



AWE Rejects Non-Binding Conditional Senex Scrip Proposal

AWE Limited (ASX: AWE) (the "Company") advises that the Board of AWE has considered and rejected a non-binding and conditional scrip based takeover proposal from Senex Energy Limited ("Senex"). The Board determined that Senex's proposal was not in the best interests of AWE shareholders and accordingly was not appropriate to pursue.

Following the meeting of the AWE Board, AWE verbally advised Senex of this decision on 15 December 2013. Subsequently, Senex has written to AWE to formally withdraw its offer.

Senex had proposed that it would issue 1.9 Senex shares for every 1 AWE share, which would have resulted in the equity in the merged group being held 53% by Senex shareholders and 47% by AWE shareholders. Based on the closing price of Senex shares on 12 December 2013 of \$0.76, the takeover offer implied a price for AWE shares of \$1.44 (Senex's six month VWAP is \$0.72 implying an AWE price of \$1.37). Senex's proposal was conditional on the conclusion of due diligence and subject to a 90% minimum acceptance condition, introducing material completion risk.

Senex had also advised the Company that it had been active in the market acquiring AWE shares. The Board of AWE determined that it could not allow its existing shareholders to sell shares without knowledge of the proposal and hence made the decision to place the Company in a trading halt.

Due consideration was given to the proposal from Senex by the Board of AWE which sought and obtained external legal and financial advice. The Board considered the proposal not to be in the best interests of AWE shareholders, taking into account:

- AWE's view that the offer significantly undervalued AWE shares without an appropriate premium for control; and
- The relative market valuations of the companies. Under Senex's takeover proposal, AWE would contribute a substantially greater share of 2P reserves (70%), total production (80%), sales revenue (67%) and EBITDAX (67%)¹, however AWE shareholders would receive only 47% of the merged group equity.

While the Board of AWE recognises the potential to add shareholder value through material M&A transactions, it remains confident of the Company's ability to create further value for shareholders through the ongoing commercialisation of AWE's existing portfolio of opportunities, which are primarily near term development in nature. AWE has recently advised the market that it is aiming to double production and triple cash flow by 2017 ².



Additionally, AWE will continue to assess potential value accretive asset opportunities such as the purchase and recent farm-down of equity in the Ande Ande Lumut project.

AWE appointed UBS as financial adviser and Herbert Smith Freehills as legal adviser in relation to the proposal.

Notes

1. Based on Senex annual report for year ending 30 June 2013 and AWE annual report for year ending 30 June 2013, with AWE's 2P Reserves adjusted for the sale of a 50% interest in the Ande Ande Lumut oil project.
2. Announced at the AWE Annual General Meeting held in Sydney on 27 November 2013.

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

Investor Relations

Matthew Sullivan
AWE Limited
02 8912 8022
matthew.sullivan@awexplore.com

Media Enquiries

Ian Howarth
Collins St Media
03 9223 2465
ian@collinsstreetmedia.com.au

About AWE Limited

AWE Limited is an upstream oil and gas company with production, development and exploration assets in Australia, New Zealand, USA and Indonesia. Established in 1997, the Company employs over 120 people and has its head office in Sydney and regional offices in Perth, New Plymouth and Jakarta. AWE has a 10% working interest in the Sugarloaf acreage in the Eagle Ford Shale development in the USA, and is progressing a number of tight sands and shale opportunities in the north Perth Basin and Indonesia. With its strong financial and technical base, AWE will continue to pursue conventional and unconventional growth opportunities, primarily in Australasia and Asia.

ENDS