

5 July 2011

ADX : Sidi Dhaher preparation for spud

ADX Energy Ltd (**ASX:ADX**) is pleased to announce that preparations to spud the Sidi Dhaher exploration well are progressing according to plan. The rig mast has been erected and draw works were pinned. The Rig-up operation continues as well as the completion and fit out of the camp facilities.

The local conditions that initially delayed these activities have had no material impact on our operations and the Rig-up operation progresses as planned.

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, the Sidi Dhaher prospect and photos of the rig up operations are attached to this ASX release.

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.

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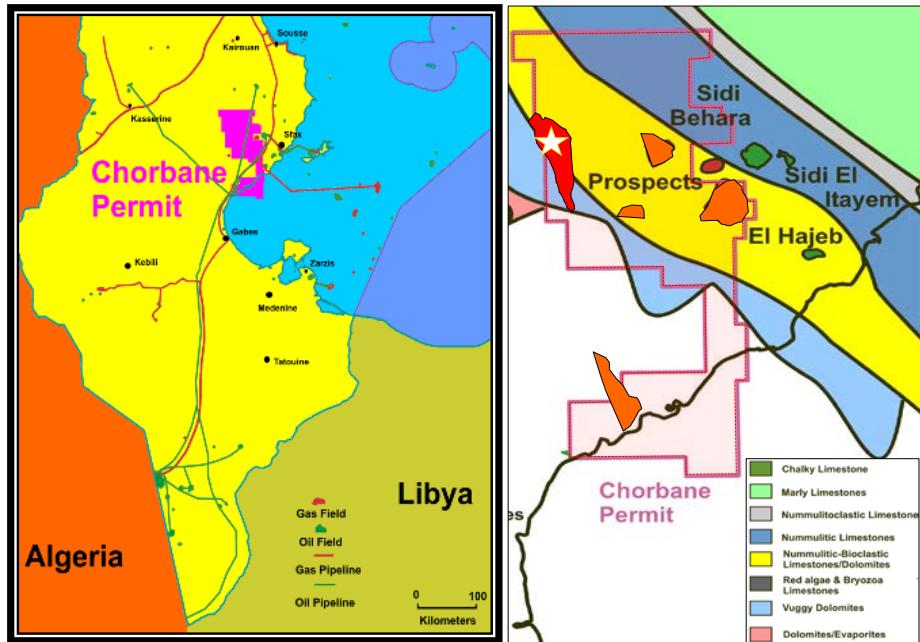
Chorbane Permit Summary

The ADX operated Chorbane Exploration Permit is located mainly onshore central Tunisia. The permit is relatively underexplored containing prospects and leads with multiple 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 on trend that produce or have tested oil, condensate and gas.

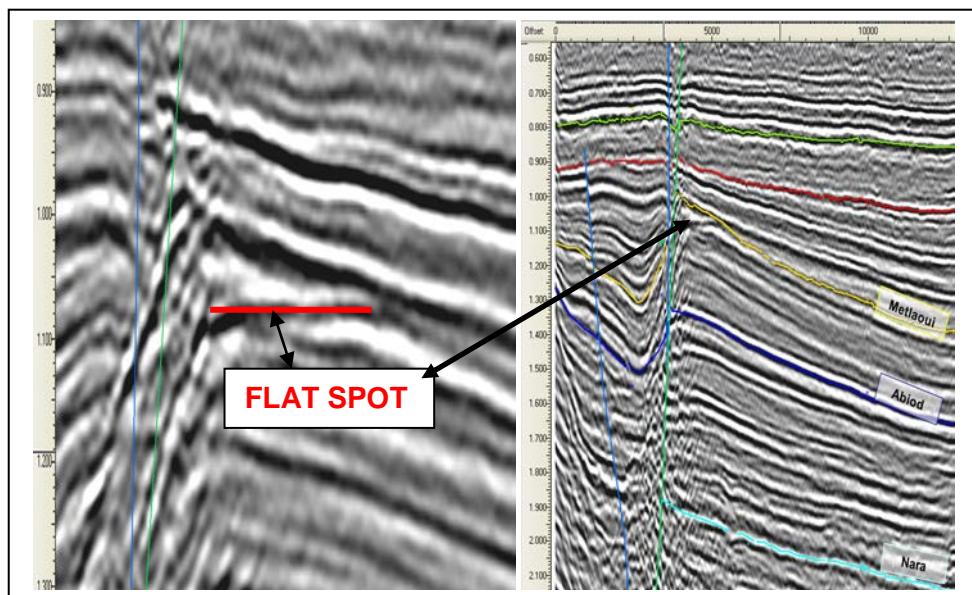
The largest structure mapped and the most highly ranked prospect is the multi-reservoir Sidi Dhaher prospect. The structure has large closure at Eocene through to the Lower Cretaceous reservoirs that provide significant resource potential.

A Direct Hydrocarbon Indicator (DHI, flat spot) which is indicative of a gas-water contact has been identified in the Metlaoui reservoir that significantly enhanced the expectation of success. Additionally a large closure (+25km²) exists 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 30 kilometers north of Sidi Dhaher prospect.

The Sidi Dhaher prospect has estimated prospective resources of **175 billion cubic feet** (5 billion m³) of recoverable gas at the Metlaoui level and **44 million barrels** (5.9 million tons) of oil for the Abiod Formation. Additional targets also exist including the deeper Douleb and Bireno reservoirs that produce oil and gas in the Guebiba-El Hajeb 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 a flat spot at the shallow reservoir target. Deeper prospective reservoirs such as the Abiod, Douleb and Bireno reservoirs will also be penetrated.

Sidi Dhaher Rig and Camp Site

