



13 February 2018

**AWE Chairman's Letter to Shareholders**

Please find attached a letter from AWE's Chairman to be dispatched to the Company's Shareholders today.

Yours sincerely

A handwritten signature in blue ink, appearing to read "N. Kelly".

**MR NEVILLE KELLY**  
COMPANY SECRETARY





AWE  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3000

13 February 2018

Dear Shareholder

**RE: UPDATE ON POTENTIAL CHANGE OF AWE OWNERSHIP**

Since late November 2017, AWE Limited (AWE) (ASX: AWE) has received a number of unsolicited takeover or scheme proposals. As your new Chairman, I wanted to take this opportunity to provide you with an update of each proposal and the corresponding AWE Board recommendation.

**Mitsui Takeover Bid (\$0.95 per AWE share, cash) – the AWE Board recommends shareholders ACCEPT this offer**

On 5 February 2018, AWE announced that it had entered into a binding Bid Implementation Deed with Mitsui & Co., Ltd. (Mitsui) whereby Mitsui would acquire 100% of the shares in AWE for cash consideration of \$0.95 per share to be effected by way of an off-market takeover bid for AWE (Mitsui Takeover Bid).

The AWE directors unanimously recommend that AWE shareholders **ACCEPT** the Mitsui Takeover Bid in the absence of a superior proposal and subject to an independent expert concluding that the offer price is fair and reasonable. The reasons for this recommendation will be set out in full in a Target's Statement and include that Mitsui's offer price of \$0.95 per share represents a 74.3% premium to AWE's closing share price of \$0.545 per share on 29 November 2017, being the day prior to the disclosure that China Energy Reserve and Chemical Group Australia (CERCG Australia) had approached AWE with a proposal to acquire the company. Mitsui's offer price is also \$0.22 per share greater than the CERCG Australia offer and \$0.12 per share greater than the Mineral Resources Limited Scheme (which is no longer proceeding).

The Mitsui Takeover Bid is subject to a 50.1% minimum acceptance condition, and a limited number of other conditions, detailed in the Mitsui Bid Implementation Deed released to the ASX on 5 February 2018. The Mitsui Takeover Bid is not subject to any regulatory approvals or financing conditions.



Mitsui released its Bidder's Statement to the ASX on 9 February 2018 (copies will be mailed to AWE shareholders) and the Mitsui offer period opened on 12 February 2018. AWE anticipates it will dispatch its Target's Statement, including the independent expert's report, to AWE shareholders on or around 28 February 2018.

**CERCG Australia offer (\$0.73 per AWE share, cash) – the AWE Board recommends shareholders REJECT this offer**

CERCG Australia has made an off-market takeover offer of \$0.73 per share cash, subject to a 50.1% minimum acceptance condition and certain other conditions. CERCG Australia released its Bidder's Statement to the ASX on 25 January 2018. Subsequently, on 12 February CERCG Australia released a First Supplementary Bidder's Statement to the ASX to provide corrective disclosure in relation to its original Bidder's Statement.

AWE anticipates that CERCG Australia will dispatch its Bidder's Statement and First Supplementary Bidder's Statement, on or after 13 February 2018. On that basis, AWE will dispatch its Target's Statement responding to the CERCG Australia offer to AWE shareholders on or around 28 February 2018.

The directors unanimously recommend that shareholders **REJECT** the offer from CERCG Australia and, accordingly, shareholders should **TAKE NO ACTION** in respect of any documents received from CERCG Australia. The reasons for this recommendation will be set out in full in our Target's Statement and include that the value offered is \$0.22 per share lower than the Mitsui Takeover Bid.

**Mineral Resources Scheme (\$0.83 per AWE share, cash and scrip) – Scheme has been terminated**

On 21 December 2017, AWE entered into a binding Scheme Implementation Deed (SID) with Mineral Resources Limited (MinRes) (ASX: MIN) to acquire all shares in AWE at an implied price of \$0.83 per AWE share, in the form of cash and MinRes shares. Subsequently, AWE received a superior offer for the company from Mitsui (see above) and the SID has been terminated. As a result, AWE shareholders will not have to consider the MinRes Scheme and **NO ACTION** is required.

Your Board will provide any material updates on these issues via the ASX. In addition, AWE has established a Shareholder Information Line to assist shareholders with any inquiries. Details are below:

**AWE Limited Offers Information Line**

Toll Free: 1300 145 327  
Overseas: +61 3 9415 4244

Yours sincerely



Kenneth Williams  
Chairman