



adelaide energy limited

Australian Microcap Investment Conference

18 October 2011

ACN : 116 256 823

ASX Code : ADE

www.adelaideenergy.com.au



“An Opportunity to Invest in an Emerging Oil and Gas Company”

Disclaimer

- This presentation does not constitute investment advice. Neither this presentation nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction.
- This presentation contains forward looking statements that are subject to risk factors associated with oil and gas businesses.
- It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions, political risks, project delays or advancements, approvals and cost estimates.
- All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.



Corporate Snapshot

- ❑ Listed in June 2007
- ❑ Present market cap of ~\$60M
(with share price of ~\$0.13)
- ❑ Net cash balance of ~\$11M
- ❑ Capital base:
 - ❑ 464M ordinary shares
 - ❑ 4M unlisted options
- ❑ Positive cash-flows from gas/condensate production
- ❑ A rare small-cap Operator of on-shore gas production
- ❑ Developed and growing reserves
- ❑ Very large and growing contingent resources
- ❑ Landholdings: > 1M net acres



Shareholding base:

- ❑ ~2,000 shareholders
- ❑ Beach Energy – 19.95%
- ❑ Walker interests: 17%
- ❑ Board: ~ 5%



ADE's R&R Strategy for Growth

Increase Revenue by

- ❑ Applying sound engineering to extend the life of existing assets
- ❑ Maximising production in undeveloped assets
- ❑ Pursuing broader energy market opportunities

Increase Reserves by

- ❑ Having highly prospective & drillable projects with large upside potential
- ❑ Securing projects for further drilling and expansion
- ❑ Building a coherent on-shore Australian asset portfolio – balancing focus with diversity



"An Opportunity to Invest in an Emerging Oil and Gas Company"

Project Portfolio - Summary

Australian Basin	Conventional O&G	Unconventional Shale/Tight O&G Potential	ADE Interest %
Cooper Basin (SA)		PEL 218 Post Permian	~20.0
	PEL 105	PEL 218 Permian PEL 105	10.0 50.0
Cooper Basin (Qld)	ATP 855P	ATP 855P	20.0
Otway Basin (SA)	PEL 255	PEL 494	100.0
	PEL 494		100.0
	PEL 496		100.0
	Katnook Gas		100.0
Maryborough Basin (Qld)		ATP 613P	25.0
		ATPA 674P, 733P	25.0
Surat Basin (Qld)	ATP 904P		100.0
	ATP 849P		20.0



Project Portfolio - Resources

Block	Recoverable – BCF (PJ)		
	2C Unaudited	2P Audited	2P Unaudited
PEL 218	200		
PEL 255*		0.5	0.5+?
PPL 's Katnook*	4		

The future?

Nappamerri Trough	Large resource addition inevitable (PEL 218, ATP 855)
Otway Basin	Potential Casterton Shale Gas/Oil
Maryborough Basin**	Potential 6 TCF net to ADE

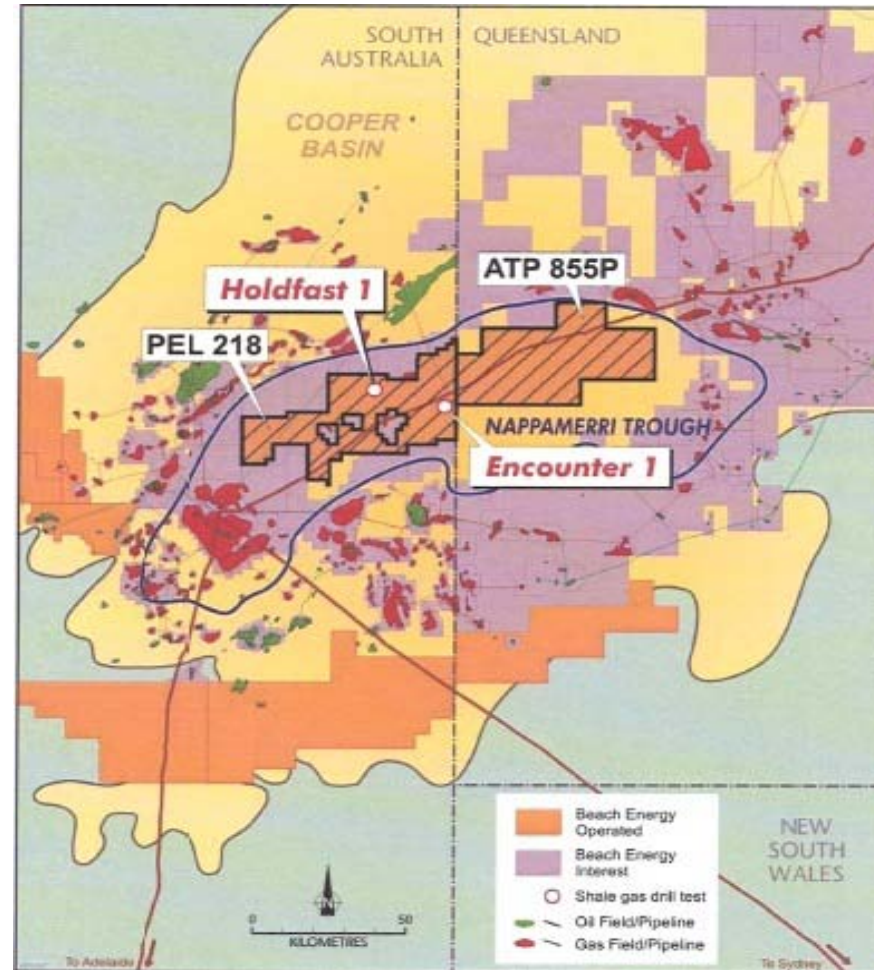
* Initial – majority has been produced

** from American Energy Information Administration report Feb 2011



Project Portfolio - The Nappamerri Trough

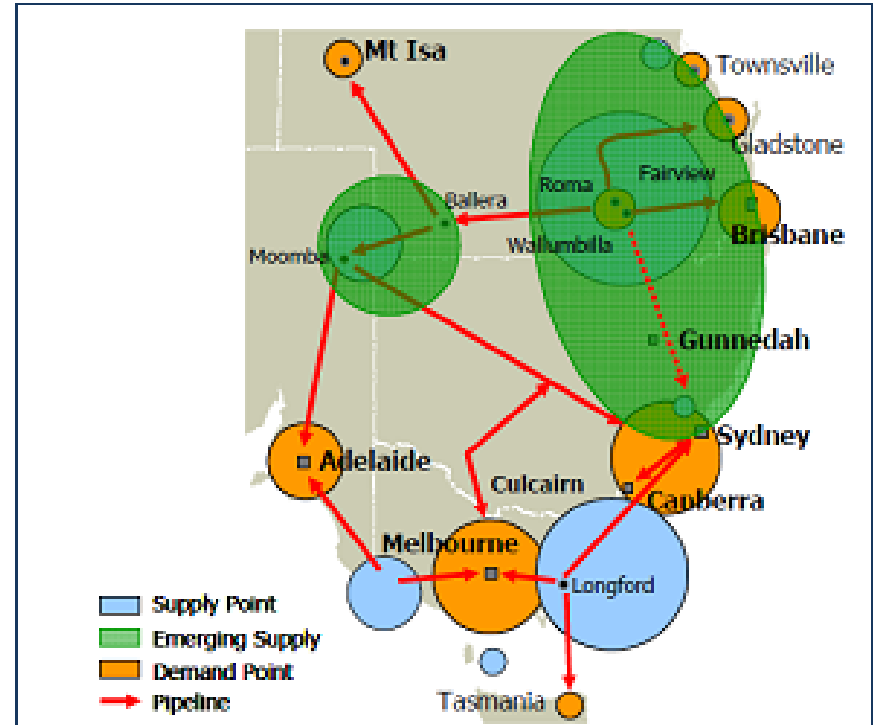
- ❑ The Nappamerri Trough is at the forefront of shale and tight gas exploration in Australia
- ❑ ADE has:
 - 20% of PEL 218 Post-Permian
 - 10% of PEL 218 Permian
 - 20% of ATP 855P
- ❑ A 2 well program in PEL 218 Permian is complete – one well stimulated and flowing (ADE was fully carried to this stage)
- ❑ ADE provides good *leverage* to the unconventional gas potential of the Nappamerri Trough – the arithmetic is simple



Map source: BPT

The Nappamerri Trough's Advantages

- ❑ **Geology** – 2C resource booking
- ❑ **Domgas market access** – at heart of Eastern Australian pipeline system
- ❑ **International market access** – Cooper gas already contracted for export
- ❑ **Infrastructure** – existing gas plants
- ❑ **Acceptance** – 60 years of oil and gas exploration/production
- ❑ **Politics** – desert/scrub with extremely low population density



Source - STO



Nappamerri Trough Work Program - FY 2012

- ⌘ **PEL 218 - Drill 4 vertical wells**
- ⌘ **Seismic: 300 kms of 2D seismic + 350 kms of 2D seismic reprocessing**
- ⌘ **Fracture stimulate the Encounter-1 well**
- ⌘ **Procurement of long lead items associated with horizontal wells planned for 2012 – 2013**
- ⌘ **Technical studies continuing to improve on resource estimates etc**
- ⌘ **Work program in ATP 855P – may include a horizontal well in 2012**



Acreage metrics

	PEL 218	ATP 855P	Total
Square kilometres	1,603	1,679	3,282
ADE share	10%	20%	
Net km ²	160	336	486
Net acres	39,520	82,992	122,512
\$500/acre	\$20M	\$41M	\$61M
\$1k/acre	\$39M	\$83M	\$122M
\$5k/acre	\$198M	\$415M	\$613M
\$10k/acre	\$395M	\$829M	\$1.2B

Note: the above \$ figures are illustrative only



Shale gas in Australia – Markets

❑ Current gas market:

- Base demand growing at ~ GDP (presently ~700 PJ per annum)
- Depletion of conventional gas supplies (only Gippsland JV has material uncontracted reserves)
- CBM reserves largely committed to export markets – and LNG exporters are short gas to fill planned trains

❑ Future gas market possibilities:

- Australia's growing liquids deficit – 5 PJe per day by 2015 – massive potential new demand if gas substitution occurs
- Low quality coal in SA/Vic – 2 PJe per day – Australia's simplest carbon solution policy is to replace with gas



Shale Gas in Australia – Lessons from CBM

- ❑ Very large resources are attractive to the deep – pocketed (but opportunity constrained) Super-Majors, large IOCs and NOCs
- ❑ Australia is (still) an attractive investment destination
- ❑ Asia is the world growth hub for the foreseeable future
- ❑ Unconventional gas can be exported
- ❑ Current domgas pricing is irrelevant to acreage values
- ❑ The service sector follows large resources – costs come down over time
- ❑ The most profitable role for local companies is to establish initial resources/reserves – let others develop and produce

Recent new entrants to on-shore Australia

Super-majors:

- Shell
- Conoco-Phillips
- Total

Large IOCs:

- BG

NOCs:

- Petronas
- Petrochina
- CNOOC
- Kogas



The Otway Petroleum Project

⌘ Production assets

- Gas plant
- Gas/condensate production
- Oil production to follow soon

⌘ Exploration acreage

- Seismically defined drill-ready prospects
- Emerging unconventional plays – gas and oil

⌘ Energy assets

- Gas-fired generation
- Gas storage

⌘ *100% ownership gives control and strategic flexibility*

⌘ *Near market/infrastructure location*



“An Opportunity to Invest in an Emerging Oil and Gas Company”

Part of the Company's Katnook Gas Facility

- 100% owned
- Capacity of 10 TJ/day
- Ex Origin asset – very well maintained
- Room for expansion

- Connected to transport, gas and electricity grids
- “Easy” country – low intensity agricultural land
- Temperate climate
- Local workforce – no fly in/out costs



adelaide energy limited

Otway - A Great *Energy* Market Location

- ❑ Katnook is connected to the national pipeline grid and local gas customers
- ❑ Electricity transmission infrastructure is located immediately adjacent to Katnook
- ❑ The SA electricity market is the highest priced in the NEM
- ❑ ADE has nearly finalised FEED work on a generation development – using stranded (“free”) Ladbroke Grove gas
- ❑ ADE’s underground gas storage project – rare 100% ownership of such an asset



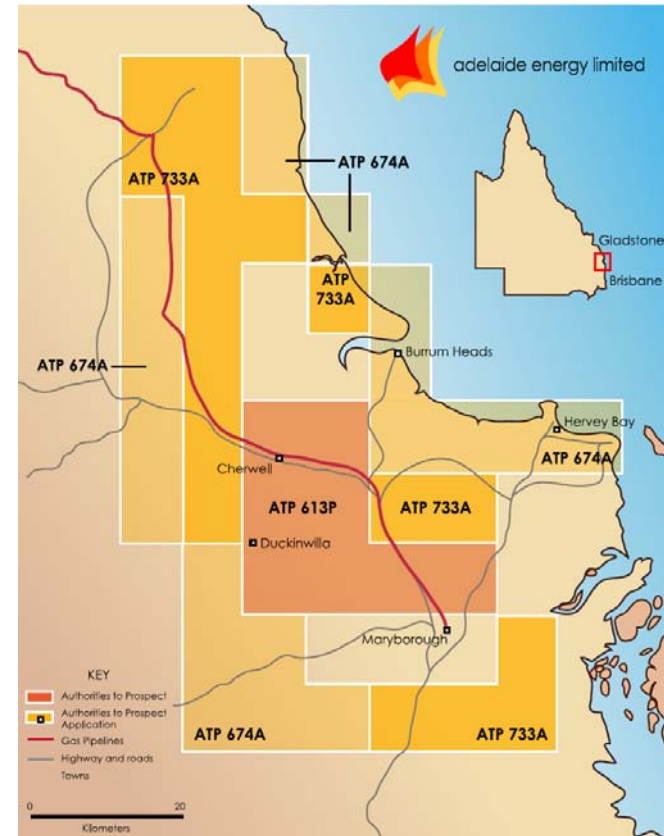
Project Portfolio – Other Exploration Assets

- ❑ **Cooper Basin**
 - ❑ **PEL 105 (ADE 50% & Operated) – large oil prospective target (Pirie-1) identified by seismic program**
- ❑ **Otway Basin**
 - ❑ **2 exploration permits, PEL 494 & 496 (ADE 100%)**
 - ❑ **Shale gas/oil prospectivity in the Casterton**
- ❑ **Maryborough Basin**
 - ❑ **3 permits (ADE 25% post farm-in)**
 - ❑ **CBM and shale gas prospectivity**
 - ❑ **ADE fully carried through 9 well CBM exploration program**
- ❑ **Surat Basin**
 - ❑ **ATP 849P (ADE 20%) – large CBM exploration permit**
 - ❑ **ATP 904P (ADE 100%) – oil prospective area in South Surat**
- ❑ **USA – 58.3% OBO stake in a lease in West Florence, Colorado (non-core)**



Exploration – Maryborough Basin

- ❑ **Prospective acreage near Gladstone acquired in early 2010 – ideal market location**
- ❑ **ADE is fully carried through a 9 well CBM corehole program by Blue Energy**
- ❑ **Significant shale gas potential in deeper horizons – recognised by independent IEA report (6 TCF net to ADE of prospective recoverable resource)**
- ❑ **Growing interest in the asset from large and very large companies**



Maintaining & Building Value in ADE

- ❑ Very high leverage to a promising current shale/tight gas exploration program – recoverable resource demonstrated already
- ❑ US case shows shale gas acreage can be worth upwards of \$10,000 per acre – ADE has 122,000 net acres
- ❑ Strong base of existing cash flow, Operated production and developed reserves
- ❑ Numerous growth options from the 100% owned integrated *Otway Petroleum Project* in a great energy market location
- ❑ Multiple well drilling program over the next year in various projects across SA & Qld – both shale/tight gas and conventional prospects
- ❑ Projects all have critical element of proximity to markets/infrastructure

And most importantly – the value is here now and growing into the future



Thank you

