



A D E L A I D E
E N E R G Y
L I M I T E D

ACN: 116 256 823

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30 August 2011

Dear Shareholder,

I refer to the announcement made to the ASX on 15 August 2011 which advised of the formation of a strategic alliance between Adelaide Energy Limited (“**ADE**”) and Beach Energy Ltd (“**BPT**”) regarding the two companies’ interests in the Nappamerri Trough.

BPT has now subscribed for the first tranche of 14 million shares referred to in the announcement, at a price of 16.5 cents each, raising \$2.3 million (“**First Tranche of Shares**”). The price paid by BPT is at a premium to the current share price.

As part of the deal, and subject to the approval of ADE’s shareholders:

- BPT has also agreed to subscribe for a further 59.5 million shares also at price of 16.5 cents per share, to raise a further \$9,817,500 million (“**Second Tranche of Shares**”); and
- ADE has agreed to grant BPT 75 million unlisted options exercisable on or before 30 June 2016 at a strike price of 40 cents (“**Options**”).

Under ASX Listing Rule 7.1, shareholder approval is required for the proposed issue of the Second Tranche of Shares and the Options. If the issue of the Second Tranche of Shares is approved, BPT will then hold 19.95% of ADE’s issued shares.

A Notice of Meeting and Explanatory Statement is forwarded to you with this letter. A Meeting of Shareholders will be held on Friday 30 September 2011 at 11.00 am to consider resolutions relating to:

Resolution 1: Approval of the issue of Shares to Beach Energy Limited

Resolution 2: Approval of Options to be issued to Beach Energy Limited

Resolution 3 Approval of the issue of options to Mr Carl Dorsch

The ADE Directors believes that it is in the interests of shareholders to support the proposed transactions with BPT and the Directors intend to vote their shares in favour of Resolutions 1 and 2 in the accompanying Notice of Meeting.

The funds raised from the issue of the First Tranche of Shares and if approved by shareholders, the Second Tranche of Shares, will strengthen ADE’s balance sheet and enable it to fund its share of exploration expenditure planned for the immediate future in the Nappamerri Trough.

Yours sincerely,

N W Martin
Chairman



ADELAIDE
ENERGY
LIMITED

ADELAIDE ENERGY LIMITED

ABN 43 116 256 823

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of Adelaide Energy Limited will be held at Level 10, 25 Grenfell Street, Adelaide South Australia 5000, on Friday 30th September 2011 at 11.00 am Adelaide time.

The Explanatory Notes that accompany and form part of this Notice of Extraordinary General Meeting describe in more detail the matters to be considered.

SPECIAL BUSINESS

To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

1. Ordinary Resolution 1: Approval of Shares to be Issued

"That pursuant to ASX Listing Rule 7.1 and for all other purposes, approval be given to issue 59,500,000 Ordinary Shares in the capital of the Company, to Beach Energy Limited at such price and terms as outlined in the Explanatory Memorandum.

2. Ordinary Resolution 2: Approval of Options to be Issued

"That pursuant to ASX Listing Rule 7.1 and for all other purposes, approval be given for the issue of 75,000,000 2016 A Class Options (and the issue of any shares upon exercise of those options) to Beach Energy Limited on the terms and conditions for the 2016 A Class Options set out in Annexure A of the Explanatory Memorandum accompanying this Notice of Meeting."

3. Ordinary Resolution 3: Approval of Issue of Options to Mr Carl Dorsch

"That pursuant to ASX Listing Rule 10.11 and for all other purposes, approval be given for the issue of 3,000,000 2016 A Class Options (and the issue of any shares upon exercise of those options) to Mr Carl Dorsch, the Managing Director of the Company, (or a nominee of his choosing) on the terms and conditions for the 2016 A Class Options set out in Annexure A of the Explanatory Memorandum accompanying this Notice of Meeting."

NOTICE OF EXTRAORDINARY GENERAL MEETING

VOTING EXCLUSION STATEMENTS

The company will disregard any votes cast on the following resolutions by the following persons:

Resolution	Person(s) excluded from voting
Resolution 1	Beach Energy Limited and any associates. Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.
Resolution 2	Beach Energy Limited and any associates. Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.
Resolution 3	Mr Carl Dorsch and any associates.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the Directions on the Proxy Form; or
- (b) It is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

INFORMATION FOR MEMBERS

1. A member entitled to attend and vote at this general meeting is entitled to appoint not more than two proxies to attend and vote at this general meeting on their behalf.
2. A proxy need not be a member, but should be a natural person over the age of 18 years.
3. If a member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half the votes. However, neither may vote on show of hands.
4. Any shareholder that is a body corporate may appoint an individual as its representative as provided by the Corporations Act 2001.
5. To be effective, Proxy forms (duly completed) must be received by the company at Computershare Investor Services Pty Ltd, by mail at Level 5, 115 Grenfell Street, Adelaide SA, or be delivered in person to Level 5, 115 Grenfell Street, Adelaide SA, no later than 48 hours before the time in Adelaide, of the commencement of the meeting.
6. Proxy form (duly completed) may be sent by facsimile to (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555 and must be received no later than 48 hours before the time, in Adelaide, of the commencement of the meeting.
7. Custodian Voting – For intermediary online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.
8. If you require an additional proxy form, the Company will supply it on request.

NOTICE OF EXTRAORDINARY GENERAL MEETING

9. For the purposes of the meeting, shares in the Company will be taken to be held by the persons who are registered holders at 7pm on 28 September 2011. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.
10. The Company's Constitution provides that three shareholders present in person, by proxy, attorney or representative shall be quorum of a general meeting of the Company.
11. Attorneys are requested to bring a copy of the power of attorney pursuant to which they are appointed.
12. A proxy form is attached to this Notice of General Meeting.

By Order of the Board – Adelaide Energy Limited



Rajita Alwis
Company Secretary
Dated 30 August 2011

GLOSSARY

"**ASX**" means ASX Limited ACN 008 624 691;

"**ASX Listing Rules**" means the official listing rules of ASX;

"**Board**" means the board of Directors

"**Company**" means Adelaide Energy Limited ACN 116 256 823

"**Constitution**" means the constitution of the Company;

"**Corporations Act**" means the Corporations Act 2011 (Cth)

"**Director**" means a director of the Company

"**Share**" means a fully paid ordinary share in the capital of the Company;

"**Shareholder**" means a holder of a Share.

ADELAIDE ENERGY LIMITED
EXTRAORDINARY GENERAL MEETING
30 September 2011

EXPLANATORY NOTES

These Explanatory Notes have been prepared for the information of shareholders in connection with the Extraordinary General Meeting of shareholders to be held on 30 September 2011 at 11.00 am at the Minter Ellison Boardroom at Level 10, 25 Grenfell Street, Adelaide, South Australia.

Ordinary Resolution 1: Approval of Shares to be Issued

Listing Rule 7.1 provides that (subject to certain exceptions) prior approval of shareholders is required for issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Resolution 1 proposes approval for the issue of shares set out below, for the purpose of satisfying Listing Rule 7.1.

In accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 1. If approval is obtained:

- 59,500,000 shares will be issued;
- The shares will be issued no later than 3 months after the date of the meeting to which this Explanatory Memorandum relates;
- The shares will be issued at a price of 16.5 cents per share;
- The shares will be issued to Beach Energy Limited;
- The shares will rank equally in all respects with the Company's existing ordinary shares on issue; and
- Funds raised by the issue of shares will be used to fund the Company's exploration and development projects in the next year.

Ordinary Resolution 2: Approval of Options to be Issued

Subject to Shareholder approval, the Company proposes to issue a total 75,000,000 2016 A Class Options to Beach Energy Limited. Resolution 2 proposes approval for the issue of options set out below, for the purpose of satisfying Listing Rule 7.1.

Accordingly, Resolution 2 relates to the grant of 75,000,000 2016 A Class Options on the terms and conditions for the 2016 A Class Options set out in Annexure A.

In accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 2. If approval is obtained:

- The options will be issued no later than 3 months after the Extraordinary General Meeting; and
- Ordinary shares in the capital of the Company issued on exercise of options will rank equally in all respects with the Company's existing ordinary shares on issue.

ADELAIDE ENERGY LIMITED
EXTRAORDINARY GENERAL MEETING
30 September 2011

EXPLANATORY NOTES (cont)

Ordinary Resolution 3: Approval of Issue of Options to Mr Carl Dorsch

Subject to Shareholder approval, the Company proposed to issue a total 3,000,000 2016 A Class Options to Mr Carl Dorsch.

Shareholder approval for the issue of the Options, the subject of Resolution 3 is sought for the purpose of ASX Listing Rule 10.11.

The Options which are subject of Resolution 3 are to be issued to the Managing Director, Mr Carl Dorsch, in recognition of his significant contribution to the Company's success, growth and development and his key role in its future. The grant of the Options is designed to encourage the ongoing commitment of Mr Dorsch to the continued growth of the Company by encouraging Mr Dorsch to acquire and retain a significant shareholding in the Company. This ensures that his interests are aligned with those of all shareholders.

The options will be issued no later than 1 month after the Extraordinary General Meeting. Ordinary shares in the capital of the Company issued on exercise of options will rank equally in all respects with the Company's existing ordinary shares on issue.

The Directors (other than Mr Dorsch who abstained from discussions because of his interest in the resolution) recommend that shareholders vote in favour of this resolution.

The Chairman intends to vote undirected proxies in favour of this resolution.

Chapter 2E of the Corporations Act

The proposed grant of the options under Resolution 3 to Mr Dorsch, the Managing Director of the Company, involves giving a financial benefit to a related party for the purposes of Chapter 2E of the Corporations Act 2001. Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- The giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- Prior shareholder approval is obtained for the giving of financial benefit.

The Directors of the Company believe that the grant of Options is appropriate and reasonable in all the circumstances, as part of the remuneration for Mr Dorsch's role as Managing Director. Therefore, the Company considers that the grant of the Options comes within one of the exceptions to Chapter 2E, and shareholder approval is not required under that Chapter 2E.

The following information is provided to shareholders to allow them to assess the proposed grant of the Options:

- The proposed resolution will permit financial benefits to be given to Mr Dorsch, Managing Director of the Company;
- The nature of the financial benefit to be given to Mr Dorsch is the issuing of Options (the terms of which are described in Annexure A) entitling Mr Dorsch to subscribe for ordinary fully paid shares in the Company;
- The Directors, other than Mr Dorsch ("the Non-Recipient Directors") support the passing of Resolution 3 as they consider it to be in the best interests to offer an incentive to Mr Dorsch as the Managing Director;
- None of the Non-Recipient Directors hold an interest in the financial benefit to be given to Mr Dorsch;

**ADELAIDE ENERGY LIMITED
EXTRAORDINARY GENERAL MEETING
30 September 2011**

EXPLANATORY NOTES (cont)

Ordinary Resolution 3: Approval of Issue of Options to Mr Carl Dorsch (cont)

- Since Mr Dorsch has a personal interest in the outcome of Resolution 3, as the proposed recipient of the Options, he refrains from making any recommendation to shareholders about the proposed resolutions;
- Neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by the proposed resolutions, other than as follows;
 - a) The Options will form part of the remuneration package of Mr Dorsch's Managing Directors Service Agreement, and the Board considers that this remuneration, including the Options, is reasonable, and falls within the 'reasonable remuneration' exception, under Section 211 of the Corporations Act.
 - b) The Options are granted for no consideration and will be subject to the terms and conditions (including the exercise prices) as stated in Annexure A.

ANNEXURE A

1. Each option entitles the option holder to subscribe for one fully paid ordinary share in the capital of the Company.
2. No amount is payable on issue of the options.
3. The exercise price of each option is referred to in the table below ('Exercise Price').
4. Each option may be exercised at any time before 4pm Adelaide, South Australia time on the date set out in the Table below. An option not exercised automatically expires at 4pm Adelaide, South Australia on that exercise date.
5. The Company must give each option holder a certificate holding statement stating:
 - a) The number of options issued to the option holder
 - b) The exercise price of the options; and
 - c) The date of issue of the options.
6. An option holder is not entitled to participate in any new issue to existing shareholders of securities of the Company unless the option holder has exercised the option holder's options before the record date for determining entitlements to the new issue of securities and participates as a result of holding shares.
7. The Company must give an option holder, in accordance with ASX Listing Rules, notice of:
 - a) The proposed terms of the issue or offer proposed under clause 6; and
 - b) The right to exercise the options holder's options under clause 6.
8. If the Company makes a bonus issue of share or other securities to shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no share has been issued in respect of the option before the record date for determining entitlements to the issue, then the number underlying shares over which the option is exercisable is increased by the number of shares which the option holder would have received if the option holder had exercised the option before the record date for determining entitlements to the issue, in accordance with the ASX Listing Rules.
9. If the Company makes a pro-rata issue of shares (except a bonus issue) to existing shareholders (except an issue in lieu of satisfaction of dividends by way of dividend reinvestment) and no share has been issued in respect of the option before the record date for determining entitlements to the issue, the exercise price of each option is reduced in accordance with the ASX Listing Rules.
10. If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the option holder (including the number of options to which each option holder is entitled and the exercise price) is changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
11. Any calculations or adjustments which are required to be made under clauses 6 to 10 (both inclusive) will be made by the Board of the Company and will, in the absence of the manifest error, be final and conclusive and binding on the Company and the option holder.

12. The Company must within a reasonable period give to each option holder notice of any change under clauses 6 to 10 (both inclusive) to the exercise price of any options held by an option holder of the number of shares for which the option holder is entitled to subscribe on exercise of an option.
13. To exercise the options, the option holder must give the Company or its share registry, at the same time:
 - a) A written notice (in the form approved by the Board of the Company from time to time) specifying the number of options being exercised and shares to be issued;
 - b) Payment of the exercise price for the shares the subject of the exercise notice by way of bank cheque or by other means or payment approved by the Company; and
 - c) The certificate or holding statement for the options.
14. An option holder may only exercise options in multiples of 1,000 unless the option holder exercises all options held by the option holder
15. Subject to Clause 13, options will be deemed to have been exercised on the date that application is lodged with the Directors of the Company.
16. If an option holder exercises less than the total number of options registered in the option holder's name:
 - a) The option holder must surrender its option certificate (if any); and
 - b) The Company must cancel the option certificate (if any) and issue the option holder a new option certificate or holding statement stating the remaining number of options held by the option holder.
17. Within 10 days after receiving an application for exercise of options and payment by an option holder of the exercise price, the Company must issue to the option holder the number of fully paid ordinary shares in the capital of the Company specified in the application.
18. Subject to the Company's Constitution, all shares issued on the exercise of options rank in all respects (including rights relating to dividends) pari passu with the existing ordinary shares of the Company at the date of issue.
19. The Company will apply to the ASX Limited for official quotation of the new shares issued on exercise of the options.
20. The options will be fully transferable in accordance with the Constitution of the Company and for such time as the Company is listed, the Listing Rules and operating rules of the ASX and the Settlement Rules of ASTC will apply.
21. These terms and the rights and obligations of option holders are governed by the laws of South Australia. Each participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of South Australia.

Type of Options	Exercise Date	Exercise Price
2016 A Class Options	on or before 30 June 2016	\$0.40

Adelaide Energy Limited

ABN 43 116 256 823

000001 000 SAMPO
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 760 989
(outside Australia) +61 3 9415 4637

Proxy Form

For your vote to be effective it must be received by 11:00am (Adelaide time) Wednesday 28 September 2011

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Adelaide Energy Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Adelaide Energy Limited to be held at Level 10, 25 Grenfell Street, Adelaide SA 5000 on Friday 30 September 2011 at 11:00am and at any adjournment of that meeting.

Important for Item 3 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Item 3 as set out below and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Item 3, the Chairman of the Meeting will not cast your votes on Item 3 and your votes will not be counted in computing the required majority if a poll is called on this item. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Step 2 below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Item 3).

The Chairman of the Meeting intends to vote all available proxies in favour of Item 3 of business.

I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Item 3 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Item X is connected directly or indirectly with the remuneration of a member of key management personnel.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain
Item 1 Approval of Shares to be Issued	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Approval of Options to be Issued	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Approval of Issue of Options to Mr Carl Dorsch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

____/____/____