



Adelaide Energy Ltd (“ADE”)

Australian Stock Exchange Announcement

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

Dear Sir/Madam

First Quarter Activities Report

THREE MONTHS TO 30 September 2008

Highlights:

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

1. OIL AND GAS PROJECT ACTIVITIES

a. Otway Basin Projects, South Australia

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 before the end of November 2008.

Nett revenue from gas and condensate sales from 1 October 2007 until completion is payable by Origin Energy after closing.

Registered Office

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A D E L A I D E
E N E R G Y
L I M I T E D

**PEL 255 : Otway Basin, South Australia – 100% ADE
3D Seismic Survey**

Processing of the Jacaranda Ridge 3D seismic survey data has been completed and interpretation is continuing using state-of-the art imaging techniques. Two drill targets have been generated in the Jacaranda Ridge area and on separate structures. The first of these is expected to be drilled in early 2009.

Jacaranda Ridge-2 Discovery Well

No work was conducted on the well during the quarter.

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

The Company commenced the acquisition of 220 km of high quality 2D seismic which will allow further detailing and identification of drilling prospects in the PEL. Acquisition was completed in early October 2008.

The Company has continued interpreting existing seismic data and along with the data acquired above will be in a position to define further prospective drilling targets. The first of these targets, Wakefield 1, will be drilled in middle 2009.

A second well, Wyatt-1, is planned for late 2009 and will test the deep basin gas play concept. Wyatt-1 will be a Permian well with a long horizontal section planned to open sufficient borehole to produce from under-explored tight reservoirs. The Company has secured a time slot with a 2000 horsepower drilling rig to be imported early next year and which will be technically capable of conducting the work. It remains in active discussions with prospective farmin partners.

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

The Company completed the acquisition of 93 kms of 2D seismic survey over the Toonman and Bookabourdie areas of the tenement.

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Negotiations are continuing with potential farm-in partners and the first well, Pirie-1, is planned for mid 2009. 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

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

During the reporting period the West Florence 1 well (Slanovich 32-23) continued to produce oil at rates of 2 -10 barrels of oil per day. The well performance was erratic and a work-over was performed where the pump was replaced and a chemical dosing plan commenced. Results were not favourable and the well was shut in again in September while waiting on a workover rig.

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 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%

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2. ACTIVITY UPDATE

The Otway Basin Project, South Australia

The Company expects to complete the Katnook Gas Assets acquisition in November 2008.

Acquisition of Victoria Petroleum USA Inc.

The Company entered in to an agreement whereby it has the opportunity to purchase Victoria Petroleum USA Inc which has a variety of oil and gas assets across the USA. The purchase which is subject to due diligence will cost \$3.3 million and give the Company further cash flow. It will also give the Company a larger exposure and operatorship in the highly prospective West Florence area.

218 : Cooper Basin, South Australia

By virtue of the PEL 218 Farmin Agreement dated 10 April 2007, Icon Energy Ltd, Deka Resources Pty Ltd and Well Traced Pty Ltd have now earned a 20% interest in the Post Permian Strata of PEL 218. The Post Permian Strata is defined as all the Mesozoic sediments from surface to the base of the Nappamerri (all strata above the top of the Permian). This interest has been earned by funding 100 kms of the 220 kms of 2D seismic which has been acquired in the Permit during the recent Wakefield seismic program.

The farmin parties are entitled to earn a further 46.6667% in the Post Permian Strata by funding 100% of the cost of drilling Wakefield 1 to the base of the Nappamerri. The well is expected to be drilled in middle 2009.

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3. CAPITAL

The Company has 98,607,625 Ordinary Shares, 31,142,374 Listed Options* and 30,000,000 Unlisted Options** on issue at 30 September 2008. There were no changes during 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 Cash at 30/09/08

Cash at the end of the quarter was \$ 3,552,220.00

Attached is the Appendix 5B Statement of Cash flows for the period from 1st of July 2008 to 30th of September 2008.

For further information contact:

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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 September 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 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 (b) development (c) production (d) administration	(1,593)	(1,593)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	59	59
1.5 Interest and other costs of finance paid	(26)	(26)
1.6 Income taxes paid		
1.7 Other (provide details if material) –ATO Income Tax Credits received	214	214
Net Operating Cash Flows	(1,663)	(1,663)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets	(12)	(12)
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(12)	(12)
1.13 Total operating and investing cash flows (carried forward)	(1,675)	(1,675)

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1.13	Total operating and investing cash flows (brought forward)	(1,675)	(1,675)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
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)	-	-
Net financing cash flows			
Net increase (decrease) in cash held		(1,675)	(1,675)
1.20	Cash at beginning of quarter/year to date	5,227	5,227
1.21	Exchange rate adjustments to item 1.20	3,552	3,552
1.22	Cash at end of quarter	3,552	3,552

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	161
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 amounting to and other fees paid to director associated entities amounting to \$161,703 (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

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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	1,500
4.2 Development	-
Total	1,500

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	3,450	5,104
5.2 Deposits at call	102	124
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,552	5,228

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 on 18 June 2007				
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: .



Date: 30 Oct 2008

(Company Secretary)

Print name: P A M Bentick-Owens

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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