



## JOINT ASX RELEASE

Release Date: 16 December 2003

To: Australian Stock Exchange Ltd

No of Pages: 3

From: Eric Streitberg

**Note that this ASX release does not lift the current suspension of the Company's shares**

**Re: AWE and ARC agree Perth Basin Transaction**

Australian Worldwide Exploration Limited ("AWE") and ARC Energy NL ("ARC") are pleased to announce that they have entered into a Heads of Agreement ("HOA") for the sale and purchase of AWE's onshore Perth Basin assets.

Under the HOA, AWE will sell its onshore Perth Basin interests to ARC for a cash consideration of A\$15,750,000. The onshore Perth Basin interests comprise the following assets:

- A 15.245% interest in EP 413, including the Jingemia oil field;
- A 32.5% interest in EP 368;
- 100% of the share capital of AWE (Perth Basin) Pty Ltd, which holds a 33.0% interest in L11, including the Beharra Springs gas field, and a 33.0% interest in the adjoining EP 320 exploration permit.

The HOA is conditional on the completion of documentation, approval by the AWE board of directors and AWE's bankers to the BassGas project, and the completion of a capital raising by ARC. The date for satisfaction of these conditions is Friday 19 December 2003 and the completion date for the transaction is 31 December, 2003.

Commenting on the HOA, ARC's managing director Mr Eric Streitberg said:

*"This acquisition is a major step forward in ARC's strategy of consolidating its strategic position in the Perth Basin. With this purchase, ARC becomes the dominant acreage holder and operator in the onshore Perth Basin."*

*It will allow us to take a portfolio view of exploration with up to eight exploration wells planned during the first half of 2004. It also gives us access to more of the oil and gas "sweet spot" of the Basin and the ability to leverage off our current operating expertise and facilities.*

*The acquisition of the producing assets will also increase and diversify our production and cashflow. The purchase is cash flow and EBITDA positive, P/E neutral, and earnings per share positive in the longer term.*

*ARC is strongly cash flow positive even with its planned aggressive forward exploration and development program. Its capital and exploration expenditure is also largely controllable and discretionary so it can be tailored to production levels and oil price.*

*To fund the acquisition and provide capital for further expansion, ARC is undertaking a placement of 21.9 million ordinary shares at an issue price of \$0.85 per share to raise approximately \$18.6 million. The placement is being arranged by Euroz Securities Limited. Euroz Corporate Pty Ltd has advised on the acquisition. To allow the capital raising and the satisfaction of the other conditions associated with the heads of agreement to be completed in an orderly manner and to ensure the Directors of the Company are able to fully comply with their continuous disclosure obligations, they have requested ASX to suspend trading in the Company's securities during this period.*

*The decision to raise additional equity was made on the basis that the Company required some additional funding to complete the transaction in any event, and this raising, together with our existing undrawn banking facility of \$10 million, gives us a "war chest" for other acquisition opportunities, particularly "oily" ones.*

*We have had a very good year so far and this acquisition is a nice Christmas present for us."*

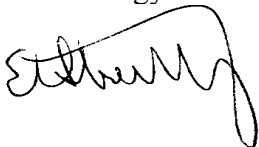
AWE's Managing Director Mr Bruce Phillips also said:

*"The sale of AWE's onshore Perth Basin assets is being driven by the recent success and progress of our key offshore appraisal and development interests in the Perth (Cliff Head), Bass (Yolla), Taranaki (Tui) and Otway (Casino) basins.*

*"As the Company builds, we will be adding substantial capital and time to these large offshore projects, and as a consequence, the "bread and butter" interests such as the onshore Perth Basin, which have been invaluable to the Company in the past, have now become non-core.*

*"Whilst AWE still perceives the onshore Perth basin to be prospective for small to modest sized oil and gas discoveries, they are unlikely to deliver the next stage of growth we are pursuing for our shareholders."*

Yours faithfully  
ARC Energy NL



**ERIC STREITBERG**  
**Managing Director**

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## Map of Perth Basin interests

