



AWE completes sale of 11.25% of BassGas

AWE Limited (ASX: AWE) today announced the completion of the sale of an 11.25% interest in T/L1 (BassGas infrastructure & Yolla field) and a 9.75% interest in T/18P (Trefoil field) to Prize Petroleum Company Limited, a wholly owned subsidiary of Hindustan Petroleum Corporation Limited.

Total consideration for the sale was \$85 million with payment structured in three tranches:

- a) A deposit of \$16 million that was received in financial year 2013-14;
- b) A payment of \$64 million that was received on completion of the sale; and
- c) A further \$5 million deferred payment payable upon meeting the following conditions:
 - (i) \$2.5 million on completion of the BassGas Mid Life Enhancement (MLE) project (drilling of two development wells and installation of gas compression);
 - (ii) \$2.5 million if the MLE project costs do not exceed an agreed threshold.

The effective date for the sale is 1 July 2013 and is subject to completion adjustments relating to the net income received and capital invested since this date. The completion adjustment will be finalised prior to the end of the calendar year.

Proceeds of the completion funds of \$64 million will be used to repay drawn debt and to fund development projects. All joint venture and government approvals for this transaction have been received and AWE now holds 35% in T/L1 (BassGas/Yolla) and 35% in T/18P (Trefoil).

AWE's Managing Director, Mr Bruce Clement, said the successful completion of the sale of an 11.25% interest in BassGas is another strategic milestone for AWE.

"We have reduced our equity in the project to 35%, which is an appropriate level for AWE in a non-operated asset and represents a good balance between risk and return. Importantly, with a 35% interest, AWE's voting rights remain at a level that provides control over major investment decisions.

"Preparations are well underway for the final two stages of the BassGas Mid Life Enhancement (MLE) project with the gas compression and condensate pumping modules lifts scheduled for late 2014, and the drilling of two development wells in early 2015.

"When finished, it is anticipated that gross production from BassGas should increase to between 60-70 TJ per day, up from the 40 TJ per day average achieved over the September quarter," Clement said.

"There are substantial uncontracted reserves in the Yolla field, and AWE is well positioned to lock in higher returns from a strengthening east coast gas market," he added.

"The transaction also included the sale of a 9.75% interest in T/18P, which includes the Trefoil field. Trefoil is a liquids-rich gas field, similar to Yolla, and has the potential to be developed at the end of the decade when production is forecast to decline from the Yolla field.

"Our share of Trefoil is now 35%, but this is expected to increase to 40% in the coming months on completion of the unrelated acquisition of an additional 5% interest in T/18P from Drillsearch.



“Completion of the MLE project will ensure that BassGas remains one of AWE’s strategic cornerstone assets, alongside Sugarloaf, Ande Ande Lumut and the recently discovered Waitsia gas field, that will drive growth and shareholder returns over the remainder of the decade,” Clement said.

Participants in the BassGas project are:

AWE Limited (via subsidiaries)	35.00%
Origin Energy (via subsidiaries) (Operator)	42.50%
Toyota Tsusho Gas E&P Trefoil Pty Ltd	11.25%
Prize Petroleum Company Limited	11.25%

For information please see our website www.awexplore.com or contact:

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About AWE Limited.

AWE Limited is an Australian based energy company focused on upstream oil and gas and related energy opportunities. Established in 1997 and listed on the ASX, the Company is headquartered in Sydney with international operating offices in New Zealand and Indonesia. AWE has built a substantial portfolio of production, development and exploration assets in Australia, New Zealand, USA, Indonesia and China, including four cornerstone growth assets: the Sugarloaf unconventional shale play in the USA, the Ande Ande Lumut oil project in Indonesia, the BassGas project offshore Victoria, and the Waitsia gas field in the onshore Perth Basin, Western Australia. With its strong financial and technical base, AWE will continue to pursue exploration, appraisal and development growth opportunities in Australasia and Asia.

About Prize Petroleum

Prize Petroleum is a wholly owned subsidiary of Hindustan Petroleum Corporation Limited. Hindustan Petroleum, a Government of India Enterprise, is a Global Fortune 500 company and is listed on the National Stock Exchange of India and other major exchanges.

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