



6 December 2012

## AMADEUS / LONESTAR MERGER

Dear Amadeus Shareholder,

On Monday, 17 December 2012, shareholders of Amadeus Energy Limited (“Amadeus”) will vote on the proposed acquisition of Ecofin Energy Resources plc, the holding company of Lonestar Resources Inc (“Lonestar”) (the “Transaction”).

The Directors of Amadeus have unanimously recommended that shareholders vote in favour of the Transaction, because we believe it represents a compelling proposition for shareholders, both in the short-term and through the potential for material value creation in future years.

Lonestar’s existing asset portfolio brings **diversification, increased scale and most importantly, growth potential** in three key unconventional oil and gas plays in the US, at a time of increasing understanding and appetite for these assets in Australia. In addition, Amadeus has secured the services of a well-credentialed and highly experienced US-based management team to run the merged entity.

As a consequence, the Directors believe that the acquisition of Lonestar will reposition Amadeus in the market place, through a major improvement in production, reserves, acreage, earnings and market capitalisation.

### Modified Transaction Terms

On 4 December 2012, Amadeus announced that it had agreed to modify the terms of the Transaction in two ways. Firstly, current Amadeus shareholders will be paid a special unfranked dividend of 2 cents per ordinary share, conditional upon the completion of the Transaction. Secondly, the vendors of EER will be issued an additional 15 million Amadeus shares if one of the following two conditions is satisfied within 18 months of completion of the Transaction:

- Announcement by Amadeus of an externally audited, Proved and Probable reserve on Lonestar’s Gonzo asset with a PV10<sup>1</sup> of at least US\$40 million; or
- The share price of Amadeus trading at a volume weighted average price of A\$0.40 or more during a period of 45 consecutive trading days following completion.

Accordingly, if either of the above conditions are satisfied within 18 months of completion of the Transaction, the vendors of EER will be issued with 55 million Amadeus shares.

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<sup>1</sup> PV10 is the net present value of future net revenue, after deduction of operating and capital expenses, production taxes and ad valorem taxes, but before corporate income tax and corporate overheads, using a real pre-tax discount rate of 10%.

### **Improved Outlook for Lonestar**

Since the Transaction was announced on 22 October 2012, Amadeus has been made aware of a number of positive developments within Lonestar's business, which have improved the already compelling case for the Transaction. Please refer to Amadeus' announcement dated 4 December 2012, which is available on Amadeus' website [www.amadeusenergy.com](http://www.amadeusenergy.com) or at [www.asx.com.au](http://www.asx.com.au), for further details.

### **Fair and Reasonable Assessment**

PricewaterhouseCoopers Securities Ltd ("PWC") has updated its Independent Expert's Report ("IER") to take into account the revised terms and the improved outlook for Lonestar, as well as some additional updates to its assumptions. PWC has concluded that the **Transaction remains fair and reasonable** to the current shareholders of Amadeus. Shareholders can read PWC's updated report, which was released to the market on 6 December 2012, at Amadeus' website [www.amadeusenergy.com](http://www.amadeusenergy.com) or at [www.asx.com.au](http://www.asx.com.au).

Completion of the Transaction is now subject only to shareholders passing the required resolutions originally proposed at the adjourned AGM (with the amendments announced on 6 December 2012), as well as the other conditions announced on 22 October 2012.

### **What Should You Do?**

The Directors of Amadeus are encouraged that proxies received to date have been strongly in favour of the Transaction. Shareholders are strongly encouraged to visit the Amadeus website [www.amadeusenergy.com](http://www.amadeusenergy.com) and read both the revised IER and Amadeus' announcements of 4 and 6 December 2012 in their entirety. These documents are also available on the ASX platform, which can be reviewed at [www.asx.com.au](http://www.asx.com.au).

If you have already voted in favour of the Transaction and wish to maintain your previous position **you need not take any action.**

If you have not yet voted on the Transaction and wish to do so, or if you have already voted but wish to change your vote, you may send a new proxy form or vote online. The valid lodgment by a shareholder of a new proxy form will automatically revoke any proxy forms that have previously been lodged.

To vote online, visit [www.investorvote.com.au](http://www.investorvote.com.au) and enter the control number 136004. Shareholders will then be required to provide their SRN/HIN and postcode of their registered address to log on and vote. **The deadline for proxies is 10:00am (WST) on 15 December 2012.** If you have any questions or would like to request a new proxy form, please contact the Company Secretary, Robert Ierace, on Phone: +61 8 9226 0222.

Thank you once again for your ongoing support of Amadeus.

Yours faithfully,



Craig Coleman  
Chairman, Amadeus Energy Limited