

**ASX Announcement**  
21 February 2018



## **AWE Target's Statement – CERCG Offer**

AWE Limited (ASX: AWE) today released its Target's Statement responding to the off-market takeover offer by CERCG Aus Gas Pty Ltd to acquire AWE for \$0.73 per share (the **CERCG Offer**).

The Bidder's Statement for the CERCG Offer was released to the ASX on 25 January 2018, and the First Supplementary Bidder's Statement for the CERCG Offer was released to the ASX on 12 February 2018. Notice of completion of dispatch of the Bidder's Statement, including the First Supplementary Bidder's Statement, for the CERCG Offer was released to ASX on 15 February 2018.

A copy of AWE's Target's Statement accompanies this announcement.

The AWE Board unanimously recommends that shareholders **REJECT** the CERCG Offer and take no action in respect of any documents received from CERCG in relation to the CERCG Offer.

The AWE Directors encourage shareholders to read both this Target's Statement and AWE's Target's Statement responding to the board recommended off-market takeover offer by Mitsui & Co., Ltd. to acquire AWE for \$0.95 per share in full before making any decision regarding the CERCG Offer.

**For information please see our website [www.awexplore.com](http://www.awexplore.com) or contact:**

**David Biggs**  
CEO and Managing Director  
AWE Limited  
02 8912 8000

**Matt Sullivan**  
Investor Relations & Corporate Affairs  
AWE Limited  
02 8912 8022  
[matthew.sullivan@awexplore.com](mailto:matthew.sullivan@awexplore.com)

**ENDS**



# REJECT

THE **CERCG AUS GAS PTY LTD**  
OFFER TO ACQUIRE YOUR AWE SHARES



## TARGET'S STATEMENT

FINANCIAL ADVISER FINANCIAL ADVISER LEGAL ADVISER

**HIGHBURY**  
PARTNERSHIP



**Allens < Linklaters**

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ ALL OF THE DOCUMENT. IF YOU ARE IN DOUBT AS TO WHAT YOU SHOULD DO, YOU SHOULD CONSULT YOUR INVESTMENT, FINANCIAL, TAXATION OR OTHER PROFESSIONAL ADVISER.

Your Directors unanimously recommend that you **REJECT** the CERCG Aus Gas Pty Ltd Offer to acquire all of your shares in AWE Limited

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE SHAREHOLDER INFORMATION LINE ON **1300 145 327** (WITHIN AUSTRALIA) OR **+61 3 9415 4244** (OUTSIDE AUSTRALIA) BETWEEN BETWEEN 8.30AM AND 5.30PM (SYDNEY TIME) MONDAY TO FRIDAY.

# IMPORTANT NOTICES

## Shareholder Information Line

AWE Limited (**AWE**) has established the Shareholder Information Line, which Shareholders may call if they have any queries in relation to CERCG's Offer. The telephone number for the Shareholder Information Line is 1300 145 327 (within Australia) or +61 3 9415 4244 (outside Australia) and will be available between 8.30am and 5.30pm (Sydney time) Monday to Friday.

Further information relating to CERCG's Offer can be obtained from the 'News and Announcements' page on the AWE website at [www.awexplore.com](http://www.awexplore.com).

## Nature of this Document

This document is the Target's Statement dated 21 February 2018 given by AWE under Part 6.5 Division 3 of the Corporations Act. This Target's Statement is given in response to the Bidder's Statement by CERCG dated 25 January 2018 and the First Supplementary Bidder's Statement by CERCG dated 12 February 2018.

## ASIC and ASX Disclaimer

A copy of this Target's Statement has been lodged with ASIC. Neither ASIC nor any of its officers takes any responsibility for the contents of this Target's Statement.

A copy of this Target's Statement has also been provided to the ASX. Neither the ASX nor any of its officers takes any responsibility for the contents of this Target's Statement.

## Defined Terms and Interpretation

Capitalised terms used in this Target's Statement are defined in Section 10. Section 10 also sets out some rules of interpretation which apply to this Target's Statement.

## No Account of Personal Circumstances

This Target's Statement and the recommendations and other information contained in it do not constitute financial product advice. The recommendations and other information contained in this Target's Statement should not be taken as personal financial or taxation advice, as each Shareholder's deliberations and decision will depend upon their own financial situation, tax position, investment objectives and particular needs.

It is important that you read this Target's Statement in its entirety before making any investment decision and any decision relating to the Offer. Your Directors encourage you to obtain independent advice from your investment, financial, taxation or other professional adviser before making a decision whether or not to accept CERCG's Offer.

## Forward Looking Statements

This Target's Statement contains forward looking statements. All statements other than statements of historical fact are forward looking statements. Shareholders should note that those forward looking statements are only predictions and are inherently subject to uncertainties, in that they may be affected by a variety of known and unknown risks, variables and other important factors, many of which are beyond the control of AWE. Actual values or results, performance or achievements may differ materially from those expressed or implied by such statements. The risks, variables and other factors that may affect the forward looking statements include matters specific to the energy industry, in particular the oil and gas sectors, as well as economic and financial market conditions, legislative, fiscal or regulatory developments, the price performance of AWE Shares, including the risk of possible price decline in the absence of the Offer or other takeover or merger speculation, and risks associated with the business and operations of AWE. Further information can be found in Section 2.

None of AWE or any of its officers, or any person named in this Target's Statement with their consent, or any person involved in the preparation of this Target's Statement, makes any representation or warranty (express or implied) or gives any assurance as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statements, except to the extent required by law. You are cautioned not to place undue reliance on any such statement.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, AWE and its officers disclaim any obligation or undertaking to update or revise any forward looking statements to reflect any change in expectations in relation to them or any change in events, conditions or circumstances on which any forward looking statement is based.

## Non-IFRS Financial Information

This Target's Statement includes references to *Field EBITDAX* and *Underlying Net Profit/(Loss)* which are Non-IFRS Financial Information. Definitions of *Field EBITDAX* and *Underlying Net Profit/(Loss)* are set out below.

*Field EBITDAX* means earnings before interest, tax, depreciation, amortisation, exploration expenses and other income and expenses not related to operations.

*Underlying Net Profit/(Loss)* means statutory profit/(loss) adjusted to exclude non-recurring items.

AWE uses this Non-IFRS Financial Information to monitor and assess the underlying performance of its business.

This Non-IFRS Financial Information has not been the subject of audit or review by AWE's external auditor, however, it is derived from information prepared in accordance with IFRS accounting. Non-IFRS Financial Information should be used in addition to, and not as a replacement or substitute for, information prepared in accordance with IFRS.

## Reserves and Resources

Unless otherwise stated, references in this Target's Statement to Reserves and Contingent Resources for AWE are estimates of Reserves and Contingent Resources as at 31 December 2017, as released to the ASX on 20 February 2018.

## Effect of Rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Target's Statement.

Discrepancies between totals in tables and or in calculations are due to rounding.

# CONTENTS

## Reliance on Information Obtained from CERCG or Public Sources

The information in this Target's Statement about CERCG has been compiled from or is otherwise based on information obtained from CERCG or publicly available sources, and has not been independently audited or verified by AWE or its advisers. If the information obtained from CERCG or the public sources is inaccurate or incomplete, this may affect the information included in this Target's Statement. In particular, if the information has been used as the basis for forward looking statements in this Target's Statement, this may add to the risk that actual values, results, performance or achievements will differ materially from those expressed or implied by the forward looking statements.

## Privacy

AWE has collected your information from the register of Shareholders for the purpose of providing you with this Target's Statement. The type of information AWE has collected about you includes your name, contact details and information on your shareholding (as applicable) in AWE. Without this information, AWE would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of Shareholders to be held in a register. Your information may be disclosed on a confidential basis to external service providers (including the AWE Share Registry and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by AWE, please contact the AWE Share Registry on 1300 850 505 (within Australia) or +61 3 9415 5000 (outside Australia).

## Risk Factors

Shareholders should note that there are a number of risks that they should have regard to before deciding how to respond to the Offer. Further information about those risks can be found in Section 2.

1	Why You Should REJECT CERCG's Offer	2
2	Risks and Other Matters to Consider in Deciding Whether or Not to Accept the Offer	4
3	Your Directors' Response to CERCG's Claims	7
4	Answers to Frequently Asked Questions	8
5	Your Choices as a Shareholder	11
6	Information on AWE	12
7	Other Important Information About CERCG's Offer	23
8	Directors' Recommendations and Interests	26
9	Other Material Information	28
10	Definitions and Interpretation	31
11	Authorisation	33
	Schedule 1	34

# WHAT YOU NEED TO DO

To reject CERCG's Offer:

**SIMPLY DO NOTHING**



- To reject CERCG's Offer, you should ignore all documentation sent to you by CERCG and take no action.
- Read this Target's Statement, which contains your Directors' unanimous recommendation to reject CERCG's Offer and the reasons for this recommendation.
- If you have any questions, please call the Shareholder Information Line on 1300 145 327 (within Australia) or +61 3 9415 4244 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday.

## KEY DATES

Date of this Target's Statement	21 February 2018
CERCG's Offer Period opens	13 February 2018
CERCG's Notice of Status of Conditions due	28 February 2018*
CERCG's Offer Period closes 7pm (AEDT)	13 March 2018*
Payment to Shareholders who accept CERCG's Offer	On or before the earlier; (i) one month after the Offer is accepted or one month after the Offer becomes, or is declared, unconditional (whichever is later); and (ii) 21 days after the end of the Offer Period

\* (unless the Offer Period is extended or the Offer is withdrawn in accordance with the Corporations Act).

**Your Directors unanimously recommend that you  
REJECT the CERCG Aus Gas Pty Ltd Offer to acquire  
all of your shares in AWE Limited**

# CHAIRMAN'S LETTER



21 February 2018

Dear AWE Shareholder,

**Your Directors unanimously recommend that you REJECT CERCG's Offer for your Shares – do nothing and TAKE NO ACTION.**

You will have received a Bidder's Statement<sup>1</sup> from CERCG Aus Gas Pty Ltd (**CERCG**) outlining its conditional, off-market cash offer to acquire your AWE Shares for \$0.73 per Share (**CERCG's Offer**). As announced on 5 February 2018, the AWE Board has considered CERCG's Offer and unanimously recommend that Shareholders **REJECT** CERCG's Offer. Accordingly, your Directors unanimously recommend that Shareholders **TAKE NO ACTION** in respect of any documents received from CERCG. This Target's Statement sets out AWE's formal response to CERCG's Offer.

As announced on 5 February 2018, AWE has entered into a Binding Implementation Deed (the **BID**) with Mitsui & Co., Ltd. (**Mitsui**). Consistent with the BID, Mitsui has announced a conditional, off-market cash takeover offer to acquire your AWE Shares at \$0.95 per Share (**Mitsui's Offer**). By now, you will also have received Mitsui's Bidder's Statement.

Mitsui's Offer Price of \$0.95 per Share is \$0.22 per Share or 30.1% higher than CERCG's Offer Price of \$0.73 per Share. Mitsui's Offer is also more attractive in terms of conditionality than CERCG's Offer. Therefore, your Directors unanimously recommend you **REJECT** CERCG's Offer and **ACCEPT** Mitsui's Offer as Mitsui's Offer provides better value and greater value certainty for Shareholders. Section 1 of this Target's Statement outlines in more detail the reasons for your Board's recommendation to **REJECT** CERCG's Offer.

In the context of Mitsui's Offer, AWE appointed Grant Thornton Corporate Finance Pty Ltd as the Independent Expert to prepare an Independent Expert's Report on whether Mitsui's Offer is fair and reasonable to AWE Shareholders. In the Independent Expert's Report, a copy of which is included as a schedule to AWE's target's statement in response to Mitsui's Offer, the Independent Expert has valued AWE at **\$0.78 to \$1.06** per Share and concluded that Mitsui's Offer is fair and reasonable to AWE Shareholders, in the absence of a superior proposal. CERCG's Offer, at \$0.73 per Share, is below the bottom end of that Independent Expert's valuation range.

CERCG's Offer Price is also materially lower than the closing price of AWE Shares on ASX on 20 February 2018, being the last practicable date prior to the date of this Target's Statement.

In deciding whether to REJECT CERCG's Offer, you should note that CERCG's Offer is subject to number of conditions which are unlikely to be, or are incapable of being, satisfied. See the table in section 1.3 for a description of those conditions. The full conditions attached to CERCG's Offer are summarised in Section 7.7 of this Target's Statement and are set out in full in Annexure B to CERCG's Bidder's Statement.

CERCG's Offer is scheduled to close at 7pm (Sydney time) on 13 March 2018, unless withdrawn or extended. To **REJECT** CERCG's Offer, please simply **TAKE NO ACTION** in relation to all documents sent to you from CERCG.

Further information in relation to CERCG's Offer is contained in this Target's Statement, including the reasons for your Directors' recommendation. Please read this Target's Statement and the Bidder's Statement carefully, and in their entirety, as they will assist you in making an informed decision on whether or not to accept CERCG's Offer. If you are in any doubt as to what you should do, I encourage you to seek advice from independent and appropriately licensed financial, legal, taxation and other professional advisers before making your decision in relation to your AWE Shares.

If you have any questions in relation to CERCG's Offer or this Target's Statement, you may also contact the Shareholder Information Line 1300 145 327 (within Australia) or +61 3 9415 4244 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday.

On behalf of the AWE Board, I reiterate our recommendation to reject CERCG's Offer and our recommendation that Shareholders accept Mitsui's Offer (in the absence of a superior proposal).

I also take this opportunity to thank you for your continued support of AWE.

Yours sincerely,

**Kenneth Williams**

Chairman

<sup>1</sup> A reference to CERCG's Bidder's Statement includes a reference to the Supplementary Bidder's Statement despatched by CERCG to AWE Shareholders at the same time as the Bidder's Statement, incorporating certain corrective disclosures in relation to the original Bidder's Statement following an application by AWE to the Takeovers Panel.

# 1. WHY YOU SHOULD REJECT CERCG'S OFFER

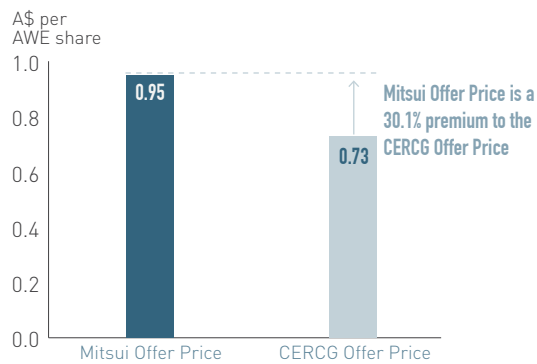
1	Mitsui has provided a superior offer which values your Shares at a higher price
2	CERCG's Offer does not represent fair value for your Shares
3	CERCG's Offer is subject to a number of conditions which will not be, or are unlikely to be, satisfied
4	CERCG's Offer is highly conditional and is uncertain

## 1.1 Reason 1: Mitsui has provided a superior offer which values your Shares at a higher price

As announced on 5 February 2018, AWE and Mitsui have entered into a binding Bid Implementation Deed (the **BID**). Under the terms of the BID, Mitsui has agreed to make a takeover offer to acquire your Shares at \$0.95 cash per Share. Mitsui sent its Bidder's Statement to Shareholders on or around 12 February 2018, at which time Mitsui's Offer opened. Mitsui's Bidder's Statement and AWE's target's statement in response to Mitsui's Offer include detailed information in respect of Mitsui's Offer and you should read those documents in their entirety.

Mitsui's Offer Price of \$0.95 per Share is a premium of 30.1% to CERCG's Offer Price of \$0.73 per Share. Mitsui's Offer is also more attractive in terms of conditionality than CERCG's Offer. Your Directors unanimously recommend you accept Mitsui's Offer, in the absence of a superior proposal, as it provides better value for Shareholders.

Figure 1 – CERCG's Offer Price relative to Mitsui's Offer Price



## 1.2 Reason 2: CERCG's Offer does not represent fair value for your Shares

The Board believes that CERCG's Offer does not represent fair value for your AWE Shares, having regards to the strategic nature of AWE's assets, and in particular the benefits which are expected to accrue from a development of the Waitsia Gas Project, an asset which is expected to supply gas to the Western Australian market for many years.

Also, in the context of Mitsui's Offer, AWE appointed Grant Thornton Corporate Finance Pty Ltd as the Independent Expert to prepare an Independent Expert's Report on whether Mitsui's Offer is fair and reasonable to Shareholders. In that report, the Independent Expert valued AWE at \$0.78 to \$1.06 per Share, and concluded that Mitsui's Offer is fair and reasonable to Shareholders, in the absence of a superior proposal.

CERCG's Offer, at \$0.73 per Share, is below the bottom end of the Independent Expert's valuation range.

You should read the Independent Expert's Report in full to understand the methodology and any assumptions underlying that valuation range. A copy of the Independent Expert's Report is included as a schedule to AWE's target's statement in response to Mitsui's Offer.

## 1.3 Reason 3: CERCG's Offer is subject to a number of conditions which will not be, or are unlikely to be, satisfied

CERCG's Offer is subject to a number of conditions, which are summarised in Section 7.7, and set out in full in Annexure B to the Bidder's Statement.

A number of these conditions will not be, or are unlikely to be, satisfied. These include:

CERCG Offer condition	AWE comment
<b>Minimum acceptance of condition – more than 50% of the Shares</b>	While Mitsui's Offer has a similar minimum acceptance condition, CERCG's Offer is \$0.22 less per Share. Accordingly, this condition will be unlikely to be satisfied, unless CERCG materially increases its Offer.
<b>Licences L1 and L2 to be renewed</b>	<p>CERCG's Offer is subject to a condition that during the Offer Period, AWE's petroleum production licences in respect of the Waitisia Gas Project (being L1 and L2) have been, or will be, renewed on terms no less favourable than the terms upon which the licences were originally issued.</p> <p>AWE has applied for the licences to be renewed, in accordance with the applicable regulatory framework. It is not uncommon for applications for licence renewal to not be determined prior to the expiry of the licence term. Legally, those licences remain in good standing until such time as the renewal is determined. The timing of a final renewal determination by the relevant authority is outside of AWE's control. However, it is unlikely that the renewal will be determined during the Offer Period.</p> <p>Accordingly, this condition is unlikely to be satisfied.</p> <p>There is no condition requiring licence renewal in Mitsui's Offer.</p>
<b>No change of control provisions in material contracts</b>	<p>CERCG's Offer is subject to a condition that no person has any right as a result of CERCG acquiring AWE Shares to terminate, vary or accelerate any material obligations under any material AWE agreement.</p> <p>As described in Section 6.9, AWE's existing corporate debt facilities are subject to a 'review event' that may be triggered in the event of a change of control of AWE, and may, in certain circumstances, lead to the lenders having the right to terminate and accelerate the obligation to repay the facility. Such a term is common in facilities of this nature.</p> <p>Accordingly, this condition will not be satisfied.</p> <p>There is no equivalent condition in Mitsui's Offer.</p>
<b>No acceleration of Cash Share Rights</b>	<p>CERCG's Offer is subject to a condition that AWE does not vest or accelerate the vesting of any unvested Cash Share Rights.</p> <p>Under AWE's Cash Share Rights Plan, the Board has a discretion to determine that Cash Share Rights vest early in the event of a change of control of AWE.</p> <p>In both the Scheme Implementation Deed entered into with MinRes in relation to MinRes' Proposal (which is no longer proceeding), a copy of which was released to the ASX, and the Bid Implementation Deed entered into with Mitsui in relation to Mitsui's Offer announced to the ASX on 5 February 2018, AWE agreed to ensure that the Board exercises its discretion under the Cash Share Rights Plan so that the vesting of all Cash Share Rights is accelerated.</p> <p>As described in Section 6.10, the Board has now resolved that in the event of a person obtaining a Relevant Interest of more than 50% under an offer which is unconditional, the vesting of all Cash Share Rights will be accelerated.</p> <p>This means that this condition will not be satisfied.</p> <p>There is no equivalent condition in Mitsui's Offer.</p>
<b>Adviser fees</b>	<p>CERCG's Offer contains a condition that the costs and expenses agreed to be paid to AWE's advisers in relation to CERCG's Offer do not exceed \$4 million.</p> <p>Under the engagement letters which AWE has entered into with its financial and other advisers, AWE may be required to pay adviser fees in excess of \$4 million in certain circumstances.</p> <p>AWE's advisory arrangements were put in place prior to CERCG's initial approach to AWE and it is common for companies to put advisory arrangements in place when anticipating, and responding to, control proposals.</p> <p>AWE believes these fees are reasonable and appropriate, given the need for AWE to have responded to multiple unsolicited control proposals over the past 4 months.</p> <p>Accordingly, this condition will not be satisfied.</p> <p>Mitsui's Offer has a similar, though less onerous, condition with a higher monetary threshold, that AWE does not expect would be triggered in the event Mitsui's Offer is successful.</p>

CERCG's Offer is therefore not only \$0.22 per Share less than the price under Mitsui's Offer, it is also subject to a number of conditions that will not be, or are unlikely to be, satisfied.

Unless CERCG waives these conditions, if you accept CERCG's Offer, any contract with CERCG to buy your Shares will not become unconditional. At the same time, subject to limited withdrawal rights in certain circumstances (set out in Section 7.9), you will be unable to accept into the higher Mitsui Offer, sell your Shares on market, or deal with them in any other manner.

#### 1.4 Reason 4: You may forgo value

CERCG's Offer Price is 30.1% lower than Mitsui's Offer Price, which your Board unanimously supports and recommends in the absence of a superior proposal. CERCG's Offer Price is also 13.7% lower than MinRes' Proposal, which is no longer proceeding, which had an implied value of \$0.83 per Share. CERCG's Offer Price is also materially lower than the closing price of AWE Shares on ASX on 20 February 2018, being the last practicable date prior to the date of this Target's Statement.

If you accept CERCG's Offer, you will crystallise the value of your investment in AWE at CERCG's Offer Price. You will only be able to withdraw your acceptance in limited circumstances and, therefore, you may not have an opportunity to accept Mitsui's Offer, which is at a higher price, or any other competing proposal which may emerge.



## 2. RISKS AND OTHER MATTERS TO CONSIDER IN DECIDING WHETHER OR NOT TO ACCEPT THE OFFER

### 2.1 Risks of accepting CERC G's Offer

Refer to Section 1 headed 'Why you should REJECT CERC G's Offer' for further information about the risks of accepting CERC G's Offer. In particular, accepting CERC G's Offer means that you will not be able to accept Mitsui's Offer (except in very limited circumstances where you may withdraw your acceptance [refer to Section 7.9]) nor any competing proposal which may emerge.

### 2.2 Risks of holding AWE Shares, absent Mitsui's Offer

The risks and uncertainties that apply to holding AWE Shares include risks that AWE shares with others in the oil and gas industry, risks specific to AWE, and risks relating to the outcome of the Offer. Many of these risks are outside the control of AWE and its Directors.

This Section describes some of the material risks that apply to holding AWE Shares. These are not the only risks AWE faces. Some risks may not be known to AWE, and some that AWE currently believes to be immaterial could later turn out to be material. One or more or a combination of these risks could materially impact AWE's future operating and financial performance, and the value of the Shares.

#### (a) Failure to adapt to changes in the business environment or market conditions

AWE's business model may be impacted by incremental or rapid changes in the business environment in which AWE conducts its business or market conditions, such as:

- adverse changes in macroeconomic conditions, including global, regional and local economic growth, the costs and general availability of credit, the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), general consumption and consumer spending and sentiment, and levels of unemployment, amongst others; and
- movements in oil and gas prices may impact profitability.

The above risks are outside the control of AWE and may result in declining or more volatile future revenue streams and key cost inputs and could have a material impact on AWE's operational and financial performance.

#### (b) Commodity prices

The financial performance and results of AWE will be heavily influenced by the price realised for its hydrocarbon products, including gas, oil, condensate and LPG. The financial performance of AWE will be exposed to fluctuations in the prices of these commodities.

In general terms, commodity prices may be influenced by numerous factors and events which are beyond the control of AWE, including supply and demand fundamentals, currency exchange rates, interest rates, general economic, political and regulatory conditions, speculative activities and other factors. These factors may have a positive or negative effect on AWE's development projects and production plans and activities, together with the ability to fund those plans and activities.

In addition, the price of any publicly traded commodity is variable and can be volatile, as a result of a number of factors outside of the control of AWE, including general economic and geopolitical conditions, and supply and demand dynamics.

A material decline in the realised price for the commodities produced by AWE may have a material adverse impact on the financial results and future prospects of AWE.

Declines in the price of, and demand for, these commodities may also lead to revisions of the medium and longer term price assumptions for these commodities from future production, which, in turn, may lead to a revision of the carrying value of some of AWE's assets and/or a reduction of Reserves estimates.

#### (c) Oil and gas production performance

Production performance of AWE is subject to a number of risks, including production and expansion activities being executed as presently planned, changes in operating and capital costs, unanticipated mechanical failure of plant and equipment, and technical risks such as reservoir performance. Relevant risks, if they arise (alone, or in combination), may interrupt or delay production, increase production costs or result in damage to and/or destruction of property, plant and equipment, or personal injury, environmental harm or legal liability.

#### (d) Development activities

AWE's development activities may be delayed or may be unsuccessful for many reasons, including extreme weather conditions and weather events, unanticipated financial, operational or political events, cost overruns, decline in commodity prices or demand, equipment and labour shortages, technical concerns, increases in operating costs, community or industrial action, failure to obtain necessary government approvals or permits and general project delays.

Material delays or failures to successfully complete AWE's development activities may have a material adverse effect on the operating performance of AWE or its future prospects.

#### (e) Estimates of Reserves and Contingent Resources

The estimation of hydrocarbon Reserves and Contingent Resources is subject to significant uncertainties associated with hydrocarbon reservoir geology and the interpretation of seismic and well data, as well as judgements and assumptions regarding recovery factors, future commodity prices, exchange rates, and development and operating costs. There can be no guarantee that AWE will successfully produce the volume of hydrocarbons it has classified as Reserves, or that hydrocarbon Contingent Resources will be successfully converted to Reserves. In addition, estimates that are valid when originally calculated may alter significantly or become uncertain when new information becomes available, including as a result of drilling, engineering studies and production data over the life of a field. As estimates change or are updated, development and production plans may be altered in a way that may adversely affect AWE's results of operations or future prospects.

### **(f) Exploration activities**

The future operating and financial performance of AWE will be heavily influenced by the ability of AWE to successfully explore for and identify hydrocarbons that are commercially viable, so as to increase Reserves and/or replace Reserves depleted by production.

Exploration activity is a high-risk endeavour which is subject to geological and technical risks and uncertainties.

There can be no guarantee that AWE will, through its exploration activities, successfully identify and secure Reserves and Contingent Resources to support future production.

### **(g) Drilling activities**

Oil and gas exploration, development and production activities typically involve drilling operations. Drilling operations are high-risk and subject to hazards including unexpected geological conditions, infrastructure failure and other incidents, or conditions which could result in damage to plant or equipment or harm to people or the environment. Although it is intended to take adequate precautions to minimise risks associated with drilling activities, there can be no guarantee that AWE will not experience one or more material incidents in the context of drilling activities which may have an adverse impact on the operating and financial performance of AWE, including costs associated with control of well operations, recovery of plant and equipment, and environmental rectification and compensation, along with delays or other impacts on anticipated results.

### **(h) Access to infrastructure**

In order to access markets for the sale of AWE's production, AWE will rely on access to infrastructure on commercially acceptable terms. There can be no guarantee that AWE will be able to maintain or obtain access to relevant infrastructure on commercially acceptable terms. A failure to obtain or maintain access to relevant infrastructure, or an event which results in a significant interruption to access to such infrastructure due to unforeseen circumstances, will have an adverse effect on the operating and financial performance of AWE.

### **(i) Joint ventures**

As is common in the oil and gas industry, many of AWE's assets are held, or in the future may be held, in joint ventures which enables AWE and its joint venture partners to share the technical, operational and commercial risks associated with oil and gas activities. With some exceptions, decisions regarding the exploration, development and production activities of joint ventures require approval of a specific majority of participants in the joint venture. Whether or not AWE holds a majority interest in a joint venture, or holds the position of operator for the joint venture, joint venture participants may:

- have commercial or other interests or objectives for the joint venture which may not be aligned to those of AWE;
- exercise voting rights for joint venture decisions to prevent or delay activity which AWE considers to be in the best interests of the joint venture and the commercial objectives of AWE; or
- be unable or unwilling to fulfil their respective obligations, including contributing their proportionate share of joint venture capital and operating costs.

Where AWE is not the operator of the joint venture, AWE monitors the performance of the operator and may seek to influence joint venture activities by providing technical advice, but AWE has limited control over the day-to-day conduct of the activities of the joint venture.

Improper management of joint venture activities, including a failure to have effective policies and systems in place, may adversely affect the value of AWE's interests in the relevant joint venture and, by extension, may result in damage to the reputation of AWE which may impact on AWE's other assets and access to new opportunities.

### **(j) Approvals, permits and licences**

AWE's continuing operations are dependent on AWE's ability to obtain and maintain certain government permits, approvals and licences for each of its projects. AWE's ability to carry on its business will therefore be subject to its ability to obtain and maintain, and various governments' willingness to renew and not revoke, such rights.

There can be no guarantee that AWE will be able to obtain all necessary government approvals, permits or licences on reasonably acceptable terms or in a timely manner. Any such failure may have a material and adverse impact on AWE's business, results of operation, financial condition or future development prospects. Refer to Section 6.2(a) for a discussion of the renewal status of the L1 and L2 permits.

### **(k) Land access and native title**

Land access is critical to AWE's operations. Immediate and continuing access to and within AWE's permit areas cannot in all cases be guaranteed as AWE may be required to obtain the consent to access from owners and occupiers of the land or surrounding areas. Compensation may be required to be paid by AWE in order for the Company to undertake its activities.

In addition, AWE operates in areas within Australia that are, or may become, the subject of claims and applications for native title, which have the potential to introduce delays in the granting or renewal of petroleum licences and other permits and, consequently, may have an effect on the timing and cost of exploration, development and production licences, as well as in respect of operating costs associated with such licences and permits. For example, part of the area covered by the Waitsia Gas Project permits is the subject of a claim for native title which will have an impact upon the timing for completing the renewal process.

### **(l) Access to capital**

The continued operations of AWE are dependent on its ability to obtain financing through debt and equity financing, or generating sufficient cash flows from future operations. There is a risk that AWE may not be able to access capital from debt or equity markets for future projects or developments, which could have a material adverse impact on AWE's business and financial condition.

AWE may become unable to service or refinance existing debt, or obtain new debt, on acceptable terms or at all, depending on future performance and cash flows which are affected by various factors, some of which are outside AWE's control, such as interest and exchange rates, general economic conditions and global financial markets. If any of these scenarios materialise, AWE may be unable to raise financing on acceptable terms to repay maturing indebtedness, and consequently may need to reallocate capital from other uses, such as funding its growth, to meet its obligations or respond to market pressures. This could adversely affect the longer-term prospects and financial performance of its business; or it may also default, which could result in cross-defaults under other indebtedness. Additionally, ongoing requirements to meet debt covenants may impact AWE's ability to refinance debt.

As described in Section 6.9, Shareholders that do not accept the Offer should also be aware that if CERCG acquires a Relevant Interest of greater than 50% as a result of the Offer, but does not reach the 90% required to proceed to compulsory acquisition, they will be exposed to risks associated with the refinancing of AWE's multi-currency syndicated corporate facility.

### (m) Sovereign and international risks

As described in Section 6, AWE's key assets are located in Australia, Indonesia and New Zealand.

There are certain risks inherent in doing business across different jurisdictions, including internationally, such as changes in regulatory requirements, tariffs, customs, duties and other trade barriers, difficulties in staffing and managing foreign operations, political instability, expropriation, nationalisation and war.

There may also be fluctuations in technology export and import restrictions or prohibitions and delays from customers, brokers or government agencies, any of which could impact the success of AWE's international operations and subsequently have a material adverse effect on AWE's competitiveness and financial performance. In addition, there is an increased risk of recovering monies owed to AWE in foreign jurisdictions.

The conditions in the jurisdictions in which AWE conducts its business are currently relatively stable. However, no assurance can be given regarding future stability in any jurisdiction in which AWE currently operates or may, in the future, operate. Potential risk to AWE's activities may occur if there are changes to the political, legal and fiscal systems which might affect the ownership and operation of AWE's interests and financial results. This may also include changes in exchange control regulation, changes in government and in legislative and regulatory regimes, and changes in the application of existing laws and policy, over which AWE has no control.

Examples of policy changes in Australia that affect the oil and gas industry include the introduction of the Australian Domestic Gas Security Mechanism (the **ADGSM**) and the introduction of moratoriums on fracking in a number of Australian states, including Victoria, New South Wales and, most recently, Western Australia. While these policies are not expected to directly impact AWE (for example, in relation to the ADGSM, AWE currently sells all of its relevant gas to domestic gas customers and, in relation to the Western Australian moratorium on fracking, the development of the Waitsia Gas Project conventional 2P Reserves will not require fracking), they are important examples of material changes to policy notwithstanding relative political stability.

### (n) Insurance risks

AWE presently maintains insurance for certain activities within ranges of coverage that it believes to be consistent with industry practice, having regard to the nature of activities being conducted. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of AWE.

### 2.3 Risks relating to the outcome of the Offer

If you do not accept the Offer, maintaining your investment in AWE may also involve the following risks, depending on the outcome of the Offer:

- The Shares acquired by CERCG under the Offer will reduce the number of Shares that can be expected to be available for trading on ASX. This is likely to reduce the liquidity of AWE Shares, and may adversely affect the price at which they might otherwise be expected to trade.
- If CERCG acquires control of AWE, it will have enhanced capacity to influence the manner in which AWE's business is conducted. CERCG's intentions for AWE are described in section 5 of the Bidder's Statement, but those intentions may change, particularly as a result of the review which CERCG states that it will undertake. Changes to the business which are implemented by CERCG may mean that you may subsequently choose to dispose of your Shares at a time when market conditions are less favourable than those prevailing at the date of this Target's Statement.
- If you choose not to accept the Offer and CERCG subsequently exercises compulsory acquisition rights, you are likely to be paid later than Shareholders who accept the Offer.

If you do accept the Offer, you will only be able to withdraw your acceptance in limited circumstances and, therefore, you may not have an opportunity to accept Mitsui's Offer, which is at a higher price, or any other competing proposal which may emerge. Refer to Section 1 for further details on the consequences and risks of accepting the Offer.

# 3. YOUR DIRECTORS' RESPONSE TO CERCG'S CLAIMS

CERCG made a number of claims in its Bidder's Statement in support of its Offer. Your Directors' response to the key claims is summarised in the table below.

CERCG's Claim	Your Directors' Response
<b>1 The Offer represents a significant premium to key AWE price benchmarks</b>	<p>The Directors believe the Offer Price does not reflect an appropriate premium, nor does it reflect fair value for your Shares.</p> <p>The Directors note that CERCG's Offer is at a material discount to Mitsui's Offer and the current trading price of the Shares, which are key benchmarks for Shareholders.</p> <p>The Directors also note that CERCG's Offer is below the bottom end of the valuation range of \$0.78-\$1.06 per Share determined by the Independent Expert in the context of Mitsui's Offer.<sup>2</sup></p>
<b>2 The Offer removes significant risks and uncertainties associated with a continuing investment in AWE (whether direct or indirect)</b>	<p>The Board believes CERCG's assertions around risk and uncertainty, including those in relation to assets such as Waitsia, BassGas, Casino and AAL, are overstated.</p> <p>The Board has been focused on reshaping AWE, which has involved the divestment of a number of later life, non-core assets, and a significant reduction in costs, debt levels, capital expenditure and exploration expenditure. This reshaping has positioned AWE for growth through the development of Waitsia. AWE has made very good progress with the development of Waitsia and recently strengthened its balance sheet through the equity raising in late 2017.</p> <p>Your Directors believe that CERCG's Offer has been opportunistically timed to take advantage of AWE, when we are advanced in our plans for growth but not yet realising the benefits of that growth. The Board believes that Shareholders are entitled to benefit from the value to be extracted from AWE's assets through receiving a fair price for their Shares, which is not currently the case with CERCG's Offer.</p>
<b>3 L1 and L2 have expired</b>	<p>CERCG asserts that the Waitsia Gas Project permits, L1 and L2, have expired. This is false. The relevant permits are on foot and in good standing, which is readily identifiable from publicly available information.</p> <p>AWE has applied for the licences to be renewed, in accordance with the applicable regulatory framework. Legally, those licences remain in good standing until such time as the renewal is determined.</p>
<b>4 The trading price of the Shares may fall if the Offer is unsuccessful and no alternative superior proposal (whether currently existing or emerging in the future) is successfully implemented</b>	<p>Mitsui has provided a superior offer, which values your Shares at \$0.95 per Share or a 30.1% premium to CERCG's Offer Price. The Shares have recently been trading at or above Mitsui's Offer Price. CERCG's Offer Price is therefore materially below the current trading value of the Shares.</p>
<b>5 The Offer conditions are readily capable of being satisfied</b>	<p>As noted above in Section 1.3, CERCG's Offer is subject to a number of conditions that will not be, or are unlikely to be, satisfied.</p> <p>The conditional nature of CERCG's Offer, and the fact that a number of conditions will not be, or are unlikely to be, satisfied is an important consideration for Shareholders. As a result, even if you accept CERCG's Offer, it may not be successful.</p>
<b>6 The Offer provides all-cash certainty</b>	<p>While CERCG's Offer is all-cash, it provides materially less cash per Share than Mitsui's Offer.</p>

<sup>2</sup> The Independent Expert was engaged by AWE to prepare the Independent Expert's Report in relation to Mitsui's Offer. The Independent Expert Report is included in AWE's target's statement in response to Mitsui's Offer. The Independent Expert was not engaged to provide any conclusions in relation to CERCG's Offer.

# 4. ANSWERS TO FREQUENTLY ASKED QUESTIONS

This Section answers some frequently asked questions about CERCg's Offer. It is not intended to address all issues relevant to Shareholders. This Section should be read together with all other parts of this Target's Statement.

Question	Answer
1 <b>What is the Bidder's Statement?</b>	The Bidder's Statement is the document setting out the terms of CERCg's Offer and includes any Supplementary Bidder's Statement. CERCg lodged the Bidder's Statement with ASIC on 25 January 2018 (and the First Supplementary Bidder's Statement with ASIC on 12 February 2018) and completed despatch of the Bidder's Statement (and First Supplementary Bidder's Statement) to Shareholders on 15 February 2018.
2 <b>What is the Target's Statement?</b>	This Target's Statement has been prepared by AWE and provides AWE's response to CERCg's Offer, including the recommendation of your Directors.
3 <b>What is CERCg offering for my AWE Shares?</b>	CERCg is offering \$0.73 in cash for every Share that you hold, in contrast to Mitsui, which is offering you \$0.95 in cash for every Share that you hold.
4 <b>What are your Directors recommending?</b>	Your Directors unanimously recommend that you <b>REJECT</b> CERCg's Offer for the reasons explained in Section 1. To follow your Directors' unanimous recommendation that you reject CERCg's Offer, you should simply do nothing. If there is a change in your Directors' recommendation or there are any material developments in relation to the Offer, your Directors will make the appropriate supplementary disclosure.
5 <b>What do the AWE Directors intend to do with their AWE Shares?</b>	Each Director intends to reject CERCg's Offer, and to accept Mitsui's Offer, in respect of all the Shares that they hold or control.
6 <b>What action can I take?</b>	As a Shareholder you have four choices available: <ol style="list-style-type: none"> <li>1 take no action;</li> <li>2 <b>ACCEPT</b> Mitsui's Offer;</li> <li>3 sell your shares on ASX (unless you have already accepted Mitsui's Offer or CERCg's Offer and have not validly withdrawn your acceptance); or</li> <li>4 accept CERCg's Offer.</li> </ol> <p>Refer to Section 5 for further details of the choices you have. If you are in any doubt as to what to do, your Directors recommend that you consult with your investment, financial, taxation or other professional adviser.</p>
7 <b>When does the Offer close?</b>	CERCg's Offer is currently scheduled to close at 7pm (Sydney time) on 13 March 2018, unless withdrawn or extended. Your Directors will keep you informed if there are any material developments in relation to the Offer. Shareholders are also encouraged to monitor the AWE website at <a href="http://www.awexplore.com">www.awexplore.com</a> for any updates on the Offer.
8 <b>If I accept the Offer now, can I withdraw my acceptance?</b>	You may only withdraw your acceptance of the Offer if the Offer is varied in such a way as to delay the time by which you would receive payment from CERCg by more than one month. This may occur if the Offer Period is extended by more than one month and the Offer is still subject to any conditions at that time. Section 4 of Annexure A of the Bidder's Statement and Section 7.9 of this Target's Statement describe in more detail the circumstances in which Shareholders may validly withdraw their acceptance.
9 <b>If I choose to accept the Offer, when will I receive my consideration?</b>	If you accept the Offer, you will be paid on or before the earlier of: <ul style="list-style-type: none"> <li>• one month after the Offer is accepted or one month after the Offer becomes, or is declared, unconditional (whichever is later); and</li> <li>• 21 days after the end of the Offer Period.</li> </ul> <p>It is uncertain when (if ever) CERCg's Offer will become unconditional.</p> <p>Refer to Section 1.3 for further details.</p>
10 <b>What are the tax implications of accepting the Offer?</b>	A general outline of the tax implications of accepting the Offer for Shareholders is set out in section 6 of the Bidder's Statement.  You should not rely on the outline in section 6 of the Bidder's Statement as advice on your own affairs. It does not deal with the position of certain Shareholders. It also does not take into account the particular circumstances of each Shareholder. You should therefore seek your own professional financial and taxation advice before making a decision as to whether or not to accept CERCg's Offer for your Shares. You may, for example, be liable for Australian capital gains tax.  More information about this is contained in Section 9.6.

Question	Answer
11 If I REJECT the Offer but CERCG obtains more than 90% of the Shares, where do I stand?	If CERCG obtains more than 90% voting power in AWE, then (subject to satisfaction of various legal requirements) CERCG will be entitled to proceed to compulsory acquisition of the Shares held by Shareholders who did not accept the Offer, in which case you will receive the same amount as the Offer Price. CERCG has stated in section 5.2 of the Bidder's Statement that if it becomes entitled to compulsorily acquire the Shares, it intends to exercise those rights. More information about this is contained in Section 7.10.
12 Is there any prospect of CERCG improving its Offer?	CERCG has stated that it has no present intention to increase the Offer Price, though it reserves the right to do so.
13 What happens if the Offer Price is raised?	If CERCG raises the Offer Price, your Directors will carefully consider any revised Offer and advise you accordingly.
14 During the period of the Offer, can I sell my AWE Shares on ASX?	Yes. However, you cannot trade your Shares if you accept CERCG's Offer, even while the Offer remains subject to conditions.
15 What are the conditions of the Offer?	<p>CERCG's Offer is subject to a number of conditions. Offer conditions include that:</p> <ul style="list-style-type: none"> <li>• the Offer results in CERCG having a Relevant Interest in more than 50% of AWE Shares on a fully diluted basis;</li> <li>• AWE's confirmation regarding L1 and L2 licence renewals;</li> <li>• no change of control or pre-emptive rights relating to AWE's material assets or material agreements have been triggered;</li> <li>• no new gas sale agreements in relation to Waitsia below \$5.50 per GJ;</li> <li>• no material disposals or new development or financing commitments have been undertaken by the AWE Group;</li> <li>• no material adverse change has occurred in relation to the AWE Group;</li> <li>• no increase in AWE termination benefits or vesting of Cash Share Rights;</li> <li>• AWE's adviser fees are capped at \$4 million;</li> <li>• no regulatory action prohibits or restricts the Offer or imposes any new terms on or amends the existing terms of the rights or licences in which AWE has an interest;</li> <li>• no AWE distributions or dividends have been declared or paid; and</li> <li>• no AWE prescribed occurrences have occurred.</li> </ul> <p>This is only a summary of the conditions of CERCG's Offer. Refer to Annexure B to the Bidder's Statement and Section 7.7 of this Target's Statement for further details of the Offer conditions.</p> <p>As set out in Section 1.3, your Directors are concerned that CERCG's Offer is subject to a number of conditions which will not be, or are unlikely to be, satisfied.</p>
16 What happens if the conditions of the Offer are not satisfied or waived?	<p>If the conditions are not satisfied or waived before the Offer closes, the Offer will lapse, and you will not get paid (even if you had accepted the Offer). However, you would then be free to deal with your Shares.</p> <p>In this regard, as set out in Section 1.3, your Directors are concerned that CERCG's Offer is subject to a number of conditions that will not be, or are unlikely to be, satisfied.</p>
17 What are the consequences of accepting the Offer now?	<p>If you accept the Offer now, then unless withdrawal rights are available at the applicable time and you exercise those rights, you will not be able to sell your Shares on market or to any other bidder (including Mitsui) that may make a takeover offer, or deal with them in any other manner.</p> <p>If you accept CERCG's Offer and CERCG subsequently raises its Offer Price, you will receive the higher price.</p> <p>Refer to Section 7.8 for more details.</p>
18 What if there is a competing proposal?	<p>Mitsui has provided a superior proposal offering you \$0.95 cash for every Share that you hold, which the Board unanimously recommends you accept in the absence of a superior proposal.</p> <p>If another competing proposal is received prior to the end of the Offer Period, this will be announced to the ASX and the Board will carefully consider the proposal and advise Shareholders of their recommendation.</p> <p>If you have already accepted the Offer, then you may not be able to participate in Mitsui's Offer or any other competing proposal which may emerge.</p> <p>Refer to question 17 above for further information</p>
19 Is there likely to be a competing proposal from any other party?	<p>As at the date of this Target's Statement, there is one competing proposal from Mitsui, which your Directors unanimously recommend you accept in the absence of a superior proposal.</p> <p>Other than Mitsui's Offer, as at the date of this Target's Statement, AWE is not aware of any new competing proposal.</p>
20 Can I accept the Offer for only some of my Shares?	<p>You can only accept the Offer for all of your Shares, unless you hold the Shares as trustee or nominee for, or otherwise on account of, another person.</p> <p>Refer to section 9(c) of Annexure A of the Bidder's Statement for further information.</p>

Question	Answer															
21 <b>Who should I call if I have questions?</b>	You can contact the Shareholder Information Line on 1300 145 327 (within Australia) or +61 3 9415 4244 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday, or you can speak to your investment, financial, taxation or other professional adviser.															
22 <b>Who is CERCG?</b>	<p>According to publicly available information, including the Bidder's Statement, CERCG was incorporated on 14 November 2017 as a wholly owned subsidiary of CERCG Australia for the purpose of making the Offer.</p> <p>CERCG Australia was incorporated in October 2016 for the purpose of considering opportunities in Western Australia to provide virtual gas pipeline and energy solutions to remote mine sites, power plants and regional communities.</p> <p>CERCG Australia is ultimately controlled by China Energy Reserve and Chemicals Group Co., Ltd (a company incorporated under the laws of the People's Republic of China) and Aussie Sky Pty Ltd (of which Mr Jianguo Wang is the sole shareholder). China Energy Reserve and Chemicals Group Co., Ltd is an energy company which was established in 1981, that invests in, develops, operates and manages oil and gas exploration projects, field developments, gas processing facilities, liquefied natural gas (LNG) production plants, gas and fuel storage, LNG and compressed natural gas (CNG) transportation and distribution and petrol chemicals.</p> <p>Mr Wang is a director and general manager for CERCG. Further details regarding Mr Wang are set out in section 2.2 of the Bidder's Statement.</p> <p>Refer to sections 2 and 5 of the Bidder's Statement for further details of CERCG and its intentions in relation to AWE.</p>															
23 <b>Who are the current major shareholders of AWE?</b>	<p>The following persons have notified AWE of the fact that they hold substantial holdings (within the meaning of the Corporations Act) in AWE Shares as at 20 February 2018, being the last practicable date prior to the date of this Target's Statement, based on substantial shareholder notice lodgements with ASX, which are available on the ASX website.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Shareholder</th> <th style="text-align: right;">Number of Shares</th> <th style="text-align: right;">% of all Shares on issue</th> </tr> </thead> <tbody> <tr> <td>Ellerston Capital</td> <td style="text-align: right;">79,506,009</td> <td style="text-align: right;">15.05</td> </tr> <tr> <td>Norges Bank</td> <td style="text-align: right;">45,172,523</td> <td style="text-align: right;">7.22</td> </tr> <tr> <td>Commonwealth Bank of Australia</td> <td style="text-align: right;">43,404,875</td> <td style="text-align: right;">6.94</td> </tr> <tr> <td>Spheria Asset Management</td> <td style="text-align: right;">38,633,085</td> <td style="text-align: right;">6.18</td> </tr> </tbody> </table>	Shareholder	Number of Shares	% of all Shares on issue	Ellerston Capital	79,506,009	15.05	Norges Bank	45,172,523	7.22	Commonwealth Bank of Australia	43,404,875	6.94	Spheria Asset Management	38,633,085	6.18
Shareholder	Number of Shares	% of all Shares on issue														
Ellerston Capital	79,506,009	15.05														
Norges Bank	45,172,523	7.22														
Commonwealth Bank of Australia	43,404,875	6.94														
Spheria Asset Management	38,633,085	6.18														

# 5. YOUR CHOICES AS A SHAREHOLDER

The Board encourages you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your AWE Shares.

As a Shareholder, you currently have four choices available to you.

## (a) Take no action

If you do not wish to sell your Shares on market and do not wish to accept CERCG's Offer, you should take no action. Simply disregard the documents sent to you by CERCG in relation to the Offer. This is the approach recommended by your Directors.

You should note that:

- if you choose not to accept CERCG's Offer, you will not receive any money from CERCG unless CERCG holds 90% of the Shares at the end of the Offer Period. In that event, CERCG has stated in the Bidder's Statement that it intends to compulsorily acquire those Shares that it does not already own (refer to Section 7.10 for further information regarding compulsory acquisition); and
- if CERCG acquires more than 50% but less than 90% of the Shares, and you continue to hold Shares, you will be exposed to the risks associated with being a minority shareholder of AWE. Some of these risks are explained in Section 7.11.

## (b) Accept Mitsui's Offer

If you agree with the Directors' unanimous recommendation to accept Mitsui's Offer (in the absence of a superior proposal), then follow the instructions set out in Mitsui's Bidder's Statement and AWE's target's statement in response to Mitsui's Offer.

## (c) Sell your Shares on ASX

During the Offer Period, you may sell your Shares through ASX for cash, provided you have not accepted CERCG's Offer for those Shares (or, if you have accepted CERCG's Offer, provided you have validly withdrawn that acceptance).

The Shares have been trading at prices significantly higher than the \$0.73 per Share offered under CERCG's Offer.

If you sell your Shares on market, you will receive the consideration for your Shares sooner than if you accept CERCG's Offer while it is subject to conditions.

If you sell your Shares on market, you:

- will lose the ability to accept CERCG's Offer and receive \$0.73 per Share (and any subsequent increase in the Offer Price) in relation to those Shares pursuant to CERCG's Offer;
- may be liable for capital gains tax or income tax on the sale of those Shares; and
- may incur a brokerage charge.

You should contact your broker for information on how to sell your Shares on ASX and your tax adviser to determine your tax implications from such a sale.

## (d) Accept CERCG's Offer

You may choose to accept CERCG's Offer. Details of the payment that you will receive if you accept CERCG's Offer are set out in Section 7.2 as well as in CERCG's Bidder's Statement. You will only receive that payment if the numerous conditions of CERCG's Offer are all either satisfied or waived.

The consequences of accepting CERCG's Offer are discussed in Section 7.8.

If you accept CERCG's Offer, you will not be able to sell your Shares on market unless, at the time you decide that you no longer wish to accept CERCG's Offer, you have the right to withdraw your acceptance and you exercise that right. The circumstances in which acceptances of CERCG's Offer may be withdrawn are set out in Section 7.9.

If you accept CERCG's Offer, you will not be able to accept Mitsui's Offer, which is at a higher price, or any other competing proposal which may emerge.

If you accept CERCG's Offer, you may be liable for capital gains tax or income tax as a result of your acceptance. An overview of the taxation consequences for Shareholders of selling their Shares is provided in section 6 of CERCG's Bidder's Statement and Section 9.6 of this Target's Statement.

Refer to section 3 of Annexure A of CERCG's Bidder's Statement and the Acceptance Form provided to you by CERCG for instructions on how to accept CERCG's Offer.



# 6. INFORMATION ON AWE

## 6.1 Business overview

AWE is an independent Australian energy company with a portfolio of production, development and exploration oil and gas assets in Australia, Indonesia and New Zealand.<sup>3</sup>

Established and listed on the ASX in 1997 (ASX:AWE), the Company has offices in Sydney (head office) and Perth.

In recent years, in the context of sustained low oil prices, AWE has been reshaped to operate sustainably in a low oil price environment. This reshaping has involved the divestment of a number of later life, non-core assets; a reduction in the number of staff and offices; and a significant reduction in costs, debt levels, capital expenditure and exploration expenditure.

This reshaping has enabled AWE to refocus on gas in the near to medium term, aligning with strengthening Australian domestic gas markets, while maintaining exposure to improving oil prices.

AWE's principal assets comprise:

- **Waitsia Gas Project** (AWE 50% and Operator);
- **Onshore Perth Basin**, various mature onshore gas fields and production facilities in the Perth Basin, Western Australia, including Beharra Springs (AWE 33%);
- **BassGas Project** (AWE 35%);
- **Casino Gas Project** (AWE 25%); and
- **Ande Ande Lumut Oil Project** (AWE 50%).

The location of AWE's production and development assets are shown in Figure 6-1.

AWE's financial and operating performance over the past three years reflects the dramatic change in external market conditions, through the prolonged decline in global oil prices and the subsequent reshaping of the Company. Figure 6-2 summarises AWE's operating and financial performance for the three financial years to 30 June 2017<sup>4</sup>.



Figure 6-2 – 3 year financial and operating performance summary

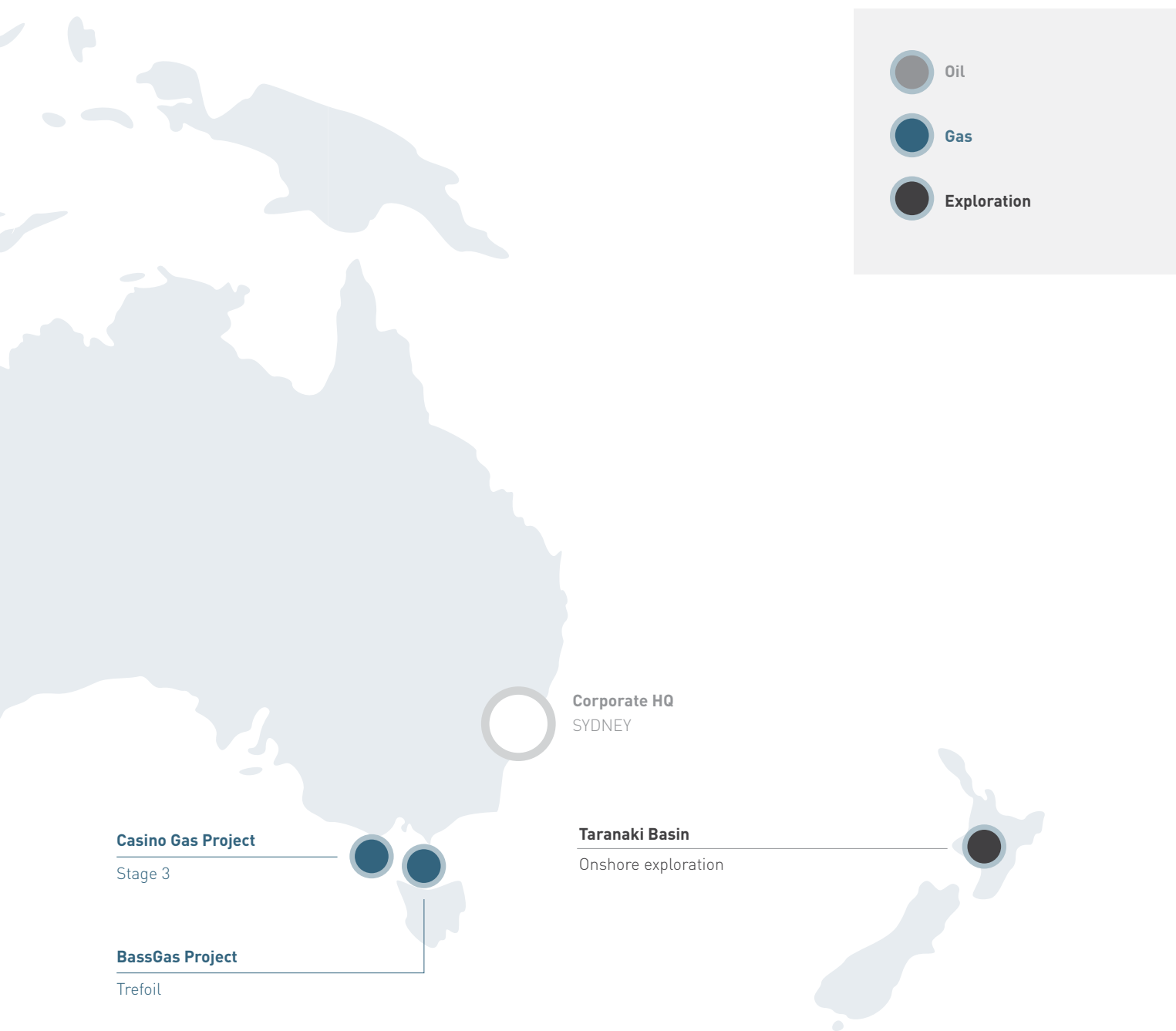
	Metric	FY15	FY16	FY17
Safety (Total Recordable Injury Frequency Rate)	MMhr	5.6	3.3	2.4
Production	MMboe	5.1 <sup>2</sup>	5.0 <sup>2</sup>	2.8 <sup>2</sup>
2P Reserves <sup>1</sup>	MMboe	114.4	71.0	51.9
2C Contingent Resources <sup>1</sup>	MMboe	121.9	102.5	109.5
Sales revenue	\$million	283.7	202.4	103.6
Average realised oil price <sup>3</sup>	US\$/bbl	70.25	45.88	49.99
Field EBITDAX <sup>4</sup>	\$million	143.2	91.9	41.1
Underlying profit/(loss) after tax <sup>4</sup>	\$million	(52.3)	(67.4)	(29.8)
Net profit/(loss) after tax	\$million	(230.2)	(363.0)	(217.5)
Capital expenditure	\$million	241.5	139.1	42.7
Net cash/(debt)	\$million	(123.2)	17.7	(54.3)

- Notes:
1. 2P Reserves and 2C Contingent Resources are as at 30 June.
  2. Includes production from assets subsequently divested. Refer above.
  3. Average realised price includes gross oil hedging proceeds.
  4. Field EBITDAX and Underlying Net Profit/(Loss) are non-IFRS financial information. Refer to the 'Important Information' section on page (i) of this Target's Statement regarding the use of non-IFRS financial information.

<sup>3</sup> A list of AWE's petroleum permits is included in AWE's 2017 Annual Report (in the 'Additional Information' section) released to the ASX on 24 October 2017.

<sup>4</sup> Historical operating and financial data shown is summary only. For more information regarding AWE's operating and financial performance for the relevant period refer to AWE's 2015, 2016 and 2017 Annual Reports as released to the ASX on 19 October 2015, 14 October 2016 and 24 October 2017 (respectively).

Figure 6-1 – Location of AWE's assets



## 6.2 Asset overview

### (a) Waitsia Gas Project, onshore Perth Basin, Western Australia

Current status:	Producing (Stage 1A); Development (Stage 2)
Joint venture:	AWE (50% and Operator) Beach Energy (50%)
Production: <sup>5</sup>	FY2017 – 0.23 MMboe (AWE share) HY2018 – 0.12 MMboe (AWE share)
2P Reserves: <sup>6</sup>	68.38 MMboe (AWE share) as at 31 December 2017
2C Contingent Resources: <sup>6</sup>	7.55 MMboe (AWE share) as at 31 December 2017

AWE discovered the Waitsia field in September 2014. Further drilling and testing through to late 2017 culminated in AWE increasing its estimates of 2P Reserves for the field to 820 PJ (100% basis, 410 PJ AWE share) in December 2017<sup>7</sup>, and the Waitsia field now ranks in the top five largest onshore gas discoveries in Australia.<sup>8</sup>

Waitsia is located in an established gas producing region of Western Australia, close to existing gas transportation and storage infrastructure and the Perth metropolitan demand centre. The proximity to established transportation and storage infrastructure, combined with the lower cost of conventional onshore field development (relative to offshore and unconventional development) positions the Waitsia Gas Project favourably, with the potential to supply 10% of Western Australia's domestic gas demand for 20 years or more.<sup>9</sup>

To date, the Waitsia Gas Project is being developed in stages (Stage 1A, currently producing; and the Stage 2 development project), as described below.

#### Stage 1A

Currently producing at a rate of up to 9.6 TJ/day, Stage 1A is effectively an extended production test for the field, producing from two wells (Senecio-3 (the discovery well) and Waitsia-1), and processing gas through the refurbished Xyris production facility. Gas production is transported to customers via the Parmelia pipeline.

Stage 1A commenced production in August 2016, on schedule and under budget. Stage 1A production is principally dry gas, with small quantities of condensate. Gas production is sold to Alinta Energy.

#### Stage 2

Stage 2 of the Waitsia Gas Project is intended to fully develop the conventional Waitsia field.

In 2017, the project moved to 'Front End Engineering and Design' (FEED), based on a development project comprising:

- a new production facility with an initial capacity of 100 TJ/day;
- up to 14 new conventional development wells<sup>10</sup>, and associated tie-ins and completions; and
- associated near-field facilities and infrastructure, including flow lines and production hubs,

with a target 'first gas' date in the second half of CY2020.<sup>11</sup> The target first gas date seeks to capitalise on a forecast point in the Western Australia gas market when existing long-term gas supply arrangements expire.

Based on pre-FEED studies, the Stage 2 development has a preliminary estimated<sup>12</sup> total capital cost of approximately \$275 million (100% basis).

Development of Waitsia Stage 2 is subject to a joint venture 'Final Investment Decision' (FID). AWE has previously targeted a FID in late CY2017. However, partly as a result of corporate activity affecting the joint venture parties, including the acquisition of Lattice Energy (AWE's joint venture partner) by Beach Energy announced in September 2017, and the subsequent unsolicited proposals to acquire AWE from CERC6 (November 2017), MinRes (December 2017) and Mitsui (January 2018), AWE, as operator, has taken the prudent decision to defer the FID.

AWE now anticipates presenting the FID to the joint venture in late FY2018. The deferral of the FID up to 30 June 2018 is not currently expected to materially impact upon targeted first gas (late CY2020<sup>13</sup>).

Despite the deferral of FID, AWE has taken steps to advance the project, including:

- following the drilling of Waitsia-3 and Waitsia-4 in mid-2017, AWE has now successfully completed well testing on each of the wells not currently in production (Waitsia-2, -3 and -4). No further appraisal activity is anticipated prior to FID; and
- AWE has shortlisted proponents to provide project engineering and construction services for the development. AWE, as operator, is investigating two construction options, being 'Engineering Procurement and Construction' and 'Build Own Operate'. Commercial negotiations with shortlisted proponents is ongoing.

In the pre-FID period for Stage 2, AWE is also conducting gas marketing activities on behalf of the joint venture. AWE's current strategy is to seek to secure offtake commitments for approximately 65% of forecast Stage 2 production to support or 'underwrite' the FID. To date, the joint venture has secured a 15 TJ/d (i.e. approximately 15% of the design concept Stage 2 plant capacity) offtake commitment with AGL. Discussions with a number of other interested parties are ongoing.

Following Stage 2, the Waitsia Gas Project has additional development potential, with scope to increase the production capacity in subsequent stages. A 'Stage 3' development has been considered conceptually, with production expanding to 150 TJ/day or 200 TJ/day. Expansion potential will be influenced by domestic gas market conditions beyond 2023 and will be considered by AWE after construction of Stage 2.

The Waitsia Gas Project also has additional development and exploration potential. During the drilling of all Waitsia appraisal wells, elevated gas shows were observed in other formations, including the Irwin River Coal Measures, and AWE is assessing whether these potentially significant resources have development potential.

The Company has also identified a number of exploration targets that, if successful, could be tied into existing infrastructure or the Stage 2 plant in a future expansion phase. In addition, the AWE technical team has observed that good reservoir quality extends to the east of the discovered Waitsia field.

<sup>5</sup> Production from Waitsia Gas Project is from Stage 1A development. Conversion factors are set out in Section 10.2.

<sup>6</sup> Conversion factors are set out in Section 10.2.

<sup>7</sup> As announced by AWE to the ASX on 19 December 2017.

<sup>8</sup> Based on IHS Markit International Exploration and Production database 'Australian Onshore Conventional Fields Discovery History (1900-2014)', applying AWE estimates of Reserves as at 31 December 2017 (refer to Section 6.3). As noted above, AWE discovered the Waitsia field in 2014.

<sup>9</sup> Based on pre-FEED design assumptions (100TJ/day).

<sup>10</sup> New wells are in addition to the existing Senecio-3 and Waitsia-1, -2, -3 and -4 wells, and will be drilled progressively over a period of approximately 10 years.

<sup>11</sup> This target date for first gas is contingent upon Stage 2 project FID by the end of FY2018.

<sup>12</sup> AWE pre-FEED capital cost estimates have a degree of certainty of +30%/-20%. Final estimated capital costs are determined during the FEED stage with a degree of certainty of +15%/-10%. Capital estimates cited are to production commencement and do not include sustaining capital expenditure (post commencement of commercial production) or future rehabilitation and abandonment costs.

<sup>13</sup> This target date for first gas is contingent upon Stage 2 project FID by the end of FY2018.

The Waitsia field sits within production permits L1 and L2, originally granted in 1971. AWE, as operator, has submitted its application to renew the permits in accordance with the regulatory framework. The permits remain on foot and in good standing pending a final renewal decision by the relevant authority. AWE expects that renewal of the permits will occur in due course, however, the timing of any renewal decision is outside of AWE's control.<sup>14</sup>

### (b) Onshore Perth Basin, Western Australia

Current status	Various producing and care and maintenance
Joint venture:	Beharra Springs, Redback Terrace – AWE (33%); Beach Energy (67% and operator) Corybas – AWE (50% and operator); Beach Energy (50%) Dongara – AWE (100% and operator)
Production: <sup>15</sup>	FY2017 – 0.27 MMboe (AWE share) HY2018 – 0.14 MMboe (AWE share)
2P Reserves: <sup>15</sup>	1.50 MMboe (AWE share) as at 31 December 2017
2C Contingent Resources: <sup>15</sup>	26.58 MMboe (AWE share) as at 31 December 2017

In addition to the Waitsia Gas Project, AWE has interests in a number of production assets in the onshore Perth Basin, near the town of Dongara, approximately 360km north of Perth. Of these, the only asset currently in production is the Beach Energy-operated Beharra Springs field (AWE 33%). Gas is transported to customers via the Parmelia Pipeline.

Production from Beharra Springs commenced in 2002. Production is principally dry gas with small quantities of condensate. Gas is sold under short and medium term contracts.

AWE's onshore Perth Basin assets (other than Waitsia) are mature later-life assets. Dongara and Corybas are currently shut-in and transitioning to care and maintenance in the nearer term, with decommissioning and rehabilitation of shut-in production wells to continue for a number of years. However, there remains exploration and development opportunities. In particular, at Beharra Springs, drilling results at the nearby Waitsia Gas Project have potentially opened up a new play in the Kingia and High Cliff sandstones. The joint venture has identified 'Beharra Springs Deep' as a drilling target for a Waitsia-like prospect, with subsurface studies and engineering planned in advance of a potential well in 2019.

### (c) BassGas Project, Bass Basin, offshore Tasmania

Current status:	Producing asset
Joint venture:	AWE (35%) Beach Energy (53.75% and operator) Prize Petroleum (11.25%)
Production: <sup>15</sup>	FY2017 – 1.22 MMboe (AWE share) HY2018 – 0.77 MMboe (AWE share)
2P Reserves: <sup>15</sup>	6.48 MMboe (AWE share) as at 31 December 2017
2C Contingent Resources: <sup>15</sup>	30.56 MMboe (AWE share) <sup>16</sup> as at 31 December 2017

AWE has a 35% interest in the producing BassGas Project. BassGas commenced production in 2006 and produces gas, condensate and LPG from the mature offshore Yolla field, located in the Bass Strait between Victoria and Tasmania. Raw gas is conveyed via pipeline from the Yolla platform to an onshore gas processing facility at Lang Lang in Victoria which is owned by the joint venture.

In late FY2017, the joint venture completed the 'Mid Life Enhancement' (MLE) project, comprising the installation of an accommodation module, compression and condensate pumping modules on the Yolla-A platform and drilling two new production wells, Yolla-5 and Yolla-6. Following completion of the MLE, no further material capital expenditure is expected to be required for the life of the Yolla field.

AWE's existing gas sales arrangements for its share of production from BassGas are expected to mature in 2019, presenting a near-term opportunity to market uncontracted gas and take advantage of favourable East Coast Australia gas market dynamics. Gas production is currently sold to Origin Energy.

In addition to its interests in the producing Yolla field, AWE has interests in a number of nearby discoveries<sup>17</sup> which may have potential to be developed as backfill once production from the Yolla field ends.

### (d) Casino Gas Project, offshore Otway Basin, Victoria

Current status:	Producing
Joint venture:	AWE (25%) Cooper Energy (50% and operator) Mitsui E&P Australia Pty Ltd (25%)
Production: <sup>15</sup>	FY2017 – 0.65 MMboe (AWE share) HY2018 – 0.26 MMboe (AWE share)
2P Reserves: <sup>15</sup>	5.60 MMboe (AWE share) as at 31 December 2017
2C Contingent Resources: <sup>15</sup>	1.30 MMboe (AWE share) as at 31 December 2017

AWE holds a 25% interest in the Casino Gas Project in the offshore Otway Basin in Victoria and comprises the Casino, Henry and Netherby gas fields. Gas from the Casino Gas Project is produced via subsea wells, connected via pipeline to the third party-owned Iona gas processing facility in Victoria.

Casino has been in production since 2006 and produces gas and condensate.

The joint venture recently entered into a new short-term gas sales contract with Origin Energy with improved pricing reflecting the favourable ongoing East Coast Australia gas market dynamics. New pricing under the contract commences in March 2018. Joint marketing of gas production beyond the new short-term contract is ongoing.

At the same time as entering into the new gas sales arrangements, the joint venture extended its existing gas processing arrangements at the third-party owned Iona gas plant.

The joint venture is currently assessing further development and exploration potential within the Casino gas field, which may involve drilling the Henry-3 well in 2019. In addition, the Operator has identified 33 prospects across the joint venture permits.

<sup>14</sup> Refer to Sections 2.2(j) and (k) for a description of risk factors associated with permitting and land access (including native title).

<sup>15</sup> Conversion factors are set out in Section 10.2.

<sup>16</sup> 2C Contingent Resources for the BassGas Project includes 2C Contingent Resources booked against the Trefoil discovery.

<sup>17</sup> AWE has a 40% interest in the permits that host the Trefoil, Rockhopper, White Ibis and Bass discoveries. Refer to Section 6.2(f).

### (e) Ande Ande Lumut (AAL) Oil Project, Northwest Natuna Sea, offshore Indonesia

Current status:	Development
Joint venture:	AWE (50%) Santos (50% and operator)
Production:	Not applicable
2P Reserves:	Nil as at 31 December 2017 <sup>18</sup>
2C Contingent Resources:	28.35 MMbbl (AWE share) <sup>19</sup> as at 31 December 2017

AWE holds a 50% interest in the undeveloped AAL Oil Project in Indonesia's Northwest Natuna Sea, which is covered by a Production Sharing Contract (the **PSC**) awarded by the Indonesian Government. AWE acquired 100% of the AAL Oil Project in January 2012.<sup>20</sup> Subsequently, in 2013 AWE sold a 50% interest to Santos for a US\$100 million upfront payment and a US\$88 million free carry of AWE's share of future development costs following the FID for the development of AAL.<sup>21</sup> Santos assumed operatorship of the AAL Oil Project.

The AAL Oil Project comprises two main reservoirs, referred to as the 'K sand' and 'G sand'. To date, the K sand has been appraised by three wells, and the joint venture recently completed a fourth well, AAL-4XST1 (see below), to appraise the G sand.

The AAL-4XST1 appraisal well, drilled in July 2016, targeted the G sand, with post-drilling analysis indicating substantially lower levels of impurities in both the G sand and the K sand. In addition, the drilling operations were completed significantly ahead of plan and budget. The results of the well have raised the prospect of improved project economics – better quality product (relative to earlier drilling results for the K sand) and associated pricing.

Field development optimisation studies are ongoing to incorporate the results from the AAL-4XST1 appraisal well. Preliminary work has indicated that comingled production from K sand and G sand is possible with no significant changes to processing infrastructure.

Drilling results indicate that oil produced from the project is likely to be slightly heavy (K sand rated 14.8 API, G sand rated 11.7 API). Based on that oil profile, preliminary marketing studies suggest that oil production is likely to be priced at a slight discount to the benchmark Brent crude oil price.

As a result of the positive AAL-4XST1 appraisal well results, the joint venture is engaging with the Indonesian Government regarding potential changes to the approved Plan of Development to include development of both the K sand and the G sand, including additional wells to develop the G sand. FID for the development of AAL has been deferred pending the outcome of that engagement.

External to the project, Santos is reviewing its interests in the AAL Oil Project with the potential for divestment.

Under the terms of the PSC, the Indonesian Government has an option to direct that a 10% interest in the PSC is transferred to a local entity. In late October 2017, the Indonesian Government advised the joint venture that it intended to exercise the option and the nominated local entity has confirmed that it will take up the interest. AWE views the Indonesian Government's decision as a positive sign of support for the development of the project. Upon exercise, AWE and Santos' respective interests will be 45%. Under the terms of that PSC, AWE and Santos are required to fund all development costs, however, AWE and Santos then recover the local entity's proportionate share (i.e. 10%) of all exploration, appraisal and development costs from its share of production revenue once commercial production is achieved.

### (f) Exploration assets

AWE holds a portfolio of exploration interests in Australia and New Zealand. Consistent with the reshaping of the Company, AWE is managing its exploration portfolio by deferring or reducing discretionary exploration activity, and reviewing and ranking prospects and inventory. In addition, AWE is running a farm-out process for all 100% and majority-owned permits to seek partners and manage near-to-medium term exploration expenditure commitments.

Figure 6-3 summarises AWE's exploration interests as at the date of this Target's Statement.

<sup>18</sup> AWE re-classified 2P Reserves booked against its interests in the AAL Oil Project to 2C Contingent Resources at 30 June 2017, reflecting continuing lower global oil prices and delays to the FID as the joint venture engages with the Indonesian Government regarding the development of the G sand (along with the K sand) under the approved Plan of Development.

<sup>19</sup> 2C Contingent Resources shown reflect AWE's 'net economic share' under the AAL PSC of total project 2C Contingent Resources of 93 MMbbl as at 31 December 2017.

<sup>20</sup> Refer to ASX announcement dated 23 January 2012.

<sup>21</sup> Refer to ASX announcement dated 25 November 2013.

Figure 6-3 – AWE exploration interests<sup>22</sup>

## Exploration and Appraisal

Geographic area	Permit	Project/Field/Discovery	Interest	Operator
<b>Australia</b>				
Onshore Perth Basin	EP320	Synaphea, Irwin	33%	Beach Energy
	EP413	Arrowsmith	44.25%	Norwest Energy
	EP455	Drover	100%	AWE
Offshore Perth Basin	WA-512-P		100%	AWE
North Carnarvon Basin	WA-497-P		100%	AWE
	WA-511-P		100%	AWE
Bass Basin	T/RL2	Trefoil	40%	Beach Energy
	T/RL3	Rockhopper	40%	Beach Energy
	T/RL4	White Ibis	40%	Beach Energy
	T/RL5	Bass-3	40%	Beach Energy
Otway Basin	VIC/RL11	Martha	25%	Cooper Energy
	VIC/RL12	Blackwatch	25%	Cooper Energy
	VIC/P44		25%	Cooper Energy
<b>New Zealand</b>				
Onshore Taranaki Basin	PEP55768		51%	AWE
<b>Indonesia</b>				
Java Sea	East Muriah PSC <sup>1</sup>		50%	Kris Energy
	Terumbu PSC <sup>1</sup>		100%	AWE

Note:

1. Awaiting government approval to confirm relinquishment.

## 6.3 Reserves and Resources

Set out below are AWE's estimates of Reserves and Contingent Resources as at 31 December 2017. AWE released its 31 December 2017 Reserves and Resources Statement to the ASX on 20 February 2018. Conversion factors used are set out in Section 10.2.

Figure 6-4 – Proved (1P) Reserves at 31 December 2017

Geographical Area	Proved (1P) Reserves at Evaluation Date 31 December 2017														
	Developed					Undeveloped					Total				
	Sales Gas (PJ)	LPG (K tonnes)	Condensate (million bbls)	Oil (10 <sup>6</sup> bbls)	All Products (million BOE)	Sales Gas (PJ)	LPG (K tonnes)	Condensate (million bbls)	Oil (10 <sup>6</sup> bbls)	All Products (million BOE)	Sales Gas (PJ)	LPG (K tonnes)	Condensate (million bbls)	Oil (10 <sup>6</sup> bbls)	All Products (million BOE)
<b>South East Australia</b>															
Bass Basin	16.5	45.5	0.5	0.0	3.8	0.0	0.1	0.0	0.0	0.0	16.5	45.6	0.5	0.0	3.8
Otway Basin	3.3	0.0	0.0	0.0	0.5	22.5	0.0	0.0	0.0	3.8	25.7	0.0	0.0	0.0	4.3
<b>Western Australia</b>															
Onshore Perth Basin	83.8	0.0	0.0	0.0	14.0	165.3	0.0	0.0	0.0	27.6	249.1	0.0	0.1	0.0	41.6
<b>AWE Aggregated</b>	<b>103.5</b>	<b>45.5</b>	<b>0.6</b>	<b>0.0</b>	<b>18.3</b>	<b>187.8</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>31.3</b>	<b>291.4</b>	<b>45.6</b>	<b>0.6</b>	<b>0.0</b>	<b>49.7</b>

22 A list of AWE's petroleum permits is included in AWE's 2017 Annual Report (in the 'Additional Information' section) released to the ASX on 24 October 2017.

Figure 6-5 – Proved plus probable (2P) Reserves at 31 December 2017

Geographical Area	Proved plus Probable (2P) Reserves at Evaluation Date 31 December 2017														
	Developed					Undeveloped					Total				
	Sales Gas (PJ)	LPG (K tonnes)	Condensate (million bbls)	Oil (10 <sup>6</sup> bbls)	All Products (million BOE)	Sales Gas (PJ)	LPG (K tonnes)	Condensate (million bbls)	Oil (10 <sup>6</sup> bbls)	All Products (million BOE)	Sales Gas (PJ)	LPG (K tonnes)	Condensate (million bbls)	Oil (10 <sup>6</sup> bbls)	All Products (million BOE)
<b>South East Australia</b>															
Bass Basin	27.9	77.3	0.9	0.0	6.5	0.1	0.5	0.0	0.0	0.0	27.9	77.8	0.9	0.0	6.5
Otway Basin	3.3	0.0	0.0	0.0	0.5	30.3	0.0	0.0	0.0	5.1	33.5	0.0	0.0	0.0	5.6
<b>Western Australia</b>															
Onshore Perth Basin	153.7	0.0	0.1	0.0	25.7	265.0	0.0	0.0	0.0	44.2	418.7	0.0	0.1	0.0	69.9
<b>AWE Aggregated</b>	<b>184.8</b>	<b>77.3</b>	<b>1.0</b>	<b>0.0</b>	<b>32.7</b>	<b>295.3</b>	<b>0.5</b>	<b>0.1</b>	<b>0.0</b>	<b>49.3</b>	<b>480.1</b>	<b>77.8</b>	<b>1.0</b>	<b>0.0</b>	<b>82.0</b>

Figure 6-6 – 2C Contingent Resources at 31 December 2017

Geographical Area	2C Contingent Resources (million BOE)										
	Evaluation Date 30 June 2017	Revisions and Reclassification	Transfers	Extensions and Discoveries	Acquisitions and Divestments	Evaluation Date 31 December 2017	Sales Gas (PJ)	LPG (K tonnes)	Condensate (million bbls)	Oil (10 <sup>6</sup> bbls)	
<b>South East Australia</b>											
Bass Basin	30.6	0.0	0.0	0.0	0.0	30.6	112.5	394.4	6.5	0.7	
Otway Basin	1.3	0.0	0.0	0.0	0.0	1.3	7.4	0.0	0.1	0.0	
<b>Western Australia</b>											
Onshore Perth Basin	43.9	-1.1	-8.8	0.0	0.0	34.1	196.6	0.0	1.4	0.0	
<b>Indonesia</b>											
Ande Ande Lumut	33.7	-5.3	0.0	0.0	0.0	28.4	0.0	0.0	0.0	28.4	
<b>AWE Aggregated</b>	<b>109.5</b>	<b>-6.4</b>	<b>-8.8</b>	<b>0.0</b>	<b>0.0</b>	<b>94.3</b>	<b>316.5</b>	<b>394.4</b>	<b>8.0</b>	<b>29.1</b>	

## Notes

- The Reserves and Contingent Resources in this report are based on and fairly represent information and supporting documentation prepared by and under the supervision of qualified petroleum Reserves and Resource evaluators Dr Suzanne Hunt, AWE General Manager WA Assets and Engineering, and Mr Andrew Furniss, AWE General Manager Exploration and Geoscience. Dr Hunt, a Petroleum Engineer with a Ph.D. in Geomechanics, is a member of the Society of Petroleum Engineers and has over 19 years' experience in the petroleum sector in geoscience, field development planning, Reserves estimation, reservoir production and facilities engineering. Mr Furniss, a member of the Society of Petroleum Engineers and the American Association of Petroleum Geologists, holds an MSc in Exploration Geophysics and a BSc (Hons) in Geological Sciences and has over 25 years' of industry experience in strategic planning, portfolio management, prospect evaluation, technical due diligence and peer review, Reserves and Resource assessment, the application of advanced geophysical technology and business development. Dr Hunt and Mr Furniss have consented in writing to the inclusion of this information in the format and context in which it appears.
- The estimation of 31 December 2017 Reserves and Resources have been prepared in accordance with the following:
  - SPE/AAPG/WPC/SPEE Petroleum Resources Management System guidelines of November 2011;
  - ASX Listing Rule 5 – Disclosure Rules for Oil and Gas Entities; and
  - ASX Listing Rules Guidance Note 32.
- AWE intends to develop undeveloped petroleum Reserves in material oil and gas projects. The Company actively supports engineering and commercial work necessary to achieve final investment decisions for material undeveloped Reserves.
- Reserves and Contingent Resources estimations for all assets are based on deterministic methods.
- Due to the portfolio effects of the arithmetic summation, 1P Reserves volumes may be a very conservative estimate, whereas 3P Reserves volumes may be very optimistic.
- Estimated Contingent Resources are un-risked and it is not certain that these Resources will be commercially viable to produce.

## 6.4 FY2018 performance and guidance

AWE's key priorities in FY18 are to:

- progress the Waitsia Gas Project Stage 2 to FID by the joint venture;
- progress development concept studies for the Trefoil discovery in the Bass Basin;
- assess a range of options for the next phase of development in the Otway Basin; and
- revise the AAL Oil Project approved Plan of Development to include the G sand.

AWE's guidance for FY2018<sup>23</sup> is set out in Figure 6-7, and a summary of AWE's performance in the six months to 31 December 2017 is set out in Figure 6-8.

Figure 6-7 – AWE FY2018 guidance

Key Indicator	Unit	FY17 Actual	FY18 Guidance
Production	MMboe <sup>24</sup>	2.75	2.5 – 2.7
Revenue	\$million	105	77 – 85
Development Expenditure	\$million	40	40 – 45
Exploration Expenditure	\$million	3	7

AWE's operating and financial performance for the six months to 31 December 2017 was reported by the Company in its December 2017 Quarterly Activities Report and its FY2018 Half-Year Financial Results and Appendix 4D, released to the ASX on 31 January and 21 February 2018, respectively.

Figure 6-8 summarises AWE's operating and financial performance in the six months to 31 December 2017 (including a comparison to the prior corresponding period).

Figure 6-8 – Summary of operating and financial performance for the six months to 31 December 2017

Financial Performance	HY18 \$million	HY17 \$million	Variance %
Sales revenue	41.0	54.2	(24%)
Production costs and royalties	(19.2)	(34.9)	45%
<b>Field EBITDAX<sup>1</sup></b>	<b>21.9</b>	<b>19.3</b>	<b>13%</b>
Exploration costs expensed	(2.1)	(1.5)	(44%)
Amortisation	(13.2)	(20.4)	35%
Net financing expense	(1.2)	(2.9)	57%
Net other income / (expense)	(13.4)	(4.5)	(>100%)
<b>Statutory net loss before tax</b>	<b>(8.0)</b>	<b>(10.0)</b>	<b>19%</b>
Tax expense	(15.8)	(2.6)	(>100%)
<b>Statutory net loss after tax</b>	<b>(23.8)</b>	<b>(12.5)</b>	<b>(90%)</b>

Note:

1. Field EBITDAX is Non-IFRS Financial Information. Refer to the 'Important Information' section on page (i) of this Target's Statement for important information regarding Non-IFRS Financial Information.

In the context of its half yearly results for the six months ended 31 December 2017,<sup>25</sup> AWE updated the market regarding its FY2018 full year guidance, noting that:

- production is expected to be toward the bottom end of guidance;
- revenue is expected to be at the higher end of guidance; and
- development and exploration expenditure is expected to be below guidance.

<sup>23</sup> Guidance included in AWE's FY2017 full year results presentation, released to the ASX on 25 August 2017.

<sup>24</sup> Conversion factors are set out in Section 10.2.

<sup>25</sup> Refer to AWE's half year results announcement released to the ASX on 21 February 2018.



## 6.5 Board and management

### (a) Board

The Board comprises the following members as at the date of this Target's Statement:

Name	Position
Kenneth Williams	Independent Non-executive Director, Chairman
David Biggs	Chief Executive Officer and Managing Director
Raymond Betros	Independent Non-executive Director
David McEvoy	Independent Non-executive Director
Karen Penrose	Independent Non-executive Director
Andrew Rigg	Independent Non-executive Director

At the annual general meeting in November 2017, the Company announced that Ms Karen Penrose had advised an intention to retire from the Board in March 2018. Ms Karen Penrose's retirement from the Board and the process for identifying a successor is currently on hold in light of the Offer.

A summary of the qualifications and experience of the Directors is set out in the Company's 2017 Annual Report released to the ASX on 24 October 2017.

### (b) Senior executive management team

The AWE senior executive management team comprises the following persons as at the date of this Target's Statement:

Name	Position
David Biggs	Chief Executive Officer and Managing Director
Ian Bucknell	Chief Financial Officer
Neville Kelly	Company Secretary and General Manager, Corporate
Suzanne Hunt	General Manager, WA Assets and Engineering
Andy Furniss	General Manager, Exploration and Geoscience

Current bios for each member of the AWE senior management team are set out on the Company's website at [www.awexplore.com](http://www.awexplore.com).

## 6.6 Substantial Shareholders

The following persons have notified AWE of the fact that they hold substantial holdings (within the meaning of the Corporations Act) in AWE Shares as at 20 February 2018, being the last practicable date prior to the date of this Target's Statement, based on substantial shareholder notice lodgements with ASX, which are available on the ASX website:

Shareholder	Number of Shares	% of all Shares on issue
Ellerston Capital	79,506,009	15.05
Norges Bank	45,172,523	7.22
Commonwealth Bank of Australia	43,404,875	6.94
Spheria Asset Management	38,633,085	6.18

## 6.7 Historical trading prices

AWE's trading price performance since January 2015 is outlined in the chart below.

Figure 6-9 – Historical trading prices of AWE Shares



As at 20 February 2018, being the last practicable date prior to the date of this Target's Statement:

- the last recorded trading price of the Shares was \$0.96; and
- the lowest and highest closing prices of the Shares during the preceding three months were \$0.52 and \$1.00, respectively.

As at 29 November 2017, being the last trading day before CERCG's Indicative Proposal was announced:

- the last recorded trading price of the Shares was \$0.545;
- the one-month VWAP of the Shares was \$0.546;
- the three-month VWAP of the Shares was \$0.509; and
- the lowest and highest closing prices of the Shares during the preceding three months were \$0.44 and \$0.575, respectively.

## 6.8 Public information available for inspection

AWE is a 'disclosing entity' for the purposes of section 111AC(1) of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules.

These obligations require AWE to notify ASX of information about specified matters and events as they arise for the purposes of ASX making that information available to participants in the market. AWE has an obligation under the ASX Listing Rules (subject to some exceptions) to notify ASX immediately upon becoming aware of any information concerning it, which a reasonable person would expect to have a material effect on the price or value of the Shares.

AWE's recent ASX announcements are available on ASX's website at [www.asx.com.au](http://www.asx.com.au). Further announcements will continue to be made available on the ASX website after the date of this Target's Statement.

Pursuant to the Corporations Act, AWE is required to prepare and lodge with ASIC and ASX both annual and half yearly financial statements accompanied by a Directors' statement and report, with an audit or review report. Copies of these and other documents lodged with ASIC may be obtained from or inspected at an ASIC office, on ASX's website at [www.asx.com.au](http://www.asx.com.au) and on AWE's website at [www.awexplore.com](http://www.awexplore.com).

A list of AWE's announcements to ASX (as well as third party announcements to ASX concerning AWE) since the lodgement of AWE's 2017 Annual Report on 24 October 2017 is set out in Schedule 1.

## 6.9 AWE's financing arrangements

AWE has a committed four-year multi-currency syndicated corporate facility (the **Facility**), which matures in May 2019.<sup>26</sup> The Facility limit is \$125 million, of which \$58 million was drawn as at 31 December 2017.

Under the Facility terms, a change of control<sup>27</sup> of AWE is a 'review event', which requires the borrower and the lenders to negotiate amendments to the Facility terms as a result of the change of control. If AWE and the lenders are unable to agree relevant amendments within a 30 day period, the lenders may elect to terminate the Facility and require repayment of any outstanding amounts under the Facility within 60 days.

As a result, Shareholders that do not accept the Offer should be aware that if CERCG acquires a Relevant Interest of greater than 50% as a result of the Offer, but does not reach the 90% required to proceed to compulsory acquisition, they will be exposed to risks associated with the refinancing of the Facility.

In addition, Shareholders should be aware that, as described in Section 1.3, the change of control 'review event' under the Facility may constitute a breach of one of the conditions of CERCG's Offer.

<sup>26</sup> The Facility matures in May 2019. As a result, any drawn balance as at May 2018 will be classified as a current liability in the Company's financial statements on and from May 2018. In the ordinary course, and subject to the outcome of the Offer, AWE will engage with lenders regarding a refinancing of the Facility prior to the scheduled maturity date.

<sup>27</sup> Under the Facility terms, a 'change of control' occurs if a party acquires greater than 50% of the AWE Shares or otherwise assumes control within the extended meaning of section 50AA of the Corporations Act.

## 6.10 Capital structure

### (a) AWE securities

As at the date of this Target's Statement, AWE has the following securities on issue:

- 625,253,903 Shares quoted on the ASX; and
- 8,486,352 unvested Cash Share Rights.

### (b) Cash Share Rights

AWE's remuneration framework includes long term incentives in the form of Cash Share Rights which are granted by the Board annually pursuant to the terms of the Cash Share Rights Plan and subject to certain vesting conditions and a defined vesting period. Further information regarding AWE's remuneration framework is set out in the Company's 2017 Remuneration Report (contained in the AWE 2017 Annual Report released to the ASX on 24 October 2017).

Under the Cash Share Rights Plan, the Board has a discretion to determine that Cash Share Rights vest early in the event of a change of control of the Company. In addition, the Board has a discretion to elect to settle a grant under the Cash Share Rights Plan by way of cash.

There are 8,486,352 Cash Share Rights that have been granted by AWE under the Cash Share Rights Plan, and which are unvested as at the date of this Target's Statement.

In addition, in 2017 the Board approved the grant of a further 7,535,022 Cash Share Rights under the Cash Share Rights Plan (the **2017 CSR Award**). The Cash Share Rights the subject of the 2017 CSR Award have not yet been granted, however, the Board has resolved to grant them.

CERCg's Offer does not extend to the Cash Share Rights and the 2017 CSR Award. It will extend to Shares which are issued as a result of valid vesting [other than accelerated vesting] of Cash Share Rights during the Offer Period.

Note that it is a condition of CERCg's Offer that AWE must not accelerate the vesting of any unvested Cash Share Rights. As set out in Section 1.3, under the Bid Implementation Deed, AWE has agreed that, if Mitsui has Relevant Interests in at least 50.1% of the Shares and the Offer is otherwise unconditional:

- in respect of the Cash Share Rights, the Board will determine that the Cash Share Rights vest so that all the Cash Share Rights convert to Shares prior to the end of the Offer Period; and
- in respect of the 2017 CSR Award, prior to the end of the Offer Period, those awards will be cash settled on the basis of a Share price of \$0.95.

Consistent with the Board's discretion under the Cash Share Rights Plan, and AWE's obligations under the Bid Implementation Deed, the Board has resolved that in the event of a person obtaining a Relevant Interest of more than 50% under an offer which is unconditional, the vesting of all Cash Share Rights will be accelerated and the 2017 CSR Awards will be cash settled accordingly.

The Board believes that full vesting of the Cash Share Rights and equivalent cash settlement of the 2017 CSR Award is appropriate in the current circumstances.

This means that the condition in CERCg's Offer relating to non-acceleration of vesting of Cash Share Rights will not be satisfied.

## 6.11 Reimbursement fee and transaction costs

### (a) Reimbursement fee

Under the MinRes Scheme Implementation Deed, upon the AWE Board having changed its recommendation so as to recommend Mitsui's Offer, a reimbursement fee of \$5.2 million became payable by AWE upon the termination of the Scheme Implementation Deed. The reimbursement fee has been paid to MinRes.<sup>28</sup>

### (b) Transaction costs

As at the date of this Target's Statement and based on current circumstances, AWE estimates that it has incurred, or is likely to incur upon a change of control occurring, actual and contingent transaction costs (including costs of the independent expert, legal and financial advisory fees) associated with MinRes' Proposal, CERCg's Offer and Mitsui's Offer, estimated to be in the range of \$10 million to \$12 million.<sup>29</sup>

<sup>28</sup> Disclosed as a 'subsequent event' in AWE's results for the half year ended 31 December 2017, released to ASX on 21 February 2018.

<sup>29</sup> The range of expected actual and contingent transaction costs excludes the reimbursement fee paid to MinRes (referred to in Section 6.11(a)) and any costs that may arise in connection with a 'review event' under AWE's corporate debt facility (refer to Section 6.9). Within these transaction costs, financial advisory fees are not expected to exceed \$8 million in aggregate.

# 7. OTHER IMPORTANT INFORMATION ABOUT CERCG'S OFFER

On 30 November 2017, AWE announced it had received CERCG's Indicative Proposal, being a non-binding, indicative and conditional proposal from CERCG Australia to acquire all of the AWE Shares for cash consideration of \$0.71 per Share.<sup>30</sup>

On 8 December 2017, CERCG Australia announced its intention to make the Offer through CERCG, being an offer to Shareholders to acquire all of the AWE Shares for cash consideration of \$0.73 per Share. CERCG is a wholly owned subsidiary of CERCG Australia.

On 25 January 2018, CERCG served AWE with a copy of CERCG's Bidder's Statement, which contains CERCG's Offer.

Following an application by AWE to the Takeovers Panel on 2 February 2018, on 12 February 2018 CERCG released its First Supplementary Bidder's Statement to the ASX to provide corrective disclosure in relation to its original Bidder's Statement.

## 7.1 The Offer

CERCG is offering to acquire all of your AWE Shares, including any rights attaching to those Shares.

Unless you hold some of your Shares as a trustee or nominee for, or otherwise on account of, another person, you may only accept the Offer in respect of all of your Shares. You cannot accept the Offer in respect of only some of your Shares.

## 7.2 Offer Price

CERCG is offering \$0.73 in cash for every AWE Share that you hold.

## 7.3 Offer Period and acceptance

The Offer is open for acceptance during the Offer Period, which commences on 13 February 2018 and ends at 7pm (AEDT) on 13 March 2018, unless it is withdrawn or the Offer Period is extended in accordance with the Corporations Act. If you choose to accept the Offer, then your acceptance must be received by CERCG before the end of the Offer Period. Instructions on how to accept the Offer are set out in CERCG's Bidder's Statement and on the Acceptance Form that accompanies the Bidder's Statement. If you want to accept CERCG's Offer, you should follow these instructions carefully to ensure that your acceptance is valid.

If your Shares are in a CHESS holding and you want to accept the Offer, you should give instructions to your broker in sufficient time before the end of the Offer Period to allow your broker to initiate your acceptance under the CHESS system. If your Shares are in an issuer sponsored holding and you want to accept the Offer, you should complete and deliver the Acceptance Form in sufficient time so that it is received by CERCG before the end of the Offer Period.

## 7.4 Extension of the Offer Period

If the Offer is unconditional (that is, all the conditions have been satisfied or waived), CERCG may extend the Offer Period at any time before the end of the Offer Period. However, if the Offer remains subject to conditions, CERCG may extend the Offer Period at any time before it gives Shareholders a Notice of Status of Conditions (as described in Section 7.4), but may only extend the Offer after it has given that notice in the circumstances described in the paragraph below.

There are other limited circumstances whereby CERCG may extend its Offer, which are set out in the Corporations Act. These will only apply where another person also announces or makes a takeover bid for AWE Shares.

CERCG must extend the Offer Period if, within the last seven days of the Offer Period, CERCG improves the price offered or CERCG's voting power in AWE increases to more than 50%. If that happens, the Offer must be extended so it ends 14 days after that event.

## 7.5 Withdrawal of the Offer

CERCG may be able to withdraw the Offer if it obtains the written consent of ASIC, subject to the conditions (if any) specified in such consent.

## 7.6 Lapse of CERCG's Offer

CERCG's Offer will lapse if, at the end of the Offer Period, any conditions to which CERCG's Offer is subject are not satisfied or waived. If this occurs then acceptances given by Shareholders will be void. Shareholders will continue to own the Shares the subject of any such acceptances and will be free to deal with them as they choose.

## 7.7 Conditions of the Offer

### (a) Overview of Offer conditions

CERCG's Offer is subject to a number of conditions. Those conditions are set out in full in Annexure B to the Bidder's Statement. In summary, the conditions include:

- the Offer results in CERCG having a Relevant Interest in more than 50% of AWE Shares on a fully diluted basis;
- AWE's confirmation regarding L1 and L2 licence renewals;
- no change of control or pre-emptive rights relating to AWE's material assets or material agreements;
- no new gas sale agreements in relation to Waitsia below \$5.50 per GJ;
- no material disposals or new development or financing commitments have been undertaken by the AWE Group;
- no material adverse change has occurred in relation to the AWE Group;
- no increase in AWE termination benefits or vesting of cash share rights;
- AWE's adviser fees are capped at \$4 million;
- no regulatory action prohibits or restricts the Offer or imposes any new terms on or amends the existing terms of the rights or licences in which AWE has an interest;
- no AWE distributions or dividends have been declared or paid; and
- no AWE prescribed occurrences have occurred.

### (b) Consequences of conditions not being satisfied

As discussed in Section 1.3, AWE considers that a number of the conditions of CERCG's Offer will not be, or are unlikely to be, satisfied during the Offer Period.

You should be aware that, even if the conditions of CERCG's Offer are not satisfied (or are triggered, as appropriate), they may be waived by CERCG.

If any condition is unsatisfied (or has been triggered), and has not been waived, CERCG will have an option as to whether to proceed with the acquisition of the Shares under its Offer or allow its Offer to lapse with unsatisfied conditions.

<sup>30</sup> CERCG publicly withdrew this proposal on 5 December 2017.

### (c) Notice of Status of Conditions

CERCG's Bidder's Statement states that CERCG will give a Notice of Status of Conditions on 28 February 2018 (subject to variation in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

CERCG is required to set out in its Notice of Status of Conditions:

- whether its Offer is free of any or all of the conditions of the Offer;
- whether, so far as CERCG knows, any of the conditions have been fulfilled; and
- CERCG's voting power in AWE at that time.

If the Offer Period is extended before the Notice of Status of Conditions is to be given, the date that CERCG must give its Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, CERCG is required, as soon as reasonably practicable after the extension, to notify ASX and AWE of the new date for giving the Notice of Status of Conditions.

In addition, if a condition of CERCG's Offer is fulfilled during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, CERCG must, as soon as practicable, give ASX and AWE a notice stating that the particular condition has been fulfilled.

## 7.8 Effect of acceptance

Accepting CERCG's conditional Offer would (subject to the possible withdrawal rights discussed below):

- **prevent you from accepting any higher takeover bid** that may be made by a third party (including Mitsui's Offer at \$0.95 per Share) or any alternative transaction proposal (should a third party bid or alternative transaction proposal emerge) that may be recommended by the Board and, therefore, forgoing value;
- **relinquish control of your Shares to CERCG with no guarantee of payment** until CERCG's Offer becomes, or is declared, unconditional. As the Offer Period could be extended by CERCG so that its Offer is open for up to 12 months, this could result in further delays in payment from CERCG;
- **give CERCG the option** to acquire your Shares under its Offer if the conditions of its Offer are not satisfied (ie, by waiving the conditions) or return your Shares (as discussed in Section 7.7(b)); and
- **prevent you from selling your Shares on ASX** (bearing in mind that since CERCG's Offer was announced, the Shares have traded at prices materially above the \$0.73 being offered to you by CERCG).

If CERCG improves the Offer Price, all Shareholders who accept CERCG's Offer (whether or not they have accepted prior to that improvement) will be entitled to the benefit of that improved price.

The effect of acceptance of CERCG's Offer is explained in more detail in section 4 of Annexure A of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Shares and the representations and warranties that you are deemed by CERCG to give to it by accepting CERCG's Offer.

## 7.9 Withdrawal rights

If you accept CERCG's Offer, you will have a right to withdraw your acceptance in certain limited circumstances. Those withdrawal rights comprise general statutory withdrawal rights under the Corporations Act.

In summary, under the Corporations Act, you may withdraw your acceptance of CERCG's Offer if CERCG varies its Offer in a way that postpones, for more than one month, the time at which CERCG needs to meet its obligations under the Offer. This will occur if CERCG extends the Offer Period by more than one month and CERCG's Offer is still subject to conditions.

In those circumstances, you will have a period of one month after the date that CERCG's Offer is extended to withdraw your acceptance. Your statutory withdrawal rights will terminate upon the expiry of that one month period, although if the Offer Period is then further extended you may receive further statutory withdrawal rights.

### (a) CHES Holdings

If the Shares were held in a CHES holding, you should contact your broker to instruct them to effect the withdrawal by transmitting a Valid Originating Message in accordance with Rule 14.16 of the ASX Settlement Operating Rules.

### (b) Issuer sponsored holdings

If the Shares were held in an issuer sponsored holding, you should send a written notice of withdrawal to CERCG's share registry provider, Link Market Services Limited, CERCG Aus Gas Pty Ltd Takeover, Locked Bag A14, Sydney South NSW 1235. It is recommended that your notice attach a copy of your completed Acceptance Form or refer to your Securityholder Reference Number, and be signed by the same person(s) who signed your Acceptance Form.

## 7.10 Compulsory acquisition

### (a) Post bid compulsory acquisition

As noted in section 5.2 of the Bidder's Statement, CERCG will be entitled to compulsorily acquire any outstanding Shares for which it has not received acceptances on the same terms as the Offer if, during or at the end of the Offer Period, CERCG (taken together with its associates) has a Relevant Interest in at least 90% (by number) of Shares.

If the compulsory acquisition thresholds are met, CERCG will have one month from the end of the Offer Period within which to give compulsory acquisition notices to Shareholders who have not accepted the Offer, but it may choose to commence compulsory acquisition as soon as the relevant thresholds are satisfied. A Shareholder has statutory rights to challenge compulsory acquisition, but this will require the relevant Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent fair value for the Shares. Shareholders should be aware that if their Shares are acquired compulsorily they are not likely to receive any payment until at least one month after the compulsory acquisition notices are sent.

### (b) General compulsory acquisition

CERCG's general compulsory acquisition rights may be triggered even if CERCG does not reach the 90% compulsory acquisition threshold described in paragraph (a).

Under Part 6A.2 of the Corporations Act, CERCG will be entitled to compulsorily acquire any Shares if CERCG (either alone or together with a related body corporate) holds full beneficial interests in at least 90% (by number) of Shares.

If this threshold is met, CERCG will have six months after CERCG becomes a 90% holder within which to give compulsory acquisition notices to the relevant Shareholders. The compulsory acquisition notices sent to the Shareholders must be accompanied by an independent expert's report and an objection form.

The independent expert's report must set out whether the terms of the compulsory acquisition give 'fair value' for the Shares concerned and the independent expert's reasons for forming that opinion.

If Shareholders with at least 10% of the Shares covered by the compulsory acquisition notice object to the acquisition before the end of the objection period (which must be at least one month), CERCG may apply to the court for approval of the acquisition of the Shares covered by the notice. The costs incurred by any Shareholder who objects in legal proceedings in relation to the compulsory acquisition must be borne by CERCG, unless the court is satisfied that the Shareholder acted improperly, vexatiously or otherwise unreasonably.

### 7.11 Implications of CERCG acquiring less than 90% of the Shares

If CERCG acquires a majority but not all of the Shares, the number of AWE Shares traded on ASX could be significantly reduced, thereby potentially lessening the price at which the Shares held by Shareholders who do not accept the Offer trade. The Shares could become an illiquid and infrequently traded share and, as such, the ASX market price may no longer be a reliable indicator of value.

There are a number of further possible implications, including:

- CERCG will be in a position to cast the majority of votes at a general meeting of AWE. This will enable it to control the composition of the Board and senior management and to control the strategic direction of AWE and its subsidiaries;
- CERCG has stated in section 5.3 of its Bidder's Statement that, subject to the Corporations Act and AWE's Constitution, CERCG intends to reconstitute the Board so that at least a majority of the directors (including the chair) are nominees of CERCG; and
- if CERCG acquires 75% or more of the Shares, it will be able to pass special resolutions at meetings of Shareholders. This will enable CERCG to, among other things, change AWE's Constitution.

Refer also to Sections 6.9 and 9.3 for a description of other potential impacts if CERCG acquires greater than 50% but less than 90% of the Shares.

# 8. DIRECTORS' RECOMMENDATIONS AND INTERESTS

## 8.1 Directors' recommendation

In assessing CERCG's Offer, your Directors have taken into account many considerations, including the information set out in the Bidder's Statement and in this Target's Statement.

Based on this assessment, and for the reasons set out in preceding Sections of this Target's Statement, each of your Directors recommends that Shareholders **REJECT** CERCG's Offer.

In considering whether you wish to follow your Directors' recommendation, you should:

- read this Target's Statement in its entirety;
- consider your individual risk profile, investment strategy, tax position and financial circumstances; and
- obtain independent advice from your investment, financial, taxation or other adviser.

If you hold AWE Shares as a short term investment, and you decide that you wish to sell your Shares now, you should also consider either accepting the Offer or Mitsui's Offer or, if the ASX price for the Shares (less brokerage costs) is above the Offer Price, selling your Shares on ASX.

## 8.2 Intentions of the Directors

Each Director intends to reject CERCG's Offer and accept Mitsui's Offer in respect of all the Shares that they hold or control, in the absence of a superior proposal.

## 8.3 Directors' interests and dealings in AWE securities

### (a) Relevant Interests in AWE Shares

The only marketable securities that AWE has on issue are Shares.

The Directors' Relevant Interests in Shares as at the date of this Target Statement are set out below:

Name of Director	Number of Shares
Kenneth Williams	83,703
David Biggs	13,703 <sup>31</sup>
Raymond Betros	73,703
David McEvoy	33,703
Karen Penrose	53,703
Andrew Rigg	13,950

### (b) Relevant Interests in CERCG securities

As at the date of this Target's Statement:

- no Director has a Relevant Interest in any CERCG securities; and
- no Director has acquired or disposed of a Relevant Interest in any CERCG shares in the fourth month period ending on the date of this Target's Statement.

31 Mr David Biggs also holds 2,179,274 Cash Share Rights. Refer to Section 6.10(b) for a description of the treatment of the Cash Share Rights under CERCG's Offer.

## 8.3 Directors' interests and dealings in AWE securities continued

### (c) Dealings in AWE securities

Except as set out below, no Director acquired or disposed of any AWE securities within the period of four months immediately preceding the date of this Target's Statement.

Name of Director	Number of Shares acquired	Number of Cash Share Rights acquired	Number of Shares or Cash Share Rights disposed
Kenneth Williams	3,703	Not applicable	Nil
David Biggs	3,703	1,258,992 (vesting 30 June 2020) <sup>32</sup>	Nil
Raymond Betros	3,703	Not applicable	Nil
David McEvoy	3,703	Not applicable	Nil
Karen Penrose	3,703	Not applicable	Nil
Andrew Rigg	3,703	Not applicable	Nil

Note: AWE non-executive Directors do not receive Cash Share Rights and are not eligible to participate in the Cash Share Rights Plan.

### (d) Benefits and agreements

Except as disclosed in this Target's Statement:

#### (i) Benefits in connection with retirement from office or transfer of property

No Director, company secretary or executive has been or will be given any payment or other benefit (other than a payment or other benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of AWE or any related body corporate of AWE as a result of the Offer, or in connection with the transfer of the whole or any part of the undertaking or property of AWE.

#### (ii) Agreements connected with or conditional on the Offer

There are no agreements made between any Director and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a Shareholder or Cash Share Rights Holder;

#### (iii) Benefits from CERCG

None of the Directors has agreed to receive, or is entitled to receive, any benefit from CERCG or any related body corporate of CERCG which is conditional on, or is related to, the Offer, other than in their respective capacity as a Shareholder or Cash Share Rights Holder;

#### (iv) Interests of Directors in contracts with CERCG

None of the Directors has any interest in any contract with CERCG, or a related body corporate of CERCG, other than in their capacity as a Shareholder or Cash Share Rights Holder; and

#### (v) No pre-transaction benefits

During the period of four months before the date of this Target's Statement, neither AWE nor any associate of AWE gave, or offered to give, or agreed to give, a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- vote in favour of CERCG's Offer; or
- dispose of their Shares,

and which will not be provided to all Shareholders.

<sup>32</sup> As approved by Shareholders at the 2017 annual general meeting.



# 9. OTHER MATERIAL INFORMATION

## 9.1 AWE capital structure

AWE's issued capital comprises 625,253,903 ordinary shares and 8,486,352 Cash Share Rights.<sup>33</sup>

## 9.2 AWE Securities Trading Policy.

Dealing in AWE Shares by directors, officers and employees of AWE is restricted by the AWE Securities Trading Policy.

Under that policy, AWE prohibits AWE Directors, key management personnel, officers, employees, contractors and consultants (**AWE Employees**), while in possession of price sensitive information, from:

- trading in AWE Shares;
- procuring another person to acquire or sell AWE Shares; or
- communicating the price sensitive information to another person.

The Board has resolved to permit trading by Directors and AWE Employees in AWE Shares during the period between release of this Target's Statement to the ASX and the end of the current Offer Period. However, if the Offer Period is extended the permission to trade will be reviewed on an ongoing basis.

## 9.3 Potential impact of CERCG's Offer on AWE's material contracts

Other than the arrangements described in Section 6.9, AWE is not, after due inquiry, aware of any financing arrangement or other contract that has been entered into by AWE or any of its subsidiaries, that AWE considers to be material in the context of AWE or the AWE Group taken as a whole, that contains a change of control provision that may be triggered if CERCG acquires Shares as a result of the Offer.

Although AWE and various of its subsidiaries have entered into other contracts that contain change of control provisions that may be triggered if CERCG acquires Shares as a result of the Offer, AWE does not consider any of those contracts to be material in the context of AWE or the AWE Group taken as a whole.

## 9.4 Changes in financial position

So far as known to any Director, the financial position of AWE has not materially changed since 31 December 2017 (the date of AWE's last financial report) and the date of this Target's Statement, except as disclosed in this Target's Statement and in AWE's announcements to the ASX since 31 December 2017, other than as described elsewhere in this Target's Statement.

## 9.5 Material litigation

As at the date of this Target's Statement, AWE has no knowledge of, nor any expectation of, any litigation or dispute that is material in the context of the AWE Group taken as a whole.

## 9.6 Taxation considerations for Shareholders

Section 6 of the Bidder's Statement sets out advice on Australian capital gains tax consequences of accepting CERCG's Offer.

Shareholders should consult their own tax adviser for tax advice tailored to their own particular circumstances. Shareholders should not solely rely on section 6 of the Bidder's Statement in relation to the taxation implications of accepting the Offer. In particular, Shareholders who are subject to taxation outside Australia should obtain their own advice as to the tax consequences for them of the Offer, which may be different to those applicable to Australian resident Shareholders.

## 9.7 ASIC modifications and exemption

ASIC has published various 'class order' instruments providing for modifications to, or exemptions from, the Corporations Act that apply generally to all persons, including AWE.

## 9.8 Consents

The following persons have given and have not, before the date of issue of this Target's Statement, withdrawn their consent to:

- be named in this Target's Statement in the form and context in which they are named;
- the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this Target's Statement; and
- the inclusion of other statements in this Target's Statement that are based on or referable to statements made in those reports or statements, or that are based or referable to other statements made by those persons in the form and context in which they are included.

<sup>33</sup> In addition to the Cash Share Rights cited, AWE has approved but not awarded 7,535,022 Cash Share Rights in 2017. Refer to Section 6.10(b) for a description of the treatment of the Cash Share Rights under CERCG's Offer.

## 9.8 Consents continued

Name of Person	Named As	Reports or Statements
Allens	Legal adviser	N/A
Highbury Partnership	Financial adviser	N/A
UBS AG, Australia Branch	Financial adviser	N/A
Grant Thornton Corporate Finance Pty Ltd	Independent Expert	Independent Expert's Report included as a schedule to AWE's target's statement in response to Mitsui's Offer
RISC Advisory Pty Ltd	Independent Technical Specialist	Independent Technical Specialists Report on Petroleum Properties of AWE Limited, included in the Independent Expert's Report, which is included as a schedule to AWE's target's statement in response to Mitsui's Offer
Computershare Investor Services Pty Limited	Share Registry	N/A

Each of the above persons:

- does not make, or purport to make, any statement in this Target's Statement other than those statements referred to above and as consented to by that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement other than as described in this Section with the person's consent.

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements that are made, or based on statements made, in documents lodged with ASIC or ASX (in compliance with the ASX Listing Rules). Pursuant to this Class Order, the consent of persons such statements are attributed to is not required for the inclusion of those statements in this Target's Statement. Refer to Section 9.11.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or published book, journal or comparable publication.

Pursuant to that Class Order, the consent of persons such statements are attributed to is not required for inclusion of those statements in this Target's Statement.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement also contains trading data obtained from Capital IQ without its consent.

## 9.9 Reliance on information obtained from CERCG or public sources

The information in this Target's Statement about CERCG has been compiled from or is otherwise based on information obtained from CERCG or publicly available sources, and has not been independently audited or verified by AWE or its advisers. If the information obtained from CERCG or the public sources is inaccurate or incomplete, this may affect the information included in this Target's Statement. In particular, if the information has been used as the basis for forward looking statements in this Target's Statement, this may add to the risk that actual values, results, performance or achievements will differ materially from those expressed or implied by the forward looking statements.

## 9.10 Publicly available information

This Target's Statement contains statements that are made, or based on statements made, in documents lodged with ASIC or ASX (in compliance with the ASX Listing Rules) by AWE.

As required by ASIC Class Order 13/521, any Shareholder who would like to receive a copy of any of those documents (or relevant extracts from those documents) may obtain a copy free of charge by contacting the Shareholder Information Line on 1300 145 327 (within Australia) or +61 3 9415 4244 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday.

## 9.11 Continuous disclosure

AWE is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require AWE to notify ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, AWE has an obligation (subject to limited exceptions) to notify ASX immediately on becoming aware of any information that a reasonable person would expect to have a material effect on the price or value of AWE Shares.

Copies of the documents filed with ASX may be obtained from ASX's website at [www.asx.com.au](http://www.asx.com.au).

In addition, AWE will make copies of the following documents available for inspection at its registered office (between 9am and 5pm on Business Days):

- AWE's Annual Report for the year ended 30 June 2017;
- AWE's Constitution; and
- any continuous disclosure document lodged by AWE with ASX between the lodgement of its 2017 Annual Report on 24 October 2017 and the date of this Target's Statement. A list of these documents is included in Schedule 1.

Copies of the documents are also available on AWE's website at [www.awexplore.com](http://www.awexplore.com), or may be requested to be provided free of charge by contacting the Shareholder Information Line on 1300 145 327 (within Australia) or +61 3 9415 4244 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday.

Copies of documents lodged with ASIC in relation to AWE may be obtained from, or inspected at, an ASIC office.

## 9.12 Other information

This Target's Statement is required to include all the information Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept CERCG's Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any of the Directors.

The Directors are of the opinion that the information that Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent with or superseded by information in this Target's Statement);
- the information contained in AWE's 2017 Annual Report;
- the information contained in AWE's announcements to ASX prior to the date of this Target's Statement; and
- the information contained in this Target's Statement, including the Schedules to this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information contained in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the Shares;
- the matters Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to the professional advisers of Shareholders; and
- the time available to AWE to prepare this Target's Statement.

# 10. DEFINITIONS AND INTERPRETATION

## 10.1 Definitions

The following definitions apply in this Target's Statement unless the context requires otherwise.

**2017 CSR Award** has the meaning given to it in Section 6.10(b).

**1P Reserves** means proved Reserves.

**2C or 2C Contingent Resources** means the best estimate scenario of Contingent Resources.

**2P or 2P Reserves** means the sum of proved and probable Reserves, and denotes the best estimate scenario for Reserves.

**AAL or AAL Oil Project** means the Ande Ande Lumut oil project described in Section 6.2(e).

**Acceptance Form** means the acceptance form enclosed with the Bidder's Statement.

**AEDT** means Australian Eastern Daylight Time.

**API** means American Petroleum Institute.

**ASIC** means the Australian Securities and Investments Commission.

**associate** has the meaning given in section 12 of the Corporations Act.

**ASX** means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as 'ASX' operated by it.

**ASX Listing Rules** means the listing rules of ASX.

**ASX Settlement** means ASX Settlement Pty Ltd (ABN 49 008 504 532).

**ASX Settlement Operating Rules** means the operating rules of ASX Settlement or of any relevant organisation which is an alternative or successor to or replacement of, ASX Settlement or of any applicable CS facility licensee.

**Australian Domestic Gas Security Mechanism or ADGSM** means the Federal Government's policy announced on 20 June 2017 to ensure there is a sufficient supply of natural gas to meet the forecast needs of Australian consumers by requiring, if necessary, LNG projects which are drawing gas from the domestic market to limit exports or find offsetting sources of new gas.

**AWE or Company** means AWE Limited (ACN 077 897 440).

**AWE Board or Board** means the board of directors of AWE from time to time.

**AWE Constitution** means the Constitution of AWE as amended from time to time.

**AWE Director or Director** means a director of AWE.

**AWE Employees** in relation to the AWE Securities Trading Policy has the meaning given to it in Section 9.2.

**AWE Group** means AWE and its subsidiaries.

**AWE Securities Trading Policy** means AWE's policy in relation to securities trading, described in Section 9.2.

**AWE Share or Share** means a fully paid ordinary share in AWE.

**AWE Shareholder or Shareholder** means a person who is registered as the holder of a Share in the AWE register of members.

**BassGas or BassGas Project** means the BassGas project described in Section 6.2(c).

**Bid Implementation Deed or BID** means the bid implementation deed entered into between AWE and Mitsui dated 3 February 2018, under which Mitsui agreed to make Mitsui's Offer and the AWE Directors agreed to recommend Mitsui's Offer in the absence of a superior proposal and subject to the Independent Expert concluding Mitsui's Offer is fair and reasonable.

**boe** means barrels of oil equivalent.

**Business Day** means a day which is not a Saturday, Sunday or a public holiday in Sydney, Australia.

**Cash Share Rights** means rights awarded by the Board as part of the Company's remuneration framework, subject to the rules of the Cash Share Rights Plan and the terms of award (determined by the Board). Subject to the satisfaction of vesting conditions, as applicable, Cash Share Rights convert to Shares on a one-for-one basis.

**Cash Share Rights Holder** means the holder of any Cash Share Rights.

**Cash Share Rights Plan** means the 'AWE Limited Employee Cash Share Plan' as amended from time to time.

**Casino or Casino Gas Project** means the Casino gas project described in Section 6.2(d).

**CERCG** means CERCG Aus Gas Pty Ltd (ACN 622 835 894), a wholly owned subsidiary of CERCG Australia.

**CERCG Australia** means China Energy Reserve and Chemical Group Australia Pty Ltd (ACN 615 286 443).

**CERCG's Bidder's Statement or Bidder's Statement** means the bidder's statement dated 25 January 2018 lodged by CERCG with ASIC in relation to the Offer, and includes any Supplementary Bidder's Statement issued by CERCG.

**CERCG's Indicative Proposal** means the non-binding, indicative and conditional proposal from CERCG Australia to acquire all of the AWE Shares for cash consideration of \$0.71 per AWE Share, announced by AWE on 30 November 2017.

**CERCG's Offer or Offer** means the takeover bid by CERCG to acquire all of the AWE Shares on the terms and conditions set out in CERCG's Bidder's Statement as subsequently varied in accordance with the Corporations Act.

**CERCG's Offer Period or Offer Period** means the period within which CERCG's Offer is open for acceptance in accordance with CERCG's Bidder's Statement and the Corporations Act.

**CERCG's Offer Price or Offer Price** means the price offered by CERCG for each AWE Share in CERCG's Bidder's Statement, being \$0.73 cash per AWE Share.

**CHESS** means the Clearing House Electronic Subregister System, which provides for electronic security transfer in Australia.

**Contingent Resources** means those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development oil and gas projects, but which are not currently considered to be commercially viable due to one or more contingencies.

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

**CS facility licensee** means a person who holds a licence under the Corporations Act that authorises the person to operate a clearing and settlement facility.

**Facility** has the meaning given to it in Section 6.9.

**FEED** means the front end engineering and design phase of a project.

**FID** means the final investment decision of a project.

**First Supplementary Bidder's Statement** means the supplementary bidder's statement lodged with ASIC and ASX and sent to AWE on 12 February 2018 and despatched by CERCG to AWE Shareholders at the same time as the Bidder's Statement, incorporating certain corrective disclosures in relation to the original Bidder's Statement.

**GJ** means gigajoule.

**IFRS** means International Financial Reporting Standards, as issued by the IFRS Foundation and the International Accounting Standards Board, from time to time.

**Independent Expert** means Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987).

**Independent Expert's Report** means the report and related financial services guide prepared by the Independent Expert, which is included as a schedule to AWE's target's statement in response to Mitsui's Offer.

**L1** means production licence L1, originally granted in 1971 and currently pending renewal pursuant to application number STP-PRR-0003 lodged by AWE Perth Pty Ltd on 13 May 2014.

**L2** means production licence L2, originally granted in 1971 and currently pending renewal pursuant to application number STP-PRR-0004 lodged by AWE Perth Pty Ltd on 13 May 2014.

**MinRes** means Mineral Resources Limited [ACN 118 549 910].

**MinRes' Proposal** means the proposed acquisition of AWE by MinRes by way of a scheme of arrangement pursuant to the Scheme Implementation Deed for a combination of cash and scrip consideration with an implied value of \$0.83 per AWE Share.

**Mitsui** means Mitsui & Co., Ltd. [ABN 88 001 855 465].

**Mitsui's Bidder's Statement** means the bidder's statement dated 9 February 2018 lodged by Mitsui with ASIC in relation to Mitsui's Offer.

**Mitsui's Offer** means Mitsui's offer to acquire all of the AWE Shares for cash consideration of \$0.95 per AWE Share by way of an off-market takeover bid, pursuant to Mitsui's Bidder's Statement and the Bid Implementation Deed.

**Mitsui's Offer Price** means the price offered by Mitsui for each AWE Share, pursuant to Mitsui's Bidder's Statement, being \$0.95 cash per AWE Share.

**MLE** means the mid-life enhancement project in respect of the BassGas Project.

**MMbbl** means million barrels.

**MMboe** means million barrels of oil equivalent. Refer to Section 10.2 for conversion factors used in this Target's Statement to derive MMboe.

**MMhr** means per million man hours.

**Non-IFRS Financial Information** means financial information that is presented other than in accordance with all relevant accounting standards.

**Notice of Status of Conditions** means CERCg's notice disclosing the status of the conditions of the Offer, which is required to be given under section 630(3) of the Corporations Act.

**PJ** means petajoules.

**Plan of Development** means the plan of development in respect of the AAL Oil Project approved by the Indonesian Government.

**PSC** means the production sharing contract in respect of the AAL Oil Project.

**Relevant Interest** has the meaning given in sections 608 and 609 of the Corporations Act.

**Reserves** means those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Petroleum reserves must satisfy four criteria: they must be discovered, recoverable, commercial and remaining based on the development projects applied.

**Scheme Implementation Deed** means the scheme implementation deed entered into between AWE and MinRes dated 21 December 2017 in respect of MinRes' Proposal.

**Stage 1A** means the first stage of development of the Waitsia Gas Project, described in Section 6.2(a).

**Stage 2** means the second stage of development of the Waitsia Gas Project, described in Section 6.2(a).

**Supplementary Bidder's Statement** means any supplementary bidder's statement despatched by CERCg to AWE Shareholders in accordance with section 643 of the Corporations Act, and includes the First Supplementary Bidder's Statement.

**Target's Statement** means this document, being the statement of AWE under Part 6.5 of the Corporations Act in relation to CERCg's Offer.

**VWAP** means volume weighted average sale price.

**Waitsia** or **Waitsia Gas Project** means the Waitsia gas project described in Section 6.2(a).

## 10.2 Conversion factors

The following conversion factors apply in this Target's Statement unless the contrary intention appears:

Sales gas:	6 PJ = 1 million boe
LPG:	1 tonne = 11.6 boe
Oil:	1 barrel = 1 boe
Condensate	1 barrel = 1 boe

## 10.3 Interpretation

- (a) Headings are for convenience only and do not affect interpretation.
- (b) The following rules apply unless the context requires otherwise.
  - (i) The singular includes the plural, and the converse also applies.
  - (ii) A gender includes all genders.
  - (iii) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
  - (iv) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
  - (v) A reference to a Section or Schedule is a reference to a Section of, or Schedule to, this Target's Statement.
  - (vi) A term not specifically defined in this Target's Statement has the meaning given to it (if any) in the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules (as is appropriate to the context).
  - (vii) A reference to an agreement or document (including a reference to this Target's Statement) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this Target's Statement or that other agreement or document, and includes the recitals, schedules and annexures to that agreement or document.
  - (viii) A reference to a person includes the person's successors, permitted substitutes and permitted assigns (and, where applicable, the person's legal personal representatives).
  - (ix) reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
  - (x) A reference to a right or obligation of any two or more people comprising a single party confers that right, or imposes that obligation, as the case may be, on each of them severally and each two or more of them jointly. A reference to that party is a reference to each of those people separately (so that, for example, a representation or warranty by that party is given by each of them separately).
  - (xi) A reference to *dollars* or \$ is to Australian currency.
  - (xii) US\$ is a reference to the lawful currency of the United States of America.
  - (xiii) A reference to time is to Sydney time, unless otherwise noted.

# 11. AUTHORISATION

This Target's Statement has been approved by a resolution passed by the Directors of AWE. Each Director of AWE voted in favour of the resolution authorising this Target's Statement.

Dated 21 February 2018.

Signed for and on behalf of AWE:

A handwritten signature in blue ink, appearing to read 'Kenneth Williams', written in a cursive style.

**Kenneth Williams**  
Chairman

# SCHEDULE 1

## AWE Announcements to ASX since release of AWE's 2017 Annual Report on 24 October 2017 until 21 February 2018

Number	Date	Description
1	21/02/2018	AWE's Half Year Results Presentation
2	21/02/18	AWE's Half Year Results Announcement
3	21/02/2018	AWE's Appendix 4D
4	20/02/2018	AWE's December 2017 Reserves Update
5	15/02/2018	TOV: AWE Panel Declines to Conduct Proceedings
6	15/02/2018	AWE's Half Year Results webcast details
7	15/02/2018	CERCg Offer – Notice of completion of dispatch
8	13/02/2018	AWE Chairman's Letter to Shareholders
9	13/02/2018	Mitsui – Notice of completion of dispatch
10	13/02/2018	CERCg Offer – Commencement of dispatch
11	12/02/2018	CERCg Supplementary Bidder's Statement
12	12/02/2018	TOV: AWE Panel Accepts Undertaking Makes Further Interim
13	09/02/2018	Becoming a substantial shareholder – Mitsui & Co., Ltd.
14	09/02/2018	Mitsui & Co., Ltd. – Notice of record date
15	09/02/2018	Mitsui & Co., Ltd. – Bidder's Statement
16	08/02/2018	Change in substantial holding
17	07/02/2018	TOV: AWE Panel Makes Interim Order
18	05/02/2018	Intention to Make Takeover Bid
19	05/02/2018	AWE Board Rejects CERCg Australia Bid
20	05/02/2018	AWE recommends takeover bid from Mitsui for \$0.95 per share
21	02/02/2018	TOV: AWE Panel Receives Application
22	31/01/2018	AWE's December 2017 Quarterly Report
23	31/01/2018	AWE commences matching rights process
24	29/01/2018	AWE receives \$0.95 per share cash proposals from Mitsui
25	25/01/2018	CERCg bidder's statement, Shareholders should take no action
26	25/01/2018	CERCg Offer – Notice of record date
27	25/01/2018	Becoming a substantial holder – CERCg
28	25/01/2018	CERCg Offer – Bidder's Statement
29	25/01/2018	AWE's changes of registered office
30	15/01/2018	Ceasing to be a substantial holder
31	15/01/2018	Ceasing to be a substantial holder from MQG
32	12/01/2018	Change in substantial holding
33	09/01/2018	Becoming a substantial holder from MQG
34	04/01/2018	Change in Substantial holding from CBA
35	22/12/2017	AWE Appendix 3Y – Share Purchase Plan
36	22/12/2017	CERCg receives FIRB approval
37	21/12/2017	New gas sales agreement for Casino Henry
38	21/12/2017	MIN: MRL Offer for AWE Limited
39	21/12/2017	Recommended acquisition of AWE by Mineral Resources

Number	Date	Description
40	20/12/2017	AWE SPP – Appendix 3B
41	19/12/2017	AWE upgrades Waitsia reserves and resources
42	19/12/2017	NWE: Jingemba Oil Field Restart
43	15/12/2017	Confirmation of SPP Issue Price and Close of SPP
44	13/12/2017	MIN: Market Update and Teleconference Details
45	13/12/2017	Becoming a substantial holder
46	11/12/2017	AWE receives acquisition proposal from Mineral Resources
47	11/12/2017	MIN: MRL Proposal to acquire AWE
48	11/12/2017	AWE receives acquisition proposal from Mineral Resources
49	11/12/2017	AWE provides an update of corporate activities
50	08/12/2017	AWE recommend shareholders take no action in relation to bid
51	08/12/2017	CERCG Announces Intention to Make Takeover Offer for AWE
52	08/12/2017	AWE receives tenders for Waitsia Stage 2 Construction
53	07/12/2017	Becoming a substantial holder
54	05/12/2017	CERCG withdraws indicative proposal to acquire 100% of AWE
55	30/11/2017	Full Terms of CERCG Australia Indicative Proposal
56	30/11/2017	AWE receives indicative proposal to acquire 100% of AWE
57	27/11/2017	AWE's Appendix 3B
58	27/11/2017	AWE's Appendix 3Y – David Biggs
59	27/11/2017	Ceasing to be a substantial holder
60	24/11/2017	Appendix 3Z – Bruce Phillips
61	24/11/2017	AWE 2017 AGM Results
62	24/11/2017	AWE 2017 AGM Presentation
63	24/11/2017	AWE 2017 Chairman Elect Address
64	24/11/2017	AWE 2017 Chairman's Address
65	24/11/2017	Despatch of Share Purchase Plan documentation
66	23/11/2017	AWE's 2017 AGM Webcast Details
67	22/11/2017	Highest Waitsia flow rate to date – 90 MMscf/d at Waitsia-4
68	21/11/2017	AWE – Section 708A(5)(e) Notice
69	20/11/2017	AWE's Appendix 3B – Share Placement
70	16/11/2017	AWE successfully completes Institutional Placement
71	15/11/2017	Capital Raising Presentation
72	15/11/2017	AWE conducts Institutional Placement
73	15/11/2017	Trading Halt
74	14/11/2017	Independent review increases Waitsia 2P Reserves by 78%
75	10/11/2017	Waitsia-2 delivers excellent gas flows
76	30/10/2017	AWE's September 2017 Quarterly Report
77	24/10/2017	AWE's 2017 Notice of Meeting and Proxy Form
78	24/10/2017	AWE's 2017 Annual Report



# CORPORATE DIRECTORY

## AWE Limited

ABN 70 077 897 440  
PO Box 733, North Sydney NSW 2059

## Board of Directors

Kenneth Williams (Chairman)  
David Biggs (CEO & Managing Director)  
Raymond Betros  
David McEvoy  
Karen Penrose  
Andrew Rigg

## Company Secretary

Neville Kelly

## Registered Office and Principal Business Office

Level 12  
100 Pacific Highway  
North Sydney NSW 2060  
Telephone: +61-2-8912 8000  
Facsimile: +61-2-9460 0176  
Email: [awe@aweexplore.com](mailto:awe@aweexplore.com)  
Website: [www.awexplore.com](http://www.awexplore.com)

## Perth Office

Level 3, 1101 Hay Street  
West Perth WA 6005  
Telephone: +61-8-9480 1300  
Facsimile: +61-8-9480 1388

## Share Register

Computershare Investor Services Pty Limited  
452 Johnston Street  
Abbotsford VIC 3067  
Telephone: 1300 850 505 (within Australia)  
Telephone: +61-3-9415 5000 (outside Australia)

## Auditor

Ernst & Young  
EY Centre  
200 George Street  
Sydney NSW 2000

## Stock Exchange

Australian Securities Exchange (Sydney)  
ASX Code: AWE

## Financial Advisers

Highbury Partnership  
Level 12  
Chifley Tower  
Sydney NSW 2000  
UBS AG, Australia Branch  
Chifley Plaza  
2 Chifley Square  
Sydney NSW 2000

## Legal Adviser

Allens  
Level 28  
Deutsche Bank Place  
126 Phillip Street  
Sydney NSW 2000