

31 October 2007

Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir

ACTIVITY REPORT FOR THE QUARTER ENDING 30 SEPTEMBER 2007

- **Vanessa 1 – Permian gas discovery**
- **Kara Bronzewing South Joint Venture**
- **West Yandal Royalty**

ONSHORE PETROLEUM EXPLORATION – COOPER BASIN SA
PEL-182 - ADX 49.9%, EBR 37.6% (OPERATOR), AOC 5% AND DOME 7.5%

Century Rig-3 was mobilised from Moomba in May 2007 for a 2 well drilling program in the Eastern part of PEL-182 in the Cooper Basin, S.A. The first well, Sarahlyn-1 was plugged and abandoned with minor shows on 7 May 2007, having reached total depth in ‘Basement’ at 2761m. All objective reservoirs were encountered as prognosed, but evaluation of the wireline and mudlog data indicated that no economic hydrocarbons were present, with all zones to TD being either tight or water-wet.

The second well, Vanessa-1 was a new Permian Gas Discovery.

Vanessa ST-1 (Cased and suspended new Permian gas discovery: TD 3157m)

Vanessa-1 was drilled to target the deeper Permian Gas reservoirs in the Toolachee, Epsilon and Patchawarra sands, 4 km down-dip from the Santos Pennie-1 gas field which has been in production since 1995. The gas gathering pipeline to Moomba passes through the Pennie-1 location.

Vanessa-1 was spudded on 12 May 2007 and drilled to total depth of 3163m. The well encountered the primary Permian gas objectives in the Toolachee, Epsilon and Patchawarra sands, with each sand recording gas shows in the mud while drilling, despite being sometimes masked by high gas readings from interbedded coal seams.

Electric logs could only be run from 3025m upwards, as a thick coal seam in the uppermost Patchawarra Formation obstructed (bridged) the logging tools passing deeper to TD, preventing electric logs from being recorded in the latter formation. Electric logs recorded above the “bridge” indicated the potential presence of two gas bearing sands in the Epsilon Formation and one gas bearing sand in the Toolachee Formation.

Accordingly, open hole straddle drill stem tests (DSTs) were run across the potential two Epsilon and one Toolachee gas sands with the following results:

- DST-1A Epsilon Sand 2977 -2980m: 5.1 MMscfd on ½” choke at 800psi FP
- DST-1B Epsilon Sand 2960 -2963m: No flow (tool potentially plugged)
- DST-1C Toolachee Sand 2929 -2932m: 3.9 MMscfd on ½” choke at 525psi FP

No DST’s were run in the deeper Patchawarra Fm, due to the coal obstruction.

Tool malfunction during DST-1B re-occurred later in DST-1C, and resulted in the DST tools becoming irretrievably stuck down hole. The original hole was therefore plugged back, and the new sidetrack Vanessa ST-1 successfully drilled to a new TD of 3157m. Wireline logs were successfully run across the entire new sidetrack interval from TD upwards, including the entire Patchawarra Formation, which could not be logged in the original hole.

7” production casing was then run in the new sidetrack hole to TD, such that the Vanessa-1 gas well is now cased and suspended as a future Permian Gas Producer.

Century Rig-3 was released at midnight on the 17 July 2007.

Potential for Patchawarra gas at Vanessa-1

The latest sidetrack logs have finally provided data across the Patchawarra interval, which indicate possibility for several additional prospective gas sands in the Patchawarra Formation. Flow-rates from these sands will be determined by production-testing through the 7” production casing at a later date when a workover rig is brought on site to develop the well and bring it into production.

Vanessa-1 estimated gas resource

Preliminary analysis of log and DST data indicates the Vanessa ST-1 well appears to have achieved a resource potential in the order of 15Bcf of gas, based on pre-drill mapping. In conjunction with future cased-hole production testing, the operator is currently undertaking detailed geological and geophysical studies, to define the reserve potential of the Vanessa gas pool.

Similar follow up prospects also lie nearby to the Vanessa ST-1 location in PEL-182, and in the event of success could be tied into Vanessa ST-1 to increase proven reserves and gas deliverability to point of sale using nearby infrastructure. The most significant of these targets is the SE Vanessa feature.

Future prospectivity and forward exploration activity

One of the key issues for selecting optimized drilling locations in the Cooper/Eromanga Basin has been the need for accurate time-to-depth conversion of seismic data, especially given the fact that there are some 10 vintages of seismic data ranging from 12- to 120-fold, in PEL 182.

The Joint Venture has accordingly completed 1283km of seismic reprocessing over key areas in the permit including the Vanessa-1 location and also over the Michelle-1 and Jasmine-1 stratigraphic prospects in the western part of the permit. A totally new geological and geophysical interpretation of the permit using this data will be undertaken for completion by end 2007. This will allow the Joint Venture to make informed decisions as to whether to proceed with drilling future wells on 2D seismic data, or whether to substitute 3D seismic in partial fulfilment of the firm well commitment, or a combination of both.

Considerable effort has been expended on reprocessing existing seismic data over a number of Birkhead-Hutton leads over western area of the permit and AuDAX is optimistic that several prospects suitable for drilling will mature in this region.

At present, environmental clearances have been granted for drilling at the Jasmine-1 and Michelle-1 locations which represent two medium sized oil-prone Permian stratigraphic plays located in the western portion of the licence. Seismic inversion studies have just been completed to more accurately determine the exact pinchout limits of target sands at these two features.

The Oil and Gas information on PEL-182 in this activity report is based on information compiled by Mr Ian R Barr who is a geophysicist and Dr. Peter M. Barber who is a geologist. Both are Competent Persons as described in Appendix 5A to the ASX Listing Rules. The report accurately reflects the information compiled by Mr Ian R Barr and Dr Peter M. Barber.

Mr I R Barr, Dr P. M. Barber and most other publicly listed oil exploration companies use the word "resource" in regard to the discovery of oil and gas. This word does not comply with the definition of reserves as set out in the JORC code which is a reporting code for mineral and coal exploration and not for oil and gas exploration. Statements attributed to 3rd parties do not necessarily reflect the opinions of AuDAX but are statements by qualified people on the public record and are included for completeness of the company's obligations under continuous disclosure.

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JOINT VENTURE PROSPECTIVE KARA/BRONZEWING SOUTH PROJECT

AuDAX Resources Limited entered into a joint venture agreement with View Resources Limited to farm-in to the Kara tenements at Bronzewing South. Under the terms of the agreement View can earn a 51% interest in the tenements by spending \$1.5M over four years and a further 19% by spending an additional \$1M.

Exploration work on the joint venture tenements has commenced with a detailed data review.

The Tenements and key points of the Joint Venture are:

- View will spend \$1.5Million within four years to earn a 51% interest from the commencement date on the tenements.
- Commencement date to be September 1st 2007.
- View must spend the full \$1.5M to earn any interest. Subject to meeting the minimum expenditure on each tenement, View may spend the \$1.5M within 4 years as it sees fit across the tenements.
- View to earn a further 19% for a total interest of 70% by spending an additional \$1M on exploration and feasibility studies, in its own time.
- View may not withdraw from the JV until spending a minimum of \$200,000. Prior to earning a 51% interest, View may excise tenements or parts of tenements from the JV, and continue to acquire a JV interest in the other tenements or parts of tenements.

WEST YANDAL ROYALTY

View Resources commenced mining of the Venus deposit during the quarter and the Company received its initial royalty cheque for \$1,306.02.

It is anticipated that future royalty payments will now be received on a regular basis until the deposit is exhausted.

NICKEL EXPLORATION

CARR BOYD JOINT VENTURE - EL 39/491 & EL 39/492 (ADX 100% - EBR and RMCC earning 70%)

Eagle Bay Resources reported that a geochemistry review has been received which defined 5 targets. Field investigation was completed to finalise the ongoing exploration. A major geochemical survey is planned

CAPITAL RAISING

The Company finalised a placement of 17,350,000 shares at an issue price of 7 cents per share that has raised \$1,214,500 from sophisticated investors as defined under the Corporations Act.

Funds raised from this issue were utilised to meet the Company's share of the additional costs to complete the drilling of the Vanessa gas discovery well in the Cooper Basin and additional working capital.

Yours faithfully

A handwritten signature in black ink, appearing to read "Roper", followed by a period.

GARY ROPER
Managing Director