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Participant of ASX Group

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Takeover Announcement

21 June 2010

To the Company Announcements Office
ASX Limited
For immediate release to market



On market takeover bid by ARC Energy Limited, a wholly owned subsidiary of AWE Limited, for ordinary shares in the capital of Adelphi Energy Limited – increase in offer price to \$0.42 per share.

As a follow-up to the announcement of Monday 17 May 2010, Macquarie Securities (Australia) Limited ABN 58 002 832 126 (**Macquarie**) announces that Macquarie will, on behalf of ARC Energy Limited ABN 74 009 204 031 (**AEL**), a wholly owned subsidiary of AWE Limited ABN 70 077 897 440 (**AWE**), increase the on market bid price from \$0.40 to \$0.42 per share (**Offer Price**) for all of the shares in Adelphi Energy Limited (**Adelphi**).

AEL has also announced that it will not increase its Offer Price above \$0.42 per share.

The Offer Price of \$0.42 is an increase of 5% over the Offer Price announced on 17 May 2010.

From the date and time of this announcement and ending at **close of trading on ASX** on 9 July 2010, Macquarie (on behalf of AEL) will accept at the Offer Price every Adelphi Share offered to Macquarie on market, up to a maximum of 112,070,847 Adelphi Shares (being all the Adelphi Shares not already owned by AEL) together with any additional Adelphi Shares which are issued during the Offer Period.

As the bid is an on market bid, the Offer is unconditional and payment of the consideration will be made by way of cash.

The Offer Period is due to close on 9 July 2010.

For further information please refer to the attached release by AEL.

Settlement and Brokerage

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

As the Offer will only be capable of acceptance by holders of Adelphi Shares (**Shareholders**) selling through brokers which are participating organisations of ASX, all

Macquarie Securities (Australia) Limited is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia), and its 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 Securities (Australia) Limited.

Adelphi Shares to be purchased by AEL will be purchased on-market only during Trading Days.

Any brokerage charged by brokers acting for Shareholders wishing to sell their Adelphi Share, will be the sole responsibility of those Shareholders.

The Adelphi Shares

The Adelphi Shares which are subject of the Offer are all fully paid ordinary shares in the capital of Adelphi which AEL does not already have a relevant interest in at the date of the Bidder's Statement or such other shares which are issued during the Offer Period. Immediately before the making of this announcement:

- in so far as AEL is aware, there are 169,271,380 Adelphi Shares on issue, all of which are quoted on ASX; and
- AEL has a relevant interest in 57,200,533 Adelphi Shares, which represent approximately 33.79% of all Adelphi Shares on issue in the capital of Adelphi.

Signed on behalf of Macquarie Securities (Australia) Limited.



Paul Staines
Executive Director
Macquarie Securities



INCREASED 42 CENT OFFER FOR ADELPHI IS FINAL

The Directors of ARC Energy Limited* (“AEL”) today increased its offer to 42 cents per Adelphi Share and declared that the 42 cent offer for Adelphi Shares under AEL’s bidders statement of 17 May 2010 is final.

Over the weekend and today, the Directors of Adelphi and AEL held discussions regarding AEL’s on-market bid for Adelphi. As a result of these discussions, AEL is increasing its offer price to 42 cents per Adelphi Share. This represents AEL’s final offer with no further increase.

Adelphi will make a release to the ASX today containing its revised advice to shareholders regarding AEL’s bid, including that **Adelphi’s Directors will be accepting the offer for shares and options held or controlled by them**, in the absence of a superior proposal emerging.

For the reasons below, and the revised position from Adelphi’s Board, AEL’s offer is compelling and AEL urges that Adelphi shareholders should accept now:

1. **AEL’s Offer is fully priced and final - there is nothing more to wait for:** AEL’s 42 cent offer has been declared final and provides a compelling premium including a 91% premium to the low case of the IER Range¹. This final offer price fully reflects the worth of Adelphi;
2. **No alternative offer is available for Adelphi’s Shareholders:** AEL’s Offer is the only offer available for Adelphi shareholders to accept. It has been 5 weeks since the offer was announced, no rival offer exists and AEL’s 33.79% stake in Adelphi is a significant deterrent to any alternative;
3. **AEL’s compelling Offer provides certainty over the risks of remaining an Adelphi shareholder:** The unconditional cash offer provides price certainty for Adelphi shareholders compared to the risks associated with an investment in Adelphi over the longer term including:
 - o **Risk of becoming a minority shareholder:** AEL’s bid is on-market and does not have a minimum acceptance condition. As a result, by not accepting or selling your shares, there

¹ Adelphi’s IER states the Independent Expert “assessed the low, best estimate and high values for an Adelphi ordinary share on a fully diluted controlling interest basis to be \$0.22, \$0.61 and \$1.10 respectively.” However, it also states “these amounts do not represent our current fair market valuation range for Adelphi shares, but ... represent a range of potential values applying a set of industry accepted resource estimates”. The Independent Expert concluded that its “preferred market value of each Adelphi share is \$0.61.” Adelphi shareholders can obtain a copy of the Target’s Statement and IER from www.adelphienergy.com.au



is a risk that you will become a minority shareholder in Adelphi, if AEL does not acquire 100% of Adelphi;

- **Project development risks:** Adelphi has identified a number of risks in its Target's Statement relating to the development of the Eagle Ford shale permits. By accepting AEL's Offer, Adelphi shareholders are no longer exposed to these risks;
- **Shareholder dilution from future capital raisings:** Adelphi has stated in its Target's Statement that Adelphi will require capital injections over the coming years to develop the Eagle Ford shale;
- **Risk of lower Adelphi trading price when bid lapses:** Upon lapse of AEL's offer, there is a significant risk that Adelphi's share price will fall.

Adelphi shareholders can immediately accept the AEL Offer by selling their Adelphi Shares on market to Macquarie Securities, acting on behalf of AEL.

The AEL Offer is scheduled to close on Friday 9 July 2010.

Adelphi shareholders who have questions on AEL's Offer should contact the AEL Offer Information Line on 1300 086 730 (toll free) (callers within Australia) or +61 3 9415 4198 (callers outside Australia).

For further information please see our website www.awexplore.com or contact:

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* A wholly owned subsidiary of AWE Limited