

31 January 2012

Activities Report

Period Ending 31 December 2011

Highlights

Operational

■ **Chorbane Permit, onshore Tunisia - Sidi Dhaher-1 discovery**

- Laboratory analysis by Corelab (Aberdeen) of the recovered well samples confirmed that the reservoir fluids are typical live crude oil and mud filtrate with minor amounts of water.
- The oil was encountered in the thick, porous and permeable Bireno reservoir of upper Cretaceous age overlain by an 80 m sealing shale section. Down hole pressure measurements and sampling confirmed the presence of an oil column.
- Revised volume calculations based on an updated seismic interpretation and well results resulted in an ADX estimated mean contingent oil in place (OIP) resource of 51 mmbbls. The confirmation of expected recoverable volumes and resulting potential reserves are contingent upon a successful well test with the objective of proving commercial flow rates and estimation of likely recovery factors.
- Invitations to tender for a work over rig to test the discovery were sent to five potential bidders. Four bids were received and documentation formally opened in the presence of the local petroleum authority, ETAP (Enterprise Tunisienne D'Activites Petroliere).
- After selection of the winning bid, an LOI (Letter of Intent) was signed with DIETSWELL SA, for the provision of the Sedlar-160 drilling rig.

■ **Kerkouane Permit - Sicily Channel, offshore Tunisia**

In the offshore Kerkouane license, Tunisia, a seismic survey was completed under a data exchange and acquisition agreement with Shell as part of a larger program being undertaken by Shell in their adjacent Sicily Channel licenses. During the quarter the fast-track data processing was completed and the seismic interpretation

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commenced in the ADX Vienna office. The final PSTM (pre-stack time migration) data processing continued on schedule with a view to providing a revised interpretation of the Kerkouane discovery.

- **Parta License, onshore Romania**

The tender process for 2D and 3D seismic acquisition in 2012 was completed. An excellent response was received with four contractors being evaluated for the final contract to be awarded in early February 2012.

Corporate/Farmins

- A placement to institutions and sophisticated investors of 25,000,000 shares at 8.0 cents each was completed to raise gross proceeds of \$2,000,000.
- A share purchase plan to registered shareholders raised an additional \$270,000 at 8.0 cents incorporating 3,375,000 shares.

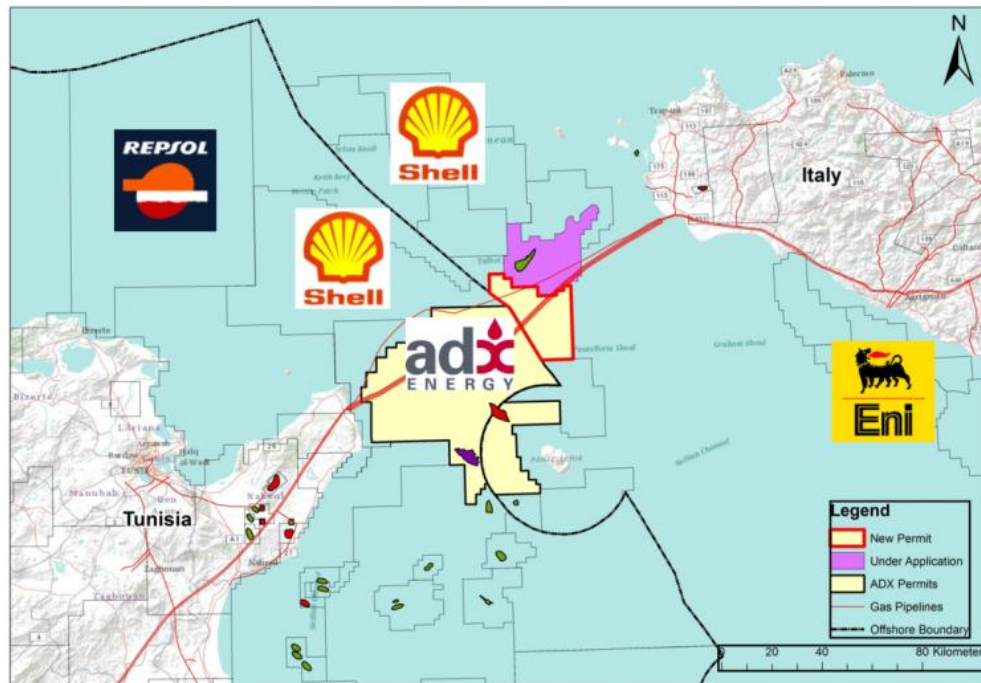


Figure 1 : Tunisia and Italy ADX operated assets and license application

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:

- Interpretation of the fast track processed data acquired by Shell under a data exchange and acquisition agreement as part of a larger program being undertaken by Shell in their adjacent Sicily Channel licenses. (Under the agreement ADX and its partners will obtain a total of 104 km of 2D seismic in the area around the Kerkouane-1 gas discovery well). The final dataset (PSTM processed) will be used to finalise this project which is focused around the Kerkouane-1 gas discovery and adjacent oil and gas prospects. (Refer to the previous quarterly report for a more detailed description of the excellent potential of the area in the NE part of the Kerkouane license and the adjacent ADX Italian permit).

- 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 concludes that the impact for resources – especially the upside – could be substantial – and has therefore started a review project with a suitably qualified independent third party technical expert to assess the resource range for the field.

Onshore Tunisia - Chorbane Permit (ADX operated)

ADX is the operator and holds a 40% interest.

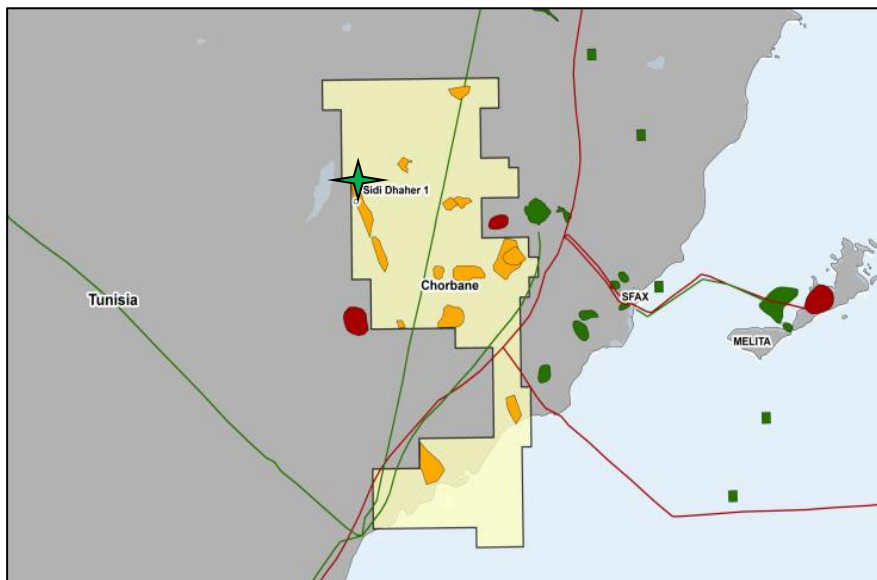


Figure 2: Chorbane permit location map. (Oil and Gas fields in green and red, respectively, prospects in yellow, green star shows position of Sidi Dhafer oil discovery)

Following the discovery of a 30m oil column at Sidi Dhafer-1 on 3 October 2011, chemical analyses of the recovered well samples confirmed the reservoir fluids to be a typical live crude oil and mud filtrate with minor amounts of water. Revised mapping and volume calculations utilising a new seismic interpretation integrating well results was also completed.

The well encountered a thick, porous and permeable Bireno reservoir of upper Cretaceous age overlaid with an 80 m sealing shale section. An approximately 20 metre dolomitised section is of particularly good reservoir quality with an oil sample retrieved. Subsequent down hole pressure measurements indicating an oil gradient and sampling further confirmed the presence of an oil column. Based on the available data

ADX estimated the mean contingent oil in place (OIP) resource 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. Invitations to tender for a work over rig to further test the discovery were sent to five potential bidders. Four bids were received and documentation formally opened in the presence of ETAP (Enterprise Tunisienne D'Activites Petroliere. A LOI (Letter of Intent) was signed with DIETSWELL SA, for the provision of the Sedlar-160 drilling rig. Testing of the hydrocarbon bearing zones will determine the commerciality of the discovery and confirm that oil can be produced at commercial rates.

In addition to Sidi Dhaher, the Chorbane block has a number of large oil and gas prospects, both in the eastern part adjacent to several producing oil and gas fields and also in the westerly part of the license (*Figure 2*). The prospects in the eastern part of the license are close to producing oil and gas fields and several wells had good shows and have a proven hydrocarbon system.

During the quarter detailed interpretation work in this relatively low risk area progressed well and resulted in a number of new possible drilling opportunities. One example is shown in *Figure 3*, where a large undrilled structure exists updip of a well which had hydrocarbon shows.

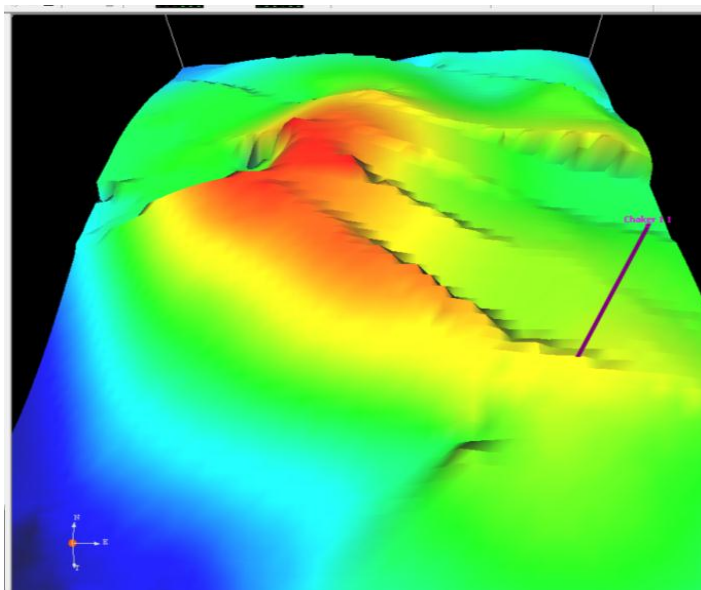


Figure 3: Shows large undrilled structure and more than 40 year old well which completely missed the structure.

Romania: Parta Concession – Pannonian Basin

ADX is the operator and holds a 60% interest in the awarded block.

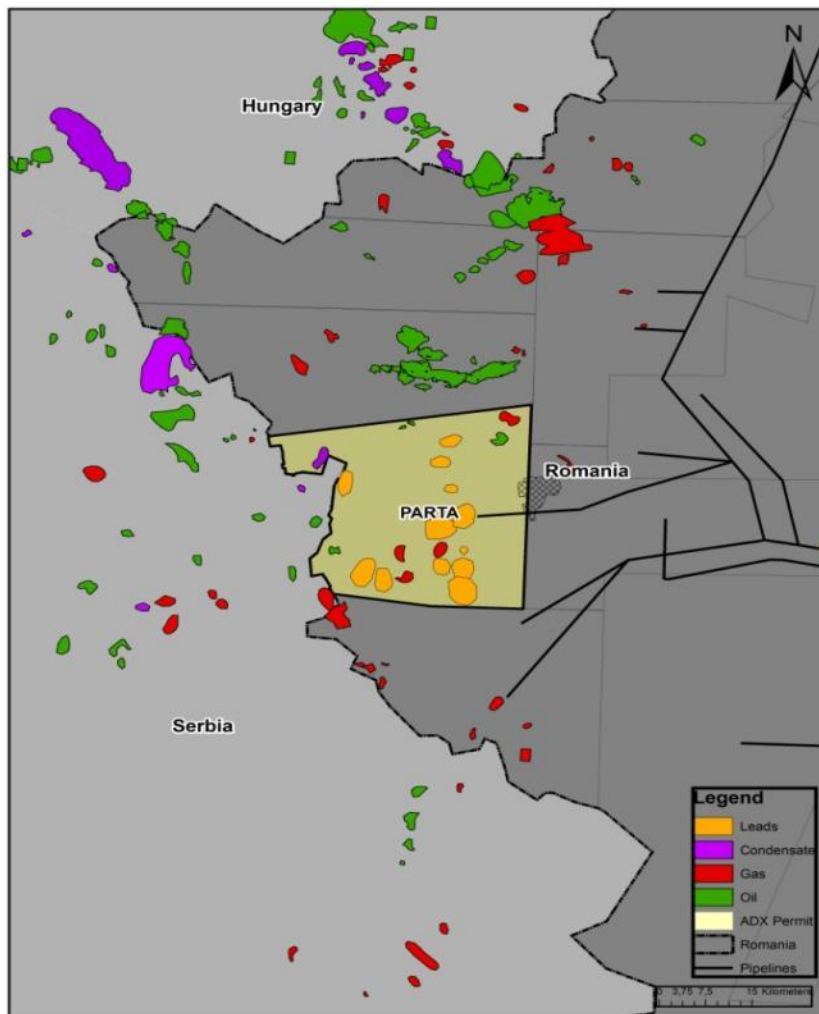


Figure 4: Map showing Parta block location in Southwest Romania

The Parta block has an area of 1,221 km² and is located in the prolific oil and gas producing southern Pannonian basin. This prospective block covers seven excised oil and gas fields and is considered underexplored based on seismically identified prospectivity.

During the quarter all required ministerial signatures were obtained and sent to the Prime Minister for final ratification.

Following the completion of the prospect work identification and ranking of possible future drilling projects, ADX started a tender process for both 2D and 3D seismic acquisition. The 3D will focus on a proven oil

prone area in the north of Parta, whereas the 2D will focus on delineation of new prospects and firm up large stratigraphic gas plays in the southern and middle part of Parta.

The tender process was completed during the quarter with a good turnout of potential seismic contractors who would technically be well qualified to undertake the seismic acquisition. Four offers from various European based contractors were evaluated in detail based on commercial and technical criteria for the final contract award.

Corporate and Finance

The Annual General Meeting was held on November 10, 2011 and all resolutions were approved. Refer to the Notice of Meeting for further details of resolutions.

ADX completed a placement to institutions and sophisticated investors of 25,000,000 shares at 8.0 cents each to raise gross proceeds of \$2,000,000. The funds raised will primarily be used to fund the Company's exploration work programs in Tunisia and Romania as well as to augment working capital.

A share purchase plan was offered to registered shareholders in conjunction with the placement and raised an additional \$270,000.

ADX currently has 438,308,350 shares on issue.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Wolfgang Zimmer', with a stylized, flowing script.

WOLFGANG ZIMMER
Managing Director