



ADX Energy Ltd

ABN 50 009 058 646

**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
30 JUNE 2016**

Directors

Ian Tchacos (Executive Chairman)
Paul Fink (Executive Director)
Andrew Childs (Non-Executive Director)

Company Secretary

Amanda Sparks
Peter Ironside

Registered and Principal Office

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Share Registry

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Telephone: +61 8 9323 2000
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Solicitors

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

Bankers

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

Stock Exchange Listing

Australian Stock Exchange - ASX Code: ADX
152-158 St Georges Terrace
Perth, Western Australia 6000

Auditors

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

ADX ENERGY LTD

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 30 June 2016.

DIRECTORS

The names of Directors of the Company during or since the half-year and up to the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Name	Position
Mr Ian Tchacos	Executive Chairman
Mr Paul Fink	CEO and Executive Director
Mr Andrew Childs	Non-Executive Director
Dr Wolfgang Zimmer	Non-Executive Directors – removed 26 May 2016

REVIEW AND RESULTS OF OPERATIONS

Summary of Financial Performance

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

	Consolidated 30 June 2016 \$	Consolidated 30 June 2015 \$
Net profit/(loss) for the half-year after tax	(790,427)	(1,023,801)
Included in loss for the half-year:		
Exploration expensed	(426,936)	(728,169)
Share-based payments expensed	(165,904)	-
Gain on fair value of financial asset	194,306	-
Basic profit/(loss) per share (cents) from continuing operations	(0.11) cents	(0.16) cents
Net cash (used in) operating activities	(732,443)	(952,742)
Net cash from investing activities	45,808	1,602,259
Net cash from financing activities	735,970	-

During the six month period:

- Exploration expenditure was \$426,936. This was primarily expenditure on the Parta Joint Operation in Romania, the Nilde redevelopment project offshore Italy and activities on the Kerkouane permit offshore Tunisia.
- On 10 May 2016, ADX completed a placement to sophisticated investors of 114,286,000 shares at 0.7 cents per share to raise gross proceeds of \$800,002

Asset Transactions and Corporate Activities

There were no significant asset transactions or corporate activities, other than the placement raising \$800,002.

ADX ENERGY LTD

DIRECTORS' REPORT

Operations Review

Offshore Italy Pantelleria Permits & d363C.R-.AX permit (Operator, 100% equity interests) The Nilde Field Redevelopment Project

The d363C.R-.AX 3rd party independent resources review completed in Q1 2016 by Senergy (GB) Ltd (a Lloyds Company), identified significant and potentially commercial contingent resources as per the table below:

Gross Contingent ¹ Resources Volumes (MMstb)			
	1C ² Estimate	2C ² Estimate	3C ² Estimate
Nilde Field	8.7	13.1	17.8
Nilde- Bis Discovery	9.3	15.3	21.0
Norma Discovery	1.2	3.9	12.9
Naila Discovery	1.0	1.7	2.7
Total³	20.2	34.0	54.4

CONTINGENT RESOURCES & DEFINITIONS Refer to ASX announcement by ADX dated 17/2/2016 and notes below. ADX confirms that it is not aware of any new information or data that affects the information included in that market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. All contingent resource figures quoted in this quarterly report are third party verified.

With these highly encouraging results ADX has acquired an extensive and valuable subsurface database focussing on the Nilde Field and Nilde Bis discovery. The data includes joint venture reports by Shell and ENI (previous asset owners), well logs, seismic data, well test data and production data. The objective of the data acquisition is the building of a 3D reservoir model which can be used for reservoir simulation and production history matching. The resource determination work in combination with drilling and development costs studies is required to determine the potential commerciality of the redevelopment of Nilde and Nilde Bis.

Both the initial 3D geological model and also the production data have confirmed that it is very likely that substantial amounts of oil have been left behind because the field was abandoned prematurely at slightly less than 30% water cut and only a minor pressure decline when the oil price crashed to \$13 in 1989. The combination of the attractive Italian fiscal regime, high well flow rates (10,000 bopd), light quality oil and a significant resource base would make the redevelopment of Nilde an economically viable development project even at low oil prices. ADX has worked closely with a number of contractors and industry advisors to determine realistic capital cost estimates for the potential development of the Nilde and Nilde Bis fields to determine break even oil prices. Indicative economics have been developed based on a floating, production, storage and offloading "FPSO" development option which may not be the optimal cost outcome but is a solution that is readily available and can be bench marked with other comparable projects.

The resulting expected capital costs per barrel for the project are very attractive for an offshore development. This is likely to lead to a project that is economic at low oil prices and very attractive at oil prices exceeding US\$40 per barrel.

Notes

¹ Contingent Resources: those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations but, for which the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies.

² 1C, 2C, 3C Estimates: in a probabilistic resource size distribution these are the P₉₀ (90% probability), P₅₀, and P₁₀, respectively, for individual opportunities.

³ Totals are by arithmetic summation as recommended under PRMS guidelines. This results in a conservative low case total and optimistic high case total.

ADX ENERGY LTD

DIRECTORS' REPORT

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

ADX successfully negotiated with the Tunisian government authorities the extension of the Kerkouane license, without the requirement to take on additional commitments.

The 3,080 sqkm large Kerkouane license contains a number of large sized exploration prospects and the Dougga gas condensate discovery. The license is contiguous with the Italian ADX Sicily channel licenses which include the Nilde oil field discussed above.

ADX believes a Dougga commercialization strategy is more desirable in the current investor climate than a focus on large sized but more risky exploration prospects. Furthermore ADX believes the commerciality of a potential development of the large independently assessed resource base at Dougga (ASX release 14 October 2016, see summary table below) can be enhanced based on a subsea tie back to an onshore liquids removal gas plant rather than the previous basis of design utilizing an offshore facility for condensate separation and offloading. This approach is expected to yield significant capital cost savings and improved project economics.

DOUGGA CONTINGENT + PROSPECTIVE RESOURCES	1C+LOW	2C+BEST	3C+HIGH
Total Oil Equivalent [mmboe]	127	220	333
Liquids: Condensate & LPG [mmbls]	66	116	176
Sales Gas [bcf]	325	570	862

Refer to ASX announcements 26/9/2012 (contingent) and 4/11/2014 (prospective). ADX confirms that it is not aware of any new information or data that affects the information included in that market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

The forward program for the permit is to undertake a Dougga field feasibility study incorporating a new basis of design with a view to achieving a potentially significant CAPEX reduction, thereby providing the basis for an economic development scenario which can be incorporated into a development plan supporting the application for a production license. It is envisaged that this will be followed by the drilling of an appraisal well targeting up dip potential identified on high quality 3D seismic with the key objective of establishing that the Dougga reservoir can produce at commercial rates.

ADX will also continue to engage with the Tunisian authorities to apply for a Dougga development and production license. Discussions are expected to focus on the negotiation of suitable fiscal terms with a view to ensuring the potential commercialisation of the resource.

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

During the period, ADX has achieved a large increase in the number of land access permits for seismic acquisition signed within an area of previous high community resistance. The positive outcomes are the result of close to a 100% success rate in court cases and a highly efficient permitting team of local lawyers with a good community network.

While the entire 3D area of approximately 200sqkm has not been permitted yet, ADX can now hand over the completion of permitting to a seismic company.

The 3D seismic will firm up a number of low risk prospects and an appraisal opportunity already identified on 2D seismic which is expected to facilitate an attractive farm-down prior to drilling.

ADX ENERGY LTD

DIRECTORS' REPORT

New Ventures

ADX is concentrating on an increasing number of potentially available production assets onshore in Romania. ADX believes these assets can be acquired at a relatively low cost because they are not material enough for larger companies, some have been poorly managed and have lacked appropriate investment. These opportunities could provide meaningful cash flow and reserves for ADX. The Company is targeting assets where some initial production gains can be made through existing well remediation with modest investment and the potential exists for low risk production additions through development drilling in a rising oil price environment. ADX is well placed on the ground in Romania with good local contactor and designated authority relationships.

During the period ADX made an unsuccessful conditional offer for a Romanian producing oilfield opportunity and has commenced the assessment of two further oil and gas production and development opportunities where there is potential to access low cost, high value barrels.

ADX will provide further details of these opportunities if the transactions reach an advanced nature.

TENEMENTS LIST

Tenements held at the beginning and the end of the half year reporting period as per below table:

Permit	Percentage held as at 1 January 2016	Percentage held as at 30 June 2016	Percentage acquired
Offshore Tunisia, Kerkouane	100%	100%	-
Offshore Italy, Pantelleria	100%	100%	-
Offshore Italy, d 363 C.R-AX *	100%	100%	-
Offshore Italy, d 364 C.R-AX	100%	100%	-
Onshore Romania, Parta, ADX operated	50%	50%	-

** ADX has commenced a process with the Italian Designated Authority to convert the exclusively awarded application to a ratified licence. This process was commenced after the award by the Ministry of Industry. ADX believes ratification will occur during the third quarter of 2016.*

SHARE INVESTMENTS

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

SUBSEQUENT EVENTS

Subsequent to year end:

1. In July 2016, ADX was granted a twelve month extension for the Kerkouane permit located offshore Tunisia in the Sicily channel.
2. On 1 August 2016, 21,959,911 shares were issued to directors and company secretaries in consideration for remuneration waived for the period 1 September 2015 to 30 June 2016. Refer to note 6(a)(iii) in the financial statements.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in subsequent financial years.

ADX ENERGY LTD
DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

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

"Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To: The Directors of ADX Energy Ltd

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 30 June 2016 financial statements; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Rolf Garda
Lead Auditor
Rothsay Chartered Accountants"

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



Ian Tchacos
Executive Chairman
PERTH, 1 September 2016



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Phone 9486 7094 www.rothsayresources.com.au

Independent Review Report to the Members of ADX Energy Ltd

The financial report and directors' responsibility

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for ADX Energy Ltd for the half-year ended 30 June 2016.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 30 June 2016 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of ADX Energy Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of ADX Energy Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 30 June 2016 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

Rolf Garda
Partner

Dated 1 September 2016



Chartered Accountants

ADX ENERGY LTD
DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of ADX Energy Ltd, I state that:

In the opinion of the Directors:

- (a) The financial statements and notes of the group are in accordance with the Corporations Act 2001, including:
 - 1) giving a true and fair view of the financial position as at 30 June 2016 and the performance for the half-year ended on that date of the group; and
 - 2) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Ian Tchacos', with a long horizontal flourish extending to the right.

Ian Tchacos
Executive Chairman

PERTH, 1 September 2016

ADX ENERGY LTD
CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2016

	Note	Half-year ended 30 June 2016 \$	Half-year ended 30 June 2015 \$
Continuing Operations			
Revenue, Income and Gains			
Interest Revenue		418	2,189
Other revenue		808	-
Gain on fair value of financial asset		194,306	-
		195,532	2,189
Expenses			
Administration and corporate expenses, net of recoveries from exploration projects	3	383,321	274,993
Administration expenses – share based payments	8	165,904	-
Exploration expensed		426,936	728,169
Impairment of investment in associate		-	18,106
Total expenses		976,161	1,021,268
Loss before income tax		(780,629)	(1,019,079)
Income tax expense		(9,798)	(4,722)
Net loss for the half-year		(790,427)	(1,023,801)
Other Comprehensive Income/(Loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(23,408)	209,008
Income tax relating to items of other comprehensive income/(loss)		-	-
Other comprehensive income/(loss) for the period, net of tax		(23,408)	209,008
Total comprehensive income/(loss) for the period		(813,835)	(814,793)
 Earnings per share for loss attributable to the ordinary equity holders of the Company:			
		Cents Per Share	Cents Per Share
Basic loss per share	2	(0.11)	(0.16)

ADX ENERGY LTD
CONSOLIDATED
BALANCE SHEET
AS AT 30 JUNE 2016

	Note	As at 30 June 2016 \$	As at 31 December 2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents		648,527	622,021
Trade and other receivables		99,186	197,012
Other financial assets at fair value	5	455,000	-
Total Current Assets		<u>1,202,713</u>	<u>819,033</u>
Non-Current Assets			
Property, plant and equipment		30,116	46,783
Other financial assets at fair value	5	-	267,647
Total Non-Current Assets		<u>30,116</u>	<u>314,430</u>
Total Assets		<u>1,232,829</u>	<u>1,133,463</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		327,845	185,009
Provisions		2,305	760
Total Current Liabilities		<u>330,150</u>	<u>185,769</u>
Total Liabilities		<u>330,150</u>	<u>185,769</u>
Net Assets		<u>902,679</u>	<u>947,694</u>
EQUITY			
Issued capital	6	64,915,950	64,161,036
Reserves		5,950,741	5,960,243
Accumulated losses		(69,964,012)	(69,173,585)
Total Equity		<u>902,679</u>	<u>947,694</u>

ADX ENERGY LTD
CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2016

	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 January 2015	64,161,036	5,606,829	(67,477,677)	2,290,188
Loss for the half-year	-	-	(1,023,801)	(1,023,801)
Exchange differences on translation of foreign operations	-	209,008	-	209,008
Total comprehensive loss for the period, net of tax	-	209,008	(1,023,801)	(814,793)
Transactions with owners in their capacity as owners:				
Issue of share capital, net of transaction costs	-	-	-	-
	-	-	-	-
At 30 June 2015	64,161,036	5,815,837	(68,501,478)	1,475,395
At 1 January 2016	64,161,036	5,960,243	(69,173,585)	947,694
Loss for the half-year	-	-	(790,427)	(790,427)
Exchange differences on translation of foreign operations	-	(23,408)	-	(23,408)
Total comprehensive loss for the period, net of tax	-	(23,408)	(790,427)	(813,835)
Transactions with owners in their capacity as owners:				
Issue of share capital, net of transaction costs	735,970	-	-	735,970
Share based payments – options - note 8	(13,906)	13,906	-	-
Share based payments – shares - note 8	32,850	-	-	32,850
	754,914	13,906	-	768,820
At 30 June 2016	64,915,950	5,950,741	(69,964,012)	902,679

ADX ENERGY LTD
CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2016

CONSOLIDATED	Half-year ended 30 June 2016 \$	Half-year ended 30 June 2015 \$
Cash Flows from Operating Activities		
Receipts in the ordinary course of activities	8,000	41,164
Payments to suppliers and employees	(731,063)	(991,373)
Interest received	418	2,189
Income tax paid	(9,798)	(4,722)
Net Operating Cash Flows	(732,443)	(952,742)
Cash Flows from Investing Activities		
Proceeds from sale of plant and equipment	808	-
Proceeds from sale of permits	-	1,953,313
Costs associated with sale of permits	-	(260,650)
Payments made on behalf of joint venture partners	(277,000)	(604,220)
Repayments from joint ventures	322,000	513,816
Net Investing Cash Flows	45,808	1,602,259
Cash Flows from Financing Activities		
Proceeds from issue of shares	800,002	-
Payment of share issue costs	(64,032)	-
Net Financing Cash Flows	735,970	-
Net Increase/(Decrease) In Cash and Cash Equivalents	49,335	649,517
Cash and Cash Equivalents at beginning of half-year	622,021	707,167
Effect of foreign exchange rates	(22,829)	19,232
Cash and Cash Equivalents at End of Half-Year	648,527	1,375,916

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

1. Basis of Preparation of Half-Year Financial Statements

ADX Energy Ltd is a company limited by shares, domiciled and incorporated in Australia. Its shares are publicly traded on the Australian Stock Exchange.

This general purpose consolidated financial report for the half-year ended 30 June 2016 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

The Group is a for profit entity and is primarily involved in hydrocarbon exploration, evaluation, and development.

The half-year financial report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report for the year ended 31 December 2015 and any public announcements made by ADX Energy Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year financial statements have been prepared in accordance with the historical cost basis.

The half year consolidated financial statements comprise the financial statements of ADX Energy Ltd and its subsidiaries ("Group") as at 30 June 2016.

Going Concern

The financial statements have been prepared on the basis that the Company will continue to meet its commitments and can therefore continue normal business activities and realise assets and settle liabilities in the ordinary course of business.

As an exploration group, the Company and its controlled entities do not generate cash flows from their operating activities to finance these activities. As a consequence the ability of the Company to continue as a going concern is dependent on the success of capital fundraising, farmouts of projects or other financing opportunities. The Directors believe that the Company will continue as a going concern. As a result the financial information has been prepared on a going concern basis. However should fundraising, farmouts or any alternative financing opportunities be unsuccessful, the Company may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

1. Basis of Preparation of Half-Year Financial Statements - continued

Adoption of New or Revised Standards

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

All new and amended Accounting Standards and Interpretations effective from 1 January 2016 have been adopted. None of these amended standards had a material impact on the ADX Group.

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

2. Earnings Per Share

The Company's potential ordinary shares, being its options granted, have been excluded in the determination of diluted earnings per share as they are considered to be anti-dilutive for the periods presented.

	Consolidated	
	6 Months to 30 June 2016	6 Months to 30 June 2015
	\$	\$
3. Expenses		
Administration and corporate expenses include:		
Depreciation	5,583	41,521
Share based payments expensed - note 8	165,904	-

4. Non-Cash Financing and Investing Activities

There were no non-cash financing or investing activities during the period other than the grant of 5,000,000 options as disclosed in note 6(a)(ii) (six months to 30 June 2015: none).

	Consolidated	
	30 June 2016	31 December 2015
	\$	\$
5. Other Financial Assets at Fair Value Through Profit and Loss		
Current		
Listed equity securities held – Riedel Resources Limited	455,000	-
Non-Current		
Listed equity securities held – Riedel Resources Limited	-	267,647

The fair value of listed securities has been determined by reference to published price quotations in an active market. During the six months, the fair value increased by \$187,353 plus currency translation differences of \$6,953 which resulted in a gain of \$194,306 for the six months to 30 June 2016.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

6. Issued Capital

(a) Issued Capital

Number of Shares	Summary of Movements	6 Months to 30 June 2016 \$
656,478,273	Opening balance 1 January 2016	64,161,036
114,286,000	Placement on 10 May 2016 (note i)	800,002
5,474,934	Issue of shares to previous director (note iii)	32,850
	Costs of share issues - cash	(64,032)
	Costs of share issues – non-cash options (note ii)	(13,906)
<u>776,239,207</u>	<u>Closing Balance at 30 June 2016</u>	<u>64,915,950</u>

(i) On 10 May 2016, ADX completed a placement to sophisticated investors of 114,286,000 shares at 0.7 cents per share to raise gross proceeds of \$800,002.

(ii) On 23 May 2016, ADX granted 5,000,000 options to the lead manager of ADX's May 2016 placement in accordance with the Lead Managers Mandate. Value \$13,905.80. These options have an exercise price of 2 cents and expire 28 April 2017.

(iii) On 24 June 2016, ADX issued 5,474,934 shares pursuant to ADXs' Directors' Share Plan, approved by Shareholders on 26 May 2016. The shares were issued to ex-director Dr Wolfgang Zimmer in consideration of remuneration waived for the period 1 September 2015 until his removal on 26 May 2016. The deemed price was 0.6 cents (total value \$32,850)

(iv) Subsequent to 30 June 2016, ADX issued 17,548,493 shares pursuant to ADXs' Directors' Share Plan, approved by Shareholders on 26 May 2016. The shares were issued to current directors in consideration of remuneration waived for the period 1 September 2015 to 30 June 2016. In addition, 4,411,428 shares were issued to the Company Secretaries in consideration of remuneration waived for the period 1 September 2015 to 30 June 2016. Because the shares were not issued as at 30 June 2016, the amount has been accrued as payable in the accounts for 30 June 2016.

	Number of Shares	Remuneration waived \$
Director		
Ian Tchacos	6,593,002	42,818
Paul Fink	8,193,571	50,675
Andrew Childs	2,761,910	16,667
	<u>17,548,483</u>	<u>110,160</u>
Company Secretaries		
Peter Ironside	2,485,714	15,000
Amanda Sparks	1,925,714	13,480
	<u>4,411,428</u>	<u>28,480</u>
	<u>21,959,911</u>	<u>138,640</u>

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

6. Issued Capital - continued

(b) Options on issue at 30 June 2016

	Number	Exercise Price	Expiry Date
Unlisted Options	5,000,000	2 cents	28 April 2017

7. Related Party Transaction

There were no new related party transactions during the half-year.

8. Share Based Payments

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

	Consolidated	
	6 Months to 30 June 2016 \$	6 Months to 30 June 2015 \$
Expensed against issued capital:		
Share-based payments – options - note 6(a)(ii)	13,906	-
Expensed in the profit and loss:		
Share-based payments – Shares Issued- note 6(a)(iii)	32,850	-
Share-based payments – Shares to be Issued (accrued) - note 6(a)(iv)	138,640	-
Foreign exchange translation	(5,586)	-
	165,904	-

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

6 Months to 30 June 2015

No options granted

6 Months to 30 June 2016

Granted to Lead Manager of Placement:

- 5,000,000 options expiring 28 April 2017, exercisable at 2 cents each.

ADX ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

8. Share Based Payments - continued

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

The assessed fair values of the options were determined using a Black-Scholes option pricing model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option. The inputs to the model used were:

Grant date	23/5/2016
Number of options	5,000,000
Option exercise price (\$)	0.02
Expected life of options (years)	0.93
Dividend yield (%)	-
Expected volatility (%)	177.7
Risk-free interest rate (%)	1.40
Underlying share price (\$)	0.007
Value of Option (\$)	0.0027812

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

9. Commitments and Contingencies

Since the last annual reporting date, there has not been a material change to commitments or contingencies other than the approved 12 month extension of the Kerkouane (Tunisia) permit subsequent to year end.

10. Subsequent Events

Subsequent to year end:

3. In July 2016, ADX was granted a twelve month extension for the Kerkouane permit located offshore Tunisia in the Sicily channel.
4. On 1 August 2016, 21,959,911 shares were issued to directors and company secretaries in consideration for remuneration waived for the period 1 September 2015 to 30 June 2016. Refer to note 6(a)(iii).

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in subsequent financial years.