



adelaide energy limited

**Managing Director's Discussion
General Meeting of Shareholders
30th September 2011**

ACN : 116 256 823

ASX Code : ADE

www.adelaideenergy.com.au



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

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- All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.



Introduction

ADELAIDE ENERGY LIMITED (“ADE”) Placement – Reasons:

- ⌘ Funding to maintain the ADE position in the Cooper Basin Nappamerri Trough (PEL 218 and ATP 855)**
- ⌘ Funding to explore the Patchawarra Trough in the Cooper Basin (PEL 105/Pirie 1 exploration well)**
- ⌘ Funding to improve production in the Otway Petroleum Project**
- ⌘ Placement at 16.5 cents – a 40% premium over the prevailing share price**

Accretion or Dilution for Shareholders?



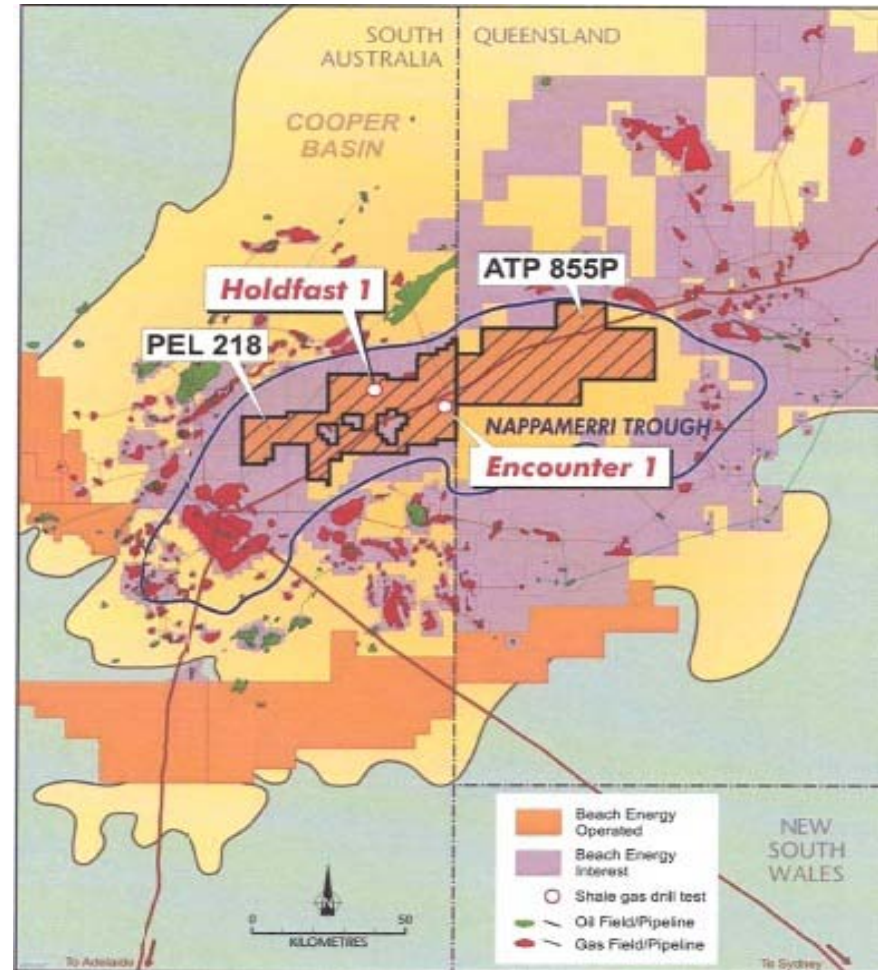
Project Portfolio - Summary

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



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

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 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)**



Project Portfolio - Resources

Why continue with the Nappamerri Trough?

	Recoverable – BCF (PJ)		
Block	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 28, 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 - Acreage metrics

Why continue with the Nappamerri Trough?

	PEL 218	ATP 855P	Total
Square kilometres	1,603	1,679	3,282
ADE share	10%	20%	
Net km2	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



PEL 218 Permian Work Program - FY 2012

- ⌘ **Drill 4 vertical wells**
- ⌘ **Seismic: 300 kms of 2D seismic + 350 kms of 2D seismic reprocessing**
- ⌘ **Fracture stimulate the Encounter 1 well (\$2.9M)**
- ⌘ **Carry Forward – extra costs due mainly to problems in Encounter and cost overruns associated with tiltmeter, tracer and flowback operations**
- ⌘ **\$4M has been allocated for long lead items associated with horizontal wells planned for 2012 – 2013**
- ⌘ **Technical studies continuing to improve on resource estimates etc**



PEL 218 Permian Budget – FY 2012

		A\$ 000
1.	Drilling and Completion	28 000
2.	Seismic	1 794
3.	Geological, Geophysical and Engineering Studies	500
4.	General and Administration	40
5.	Carry Forward (Encounter work to be done)	4 600
6.	Administration Overheads	619
TOTAL		35 553

ADE contribution FY 2012 is \$3.5M



ATP 855 Work Program - FY 2012 ?

- ⌘ Drill 1 horizontal well in the REM formation?
- ⌘ To be decided at TCM due 28 October 2011
- ⌘ ADE has budgetted \$3M for its share (20%) of expected horizontal well cost reported as \$15M in FY 2012



FY 2012 Budget for ADE

Where and how are the new funds to be spent?

		A \$M
1.	PEL 218 Permian	3.50
2.	ATP 855 (proposed horizontal well)	3.00
3.	PEL 105 – Pirie 1 Well	2.50
4.	Otway Petroleum Project	
	Killanoola Oil (1 x rod chageout, 1 x completion)	1.00
	PEL 255 work : further perforating Patrick/Hollick	1.00
	PEL 494/496 commitments (with farmout)	2.00
5.	Administration Overheads	1.00
TOTAL		14.00

Maintaining & Building Value in ADE

- ❑ Very high leverage to a promising current shale 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 and conventional prospects

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



Thank you

