

**30 April 2012**

**Activities Report**

**Period Ending 31 March 2012**

**Highlights**

**Operational**

### **Chorbane Permit, onshore Tunisia - Sidi Dhafer-1 discovery**

- A rig contract with Dietswell SA, for the provision of the Sedlar - 160 drilling rig to flow test the Sidi Dhafer-1 oil discovery was signed. Auditing and testing of the rig and auxiliary equipment commenced.
- The testing programme was approved by Enterprise Tunisienne d'Activités Pétrolières ("ETAP").
- Recruiting and mobilisation of key personnel to the well site was undertaken.

### **Kerkouane Permit - Sicily Channel, offshore Tunisia and Italy**

- An independent third party review incorporating a new ADX depth conversion model and a possible deeper gas water contact interpretation for the Dugga gas condensate discovery has supported a large increase in the upside resource case.
- The prospect interpretation outside the 3D seismic area was also progressed. New tectonic modeling generated by ADX demonstrates the potential for larger sized discoveries than have been encountered inboard from the ADX Sicily Channel acreage. This work will be presented to the industry at an upcoming AAPG conference (ICE, Singapore).

### **Parta License, onshore Romania**

- ADX completed a buy back of the interests of Caspian Oil & Gas Limited and Sibinga Petroleum Limited each having held a 20% interest in the Joint Venture in Romania. The consideration for acquiring each company's interest was the reimbursement by ADX to each company for past joint venture contributions.

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- ADX now holds 100% interest in the Parta concession and eleven prospecting permits.
- Farm out negotiations with several European companies were initiated.
- A seismic tender for 2D and 3D was completed which will allow ADX to start seismic operations immediately after Prime Ministerial ratification of the Parta licence agreement.

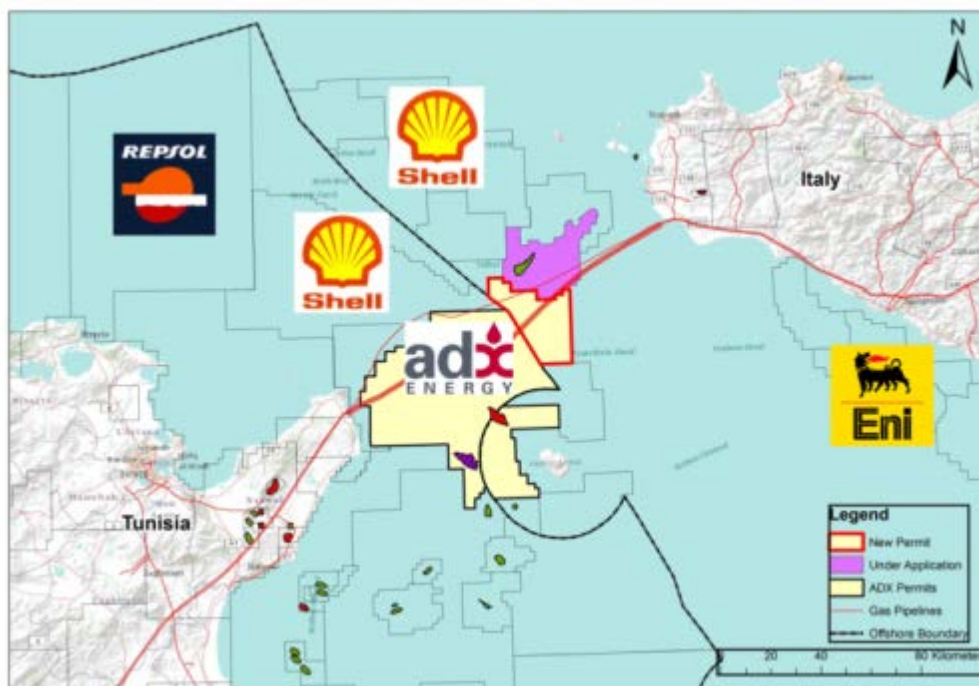


Figure 1 : Tunisia and Italy ADX operated assets and license application. Oil fields in green color. The area south of the ADX acreage in offshore Tunisia is called "Gulf of Hammamet" (see text).

### **Offshore Tunisia and Italy - Kerkouane - Pantelleria Permit; d364 C.R.-AX permit (all ADX operated)**

ADX is the operator and holds a 60% interest in the Kerkouane and Pantelleria licenses, and 100% interest in d364 C.R.- AX.

During the quarter ADX undertook several activities to further enhance the prospectivity and value of its large Sicily Channel portfolio.

Highlights of these efforts during the quarter are:

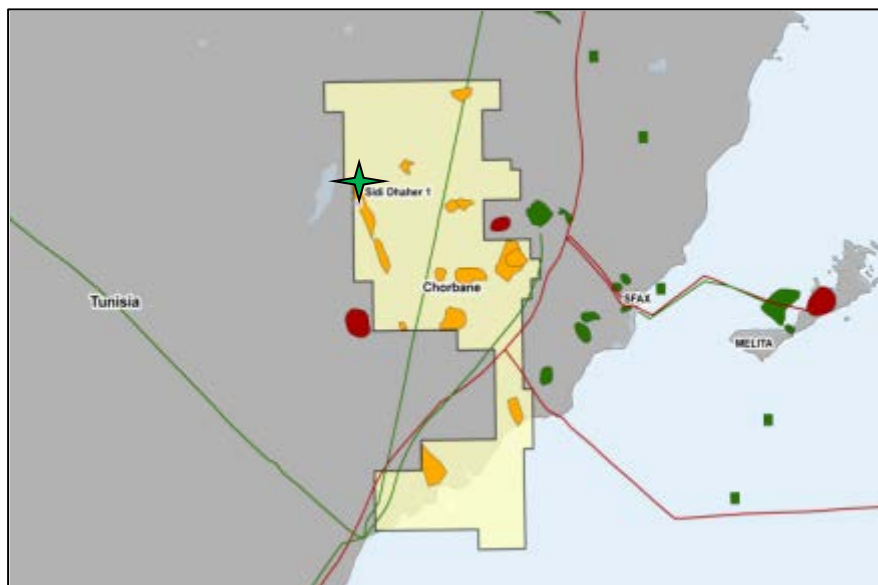
- A new 3D depth conversion of the Dougga condensate field and Lambouka discovery area was undertaken, using the seismic

migration velocities of the PGS Geostreamer 3D survey. ADX concluded that the impact for resources – especially the upside case – could be substantial. Subsequently this work was reviewed by a third party competent person, who also conducted additional reservoir engineering studies focussing on the possible depth of the gas water contact (Note that the Dougga-1 gas condensate discovery well did not encounter a gas water contact or water bearing reservoir). The conclusion was that previous work has substantially underestimated the large upside potential of the discovery.

- Whilst the 3D seismic covered appraisal projects Dougga, Lambouka and the exploration project Dougga West offer a most likely resource potential in excess of half a billion barrels of oil equivalent in close proximity with low risk, the exploration potential of the area outside the 3D seismic area has been to date underestimated and not analysed in such detail as the 3D covered area. ADX therefore conducted special geological studies with experts who have been instrumental in the discovery of the billion barrel discoveries onshore Italy (“Monte Alpi” area) and have demonstrated that certain areas of its Sicily Channel acreage are on the same trend and in similar geologic setting as these world class Italian fields. The expected field size in ADX’s Sicily Channel acreage should be an order of magnitude higher than the discoveries further south offshore Tunisia (“Gulf of Hammamet area” ). This work will be presented to the industry at an upcoming AAPG conference in Singapore in September 2012.
- ADX has started a farm out campaign for its Sicily Channel acreage. A number of companies have already approached ADX with a view to participate in future drilling projects such as the Dougga appraisal well.

## Onshore Tunisia - Chorbane Permit (ADX operated)

ADX is the operator and holds a 40% interest.



*Figure 2: Chorbane permit location map. (Oil and Gas fields in green and red, respectively, prospects in yellow, green star shows position of Sidi Dhafer oil discovery)*

Following the discovery of a 30m oil column at Sidi Dhafer-1, ADX secured a contract with Dietswell SA for the provision of the Sedlar – 160 drilling rig to flow test the Sidi Dhafer-1 oil discovery. The rig and auxiliary equipment are currently being audited and tested prior to mobilisation to the well site. Key personnel required for the program were recruited and mobilised during the quarter. ADX also continued to engage with the local population preparing and negotiating environmental compensation agreements and work contracts.

Approval of the testing programme was granted by Enterprise Tunisienne d'Activités Pétrolières ("ETAP") and the operational work program agreed and finalised by the joint venture.

ADX has previously estimated the mean contingent oil in place resource volume for the Sidi Dhafer oil discovery to be 51 mmbbls. The confirmation of recoverable volumes and resulting potential reserves are contingent upon a successful well test with the objective of proving commercial flow rates and likely recovery factors.

The Sidi Dhafer discovery is located in the 2,428km<sup>2</sup> large Chorbane Exploration Permit onshore central Tunisia near the port city of Sfax. It is

surrounded by several producing oil fields and extensive oil and gas infrastructure.

### **Romania: Parta Concession – Pannonian Basin**

ADX is the operator and holds a 100% interest in the awarded block.

The PARTA block has an area of 1,221 km<sup>2</sup> and is located in the southern Pannonian basin area of western Romania. It covers also seven excised oil and gas fields and is considered underexplored. Previously ADX has identified, on existing seismic data, several conventional leads and prospects which are estimated to contain a total of 47 mmbbls of oil and 480 bcf of gas (recoverable mean prospective resource potential). Main target depths are between 800 and 2000 metres.

During the quarter ADX completed a buy back of the interests of Caspian Oil & Gas Limited and Sibinga Petroleum Limited each having held a 20% interest in the Joint Venture in Romania. The consideration for acquiring each company's interest was the reimbursement by ADX to each company for past joint venture contributions. As a result ADX now holds 100% interest in the Parta concession and its eleven prospecting permits.

ADX has received considerable third party interest for participation in this prospective acreage from larger European companies. The Company expects to be able to leverage its material equity position to secure substantial funding via a farm in to undertake modern 3D and 2D seismic during 2012 with a view to drilling exploration wells as soon as practically possible. Farm out negotiations are expected to be concluded in the near future.

A concession agreement was signed in January 2011 with NAMR (Agentia Nationala Pentru Resurse Minerale). All ministerial approvals were received to commence operations but due to the resignation of the prime minister the final ratification of the concession agreement is still pending. ADX has nevertheless conducted and completed a seismic tender process for 3D and 2D seismic. With that the seismic acquisition could start without delay following the new prime minister's ratification of the Parta concession agreement.

The ongoing exploration activities on the ADX' Romanian acreage is resulting in identification of additional exploration potential. Romania represents an important growth opportunity in line with ADX's ongoing

strategy of focusing its resources on core areas which offer proven prospectivity, excellent fiscal terms and materiality.

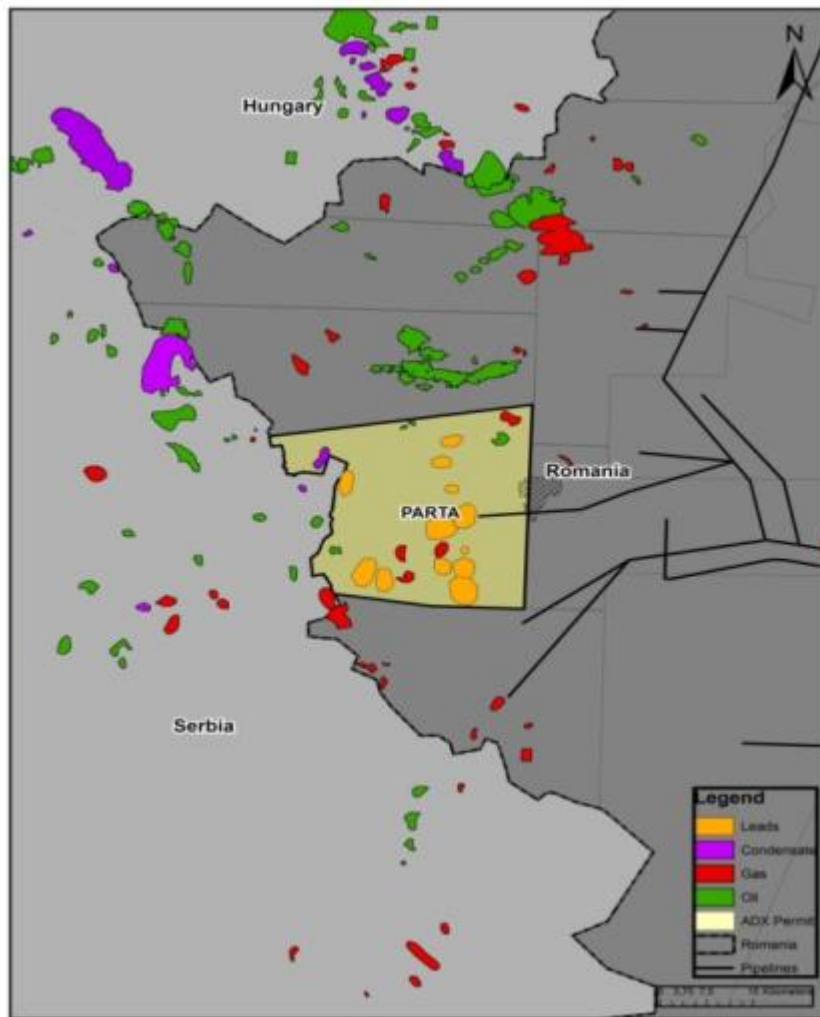


Figure 3: Map showing Parta block location in Southwest Romania

## Corporate and Finance

ADX currently has 438,308,350 shares on issue. Cash on hand at 31 March 2012 was A\$1,033,000.



Yours faithfully  
**WOLFGANG ZIMMER**  
 Managing Director