

MITSUI & CO., LTD.

1-3, Marunouchi 1-chome,
Chiyoda-ku, Tokyo, 100-8631, Japan



For Immediate Release

5 February 2018

Mitsui & Co., Ltd. Recommended cash takeover offer for AWE Limited

Mitsui & Co., Ltd. (“**Mitsui**”, Head Office: Tokyo, President and CEO: Tatsuo Yasunaga) is pleased to announce that it has entered into a takeover bid implementation deed (“**BID**”) with AWE Limited (“**AWE**”), under which Mitsui has agreed to make a recommended takeover offer of A\$0.95 cash per share for all of the issued shares of AWE (the “**Offer**”).

The Offer is unanimously recommended by the AWE Board in the absence of a superior offer and subject to an Independent Expert concluding that the Offer is fair and reasonable to AWE shareholders. Subject to these same two qualifications, each AWE director intends to accept the Offer for all AWE Shares they hold or otherwise control.

The Offer is a compelling opportunity for AWE shareholders to realise a significant premium for their shares in cash. In particular, the Offer represents a:

- 74.3% premium to the undisturbed AWE share price¹
- 30.1% premium to the unsolicited, conditional takeover bid of A\$0.73 per AWE share by China Energy Reserve and Chemical Group Australia (“**CERCG Australia**”)

The Offer is conditional upon 50.1% minimum acceptances and other customary conditions. The Offer is not subject to due diligence and Mitsui has already obtained Foreign Investment Review Board (**FIRB**) approval for the Offer.

Mitsui’s Bidder’s Statement is expected to be lodged with the Australian Securities and Investment Commission and despatched to AWE shareholders shortly. The Bidder’s Statement will detail how and when AWE shareholders can accept the Offer, which will be subject to the conditions set out in Annexure A.

Rothschild is acting as financial adviser and Herbert Smith Freehills as legal adviser to Mitsui in relation to the Offer.

For media enquiries, please contact:

John Gardner (M: +61 413 355 997) or Yvonne Ball (M: +61 448 232 398).

Citadel-MAGNUS (on behalf of Mitsui), Perth: +61 8 6160 4900, Sydney: +61 2 8234 0100

¹ AWE’s undisturbed price is assumed to be \$0.545 per share, being the closing share price of AWE on the day prior to the disclosure that CERCG Australia had approached AWE with a proposal to acquire the company

MITSUI & CO., LTD.

1-3, Marunouchi 1-chome,
Chiyoda-ku, Tokyo, 100-8631, Japan



About Mitsui

Mitsui is one of the most diversified and comprehensive trading, investment and service enterprises in the world, with 138 offices in 66 countries as of December 2017. Utilizing its global operating locations, network and information resources, Mitsui is multilaterally pursuing business that ranges from product sales, worldwide logistics and financing, through to the development of major international infrastructure and other projects in the following fields: Iron & Steel Products, Mineral & Metal Resources, Infrastructure Projects, Integrated Transportation Systems, Chemicals, Energy, Food, Food & Retail Management, Healthcare & Service, Consumer Business, IT & Communication Business, Corporate Development Business.

Mitsui is listed on a number of stock exchanges (including the Tokyo Stock Exchange), with total assets of approximately US\$104 billion (as at March 2017) and revenues of US\$39 billion in FY17 (Refer: Mitsui Annual Report for the year ended 31 March 2017). Mitsui's current market capitalisation is approximately US\$33 billion (A\$41 billion). Mitsui had total gas, oil and condensate production of 243 thousand BOE/day for the year ended 31 March 2017 and total gas, oil and condensate reserves of 1.04 billion BOE, as at 31 March 2017.

Mitsui is well known and has had a long-term business presence in Australia, and has a strong track record in its dealings in the Australian market. Mitsui has had a presence in Australia since 1955 and has been involved in the resources sector in Australia since the 1960s, LNG projects since the 1980s and upstream oil & gas projects since 1990s. Mitsui is a founding partner in a number of major Australian resource joint ventures, including the Mt Newman Iron Ore Project, the Robe River Iron Ore Project and Dawson Coal JV Projects. Mitsui also has an extensive presence as an exporter across the resources, salt, wheat and woodchip industries, and, on an equity basis, is the fourth largest exporter in Australia.

Mitsui, through Mitsui E&P Australia (MEPAU), is a significant oil and gas producer in Australia with an asset portfolio that includes interests in the Vincent and Enfield Oil Projects and Greater Enfield Development Project in Western Australia, the Kipper Gas Project, the Casino Gas Project in Victoria and the Meridian Coal Seam Gas Project in Queensland.

Mitsui also leads and supports a number of social initiatives in Australia, with a focus on the promotion of education and study between Australia and Japan, and providing support to regional communities where some of its energy and resources assets are based in Australia.

MITSUI & CO., LTD.

1-3, Marunouchi 1-chome,
Chiyoda-ku, Tokyo, 100-8631, Japan



Annexure A – Bid Conditions

1 No regulatory action

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) there is not in effect any preliminary or final decision, order or decree issued by any public authority;
- (b) no action or investigation is announced, commenced or threatened by any public authority; and
- (c) no application is made to any public authority (other than by Mitsui or any associate of Mitsui),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or materially impedes, or threatens to restrain, prohibit or materially impede, or materially impact upon, the making of the Offers and the completion of any transaction contemplated by this deed or which requires the divestiture by Mitsui of any AWE Shares or any material assets of AWE or any subsidiary of AWE.

2 Minimum acceptance

At the end of the Offer Period, Mitsui has relevant interests in at least 50.1% of the AWE Shares (on a fully diluted basis).

3 No material adverse change

- (a) Subject to clause 3(b), between the Announcement Date and the end of the Offer Period (each inclusive) none of the following occurs:
 - (1) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
 - (2) information is disclosed or announced by AWE concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
 - (3) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to Mitsui (whether or not becoming public),

(each of (1), (2) and (3), a Specified Event) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:

MITSUI & CO., LTD.

1-3, Marunouchi 1-chome,
Chiyoda-ku, Tokyo, 100-8631, Japan



- (4) a material adverse effect on the business, assets, liabilities or financial or trading position of the AWE Group taken as a whole (which for this purposes includes the receipt by any member of the AWE Group of any formal notice from a Government Agency that licences L 1 and L 2 will not be renewed or are revoked);
 - (5) the effect of a diminution in the value of the consolidated net assets of the AWE Group, taken as a whole, by at least \$25 million against what it would reasonably have been expected to have been but for such Specified Event;
 - (6) the effect of a diminution in the consolidated earnings before interest and tax of the AWE Group, taken as a whole, by at least \$25 million in any financial year for the AWE Group against what they would reasonably have been expected to have been but for such Specified Event; or
 - (7) the effect of incurring any obligations, liabilities, accounting impairment, costs or expenses (whether contingent or otherwise) where the quantum (whether individually or aggregated) exceeds \$25 million.
- (b) Clause 3(a) will not apply to events, occurrences or matters that:
- (1) have been disclosed by AWE in its public filings with the ASX or ASIC before the Announcement Date;
 - (2) are required to be done or procured by AWE to be done pursuant to this deed or the Offer or the transactions contemplated by either;
 - (3) are Fairly Disclosed to the Mitsui Group in writing prior to the date of this deed;
 - (4) relate to costs or expenses incurred by AWE associated with the Offer process, including all fees payable to external advisers of AWE;
 - (5) relate to an event, occurrence or matter comprising or resulting from a change in any applicable law, any accounting standards, general or political conditions (including changes in interests rates, foreign exchange rates and changes in oil and gas and other commodity prices) or financial markets, whether in Australia or elsewhere;
 - (6) result from the effect of mark-to-market movements relating to financial derivatives entered into in respect of interest bearing liabilities and foreign exchange rates (including the impacts of those movements on reported earnings); or
 - (7) Mitsui has previously approved in writing.

MITSUI & CO., LTD.

1-3, Marunouchi 1-chome,
Chiyoda-ku, Tokyo, 100-8631, Japan



4 No prescribed occurrences

Between the Announcement Date and the date 3 Business Days after the end of the Offer Period (each inclusive), none of the following prescribed occurrences happen:

- (a) AWE converting all or any of the AWE Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (b) AWE or a Subsidiary of AWE resolving to reduce its share capital in any way;
- (c) AWE or a Subsidiary of AWE entering into a buyback agreement or resolving to approve the terms of a buyback agreement under subsections 257C(1) or 257D(1) of the Corporations Act;
- (d) AWE or a Subsidiary of AWE making an issue of AWE Shares (other than AWE Shares issued as a result of the exercise of Cash Share Rights into AWE Shares) or granting an option over the AWE Shares or agreeing to make such an issue or grant such an option;
- (e) AWE or a Subsidiary of AWE issuing, or agreeing to issue, convertible notes;
- (f) AWE or a Subsidiary of AWE disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) AWE or a Subsidiary of AWE granting, or agreeing to grant, a security interest in the whole, or a substantial part, of its business or property, other than:
 - (1) any security interest required in connection with AWE's debt facilities which has been Fairly Disclosed to ASX or Mitsui in writing prior to the date of this deed;
 - (2) any security interest granted in favour of AWE or another member of the AWE Group;
 - (3) a lien which arises by operation of law or legislation securing an obligation that is not yet due; or
 - (4) in the usual and ordinary course of business consistent with past practice;
- (h) AWE or a Subsidiary of AWE resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of AWE or of a Subsidiary of AWE;
- (j) the making of an order by a court for the winding up of AWE or of a Subsidiary of AWE;
- (k) an administrator of AWE or of a Subsidiary of AWE being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) AWE or a Subsidiary of AWE executing a deed of company arrangement;
- (m) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of AWE or of a Subsidiary of AWE; or

MITSUI & CO., LTD.

1-3, Marunouchi 1-chome,
Chiyoda-ku, Tokyo, 100-8631, Japan



- (n) AWE does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie), provided that a prescribed occurrence will not include any matter:
 - (o) disclosed by AWE in its public filings with the ASX or ASIC before the date of this deed;
 - (p) required to be done or procured by AWE to be done pursuant to this deed or the Offer or the transactions contemplated by either;
 - (q) Fairly Disclosed to the Mitsui Group in writing prior to the date of this deed;
 - (r) in relation to the deregistration or winding up of dormant entities in the AWE Group;
 - (s) required by law or by an order of a court or Government Agency;
 - (t) expressly permitted pursuant to this deed; or
 - (u) the undertaking of which Mitsui has previously approved in writing (which approval must not be unreasonably withheld or delayed).

5 No material breach of the Bid Implementation Deed

Between the Announcement Date and the end of the Offer Period (each inclusive), Mitsui does not become entitled to terminate the Bid Implementation Deed under clause 12.1(a)(1) or 12.2(a) of that deed, as a result of a breach by AWE of clause 6.3 (Prohibited actions) or clause 11.3 (AWE's representations and warranties) of that deed.