



XState Resources Limited

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12 July 2010

**ASX Limited**

**Electronic lodgement**

Dear Sirs,

**RE: Lambouka-1 Exploration Well Offshore Tunisia Spudded**

Xstate Resources Limited is pleased to attach an ASX release by ADX Energy Limited advising that at 11.40am GMT on 11 July 2010 the Atwood Southern Cross semi-submersible drilling rig spudded the Lambouka-1 well.

Yours faithfully,

A handwritten signature in black ink, appearing to read "D McArthur".

David McArthur  
**Company Secretary**

# ADX Energy Ltd

Incorporated in Western Australia, A.B.N 50 009 058 646

ASX Release  
12<sup>th</sup> July 2010

## ADX Spuds Lambouka-1 exploration well offshore Tunisia

ADX Energy Ltd (ASX:ADX) is pleased to announce that on the 11<sup>th</sup> of July 2010 at 11.40 am GMT the Atwood Southern Cross semisubmersible drilling rig spudded the Lambouka-1 well in the ADX operated Kerkouane license in the Sicily Channel area (see attached "Lambouka Prospect Summary") offshore Tunisia.

Current operations are drilling a 36 inch surface hole to casing depth, following which 30 inch conductor casing will be run and cemented. It is estimated that well operations have been delayed by approximately 3 days due to problems with the running and setting of anchors for the drilling rig prior to commencing well operations.

### Future Reporting;

Routine drilling operations reports will be lodged with the ASX by the company on Tuesday of each week. Additional non routine reports will be provided when well relevant drilling and evaluation results become available. This report will constitute "Lambouka Drilling Operations Report No 1".

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

ADX (note 2)	30% Operator
Gulfsands Petroleum Plc	30%
Carnavale Resources Ltd	20%
Bombora Energy Limited (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
3. Bombora Energy Limited is in the process of being 100% acquired by ASX listed XState Resources Limited.

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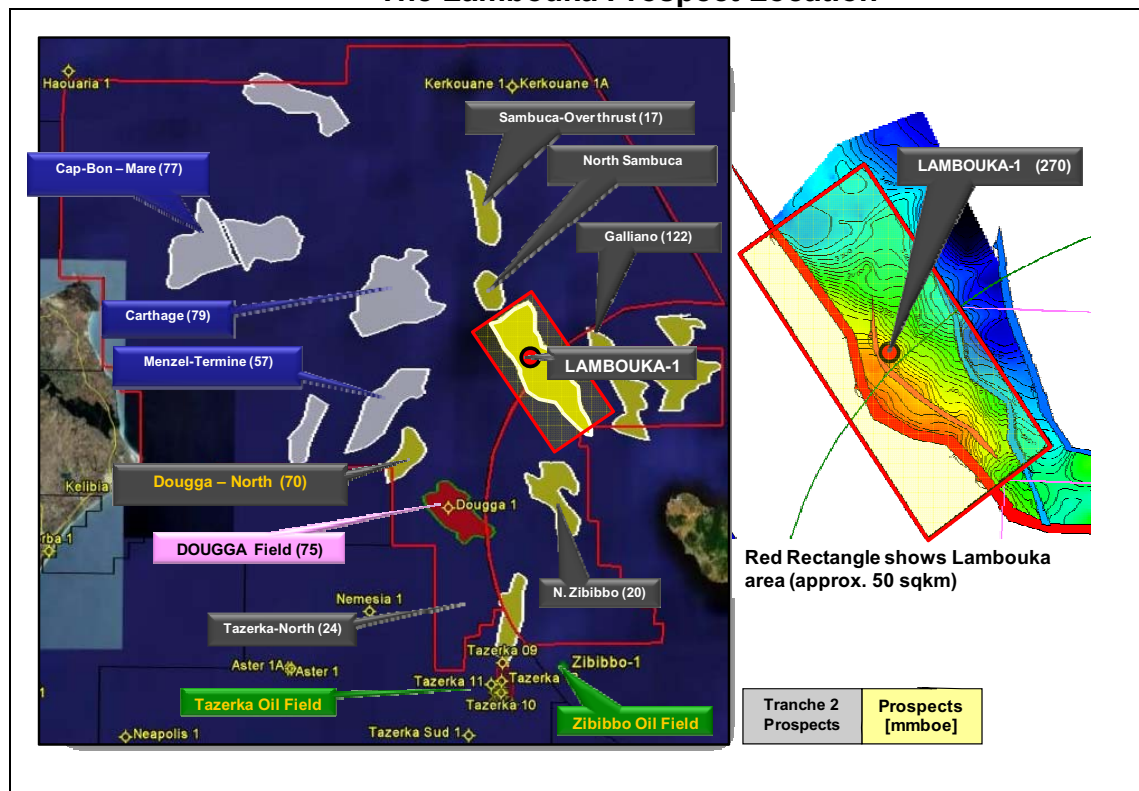
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### Lambouka Prospect Summary

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<sup>nd</sup> of May 2010. The 3D data set was used to select the final drilling location for the Lambouka - 1 well.

ADX has estimated the mean prospective resource for the Lambouka prospect at 270 million barrels oil equivalent (“MMBOE”). 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.

It is estimated that the well will take about 35 days to drill and evaluate and cost approximately US\$22 million.