executive Directors' remuneration may include an incentive portion consisting of bonuses and/or options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with ASX listing rules. The option incentive portion is targeted to add to shareholder value by having a strike price considerably greater than the market price at the time of granting.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers the amount of Director fees being paid by comparable companies with similar responsibilities and the experience of the Non-executive Directors when undertaking the annual review process.

**Executive Director Remuneration**

*Objective*

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward Executives for company, and individual performance;
- ensure continued availability of experienced and effective management; and
- ensure total remuneration is competitive by market standards.

*Structure*

In determining the level and make-up of Executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable Executive roles.

Remuneration consists of a fixed remuneration and a long term incentive portion as considered appropriate.

*Fixed Remuneration - Objective*

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board and the process consists of a review of Company and individual performance, and relevant comparative remuneration in the market. As noted above, the Board may engage an external consultant to provide independent advice.

*Fixed Remuneration - Structure*

The fixed remuneration is a base salary or monthly consulting fee.

*Variable Pay — Long Term Incentives - Objective*

The objective of long term incentives is to reward Executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The incentive portion is payable based upon attainment of objectives related to the Executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

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

*Variable Pay — Long Term Incentives – Structure*

Long term incentives granted to Executives are delivered in the form of options. The option incentives granted are aimed to motivate Executives to pursue the long term growth and success of the Company within an appropriate control framework and demonstrate a clear relationship between key Executive performance and remuneration. Director options are granted at the discretion of the Board and approved by shareholders. Other key management employees may be granted options under ADX's employee incentive scheme. Performance hurdles are not attached to vesting periods; however the Board determines appropriate vesting periods to provide rewards over a period of time to key management personnel.

During 2013 there were no performance related payments made.

**B. SERVICE AGREEMENTS**

On appointment to the board, all non-executive directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the executive directors and the other key management personnel are also formalised in service agreements. The major provisions of the agreements relating to remuneration are set out below.

<b>Name</b>	<b>Term of agreement</b>	<b>Base annual salary inclusive of superannuation at 31/12/13</b>	<b>Termination benefit</b>
I Tchacos – Chairman – Directors Fee	Commencing 2 March 2010 and continues whilst a director	\$50,000	None
I Tchacos – Chairman - Consultancy	No current agreement		
W Zimmer – Managing Director – Directors Fee	Commencing 23 August 2010 and continues whilst a director	\$44,000	None
W Zimmer – Managing Director – Consultancy	Term of 3 years commencing 1 February 2013	\$318,000	*
W Zimmer – Managing Director – Consultancy Vienna	Continues whilst a director of Vienna subsidiary	Euro 1,832 (A\$2587)	None
P Fink – Technical Director - Consultancy	Term of 3 years commencing 1 January 2014	\$269,732	*
P Fink – Technical Director – Directors Fee	Commencing 9 September 2010 and continues whilst a director	\$30,000	None
A Childs – Non-executive Director	Commencing 1 May 2010 and continues whilst a director	\$40,000	None
P Ironside – Company Secretary	Ongoing	\$36,000	None

\* Termination benefits are payable on early termination as follows:

<b>Event</b>	<b>Notice period</b>	<b>Payment in lieu of notice</b>
Termination for serious misconduct	None	None
Employee initiated termination	3 months	3 months
Termination due to specified events	1 month	1 month
ADX initiated termination – W Zimmer	3 months plus 9 months payable	12 months
ADX initiated termination – P Fink	3 months	3 months



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

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***C. DETAILS OF REMUNERATION***

***Directors***

The following persons were Directors of ADX Energy Ltd during the financial year:

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

***Other Key Management Personnel (employees and consultants)***

Peter Ironside	–	Company Secretary
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There were no other persons that fulfilled the role of a key management person, other than those disclosed as Directors.

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

**Remuneration of Key Management Personnel**

Details of the remuneration of each Director and named executive officer of the Company, including their personally-related entities, during the year was as follows:

12 Mths to 31 Dec		Cash salary, directors fees and consulting fees \$	Post Employment	Total Cash \$	Share Based		
			Superannuation \$		Options <sup>(1)</sup> \$	Total including share based payments \$	Remuneration consisting of options during the year %
<b>Directors</b>							
I Tchacos	2013	52,903	4,186	57,089	-	57,089	-
W Zimmer	2013	362,672	-	362,672	-	362,672	-
P Fink	2013	293,153	-	293,153	-	293,153	-
A Childs	2013	36,697	3,349	40,046	-	40,046	-
<b>Other KMP</b>							
P Ironside	2013	36,000	-	36,000	-	36,000	-

6 Mths to 31 Dec							
<b>Directors</b>							
I Tchacos	2012	31,174	2,064	33,438	-	33,438	-
W Zimmer	2012	169,510	-	169,510	-	169,510	-
P Fink	2012	139,998	-	139,998	-	139,998	-
A Childs	2012	19,018	1,712	20,730	-	20,730	-
<b>Other KMP</b>							
P Ironside	2012	18,000	-	18,000	-	18,000	-

<sup>(1)</sup> Share based payments – options. These represent the amount expensed in the year for options granted in the current year and/or in prior years.

There were no performance related payments made during the year. Performance hurdles are not attached to remuneration options; however the Board determines appropriate vesting periods to provide rewards over a period of time to key management personnel.

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

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**D. SHARE-BASED COMPENSATION**

There were no options granted as equity compensation benefits to Directors and other Key Management Personnel during the year (2012: none).

During the year, 500,000 key management personnel options lapsed (2012: 20,325,000), and nil (2012: nil) were forfeited upon resignation.

**Shares issued to Key Management Personnel on exercise of compensation options**

During the year to 31 December 2013, there were no compensation options exercised by Directors or other Key Management Personnel (2012: nil).

End of Remuneration Report.

**INDEMNIFICATION AND INSURANCE OF OFFICERS**

The Company has paid a premium to insure the Directors and Officers of the Company and its controlled entities. Details of the premium are subject to a confidentiality clause under the contract of insurance.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group.

**SHARES UNDER OPTION**

Unissued ordinary shares of the Company under option at the date of this report are as follows:

	<b>Number</b>	<b>Issue Price of Shares</b>	<b>Exercise Date</b>
Unlisted Options	20,500,000	4 cents	Between 18/02/2014 and 15/02/2016

No option holder has any right under the options to participate in any other share issue of the Company or any other related entity.

No share options were exercised by employees or Key Management Personnel during the year.

**SUBSEQUENT EVENTS**

Following the shareholders approval from the general meeting held on 13 February 2014, the Directors were granted the following unlisted options on 24 February 2014:

<b>Name of Director</b>	<b>Number of Options</b>
I Tchacos	2,000,000
W Zimmer	6,000,000
P Fink	5,000,000
A Childs	2,000,000

The Directors approved a grant of 5,500,000 unlisted options granted on 24 February 2014 to employees and consultants.

All of the above options are at an exercise price of 4 cents, expiring 15/2/2016.

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

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**SUBSEQUENT EVENTS** - continued

On 23 December 2013, ADX announced that it had reached an agreement whereby Gulfsands Petroleum plc ("Gulfsands") withdraws from the Kerkouane permit offshore Tunisia and ADX transfers its entire remaining 30% participating interest in its Chorbane exploration permit onshore Tunisia to Gulfsands. Under the terms of the agreement ADX received a cash payment of US\$ 250,000 in January 2014 after execution of this agreement and US\$1,500,000 after receipt of the required government approvals and other conditions, expected to be granted within 4 months.

There are no other matters or circumstances that have arisen since 31 December 2013 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years.

**CORPORATE GOVERNANCE**

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of ADX Energy Ltd support and adhere to the principles of corporate governance. The Company's Corporate Governance Statement is contained in this annual report.

**AUDIT INDEPENDENCE AND NON-AUDIT SERVICES**

**Auditors' independence - section 307C**

The following is a copy of a letter received from the Company's auditors:

"Dear Sirs,

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:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 31 December 2013 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan (Lead auditor)  
Rothsay Chartered Accountants"

There were no non-audit services provided during the financial year.

Signed in accordance with a resolution of the Directors.



Wolfgang Zimmer  
Managing Director

Dated this 27th day of March 2014

**ADX ENERGY LTD**  
**CORPORATE GOVERNANCE STATEMENT**

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This statement outlines the main corporate governance practices that were in place for the financial year. These corporate governance practices comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

**BOARD OF DIRECTORS**

The Board operates in accordance with the broad principles set out in its charter, which is available from the corporate governance information section of the Company website at [www.adxenergy.com.au](http://www.adxenergy.com.au).

**ROLE AND RESPONSIBILITIES OF THE BOARD**

The Board is responsible for ensuring that the Company is managed in a manner which protects and enhances the interests of its shareholders and takes into account the interests of all stakeholders. This includes setting the strategic directions for the company, establishing goals for management and monitoring the achievement of these goals.

A summary of the key responsibilities of the Board include:

1. **Strategy** - Providing strategic guidance to the Group, including contributing to the development of and approving the corporate strategy;
2. **Financial performance** - Approving budgets, monitoring management and financial performance;
3. **Financial reporting and audits** - Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the external auditors;
4. **Leadership selection and performance** - Appointment, performance assessment and removal of the Managing Director. Ratifying the appointment and/or removal of other senior management, including the Company Secretary and other Board members;
5. **Remuneration** - Management of the remuneration and reward systems and structures for Executive management and staff;
6. **Risk management** - Ensuring that appropriate risk management systems and internal controls are in place; and
7. **Relationships with the exchanges, regulators and continuous disclosure** - Ensuring that the capital markets are kept informed of all relevant and material matters and ensuring effective communications with shareholders.

The Board has delegated to management responsibility for:

- Strategies - Assisting in developing and implementing corporate strategies and making recommendations where necessary;
- Leadership selection and performance - Appointing management where applicable and setting terms of appointment and evaluating performance;
- Budgets - Developing the annual budget and managing day-to-day operations within budget;
- Risk Management - Maintaining risk management frameworks; and
- Communication - Keeping the Board and market informed of material events.

**COMPOSITION OF THE BOARD**

The names, skills, experiences and period of office of the Directors of the Company in office at the date of this Statement are set out in the Director's Report.

The composition of the Board is determined using the following principles:

- Persons nominated as Non-executive Directors shall be expected to have qualifications, experience and expertise of benefit to the Company and to bring an independent view to the Board's deliberations. Persons nominated as Executive Directors must be of sufficient stature and security of employment to express independent views on any matter.

## ADX ENERGY LTD

### CORPORATE GOVERNANCE STATEMENT

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- The Chairperson should ideally be independent, but in any case be Non-executive and be elected by the Board based on his/her suitability for the position.
- The roles of Chairperson and Managing Director should not be held by the same individual.
- All Non-executive Directors are expected voluntarily to review their membership of the Board from time-to-time taking into account length of service, age, qualifications and expertise relevant to the Company's then current policy and programme, together with the other criteria considered desirable for composition of a balanced board and the overall interests of the Company.
- The Company considers that the Board should have at least three Directors (minimum required under the Company's Constitution) and to have a majority of independent Directors but acknowledges that this may not be possible at all times due to the size of the Company. Currently the Board has four Directors, with only Mr Ian Tchacos and Mr Andrew Childs as independent. The number of Directors is maintained at a level which will enable effective spreading of workload and efficient decision making.

The Board has accepted the following definition of an independent Director:

"An independent Director is a Director who is not a member of management (a Non-executive Director) and who:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an Executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Company or another group member;
- is not a significant consultant, supplier or customer of the Company or another group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Company or another group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company."

ADX considers a significant consultant, supplier or customer to be material if the total of their annual invoices amounts to more than 5% of the Company's total expenditure in that category.

#### **INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION**

Each Director has the right of access to all relevant Company information and to the Company's Executives and, subject to prior consultation with the Chairperson, may seek independent professional advice at the Company's expense. A copy of advice received by the Director is made available to all other members of the Board.

#### **NOMINATION COMMITTEE / APPOINTMENT OF NEW DIRECTORS**

Because of the size of the Company and the size of the Board, the Directors do not believe it is appropriate to establish a separate Nomination Committee. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the web.

The composition of the Board is reviewed on an annual basis to ensure the Board has the appropriate mix of expertise and experience. Where a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board determines the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities and then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

**ADX ENERGY LTD**  
**CORPORATE GOVERNANCE STATEMENT**

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***TERM OF OFFICE***

Under the Company's Constitution, the minimum number of Directors is three. At each Annual General Meeting, one third of the Directors (excluding the Managing Director) must resign, with Directors resigning by rotation based on the date of their appointment. Directors resigning by rotation may offer themselves for re-election.

***PERFORMANCE OF DIRECTORS AND MANAGING DIRECTOR***

The performance of all Directors, the Board as a whole and the Managing Director is reviewed annually.

The Board meets once a year with the specific purpose of conducting a review of its composition and performance. This review includes:

- Determining the appropriate balance of skills and experience required to suit the Company's current and future strategies;
- Comparing the requirements above against the skills and experience of current Directors and Executives;
- Assessing the independence of each Director;
- Measuring the contribution and performance of each Director;
- Assessing any education requirements or opportunities; and
- Recommending any changes to Board procedures, Committees or the Board composition.

A review was undertaken in November 2013.

***PERFORMANCE OF SENIOR EXECUTIVES***

The Board meets at least annually to review the performance of senior Executives, considerations include the following:

- The performance of the senior Executive in supplying the Board with information in a form, timeframe and quality that enables the Board to effectively discharge its duties;
- Feedback from other senior Executives; and
- Any particular concerns regarding the senior Executive.

Mr Tim Stoll, Operations Manager, was appointed in February 2012. A performance review was undertaken in April 2013.

***CONFLICT OF INTEREST***

In accordance with the Corporations Act 2001 and the Company's constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the Board meeting whilst the item is considered. Details of Directors related entity transactions with the Company and Group are set out in the related parties note in the financial statements.

***DIVERSITY***

ADX recognises its talented and diverse workforce as a key competitive advantage, and is committed to workplace diversity. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

ADX's Diversity Policy defines the initiatives which assist ADX with maintaining and improving the diversity of its workforce. In accordance with this policy and ASX Corporate Governance Principles, the Board has established the following objectives in relation to gender diversity. The aim is to achieve these objectives over the next 2 to 3 years as positions become vacant and appropriately skilled candidates are available:



**ADX ENERGY LTD**  
**CORPORATE GOVERNANCE STATEMENT**

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Proportion of Women

	Actual	Objective
Organisation as a whole	33%	50%
Executive Management Team	Nil	25%
Board	Nil	25%

**REMUNERATION**

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre Executives;
- Link Executive rewards to shareholder value; and
- Establish appropriate performance hurdles in relation to variable Executive remuneration.

A full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and Executives in the current year is included in the remuneration report, which is contained within the Report of the Directors.

There are no schemes for retirement benefits for Non-executive Directors, other than superannuation.

**BOARD REMUNERATION COMMITTEE**

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered efficient for ADX. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and payments are provided to shareholders in the remuneration report in the Directors Report and on the web.

**RISK OVERSIGHT AND MANAGEMENT**

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

A summary of the risks recognised by the Board can be found in the corporate governance information section of the Company website at [www.adxenergy.com.au](http://www.adxenergy.com.au).

Considerable importance is placed on maintaining a strong control environment. The Board actively promotes a culture of quality and integrity.

Control procedures cover management accounting, financial reporting, compliance and other risk management issues.

The Board encourages management accountability for the Company's financial reports by ensuring ongoing financial reporting during the year to the Board. Annually, the Financial Controller (or equivalent) and the Managing Director are required to state in writing to the Board that in all material respects:

**ADX ENERGY LTD**  
**CORPORATE GOVERNANCE STATEMENT**

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Declaration required under s295A of the Corporations Act 2001 -

- the financial records of the Group for the financial year have been properly maintained;
- the financial statements and notes comply with the accounting standards;
- the financial statements and notes for the financial year give a true and fair view; and
- any other matters that are prescribed by the Corporations Act regulations as they relate to the financial statements and notes for the financial year are satisfied.

Additional declaration required as part of corporate governance -

- the risk management and internal compliance and control systems in relation to financial risks are sound, appropriate and operating efficiently and effectively.

These declarations were received for the December 2013 financial year.

**AUDIT COMMITTEE**

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate audit committee is not considered appropriate for ADX. In addition to management's accountability, the Board assures integrity of the financial statements by:

- (a) reviewing the Company's statutory financial statements to ensure the reliability of the financial information presented and compliance with current laws, relevant regulations and accounting standards;
- (b) monitoring compliance of the accounting records and procedures, in conjunction with the Company's auditor, on matters overseen by the Australian Securities and Investments Commission, Australian Stock Exchange Limited ("ASX") and Australian Taxation Office;
- (c) ensuring that management reporting procedures, and the system of internal control, are of a sufficient standard to provide timely, accurate and relevant information as a sound basis for management of the Group's business;
- (d) reviewing audit reports and management letters to ensure prompt action is taken by the Company's management; and
- (e) when required, nominating the external auditor and at least annually reviewing the external auditor in terms of their independence and performance in relation to the adequacy of the scope and quality of the annual statutory audit and half-year review and the fees charged.

**CODE OF CONDUCT**

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

The Code of Conduct embraces the values of:

- Integrity
- Excellence
- Commercial Discipline

The Board encourages all stakeholders to report unlawful/unethical behaviour and actively promotes ethical behaviour and protection for those who report potential violations in good faith.

**ADX ENERGY LTD**  
**CORPORATE GOVERNANCE STATEMENT**

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***TRADING IN ADX SECURITIES BY DIRECTORS, OFFICERS AND EMPLOYEES***

The Board has adopted a specific policy in relation to Directors and officers, employees and other potential insiders buying and selling shares.

Directors, officers, consultants, management and other employees are prohibited from trading in the Company's shares, options and other securities if they are in possession of price-sensitive information.

The Company's Security Trading Policy is provided to each new employee as part of their induction training. ADX personnel must receive written approval prior to any dealing in ADX securities.

The Directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

***MARKET DISCLOSURE POLICIES***

The Board has a Market Disclosure Policy to ensure the compliance of the Company with the various laws and ASX Listing Rule obligations in relation to disclosure of information to the market. The Managing Director is responsible for ensuring that all employees are familiar with and comply with the policy.

ADX is committed to:

- (a) ensuring that shareholders and the market are provided with timely and balanced information about its activities;
- (b) complying with the general and continuous disclosure principles contained in the Australian Stock Exchange Limited ("ASX") Listing Rules and the Corporations Act 2001; and
- (c) ensuring that all market participants have equal opportunities to receive externally available information issued by ADX.

***COMMUNICATION WITH SHAREHOLDERS***

The Company places significant importance on effective communication with shareholders.

Information is communicated to shareholders through the distribution of the annual and half yearly financial reports, quarterly reports on activities, announcements through the Australian Stock Exchange and the media, on the Company's web site and through the Chairman's address at the annual general meeting.

In addition, news announcements and other information are sent by email to all persons who have requested their name to be added to the email list. If requested, the Company will provide general information by email, facsimile or post.

The Company will, wherever practicable, take advantage of new technologies that provide greater opportunities for more effective communications with shareholders.

***COMPANY WEBSITE***

ADX has made available details of all its corporate governance principles, which can be found in the corporate governance information section of the Company website at [www.adxenergy.com.au](http://www.adxenergy.com.au).

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

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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 31 December 2013 and of its performance for the year then ended; and
    - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
    - iii) complying with International Financial Reporting Standards (IFRS) as stated in note 1 of the financial statements; 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 financial year ended 31 December 2013.

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



Wolfgang Zimmer  
Managing Director

Dated this 27th day of March 2014

**ADX ENERGY LTD**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 DECEMBER 2013

		<b>Consolidated</b>	
		<b>Year ended 31 Dec 2013</b>	<b>6 Months to 31 Dec 2012</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Revenue and Income</b>			
Interest revenue	2(a)	38,814	4,462
Gain on farm-out	2(a)	897,515	3,271,848
Other income	2(a)	14,350	2,614
		950,679	3,278,924
<b>Expenses</b>			
Administration and corporate expenses, net of recoveries from exploration projects	2(b)	837,380	485,443
Exploration expensed		-	38,982
Impairment of capitalised exploration and evaluation	10	4,647,690	-
Impairment of investment in associate	11	609,167	-
Share of loss from associate	11	1,452,425	180,248
Other	2(b)	-	5,791
Total expenses		7,546,662	710,464
<b>Profit/(loss) before income tax</b>		<b>(6,595,983)</b>	<b>2,568,460</b>
Income tax expense	3	(7,991)	(7,523)
<b>Profit/(loss) after income tax attributable to members of ADX Energy Ltd</b>		<b>(6,603,974)</b>	<b>2,560,937</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		1,700,787	(129,563)
Income tax relating to items of other comprehensive income/(loss)		-	-
<b>Other comprehensive income/(loss) for the year, net of tax</b>		1,700,787	(129,563)
<b>Total comprehensive profit/(loss) for the year</b>		<b>(4,903,187)</b>	<b>2,431,374</b>
		<b>Cents Per Share</b>	<b>Cents Per Share</b>
Basic earnings/(loss) per share	4	(1.33)	5.44
Diluted earnings/(loss) per share	4	n/a	5.43

**ADX ENERGY LTD**  
**CONSOLIDATED BALANCE SHEET**  
AS AT 31 DECEMBER 2013

		Consolidated	
		31 December 2013	31 December 2012
	Note	\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	1,702,778	2,080,538
Trade and other receivables	6	522,955	537,410
Other financial assets at fair value	7	2,343	2,005
Inventories	8	-	49,851
<b>Total Current Assets</b>		2,228,076	2,669,804
<b>Non-Current Assets</b>			
Receivables	6	19,670	36,773
Property, plant and equipment	9	147,425	190,519
Deferred exploration expenditure	10	4,602,609	6,125,323
Investment in associate	11	-	1,790,220
<b>Total Non-Current Assets</b>		4,769,704	8,142,835
<b>Total Assets</b>		6,997,780	10,812,639
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	551,504	429,517
Provisions	13	20,099	10,197
<b>Total Current Liabilities</b>		571,603	439,714
<b>Total Liabilities</b>		571,603	439,714
<b>Net Assets</b>		<b>6,426,177</b>	<b>10,372,925</b>
<b>Equity</b>			
Issued capital	14	63,222,181	62,263,381
Reserves	15	5,269,565	3,571,139
Accumulated losses		(62,065,569)	(55,461,595)
<b>Total Equity</b>		<b>6,426,177</b>	<b>10,372,925</b>

**ADX ENERGY LTD**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 31 DECEMBER 2013

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
<b>At 1 July 2012</b>	<b>61,511,381</b>	<b>3,686,962</b>	<b>(58,022,532)</b>	<b>7,175,811</b>
Profit/(loss) for the six months	-	-	2,560,937	2,560,937
Other comprehensive income/(loss)	-	(129,563)	-	(129,563)
<b>Total comprehensive loss for the year, net of tax</b>	<b>-</b>	<b>(129,563)</b>	<b>2,560,937</b>	<b>2,431,374</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital	800,000	-	-	800,000
Cost of issue of share capital	(48,000)	-	-	(48,000)
Share based payments	-	13,740	-	13,740
	752,000	13,740	-	765,740
<b>As at 31 December 2012</b>	<b>62,263,381</b>	<b>3,571,139</b>	<b>(55,461,595)</b>	<b>10,372,925</b>
<b>At 1 January 2013</b>	<b>62,263,381</b>	<b>3,571,139</b>	<b>(55,461,595)</b>	<b>10,372,925</b>
Profit/(loss) for the year	-	-	(6,603,974)	(6,603,974)
Other comprehensive income/(loss)	-	1,700,787	-	1,700,787
<b>Total comprehensive loss for the year, net of tax</b>	<b>-</b>	<b>1,700,787</b>	<b>(6,603,974)</b>	<b>(4,903,187)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital	1,020,000	-	-	1,020,000
Cost of issue of share capital	(61,200)	-	-	(61,200)
Share based payments	-	(2,361)	-	(2,361)
	958,800	(2,361)	-	956,439
<b>As at 31 December 2013</b>	<b>63,222,181</b>	<b>5,269,565</b>	<b>(62,065,569)</b>	<b>6,426,177</b>



**ADX ENERGY LTD**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 31 DECEMBER 2013

		<b>Consolidated</b>	
		<b>Year ended 31 Dec 2013</b>	<b>6 Months to 31 Dec 2012</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts in the ordinary course of activities		58,039	51,772
Payments to suppliers and employees, including for exploration expensed		(811,060)	(563,824)
Interest received		38,813	4,462
Income tax paid		(7,991)	(7,523)
<b>Net cash flows used in operating activities</b>	5(i)	<u>(722,199)</u>	<u>(515,113)</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of plant and equipment		12,220	-
Payments for plant and equipment		(28,086)	(16,737)
Proceeds from farmouts		897,514	2,606,229
Payments for exploration expenditure capitalised		(2,172,345)	(1,475,076)
Receipts from bonds		17,103	-
Payments made on behalf of joint operation partners and operations		(1,429,000)	(688,000)
Receipts from exploration partners and operations		1,813,000	973,000
<b>Net cash flows used in investing activities</b>		<u>(889,594)</u>	<u>1,399,416</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares and options		1,020,000	800,000
Payment of share issue costs		(61,200)	(48,000)
<b>Net cash flows from financing activities</b>		<u>958,800</u>	<u>752,000</u>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		(652,993)	1,636,303
Net foreign exchange differences		275,233	(55,895)
Add opening cash and cash equivalents brought forward		2,080,538	500,130
<b>Closing cash and cash equivalents carried forward</b>	5	<u><b>1,702,778</b></u>	<u><b>2,080,538</b></u>

## ADX ENERGY LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis with the exception of listed equity securities held for trading which have been measured at fair value.

The financial report is presented in Australian dollars, which is the group's presentation currency.

##### Change of year end – prior year

In the prior year, ADX Energy changed its financial year end date from 30 June to 31 December. This change of year end enabled ADX Energy to align its financial year end date with that of its joint operations. The financial year comparatives of ADX Energy in this financial report is a transitional one from 1 July 2012 to 31 December 2012 (i.e. six months).

##### Functional and presentation currency

Effective 1 April 2012, the functional currency of the parent entity changed to United States dollars. ADX has identified the US dollar as its functional currency for the following reasons:

- The majority of ADX's activities are supporting its subsidiaries and their joint operations, primarily denominated in US dollars;
- A significant portion of ADX's assets (cash) are denominated in US dollars; and
- US dollars are the primary global currency used in the oil industry.

The presentation currency of the Group is Australian dollars.

##### (b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

##### (c) Adoption of new and revised standards

##### Early adoption of accounting standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 January 2013.

##### New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2013 affected any of the amounts recognised in the current year or any prior period and are not likely to affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2013 reporting year. The Group's assessment of the impact of these new standards and interpretations that may have an impact on the Group is set out below:

##### AASB 9 Financial Instruments (effective from 1 January 2015)

AASB 9 includes requirements for the classification and measurement of financial assets. There is no material impact for ADX.

##### AASB 2011-4 Amendments to AASB 1024 KMP Disclosures (effective from 1 January 2014)

This Standard makes amendments to remove individual key management personnel disclosure requirements from AASB 124.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**(d) Significant accounting estimates and judgments**

***Significant accounting judgments***

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

***Exploration assets***

The Group's accounting policy for exploration expenditure is set out at Note 1(n). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

***Significant accounting estimates and assumptions***

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year are:

***(i) Impairment of assets***

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

***(ii) Share-based payment transactions***

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model.

***(iii) Commitments - Exploration***

The Group has certain minimum exploration commitments to maintain its right of tenure to exploration permits. These commitments require estimates of the cost to perform exploration work required under these permits.

**(e) Basis of consolidation**

The consolidated financial statements comprise the financial statements of ADX Energy Ltd ("Company" or "Parent Entity") and its subsidiaries as at 30 December each year (the Group). Subsidiaries are all entities over which the group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The financial statements of the subsidiaries are prepared for the same period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**(e) Basis of consolidation - continued**

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

**(f) Business combinations**

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange, adjusted for any conditions imposed on those shares. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

All identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

**(g) Foreign currency translation**

The presentation currency of ADX Energy Ltd Group is Australian Dollars. The functional currency of ADX Energy Ltd and its subsidiaries is United States Dollars, except for ADX Energy GmbH and AuDAX Energy srl whose functional currencies are euros.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the balance sheet date.

As at the reporting date the assets and liabilities of the subsidiaries are translated into the presentation currency of ADX Energy Ltd at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the year.

The exchange differences arising on the retranslation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

**(h) Interest in a jointly controlled operation**

Interests in jointly controlled assets are reported in the financial statements by including the consolidated entity's share of assets employed in the Joint Operations, the share of liabilities incurred in relation to the Joint Operations and the share of any expenses and revenues in relation to the Joint Operations in their respective categories.

**(i) Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**(j) Trade and other receivables**

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. Cash on deposit is not due for settlement until rights of tenure are forfeited or performance obligations are met.

**(k) Inventories**

Consumables and spares are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to specific stock items identified.

**(l) Impairment of financial assets**

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

**(m) Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – 2 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

*Disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

**(n) Exploration and evaluation expenditure**

Costs related to the acquisition of properties that contain resources are allocated separately to specific areas of interest. These costs are capitalised until the viability of the area of interest is determined.

Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest.

Such costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations are continuing. Accumulated costs in relation to an abandoned area are written off to the income statement in the period in which the decision to abandon the area is made.

The Directors review the carrying value of each area of interest as at the balance date and any exploration expenditure which no longer satisfies the above policy is written off.

Once an area of interest enters the development phase, all capitalised acquisition, exploration and evaluation expenditures will be transferred to mineral development or oil and gas properties, as appropriate.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**(o) Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

**(p) Investments and other financial assets**

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

*(i) Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in profit or loss. The fair values of quoted investments are based on last trade prices. If the market for financial assets is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**(q) Investment in associate**

The Group's investment in its associate is accounted for under the equity method of accounting in the consolidated financial statements. This is an entity in which the Group has significant influence and which is not a subsidiary.

The financial year of the associate is the same as the Group. Both use consistent accounting policies and financial information of the same reporting date has been used by the Group in applying the equity method.

Under the equity method, the investment in the associate is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the associate.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

**(r) Intangible assets**

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill above. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

**(s) Trade and other payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

**(t) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**(u) Employee leave benefits**

*(i) Wages, salaries and, annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave and expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

*(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

**(v) Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(w) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

**(x) Share-based payment transactions**

*Equity settled transactions:*

The Group provides benefits to executive directors, employees and consultants of the Group in the form of share-based payments, whereby those individuals render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with these individuals is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of ADX Energy Ltd (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the grant date fair value of the award;
- (ii) the extent to which the vesting period has expired; and
- (iii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest taking into account such factors as the likelihood of non-market performance conditions being met.

This opinion is formed based on the best available information at balance date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**(x) Share-based payment transactions - continued**

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. If an equity-settled award is forfeited, any expense previously recognised for the award is reversed. However, if a new award is substituted for a cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

**(y) Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint operations, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint operations, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**(y) Income tax - continued**

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**(z) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(aa) Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**(ab) Segment reporting**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

**ADX ENERGY LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**(ab) Segment reporting - continued**

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the Financial Statements.

	Note	Consolidated	
		12 Months to 31 Dec 2013	6 Months to 31 Dec 2012
		\$	\$
<b>NOTE 2 – REVENUE AND EXPENSES</b>			
<b>(a) Revenue and Income</b>			
<b>Revenue</b>			
Interest revenue		38,814	4,462
<b>Income</b>			
Net gain on farm-outs (i)		897,515	3,271,848
Other		14,350	2,614
		<u>950,679</u>	<u>3,278,924</u>

(i) Net gains on farmouts relate to:

Gain on farm-out of Romanian Parta permit	853,927	3,174,442
Gain on farm-out of Chorbane permit	111,011	97,406
Costs for acquisition 100% Kerkouane/Chorbane sale	(67,423)	-
	<u>897,515</u>	<u>3,271,848</u>

**(b) Expenses**

Administration and corporate expenses include:

Depreciation		83,461	44,863
Net foreign exchange losses/(gains)		176,732	(42,490)
Operating lease rental expense		150,548	66,188
Share based payments / (net reversals)	20	(2,361)	13,740
Other administration and corporate expenses, net of recoveries		429,000	403,142
		<u>837,380</u>	<u>485,443</u>

Other expenses include:

Impairment of financial assets - shares		-	5,791
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# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	Consolidated	
	12 Months to 31 Dec 2013	6 Months to 31 Dec 2012
	\$	\$

### NOTE 3 - INCOME TAX EXPENSE

#### (a) Income Tax Expense

The reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Company's applicable income tax rate is as follows:

Profit/(loss) for period	(6,595,983)	2,568,460
Prima facie income tax (benefit) @ 30%	(1,978,795)	770,538
Tax effect of non-deductible items	2,209,623	41,537
Prior year tax loss now utilised	(22,595)	(805,920)
Deferred tax assets not brought to account	(200,242)	1,368
Income tax attributable to operating loss	7,991	7,523

#### (b) Deferred tax assets not recognised relate to the following:

Tax losses	8,510,594	7,618,461
Other Timing Differences	1,532	1,812
	8,512,126	7,620,273

These deferred tax assets have not been brought to account as it is not probable that tax profits will be available against which deductible temporary differences can be utilised.

#### (c) Franking Credits

The franking account balance at year end was \$nil (2012: \$nil).

#### (d) Tax Consolidation Legislation

ADX Energy Ltd and its 100% owned Australian subsidiaries have not formed a tax consolidated group.

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	Consolidated	
	12 Months to 31 Dec 2013	6 Months to 31 Dec 2012
<b>NOTE 4 - EARNINGS PER SHARE</b>		
	<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share	(1.33)	5.44
Diluted earnings/(loss) per share	n/a	5.43
	<b>\$</b>	<b>\$</b>
Profit/(loss) attributable to ordinary equity holders of the Company used in calculating:		
- basic earnings per share	(6,603,974)	2,560,937
- diluted earnings per share	n/a	2,571,437
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	496,545,257	470,533,415
Adjustment for calculation of diluted earnings per share		
- options and performance shares	n/a	3,000,000
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	n/a	473,533,415

For the year ended 31 December 2013, diluted earnings per share was not disclosed because potential ordinary shares, being options granted, are not dilutive and their conversion to ordinary shares would not demonstrate an inferior view of the earnings performance of the Company.

**ADX ENERGY LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<b>Consolidated</b>	
	<b>31 December 2013 \$</b>	<b>31 December 2012 \$</b>
<b>NOTE 5 - CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	1,702,778	2,080,538
<b>(i) Reconciliation of loss for the period to net cash flows used in operating activities</b>		
Profit/(loss) after income tax	(6,603,974)	2,560,937
Non-Cash Items:		
Depreciation	83,461	44,863
Loss on disposal of plant and equipment	(12,220)	-
Foreign exchange losses/(gains)	176,732	(42,490)
Share-based payments expensed - options	(2,361)	13,740
Impairment of exploration assets	4,647,690	-
Impairment of financial assets -shares	-	5,791
Impairment of investment in associate	609,167	-
Loss from associate	1,452,425	180,248
Change in assets and liabilities:		
(Increase)/decrease in receivables	(148,886)	107,669
Gain on farmout – investing activities	(897,515)	(3,271,848)
Increase/(decrease) in payables	(36,620)	(103,257)
Increase in provisions	9,902	(10,766)
Net cash flows used in operating activities	(722,199)	(515,113)

**(ii) Non-Cash Financing and Investing Activities**

The following non-cash financing and investing activities were undertaken:

6 Months to 31 December 2012:

a) None.

12 Months to 31 December 2013:

b) None.

**ADX ENERGY LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 6 – TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Share of cash held by joint operations	170,708	154,576
Cash on deposit - security bonds	25,394	25,301
GST/VAT refundable	140,141	56,951
Receivables from joint operations	95,942	275,507
Prepayments	86,148	25,075
Other	4,622	-
Total current receivables	522,955	537,410
<b>Non-Current</b>		
Cash on deposit - security bonds	19,670	36,773

*Fair Value and Risk Exposures:*

- (i) Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.
- (ii) The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.
- (iii) Details regarding interest rate risk exposure are disclosed in note 23.
- (iv) Other receivables generally have repayments between 30 and 90 days.

Receivables do not contain past due or impaired assets as at 31 December 2013 (2012: none).

**NOTE 7 - OTHER CURRENT FINANCIAL ASSETS AT FAIR VALUE THROUGH  
PROFIT AND LOSS**

**Current**

Listed equity securities held for trading	2,343	2,005
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The fair value of listed securities has been determined by reference to published price quotations in an active market.



**ADX ENERGY LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<b>Consolidated</b>	
	<b>31 December 2013</b>	<b>31 December 2012</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 8 - INVENTORIES</b>		
Inventories - spares	-	49,851

**NOTE 9 - PROPERTY, PLANT AND EQUIPMENT**

Motor vehicles- at cost	14,717	141,875
Less: Accumulated depreciation	(1,717)	(128,871)
	<u>13,000</u>	<u>13,003</u>
Plant and equipment - at cost	402,617	327,909
Less: Accumulated depreciation	(268,192)	(150,393)
	<u>134,425</u>	<u>177,516</u>
Total property, plant and equipment	<u>147,425</u>	<u>190,519</u>

*Reconciliation of property, plant and equipment:*

**Motor Vehicle**

Carrying amount at beginning of year	13,003	15,070
Additions	14,717	-
Disposals	(11,734)	-
Depreciation	(1,691)	(2,067)
Currency translation differences	(1,295)	-
Carrying amount at end of year	<u>13,000</u>	<u>13,003</u>

**Plant and Equipment**

Carrying amount at beginning of year	177,516	193,159
Additions	13,369	16,737
Depreciation	(81,770)	(42,796)
Currency translation differences	25,310	10,416
Carrying amount at end of year	<u>134,425</u>	<u>177,516</u>

**ADX ENERGY LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>

**NOTE 10 - DEFERRED EXPLORATION EXPENDITURE**

Deferred exploration costs brought forward	6,125,323	6,200,505
Capitalised expenditure incurred during the year	2,160,237	166,253
Expenditure written off during the year	(4,647,690)	-
Currency translation differences	964,739	(241,307)
Deferred exploration costs carried forward	<u>4,602,609</u>	<u>6,125,323</u>

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas.

*Impairment*

Exploration and evaluation expenditure written off during 31 December 2013 related to the Kerkouane prospect area \$4,509,516 to reduce the carrying value to represent a sale value and new operations \$138,174 (six months to 31 December 2012 year was nil).

The Board assesses impairment of all exploration expenditure at each reporting date by evaluating the conditions specific to the Company and to the particular asset that may lead to impairment. These include if substantive expenditure has been incurred on exploration and evaluation of resources and this has not led to the discovery of commercial viable quantities of resources or sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

**NOTE 11 – INVESTMENT IN ASSOCIATE**

Investment in associate	-	<u>1,790,220</u>
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The investment in associate represents ADX's 23.1% (2012: 24.2%) interest (25 million shares) in Riedel Resources Limited (ASX: RIE). Riedel is a listed Australian mineral exploration company. The fair value based on the closing ASX share price for Riedel at 31 December was \$350,000 (31 December 2012: \$1,900,000). The investment is held as a passive investment and is measured using the equity method.

*Reconciliation of investment in associate:*

Carrying amount at beginning of year	1,790,220	2,009,772
Share of losses in associate	(1,452,425)	(180,248)
Impairment of investment in associate	(609,167)	-
Currency translation differences	271,372	(39,304)
Net carrying value	<u>-</u>	<u>1,790,220</u>

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	Consolidated	
	31 December	31 December
	2013	2012
	\$	\$

### NOTE 11 – INVESTMENT IN ASSOCIATE - continued

The following table illustrates summarised information of the investment in Riedel Resources Limited.

#### Share of associate's balance sheet as at year end:

Current assets	51,737	209,743
Non-current assets	1,108,241	2,675,995
Current liabilities	(94,147)	(32,998)
Non-current liabilities	-	-
Net assets	1,065,831	2,852,740

#### Share of associate's revenue and loss:

Revenue	10,058	3,280
Loss before income tax	(2,016,795)	(180,248)
Unrecognised share of loss from associate	(564,370)	-
	(1,452,425)	(180,248)

#### Share of associate's commitments and contingencies

Share of capital commitments and contingencies	-	-
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### NOTE 12 – TRADE AND OTHER PAYABLES

#### Current

Trade creditors and accruals	551,504	429,517
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#### Fair Value and Risk Exposures

- (i) Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.
- (ii) Trade and other payables are unsecured and usually paid within 60 days of recognition.

### NOTE 13 – PROVISIONS

#### Current

Employee entitlements	20,099	10,197
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**ADX ENERGY LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

Consolidated	
31 December 2013 \$	31 December 2012 \$

**NOTE 14 – ISSUED CAPITAL**

**(a) Issued Capital**

Ordinary shares fully paid

63,222,181	62,263,381
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**(b) Movements in Ordinary Share Capital**

Number of Shares	Summary of Movements	Issue Price	\$
438,308,350	Opening balance at 30 June 2012		61,511,381
47,058,825	Placement on 28 August 2012	1.7 cents	800,000
	Costs of placement - cash		(48,000)
<u>485,367,175</u>	Closing Balance at 31 December 2012		<u>62,263,381</u>
485,367,175	Opening balance at 1 January 2013		62,263,381
60,000,000	Placement on 21 October 2013	1.7 cents	1,020,000
	Costs of placement - cash		(61,200)
<u>545,367,175</u>	Closing Balance at 31 December 2013		<u>63,222,181</u>

**(c) Options on issue at 31 December 2013**

	Number	Issue Price of Shares	Exercise Date
Unlisted Options	<u>1,000,000</u>	25 cents	Between 1/7/2013 and 28/02/2014

During the year:

- (i) nil unlisted options were granted as share-based payments (6 months to Dec 2012: nil);
- (ii) 1,000,000 unlisted options were forfeited (6 months to Dec 2012: nil);
- (iii) 1,000,000 unlisted options expired (6 months to Dec 2012: 22,700,000); and
- (iv) No unlisted options were exercised (6 months to Dec 2012: nil).

**(d) Terms and conditions of contributed equity**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors are fully entitled to any proceeds of liquidations.

**ADX ENERGY LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**NOTE 14 – ISSUED CAPITAL - continued**

**(e) Capital management**

When managing capital, management's objective is to ensure the entity continues as a going concern as well as maintains optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management may in the future adjust the capital structure to take advantage of favourable costs of capital and issue further shares in the market. Management has no current plans to adjust the capital structure. There are no plans to distribute dividends in the next year.

<b>Consolidated</b>	
<b>31 December</b>	<b>31 December</b>
<b>2013</b>	<b>2012</b>
<b>\$</b>	<b>\$</b>

**NOTE 15 - RESERVES**

Share-based payments reserve	3,662,347	3,664,708
Option premium reserve	2,915,542	2,915,542
Asset revaluation reserve	250,000	250,000
Foreign currency translation reserve	(1,558,324)	(3,259,111)
	5,269,565	3,571,139

**Share-based payments reserve**

Balance at the beginning of the year	3,664,708	3,650,968
Share-based payments expense / (reversal)	(2,361)	13,740
Balance at the end of the year	3,662,347	3,664,708

*Nature and purpose of the reserve:*

The Share-based payments reserve is used to recognise the fair value of options issued but not exercised.

**Option premium reserve**

Option premium reserve	2,915,542	2,915,542
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*Nature and purpose of the reserve:*

The option premium reserve is used to accumulate proceeds received from the issuing of options.

**Asset revaluation reserve**

Asset revaluation reserve	250,000	250,000
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*Nature and purpose of the reserve:*

The asset revaluation reserve is used to record increments and decrements in the value of non-current assets. This reserve can only be used to pay dividends in limited circumstances.

**ADX ENERGY LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<b>Consolidated</b>	
	<b>31 December 2013</b>	<b>31 December 2012</b>
	<b>\$</b>	<b>\$</b>

**NOTE 15 – RESERVES - continued**

**Foreign currency translation reserve**

Balance at the beginning of the year	(3,259,111)	(3,129,548)
Currency translation differences	1,700,787	(129,563)
Balance at the end of the year	<u>(1,558,324)</u>	<u>(3,259,111)</u>

*Nature and purpose of the reserve:*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

	<b>Company</b>	
	<b>31 December 2013</b>	<b>31 December 2012</b>
	<b>\$</b>	<b>\$</b>

**NOTE 16 – PARENT ENTITY INFORMATION**

**Balance sheet information**

Current assets	1,688,774	2,086,677
Non-current assets	4,757,372	6,027,946
Current liabilities	(50,747)	(102,879)
Non-current liabilities	-	-
Net Assets	<u>6,395,399</u>	<u>8,011,744</u>

Issued capital	63,222,181	62,263,381
Reserves	8,247,597	6,907,491
Accumulated losses	<u>(65,074,379)</u>	<u>(61,159,186)</u>
	<u>6,395,399</u>	<u>8,011,744</u>

**Profit and loss information**

Profit/(loss) for the year (2012: 6 months)	(3,915,193)	662,189
Comprehensive profit/(loss) for the year (2012: 6 months)	<u>(2,572,726)</u>	<u>584,948</u>

**Commitments and contingencies**

There are no commitments or contingencies, including any guarantees entered into by ADX Energy on behalf of its subsidiaries

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### NOTE 16 – PARENT ENTITY INFORMATION – continued

#### Subsidiaries

Name of Controlled Entity	Class of Share	Place of Incorporation	% Held by Parent Entity	
			31 December 2013	31 December 2012
Alpine Oil & Gas Pty Ltd *	Ordinary	Australia	100%	100%
ADX Energy GmbH (was AuDAX Energy GmbH) *	Ordinary	Austria	100%	100%
AuDAX Energy Srl *	Ordinary	Italy	100%	100%
ADX Energy Panonia Srl *	Ordinary	Romania	100%	100%
Bull Petroleum Pty Ltd *	Ordinary	Australia	100%	100%

\* Not audited by Rothsay.

### NOTE 17 – COMMITMENTS AND CONTINGENCIES

	Consolidated	
	31 December 2013	31 December 2012
	\$	\$
<b>(a) Operating leases (non-cancellable):</b>		
Within one year	35,607	98,796
More than one year but not later than five years	-	4,935
	<u>35,607</u>	<u>103,731</u>

These non-cancellable operating leases are primarily for office premises.

#### (b) 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 term of the exploration licence over the Kerkouane permit until February 2016. Commitment will be 500km<sup>2</sup> of 3D seismic, the drilling of one well and the plug and abandonment of the Lambouka 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. In September 2012, the seismic contract was signed with commitments estimated at A\$4.487 million (euro 3.5 million) for the 2013/2014 year. ADX's share of this commitment is 50%.

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### NOTE 17 – COMMITMENTS AND CONTINGENCIES - continued

#### (c) Conditional commitments to previous partner

In March 2009, ADX entered an agreement with a previous partner to acquire that partners' 30% interest in the Sicily Channel exploration permit, Pantelleria. As consideration, ADX will pay US\$280,000 cash if and when ADX disposes of an interest in that permit.

In August 2011, a Sale and Purchase Agreement was signed with Carnavale Resources Limited ("CAV") to buy back a 20% interest in the Lambouka Prospect Area in the Kerkouane Permit. 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.

### NOTE 18 - INTERESTS IN JOINT OPERATIONS

	Note	Principal Activities	ADX Group % Interest	31 December 2013	31 December 2012
Kerkouane, Lambouka and Remainder – Tunisia	a	Exploration	100%	100%	60%
Chorbane – Tunisia	a	Exploration	-	-	30%
Pantelleria – Italy		Exploration	100%	100%	100%
Romania –Parta Block		Exploration	50%	50%	50%

The consolidated entity has classified these as joint arrangements because under the terms of the agreements, all partners share in all the assets employed in the joint arrangement and are liable for all the liabilities of the joint arrangement, according to their participating share.

Notes:

- (a) In December 2013, ADX reached an agreement whereby Gulfsands Petroleum plc ("Gulfsands") withdraws from the Kerkouane permit offshore Tunisia and ADX transfers its entire remaining 30% participating interest in its Chorbane exploration permit onshore Tunisia to Gulfsands. Under the terms of the agreement ADX receives in January 2014 a cash payment of US\$ 250,000 after execution of this agreement and will receive US\$1,500,000 after receipt of the required government approvals, expected to be granted by end of April 2014.

### NOTE 19 – KEY MANAGEMENT PERSONNEL DISCLOSURES

#### (a) Compensation of Key Management Personnel

	Consolidated	
	Year ended 31 Dec 2013	6 Months to 31 Dec 2012
	\$	\$
Short-term employment benefits	781,425	377,900
Post-employment benefits	7,535	3,776
Share-based payment	-	-
	<u>788,960</u>	<u>381,676</u>



**ADX ENERGY LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**NOTE 19 – KEY MANAGEMENT PERSONNEL DISCLOSURES - continued**

**(b) Option holdings of Key Management Personnel**

<b>Year ended 31 Dec 2013</b>	<b>Balance at beginning of the year</b>	<b>Granted as remuneration</b>	<b>Options exercised</b>	<b>Options expired</b>	<b>Change due to appointment/ (resignation)</b>	<b>Balance at end of the year</b>	<b>Not exercisable</b>	<b>Exercisable</b>
<b>Directors</b>								
I Tchacos	-	-	-	-	-	-	-	-
W Zimmer	-	-	-	-	-	-	-	-
P Fink	-	-	-	-	-	-	-	-
A Childs	-	-	-	-	-	-	-	-
<b>Other KMP</b>								
P Ironside	500,000	-	-	(500,000)	-	-	-	-
	500,000	-	-	(500,000)	-	-	-	-
<b>6 Months to 31 Dec 2012</b>								
<b>Directors</b>								
I Tchacos	6,000,000	-	-	(6,000,000)	-	-	-	-
W Zimmer	6,000,000	-	-	(6,000,000)	-	-	-	-
P Fink	3,600,000	-	-	(3,600,000)	-	-	-	-
A Childs	3,600,000	-	-	(3,600,000)	-	-	-	-
<b>Other KMP</b>								
P Ironside	1,625,000	-	-	(1,125,000)	-	500,000	-	500,000
	20,825,000	-	-	(20,325,000)	-	500,000	-	500,000

**ADX ENERGY LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**NOTE 19 – KEY MANAGEMENT PERSONNEL DISCLOSURES – continued**

**(c) Shareholdings of Key Management Personnel**

	Balance at beginning of the year	Options exercised	Granted as remuneration	Net change other	Change due to appointment / (resignation)	Balance at end of the year
<b>Year ended 31 Dec 2013</b>						
<b>Directors</b>						
I Tchacos	3,859,429	-	-	-	-	3,859,429
W Zimmer	10,322,708	-	-	-	-	10,322,708
P Fink	2,040,000	-	-	-	-	2,040,000
A Childs	11,920,869	-	-	-	-	11,920,869
<b>Other KMP</b>						
P Ironside	7,282,598	-	-	-	-	7,282,598
	35,425,604	-	-	-	-	35,425,604
<b>6 Months to 31 Dec 2012</b>						
<b>Directors</b>						
I Tchacos	3,859,429	-	-	-	-	3,859,429
W Zimmer	10,115,708	-	-	207,000	-	10,322,708
P Fink	1,820,000	-	-	220,000	-	2,040,000
A Childs	11,920,869	-	-	-	-	11,920,869
<b>Other KMP</b>						
P Ironside	5,984,680	-	-	1,297,918	-	7,282,598
	33,700,686	-	-	1,724,918	-	35,425,604

All equity transactions with Key Management Personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arms-length.

**(d) Other transactions and balances with Key Management Personnel**

Mr Ian Tchacos and Mr Andrew Childs are directors of ADX's associate, Riedel Resources Limited (Riedel) and Dr Wolfgang Zimmer until 30/6/2012. No transactions were undertaken with Riedel.

**ADX ENERGY LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**NOTE 20 – SHARE-BASED PAYMENTS**

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

	<b>Consolidated</b>	
	<b>12 Months to 31 Dec 2013</b>	<b>6 Months to 31 Dec 2012</b>
	<b>\$</b>	<b>\$</b>
Expensed in the profit and loss:		
Share-based payments/(reversals) - options	(2,361)	13,740

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

Year ended 31 December 2013 – None (31 December 2012: None).

**(c) Weighted average fair value**

The weighted average weighted average fair value of share based payment options granted during the year was nil (6 months ended 31 December 2012: nil).

**(d) Weighted average exercise price**

The following table shows the number and weighted average exercise price ("WAEP") of share options granted as share based payments.

	<b>12 Months to 31 Dec 2013 Number</b>	<b>12 Months to 31 Dec 2013 WAEP \$</b>	<b>6 Months to 31 Dec 2012 Number</b>	<b>6 Months to 31 Dec 2012 WAEP \$</b>
Outstanding at the beginning of year	3,000,000	0.252	25,700,000	0.252
Granted during the year	-	-	-	-
Forfeited during the year	(1,000,000)	0.25	-	-
Exercised during the year	-	-	-	-
Expired during the year	(1,000,000)	0.30	(22,700,000)	0.250
Outstanding at the end of the year	1,000,000	0.25	3,000,000	0.252
Exercisable at year end	1,000,000	0.25	1,000,000	0.30

The weighted average share price for options exercised during the year was nil (31 December 2012: nil).

**(e) Range of exercise price**

The range of exercise price for options granted as share based payments outstanding at the end of the year was \$0.25 (31 December 2012: \$0.25 to \$0.30).

**(f) Weighted average remaining contractual life**

The weighted average remaining contractual life of share based payment options that were outstanding as at 31 December 2013 was 0.17 years (31 December 2012: 0.94 years).

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	Consolidated	
	12 Months to 31 Dec 2013 \$	6 Months to 31 Dec 2012 \$
<b>NOTE 21 - AUDITORS' REMUNERATION</b>		
Amount received or due and receivable by the auditor for:		
Auditing the financial statements, including audit review - current year audits	33,500	19,000
Other services	-	-
Total remuneration of auditors	<u>33,500</u>	<u>19,000</u>

### NOTE 22 – SEGMENT INFORMATION

#### Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the exploration type. Discrete financial information about each of these operating businesses is reported to the Board on at least a quarterly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of activity type and phase of operations, as these are the sources of the Group's major risks and have the most effect on the rates of return.

#### Reportable Operating Segments Identified

For management purposes, the Group has organised its operating segments into two reportable segments as follows:

- Minerals Exploration and Evaluation Segment: This segment includes assets and activities that are associated with mineral exploration (investment in associate Riedel).
- Oil and Gas Exploration and Evaluation Segment: This segment includes assets and activities that are associated with oil and gas exploration.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, the Group's financing (including finance income) is managed on a group basis and are not allocated to operating segments.

#### Accounting Policies

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the accounts.

There have been no inter-segment transactions.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

**ADX ENERGY LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**NOTE 22 – SEGMENT INFORMATION - continued**

The following items are not allocated to segments as they are not considered part of core operations of any segment and are managed on a Group basis.

- Interest revenue
- Foreign currency gains/(losses)
- Corporate costs

<b>Operating Segments</b>	<b>Minerals</b>	<b>Oil and Gas</b>	<b>Total Operations</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Year ended 31 December 2013</b>			
Revenue and income	-	897,515	897,515
<b>Total segment revenue</b>			<b>897,515</b>
<b>Result</b>			
Segment result	-	876,102	876,102
Depreciation	-	(36,505)	(36,505)
Share of loss from associate	(1,452,425)	-	(1,452,425)
Impairment of investment in associate	(609,167)	-	(609,167)
Impairment of deferred exploration	-	(4,647,690)	(4,647,690)
<b>Total Segment result</b>	<b>(2,061,592)</b>	<b>(3,808,093)</b>	<b>(5,869,685)</b>
<b>Reconciliation of segment loss after tax to net loss after tax:</b>			
Unallocated revenue and income			53,164
Foreign currency gains/(losses)			(198,810)
Unallocated depreciation			(46,956)
Unallocated expenditure			(533,696)
Income tax expense			(7,991)
<b>Net loss after tax</b>			<b>(6,603,974)</b>
<b>Assets</b>			
Segment assets	-	5,240,188	5,240,188
<b>Reconciliation of segment assets:</b>			
Cash held by parent			1,551,733
Other			205,859
<b>Total assets</b>			<b>6,997,780</b>
<b>Liabilities</b>			
Segment liabilities	-	520,857	520,857
<b>Reconciliation of segment liabilities:</b>			
Unallocated liabilities			50,746
<b>Total liabilities</b>			<b>571,603</b>
<b>Capital expenditure</b>			
Segment capital expenditure – deferred exploration	-	2,172,345	2,172,345
Segment capital expenditure – plant and equipment	-	-	-
<b>Total Segment capital expenditure</b>	<b>-</b>	<b>2,172,345</b>	<b>2,172,345</b>
<b>Reconciliation of capital expenditure:</b>			
Unallocated additions			28,086
<b>Total capital expenditure</b>			<b>2,200,431</b>

**ADX ENERGY LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**NOTE 22 – SEGMENT INFORMATION - continued**

<b>Operating Segments</b>	<b>Minerals</b>	<b>Oil and Gas</b>	<b>Total Operations</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>6 Months ended 31 December 2012</b>			
Revenue and income	-	3,271,848	3,271,848
<b>Total segment revenue</b>			<b>3,271,848</b>
<b>Result</b>			
Segment result	-	3,250,315	3,250,315
Depreciation	-	(22,909)	(22,909)
Share of loss from associate	(180,248)	-	(180,248)
Impairment of deferred exploration	-	-	-
Total Segment result	(180,248)	3,227,406	3,047,158
<b>Reconciliation of segment profit after tax to net loss after tax:</b>			
Unallocated revenue and income			7,076
Foreign currency gains/(losses)			42,491
Unallocated depreciation			(21,954)
Unallocated expenditure			(506,311)
Income tax expense			(7,523)
<b>Net profit after tax</b>			<b>2,560,937</b>
<b>Assets</b>			
Segment assets	1,790,220	6,809,492	8,599,712
<b>Reconciliation of segment assets:</b>			
Cash held by parent			2,017,687
Other			195,240
<b>Total assets</b>			<b>10,812,639</b>
<b>Liabilities</b>			
Segment liabilities	-	398,652	398,652
<b>Reconciliation of segment liabilities:</b>			
Unallocated liabilities			41,062
<b>Total liabilities</b>			<b>439,714</b>
<b>Capital expenditure</b>			
Segment capital expenditure – deferred exploration	-	1,475,076	1,475,076
Segment capital expenditure – plant and equipment	-	-	-
Total Segment capital expenditure	-	1,475,076	1,475,076
<b>Reconciliation of capital expenditure:</b>			
Unallocated additions			16,737
<b>Total capital expenditure</b>			<b>1,491,813</b>

## ADX ENERGY LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

#### NOTE 23 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash. The main purpose of this financial instrument is to provide working capital for the Group's operations.

The Group has various other financial instruments such as trade debtors, security bonds and trade creditors, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken, except for share investments which are considered immaterial.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and foreign currency risk. The Board reviews and agrees on policies for managing each of these risks and they are summarised below.

#### Interest rate risk

At balance date the Group's exposure to market risk for changes in interest rates relates primarily to the Company's cash and bonds. The Group constantly analyses its exposure to interest rates, with consideration given to potential renewal of existing positions, the mix of fixed and variable interest rates and the period to which deposits may be fixed.

At balance date, the Group had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	Consolidated	
	31 December 2013	31 December 2012
	\$	\$
<i>Financial Assets:</i>		
Cash and cash equivalents	1,634,331	2,076,349
Trade and other receivables	25,394	45,918
Net exposure	1,659,725	2,122,267

#### Sensitivity

At 31 December 2013, if interest rates had increased by 0.5% from the year end variable rates with all other variables held constant, post tax profit and equity for the Group would have been \$11,088 higher (December 2012: changes of 0.5% \$5,000 higher). The 0.5% (December 2012: 0.5%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical RBA movements over the last year.

#### Liquidity risk

The Group has no significant exposure to liquidity risk as there is effectively no debt. The Group manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

#### Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

Significant cash deposits are with institutions with a minimum credit rating of AA (or equivalent) as determined by a reputable credit rating agency e.g. Standard & Poor.

The Company does not have any other significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### NOTE 23 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

#### Foreign currency risk

As a result of oil and gas exploration operations in Europe being denominated in USD and Euro, the Group's balance sheet can be affected by movements in the USD/A\$ and Euro/USD exchange rates. The Company does not hedge this exposure.

The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained in Euros and AUD, to meet current operational commitments.

At 31 December 2013, the Group had the following exposures to foreign currencies that are not designated in cash flow hedges:

	Consolidated	
	31 December 2013 \$	31 December 2012 \$
<i>Financial Assets:</i>		
Cash and cash equivalents	1,571,521	2,057,327
Trade and other receivables - current	190,382	32,826
<i>Financial Liabilities:</i>		
Trade and other payables - current	(356,351)	(74,693)
Net exposure	1,405,552	2,015,460

#### Sensitivity

At 31 December 2013, if exchange rates had increased by 12% or decreased by 12% from the year end rates with all other variables held constant, post tax profit and equity for the Group would have been \$148,362 lower / \$188,823 higher (31 December 2012: changes of 12% \$218,200 lower/\$277,709 higher).

The 12% (31 December 2012: 12%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of actual historical rates, for the Australian dollar to the US dollar and Euro, for the preceding year.

Management believes the balance date risk exposures are representative of the risk exposure inherent in financial instruments.

#### Commodity price risk

The Group's exposure to price risk is minimal given the Group is still in an exploration phase.

#### Fair value

Disclosure of fair value measurements by level are as follows:

- Level 1 – the fair value is calculated using quoted prices in active markets
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data



# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### NOTE 23 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

#### Fair value - continued

The following table presents the Group's assets and liabilities measured at fair value as well as the methods used to estimate the fair value.

	Year ended 31 December 2013				6 months ended 31 December 2012			
	Quoted Market Price (Level 1)	Valuation with Observable Market Data (Level 2)	Valuation with no Observable Market Data (Level 3)	Total	Quoted Market Price (Level 1)	Valuation with Observable Market Data (Level 2)	Valuation with no Observable Market Data (Level 3)	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Consolidated</b>								
Other current financial assets at fair value	2,343	-	-	2,343	2,005	-	-	2,005

#### Transfer Between Categories

There were no transfers between Level 1 and Level 2 during the year.

### NOTE 24 - SUBSEQUENT EVENTS

Following the shareholders' approval from the general meeting held on 13 February 2014, the Directors were granted the following unlisted options on 24 February 2014:

Name of Director	Number of Options
I Tchacos	2,000,000
W Zimmer	6,000,000
P Fink	5,000,000
A Childs	2,000,000

The Directors approved a grant of 5,500,000 unlisted options granted on 24 February 2014 to employees and consultants.

All of the above options are at an exercise price of 4 cents, expiring 15/2/2016.

On 23 December 2013, ADX announced that it had reached an agreement whereby Gulfsands Petroleum plc ("Gulfsands") withdraws from the Kerkouane permit offshore Tunisia and ADX transfers its entire remaining 30% participating interest in its Chorbane exploration permit onshore Tunisia to Gulfsands. Under the terms of the agreement ADX received a cash payment of US\$ 250,000 in January 2014 after execution of this agreement and US\$1,500,000 after receipt of the required government approvals and other conditions, expected to be granted within 4 months.

There are no other matters or circumstances that have arisen since 31 December 2013 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years.

**ADX ENERGY LTD**  
**INDEPENDENT AUDIT REPORT**

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**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
ADX ENERGY LTD**

**Report on the financial report**

We have audited the accompanying financial report of ADX Energy Ltd (the Company) which comprises the balance sheet as at 31 December 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flow state for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the period.

**Directors Responsibility for the Financial Report**

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) 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. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used in and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independence**

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.



Chartered Accountants

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

**ADX ENERGY LTD**  
**INDEPENDENT AUDIT REPORT**

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**Audit opinion**

In our opinion the financial report of ADX Energy Ltd is in accordance with the *Corporations Act 2001*, including:

- a) (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of their performance for the period ended on that date; and  
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b) the consolidated financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board

**Report on the remuneration report**

We have audited the remuneration report included in the directors' report for the period ended 31 December 2013. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

**Audit opinion**

In our opinion the remuneration report of ADX Energy Ltd for the period ended 31 December 2013 complies with section 300A of the *Corporations Act 2001*.

**Matters Relating to the Electronic Presentation of the Audited Financial Report**

This auditor's report relates to the financial report of ADX Energy Ltd for the year ended 31 December 2013 included on ADX Energy Ltd's website. The company's directors are responsible for the integrity of the website. We have not been engaged to report on the integrity of the website. This auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this website.

  
Rothsay



Graham R Swan  
Partner

Dated 27<sup>th</sup> March 2014



Chartered Accountants

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

# ADX ENERGY LTD

## ADDITIONAL SHAREHOLDER INFORMATION

Information as at 14 March 2014

### a) Substantial Shareholders (who have lodged notices with ADX Energy Ltd)

M&G Investment Funds (4), (7)  
M&G Investment Management Limited  
M&G Limited  
M&G Group Limited  
M&G Securities Limited  
Prudential plc

Hold 60,000,000 ordinary shares representing 11%.

### b) Shareholder Distribution Schedule

Size of Holding	Number of Shareholders	Number of Ordinary Shares	Percentage of Issued Capital
1 - 1,000	180	89,717	0.02
1,001 - 5,000	523	1,697,295	0.31
5,001 - 10,000	483	3,957,301	0.73
10,001 - 100,000	1,199	48,481,148	8.89
100,000 and over	480	491,141,714	90.05
Total Shareholders	2,865	545,367,175	100
Number of shareholders holding less than a marketable parcel	1,810	18,270,399	3.35

### (c) Voting Rights

- (i) at meetings of members entitled to vote each member may vote in person or by proxy or attorney, or in the case of a member which is a body corporate, by representative duly appointed under section 250D;
- (ii) on a show of hands every member entitled to vote and present in person or by proxy or attorney or representative duly authorised shall have one (1) vote;
- (iii) on a poll every member entitled to vote and present in person or by proxy or attorney or representative duly authorised shall have one (1) vote for each fully paid share of which he is the holder and in the case of contributing shares until fully paid shall have voting rights pro rata to the amount paid up or credited as paid up on each such share; and
- (iv) a member shall not be entitled to vote at general meeting or be reckoned in a quorum in respect of any shares upon which any call or other sum presently payable by him is unpaid.

# ADX ENERGY LTD

## ADDITIONAL SHAREHOLDER INFORMATION

### c) Twenty largest shareholders:

	Name	Number of Ordinary Shares	% of Issued Capital
1	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	168,909,764	30.97
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	67,768,743	12.43
3	RUNYON PTY LTD <SUPER FUND A/C>	8,763,679	1.61
4	MR ANDREW CHILDS	8,340,381	1.53
5	VASSE GROUP LIMITED	8,154,321	1.50
6	KENLOW (1982) PTY LTD <SUPER FUND A/C>	8,041,667	1.47
7	MR VICTOR MIASI + MR JOSEPH MIASI <VICTOR MIASI SUPER A/C>	7,000,000	1.28
8	MR ALISTAIR ROBERTSON CHOMLEY	4,390,000	0.80
9	WARROORAH PTY LTD <TCHACOS FUND A/C>	3,726,096	0.68
10	BRAZELL PTY LTD <A & M SUPER FUND A/C>	3,600,000	0.66
11	IRONSIDE PTY LTD <IRONSIDE SUPER FUND A/C>	2,711,112	0.50
12	CITICORP NOMINEES PTY LIMITED	2,526,666	0.46
13	CAVERNDAL PTY LTD <CAVERNDAL SUPER FUND A/C>	2,426,740	0.44
14	MR HAROLD WALTER DALY + MRS MAUREEN HAZEL DALY <THE DALY SUPER FUND ACCOUNT>	2,352,686	0.43
15	MR LEWIS ALEXANDER DRAPER + MRS JANET ANNE DRAPER <L A DRAPER SUPER FUND A/C>	2,210,000	0.41
16	MRS ELIZABETH MARY CRAWFORD	2,168,387	0.40
17	MR STANLEY JOHN FIELDS	2,000,000	0.37
18	MR BRIAN GORDON ALFRED MATTHEWS	2,000,000	0.37
19	MR TIMOTHY FRANCIS CLIVE MCDONNELL	2,000,000	0.37
20	MR ANDREW ROSS CHILDS	1,786,000	0.33
		<b>310,876,242</b>	<b>57.01</b>
	Shares on issue at 14 March 2014	<b>545,367,175</b>	

### d) Unlisted Options issued under the Employee Incentive Option Plan

	Number	Issue Price of Shares	Expiry Date
Unlisted Options	<u>2,500,000</u>	4 cents	15/02/2014

### e) Other Unlisted Options

Name	15/2/2014 4 cents
<i>Directors:</i>	
I Tchacos	2,000,000
W Zimmer	6,000,000
P Fink	5,000,000
A Childs	2,000,000
<i>Others:</i>	
P Ironside	2,000,000
A Sparks	1,000,000
	<u>18,000,000</u>

**ADX ENERGY LTD**  
**TENEMENT SCHEDULE**

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**Oil AND GAS ASSETS**  
**Europe and North Africa**

<b>Project</b>	<b>Permit</b>	<b>ADX Group Interest (%)</b>	<b>Operator</b>
Kerkouane – Tunisia	Kerkouane	100%	ADX
Pantelleria – Italy	G.R15.PU	100%	ADX
Italy	D 364 C.R.-.AX	100%	ADX
Romania	EX-10 PARTA	50%	ADX