ASX Release

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Lambouka-1 Well – Results Update

ADX Energy is pleased to announce hydrocarbon bearing zones have been discovered in the Lambouka–1 well. Drilling and wire line logging operations on the well have now been concluded, having reached a total measured depth of 2,786 meters.

Analysis of the final suite of wire line logs has supported earlier results from logging while drilling, and at least two hydrocarbon bearing zones are present in the Abiod Formation – the primary objective for the Lambouka – 1 well. The nature of the hydrocarbons is likely to be comprised of gas and possibly condensate in the lower interval based on the hydrocarbon shows recorded from the cuttings while drilling and gas chromatography. Due to technical reasons the gas shows were not as strong as encountered in the same Abiod interval in the nearby Dougga-1 discovery, however no carbon dioxide (CO2) was detected while drilling the Abiod Formation unlike in the Dougga-1 discovery.

A net pay of approximately 23 metres is interpreted within the two reservoir units. This compares favourably to the nearby Dougga discovery which is interpreted to have a net pay of 14 meters in the Abiod and an assessed mean resource of 74 MMBOE (million barrels of oil equivalent). Interpretation of 3D seismic suggests there is up dip potential from the crest of the structure to the Lambouka-1 well location of approximately 250 meters. In addition, based on wire line interpretation, the first interpreted water bearing reservoir was encountered approximately 230 metres below the upper hydrocarbon zone. Specialist wire line logs and drilling data indicate that the Abiod limestone formations at Lambouka–1 are extensively fractured which is a positive factor for reservoir productivity.

As a result of ongoing drilling fluid losses and increasing well bore deterioration it has not been possible to safely recover fluid samples or pressure data from the Abiod formation. Ongoing operations in the existing well bore have become increasingly difficult and the productivity of the reservoir from this well bore is very likely to have been adversely effected by losses and use of lost circulation materials there by diminishing the ability to obtain representative flow rates from any drill stem test.

The joint venture is currently considering whether to suspend or plug and abandon the Lambouka-1 well, with a decision on this matter likely to depend on an assessment of whether suspension and future re-entry of this well would provide the best opportunity to minimise rig time and maximise reservoir information to be acquired from a drill stem test of the Abiod Formation. As described above, given that the Lambouka structure has further up dip potential from the Lambouka–1 location it is possible that a future bore hole trajectory for the lower section of the well could also test the up dip potential of the structure together with the porous sandstones encountered in the lower part of the well that are interpreted to be in closure at an up dip location.

The results described in this announcement are preliminary in nature. ADX will continue to interpret the data obtained from the Lambouka-1 well in conjunction with seismic data and provide further assessments of the potential of the Lambouka discovery.

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

ADX (note 2)	**30%**	**Operator**
Gulfsands Petroleum Plc	30%	
Carnavale Resources Ltd	20%	
XState Resources Ltd (note 3)	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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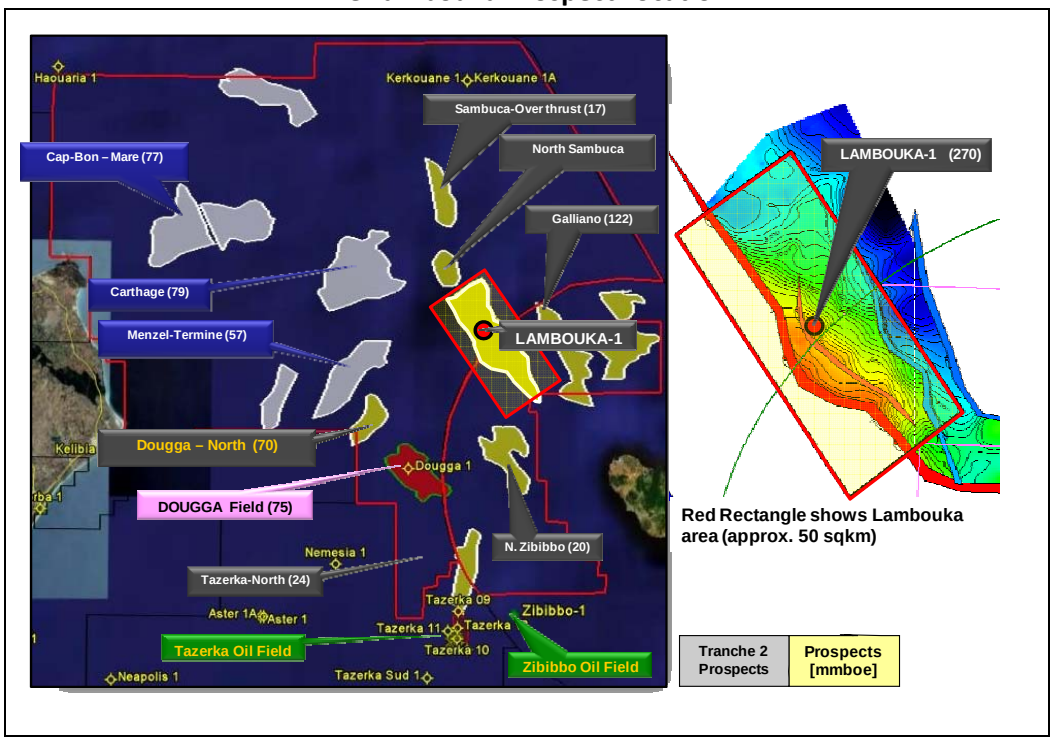
Lambouka Prospect Summary

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.

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 Birsa 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.