

ASX/MEDIA ANNOUNCEMENT

7 April 2010

The Manager
Companies Announcements Office
Australian Securities Exchange



THE OTWAY PETROLEUM PROJECT – WEEKLY DRILLING REPORT AND REGULAR PROJECT UPDATE

The **Otway Petroleum Project** is Adelaide Energy Ltd's (ADE's) 100% owned suite of integrated production, development and exploration oil and gas assets, which are located in the South Australian section of the onshore Otway Basin.

Given the current drilling and other ongoing activity currently being undertaken by ADE in the *Otway Petroleum Project*, the Company intends in this quarter to issue weekly drilling reports and regular project updates to investors on the progress being made in the various drilling and other project areas.

WEEKLY DRILLING REPORT

ITEM	DETAIL
Well name	▪ Hollick-1
Permit	▪ PEL 255
Participants	▪ ADE – 100%
Primary targets	▪ Jacaranda Ridge/Sawpit sandstone
Measured Depth (MD) - current	▪ 2959 m (metres)
MD @ end of previous week	▪ 2901 m
Metres drilled during week	▪ 58
Top of Jacaranda Ridge Sandstone (MD)	▪ 2666 m
Top of Sawpit Sandstone (MD)	▪ 2770 m
Activities during week	▪ Finished drilling in 6 ¾" hole to final depth (TD) : conditioned hole for electric logging : ran first logging tools (super combo) – log hole down : first repeat from bottom to top of Sawpit – tool stuck on bottom during next repeat: fishing operations over 4 days were partially successful (some 19m fish left in hole with top of fish at 2900m)
Current activities	▪ Conduct formation testing logging
Safety issues	▪ None
Environmental issues	▪ None

Although evaluation operations are taking longer than anticipated, electric logging operations in open hole typically present technical challenges. ADE is committed to evaluating the well as fully as possible including confirming the presence of hydrocarbons in a number of sands in the deeper Sawpit section drilled during the week.

If hydrocarbons are confirmed at the lower levels, this may require milling out the remaining 19m of fish in the hole.

Full scale testing will follow the running of production casing in this well and the drilling of the next well as announced previously.

PROJECT UPDATE

PROJECT AREA	PROGRESS REPORT
Drilling	<ul style="list-style-type: none">▪ Hollick 1 - see weekly drilling report▪ ADE expects to spud either Patrick 1 or Brand 1 in the coming weeks
Production Facilities	<ul style="list-style-type: none">▪ ADE has shut in its 100% owned Katnook gas processing plant from 31 March 2010 whilst commissioning its new gathering pipeline network▪ Approval has been given by the Regulatory Authority to commence "new" production▪ ADE plans to produce from Limestone Ridge 1 and Haselgrove South 2▪ Production is expected to re commence this week
Seismic	<ul style="list-style-type: none">▪ Processing of the seismic recently shot by ADE over PELs 494 and 496 is underway

The Otway Petroleum Project (100% ADE) comprises:

- PEL 255 : contains the Jacaranda Ridge 2 discovery + 5 extra targets
- The Katnook Gas Assets consisting of:
 - The Katnook Gas Processing Plant and associated infrastructure
 - The Ladbroke Grove Gas Processing Plant and associated infrastructure
 - Petroleum Retention Licences 1 (Wynn) & 2 (Limestone Ridge)
 - Petroleum Production Licences 62, 168 & 202
 - Existing gas pipelines to the Gas Plants from wells in the PPL's
 - 13 Producing/shut in gas/gas liquids wells
- PEL's 494 and 496 – 2 exploration licences awarded to ADE on 24 March 2009

For further information contact:

Carl Dorsch
Managing Director
Adelaide Energy Limited
Mob: 0400 508 088
c.dorsch@adelaideenergy.com.au

Neil Young
Chief Commercial Officer
Adelaide Energy Limited
Mob : 0417 850 245
neil.young@adelaideenergy.com.au

ASX Code : ADE