



**BEACH ENERGY LTD**

(A.C.N. 007 617 969)

Incorporated in South Australia

TELEPHONE: 61-8-8338 2833

25 Conyngham St  
GLENSIDE SA 5065  
AUSTRALIA

FACSIMILE: 61-8-8338 2336

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**FACSIMILE**

**TO:** The Company Secretary  
Adelaide Energy Limited

**Fax No:** (08) 8223 3235

**AND TO:** Company Announcements Office  
ASX Limited (via ASX online)

**FROM:** The Company Secretary

**Return Fax:** 08 8338 2336

**DATE:** 22 August 2011

**No. of Pages:** 27  
(including cover page)

**SUBJECT: Form 603 Notice of Initial Substantial Holder**

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Please find attached Form 603 **Notice of Initial Substantial Holder** for lodgement with ASX Limited as of today's date.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Cathy Oster".

**Cathy Oster**  
Company Secretary

Corporations Act 2001  
Section 671B

## Notice of initial substantial holder

To Company Name/Scheme Adelaide Energy Limited

ACN/ARSN 116 256 823

**1. Details of substantial holder (1)**

Name Beach Energy Limited

ACN/ARSN (if applicable) 007 617 969

The holder became a substantial holder on 19/08/2011

**2. Details of voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary shares	33,152,640	33,152,640	8.19%

**3. Details of relevant interests**

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Beach Energy Limited	Relevant interest under s608(1) of Corporations Act	19,152,640 ordinary shares
Beach Energy Ltd	Relevant interest under s608(1) of Corporations Act as a result of a share subscription agreement at annexure A	14,000,000 ordinary shares

**4. Details of present registered holders**

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Beach Energy Limited	Beach Energy Limited	Beach Energy Limited	27,090,840 ordinary shares
Beach Energy Limited	Token Nominees Pty Ltd	Token Nominees Pty Ltd	4,262,208 ordinary shares
Beach Energy Limited	Chesser Nominees Pty Ltd	Chesser Nominees Pty Ltd	1,799,592 ordinary shares

**5. Consideration**

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
See Annexure B				

## 6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

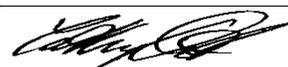
Name and ACN/ARSN (if applicable)	Nature of association

## 7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Beach Energy Limited	25 Conyngham Street Glenside SA 5065
Chesser Nominees Pty Ltd	Level 3, 100 Pirie Street Adelaide SA 5000
Token Nominees Pty Ltd	Lot 10 Bugle Range Road, Flaxley SA 5153

## Signature

print name	Catherine Louise Oster	capacity	Company Secretary
sign here		date	22/08/2011

### DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
  - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

**“A”**

**BEACH ENERGY LIMITED**

ACN 007 617 969

This is annexure A of 23 pages referred to in Form 603 Notice of Initial Substantial Holder signed by me and dated 22 August 2011

I certify that the attached document is a true and correct copy of the original.

NAME: CATHERINE LOUISE OSTER  
CAPACITY: COMPANY SECRETARY

SIGN HERE:

A handwritten signature in black ink, appearing to read 'Catherine Oster', written in a cursive style.

DATE: 22 AUGUST 2011

**SHARE SUBSCRIPTION  
AGREEMENT**

**BEACH ENERGY LIMITED  
(ACN 007 617 969)**

**ADELAIDE ENERGY LIMITED  
(ACN 116 256 823)**

# SHARE SUBSCRIPTION AGREEMENT

## PARTIES

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1. **BEACH ENERGY LIMITED** (ACN 007 617 969) of 25 Conyngham Street, Glenside SA 5065 (**Subscriber**)
2. **ADELAIDE ENERGY LIMITED** (ACN 116 256 823) of Level 5, 70 Pirie Street, Adelaide SA 5000 (**Company**)

## INTRODUCTION

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- A. The Subscriber has agreed with the Company to subscribe for the Placement Shares and pay the Subscription Price on and subject to the terms of this agreement.
- B. The Company has agreed to issue the Placement Shares to the Subscriber, and grant the Options to the Subscriber, on and subject to the terms of this agreement.

## OPERATIVE CLAUSES

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### 1 PRELIMINARY

#### 1.1 Definitions

In this agreement:

**ASX** means ASX Limited;

**ASX Cleansing Statement** means a notice that complies with subsections 708A(5)(e), (6), (7) and (8) of the Corporations Act;

**ASX Listing Rules** means the Listing Rules of the ASX, as amended or varied from time to time;

**ASX Settlement** means ASX Settlement Pty Limited;

**ASX Settlement Rules** means the operating rules of the settlement facility provided by ASX Settlement;

**Authorisation** means:

(a) an authorisation, consent, declaration, exemption, notarisation or waiver, however it is described; and

(b) in relation to anything that could be prohibited or restricted by law if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken,

including any renewal or amendment;

**Business** means the business and affairs of the Company;

**Business Day** means a business day as defined in the ASX Listing Rules;

**Circumstance** has the meaning given to it in clause 6.7;

**Company Group** means the Company and its subsidiaries;

**Constitution** means the constitution of the Company at the date of this agreement;

**Corporations Act** means the *Corporations Act 2001* (Cth);

**Government Agency** means any Australian or foreign government or governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal agency or entity;

**Material Adverse Effect** means an event which individually, or when aggregated with all such other events, is reasonably likely to have a material adverse effect on the Business, financial position or prospects of the Company and its Related Entities including its mining operations;

**Options** means 75,000,000 unlisted options to subscribe for fully paid ordinary shares in the Company on the terms set out in schedule 3.

**Placement Shares** means the Tranche 1 Placement Shares and the Tranche 2 Placement Shares;

**Related Entity** means, in relation to an entity, any entity which is related to that entity within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any accounting standard in force under section 334 of the Corporations Act) that is controlled by that entity (other than managed investment schemes);

**Tranche 1 Placement Shares** means 14,000,000 fully paid ordinary shares in the capital of the Company;

**T1 Subscription Completion** means the completion of the subscription for and allotment and issue of the Tranche 1 Placement Shares as provided for in clause 2.2;

**T1 Subscription Date** means the date which is 3 Business Days after the date of this agreement;

**T1 Subscription Price** means \$0.165 per Tranche 1 Placement Share, being a total of \$2,310,000 for all of the Tranche 1 Placement Shares;

**Tranche 2 Placement Shares** means 59,500,000 fully paid ordinary shares in the capital of the Company;

**T2 Subscription Completion** means the completion of the subscription for and allotment and issue of the Tranche 2 Placement Shares as provided for in clause 3.3;

**T2 Subscription Date** means the date which is 3 Business Days after each of the conditions in clause 3.2.1 has been satisfied;

**T2 Subscription Price** means \$0.165 per Tranche 2 Placement Share, being a total of \$9,817,500 for all of the Tranche 2 Placement Shares;

**Warranty** or **Warranties** means the warranties, undertakings and representations set out in clause 6.

## **1.2 Interpretation**

In this agreement, unless the context otherwise requires:

- 1.2.1 singular includes plural and plural includes singular;
- 1.2.2 words of one gender include any gender;
- 1.2.3 reference to legislation includes any amendment to it, any legislation substituted for it, and any statutory instruments issued under it and in force;
- 1.2.4 a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this agreement, and a reference to this agreement includes any schedule or annexure;
- 1.2.5 reference to a person includes a corporation, a firm and any other entity;
- 1.2.6 reference to a party includes that party's personal representatives, successors and permitted assigns;
- 1.2.7 reference to 2 or more people means each of them individually and all of them jointly;
- 1.2.8 if a party comprises 2 or more people:
- 1.2.9 a promise by that party binds each of them individually and all of them jointly;
- 1.2.10 a right given to that party is given to each of them individually;
- 1.2.11 a representation, warranty or undertaking by that party is made by each of them individually;
- 1.2.12 headings do not affect interpretation;
- 1.2.13 a provision must not be construed against a party only because that party put the provision forward;
- 1.2.14 a provision must be read down to the extent necessary to be valid; if it cannot be read down to that extent, it must be severed;
- 1.2.15 the Introduction is correct;
- 1.2.16 a word or phrase defined in the Corporations Act has the meaning given to it by that Act.

## **2 TRANCHE 1 PLACEMENT SHARES**

### **2.1 Subscription for Tranche 1 Placement Shares**

On the T1 Subscription Date the Subscriber must subscribe for and pay the T1 Subscription Price for the Tranche 1 Placement Shares, and the Company must allot and issue the Tranche 1 Placement Shares to the Subscriber.

## **2.2 Time for T1 Subscription Completion**

T1 Subscription Completion must take place at 11am on the T1 Subscription Date or at any other date and time that the parties agree in writing.

## **2.3 Subscriber's T1 completion obligations**

At T1 Subscription Completion the Subscriber must:

2.3.1 give to the Company a duly executed application for the Tranche 1 Placement Shares in the form of schedule 1 or in any other form the Company may agree to accept; and

2.3.2 pay the T1 Subscription Price for the Tranche 1 Placement Shares by telegraphic transfer, by bank cheque or in any other form that the Company may agree to accept as payment.

## **2.4 Company's T1 completion obligations**

At T1 Subscription Completion the Company must:

2.4.1 allot and issue the Tranche 1 Placement Shares to the Subscriber;

2.4.2 provide a certified extract of the minutes of the directors meeting resolving to allot and issue the Tranche 1 Placement Shares;

2.4.3 instruct the Company's share registry to enter the name of the Subscriber in the register of members of the Company in respect of the Tranche 1 Placement Shares and to give the Subscriber a holding statement showing the Subscriber as the holder of the Tranche 1 Placement Shares; and

2.4.4 take all other steps required under the Constitution, ASX Settlement Rules, the ASX Listing Rules and the Corporations Act to constitute and evidence the Subscriber as the holder of the Tranche 1 Placement Shares.

## **2.5 Quotation of Tranche 1 Placement Shares**

Immediately following the allotment and issue of the Tranche 1 Placement Shares to the Subscriber the Company must apply to ASX for official quotation of the Tranche 1 Placement Shares on ASX.

# **3 TRANCHE 2 PLACEMENT SHARES AND OPTIONS**

## **3.1 Issue of Tranche 2 Placement Shares and Options**

On the T2 Subscription Date:

3.1.1 the Subscriber must subscribe for and pay the T2 Subscription Price for the Tranche 2 Placement Shares, and the Company must allot and issue the Tranche 2 Placement Shares to the Subscriber; and

3.1.2 the Company must grant the Options to the Subscriber for no monetary consideration.

## **3.2 Conditions Precedent**

3.2.1 The obligations of the parties under clause 3.1 are conditional upon, and do not become binding until, the satisfaction of the following conditions:

3.2.1.1 the Company validly convening and holding a general meeting of the Company's shareholders (General Meeting) at which (among other things) a resolution is proposed to approve the issue of the Tranche 2 Placement Shares and the Options to the Subscriber for the purposes of listing rule 7.1 of the official listing rules of the ASX; and

3.2.1.2 the shareholders of the Company validly passing the resolution referred to in paragraph (a) above at the General Meeting.

3.2.2 The Company must use its best endeavours to procure that each of the conditions in clause 3.2.1 (Conditions) is satisfied as soon as practicable after the date of this agreement and ensure there is no event or circumstance within the reasonable control or influence of the Company that would prevent the Conditions being satisfied.

3.2.3 If the Conditions are not satisfied within 50 days of this Agreement, either party may terminate this agreement by written notice to the other party.

3.2.4 A party will not be entitled to terminate this agreement under clause 3.2.3 if any Condition has not been satisfied as a result of a deliberate act or omission of that party which either alone or together with other circumstances prevents that Condition being satisfied.

3.2.5 Termination of this agreement under clause 3.2.3 does not affect any accrued rights of either party arising from any breach of this agreement prior to termination.

## **3.3 Time for T2 Subscription Completion**

T2 Subscription Completion must take place at 11am on the T2 Subscription Date or at any other date and time that the parties agree in writing.

## **3.4 Subscriber's T2 completion obligations**

At T2 Subscription Completion the Subscriber must:

3.4.1 give to the Company a duly executed application for the Tranche 2 Placement Shares in the form of schedule 2 or in any other form the Company may agree to accept; and

3.4.2 pay the T2 Subscription Price for the Tranche 2 Placement Shares by telegraphic transfer, by bank cheque or in any other form that the Company may agree to accept as payment.

## **3.5 Company's T2 completion obligations**

At T2 Subscription Completion the Company must:

- 3.5.1 allot and issue the Tranche 2 Placement Shares to the Subscriber;
- 3.5.2 grant the Options to the Subscriber;
- 3.5.3 provide a certified extract of the minutes of the directors meeting resolving to allot and issue the Tranche 2 Placement Shares and grant the Options;
- 3.5.4 instruct the Company's share registry to enter the name of the Subscriber in the register of members of the Company in respect of the Tranche 2 Placement Shares and to give the Subscriber a holding statement showing the Subscriber as the holder of the Tranche 2 Placement Shares;
- 3.5.5 take all other steps required under the Constitution, ASX Settlement Rules, the ASX Listing Rules and the Corporations Act to constitute and evidence the Subscriber as the holder of the Tranche 2 Placement Shares; and
- 3.5.6 enter the name of the Subscriber in the option register of the Company in respect of the Options and give the Subscriber a certificate showing the Subscriber as the holder of the Options.

### **3.6 Quotation of Tranche 2 Placement Shares**

Immediately following the allotment and issue of the Tranche 2 Placement Shares to the Subscriber the Company must apply to ASX for official quotation of the Tranche 2 Placement Shares on ASX.

## **4 ISSUES OF NEW SECURITIES**

From the date of this agreement until the first anniversary of the date of the T1 Subscription Completion, unless this agreement is terminated beforehand, the Company agrees that in any proposed issue of securities (as defined in the ASX Listing Rules) other than in respect of the Placement Shares, to offer the Subscriber the opportunity to participate in any such proposed issues to the extent that enables the Subscriber to maintain its then current percentage holding of securities in the Company.

## **5 ASX CLEANSING STATEMENTS AND ANNOUNCEMENT**

### **5.1 ASX Cleansing Statement for the Placement Shares**

The Company will give an ASX Cleansing Statement to ASX immediately following the allotment and issue of:

- 5.1.1 the Tranche 1 Placement Shares; and
- 5.1.2 the Tranche 2 Placement Shares,

and, in each case, within the period prescribed by section 708A(6) of the Corporations Act.

## **5.2 Announcement**

The Company will, upon execution of this agreement, make an announcement of the investment by the Subscriber in the Company (on terms previously agreed with the Subscriber). Subject to that announcement and to an announcement made by the Subscriber on execution of this agreement, neither party will make any public announcement in relation to the investment by the Subscriber in the Company without the prior consent of the other party or as required by law.

## **6 WARRANTIES AND REPRESENTATIONS**

### **6.1 General**

Each party represents and warrants that as at the date of this agreement, as at T1 Subscription Completion and as at T2 Completion:

- 6.1.1 (status) it is a company duly incorporated and registered;
- 6.1.2 (power) it has full legal capacity and power:
  - 6.1.2.1 to own its property and to carry on its business; and
  - 6.1.2.2 to enter into this agreement and to carry out the transactions that it contemplates;
- 6.1.3 (corporate authority) it has taken all corporate action that is necessary or desirable to authorise its entry into this agreement and its carrying out the transactions that it contemplates;
- 6.1.4 (agreement effective) this agreement constitutes legal, valid and binding obligations, enforceable against that party in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditor's rights generally), subject to any necessary stamping or registration;
- 6.1.5 (no contravention) neither its execution of this agreement nor the carrying out by it of the transactions that it contemplates, does or will:
  - 6.1.5.1 contravene any law to which it or any of its property is subject or any order of any Government Agency that is binding on it or any of its property;
  - 6.1.5.2 contravene any Authorisation;
  - 6.1.5.3 contravene any undertaking or instrument binding on it or any of its property; or
  - 6.1.5.4 contravene its constitution;
- 6.1.6 (no litigation) no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending, or to its knowledge or to the knowledge of any of its officers after due inquiry, threatened which, if adversely decided, could have a Material Adverse Effect on its ability to perform its obligations under this agreement;

- 6.1.7 (no controller) no receiver or receiver and manager or mortgagee in possession is currently appointed or acting in relation to any of its property; and
- 6.1.8 (no trust) it is not entering into this agreement as trustee of any trust or settlement.

## **6.2 Company's warranties and representations**

The Company represents and warrants to the Subscriber that at the date of this agreement, at T1 Subscription Completion and at T2 Subscription Completion:

- 6.2.1 (Authorisations) the Company holds each Authorisation that is necessary or desirable to:

- 6.2.1.1 execute this agreement and to carry out the transactions that it contemplates;

- 6.2.1.2 ensure that this agreement is legal, valid, binding and admissible in evidence; and

- 6.2.1.3 enable it to properly carry on its Business,

and the Company is complying with any conditions to which any of these Authorisations are subject;

- 6.2.2 (solvency) the Company is able to pay its debts as and when they fall due;

- 6.2.3 (status) it is a company limited by shares under the Corporations Act and listed on ASX;

- 6.2.4 (events) nothing has happened since 12 August 2011 within the Company's knowledge which has a Material Adverse Effect on the Company Group except for such information which is in the public domain or has been disclosed in writing to the Subscriber;

- 6.2.5 (Constitution) the Constitution is in the form of the copy previously provided by the Company to the Subscriber with no further amendment or variation;

- 6.2.6 (share issues) its issued securities are as at the date of this agreement are 390,870,198 fully paid ordinary shares and there are no agreements, arrangements or understandings in force or securities issued which call for the present or future issue of, or grant to any person the right to require the issue of any shares or any other equity securities in the Company (including options) other than:

- 6.2.6.1 options issued prior to 12 August 2011 and disclosed on the ASX prior to 12 August 2011; and

- 6.2.6.2 pursuant to a transaction which the Company may enter into with Somerton Energy Limited;

- 6.2.7 (disclosures) the information about the Company, its Business and assets disclosed to the Subscriber before the date of this agreement is true, complete and accurate and is not misleading in any material respect;
- 6.2.8 (disclosure) the Company has complied with its obligations under Listing Rule 3.1;
- 6.2.9 (no breach) this agreement, T1 Subscription Completion and T2 Subscription Completion do not and will not conflict with or result in a breach of any obligation (including any statutory, contractual or fiduciary obligation) or constitute or result in any default under any provision of its Constitution or any material provision of any agreement, deed, writ, order, injunction, judgement, law, rule or regulation to which it is a party or is subject or by which it is bound; and
- 6.2.10 (compliance with laws) as far as the Company is actually aware, after making enquiries of its officers, it and its Related Entities have complied in all material respects with all applicable laws and regulations which would, if breached, have a Material Adverse Effect on:
  - (a) the financial position of the Company and its Related entities as a whole;
  - (b) on the subscription of the Placement Shares under this agreement.

### **6.3 On-sale restrictions**

For the purposes of sections 707 and 708A of the Corporations Act, the Company represents and warrants to the Subscriber that, as at the date of this agreement, T1 Subscription Completion and T2 Subscription Completion:

- 6.3.1 the Company is not issuing the Placement Shares for the purpose of the Subscriber selling or transferring them or granting issuing or transferring interests in, or options over them within 12 months after their issue;
- 6.3.2 there is no ASIC determination pursuant to subsection 708A(2) of the Corporations Act in force in respect of the Company;
- 6.3.3 the Company satisfies each of the preconditions to the case 1 exemption set out in subsection 708A(5)(a) – (d) of the Corporations Act;
- 6.3.4 as at the date of the ASX Cleansing Statement in respect of the Tranche 1 Placement Shares or the Tranche 2 Placement Shares (as applicable), the Company has, and will have, complied with:
  - (c) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
  - (d) section 674 of the Corporations Act; and

there is no excluded information relating to the Company of the kind referred to in clause 708A(6)(e), (7) and (8) of the Corporations Act.

#### **6.4 Correction of ASX Cleansing Statement**

The Company will comply with subsection 708A(9) of the Corporations Act to correct any defective ASX Cleansing Statement should it become aware of a defect within 12 months of the date of issue of those Placement Shares.

#### **6.5 Reliance on representations and warranties**

The Company acknowledges that the Subscriber has entered into this agreement and has agreed to subscribe for the Placement Shares in reliance on the representations and warranties in clauses 6.1, 6.2 and 6.3.

#### **6.6 Warranties not extinguished or affected**

The Warranties are not extinguished or affected by any investigation made by or on behalf of a Subscriber into the affairs of the Company or by any other event or matter unless it is an event or matter affecting a Warranty:

- 6.6.1 for which the Subscriber has given a specific written waiver or release;
- 6.6.2 that relates to a thing done or not done by the Company after the date of this agreement at the request or with the approval of the Subscriber;
- 6.6.3 that relates to a disclosure made in writing by the Company or its representatives to the company secretary for the Subscriber before the date of this agreement;
- 6.6.4 that information about which was available in the public domain before the date of this agreement;
- 6.6.5 that is as a consequence of the enactment or amendment of any legislation or other subordinate legislation, change in the judicial or administrative interpretation or application of any law or a change in the practice or policy of any Government Agency occurring after the date of this agreement, including if any of the foregoing has retrospective effect; or
- 6.6.6 to the extent that it is caused by or contributed to by the Subscriber or its representatives.

#### **6.7 Update of disclosures**

If, after the date of this agreement and before the date of issue of the Placement Shares, the Company becomes aware of anything (**Circumstance**) which would cause a Warranty to be not true and accurate, or to be misleading in a material respect it will promptly give a notice to the Subscriber detailing the nature and effect of the Circumstance.

#### **6.8 Termination for breach of Warranty**

If prior to the date of the T1 Subscription Completion or the T2 Subscription Completion a Warranty is not true and accurate, or is misleading in a material respect, and it is not capable of remedy or is not remedied before as the case

- may be the T1 Subscription Completion or the T2 Subscription Completion, the Subscriber may terminate this agreement by written notice to the Company accordingly.

## 7 CONFIDENTIALITY

7.1 A party may only use confidential information:

7.1.1 if necessary to perform that party's obligations under this agreement;  
or

7.1.2 if the other party consents to the use.

7.2 A party may only disclose confidential information:

7.2.1 to that party's professional advisers;

7.2.2 if required by law;

7.2.3 if necessary to perform that party's obligations under this agreement;  
or

7.2.4 if the other party consents to the disclosure.

7.3 In this clause, **confidential information** is:

7.3.1 any term of this agreement;

7.3.2 any information acquired by a party for the purpose of, or under the terms of, this agreement;

7.3.3 any other information belonging to a party which is of a confidential nature.

7.4 The provisions of this clause shall survive any termination or expiration of this agreement.

## 8 NOTICES

8.1 Notice must be in writing and in English, and may be given by an authorised representative of the sender.

8.1.1 Notice may be given to a person:

8.1.2 personally;

8.1.3 by leaving it at the person's address last notified;

8.1.4 by sending it by pre-paid mail to the person's address last notified;

8.1.5 by sending it by facsimile to the person's facsimile number last notified and then confirming it by pre-paid mail to the person's address last notified.

8.2 Notice is deemed to be received by the addressee:

- 8.2.1 when left at the addressee's address;
- 8.2.2 if sent by pre-paid mail, on the third Business Day after posting; and
- 8.2.3 if sent by facsimile and confirmed by pre-paid mail, at the time and on the day shown in a sending machine's transmission report which indicates that the whole facsimile was sent to the addressee's facsimile number last notified (or if the day shown is not a Business Day or the time shown is after 5pm at the addressee's location, at 9am on the next Business Day at the addressee's location).

## **9 GST**

### **9.1 Construction**

In this clause 9, and unless the context requires otherwise in this agreement:

- 9.1.1 words and expressions which are not defined in this agreement but which have a defined meaning in GST Law have the same meaning as in the GST Law; and
- 9.1.2 GST Law has the same meaning given to that expression in the A New Tax System (Goods and Services Tax) Act 1999.

### **9.2 Consideration GST exclusive**

Unless otherwise expressly stated, all prices or other sums payable or consideration to be provided under this agreement are exclusive of GST.

### **9.3 Payment of GST**

If GST is payable by a supplier or by the representative member for a GST group of which the supplier is a member, on any supply made under this agreement, the recipient will pay to the supplier an amount equal to the GST payable on the supply.

### **9.4 Timing of GST payment**

The recipient will pay the amount referred to in clause 9.3 in addition to and at the same time that the consideration for the supply is to be provided under this agreement.

### **9.5 Tax invoice**

The supplier must deliver a tax invoice or an adjustment note to the recipient before the supplier is entitled to payment of an amount under clause 9.3. The recipient can withhold payment of the amount until the supplier provides a tax invoice or an adjustment note, as appropriate.

### **9.6 Adjustment event**

If an adjustment event arises in respect of a taxable supply made by a supplier under this agreement, the amount payable by the recipient under clause 9.3 will be recalculated to reflect the adjustment event and a payment will be made by the recipient to the supplier or by the supplier to the recipient as the case requires.

## **9.7 Reimbursements**

Where a party is required under this agreement to pay or reimburse an expense or outgoing of another party, the amount to be paid or reimbursed by the first party will be the sum of:

9.7.1 the amount of the expense or outgoing less any input tax credits in respect of the expense or outgoing to which the other party, or to which the representative member for a GST group of which the other party is a member, is entitled; and

9.7.2 if the payment or reimbursement is subject to GST, an amount equal to that GST.

## **10 GENERAL**

### **10.1 Duty**

The Subscriber is liable for and must pay all duty (including any related fine or penalty except where it arises from default by the Company) on or relating to this agreement.

### **10.2 Legal costs**

Each party must pay its own legal and other costs and expenses of negotiating, preparing, executing and performing its obligations under this agreement.

### **10.3 Amendment**

This agreement may only be varied or replaced by a document executed by the parties.

### **10.4 Waiver and exercise of rights**

10.4.1 A single or partial exercise or waiver by a party of a right relating to this agreement does not prevent any other exercise of that right or the exercise of any other right.

10.4.2 A party is not liable for any loss, cost or expense of any other party caused or contributed to by the waiver, exercise, attempted exercise, failure to exercise or delay in the exercise of a right.

### **10.5 Rights cumulative**

Except as expressly stated otherwise in this agreement, the rights of a party under this agreement are cumulative and are in addition to any other rights of that party.

### **10.6 Consents**

Except as expressly stated otherwise in this agreement, a party may conditionally or unconditionally give or withhold any consent to be given under this agreement and is not obliged to give its reasons for doing so.

**10.7 Further steps**

Each party must promptly do whatever any other party reasonably requires of it to give effect to this agreement and to perform its obligations under it.

**10.8 Governing law and jurisdiction**

10.8.1 This agreement is governed by and is to be construed in accordance with the laws applicable in South Australia.

10.8.2 Each party irrevocably and unconditionally submits to the non exclusive jurisdiction of the courts of South Australia and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.

**10.9 Assignment**

10.9.1 A party must not assign or deal with any right under this agreement without the prior written consent of the other parties.

10.9.2 Any purported dealing in breach of this clause is of no effect.

**10.10 Counterparts**

This agreement may be executed in any number of counterparts. A counterpart may be a facsimile. Together all counterparts make up one document. If this agreement is executed in counterparts, it takes effect when each party has received the counterpart executed by the other party, or would be deemed to have received it if a notice.

**10.11 Entire understanding**

10.11.1 This agreement contains the entire understanding between the parties as to the subject matter of this agreement.

10.11.2 All previous negotiations, understandings, representations, warranties, memoranda or commitments concerning the subject matter of this agreement are merged in and superseded by this agreement and are of no effect. No party is liable to any other party in respect of those matters.

10.11.3 No oral explanation or information provided by any party to another:

10.11.4 affects the meaning or interpretation of this agreement; or

10.11.5 constitutes any collateral agreement, warranty or understanding between any of the parties.

**10.12 Relationship of parties**

This agreement is not intended to create a partnership, joint venture or agency relationship between the parties.

EXECUTED as an agreement on

15<sup>th</sup> August

2011

Executed by **BEACH ENERGY LIMITED**  
in accordance with section 127 of the  
*Corporations Act 2001 (Cth)*:

.....  
Director

.....  
Name **Reg Nelson**  
**Managing Director**  
(Please print)

.....  
~~Director/Secretary~~

.....  
Name **Shy Oster**  
**Company Secretary**  
(Please print)

Executed by **ADELAIDE ENERGY LIMITED**  
in accordance with section 127  
of the *Corporations Act 2001 (Cth)*:

.....  
Director

.....  
Name **NEVILLE WAYNE MARTIN**  
(Please print)

.....  
~~Director/Secretary~~

.....  
Name **CARL WILLIAM DORSCH**  
(Please print)

## **Schedule 1 – Application for Tranche 1 Placement Shares**

---

[Date]

The Directors  
Adelaide Energy Limited  
Level 5,  
70 Pirie Street  
ADELAIDE SA 5000

Dear Sirs,

### **Tranche 1 Placement Shares**

Beach Energy Limited ACN 007 617 969 (**Beach**) applies for 14,000,000 fully paid ordinary shares (**T1 Placement Shares**) in Adelaide Energy Limited (**Adelaide Energy**) at an issue price of AUD\$0.165 each. The total subscription price of AUD\$2,310,000 is to be paid in accordance with the Subscription Agreement between Beach and Adelaide Energy dated [ ] August 2011.

Beach agrees to be bound by the constitution of Adelaide Energy.

Beach consents to its details being recorded in the register of members of Adelaide Energy.

The T1 Placement Shares are to be recorded as being held beneficially.

Yours faithfully,  
Beach Energy Limited

Director

## **Schedule 2 – Application for Tranche 2 Placement Shares**

---

[Date]

The Directors  
Adelaide Energy Limited  
Level 5,  
70 Pirie Street  
ADELAIDE SA 5000

Dear Sirs,

### **Tranche 2 Placement Shares**

Beach Energy Limited ACN 007 617 969 (**Beach**) applies for 59,500,000 fully paid ordinary shares (**T2 Placement Shares**) in Adelaide Energy Limited (**Adelaide Energy**) at an issue price of AUD\$0.165 each. The total subscription price of AUD\$9,817,500 is to be paid in accordance with the Subscription Agreement between Beach and Adelaide Energy dated [ ] August 2011.

Beach agrees to be bound by the constitution of Adelaide Energy.

Beach consents to its details being recorded in the register of members of Adelaide Energy.

The T2 Placement Shares are to be recorded as being held beneficially.

Yours faithfully,  
Beach Energy Limited

Director

## Annexure A – Option Terms and Conditions

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### 1 Definitions and Interpretation

In these terms and conditions, unless the context otherwise requires:

**ASX** means ASX Limited, ACN 008 624 691.

**ASX Listing Rules** means the Official Listing Rules of the ASX and any other applicable rules of the ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

**Board** means the board of directors of the Company from time to time.

**Company** means Adelaide Energy Limited.

**Exercise Price** means \$0.40.

**Marketable Parcel** has the meaning given to it in the ASX Listing Rules.

**Option** means a right to subscribe for a share in the Company at the Exercise Price.

**Optionholder** means Beach Energy Limited.

**Share** means a fully paid ordinary share in the Company.

---

### 2 Exercise of Options

#### 2.1 Exercise Period

Subject to clause 2.2, the Options will become exercisable on their date of grant and will lapse on 30 June 2016.

#### 2.2 Exercise Notice

The Optionholder may exercise an Option by sending to the Company at its registered office (or such other address as the Company may specify) a notice specifying the number of Options the Optionholder wishes to exercise. The Optionholder must either:

- (a) include with the exercise notice, a cheque payable to the Company for a cheque for the amount which represents the aggregate of the Exercise Price for each of the Options to be exercised; or
- (b) at the time of issuing the exercise notice, transfer such an amount by electronic funds transfer directly into an account nominated by the Company.

#### 2.3 Marketable Parcel

If the Optionholder elects to exercise less than all of the Options, the number exercised must not be less than the number of Options the exercise of which would result in the allotment of a Marketable Parcel of Shares in the Company.

---

### **3 Allotment of Shares**

#### **3.1 the Company' Obligation**

The Company must, as soon as possible after receiving from the Optionholder an exercise notice and exercise monies pursuant to clause 2.2:

- (a) allot to the Optionholder the Shares to which the Optionholder is entitled pursuant to the Options exercised;
- (b) cause the Optionholder's name to be enter in the Company' share register;
- (c) issue to the Optionholder a holding statement in respect of the Shares.

#### **3.2 Ranking**

Shares in the Company allotted pursuant to clause 3.1 (**Option Shares**) will rank equally with, and have the same rights and entitlements as, other Shares in the Company on issue as at the date the Option Shares are allotted, other than any right or entitlement which has accrued prior to the date of allotment of the Option Shares.

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### **4 Stock Exchange Quotation**

The Company must, as soon as practicable after allotting any Share pursuant to clause 3, apply to the ASX for quotation of that Share unless that Share is a restricted security for the purposes of the ASX Listing Rules, in which case the Company must apply for quotation of the Share as soon as practicable after the Share ceases to be a restricted security.

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### **5 Dealing**

#### **5.1 No Dealing**

The Optionholder may not assign, transfer or otherwise deal with any Option without the Company's prior written consent which consent shall not be unreasonably withheld.

#### **5.2 Assignment to Subsidiary**

The Optionholder may assign, transfer or otherwise deal with any Option to a subsidiary of the Optionholder without complying with the provisions of clause 5.1.

#### **5.3 Registration of Transfer**

Upon the occurrence of a transfer pursuant to this clause 5, the Company must register the transferee as the holder of the relevant Options.

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### **6 Capital Reorganisations, New Issues and Takeovers**

#### **6.1 Consolidation**

If the Company' share capital is consolidated, Options held by the Optionholder will be consolidated in the same ratio as Shares in the Company are consolidated. The Exercise Price of each Option so consolidated will be amended inversely to the ratio in which Shares in the Company are consolidated. In all other respects, the terms of each Option so consolidated will remain the same as each original Option.

#### **6.2 Sub-division**

If the Company' share capital is sub-divided, Options held by the Optionholder will be sub-divided in the same ratio as Shares in the Company are sub-divided. The Exercise Price of each Option so sub-divided will be amended inversely to the ratio in

which Shares of the Company are sub-divided. In all other respects, the terms of each Option so sub-divided will remain the same as each original Option.

**6.3 Return of Capital**

If the amount paid up in respect of Shares in the Company is reduced by a return of capital, the number of Options held by the Optionholder will remain the same, but the Exercise Price of each Option must be reduced by the same amount as the amount returned in relation to each Share in the Company. In all other respects, the terms of each Option will remain the same.

**6.4 Cancellation in the event of lost capital**

If part of the amount paid up in respect of Shares in the Company is cancelled because such capital has been lost or is no longer represented by assets, but no Shares in the Company are cancelled, the number of Options held by the Optionholder and the Exercise Price of an Option will remain unchanged.

**6.5 Pro Rata Cancellation of Capital**

If Shares in the Company are cancelled on a pro rata basis, the number of Options held by the Optionholder will be reduced by cancelling Options in the same ratio as Shares are cancelled. The Exercise Price of each remaining Option will be amended inversely to the ratio in which the Company's Shares are cancelled. In all other respects, the terms of each remaining Option will remain the same.

**6.6 Other Reorganisations**

If the Company's share capital is reorganised in any other way, the number of Options held by the Optionholder or the Exercise Price of an Option, or both, will be amended in accordance with the ASX Listing Rules so that the Optionholder does not receive a benefit which a holder of Shares in the Company does not receive.

**6.7 ASX Listing Rules**

Despite clauses 6.1 to 6.6, the rights of the Optionholder in respect of its Options are subject to the ASX Listing Rules relating to capital reorganisation. In the event of any amendment to the ASX Listing Rules, the rights of the Optionholder will be thereby amended to the extent necessary to comply with the ASX Listing Rules as amended.

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**7 New Issues**

**7.1 Option must be exercised**

The Optionholder cannot, in respect of any Option, participate in new issues of Shares without first exercising that Option provided however that the Company shall give the Optionholder not less than 6 Business Days notice of the new issue to enable the Optionholder to exercise that Option.

**7.2 Bonus Issue**

If a bonus issue is made to the holders of Shares in the Company (other than pursuant to any dividend reinvestment plan or bonus share plan applying from time to time), the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Optionholder would have received under the bonus issue if the Optionholder had elected to exercise the Option before the record date for that bonus issue.

**7.3 Pro Rata Issue**

If a pro rata issue (other than a bonus issue) is made to the holders of Shares in the Company, the Exercise Price of an Option must be reduced in accordance with the ASX Listing Rules.

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**8 Fractional Entitlements**

Any entitlements to a fraction of a Share resulting from the operation of any provision in clause 6 or 7 will be disregarded.

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**9 Takeover**

If a takeover offer (or an offer made pursuant to a takeover announcement) is made for all or any part of the Shares, the Company may give written notice of that offer to the Optionholder.

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**10 Compliance with ASX Listing Rules**

If there is an inconsistency between the ASX Listing Rules and the terms of the Options, the terms of the Options will be deemed to be altered to the extent necessary to comply with the ASX Listing Rules and the Optionholder will be deemed to have consented to such alteration.

“B”

**BEACH ENERGY LIMITED**

ACN 007 617 969

This is annexure B of 1 page referred to in Form 603 Notice of Initial Substantial Holder signed by me and dated 22 August 2011

Holder of relevant interest	Date of acquisition	Consideration		Class and number of securities
		Cash	Non-cash	
Beach Energy Limited	17/05/2011	\$ 0.1400		107,143
Token Nominees Pty Ltd	10/05/2011	\$ 0.1350		124,000
Token Nominees Pty Ltd	11/05/2011	\$ 0.1350		232,963
Token Nominees Pty Ltd	12/05/2011	\$ 0.1277		559,340
Token Nominees Pty Ltd	13/05/2011	\$ 0.1300		337,143
Token Nominees Pty Ltd	16/05/2011	\$ 0.1260		304,764
Token Nominees Pty Ltd	17/05/2011	\$ 0.1202		203,998
Token Nominees Pty Ltd	27/05/2011	\$ 0.1350		342,787
Token Nominees Pty Ltd	30/05/2011	\$ 0.1350		2,157,213
Chesser Nominees Pty Ltd	31/05/2011	\$ 0.1350		4,985
Chesser Nominees Pty Ltd	2/06/2011	\$ 0.1300		100,000
Chesser Nominees Pty Ltd	3/06/2011	\$ 0.1293		671,093
Chesser Nominees Pty Ltd	6/06/2011	\$ 0.1250		365,590
Chesser Nominees Pty Ltd	7/06/2011	\$ 0.1273		657,924
Beach Energy Limited	19/08/2011	\$ 0.1650		14,000,000

NAME: CATHERINE LOUISE OSTER  
CAPACITY: COMPANY SECRETARY

SIGN HERE:



DATE: 22 AUGUST 2011