



30 July 2008

Adelaide Energy Ltd

ASX and Media Announcement

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

Dear Sir/Madam

Appendix 5B – Mining exploration entity quarterly report

FOURTH QUARTER: THREE MONTHS TO 30 JUNE 2008

Highlights:

1. OIL AND GAS PROJECT ACTIVITIES

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

Jacaranda Ridge-2 Discovery Well

Reservoir and commercialisation studies were conducted during April and May. These studies resulted in a recommendation for additional data and the upper Sawpit Sandstone primary objective in Jacaranda Ridge-2 was flow tested on June 2nd to obtain reservoir pressures. Gas was flared for 1.4 hours to draw down the reservoir and the flare was monitored for signs of oil. No signs of oil were observed in agreement with engineering data that indicated the upper Sawpit Sandstone was not contributing to flow due to a permeability barrier. Use of shaped-charge explosives to perforate steel casing to access hydrocarbons behind pipe is a common practice in the petroleum industry but is not a common practice in an uncased hole; this method was recommended as a more economical method to overcome near-wellbore problems compared to re-entry and well work-over.

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A slickline perforating assembly was run in hole on June 3rd and 12.5 metres of reservoir were perforated. The well was flared for 5.2 hours during which time higher pressures were measured and intermittent surging with black smoke was observed in the flare. Despite these qualitative indications that oil now was contributing to flow no quantitative estimation of flow rate was possible and the well was shut-in while an extended test programme was prepared.

3D Seismic Survey

Processing of the Jacaranda Ridge 3D seismic survey data was completed in April-May and interpretation is continuing using state-of-the art imaging techniques. Visualisation of the upper Sawpit Sandstone reservoir is enhanced by attribute analysis and three dimensional fly-through software technology. Early indications are that the sand may be tracked across PEL255 with regions of superior reservoir quality and hydrocarbon potential evident as bright spots.

b. West Florence Prospect: Colorado, USA: 25% ADE Participating Interest

During the reporting period the West Florence 1 well (Slanovich 32-23) continues to produce oil at rates of 2 -10 barrels of oil per day. The well performance has been erratic and will require a work-over which is planned in the next quarter. The production has been cash flow positive to date and the operator continues to investigate ways to reduce water disposal costs. 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 with additional 15 million barrels of recoverable oil cumulatively from the Pierre, Niobrara and Codell formations assuming both 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 of 12,000 acres and their respective interests are as follow:

Adelaide Energy Limited	25%
Victoria Petroleum N.L. (Operator)	40%
Fall River Resources Limited	25%
North American Oil and Gas Pty Ltd	10%

ADE has a 17.5% participatory interest in a further 13,000 acres should it proceed with any expenditure.

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c. PEL 105 : Cooper Basin, South Australia: 50.0% ADE Farm-in Interest

The Company continued to evaluate the available seismic and geological data to generate drilling targets and to complete a data package for prospective farm-in partners. A promising structure between the hydrocarbon-rich Moorari and Kudrieke fields has been high-graded as a drilling target. The structure was drilled in 1983 but Toonman-1 was plugged and abandoned due to sub-economic flows. Economic conditions during that period together with drilling practices less attuned to tighter reservoirs outweighed the promising hydrocarbon shows in Toonman-1 but Adelaide Energy is preparing a drilling programme designed to protect fragile reservoirs and maximise production. Hydrocarbon potential based on P50 reservoir volume is 300,000 barrels of oil with 1.5 BCF associated gas. Hydrocarbon shows over the Tirrawarra Sandstone section down to approximate structural spill suggest a P10 potential of 23 million barrels of oil in place.

Negotiations are underway with potential farm-in partners and the first well, Pirie-1, is planned for late 2008.

The Company has booked a 2D seismic survey over the Toonman and Bookabourdie areas of the tenement and scouting of the proposed lines for sites of anthropological significance is almost complete. ADE proposes to acquire 93 km of high quality 2D seismic to allow further detailing and identification of drilling prospects in the PEL.

d. PEL 218 : Cooper Basin, South Australia : 100% ADE

The Company has continued to interpret existing seismic data to identify drilling targets in the Nappamerri Trough. A number of leads and prospects have been identified and sites for two proposed wells have been chosen. The farm-in partner for the Mesozoic section to the base of the Nappamerri Formation has been finalised and discussions with potential farminees for the deep basin gas plays are continuing. The Company plans to drill the first well, Wakefield 1 once these negotiations are complete.

The Company has booked a 2D seismic survey over prospective areas of the tenement and scouting of the proposed lines for sites of anthropological significance is almost complete. ADE proposes to acquire 250 km of high quality 2D seismic to allow further detailing and identification of drilling prospects in the PEL. The final line length will be governed by ground

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conditions following the heavy rains that fell across the region. Acquisition is planned to commence in September.

2. ACTIVITY UPDATE

PEL 255: Otway Basin, South Australia

The Company has carried out further testing on Jacaranda Ridge-2 following successful perforation of the upper Sawpit Sandstone objective. The well productivity has increased around 20% with a stabilised rate on a 36/64" choke of 3.0 million standard cubic feet per day of gas and 200 barrels of an oil/condensate mixture. The ratio of oil to condensate is being determined presently.

A scoping study for connection of the well to the Katnook gas plant was undertaken and discussions for pipeline regulatory have been commenced.

3D seismic interpretation and geological studies are continuing to maximise the potential of the well in addition to evaluating prospectivity of the overall PEL. Processing of the Jacaranda Ridge 3D survey was completed.

Katnook Facility/Infrastructure Purchase

The Company announced the purchase of the Katnook and Ladbroke Grove gas processing facilities, related infrastructure and 15 shutin/producing wells from Origin Energy on 7 July 2008. The Companies continue to work towards completion of the Agreement by meeting all the necessary conditions precedent and expect this to be by the end of the current quarter.

Nett revenue from gas and condensate sales from 1 October 2007 until completion will be deducted from the purchase price.

West Florence Prospect: Colorado, USA

The Company is seeking ways to accelerate production from the West Florence-1 well and to improve operating efficiency with respect to liquids handling at the surface. Equipment for a planned workover began arriving on site 27 July 2008.

PEL 105 : Cooper Basin, South Australia

The Company intends to drill the first well, Pirie-1, in late 2008 and planning is underway to acquire a rig and necessary consumables. Work Area Clearance is

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almost complete for the proposed 2D seismic survey to identify additional drilling targets peripheral to Pirie-1 and east towards the Bookabourdie Field.

PEL 218: Cooper Basin, South Australia

Seismic and geological studies have identified several anticlinal drilling targets for Mesozoic oil. The Company intends to drill the first well, Wakefield-1, following farmout negotiations, but in any case by year end. Planning is underway to source the rig and acquire the necessary consumables. A second well, Wyatt-1, is also planned for late 2008, early 2009 and will test the deep basin gas play concept. Wyatt-1 will be a deep well with a long horizontal section planned to open sufficient borehole to produce from under-explored tight reservoirs. Work Area Clearance is almost complete for the proposed 250 km 2D seismic survey to identify additional drilling targets in the Nappamerri Trough.

3. CAPITAL

The Company had 98,607,625 Ordinary Shares, 31,142,374 Listed Options* and 30,000,000 Unlisted Options** on issue as at 30 June 2008. There were no changes in this quarter.

*The Listed Options are exercisable at \$0.25 and expire on 30 June 2009

**The Unlisted Options are exercisable at \$0.40 and expire on 30 June 2011

4. FINANCIAL

4.1 Reconciliation of Expenditure

This quarterly report is for the period ended 30 June 2008. In the previous quarterly report the estimated exploration and evaluation expenditure for the current quarter amounted to \$850,000. The actual exploration and evaluation expenditure cash outflow for the current quarter amounts to \$670,000; the decrease was primarily due to a reduced number of days testing the Otway well.

4.2 Cash at 30 June 2008

Cash at the end of the quarter was \$5,227,273.

Attached is the Appendix 5B Statement of Cashflows for the period from 1 April 2008 to 30 June 2008.

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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 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(670)	(6,388)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	109	515
1.5 Interest and other costs of finance paid		(4)
1.6 Income taxes paid		
1.7 Other (provide details if material) –ATO Income Tax Credits received	186	781
Net Operating Cash Flows	(654)	(6,501)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	-	-
	-	-
	(25)	(83)
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	(25)	(83)
1.13 Total operating and investing cash flows (carried forward)	(679)	(6,584)

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1.13	Total operating and investing cash flows (brought forward)	(679)	(6,584)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	25
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	(19)
	Net financing cash flows		6
Net increase (decrease) in cash held		(679)	(6,578)
1.20	Cash at beginning of quarter/year to date	5,907	11,806
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	5,228	5,228

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

Directors' fees and salaries paid during the quarter amounted to \$115,000 and other fees paid to Directors' associated entities amounted to \$108,000 (including GST).

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

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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	750
4.2 Development	-
Total	750

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	5,104	5,786
5.2 Deposits at call	124	121
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	5,228	5,907

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	No changes		
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	98,607,625	78,060,183		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Quoted on ASX				
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 Attaching Options 31,142,374	2009 Attaching Options 31,142,374	<i>Exercise price</i> \$0.25	<i>Expiry date</i> 30/06/2009
	2011 A Class Options 30,000,000	2011 A Class Options NIL	<i>Exercise price</i> \$0.40	<i>Expiry date</i> 30/06/2011
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

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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: 30 July 2008

Print name:

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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