

# Apache Divestment of West Australian Assets

## 9 April 2015



Carnarvon Petroleum Limited (ASX: CVN) notes the decision by Apache Corporation to sell its Australian subsidiary, Apache Energy Limited, and its Australian oil and gas production and exploration assets to a consortium of private equity funds managed by Macquarie Capital Group Limited and Brookfield Asset Management Inc. for US\$2.1 billion. A copy of the Macquarie Capital Group Limited and Brookfield Asset Management Inc press release is attached for the information of Carnarvon shareholders.

Carnarvon confirms that this transaction does not impact the drilling of the Roc-1 well, which is scheduled to be drilled in the fourth quarter of 2015.

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Yours faithfully

A handwritten signature in black ink, appearing to read "Adrian Cook".

**Adrian Cook**  
**Managing Director**  
**Carnarvon Petroleum**

*This news release contains forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this news release includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of reserves and potentially recoverable resources, and information on future production and project start-ups. By their very nature, the forward-looking statements contained in this news release require Carnarvon and its management to make assumptions that may not materialize or that may not be accurate. The forward-looking information contained in this news release is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of reserve estimates and estimates of recoverable quantities of oil, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, demand for oil and gas, commercial negotiations, other technical and economic factors or revisions and other factors, many of which are beyond the control of Carnarvon. Although Carnarvon believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.*

## Brookfield and Macquarie Capital Consortium to purchase Apache WA oil and gas assets

**Sydney, 9 April 2015** - A consortium comprised of private equity funds managed by Brookfield Asset Management Inc. (**Brookfield**) and of Macquarie Capital, a division of Macquarie Group Limited today announced an agreement to acquire Apache Corporation's Western Australian oil and gas assets for US\$2.1 billion. This acquisition will form the foundations of a new intermediate oil and gas producer established by the Brookfield and Macquarie Capital Consortium.

The assets being acquired by the Brookfield and Macquarie Capital Consortium through the transaction include:

- Apache's interest in operated gas fields of Reindeer, John Brookes and Halyard-Spar and the non-operated interest in the BHP Billiton operated Macedon field;
- Apache's interest in operated oil fields at Coniston-Novara, Van Gogh and Stag and the non-operated interest in the BHP Billiton operated Pyrenees area;
- interests in gas processing facilities and associated infrastructure at Devil Creek, Varanus Island and Macedon; and
- all of Apache's upstream acreage in the Carnarvon, Exmouth and Canning basins along with related hydrocarbon reserves, resources and production.

Brookfield and Macquarie Capital will jointly manage and each initially hold a 50 per cent investment in the new vehicle. The business will continue to have a strong focus on developing and supporting the growth of the Western Australian domestic gas market and consistent with this, a long term gas supply agreement for the initial supply of 120 terajoules per day of natural gas, commencing in 2020 has been entered into with Alcoa of Australia. This long term contract with Alcoa will underpin the Brookfield and Macquarie Capital Consortium's commitment of future capital to the business's gas assets.

The transaction is subject to necessary government and regulatory approvals.

Kate Vidgen, Executive Director, Macquarie Capital said "We recognise and place a high value on the partnerships that have been developed over many years with customers, the Western Australian Government and the community. A key focus of the business going forward will be to continue to develop these long term partnerships with high levels of alignment, such as has been achieved with Alcoa of Australia".

Len Chersky, Head of Private Equity for Brookfield in Australia said "The Consortium of Brookfield and Macquarie Capital has worked cohesively to bring together this exciting transaction. This portfolio provides strong underlying cashflows via its contracted domestic gas portfolio, production flexibility and a great platform for growth, organically and through market consolidation, led by the strong local management team."

Apache Australia Managing Director and CEO of the new entity, Mr Brett Darley said he was excited to lead the transformation of Apache's Australian assets and interests. "With a record of exploration and production excellence spanning more than two decades in Australia, our people are well placed for this important new chapter as a significant Australian oil and domestic gas company" he said.

## **About Brookfield**

Brookfield Asset Management Inc. is a global alternative asset manager with over \$200 billion in assets under management. The company has over a 100 year history of owning and operating assets with a focus on property, renewable energy, infrastructure and private equity. Brookfield Asset Management offers a range of public investment products and services, and is co-listed on the New York Stock Exchange, Toronto Stock Exchange and Euronext under the symbol BAM, BAM.A and BAMA, respectively.

Brookfield's 35 year history of successful private equity investing in the energy industry has involved ownership of operating companies such as Canadian Hunter, Norcen, North Canadian Oils and Superior Propane. Brookfield is currently investing in the energy industry through its Renewable Power, Infrastructure and Private Equity portfolios. A selection of current investments include Ember Resources Inc. (the largest coal-bed methane producer in Canada at 300 million cubic feet of natural gas equivalent per day), North American natural gas storage and district energy platforms, and the largest individual shareholder position in Natural Gas Pipelines of America. Brookfield's commitment to operating high quality assets in Australia includes Brookfield Multiplex, Brookfield Rail and the Dalrymple Bay Coal Terminal. Brookfield manages approximately US\$4.0 billion of energy assets in the United States and Canada.

## **About Macquarie Capital**

Macquarie Capital comprises Macquarie Group's corporate advisory, equity, debt and private capital markets businesses, and undertakes principal investing. It provides advisory and capital raising services to corporate and government clients involved in public mergers and acquisitions, private treaty acquisitions and divestments, debt and equity fund raising and corporate restructuring. It also undertakes principal investing activities globally in support of its client activities.

Macquarie Capital is a global leader in upstream oil and gas advisory with 198 publicly disclosed oil & gas merger, acquisition and divestment transactions with a combined deal value of ~US\$58 billion since 2005. Founded in 1969, Macquarie Group employs more than 14,100 people in 28 countries. Macquarie Group Limited is listed in Australia (ASX:MQG; ADR:MQBKY) and is regulated by APRA, the Australian banking regulator, as the owner of Macquarie Bank Limited, an authorised deposit taker.

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**Forward-looking statements:** *This press release may contain forward-looking information or forward-looking statements (collectively referred to as "forward-looking statements"), including statements that use forward-looking terminology such as "may", "will", "expect", "anticipate", "believe", "continue", "potential", or the negative thereof or other variations thereof or comparable terminology. Such forward-looking statements may include, without limitation, statements that are not historical facts. While such forward-looking statements are expressed by Macquarie Capital Group Limited and Brookfield Asset Management Inc., as stated in this release, in good faith and believed by Macquarie Capital Group Limited and Brookfield Asset Management Inc. to have a reasonable basis, they are subject to important risks and uncertainties including, without limitation, changes in applicable laws or regulations, which could cause actual results to differ materially from future results expressed, projected or implied by the forward-looking statements. As a result of these risks and uncertainties, the results or events predicted in these forward-looking statements may differ materially from actual results or events. These forward-looking statements are not guarantees of future performance, given that they involve risks and uncertainties. Macquarie Capital Group Limited and Brookfield Asset Management Inc. are not affirming or adopting any statements made by any other person in respect of the proposed transaction and expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities law or to comment on expectations of, or statements made by any other person in respect of the transaction. Investors should not assume that any lack of update to a previously issued forward-looking statement constitutes a reaffirmation of that statement. Reliance on forward-looking statements is at investors' own risk.*