



Adelaide Energy Ltd (“ADE”)

Australian Stock Exchange Announcement

Tuesday 31st July 2007

General Manager
The Company Announcements Office
Australian Stock Exchange Limited
Electronic Lodgment System

Dear Sir/Madam

Fourth Quarter Activities Report

THREE MONTHS TO 30th JUNE 2007

Highlights:

The following activities have been conducted by or on behalf of the Company:

1. GENERAL

The Company was admitted to the Official list of the ASX on 18 June 2007.

2. OIL & GAS PROJECT ACTIVITIES

PEL 255 : Otway Basin, South Australia : 100% ADE

The Company was granted Petroleum Exploration Licence 255 (PEL 255”) on March 1, 2007.

An oil appraisal well, Jacaranda Ridge #2 was planned by the Company and designed as a step out well from the original oil discovery on Jacaranda Ridge #1. The primary target for Jacaranda Ridge #2 however is the top Sawpit sandstone which was untested in the original well. The secondary target is the lower Sawpit sand member that tested an oil rate of 405 barrels per day on the original well.

Jacaranda Ridge #2 is planned to a total depth of 2650 metres and operations were expected to commence in the first week of July 2007 (see update below).

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ABN 43 116 256 823

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West Florence Prospect : Colorada, USA : 15% ADE Participating Interest

The Company entered into an agreement (with an effective date of 8 January 2007) to earn a 15% working interest in 12,000 acres of leasehold in the West Florence Basin of Colorado, USA, in return for reimbursing a portion of the lease acquisition costs and paying 15% of the cost of drilling, completing and testing the first well, West Florence 1 (“Slanovich 32 – 23”).

The West Florence 1 test well was drilled and cased with 4½ inch production casing to a total depth of 1956m on 17 June 2007. A testing program for the well using a smaller workover rig was planned by the Operator for late July 2007 to evaluate the significance of the hydrocarbon shows seen whilst drilling the primary target, the Muddy J sand and two zones in the underlying Main Dakota Formation.

Good mud log gas shows were recorded within the Muddy J sand and underlying Main Dakota sand over the gross 53 metre interval of 1,861 metres to 1,914 metres. Wire line log analysis of this mud log show interval indicates net gas pay of 7.6 metres with fair to good porosity.

Additional oil shows were observed in the Codell Formation sand and over large gross intervals of the secondary target Niobrara Formation and the Pierre Shale. The Niobrara and Pierre Shale formations require fracture stimulation to be oil productive as in the adjacent Pierre Shale oil producing wells of the Florence Oil Field.

The West Florence Gas Project participants were offered the rights to acquire up to a 70% working interest in an additional 13,000 acres of leasehold adjacent to the currently held 12,000 acres of 100% working interest leasehold, by carrying out a farmin drilling program. The total gross leasehold of 25,000 acres will provide the participants in the West Florence project with a significant leasehold position. Adelaide Energy Limited had the opportunity to take up a 10.5% working interest in this additional acreage and executed the agreement in July 2007. Finalisation of the farmin is expected in August 2007.

The petroleum potential resource for the West Florence Project is estimated to be in the order of 100-200 billion cubic feet of recoverable gas in the sands of the Muddy J and Dakota Formation and additionally around 15 million barrels of recoverable oil cumulatively from the Pierre, Niobrara and Codell formations, if oil and gas are present.

The participants in the drilling of West Florence-1 and the current acreage of the West Florence Oil and Gas Project and their respective interests are as follows:

Mountain Petroleum Corporation (Operator)	25%
Adelaide Energy Limited	15%
Victoria Petroleum N.L.	25%
Fall River Resources Limited	15%
North American Oil Gas Energy Pty Ltd	5%
Private American Interest	15%

PEL 105 : Cooper Basin, South Australia : 16.67% ADE Farmin Interest

Over the reporting period for the quarter, The Company procured the services of a consultant geophysicist and geologist who will be engaged in further evaluating seismic data and target generation supplied by the Operator. To date, there have been two further targets generated over and above those outlined in the Company Prospectus.

PELA 218 : Cooper Basin, South Australia : 100% ADE

The Company received formal written advice from Primary Industries & Resources South Australia (PIRSA) that the exploration licence PEL 218 is to be granted by 1 November 2007.

3. ACTIVITY UPDATE

PEL 255 : Otway Basin, South Australia : 100% ADE

Jacaranda Ridge #2 drilling operations commenced on 14 July 2007. At 0600 hrs on 30 July 2007, 7" production casing had been set some +/- 10 m above the primary Sawpit sandstone target. Results of the flow testing of this sand are expected in the first week of August 2007.

West Florence Prospect : Colorada, USA : 15% ADE Participating Interest

Production testing of the Slanovich well was commenced in the last week of July 2007. A total of 3 zones in the Muddy J Primary target were planned.

4. CAPITAL

The Company had 98,507,625 ordinary shares, 30,000,000 2011 A Class Option** and 31,242,374 2009 Attaching Options* on issue at 30 June 2007. The following share issues occurred in the quarter:

- On 1 June 2007 62,500,000 ordinary shares and 361,349,999 2009 Attaching Options* were issued.
- On 12 April 2007 1,277,373 ordinary shares were issued and 30 April 2007 200,000 ordinary shares were issued.
- 7,625 2009 Attaching Options* were exercised on 20 June 2007 resulting in 7,625 ordinary shares being issued.

*The 2009 Attaching 9 Options are exercisable at \$0.25 and expire on 30 June 2009.

**The A Class 2011 Options are exercisable at \$0.40 and expire on 30 June 2011.

5. FINANCIAL

5.1 Reconciliation of Expenditure

This quarterly report for the period ended 30 June 2007 is the first report issued by Adelaide Energy Limited since listing on the ASX.

5.2 Cash at 30 June 2007

Cash at the end of the quarter was \$11,806,117.

Attached is the Appendix 5B Statement of Cashflows for the period from 1st April 2007 to 30th June 2007.

For further information contact:

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Managing Director

Adelaide Energy Limited

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ASX Codes: ADE,ADEO

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 2007

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	-	-
1.2 Payments for (a) exploration and evaluation	(709)	(772)
(b) development		
(c) production	-	-
(d) administration	(482)	(535)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	74	74
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid		
1.7 Other (provide details if material) –GST received	10	10
Net Operating Cash Flows	(1,107)	(1,223)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(23)	(23)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(23)	(23)
1.13 Total operating and investing cash flows (carried forward)	(1,130)	(1,246)

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1.13	Total operating and investing cash flows (brought forward)	(1,130)	(1,246)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	12,679	14,068
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(32)
1.18	Dividends paid		
1.19	Other (provide details if material) –IPO costs	(983)	(987)
	Net financing cash flows	11,696	13,049
Net increase (decrease) in cash held			
		10,566	11,803
1.20	Cash at beginning of quarter/year to date	1,240	3
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	11,806	11,806

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	335
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Directors' fees and salaries paid during the quarter and other fees paid to director associated entities.

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

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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

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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	2,612
4.2 Development	-
Total	2,612

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	11,806	1,240
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	11,806	1,240

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	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			

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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 <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	98,507,625	70,257,622		
7.4 Changes during quarter (a) Increases through issues 12/4/2007 30/4/2007 1/6/2007 20/6/2007 (b) Decreases through returns of capital, buy-backs (c) Quoted on ASX on 18 June 2007	1,277,373 200,000 62,500,000 7,625 Nil	7,625 Nil 70,249,997		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	2009 Options 31,242,374	2009 Options 31,242,374	<i>Exercise price</i> \$0.25	<i>Expiry date</i> 30/06/2009
	2011 Options 30,000,000	2011 Options nil	<i>Exercise price</i> \$0.40	<i>Expiry date</i> 30/06/2011
7.8 Issued during quarter	2009 Options 31,249,999	2009 Options 31,249,999 Quoted on ASX on 18 June 2007	<i>Exercise price</i> \$0.40	<i>Expiry date</i> 30/06/2009
7.9 Exercised during quarter	7,625	7,625	<i>Exercise price</i> \$0.25	<i>Expiry date</i> 30/06/2009

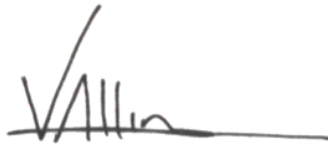
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7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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: 31 July 2007

Print name: Victoria Marie Allinson

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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