

ASX/MEDIA ANNOUNCEMENT

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The Manager
Companies Announcements Office
Australian Securities Exchange



PEL 218 FARMIN and SHARE PLACEMENT

PEL 218 – COOPER BASIN ; SA

Adelaide Energy Limited (ASX : ADE) is pleased to announce that it has executed the PEL 218 Farmin Agreement enabling Beach Petroleum Limited (Beach) to acquire a 90% interest in the Permian and Post Permian Strata of PEL 218. Conjunctively with this is the Subscription Agreement which enables Beach to subscribe for ordinary shares in Adelaide Energy as part of the PEL 218 transaction.

The two documents are formal and legally binding incorporating the following commercial terms:

- a. Beach will acquire a 90% interest in the Permian and Post Permian Strata of PEL 218 for a consideration of :
 - i) \$5.14 million cash payable within 7 days and
 - ii) Beach to fully carry Adelaide Energy through the next A\$25 million of gross expenditure (\$2.5 million net to Adelaide Energy) by the Beach/Adelaide Energy Joint Venture in PEL 218.
- b. Beach is to reimburse Adelaide Energy for its deposit paid to secure the new Weatherford 2000 horsepower drilling rig which has now arrived in Australia. The amount is payable once Ministerial approval of the assignment of interest is approved and forms part of the \$25 million free carry.
- c. The Farmin is subject to usual Ministerial approval required under the Petroleum Act.
- d. Beach will subscribe for 8 million ordinary shares in Adelaide Energy at a price of A\$0.12 per share (total A\$ 960,000) within 3 business days of receiving Ministerial approval under the Petroleum Act.
- e. Beach's 90% interest in the Post Permian Strata of PEL 218 is subject to the rights of Icon Energy Limited and others to earn up to a 66.666% interest in the Post Permian Strata under the Icon Farmin Agreement, details of which were set out in Adelaide Energy's IPO prospectus.
- f. Beach or its nominee will assume the role of Operator in the Permian section of the PEL 218 Joint Venture. The operatorship of the Post Permian section of the PEL 218 Joint Venture will be assumed by Beach subject to the approval of the existing Joint Venture parties.

- g. An industry standard Joint Venture Operating Agreement is to be adopted by the Parties.

In commenting on this company making event, Adelaide Energy Limited's Managing Director, Mr Carl Dorsch said,

"This deal takes Adelaide Energy to the next stage in its evolution as an oil and gas explorer and producer. We are delighted to have Beach Petroleum's recognition, interest and future involvement in PEL 218. PEL 218 has always been a key focus for the Company where we planned on securing a Joint Venture partner who had similar goals to us, with the necessary financial muscle and respect required within the industry to develop the massive Permian gas potential in the block. With the burden of the commitments of the block effectively removed in the following years, Adelaide Energy will now be able to focus on its other assets and in particular, the Otway Petroleum Project located in the south east of South Australia".

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About PEL 218

Petroleum Exploration Licence PEL 218 is located in the Cooper Eromanga Basin, in the north eastern corner of South Australia. The tenement was granted to Adelaide Energy Limited on 1 November 2007 for a period of 5 years and following the successful conclusion of Native Title agreements in April 2007.

PEL 218 covers an area of 1,599 sq km and is located immediately to the north east of the Moomba Gas Fields and extends to the area around the township of Innamincka in the north east of South Australia. The Nappamerri Trough was a major depocentre during the formation of the Cooper Basin and contains the deepest and thickest sediments. Up to 1,100 metres of Cooper Basin deposits are overlain by nearly 2,200 metres of Eromanga section. The Nappamerri Trough is one of the two primary hydrocarbon source areas of the Cooper Basin.