

ASX/MEDIA ANNOUNCEMENT

4th March 2009

The Manager
Companies Announcements Office
Australian Securities Exchange



THE OTWAY PETROLEUM PROJECT - UPDATE

RESOURCE SHARING ARRANGEMENT

Adelaide Energy Limited (ASX : ADE) is pleased to announce the recent signing of a Memorandum of Understanding (“MOU”) between Adelaide Energy and Panax Geothermal Ltd (“Panax”) which allows for the sharing of data and facilities over their common acreage positions in The Otway Petroleum Project Area located in the south east of South Australia. (Panax is the holder of the geothermal exploration rights in the area, whilst Adelaide Energy is the holder of the oil and gas rights to the same area). The MOU will have full force and effect upon receipt of final Ministerial Approval by Adelaide Energy for the transfer of the relevant and applicable Petroleum Licences.

Under the terms of the MOU, Adelaide Energy and Panax have agreed to :

- A data sharing arrangement, on a strictly confidential basis between the two parties, whereby Adelaide Energy and Panax will share relevant technical data that is of interest and use between the parties (including but not limited to well data, seismic, MT survey information, and the like);
- Sharing of facilities and infrastructure under commercial terms that are owned by each of the Parties in the Otway Basin area of South Australia;
- Working co-operatively to enable Panax to utilize gas wells that are owned by Adelaide Energy for possible use by Panax as geothermal re-injection wells; and
- Working co-operatively to enable Panax to possibly utilize water storage facilities that are currently owned by Adelaide Energy for temporary disposal of geothermal fluids.

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