



25 January 2018

The Manager
Company Announcements Office
Australian Securities Exchange
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Off-market bid by CERCG Aus Gas Pty Ltd to acquire 100% of the shares in AWE Limited

CERCG refers to its previous announcement of 8 December 2017 of its intention to make a takeover bid for AWE Limited ACN 077 897 440 (**AWE**).

CERCG Aus Gas Pty Ltd ACN 622 835 894 (**CERCG Aus Gas**), a 100% owned subsidiary of China Energy Reserve and Chemical Group Australia Pty Ltd ACN 615 286 443 (**CERCG Australia**), today lodged its Bidder's Statement in relation to its off-market bid to acquire 100% of the shares in AWE, with the Australian Securities and Investments Commission. The Bidder's Statement was also served on AWE today.

In accordance with item 5 of section 633(1) of the *Corporations Act 2001* (Cth), we attach a copy of the Bidder's Statement dated 25 January 2018.

We request that this announcement is immediately released to the market through AWE's announcements platform page.

Yours faithfully

Liping Xuan

Managing Director CERCG Australia

Director CERCG Aus Gas

**CHINA ENERGY RESERVE AND CHEMICAL GROUP
AUSTRALIA PTY LTD**

ABN: 28 615 286 443 Level 10, 553 Hay St, Perth, 6000



Bidder's Statement

ACCEPT

the Offer by

CERCG Aus Gas Pty Ltd (ABN 72 622 835 894)

to acquire all of your ordinary shares in

AWE Limited (ABN 70 077 897 440)

for

\$0.73 cash per ordinary share

The Offer closes at 7.00pm (AEDT) on 8 March 2018, unless extended.

The Offer Information Line: 1300 911 275 (toll free within Australia) or +61 1300 911 275 (from outside Australia)

This is an important document and requires your immediate attention.

If you are in any doubt as to how to act, you should consult your financial, legal or other adviser.

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Important Information

This Bidder's Statement is given by CERCG Aus Gas Pty Ltd (ABN 72 622 835 894), a subsidiary of China Energy Reserve and Chemicals Group Co., Ltd (**CERCG**), under Part 6.5 of the Corporations Act and relates to the Offer.

You should read this Bidder's Statement in its entirety.

This Bidder's Statement is dated 25 January 2018 and includes an Offer dated 8 February 2018 as set out in Annexure A.

A copy of this Bidder's Statement was lodged with ASIC and provided to ASX on 25 January 2018. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this Bidder's Statement.

Investment decisions

This Bidder's Statement does not take into account the investment objectives, financial situation or particular needs of any person. The Bidder is not licensed to provide financial product advice in relation to AWE Shares or any other financial products. This Bidder's Statement should not be relied on as the sole basis for any investment decision in relation to AWE Shares or the Offer generally. Accordingly, you may wish to seek independent legal, financial, taxation or other professional advice before deciding whether to accept the Offer.

Privacy

The Bidder has collected your information from the AWE register of shareholders for the purposes of making the Offer and, if accepted, administering acceptances over your holding of AWE Shares and making payments of the Offer Consideration. The Corporations Act requires the names and addresses of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to the Bidder's related bodies corporate and external service providers and may be required to be disclosed to regulators such as ASIC.

Notice to Foreign Shareholders

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions. This Bidder's Statement does not constitute any offer in any jurisdiction in which, or to any person to which, it would not be lawful to make such an offer. Payment of any Offer Consideration is subject to paragraph 8 of Annexure A of this Bidder's Statement.

Disclaimer as to forward-looking statements

This Bidder's Statement contains forward-looking statements. These statements are based, among other things, on the Bidder's assumptions, expectations, estimates, objectives, plans and intentions as of the date of this Bidder's Statement regarding the Offer, its success, anticipated benefits, the number of AWE Shares that the Bidder will actually be able to purchase and any change to the Offer Price or Conditions.

Forward-looking statements are based on the Bidder's current estimates, expectations and assumptions, which the Bidder believe are reasonable as of the date of this Bidder's Statement, and, accordingly, are subject to changes after such date. You should not place undue importance on forward-looking statements and should not rely upon this information as of any other date.

Except as required under applicable securities legislation, the Bidder does not undertake to update or revise these forward-looking statements, whether written or verbal, that may be made from time to time by or on its behalf, whether as a result of new information, future events or otherwise.

None of the Bidder nor its officers, or any other person named in the Bidder's Statement with their consent, or any person involved in the preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy of likelihood or fulfilment of any forward-looking statement, except to the extent required by law.

Defined terms

A number of defined terms are used in this Bidder's Statement. These terms are explained in section 8 along with certain rules of interpretation which apply to this Bidder's Statement.

No internet site is part of this Bidder's Statement

References in this Bidder's Statement to CERCG's website (<http://www.cercg.com/>) (in Mandarin only) and to AWE's website (www.awexplore.com) are for your reference only. Information contained in or otherwise accessible from those websites are not part of this Bidder's Statement.

Share registry for the Offer

Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

How Do I Accept The Offer?

You may only accept the Offer for all of your AWE Shares. Acceptances must be received in sufficient time to be acted upon before the end of the Offer Period.

For CHESS Holdings of AWE Shares (Holder Identification Number beginning with 'X')

To accept the Offer, contact your Controlling Participant (usually your broker) and instruct them to accept the Offer on your behalf before the end of the Offer Period.

Alternatively, complete the Acceptance Form in accordance with the instructions on it and return it to an address on the Acceptance Form. The Acceptance Form will only give rise to a valid acceptance if it is received so as to enable the Bidder to instruct your Controlling Participant to initiate acceptance on your behalf before the end of the Offer Period (or if the Bidder lawfully determine it is otherwise valid).

For Issuer Sponsored Holdings of AWE Shares (Security Holder Reference Number beginning with 'I')

If your AWE Shares are in an Issuer Sponsored Holding or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of your AWE Shares, to accept the Offer, complete the Acceptance Form in accordance with the instructions on it and return it to an address on the Acceptance Form.

Addresses for completed Acceptance Forms

By post

Link Market Services Limited
CERCG Aus Gas Pty Ltd Takeover
Locked Bag A14
Sydney South NSW 1235

Hand delivery

Link Market Services Limited
CERCG Aus Gas Pty Ltd Takeover
1A Homebush Bay Drive
Rhodes NSW 2138

Acceptance Forms must be received in sufficient time for your instruction to be processed by 7.00pm (AEDT time) on 8 March 2018, unless the Offer is extended or withdrawn as permitted by the Corporations Act.

Due to recent changes to delivery times by Australia Post, standard delivery may now take up to six Business Days, or longer from regional areas. AWE Shareholders should bear this in mind when returning Acceptance Forms using Australia Post.

Key Dates

Announcement Date	8 December 2017
Bidder's Statement lodged with ASIC, ASX and served on AWE	25 January 2018
Offer opens	8 February 2018
Offer closes (unless extended)	7.00 pm (AEDT) on 8 March 2018

Note: The closing date for the Offer may be extended as permitted by the Corporations Act.

Letter to AWE Shareholders

25 January 2018

Dear AWE Shareholder,

On behalf of CERCG, through its subsidiary, CERCG Australia, I am pleased to present you with this offer to acquire all of your AWE Shares for **\$0.73 cash** per Share (**Offer** and **Offer Price** respectively). The Offer is being made by CERCG Australia's wholly owned subsidiary, CERCG Aus Gas.

The Offer provides you with an attractive opportunity to realise full and certain cash value for your AWE Shares. Based on the price of AWE Shares up to and including 29 November 2017, being the last trading day prior to AWE publicly disclosing the receipt of CERCG's Indicative Proposal, the Offer Price represents an attractive premium to key AWE price benchmarks, being a:

- ✓ **33.9% premium** to the closing price of AWE Shares of \$0.545 per Share;
- ✓ **36.8% premium** to the 30-day VWAP¹ of AWE Shares of \$0.5335 per Share;
- ✓ **46.1% premium** to the 90-day VWAP¹ of AWE Shares of \$0.4997 per Share; and
- ✓ **46.0% premium** to the issue price of AWE's recent \$38 million capital raising of \$A0.50 per Share²;

CERCG Australia acknowledges that the Waitsia Gas Field, and its increasing 2P Reserves and future development, has the potential to return value to AWE Shareholders in the longer term. It is for this reason that CERCG Australia is prepared to pay such a substantial cash premium to key benchmarks for AWE. This substantial cash premium recognises future but uncertain value. CERCG cautions Shareholders that meaningful positive cashflow from Waitsia is not expected until at least the back-end of calendar year 2020, some three years in the future.

CERCG notes that on 21 December 2017 AWE announced a proposed scheme of arrangement which, if implemented, would result in 100% of the Shares in AWE being acquired by a third party in exchange for default consideration comprising a combination of cash and ASX listed securities. CERCG further notes that this alternative proposal has been publicly recommended by the AWE board, in the absence of a superior proposal and subject to an independent expert opining that the proposal is in the best interests of AWE shareholders³. Concurrently with these developments, CERCG is required by law to make its Offer to AWE shareholders within 2 months after announcing its intention to do so on 8 December 2017.

CERCG considers that its Offer provides AWE Shareholders with an opportunity not only to achieve an attractive price to key benchmarks for their Shares but also to avoid the significant risks and uncertainties associated with a continuing investment in AWE, whether that be a direct investment (i.e. continuing to hold AWE Shares themselves) or an indirect investment (including holding other listed securities that may be received in exchange for your AWE Shares, where the issuer of those other listed securities is seeking to acquire or merge with AWE). These significant risks and uncertainties include:

- ✗ Waitsia Stage 2 Development:

¹ VWAPs are calculated on the basis of ASX and Chi-X trading data sourced from IRESS, inclusive of both ASX and Chi-X trading data and off-market special crossings (without the consent of IRESS to the use of the data, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72).

² AWE's ASX announcement dated 15 November 2017 (AWE conducts Institutional Placement).

³ AWE's ASX announcement dated 21 December 2017 (Recommended acquisition of AWE by Mineral Resources).

- ✗ the key permits, being production licences L1 & L2, have expired;
- ✗ no binding gas sale agreements (GSAs) have been secured;
- ✗ FID has been delayed with no date indicated other than "2018"; and
- ✗ AWE has not previously operated a major gas field in Australia;
- ✗ continuing risks and uncertainties in relation to BassGas field life and abandonment liabilities;
- ✗ uncertainty regarding timing and capital expenditure to extend Casino field life;
- ✗ Ande Ande Lumut operator ownership uncertainty, the imminent payment of an associated tax liability of US\$7.0 million in relation to the acquisition of the Anambas PSC and Northwest Natuna PSC as assessed by the Indonesian Tax Office, and the remaining risks regarding the Indonesian Government's continued tax investigation in relation to the sale of 50% of the AAL PSC to Santos in 2012;
- ✗ financial weakness relative to joint venture partners, presenting a risk that AWE may be vulnerable to and adversely affected by the project funding and timing decisions of those partners;
- ✗ declining production, revenue and operating cashflow since FY2014, with AWE FY2018 guidance indicating further declines in production and revenue⁴;
- ✗ increasing balance sheet debt, currently reported at \$81 million;
- ✗ delays and uncertainty that proceeds from the sale of AWE's Bulu PSC interest will be received promptly; and
- ✗ ongoing financing, potential equity dilution and market risks.

The trading price of AWE Shares may fall and trade lower than the Offer Price if the Offer is unsuccessful and no alternative superior proposal (whether currently existing or emerging in the future) is successfully implemented. The Offer is subject to a 50% Minimum Acceptance Condition and other Conditions as set out in full in Annexure B. Importantly, the Offer is not subject to any FIRB approval, Chinese regulatory approval or funding related conditions.

CERCG Australia recognises that the satisfaction of the 50% Minimum Acceptance Condition is ultimately a matter for AWE Shareholders and is within their collective control. To that end, Shareholders are encouraged to accept the Offer as soon as it is open for acceptance. CERCG Australia considers that a number of the other Conditions are substantially within the control of the AWE Board, and should readily be satisfied in the ordinary course of activities for AWE.

How to Accept

Full details of the Offer, including its terms and Conditions, are set out in this Bidder's Statement. We encourage you to read this document in its entirety, and then to accept the Offer as soon as possible.

To accept the Offer, please follow the instructions on the accompanying Acceptance Form. If you require additional assistance, please call the Offer Information Line on 1300 911 275 (toll free within Australia) or +61 1300 911 275 (from outside Australia).

Yours sincerely,



Ms Liping Xuan

Managing Director & **Director**
CERCG Australia **CERCG Aus Gas**

⁴ AWE's ASX announcement dated 25 August 2017 (AWE Full Year Results Presentation).

Summary Of The Offer

<p><i>Bidder Information</i></p>	<p>The Offer to acquire all your AWE Shares is being made by CERCG Aus Gas, a subsidiary of CERCG.</p> <p>Further information about CERCG Aus Gas and CERCG is set out in section 2.</p> <p>If the Offer is successful, the Bidder intends to:</p> <ul style="list-style-type: none"> • re-constitute the AWE board with nominees of the Bidder (reflecting its ownership interest in AWE at the conclusion of the Offer); • potentially delist AWE; • undertake a thorough and broad-based general review of AWE's corporate structure, assets, businesses, personnel and operations; • consult with AWE's joint venture partner on the Waitsia project, with a view to agreeing a mutually acceptable pathway to maximise the potential of this key project; and • seek to identify other opportunities for optimising development across the AWE project portfolio. <p>Further information regarding the Bidder's intentions is set out in section 5.</p>
<p><i>Offer Price</i></p>	<p>The Bidder is offering to acquire all of your AWE Shares for \$0.73 cash per Share, on the terms set out in Annexure A and subject to the Conditions set out in Annexure B.</p>
<p><i>Offer Period</i></p>	<p>The Offer is open for acceptance between 8 February 2018 and 7.00pm (AEDT) on 8 March 2018, unless it is extended or withdrawn by the Bidder.</p>
<p><i>Reasons to accept the offer</i></p>	<p>The reasons why you should accept the Offer are set out on page 9.</p>
<p><i>Conditions</i></p>	<p>The Offer is subject to the Conditions which are set out in full in Annexure B. In summary, the Conditions are:</p> <ul style="list-style-type: none"> • the Bidder having a relevant interest in more than 50% of all AWE Shares (on a Fully Diluted Basis); • AWE's confirmation regarding the renewal of L1 and L2; • there are no change of control or pre-emptive rights relating to AWE's material assets or material agreements; • no new gas sales agreements in relation to Waitsia at a price below \$5.50 per GJ (Real 2020 Gas Price); • no material disposals or new development or financing commitments are undertaken by the AWE Group; • no material adverse change occurs in relation to the AWE Group before the end of the Offer Period;

	<ul style="list-style-type: none"> • AWE does not pay or change the terms of any termination benefit, or vest or accelerate the vesting of any unvested AWE Cash Share Rights; • AWE's adviser fees in connection with the Offer do not exceed \$4 million; • no regulatory action by a Public Authority which 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 distribution or dividend is declared or paid by AWE; and • no prescribed occurrence occurs (as described in Condition (k) and (l) of Annexure B).
<i>Date Bidder must give notice of status of Conditions</i>	The Bidder will give notice of the status of the Conditions on 28 February 2018 (subject to postponement in accordance with the Corporations Act if the Offer Period is extended). The status of each of the Conditions as at the date of this Bidder's Statement is discussed in section 7.3.
<i>Payment date</i>	If you accept the Offer in accordance with the instructions contained in the Offer and the Acceptance Form, you will be sent payment of your Offer Consideration within 21 days after the later of the date that you accept and the date that the Offer becomes, or is declared, unconditional.
<i>Action to take</i>	<p>Depending on the nature of your holding, you may accept the Offer in the following ways.</p> <p>For CHESS Holdings of AWE Shares (Holder Identification Number beginning with 'X')</p> <p>To accept the Offer, contact your Controlling Participant (usually your broker) and instruct them to accept the Offer on your behalf before the end of the Offer Period.</p> <p>Alternatively, complete the enclosed Acceptance Form in accordance with the instructions on it and return it to an address on the Acceptance Form. The Acceptance Form will only give rise to a valid acceptance if it is received so as to enable the Bidder to instruct your Controlling Participant to initiate acceptance on your behalf before the end of the Offer Period (or if the Bidder lawfully determine it is otherwise valid). You should ensure that the Acceptance Form is received in sufficient time before the end of the Offer Period for this processing to occur.</p> <p>For Issuer Sponsored Holdings of AWE Shares (Security Holder Reference Number beginning with 'I')</p> <p>If your AWE Shares are in an Issuer Sponsored Holding or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of your AWE Shares, to accept the Offer, complete the Acceptance Form in accordance with the instructions on it and return it to an address on the Acceptance Form.</p>
<i>No brokerage or stamp duty</i>	You will not pay brokerage or stamp duty if you accept the Offer.

Why You Should Accept The Offer

1. The Offer represents a significant premium to key AWE price benchmarks
2. The Offer provides all cash certainty
3. The Offer removes significant risks and uncertainties associated with a continuing investment in AWE (whether direct or indirect)
4. The trading price of AWE Shares may fall if the Offer is unsuccessful and no alternative superior proposal (whether currently existing or emerging in the future) is successfully implemented
5. The Offer Conditions are readily capable of being satisfied
6. You may face minority shareholder risks if you do not accept

ACCEPT THE OFFER

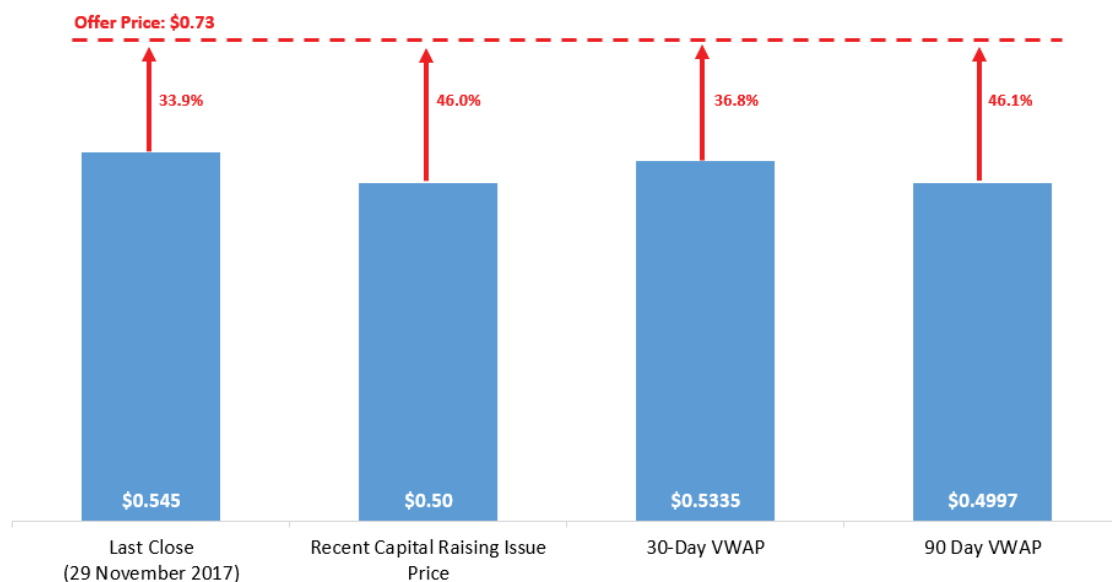
1. The Offer represents a significant premium to key AWE price benchmarks

Based on the price of AWE Shares up to and including 29 November 2017, being the last trading day prior to AWE publicly disclosing the receipt of the Indicative Proposal, the Offer Price represents an attractive premium to key AWE price benchmarks, being a:

- ✓ **33.9% premium** to the closing price of AWE Shares of \$0.545 per Share;
- ✓ **36.8% premium** to the 30-day VWAP⁵ of AWE Shares of \$0.5335 per Share;
- ✓ **46.1% premium** to the 90-day VWAP⁵ of AWE Shares of \$0.4997 per Share; and
- ✓ **46.0% premium** to the issue price of AWE's recent \$38 million capital raising of \$0.50 per Share.⁶

The Offer values AWE at approximately \$463 million on a Fully Diluted Basis.

Figure 4: Offer Consideration and premium to AWE key benchmarks



Source: IRESS / Bloomberg

2. The Offer provides all cash certainty

Being an 'all cash' offer, the Offer provides AWE Shareholders with the opportunity to realise full and certain cash value for all their AWE Shares, with no transaction costs and no exposure to the potential risks and uncertainties associated with a continuing investment in AWE.

If you accept the Offer and the Offer becomes unconditional, you will:

- be paid \$0.73 in cash for each of your AWE Shares;
- not incur any brokerage fees;

⁵ VWAPs are calculated on the basis of ASX and Chi-X trading data sourced from IRESS, inclusive of both ASX and Chi-X trading data and off-market special crossings (without the consent of IRESS to the use of the data, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72).

⁶ AWE's ASX announcement dated 15 November 2017 (AWE conducts Institutional Placement).

- receive your Offer Consideration within 21 days after the Offer becomes unconditional; and
- no longer be exposed to the risks and uncertainties associated with a continuing investment in AWE (see further reason 3 below).

Cash provides AWE Shareholders with far greater certainty than the alternative of listed securities whose value is inherently subject to fluctuation. That fluctuation reflects not only the specific risks and uncertainties of the issuing entity but also new risks associated with its ability to successfully integrate the target, together with ongoing general market risks and volatility. Cash also provides AWE Shareholders with complete flexibility as to how they deploy their cash consideration including the ability to reinvest all or part of it in accordance with their own investment preferences and risk profile.

The Offer is subject to various Conditions. Those Conditions are set out in full in Annexure B to this Bidder's Statement. The status of these Conditions as at the date of this Bidder's Statement is set out in section 7.3.

3. The Offer removes significant risks and uncertainties associated with a continuing investment in AWE (whether direct or indirect)

There are significant external and company specific risks and uncertainties associated with a continuing investment in AWE. If you remain an AWE Shareholder, you will retain a direct investment in AWE and continue to be exposed to these risks and uncertainties. These could adversely impact the future trading price of AWE Shares.

Equally, if you receive listed securities in any other entity that seeks to acquire or merge with AWE, you would retain an indirect investment in AWE and, as a result, continue to be exposed to these same risks and uncertainties, in addition to the specific risks and uncertainties of the relevant listed entity whose securities you receive in exchange for your AWE shares. These combined (and enlarged) risks and uncertainties could adversely impact the trading price of the listed securities you receive in exchange for your AWE Shares.

The key risks and uncertainties for AWE include:

- ✘ **Waitsia Stage 2 development risk**
 - ✘ AWE has not previously operated a major gas field in Australia.
 - ✘ Key L1 and L2 production licences have expired. As shown in Figure 5, the Waitsia Gas Field is located entirely within L1 and L2.
 - ✘ In the last 12 months AWE has been unable to secure a binding gas sales agreement (GSA) and has only agreed a non-binding term sheet for 15TJ/day in February 2017. This represents only 15% of AWE's targeted 100TJ/day production plan and well short of the 65TJ/day that AWE has indicated is required for it to commit to Final Investment Decision (FID)⁷.

⁷ AWE's ASX announcement dated 25 August 2017 (AWE FY17 Full-Year Results Presentation). AWE's ASX announcement dated 15 November 2017 (AWE FY17 Capital Raising Presentation). AWE's ASX announcement dated 24 November 2017 (AWE 2017 Annual General Meeting Presentation).

- ✘ The Western Australian gas market is currently in a state of oversupply and is expected to remain so for at least the next 3 years. There is no guarantee that AWE will be able to secure binding GSAs on favourable terms.
- ✘ AWE has delayed its FID from the end of 2017 with no date indicated other than "2018"⁸.
- ✘ Joint venture partner ownership is transitioning from Origin Energy Limited to Beach Energy Limited. The impact of this change in ownership on the development of Waitsia remains uncertain.
- ✘ The development of Waitsia will require substantial capital.
- ✘ **Financial and financing risks:**
 - ✘ Meaningful positive cashflow from Waitsia is not expected until at least the back-end of calendar year 2020, some three years in the future⁹.
 - ✘ Declining production, revenue and operating cashflow since FY2014, with AWE FY2018 guidance indicating further declines in production and revenue¹⁰.
 - ✘ AWE's last reported balance sheet debt was \$81 million.
 - ✘ AWE's financial weakness relative to joint venture partners, presenting a risk that AWE may be vulnerable to and adversely affected by the project funding and timing decisions of those partners.
 - ✘ Delays and uncertainty that proceeds from the sale of AWE's Bulu PSC interest will be received promptly .
- ✘ **Continuing risks and uncertainties at BassGas, Casino and Ande Ande Lumut;**
 - ✘ BassGas – limited field life and quantum of abandonment liabilities remains uncertain.
 - ✘ Casino – uncertainty regarding timing and capital expenditure to extend Casino field life.
 - ✘ Ande Ande Lumut – the operator is seeking to divest its interest in Ande Ande Lumut. The timing and impact of this divestment remains uncertain. Separately, the Indonesian government is undertaking a tax investigation in relation to AWE's interest in Ande Ande Lumut. On 11 December 2017, AWE announced that it is required to pay a US\$7.0 million tax liability within 30 days as a result of an assessment from the Indonesian Tax Office in relation to the acquisition of the Anambas PSC and Northwest Natuna PSC. Even once that assessed amount is paid, uncertainty still remains in relation to the risks of the Indonesian Government's ongoing tax investigation regarding the sale of 50% of the AAL PSC to Santos in 2012.

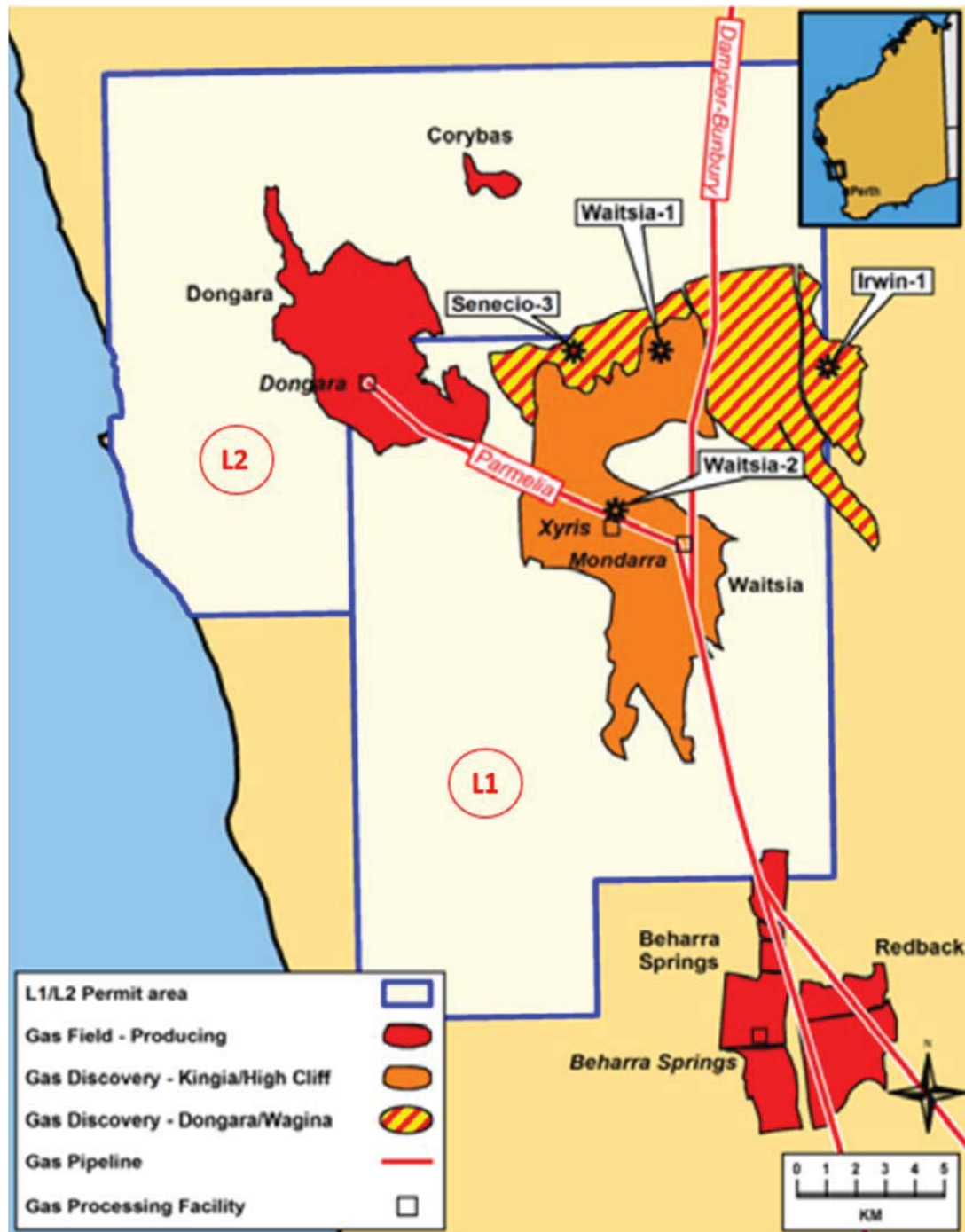
⁸ Slide 26 in AWE's ASX announcement dated 25 August 2017 (AWE FY17 Full-Year Results Presentation). Slide 37 in AWE's ASX announcement dated 24 November 2017 (AWE 2017 Annual General Meeting Presentation).

⁹ Slide 6 in AWE ASX announcement dated 3 August 2017 (AWE 2017 Annual General Meeting Presentation) states "Waitsia first gas mid 2020".

¹⁰ AWE's ASX announcement dated 25 August 2017 (AWE Full Year Results Presentation).

- × **Potential equity dilution**

- × Although it is ultimately a matter for the AWE Board, AWE may undertake equity capital raisings to meet its share of any development costs, including of Waitsia and the Henry-3 well development (Casino). Depending on the structure of any equity capital raisings that AWE may pursue, this could dilute the ownership interests of AWE Shareholders (for example, if the majority of any required equity capital is raised through placement of new shares).

Figure 5: Location of key petroleum production licenses L1 and L2¹¹

4. **The trading price of AWE Shares may fall if the Offer is unsuccessful and no alternative superior proposal (whether currently existing or emerging in the future) is successfully implemented**

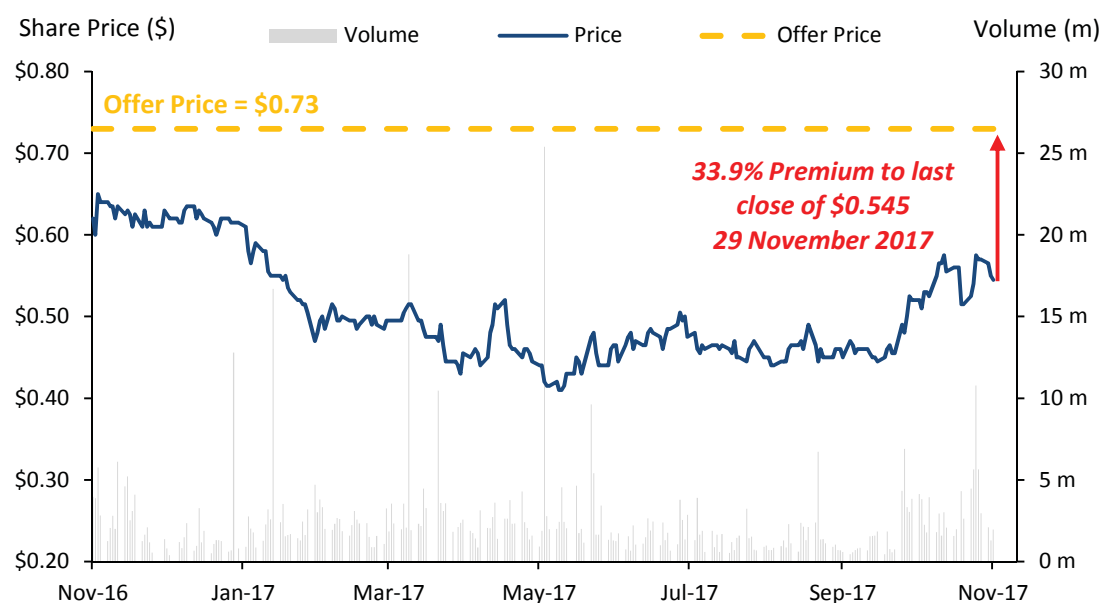
The Offer provides you with the opportunity to receive a certain cash amount of \$0.73 per AWE Share, subject to each of the Conditions being satisfied or waived.

Although many factors affect the price of any given quoted security, if the Offer is not successful and no alternative superior proposal (whether currently existing or emerging in the

future) is successfully implemented, the AWE Share price may fall to levels at, or below, which AWE Shares traded up to and including 29 November 2017, being the last trading day prior to AWE's public disclosure of the Indicative Proposal.

The trading price of AWE Shares on the ASX over the twelve months is shown on the graph below.

Figure 6: Offer Consideration relative to AWE 12-month share price performance¹²



5. The Offer Conditions are readily capable of being satisfied

The Offer is subject to a 50% Minimum Acceptance Condition and other Conditions as set out in full in Annexure B. As announced on 22 December 2017, CERCG has now received FIRB approval. Accordingly, the Offer is not subject to any FIRB approval condition. Importantly, as originally announced on 8 December 2017, the Offer is not subject to any Chinese regulatory approval or funding related conditions.

Information in relation to the current status of the Offer Conditions is set out in section 7.3. For the reasons set out below, the Bidder has reasonable grounds to believe, and does believe, that the Conditions are readily capable of being satisfied.

However, the Bidder recognises that the satisfaction of the 50% Minimum Acceptance Condition is ultimately a matter for Shareholders and is within their collective control. To that end, you are encouraged to accept the Offer as soon as it is open for acceptance.

The Bidder considers that a number of the other Conditions are substantially within the control of the AWE Board, and should readily be satisfied in the ordinary course of activities for AWE.

¹¹ Slide 38 in AWE's ASX announcement dated 3 August 2017 (Waitsia Gas Project Investor Site Tour Presentation) released to ASX 3 August 2017

¹² Source: IRESS. Share price of AWE Shares from 29 November 2016 up to and including 29 November 2017, being the last trading day prior to AWE's public disclosure of the Indicative Proposal.

The Bidder is permitted to waive Conditions that are not otherwise satisfied. The Bidder reserves its right to maintain or waive all or any of the Conditions. As and when Conditions are fulfilled or waived (as applicable), the Bidder will update AWE and the market in accordance with its disclosure obligations under the Corporations Act.

6. You may face minority shareholder risks if you do not accept

If you do not accept the Offer, but the Bidder acquires more than 50% of AWE on a Fully Diluted Basis but does not achieve compulsory acquisition, you will be a minority shareholder in AWE with limited influence in the governance or running of the business.

Decisions made in respect of the governance and business of AWE under the control of the Bidder may, therefore, have an impact on those AWE Shareholders who do not accept the Offer.

If the Bidder achieves a position where it controls the majority of AWE Shares, this may make AWE Shares less liquid, thereby exposing remaining AWE Shareholders to greater volatility, less institutional support and limited analyst coverage of AWE Shares. This could also make it more difficult for you to sell your AWE Shares at an attractive price in the future.

If the number of AWE Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing then the ASX may suspend and/or de-list AWE Shares. If this occurs, any remaining AWE Shareholders will not be able to sell their AWE Shares on market.

1. Frequently Asked Questions

The following is only a summary of the Offer and is qualified by the detailed information contained in the remainder of this Bidder's Statement. You should read this Bidder's Statement in its entirety, together with AWE's target's statement that AWE will shortly be sending to you, before deciding how to deal with your AWE Shares.

<i>What is the Offer?</i>	The Bidder is offering to acquire all of your AWE Shares for \$0.73 cash per Share, on the terms set out in Annexure A and subject to the Conditions set out in Annexure B.
<i>Who is the Bidder?</i>	The Offer is being made by CERCG Aus Gas, a subsidiary of CERCG. Further information about the Bidder and CERCG is set out in section 2.
<i>How do I accept the Offer?</i>	<p>Depending on the nature of your holding, you may accept the Offer in the following ways.</p> <p>For CHES Holdings of AWE Shares (Holder Identification Number beginning with 'X')</p> <p>To accept the Offer, contact your Controlling Participant (usually your broker) and instruct them to accept the Offer on your behalf before the end of the Offer Period.</p> <p>Alternatively, complete the Acceptance Form in accordance with the instructions on it and return it to an address on the Acceptance Form. The Acceptance Form will only give rise to a valid acceptance if it is received so as to enable the Bidder to instruct your Controlling Participant to initiate acceptance on your behalf before the end of the Offer Period (or if the Bidder lawfully determine it is otherwise valid). You should ensure that the Acceptance Form is received in sufficient time before the end of the Offer Period for this processing to occur.</p> <p>For Issuer Sponsored Holdings of AWE Shares (Security Holder Reference Number beginning with 'I')</p> <p>If your AWE Shares are in an Issuer Sponsored Holding or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of your AWE Shares, to accept the Offer, complete the Acceptance Form in accordance with the instructions on it and return it to an address on the Acceptance Form.</p> <p>Your Acceptance Form needs to be received at one of the specified addresses before the end of the Offer Period.</p>
<i>Why should I accept the Offer?</i>	<p>Reasons why you should accept the Offer include:</p> <ul style="list-style-type: none"> • the Offer represents a significant premium to key AWE price benchmarks; • the Offer provides all cash certainty; • the Offer removes significant risks and uncertainties associated with a continuing investment in AWE (whether direct or indirect); • the trading price of AWE Shares may fall if the Offer is unsuccessful and no alternative superior proposal (whether currently existing or emerging in the future) is successfully implemented; • the Offer Conditions are readily capable of being satisfied; and • you may face minority shareholder risks if you do not accept.

For further details regarding the reasons why you should accept the offer are set out in section *Why You Should Accept the Offer*.

What is this document?

This document is a Bidder's Statement prepared by the Bidder for distribution to AWE Shareholders. It contains the terms and Conditions of the Offer and sets out information known to the Bidder that is relevant to your decision whether or not to accept the Offer.

This Bidder's Statement is an important document. If you have any doubt as to how to deal with this document you should consult your financial, legal or other adviser.

If you require additional assistance, please call the Offer Information Line on 1300 911 275 (toll free within Australia) or +61 1300 911 275 (from outside Australia).

What are the key dates of the Offer?

- Date the Offer opens – 8 February 2018
- Date the Offer closes – 7.00pm (AEDT) on 8 March 2018 (unless the Offer is extended)
- Date the Bidder must give notice of status of Conditions – 28 February 2018 (unless the Offer is extended)
- Date of payment – within 21 days after the later of the date that you accept the Offer and the date that the Offer becomes, or is declared, unconditional.

The above dates are correct as at the date of this Bidder's Statement but may change if the Offer is extended or withdrawn (if applicable), as permitted by the Corporations Act.

Can the Offer Period be extended?

Yes, the Offer Period may be extended at the election of the Bidder and as required under the Corporations Act. The Bidder will give written notice of any extension of the Offer Period in accordance with the Corporations Act. Any extension will be announced to the ASX.

What are the terms and conditions of the Offer?

The terms and conditions of the Offer are set out in full in Annexures A and B respectively. In summary, the Offer is subject to the following Conditions:

- the Bidder having a relevant interest in more than 50% of all AWE Shares (on a Fully Diluted Basis);
- AWE's confirmation regarding the renewal of L1 and L2;
- there are no change of control or pre-emptive rights relating to AWE's material assets or material agreements;
- no new gas sales agreements in relation to Waitsia at a price below \$5.50 per GJ (Real 2020 Gas Price);
- no material disposals or new development or financing commitments are undertaken by the AWE Group;
- no material adverse change occurs in relation to the AWE Group before the end of the Offer Period;
- AWE does not pay or change the terms of any termination benefit, or vest or accelerate the vesting of any unvested AWE Cash Share Rights;
- AWE's adviser fees in connection with the Offer do not exceed \$4 million;

- no regulatory action by a Public Authority which 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 distribution or dividend is declared or paid by AWE; and
- no prescribed occurrence occurs (as described in Conditions (k) and (l) of Annexure B).

The status of each of the Conditions as at the date of this Bidder's Statement is discussed in section 7.3.

What happens if the Conditions are not satisfied or waived? If the Conditions are not satisfied or waived by the end of the Offer Period, the Offer will lapse and any acceptances will be void.

What are the key risks associated with accepting or not accepting the Offer? If you accept the Offer and if it becomes or is declared unconditional, you will receive \$0.73 cash for each of your AWE Shares. However, you will no longer have the benefit of any future increase in the value of your investment in AWE nor will you be able to sell your AWE Shares on market or accept any alternative offer.

If you do not accept the Offer you will continue to hold your AWE Shares unless they are compulsorily acquired. In those circumstances you will be exposed to the following risks:

- the risks and uncertainties associated with a continuing investment in AWE - these are outlined in section 3 of the 'Why You Should Accept the Offer' section;
- the general risks associated with holding ASX listed securities, including exposure to market volatility and general economic conditions;
- if the Offer is successful, the Bidder may control AWE. Your intentions regarding the future direction of AWE may differ from those of the Bidder, which are set out in section 5; and
- the risk that the AWE Share price may fall if the Offer is not successful and no alternative superior proposal (whether currently existing or emerging in the future) is successfully implemented.

What choices do I have? AWE Shareholders can either:

- accept the Offer for all of their AWE Shares;
- reject the Offer (do nothing); or
- sell some or all of their AWE Shares on market.

If you wish to accept the Offer for all of your AWE Shares, see the sections *How Do I Accept the Offer* and paragraph 3 of Annexure A, as well as the instructions on the Acceptance Form, about how to accept the Offer.

If you wish to reject the Offer there is no need to take any action.

If you wish to sell your AWE Shares on market, you should contact your broker. However, you may incur brokerage if you sell your AWE Shares on market.

What happens if I accept?	<p>You will be bound to sell and transfer your AWE Shares to the Bidder, subject to the Offer becoming or being declared unconditional. If the Offer becomes or is declared unconditional, you will receive \$0.73 cash for each of your AWE Shares.</p> <p>Once you accept the Offer (even while it remains subject to any Conditions) you will not be able to sell your AWE Shares on market, accept any other offer or otherwise deal with your AWE Shares, subject to your limited statutory rights to withdraw your acceptance in certain circumstances.</p>
Can I accept the Offer for part of my holding?	<p>No, you can only accept for all of your holding. Your acceptance will be treated as being for all your AWE Shares plus any additional AWE Shares registered as held by you at the date your acceptance is processed.</p>
If I accept the Offer, when will I be paid?	<p>If you accept the Offer in accordance with the instructions contained in the Offer and the Acceptance Form, you will be sent payment of your Offer Consideration within 21 days after the later of the date that you accept the Offer and the date that the Offer becomes, or is declared, unconditional.</p>
Can I withdraw my acceptance?	<p>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 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. A notice will be sent to you at the time explaining your withdrawal rights in this regard.</p>
What are the tax implications of accepting?	<p>Section 6 provides a general outline of the likely Australian tax implications for AWE Shareholders who accept the Offer. AWE Shareholders should not rely on that general outline as constituting advice applicable to their own specific circumstances. AWE Shareholders should instead consult their own legal, financial, taxation or other professional adviser to understand the tax implications of accepting the Offer in light of their specific circumstances.</p>
Do I pay brokerage or stamp duty if I accept?	<p>The Bidder has agreed to pay any stamp duty payable on the transfer of your AWE Shares if you accept the Offer.</p> <p>If your AWE Shares are registered in an Issuer Sponsored Holding in your name and you post them directly to the Bidder, you will not incur any brokerage in connection with your acceptance of the Offer.</p> <p>If your AWE Shares are registered in a CHESS Holding, or if you are a beneficial owner whose AWE Shares are registered in the name of a broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.</p>
Can I sell my AWE Shares on market?	<p>Yes. However, once you accept the Offer you will not be permitted to sell your AWE Shares on market, accept any other offer or otherwise deal with your AWE Shares.</p> <p>If you wish to sell your AWE Shares on market, you should contact your broker. However, you may incur brokerage if you sell your AWE Shares on market.</p>

What if I am a foreign shareholder?	Foreign AWE Shareholders will be paid the same cash consideration under the Offer as Australian resident AWE Shareholders, subject to paragraphs 8(e) and 8(f) of Annexure A. You will be paid in Australian dollars by cheque drawn on an Australian bank branch.
What if I accept the Offer and the Bidder subsequently increases the Offer Price?	<p>The Bidder has no present intention to increase the Offer Price but reserves the right to do so.</p> <p>In accordance with the Corporations Act, if the Bidder elects to increase the Offer Price, you will be paid the higher price irrespective of when you accepted the Offer (assuming the Offer becomes or is declared unconditional). If you have already received payment in respect of the Offer, you will be paid the difference between the amount you have already received and the higher price.</p>
What happens if I do not accept?	<p>You will remain an AWE Shareholder and will not receive the Offer Consideration. However, if the Bidder becomes entitled to compulsorily acquire your AWE Shares, the Bidder intends to do so. If your AWE Shares are compulsorily acquired by the Bidder, it will be on the same terms (including the same consideration for each AWE Share acquired) as the Offer. However, you will receive the money later than the AWE Shareholders who choose to accept the Offer.</p>
Will the Bidder proceed to compulsory acquisition?	<p>If the Bidder becomes entitled to proceed to compulsory acquisition of outstanding AWE Shares in accordance with Part 6A.1 of the Corporations Act, the Bidder intends to exercise any rights of compulsory acquisition to acquire 100% of the AWE Shares.</p>
What are the Bidder's other intentions?	<p>The Bidder intends to re-constitute the AWE board and undertake a thorough and broad-based general review of AWE's corporate structure, assets, businesses, personnel and operations, which will seek to identify opportunities for optimising project development. Further information regarding the intentions of the Bidder is set out in section 5.</p>
Does the Offer apply to Shares that have been issued under the Share Purchase Plan?	<p>Yes. The Offer extends to all AWE Shares that have been issued under the Share Purchase Plan.</p>
Does the Offer apply to my AWE Cash Rights?	<p>The Bidder is not offering to acquire any AWE Cash Share Rights.</p> <p>However, the Offer extends to all AWE Shares that are issued between the date that the Offer is open for acceptance and the end of the Offer Period as a result of the valid vesting of AWE Cash Share Rights in accordance with Condition (g)(ii) of Annexure B.</p> <p>This means that holders of AWE Cash Share Rights that validly vest with the written consent of the Bidder and are issued AWE Shares, will be able to accept the Offer in respect of the AWE Shares issued during the Offer Period as a result of that vesting.</p> <p>If the Bidder or one of its related bodies corporate becomes entitled to compulsorily acquire the AWE Cash Share Rights, it intends to do so in accordance with Part 6A.2 and 6A.3 of the Corporations Act.</p>

What if I require further information? If you have any questions in relation to the Offer or how to accept it, or if you have lost your Acceptance Form and require a replacement, please call the Offer Information Line on 1300 911 275 (toll free within Australia) or +61 1300 911 275 (from outside Australia).

2. Information on Bidder and CERCG

2.1 The Bidder

CERCG Aus Gas (the Bidder) was incorporated on 14 November 2017 as a wholly owned subsidiary of CERCG Australia for the purpose of making the Offer. CERCG Australia is ultimately controlled by CERCG and Aussie Sky Pty Ltd ACN 612 433 119 (of which Mr Jianguo Wang is the sole shareholder). Further information in relation to CERCG and Mr Jianguo Wang is set out below.

2.2 Directors and Senior Management of the Bidder

Brief profiles of the Directors of the Bidder and other senior management personnel of CERCG Australia at the date of this Bidder's Statement are set out below.

Ms. Liping Xuan – Managing Director

Ms. Xuan holds a Bachelor Degree in International Trade from the University of Jiangsu. She is an energy markets senior executive with extensive experience across upstream, midstream and downstream oil and gas operations, as well as energy trading portfolios.

Ms. Xuan was the former Vice Manager for the Market & Project Department of Zhongyou New Energy Limited Co Ltd, a Chinese company involved in city natural gas management and supply. She was also the former Manager of the Market Development Department and Assistant to the General Manager of Zhongyou Jinhong Energy Investment Co. Ltd., a Chinese company involved in natural gas trading and LNG supply and trading.

Ms. Xuan has held the position of Assistant to the General Manager at CERCG since 2012. She was appointed General Manager of Tianjin Guochu Energy Development Co. Ltd in 2015.

Ms. Xuan was appointed as a director of CERCG Australia in 2016 and currently resides in Beijing.

Mr. Ben Niu - Director

Mr. Niu holds a Bachelor Degree in Oil and Gas Storage and Transportation Engineering from Southwest Petroleum University in China. Mr Niu. has more than 8 years' experience in energy markets, across the integrated supply chain.

Mr. Niu was appointed as the Vice Manager of Tianjin Guochu Energy Development Co. Ltd in 2016, and was the former Manager for the Safety Operation Department of Zhangjiakou Yingzhang Nature Gas Limited Co. Ltd., a Chinese company involved in the building, maintenance and management of major natural gas pipelines in China . He was appointed as a Director of CERCG Australia in 2016 and currently resides in Beijing.

Mr. Jianguo Wang – Director and General Manager

Mr. Wang holds a Bachelor Degree in Business Management from Shanxi University. During his career which spans over 30 years, he has become well recognised in China as an energy industry leader and has developed strong business relationships with global mining and energy corporation leaders.

In 1986 Mr. Wang commenced his career with Shanxi Provincial Guoxin Energy Development Group Co., Ltd, a Chinese local government owned company involved in the supply of natural gas and domestic energy trading. Until 2003, he held various managerial roles within Shanxi Provincial Guoxin Energy Development Group Co., Ltd, including Sales Manager, Deputy General Manager and General

Manager. From 2003, Mr Wang established Shanxi Gudian Coal Energy Co.,Ltd, a Chinese company involved in domestic coal and natural gas trading, and started to work closely with CERCG in the natural gas business.

Mr. Wang indirectly owns 20% of CERCG Australia through his 100% ownership of Aussie Sky Pty Ltd, as set out in the corporate structure diagram in Figure 7. Mr Wang was appointed Director and General Manager of CERCG Australia in 2016. He ordinarily resides in Perth.

Mr. Kevin Gao – Business Manager

Mr. Gao holds a Bachelor Degree in Commerce from Curtin University, Perth, Western Australia. He has spent the past decade working in executive roles in a number of trading, construction and engineering companies including MRC Global, Cimec Construction & Engineering and Marubeni-Itochu Tubulars Oceania Pty Ltd. Mr. Gao was appointed Business Manager of CERCG Australia in March 2017. He is an Australian citizen and resides in Perth.

2.3 Overview of CERCG

CERCG is the ultimate controller of the Bidder. CERCG is an international and fully integrated energy company which was established in 1981. CERCG 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. The business is involved in all three of the upstream, midstream and downstream oil and gas sectors.

CERCG:

- (a) has built, owns and operates over 1100km of major high pressure natural gas pipelines;
- (b) owns and operates 300 LNG fuelled trucks for LNG transportation and distribution;
- (c) owns and manages over 100 LNG and CNG filling stations in China; and
- (d) has built, owns and maintains the networks for the supply of natural gas to more than 50 large cities and towns in China.

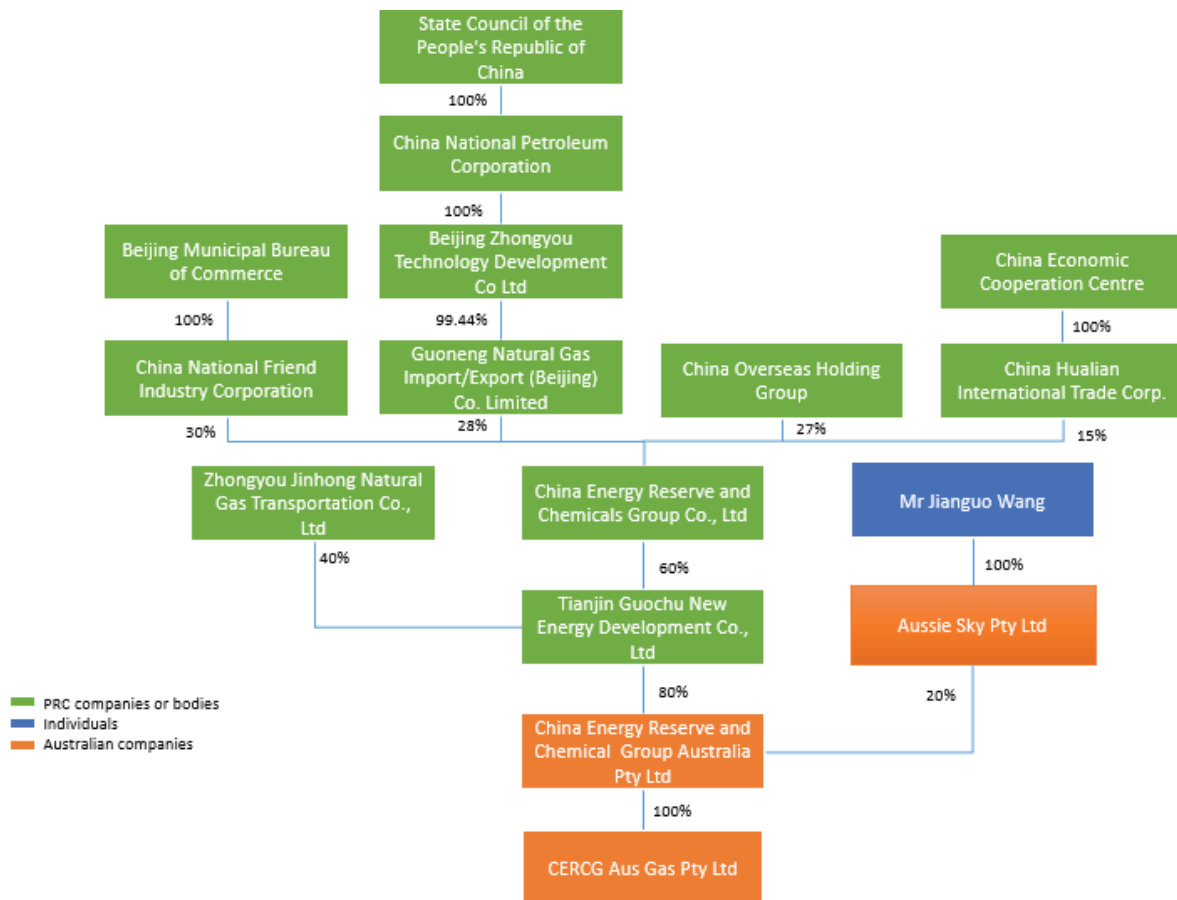
CERCG's head office is located in Beijing, with other offices in Shanghai, Hong Kong, Canada and Australia. As at September 2017, CERCG had over 10,000 full time employees and recorded an annual turnover in excess of 40 billion RMB.

CERCG Australia, a subsidiary of CERCG, 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. CERCG Australia is also cognisant of the potential opportunities to supply LNG and gas to the Australian east coast market, and the possibility of exporting LNG and gas to potentially South East Asian countries. CERCG Australia intends to pursue these business opportunities in Australia regardless of whether the Offer is successful or not.

2.4 Ownership and structure of CERCG and the Bidder

The corporate structure for CERCG showing its shareholders and related entities (including the Bidder) is set out below. As noted in the corporate structure below, CERCG is owned by 4 PRC state-owned entities with shareholdings between 15% and 30%.

Figure 7: CERCG Australia Corporate Structure



2.5 Other related entities

Further information on CERCG's related entities which are identified in Figure 7 is set out below.

Zhongyou Jinhong Natural Gas Transportation Co., Ltd

Zhongyou Jinhong Natural Gas Transportation Co., Ltd (the 40% shareholder of Tianjin Guochu New Energy Development Co., Ltd), is a PRC entity that is 100% owned by Jinhong Holding Group, a company listed on the Shenzhen Stock Exchange. Jinhong Holding Group's business includes the construction and operation of natural gas pipelines, sales and trading of natural gas to wholesale and retail clients, construction and operation of compressed natural gas filling stations, as well as research and development in relation to natural gas technologies and their applications.

Beijing Municipal Bureau of Commerce

Beijing Municipal Bureau of Commerce (the ultimate controller of China National Friend Industry Corporation), is a local government body focused on:

- Beijing's development strategies for local statutes and regulations on internal and external trade and foreign economic cooperation;
- long term development plans for modern circulation industries;
- planning for important life services of Beijing; and

(d) the regulation of Beijing's commodity imports, exports, technology and trade.

State Council of the People's Republic of China

The State Council of the People's Republic of China (the ultimate controller of Guoneng Natural Gas Import/Export (Beijing) Co. Limited) and namely, the Central People's Government, is the highest executive organ of State power in China, as well as the highest organ of State administration. The State Council is responsible for enforcing the principles and policies of the Communist Party of China as well as the regulations and laws adopted by the National People's Congress. The Council is also responsible for a number of other affairs including China's internal politics, diplomacy, national defence, finance and economics, culture and education.

China Overseas Holding Group

China Overseas Holding Group is a PRC state-owned enterprise which is involved in a range of sectors including construction, transportation, real estate, environmental protection, water conversation, finance, culture and foreign trade. It has a number of subsidiaries which are engaged in businesses worldwide.

China Economic Cooperation Centre

China Economic Cooperation Centre is a national-level economic and trade promotion agency which seeks to achieve mutually beneficial cooperation between parties for win-win development. The Centre works in partnership with many Chinese and foreign enterprises, industry associations and other international organisations. In carrying out its functions, the Centre has developed strong relationships with China's government agencies as well as foreign governments, political parties, embassies and other internal organisations.

2.6 Publicly available information about CERCG

A substantial amount of information about the CERCG Group is available in electronic form from <http://www.cercg.com/> (in Mandarin only).

3. Information on AWE

3.1 Disclaimer

The information in this section 3 (other than section 3.8) concerning AWE has been prepared based on a review of publicly available information which the Bidder has not independently verified. The Bidder does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on AWE and the AWE Group in this Bidder's Statement should not be considered comprehensive.

Further information relating to AWE's businesses or AWE Shares may be included in the target's statement in response to the Offer, which will be sent to you directly by AWE.

3.2 Publicly available information

AWE has been listed on ASX since 2 July 1997 and is required to comply with the continuous disclosure requirements of ASX. A substantial amount of information concerning AWE has previously been notified to ASX.

Information about the AWE Group (including copies of its financial statements) may also be obtained from AWE's website at www.awexplore.com.

3.3 Overview of AWE

AWE is an Australian energy company focussed on upstream oil and gas opportunities. AWE is headquartered in Sydney and has an office in Perth. AWE has a portfolio of production, development and exploration assets in Australia, Indonesia and New Zealand.

3.4 Principal activities of AWE

(a) **Waitsia Gas Project (50%, operator)**

AWE has a 50% interest in, and is the operator of, the Watsia Gas Project located in the Northern Perth Basin, Western Australia. Stage 1A achieved first production in August 2016 and is producing approximately 9.6TJ/d of gas. Development plans for Stage 2 are in progress.

(b) **Onshore Perth Basin (33%-100%)**

AWE has been investing and operating in the Perth Basin for over 10 years. In addition to the Waitsia Gas Project, AWE's onshore Perth Basin assets include several operated and non-operated interests with AWE's interests varying from 33% to 100%.

(c) **BassGas Project (35%)**

AWE has a 35% non-operator interest in the BassGas Project, located offshore in the Bass Strait between Victoria and Tasmania, which produces gas, condensate and LPG from the offshore Yolla field. Gas is conveyed via a pipeline to an onshore gas processing facility at Lang Lang in Victoria.

(d) Casino Gas Project (25%)

AWE has a 25% non-operator interest in the offshore Casino Gas Project located in the Otway Basin in Victorian waters. Gas from the Casino, Henry and Netherby gas fields is conveyed via a pipeline onshore to the Iona gas processing facility in Victoria.

(e) Ande Ande Lumut Oil Project (50%)

AWE has a 50% non-operator interest in the undeveloped Ande Ande Lumut Oil Project located in Indonesia's Northwest Natuna Sea. A Plan of Development proposing production from the G and K sands is being finalised. FID is expected in the second half of 2018.

3.5 Directors

As at the date of this Bidder's Statement, there are six directors on the AWE Board, namely:

- (a) Kenneth Williams, Chairman;
- (b) David Biggs, Chief Executive Officer and Managing Director;
- (c) David McEvoy, Independent Non-Executive Director;
- (d) Ray Betros, Independent Non-Executive Director;
- (e) Andrew Rigg, Independent Non-Executive Director; and
- (f) Karen Penrose, Independent Non-Executive Director.

3.6 AWE issued securities

As at the date of this Bidder's Statement the total number of AWE securities on issue is as follows:

Class	Number
AWE Shares	625,253,903
AWE Cash Share Rights	8,486,352

AWE Cash Share Rights are granted each year under AWE's long term performance benefits share rights plan and have a vesting period of 3 years. The vesting conditions are tied to employee retention and company performance for the relevant performance period, with testing over the 3 year period commencing on 1 July of the relevant grant year. Vested AWE Cash Share Rights may be settled by the issue of AWE Shares or the payment of cash, at the AWE Board's discretion.

The vesting periods for the AWE Cash Share Rights currently on issue are as follows.

Vesting Period	AWE Cash Share Rights
30 June 2017	13,141
30 June 2018	2,133,189
30 June 2019	5,081,030
30 June 2020	1,258,992
Total	8,486,352

AWE Cash Share Rights are issued for nil consideration and have a zero exercise price. Early vesting of rights is not permitted other than at the time of change in control of AWE where the extent of any vesting is to be determined at the discretion of the Board.

3.7 Ownership

Based on substantial holder disclosures given to the ASX as at the date of this Bidder's Statement, the following persons and entities were substantial holders of AWE Shares:

Substantial holder	Voting power
Ellerston Capital ¹³	15.05%
Colonial First State ¹⁴	6.94%
Norges Bank ¹⁵	6.16%
Spheria Asset Management Pty Limited ¹⁶	6.18%

3.8 Interests in AWE Securities

(a) The Bidder's relevant interest in AWE Shares and voting power in AWE

As at the date of this Bidder's Statement:

- (i) the Bidder does not have a relevant interest in any AWE Shares; and
- (ii) the Bidder's voting power in AWE is 0%.

Neither the Bidder nor any of its associates has any interest in any AWE Cash Share Rights.

(b) Acquisitions of AWE Shares by Bidder or their associates

Neither the Bidder nor any of its associates has provided (or agreed to provide) consideration for an AWE Share under a purchase or agreement to purchase during the four months before the date of this Bidder's Statement.

¹³ ASX announcement on AWE Company Announcement Platform dated 20 April 2017 (Change in substantial holding).

¹⁴ ASX announcement on AWE Company Announcement Platform dated 4 January 2018 (Change in substantial holding from CBA).

¹⁵ ASX announcement on AWE Company Announcement Platform dated 3 August 2017 (Change in substantial holding).

¹⁶ ASX announcement on AWE Company Announcement Platform dated 12 January 2018 (Change in substantial holding).

4. Funding arrangements for the Offer

4.1 Offer Consideration

The Offer Consideration for the acquisition of the AWE Shares by the Bidder will be satisfied by the payment of cash (in Australian dollars).

As at the date of this Bidder's Statement, there are 625,253,903 AWE Shares on issue. This includes the 20,006,707 AWE Shares which were issued under the Share Purchase Plan at an issue price of \$0.50 per new AWE Share. In addition, a further 8,486,352 AWE Shares could potentially be issued as a result of the vesting of all AWE Cash Share Rights.

Therefore, the maximum number of AWE Shares which could be acquired by the Bidder under the Offer is 633,740,255. Accordingly, the maximum cash amount which may be required by the Bidder to settle acceptances under the Offer is approximately \$462,630,386 million (**Maximum Consideration Amount**).

In addition to the Maximum Consideration Amount, the Bidder notes that AWE's debt facility may include change of control provisions. This could result in AWE's debt repayment obligations being accelerated if the Offer is successful. AWE's last reported debt was \$81,000,000 (**Potential Accelerated Debt Obligation**).

4.2 Funding for the Maximum Consideration Amount and any Potential Accelerated Debt Obligation

CERCG Trading (as to 80%) and Mr Jianguo Wang (as to 20%) have entered into a legally binding agreement with the Bidder under which they have each agreed to provide funds to the Bidder for it to meet its obligations under the Offer (including the Bidder's transaction costs). However, CERCG Trading and Mr Jianguo Wang are also each jointly responsible for funding the Bidder's obligations under the Offer. CERCG has also agreed to guarantee the funding obligations of CERCG Trading.

CERCG Trading (as to 80%) and Mr Jianguo Wang (as to 20%) have also agreed to make available funding to the Bidder sufficient to cover any Potential Accelerated Debt Obligation. The Bidder makes no commitment to provide any financial accommodation to AWE in relation to any Potential Accelerated Debt Obligation.

The funds for the Maximum Consideration Amount and any Potential Accelerated Debt Obligation will be made available to the Bidder from the existing cash reserves of CERCG Trading, Mr Jianguo Wang and their controlled entities respectively. As at the date of this Bidder's Statement:

- (a) the total funding capacity of Mr Jianguo Wang exceeds his respective proportion (being 20%) of the aggregate of the Maximum Consideration Amount and any Potential Accelerated Debt Obligation. Such amounts comprise cash and cash equivalents held by or on behalf of Mr Jianguo Wang; and
- (b) the total funding capacity of CERCG Trading exceeds the aggregate of the Maximum Consideration Amount and any Potential Accelerated Debt Obligation. Such amounts comprises cash and cash equivalents held by or on behalf of CERCG Trading.

Funding will be provided either by way of subscription for shares in CERCG Australia and / or advancing loans to the Bidder. Any subscriptions will be made so that the existing shareholding

proportions in CERCG Australia remain unchanged. Any loans from CERCG Trading and Mr Jianguo Wang will be provided on the basis that they are unsecured and no demand for repayment of the funds may be made by CERCG Trading or Mr Jianguo Wang during the period in which the Bidder has an outstanding obligation to make payment in respect of the Maximum Consideration Amount.

The Bidder reserves the right to obtain the funds necessary for it to meet its obligations under the Offer, and its transaction costs, from such other or additional sources it considers more appropriate or attractive. Such other or additional sources will be appropriately disclosed and will not impose any restriction on, or delay the performance of the Bidder's obligations to AWE Shareholders who have accepted the Offer.

4.3 Provision of Offer Consideration by the Bidder

On the basis of the arrangements described in this section 4, the Bidder has reasonable grounds to believe, and does believe, that the Bidder will be able to provide the Offer Consideration offered in respect of all AWE Shares and otherwise fund the Maximum Consideration Amount in sufficient time to enable the Bidder to discharge its obligations to AWE Shareholders who have accepted the Offer.

The Offer is not subject to any financing conditions.

4.4 Process for transmission of funds to Australia

CERCG Trading presently intends to transfer its 80% contribution of the Maximum Consideration Amount from its Hong Kong account to Australia directly. Mr Wang has existing Australian bank accounts. The Bidder has engaged Link Market Services Limited to act as the Bidder's share registry to receive and process acceptances of the Offer and, subject to the Offer becoming unconditional, pay the Offer Consideration to accepting AWE Shareholders. To that end, before the Offer becomes or is declared unconditional, the Maximum Consideration Amount will be deposited by CERCG Trading and Mr Wang, in their respective agreed proportions, in a trust account established and maintained by Link Market Services Limited on behalf of the Bidder.

5. Intentions in Relation to AWE

5.1 Introduction

The intentions of the Bidder are set out in this section 5. In formulating the Offer the Bidder has considered and evaluated AWE and its assets, based on information which was publicly available to the Bidder before the date of this Bidder's Statement. The Bidder does not currently possess all material information necessary to assess the operational, commercial, taxation and financial implications of different integration and operating possibilities. Consequently, final decisions on these matters have not been made.

Following the close of the Offer, the Bidder will conduct a full review of the operations, assets, structure and employees of AWE in light of the further information concerning those matters that the Bidder expects will then be available to it. Further information in relation to the likely scope and parameters of that review are set in section 5.2(c). Final decisions will only be reached after that review and in light of all material facts and circumstances. Accordingly, statements set out in this section are statements of current intention only, which may change as new information becomes available or circumstances change. The statements in this section 5 should be read in this context.

The intentions of the Bidder may change in the light of information, facts and circumstances not currently known to them.

The Bidder is a subsidiary of CERCG. The present intentions of the Bidder represent the present intentions of the CERCG Group.

5.2 Bidder's intentions for AWE as a wholly owned controlled entity

This section 5.2 describes the intentions of the Bidder if as a result of the Offer it becomes entitled to proceed to compulsory acquisition of outstanding AWE Shares in accordance with Part 6A.1 of the Corporations Act. In those circumstances, the Bidder intends to exercise any rights of compulsory acquisition to acquire 100% of the AWE Shares. It is the Bidder's objective to acquire 100% of the AWE Shares.

(a) Compulsory acquisition and delisting of AWE

If the Bidder becomes entitled to compulsorily acquire AWE Shares, it intends to exercise those rights.

If the Bidder is able to compulsorily acquire AWE Shares:

- (i) it also intends to procure that AWE is removed from the official list of ASX; and
- (ii) if the Bidder also becomes entitled to compulsorily acquire the AWE Cash Share Rights, it will exercise those rights in accordance with Part 6A.2 and 6A.3 of the Corporations Act.

(b) AWE Board

The Bidder intends to review the composition of the AWE Board, and is likely to replace the members of the AWE Board. The Bidder has not made any decision as to who would be nominated for appointment to the AWE Board (or whether any existing members of the AWE Board would be retained). Final decisions on the selection of the Bidder's respective

nominees will be made in light of the circumstances at the relevant time, and will be subject to the general strategic review to be undertaken by the Bidder as described in section 5.2(c).

(c) **General strategic review**

Subject to the foregoing, the Bidder also intends to procure that the reconstituted AWE Board conducts a thorough and broad-based general review of AWE's corporate structure, assets, businesses, personnel and operations. The Bidder intends this review to be completed and presented to the AWE Board within 30 days after the end of the Offer Period. This review will apply quantitative and qualitative factors to measure performance and identify areas for improvement. The primary intention of this review will be to determine how best to maximise the value of AWE's projects. Although the Bidder does not have any specific intentions in relation to this review or its outcomes (other than as described elsewhere in this Bidder's Statement), its current expectation is that the review may identify opportunities for AWE to do one or more of the following:

- (i) pursue a final investment decision in relation to the Waitsia project - CERCG does not at this stage consider securing gas sales agreements to be a prerequisite to a final investment decision;
- (ii) secure gas sales agreements at the appropriate time with local gas purchasers in the Western Australian market in relation to the gas production from the Waitsia project;
- (iii) pursue the development of an LNG plant and processing infrastructure;
- (iv) utilise CERCG's expertise in LNG and CNG processing, storage and transport to deliver gas to the domestic Australian market (including remote mine sites, power plants, regional communities and the east coast of Australia) and potentially South East Asia;
- (v) relocate the head office of AWE to Perth; and
- (vi) expand the AWE work force to meet the demands of AWE's future operations.

Before undertaking any of these potential initiatives so far as they relate to the Waitsia project, the Bidder would seek to consult with AWE's joint venture partner on the Waitsia project. The objective of that consultation would be to agree a mutually acceptable pathway to maximise the potential of the Waitsia project. Although the Bidder's present intentions are to review, enhance and continue to operate Waitsia, the Bidder may, in circumstances which it considers appropriate but subject always to the intended consultation process referred to above with AWE's joint venture partner, pursue all or any of the options then available to it to optimise the return on its investment

(d) **Impact on employees**

Subject to the above, the Bidder wishes to retain the majority of AWE's management and operational teams and has no current intention to discontinue the employment of existing employees of AWE. The Bidder intends to minimise disruption to AWE and its employees.

However, the Bidder intends to evaluate the future management and administrative requirements of AWE as part of its general strategic review and of the intended consultation process with AWE's joint venture partner on the Waitsia project. Although the Bidder has no present intention to do so, it may consider rationalising some existing management if the

outcome of the general strategic review and/or the consultation process with AWE's joint venture partner on the Waitsia project indicates that this course is appropriate.

This may involve the elimination of certain AWE functions that duplicate those of the Bidder's offices or the outsourcing of those functions to external consultants and advisers. The Bidder may also consider appointing additional executives to certain positions within AWE management. This could also result in the duplication of certain functions or roles. As part of this process, a number of AWE employees may be made redundant and would receive, on redundancy, payments and other benefits in accordance with their contractual and other legal entitlements.

5.3 Bidder's intentions for AWE as a part owned entity

This section 5.3 sets out the Bidder's intentions if, as a result of acceptances under the Offer, the Bidder will control AWE, but does not become entitled to compulsorily acquire outstanding AWE Shares.

In those circumstances, the Bidder presently intends to endeavour to implement, to the extent possible and appropriate, the objectives outlined in section 5.2, including in the manner more particularly described in paragraphs (a) and (b) below, but in each case subject to the restrictions in paragraph (c) below.

(a) General intentions

If the Bidder controls AWE, it intends to assume control over the day-to-day management of AWE's business as soon as is practical after its acquires control of AWE. Specifically, the Bidder intends, once it acquires control of AWE, to:

- (i) (subject to the Corporations Act and the constitution of AWE) reconstitute the AWE Board so that at least a majority of the directors are nominees of the Bidder.

It is intended that the Chairman of the AWE Board will be a CERCG nominee.

All nominations will be subject to the Corporations Act and the constitution of AWE. The Bidder has not made any decision as to who would be nominated for appointment to the AWE Board (or whether any existing members of the AWE Board would be retained). Final decisions on the selection of the Bidder's nominees will be made in light of the circumstances at the relevant time; and

- (ii) cause the reconstituted AWE Board to conduct a thorough and broad-based general strategic review of AWE's corporate structure, assets, businesses, personnel and operations as contemplated in section 5.2(c) above including a review of AWE's capital structure and funding requirements.

In addition, the Bidder would intend in these circumstances to maintain AWE's listing on ASX, subject to the requirements for listing (including a sufficient spread of investors) continuing to be satisfied.

Subject to the foregoing, the Bidder intends that the AWE Board will have regard to the ASX Corporate Governance Principles and Recommendations in relation to the governance of AWE.

(b) Operational matters

The Bidder's present intention is that it will seek to procure that the reconstituted AWE Board implement the objectives outlined in section 5.2(c) to the extent possible and appropriate. However, acknowledging that in those circumstances AWE will not be a wholly owned subsidiary of the Bidder, AWE may not have access to funding from the Bidder and its related bodies corporate. Consequently, in the absence of alternative debt funding arrangements being available on attractive terms, any acceleration of the development of the Waitsia gas field and infrastructure may require AWE to pursue alternative funding arrangements, including equity raisings.

(c) Restrictions

The extent to which the Bidder will be able to implement its plans and intentions in the event it acquire less than 100% of AWE will be subject to:

- (i) the law (including the Corporations Act) and (for so long as AWE remains listed on ASX) the ASX Listing Rules, including in particular the requirements of the Corporations Act and the ASX Listing Rules in relation to conflicts of interest and 'related party' transactions, obtaining where necessary the approval of other AWE Shareholders;
- (ii) the legal obligation of the AWE directors at the time to act in good faith in the best interests of AWE and for proper purposes and to have regard to the interests of all AWE Shareholders as a whole;
- (iii) the constitution of AWE;
- (iv) the outcome of the review and the consultation process with AWE's joint venture partner on the Waitsia project, as referred to in section 5.2(c) above; and
- (v) necessary third party and governmental consents and approvals.

The implementation of the Bidder's intentions above, including any decision to implement the proposals arising from the general strategic review, and the manner of their implementation, would be decisions for the AWE Board, recognising that AWE's directors and management have responsibilities to pursue opportunities to create greater efficiencies and deliver value for AWE Shareholders.

5.4 Bidder's other intentions

Other than as set out in this section 5, it is the Bidder present intention to procure AWE to:

- (a) generally continue the businesses of AWE;
- (b) not make any major changes to the businesses of AWE or redeploy any of the fixed assets of AWE; and
- (c) continue the employment of AWE's present employees.

6. Australian Tax Considerations

6.1 Introduction

The following is a general description of the Australian income and capital gains tax consequences to AWE Shareholders on disposing of their AWE Shares (through acceptance of the Offer) in return for the Offer Consideration. The description set out below is relevant only to those AWE Shareholders who hold their AWE Shares as capital assets for the purpose of investment and who do not (or would not) hold those securities in connection with the conduct of a business, profit-making scheme or otherwise for trading purposes. These comments relate to AWE Shares only.

Certain AWE Shareholders (such as those engaged in a business of trading or investment, those who acquired their AWE Shares for the purpose of resale at a profit, or as a financial arrangement, or those which are banks, insurance companies, tax exempt organisations, superannuation funds, or persons who acquired their AWE Shares in respect of their employment with AWE) will or may be subject to special or different tax consequences peculiar to their circumstances.

This description does not contemplate the Australian taxation implications that may arise from the vesting of AWE Cash Share Rights.

AWE Shareholders who are not resident in Australia for tax purposes should also take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of the disposal of AWE Shares under the Offer.

The following description is based upon Australian taxation law and practice in effect as at the date of this Bidder's Statement. It is not intended to be an authoritative or complete statement or analysis of the Australian taxation laws applicable to the particular circumstances of every AWE Shareholder. AWE Shareholders should seek independent professional advice regarding the taxation consequences of disposing of AWE Shares in the light of their own particular circumstances.

6.2 Australian resident AWE Shareholders

(a) CGT event

Acceptance of the Offer will involve the disposal by AWE Shareholders of their AWE Shares, by way of transfer to the Bidder.

The disposal of AWE Shares which are held on capital account will generally have capital gains tax (**CGT**) implications. In particular, such a disposal will constitute a CGT event for CGT purposes. The time of the CGT may differ for each shareholder (refer to section 6.2(b) below).

(b) Calculation of capital gain or capital loss

Australian resident AWE Shareholders may make a capital gain or capital loss on the disposal of their AWE Shares under the Offer. The recognition of any capital gain or loss will be at the time the AWE Shareholders dispose of their AWE Shares (that is, the time of the **CGT event**), which could differ for each shareholder. Broadly, those AWE Shareholders who accept the Offer will need to calculate their capital gain or capital loss at the time of acceptance of the Offer or when the offer contract is formed (i.e. when the Conditions in Annexure B are satisfied

or waived), whichever is the later. If AWE Shareholders have their shares compulsorily acquired, the AWE Shareholders will need to calculate their capital gain or capital loss as at the date of the compulsory acquisition.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. Any net capital gain is included in assessable income and is subject to income tax. However, a 'CGT Discount' may be available to reduce the taxable capital gain for certain AWE Shareholders (see further below).

Capital losses may not be deducted against other income for income tax purposes, but may be offset against capital gains realised in the same income year or be carried forward to be offset against future capital gains. There are various factors which may limit an AWE Shareholder's ability to carry forward capital losses to offset future capital gains. AWE Shareholders should seek independent professional advice in relation to this.

In general, the capital gain or loss on disposal of an AWE Share under the Offer will be calculated on the basis of the difference between the value of the capital proceeds for the AWE Share CGT event (that is, the cash consideration received from the Bidder for the AWE Share) and the CGT cost base (or reduced cost base in the context of capital losses) for the AWE Share.

The CGT cost base of the AWE Shares would generally be the amount paid by the relevant AWE Shareholder to acquire their AWE Shares as well as costs associated with the acquisition and disposal of those AWE Shares (such as brokerage). The reduced cost base of the AWE Shares is usually determined in a similar, but not identical manner.

(c) **Application of CGT Discount**

An AWE Shareholder who is an individual, complying superannuation entity, life insurance company or trustee of a trust, may choose to claim a 'CGT Discount' if they have held (or are deemed to have held) their AWE Shares for 12 months or more before the time they accept the Offer (or, if later, at the time of the compulsory acquisition if applicable). This means that:

- (i) in the case of an individual and a trust (other than a trust that is a complying superannuation entity), only 50% of their net capital gain on those AWE Shares (after deducting available capital losses) will be taxable; and
- (ii) in the case of a complying superannuation entity or certain life insurance companies, only 67 $\frac{2}{3}$ % of their net capital gain on those AWE Shares (after deducting available capital losses) will be taxable.

The methodology for trusts is complex, and such AWE Shareholders should obtain specific advice in this regard, including in relation to the tax consequences of distributions attributable to discounted capital gains.

The 'CGT Discount' is not available to companies nor does it apply to AWE Shares held (or deemed to be held) for less than the relevant 12 month period.

(d) **Shares acquired before 11.45am on 21 September 1999**

For AWE Shareholders who acquired an AWE Share before 11.45am (Australian Capital Territory time) on 21 September 1999, an election may be available to apply the 'indexation method' to determine the capital gain arising on the AWE Shares acquired before that time. If

that election is made, the cost base of the relevant AWE Shares would be increased by applying an applicable indexation factor in order to determine the capital gain (the indexation method is not available to determine a capital loss). Where such an election is made, the CGT Discount (refer to section 6.2(c) above) would not be available for those AWE Shares.

6.3 Non-Australian resident AWE Shareholders

(a) CGT implications

A disposal of AWE Shares by a non-tax resident of Australia may give rise to Australian tax under the capital gains tax or income tax provisions in the same way as a disposal by a resident (as outlined above). However, a disposal of AWE Shares by a non-tax resident of Australia will generally only be subject to the Australian CGT provisions where:

- (i) the non-resident holds their AWE Shares through a permanent establishment in Australia; or
- (ii) the non-resident together with associates (if any) beneficially owns at the time of the CGT event, or owned for any 12 month period within 2 years preceeding the CGT event, 10% or more of the issued share capital relating to AWE, and more than 50% of the value of AWE's assets is attributable to Australian real property (including Australian mining, quarrying or prospecting rights). Where this test is met, the shares are referred to an 'indirect Australian real property interest'.

Non-resident AWE Shareholders who meet the above tests should therefore consider their Australian CGT obligations and seek tax advice specific to their particular circumstances.

A disposal of AWE Shares by an individual non-Australian tax resident will generally not be eligible for the CGT discount. However, an individual non-tax resident may be partially eligible for the CGT discount where they acquired their shares before 8 May 2012.

If the non-resident is resident in a country with which Australia has a double tax agreement, any liability to Australian tax under the income tax provisions, and possibly the CGT provisions, will depend on the terms of the double tax agreement and whether the non-resident has a branch or permanent establishment in Australia.

(b) Non-resident CGT withholding tax rules

Purchasers that acquire indirect Australian real property interests (being shares which satisfy the tests outlined above at section 6.3(a)) in an off-market acquisition may, subject to certain exemptions, be required to withhold 12.5% of the consideration and pay that amount to the ATO. In certain circumstances, the ATO may agree to a lower withholding rate.

The withholding tax is not a final tax, and the shareholder receives a credit for amounts withheld upon filing an Australian tax return, and so may receive a refund of tax if amounts have been withheld in excess of their actual Australian tax liability for disposal of the shares.

The Bidder may make a withholding from the cash consideration paid to AWE Shareholders for the disposal of AWE Shares where:

- (i) the Bidder knows or reasonably believes that the AWE Shareholder is a non-resident, or the AWE Shareholder has an overseas address, or Bidder is authorised to pay the

cash consideration overseas (in a case where Bidder does not reasonably believe the AWE Shareholder to be an Australian resident); and

- (ii) the AWE Shares for that AWE Shareholder are indirect Australian real property interests (refer to section 6.3(a)).

If the Bidder considers that it has an obligation to make the withholding from the cash consideration payable to an AWE Shareholder for the disposal of their AWE Shares, it may withhold the applicable amount from the consideration payable to the relevant AWE Shareholder. In accordance with paragraph 8(f) of Annexure A, where the Bidder pays the withheld amount to the ATO, the Bidder will be discharged of any liability to pay that amount of the consideration to the AWE Shareholder.

In relation to this Offer, based on the Bidder's review of publicly available information on AWE, as at the date of this Bidder's Statement, the Bidder considers that it is likely that in respect of the AWE Shares, more than 50% of the value of AWE's assets is attributable to Australian real property (including Australian mining, quarrying or prospecting rights). On this basis, AWE Shareholders who are foreign residents and who, together with any associates, hold 10% or more of the AWE Shares at the time of the CGT event or within any 12 month period within 2 years preceeding the CGT event would likely be considered to hold indirect Australian real property interests in respect of their AWE Shares. The CGT withholding may therefore apply.

For AWE Shareholders who are subject to these CGT withholding rules, it is advisable to seek separate advice. It may be possible, depending on individual circumstances of each AWE Shareholder, to obtain a variation of the withholding rate to below the standard 12.5%. If the Bidder considers that the CGT withholding applies to an AWE Shareholder and the Bidder has not received a variation notification from the ATO before the date of the CGT event, the Bidder may withhold the full 12.5% from the Offer Consideration payable, and Bidder will be discharged of any liability to pay that amount to the AWE Shareholder under paragraph 8(f) of Annexure A.

If an AWE Shareholder holds an indirect Australian real property interest and provides to the Bidder a declaration which states that the AWE Shareholder is an Australian tax resident, and the Bidder receives that declaration before the CGT event for that AWE Shareholder and does not know that declaration to be false, the Bidder will not withhold an amount of CGT withholding from the Offer Consideration payable in respect of the disposal of that AWE Shareholder's AWE Shares.

6.4 Taxation of Financial Arrangement (TOFA)

The TOFA provisions under Australian tax law apply to assess gains and losses arising from certain 'financial arrangements' on revenue account. In particular, the TOFA provisions will determine the timing of the assessability or deductibility of affected gains or losses. The TOFA provisions only apply to certain types of taxpayer and so may or may not apply to each AWE Shareholder.

Generally, even where the TOFA provisions do apply to a particular AWE Shareholder, those provisions should not apply to a gain or loss arising on disposal of an AWE Share by an AWE Shareholder unless either a 'fair value method' or 'reliance on financial reports' election have been

made by the AWE Shareholder. This is on the basis that other methods applicable under the TOFA provisions outside those elections do not generally apply to financial arrangements which are shares.

Given the complexity of the TOFA provisions, AWE Shareholders should obtain their own advice in relation to the applicability of the TOFA provisions in respect of their own individual facts and circumstances.

6.5 Stamp duty and GST

The Bidder will pay the stamp duty (if any) payable in Australia on the transfers of AWE Shares under the Offer. No GST will be payable on the transfer of the AWE Shares as the supply of shares is input taxed (exempt) from GST in Australia.

7. Additional Information

7.1 ASIC class orders

ASIC has published various 'Class Order' instruments providing for modifications and exemptions that apply generally to all persons, including the Bidder, in relation to the operation of Chapter 6 of the Corporations Act.

Amongst others, the Bidder has relied on the modification of section 617(2) of the Corporations Act as set out in ASIC Class Order CO 13/521 (Takeover Bids) to extend the Offer to AWE Shares that are issued on the valid vesting of AWE Cash Share Rights in accordance with Condition (g)(ii) of Annexure B from the Register Date until the end of the Offer Period, and the modification of section 636(3) of the Corporations Act set out in ASIC Corporations (Consents to Statements) Instrument 2016/72 (Consent to Quote: trading data and geological reports in takeovers) (as amended) to include in the Bidder's Statement, without obtaining specific consents, trading data relating to trading on a prescribed financial market (such as the ASX).

In addition, this Bidder's Statement contains statements that are made in, or based on statements that are made in, documents lodged with ASIC or given to the ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to inclusion of those statements in this Bidder's Statement. The relevant statements were taken from ASX announcements footnoted in this Bidder's Statement. The Bidder, on request during the Offer Period, will provide within 2 business days of the request, a copy of these documents (or relevant extracts of these documents), free of charge, to any AWE Shareholder. To obtain a copy of these documents (or the relevant extracts), AWE Shareholders may telephone the Offer Information Line on 1300 911 275 (toll free within Australia) or +61 1300 911 275 (from outside Australia).

7.2 Potential for waiver of Conditions

The Offer is subject to the Conditions set out in Annexure B, including a Minimum Acceptance Condition (see Condition (a) of Annexure B). Under the terms of the Offer and the Corporations Act, any or all of those Conditions may be waived by the Bidder.

If an event occurs before the date for giving notice of status of conditions which results (or would result) in the non-fulfillment of a Condition, the Bidder might not make a decision as to whether it will either rely on that non-fulfillment, or waive the Condition, until the date for giving notice as to the status of the Conditions of the Offer under section 630(3) of the Corporations Act (see paragraph 7(c) of Annexure A). If the Bidder decides that it will waive a Condition it will announce that decision to ASX in accordance with section 650F of the Corporations Act.

If any of the Conditions are not fulfilled, and the Bidder decides to rely on the non-fulfillment, then any contract resulting from acceptance of the Offer will become void at (or, in some cases, shortly after) the end of the Offer Period, and the relevant AWE Shares will be returned to the holder.

7.3 Status of Conditions

As at the date of this Bidder's Statement, the Bidder is not aware of any events or circumstances which would result in the non-fulfillment of any Condition. This section 7.3 describes the effect of each Condition and its status as at the date of this Bidder's Statement.

(a) **Minimum Acceptance Condition (Condition (a) of Annexure B)**

This Condition is not fulfilled as at the date of this Bidder's Statement. The Bidder does not have a relevant interest in any AWE Shares as at the date of this Bidder's Statement. At least 316,870,128 AWE Shares must be accepted into the Offer for this condition to be satisfied. This number is 50% of the sum of the number of (i) AWE Shares on issue and (ii) AWE Shares that may be issued on vesting of the AWE Cash Share Rights, as at the date of this Bidder's Statement;

(b) **AWE's confirmation regarding L1 and L2 (Condition (b) of Annexure B)**

As at the date of this Bidder's Statement, the Bidder is not aware that AWE has made any announcement that would satisfy Condition (b) of Annexure B.

AWE is best placed to satisfy this Condition or to advise its Shareholders on the progress and likely timing surrounding the subject matter of this Condition.

(c) **No change of control or pre-emptive rights (Condition (c) of Annexure B)**

As at the date of this Bidder's Statement, the Bidder is not aware of the existence of any of the rights described in Condition (c) of Annexure B.

AWE is best placed to advise Shareholders whether any such rights exist and, if so, whether the holders of such rights are likely to enforce or waive them and the terms of any such waiver.

(d) **No new gas sales agreements in relation to Waitsia below \$5.50 per GJ (Real 2020 Gas Price) (Condition (d) of Annexure B)**

As at the date of this Bidder's Statement, the Bidder is not aware of any of the circumstances described Condition (d) of Annexure B having occurred, being announced or otherwise becoming known to the Bidder.

AWE is best placed to advise Shareholders whether any such circumstances have occurred or will occur during the Offer Period.

(e) **No material disposals or new development or financing commitments (Condition (e) of Annexure B)**

As at the date of this Bidder's Statement, the Bidder is not aware of any of the circumstances described in Condition (e) of Annexure B having occurred, being announced or otherwise becoming known to the Bidder.

AWE is best placed to advise Shareholders whether any such circumstances have occurred or will occur during the Offer Period.

(f) **No material adverse change (Condition (f) of Annexure B)**

As at the date of this Bidder's Statement, the Bidder is not aware of any of the circumstances described in Condition (f) of Annexure B having occurred, being announced or otherwise becoming known to the Bidder.

AWE is best placed to advise Shareholders whether any such changes have occurred or will occur during the Offer Period.

(g) **No increase in termination benefits or vesting of AWE Cash Share Rights (Condition (g) of Annexure B)**

As at the date of this Bidder's Statement, the Bidder is not aware of any of the circumstances described in Condition (g) of Annexure B) having occurred, being announced or otherwise becoming known to the Bidder.

AWE is best placed to advise Shareholders whether any such circumstances have occurred or will occur during the Offer Period.

(h) **Adviser fees capped at \$4 million (Condition (h) of Annexure B)**

As at the date of this Bidder's Statement, the Bidder is not aware of the quantum of the costs and expenses payable to AWE's advisers in connection with the Offer.

AWE is best placed to advise its Shareholders on whether its adviser fees will be within or exceed this \$4 million threshold.

(i) **No regulatory actions (Condition (i) of Annexure B)**

As at the date of this Bidder's Statement, the Bidder is not aware of any of the regulatory actions being taken which would enliven the Condition described in Condition (i) of Annexure B.

(j) **No distributions (Condition (j) of Annexure B)**

The purpose of the Condition (j) of Annexure B, is to protect the Bidder from the impact of any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) made or declared by AWE to AWE Shareholders. As far as the Bidder is aware, no distributions have been made or declared by AWE as at the date of this Bidder's Statement.

(k) **Prescribed Occurrence (Conditions (k) and (l) of Annexure B)**

As at the date of this Bidder's Statement, the Bidder is not aware of any of the events described in Conditions (k) and (l) of Annexure B having occurred.

7.4 Approvals for payment of Offer Consideration

As at the date of this Bidder's Statement, the Bidder is not aware of any AWE Shareholders who require any approval referred to in paragraph 8(e) of Annexure A in order to be entitled to receive any Offer Consideration.

As far as the Bidder is aware, the *Autonomous Sanctions Regulations 2011* (Cth) currently prohibit making an asset available to, or for the benefit of, a designated person or entity without authorisation from the Minister for Foreign Affairs or to use or deal with an asset owned or controlled by a designated person or entity without authorisation from the Minister for Foreign Affairs. Designated persons and entities include:

- (a) specified individuals associated with the former government of the former Federal Republic of Yugoslavia;
- (b) specified ministers and senior officials of the Government of Zimbabwe;
- (c) specified individuals and entities associated with the Democratic People's Republic of Korea not already listed by the UN Security Council;

- (d) certain entities and individuals who contribute to Iran's proliferation activities not already listed by the UN Security Council;
- (e) specified persons and entities connected with the Qadhafi regime Libya; and
- (f) specified persons and entities connected with human rights abuses in Syria.

The *Charter of the United Nations Act 1945* (Cth) prohibits:

- (g) assets from being provided to proscribed persons or entities; and
- (h) the use or dealing, and facilitation of such use or dealing, of certain assets owned or controlled by proscribed persons or entities, in each case without the written consent of the Minister of Foreign Affairs.

Persons and entities from various countries have been proscribed under various regulations made under the *Charter of the United Nations Act 1945* (Cth) including in relation to Democratic Republic of the Congo, Eritrea, Iran, Iraq, Lebanon, Libya, Sudan, Somalia and Democratic People's Republic of Korea. Members of the Taliban and Al-Qaeda are also proscribed under regulations made under the *Charter of the United Nations Act 1945* (Cth).

7.5 Withholding of Offer Consideration

For non-Australian resident AWE Shareholders, in certain circumstances CGT withholding tax may be required to be withheld by the Bidder from the Offer Consideration payable to the AWE Shareholder for disposal of their AWE Shares (refer to section 6.3(b)).

With the exception of the potential application of the CGT withholding mentioned above, as at the date of this Bidder's Statement, the Bidder is not aware of any other amounts that are or would be treated as withholding amounts under paragraph 8(f) of Annexure A. However, it is possible that the Bidder may become aware of an obligation in this regard after the date of this Bidder's Statement.

For example, under section 255 of the *Income Tax Assessment Act 1936* (Cth), the ATO may notify the Bidder that all or part of the Offer Consideration otherwise payable to AWE Shareholders who are non-residents of Australia is to be retained by the Bidder, or paid to the ATO, instead of being paid to the relevant AWE Shareholders. Similarly, under section 260-5 of Schedule 1 to the *Taxation Administration Act 1953* (Cth), the ATO may require the Bidder to pay to the Australian Taxation Office all or part of the Offer Consideration otherwise payable to AWE Shareholders who owe tax-related debts to the Australian Government.

7.6 No collateral benefits

Neither the Bidder nor any of its associates has in the four months before the date of this Bidder's Statement, or in the period between the date of this Bidder's Statement and the date of the Offer, given, offered to give or agreed to give a benefit which is not offered to all AWE Shareholders under the Offer to another person which was likely to induce the other person (or an associate) to accept the Offer or dispose of AWE Shares.

7.7 No escalation agreements

Neither the Bidder nor any of its associates has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

7.8 Consents

This Bidder's Statement contains statements made by, or statements based on statements made by, the Bidder and certain of its related entities. Each of them has consented to being named in this Bidder's Statement and has consented to the inclusion of:

- (a) each statement it has made; and
- (b) each statement which is said in this Bidder's Statement to be based on a statement it has made,

in the form and context in which the statements have been included, and has not withdrawn that consent.

The following persons have given, and have not at the date of this Bidder's Statement withdrawn, their written consent to being named in this Bidder's Statement:

- (c) MinterEllison – as legal adviser;
- (d) Argonaut – as financial adviser;
- (e) PwC – as tax adviser; and
- (f) Link Market Services Limited – as the Bidder's share registrar.

None of these firms or companies has caused or authorised the issue of this Bidder's Statement or has in any way been involved in the making of the Offer. The Offer is made by the Bidder. Each of these firms and companies, to the maximum extent permissible by the law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement.

In addition, this Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of ASIC Class Order 13/521, the persons making those statements are not required to consent to, and have not consented to, the inclusion of those statements, or of statements based on those statements, in this Bidder's Statement.

7.9 Other material information

Except as disclosed in this Bidder's Statement, there is no other information that:

- (a) is material to the making of the decision by an AWE Shareholder whether or not to accept the Offer; and
- (b) is known to Bidder,

which has not previously been disclosed to AWE Shareholders.

8. Definitions and Interpretation

8.1 Definitions

In this Bidder's Statement and in the Acceptance Form, unless the context requires otherwise:

\$ means Australian dollars.

Acceptance Form means the acceptance form enclosed with this Bidder's Statement or, as the context requires, any replacement or substitute acceptance form provided by or on behalf of the Bidder.

Announcement Date means 8 December 2017.

Approval means:

- (a) a consent, authority, licence, approval, order, ruling, waiver or exemption which is required by law or by a Public Authority; or
- (b) in relation to anything which will be fully or partly prohibited or restricted by law if a Public Authority intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry or termination of that period without intervention or action.

AEDT means Australian Eastern Daylight Time.

ASIC means the Australian Securities and Investments Commission.

Assets means includes assets, facilities, real and personal property, goods, services, rights under authorisations or contracts, and intellectual property.

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 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 the settlement facility provided by ASX Settlement.

ATO means the Australian Taxation Office.

AWE means AWE Limited (ABN 70 077 897 440).

AWE Board means board of directors of AWE.

AWE Cash Share Rights means the cash share rights granted by AWE under its long term incentive plan as described in section 3.6.

AWE Group means AWE and its subsidiaries and controlled entities, and **AWE Group Entity** means any of one them.

AWE Securities means the AWE Shares and AWE Cash Share Rights.

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

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

Bidder's Statement means this document, being the statement of the Bidder under Part 6.5 of the Corporations Act relating to the Offer.

Business Day has the meaning given in the ASX Listing Rules.

CERCG means China Energy Reserve and Chemicals Group Co., Ltd, a company incorporated under the laws of the PRC.

CERCG Aus Gas or **Bidder** means CERCG Aus Gas Pty Ltd (ABN 72 622 835 894).

CERCG Australia means China Energy Reserve and Chemical Group Australia Pty Ltd (ABN 28 615 286 443).

CERCG Group means CERCG, and its controlled entities.

CERCG Trading means China Energy Reserve and Chemicals Trading Company Ltd, a company incorporated under the laws of Hong Kong and controlled by CERCG.

CGT means Australian capital gains tax.

CHES means the Clearing House Electronic Subregister System, which provides for the electronic transfer, settlement and registration of securities in Australia.

CHES Holding means a holding of AWE Shares on the CHES Subregister of AWE.

CHES Subregister has the meaning given in the ASX Settlement Operating Rules.

Condition means a condition to the Offer set out in Annexure B.

Conditions Date means the date that is seven days before the last day of the Offer Period.

Controlling Participant has the meaning given in the ASX Settlement Operating Rules. Usually your Controlling Participant is a person, such as a broker, with whom you have a sponsorship agreement (within the meaning of the ASX Settlement Operating Rules).

Corporations Act means the *Corporations Act 2001* (Cth) as relevantly modified or varied by ASIC.

FID means final investment decision.

FIRB means the Foreign Investment Review Board.

Fully Diluted Basis means all AWE Shares to which the Offer relates including any new AWE Shares that are able to be issued (whether subject to vesting or satisfaction of a condition or otherwise) during the Offer Period on valid vesting of AWE Cash Share Rights in accordance with Condition (g)(ii) of Annexure B that are on issue as at the Register Date.

GJ means gigajoules.

GSA means gas sales agreement.

GST means the goods and services tax imposed under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) and the related imposition acts of the Commonwealth of Australia.

Holder Identification Number means the number used to identify a AWE Shareholder on the CHES Subregister of AWE.

Indicative Proposal means CERCG Australia's non-binding indicative proposal to the AWE Board dated 28 November 2017, reflecting a then indicative price of \$0.71 per Share.

Issuer Sponsored Holding means a holding of AWE Shares on the Issuer Sponsored Subregister of AWE.

Issuer Sponsored Subregister has the meaning given in the ASX Settlement Operating Rules.

Key AWE Projects means the Waitsia, BassGas, Casino and Ande Ande Lumut projects.

L1 means petroleum production licence L1 granted under the WA Petroleum Act.

L2 means petroleum production licence L2 granted under the WA Petroleum Act.

Maximum Consideration Amount has the meaning given in section 4.1.

Minimum Acceptance Condition means Condition (a) of Annexure B.

Offer means the offer by the Bidder for all of your AWE Shares under the terms and conditions of this Bidder's Statement.

Offer Consideration means the consideration payable to AWE Shareholders who accept the Offer, subject to the terms and conditions of this Bidder's Statement.

Offer Period means the period during which the Offer remains open for acceptance in accordance with paragraph 2(a) of Annexure A.

Offer Price means \$0.73 cash per AWE Share.

PRC means the People's Republic of China.

Public Authority means any Australian or Indonesian government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any Australian or Indonesian government. It also includes any self-regulatory organisation established under statute and any stock exchange in Australia or Indonesia.

Real 2020 Gas Prices means the price of gas per GJ in 2020.

Register Date means the time and date notified by the Bidder to AWE under section 633(2) of the Corporations Act.

related body corporate has the meaning given in section 50 of the Corporations Act.

Rights means all accretions, rights and benefits of whatever kind attaching to or arising from the AWE Shares directly or indirectly at or after the Announcement Date, including all dividends and distributions and all rights to receive them and rights to receive or subscribe for shares, units, notes, bonds, options or other securities or entitlements declared, paid or issued by AWE, and including any franking credits attached to a dividend or other distribution.

RMB means the Renminbi, being the official currency of the PRC.

Security Holder Reference Number means the number allocated by AWE to identify a AWE Shareholder on the Issuer Sponsored Subregister of AWE.

Security Interest has the meaning given in section 51A of the Corporations Act.

Share Purchase Plan means AWE's share purchase plan announced to the ASX on 15 November 2017 and which closed on 14 December 2017.

Takeovers Panel means the Takeovers Panel under the Corporations Act.

Treasurer means the Treasurer of the Commonwealth of Australia.

VWAP means volume weighted average sale price.

WA Petroleum Act means the *Petroleum and Geothermal Energy Resources Act 1967* (WA).

your AWE Shares means, subject to paragraph 1(c) of Annexure A:

- (a) the AWE Shares in respect of which you are registered or entitled to be registered as a holder in the register of members of AWE at the Register Date, and in respect of which no other person becomes registered or entitled to be registered as a holder before you accept the Offer; and
- (b) any other AWE Shares to which you are able to give good title at the time you accept the Offer.

8.2 Interpretation

In this Bidder's Statement and in the Acceptance Form, unless the context requires otherwise:

- (a) headings are for convenience only and do not affect interpretation;
- (b) the singular includes the plural and conversely;
- (c) a reference to a section or Annexure is to a section of, or annexure to, this Bidder's Statement;
- (d) a gender includes all genders;
- (e) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (f) a reference to a person, corporation, trust, partnership, unincorporated body or association or other entity includes any of them;
- (g) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (h) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (i) a reference to any instrument or document includes any variation or replacement of it;
- (j) a term not specifically defined in this Bidder's Statement has the meaning given to it in the Corporations Act (being, if any special meaning is given for the purposes of Chapter 6 or 6A of the Corporations Act or a provision of those chapters, that special meaning);
- (k) a reference to time is a reference to AEDT;
- (l) mentioning anything after **includes**, **including**, **for example**, or similar expressions, does not limit what else might be included;
- (m) a reference to **\$** is a reference to the lawful currency of Australia; and
- (n) a reference to **you** is to a person to whom the Offer under Annexure A is (or is deemed to be) made.

9. Approval of Bidder's Statement

This Bidder's Statement has been approved by resolutions of the directors of the Bidder.

Dated 25 January 2018.

Signed on behalf of CERCG Aus Gas Pty Ltd (ABN 72 622 835 894)



Ms Liping Xuan

**Managing Director
CERCG Australia**

**Director
CERCG Aus Gas**



Mr Jianguo Wang

**Director
CERCG Australia**

**Director
CERCG Aus Gas**

Annexure A - Terms of the Offer

1 Offer

- (a) The Bidder offers to acquire all of your AWE Shares on the terms set out in this Annexure A and subject to the Conditions set out in Annexure B.
- (b) The Offer relates to AWE Shares that exist or will exist as at the Register Date.
- (c) The Offer also extends to all new AWE Shares that are issued between the Register Date and the end of the Offer Period as a result of the valid vesting of AWE Cash Share Rights in accordance with Condition (g)(ii) of Annexure B that exist as at the Register Date. This means that holders of AWE Cash Share Rights that validly vest in accordance with Condition (g)(ii) of Annexure B will be able to participate in the Offer in respect of any such AWE Shares issued on the vesting of those AWE Cash Share Rights during the Offer Period. However, the Bidder is not offering to acquire any AWE Cash Share Rights themselves.
- (d) The consideration offered for each AWE Share is \$0.73 in cash.
- (e) If the Bidder acquires your AWE Shares under this Offer, it will also be entitled to all Rights in respect of your AWE Shares.
- (f) This Offer is dated 8 February 2018.

2 Offer Period

- (a) This Offer will remain open for acceptance during the period that commences on the date of this Offer and ends at 7.00 pm (AEDT) on 8 March 2018, unless it is withdrawn or extended in accordance with the Corporations Act.
- (b) The Bidder may, in accordance with the Corporations Act, extend the Offer Period.

3 How to accept this Offer

(a) **Accept for all of your AWE Shares**

You may only accept this Offer for all of your AWE Shares.

(b) **Issuer Sponsored Holdings**

If your AWE Shares are held in an Issuer Sponsored Holding (in which case your Security Holder Reference Number will commence with 'I'), to accept the Offer in respect of those AWE Shares you must:

- (i) **complete** and **sign** the Acceptance Form in accordance with the instructions on the Acceptance Form; and
 - (ii) **return** the Acceptance Form together with all other documents required by the instructions on the Acceptance Form, so that they are **received** before the end of the Offer Period at one of the addresses indicated on the Acceptance Form.
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(c) **CHESS Holdings**

If your AWE Shares are held in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), to accept this Offer in respect of those AWE Shares you must either:

- (i) **instruct** your Controlling Participant, in accordance with the sponsorship agreement between you and the Controlling Participant, to initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules, so as to be effective before the end of the Offer Period; or
- (ii) **complete, sign and return** the Acceptance Form in accordance with the terms of the Offer and the instructions on the Acceptance Form, together with all other documents required by those instructions, directly to your Controlling Participant (usually your broker) in sufficient time for this Offer to be accepted before the end of the Offer Period, with instructions to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or
- (iii) **complete, sign and return** the Acceptance Form in accordance with the terms of the Offer and the instructions on the Acceptance Form, together with all other documents required by those instructions to the Bidder at an address indicated in the Acceptance Form. The Acceptance Form will only give rise to a valid acceptance if it is received so as to enable the Bidder to instruct your Controlling Participant to initiate acceptance on your behalf before the end of the Offer Period (or if the Bidder lawfully determines it is otherwise valid).

However, if you are the Controlling Participant in respect of your AWE Shares, to accept this Offer you must yourself initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

4 **Status and effect of the Acceptance Form**

(a) **Status of Acceptance Form**

The Acceptance Form forms part of this Offer, and the instructions on the Acceptance Form must be followed in using it to accept this Offer.

(b) **Revocation of acceptance not permitted**

Once you have accepted the Offer you will be unable to revoke your acceptance and the contract resulting from your acceptance of the Offer will be binding on you. In addition, you will be unable to withdraw your acceptance of this Offer or otherwise dispose of your AWE Shares except as follows:

- (i) if the contract resulting from your acceptance of the Offer becomes void under paragraph 7(e) of this Annexure A or the Corporations Act; or
- (ii) if the Offer Period is varied in a way that postpones for more than one month the time when the Bidder has to meet its obligations under the Offer and at that time this Offer is subject to one or more of the Conditions, then you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.

(c) Effect of Acceptance Form

By signing and returning the Acceptance Form in accordance with paragraph 3 of this Annexure A, you irrevocably authorise the Bidder:

- (i) to rectify any errors in, or omissions from, the Acceptance Form that are necessary to make it an effective acceptance of this Offer, to ensure that it complies with the Corporations Act or to enable registration of the transfer your AWE Shares accepted into the Offer to the Bidder in accordance with the Offer; and
- (ii) (in respect of any of your AWE Shares in a CHESS Holding) to:
 - (A) initiate, or alternatively instruct your Controlling Participant to initiate, acceptance of this Offer in respect of all such AWE Shares in accordance with Rule 14.14 of the ASX Settlement Operating Rules; and
 - (B) give any other instructions concerning those AWE Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant,

and you irrevocably authorise the Bidder to sub-delegate this power to any one or more of their respective directors, officers, agents and nominees.

(d) Validation of Acceptance Form

Despite paragraphs 3(b), 3(c)(ii) and 3(c)(iii) of this Annexure A, the Bidder may treat the receipt by it of a signed Acceptance Form either:

- (i) before the end of the Offer Period; or
- (ii) after the end of the Offer Period but where the Acceptance Form is sent by post and the envelope in which it is posted is post-marked before the end of the Offer Period,

as valid even though it does not receive the other documents required by the instructions on the Acceptance Form or there is not compliance with any one or more of the other requirements for acceptance. If the Bidder treats such an Acceptance Form as valid, subject to paragraph 8 of this Annexure A, the Bidder will not be obliged to provide the Offer Consideration to you until the Bidder receives all those documents and all of the requirements for acceptance referred to in paragraph 3 of this Annexure A and in the Acceptance Form have been met (other than the requirement for your Acceptance Form to be received before the end of the Offer Period).

(e) Powers of attorney

If the Acceptance Form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power and is empowered to delegate powers under the power of attorney under paragraph 5 of this Annexure A.

5 Agreement resulting from acceptance

By completing, signing and returning the Acceptance Form or initiating or causing acceptance of this Offer under the ASX Settlement Operating Rules in accordance with paragraph 3 of this Annexure A:

- (a) you accept this Offer in respect of all of your AWE Shares at the date your acceptance is processed (including any additional AWE Shares registered as held by you at the date your
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acceptance is processed (despite any difference between that number and the number of AWE Shares specified in the Acceptance Form or at the time you accept the Offer)) and agree to the terms and conditions of this Offer;

- (b) you transfer, or consent to the transfer in accordance with the ASX Settlement Operating Rules of, your AWE Shares specified in the Acceptance Form to the Bidder in accordance with this Offer and subject to the conditions of the constitution of AWE immediately before your acceptance of this Offer (and the Bidder agrees to take those AWE Shares subject to those conditions);
- (c) you represent and warrant to the Bidder that, at the time of your acceptance and at the time the transfer of your AWE Shares to the Bidder is registered, all your AWE Shares are and will be fully paid, and the Bidder will acquire good title to them and full beneficial ownership of them free from all Security Interests;
- (d) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though the Bidder has not yet paid or provided the Offer Consideration due to you), you irrevocably appoint the Bidder as your attorney to exercise all powers and rights that you have as the registered holder of your AWE Shares, including:
 - (i) attending any meeting of AWE (including any meeting of any class of members of AWE), and voting in respect of your AWE Shares, proposing or seconding any motion, and demanding a poll for any vote at, any such meeting;
 - (ii) requesting the convening of any meeting of AWE and convening a meeting under any such requisition; and
 - (iii) signing any form, notice, instrument or other document (including any proxy appointment) relating to your AWE Shares,

and you irrevocably authorise the Bidder to sub-delegate this power to any one or more of its directors, officers, agents and nominees. Such appointment will terminate on the registration of the Bidder as the holder of your AWE Shares;

- (e) you agree that, in exercising the powers and rights conferred by the power of attorney in paragraph 5(d) of this Annexure A, each attorney may act in the interests of the Bidder as the intended registered holder and beneficial owner of your AWE Shares;
- (f) except as contemplated by paragraph 5(d) of this Annexure A and while the appointment in that paragraph continues, you agree not to attend or vote in person or by proxy, attorney or corporate representative at any meeting of members of AWE (including any meeting of any class of members of AWE), or to exercise or purport to exercise (in person or by proxy, attorney, or corporate representative or otherwise) any of the powers conferred by the power of attorney in paragraph 5(d) of this Annexure A;
- (g) subject to all of the Conditions being fulfilled or waived, you irrevocably authorise the Bidder to do all things necessary to transfer your AWE Shares to the Bidder (including to cause a message to be transmitted in accordance with ASX Settlement Operating Rules), even if the Bidder has not at that time paid or provided the Offer Consideration due to you under this

Offer, and to sub-delegate this power to any one or more of its directors, officers, agents and nominees; and

- (h) you agree to indemnify the Bidder and each of its agents in respect of any claim or action against them or any loss, damage or liability whatsoever incurred by them as a result of you not producing your Holder Identification Number or your Security Holder Reference Number or in consequence of the transfer of your AWE Shares accepted into the Offer to the Bidder being registered by AWE without production of your Holder Identification Number or your Security Holder Reference Number.

6 Conditions

The Offer and any contract that results from an acceptance of the Offer are subject to the Conditions set out in Annexure B.

7 Nature and operation of Conditions

(a) Nature of Conditions

None of the Conditions prevents a contract to sell your AWE Shares resulting from your acceptance of this Offer, but:

- (i) breach of any of the Conditions entitles the Bidder to rescind that contract by written notice to you; and
- (ii) non-fulfilment of any of the Conditions at the end of the Offer Period will have the consequences set out in paragraph 7(e) of this Annexure A.

(b) Separate Conditions for benefit of the Bidder

- (i) Each of the Conditions in each paragraph and each sub-paragraph of each paragraph of Annexure B constitutes, and is to be construed as, a separate, several and distinct Condition. No Condition will be taken to limit the meaning or effect of any other Condition.
- (ii) Subject to the Corporations Act, the Bidder is entitled to the benefit of the Conditions and to rely on breach or non-fulfilment of, or to waive compliance with, any of those Conditions.

(c) Waiver of Conditions

Subject to the Corporations Act, the Bidder may free this Offer and any contract resulting from your acceptance of this Offer from all or any of the Conditions generally or in relation to a specific occurrence by giving written notice to AWE:

- (i) in the case of the Condition in paragraph (k) of Annexure B (no prescribed occurrences) – not later than three business days after the end of the Offer Period; and
 - (ii) in the case of the other Conditions – not less than seven days before the last day of the Offer Period.
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(d) **Notice on status of Conditions**

The date for giving the notice as to the status of the Conditions required by section 630(1) of the Corporations Act is 28 February 2018 (subject to variation in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

(e) **Contract void if Conditions not fulfilled**

Your acceptance of this Offer, and any contract resulting from your acceptance of this Offer, will be automatically void if:

- (i) at the end of the Offer Period, any of the Conditions is not fulfilled; and
- (ii) the Bidder has not declared this Offer and any contract resulting from your acceptance of it free from that Condition in accordance with paragraph 7(c) of this Annexure A.

8 Payment of Offer Consideration

(a) **When you will generally be paid**

Subject to this paragraph 8(a) of this Annexure A and the Corporations Act the Bidder will pay you the Offer Consideration for your AWE Shares within 21 days after the date of your acceptance or, if at the time of your acceptance the Offer is subject to a Condition, 21 days after any contract resulting from your acceptance of this Offer becomes, or is declared, unconditional.

(b) **Payment where additional documents required**

Where additional documents are required, either by the Acceptance Form or otherwise, to be given to the Bidder with your acceptance to enable the Bidder to become holders of your AWE Shares (such as a power of attorney):

- (i) if those documents are given to the Bidder with your acceptance, the Bidder will pay you the Offer Consideration for your AWE Shares in accordance with paragraph 8(a) of this Annexure A;
- (ii) if those documents are given to the Bidder after your acceptance and before the end of the Offer Period, while this Offer is subject to a Condition, the Bidder will pay you the Offer Consideration for your AWE Shares within 21 days after any contract resulting from your acceptance of this Offer becomes, or is declared, unconditional;
- (iii) if those documents are given to the Bidder after your acceptance and before the end of the Offer Period, while this Offer is not subject to a Condition, the Bidder will pay you the Offer Consideration for your AWE Shares within 21 days after the Bidder is given those documents; and
- (iv) if those documents are given to the Bidder after the end of the Offer Period, the Bidder will pay you the Offer Consideration for your AWE Shares within 21 days after those documents are given. However, if, at the time those documents are given to the Bidder the contract resulting from your acceptance of this Offer is still subject to a Condition in Annexure B, the Bidder will pay you the Offer Consideration for your AWE Shares within 21 days after the contract becomes, or is declared, unconditional.

(c) Delivery of Offer Consideration

Payment of any Offer Consideration to which you are entitled will be made by cheque drawn in Australian currency in your favour. The cheque will be sent to you, at your risk, by ordinary mail (or, in the case of AWE Shareholders with addresses outside Australia, by airmail) to your address shown on the Acceptance Form or the address for you last notified to the Bidder by AWE.

(d) Rights

If the Bidder becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give to it all documents necessary to vest title to those Rights in the Bidder, or otherwise to give the Bidder the benefit or value of those Rights. If you do not do so, or if you have received or are entitled to receive (or any previous holder of your AWE Shares has received or is entitled to receive) the benefit of those Rights, the Bidder will be entitled to deduct the amount (or an amount equal to the value, as reasonably assessed by the Bidder) of those Rights. If the Bidder does not, or cannot, make such a deduction, you must pay that amount to the Bidder. Rights include any franking credits attached to any dividend or distribution.

(e) Non-Australian residents

If, at the time of acceptance of this Offer, any authority or clearance of a Public Authority is required for you to receive any Offer Consideration, including because you are resident in or a resident of a place to which, or you are a person to whom:

- (i) the *Banking (Foreign Exchange) Regulations 1959* (Cth) and instruments made under those regulations;
 - (ii) the *Autonomous Sanctions Regulations 2011* (Cth) and instruments made under those regulation;
 - (iii) any of the following instruments made under the *Charter of the United Nations Act 1945* (Cth):
 - (A) the *Charter of the United Nations (Dealings with Assets) Regulations 2008* (Cth);
 - (B) the *Charter of the United Nations (Sanctions – Al-Qaida) Regulations 2008* (Cth);
 - (C) the *Charter of the United Nations (Sanctions – Côte d'Ivoire) Regulations 2008* (Cth);
 - (D) the *Charter of the United Nations (Sanctions – Democratic People's Republic of Korea) Regulations 2008* (Cth);
 - (E) the *Charter of the United Nations (Sanctions – Democratic Republic of the Congo) Regulations 2008* (Cth);
 - (F) the *Charter of the United Nations (Sanctions – Eritrea) Regulations 2010* (Cth);
 - (G) the *Charter of the United Nations (Sanctions - Iran) Regulations 2008* (Cth);
 - (H) the *Charter of the United Nations (Sanctions –Iraq) Regulations 2008* (Cth);
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- (I) the *Charter of the United Nations (Sanctions – Lebanon) Regulations 2008* (Cth);
 - (J) the *Charter of the United Nations (Sanctions – Liberia) Regulations 2008* (Cth);
 - (K) the *Charter of the United Nations (Sanctions – Libyan Arab Jamahiriya) Regulations 2011* (Cth);
 - (L) the *Charter of the United Nations (Sanctions – Somalia) Regulations 2008* (Cth);
 - (M) the *Charter of the United Nations (Sanctions – Sudan) Regulations 2008* (Cth); and
 - (N) the *Charter of the United Nations (Sanctions –the Taliban) Regulations 2013* (Cth); or
- (iv) any other law of Australia that would make it unlawful for the Bidder to provide the Offer Consideration for your AWE Shares,

applies, then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive the Offer Consideration unless and until all requisite authorities or clearances have been obtained. See section 7.4 for information as to whether this restriction applies to you.

(f) **Withholding of Offer Consideration by Bidder**

If any amount (the **withholding amount**) is required under any Australian law or by any Public Authority to be:

- (i) withheld from any Offer Consideration otherwise payable to you and paid to a Public Authority; or
- (ii) retained by the Bidder out of any Offer Consideration otherwise payable to you,

the payment or retention by the Bidder of the withholding amount (as applicable) will constitute full discharge of the Bidder obligation to pay the Offer Consideration to you to the extent of the withholding amount.

9 Offerees

(a) **Registered holders**

The Bidder is making an offer in the form of this Offer to each person registered as the holder of AWE Shares in the register of members of AWE as at the Register Date. The Offer also extends to all AWE Shares that are issued between that date and the end of the Offer Period as a result of the valid vesting of AWE Cash Share Rights in accordance with Condition (g)(ii) of Annexure B that exist as at the Register Date.

(b) **Transferees**

If at any time during the Offer Period another person is able to give good title to all of your AWE Shares, and that person has not already accepted an offer in the form of this Offer for those AWE Shares, then that person may accept as if an offer in the form of this Offer had been made to them in respect of those AWE Shares.

(c) **Trustees and nominees**

If at any time during the Offer Period and before you accept this Offer your AWE Shares consist of two or more separate parcels within the meaning of section 653B of the Corporations Act (for example, because you hold your AWE Shares as trustee or nominee for, or otherwise on account of, several distinct beneficial owners), then you may accept as if a separate offer in the form of this Offer had been made in relation to each of those parcels (including any parcel you hold in your own right). Acceptance for any parcel of AWE Shares (including any parcel consisting of two or more parcels) is ineffective unless:

- (i) you give the Bidder notice stating that the AWE Shares consist of a separate parcel, such notice being:
 - (A) in the case of AWE Shares not in a CHESS Holding, in writing; or
 - (B) in the case of AWE Shares in a CHESS Holding, in an electronic form approved by the ASX Settlement Operating Rules for the purposes of Part 6.8 of the Corporations Act; and
- (ii) your acceptance specifies the number of AWE Shares in the parcel.

If, for this purpose, you require additional copies of this Bidder's Statement and the Acceptance Form, please call the Offer Information Line on 1300 911 275 (within Australia) or +61 1300 911 275 (from outside Australia) to request those additional copies.

10 Variation and withdrawal of Offer

(d) **Variation**

The Bidder may vary this Offer in accordance with the Corporations Act.

(e) **Withdrawal**

This Offer may be withdrawn with the written consent of ASIC, which consent may be subject to conditions. If so, the Bidder will give notice of the withdrawal to ASX and to AWE and will comply with any other conditions imposed by ASIC.

11 Costs and stamp duty

The Bidder will pay all costs and expenses of the preparation and circulation of this Offer and any Australian stamp duty payable on the transfer of any AWE Shares to the Bidder under this Offer.

12 Governing law

This Offer and any contract resulting from your acceptance of this Offer are governed by the laws in force in Western Australia, Australia.

Annexure B – Offer Conditions

This Offer and any contract resulting from your acceptance of this Offer are subject to the fulfilment of the following Conditions.

(a) **Minimum Acceptance Condition**

During or before the end of the Offer Period, the Bidder has a relevant interest in more than 50% of AWE Shares on a Fully Diluted Basis.

(b) **AWE's confirmation regarding L1 and L2**

No later than 3 Business Days prior to the Conditions Date, AWE releases an announcement to the ASX stating that licences L1 and L2 have been, or will be, renewed and that those renewed licences will be on terms no less favourable to AWE than the terms on which L1 and L2 were issued.

(c) **No change of control or pre-emptive rights**

No person has any pre-emptive or other right (whether subject to conditions or not) as a result of the Bidder acquiring AWE Shares to:

- (i) acquire, or require AWE or a subsidiary of AWE to dispose of, or offer to dispose of, any material asset of AWE or a subsidiary of AWE, including any interest in the Key AWE Projects; or
- (ii) terminate or vary, or cause the acceleration of any obligations under, any material agreement with AWE or a subsidiary of AWE, including in respect of any interest in the Key AWE Projects, or any financing commitments or debt obligations of AWE.

(d) **No new gas sales agreements in relation to Waitsia below \$5.50 per GJ (Real 2020 Gas Price)**

Neither AWE nor any subsidiary of AWE enters into, offers to enter into, or agrees to enter into any hydrocarbon sales agreements, offtake agreement, pre-sale agreement or similar arrangement in relation to the current or future production from AWE's Waitsia project at a price below \$5.50 per GJ (Real 2020 Gas Price).

(e) **No material disposals or new development or financing commitments**

None of the following events occurs during the period from the Announcement Date to the end of the Offer Period (each inclusive) without the prior written approval of the Bidder:

- (i) AWE or any subsidiary of AWE disposes of, offers to dispose of or agrees to dispose of, or grants an option, or other right or entitlement (including a pre-emptive right) the effect of which could be the disposal or loss of control of:
 - (A) one or more entities, businesses or Assets (or any interest in one or more entities, businesses or Assets) for an amount, or in respect of which the book value (as recorded in AWE's consolidated statement of financial position as at 30 June 2017) is, in aggregate, greater than \$10 million; or
 - (B) any interest in the Key AWE Projects;

- (ii) AWE or any subsidiary of AWE enters into, offers to enter into, agrees to enter into any transaction, or is otherwise affected by any transaction or proposal under which any third party would acquire any legal or economic interest in any of the Key AWE Projects, any current or future hydrocarbon production (including royalties) from those Key AWE Projects, or right to sell or market that hydrocarbon production;
- (iii) AWE or any subsidiary of AWE enters into, offers to enter into, or agrees to enter into any loan, debt funding arrangement, refinancing or contract for financial accommodation for an amount or value greater than \$10 million;
- (iv) AWE or any subsidiary of AWE enters into, offers to enter into, or agrees to enter into any engineering, procurement and construction arrangement or build-own operate arrangement (or any substantially similar arrangement) in relation to the development of the Waitsia project, for one or more related items with an aggregate amount or value greater than \$10 million; or
- (v) AWE or any subsidiary of AWE announces an intention to do any of the matters referred to in paragraphs (e)(i) to (e)(iv) above, or brings forward the time for performance of any commitments to, or releases any rights it has against, third parties relating to such matters in existence at the Announcement Date.

(f) **No material adverse change**

Before the end of the Offer Period, no event, change or circumstance occurs, is announced or becomes known to the Bidder where that event, change or circumstance (either individually or aggregated with other events, changes or circumstances) has had, or could reasonably be expected to have any of the following effects:

- (i) diminishing the fair market value of the net assets of the AWE Group by \$10 million or more;
- (ii) diminishing the revenue of the AWE Group by at least \$20 million per year;
- (iii) any material rights under any contract in which an AWE Group Entity has an interest, being suspended, revoked, invalidated, varied, terminated, released or otherwise coming to an end;
- (iv) a material restraint on or hindrance to the development, timely completion, feasibility, operation, or profitability of the Key AWE Projects;
- (v) the incurring of any obligations, liabilities, accounting impairment, costs or expenses (whether contingent or otherwise) where the quantum (whether individually or when aggregated) exceeds \$10 million; or
- (vi) any person announcing, commencing or threatening any litigation against any AWE Group Entity or joint venture partner of any AWE Group Entity (whether in aggregate or for any single litigation) which may result in a judgment against the AWE Group Entity or joint venture partner of any AWE Group Entity of more than \$10 million (individually or in aggregate),

but does not include any of the following, which are taken not to constitute a material adverse change:

- (vii) any matter fairly disclosed to the ASX before the Announcement Date; or
- (viii) any change in accounting policy required by law.

(g) **No increase in termination benefits or vesting of AWE Cash Share Rights**

Prior to the end of the Offer Period, the AWE Board does not, and does not agree to, without the written approval of the Bidder:

- (i) exercise any discretion to pay any termination benefit to, or make any change in the amount or the terms of any termination benefit of, any current or proposed director, executive officer, manager or other employee; or
- (ii) vest or accelerate the vesting of any unvested AWE Cash Share Rights.

(h) **Adviser fees capped at \$4 million**

The costs and expenses paid, to be paid, or agreed to be paid, to the advisers of AWE in connection with the Offer do not exceed \$4 million.

(i) **No regulatory actions**

During the period from the Announcement Date to the end of the Offer Period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by any Public Authority;
- (ii) no action or investigation is announced, commenced or threatened by any Public Authority; and
- (iii) no application is made to a Public Authority (other than by the Bidder or its associates), in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel for the purpose or in exercise of the powers and discretions conferred on it by the Corporations Act), which:
 - (iv) restrains, prohibits, or impedes or threatens to restrain, prohibit or impeded or may otherwise materially adversely impact upon the making of the Offer, the acquisition of AWE Shares under the Offer, the rights of the Bidder in its capacity as a shareholder of AWE, or the completion of any transaction contemplated by the Offer or the Bidder's Statement; or
 - (v) seeks to require the divesture of any AWE Shares by the Bidder; or
 - (vi) seeks to require the divesture of any material Assets by any AWE Group Entity; or
 - (vii) imposes any new terms on, amends the existing terms of or otherwise materially affects the rights held by AWE as at the Announcement Date under any Approval, licence or permit issued by any Public Authority to AWE.

(j) **No distributions**

Between the Announcement Date and the end of the Offer Period (each inclusive), AWE does not make, determine as payable or declare, or announce an intention to make, determine as payable or declare any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

(k) No prescribed occurrences

During the period between the date that the Bidder's Statement is given to AWE and the end of the Offer Period (each inclusive), none of the following events occur:

- (i) AWE converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (ii) AWE or a subsidiary of AWE resolves to reduce its share capital in any way;
- (iii) AWE or a subsidiary of AWE enters into a buy-back agreement or resolves to approve the terms of a buy back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) AWE or a subsidiary of AWE issues any shares (other than shares issued as a result of the vesting of AWE Cash Rights, the existence of which had been notified to ASX before the Announcement Date) or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (v) AWE or a subsidiary of AWE issues, or agrees to issue, convertible notes, derivatives or other securities;
- (vi) AWE or a subsidiary of AWE disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) AWE or a subsidiary of AWE grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;
- (viii) AWE or a subsidiary of AWE resolves to be wound up;
- (ix) a liquidator or provisional liquidator of AWE or of a subsidiary of AWE is appointed;
- (x) a court makes an order for the winding up of AWE or of a subsidiary of AWE;
- (xi) an administrator of AWE or of a subsidiary of AWE is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) AWE or a subsidiary of AWE executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of AWE or a subsidiary of AWE.

(l) No prescribed occurrences prior to dispatch

None of the events referred to in paragraphs (k)(i) to (k)(xiii) happens during the period commencing on the Announcement Date and ending at the end of the day immediately preceding the date the Bidder's Statement is given to AWE.

Corporate Directory

<p>Bidder</p> <p>CERCG Aus Gas Pty Ltd ABN 72 622 835 894</p> <p>Registered Office Level 10, 553 Hay Street Perth, WA 6000</p>	<p>Financial Adviser</p> <p>Argonaut Level 30, 77 St Georges Terrace Perth, WA 6000</p>
<p>Legal Adviser</p> <p>MinterEllison Level 4, 77 St Georges Terrace Perth, WA 6000</p>	<p>Tax adviser</p> <p>PWC Level 15, 125 St Georges Terrace Perth, WA 6000</p>

Offer Information Line

If you have any questions in relation to the Offer or how to accept it, or if you have lost your Acceptance Form and require a replacement, please call the Offer Information Line on the following numbers:

Within Australia: 1300 911 275

Outside Australia: +61 1300 911 275

Registry for the Offer

You can contact the Bidder's share registrar (Link Market Services Limited) at the addresses set out below:

By post

Link Market Services Limited
CERCG Aus Gas Pty Ltd Takeover
Locked Bag A14
Sydney South NSW 1235

Hand delivery

Link Market Services Limited
CERCG Aus Gas Pty Ltd Takeover
1A Homebush Bay Drive
Rhodes NSW 2138



CERCG Aus Gas Pty Ltd

ABN 72 622 835 894

Need help?

Contact CERCG Aus Gas Pty Ltd Offer Information Line

Phone 1300 911 275 (from within Australia)

Phone +61 1300 911 275 (from outside Australia)

A Your name

SAMPLE NAME 1
SAMPLE NAME 2
<SAMPLE A/C>
SAMPLE ADDRESS 1
SAMPLE ADDRESS 2

Your holding

Holder Identification Number: X12345678910

AWE Limited Shares held 99,999,999

If your holding has changed between record date and time of acceptance, then write your current holding here.

This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.

CONTROLLING PARTICIPANT'S NAME

Broker's Name printed here

Transfer and Acceptance Form – CHESS Subregister

This is a personalised form for the sole use of the holder and holding recorded above.

B You must give your instructions to your controlling participant to accept the Offer

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of **ALL** of your AWE Limited Shares.

Offer Consideration – A\$0.73 cash per AWE Limited Share

To accept the Offer you may either:

- directly instruct your Controlling Participant to accept the Offer on your behalf; or
 - sign and return this Acceptance Form to the address shown overleaf so the Bidder can contact your Controlling Participant on your behalf and relay your instructions.
- If your Controlling Participant acts on your instruction CHESS will send you a confirmation notice.

C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours

Contact Name (PRINT)

D You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of all my/our AWE Limited Shares and hereby agree to transfer to CERCG Aus Gas Pty Ltd all my/our AWE Limited Shares for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Bidder's Statement.

Shareholder 1 (Individual)

Sole Director & Sole Company Secretary

Shareholder 2 (Individual)

Secretary/Director (delete one)

Shareholder 3 (Individual)

Director

Please refer overleaf for further important instructions

REGISTRY USE ONLY



HIN



Broker PID



Holding

AWET TKO002



Further Important Instructions

Your AWE Limited Shares are in a CHES Holding, you do not need to complete and return this Acceptance Form to the registry to accept the Offer. You can instead contact your Controlling Participant and instruct them to accept the Offer on your behalf in sufficient time before the end of the Offer Period to enable your Controlling Participant to give effect to your acceptance of the Offer on CHES during business hours. If you decide to use this Acceptance Form to authorise us to contact your Controlling Participant on your behalf, follow the instructions below. You should allow Link Market Services Limited ("Link") sufficient time for the delivery of the Acceptance Form to your Controlling Participant on your behalf. Neither CERCG Aus Gas Pty Ltd, nor Link will be responsible for any delays incurred by this process.

Please refer to the Bidder's Statement dated 25 January 2018 which accompanies this Acceptance Form. Terms are defined in the Bidder's Statement and have the same meaning in this Acceptance Form.

Completion instructions

- A**
- **Please check the front page** to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name or address can only be processed by your Controlling Participant.
 - **Please note** your consideration will be issued in the names as they appear on the AWE Limited register.
- D**
- **Please sign this Acceptance Form** in the places for signature(s) set out on the front page and in accordance with the following instructions:
 - **Joint Shareholders:** If your AWE Limited Shares are held in the names of more than one person, all of those persons must sign this Acceptance Form.
 - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
 - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
 - **Deceased Estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

Personal Information Collection Notification Statement: Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

Lodgement instructions

- Mail or deliver completed Acceptance Form(s) and any other documents required by the above instructions to:

Mailing Address

Link Market Services Limited
CERCG Aus Gas Pty Ltd Takeover
Locked Bag A14
SYDNEY SOUTH NSW 1235

or

Hand Delivery

Link Market Services Limited
CERCG Aus Gas Pty Ltd Takeover
1A Homebush Bay Drive
RHODES NSW 2138

- A reply paid envelope is enclosed for use within Australia.

Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (AEDT) on the last day of the Offer Period.

If you have any questions about the terms of the Offer or how to accept, please call the CERCG Aus Gas Pty Ltd Offer Information Line on the following numbers:

**within Australia: 1300 911 275
outside Australia: +61 1300 911 275**

Further Important Instructions

Your AWE Limited Shares are in an Issuer Sponsored Holding. To accept the Offer, you must complete and return this Acceptance Form in accordance with the instructions below.

Please refer to the Bidder's Statement dated 25 January 2018 which accompanies this Acceptance Form. Terms are defined in the Bidder's Statement and have the same meaning in this Acceptance Form.

Completion instructions

- A** • **Please check the front page** to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name can only be processed by your AWE Limited Registry.
- **Please note** your consideration will be issued in the names as they appear on the AWE Limited register.
- D** • **Please sign this Acceptance Form** in the places for signature(s) set out on the front page and in accordance with the following instructions:
 - **Joint Shareholders:** If your AWE Limited Shares are held in the names of more than one person, all of those persons must sign this Acceptance Form.
 - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
 - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
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