

21 October 2010



Dear Shareholder,

Non-renounceable Rights Issue

On 20 October 2010, Adelaide Energy Limited (**ADE** or the **Company**) announced a 1 for 2 non-renounceable rights issue at \$0.06 per share (**Rights Issue**). The Rights Issue seeks to raise up to \$6.8M, through the issue of around 114 million fully paid ordinary shares in the Company.

ADE invites shareholders who are registered as shareholders of the Company on 7.00pm (Adelaide time) on Friday 29 October 2010, and who have a registered address in Australia and New Zealand (**Eligible Shareholders**) to participate in the Rights Issue.

Full details of the Rights Issue are contained in the Offer Document lodged with the ASX on Wednesday 20 October 2010. The Offer Document, together with the Entitlement and Acceptance Form, will be mailed to all Eligible Shareholders on Thursday 4 November 2010. A copy of the Offer Document is available on the ASX website. Key dates which shareholders should note are as follows:

Event	Date
Announcement of Offer	Wednesday 20 October 2010
Offer Document, Appendix 3B and cleansing notice lodged with the ASX	Wednesday 20 October 2010
Letter to Shareholders	Thursday 21 October 2010
Ex-date – the date on which Existing Shares commence trading without the Entitlement to participate in the Offer	Monday 25 October 2010
Record Date – the date for determining Entitlements of Eligible Shareholders to participate in the Offer (7.00pm ACDT)	Friday 29 October 2010
Offer Document sent to Shareholders – Offer opens; second cleansing notice lodged with ASX	Thursday 4 November 2010
Closing Date (5.00pm ACDT)	Friday 19 November 2010
Securities quoted on a deferred settlement basis	Monday 22 November 2010
Rights issue shortfall notified to ASX	Wednesday 24 November 2010
Despatch date (deferred settlement trading ends)	Monday 29 November 2010
Normal trading resumes	Tuesday 30 November 2010

These dates are subject to change and are indicative only. ADE reserves the right to amend this timetable including, subject to the Corporations Act and Listing Rules, to extend the Closing Date.

The proceeds of the Rights Issue will be used to fund the Company's Otway Basin testing and production program and for general working capital purposes.

Yours faithfully,

Neville Martin
CHAIRMAN