

ASX/MEDIA ANNOUNCEMENT

22 July 2010

The Manager
Companies Announcements Office
Australian Securities Exchange



FOURTH QUARTER ACTIVITIES REPORT – 3 MONTHS TO 30 JUNE 2010

HIGHLIGHTS

- **Revenues up substantially from previous and corresponding quarters**
- **Otway Basin gas discoveries**
- **Ongoing portfolio high-grading**

1. PRODUCTION AND REVENUE

Quarterly comparison	Q2 2010	Q1 2010	Change (%)
Revenue (\$k)	\$1,541	\$573	169%
Corresponding period	Q2 2010	Q2 2009	Change (%)
Revenue (\$k)	\$1,541	\$425	263%

Revenues increased substantially in the quarter, as gas and condensate production was brought on line from the recently connected Limestone Ridge-1 and Jacaranda Ridge-2 wells.

2. DEVELOPMENT

a) *Otway Petroleum Project (PPLs 62, 168 & 202; PRLs 1 &2; PELs 255, 494 & 496 – all 100% and Operated)*

In the quarter, the new gas and condensate pipeline network connecting the Limestone Ridge-1, Jacaranda Ridge-2 and Wynn-2 gas/condensate wells to the Company's 100% owned Katnook gas plant was tested, commissioned and is now operating commercially.

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b) *Otway energy assets*

The Company is progressing its FEED studies into a small-scale electricity generation plant to be located at the Katnook plant. ADE envisages this plant would primarily use gas from the previously developed but currently non-producing Ladbroke Grove gas-field.

Additionally, the commercialisation of the gas storage potential of the Company's depleted reservoirs at Katnook/Ladbroke Grove is being discussed with a number of third parties.

3. EXPLORATION AND APPRAISAL

a) *Otway Petroleum Project (PPLs 62, 168 & 202; PRLs 1 &2; PELs 255, 494 & 496 – all 100% and Operated)*

The Company announced gas discoveries from the Hollick-1 and Patrick-1 wells drilled in PEL 255 in the quarter.

Flow-rates from tests of the wells have been less than indicated was likely during the drilling phase and ongoing technical evaluation work is underway to ascertain how to increase flow-rates. Ultimately stimulation in some form to enhance production rates may be required. Reserves bookings are expected prior to the end of the calendar year.

The Wynn-2 well (previously drilled by Origin Energy) was completed in the quarter. Petroleum has not (yet) flowed to surface and testing is ongoing on this well.

The processing and interpretation of the seismic shot over PELs 494 and 496 earlier this year is nearly finalized. Approaches have recently been received from a number of parties over potentially farming into these 100% owned permits.

b) *PEL 218 (20.05% in Post Permian, 10% in Permian)*

No material activity in the quarter.

The drilling of the Encounter-1 and Holdfast-1 shale gas exploration wells by the Operator of PEL 218 (Permian), Beach Energy Ltd (BPT) is expected to commence in August this year.

The joint venture with respect to the Post Permian section of PEL 218 is currently determining the next stage of its work program, which may include activities such

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as coal bed methane (CBM) exploration and/or the testing of the cased and suspended Wakefield-1 well.

c) *PEL 105 (50% and Operator)*

The planned drilling activities for PEL 105 in the Cooper Basin, which were intended for mid-year, have been delayed by very wet weather in the region, and delayed until conditions improve.

d) *ATP 849P (20%)*

The Company has recently entered into an Agreement to sell this asset.

e) *ATPA 855P (20%, reducing to 7.5% under a farmout)*

A Right to Negotiate Agreement was executed with native title parties in the quarter and the permit is now expected to be granted by the Queensland Government later this year.

f) *ATP 904P (100% and Operator, subject to farmout of gas rights)*

The Company has initiated technical studies into prospects in this recently acquired permit.

g) *ATP 613P, ATPA 674P and ATP 733P (100%, reducing to 25% post farmout)*

Native title has also progressed in connection with these Maryborough Basin permits and an Ancillary Agreement has now been executed, clearing the path for Government grant. Thereafter, a CBM exploration program to be operated by Blue Energy should commence (ADE will be fully carried through this program).

h) *West Florence, Colorado, USA (58.33%)*

Although small scale oil production continues in this permit, no new material work was undertaken in the quarter. However, the decks have been cleared to move this asset forward, as the West Florence joint venture has been recently rationalized, with ADE buying out 2 minor parties to give it a 58.33% interest in the joint venture.

ADE and the other remaining joint venture party, Strata-X Inc (the Operator), are currently exploring various options for the asset, including sale, sell-down, farm-out and further drilling.

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4. CORPORATE AND FINANCE

a) *Business Development*

During the quarter the Company entered into Agreements for the following acquisitions and disposals:

- a) The purchase of 2 separate interests in the West Florence joint venture, which now gives ADE a 58.33% stake therein.
- b) The acquisition of a further 30% Operated stake in the oil discovery retention lease PRL 13 ("Killanoola") in the Otway Basin from Beach Energy Ltd. Following completion of this purchase, ADE will have 80% of this permit.
- c) The sale of the Company's equity in ATP 849P for sale proceeds of \$1.6M.

b) *Capital Raisings*

During the quarter the company made the following capital raisings:

- A placement of 10M shares at 15c per share to sophisticated investors, raising \$1.5M.
- A 1 for 4 non-renounceable pro-rata rights issue, also at 15c per share, under which 14.3M shares were issued, raising \$2.1M.
- A placement of 4.5M shortfall shares not taken up in the rights issue, raising \$0.675M
- The total funds raised of \$4.3M have been disbursed on the Company's Otway drilling program.

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ASX Code : ADE

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ADELAIDE ENERGY LIMITED

ABN

43 116 256 823

Quarter ended (“current quarter”)

30 June 2010

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	1,083	2,631
1.2	Payments for	(5,942)	(8,710)
	(a) exploration and evaluation	(306)	(5,024)
	(b) development	(490)	(1,734)
	(c) production	(288)	(1,429)
	(d) administration		
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	30	227
1.5	Interest and other costs of finance paid	(3)	(15)
1.6	Income taxes paid		-
1.7	Other (provide details if material) –		
	- GST paid to be refunded by ATO	(527)	(1,137)
	- ATO ITC repayment for Quarter	616	815
	- ATO Refund for Research & Development concession FYE 30/6/08		154
	- Funds from Beach Petroleum for repayment for drilling as per PEL 218 Acquisition Agreement		427
	Net Operating Cash Flows	(5,827)	(13,795)
Cash flows related to investing activities			
1.8	Payment for purchases of:	-	-
	(a)prospects	-	-
	(b)equity investments		
	(c) - other fixed assets	(10)	(106)
	- (purchase of DekaResources PL& Well Traced PL \$2,000,000)		(2,000)
	- Acquisiton of PRL 13	(130)	(130)
1.9	Proceeds from sale of:		
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	
	Net investing cash flows	(140)	(2,236)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (carried forward)	(5,967)	(16,031)
1.13	Total operating and investing cash flows (brought forward)	(5,967)	(16,031)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	4,316	13,600
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(4)	(9)
1.18	Dividends paid	-	-
1.19	Other – costs of capital raising	(46)	(574)
	Net financing cash flows	4,266	13,017
	Net increase (decrease) in cash held	(1,701)	(3,014)
1.20	Cash at beginning of quarter/year to date	2,898	4,211
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,197	1,197

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	223
1.24	Aggregate amount of loans to the parties included in item 1.10	
1.25	Explanation necessary for an understanding of the transactions Director's fees and salaries paid during the quarter and other fees paid to director associated entities amounting to \$223,271.00	

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,750
4.2 Development	0
4.3 Production	300
4.4 Administration	300
Total	3,350

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	997	2703
5.2 Deposits at call	212	212
5.3 Bank overdraft	0	0
5.4 Other (provide details)	(12)	(17)
Total: cash at end of quarter (item 1.22)	1,197	2,898

Changes in interests in mining tenements

	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

⁺ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	227,092,667	227,092,667		
7.4 Changes during quarter				
(a) Increases through issues				
19/04/2010	2,300,000	2,300,000		
20/4/2010	7,700,000	7,700,000		
20/5/2010	14,276,309	14,276,309		
1/6/2010	4,500,000	4,500,000		
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	2011 A Class Options 31,433,332	2011 A Class Options	<i>Exercise Price</i> \$0.40	<i>Expiry Date</i> 30/06/2011
	2012 Options 1,000,000	2012 Options	<i>Exercise Price</i> \$0.20	<i>Expiry Date</i> 31/01/2012
	2013 Options 350,000	2013 Options	<i>Exercise Price</i> \$0.15	<i>Expiry Date</i> 31/12/2013
7.8 Issued during quarter 30 June 2010 –				
1) 2011 A Class Options	100,000			
2) 2012 Options	1,000,000			
3) 2013 Options	350,000			
7.9 Exercised during quarter				
7.10 Expired during quarter				

+ See chapter 19 for defined terms.

7.11	Debentures (totals only)			
7.12	Unsecured notes (totals only)			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: _____
(Company Secretary)

Date: 22 July 2010

Print name: Rajita Alwis

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.