

ASX/MEDIA ANNOUNCEMENT

1st October 2009

The Manager
Companies Announcements Office
Australian Securities Exchange



THE OTWAY PETROLEUM PROJECT - UPDATE **KATNOOK GAS PRODUCTION & OPERATIONS**

- *Record Gas Sales for August*
- *Strong Gas Production continues in September*
- *Injection String Performance Monitoring continuing*

Adelaide Energy Limited (ASX code: ADE) is pleased to announce that it has received payment of \$289,165 (GST excl) for its gas sales in the record month of August 2009. Total revenue to date for gas and gas condensate sales from the Katnook Facility for the eight months from 1 January to 31 August 2009 is approximately \$1,334,000 (GST excl).

Gas and gas condensate production continued strongly in September with comparable production to August (after taking account of the shorter month and a plant shutdown for 1½ days due to hydrate buildup). Around 160,000 litres of condensate was sold during the month and will be invoiced in October.

The Company continues to monitor the performance of its producing gas and gas condensate wells located around the Katnook Gas Facility and in particular those that were fitted with surfactant injection strings (Redman 1, Haselgrove 1 and Haselgrove South 1). Results to date are encouraging.

The Otway Petroleum Project (100% ADE) consists of:

- 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 & 2
 - 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

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