

29 January 2016

Activities Report Quarter Ended 31 December 2015

HIGHLIGHTS

CORPORATE

- The cost cutting measures undertaken since October 2015 have started to significantly reduce the G&A expenditure rate without a reduction or delay of capability or operational activities.

OPERATIONS

- *Offshore Italy*: A subsurface geotechnical review of license d363 C.R-AX which includes the abandoned Nilde oil field and three undeveloped satellite oil discoveries has been completed and handed over to a reputed third party “Competent Person” reporting company for an independent review of potentially recoverable resources.
- *Onshore Romania – Parta license*: Good progress was made on the 3D seismic permitting by ADX. As a result of increasing regulatory support resulting in signed access permits from landowners and the local population the permitting process can soon be handed over to a conventional seismic contractor enabling ADX and its’ partner to acquire approximately 150 sqkm 3D seismic in a highly prospective area of the Parta license which has already yielded oil and gas.
- *Onshore Romania – Parta license*: Approximately 500 km of 2D seismic processing was completed. This included state of the art PSDM (pre stack depth migration) processing which resulted in a significant improved imaging of one of the leading drilling targets.

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- *Offshore Tunisia - Kerkouane permit:* The location and technical parameters for a 3D seismic survey were approved by local authorities and commercial discussions are ongoing with seismic contractors for the scope and budget of the acquisition.

NEW VENTURES

A number of relatively low risk onshore appraisal and development opportunities have been reviewed in Italy, Romania and Germany. They all share the common attribute of being able to generate value at relatively low oil prices in countries with excellent fiscal regimes

OPERATIONS

Offshore Italy Pantelleria Permits & d363 C.R-AX permit (*Operator, 100% equity interests*)

Following a dataroom visit at ENI's offices in Italy, a detailed subsurface evaluation of the d363 C.R-AX Nilde oil field and three satellite discoveries was completed based on geotechnical data obtained from ENI and other data providers. A location map is shown below. The discoveries are approximately 50 to 60 km from the coast of Sicily.

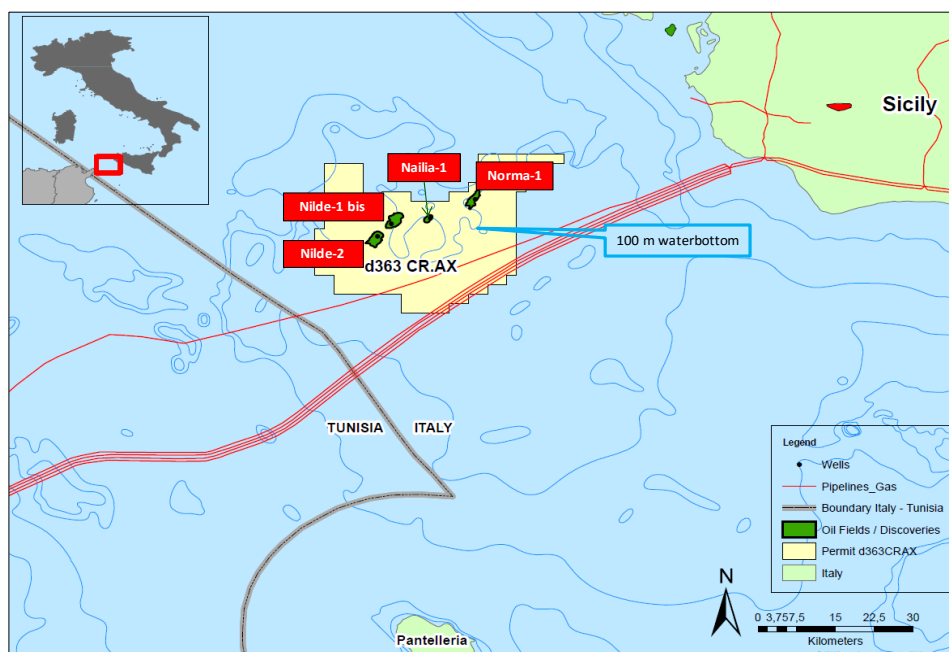


Figure 1: Nilde field and d363 C.R-AX oil discoveries location map

A review of well test data confirmed the high flow potential of the oil reservoirs which are located at relatively shallow drill depths of around 1,500 meters in approximately 100 meter water depth. The combination of high quality seismic data allowing an accurate mapping of the proven oil structures together with the available petrophysical and well test data has enabled a detailed review of the resource potential.

This work is currently under review by a highly reputable third party competent person and results are expected to be completed and be announced during February 2016.

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

A Joint Operating Committee Meeting was held in Tunis with the Tunisian state licensing authority (ETAP). The prospectivity of the permit, the location and acquisition parameter for a proposed 3D seismic program were recommended by ADX and approved by ETAP.

Commercial and technical discussions with a number of potential seismic contractors are ongoing to finalise the scope and budget for the seismic program.

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

Through a combination of conventional permitting, detailed landowner identification and selective legal procedures, ADX has gained increasing local support and written approvals for the planned a 3D seismic acquisition program.

A successful legal precedent has been set which will enable access to remaining land owner areas. It is anticipated that a seismic contractor permitting team will be soon able to take over the permitting operations and preparations for the 3D seismic program.

In parallel with the 3D seismic licensing work, ADX has completed the reprocessing of approximately 500 km of vintage 2D seismic. This also included state of the art PSDM (pre stack depth migration) processing which led to a significant improved imaging of the so called "Sacalaz" oil and gas prospect. Detailed PSDM velocity analysis also confirmed that the prospective section of interest is likely to contain good (Miocene age) reservoirs. Figure 2 further below shows a PSDM processed section through the prospect.

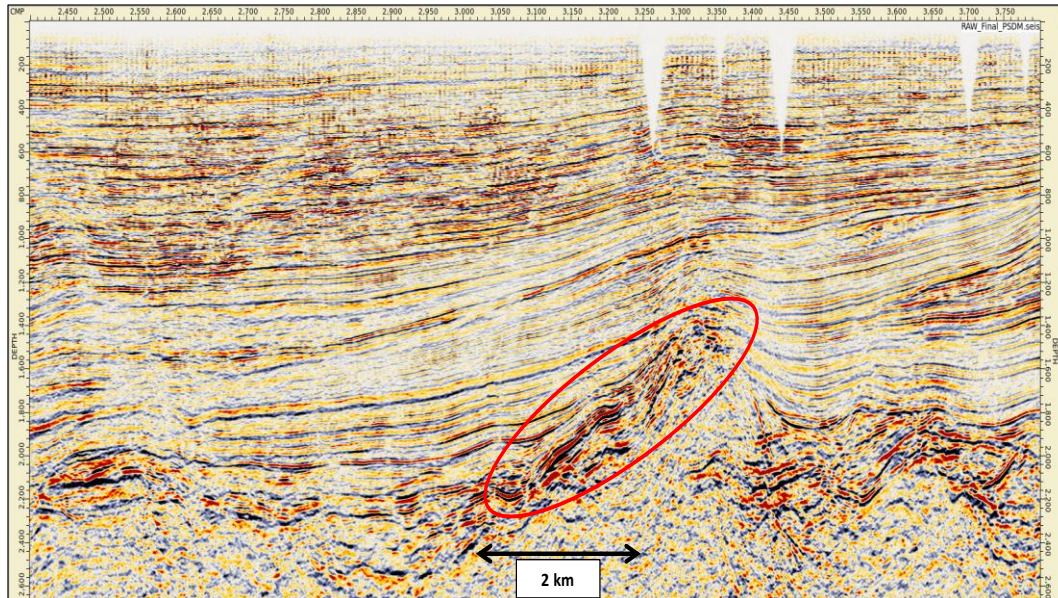


Figure 2: Seismic section through Sacalaz prospect. Main target section is highlighted

A number of parties have expressed an interest to farm in to the permit. Discussions are ongoing following introductory presentations with the intention of farming out an interest upon ratification of the 30 month permit extension which has been approved by the designated licensing authority (NAMR).

FINANCE

ADX's cash at the end of the December 2015 quarter was \$0.621 million.

TENEMENT TABLE

Tenements held at the end of the quarter, their location, ADX’s percentage held at the end of the quarter and changes thereof:

Permit	Percentage held at the beginning of the Quarter	Percentage held at the end of the quarter	Percentage acquired
Offshore Tunisia, Kerkouane	100%	100%	-
Offshore Italy, d363 C.R-AX	100%	100%	-
Offshore Italy, Pantelleria	100%	100%	-
Offshore Italy, d364 C.R-AX	100%	100%	-
Onshore Romania, Parta	50%	50%	-

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

Yours faithfully



Paul Fink
CEO/Technical Director



Ian Tchacos
Executive Chairman

Disclaimer: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.