



First gas sales term sheet agreed for Waitsia Stage 2

- **AWE and Origin agree term sheet to sell 15 TJ per day of gas to AGL**
- **Represents a material contribution towards underwriting Stage 2**
- **Negotiations with other gas buyers under way**

AWE Limited (ASX: AWE), Operator of production licence L1/L2 located in Western Australia's onshore Perth Basin, today announced that AWE and Origin Energy ("Origin") have agreed a non-binding term sheet with AGL Wholesale Gas ("AGL") for the first gas sale from Stage 2 of the Waitsia Gas Project.

The term sheet sets out the commercial terms for the sale of 15 TJ per day of gas, or 5.5 PJ per year, to AGL from Stage 2 of the Waitsia Gas Project. This equates to 15% of Stage 2 nominal daily production capacity and represents a material contribution towards underwriting the project.

The term sheet will form the basis of a Gas Sales Agreement, which AWE expects to be concluded by mid-2017 calendar year. Term and price have not been disclosed for commercial reasons.

AWE and Origin each hold a 50% interest in the Waitsia gas field and are jointly marketing Stage 2 gas. Stage 2 will have capacity to supply 100 TJ per day, or 10% of Western Australia's domestic gas needs, for 10 years. AWE is targeting first gas from Stage 2 in calendar year 2020.

Waitsia Stage 2 is currently in Pre-Front End Engineering and Design ("FEED") and is on track to enter FEED in the June quarter. AWE is targeting a Final Investment Decision (FID) by the end of calendar year 2017, subject to completion of FEED and further gas sales agreements.

David Biggs, CEO and Managing Director of AWE Limited, said:

"Today's announcement is a significant step in the development of Stage 2 of the Waitsia Gas Project. AGL is one of Australia's leading integrated energy companies and we are pleased to be able to contribute to their entry into the Western Australia market with the first gas sale from Waitsia Stage 2.

"We are aiming to finalise the Gas Sales Agreement with AGL by mid-2017 and we anticipate completing term sheets with other customers over the coming months.

"The agreement with AGL reflects the growing demand for onshore gas and highlights the benefits that a new supplier can bring to the market in terms of diversity, lower risk and certainty of supply.

"Pre-FEED is making good progress and we are looking to enter FEED in the June quarter. AWE is targeting a FID by the end of the 2017 calendar year," Biggs concluded.



AGL Acting Executive General Manager Energy Markets, Richard Wrightson said:

“AGL’s long-term entry into the WA retail gas market this year will be well-supported by the gas from the Waitsia Gas Project post 2020.”

The Joint Venture partners in L1/L2 (Waitsia) are:

AWE Limited (via subsidiaries) (Operator)	50.00%
Origin Energy Resources Limited	50.00%

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.

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

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