



## ASX Release

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ASX Code: BPT

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**For Immediate Release – 7 November 2011**  
Ref. #127/11

ASX Ltd  
Companies Announcement Office  
Electronic Lodgement System

Dear Sir,

### **BEACH LAUNCHES UNCONDITIONAL CASH TAKEOVER OFFER FOR ADELAIDE ENERGY**

- Beach launches an unconditional 20 cents per share on-market cash takeover offer for Adelaide Energy
- This offer values Adelaide Energy at \$94 million
- The takeover offer represents a significant premium of: 51.5% to the one month VWAP of Adelaide Energy shares; and 42.9% to the last trading price of Adelaide Energy shares on 4 November 2011
- Adelaide Energy shareholders can sell into the on-market offer immediately and receive cash for their shares in three working days (T+3 basis)

Beach Energy Ltd (ASX: BPT, "Beach") announces an unconditional on-market cash offer of 20 cents per share ("Offer") for all of the issued and outstanding ordinary shares of Adelaide Energy Ltd (ASX: ADE, "Adelaide Energy") that it does not already own. Beach currently owns 19.95% of Adelaide Energy.

Beach has instructed its broker, Macquarie, to purchase at the Offer price, every Adelaide Energy share which it does not already own and for sale during the Offer period, which commences from the date of this announcement to the close of trading on the Australian Securities Exchange ("ASX") on 22 December 2011, unless extended or withdrawn.

The Offer provides an opportunity for Adelaide Energy shareholders to receive a significant 51.5% premium to the one month and three month Volume Weighted Average Price ("VWAP") of \$0.132 per Adelaide Energy share.

Beach believes that the Offer is compelling as it will deliver Adelaide Energy shareholders that accept:

- The immediate certainty of cash, three days after their acceptance of the Offer;
- The avoidance of further dilution due to future funding and capital investment requirements;
- The potential to exit a relatively illiquid investment; and
- A significant premium to a share price that has not closed above its 20 cents per share listing price.

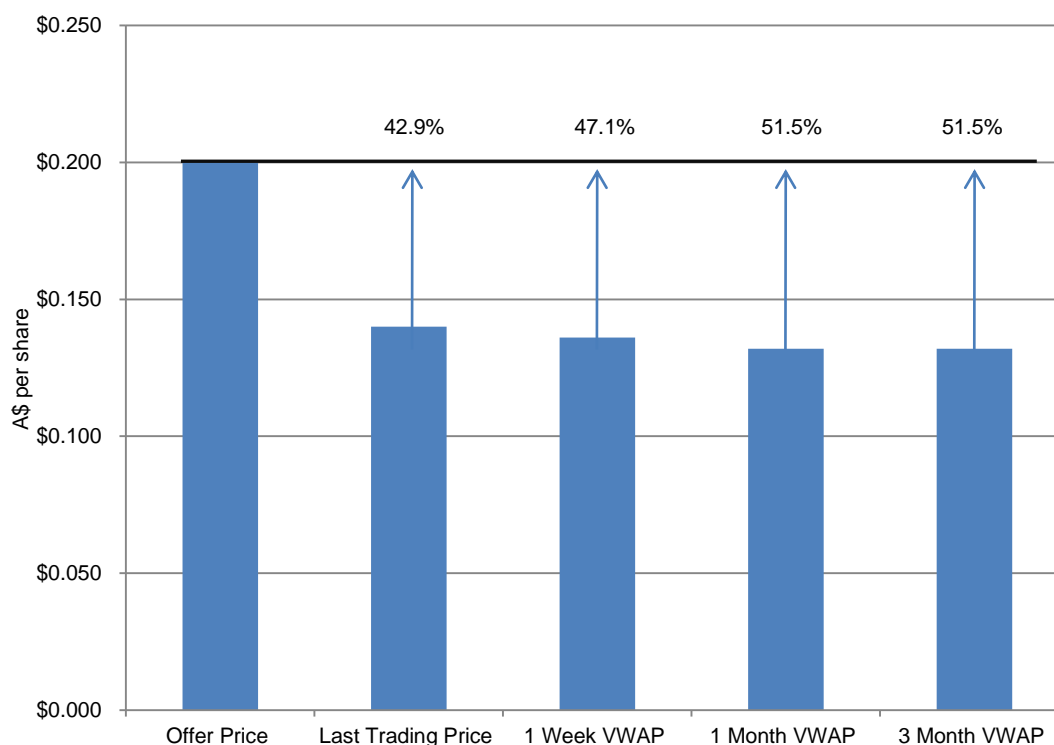
Beach Managing Director, Reg Nelson, said, "The takeover offer for Adelaide Energy represents a logical next step for Beach, and will remove ongoing funding concerns relating to Adelaide Energy for the Nappamerri Trough unconventional gas work program. It will consolidate Beach's landholding in the heart of the Cooper Basin where we are focusing our efforts on what is a significant shale and basin centred gas play."

"By making this offer, Beach is extending an opportunity for all Adelaide Energy shareholders to capture the underlying value of their investment ahead of significant funding requirements, as well as giving them an exit from what is an illiquid investment that has never closed above its listing price of 20 cents."

As at 7 November 2011, Beach has available cash balances of approximately \$100 million and a multi option financing facility of \$150 million, providing it with the ability to fund the Offer from existing cash reserves.

### **DETAILS OF THE OFFER**

- The Offer is a cash offer of 20 cents and is unconditional
- The Offer can be accepted by instructing your broker to sell your shareholding to Beach through its broker for the Offer, Macquarie
- The Offer provides the opportunity to receive cash within three trading days from the date you instruct your broker to sell your Adelaide Energy shares at the Offer price
- The Offer represents a significant premium to the recent trading range of Adelaide Energy as depicted in the following chart



Beach has appointed Adelaide Equity Partners Ltd as Financial Adviser, Piper Alderman as Legal Adviser and Macquarie Equities Limited (AFSL# 237504) as Broker for the Offer.

**Timetable**

7 November 2011	<ul style="list-style-type: none"> <li>• Announcement of Offer</li> <li>• Bidder's statement lodged with Adelaide Energy, ASIC and ASX</li> <li>• Shares may be sold on market before the opening of the Offer</li> </ul>
7 November to 22 December 2011	<ul style="list-style-type: none"> <li>• Adelaide Energy shares may be sold to Beach on market</li> </ul>
22 November 2011	<ul style="list-style-type: none"> <li>• Opening Date of Offer</li> </ul>
22 December 2011	<ul style="list-style-type: none"> <li>• Closing Date of Offer (unless extended or withdrawn)</li> </ul>

These dates may vary as permitted under the Corporations Act. Any changes to the above timetable will be notified on Beach's website [www.beachenergy.com.au](http://www.beachenergy.com.au) and announced to the ASX.

**Overview of Beach Energy Ltd**

Beach is a top 200 ASX listed oil and gas exploration and production company based in Adelaide, South Australia. It has interests in more than 300 exploration and production tenements mainly in Australia, Egypt, Tanzania and the USA. As at 30 June 2011, Beach had oil and gas reserves of 77 million barrels of oil equivalent (MMboe) and contingent resources of 583 MMboe.

Yours sincerely,



**Reg Nelson**  
Managing Director, FAusIMM

**For more information contact**

**Corporate**

Reg Nelson                                  Beach Energy Ltd                                  08 8338 2833

**Investor Relations**

Chris Jamieson                                  Beach Energy Ltd                                  08 8338 2833

**Media**

Daryl Warren                                  WARREN (Public Relations)                                  08 8239 0567

**THIS BIDDER'S STATEMENT IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN DOUBT ABOUT THE OFFER, YOU SHOULD CONSULT YOUR BROKER, OR FINANCIAL, LEGAL, TAXATION OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY.**

## **Bidder's Statement**

On market offer by

**Beach Energy Limited**  
**ABN 20 007 617 969**

to acquire all of your ordinary shares in

**Adelaide Energy Limited**  
**ABN 43 116 256 823**

(ASX Code: ADE)

at \$0.20 per ADE Share

THIS BIDDER'S STATEMENT IS DATED 7 NOVEMBER 2011

TO ACCEPT THIS OFFER PLEASE INSTRUCT YOUR BROKER TO SELL YOUR SHAREHOLDING TO BEACH ENERGY LIMITED THROUGH ITS BROKER, MACQUARIE EQUITIES LIMITED

THIS OFFER HAS NO CONDITIONS AND IS ABLE TO BE ACCEPTED BY SELLING ON ASX IMMEDIATELY, ALLOWING THREE TRADING DAYS FOR RECEIPT OF CASH

PLEASE CALL THE BEACH ENERGY LIMITED OFFER INFORMATION LINE ON 1800 027 732 CALLERS INSIDE AUSTRALIA OR +61 8 8232 8800 CALLERS OUTSIDE AUSTRALIA IF YOU REQUIRE ASSISTANCE



Macquarie Equities Limited  
AFSL Licence No. 237504  
Broker



Adelaide Equity Partners  
Limited  
AFSL Licence No. 313143  
Financial Adviser



Piper Alderman  
Legal Adviser

## Important Information

This Bidder's Statement is dated 7 November 2011 and given by Beach Energy Limited ABN 20 007 617 969 (**Beach**) to Adelaide Energy Limited ABN 43 116 256 823 (**ADE**) under Chapter 6 of the Corporations Act.

You should read this Bidder's Statement in its entirety.

A copy of the Bidder's Statement was lodged with ASIC on 7 November 2011. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

## Key dates

Key dates	Event
7 November 2011	Date of announcement of Offer
7 November 2011	Bidder's Statement lodged with ADE, ASIC and ASX
22 November 2011	Opening date of Offer
22 December 2011	Closing date of Offer (unless extended or withdrawn)
These dates may vary as permitted under the Corporations Act. Any changes to the above timetable will be notified on Beach's website <a href="http://www.beachenergy.com.au">www.beachenergy.com.au</a> and announced to ASX.	

## Forward looking statements

Some statements in this Bidder's Statement are in the nature of forward looking statements, including statements of current intention (which include those in section 6 of this Bidder's Statement), statements of opinion and predictions as to possible future events.

Such statements are only predictions and are subject to inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed as implied in any forward looking statement. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

## Notice to foreign shareholders

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

## Investment decision

This Bidder's Statement does not take into account your individual investment objectives, financial situation or particular needs. You should seek legal, financial, taxation or other professional advice before deciding to accept the Offer.

## Defined terms

A number of defined terms as set out in section 11 are used in this Bidder's Statement, along with certain rules of interpretation which apply to this Bidder's Statement.

## Information on ADE

The information on ADE contained in this Bidder's Statement has been prepared by Beach using publicly available information.

Information in this Bidder's Statement concerning ADE and ADE's business has not been independently verified by Beach nor commented on or verified by ADE.

Accordingly, Beach does not make any representation or warranty as to the accuracy or completeness of such information.

## Privacy

Beach has collected or will collect your information from the register of shareholders of ADE for the purpose of making the Offer. The Corporations Act requires the names and addresses of shareholders of ADE to be held in a public register. Your information may be disclosed on a confidential basis to Beach's Related Bodies Corporate and external service providers, and may be required to be disclosed to regulators such as ASIC.

## Internet

Beach maintains an internet website: [www.beachenergy.com.au](http://www.beachenergy.com.au). Information contained in or otherwise accessible through this website is not part of this Bidder's Statement. All references in this Bidder's Statement to this website are inactive textual references and are for your information only.

## Questions

If you have any questions in relation to the Offer or how to accept, please contact your broker, legal, financial, taxation or other professional adviser or telephone the Beach Offer Information Line on 1800 027 732 if you are calling from within Australia or +61 8 8232 8800 if you are calling from outside Australia.

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## **OVERVIEW OF REASONS WHY YOU SHOULD ACCEPT THIS OFFER**

1. The Offer Price is a significant premium to the closing market price of \$0.14 per ADE Share on 4 November 2011.
2. Beach is offering cash for your ADE Shares which provides you with certainty compared with retaining your ADE Shares.
3. The Offer is unconditional and you can sell your ADE Shares immediately.
4. Beach's 19.95% Relevant Interest in ADE precludes any other party from acquiring 100% of ADE without Beach's support.

## WHY YOU SHOULD ACCEPT THIS PREMIUM OFFER

### 1. The Offer Price is a significant premium to market price

Beach's Offer gives you the opportunity to sell your ADE Shares for \$0.20 per ADE Share.

The Offer price represents a significant premium to the recent trading price of ADE Shares, in particular:

- (a) a 42.9% premium to the closing price of \$0.14 per ADE Share on 4 November 2011, the last trading day before the Announcement Date;
- (b) a 51.5% premium to the one month volume weighted average price of \$0.132 per ADE Share on the last trading day before the Announcement Date; and
- (c) a 51.5% premium to the three month volume weighted average price of \$0.132 per ADE Share on the last trading day before the Announcement Date.

Since listing on the ASX on 18 June 2007 at \$0.20 per ADE Share, the ADE Share price has never closed above the Offer Price.

### 2. Beach is offering cash for your ADE Shares which provides you with certainty compared with retaining your ADE Shares

Beach's Offer is to acquire your ADE Shares for 100% cash consideration.

Key attributes of the Offer are:

- (a) the on market bid is an unconditional offer of \$0.20 cash per ADE Share;
- (b) you may sell your ADE Shares on market at the Offer Price from 7 November 2011 until the Offer is scheduled to close, being the close of trading on ASX on 22 December 2011 unless extended or withdrawn; and
- (c) you will receive a cash payment three trading days after your acceptance (T+3 basis).

The certainty provided by receiving cash at an attractive price under the Offer should be compared with the risks and uncertainties associated with remaining an ADE Shareholder including:

- (a) ADE's uncertain earnings profile and uncertainty of ADE's ability to generate future earnings, positive cashflow or dividends;
- (b) additional funding and capital investment risk which, if ADE Shareholders do not participate in those additional funding arrangements, may lead to the dilution of their interests;
- (c) oil and gas price risk;
- (d) the geological, exploration and development risks of ADE's exploration portfolio;
- (e) the operational and technical risk of hydrocarbon operations;
- (f) country political risks, regulatory risks and foreign exchange risks.

You can choose, in effect, Beach's all cash offer which is available now, over the uncertainties of retaining your ADE Shares.

**3. The Offer is unconditional and you can sell your ADE Shares immediately**

There are no conditions attached to the Offer and you can sell your ADE Shares at the Offer Price on market now. Accordingly, you can accept the Offer knowing that you will be paid in cash on a T+3 basis.

**4. Beach's existing 19.95% Relevant Interest in ADE precludes any other party from acquiring 100% of ADE without Beach's support**

Beach's current shareholding in ADE precludes any other bidder from acquiring the 90% minimum ownership threshold required under the Corporations Act to proceed to compulsory acquisition.



## Chairman's Letter

Dear ADE Shareholder

### On market cash offer for your ADE Shares

On 7 November 2011, Macquarie Equities Limited (**Macquarie**) on behalf of Beach Energy Limited (**Beach**) announced our Offer to acquire all of your ADE Shares by an on market bid. Beach has appointed Macquarie to act as its on market broker.

Beach is an ASX listed oil and gas exploration and production company that is in the S&P/ASX200 Index. Beach currently operates oil fields in the Cooper-Eromanga Basin and owns an approximate 21% interest in the Cooper Basin project operated by Santos Limited.

Beach holds interests in more than 300 exploration and production tenements in Australia, New Zealand, Papua New Guinea, Egypt, Tanzania, United States of America, Spain and Albania. As at 30 June 2011, Beach's oil and gas reserves totalled 77 MMboe with a contingent resource of 583 MMboe.

Beach has acquired a Relevant Interest in 19.95% of ADE Shares pursuant to on market purchases and subscription for unissued shares.

Beach's Offer for your ADE Shares is an unconditional offer and is for cash. As the Offer has no conditions it is able to be accepted immediately on market, with cash payment three trading days after your acceptance. I believe that Beach's offer of \$0.20 under this Offer for each ADE Share is a compelling proposition for ADE shareholders as it enables you to realise:

- (a) a premium of 42.9% to the closing price of \$0.14 per ADE Share on 4 November 2011, being the last trading day before the Announcement Date;
- (b) a premium of 51.5% to the one month volume weighted average price of \$0.132 per ADE Share on the last trading day before the Announcement Date; and
- (c) a premium of 51.5% to the three month volume weighted average price of \$0.132 per ADE Share on the last trading day before the Announcement Date.

I ask that you read this Bidder's Statement carefully and give full consideration to Beach's Offer to acquire your ADE Shares.

I encourage you to accept this compelling Offer without delay. The Offer is scheduled to close at close of trading on ASX on 22 December 2011 unless extended or withdrawn. To accept the Offer, you should follow the instructions set out in section 3 of this Bidder's Statement.

If you have any questions in relation to the Offer please contact the Beach Offer Information Line on 1800 027 732 within Australia or +61 8 8232 8800 from outside Australia.

Yours sincerely

A handwritten signature in black ink. The signature is stylized and appears to read 'Bob Kennedy'. It consists of a large, looped 'B' followed by 'ob', and 'Kennedy' written in a cursive style with a large 'K' and 'y'.

Bob Kennedy  
**Chairman**

## FEATURES OF THE OFFER

<b>Offer</b>	Beach is offering to buy all of your ADE Shares
<b>Offer Price</b>	Beach is offering to pay \$0.20 for each of your ADE Shares.
<b>Offer Period</b>	The Offer Period runs from the open of trading on 22 November 2011 until the close of trading on ASX on 22 December 2011, unless extended or withdrawn in accordance with the Corporations Act
<b>Offers before Offer Period</b>	Beach is offering to buy during trading days on ASX from 7 November to 21 November 2011 inclusive (ie before the Offer Period) your ADE Shares at \$0.20 for each ADE Share
<b>How to accept the Offer</b>	<p>The Offer can only be accepted by selling all or some of your ADE Shares on market to Macquarie, acting on behalf of Beach</p> <p><b>CHESSE Holdings</b></p> <p>If your ADE Shares are on a CHESSE subregister, instruct your Controlling Participant to accept the Offer for you</p> <p><b>Issuer Sponsored Holdings</b></p> <p>If your ADE Shares are on ADE's issuer sponsored subregister, you may instruct the broker of your choice to sell your ADE Shares and accept the Offer on your behalf. If you are an institutional shareholder of ADE and you wish to sell using Macquarie, then Macquarie can act on an execution only basis on the sale of ADE Shares for you</p>
<b>Unconditional</b>	The Offer is an unconditional cash offer
<b>Time for payment</b>	Payment for acceptances will be received on a T+3 basis in line with the normal practice of an on market purchase of shares on ASX. This means you will be paid within three trading days of your acceptance
<b>Brokerage</b>	You are responsible to pay your broker's fees
<b>Financial, tax and social security consequences</b>	There may be financial, tax and social security consequences for ADE Shareholders who accept the Offer. You should seek independent financial advice in respect of these matters

## 1. Offer

### 1.1 On market takeover bid

Beach will make Offers under an on market bid to buy all ADE Shares that exist or will exist (including as a result of conversion of Options or other convertible securities or as a result of exercise of rights to be issued ordinary shares) during the Offer Period other than those in which it has a Relevant Interest at the Offer Date at an Offer Price of \$0.20 for each ADE Share.

The Offers are unconditional.

Details of Beach's Offer were announced to the market on 7 November 2011. A copy of that announcement is Annexure A to this Bidder's Statement.

### 1.2 Offers to be made by Macquarie

The Offers will be made by Macquarie on behalf of Beach on ASX during the Offer Period.

## 2. Offer Period

Unless withdrawn, the Offers will be open from the open of trading on 22 November 2011 until the close of trading on ASX on:

- (a) 22 December 2011; or
- (b) any date to which the Offer is extended or as required by the Corporations Act.

Beach may extend the Offer Period in accordance with the Corporations Act.

### **3. Acceptance of the Offer and Payment**

#### **3.1 When you may accept the Offer**

The Offer may be accepted during any official trading day of ASX during the Offer Period.

#### **3.2 CHESS Holdings**

If your ADE Shares are in a CHESS Holding then to accept the Offer you need to instruct your Controlling Participant to accept the Offer on your behalf before the end of the Offer Period.

#### **3.3 Issuer Sponsored Holdings**

If your ADE Shares are held on ADE's issuer sponsored subregister you may instruct the broker of your choice to sell your ADE Shares and accept the Offer on your behalf before the end of the Offer Period. If you are an institutional shareholder of ADE and you wish to sell using Macquarie, then Macquarie can act on an execution only basis on the sale of ADE Shares for you.

#### **3.4 Nominee holdings**

Beneficial owners whose ADE Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee before end of the Offer Period for assistance in accepting the Offer.

#### **3.5 Payment for ADE Shares**

The normal rules for settlement of transactions which occur on market on ASX apply when accepting the Offers. You will be paid on a normal T+3 basis on accepting the Offer. This means you will be paid within three trading days of accepting the Offer.

#### **3.6 Brokerage**

As the Offer will be on market offers to purchase your ADE Shares made only during official trading days of the ASX, you may only accept the Offer through brokers who are members of ASX. Any brokerage charged by such brokers is your responsibility.

Beach will pay its own brokerage on transfers of ADE Shares as a result of acceptances of the Offers.

## **4. Variation and Withdrawal of Offer**

### **4.1 Variation**

Beach may vary the Offers in accordance with the Corporations Act (which may include extensions of the Offer Period, an increase in the Offer Price, or both). Any variation to the Offers will be notified on Beach's website [www.beachenergy.com.au](http://www.beachenergy.com.au) and announced to ASX. If you have sold your ADE Shares before any such announcement you will not receive any benefit from the variation.

### **4.2 Withdrawal**

Beach may withdraw the Offers in accordance with the Corporations Act (which may include an application to ASIC to withdraw acceptances in respect of those Offers which have not been accepted).

## 5. Information on Beach

### 5.1 Introduction

The Offer is being made by Beach.

### 5.2 Overview of Beach

Beach is an ASX listed oil and gas exploration and production company that is in the S&P/ASX200 Index. Beach currently operates oil fields in the Cooper-Eromanga Basin and also owns an approximate 21% interest in the Cooper Basin project operated by Santos Limited.

Beach holds interests in more than 300 exploration and production tenements in Australia, New Zealand, Papua New Guinea, Egypt, Tanzania, United States of America, Spain and Albania. As at 30 June 2011, Beach's oil and gas reserves totalled 77 MMboe with a contingent resource of 583 MMboe.

#### Exploration and development

Beach conducts domestic exploration and development activities in the Cooper/Eromanga Basin, Gippsland Basin, Otway Basin, Bass Basin, Browse Basin, Carnarvon Basin and Bonaparte Basin. In addition, Beach conducts international exploration and development activities in Egypt, New Zealand, Papua New Guinea, Tanzania, United States of America, Spain and Albania.

Further information on Beach may be obtained from Beach's website at [www.beachenergy.com.au](http://www.beachenergy.com.au)

### 5.3 Directors of Beach

#### **Robert Michael Kennedy** (Independent non-executive Chairman)

Mr Kennedy joined Beach in December 1991 as a non-executive director and has been the chairman of Beach since 1995.

#### **Glenn Stuart Davis** (Independent non-executive Deputy Chairman)

Mr Davis joined Beach in July 2007 as a non-executive director and appointed deputy chairman in June 2009.

#### **Reginald George Nelson** (Managing Director)

Mr Nelson joined in May 1992 as an executive director, appointed chief executive officer in October 1995 and then managing director in May 2002.

#### **Neville Foster Alley** (Independent non-executive Director)

Dr Alley joined in February 2007 as an alternate director to Mr Franco Moretti and was then appointed a director in July 2007.

#### **John Charles Butler** (Independent non-executive Director)

Mr Butler joined in June 1999 as a non-executive director, having been previously the alternate director to Mr R G Nelson from 1994-1998.



**Franco Giacomo Moretti** (Independent non-executive Director)

Mr Moretti joined Beach as a non-executive director in March 2005.

**Belinda Charlotte Robinson** (Independent non-executive Director)

Ms Robinson joined Beach as a non-executive director in May 2011.

Further details about the qualifications and experience of the directors are available from [www.beachenergy.com.au](http://www.beachenergy.com.au).

#### 5.4 **Beach's Relevant Interest and Voting Power**

As at the date of this Bidder's Statement, Beach has a Relevant Interest in 92,652,640 ADE Shares representing 19.95% of the issued capital of ADE.

Beach's Voting Power in ADE is 19.95% because of its Relevant Interest in ADE Shares.

#### 5.5 **Directors' Interests in ADE**

As at the date of this Bidder's Statement, none of the directors of Beach hold any ADE Shares.

#### 5.6 **Beach's intentions before commencement of the Offer Period**

Beach intends to purchase ADE Shares on ASX from the time the Offer is announced up to the commencement of the Offer Period. Any such ADE Shares will be purchased at the Offer Price.

## 6. Beach's Intentions in relation to ADE

### 6.1 Introduction

This section sets out Beach's intentions on the basis of the facts and information concerning ADE which are known to it and the existing circumstances affecting the business of ADE in relation to the following:

- (a) the continuation of the business of ADE;
- (b) any major changes to be made to the business of ADE, including any redeployment of the fixed assets of ADE; and
- (c) the future employment of the present employees of ADE.

### 6.2 Review

Beach has considered and/or reviewed information that has been publicly released about ADE, its current activities and its plans for the future. Beach also has ventures with ADE and accordingly, knowledge of those ventures and related matters, to the extent of Beach's interest and participation in those ventures. Despite this, Beach does not currently have knowledge of all material information, facts and circumstances that may be necessary to assess the operational, commercial, taxation and financial implications of its current intentions. Consequently, final decisions have not been made.

During the Offer Period and following the close of the Offer, Beach will, to the extent that information is available to it, conduct a review of the operations, assets, structure and employees of ADE in light of that information. Final decisions will only be reached after that review and in light of all material facts and circumstances. As such, statements set out in this section are statements of current intention only which may change as new information becomes available or circumstances change. The statements in this section 6 should be read in this context.

### 6.3 Intentions on obtaining of 90% or more of ADE Shares

This section 6.3 sets out Beach's current intentions if it is entitled to a Relevant Interest of at least 90% of ADE Shares.

#### **Compulsory buy-out and acquisition**

If it becomes entitled to do so under the Corporations Act, Beach intends to:

- (a) give notices to Shareholders to compulsorily acquire outstanding ADE Shares in accordance with section 661B of the Corporations Act; and/or
- (b) give notices to Shareholders and holders of Options to compulsorily acquire all outstanding ADE Shares and Options in accordance with section 664C of the Corporations Act.

If it is required to do so under section 662A and section 663A of the Corporations Act, Beach will give notices to Shareholders offering to acquire their ADE Shares in accordance with sections 662B and 663B of the Corporations Act respectively.

## **Directors**

Beach will replace all directors of ADE, its subsidiaries, and any company in respect of which ADE has nominee directors with its own nominees. Replacement directors have not been identified by Beach and their identity will depend on the circumstances at the relevant time. However it is expected that the replacement directors will be Beach directors (details of whom are set out in section 5.3).

## **ASX listing**

At the conclusion of the compulsory acquisition process, Beach intends to arrange for ADE to be removed from the official list of ASX (subject to any required approvals on the part of ASX), thereby eliminating the corporate administration costs associated with maintaining ADE as a listed company.

## **Operations and assets**

Beach has not had access to all the information relevant to making a final decision regarding what changes, if any, will be made to ADE's operations.

At the end of the Offer Period, Beach will conduct an immediate, broad based review of ADE's operations on both a strategic and financial level to determine ways to improve their performance and return to shareholders and realise any potential operational and financial synergies available to the combined group.

The extent of the review is not able to be determined at this stage, although it is likely to involve some, or all, of the following:

- consolidating ADE's office into the Adelaide office of Beach;
- assessing ADE's assets on an asset by asset basis to determine performance, prospects, commitments and profitability; and
- eliminating duplication of functions where it is economic to do so.

## **Employees**

The status of ADE's existing employees will be considered as part of the review outlined in section 6.2, and it is possible that the services of the employees and that of contracted service providers, whose roles overlap with existing Beach employees, will be terminated.

## **6.4 Intentions on obtaining greater than 50% and less than 90% of ADE Shares**

This section sets out Beach's intentions if it gains effective control of ADE by obtaining a Relevant Interest in 50.1% or more of ADE Shares but does not become entitled to compulsorily acquire the outstanding ADE Shares as set out in section 6.3 of this Bidder's Statement.

## **ASX listing**

Beach will review the benefits of and the suitability of ADE remaining listed on ASX having regard to the Listing Rules and the additional corporate and compliance costs.

## **Directors**

Subject to the Corporations Act and ADE's constitution, Beach intends to replace some of the ADE directors with nominees of Beach and to retain an appropriate number of independent directors. Beach has not made any decision about who would be nominated for appointment to the ADE board in this case.

## **Operations and assets**

If, following the close of the Offer, ADE becomes a controlled entity but not a wholly-owned subsidiary of Beach, it is the present intention of Beach to attempt to procure that the ADE board implements the objectives and goals outlined in section 6.3 to the extent possible and appropriate, recognising the legal duties to other ADE Shareholders.

## **Dividends**

It is Beach's current intention to continue ADE's present policy of not declaring dividends at least until the establishment of a long term profit stream which is capable of supporting both capital expenditure and dividend distribution.

## **Capital raisings**

ADE's existing plans, taken together with any initiatives undertaken by Beach to continue exploration activities and where successful, proceed to development and production, are likely to require significant capital expenditure. No decision has been made on how this funding will be obtained. However, given the state of international debt markets, this funding may (subject to compliance with all applicable laws and regulations) require significant equity raisings.

## **Limitations in giving effect to intentions**

The ability of Beach to implement the intentions set out in this section 6.4 will be subject to the legal obligations of ADE directors to have regard to the interests of ADE and all ADE Shareholders, and the requirements of the Corporation Act and the Listing Rules relating to transactions between related parties and conflicts of interest. ADE will only make a decision on the above mentioned courses of action following legal and financial advice in relation to those requirements.

### **6.5 Intentions on obtaining less than 50% of ADE Shares**

If Beach does not obtain a Relevant Interest in at least 50.1% of ADE Shares, then Beach intends to reassess its position with respect to ADE in light of the outcome of the Offer and Beach's position at that time.

### **6.6 Intentions generally**

Except for the changes and intentions set out in this section 6, including the review described in section 6.2, Beach intends, based on the information presently known to it:

- (a) to continue the business of ADE;
- (b) not to make any material changes to the business of ADE, including any redeployment of the fixed assets of ADE; and

- (c) not to continue the employment of ADE's employees or the services of contracted service providers.

## **7. Information on ADE**

### **7.1 Capital structure of ADE**

Based on publicly available information as at the date of this Bidder's Statement, the total number of securities in ADE is as follows:

- (a) 464,370,198 ADE Shares; and
- (b) 7,350,000 Options.

### **7.2 Publicly available information about ADE**

ADE is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, ADE is subject to the Listing Rules, which require continuous disclosure of any information ADE has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

The ASX website lists all announcements issued by ADE. These documents are available in electronic form from [www.asx.com.au](http://www.asx.com.au).

In addition, ADE is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by ADE may be obtained from, or inspected at, an ASIC office.

A substantial amount of information about ADE is also available in electronic form from [www.adelaideenergy.com.au](http://www.adelaideenergy.com.au).

### **7.3 Common interests with Beach**

Beach and ADE are joint venture partners in certain South Australian and Queensland permits.

### **7.4 Acquisition of ADE Shares by Beach during previous four months**

Except as set out below, during the period beginning four months before the date of this Bidder's Statement and ending the day before that date, neither Beach nor any associate of Beach has provided, or agreed to provide, consideration for ADE Shares.

- (a) On 15 August 2011 Beach subscribed for 14,000,000 ADE Shares at a price of \$0.165 per ADE Share.
- (b) On 5 October 2011 Beach subscribed for 59,500,000 ADE Shares at a price \$0.165 per ADE Share.

### **7.5 ADE's Share price history**

The last sale price of ADE Shares on ASX on 4 November 2011, the last day on which ADE Shares were traded on ASX before the Announcement Date was \$0.14.

The highest and lowest closing prices during the three months immediately before 7 November 2011 were:

- (a) highest - \$0.155 on 12 September 2011;

(b) lowest - \$0.087 on 9 August 2011.

The highest and lowest closing prices since ADE listed on the ASX on 18 June 2007 were:

(a) highest - \$0.193 on 15 October 2007;

(b) lowest - \$0.032 on 21 November 2008.

## 7.6 **Dividends**

Since listing on ASX on 18 June 2007, no dividend has been paid by ADE to its shareholders.

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## **8. Sources of Cash Consideration**

### **8.1 Cash Consideration**

The total amount at the Offer Price that Beach would be required to pay for ADE Shares under the Offer if Beach acquires all of the ADE Shares (including such ADE Shares that are issued on the conversion of Options) other than those in which Beach has a Relevant Interest before the Announcement Date is \$75,813,511.60 plus brokerage.

### **8.2 Overview of Funding Arrangements**

As at 7 November 2011, Beach has available cash balances of approximately \$100 million. Beach also has the ability to draw on available funds from a \$150 million multi option facility with Commonwealth Bank of Australia, of which approximately \$145 million is available for drawing.

The funds available are sufficient to fund the maximum amount of consideration payable under the Offer and all associated transaction costs.

Beach is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to pay the necessary consideration required under the Offer.



## 9. Taxation Considerations

Acceptance of the Offer may have taxation implications. You should seek professional advice regarding the taxation implications of accepting the Offer.

### 9.1 Australian taxation issues

It is not possible to cover all Australian tax resident Shareholder situations in the Australian tax summary that follows (which, except where otherwise expressly stated, applies only to Australian tax resident taxpayers) and the taxation implications of the decision by a Shareholder whether or not to accept the Offer will depend on the particular circumstances of each Shareholder.

The Australian tax summary that follows is based on the law in force as at the date of this Bidder's Statement.

Beach does not accept any responsibility for any tax implications arising from the acceptance of the Offer by Australian tax resident Shareholders or for the summary below. Australian tax resident Shareholders should obtain independent Australian tax advice on the tax consequences of the Offer before accepting.

Shareholders who are tax residents in Australia and who dispose of ADE Shares held on revenue account will be assessed on their gross earnings from the disposal, less allowable deductions for gross outgoings.

Shareholders who are not residents in Australia will generally not be subject to Australia's CGT regime on acceptance of the Offer unless the ADE Shares are taxable Australian property.

However if a Shareholder who is not resident in Australia enters into a profit making transaction in Australia in the course of carrying on a business or in carrying out a business operation or commercial transaction with respect to the ADE Shares, the profit on disposal of the ADE Shares may be included in its assessable income as ordinary income with an Australian source even if the profit arises from the sale of a CGT asset that is not taxable Australian property. However this is dependent on various factors and therefore any Shareholder who is not resident in Australia should seek his, her or its own independent taxation advice.

Shareholders who are tax residents in Australia who realise a capital loss on disposal of their ADE Shares may utilise that loss against any available capital gains of the current year or previous years in working out their net capital gains for the income year for inclusion in their assessable income. Any excess capital loss may be carried forward to be offset against any capital gains made by the Shareholder in a future year.

For Shareholders who are tax residents in Australia who realise a capital gain on disposal of their ADE Shares, the taxation treatment of the gains will depend on the date of acquisition of the ADE Shares, their cost base and the nature and tax attributes of the Shareholder.

For ADE Shares disposed of within 12 months of acquisition, the full amount of the nominal capital gain realised is assessable. For ADE Shares owned for at least 12 months, there may be a choice of CGT calculation methods. The assessable amount of the nominal capital gain realised may be discounted by one half for individuals and trusts and by one third for superannuation funds. Companies are not entitled to this CGT discount. Alternatively, the assessable gain may be calculated by reference to CPI indexation frozen at 30 September 1999 and no discount will apply.

## 9.2 **Foreign taxation issues**

The taxation implications of non-Australian tax resident Shareholders disposing of ADE Shares will be a function of the taxation laws (foreign and Australian) as they apply to the Shareholders. Except as noted below, it is not possible to address these situations as they will be specifically dependent on the taxation laws of the applicable jurisdictions, any relevant double tax agreements and the particular circumstances of the Shareholder.

Beach does not accept any responsibility for any tax implications arising from the acceptance of the Offer or the summary above by non-Australian tax resident shareholders. Non-Australian tax resident Shareholders should obtain independent tax advice on the tax consequences of the Offer before accepting having regard to the applicable taxation laws.

## 9.3 **Transfer taxes**

Generally, no stamp duty is payable for transfers of shares in listed companies. So called 'land rich' duty may become payable in certain circumstances following an acquisition of a public company. Should any such duty become payable as a result of the Offer, the applicable duty will be paid by Beach.

The disposal of ADE Shares pursuant to the Offer would not be subject to GST. To the extent that you are charged GST in relation to your broker or Controlling Participant for carrying out your instructions to institute acceptance of the Offer, you may not be able to claim any or full input tax credits as that service is input taxed.

## 9.4 **Financial considerations**

Disposal of your ADE Shares under the Offer will have implications for your investment strategy and may have social security consequences. You should consult your broker, or legal, financial, taxation or other professional advisor as soon as possible.

## 10. Other material information

### 10.1 Regulatory and other approvals

There are no regulatory approvals that Beach is required to obtain before acquiring ADE Shares under the Offer.

### 10.2 No escalation agreements

Neither Beach nor any associate of Beach has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

### 10.3 Inducing benefits given by Beach during previous four months

Except as disclosed elsewhere in this Bidder's Statement, during the period beginning four months before the date of this Bidder's Statement and ending the day before that date, neither Beach nor any associate of Beach, gave, or offered to give or agreed to give a benefit to another person that was likely to induce the other person, or an associate of the other person, to:

- (a) accept an Offer; or
- (b) dispose of ADE Shares,

and which is not offered to all Shareholders under the Offer.

### 10.4 Consents

Macquarie has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as broker to Beach in respect of the Offer in the form and context in which it is named.

Adelaide Equity Partners Limited has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as financial adviser to Beach in respect of the Offer in the form and context in which it is named.

Piper Alderman has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as legal adviser to Beach in respect of the Offer in the form and context in which it is named.

Each of Macquarie, Adelaide Equity Partners Limited and Piper Alderman:

- (a) does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based other than, in the case of a person referred to above, a statement included in this Bidder's Statement with the consent of that person; and
- (b) to a maximum extent permitted by law, expressly disclaims or takes no responsibility for any part of this Bidder's Statement, other than a reference to its name and, in the case of a person referred to above, any statement or report which has been included in this Bidder's Statement with the consent of that person.

#### 10.5 **ASIC modifications and exemptions**

This Bidder's Statement includes or is accompanied by statements that are made in, or based on, statements made in documents lodged with ASIC or ASX. Under the terms of ASIC class order 01/1543, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement. A list of all such documents is set out below. If you would like to receive a copy of these documents, please contact the Beach Offer Information Line on 1800 027 732 if you are calling from within Australia or +61 8 8232 8800 if you are calling from outside Australia.

<b>Document</b>	<b>Date</b>
Adelaide Energy Limited Annual Report 2011 lodged with ASX	28/10/2011
Adelaide Energy Limited Appendix 3B lodged with ASX	25/10/2011

Beach has not obtained from ASIC any modifications or exemptions from the Corporations Act in relation to the Offer.

#### 10.6 **No other material information**

Except as set out in this Bidder's Statement, there is no information material to the making of a decision by a Shareholder whether or not to accept the Offer that is known to Beach which has not previously been disclosed to Shareholders of ADE.

## 11. Definitions and Interpretation

### 11.1 Definitions

In this Bidder's Statement, unless the context otherwise requires, the following terms have the meanings shown below:

<b>ADE</b>	Adelaide Energy Limited ABN 43 116 256 823
<b>ADE Share</b>	fully paid ordinary share in the capital of ADE
<b>Announcement Date</b>	7 November 2011
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASTC</b>	ASX Settlement Corporation Pty Ltd ABN 49 008 504 532
<b>ASX</b>	ASX Limited ABN 98 008 624 691
<b>ASX Settlement Operating Rules</b>	the settlement rules of ASTC
<b>Beach</b>	Beach Energy Limited ABN 20 007 617 969
<b>Bidder's Statement</b>	this document, being the statement of Beach under Chapter 6 of the Corporations Act relating to the Offer
<b>Business Day</b>	a day on which banks are open for business in Adelaide, excluding Saturday, Sunday or public holiday
<b>CGT</b>	capital gains tax
<b>CHESS</b>	the Clearing House Electronic Sub-register System operated by ASTC
<b>CHESS Holding</b>	a number of ADE Shares which are registered on ADE's share register being a register administered by ASTC and which records uncertificated holdings of ADE Shares
<b>Controlling Participant</b>	in relation to ADE Shares, has the same meaning as in ASTC Settlement Rule
<b>Corporations Act</b>	the Corporations Act 2001 (Cth)
<b>Foreign Shareholder</b>	a person whose address, as shown in ADE's register of members, is a place outside Australia and its external territories and New Zealand
<b>GST</b>	has the meaning given to that term in A New Tax System (Goods and Services Tax) Act 1999 (Cth)

<b>Issuer Sponsored Holding</b>	a holding of ADE Shares on ADE's issuer sponsored sub-register
<b>Listing Rules</b>	the official Listing Rules of ASX, as amended and waived by ASX from time to time
<b>Macquarie</b>	Macquarie Equities Limited ABN 41 002 574 923 and AFSL 237504
<b>Offer</b>	the offer for ADE Shares under the terms and conditions contained in this Bidder's Statement
<b>Offer Date</b>	22 November 2011
<b>Offer Period</b>	unless the Offer is withdrawn, the Offer Period will commence on the open of trading on 22 November 2011 and end on the close of trading on 22 December 2011, unless extended or withdrawn in accordance with the Corporations Act
<b>Offer Price</b>	\$0.20 per ADE Share
<b>Option</b>	an option to be issued with an ADE Share
<b>Participants</b>	has the meaning given to that term in the ASX Settlement Operating Rules
<b>Relevant Interest</b>	has the meaning given to that term in the Corporations Act
<b>Securityholder Reference Number</b>	has the same meaning as in the ASX Settlement Operating Rules
<b>Shareholder or ADE Shareholder</b>	a holder of ADE Shares
<b>T+3</b>	settlement occurs on the third Business Day after the date of the transaction in accordance with the normal practice of ASX
<b>Voting Power</b>	has the meaning given to that term in the Corporations Act

## 11.2 Interpretation

The following principles of interpretation apply unless the context requires otherwise:

- (a) words and phrases not specifically defined in this Bidder's Statement have the same meaning that is given to them in the Corporations Act (if any) and a reference to a statutory provision is to the Corporations Act unless otherwise specified;
- (b) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or any legislative provision substituted for, and any subordinate legislation issued under, that legislation or legislative provision;

- (c) the singular includes the plural and vice versa;
- (d) a reference to an individual or person includes a corporation, partnership, joint venture, association, authority, trust, state or government, and vice versa;
- (e) a reference to "dollars" or "\$" is to Australian currency;
- (f) a reference to any gender includes both genders;
- (g) a reference to a section, schedule or annexure is to a section, schedule or annexure of or to this Bidder's Statement, unless otherwise specified;
- (h) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning; and
- (i) a reference to a time is a reference to time in Adelaide, Australia.

## 12. Approval of Bidder's Statement

This Bidder's Statement has been approved by a resolution passed by the directors of Beach.  
This Bidder's Statement has been authorised to be signed on behalf of Beach by the chairman of Beach.

**Signed** on behalf of  
**Beach Energy Limited**

A handwritten signature in black ink, appearing to read 'Bob Kennedy', with a large, stylized flourish at the end.

Bob Kennedy  
Chairman, Beach Energy Limited

Dated : 7 November 2011



## 13. Corporate Directory

### Directors

Robert Kennedy, Chairman

Glenn Davis, Non-Executive Director/Deputy Chairman

Reginald Nelson, Managing Director

John Butler, Non-Executive Director

Franco Moretti, Non-Executive Director

Neville Alley, Non-Executive Director

Belinda Robinson, Non-Executive Director

### Company Secretaries

Kathryn Presser

Catherine Oster

### Registered Office

25 Conyngham Street

Glenside SA 5065

Telephone : +61 8 8338 2833

Facsimile : +61 8 8338 2336

Email : [info@beachenergy.com.au](mailto:info@beachenergy.com.au)

Website : [www.beachenergy.com.au](http://www.beachenergy.com.au)

### Financial Adviser

Adelaide Equity Partners Limited

Level 3, 100 Pirie Street

Adelaide SA 5000

### Broker

Macquarie Equities Limited

1 Shelley Street

Sydney NSW 2000

### Legal Adviser

Piper Alderman

167 Flinders Street

Adelaide SA 5000

## Annexure A - Beach's Announcement of Offer

**Macquarie Equities Limited**  
ABN 41 002 574 923  
A member of the Macquarie Group  
Participant of Australian Securities Exchange Group  
Australian Financial Services Licence No. 237504

1 Shelley Street  
Sydney NSW 2000  
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Sydney NSW 1164

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Internet <http://www.macquarie.com.au>  
Telex 122368 MACEQT  
DX 10402 SSE

Facsimile Numbers  
Macquarie Private Wealth  
Settlements (61 2) 8232 4055  
(61 2) 8232 0500

Offices throughout Australia

7 November 2011

To the Company Announcements Office

ASX Limited



For immediate release to market

### **On-market takeover bid by Beach Energy Limited for ordinary shares in the capital of Adelaide Energy Limited.**

Macquarie Equities Limited ABN 41 002 574 923 (**Macquarie**) announces that Macquarie will, on behalf of Beach Energy Limited ABN 20 007 617 969 (**Beach**), pursuant to section 635 of the Corporations Act 2001 (**Corporations Act**), offer to acquire on market at a price of \$0.20 per share (**Offer Price**), all of the fully paid ordinary shares (**ADE Shares**) in the capital of Adelaide Energy Limited (**ADE**) which are listed for quotation on the official list of the Australian Securities Exchange (**ASX**) that exist or will exist (including as a result of conversion of options or other convertible securities or as a result of rights to be issued ordinary shares) during the Offer Period (as defined below), which Beach does not already own (**Offer**).

From the date and time of this announcement and ending at close of trading on ASX on 22 December 2011, Macquarie (on behalf of Beach) will accept at the Offer Price every ADE Share offered to Macquarie on market, up to a maximum of 379,067,558 ADE Shares (being all the ADE Shares not already owned by Beach) together with any additional ADE Shares which are issued during the Offer Period.

#### **Terms of the Offer**

Given that the offer is an on market bid, it is unconditional and the consideration will be paid in cash.

The key features of the Offer are:

- it is an on-market, unconditional offer of \$0.20 per ADE Share;
- Macquarie will accept ADE Shares offered to it on market from today at the Offer Price until the conclusion of the Offer Period (defined below); and

Macquarie Equities Limited is not an authorised deposit-taking institution for the purposes of the Banking Act (Cth) 1959, and Macquarie Equities Limited's obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Equities Limited.

- Beach may extend the Offer Period or increase the Offer Price in accordance with the Corporations Act.

#### **Acquisition from Announcement**

Beach has appointed Macquarie to purchase all ADE Shares that exist or will exist from today until the conclusion of the Offer Period which are not already owned by Beach on its behalf on market during the official trading days (**Trading Days**) of ASX. Macquarie has been instructed to purchase, at the Offer Price, every ADE Share offered for sale during the Trading Days in the period from the date of this announcement until the end of the Offer Period.

#### **Settlement and Brokerage**

Payment for ADE Shares sold to Beach under the Offer will be made on a T+3 settlement basis in accordance with the usual ASX Settlement Operating Rules for ASX trading.

As the Offer will only be capable of acceptance by holders of ADE Shares (**Shareholders**) selling through brokers which are participating organisations of ASX, all ADE Shares to be purchased by Beach will be purchased on-market only during Trading Days.

Any brokerage charged by brokers acting for shareholders wishing to sell their ADE Shares, will be the sole responsibility of those shareholders.

#### **Offer Period**

Macquarie will stand in the market on behalf of Beach and accept ADE Shares offered to it at the Offer Price from the date of this announcement. However, the Offer will be made during the period commencing 22 November 2011 (being the first day after the end of 14 days after the date of this announcement) and ending on 22 December 2011 (**Offer Period**) unless extended by Beach pursuant to the Corporations Act.

Beach reserves the right to withdraw unaccepted Offers in the circumstances permitted by, and in accordance with, Part 6.7 of the Corporations Act, at any time before the end of the Offer Period.

#### **Bidder's Statement**

In accordance with section 635 of the Corporations Act, a Bidder's Statement will be served on ADE and lodged with each of ASX and Australian Securities and Investments Commission today. A copy of the Bidder's Statement will also be sent to shareholders before commencement of the Offer Period.

#### **The ADE Shares**

The ADE Shares which are subject of the Offer are all fully paid ordinary shares in the capital of ADE which Beach does not already have a relevant interest in at the date of the Bidder's Statement or such other shares that will exist (including as a result of conversion of options or other convertible securities or as a result of rights to be issued ordinary shares) during the Offer Period. Immediately before the making of this announcement:

- in so far as Beach is aware, there are 471,720,198 ADE Shares on issue, of which 464,370,198 are quoted on ASX; and
- Beach has a relevant interest in 92,652,640 ADE Shares, which represent approximately 19.5% of all ADE Shares on issue in the capital of ADE.

Signed on behalf of Macquarie Equities Limited

A handwritten signature in black ink, appearing to read 'L. Macri', is positioned above the printed name.

**Laurie Macri**

Executive Director

Macquarie Equities Limited