

21 May 2014

ADX Awarded Permit Offshore Italy

ADX Energy Ltd (**ASX: ADX**) is pleased to announce that the Italian Ministry of Industry has awarded the offshore exploration permit d 363 C.R.-AX to ADX.

The awarded permit is on trend with ADX's offshore Tunisian Kerkouane Permit and adjacent to its previously awarded d 364 C.R.-AX license. ADX is the operator of the permit and holds a 100% interest via its fully owned Italian subsidiary.

The block is on the same structural trend as the proven onshore Cap Bon oil & gas fields in Tunisia, the large sized ADX 3D covered Dougga West and Elissa oil prospects in the Kerkouane block and contains – on trend – the Nilde oil field inside the Italian license now awarded to ADX.

In addition to its excellent prospectivity the area would also allow relatively smaller discoveries to be commercially developed. This is due to a combination of water depths predominantly less than 100 meters and the excellent fiscal regime in Italy.

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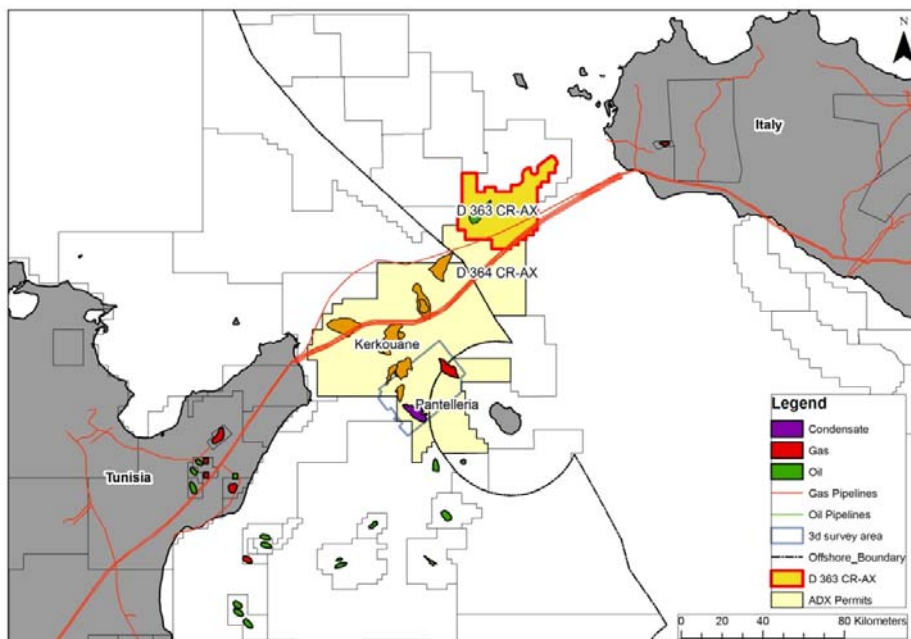
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Technical Background

The two Italian offshore blocks (*Figure 1*) which are now held by ADX are situated in the so called “Terravecchia Foredeep” in front of the Tunisian Atlas thrust front, a geological sub-province of the extensive Italian foredeep and foreland area. This prolific hydrocarbon province hosts a large number of Italy’s oil and gas fields, starting in the northern Italian Po Valley, continuing along the entire Adriatic Sea and through onshore and offshore Sicily into northern Tunisia. For a number of reasons more related to the vicinity of an international boundary than petroleum geology, very little seismic and drilling activity has been undertaken in the past in the areas close to the international border with Tunisia.

Shell and ADX have already acquired approximately 2,000 Km² leading edge Geostreamer (dual sensor) technology 3D seismic surveys in their respective Tunisian and Italian licenses. As a result, ADX has now identified a number of large drillable prospects in its’ Kerkouane block on a geological trend which continues into the offshore Sicily area in Italy. This trend contains large thrust related anticline prospects such as the ones identified in ADX’s Kerkouane block next to the ADX operated Dougga gas condensate discovery (*Figure 2*), already proven to be successful by the Nilde oil field (*Figure 3*). Nilde has produced approximately 25 mmbbls of light oil from a high productivity carbonate reservoir.

In addition to this already proven play, the foredeep has the potential to contain Pliocene gas fields in front of the thrust nappes in analogy to the recently made multi Tcf Panda, Cassioppea and Argo discoveries offshore southern Sicily. The northern part of the block is on trend with the complex billion barrel Val d’Agri/Tempe Rossa oil fields of the southern Apennine thrust belts. These plays require modern 2D and 3D seismic data, which until very recently was not available in the area.

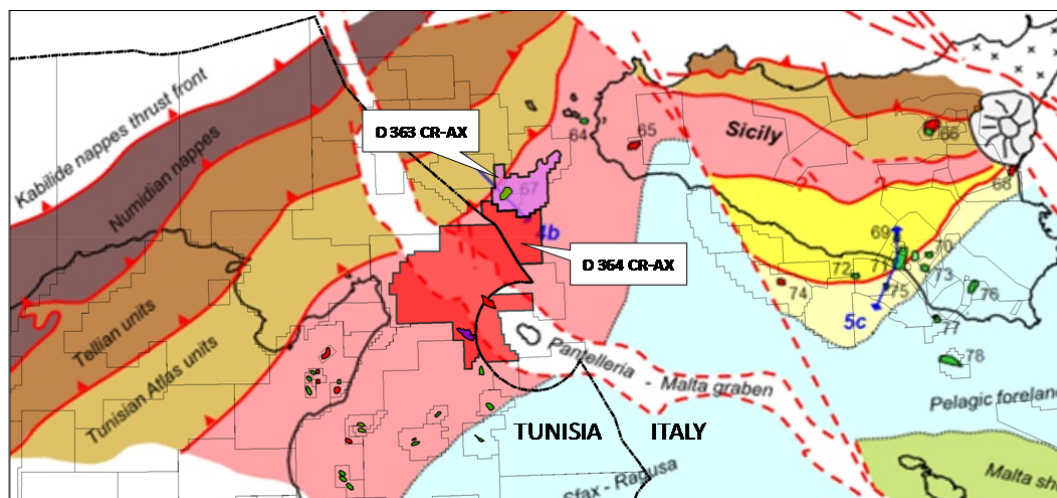


Figure 1 Regional setting in the oil and gas rich foreland area.
ADX licenses in red.

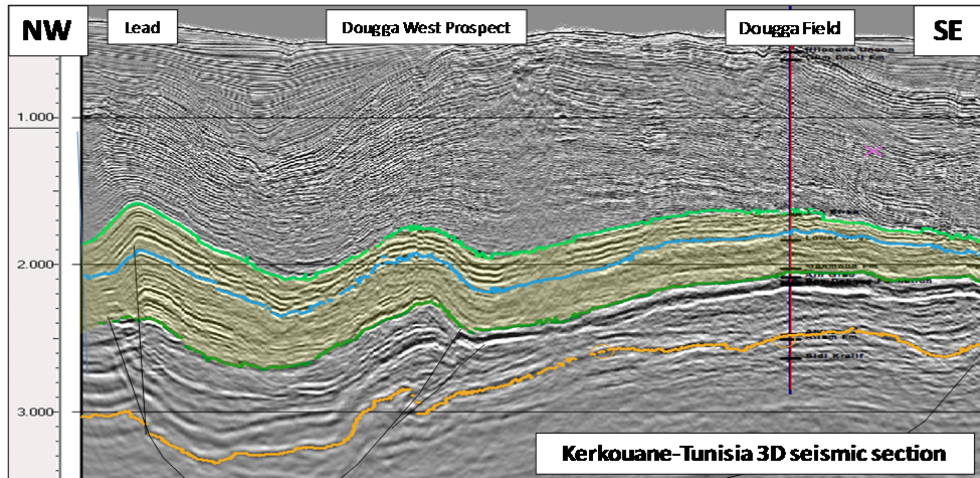


Figure 2 3D seismic section through ADX – Tunisian Kerkouane license.

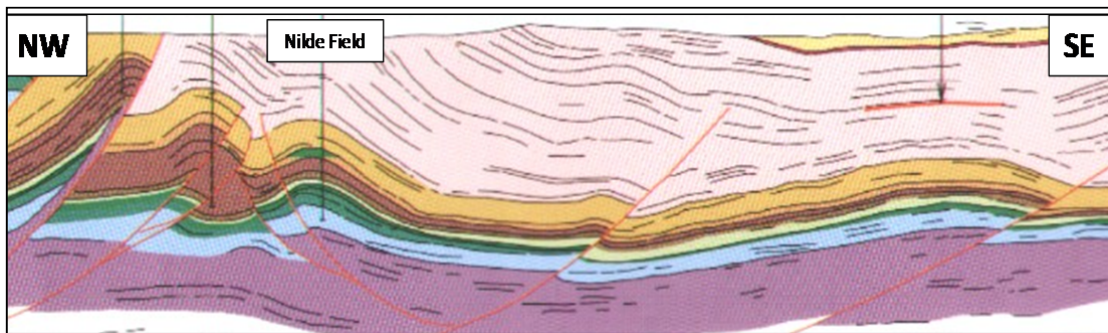


Figure 3 Geological cross section through the ADX - Italian license and application area. The Nilde oil field inside the ADX license is also marked. Source: Unmig/P. Casero.