



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

## Lambouka-1 Well - Operations Update #2

### Activities during past week:

After successfully running the 30'' conductor casing and performing the cementing job, the 26'' section was drilled as per plan to 927 meters MD.

Whilst there were no drilling related issues, the running of the 20'' casing was delayed because of repair work on the electronic components of the rig power units. Consequently as of Sunday, July 18 at 1am the rig rate had dropped to zero USD. As of Monday, 19<sup>th</sup> July, 2 pm the electronic problem was resolved and the rig is again fully operational. Current operations are conditioning the hole in preparation to run and cement the 20'' casing.

### Weekly Operations Forecast:

Forecast operations during the coming week are as follows:

- Run 20'' casing and perform cement job
- Run BOP and riser
- Drill 16'' hole to approximately 1,340 meters MD

Note: The 16'' section is expected to contain the first potentially hydrocarbon bearing reservoir, i.e. the Miocene Birsa sandstone.

Participants in the Lambouka -1 well are as follows <sup>(note 1)</sup>;

<b>ADX</b> <sup>(note 2)</sup>	<b>30% Operator</b>
Gulfsands Petroleum Plc	30%
Carnavale Resources Ltd	20%
XSTATE Resource Ltd <sup>(note3)</sup>	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 interest is held via wholly owned subsidiary Bombora Energy Limited.

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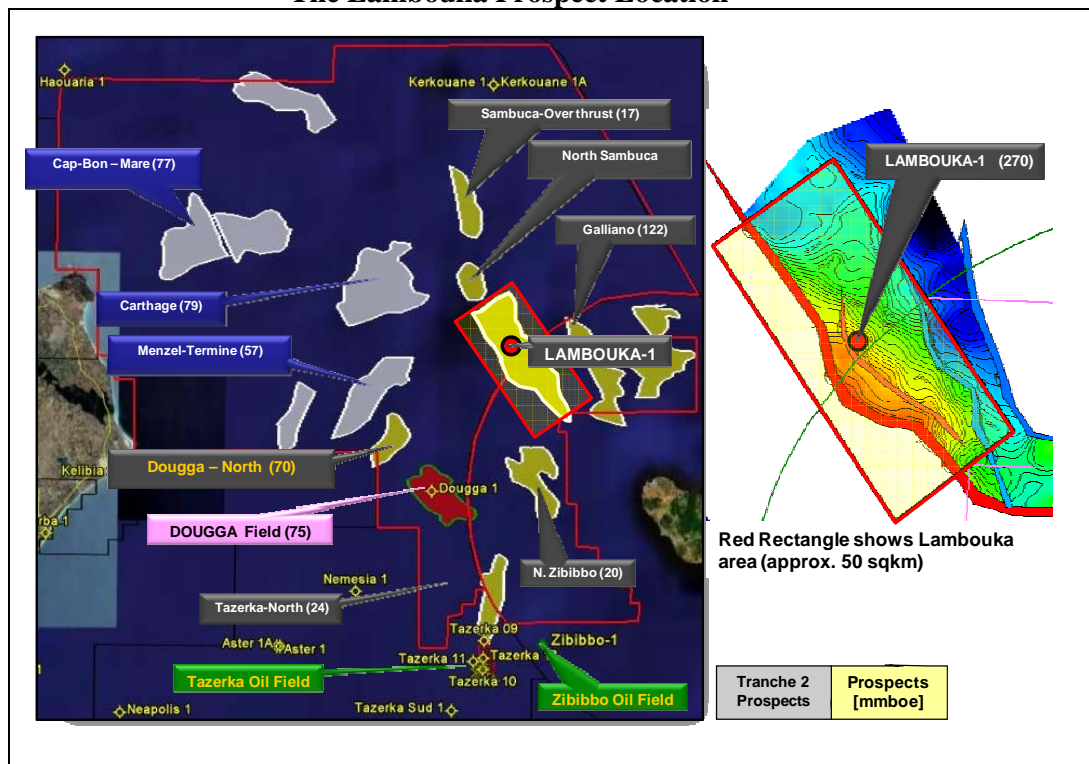
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## Lambouka Prospect Summary

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.

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.