

**30 January 2015**

**Activities Report  
Period Ended 31 December 2014**

## **Highlights**

- **Tunisia & Italy: ADX continued in house studies on the Sicily Chanel including the new permit in Italian waters**

A detailed technical in-house study and reservoir model for the Dougga gas condensate discovery in the Tunisian Kerkouane license has resulted in a significant increase of prospective resources and identified several areas within the Dougga field where excellent reservoir quality can be expected.

Following the conclusion of parliamentary and presidential elections in Tunisia during October and November 2014 respectively, ADX has re-engaged in discussions regarding fiscal terms for the Dougga Gas Condensate appraisal project.

Farmout discussions in relation to the Dougga gas condensate discovery and the Dougga West oil prospect have continued with a number of parties. Whilst two parties which were at advanced stages of their review process have declined, several new companies have commenced their reviews.

- **Parta Permit (EX-10), Onshore Romania: Prospects ready for drilling, Seismic permitting and preparation for additional 2D and 3D seismic acquisition ongoing.**

ADX has completed approximately 100km of 2D seismic data within the Parta permit which has generated a number of drillable prospects. As a result of positive results to date, ADX and its joint venture partner also intend to acquire additional 3D seismic to further delineate previously identified exploration prospects following the finalisation of landowner access agreements. To achieve the planned program ADX has continued its permitting activities for the next 2D and 3D seismic campaign. In certain areas this process was very slow, or even obstructed by illegal landowner activities which have resulted in the commencement of legal proceedings in order to ensure access for seismic operations as is guaranteed by the Romanian petroleum law.

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As a consequence of delays which are out of ADX control ADX will apply for an extension of the current exploration period to be able to complete its seismic and drilling programs.

Farmout discussions in relation to a number of drillable prospects have continued with several parties.

- **Legal proceedings have been ongoing with Gulfsands Petroleum Plc to recover payment of US\$ 1.5 million.**

Further to ADX Energy Ltd's (ASX:ADX) announcements on 15 August 2014 and 3 September 2014, on 29 September 2014 ADX's wholly owned subsidiary Alpine Oil and Gas Pty Ltd ('AOG'), commenced proceedings against Gulfsands in the English High Court to recover the purchase price of US\$1.5 million owing to AOG in respect of transferring the Chorbane Permit to Gulfsands.

AOG does not believe that there is any legitimate basis for Gulfsands' failure to pay the outstanding US\$1.5 million and, following an application issued by AOG on 15 December 2014, a summary judgment hearing has now been listed for 9 February 2015 to determine whether Gulfsands should be ordered to pay the US\$1.5 million without further delay. Any remaining issues not capable of being determined by way of summary judgment will be heard at a substantive trial beginning on 1 December 2015.

### **Romania Parta Concession – Pannonian Basin**

ADX is the Operator and holds a 50% Interest

During the quarter, the evaluation of the permit and preparation for seismic acquisition has been progressed. The main focus was on permitting the 3D area adjacent to the seismic data already acquired in late 2013. Based on 2D seismic data acquired to date and recent mapping work, ADX has upgraded three exploration prospects.

Land access problems prove to be seriously affecting our activities and will prevent timely completion of the planned exploration program. Legal proceedings have commenced against illegal activities of land owners to enable the company to fulfil its concession commitments and generate further prospects in this attractive license.

Robust prospect economics are supported by shallow target depths (800 to 2,000 meters), low drilling costs (less than US \$2million per well), availability of infrastructure, attractive fiscal terms and the proximity to European markets which would result in relatively modest discoveries delivering excellent returns on investment, even at significantly reduced oil prices. As more modern 2D and 3D seismic data becomes available it is expected that further prospects are likely to emerge.

### **Offshore Tunisia & Italy – Kerkouane & Pantelleria Permits, d363 C.R.-AX permit**

Kerkouane 100% interest; Pantelleria 100% interest; d363-C.R-AX 100% interest

ADX now operates a large exploration area in the proven but underexplored foothill belt area of the Sicily Channel.

In Italy, ADX continued its geological and geophysical evaluation of the new exploration permit d 363 C.R.-AX (“Nilde” permit). It contains the formerly ENI operated and abandoned Nilde oil field. ADX has demonstrated with its 700 km<sup>2</sup> Geostreamer 3D seismic survey acquired on the Tunisian side of the hydrocarbon trend, that these large potentially hydrocarbon bearing structures can be much more successfully imaged with modern seismic technology.

In addition to the generally excellent prospectivity of the area, the newly obtained Italian “Nilde” permit is favourable for commercialisation of even modest discoveries. This is due to a combination of water depths predominantly less than 100 meters and the attractive fiscal regime in Italy.

In Tunisia, after receipt of government ratifications on 27 July 2014, ADX holds a 100% operated interest in the Kerkouane license.

Detailed seismic mapping of the Geostreamer 3D in the greater area of the Dougga gas condensate field has revealed the potential for additional stacked carbonate reservoir section updip of the Dougga # 1 discovery well. This new interpretation led to an additional volume of prospective resource for the gas condensate field over and above the existing contingent resources reported previously which will be targeted by a future Dougga appraisal well. The detailed reservoir work also identified two large so called “sweet spot” areas where excellent reservoir quality and hence well productivity potential can be expected.

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

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

Refer to ADX Energy Ltd (**ASX:ADX**) announcement on 4 November 2014.

With 100% operated interest in its entire Sicily Channel license portfolio (see tenement list below) ADX continues a renewed farmout campaign.

### **New Ventures Activities**

ADX has continued to screen opportunities on a regular basis in Eastern Europe and the Mediterranean basins, with the current focus on the next Romanian bid round where ADX has developed an extensive in house expertise and data base. It is expected that 36 blocks will be offered.

ADX has reviewed the offshore Croatia bid round data and has decided not to participate.

### **Legal Proceedings to recover US\$ 1.5 million.**

Further to ADX Energy Ltd (**ASX:ADX**) announcements on 15 August 2014 and 3 September 2014 reporting that the Tunisian Authorities (Comité Consultatif des Hydrocarbures) had approved the transfer of all of AOG’s (ADX’s wholly owned subsidiary, Alpine Oil and Gas Pty Ltd) remaining interest in the Chorbane permit, onshore Tunisia to Gulfsands (**AIM:GPX**), all conditions precedent to completion under the Settlement Agreement with Gulfsands Petroleum Plc announced on 23 December 2013, have been met.

Completion of the sale fell due on 26 August 2014.

AOG has commenced proceedings against Gulfsands in the English High Court to recover the purchase price of US\$1.5 million owing to AOG in respect of transferring the Chorbane Permit to Gulfsands.

AOG does not believe that there is any legitimate basis for Gulfsands' failure to pay the outstanding US\$1.5 million and, following an application issued by AOG on 15 December 2014, a summary judgment hearing has now been listed for 9 February 2015 to determine whether Gulfsands should be ordered to pay the US\$1.5 million without further delay. Any remaining issues not capable of being determined by way of summary judgment will be heard at a substantive trial beginning on 1 December 2015.

ADX expects to be paid in full.

### Tenement List

Tenements held at the beginning and at the end of the quarter are in the table below:

Permit	Percentage held at the beginning of the Quarter	Percentage held at the end of the Quarter	Percentage acquired
Offshore Tunisia, Kerkouane, ADX operated	100%	100%	0%
Onshore Tunisia, Chorbane, Gulfsands operated	0%	0% (**)	0
Offshore Italy, Pantelleria, ADX operated	100%	100%	0
Offshore Italy, d 364 C.R-AX, ADX operated	100%	100%	0
Offshore Italy, d 363 C.R-AX, ADX operated	100%	100%	0
Onshore Romania, Parta, ADX operated	50%	50%	0

(\*\*) subject to government approval

ADX Energy holds 18% of the shares of ASX listed Riedel Resources Limited (<http://www.riedelresources.com.au>).

Yours faithfully



**WOLFGANG ZIMMER**  
Managing Director