

ASX/MEDIA ANNOUNCEMENT

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PEL 218 EXPLORATION PROGRAM - UPDATE

Adelaide Energy Ltd (ADE) is pleased to provide an update on forthcoming activities in its PEL 218 (Permian) exploration program, in which it has a 10% working interest (the Operator, Beach Energy Ltd [BPT], has the remaining 90%), as follows:

1. Fracing of the Holdfast-1 well is expected to commence in early June. This will take around 2 weeks.
2. Thereafter, the fracing team will move to the Encounter-1 well and proceed with a similar 2 week fracing program.
3. Gas-flows from the fraced wells should commence sequentially, with Holdfast-1 in late June and Encounter-1 in mid July.
4. Gas will be flowed for a minimum period of around 3 weeks, with the potential for a 3 month flow test.
5. Information from the flow tests will assist in: estimating contingent resources; the planning of the next stages of the exploration program ; providing data on gas composition, etc. ADE does not expect any material condensate/liquids production from these wells.
6. Information from the previous coring (and other testing) of these wells is still being processed. ADE expects this, together with data from the fracing program, to lead to a contingent resource booking in Q3 this year.
7. The next well in the program is intended to be a horizontal one. The Operator is currently designing this well and seeking the optimal equipment. The well should spud in early 2012.
8. To date ADE has been free-carried through this exploration program. That carry has almost been fully expended. ADE expects to fund its 10% share of future activities from its cash resources and operating cash-flows.

Commenting on the progress in PEL 218, Carl Dorsch, ADE's Managing Director, said:

"ADE has been pleased with the rigorous scientific approach pursued by the Operator throughout the ongoing PEL 218 (Permian) exploration program, which will underpin a potentially very large contingent resource booking expected in around 3 months time. At that time, we will also explore the potential for the extrapolation of that booking into our adjacent permit, ATP 855P, in which we have an even larger equity position of a 20% working interest."

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