

24 February 2011

TUNISIAN OPERATIONAL UPDATE

Sidi Dhaher Well Preparations

ADX Energy Ltd (ASX:ADX) is pleased to report that preparations for the commencement of drilling operations on the Company's operated well are progressing according to plan albeit slightly slower than expected. The company is moving ahead very cautiously despite the improved security situation in Tunisia. However these minor delays have not resulted in any significant additional cost. The current situation in Libya is not affecting the company's operations in Tunisia. The well location is 350 km west of the Tunisian border with Libya.

The company is finalizing arrangements to mobilize camp facilities and drilling rig with the intention to move camp first followed by the drilling rig. The schedule will involve a 5 day set up for camp followed by a 5 day rig move. Once the rig up is completed and all equipment is tested, the company will take on responsibility for the rig and then spud the well. Mobilization of camp facilities is expected within the next days.

Pre testing of all rig components pre mobilization to rig site and before assuming contractual responsibility is finished with some equipment replacements being undertaken. Site preparations have been completed and surface casing has been set. All statutory approvals for access and drilling have been obtained.

The company is very cautious in relation to security issues and is ensuring that all services are available and appropriate logistical measures will be in place to provide smooth operations once drilling has commenced.

As previously announced, ADX has already secured farm-outs with Gulfsands Petroleum Plc, Xstate Resources Ltd and Verus Investments Ltd which are expected to fully fund ADX' share of drilling costs for the Sidi Dhaher well.

The Sidi Dhaher prospect is located in the 2,428km² large Chorbane Exploration Permit onshore central Tunisia near the port city of Sfax. It is surrounded by several producing oil fields and extensive oil and gas infrastructure. A summary of the Chorbane Permit and the Sidi Dhaher prospect is attached to this ASX release.

ADX Energy Ltd

AUSTRALIA

Suite 6, Level 2
11 Ventnor Ave, West Perth
Western Australia 6005
PO Box 913 West Perth
Western Australia 6872

T +61 (08) 9226 2822

F +61 (08) 9226 5333

E admin@adxenergy.com.au

ABN 50 009 058 646

AUSTRIA

Kundratstrasse 6/2/1
A 1100 Vienna, Austria

T +43 (0) 1 641 0189

F +43 (0) 1 641 0189 20

www.adxenergy.com.au



Participant interests in the Sidi Dhaher -1 well will be as follows;

| | | |
|---------------------------|------------|-------------------|
| ADX Energy Ltd | 40% | Operator |
| Gulfsands Petroleum Plc | 40% | * |
| XState Resources Ltd | 10% | * (ASX code: XST) |
| Verus Investments Limited | 10% | * (ASX code: VIL) |

Note: The respective participant interests in the Sidi Dhaher well and the Chorbane Permit are based on the completion of all farmin obligations.

For further details please contact:

| | |
|---------------------------|---------------------------|
| Wolfgang Zimmer | Ian Tchacos |
| Managing Director | Chairman |
| +61 (08) 9226 2822 | +61 (08) 9226 2822 |

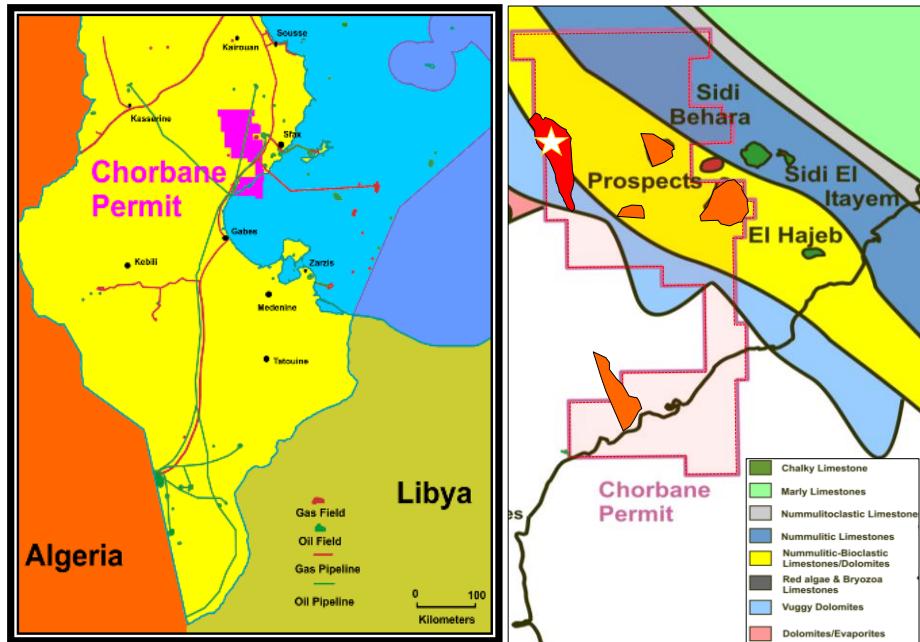
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Chorbane Permit Summary

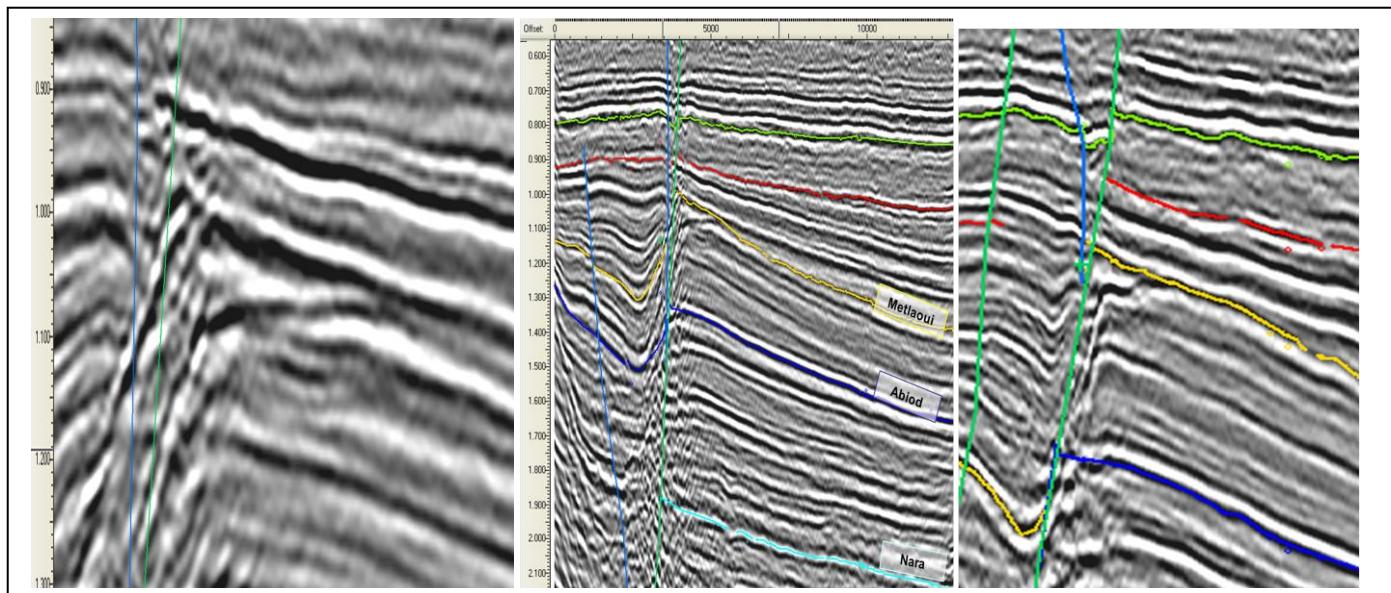
The ADX operated Chorbane Exploration Permit is located mainly onshore central Tunisia. The permit is relatively underexplored containing prospects and leads with multiple objectives and both oil and gas potential. Chorbane is favorably located with regard to infrastructure for both oil and gas export due to its proximity to a number of producing fields, oil and gas pipelines and the port of Sfax. Several proven petroleum systems are evidenced by fields adjacent to and on trend that produce or have tested oil, condensate and gas generated and trapped in Eocene to Jurassic age rocks.

The largest structure mapped and currently the most highly ranked prospect is the multi-reservoir Sidi Dhaher prospect. The structure has significant closure at Eocene through to the Lower Cretaceous reservoirs that provide significant resource potential. Of special interest is the large closure (+25km²) at the Abiod reservoir level that is analogous to the Sidi-El Kilani field which to date has produced approximately 50 mmbls of oil from the same horizon and is on the same structural trend approximately 30 kilometers north of Sidi Dhaher prospect.

Technical work on the first prospect to be drilled, the Sidi Dhaher prospect, has identified a Direct Hydrocarbon Indicator (DHI) in the Eocene age Metlaoui Formation strata that significantly enhanced the expectation of success and upgraded the prospect to a ready to drill status. The multi-target prospect has estimated prospective resources of 175 billion cubic feet of recoverable gas at the Metlaoui level and 44 million barrels of oil for the Abiod Formation. Additional targets also exist including the Douleb and Bireno reservoir Members of the Aleg Formation that produce oil and gas in the Guebiba field immediately east of the permit.



Maps showing Chorbane block outlines and infrastructure (left map) and Sidi Dhaher Prospect (see star symbol on right map) in relation to proven reservoir fairways inside which the DHI over Sidi Dhaher was mapped.



Seismic lines through Sidi Dhaher prospect also showing flat spot at the shallow Eocene nummulitic limestone target. Deeper prospective targets such as the Abiod reservoir will also be penetrated.