



AWE completes Sugarloaf sale

- **AWE has completed the sale of its 10% working interest in the Sugarloaf AMI to US-based Carrier Energy Partners II, LLC for USD 190 million (before tax)**
- **Additional USD 16 million received for past drilling costs and purchase price adjustments**
- **Sale proceeds will be used to repay all debt, resulting in an estimated net cash position of AUD 50 million at the end of the March quarter**

AWE Limited (ASX: AWE) today announced that it had completed the sale of its 10% working interest in the Sugarloaf Area of Mutual Interest (AMI) to USA-based Carrier Energy Partners II, LLC (CEP II) for cash consideration of USD 190 million (before tax).

The cash consideration comprised a USD 14 million deposit, received in January 2016, and the remaining balance of USD 176 million received on completion. In addition, AWE received USD 16 million for purchase price adjustments, including USD 9 million for drilling costs incurred prior to the effective date of 1 January 2016.

As previously announced, the sale proceeds will be used to repay debt drawn under AWE's existing debt facility and will substantially strengthen the company's balance sheet. Based on an AUD/USD exchange rate of 0.75 at completion, AWE anticipates it will be in a net cash position of approximately AUD 50 million at the end of the March quarter.

Tax on the transaction is estimated at USD 33 million (AUD 44 million), payable in the June quarter. The sale is expected to generate a non-cash profit after tax of approximately AUD 5 million (unaudited), subject to final purchase price adjustments. AWE will close out unutilised WTI oil price hedges which currently have a mark-to-market valued of USD 2 million (AUD 2.7 million) relating to the Sugarloaf asset.

Bruce Clement, AWE's Managing Director and CEO, said the sale of Sugarloaf was a major step in reshaping AWE to grow sustainably in a low oil price environment.

"AWE is very well positioned with a strong balance sheet, a solid production and revenue base, minimal expenditure commitments, and a strong portfolio of 2P Reserves and 2C Resources.

"We have removed significant recurring capex and strengthened the company's balance sheet through the Sugarloaf sale. We will repay all debt and anticipate being positive net cash at the end of March.

"In the short to medium term, AWE will be more focused on low cost, high value gas assets with CPI-linked contracts. We are developing the first stage of the Waitsia gas field in Western Australia's northern Perth Basin where AWE will become a low cost producer," Clement said.



“We are also focused on increasing sales revenue from east and west coast gas markets as we negotiate new gas supply contracts for the Waitsia, BassGas and Casino projects over the next 2-3 years,” he said.

“In addition, should oil prices recover, AWE has a 50% interest in the undeveloped Ande Ande Lumut oil project in Indonesia and the Joint Venture partners will be in a position to consider a Final Investment Decision at the end of the 2016 calendar year.”

In line with its strategy of prioritising high value growth projects and divesting non-core assets in order to recycle capital into new developments, AWE is pursuing further asset sales.

“Completion of the Sugarloaf sale, for an excellent price in extremely challenging market conditions, demonstrates both the quality of AWE’s asset base and the company’s technical and commercial strengths. We will continue to manage our portfolio to achieve the best outcomes for shareholders and look at opportunities where we can add significant value,” Clement said.

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Note: The sale of Sugarloaf was announced on 27 January 2016 and an AUD/USD exchange rate of 70 cents was used to calculate Australian dollar values. The AUD/USD exchange rate used in this announcement is 75 cents.

About AWE Limited

AWE Limited is an independent, Australian energy company focused on upstream oil and gas opportunities. Established in 1997 and listed on the Australian Securities Exchange (ASX: AWE), the company is based in Sydney with project offices in Perth and New Zealand. AWE has a substantial portfolio of production, development and exploration assets in Australia, New Zealand, and Indonesia.

AWE was advised on this transaction by UBS Investment Bank.

About Carrier Energy Partners II (CEP II)

CEP II is a Houston, Texas, based private oil and gas company focused on the acquisition and exploitation of upstream assets. Backed with an equity commitment from Riverstone Holdings LLC, its primary objective is to partner with select operators that are developing both unconventional and conventional reservoirs in North America.

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