



15 November 2011

Company Announcements Office
ASX Ltd
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Re: Gulfsands Release 3 October 2011

I refer to your queries raised in your email dated 11 November 2011 and provide the following response to your questions:

1. Yes
2. The prognosis that an oil column was present "Oil Column Information" was the result of a yet to be completed interpretation by ADX from a number of data sources acquired during the evaluation of the Sidi Dhaher well. ADX had completed its own preliminary interpretation of available data on Friday 30 September 2011. It should be noted that down hole pressure data supported the presence of oil whereas electric wire line log data acquired earlier did not indicate the presence of a potential oil column. Furthermore given the conflicting data the Company made it clear in the Announcement that it was an "interpreted oil column" requiring testing to confirm the well's ability to flow. To finalise its interpretation of the available data, ADX had distributed the relevant information to its joint venture partners for their input, as set out in more detail in the paragraphs below.

Note, what was particularly relevant in this case is not just the possible presence of oil, but the likelihood it would flow (moveable oil) and also its potential quantity (oil column of approximately 30 meters) which is an indication of potential commerciality. The Gulfsands Release did not state the size of the oil column. This is a crucial interpretative aspect of the data that was still being discussed internally as well as amongst the joint venture partners at the time of the Gulfsands Release.

- 3.1 ADX was not aware of the Gulfsands Release until the Chairman was informed at 9.22 am (Perth time) on the 3rd of October that a post had appeared on Hot Copper stating that Gulfsands had made a release. ADX at that time was awaiting feedback from its joint venture partners to allow it to finalise its interpretation. Several of the joint venture partners are technical experts and their input is an important aspect of ADX's interpretative process. Notwithstanding that it had not received the input it was seeking from its joint venture

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partners, immediately upon becoming aware of the Hot Copper post, ADX lodged the Announcement with the Company Announcements Platform. This occurred at 9.42am.

ADX was unable to make the Announcement any earlier than this time as it took 20 minutes for the Chairman (who was out of the office at the time) to digest the news of the post on Hot Copper, speak to ADX's office staff and make arrangements for the immediate release of the draft Announcement. ADX did not request a trading halt on the basis that it had a draft announcement which it believed could be released to the market as quickly as a trading halt requested.

3.2 Not applicable.

3.3 ADX had at no stage prior to making the Announcement finalised its interpretation of the data and therefore was not obliged to pursuant to ASX Listing Rule 3.1A.

4. Not applicable.

5. We confirm that the Company is in compliance with the listing rules in particular, listing rule 3.1.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Ironside', with a long horizontal flourish extending to the right.

Peter Ironside
Company Secretary

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11 November 2011

Mr Peter Ironside
Company Secretary
ADX Energy Limited
Suite 6, Level 2
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WEST PERTH WA 6005

By Email: pironside@ausvaal.com.au

Dear Peter

ADX Energy Limited (the "Company")

We refer to:

- a forum thread posted on the Hot Copper website in relation to the Company and its Sidi Dhaher Well dated 3 October 2011 and commencing at approximately 7.05 am AEDT ("Hot Copper Thread"); and
- the Company's announcement released to ASX on 3 October 2011 at 12.49pm AEDT titled "Sidi Dhaher-1 Well Encounters Oil" ("Announcement").

The Hot Copper Thread contained, amongst other things, a post at 10.26am with a website link to a European share forum that contained what appears to be a copy of a release dated 3 October 2011 made by Gulfsands Petroleum plc ("Gulfsands") ("Gulfsands Release"). The Gulfsands Release, despite being dated 3 October 2011, appears to have been posted on the share forum on 2 October 2011. We note that an amended version of the Gulfsands Release was released by Gulfsands to its market operator, the Alternative Investment Market of the London Stock Exchange, at 7.00am GMT on 3 October 2011.

The Gulfsands Release provided, among other things, that:

A potential oil column has been identified in the [Sidi Dhaher] well based on formation pressure data, and oil along with drilling mud and mud filtrate has been recovered from the reservoir via wireline sampling methods.

...

Formation pressure measurements indicated the presence of a possible oil column commencing at a depth of approximately 1156 m MD and within a Late Cretaceous aged reservoir.

The Announcement provided, among other things, that:

ADX Energy Limited...is pleased to announce that the Sidi Dhaher well has encountered an interpreted oil column of approximately 30 metres on the basis of pressure data as well as oil recovered together with mud filtrate from down hole sampling. To determine the potential commerciality of the discovery a well test will be required to confirm oil production at commercial rates. ("Oil Column Information")

We note that the Company is the operator of the Sidi Dhaher Well and that Gulfsands is one of three of the Company's joint venture partners for that well.

We wish to draw your attention to the definition of "aware" in chapter 19 of the listing rules which states that:

"an entity becomes aware of information if a director or executive officer (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity"

Further, we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

Paragraph 18 of Guidance Note 8 states:

"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."

Please note that for disclosure not to be required under listing rule 3.1, all of the exceptions under listing rule 3.1A must apply:

- 3.1A.1 *A reasonable person would not expect the information to be disclosed.*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
- 3.1A.3 *One or more of the following applies.*
- *It would be a breach of a law to disclose the information.*
 - *The information concerns an incomplete proposal or negotiation.*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
 - *The information is generated for the internal management purposes of the entity.*
 - *The information is a trade secret."*

Finally, we would like to draw your attention to ASX's policy position on the concept of "confidentiality" which is detailed in paragraphs 34 to 40 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

"Confidential" in this context has the sense of 'secret'.

Loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts' reports".

Having regard to the Gulfsands Release, Announcement, the above definitions, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A:

1. Does the Company consider the Oil Column Information to be material to the Company pursuant to listing rule 3.1?
2. When did the Company become aware of the Oil Column Information? Having regard to the information contained in the Gulfsands Release, please include details of the relevant time and circumstances of the Company becoming aware of the Oil Column Information.
3. If the answer to any part of question 1 is "yes" and the Company became aware of the Oil Column Information (or any part of it) prior to the release of the Announcement, please advise the following:
 - 3.1. Was the Company aware of the Gulfsands Release prior to making the Announcement? If so, please advise why the Company did not make an announcement at an earlier time or request a trading halt at an earlier time.
 - 3.2. If the Company was not aware of the Gulfsands Release prior to making the Announcement, please advise why the Company did not make an announcement at an earlier time or request a trading halt at an earlier time.
 - 3.3. Why was the Oil Column Information not released to the market at that earlier time? Please comment specifically on the application of listing rule 3.1.
4. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Oil Column Information to be material.
5. Please confirm that the Company is in compliance with listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Please note the ASX reserves its right under listing rule 18.7 to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **5:00pm (WST) Tuesday 15 November 2011**.

Your response should be sent to ASX by facsimile on **facsimile number (08) 9221 2020**. It should not be sent to the Company Announcements Office.

If you have any queries regarding any of the above, please contact me on +61 8 9224 0014.

Yours sincerely,

[sent electronically without signature]

Dave Filov

Adviser, Listings (Perth)

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