

Gulfsands Steps Up to the Plate For Lambouka Drilling (ADX, PAA, CAV, XST, GPX.L)

AuDAX is a speculative buy ...

Page 1

AuDAX Resources (Soon to be ADX Energy) (ADX)

AuDAX is a high risk exploration play with farm-in funding ...

Page 2

AuDAX Closes its Mediterranean Dancing Card (ADX)

Fresh from farming out the last of its exploration interests in offshore Tunisia ...

Page 6

Indices & Prices	
All Ordinaries	4,516.50
Energy Index	15,005.70
Brent AU\$/bbl	87.71
AUS\$/US\$	0.8503
As at Close June 11th	



Originally Published 9 June 2010

Gulfsands Steps Up to the Plate For Lambouka Drilling (ADX, PAA, CAV, XST, GPX.L)

Recommendation: **AuDAX is a speculative buy.**

Capitla Structure

Code	ADX
Shares	337.4
Options	45.4 @ Av 27.6 ct
Price	\$ 0.185
Market Cap	62
Cash (est) *	\$ 7.0

* Post 1:6 issue

Drilling by an AuDAX led consortium, including Gulfsands, Pharmaust, Carnivale and Xstate, has been boosted by Gulfsands Petroleum's decision to exercise its option for an additional 10% of the offshore project areas. Gulfsands initially signed up for a 20% interest. Having now had the benefit of analysing recent 3D seismic, the company likes the project even more and has agreed to sign up for the additional 10%!

Permits	ADX	PAA	CAV	GPX	Xstate
Lambouka	30%	10%	20%	30%	10%
Italian/Tunisian *	60%			30%	10%
Chorbane	50%			40%	10%

* GPX & Xstate hold options to increase by 10%

Well	mmBOE	Risk %	NPV \$m	NPV /BOE
	Lambouka	270	17%	2722
Sidi Daher	73	12%	950	13

Discovery Value/share \$	ADX	PAA	CAV	GPX	XST
Lambouka	2.13	0.53	3.70	6.33	4.12
Sidi Daher	1.24			2.94	1.44
Leverage/share	ADX	PAA	CAV	GPX	XST
Lambouka	1153%	774%	1155%	138%	1528%
Sidi Daher	670%			64%	533%
	1824%	774%	1155%	202%	2060%

In using that exclamation mark, I must be under the influence of AuDAX, which must hold some sort of ASX record for the use of exclamation marks in its corporate presentations, consistently adding at least 3 excited exclamation marks to each of its corporate presentations.

Analysis of leverage to the projects by each partner shows that Xstate holds the most leverage and highest risk. XST is the vehicle where a lot of the smart money will be parked, ahead of drilling. ADX offers a more liquid exposure to the whole story while also offering exposure to ADX's other activities in Romania, where new permits are being acquired.

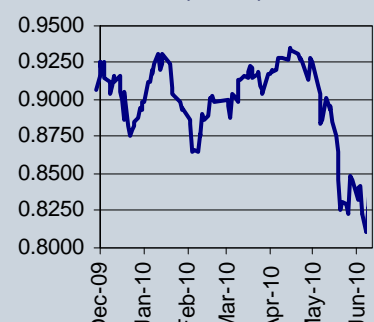
S&P ASX 200 Energy Index



Brent Crude Oil \$/barrel



A\$/US\$



Originally Published 5 May 2010

AuDAX Resources (Soon to be ADX Energy) (ADX)

MEDITERRANEAN MELANGE

Capital Structure

	ADX
Code	ADX
Shares	337.4
Options	45.4 @ Av 27.6 ct
Price	\$ 0.150
Market Cap	51
Cash (est) *	\$ 7.0

* Post 1:6 issue

Recommendation: *The stock is a speculative BUY. AuDAX is a high risk exploration play with farm-in funding largely in place to for drilling of two wells in H2 2010. New equity has been sought to fund 3D seismic and ongoing working capital as well as some top-up drilling commitments. Buying during the rights issue process is usually a good tactical move.*

AuDAX is moving towards drilling the Lambouka (formerly Sambuca) prospect, which is one of the largest identified petroleum prospects in the Mediterranean region.

AuDAX is run by energy industry veteran and former OMV senior executive Wolfgang Zimmer and is Chaired by former Nexus Managing Director, Ian Tchacos. It has also been able to attract successful AIM listed, Syrian and Gulf of Mexico oil producer Gulfsands Petroleum, as well as an Australian private company Bombora Energy, which is supported by senior oil industry figures, including Andrew Childs, Gary Jeffery and John Begg.

Partners with strong industry credentials

AuDAX has strong credentials to operate projects in the oil and gas business while Gulfsands Petroleum is also a skilled exploration and production company. Gulfsands, whose CEO Rick Malcolm worked at OMV alongside AuDAX's MD Mr Zimmer, has undertaken detailed due diligence on the project and its potential before agreeing to commit meaningful amounts of its shareholder's funds, by farming into both AuDAX's offshore and onshore Tunisian permit areas. An unwanted bid for Gulfsands may also have prompted its action on Lambouka, but that would not necessarily have led it to farm in onshore, so StockAnalysis is confident that Gulfsands is acting offensively and not defensively.

Oil Exploration in the Mediterranean

Risked Valuation	\$m	\$/share
Cash (post issue)	7.0	\$ 0.02
Mining assets	2.0	\$ 0.01
Risked Petroleum Exploration		
Med'n	302	\$ 0.79
Romania	\$	-
Australia	\$	-
Corporate	-8.0	-\$ 0.02
	<u>\$ 303</u>	<u>\$ 0.79</u>
Initial Target Price		\$ 0.25

VALUATION

Following a 1:6 rights issue at 15 cents, ADX will have underlying cash and saleable assets of about 3 cps.

Risking just its interest at Lambouka, Dougga and Sida Daher, produces a risk adjusted target value of 79 cps, which StockAnalysis translates to an initial price target of 25 cps, prior to drilling at Lambouka.

StockAnalysis estimates that a discovery at Lambouka would be worth about \$2.15 per share to AuDAX, while discovery at Sidi Daher could be worth over \$1.20 per share.

KERKOUANE & PANTELLERIA PERMITS (30% - 60%)

Permit Equities

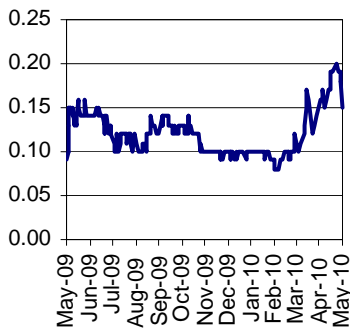
Permits	ADX	PAA	CAV	GPX	Bombora
Lambouka	30%	10%	20%	30%	10%
Sicilian Islands *	60%			30%	10%
Chorbane	50%			40%	10%

* GPX & Bombora hold options to increase by 10%

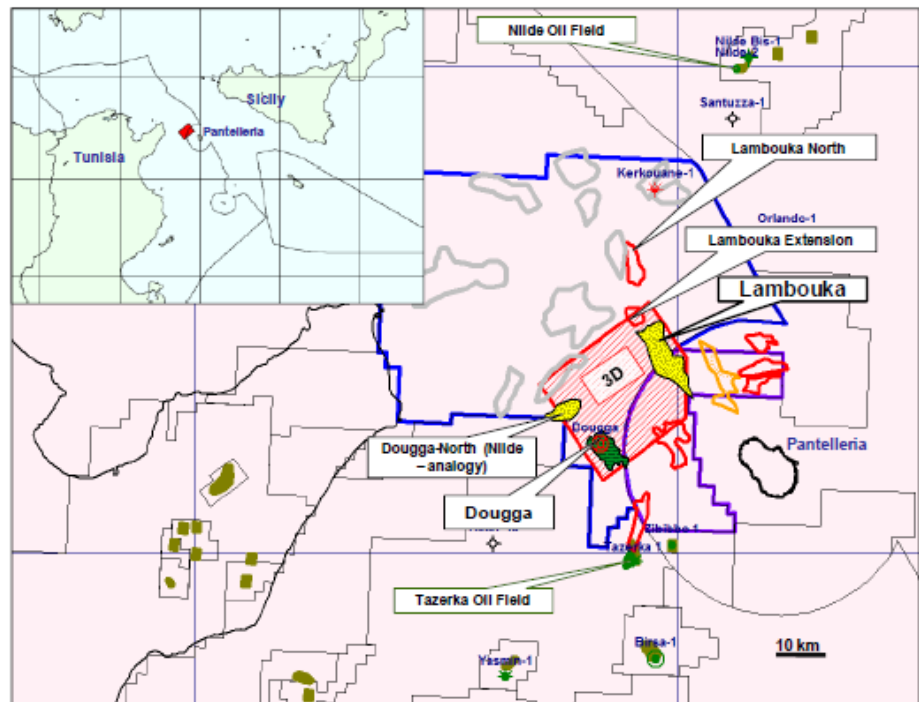
Project operator AuDAX Resources (soon to be ADX Energy) has partnered with a group of companies in two offshore permits in waters straddling the jurisdictions of Tunisia and Italy, as well as on its onshore Tunisian permits. AuDAX retains a 30% interest in Lambouka and an initial 60% of the surrounding permit areas.

Gulfsands Petroleum is farming in for an initial 30% interest over the entire offshore area of the two permits and holds an option to move to 40% once it has access to processed 3D seismic data and can see results from drilling at Lambouka. Likewise, Bombora Energy is farming in for an initial 10% over both permits, with an option to move to 20% on the same terms as Gulfsands.

ADX Price History



AuDAX's 3D Seismic Acquisition



Map showing 3D survey outline over Lambouka, selected prospects and Dougga gas condensate field. Oil fields shown in dark green. Inserted regional map shows 3D survey outline as red box. AuDAX Kerkouane and Pantelleria license boundaries in dark blue and purple, respectively.

Source: AuDAX

Two main target zones testing for estimated 270 million barrels oil equivalent at Lambouka

Local cash boxes, PharmAust and Carnavale are only farming-in on the Lambouka prospect area for interests of 10% and 20% respectively, leaving AuDAX with an effective free carried 30% interest at Lambouka and a 60% interest in the surrounding permit areas, which could fall back to 40% if both Gulfsands and Bombora exercise their options. Interpretation of 3D seismic data over the Lambouka prospect acquired during March 2010 will assist in optimally locating the Lambouka test well, which is currently scheduled to be drilled in late June 2010. The 3D data will also assist with plans to evaluate the Dougga gas and condensate field, which was discovered by Shell in 1981 and is within the permit boundaries of the permit interests.

New technology plus higher oil & gas prices render project attractive

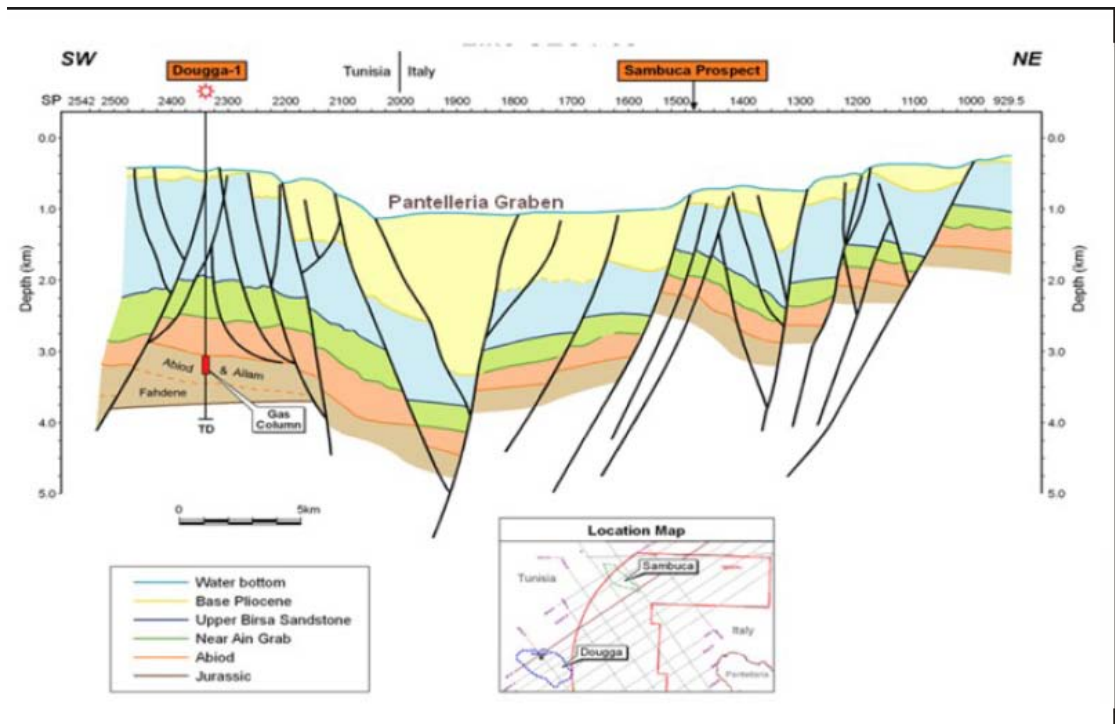
The Lambouka prospect has remained undrilled, partly because of a long period of low oil and gas prices in Europe during the 1980's and 90's but also as a result of difficulties with interpreting seismic data in this particular geological terrain. Under these conditions, only five wells have been drilled in the Italian sector over the past 22 years, resulting in two discoveries, including the 20 mmbbl Niilde oilfield to the north. The Dougga discovery was found to contain approximately 30% carbon dioxide plus 50 ppm H₂S, reducing its value and increasing processing costs. The advent of modern seismic data processing has largely overcome shortcomings associated with the previous technology, enabling a clearer understanding of the structures, while advances in the processing of carbon dioxide and a step change increase in the price of natural gas, all render the Lambouka prospect much more attractive than it appeared in the 1990's.

The Lambouka prospect sits in about 400 metres of water and the test well is planned to be drilled to ~2,750 metres over a 4 week schedule. It contains multiple target zones including the shallower Birsa sandstone at about 1,500 metres, which is prospective for Miocene oil and the deeper late Cretaceous Abiod carbonate, which contains gas and condensate at the nearby Dougga discovery. Dougga is estimated to contain 2P reserves of 29 mmbbls of condensate plus 300 Bcf of gas which could form part of a joint development, should Lambouka prove to be a discovery.

(Continued on page 4)

Dougga gas/condensate discovery in similar geological setting

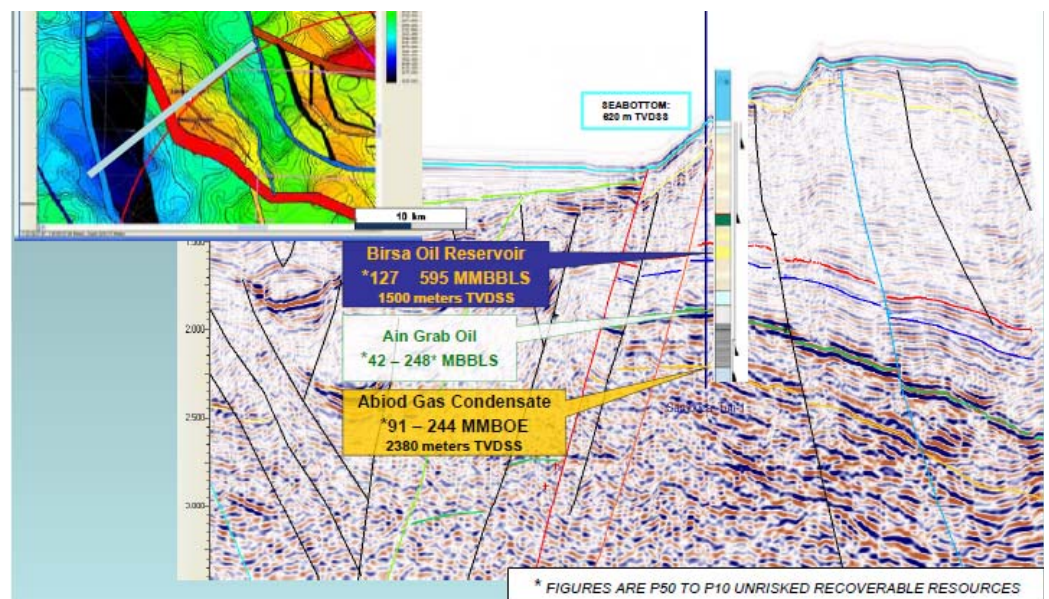
Cross Section



Source: AuDAX

Lambouka was identified after AuDAX's 2004 seismic acquisition, when up to 800 metres of vertical closure was identified at the Abiod level and as much as 600 metres at the Birsa, which is the region's premier oil reservoir. Lambouka has a similar seafloor expression to other regional discoveries, including Dougga, Tazerka and Zibbibo, 25 kilometres to the south.

Lambouka Seismic Section

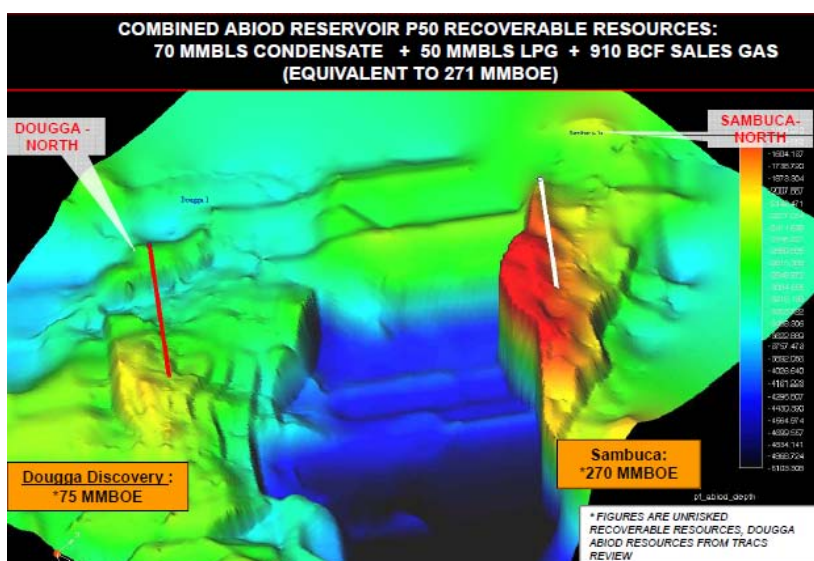


Source: AuDAX

(Continued on page 5)

Tilted Horst Block – Similar to Dougga Discovery

Well defined by seismic



Source: AuDAX

CHORBANE

Onshore at the Chorbane permit area, Gulfsands is farming in for a 40% interest while Bombora will take up a 10% interest, leaving AuDAX with a 50% interest that will be substantially free carried through initial exploration work.

AuDAX has identified six leads and prospects on the Chorbane permit, including the drill-ready, Sidi Daher prospect, which is targeted for drilling in Q4, 2010, but certainly before permit renewal in July 2011. This prospect is on a horst structure where multiple target zones have been identified, from a shallow Eocene target, which shows a direct hydrocarbon indicator on several seismic lines, down to the deeper Jurassic Nara Formation, where a large gas occurrence of up to 300 Bcf is targeted.

The company estimates that Sidi Daher has potential to hold 175 Bcf of recoverable gas in its upper zone and 44 mmbbls of oil at the Abiod carbonate level, while reservoir formation at other zones will also be targeted by deeper drilling. Nearby wells demonstrate hydrocarbons in many of AuDAX's Sidi Daher targets and good reservoir properties in most. There is a 50 mmbbl oil discovery in the Abiod, close to the permit and to the north, demonstrating petroleum potential and solid reservoir characteristics.

FISCAL TERMS

Tunisia runs production sharing contracts allowing 40% and 45% cost recovery for oil and gas respectively, with an overall government take of profits working out at between 65% and 85% over the life of a project. Typically, 61% of oil and 64% of gas revenue in the first year of operation accrues to the project operator, making the terms reasonable.

Risked Exploration Valuation Matrix

Prospect	Equity %	Target				Value \$m	Success Value \$/share	POS %	Cost \$m	Risked Value \$/share
		Gas Bcf	Oil mmbbl	NPV						
				Gas	Oil					
Lambouka	30%	910	120	0.90	16	\$ 2,739	2.15	17%	3.2	0.36
Dougga	60%	300	29	0.90	16	\$ 734	1.15	25%	13.2	0.25
Tazerka Nth	60%	0	24	0.90	16	\$ 384	0.60	9%	13.2	0.02
Galliano	60%	257	79	0.90	16	\$ 1,495	2.34	9%	13.2	0.18
East Galliano	60%	0	146	0.90	16	\$ 2,336	3.66	9%	13.2	0.30
North Zibbibio	60%	0	20	0.90	16	\$ 320	0.50	9%	13.2	0.01
Sidi Daher	50%	175	44	0.90	18	\$ 950	1.24	15%	3.0	0.18

* outside of Lambouka, ADX can dilute to 40% subject to options by Bombora and Gulfsands

Source: Strachan Corp. Pty Ltd.

(Continued on page 6)

In Italy, terms are better, with a 4% royalty to the State and a 33% corporate rate of tax, while the first 370,000 barrels of oil per annum are exempt from royalty.

A discovery at Lambouka would need to be unitised, so that an agreed proportion of the recoverable petroleum was accrued by each of Italy and Tunisia.

While AuDAX is an exploration company and there can be no guarantee of success, its risked valuation is calculated for just Lambouka, Dougga and Sidi Daher but there remain additional leads and prospects within the permits boundaries which could eventually add to the targets already outlined.

ROMANIA

AuDAX has a 60% interest in an area of mutual interest in Romania. The JV has identified 90 leads and prospects in the Pannonian Basin, has been awarded 8 licenses and is bidding for more in the country's 10th bidding round. Two state owned oil and gas companies have been directed to release permits for public tender and AuDAX is in the thick of the action. The country has a history of oil and gas production with past production amounting to an estimated 4,500 million barrels of oil and 30 Tcf of gas.

MINERAL ASSETS

AuDAX plans to float off its gold and other mineral assets in Australia so that it can focus on its petroleum exploration interests.

Originally Published 14 April 2010

AuDAX Closes its Mediterranean Dancing Card (ADX)

Capital Structure

Code	ADX
Shares	289.2
Options	21.3 @ 30.6 cts
Price	\$ 0.17
Market Cap	48
Cash (est)	\$ 1.5

Recommendation: *AuDAX has lifted from 11 cents when I last recommended it to 16.5 cents, but it remains a speculative buy in the run up to an expected, late June drill date. The stock has resistance at 17 cents but a break above that level sets up a near-term target of 24 cents.*

Fresh from farming out the last of its exploration interests in offshore Tunisia to local private exploration company Bombora Energy, AuDAX is now well underway with the acquisition of 3D seismic data over its Lambouka oil prospect. This data will assist in optimally locating the Lambouka test well, which is currently scheduled to be drilled in late June. The 3D data will also assist with plans to appraise the Dougga gas and condensate field, which is within AuDAX's permit boundary.

Valuation Matrix

Permits	ADX	PAA	CAV	GPX
Sicily Is	30%	10%	20%	30%
Chorbane	50%	0%	0%	40%

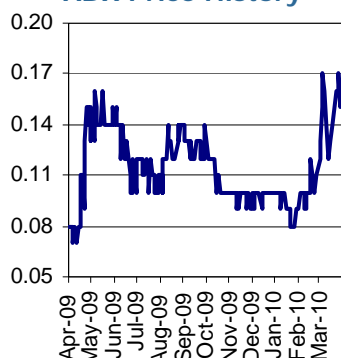
Well	mmBOE	Risk %	NPV \$m	NPV /BOE
Lambouka	270	15%	3780	14
Sidi Daher	29	12%	149	5.10

Discovery Value/share \$	ADX	PAA	CAV	GPX
Lambouka	3.65	0.74	5.13	8.79
Sidi Daher	0.24			0.46

Leverage/share	ADX	PAA	CAV	GPX
Lambouka	2283%	951%	1833%	164%
Sidi Daher	150%			9%
	2432%	951%	1833%	173%

StockAnalysis is interested in the programme because the promoters involved have strong credentials in the oil and gas business while Gulfsands Petroleum, which farmed into both of AuDAX's areas, is a skilled exploration and production company and it would have taken a long and hard look at the potential here before agreeing to commit shareholder's funds in such a meaningful way.

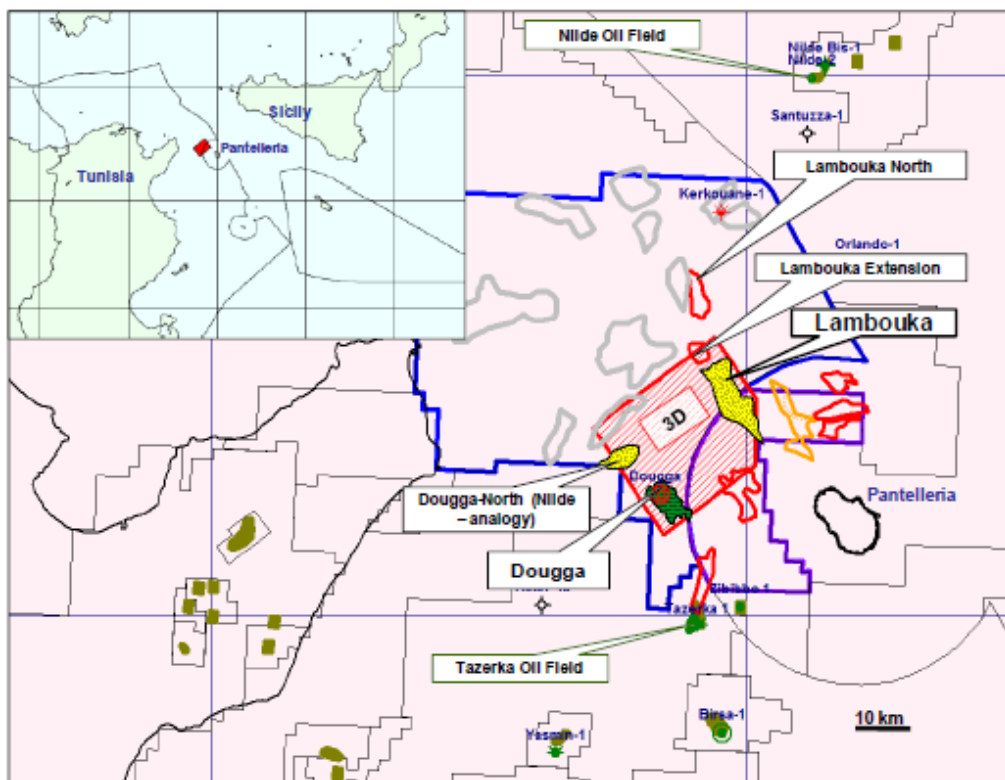
ADX Price History



Source: Strachan Corp. Pty Ltd.

(Continued on page 7)

AuDAX's 3D Seismic Acquisition



Map showing 3D survey outline over Lambouka, selected prospects and Dougga gas condensate field. Oil fields shown in dark green. Inserted regional map shows 3D survey outline as red box. AuDAX Kerkouane and Pantelleria license boundaries in dark blue and purple, respectively.

Source: AuDAX

For Gulfsands, discovery at Lambouka would more than double its value, but for AuDAX, its retained 30% exposure to the Lambouka prospect would be worth \$3.65 per share, if the project lives up to expectations with 270 mmbbls of recoverable oil worth \$14 per barrel on a net present value basis. No doubt, AuDAX will be looking for some working capital support, but the company already has access to \$20 million of equity funding support on agreed terms, so it can afford to wait until its share price is firmer.

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