

## ASX/MEDIA ANNOUNCEMENT

4 May 2010

The Manager  
Companies Announcements Office  
Australian Securities Exchange



### OTWAY BASIN RETENTION LEASE ACQUISITION

Adelaide Energy Ltd (ADE) today announced the execution of an Agreement with Beach Energy Ltd (BPT) to acquire a 30% Operated interest in the PRL 13 retention lease ("Killanoola") in the South Australian part of the Otway Basin (see attached map). The key points of the deal are as follows:

- In addition to the Agreement announced today, ADE is in the process of finalising the acquisition of a separate 50% interest in this licence as part of its original Otway Basin asset acquisition announced on 7 July 2008. The acquisition of this 50% interest was subject to rights of pre-emption in favour of Somerton Energy Limited (formerly Essential Petroleum Resources Ltd - EPR) and Beach Energy Limited, which have not been exercised and have lapsed.
- Following the completion of both deals ADE will have an 80% Operated stake in PRL 13, with the remaining 20% being held by Somerton Energy Limited.
- PRL 13 contains an oil discovery made in 1998, which was shut in at the time due to the poor oil price environment that then prevailed combined with certain technical issues associated with the oil quality (principally a low pour point).
- ADE considers that this discovery is now likely to be economic and will investigate over the course of this year:
  - Bringing the existing well back into service.
  - Use seismic recently shot by the company from PEL 494 into PRL 13 to better determine the oil-field size (estimates from the previous owners range up to 300,000 bbls).
  - Determine an optimal drilling program for maximising oil production from Killanoola.
  - Prosecuting that drilling program.
- Operating any oil production on PRL 13 would be facilitated through the use of personnel and equipment at ADE's existing production operations at Katnook.

Commenting on the transaction, Carl Dorsch, ADE's Managing Director, said:

*"The acquisition of a further stake in and Operatorship of PRL 13 complements the **Otway Petroleum Project's** existing assets, activities and the capabilities of our regional team. We are keen to add oil reserves to our existing gas and condensate reserve position in the Otway and aim to do so in the short to medium term."*

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**ASX Code : ADE**

**Location of PRL 13**

