

19<sup>th</sup> August 2010

## Lambouka-1 Well Update

ADX Energy Ltd (ASX:ADX) advises that the Lambouka-1 well has intersected the complete Ain Grab section encountering porous reservoir sandstone as prognosed. However the section is interpreted to be water bearing based on MWD (measurement while drilling) logs. The Ain Grab was considered a secondary target in the Lambouka-1 well.

The current 12¼" hole section has been drilled to a depth of 2216m. Preparations are currently underway to set and cement the 9 5/8" casing prior to drilling into the primary target, the Abiod formation in 8½" hole.

The drilling mud system will be changed in order to ensure that the primary Lambouka-1 reservoir target (the Abiod carbonate reservoir) is drilled most efficiently and with minimum drilling induced reservoir damage. This is expected to maximize the productivity of the Abiod in a success case. For a success case the Abiod formation is expected to contain condensate rich gas with the potential (for the P50 case) of 370 bcf of sales gas and 30 mmbbls of liquids. The upside potential (the P10 case) is 244 mmboe (condensate + gas). ADX will continue to report drilling results from the Lambouka -1 well as they occur.

Participants in the Lambouka -1 well are as follows (note 1);

<b>ADX</b> <small>(note 2)</small>	<b>30% Operator</b>
Gulfsands Petroleum Plc	30%
Carnavale Resources Ltd	20%
XState Resources Ltd <small>(note 3)</small>	10%
PharmAust Limited	10%

Notes:

1. The respective interests in the Lambouka Prospect area in the Kerkouane Permit and the Pantelleria Licence are based on the completion of all farmin obligations.
2. ADX' interest is held via wholly owned subsidiary Alpine Oil & Gas Pty Ltd and pending completion of the farmin obligation, Alpine will continue to hold 100% of the Pantelleria Licence.
3. XState Resources Limited interest is held via wholly owned subsidiary Bombora Energy Limited.

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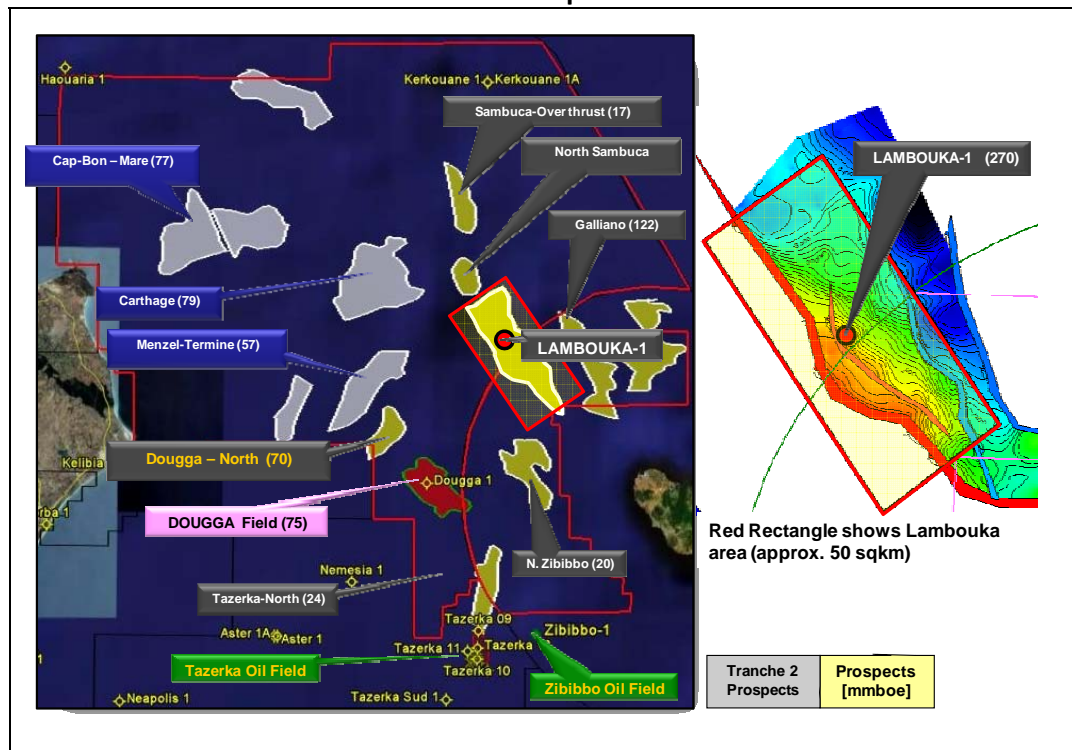
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## Lambouka Prospect Summary

The Lambouka prospect is located in the ADX operated Kerkouane permit offshore Tunisia. The Lambouka-1 drilling location is approximately 160km North East of Tunis in the Sicily channel. Lambouka is a large 70 square kilometre area tilted horst block which contains three potentially hydrocarbon bearing reservoirs. The goal is to drill a safe well to a total depth of 3,000 meters and to fully evaluate the three potential hydrocarbon formation objectives for the well. All three objectives are proven and producing reservoirs in the Sicily Channel and adjacent the Gulf of Hammamet. The nearest offset well is the Dougga- 1 gas condensate discovery in the Kerkouane permit located approximately 22 km SSW of Lambouka-1.

In the event of a discovery it is predicted that the first and shallowest reservoir (Birsia sandstone) could contain oil, whereas the final and deepest reservoir (Abiod carbonate reservoir) would most likely contain gas condensate, analogous to the nearby Dougga gas condensate discovery.

### The Lambouka Prospect Location



Kerkouane & Pantelleria block map showing leads & prospects and the rectangular shaped Lambouka Prospect area (approx. 150 sqkm). The insert map shows a depth structure map of Lambouka at Birsia oil reservoir level and the Lambouka area.

Lambouka straddles two licences (the Kerkouane Permit in Tunisia and the Pantelleria License in Italy) as well as the border between Tunisia and Italy. The participants in the “Lambouka Prospect Area” which is a limited area defined over the Lambouka prospect within both the Kerkouane and Pantelleria are the same in the subset of both licenses.

Lambouka is one of the largest undrilled prospects in the Mediterranean. By bringing together the Kerkouane and Pantelleria licenses under one operator, ADX has been able for the first time to map the entire structure. This is the likely reason that Lambouka has remained undrilled until now.

The prospect was originally mapped on 2D seismic then recently reconfirmed and remapped on a new 3D seismic data set. The new state of the art 3D seismic was acquired in March 2010 and a “fast-track processing cube” was completed on the 2 May 2010. The 3D data set was used to select the final drilling location for the Lambouka-1 well.

While a commercial oil discovery will likely result in an independent oil development, it is likely that a gas condensate discovery would be developed in conjunction with Dougga. Dougga has been independently assessed to contain a mean resource of 177 Bcf of sales gas, 28.4 mmbbls of condensate and 9.4 mmbbls of LPG.