

12 August 2011

## ADX Buys Back 20% Interest in Lambouka

**ADX Energy Ltd** (ASX:ADX) is pleased to announce a Sale and Purchase Agreement has been executed to buy back a 20% interest in the Lambouka Prospect Area in the Kerkouane Permit from Carnavale Resources Limited (ASX:CAV) and to cancel the option of CAV to purchase an interest in that part of the Lambouka prospect that extends into Italian waters.

The key terms of the sale are as follows;

- Upon payment of US\$ 765,000 by CAV to ADX for past joint venture costs and satisfaction of other conditions precedent, ADX will issue to CAV 11,172,535 shares. Approximately 70% of the shares will be subject to an escrow period on a phased basis.
- In the event that production is derived from a development of hydrocarbons discovered in the Lambouka #1 well drilled in 2010 ADX will pay two production payments of US\$ 1million each; "Production payment 1" after 6 months of continuous production and "Production payment 2" after twelve months of continuous production.
- The sale is subject to joint venture pre-emption.

ADX farmed out a 20% interest in the Lambouka Prospect Area to CAV in early 2010 to provide funding for the Lambouka #1. The Lambouka-1 well intersected a gas column interpreted based on comprehensive LWD (logging while drilling) and a wireline logging data set which was recovered during the drilling of the well. Unfortunately due to instability of the borehole while drilling and evaluating Lambouka, it was not possible to test the well.

Lambouka is located approximately 70 km North East of onshore Cap Bon in the Sicily channel. The Dougga gas condensate discovery is located approximately 22 km SSW of Lambouka.

Upon conclusion of this transaction ADX will hold a 50% interest in the Lambouka Prospect Area. ADX holds a 100% interest in the remaining Pantelleria License area, over which some Kerkouane participants have options, and the Kerkouane Permit area. ADX operates all licenses and has recently announced the award of the adjacent offshore exploration permit d 364 C.R.-AX in Italian waters acquired at 100% equity interest. (see map at the end of this release).

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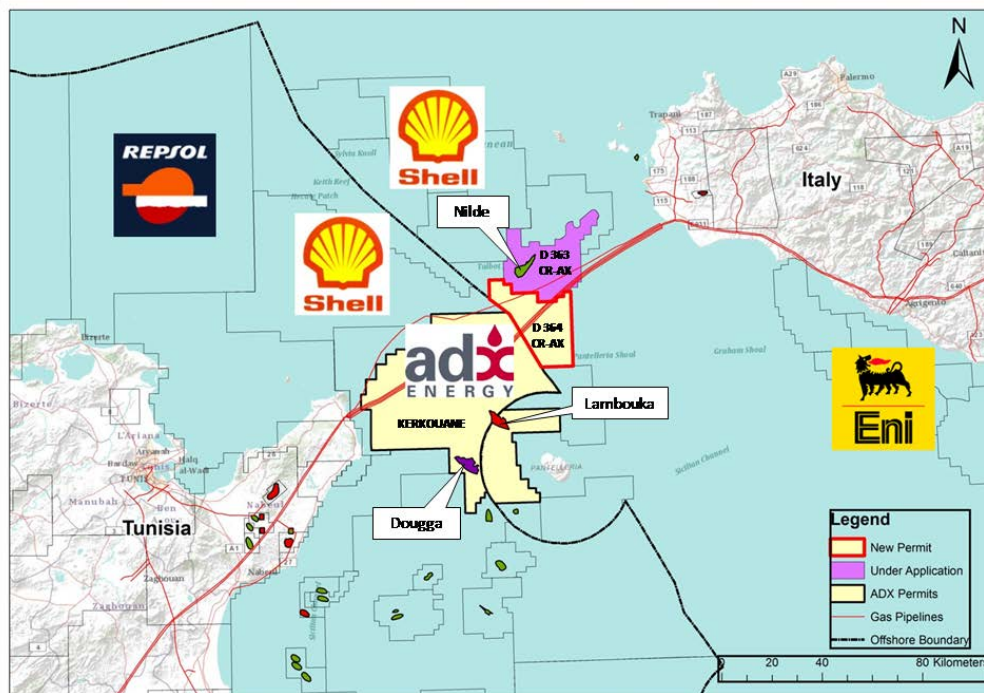
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ADX is pleased to have the opportunity to increase its interest in Lambouka on favourable terms. ADX believes Lambouka and the nearby Dougga discovery represent a material appraisal and development opportunity for ADX.



*ADX' Acreage interests in the Sicily Channel offshore Tunisia*

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