

18 January 2011

TUNISIAN OPERATIONAL UPDATE Sidi Dhaher Well Drilling Preparations

ADX Energy Limited (ASX:ADX) is pleased to report following an assessment of the security situation in Tunisia that ADX is continuing its preparations for the drilling of the Sidi Dhaher well in its onshore operated Chorbane block. The assessment of security and safety of personnel at the Sidi Dhaher well site and its operations office in Tunis has been in close consultation with the Company's numerous Tunisian contacts in country.

ADX is continuing with road works and site preparations at the Sidi Dhaher well site. The ADX office in Tunis is fully functioning and all services such as communications, public transport and airport services are available without any disturbance. Additional precautions are being taken during all operations and travel of ADX personnel in Tunisia.

ADX has also been liaising closely with ETAP (Enterprise Tunisienne d'Activites Petrolieres) the Government agency responsible for the management of Oil and Gas activities in Tunisia whose offices have reopened as of 17 January. ETAP is supportive and encouraged by the continuation of well site preparations, which are already at an advanced stage. It is important to note that Tunisia has an established civil service which is highly educated and can function independently of political influence.

ADX expects there will be some delay to the timing of spudding the Sidi Dhaher well primarily due to third party contractors taking additional security precautions and potential delays in customs handling of equipment. Assuming the recent improvement of the overall security situation continues in Tunisia, ADX anticipates that most contractor services will be fully available in February allowing a potential spud date in late February.

Ongoing updates will be provided on the security situation in Tunisia and the resulting impact on drilling preparations for the Sidi Dhaher well.

Participant interests in the Sidi Dhaher -1 well will be as follows;

ADX Energy Ltd	40%	Operator
Gulfsands Petroleum Plc	40%	*
XState Resources Ltd	10%	* (ASX code: XST)
Verus Investments Limited	10%	* (ASX code: VIL)

Note: The respective participant interests in the Sidi Dhaher well and the Chorbane Permit are based on the completion of all farmin obligations.

ADX Energy Ltd

AUSTRALIA

Suite 6, Level 2
11 Ventnor Ave, West Perth
Western Australia 6005
PO Box 913 West Perth
Western Australia 6872

T +61 (08) 9226 2822

F +61 (08) 9226 5333

E admin@adxenergy.com.au

ABN 50 009 058 646

AUSTRIA

Kundratstrasse 6/2/1
A 1100 Vienna, Austria

T +43 (0) 1 641 0189

F +43 (0) 1 641 0189 20

www.adxenergy.com.au



For further details please contact:

Wolfgang Zimmer
Managing Director
+43 (0) 1641 0189

Ian Tchacos
Chairman
+61 (08) 9226 2822

www.adxenergy.com.au