



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

## Lambouka-1 Well - Operations Update #3

### Activities during past week:

Following the resolution of rig power supply issues reported in the previous update, a final wiper trip of 26" hole was conducted, then 20" casing was run and cemented to a depth of 922m. All rig anchors were successfully tested to full storm tension compliance.

Following the running of BOPs and the Sub Sea Riser to a 610m water depth weather conditions deteriorated and rig operations were suspended. Waited for weather conditions to improve for approximately 48 hours, work continued to run BOPs on riser.

### Weekly Operations Forecast:

Forecast operations during the coming week are as follows:

- Latch BOPs to wellhead and pressure test BOP and connector
- Drill 16" hole to approximately 1,340 meters MD
- Run and Cement 13 3/8" casing

Note: Contrary to statements in the previous operations update it is expected that the first potentially hydrocarbon bearing reservoir (the Birsa sandstone) will be encountered in the 12-1/4" hole section.

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 Limited <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
3. XState Resources Limited interest is held via wholly owned subsidiary Bombora Energy Limited.

**For further details please contact:**

**Wolfgang Zimmer**  
**Managing Director**  
 +43 (0) 676 358 1214  
[www.adxenergy.com.au](http://www.adxenergy.com.au)

**Ian Tchacos**  
**Chairman**  
 +61(08)9226 2822

**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](mailto: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

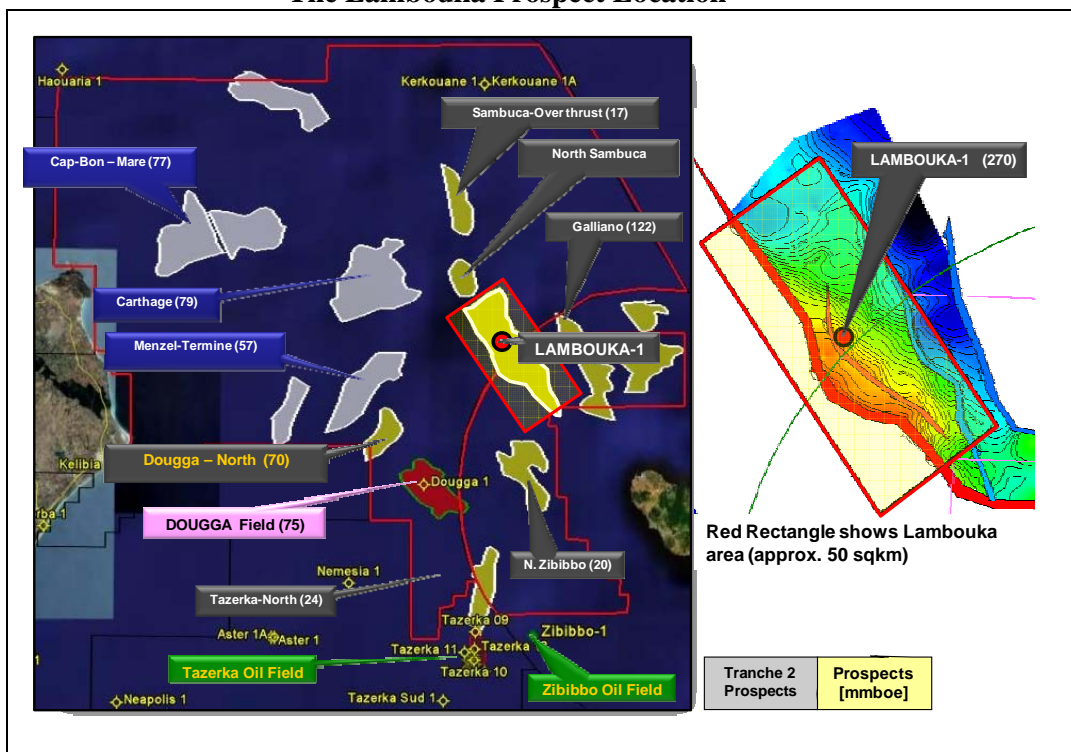
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## Lambouka Prospect Summary

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 (Birsa 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 Birsa oil reservoir level and the Lambouka area.

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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.

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.