

22 August 2011

## ADX: Sidi Dhaher Operations Update

**ADX Energy Ltd** (ASX:ADX) provides the following update on preparations for drilling of the Sidi Dhaher well on the Chorbane licence, onshore Tunisia.

The diverter, parts of the choke manifold as well as the surface circulation system has been pressure tested and is now fully functioning. The rig would now under normal circumstances be ready for a final audit and commencement of drilling operations within the next days. ADX has therefore already moved surface casing and mud chemicals for preparing the system for the top hole well section on site.

Given the recent extraordinary delays in sourcing equipment due to factors outside of ADX control, ADX are not prepared to allow the drilling operations to commence until all critical spare parts are on the rig site.

Whilst under normal circumstances most additional spare parts – if needed - could be sourced locally very quickly without delaying drilling operations or compromising safety and well integrity, there is a risk today that during a later phase in the drilling operations – especially when gas kicks are possible - critical spare parts are not available in time.

ADX has advised the drilling contractor that drilling operations will not commence until critical spare parts are actually available on rig site and fully tested. Since an adequate choke line cannot currently be supplied by the drilling contractor locally, this critical well control part has to be sourced from Egypt. This unfortunately is causing another incremental delay in the spud date.

Participant interests in the Sidi Dhaher -1 well will be as follows;

<b>ADX Energy Ltd</b>	<b>40%</b>	<b>Operator</b>
Gulfsands Petroleum Plc	40%	*
XState Resources Ltd	10%	* (ASX code: XST)
Verus Investments Limited	10%	* (ASX code: VIL)

Note: The respective participant interests in the Sidi Dhaher well and the Chorbane Permit are based on the completion of all farmin obligations.

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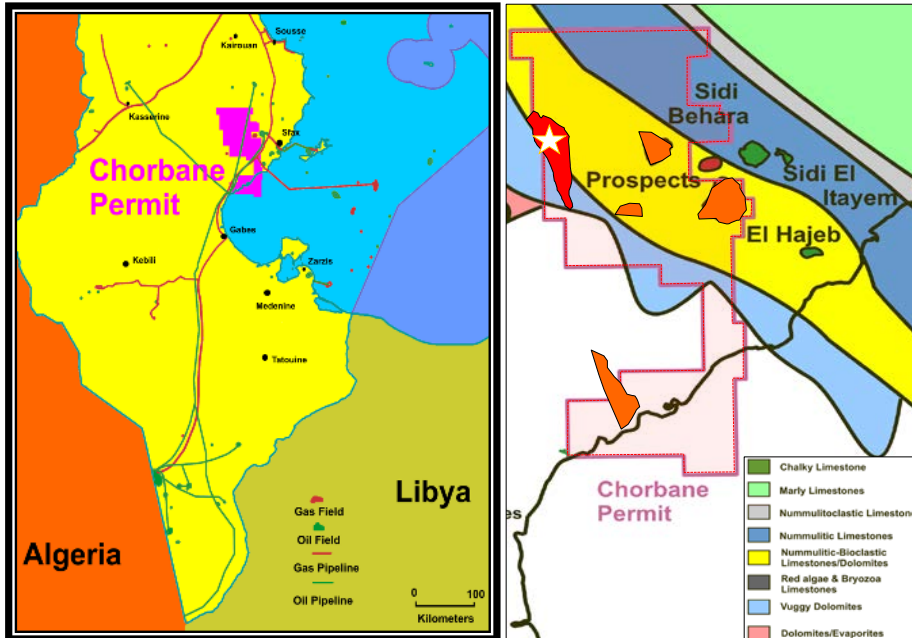
## Chorbane Permit Summary

The ADX operated Chorbane Exploration Permit is located mainly onshore central Tunisia. The permit is relatively underexplored containing prospects and leads with multiple oil and gas potential. Chorbane is favorably located with regard to infrastructure for both oil and gas export due to its proximity to a number of producing fields, oil and gas pipelines and the port of Sfax. Several proven petroleum systems are evidenced by fields on trend that produce or have tested oil, condensate and gas.

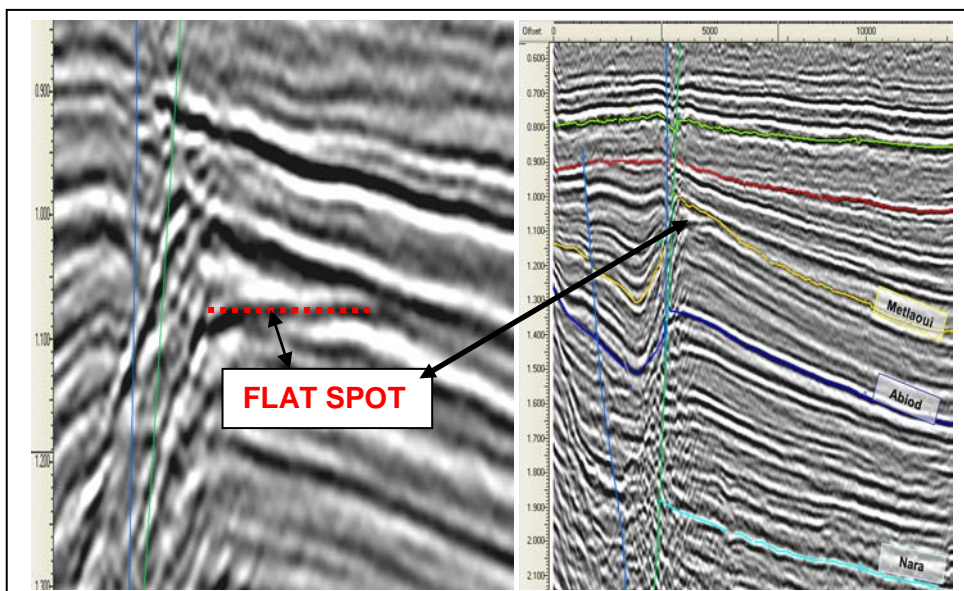
The largest structure mapped and the most highly ranked prospect is the multi-reservoir Sidi Dhaher prospect. The structure has large closure at Eocene through to the Lower Cretaceous reservoirs that provide significant resource potential.

A Direct Hydrocarbon Indicator (DHI, flat spot) which is indicative of a gas-water contact has been identified in the Metlaoui reservoir that significantly enhanced the expectation of success. Additionally a large closure (+25km<sup>2</sup>) exists at the Abiod reservoir level that is analogous to the Sidi-El Kilani field which to date has produced approximately 50 mmbbls of oil from the same horizon 30 kilometers north of Sidi Dhaher prospect.

The Sidi Dhaher prospect has estimated prospective resources of **175 billion cubic feet** (5 billion m<sup>3</sup>) of recoverable gas at the Metlaoui level and **44 million barrels** (5.9 million tons) of oil for the Abiod Formation. Additional targets also exist including the deeper Douleb and Bireno reservoirs that produce oil and gas in the Guebiba-El Hajeb field immediately east of the permit.



Maps showing Chorbane block outlines and infrastructure (left map) and Sidi Dhafer Prospect (see star symbol on right map) in relation to proven reservoir fairways inside which the DHI over Sidi Dhafer was mapped.



Seismic lines through Sidi Dhafer prospect also showing a flat spot at the shallow reservoir target. Deeper prospective reservoirs such as the Abiod, Douleb and Bireno reservoirs will also be penetrated.