

Participation Costs

No brokerage or other transaction costs will be payable by shareholders in respect of the application for, and allotment of, shares purchased through the SPP. (If shares purchased under the SPP are subsequently sold, then normal brokerage and other transaction costs will apply.)

Broker Stamping Fee

A stamping fee equal to 4.0% (inclusive of GST) of application monies received will be paid by ADE to stockbrokers who submit successful applications bearing their broker stamp, subject to a limit of \$400 (inclusive of GST) per application.

Allotment

Shares will be allotted under the SPP as soon as reasonably practicable, and will rank equally with existing fully paid ordinary shares of ADE and therefore will carry the same voting rights, dividend rights and other entitlements. Shareholding statements will be issued in respect of shares allotted under the SPP. ADE will apply for shares allotted under the SPP to be listed on the Australian Securities Exchange.

Applications may be scaled back

If all applications for new shares under the SPP exceed 30% of the number of fully paid ordinary shares in the capital of ADE already on issue, ADE may allocate less than the number of new shares applied for ("scale back"). If there is a scale back, ADE may in its absolute discretion determine to apply the scale back to the extent and in the manner that it sees fit.

If there is a scale back, shareholders may receive less than the parcel of new shares that was applied for. If a scale back produces a fractional number of new shares when applied to a parcel, the number of new shares to be allocated will be rounded up to the nearest whole number of new shares.

In the event of a scale back the difference between the application monies received, and the number of new shares allocated multiplied by the offer price, will be refunded without interest, as soon as practicable following allotment.

Refund of application monies

Any application monies refunded by ADE will be paid by cheque in Australian currency.

Change of Offer

The SPP may be modified, suspended or terminated by ADE at any time and ADE will advise the Australian Securities Exchange of any modification, suspension or termination. The omission to give notice of modification, suspension or termination of the SPP or the non-receipt of any such notice shall not invalidate the modification, suspension or termination.

Without limiting the powers of modification, suspension or termination, ADE may allot to any person fewer shares than that person applied for under the SPP, or may allot no shares to that person, if the allotment of the shares concerned would contravene any law or the Listing Rules of the Australian Securities Exchange.

Dispute Resolution

ADE may settle in any manner it thinks fit any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any person, application or shares, and the decision of ADE shall be conclusive and binding on all persons to whom the decision relates.

Waiver

ADE reserves the right to waive strict compliance with any provision of these conditions. The powers of ADE under these conditions may be exercised by the Board of Directors of ADE or any delegate of that Board.

Price Risk

Before deciding whether to accept the offer, shareholders should refer to the current market price of ADE's shares which can be obtained from the financial pages of the daily newspaper, your stockbroker, or the Australian Securities Exchange. The market price of ADE shares may rise or fall between the date of the offer under the SPP and the date when shares are issued under the SPP. This means that the price paid per ADE share may be greater than or less than the price of ADE shares at the time the ADE shares are issued under the SPP.

The offer of new shares under the SPP is made in accordance with ASIC Class Order 09/425. That instrument grants relief for the requirement to prepare a prospectus for the offer of new shares under the SPP.



Adelaide Energy Limited
GPO Box 93
Adelaide SA 5001

24th August 2009



ADELAIDE
ENERGY
LIMITED

ACN: 116 256 823

- Level 5, 70 Pirie Street, Adelaide, South Australia
- Postal: GPO Box 93, Adelaide, South Australia, AUSTRALIA 5001
- Phone: +61 (0)8 8228 5207
- Fax: +61 (0)8 8223 3235
- email: info@adelaideenergy.com.au

<Applicant>
<Address1>
<Address2>

Dear Shareholder

2009 SHARE PURCHASE PLAN

I am pleased to invite you to participate in the 2009 Adelaide Energy Limited (ADE) Share Purchase Plan offer (**SPP Offer**).

The SPP Offer provides eligible shareholders with an opportunity to subscribe for new fully paid ordinary shares in the capital of ADE (**New Shares**) in parcels of a minimum of \$2,000, \$5,000 or a maximum of \$10,000, without incurring brokerage or other transaction costs.

Participation in the SPP Offer is optional and is open to eligible shareholders who, at 17:00hrs CST on 19th August 2009, were registered as holders of fully paid ordinary ADE shares and whose address on the share register is in Australia or New Zealand.

The issue price per share under the SPP Offer will be eleven and one half cents (\$0.115), which is a discount of nearly 20% of the volume weighted average market price of fully paid ordinary ADE shares sold on the ASX during the five trading days before the date this SPP Offer was announced.

The SPP Offer will not be underwritten.

Funds raised will be used to help the Company proceed with the installation of gas pipelines to connect its Jacaranda and Limestone Ridge reserves in to the Katnook Gas Facility in the Company's 100% owned Otway Petroleum Project located in the Otway Basin in south east South Australia.

ADE may scale back applications under the SPP if the New Shares applied for exceeds 30% of the number of fully paid ordinary shares in the capital of ADE already on issue. If there is a scale back, ADE may in its absolute discretion determine to apply the scale back to the extent and in the manner that it sees fit.

SPP Offer Key Dates

<i>Event</i>	<i>Date</i>
Record date	Wednesday 19th August 2009
Offer opens	Monday 24th August 2009
Offer closes	Friday 4th September 2009 at 17:00 hrs CST
Allotment date	Friday 18th September 2009
Quotation of New Shares on ASX	Monday 21st September 2009
Dispatch of Holding Statements	Tuesday 22nd September 2009

Eligible ADE directors intend to participate under the SPP Offer.

The SPP Offer does not take into account the individual investment objectives, financial situation or particular needs of each eligible shareholder. You should consider seeking independent financial and taxation advice before making a decision as to whether or not to participate in the SPP Offer.

I encourage you to read the enclosed terms and conditions of the SPP Offer and the Offer and Acceptance Form. Should you require any further assistance, please call our Head Office on (08) 8228 5207 or email on info@adelaideenergy.com.au

Yours sincerely,

Neville Martin,
Chairman

2009 SHARE PURCHASE PLAN OFFER

This document is important. If you do not understand how to deal with it you should consult your stockbroker or financial adviser without delay.

<Applicant> SRN/HIN: <SRN/HIN>
 <address1>
 <address2>
 Shareholding as at Record Date
 19th August 2009: <shares>
 Subregister: <subreg>
 Offer Price per share: **\$0.115** Offer Closes: 4th September 2009 at 17:00 hrs CST

Pursuant to the terms and conditions of the Adelaide Energy Limited (ADE) Share Purchase Plan (the SPP), ADE offers eligible registered holders of ADE shares the opportunity to purchase for cash, at an offer price of \$0.115 (eleven and one half cents) per share (being a discount of nearly 20% from the volume weighted average market price of an ADE share in the five trading days prior to the announcement of the SPP) additional fully paid ordinary shares **in increments of \$2,000, \$5,000 or a maximum of \$10,000**. The Board of Directors of ADE has determined that registered holders whose registered addresses are outside Australia and New Zealand will be unable to participate in the SPP.

All shares under this offer will be priced at \$0.115. Registered holders should be aware of the risk that changes in the market price of the shares between the date of the offer and the date when the shares are allotted under the SPP may result in the value of the shares received being more or less than the offer price. The current market price of the shares can be obtained from the financial pages of your daily newspaper, your stockbroker or your financial adviser.

By accepting this offer, you agree to be bound by the terms and conditions of the SPP and ADE's Constitution and certify that;

- you are not applying for new shares with an application price of more than \$10,000 under the SPP (including by instructing a custodian to acquire new shares on your behalf under the SPP); and
- the total of the application price for the following does not exceed \$15,000:
 - the new shares the subject of your application; and
 - any other shares issued to you under the SPP or any similar arrangement in the 12 months before the application; and
 - any other shares which you have instructed a custodian to acquire on your behalf under the SPP; and
 - any other shares issued to a custodian in the 12 months before the application as a result of an instruction given by you to the custodian to apply for shares on your behalf under an arrangement similar to the SPP.

Application for Shares must be one of the following amounts only:

Minimum of \$2,000: Number of shares you can purchase: **17,391**
 \$5,000: Number of shares you can purchase: **43,478**
 Maximum \$10,000: Number of shares you can purchase: **86,957**

Method of Acceptance of Offer:

If you wish to participate in this investment, please:

- Complete the amount payable on the Acceptance Slip opposite.
- Attach to the Acceptance Slip your cheque, money order or bank draft in Australian dollars, drawn on a bank or financial institution in Australia, made payable to Adelaide Energy Limited for the exact amount payable.
- Mail the Acceptance Slip and payment to reach Adelaide Energy Limited, GPO Box 93, Adelaide SA 5001 by 5.00p.m. Adelaide time on Friday 4th September 2009. Applications received after this date will be refunded.
- No signature is required to accept this offer.



TERMS AND CONDITIONS OF 2009 SHARE PURCHASE PLAN

Eligibility

Participation in the SPP is entirely at the option of registered holders and is open to all registered holders recorded in ADE's share register on the relevant record date other than registered holders who have registered addresses in countries outside Australia or New Zealand where, in the opinion of the Board of Directors of ADE, regulatory requirements make participation by such registered holders unlawful or impracticable. The SPP is not an offer of securities for sale in the United States or in any country other than Australia and New Zealand. Shares to be allotted under the SPP have not been and will not be registered under the US Securities Act and may not be offered, sold or delivered, directly or indirectly, in or to persons in, the United States of America.

Under the SPP, ADE may from time to time offer eligible registered holders the opportunity to purchase for cash fully paid ordinary shares of ADE.

Limit on Investment

No eligible registered holder may be issued with shares under the SPP with an application price totalling more than \$10,000.

By accepting an offer under the SPP, each eligible registered holder certifies that the aggregate of the application price for the shares the subject of the application and any other shares applied for by the eligible registered holder under the SPP in the 12 months prior to the date of the application does not exceed \$10,000. The date of application for shares pursuant to an offer of shares under the SPP is deemed to be the closing date of that offer.

If a single holder receives more than one offer and acceptance form due to owning multiple single holdings, the shareholder can only apply for a maximum of \$10,000 of shares in total offered under the SPP, notwithstanding the number of acceptance forms received. If 2 or more persons are registered on the ADE register as jointly holding shares in ADE, they are taken to be a single registered holder of ADE shares and each holder may only apply for a maximum of \$10,000 of shares in total offered under the SPP, notwithstanding the number of acceptance forms received.

Where it is expressly noted on ADE's share register that a custodian or nominee ("Custodian") holds shares for another person ("beneficiary"), then the beneficiary is taken to be the registered holder in regard to those shares. The Custodian may apply for ADE shares in respect of each such beneficiary, subject to these shares and any other shares applied for in the registered sole name of that beneficiary not exceeding a maximum of \$10,000 of shares in total offered under the SPP. If the Custodian holdings do not include a named beneficiary, the rules for multiple single holdings apply. The Custodian must (i) hold an Australian financial services licence that covers the provision of a custodial or depository service or includes a condition requiring the holder to comply with the requirements of ASIC Class Order 02/294; or (ii) be exempt under paragraph 7.6.01(1)(k) of the Corporations Regulations 2001, or ASIC Class Order 05/1270 to the extent that it relates to ASIC Class Order

03/184, from the requirement to hold an Australian financial services licence for the provision of a custodial or depository service. Custodians wishing to participate on behalf of one or more beneficiaries should contact ADE to obtain further information on how to apply and the form of certification to be given to ADE.

By accepting an offer under the SPP, each eligible registered holder certifies that:

- you and each person for whose account or benefit you are acting is not in the United States and is not a U.S. Person, or acting for the account or benefit of a U.S. Person;
- you acknowledge that the shares to be issued under the SPP have not, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States, and the shares may not be offered, sold or otherwise transferred unless an exemption from the registration requirements of the U.S. Securities Act is available; and
- you represent that you have not, and you agree that you will not, send any materials relating to the SPP to any person in the United States or to any person who is, or is acting for the account or benefit of, a U.S. Person.

Quantity

ADE may from time to time determine a minimum subscription amount for participation, and/or the multiple of shares, to be offered under the SPP. Shareholders are required to send the exact amount of money payable for the number of shares applied for, calculated by reference to the price at which the shares are offered. If the exact amount payable is not tendered, ADE reserves the right to return the money tendered and if applicable the acceptance slip. Small cash balances will not be used to round up to the next whole share and, due to the cost of administration, will not be refunded.

At the time of making the offer, ADE will advise registered holders of the allotment price, the maximum and (if applicable) the minimum number of shares for which application may be made.

Non-Renounceable

Offers of shares under the SPP are not renounceable or transferable (that is, a shareholder may not transfer the right to apply for shares to anyone else).

Discount

Shares will be offered at a discounted fixed price, with the discount not exceeding 80% of the market price of fully paid ordinary shares of ADE, and otherwise with such discount to be determined from time to time by ADE. For this purpose, the market price will be the weighted average ex dividend market price of fully paid ordinary ADE shares sold on the Australian Securities Exchange during the five trading days before the date that the SPP or offer was announced.

(continued over)

Please complete the Acceptance Slip, cut off and place in the enclosed stamped envelope.

2009 SHARE PURCHASE PLAN OFFER – ACCEPTANCE SLIP

Adelaide Energy Limited ABN 43 116 256 823

<Applicant> SRN/HRN: <SRN/HIN>
 <address1> Form Number: <form>
 <address2> Offer Closes: Friday 4th September 2009 at 17.00 hrs CST

I/We wish to purchase ADE shares at \$0.115 per share and enclose payment of:

\$2,000 for 17,391 Shares; or \$5,000 for 43,478 Shares; or \$10,000 for 86,957 Shares
 (please tick which is applicable)

Contact telephone number during business hours:

Cheque details – please complete and ensure that the amount payable is correct.

Drawer	Bank	Branch	Total Amount
.....	\$

Affix Broker Stamp: