

Quarterly Report

For the period ending 30 June 2010

ASX Code: AMU

28 July 2010

HIGHLIGHTS

- Revenue from operations up 2% on March quarter to US\$9.5 million
- Oil production up 5% on March quarter to 110,957 BO
- Gas production down 3% on March quarter to 302,716 MCF
- 10 new development wells drilled, with 9 being completed for production
- Paul Hermes No. 1 exploration well drilled and being completed for production
- David Gibbons appointed as Operations Manager/Engineer in the Denver office
- US Bank debt facility refinanced with BNP Paribas on favourable terms with expected annual finance cost savings of US\$1m
- Macquarie Capital Advisors Ltd appointed as corporate advisors

QUARTERLY PERFORMANCE SUMMARY

	Jun Qtr 2010	Jun Qtr 2009	YTD FY10	YTD FY09
PRODUCTION - Net to Amadeus after royalties				
Oil production (BO)	110,957	104,559	430,477	457,454
Gas production (MCF)	302,716	375,996	1,292,021	1,624,199
SALES				
Sales revenue (US\$m)*	9.5	6.7	35.9	40.8
Average oil price (US\$/BO)	70.20	47.20	68.79	70.24
Average gas price (US\$/MCF)	5.36	3.82	4.92	6.89
EXPENDITURE (\$USm) **				
Exploration & development	1.5	2.9	5.0	18.8
Production costs	2.0	1.7	8.1	9.2
Total	3.5	4.6	13.1	28.0
Cash (A\$m)	8.0	2.2	-	-
Debt (US\$m)	44.7	55.7	-	-

* Net of royalties and cash hedge (unaudited)

** Subject to year-end accruals (unaudited)

SALES REVENUES

Revenue from core operations was US\$9.5 million for the quarter which is 2% up on the US\$9.3 million recorded in the March 2010 quarter. The average oil price received was US\$70.20/BO which is above the March quarter (\$69.59). The average gas price received was US\$5.36/MCF which is below the March quarter (\$6.15). US\$0.4 million commodity hedge net expense was incurred during the quarter (see hedging section below).

Amadeus Energy Ltd is an ASX listed energy company that generates value for shareholders by increasing oil and gas production and growing reserves through the acquisition and development of existing long-life on-shore oil and gas fields and through exploration activity. This is achieved by acquiring properties that have significant development and improvement potential and by investing in a combination of low, medium and high-risk exploration activity.

ASX Listed: **20 March 1997**

As at 30 June 2010

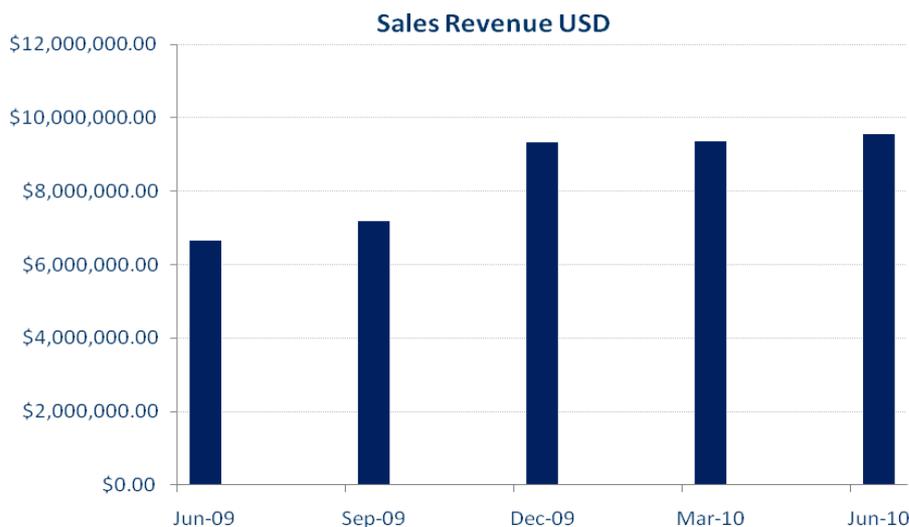
Shares on issue: ~304 million
Unlisted options: ~8.5 million
Market Cap: ~\$62 million

Major Shareholders:

Wyllie Group Pty Ltd **8.55%**
National Nominees Limited **7.92%**

Top 20: **44.81%**
Directors: **5.54%**

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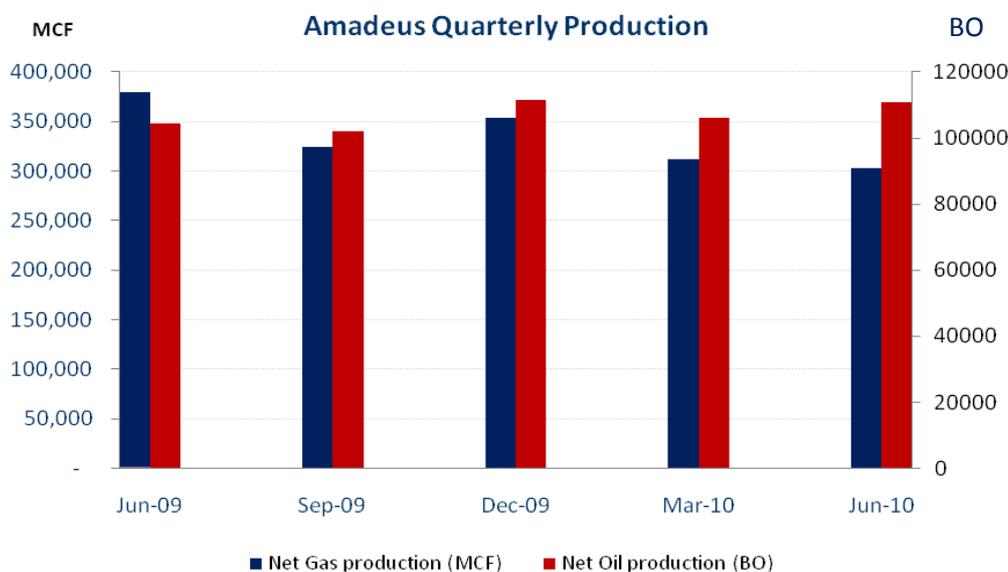
OIL & GAS PRODUCTION

Oil production (net of federal, state and land owner royalties) for the quarter was 110,957 BO which is a 5% increase on the previous quarter of 106,118 BO. The increase in oil production is the result of development initiatives undertaken during the period (see exploration and development section below).

Gas production (net of federal, state and land owner royalties) for the quarter was 302,716 MCF of gas which is a 3% decrease on the previous quarter of 311,695 MCF. The decrease in gas production is the result of continued natural reservoir depletion on the Hallettsville Project in Lavaca County, Texas, and the continued diversion of gas production from sales to gas-lift on the Raccoon Bend Project in Texas, in order to capitalise on stronger oil prices.

Drilling of the Paul Hermes Estate No. 1 well was commenced during the period and testing of the well is expected to start on the week commencing 26 July. Initial production from the well is expected in the next quarter.

Full year production volumes are lower than FY09 due to a reduction in exploration and development activity undertaken during the period, and to natural reservoir depletion. Savings from the reduced activity were used to facilitate the refinancing of the Company's debt with BNP Paribas (see corporate section below). Over the past 12 months the Company's debt has been reduced by US\$11m.



HEDGING

Commodity Hedging

US\$128K gas hedge income was received during the quarter and US\$491K oil hedge expense was incurred.

Additional hedges were taken out during the quarter to facilitate the refinancing of the Company's debt with BNP Paribas. The additional hedges are a cap/collar structure whereby the Company receives the spot price between the collar and cap prices with downside being protected by the collar and upside limited by the cap. The volumes covered by the hedge transactions are listed in the table below.

The Company's commodity hedging arrangements in place as at 30 June 2010 are as follows:

Period	Commodity	Total Quantity Hedged	Swap Price (US\$)
6 months to 31 December 10	Oil	35,400 BO	66.85
6 months to 31 December 10	Oil	35,400 BO	66.50
12 months to 31 December 11	Oil	96,300 BO	70.00
6 months to 31 December 10	Gas	134,400 mmbtu	6.00
12 months to 31 December 11	Gas	139,500 mmbtu	6.80
			Collar – Cap (US\$)
6 months to 31 December 10	Oil	18,176 BO	65.00 – 83.50
12 months to 31 December 11	Oil	62,640 BO	65.00 – 90.50
12 months to 31 December 12	Oil	142,176 BO	65.00 – 96.20
6 months to 30 June 13	Oil	64,902 BO	65.00 – 100.10
6 months to 31 December 10	Gas	94,524 mmbtu	4.00 – 5.35
12 months to 31 December 11	Gas	97,116 mmbtu	4.00 – 7.55
12 months to 31 December 12	Gas	165,756 mmbtu	4.00 – 8.95
6 months to 30 June 13	Gas	67,866 mmbtu	4.00 – 9.90

EXPLORATION AND DEVELOPMENT

The Company's development and exploration drilling program recommenced in late May 2010, with eleven wells drilled during the quarter, ten of which intersected hydrocarbons and are currently being completed for production.

Exploration

The Paul Hermes Estate No. 1 exploration well was drilled on the Hallettsville Project in Texas and was logged to a total depth of 13,200 feet. Multiple high-pressure gas shows were encountered in the Midcox and Lower Wilcox sections in the gross interval between 11,268 and 13,200 feet.

The production and reserve potential of the identified zones and their aerial extent will be established through the production testing process and long-term observation which is scheduled to start on the week commencing 26 July 2010. It is already apparent that a gas-fill trap with a large vertical extent may be present. The results of the well are currently being integrated into geological and geophysical mapping, which indicates a well-defined faulted closure, covering over 1,000 acres. This indicates the possibility of non-conventional shale gas reserves being present on the feature.

Fracture stimulation of the well will be considered following long-term production testing. Additional drilling on the feature may also be considered in the area to the east of the well, once the testing of the current well has been completed. Amadeus has a 35% interest in this well.

Development

Ten new development wells were drilled during the quarter on three of the Company's core development projects.

Five new development wells were drilled on the Ford East Project in Texas and all five wells intersected hydrocarbons and are being completed and turned to production. First sales proceeds from the wells are expected during the first quarter of FY11.

Three new development wells were drilled in the White Eagle Project area in Kansas and all three wells successfully intersected hydrocarbons and are being completed and turned to production. One of the wells, the Joe Driscoll #7 is producing at a stabilised rate of 50 BOPD. First sales proceeds from the wells are expected during the first quarter of FY11.

Two wells were drilled on the Raccoon Bend project – the Austin College #39 which is being completed for production and the Wilson A-31, which was a dry hole and will be plugged and abandoned.

A four-well recompletion programme on the Oswald lease in the White Eagle project in Kansas was commenced and the Oswald #14 well was recompleted during the quarter. The well is making 22 BOPD and 92 BWPD. The remaining three wells in the programme will be drilled in the first quarter of FY11. The programme is expected to increase oil production on the project by 1,100 BO per month and add approximately 51,000 BO to the Company's proven reserves.

An extensive water-flood treatment on the Huck lease on the White Eagle Project in Kansas continued during the quarter. It will take approximately 12 months to complete the water-flood treatment which works by pushing trapped oil to a number of extraction wells. Early indications are encouraging with a 30 BOPD increase being recorded.

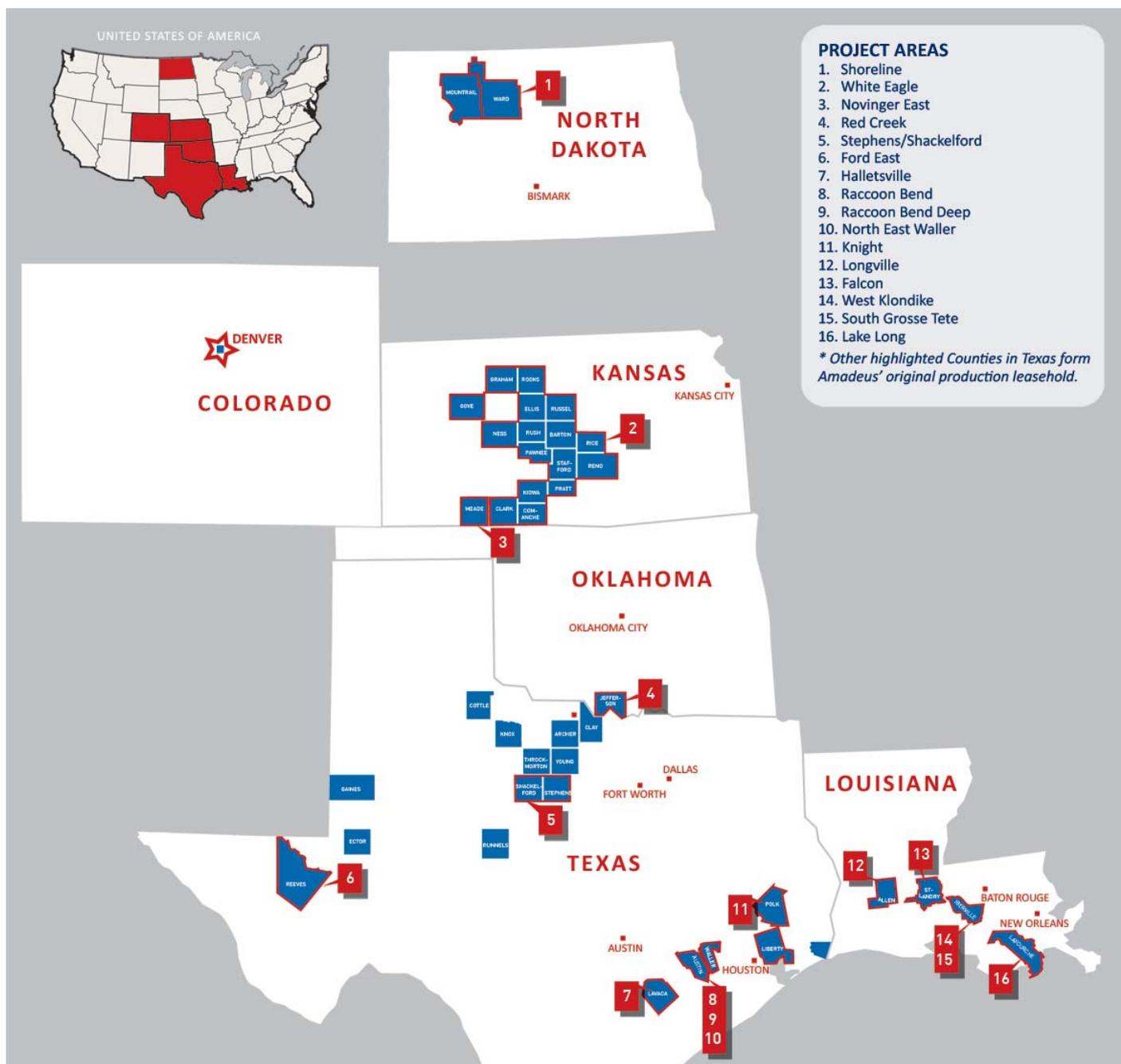
The following table summarises the new wells drilled in the June quarter:

Risk	Project/Location	Well Name	WI	Activity Type	Outcome/Status
Low	Raccoon Bend, TX	Austin College #39	15%	Development	Completion in progress
		Wilson A-31	15%	Development	Dry hole – P & A
Low	White Eagle, KS	Brandenburg #14	86%	Development	Completion in progress
		Driscoll #31-7	90%	Development	Completion in progress
		Teichman Unit #1	50%	Development	Completion in progress
Low	Ford East, TX	Red Bluff 9 #12	82%	Development	Completion in progress
		Red Bluff 9 #14	82%	Development	Completion in progress
		Red Bluff 9 #15	82%	Development	Completion in progress
		Red Bluff 9 #16	82%	Development	Completion in progress
		Red Bluff 9 #17	82%	Development	Completion in progress
Medium	Hallettsville, TX	Paul Hermes No. 1	35%	Exploration	To be completed for production in July

QUARTERLY PRODUCTION SUMMARY BY PROJECT

Project / State	WI%	Average Net Monthly Production for the Quarter
Ford East, TX	82%	3,300 BO / 5.6 MMCF
Hallettsville, TX	25-50%	1,190 BO / 49.4 MMCF
Lake Long, LA	22%	90 BO / 12.6 MMCF
Longville, LA	25%	800 BO / 7.4 MMCF
Raccoon Bend, TX	15%	2,620 BO / 0.8 MMCF
Red Creek, TX	50-60%	1,190 BO
Stephens/Shackelford, TX	81%	1,160 BO / 20.7 MMCF
TNT Projects, TX	50-80.5%	8,720 BO / 2.4 MMCF
White Eagle/Novinger East, KS	85/14%	17,600 BO / 1.7MMCF

PROJECT AREAS



CORPORATE

In May the Company's US debt facility was successfully refinanced with a new US banking syndicate, led by BNP Paribas. Under the new arrangements the Company's senior and subordinate debt facilities have been discharged and replaced with a new single senior facility with a term of three years. As a result the Company no longer has any subordinate debt.

The terms of the new senior facility are a material improvement on the previous facilities and will deliver annual finance cost savings of approximately US\$1 million. The financial covenants in the new facility are consistent with those of the previous facilities. The new banking facility of US\$51 million was drawn to US\$44.7 million as at 30 June 2010.

In June the Company announced that it had received unsolicited approaches from US based companies expressing an interest in acquiring the Company's assets. As a result of the approaches the Company appointed Macquarie Capital Advisers Limited to review all of the options available to the Company to unlock the value of its underlying assets.

Macquarie was chosen because of its experience in dealing with US oil and gas assets and the strength of its corporate advisory business in Australia and in the US through Macquarie Tristone. The Company is expecting receipt of an independent third party reserve report in the first half of August and further advice will be provided to the market following receipt and consideration of the report by the Board.

The consolidation of the Company's operations into Denver continued during the quarter with the appointment of key employees including an Operations Manager/Engineer, a Petroleum Accountant, and a Landman to the Denver office. The Company is on track to complete the consolidation of its operations during August 2010.

Board & Management

CRAIG COLEMAN	Non-Executive Chairman (Acting)
GEOFFREY TOWNER	Managing Director
PETER LEHLE	Non-Executive Director (US based)
ROBERT SCOTT	Non-Executive Director
ALEXANDER BEARD	Non-Executive Director
BETTY DIETER	President – Amadeus Petroleum Inc.
CAROLINE BENTLEY	CFO & Company Secretary
MITCHELL WELLS	Chief Operating Officer

CONTACT

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GLOSSARY

AMU	Amadeus Energy Limited (ASX Code)	MMBO	Million barrels of oil
ASX	Australian Securities Exchange	MCF	Thousand cubic feet
BCF	Billion cubic feet	MMCF	Million cubic feet
BO	Barrels of oil	P&A	Plugged and Abandoned
BOE	Barrels of oil equivalent	WI	Working Interest
BOPD	Barrels of oil per day	WTI	West Texas Intermediate

DISCLAIMER

This document may contain some references to forecasts, estimates, assumptions and other forward looking statements. These forward-looking statements reflect the current internal projections, expectations or beliefs of Amadeus based on information currently available to Amadeus. Although the company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it can give no assurance that they will be achieved. They may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the business, which could cause actual results to differ materially from those expressed herein. Statements concerning reserves may also be deemed to be forward looking statements in that they involve elements based on specific assumptions.