ADX Energy Ltd

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27 August 2010

Ms Kerrie Papamihail
Companies Advisor
Australian Stock Exchange Ltd
2 The Esplanade
Perth WA 6000
Email: Kerrie.papamihail@asx.com.au

Dear Kerrie

I refer to your letter dated today and offer the following response to your questions:

1. No.

2. At 6.27pm yesterday evening, the Company received a daily operational report.

3. Not applicable.

4. Upon interpretation of the information received by the Company in the daily operational report, it concluded that the available information was inconclusive and therefore not material.

5. The Company confirms, to the best of its knowledge, that it is in compliance with the listing rules and in particular, listing rule 3.1.

Should you require further information please do not hesitate to contact me.

Yours sincerely

PETER IRONSIDE
Company Secretary

ASX Compliance Pty Limited
ABN 26 087 780 489
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

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PERTH WA 6840

Telephone 61 8 9224 0000
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ASX
COMPLIANCE

By facsimile: 08 9226 5333

27 August 2010

Mr Peter Ironside
Company Secretary
ADX Energy Limited
Suite 6, Level 2, 11 Ventnor Avenue
WEST PERTH WA 6005

By Email: pironside@ausvaal.com.au

Dear Peter

ADX Energy Limited ("the Company")

ASX Limited ("ASX") refers to the following:

1. A decrease in the price of the Company's securities from an intra day high of 16 cents on 26 August 2010 to an intra day low of 11 cents today.

2. An increase in the volume of securities traded from 26 August 2010.

3. The announcement lodged by the Company with ASX Limited ("ASX") at 11:52 AM (E.S.T) today titled "Lambouka – 1 Well – Interim Update" ("Announcement") regarding evaluation data for the Abiod intersection ("Information").

We wish to draw your attention to the definition of "aware" in chapter 19 of the listing rules which states that:

"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity"

Further, we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A. Please note that for disclosure not to be required under this listing rule all of the exceptions must apply.

Having regard to the above definition, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Does the Company consider the Information to be material to the Company pursuant to listing rule 3.1?

2. When did the Company become aware of the Information? In your response to this question please indicate the date and approximate time the Company became aware.

3. If the answer to question 1 is "yes" and the Company became aware of the Information or part of it prior to the release of the Announcement, please advise the following:

   3.1 Please advise why the Company did not make an announcement at an earlier time or request a trading halt prior to the Announcement?

   3.2 Why was the information not released to the market at that earlier time? Please comment specifically on the application of listing rule 3.1?

4. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Information to be material.

5. Please confirm that the Company is in compliance with listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Please note the ASX reserves its right under listing rule 18.7 to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **8:00 am (W.S.T) on Monday 30 August 2010.**

Your response should be sent to ASX by facsimile on **facsimile number (08) 9221 2020**. It should <u>not</u> be sent to the Company Announcements Office.

If you have any queries regarding any of the above, please contact me on (08) 9224 0032.

Yours sincerely

Kerrie Papamihail
Assistant Manager, Issuers (Perth)