ASX Release

29 October 2010

ADX Energy Ltd

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Activities Report
Period Ending 30 Sept 10

Highlights

Operational

- Atwood Southern Cross semi submersible drilling rig was mobilised from Tenerife, Spain on June 17th and arrived at the Lambouka-1 well location on July 2nd, 2010.
- The Lambouka-1 well, the first deep water well to be drilled in Tunisia (located in the Kerkouane Permit) was spudded on July 11, 2010 and drilled to a TD of 2786 meters on August 30, 2010.
- On Sept 8, 2010 it was decided to suspend the Lambouka-1 well to allow for future re-entry to further evaluate the logging while drilling and wireline logging evidence of hydrocarbon in the Abiod Formation m, the primary reservoir target.
- The preparations for drilling the Sidi Daher well in the onshore Chorbane license, Tunisia, commenced during the quarter.
- ADX was awarded the 1,221 km^2 exploration block EX-10 PARTA, has negotiated the concession agreement and awaiting final approval.
- ADX appointed Paterson Securities Ltd, Perth to manage the proposed divestment and IPO of the Company's mineral assets portfolio to a new entity named Riedel Resources Ltd in which ADX expects to retain a significant interest. The IPO is expected to be completed in November 2010.

Farmouts and Asset Sales

- ADX Energy Ltd concluded the sale of the Petroleum Exploration Licence 182 asset, located in the onshore Cooper Basin, South Australia, to Victoria Petroleum Plc.
- ADX is reviewing farmin offers on the Sidi Daher well. Given that ADX is fully funded for the well a further farmout of 10% of its remaining 50% carried interest is expected to yield additional funds which can be utilised towards ADX's exploration projects.

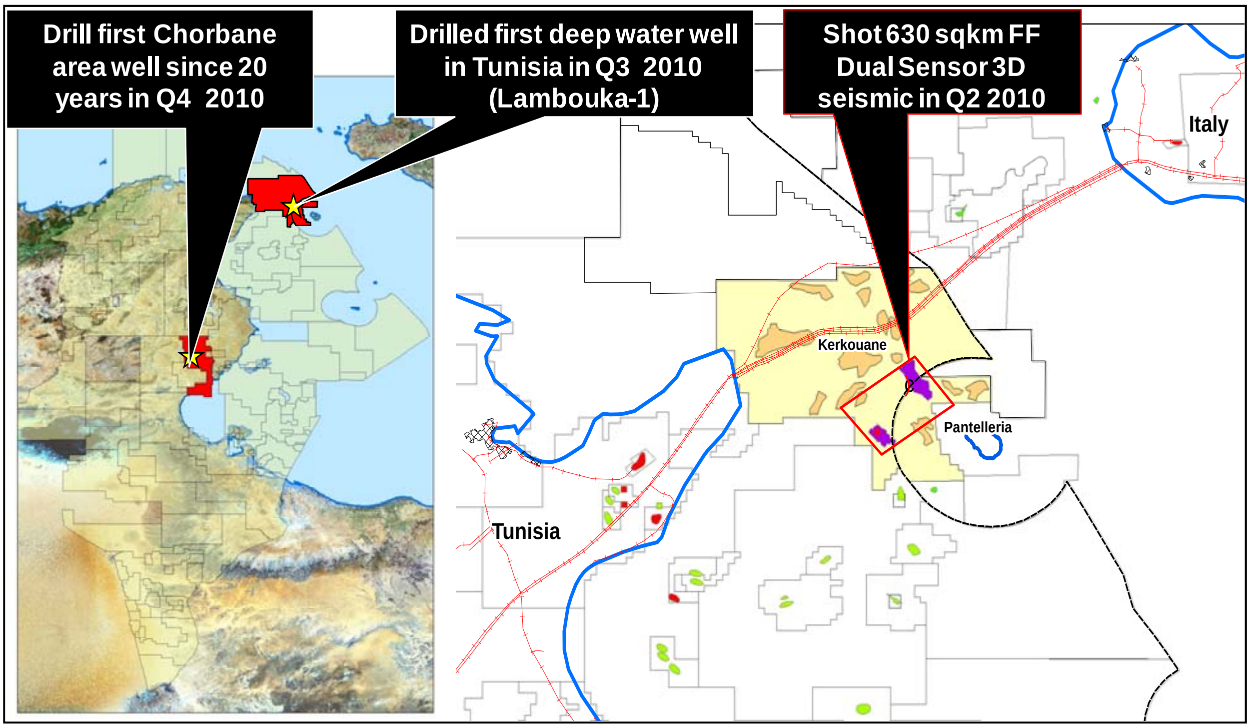

Figure 1: Tunisia & Italy ADX operated Assets and 2010 activities summary. The purple areas in the right hand figure show the Dougga and Lambouka discoveries. Light orange areas are exploration prospects.

Offshore Tunisia & Italy – Kerkouane & Pantelleria Permit (ADX operated)

ADX successfully drilled and suspended the first deepwater well in Tunisia. The Lambouka-1 discovery well is located in the Kerkouane Permit, at a water depth of 629 meters.

The main focus of activities during the Quarter involved the drilling of the Lambouka-1 well which was spudded on July 11, 2010. The well was drilled safely and without incident to a total measured depth of 2786 meters, evaluated and was suspended for future re-entry and testing. The rig was released on September 15, 2010.

During the drilling campaign, the fully processed 640 km^2 3D Geostreamer seismic program arrived in-house. The data confirmed the structural validity and favourable structural position of the Lambouka-1 well location that was previously interpreted from the 3D fast track cube.

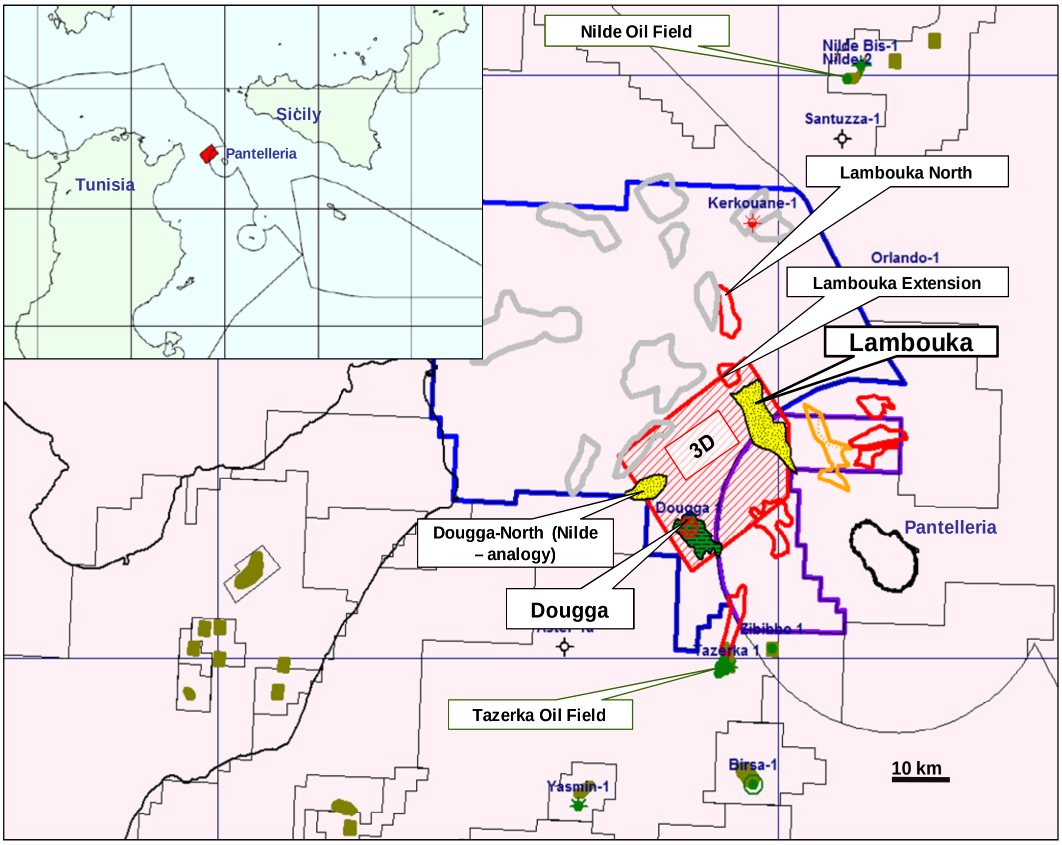

Figure 2: Kerkouane and Pantelleria licenses with prospects & leads shown. Oil & gas condensate fields in green colours.

The Lambouka-1 well confirmed the presence of all three reservoir targets, including; the Tertiary Birsa Fm sandstones, the Ain Grab Fm carbonates and the Upper Cretaceous Abiod Fm carbonates. The Birsa Fm consisted of 80 meters of net porous sandstones however the sandstones were interpreted to be water bearing based on logging while drilling (LWD) measurements. The Ain Grab carbonates had minor gas shows but were interpreted to have low porosity based on LWD sonic log measurements and no visible porosity reported from the preliminary cuttings analysis.

The drilling of the Abiod reservoir section was accompanied with an increase in background gas and drilling fluid losses which was interpreted as an indication of fractures permeability The logging while drilling ("LWD") resistivity measurements showed anomalously high resistivity representative of hydrocarbons. Additional indications of hydrocarbon presence included the occurrence of pinpoint dull yellow fluorescence in the drill cuttings and oil stains/sheens in the water based drilling mud that fluorescence bright yellow. To further confirm the presence of hydrocarbons wireline logging was conducted. Analysis of the final log suite supports the LWD and mudlog evidence that at least two hydrocarbon bearing zones are present in the Abiod Fm. Approximately 23 meters of net pay is interpreted within the two reservoir units. The presence of liquid hydrocarbons is suggested by the fluorescence observed in the cuttings and drilling mud. This is consistent with the presence of condensate encountered in the Abiod Fm at the Dougga-1 discovery well, approximately 22 km to the SSW. The FMI (formation micro image) log confirmed that the significant losses encountered while drilling are due to an extensive fracture network which could significantly enhance the flow capacity of the reservoir.

An updated interpretation of the 3D seismic survey incorporating the results of the Lambouka-1 well yielded an estimated mean recoverable resources of 309 BCF gas (with an upside of 528 BCF) at the Abiod level. Assuming a similar condensate to gas ratio as in Dougga the additional condensate resources would be in the order of 24 mmbls for the mean resource case. In addition, updip resource potential exists for the Lower Cretaceous/Jurassic sandstones encountered in the lowermost 65 meters of the Lambouka-1 well which are mapped to be within the gas column at the crest of the structure.

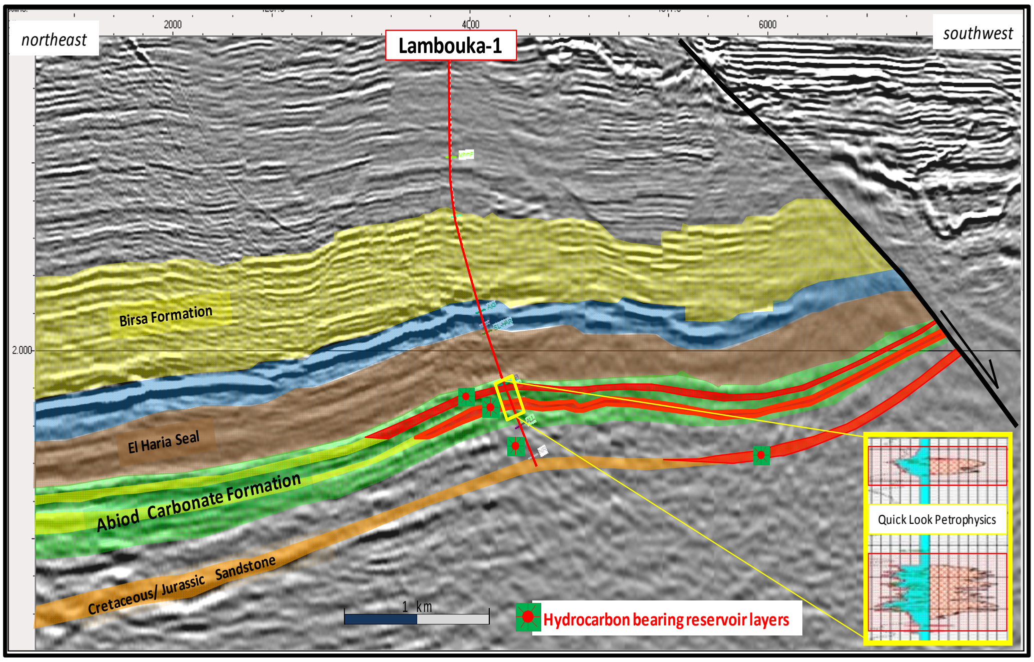

Figure 3: Seismic cross section (from 3D) along the Lambouka well path

Detailed evaluation and integration of the Lambouka data is currently ongoing in addition to quantifying prospects and leads within the 3D seismic area.

Onshore Tunisia – Chorbane Permit (ADX operated)

The Tunisian Authorities (Comitee Consultatif des Hydrocarbures) have approved a one year extension to the Chorbane permit exploration period. The permit expiry date has been extended to July 12th 2011.

During the quarter, a semi-regional Chorbane area re-interpretation of all available seismic and well data was undertaken with the objective of confirming the validity of the current prospects/leads and identifying new prospective areas for further evaluation. The technical work re-confirmed the Sidi Daher prospect's no 1 ranking and provided evidence for the presence of hydrocarbon source rocks and both a top and lateral sealing section.

The abovementioned study confirmed several of the already mapped leads as well as identifying several areas of additional potential, such as in the NE area of the permit a Mid Cretaceous shelf edge was defined with seismic anomalies of reef like appearance and several tilted fault blocks on the flanks of the west to east trending ridge in the central part of the block. Additional seismic is required to confirm prospectivity and potential in most areas while reprocessing may be adequate in others.

Drilling preparation is currently ongoing for the Sidi Daher-1 exploration well. The prospect has estimated mean prospective resources of 175 BCF of gas at the Eocene level in addition to the deeper Upper Cretaceous targets including the Abiod Fm, the Douleb and Bireno Members of the Aleg Fm. The Abiod Fm has an estimated mean prospective resource of 44 mmbls of oil. All reservoir targets are proven and producing in the area.

Drilling preparation and design work for the Sidi Daher -1 exploration well is progressing with a current anticipated spud date in December 2010.

Romania: Parta Concession Awarded and AMI Activities (ADX operated)

ADX was successful in the 10th Romanian National Bidding Round by being awarded exploration acreage in the Romanian Pannonian Basin. The PARTA block (EX-10) was one of the top ranked blocks on ADX's internal prospectivity evaluation. .

The PARTA block has an area of 1,221 sq km and is located in south-west Romania near the town of Timisoara. This prospective block contains 7 producing oil and gas fields and is close to the largest oil & gas field in the Pannonian basin, the Algyo field in Hungary (2.5 Tcf gas, 220 mmbbls oil produced). PARTA is still considered under-explored based on seismically identified prospectivity and regional analysis work.

ADX on behalf of the Area of Mutual Interest ("AMI") partners, Caspian Oil & Gas and Sibinga Petroleum, has recently completed the concession agreement negotiation with the National Agency for Mineral and Resources (NAMR) and is awaiting the final document for signature and rectification (expected Q4 2010). ADX is the operator and holds 60% interest in the AMI and in the awarded block.

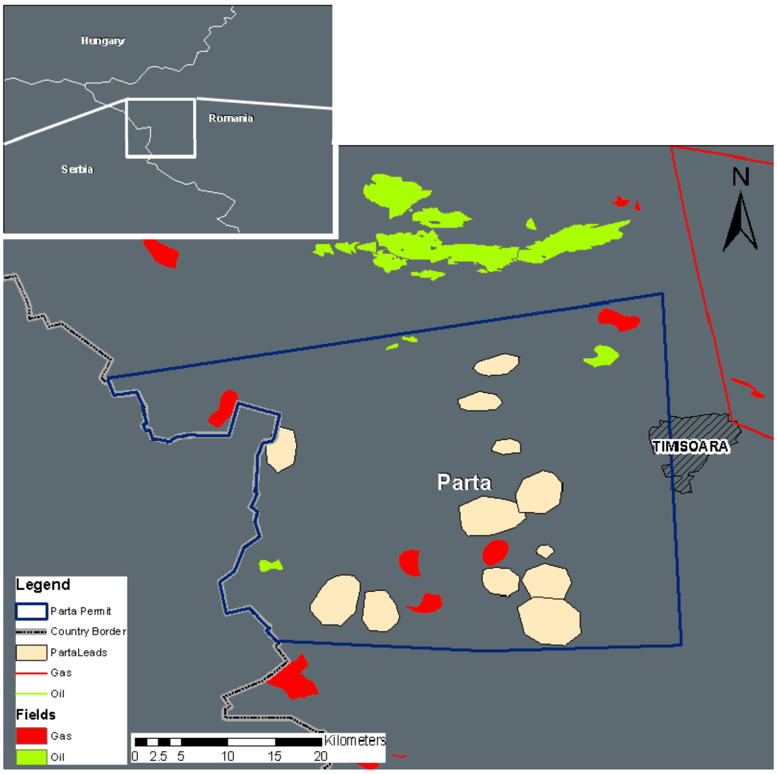

Figure 4 Parta concession with oil & gas fields (green & red colors, respectively) and leads & prospects in beige colors.

ADX continues to evaluate available prospective farm-ins and potential production acquisition offerings. These business development activities are consistent with the Company's strategy of securing highly prospective exploration and development acreage within niche areas of the European community via bid rounds and acquisitions.

Australia, PEL 182

A Sales and Purchase Agreement was executed with Victoria Petroleum for the sale of ADX's interest in the South Australian onshore Cooper Basin Petroleum Exploration Licence 182.

The transaction was concluded and funds were received following satisfaction of the conditions precedent to the sale.

Corporate and Finance

During the September quarter, ADX has made significant progress in the proposed Initial Public Offering "IPO" of the Company's mineral assets portfolio. Paterson Securities Ltd have been appointed to manage the IPO of the new entity (Riedel Resources Ltd) in which ADX expects to retain a significant interest. The IPO which is expected to raise sufficient funds for an active exploration program over the highly prospective portfolio is scheduled to be completed in November 2010.

ADX is reviewing farmin offers *on* the Sidi Daher well on similar terms to that obtained previously. *Given that ADX is fully funded for the Sidi Daher well, a further farmout of 10% of ADX's* remaining 50% carried interest is expected to yield a*dditional* funds which can be utilised towards exploration projects.

ADX will receive additional funding from the release of a US$1 million bond upon commencement of drilling the Sidi Daher well. The bond was previously paid 100% by ADX to the Tunisian regulatory authorities.

Yours faithfully

WOLFGANG ZIMMER
Managing Director

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

ADX ENERGY LTD

ABN	Quarter ended ("current quarter")
50 009 058 646	30 SEPTEMBER 2010

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (.3 months) $A'000
1.1	Receipts from product sales and related debtors - Receipts from joint venture partners	50	50
1.2	Payments for (a) exploration & evaluation	(3,505)	(3,505)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(671)	(671)
	(e) payments on behalf JV	(28)	(28)
	(f) payments for IPO spin	(76)	(76)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	9	9
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material) GST refunds, exploration refunds & cost recoveries from JV	122	122
	Net Operating Cash Flows	(4,099)	(4,099)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospect	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:(a) prospects (PEL-182)	1,058	1,058
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material) Exploration bond released	1,531	1,531
	Net investing cash flows	2,589	2,589
1.13	Total operating and investing cash flows (carried forward)	(1,510)	(1,510)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,510)	(1,510)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, (net)	(7)	(7)
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	(7)	(7)
	Net increase (decrease) in cash held	(1,517)	(1,517)
1.20	Cash at beginning of quarter/year to date	2,271	2,271
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	754	754

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	265
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

- payment of director consulting fees and salaries.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

No material non-cash transactions.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Lambouka Project – Other entities are earning 70% in this project by contributing an additional 17% of well costs in excess of total interests being earned.

+ See chapter 19 for defined terms.

Financing facilities available
Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		
	Other facilities – refer Note 1	20,000	-

Note 1 - In October 2009, ADX executed a Committed Equity Facility Agreement to secure a A$20,000,000 facility with Trafalgar Capital Specialised Investment Fund, Luxembourg (Trafalgar). Subject to terms and conditions of the facility, ADX may, at its discretion, issue shares to Trafalgar at any time over the next 30 months. Shares issued to Trafalgar will be priced at 95% of the lowest of the daily volume weighted average price ("VWAP") of the Ordinary Shares on ASX as quoted by Bloomberg during the prior five consecutive trading day period.

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation, net of reimbursements (see note)	1,286
4.2	Development	-
4.3	Production	-
4.4	Administration	250
	Total	1,536

Notes:
The above estimate includes the release upon the commencement of drilling the Sidi Daher well of a US$1 million bond that has been previously paid 100% by ADX to the Tunisian regulatory authority.

ADX is reviewing several farmin offers for the Sidi Daher well on similar terms to that obtained previously. Given that the well is fully funded, a further farmout of 10% of its remaining 50% carried interest is expected to yield approximately US$ 1.1 million of funds which can be utilised towards exploration projects.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	754	2,271
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	754	2,271

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed		No material changes		
6.2	Interests in mining tenements acquired or increased		No material changes		

In the previous quarter (June 2010), ADX entered into an agreement to sell its 49.9% interest in Cooper Basin PEL-182 to Victoria Petroleum NL (Vicpet). The total consideration was a cash consideration of $1.1 million (before costs) and the ADX share of the future plugging and liability for previous wells estimated at $200,000. In July 2010 the sale was completed and the cash consideration was received following satisfaction of the conditions precedent to the sale.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	338,667,501	338,667,501		Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	750,000	750,000	17 cents	17 cents
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
		24,102,533	24,102,533	25 cents	31/3/2011
		1,250,000	-	15 cents	31/12/2010
		3,600,000	-	35 cents	21/4/2011
		3,600,000	-	40 cents	21/4/2012
		525,000	-	35 cents	13/5/2011
		525,000	-	40 cents	13/5/2012
		2,250,000	-	20 cents	1/7/2011
		1,500,000	-	25 cents	1/7/2012
		1,500,000	-	30 cents	1/7/2013
		19,200,000	-	25 cents	31/12/2012
		2,500,000	-	25 cents	31/12/2012
7.8	Issued during quarter	2,750,000	-	25 cents	31/12/2012
7.9	Exercised during quarter	-	-	-	-

+ See chapter 19 for defined terms.

7.10	Expired/ Forfeited during quarter	250,000	-	25 cents	31/12/2012
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: ..29 October 2010.
Company secretary

Print name: ..PETER IRONSIDE..

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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