

Quarterly Report

September 2011



Highlights

All amounts in this Quarterly Report are US\$ unless otherwise stated

Operational

- Net oil production of 58,563 BO
- Net gas production of 195,067 MCF
- Revenue from operations of US\$6.5 million
- Field EBITDAX of \$4.3 million
- 6 new development wells drilled in Central Texas region - 2 being completed
- First of 4 new development wells commenced drilling in West Texas region

Corporate

- Cash at bank of \$21.2 million at end of the period – no debt
- On-market share buy-back continued – 13.6 million shares purchased during the quarter
- Reduction in \$70 oil hedges from 30 June has delivered an improvement in net profit
- Bank facility in place with ability to draw \$40 million – currently undrawn

Quarterly Performance Summary

PRODUCTION	3 Months Sep 2011	3 Months Jun 2011	Change	3 months Sep 2011	3 months Sep 2010	Change*
Oil	(BO)	(BO)	%	(BO)	(BO)	%
Total Oil	58,563	60,383	-3%	58,563	107,831	-46%
Total excl Sale Assets	58,563	60,383	-3%	58,563	54,738	7%
Gas	(MCF)	(MCF)	%	(MCF)	(MCF)	%
Total Gas	195,067	209,916	-7%	195,067	307,251	-37%
Total excluding Sale Assets	195,067	209,916	-7%	195,067	300,983	-35%
Barrels Equivalent	(BOE)	(BOE)	%	(BOE)	(BOE)	%
Total BOE	91,074	95,369	-5%	91,074	159,040	-43%
Total excluding Sale Assets	91,074	95,369	-5%	91,074	104,902	-13%
FINANCIAL (UNAUDITED)	(US\$ million)	(US\$ million)	%	(US\$ million)	(US\$ million)	%
Sales Revenue */**	6.5	6.9	-6%	6.5	9.0	-28%
Field Opex */***	2.2	2.6	-15%	2.2	2.6	-15%
Field EBITDAX	4.3	4.3	0%	4.3	6.4	-33%
Expenditures	(US\$ million)	(US\$ million)	%	(US\$ million)	(US\$ million)	%
Exploration	0	0	0%	0	1.6	-100%
Development	0.5	1.0	-50%	0.5	1.9	-74%
Total	0.5	1.0	-50%	0.5	3.5	-86%
Bank	Sep-11	Jun-11	%			
Cash (US\$ million)	21.2	23.1	-8%			
Debt (US\$ million)	0	0	0%			

* Comparison with prior corresponding period was impacted by the sale of the Company's Kansas and North Dakota assets for \$60.25m (the "Sale Assets"). The sale was effective from 1 Oct 2010 and completed on 24 Dec 2010.

** Revenue is net of royalties but does not include hedging impacts.

*** Field Opex includes production and advalorem taxes.

Sales Revenues and Cash Position

Sales Revenue

Revenue from core operations (net of royalties) was \$6.5m for the quarter which was 6% lower than the \$6.9m recorded in the June 2011 quarter and in line with the March 2011 quarter. The decrease in revenue was mainly due to a fall in oil prices this quarter.

The average oil price received before royalties for the quarter was \$92.36 BO which was lower than the June quarter average of \$100.16 BO. The average gas price received for the quarter was \$6.58 MCF which was higher than the June quarter average of \$5.52 MCF. The high price Amadeus receives for its gas production is due to the high level of liquids and btu content associated with the Company's Central Texas properties. Two wells were successfully drilled in this region during the period.

A \$0.5m commodity hedge net expense was incurred during the quarter. This was due to approximately 36% of the Company's oil production being subject to a hedge cap of \$70 BO. For the remainder of the calendar year 16,050 barrels of oil or approximately 28% of forecast production is subject to a hedge cap of \$70 BO. An additional 15,660 barrels of oil are subject to a collar/cap hedge between \$65.00 and \$90.50. Refer to Commodity Hedging below.

Cash Position

Amadeus' consolidated net cash balance at quarter end was \$21.2m which was 8% lower than the \$23.1m at the end of the June quarter. The decrease in net cash was predominately due to the Company's ongoing share buyback programme pursuant to which 13.6m shares were acquired during the quarter for A\$2.9m.

Operational cash flow remains strong with field cash flow of \$4.3m recorded during the quarter.

Development expenditure during the quarter facilitated the drilling of 6 new development wells in the Central Texas region. These wells were each drilled to a depth of 1,200 feet for a total drill cost of \$0.5m. Two of these wells were successful and will be completed and production tested in the next quarter.

During late September the first of four new development wells in the West Texas region (Reeves County) commenced drilling. The well reached its target depth in mid October and will be completed for production. Refer to the Development & Exploration section below for further information.

The Company has continued to keep its \$40m debt facility in place and this remains undrawn.

Oil & Gas Production

Oil Production

Oil production (net of land owner royalties) for the quarter was 58,563 BO which was 3% lower than the previous quarter. Despite that, oil production is 7% higher year to date compared with the corresponding 3 month period in 2010.

Oil production for the quarter was impacted by the East Texas region being hit by two tornadoes which temporarily caused a loss of 23 BOEPD.

A program of evaluating approximately 200 shut-in wells across Amadeus' leases is continuing, with the objective of re-establishing production or adding new zones. This work provides an attractive economic rate of return.

Gas Production

Gas production (net of land owner royalties) for the quarter was 195,067 MCF of gas which was 7% lower than the previous quarter. Gas production is 13% lower than the corresponding period in 2010. This reduction is in line with the Company's expectations as initial high flush production rates from newly recompleted wells in the South Texas exploration region falls away and longer term lower decline rates became established.

Commodity Hedging

Gas hedge income of \$62K was received during the quarter and \$581K oil hedge expense was incurred. During the quarter approximately 36% of the Company's oil production was hedged at a swap price of \$70. All the remaining \$70 swaps fall away on 31 December which will deliver additional net income from 1 January 2012.

Most of the remaining hedges are a cap/collar structure whereby the Company receives the spot price between the collar and cap prices with downside being protected by the collar and upside limited by the cap. The volumes covered by the outstanding hedge transactions are listed in the table below.

Period	Commodity	Total Quantity Hedged	Swap Price (US\$)
3 months to 31 December 2011	Oil	16,050 BO	70.00
3 months to 31 December 2011	Gas	23,250 mmbtu	6.80
Period	Commodity	Total Quantity Hedged	Collar - Cap (US\$)
3 months to 31 December 2011	Oil	15,660 BO	65.00 - 90.50
12 months to 31 December 2012	Oil	142,176 BO	65.00 - 96.20
6 months to 30 June 2013	Oil	64,902 BO	65.00 - 100.10
3 months to 31 December 2011	Gas	24,279 mmbtu	4.00 - 7.55
12 months to 31 December 2012	Gas	165,756 mmbtu	4.00 - 8.95
6 months to 30 June 2013	Gas	67,866 mmbtu	4.00 - 9.90

Development & Exploration

Development

Six new development wells were drilled in the Central Texas region (Shackelford County) during September (Nail Ranch 18-4S, Nail Ranch 19-20, Nail Ranch 20-34, Nail Ranch 20-35, Nail Ranch 40-2, and the Nail Ranch 40-03). The Nail Ranch 20-34 and the Nail Ranch 19-20 successfully located the productive channel and these wells are being completed for production. The other wells did not locate the channel and they are being plugged and abandoned.

These wells are shallow (1,200 feet) and inexpensive to drill at \$57K dry hole cost and \$150K completed cost (figures are net to Amadeus). The six wells were given a 40% chance of success so the drilling results are in line with the Company's expectations. The two successful wells are each expected to produce approximately 35,000 barrels of oil over their life and deliver a rate of return of over 100% inclusive of the cost of the entire 6 well programme.

Of note is that gas produced in Stephens and Shackelford Counties in the Central Texas region is high in liquid content and has a high btu component resulting in the Company receiving a blended rate of approximately 230% of the prevailing Henry Hub price for gas produced on this project. During the quarter this amounted to approximately ~\$9 MCF.

The first of up to eight new development and exploration wells commenced drilling during the quarter in the West Texas region (Reeves County). The first well, the Red Bluff 22-1, reached its target depth and was logged post period. Logging of the well indicates that the well has intersected two productive Cherry Canyon sands. The well is being completed for production.

Drilling and logging of the second well, the Red Bluff 10-4, was completed post period. This well has intersected both the shallower Ramsey sands and the deeper Cherry Canyon sands. The Ramsey sands were identified in the Red Bluff 22-1 well but they appear to be wet in that well.

This is the first time that the Cherry Canyon sands have been identified on the Company's acreage and no reserves have previously been booked to this formation. The production and reserve potential of the wells will be determined once they have been fracture stimulated and production tested. The Cherry Canyon sands are producing from analogous wells approximately 10 miles to the north-east. Drilling of the final two initial wells in this area (Red Bluff 16-11 and Apache 9-5) is expected to continue through to late November.

Ten development wells were recompleted or worked over in the North, Central and South Texas regions and standard maintenance was completed on approximately thirty wells during the quarter. Previously shut-in wells on several counties in Texas have continued to be identified and several were returned to production. Prospective zones that have not previously been completed are being tested. The Company is also undertaking in-depth geological mapping to evaluate field extension trends on adjacent acreage positions.

The water-flood development initiative on the Parker Leases in Ector County continued during the quarter with geological evaluation to determine the best location for a water supply/injection well. The wells in the area are being prepared for the water-flood which is expected to commence late in FY12.

All of the Company's development activities are funded from net operating cashflow.

Exploration

During the previous period the SL328#9 well in Louisiana developed a suspected casing leak. A repair to the well was designed and approved by all partners and was attempted during the quarter but unfortunately the repair was unsuccessful, and the well was plugged and abandoned. The costs associated with this well have been written off in the FY11 accounts, even though the determination to plug and abandon were made post period end. Amadeus had a 22% working interest in this well.

Gas production during the quarter was impacted by the SL328#9 well in Louisiana being off-line. The well accounted for 13% of net gas production at the time the well went off-line.

The following table summarises new development wells drilled (or being prepared for drilling), completed or that commenced production during the quarter, and maintenance carried out on exploration wells:

Region	County	Wells	WI%	Activity	Outcome/Status
Louisiana	LaFourche	SL328#9	22%	Maintenance	Plugged and abandoned
North Texas	Archer	Smith 5	88%	Development	Preparations for drilling underway
North Texas	Archer	Garvey D7	88%	Development	Preparations for drilling underway
West Texas	Reeves	Red Bluff Apache 9#5	88%	Development	Preparations for drilling underway
West Texas	Reeves	Red Bluff 10 #4	88%	Development	Drilled, pipe set, awaiting completion
West Texas	Reeves	Red Bluff 22 #1	88%	Development	Drilled, pipe set, awaiting completion
West Texas	Reeves	Red Bluff 16 #11	88%	Development	Preparations for drilling underway
West Texas	Stephens	Nail Ranch: #18-4S	86%	Development	Drilled and plugged & abandoned
West Texas	Stephens	Nail Ranch#19-20	86%	Development	Drilled, completion in progress
West Texas	Stephens	Nail Ranch#20-34	86%	Development	Drilled, completion in progress
West Texas	Stephens	Nail Ranch#20-35	86%	Development	Drilled and plugged & abandoned
West Texas	Stephens	Nail Ranch#40-27	86%	Development	Drilled and plugged & abandoned
West Texas	Stephens	Nail Ranch#40-03	86%	Development	Drilled and plugged & abandoned

Corporate

On-Market Buy-Back

An on-market buy-back in accordance with the 10/12 Rule recommenced on 15 June 2011. A total of 13,624,617 shares were purchased during the quarter at an average price of A\$0.22 for total consideration of A\$2.9m. The Company has now bought back a total of 22,762,450 shares (to the end of the quarter) since the buy-back commenced on 7 January 2011. This represents 7% of the shares that were on issue at the commencement of the buy-back.

The total shares on issue at 30 September were 281,268,455. The on-market share buy-back has continued subsequent to the end of the period.

Reserves

The Company's oil and gas reserves at 30 June 2011 were updated during the period and announced to the market, following a reserves audit conducted by LaRoche Petroleum Consultants Ltd of Dallas, Texas. The Company's 1P, 2P and 3P reserves at 1 July 2011 are outlined in the table below.

	1 July 2011		
	Oil (Mmbo)	Gas (Bcf)	BOE (Mmboe)
1P (Proven)	3.3	5.4	4.2
2P (Proven + Probable)	3.5	5.4	4.4
3P (Proven + probable + possible)	4.7	21.8	8.3

Excluding the reserves associated with the Sale Assets, the Company's 1P reserves net of production increased by 9% or 352,000 BOE during the period. The increase is the result of improved production performance in the Central Texas region and due to additional PUD (proven undeveloped) locations being identified in West Texas. The improvement in forward strip prices over the period has also positively impacted reserves.

The Company's 2P and 3P reserves at 1 July 2011 are 4.4 and 8.3 MMBOE respectively which reflects the significant development potential in the Company's Texas acreage.

The 1P reserves were calculated using the 10 year NYMEX forward strip prices of US\$103.32 BO for oil and US\$6.99 MCF for gas (2010: US\$91.85 BO and US\$4.15 MCF). Using an oil price of US\$75 BO and a gas price of US\$7.50 MCF results in a 1P (Proven) reserve quantity at 1 July 2011 of 4.1 MMBOE. The 10 year NYMEX prices are used because of the long life characteristics of most of the Company's assets.

In accordance with Chapter 5 of the Listing Rule:

- The 1P reserves have been independently audited by LaRoche Petroleum Consultants Ltd of Dallas, Texas.
- The 2P and 3P reserves have been estimated and reviewed in-house by Ms Ann Verzeletti who is a Petroleum Engineer with over 20 years experience.

In accordance with Listing Rule 5.13, each person above has consented to the inclusion of the information in the form and context in which it appears.

Annual Report and Annual Meeting

The Company's Annual Meeting will be held at 3 p.m. on 30 November 2011 at the Terrace Lounge, Somerset Hotel, 185 St Georges Terrace, Perth WA.

A copy of the Company's annual report is available at www.amadeusenergy.com or on request from the Company (08 9226 0222 or info@amadeus.net.au)

Glossary

AMU	Amadeus Energy Limited	ASX	Australian Securities Exchange
BCF	Billion cubic feet	BO	Barrels of oil
BOE	Barrels of oil equivalent	BOPD	Barrels of oil per day
MMBO	Million barrels of oil	MCF	Thousand cubic feet
MMCF	Million cubic feet	P&A	Plugged and Abandoned
WI	Working Interest	WTI	West Texas Intermediate

Quarterly Performance Detail

PRODUCTION			3 months to Sep 11	3 months to June 11	Change	3 months to Sep 11	3 months to Sep 10	Change
	OIL	Project (formerly)	(BO)	(BO)	%	(BO)	(BO)	%
AMU OPERATED	North TX	TNT Projects #	12,889	14,843	-13%	12,889	13,514	-5%
	Central TX	Stephens-Shakelford	13,122	15,119	-13%	13,122	11,039	19%
	West TX	Ford East	12,614	12,117	4%	12,614	9,209	37%
	East TX	Morgans Bluff	6,434	4,130	56%	6,434	4,560	41%
NON OPERATED	South TX	Hallettsville	2,491	3,224	-23%	2,491	3,150	-21%
	South TX	Raccoon Bend	8,129	8,042	1%	8,129	8,144	0%
	Louisiana	Longville/Lake Long	161	182	-12%	161	1,575	-90%
	Oklahoma	Red Creek	2,713	2,726	0%	2,713	3,547	-24%
	Kansas	White Eagle	-	-	N/A	-	53,093	N/A
Total Oil			58,563	60,383	-3%	58,563	107,831	-46%
Total Oil excl Sale Assets			58,563	60,383	-3%	58,563	54,738	7%
	GAS	Project (formerly)		(MCF)	%	(MCF)	(MCF)	%
AMU OPERATED	North TX	TNT Projects	0	0	0%	0	56	-100%
	Central TX	Stephens-Shakelford	58,791	58,331	1%	58,791	66,260	-11%
	West TX	Ford East	20,991	23,335	-11%	20,991	19,254	9%
	East TX	Morgans Bluff	11,165	4,417	153%	11,165	3,205	248%
NON OPERATED	South TX	Hallettsville	84,761	102,148	-17%	84,761	130,895	-35%
	South TX	Raccoon Bend	8,495	6,019	41%	8,495	4,325	96%
	Louisiana	Longville/ Lake Long	10,864	15,666	-31%	10,864	76,988	-86%
	Oklahoma	Red Creek	-	-	0%	0	0	0%
	Kansas	White Eagle	-	-	N/A	0	6,268	-100%
Total Gas			195,067	209,916	-7%	195,067	307,251	-37%
Total Gas excl Sale Assets			195,067	209,916	-7%	195,067	300,983	-35%
			(BOE)		%	(BOE)	(BOE)	%
Total BOE			91,074	95,369	-5%	474,101	653,695	-27%
Total BOE excl Sale Assets			91,074	95,369	-5%	419,964	447,002	-6%
	BOE	Project (formerly)		BOE	%	BOE	BOE	%
AMU OPERATED	North TX	Other TNT Projects	12,899	14,843	-13%	12,899	13,523	-5%
	Central TX	Stephens-Shakelford	22,920	24,841	-8%	22,920	22,082	4%
	West TX	Ford East	16,112	16,006	1%	16,112	12,418	30%
	East TX	Morgans Bluff	8,295	4,866	70%	8,295	5,094	63%
NON OPERATED	South TX	Hallettsville	16,618	20,249	-18%	16,618	24,966	-33%
	South TX	Raccoon Bend	9,545	9,045	6%	9,545	8,865	8%
	Louisiana	Longville/Lake Long	1,972	2,793	-30%	1,972	14,407	-86%
	Oklahoma	Red Creek	2,713	2,726	-1%	2,713	3,547	-24%
Total BOEPD excl Sale Assets			91,074	95,369	-5%	91,074	104,902	-13%
FINANCIAL (AUDITED)			(US\$ m)	(US\$ m)	%	(US\$ m)	(US\$ m)	%
Sales Revenue */**			6.5	6.9	-6%	6.5	9.0	-28%
Field Opex***			2.2	2.6	-15%	2.2	2.6	-15%
Field EBITDAX			4.3	4.3	0%	4.3	6.4	-33%
Expenditures			(US\$)	(US\$ m)	%	(US\$ m)	(US\$ m)	%
Exploration			0	0	0%	0	1.6	-100%
Development			0.5	1.0	-50%	0.5	1.9	-74%
Total			0.5	1.0	-50%	0.5	3.5	-86%
Bank			Jun-11	Mar-11	%			
Cash (US\$m)			21.2	23.1	-8%			
Debt (US\$m)			0	0	0%			

* YTD results impacted by the sale of the Company's Kansas and North Dakota assets for US\$60.25m (the "Sale Assets"). The sale was effective from 1 October 2010 and completed on 24 December 2010.

** Revenue is net of royalties but does not include hedging impacts.

*** Field Opex includes production and advalorem taxes.

Corporate Profile

Amadeus Energy Limited (ASX:AMU) - ACN 058 714 408

Directors	Craig Coleman	Non-executive Chairman
	Alexander Beard	Non-executive Director
	Robert Scott	Non-executive Director
	Peter Lehle	Non-executive Director (US based)

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Share Details As at 30 September 2011 there were 281,268,455 ordinary shares on issue and 5 million unlisted options. Major shareholders at 30 September:

- Wyllie Group Pty Ltd	9.95%
- JP Morgan Nominees Aus Ltd	6.56%
- CVC Ltd	4.42%

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Disclaimer

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Statements concerning reserves may also be deemed to be forward looking statements in that they involve elements based on specific assumptions.