

5 November 2010

ADX Energy

Year End	Revenue (A\$m)	PBT* (A\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
06/08	1.3	(3.3)	(2.0)	0.0	N/A	N/A
06/09	0.0	(2.7)	(1.4)	0.0	N/A	N/A
06/10	0.0	(2.1)	(0.9)	0.0	N/A	N/A
06/11e	0.0	(9.9)	(2.7)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding goodwill amortisation and exceptional items.

Investment summary: Resource upgrade

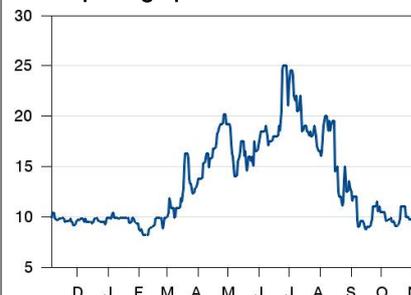
Yesterday ADX Energy announced a resource upgrade at Dougga following the completion of the 3D seismic processing that was highlighted in our note of 6 October. The announcement confirms the understanding of the geology and the larger resource makes the possibility of commercialising the combined Lambouka and Dougga prospect more likely, none of which is currently in the share price. The processing was completed on time and we expect ADX to continue moving forwards on its work programme. Tracs are reviewing the 3D data together with the Lambouka drilling results and are expected to produce an updated development and resource estimate, with a well being planned for 2011 on the Dougga structure.

The key highlight of the Dougga resource upgrade is a 42% increase in the high confidence P90 in place estimate based on improved structural definition. P50 in place volumes are now thought to be 702bcf, 26% up from the previous estimate of 558bcf. P50 contingent resources are now thought to be 222bcf (previously 177bcf) and the liquid component is also thought to be larger at 47mmbbls (previously 38mmbbls), effectively a 24% increase in the P50 oil equivalent contingent resource estimate. ADX is the operator at Dougga, with a 60% working interest (WI), with partners Gulf sands Petroleum and XState having a 30% and 10% WI respectively.

The next significant drilling activity is expected to be the Q410 exploration well at Chorbane, a 150bcf prospect that has the potential to be commercialised quickly given the presence of a gas plant 60km away.

Price 10.5c
Market Cap A\$36m

Share price graph



Share details

Code ADX
Listing ASX
Sector Oil & Gas
Shares in issue 338.7m

Price

52 week High Low
25.0c 8.1c

Business

ADX Energy is an oil and gas exploration business listed in Australia with exploration activities in Tunisia, and offshore Italy and Romania. The group also has mining interests which are in the process of being demerged.

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