

QUARTERLY REPORT

JUNE 2014



HIGHLIGHTS

FOR THE 3 MONTHS TO 30 JUNE 2014

PRODUCTION AND DEVELOPMENT

- Full year production 5.6 MMBOE, up 13% on previous financial year
- Quarterly production of 1.3 MMBOE, in line with previous quarter
- Major upgrade to Sugarloaf Reserves and Resources; development drilling accelerated with 30 wells commenced during the quarter
- AAL FEED work on the well head platform is nearing completion and tender plans for the FPSO are being progressed with the regulator
- Pateke-4H development well completed and preparing for tie back to the Tui FPSO in 2015
- BassGas JV considers accelerating the MLE project by completing the lifts for the compression and pumping modules prior to development drilling over 2014-15 summer
- Plan of Development prepared for Lengo gas field in Indonesia

EXPLORATION AND APPRAISAL

- Three-well Perth Basin unconventional gas exploration program commenced
- Gas readings, core samples and well logs from Drover-1 well being analysed
- Carnarvon Basin exploration permit awarded to AWE

FINANCIAL AND CORPORATE

- Net cash of \$42 million, undrawn debt facilities of \$300 million at 30 June 2014
- Full year sales revenue of \$328 million, up 9% on the previous financial year
- Purchased additional 5% equity in T/18P (Trefoil)
- Strong HSE performance; no lost time injuries or reportable environmental incidents



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ISSUED BY AWE LIMITED
30 JULY 2014

ABOUT AWE
AWE is an Australian energy company focused on upstream oil and gas and related energy opportunities. The company has built a substantial portfolio of exploration, development and production assets in Australia, New Zealand, the USA and Indonesia that is now providing strong production and cash flow, leading to a period of significant growth.

Established in 1997, the company employs around 100 people and has its head office in Sydney and regional offices in Perth, New Plymouth and Jakarta. Based on its strong technical and commercial foundations, AWE will continue to pursue exploration and development growth opportunities, primarily in Australasia and Asia.

MANAGING DIRECTOR'S COMMENTS



AWE delivered another strong quarterly result for the three months to 30 June 2014 and exceeded our full year guidance for production and revenue. The Company achieved a number of important milestones during the quarter, including a major upgrade to Reserves and Resources at Sugarloaf, contracting a drill rig for the next phase of development at BassGas, and commencing exploration drilling in the Taranaki and Perth Basins.

Production for the June quarter was 1.3 MMBOE, in line with the previous quarter. For the 2013/14 financial year, AWE achieved 5.6 MMBOE, exceeding the upper end of our guidance range of 5 to 5.5 MMBOE. This equates to 13% growth in total production compared to the previous financial year, driven by improved production performance from BassGas, up 69%, and Sugarloaf, up 31%.

Sales revenue of \$60 million for the quarter resulted in full year sales of \$328 million, up 9% over the previous financial year and ahead of guidance. Quarterly sales were down largely due to timing of liftings from Tui, where inventory increased to over 200,000 barrels at year end (AWE share).

Field EBITDAX for the quarter was impacted by the timing of Tui sales, but on a full year basis was up 13%, reflecting the strength of the Company's underlying cash flow from its portfolio of production assets.

AWE's disciplined approach to financial management is reflected by its sound balance sheet and financial position, with \$42 million net cash and an undrawn \$300 million debt facility at 30 June. We are well positioned to fund planned capital expenditure requirements which include the final phases of the BassGas Mid Life Enhancement (MLE) project, ongoing Sugarloaf field development, and the tie-back of the Pateke-4H well in the Tui field.

We continued to fine tune our asset portfolio over the quarter, acquiring an additional 5% equity in the Bass Basin T/18P permit (Trefoil) and securing a new exploration permit in the Carnarvon Basin, WA. The sale of 11.25% in T/L1 (BassGas) to Prize Petroleum

is progressing and we anticipate completing the transaction in the current quarter.

Drilling activity increased significantly in the quarter, with a total of 30 new development wells in the Sugarloaf AMI, one exploration well in the Taranaki Basin and one exploration well in the Perth Basin.

Looking ahead, we anticipate the increased Sugarloaf drilling activity to continue at similar levels, while another two exploration wells in the Perth Basin are planned for the 2014/15 financial year.

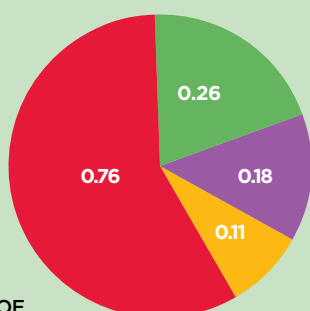
Progress continues on the BassGas and AAL development projects. The BassGas joint venture is considering the acceleration of the remaining phases of the MLE project by completing the lifts for the gas compression and condensate pumping modules over summer 2014/15 prior to the commencement of development drilling. On AAL, FEED work on the well head platform is nearing completion and tender plans for the FPSO are being progressed with the regulator.

Health, safety and environmental (HSE) management are key focus areas for the Company. Our improved HSE performance continued, with no lost time injuries or reportable environmental incidents recorded during the quarter. In addition, we have continued to actively engage with local communities and stakeholders in areas where we operate in the Perth Basin and New Zealand and we are committed to being open and transparent in our operations.

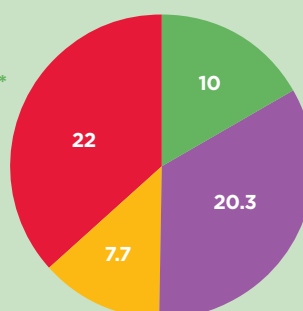
The 2013/14 financial year was very successful for AWE, with the delivery of another strong operating performance and the completion of a number of key strategic and development initiatives. The Company's financial position is sound, with net cash of \$42 million and strong cash flow from our existing business. Our portfolio of valuable exploration, development and production assets will provide the foundation for a period of substantial growth for AWE over the next three to five years.

Bruce Clement
Managing Director

QUARTERLY
PRODUCTION BY
PRODUCT MMBOE



QUARTERLY
SALES REVENUE BY
PRODUCT \$ MILLION*



Oil
Condensate
LPG
Gas

*Based on 4Q sales of 1.15MMBOE

FINANCIAL & CORPORATE

FOR THE 3 MONTHS TO 30 JUNE 2014

FINANCIAL

June quarter production remained steady at 1.3 MMBOE compared to the March quarter, with improved performance from Casino/Henry and the onshore Perth Basin offsetting planned maintenance at Tui and Cliff Head. Liquids comprised 42% of production with 58% gas. For the financial year to 30 June 2014, production was 5.6 MMBOE, up 13% on the previous financial year.

Total sales revenue for the June quarter was \$60 million, down 35% over the March quarter and 23% over the previous corresponding period. This was primarily due to the timing of liftings from Tui, where inventory increased to over 200,000 barrels of oil net to AWE during the quarter. For the 2013/14 financial year, total sales revenue was \$328 million, up 9% over the previous financial year. This was achieved on sales of 5.4 MMBOE.

The average realised oil and condensate price for the quarter (in Australian dollars) was \$111.72 per barrel, and for the full financial year was \$120.37 per barrel.

Field EBITDAX for the quarter was \$31 million, down 49% compared to the previous quarter. Field operating costs, including royalties of \$4.9 million, were \$29 million, down 9% on the previous quarter. The reduced EBITDAX and field operating costs reflect the build-up of Tui inventory during the quarter.

Development expenditure during the period was \$63 million, up 39% over the previous quarter, due to expenditure on the Pateke-4H development well in New Zealand and accelerated drilling activity at Sugarloaf in the USA. For the financial year to 30 June, development expenditure totaled \$157 million which was just below the guidance range of \$160 to \$180 million.

Exploration expenditure for the quarter was \$18 million, up from \$6 million in the previous quarter, largely due to the Oi-1/2 exploration well in New Zealand and increased activity levels in the Perth Basin in preparation for the drilling of the Drover-1 well. For the financial year, total exploration expenditure was \$44 million.

At the end of June 2014, AWE was in a strong financial position with net cash of \$42 million and undrawn debt facilities of \$300 million.

PERFORMANCE SUMMARY FY 2013/14

Key Indicator	Guidance	Actual
Production (MMBOE)	5-5.5	5.6
Revenue (\$ million)	290-320	328
Development (\$ million)	160-180	157
Exploration (\$ million)	50	44

FINANCIAL HIGHLIGHTS (UNAUDITED)

	3 months to Jun 2014	3 months to Mar 2014	12 months to Jun 2014
Exploration Expenditure	\$'000	\$'000	\$'000
South East Australia	968	753	13,064
Western Australia	3,669	1,111	7,049
New Zealand	9,824	211	11,589
Indonesia	2,019	2,360	6,259
Yemen	544	474	1,532
Other	1,172	1,091	4,287
Total	18,196	6,000	43,780

Development Expenditure

	\$ million	\$ million	\$ million
South East Australia	6,814	1,401	18,306
Western Australia	4,496	151	4,690
New Zealand	33,260	34,912	80,219
USA	15,484	7,358	40,426
Indonesia	3,340	1,643	13,401
Total	63,394	45,465	157,042

Financial highlights are preliminary and unaudited.
Numbers may not add due to rounding.

CORPORATE

In April, AWE announced it had been awarded a new exploration permit in the North Carnarvon basin, offshore Western Australia, WA-497-P, as part of the Australia 2013 Offshore Petroleum Exploration Acreage Release.

In May, a major upgrade to Sugarloaf's Reserves and Resources was announced with AWE's net 1P Reserves up 257% to 12 MMBOE; 2P Reserves up 53% to 22.1 MMBOE; 2C Resources up 162% to 13.2 MMBOE; and 2P Reserves + 2C Resources up 82% to 35.3 MMBOE.

In June, AWE executed a sale and purchase agreement to acquire an additional 5% working interest in T/18P (Trefoil), located in the Bass Basin, from Drillsearch Energy Limited. Once completed, this transaction will result in AWE increasing its equity in T/18P to 40%.

PRODUCTION & DEVELOPMENT

SOUTH EAST AUSTRALIA

BassGas (46.25%)*

Gross production for the June quarter remained steady at approximately 4 PJ of gas, 148,500 barrels of condensate and 12,800 tonnes of LPG. AWE's share was approximately 1.8 PJ of gas, 69,000 barrels of condensate and 5,900 tonnes of LPG. The average gross daily gas production rate for the quarter was in line with the previous quarter at approximately 44 TJ/d.

For the 12 months to 30 June, production was up 69% over the previous corresponding year. Production in the June quarter came from the Yolla-4 well while the Yolla-3 well remains shut in. Onshore and offshore facility availability for the quarter was above 95%.

The Joint Venture is considering the acceleration of the remaining phases of the Mid Life Enhancement project (MLE) by completing the lifts for the gas compression and condensate pumping modules over summer 2014/15 prior to the commencement of development drilling. The schedule for these activities will be dependent on the timing of mobilisation of the "West Teleso" drill rig, and is subject to finalisation of the lift vessel charter agreement and FID.

Casino/Henry/Netherby (25%)

Gross quarterly production for the June quarter was up 10% over the March quarter with approximately 7.2 PJ of sales gas, averaging 79 TJ/d, and 5,000 barrels of condensate. AWE's share of production was approximately 1.8 PJ of sales gas and 1,250 barrels of condensate. The production increase was largely due to the Henry-2 well coming back into production in April and no significant downtime during the quarter. Year to date production remains in line with contractual nominations.

In April, the Joint Venture defined a range of concept designs for the next development phase of the project. The selection of a development concept focusing around potential drilling opportunities and facility modifications is expected in early 2015.



Cliff Head

WESTERN AUSTRALIA

Cliff Head Oil Field (57.5%)

Production and sales from Cliff Head were down for the June quarter over the previous quarter while the Operator replaced the electric submersible pump (ESP) in CH-13. Gross sales of 153,000 barrels of oil were recorded, representing an average production rate of approximately 1,684 bopd, and AWE's share was 88,000 barrels. CH-13 came back into production in mid-June and the new ESP has capacity to deliver increased fluid capacity from the well.

Onshore Perth Basin (33-100%, some Operated)

Production for the June quarter was up 33% over the previous quarter with the Beharra Springs Gas Plant back on full production of 17-18 TJ/d. AWE's share of production from the onshore Perth Basin assets was 557 TJ of gas and 700 barrels of oil/condensate.

In production licence L1/L2 (AWE 50%, Operator) all regulatory and environmental approvals for the Senecio-3 appraisal/development well have been granted and drilling is scheduled to commence in August. Senecio-3 will be a vertical appraisal/development well and hydraulic fracture stimulation is not planned at this time.

NEW ZEALAND

Tui Oil Fields (57.5%, Operator)

Production from the Tui oil fields was down 14% in the June quarter, compared to the previous quarter, largely due to a 10-day planned maintenance shutdown in June. Average facility uptime for the quarter remained at over 99% (excluding planned shutdowns). Gross production was approximately 290,000 barrels, representing an average daily rate of 3,191 bopd, and AWE's share was 167,000 barrels. There were no Tui oil sales during the quarter, and inventory at 30 June was 362,357 barrels (AWE share 208,355 barrels).

The Pateke-4H development well reached a total measured depth of 4,772m including a 749m horizontal section through the producing reservoir. The well has been completed and suspended pending the installation of a sub-sea flow-line and control equipment connecting the well to the Tui Field gathering system. This work is planned to commence in the first quarter of the 2015 calendar year. The well experienced a number of challenges during the drilling phase which required two sidetrack holes to be drilled. This resulted in estimated total drilling costs of USD111 million (AWE share USD64 million).

*AWE's share of BassGas will reduce to 35% from 46.25% on completion of the sale of an 11.25% interest to Prize Petroleum Corporation

USA

Sugarloaf AMI (10%, net ~7.5% after royalties)

Production from Sugarloaf in the June quarter remained at similar levels to the March quarter. AWE's share of quarterly production was approximately 107,000 barrels of oil/condensate, 3,850 tonnes of LPG and 362 TJ of gas net after royalties. For the financial year to 30 June 2014, production was up 31% compared to the previous year.

Development drilling activity was accelerated during the quarter, with 30 new wells commenced. The Operator has adopted batch drilling and batch completion operations to improve efficiency and reduce costs. As a result, only 7 wells were brought on production during the quarter, bringing the total number of producing wells to 128, and 33 wells were in various stages of drilling, hydraulic fracture stimulation and completion.

Construction of the new West Karnes Central Facility, designed to handle 20,000 bopd and 80 MMcf gas/day has been completed with start up scheduled for July/August. This will bring the total number of processing facilities located within the Sugarloaf AMI to five.

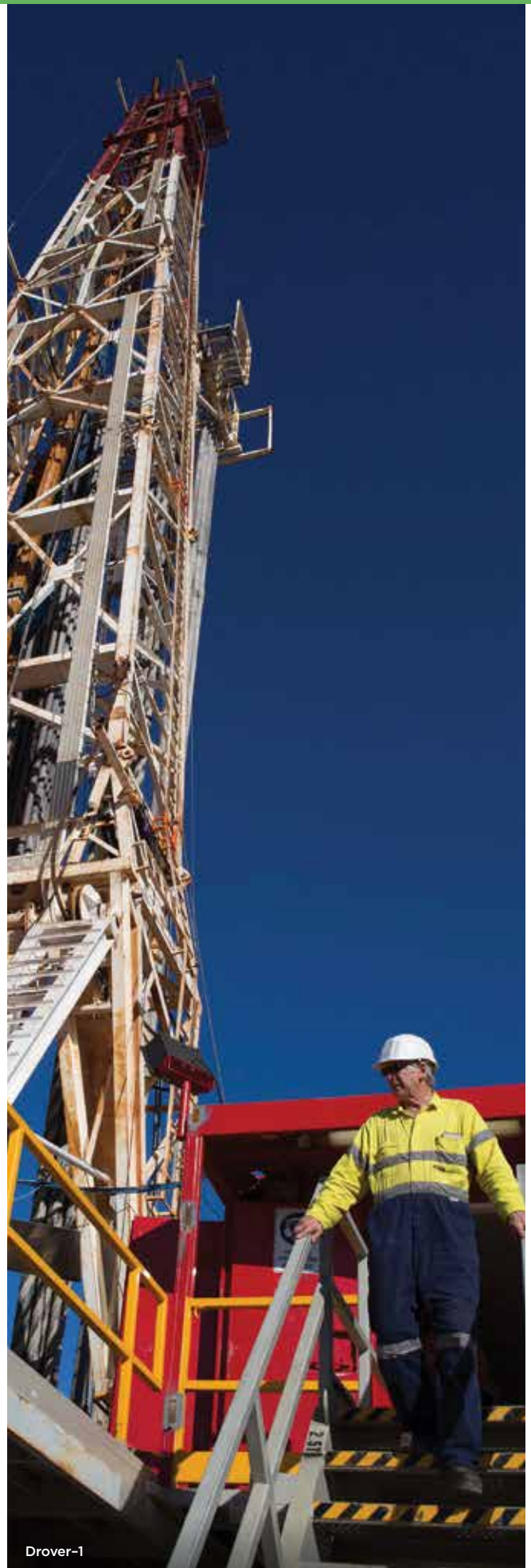
INDONESIA

Ande Ande Lumut Oil Project (50%)

AWE is working closely with Santos' technical teams in Australia and Indonesia to assist their interpretation of the K-sand and G-sand reservoirs to optimise field development. In addition to the current development of the K-sand, the joint venture is considering appraisal drilling of the deeper G-sand during 2015 to evaluate its potential development. Successful appraisal of the G-sand would add significant reserves and value for AWE shareholders.

Front End Engineering and Design (FEED) for the Well Head Platform (WHP) is nearing completion. The Operator has lodged a revised Floating Production Storage and Offloading (FPSO) tender plan with the regulator and once approved, the FPSO tender process will commence in the second half of the 2014 calendar year.

The Final Investment Decision (FID) for the project is expected mid-2015, following completion of the FPSO tender process, with first oil expected in late 2017.



Drover-1

EXPLORATION & APPRAISAL

AUSTRALIA

Bass Basin*

Development feasibility studies are ongoing for the Trefoil, White Ibis and Rockhopper Fields located in T/18P. Review of the additional exploration opportunities identified in the Chappell 3D area in T/18P is nearing completion.

In June, AWE executed a sale and purchase agreement to acquire an additional 5% of T/18P (Trefoil) from Drillsearch. This was a strategic acquisition at nominal cost to AWE.

In support of the upcoming development drilling of Yolla-5 and Yolla-6 in permit TL/1, broadband reprocessing of the Yolla 3D seismic survey is underway. The new data, due for delivery in late August, will assist in the optimal placement of the development wells to maximise recovery from the Yolla Gas Field.

Otway Basin

In exploration permit VIC/P67 (AWE 60%), interpretation of the fast-track processing of 3D seismic is continuing. The fully processed seismic volume is expected to be available in early August. Following receipt of the fully processed volume, AWE has 60 business days to exercise its option to either participate in drilling two wells or withdraw from the permit.

In exploration permit VIC/P44 (AWE 25%), final 3D seismic PSDM reprocessing data was received in May and re-interpretation is under way to assess the remaining prospectivity in the permit. The Operator is also evaluating potential drilling opportunities.

North Carnarvon Basin

In the June Quarter, AWE was awarded a new permit, WA-497P, in the Exmouth Sub-Basin offshore Western Australia. The permit, in which AWE holds 100% interest and is Operator, was awarded through the Australian 2013 Offshore Petroleum Exploration Acreage Release. The primary term includes a mandatory work program consisting of seismic reprocessing, seismic inversion and G&G studies. To meet the Year 1 commitment, AWE has commenced broadband reprocessing of approximately 1,200km² of 3D and 280km² of 2D seismic survey data with final data due in the first quarter of 2015 calendar year.

Perth Basin

AWE has commenced a three well drilling program in the onshore Perth Basin.

In exploration permit EP455 (AWE 81.5%, Operator), the Drover-1 vertical exploration well reached its planned total depth of 2,356m and 5 1/2 inch production casing was set before the well was

suspended in July. The target formations intersected were the Kockatea Shale, 787m, the Carynginia Shale, 257m, the Irwin River Coal Measures, 289m, and the High Cliff Sandstone, 14.5m. Two cores were cut providing 21.5m of sample from the Kockatea Shale and sidewall cores were taken in the most prospective intervals. Significant gas readings were observed during drilling of the Kockatea Shale and Carynginia Shale and log and core data from these intervals will be fully analysed and evaluated before deciding on the next phase of exploration activity. Gross drilling costs are estimated at \$8 million.

In L1/L2 (AWE 50%, Operator), the Senecio-3 vertical appraisal/development well is expected to commence drilling in August. This well will target the western side of the unconventional gas reservoir. Should results prove positive, AWE anticipates commencing the approval process for the first phase of field development which would likely involve drilling a horizontal, multi stage hydraulically fracture stimulated well.

In EP320, a decision was made to drill an exploration well in the Irwin prospect after it was prioritised over other prospective opportunities in AWE's Perth Basin portfolio. The Irwin prospect straddles EP320 (AWE 33%, Origin Operator) and L1 (AWE 50%, AWE Operator), and drilling is expected to be operated by AWE under an agency agreement.

In exploration permit EP413 (AWE 44.25%), the Operator is preparing for the 3D seismic acquisition program planned for the last quarter of calendar year 2014. This data will be used to select the target zone and location of the proposed Arrowsmith-3 horizontal well.



BassGas Sales Gas Compressor Overhaul

*AWE's share of T/18P will reduce to 40% from 44.75% once the sale of a 9.75% interest to Prize Petroleum Corporation and the purchase of a 5% interest from Drillsearch are complete

NEW ZEALAND

Taranaki Basin

In permit PMP38158 (AWE 57.5%, Operator), the Oi-2 exploration well commenced drilling in June, after the Oi-1 well was abandoned due to encountering subsurface geological difficulties. Oi-2 reached its planned total measured depth of 3,908m in July. The well intersected the primary target Kapuni F10 sands and underlying secondary targets. No significant oil shows were encountered and well data indicated that the reservoir is water bearing. The well was subsequently plugged and abandoned and the rig released. Gross drilling costs for Oi-1 and Oi-2 are estimated at USD 51 million (AWE share USD 16 million at 31.25%).

In onshore permit PEP 55768 (AWE 51%, Operator) the reprocessing of existing 2D and 3D seismic survey data has commenced.

INDONESIA

East Java Sea

The Operator of the Bulu PSC (AWE 42.5%) has completed a Plan of Development for the Lengo gas field and is preparing to submit it to the regulator, SKK Migas.

The East Muriah PSC (AWE 50%) processing of the fast-track component of the 2D seismic survey data is under way.

Acquisition of a 2D seismic survey in the North Madura PSC (AWE 50%, Operator) and the Terumbu PSC (AWE 100%, Operator) is planned for the September quarter. Early stage preparation work for drilling an exploration well in the North Madura PSC in 2015 is proceeding.

The relinquishment process for the Titan PSC (AWE 40%, Operator) has commenced.

Natuna Sea

Following the review of commerciality and development feasibility studies, the Anambas PSC (AWE 100%, Operator) was relinquished in late June on the expiry of the 10 year exploration period.

Sumatra

The AWE Joint Study of the Jembar-Rimba Area, onshore central Sumatra, was completed and approved by MIGAS. The next phase is for MIGAS to offer the area in a future unconventional oil and gas bid round as a Direct Offer Block. AWE would then have the right to match any offer submitted for the block.

YEMEN

Block 7

AWE has entered into an agreement with Petsec Energy (Yemen) to sell its interest in Block 7. The sale is currently awaiting government approvals.



Kan Tan IV drill rig

SUMMARY OF ABBREVIATIONS

AAL	Ande Ande Lumut
AMI	Area of Mutual Interest
BOE	Barrels of Oil Equivalent
Bbls	Barrels
Bopd	Barrels of oil per day
EBITDAX	Earnings before interest, tax, depreciation, amortisation and exploration expenses
FEED	Front End Engineering and Design
FID	Final Investment Decision
FPSO	Floating Production Storage and Offloading
G&G	Geological and Geophysical
HSE	Health Safety and Environment
LPG	Liquefied Petroleum Gas
MLE	Mid-Life Enhancement
MMBOE	Million Barrels of Oil Equivalent
MMcf	Million cubic feet
NGL	Natural Gas Liquids
PSDM	Pre Stack Depth Migration
PJ	Petajoules
PLT	Production logging tool
PSC	Production Sharing Contract
Tcf	Trillion cubic feet
TJ/d	Terajoules per Day
WHP	Well Head Platform
2D	Two-dimensional
3D	Three-dimensional

Except where otherwise noted, all references to "\$" are to Australian dollars

PRODUCTION SUMMARY

		3 months to Jun 2014	3 months to Mar 2014	% Change	12 months to Jun 2014	12 months to Jun 2013	% Change
SOUTH EAST AUSTRALIA							
BassGas	Condensate ('000 Bbls)	69	68	-1%	311	175	78%
	LPG (Tonnes)	5,905	5,811	-2%	25,987	10,943	137%
	Gas (TJ)	1,835	1,841	0%	8,090	5,163	57%
Casino/Henry	Condensate ('000 Bbls)	1	1	23%	5	6	-15%
	Gas (TJ)	1,809	1,648	10%	7,634	8,406	-9%
WESTERN AUSTRALIA							
Cliff Head	Oil ('000 Bbls)	88	117	-25%	452	582	-22%
Onshore Perth Basin	Oil ('000 Bbls)	1	0	127%	4	18	-80%
	Gas (TJ)	557	419	33%	2,197	2,611	-16%
NEW ZEALAND							
Tui	Oil ('000 Bbls)	167	195	-14%	684	709	-3%
ONSHORE USA							
Sugarloaf AMI	Condensate ('000 Bbls)	107	108	-1%	443	352	26%
	LPG (Tonnes)	3,850	3,852	0%	16,043	11,189	43%
	Gas (TJ)	362	350	4%	1,397	1,070	31%
PRODUCTION BY PRODUCT							
	Oil ('000 Bbls)	256	312	-18%	1,140	1,309	-13%
	Condensate ('000 Bbls)	177	178	0%	759	533	42%
	LPG (Tonnes)	9,755	9,664	1%	42,030	22,132	90%
	Gas (TJ)	4,564	4,258	7%	19,318	17,250	12%
Total ('000 BOE)		1,306	1,311	0%	5,606	4,974	13%
PRODUCTION BY PROJECT ('000 BOE)							
Tui		167	195	-14%	684	709	-3%
BassGas		443	442	0%	1,961	1,163	69%
Casino/Henry		303	276	10%	1,277	1,407	-9%
Cliff Head		88	117	-25%	452	582	-22%
Onshore Perth Basin		93	70	33%	370	453	-18%
Sugarloaf AMI		212	211	0%	862	660	31%
Total ('000 BOE)		1,306	1,311	0%	5,606	4,974	13%

Numbers may not add due to rounding.

RESERVES AND RESOURCES

The reserve and resource information contained in this report is based on information compiled by Neil Tupper (General Manager, Exploration and Geoscience) and Ian Palmer (General Manager Development). Mr Tupper is a Geologist with a Masters Degree in Sedimentology and has over 31 years' experience in petroleum exploration. Mr Palmer holds a Bachelor Degree in Engineering and has 33 years' experience in the practice of petroleum engineering. Both have consented in writing to the inclusion of this information in the format and context in which it appears.