

4 November 2014

Sicily Channel – Resources Review Dougga Gas Condensate Discovery Resources Review results in significant up-dip resource potential

ADX Energy Ltd (**ASX: ADX**) is pleased to announce the completion of a detailed technical in-house study of the Dougga gas condensate field which has resulted in a substantial increase in resources and the identification of a potential reservoir sweet spot up-dip from the Dougga #1 well in predicted Abiod reservoir where improved porosity and permeability is expected based on the results of other wells in the area.

Importantly the additional potential resources enhance the commerciality of the LPG and condensate rich Dougga discovery. ADX holds a 100% interest in Dougga, is the operator of the permit and is in the process of attracting a farmin partner to fund future appraisal drilling of Dougga and other near field exploration targets defined by 3D seismic such as the Dougga West Oil prospect.

The estimated additional volumes and reservoir quality assessment is based on detailed mapping of high quality 3D seismic. In the past ADX has reported 3rd party Competent Persons Reports (CPR) which have assigned contingent resources attributable to the Dougga discovery.

The previously reported contingent resources for Dougga were as follows:

<i>CONTINGENT RESOURCES</i>	1C	2C	3C
Total Oil Equivalent [mmboe]	88	173	268
Liquids: Condensate & LPG [mmbbls]	47	91	142
Sales Gas [bcf]	264	517	804

Sources: ADX estimates incorporating Competent Persons Reports (CPR) by TRACS and ISIS, development concept by Genesis. The TRACS CPR estimated a 70% chance of successfully commercializing Dougga. The reporting date for Dougga contingent resources was 26 Sept 2012.

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies.

While has ADX believes the up-dip potential is in pressure communication with the contingent resource calculated by Tracs, ADX is taking a prudent approach and categorising the additional potential hydrocarbon volumes as prospective resources until confirmed by an future appraisal well.

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Based on the new work the additional prospective resource¹ is as follows:

<i>Gross² Prospective Resource Addition</i>	LOW	BEST	HIGH
Total Oil Equivalent [mmboe³]	39	47	65

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by the application of future drilling projects.

Prospective resources were calculated using the probabilistic method.

¹ 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 a risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence a significant quantity of potentially moveable hydrocarbons.

²**Gross:** Prospective (recoverable) Resources attributable to 100% joint venture interest

³**MMboe:** Million barrels of oil equivalent. Conversion factor: 1bcf of gas is 0.178 MMboe

The combination of the previously announced contingent resource and the new prospective resource (PR) addition is as follows:

<i>DOUGGA CONTINGENT + PROSPECTIVE RESOURCES</i>	1C+LOW	2C+BEST	3C+HIGH
Total Oil Equivalent [mmboe]	127	220	333
Liquids: Condensate & LPG [mmbbls]	66	116	176
Sales Gas [bcf]	325	570	862
% Increase (C + PR Addition) / C	44%	27%	24%

Previous evaluations by independent Competent Persons were based on the simple assumption that everywhere on the structure the gas condensate bearing Abiod reservoir would have reservoir properties such as thickness and porosity as those found and tested at the Dougga-1 discovery well. The well however was located approximately 300 meters downdip from the crest of the accumulation, as mapped by ADX on the recently acquired 3D seismic. (The latest reference is the ASX announcement on 20 May 2014, slides 13 to 17).

Detailed 3D seismic mapping of the Abiod carbonate reservoir architecture has revealed that the Abiod reservoir exhibits significant thickness variation away from the Dougga-1 discovery well, with an overall net increase over the entire 45 sqkm gas condensate discovery area (see figure 1). Since this increase is mostly observed in the crestal areas of the structure there is a good chance that the reservoir thickness increase is accompanied by enhanced porosity and permeability. This positive attribute is generally observable within many carbonate fields in the area.

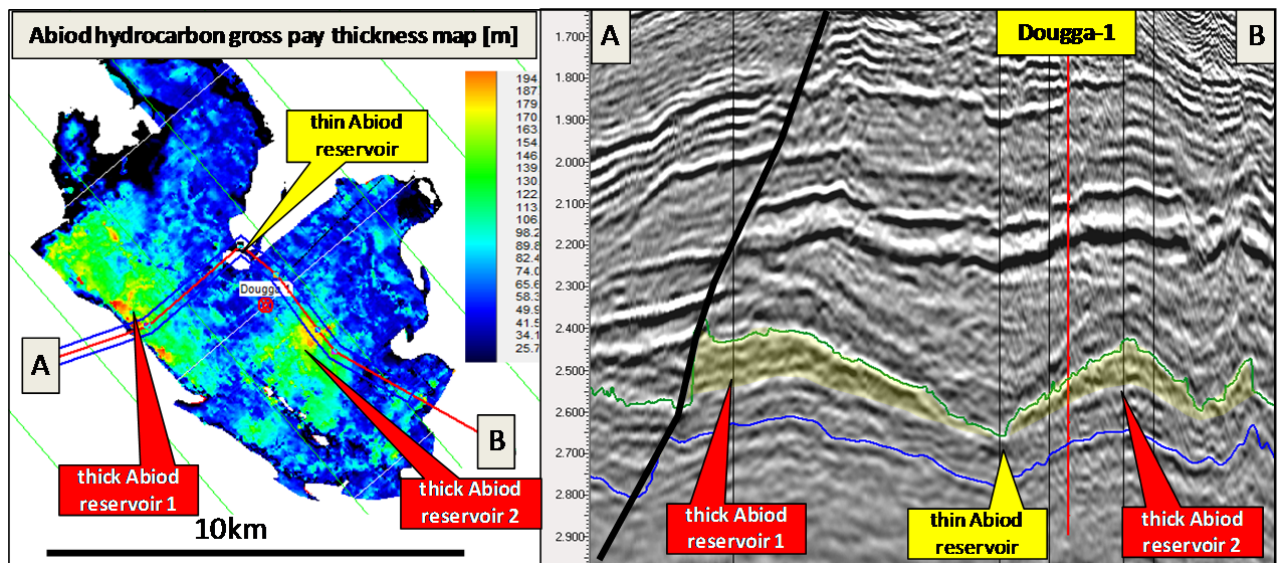


Figure 1: 3D seismic section through the Dougga gas condensate discovery. The Dougga-1 discovery is not optimally placed neither with respect to the structural location (300 meters downdip) nor the sweet spot zones of thick and most likely best Abiod reservoir development. The hydrocarbon gross pay map shows that Dougga-1 intersected about 70 meters of Abiod gross reservoir, whereas several areas with up to 200 meters of gross Abiod reservoir can be expected based on the high resolution 3D seismic evidence (green, yellow colors).

Methodology for Prospective Resource Estimation

- In line with the guidelines of the 2007 Petroleum Resource Management System (PRMS) the resources have been assessed by the volumetric method using probabilistic (Monte Carlo) methods, thereby systematically capturing a range of uncertainties related to each key input resource calculation parameter such as reservoir properties, hydrocarbon saturation, recovery factor and area extent of the prospective hydrocarbon accumulation.
- The resource calculation parameters to assess the prospective resources were based on the analysis of the following data:
 - i. Newly acquired 2D and 3D seismic data
 - ii. Reprocessed and vintage (previously acquired) seismic data
 - iii. Petrophysical analysis of nearby control well data
 - iv. Review of recovery factors and fluid types of nearby analogous producing oil and gas reservoirs or discoveries

**Qualified Resource Evaluator Statement**

The information in this report and the prospective resources and related supporting documentation and data have been reviewed by Mr. Paul Fink who is a petroleum consultant to ADX and serves on the board of ADX as Non Executive director. He holds an MSc from the Mining University of Leoben, is a chartered Engineer, a member of Fidic (International Federation of Consulting Engineers) and a member of EAGE (European Association of Geoscientists and Engineers) and is qualified in accordance with ASX listing rule 5.41.

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