AWE Limited
ABN 70 077 897 440
Level 16, 40 Mount Street North Sydney NSW 2060

15 October 2012

Notice of Annual General Meeting

Dear Shareholder

I am pleased to invite you to attend the Annual General Meeting ("AGM") of AWE Limited (the "Company") which has been scheduled as follows:

- **Date – Thursday, 22 November 2012**
- **Time – 10:30am (Sydney Time)**
- **Venue – Museum of Sydney, corner Bridge and Phillip Streets, Sydney, New South Wales**

Enclosed with this letter is a Notice of Meeting and proxy form detailing the business to be dealt with at the AGM. Also enclosed is an instruction form to enable shareholders to ask questions of the Chairman or Auditors of the Company.

For those shareholders who have not elected to receive a printed copy of the Company's 2012 Annual Report, an electronic version is available on the Company's website at: www.awexplore.com.

The AGM will also be webcast live on the Company's website.

Attendance at the Meeting

If you decide to attend the AGM, please bring this letter and your proxy form with you to facilitate registration for the AGM.

If you are unable to attend the AGM, you are encouraged to complete the enclosed proxy form. The proxy form should be returned in the envelope provided or faxed to our share registry on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia) so that it is received by 10.30am (Sydney Time) on Tuesday 20 November 2012. Alternatively, you can cast your vote online before 10.30am (Sydney Time) on Tuesday 20 November 2012 by following the instructions on the proxy form.

I look forward to your attendance at the AGM.

Yours sincerely

Bruce J Phillips
Chairman

Notice of Annual General Meeting
AWE Limited
ABN 70 077 897 440

NOTICE is hereby given that the Annual General Meeting of members of **AWE Limited** (the "**Company"**) will be held at the **Museum of Sydney, corner Bridge and Phillip Streets, Sydney, New South Wales on Thursday, 22 November 2012** at **10.30am (Sydney time)**.

ORDINARY BUSINESS

Accounts and Reports

To receive and consider the Annual Financial Report and the Reports of the Directors and Auditors for the year ended 30 June 2012.

Resolution 1: Remuneration Report

To consider and, if thought fit, pass the following as an **ordinary resolution**:

The Remuneration Report for the year ended 30 June 2012 is adopted.

Note – the vote on this resolution is advisory only and does not bind the directors or the Company.

Resolution 2: Election of Directors

To consider and, if thought fit, pass the following as **ordinary resolutions**:

(a) Mr Bruce Phillips is re-elected as a director.
(b) Mr Andy Hogendijk is re-elected as a director
(c) Mr Raymond Betros is elected as a director

Resolution 3: Grant of Cash Share Rights to Mr Bruce Clement

To consider and, if thought fit, pass the following as an **ordinary resolution**:

The grant of 331,474 cash share rights vesting 30 June 2015 to Mr Bruce Clement is approved generally and approved for the purpose of Listing Rule 10.14 (insofar as shares are to be issued on vesting of the rights).

Resolution 4: Changes to Constitution

To consider and, if thought fit, pass the following as a **special resolution**:

That the Constitution of the Company be amended as set out in the document tabled at the meeting and signed by the Chairman of the meeting for the purposes of identification with effect from the date on which this resolution is passed.

Resolution 5: Changes to Constitution (Proportional Takeover Provision)

To consider and, if thought fit, pass the following as a **special resolution**:

That the proportional takeover provisions in Schedule 2 of the Constitution be renewed for a period of 3 years with effect from the date on which this resolution is passed.

OTHER BUSINESS

To deal with any other business that may be raised at the Annual General Meeting in accordance with the Constitution of the Company and the Corporations Act.

Dated this fifteenth day of October 2012.

By order of the board.

Neville F Kelly
Company Secretary

Note: The Explanatory Memorandum and Voting Exclusion Statement forms part of the Notice of Annual General Meeting and should be read in conjunction with it.

Explanatory Memorandum

Introduction

This Explanatory Memorandum has been prepared for the shareholders of AWE Limited to provide information about the items of business to be considered at the Annual General Meeting ("AGM") of shareholders to be held on Thursday, 22 November 2012 at 10:30am (Sydney Time).

Entitlement to vote

For the purposes of the Corporations Act, the Company has determined in respect of the meeting that all shares in the Company shall be taken to be held by the persons who held them as registered shareholders at 7pm (Sydney Time) on Tuesday, 20 November 2012 (**Entitlement Time**).

All holders of ordinary shares in the Company as at the Entitlement Time are entitled to attend and vote at the meeting.

Proxies

To be valid, proxies or electronic voting instructions must be received by the Company's share registry, Computershare Investor Services Pty Limited ("Computershare") before 1**0.30am** (Sydney Time) on Tuesday**, 20 November 2012 ("Voting Deadline")**.

Proxies can be submitted in one of the following ways:

- by post in the pre-addressed envelope provided;
- by facsimile to Computershare on 1800 783 447 (within Australia) or +61 3 6473 2555 (outside Australia);
- by hand delivery to Computershare at Level 4, 60 Carrington Street, Sydney, NSW, 2000; or
- on-line by following the instructions on the Proxy Form enclosed with this Explanatory Memorandum.

A shareholder has the right to appoint a proxy, who need not be a shareholder of the Company. If a shareholder is entitled to two or more votes they may appoint up to two proxies and may specify the percentage of votes each proxy is appointed to exercise.

Corporate shareholders will be required to complete a "Certificate of Appointment of Representative" to enable a person to attend on their behalf. A form of this certificate may be obtained from the Company's share registry.

If a shareholder has appointed an attorney to attend and vote at the meeting, or if the proxy is signed by an attorney, the power of attorney must be received by Computershare by the Voting Deadline, unless this document has previously been lodged with Computershare.

Accounts and Reports

No resolution is required for this item, but shareholders will be given reasonable opportunity at the meeting to ask questions or make comments on the management and operations of the Company.

Similarly, **a reasonable opportunity will be given to shareholders to ask the Company's external auditors**, Ernst & Young, questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company and the independence of the auditor.

You can also submit written questions to the Chairman or the Company's auditors by following the instructions on the form provided with this Notice of Meeting. All questions must be received at least five (5) business days before the meeting, that is, by no later than 7pm (Sydney time) on Thursday, 15 November 2012.

During the course of the meeting the Chairman will endeavour to address as many of the more frequently raised written questions as possible and where appropriate, will give Ernst & Young the opportunity to answer written questions submitted to the auditor.

Resolution 1: Remuneration Report

The Remuneration Report, which forms part of the Directors' Report and details the Company's remuneration policies, is set out on pages 33 to 45 of the Company's Annual Report.

This vote is advisory only and does not bind the Directors or the Company but shareholders will be given reasonable opportunity to ask questions and to make comments on the Remuneration Report. The Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies of the Company.

The Directors recommend that you vote in favour of this ordinary resolution.

Resolution 2 (a): Re-Election of Director – Mr Bruce Phillips

Term:	Non-executive director since November 2009 and non-executive Chairman since November 2010.
Independent:	Yes
Committees:	Chairman and member of the People Committee.
Directorships:	Currently a non-executive director of AGL Energy Ltd and non-executive chairman of Platinum Capital Ltd and formerly a non-executive director of Sunshine Gas Ltd.
Qualifications:	BSc (Hons) Geol
Experience:	Bruce Phillips is a petroleum explorationist who has more than 30 years of technical, financial and managerial experience in the upstream energy sector of the oil and gas industry. He has broad domestic and international exploration and production experience throughout Australia, South East Asia, Africa and South America. Bruce is an active member of PESA and the Australian Society of Exploration Geophysicists. Bruce was founder and Managing Director of AWE and retired as Managing Director in August 2007. His technical, commercial, strategic and leadership skills are highly regarded in the industry and he is extremely well qualified to continue in the role of both director and Chairman.

Mr Phillips retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a director of the Company.

The Directors (excluding Mr Phillips) recommend that you vote in favour of this ordinary resolution.

Resolution 2 (b): Re-Election of Director – Mr Andy Hogendijk

Term:	Non-executive director since October 2007.
Independent:	Yes
Committees:	Chair of the Audit and Governance Committee and a member of the People Committee.
Directorships:	Currently a non-executive director of Magellan Flagship Fund Ltd and formerly chairman of Gloucester Coal Ltd and a non-executive director of Aditya Birla Minerals Ltd.
Qualifications:	AAUQ, FCPA, FAICD
Experience:	Mr Hogendijk has extensive senior management and finance experience having previously been Chief Financial Officer of Suncorp Metway, Commonwealth Bank and JohnFairfax Group. He has also previously held senior executive positions with Shell Company of Australia and Australian Paper Manufacturers.

Mr Hogendijk retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a director of the Company.

The Directors (excluding Mr Hogendijk) recommend that you vote in favour of this ordinary resolution.

Resolution 2 (c): Election of Director – Mr Raymond Betros

Independent:	Yes
Committees:	It is proposed that Mr Betros will be a member of the Sustainability Committee .
Directorships:	Nil.
Qualifications:	BEng Chemical, Grad Dip Process Plant Engineering
Experience:	Mr Betros is a highly experienced senior executive specialising in international business and project development and technical management. His expertise in forming and leading multi-disciplinary teams to undertake large scale ventures involving complex interrelated activities is internationally recognised. Mr Betros has a proven record in providing corporate leadership to the board level and on senior leadership teams in technical, commercial and project development and management arenas. He possesses a significant depth and breadth of experience grounded in technical and project management expertise which, over time, has expanded to include commercial, business development and risk management activities. His direct and balanced approach to negotiation has been critical in the development of international projects and joint ventures and in influencing organisations to achieve both internal and external alignment, often across disparate groups. Mr Betros has held various senior executive positions at BHP/BHP Billiton (1993-2004), BG Group (2004-2008) and most recently Santos (2008-2011) where he held the position of executive vice-president technical until his retirement from executive duties.

The Company's Chairman, Bruce Phillips, has notified the Company that he intends to propose that Mr Betros be elected as a director of the Company at the Annual General Meeting. Mr Betros has indicated his willingness to be elected and has consented to act as a director of the Company.

The Directors recommend that you vote in favour of this ordinary resolution.

Resolution 3: Grant of Cash Share Rights to Mr Bruce Clement

Background

As more fully described in the Remuneration Report on pages 33 to 45 of the Company's Annual Report, the Company has adopted an Employee Cash Share Plan ("**Plan**") for the Managing Director, Senior Executives and all employees. The Plan is designed to generate long-term at-risk performance-based awards by the granting of cash share rights (or "rights") that may be converted, at the Board's discretion, into AWE shares, cash or other employee benefits. The Company no longer issues employee share options as a method of rewarding long-term performance and no employee share options have been issued since June 2009.

While shareholder approval for a grant under the Plan is not required by the Corporations Act or the Listing Rules, the Board nevertheless believes it is appropriate as a matter of good corporate governance that any grants under the Plan to the Managing Director should be the subject of shareholder approval and that approval be sought now under Listing Rule 10.14 for the issue of shares to Mr Clement to give the Company the flexibility to issue shares in satisfaction of vested rights in the future.

The Board (excluding Mr Clement) is proposing that Mr Clement be granted rights vesting on 30 June 2015 as detailed in the section below dealing specifically with the grant to Mr Clement.

Plan Summary

As detailed in the Company's 2012 Remuneration Report and as part of the continual review of remuneration structures, the Company has reviewed remuneration structures and has implemented a number of refinements to apply for future grants of rights, including this proposed grant to Mr Clement.

In particular, changes have been made to the Plan to reduce the amount of rights that can be granted by:

- establishing a maximum number of rights that can be granted rather than an absolute number;
- basing the number of rights that can be granted by taking into account Company and individual performance in the previous financial year; and
- reducing the participation scales for the Managing Director and senior executives.

Further, the vesting criteria applying to rights have been tightened by;

- increasing the hurdle rates applying to absolute performance measures; and
- increasing the hurdle rates applying to relative performance measures.

Also, the Company has determined that a more appropriate comparator group for relative performance measurement is peer companies in the ASX Energy 300 Index.

Key elements of the Plan in respect of grants to the Managing Director are:

- grants are made each year;
- the grant is determined by the level of fixed remuneration and by taking into account Company performance in the previous financial year and is calculated by reference to the 30-day volume weighted average price ("**VWAP**") of the AWE share price in June of the grant year;
- grants have a vesting period of three years; and
- there are two types of rights with separate vesting criteria:
  - Absolute TSR rights; and
  - Relative TSR rights.

TSR = Total Shareholder Return being the percentage change over the relevant period in shareholder value due to share price movement and dividends assuming they are re-invested in AWE shares, as determined by the Board.

Note that Retention Rights, although granted to Senior Executives and employees, are not granted to the Managing Director.

The basis of calculation at the grant date and the criteria for vesting of each type of grant is as follows:

Absolute TSR Grants:

- each grant is calculated using the 30-day VWAP of AWE's share price in June of the grant year; and
- each grant vests according to the left hand table below (with previous vesting scales noted in the right hand table) based on the Company's TSR over the three year vesting period to 30 June 2015:

Absolute TSR Rights granted for the three year period vesting 30 June 2015	
AWE TSR	**% of rights to vest**
< 8% pa compound	0
8% pa compound	25%
>8% and <10% pa compound	Pro rata
10% pa compound	50%
>10% and <12% pa compound	Pro rata
12% pa compound	100%

Absolute Rights granted up to June 2012 financial year	
AWE TSR	**% of rights to vest**
< 6% pa compound	0
6% pa compound	25%
>6% and <9% pa compound	Pro rata
9% pa compound	50%
>9% and <12% pa compound	Pro rata
12% pa compound	100%

Relative TSR Grants

- each grant is calculated using the 30-day VWAP of AWE's share price in June of the grant year; and
- each grant vests according to the left hand table below (with previous vesting scales noted in the right hand table) based on the Company's TSR relative to companies in the ASX 300 Energy Index over the three year vesting period to 30 June 2015. Companies no longer in the index at the end of the vesting period are excluded when testing the vesting conditions:

Relative TSR Rights granted for the three year period vesting 30 June 2015	
AWE TSR relative to TSR of companies in S&P/ASX Energy Index at date of grant	**% of rights to vest**
< 50%	0
50%	25%
>50% and <90%	Pro rata
90% and above	100%

Relative TSR Rights granted up to June 2012 financial year	
AWE TSR relative to TSR of companies in S&P/ASX Energy Index at date of grant	**% of rights to vest**
< 50%	0
50%	50%
>50% and <75%	Pro rata
75% and above	100%

Vested rights entitle Mr Clement to a vested award which varies with the Company's future share price. Mr Clement may at any time after vesting request the Board to pay out vested rights and the Board may approve or decline the payout request. If not paid out in cash or other employee benefits at the time of vesting or request, at the discretion of the Board the entitlements may be satisfied by issue of shares or purchase and delivery of shares to the grantee either directly or through an employee share acquisition Trust (or "ESAT"). The Board may determine to pay out vested rights at any time (whether or not the grantee has requested it be paid out).

The ESAT will be an entity that may:

- accept non-refundable contributions from AWE or the AWE Group;
- apply them to acquire AWE shares, as directed by the Board, by either on-market purchase or subscription to a new issue. In either case, the shares acquired would be fully paid ordinary shares in the capital of AWE with the same rights as any other fully paid ordinary shares; or
- transfer title of those shares to the grantee.

The following table indicates the treatment of rights on termination of employment under the Plan for Mr Clement.

Termination Circumstance	**Treatment of Right**
Dismissal/termination for fraud, cause, or gross misconduct	Forfeit entitlements.
Resignation (other than as set out below)	Any and all opportunities in relation to the Cycle will be forfeited unless and to the extent otherwise determined by the Board. To the extent not forfeited, participation in the Cycle in respect of the Absolute TSR and Relative TSR Performance Measures, will continue on a pro rata basis as if the employee had remained an employee.
Death	If the date of termination falls after the end of the first year of the Measurement Period for the Cycle then participation in the Cycle in respect of the Absolute TSR and Relative TSR Performance Measures, continues on a pro rata basis as if the employee had remained an employee. If the date of termination falls within the first year of the Measurement Period for the Cycle then any and all entitlements in relation to the Cycle will be forfeited unless and to the extent otherwise determined by the Board. To the extent not forfeited, participation in the Cycle in respect of the Absolute TSR and Relative TSR Performance Measures, will continue on a pro rata basis as if the employee had remained an employee. In the case of death or total permanent disablement participation in the Cycle continues in full until expiry.
Total Permanent Disablement (termination for illness)	
Resignation (including 'retirement') after 10 years of service with the consent of the Board.	
Company initiated termination without cause e.g. retrenchment and redundancy	

Unvested rights at the time of a change-in-control would be closed off and the extent of vesting, if any, would be determined at the discretion of the Board. Vested rights would be paid out unless otherwise determined by the Board.

If the Board forms the opinion that a grantee has committed an act of fraud, defalcation or gross misconduct, the grantee forfeits all rights under the Plan including those that have become or could otherwise have become vested, provided they have not been paid out.

The maximum grant that may be made under the Plan to Mr Clement as a percentage of fixed remuneration are set out in the left hand table (with previous maximum entitlements noted in the right hand table) are as follows:

Rights granted for the three year period vesting 30 June 2015 (Maximum number as a percentage of Fixed Remuneration)				**Rights granted up to June 2012 financial year (Absolute number as a percentage of Fixed Remuneration)**			
Retention vesting condition	Absolute TSR vesting condition	Relative TSR vesting condition	**Total**	Retention vesting condition	Absolute TSR vesting condition	Relative TSR vesting condition	**Total**
0%	50%	50%	**100%**	0%	75%	75%	**150%**

Grant to Mr Clement

Under the changes to the Plan referred to above the Board has determined, subject to shareholder approval, that 60% of the maximum rights entitlement be granted to Mr Clement as follows:

• Fixed remuneration at 30 June 2012	$832,000
• 30 day VWAP of AWE share price for June 2012	$1.506
• Absolute TSR Rights to be granted as a percentage of fixed remuneration	30%
• Relative TSR Rights to be granted as a percentage of fixed remuneration	30%
• Number of Absolute TSR Rights	165,737
• Number of Relative TSR Rights	165,737
• Total number of Rights	331,474
• Vesting Period	Three years to 30 June 2015

Vesting of these rights, if any, will entitle Mr Clement to an amount that will vary with the AWE share price at the time of vesting. The extent of vesting will depend upon the Company's Absolute TSR and Relative TSR performance over the vesting period as per the vesting tables described under the Plan Summary above. In effect and subject to the terms of the Plan, if the rights vest Mr Clement will be entitled to a monetary amount equal to the number of vested rights multiplied by the share price at the time of vesting or to acquire a number of shares equal to the number of vested rights.

This number of rights represents the maximum number of rights that can vest if all vesting conditions are fully satisfied. Note the rights granted to Mr Clement:

- are contracted rights and not securities unless and until such time as vesting occurs and the Board determines that shares are either to be issued or acquired to satisfy the vested contractual rights;
- accordingly, there are no inherent voting rights or rights to participate in new issues of securities by the Company pending vesting of the rights. Such rights would only rise should the rights vest and be satisfied by Mr Clement acquiring shares, in which case the rights acquired by Mr Clement would be the same as available to any other holder of shares in the Company; and
- in the event of bonus issues, rights issues or other capital reconstructions or similar event during the vesting period that may impact on the market value of an AWE share, under the Plan the Board may make such adjustments to the commencing share price used to calculate the value of the grant and therefore the number of rights granted as it sees fit, with the object of ensuring that Mr Clement is neither advantaged nor disadvantaged by the event or events. Any such adjustment would have regard to the application of the Listing Rules applicable to re-organisations.

For the purpose of Listing Rule 10.14, assuming approval is given to this Resolutions 3:

- subject to any adjustment for bonus issues, rights issues or other capital reconstructions or similar events referred to above, the maximum number of AWE shares Mr Clement may acquire is 331,474 shares;
- the issue price of any securities acquired by Mr Clement by way of issue of shares in satisfaction of vested rights will be the market price of AWE shares at the time of vesting and will be issued for nil consideration;
- approval was previously granted under Listing Rule 10.14 at the 2011 AGM of the Company for the issue of shares under the Plan to Mr Clement of 920,245 shares for rights vesting 30 June 2013 (grant on commencement as Managing Director) and 920,245 shares for rights vesting 30 June 2014 (grant under the 2011 annual remuneration review cycle), in each case subject to adjustment in accordance with the terms of the Plan;
- all full-time and permanent employees of the AWE Group are eligible to participate in the Plan. However, Mr Clement is currently the only person entitled to participate in the Plan for whom approval is being sought under Listing Rule 10.14 (which if granted will mean that no approval will later be required under Listing Rules 10.11 or 10.14 for the issue of the relevant securities);
- there is a voting exclusion applicable to this Resolution 3 (refer below under the heading 'Voting Exclusion Statement');
- no loan is required for acquisition of shares by way of issue as the shares will be acquired using the proceeds of the contractual entitlements arising on vesting of the grants;
- details of securities issued under the Plan will be published in each Annual Report relating to a period in which securities are issued with approval under Listing Rule 10.14 together with a statement that approval for the issue of those securities was obtained under that Listing Rule;
- additional persons referred to in Listing Rule 10.14 who become eligible to participate in the Plan and require approval under Listing Rule 10.14 but are not named above, will not participate in an issue of securities under the Plan until approval is obtained under Listing Rule 10.14; and
- if securities are issued in satisfaction of a vested grant, they will be issued no later than 3 years after the date of the Annual General Meeting or last adjournment of the meeting (as applicable), at which this Resolution 3 is approved.

Mr Clement's remuneration currently comprises:

- fixed remuneration of $865,280 per annum (inclusive of superannuation) reviewed annually on 1 July; and
- short-term performance benefits of up to 50% of his fixed remuneration (i.e. up to $432,640) subject to satisfaction of Key Performance Indicators (**KPI's**) approved by the Board. For the 2013 financial year, these KPI's are based on a balanced scorecard approach and include corporate performance measures including delivery of work program and budget (45%), portfolio balancing and regeneration (35%), and a 20% allowance for discretionary items. There are two reward bands. Achievement of target performance gives an entitlement to a benefit of 25% of fixed remuneration. Achievement in excess of target performance objectives gives an entitlement of up to a further 25% of fixed remuneration (for a total of 50%); and
- long-term performance benefits in the form of rights under the Plan, a description of which is referred to above.

The Directors (excluding Mr Clement) recommend that you vote in favour of this ordinary resolution.

Resolution 4 - Changes to Constitution

The Company's current Constitution was adopted in 1999. Since that time, there have been a number of changes in the law and the rules governing listed companies, as well as developments in corporate and commercial practices. In particular, the introduction of the Corporations Act 2001 (Cth) and subsequent changes to that Act, mean there are areas for improvement in the Constitution. The Company has therefore undertaken a review of its Constitution. Following on from that review, the Directors are proposing a number of changes to broadly bring it into line with current law and standards of modern corporate governance.

The majority of the changes are administrative in nature. On that basis, the Directors believe they will have no significant impact on shareholders. A summary of the proposed changes to the Constitution is set out below. A marked up copy of the Constitution showing the changes as compared with the current Constitution, is available on the Company's website at www.awexplore.com and from the Company free of charge on request. Unless indicated otherwise, clause references are to the new clauses in the Constitution after the new amendments.

Summary of the changes

1. **Changing place, date and time of meetings (Article 12.9)**

   The proposed changes to the Constitution give the Company broader and more flexible powers when notifying members of changes to places, dates or times of cancelled or postponed meetings, and specifically allows notice of cancellation or postponement of a general meeting to be published in an Australian daily newspaper, given to the ASX or given in any other manner determined by the Directors. The Directors view the change as in the interests of the shareholders because it provides flexibility to provide shareholders with timely and appropriate means of notification of these changes.

2. **Additional powers to return, complete or amend certain proxies (Article 15.11)**

   The proposed changes allow the Company to return for re-execution, clarification, completion or amendment, any incomplete or unclear proxy appointments after the cut-off date specified in the notice of meeting. For example, if the Company received a proxy form before the proxy cut-off date that was unclear or incomplete, the Company will have the power to seek clarification from the appointing shareholder or ask the shareholder to rectify the proxy despite the clarification or rectification taking place after the proxy cut off time. The Directors consider this is in the interests of shareholders as it assists in avoiding invalidation of proxies and therefore disenfranchising the appointing shareholder, when the Company could simply contact the Shareholder and clarify their intentions.

3. **Number of directors (Article 16.1)**

   In line with recent Corporations Act amendments, a determination by the Directors that the number of directors is limited despite the maximum allowable number of board positions under the Constitution not being filled, will now be subject to approval by shareholders if and when required by the Corporations Act. This technical amendment does not change the minimum (3) or maximum (10) number of directors currently provided for in Article 16.1. The Directors consider it appropriate that the Constitution recognise that shareholder approval will now be required for a no vacancy determination.

4. **Circulating Resolutions of Directors (Article 22.11)**

   The proposed changes modernise the provisions of the Constitution by allowing the Directors to pass a resolution without holding a meeting. The changes conform the provisions to contemporary board practice to clarify that electronic approvals of circulating resolutions are valid.

5. **Dividends no longer made out of profits (Articles 28 and 29)**

   The Corporations Act has been changed so that dividends no longer have to be paid out of the profits of the Company. Under the provisions in the Corporations Act, dividends can now be paid out by the Company if:

   - the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
   - the payment of the dividend is fair and reasonable to the Company's shareholders as a whole; and
   - the payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

   The Constitution currently has a number of references to the payment of dividends out of profits. The Directors propose that the Constitution be amended so that the Company is no longer restricted to paying dividends out of profits in line with the changed Corporations Act.

6. **Updated indemnity and insurance provisions (Article 35)**

Currently, the indemnity and insurance provision in the Constitution only extend to current and past directors and secretaries of the Company. It does not extend to other officers if that person has not entered into a separate deed with the Company. Under the proposed changes, the right of indemnity and to payment of insurance premiums would extend to all officers of the Company or a Group Company, regardless of whether the officer has signed a separate deed with the Company. The Directors believe this is in the interests of the shareholders, as this will bring the Company in line with the wording in the Corporations Act, and which the directors believe would assist the Company in attracting and retaining the best persons to the roles of officers of the Company. The Company will nevertheless continue to enter into separate deeds in line with market practice and recruitment and talent retention requirements.

7. **Technical changes (various Articles)**

The following is a summary of the other proposed administrative changes to the Constitution:

- references to repealed legislation, rules and provisions have either been deleted or been updated to a reference to the current legislation, rules and provisions, including the Corporations Act;
- obsolete references such as those to the Australian Stock Exchange Limited and references to SCH Business Rules have either been deleted or updated; and
- provisions and definitions regarding "Associate Directors" have been deleted due to such office being no longer utilised by the Company and changes in modern corporate practices.

The Directors recommend that you vote in favour of this special resolution.

Resolution 5: Changes to Constitution (Proportional Takeover Provision)

Under the Corporations Act, a company may include provisions in its constitution dealing with a proportional takeover offer of the company's shares (known as proportional takeover approval provisions). Under such provisions, registration of a transfer of shares under a proportional takeover bid is prohibited unless and until a resolution of shareholders to approve the offer is passed in accordance with the provisions. If a company has included such provisions in its constitution, the Corporations Act provides that they apply for up to three years. The provisions must be renewed by way of shareholder approval every three years (or a shorter period if provided for in the constitution) for them to continue to take effect.

Insertion of provisions in the Constitution

The Constitution contains proportional takeover approval provisions in Schedule 2. Since they have not been renewed for more than three years, they have expired and are deemed omitted from the Constitution by law.

Accordingly, one of the proposed changes to the Constitution is the re-insertion of the proportional takeover approval provisions in the same form as those provisions previously contained in Schedule 2 of the Constitution. If approved by the shareholders at the meeting, the provisions will take effect for three years from the date of the meeting.

The Corporations Act requires the Company to provide shareholders with an explanation of the proposed proportional takeover approval provisions to ensure that shareholders are able to make an informed decision on whether or not to support or oppose the provisions.

What is a proportional takeover offer?

A proportional takeover offer is a takeover offer sent to all shareholders with respect to only a specified proportion of each shareholders' shares. If a shareholder accepts the offer under a proportional takeover offer, the shareholder will only dispose of the specified portion of their shares in the company and retain the balance of their shares. The specified portion must be the same for each shareholder's shares.

Effect of proposed provisions

The effect of inserting the proportional takeover approval provisions in the Constitution is that if a proportional takeover offer is made, the directors must convene a meeting of shareholders to vote on a resolution to approve the proportional takeover offer. The meeting must be held at least 14 days before the offers under the proportional takeover offer close.

The resolution will be passed if more than 50% of votes are cast in favour of the resolution, and will otherwise be taken to be rejected. If no such resolution is voted on before the approving resolution deadline, a resolution approving the takeover offer is taken to have been passed.

If a resolution to approve the takeover offer is voted on before the approving resolution deadline and is rejected, then all binding contracts resulting from acceptances of offers made under the takeover offer are required to be rescinded by the bidder, and all unaccepted offers (and offers failing to result in binding contracts) are taken to have been withdrawn. If a resolution approving the takeover offer is passed or taken to have been passed, the transfers resulting from the takeover offer may be registered, provided that they comply with other applicable provisions of the Corporations Act and the Constitution.

Reasons for the proposed provisions

The Directors take the view that a proportional takeover offer may enable control of the Company to pass to a person holding less than a majority interest and without shareholders having the opportunity to sell all of their shares to the bidder.

Therefore, shareholders may be exposed to the risk of being left as minority shareholders in the Company and of the bidder being able to acquire control of the Company without payment of an adequate control premium for their shares.

The Directors consider that shareholders should have the opportunity to determine whether or not this should be permitted to occur by considering whether or not to pass a specific resolution approving a proposed takeover offer. Accordingly, the Directors have proposed re-inserting the proportional takeover approval provisions in the Constitution.

No present acquisition proposals

As at the date of this notice of meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages for the Directors and shareholders of the Company

The Directors consider the primary advantage of the proposed provisions is to ensure that all shareholders have greater control over the destiny of their Company, by having an opportunity to consider a proportional takeover offer by way of voting at a general meeting or postal ballot. The ability to vote on a proportional takeover offer gives shareholders the opportunity to prevent it from proceeding if they so desire and should ensure that the terms of any future proportional takeover offers are attractive to a majority of shareholders.

The Directors also consider that the provision of the voting opportunity to shareholders is desirable because it enables the directors to formally ascertain the views of shareholders in respect of a proportional takeover offer.

The Directors consider that a potential disadvantage of the proposed provisions is that it makes it more difficult for a proportional takeover offer to proceed and thus may discourage proportional takeover offers. This in turn may reduce the opportunities which shareholders may have to sell some of their shares at an attractive price to persons seeking control of the Company and may reduce any speculative element arising from a possible proportional takeover offer in the Company's share price. However, the Directors believe that the requirement that the views of shareholders be obtained should not adversely affect any offer which is attractive to the majority of shareholders.

The Directors recommend that you vote in favour of this special resolution.

Voting Exclusion Statement

Resolution 1: Remuneration Report

As required by the Corporations Act, no member of the Company's key management personnel, details of which are included in the Remuneration Report on pages 33 to 45 of the Annual Report, or a closely related party of any such member may vote on this Resolution 1 unless:

- the person votes as a proxy appointed by writing that specifies how the person is to vote on the resolution and the vote is not cast on behalf of any such member or closely related party of such member; or
- the person is the chair of the meeting and the appointment of the chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the chair to exercise the proxy even if the resolution is directly or indirectly connected with the remuneration of a member of the management personnel for the Company.

Resolution 3: Grant of Cash Share Rights to Mr Bruce Clement

As required by the ASX Listing Rules, the Company will disregard any votes cast on the proposed Resolution 3 by Mr Clement or by any associate of Mr Clement. However, the Company need not disregard a vote on Resolution 3 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

As required by the Corporations Act, no member of the Company's key management personnel or a closely related party of any such member may vote as proxy on Resolution 3 unless the person:

- votes a proxy appointed by writing that specifies how the person is to vote on the Resolution 3; or
- is the chair of the meeting and the appointment of the chair as proxy does not specify the way the proxy is to vote on Resolution 3 and expressly authorises the chair to exercise the proxy even though that resolution is connected directly or indirectly with the remuneration of a member of the Company's key management personnel.

General

It is the intention of the Chairman of the meeting to vote undirected proxies in favour of Resolutions 1 and 3. Unless a shareholder appointing the Chairman as proxy indicates another intention by ticking the 'against' or 'abstain' box on the proxy form, the shareholder's votes will not be counted unless they also tick the second box under 'Step 1' on the proxy form.

Those shareholders appointing a proxy who do not want the Chairman to vote for them or do not want the Chairman to vote in accordance with the Chairman's intentions on these Resolutions, have the ability to:

- appoint the Chairman as proxy with a direction to cast votes contrary to the Chairman's stated voting intentions by instructing the Chairman to vote 'against' or to 'abstain' from voting on these Resolutions under 'Step 2' of the proxy form;
- appoint a person other than the Chairman as proxy or attorney with or without a direction to cast votes 'for', 'against' or to 'abstain' from voting on these Resolutions (as the shareholder considers appropriate); or
- leave the second box under 'Step 1' on the proxy form blank, in which case the Chairman will not vote the shares on these Resolutions but in that case, if no other proxy is appointed in place of the Chairman, the shareholders' votes on these Resolutions will not be counted.

Intentionally Blank

AWE Limited
ABN 70 077 897 440

All correspondence to:

Online:
www.investorvote.com.au

By mail:
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001 Australia

By fax:
1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

For all enquiries call:
1300 855 080 (within Australia)
+61 3 9415 4000 (outside Australia)

Questions from Shareholders

The Annual General Meeting (AGM) of AWE Limited will be held at the Museum of Sydney, corner Bridge and Phillip Streets, Sydney, NSW on Thursday, 22 November 2012 commencing at 10.30am.

A shareholder who is entitled to vote at the AGM may submit written questions to the Company or the Company's external Auditor in advance of the Meeting about the business of the Company or the Annual Report. You can also submit questions online at www.investorvote.com.au. If the question is directed to the external Auditor, it must be relevant to the:

1. conduct of the audit;
2. preparation and content of the Auditor's report;
3. accounting policies adopted by the Company in relation to the preparation of the financial statements; or
4. independence of the Auditor in relation to the conduct of the audit.

In the course of the AGM we intend to respond to as many of the more frequently asked questions as is practicable.

The envelope provided for the return of your voting form may also be used to submit your questions. You can also submit this form by facsimile to 1800 783 447 from within Australia or +61 3 9473 2555 from outside of Australia.

All questions either in writing, by facsimile, or online must be received by the registrar, Computershare Investor Services Limited, **before 7.00 pm on Thursday 15 November 2012.**

Shareholder's Name

Securityholder Reference Number (SRN)

I

or

Holder Identification Number (HIN)

X

Question/s

Please tick ✓ if it is a question directed to the external Auditor

1 ☐

2 ☐

3 ☐

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AWE

AWE Limited
ABN 70 077 897 440

⊢ 000001 000 AWE
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

Vote online or view the annual report, 24 hours a day, 7 days a week:
www.investorvote.com.au

☑ **Cast your proxy vote**
☑ **Access the annual report**
☑ **Review and update your securityholding**

Your secure access information is:
Control Number: 999999
SRN/HIN: I9999999999 **PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10:30am (Sydney time) on Tuesday 20 November 2012.

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.
Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate “Certificate of Appointment of Corporate Representative” prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE,
or turn over to complete the form ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 9999999999 I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of AWE Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** ____________________

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of AWE Limited to be held at the Museum of Sydney, corner Bridge and Phillip Streets, Sydney, New South Wales on Thursday 22 November 2012 at 10:30am (Sydney time) and at any adjournment or postponement of that Meeting.

Important for Items 1 and 3 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default
By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Items 1 and 3 as set out below and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Items 1 and 3, the Chairman of the Meeting will not cast your votes on Items 1 and 3 and your votes will not be counted in computing the required majority if a poll is called on these items. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Step 2 below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Items 1 and 3).

The Chairman of the Meeting intends to vote all available undirected proxies in favour of Items 1 and 3 of business.

☐ I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Items 1 and 3 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Items 1 and 3 are connected directly or indirectly with the remuneration of a member of key management personnel and/or even if the Chairman of the Meeting has an interest in the outcome of these items and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY RESOLUTIONS		For	Against	Abstain
1	Adopt the Remuneration Report for the year ended 30 June 2012	☐	☐	☐
2(a)	Re-elect Mr Bruce Phillips as a Director	☐	☐	☐
2(b)	Re-elect Mr Andy Hogendijk as a Director	☐	☐	☐
2(c)	Elect Mr Raymond Betros as a Director	☐	☐	☐
3	Grant of Cash Share Rights to Mr Bruce Clement vesting 30 June 2015	☐	☐	☐

SPECIAL RESOLUTIONS		For	Against	Abstain
4	Changes to Constitution	☐	☐	☐
5	Changes to Constitution (Proportional Takeover Provision)	☐	☐	☐

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ____________________ Contact Daytime Telephone ____________________ Date ___ / ___ / ___