

# ASX/MEDIA ANNOUNCEMENT

29 October 2010

The Manager  
Companies Announcements Office  
Australian Securities Exchange



## FIRST QUARTER ACTIVITIES REPORT – 3 MONTHS TO 30 SEPTEMBER 2010

### HIGHLIGHTS

- **Revenues up again from previous and corresponding quarters**
- **Awarded Gas Storage Retention Lease**

### 1. PRODUCTION AND REVENUE

Quarterly comparison	Q1 FY 2011	Q4 FY 2010	Change (%)
Revenue (\$k)	<b>1,640</b>	\$1,541	6%
Corresponding period	<b>Q1 FY 2011</b>	Q1 FY 2010	Change (%)
Revenue (\$k)	<b>1,640</b>	\$820	100%

Revenues again increased in the quarter, as gas and condensate production continued from old wells and 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)*

No new development work was undertaken in the quarter on the Company's Otway Petroleum Project assets.

#### Registered Office

Level 5, 70 Pirie Street, Adelaide SA 5000  
[www.adelaideenergy.com.au](http://www.adelaideenergy.com.au)  
t +61 8 8228 5207 f +61 8 8223 3235  
ABN 43 116 256 823

*b) Otway energy assets*

Commercialisation of the gas storage potential of the Company's depleted reservoirs at Katnook/Ladbroke Grove was materially advanced in the quarter with the grant of South Australia's first Gas Storage Retention Licence for an area congruent with the Company's Otway petroleum production and retention licences.

The Company continued to progress its FEED studies into a small-scale electricity generation plant to be located adjacent to the Katnook plant and is aiming for FID in this financial year.

**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 has continued to evaluate the results of the Hollick-1 and Patrick-1 wells drilled in PEL 255 earlier in the year. A work program which aims to boost the performance of these wells will be initiated prior to year end. This work program will also include the Wynn-2 well which was also completed earlier this year.

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

No material activity in the quarter.

The drilling of the Encounter-1 shale gas exploration well commenced just after the end of the quarter.

The joint venture with respect to the Post Permian section of PEL 218 continues to evaluate the next stage of its work program.

*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 are now expected to be delayed until the first half of 2011.

*d) ATP 849P (20%)*

In the previous quarter the Company announced the execution of an Agreement to sell its interest in this permit to a Queensland Government Owned Corporation (GOC).

**Registered Office**

Level 5, 70 Pirie Street, Adelaide SA 5000

[www.adelaideenergy.com.au](http://www.adelaideenergy.com.au)

**t** +61 8 8228 5207 **f** +61 8 8223 3235

ABN 43 116 256 823

During the current quarter the Company was advised by the GOC that the Agreement could not be completed due to an inability to meet a Condition Precedent of that Agreement.

e) *ATPA 855P (20%, subject to farmout)*

This permit was granted by the Queensland Government just after the end of the quarter. The joint venture is determining an initial work program.

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

The Company continued to progress technical studies into prospects in this recently acquired permit.

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

Completion of the Agreement to acquire these permits awaits Queensland Government grant. Thereafter, a CBM exploration program (in which ADE is carried for 9 wells) is due to commence.

h) *West Florence, Colorado, USA (58.3%)*

Small scale oil production continued in this permit in the quarter. Workover work aiming to boost production was initiated after the end of the quarter.

#### 4. CORPORATE AND FINANCE

No new asset acquisitions/disposals and capital raisings were announced in the quarter. The Company continued to evaluate high-grading opportunities for its asset portfolio.

#### For further information contact:

**Carl Dorsch**  
**Managing Director**  
**Adelaide Energy Limited**  
**Mob: 0400 508 088**  
[c.dorsch@adelaideenergy.com.au](mailto:c.dorsch@adelaideenergy.com.au)

**Neil Young**  
**Chief Commercial Officer**  
**Adelaide Energy Limited**  
**Mob : 0417 850 245**  
[neil.young@adelaideenergy.com.au](mailto:neil.young@adelaideenergy.com.au)

#### ASX Code : ADE

Registered Office  
Level 5, 70 Pirie Street, Adelaide SA 5000  
[www.adelaideenergy.com.au](http://www.adelaideenergy.com.au)  
t +61 8 8228 5207 f +61 8 8223 3235  
ABN 43 116 256 823

## 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 September 2010

#### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	1,853	1,853
1.2	Payments for	(2,225)	(2,225)
	(a) exploration and evaluation	(575)	(575)
	(b) development	(611)	(611)
	(c) production	(316)	(316)
	(d) administration		
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	9	9
1.5	Interest and other costs of finance paid	(16)	(16)
1.6	Income taxes paid		
1.7	Other (provide details if material) –		
	- GST paid to be refunded by ATO	(131)	(131)
	- ATO ITC repayment for Jul-Sep 10 Quarter	575	575
	- ATO Refund for Research & Development concession FYE 30/6/09	119	119
<b>Net Operating Cash Flows</b>		<b>(1,318)</b>	<b>(1,318)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:	-	-
	(a)prospects	-	-
	(b)equity investments		
	(c) - other fixed assets		
	- Acquisiton of the West Florence beneficial interest as set out in the Participation Agreement dated 22 June 2010	(75)	(75)
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)	-	-
<b>Net investing cash flows</b>		<b>(75)</b>	<b>(75)</b>
1.13	Total operating and investing cash flows (carried forward)	(1,393)	(1,393)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,393)	(1,393)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	498	498
1.17	Repayment of borrowings	(4)	(4)
1.18	Dividends paid	-	-
1.19	Other – costs of capital raising		
	<b>Net financing cash flows</b>	494	494
	<b>Net increase (decrease) in cash held</b>	(899)	(899)
1.20	Cash at beginning of quarter/year to date	1,197	1,197
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	298	298

**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	120
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 \$120,000.00	

**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 - Overdraft	1,000	498
3.2    Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1    Exploration and evaluation	2,000
4.2    Development	-
4.3    Production	350
4.4    Administration	300
<b>Total</b>	<b>2,650</b>

### 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	99	997
5.2    Deposits at call	213	212
5.3    Bank overdraft	-	-
5.4    Other (Mastercard)	(14)	(12)
<b>Total: cash at end of quarter (item 1.22)</b>	<b>298</b>	<b>1,197</b>

### 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	<b>Preference +securities</b> <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	227,659,035	227,659,035		
7.4	Changes during quarter (a) Increases through issues August 2010 (b) Decreases through returns of capital, buy-backs	566,368	566,368		
7.5	<b>+Convertible debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	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				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

<sup>+</sup> See chapter 19 for defined terms.

## 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: 29 October 2010

Print name: RS 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.

====

---

+ See chapter 19 for defined terms.