

# QUARTERLY REPORT

## JUNE 2015

## HIGHLIGHTS

### FOR THE 3 MONTHS TO 30 JUNE 2015

#### PRODUCTION AND DEVELOPMENT

- Full year production of 5.1 mmboe at the top of the guidance range.
- Quarterly production of 1.42 mmboe, up 28% on the previous quarter.
- Early production at Pateke-4H (Tui) exceeds pre hook-up and commissioning expectations.
- At BassGas, the Yolla-6 development well has commenced production with Yolla-5 to follow in early August.
- Net increase in 2P Reserves of 13.8 mmboe during the quarter following Sugarloaf upgrade and Yolla reduction. AWE's 2P reserves are now approximately 100 mmboe.

#### EXPLORATION AND APPRAISAL

- Irwin-1 gas discovery estimated at 149 Bcf of gross 2C Contingent Resources for Irwin/Synaphea structures.
- Waitsia-1 appraisal well results confirm further upside potential in Waitsia gas field.
- Waitisia-2 appraisal well has reached TD and wireline logging is under way. Elevated gas shows were observed in the Kingia and High Cliff Sandstones, Carynginia Shale and Irwin River Coal Measures.

#### FINANCIAL AND CORPORATE

- Full year sales revenue \$284 million, down 13% on the previous financial year.
- Average realised oil and condensate price for the quarter was A\$72.07/bbl compared to A\$57.33/bbl for the previous quarter.
- New four-year, A\$400 million secured multi-currency syndicated bank loan facility replaces and extends the maturity of the previous A\$300 million facility.
- Net debt of \$123 million at 30 June 2015, comprising cash of \$47 million and \$170 million of drawn debt.
- Two Lost Time Injuries recorded; no reportable environmental incidents during the quarter.



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ISSUED BY AWE LIMITED  
30 JULY 2015

#### 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, USA, Indonesia and China that provides strong production and cash flow, leading to a period of significant growth.

Established in 1997 and listed on the ASX, the company is headquartered in Sydney with 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



Overall, 2014-15 has been a successful year for AWE despite the challenging environment for the oil and gas sector. The company achieved its full year guidance for production, has made a major gas discovery in the Perth Basin, 2P Reserves have been increased (net of

production) to approximately 100 mmboe, and significant progress has been made on key growth projects, particularly Sugarloaf and Senecio/Waitsia.

Production for the June quarter was 1.42 mmboe, with quarter on quarter production increasing 28%. Following the successful tie-in of the Pateke-4H well into the Tui oil fields gathering system, production from the Tui fields has outpaced expectations, producing 394,000 barrels (net to AWE) for the June quarter.

For the 2014-15 financial year, production was 5.1 mmboe which was at the top end of the guidance range. Of particular note was the Sugarloaf asset, where production increased by 54% to 1.3 mmboe for the full year.

Sales revenue for the quarter was \$81 million with full year sales of \$284 million, slightly below our guidance range. The low oil price environment continued to impact sales revenue, but was partly offset by the weaker AUD/USD exchange rate.

During the June quarter we announced the establishment of a new A\$400 million secured debt facility that will provide a strong platform for funding project delivery and future growth through volatile market conditions.

AWE's operations have continued to perform well with promising results from the Perth Basin. Following the Irwin-1 gas discovery in April, the Waitsia-1 appraisal well confirmed further upside potential in the Waitsia gas field. The Waitsia-2 appraisal well has been drilled to TD and is currently being logged. The well will provide us with valuable data on the southern extent

of the Waitsia gas field. Subject to joint venture and regulatory approvals, we are targeting early production from an initial phase of development of the Waitsia field by mid-2016.

Development drilling at BassGas is nearing completion with Yolla-6 commencing production at the end of July and Yolla-5 to follow in early August. As previously announced in July, the Operator of the BassGas Joint Venture, Origin Energy, provided a preliminary reassessment for the Yolla field that indicated reduced 2P Reserves following the drilling of the new wells. We have chosen to adopt the Operator's preliminary reassessment and consequently reduced our share of remaining 2P Reserves by 5.5 mmboe, down to 13 mmboe as at 30 June 2015. It is expected that this will result in an after tax non-cash impairment of \$100-110 million in the carrying value of BassGas at 30 June 2015.

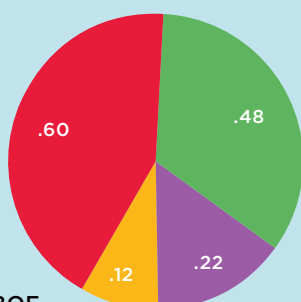
More positively, a major upgrade in reserves and resources for the Sugarloaf asset was announced to the market in July, with 2P Reserves increasing by 84% to 42.4 mmboe (at 31 December 2014). After accounting for production, the Sugarloaf upgrade and the Yolla reduction, AWE's total 2P Reserves increased by over 20% from 2P Reserves reported at 31 December 2014 to approximately 100 mmboe.

AWE's commitment to health, safety and environmental management is fundamental to the business. After a two year period of outstanding safety results with no Lost Time Injuries (LTI), it was disappointing that two LTIs occurred in the June quarter. Management has taken immediate action to improve the company's safety performance, particularly in Perth Basin where activity levels have increased significantly. AWE will continue to prioritise the safety of all employees, contractors and visitors on operating sites. Pleasingly, no reportable environmental incidents were recorded.

AWE will continue to focus on disciplined financial management and our goal remains to achieve annual production of 10 mmboe by the end of 2018.

**Bruce Clement**  
Managing Director

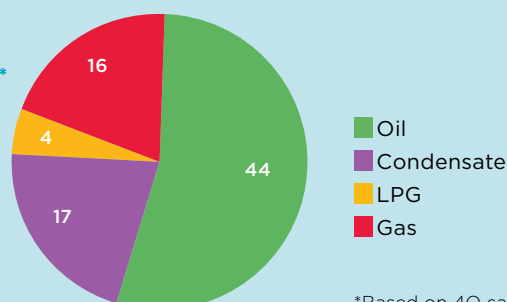
**QUARTERLY  
PRODUCTION BY  
PRODUCT MMBOE**



**TOTAL: 1.42 million BOE**

Numbers may not add due to rounding

**QUARTERLY  
SALES REVENUE BY  
PRODUCT \$ MILLION\***



**TOTAL: \$81 million**

\*Based on 4Q sales of 1.52 million BOE

# FINANCIAL & CORPORATE

## FOR THE 3 MONTHS TO 30 JUNE 2015

### FINANCIAL

June quarter production increased 28% compared to the March quarter, with improved performance at Tui following the tie-in of the Pateke-4H well and production at BassGas resuming following a planned shut-in for major development activity during the March quarter. Liquids comprised 58% of quarterly production with gas providing 42%.

Production for the financial year to 30 June 2015 was 5.1 mmboe, down 9% on the previous financial year, but in line with the upper range of the company's guidance of 4.6-5.1 mmboe.

Total sales revenue for the June quarter was \$81 million, up 97% over the March quarter largely due to a significant second lifting at Tui of over 600,000 barrels in June following the tie-in of the Pateke-4H well. For the full financial year of 2014-15 sales revenue was \$284 million, down 13% from the previous financial year and slightly below the lower end of the guidance range of \$290-320 million. The average realised price for oil and condensate for the quarter was A\$72.07/bbl and for the full financial year was A\$78.77/bbl, significantly down on the previous financial year where the average the realised price was A\$109.

Field EBITDAX for the period was \$40 million, up 172% from the previous quarter. EBITDAX for the 2014-15 financial year was \$142 million, representing a 32% decrease from the previous year. The decrease reflects the significantly reduced oil price and lower production.

Development expenditure for the June quarter was \$68 million, down 11% over the March quarter, with major expenditure items including development drilling at BassGas on Yolla-5 and Yolla-6 and continued drilling at Sugarloaf.

Exploration expenditure for the quarter was \$14 million, up 34% over the previous quarter, reflecting the increased drilling activity in the Perth Basin which included drilling the Irwin-1, Waitsia-1 and Waitsia-2 exploration and appraisal wells.

In May, AWE announced a new four year, A\$400 million secured bank loan facility that replaces and extends the maturity of the A\$300 million facility. The new facility provides greater certainty of funding and flexibility to deliver on AWE's growth targets.

Following the Operator's reassessment and subsequent reduction of 2P Reserves at the Yolla Field, and as previously announced, AWE expects an estimated non-cash impairment of the BassGas asset of between \$100 million and \$110 million after tax at 30 June 2015.

At the end of June 2015, AWE's financial position remained sound with good cash flows, net debt of \$123 million, and undrawn facilities of \$230 million.

### FINANCIAL HIGHLIGHTS (UNAUDITED)

	3 months to Jun 2015	3 months to Mar 2015	12 months to Jun 2015
<b>Exploration Expenditure</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
South East Australia	(610)	235	2,392
Western Australia	12,144	5,487	27,736
New Zealand	(185)	198	4,295
Indonesia	1,272	1,644	7,824
Yemen	34	658	1,230
China	976	1,052	16,011
Other	421	1,206	4,268
<b>Total</b>	<b>14,051</b>	<b>10,481</b>	<b>63,754</b>

#### Development Expenditure

South East Australia	28,980	29,292	88,960
Western Australia	855	192	1,700
New Zealand	519	17,264	24,110
USA	34,429	25,216	104,799
Indonesia	3,663	5,215	20,788
<b>Total</b>	<b>68,445</b>	<b>77,179</b>	<b>240,356</b>

	\$ million	\$ million	\$ million
Sales Revenue	81	41	284
Field Opex	42	27	142
<b>Field EBITDAX</b>	<b>40</b>	<b>15</b>	<b>142</b>

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

### PERFORMANCE SUMMARY FY 2014/15

Key Indicator	Guidance	Actual
Production (mmboe)	4.6-5.1	5.1
Revenue (\$ million)	290-320	284
Development (\$ million)	220-250	240
Exploration (\$ million)	50-75	64

### CORPORATE

In July, major revisions to Reserves and Resources for Sugarloaf and Yolla (BassGas) were announced, resulting in a net increase of 2P Reserves in the 2014-15 financial year to approximately 100 mmboe.

# PRODUCTION & DEVELOPMENT

## SOUTH EAST AUSTRALIA

### BassGas (35%)

Gross quarterly production for the June quarter was up 34% and comprised 3.26 PJ of gas, 116,000 barrels of condensate and 9,500 tonnes of LPG. The average gross daily rate for the quarter was approximately 36 TJ/day. AWE's share of production was approximately 1.14 PJ of gas, 41,000 barrels of condensate and 3,400 tonnes of LPG.

The Yolla-6 development well commenced production in late July with Yolla-5 to follow in early August. The early un stabilised production rate from the BassGas facilities has now increased to approximately 57 TJ/day following the addition of the Yolla-6 well. The Yolla-5 and 6 development wells have been drilled using the West Telesto jack-up rig and represent a major component of the Stage 2 BassGas Mid Life Enhancement (MLE) project.

### Casino Gas Project (25%)

Gross quarterly production for the Casino Gas Project was down 4% for the June quarter from the March quarter with approximately 5.8 PJ of sales gas and 2,600 barrels of condensate. The average gross daily rate for the quarter was approximately 63 TJ/day. AWE's share of production was approximately 1.4 PJ of sales gas and 650 barrels of condensate. An annual two week shut-down for plant maintenance is planned for September 2015.

## WESTERN AUSTRALIA

### Cliff Head Oil Field (57.5%)

Production from Cliff Head increased 11% during the June quarter, with gross production approximately 156,000 barrels at an average rate of 1,700 bopd. AWE's share was 90,000 barrels.

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

Production for the June quarter was down 36% from the previous quarter. AWE's share of production from the various onshore Perth Basin assets was 426 TJ of gas and 500 barrels of oil/condensate.



Drilling operations at Perth Basin

## NEW ZEALAND

### Tui Oil Fields (57.5%, Operator)

Quarter on quarter production from the Tui Oil Fields increased by 269% with approximately 685,000 barrels (net of fuel oil consumed) produced at an average daily rate of 7,500 bopd. AWE's share of production was 394,000 barrels.

A sale of 259,742 barrels was successfully completed in early April (net 149,351 barrels to AWE), and a sale of 604,736 barrels in June (net 347,723 barrels to AWE). Inventory at the end of the June quarter was 126,500 barrels, net 73,000 barrels to AWE.

The significant increase in production was due to the start-up of production from the Pateke-4H well, which was brought online during the June quarter. Production from Pateke-4H during the quarter has exceeded pre hook-up and commissioning forecasts.

## INDONESIA

### Ande Ande Lumut Oil Project (50%)

The AAL project is located in the Northwest Natuna PSC in the Natuna Sea. The FEED process is well advanced and prequalification and tender processes for the FPSO and well head platform are planned to continue over the remainder of 2015. The joint venture is planning to drill an appraisal well in the G-Sand in the first half of 2016 calendar year. As previously reported, the Operator has moved FID for the project to the second half of the 2016 calendar year with first oil targeted for late 2018 calendar year.

### Lengo Gas Project (42.5%)

The Lengo Gas Project is located in the Bulu PSC, offshore East Java. The project is progressing well and the Operator, KrisEnergy has completed geophysical and geotechnical surveys at the platform site, the proposed platform to shore pipeline route, and the onshore receiving terminal location. The plan of development, approved by the Indonesian Government in December 2014, comprises four development wells, an unmanned well head platform, and a 20-inch, 65km export pipeline to transport gas to shore. Gas sales marketing negotiations have progressed well and are continuing.

## USA

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

Production at the Sugarloaf AMI remained steady in the June quarter, with production experiencing disruption due to major flooding in Texas in April and May. AWE's net share after royalties comprising 176,000 barrels of oil/condensate, 7,057 tonnes of LPG and 587 TJ of gas.

In the June quarter 26 wells were brought onto production and 36 new wells were spudded. At the end of the June quarter there were 231 wells producing, including 29 wells in the Austin Chalk, with an additional 61 wells in various stages of drilling and completion. The number of drill rigs remained at four, consistent with the prior quarter.



FPSO Umuroa

# EXPLORATION & APPRAISAL

## AUSTRALIA

### Perth Basin

In L1/L2 (AWE 50%, Operator), wireline logs and pressure data from the Waitisia-1 appraisal well confirmed a 95m gross gas column across three conventional reservoir intervals, comprising 18m of net pay, in the Waitisia field. This result confirms the initial results from the discovery well (Senecio-3) and supports previous gross 2C Contingent Resource estimate of 290 Bcf with potential for substantial upside. The Waitisia-2 appraisal well subsequently commenced drilling operations in late June and is forecast to be complete in August 2015. The well reached TD at 3,530m MDRT and a wireline logging program is under way. All target formations were successfully intersected and elevated gas shows were observed in the Kingia and High Cliff Sandstones, Carynginia Shale and Irwin River Coal Measures. Waitisia-2 is the last of a three well drilling program planned for the Perth Basin in 2015.

In EP320 (AWE 33%), the Irwin-1 exploration well intersected a 32m gas column in the Dongara/Wagina tight gas reservoir with a gas/water contact interpreted at 3,085m TVDSS. This is the same depth as the log-indicated gas/water contact in Warradong-1, previously drilled in the adjacent Synaphea structure, 4.5km to the south. The common contact suggests that these two wells may have intersected the down-dip portion of a single large gas accumulation that includes both the Irwin and Synaphea structures. AWE estimates gross 2C Contingent Resources of 15 Bcf of gas for Irwin and 134 Bcf of gas for Synaphea. The Irwin and Synaphea structures straddle EP320 and L1 (AWE 50%, Operator).

In EP455 (AWE 81.5%, Operator), AWE completed a Diagnostic Fracture Injection Test (DFIT) at Drover-1 in April 2015. Results from the DFIT and analysis of the core samples and wireline data taken in 2014 have provided sufficient information for AWE's assessment of the shale gas potential in the southern extent of its Perth Basin acreage and no further work is planned for the Drover-1 well. The well will now be decommissioned and the site rehabilitated.

In EP413 (AWE 44.25%), the Operator has commenced 3D seismic processing and anticipates that the survey results should become available during the September 2015 quarter.

In WA-512P (AWE 100%), 2D and 3D PSDM seismic reprocessing is under way.

Drilling rig at Waitisia-1



### Bass Basin

In T/18P (AWE 40%), the Operator submitted applications for four retention leases covering the Trefoil, Rockhopper, White Ibis and Bass discoveries. If approved, it is anticipated that the retention leases will be granted in the third quarter of calendar year 2015.

Following the recently announced reduction in 2P Reserves for the Yolla field, the T/18P Joint Venture is undertaking development feasibility studies for the Trefoil Field (2C Contingent Resources of 17 mmboc AWE share) to determine if the field can be developed earlier as an incremental project to Yolla production.

### Otway Basin

In permit VIC/P44 (AWE 25%), interpretation of reprocessed 3D PSDM seismic data is ongoing and the Operator is reviewing prospectivity.

### North Carnarvon Basin

In WA-497P (AWE 100%, Operator), interpretation of approximately 1,200km<sup>2</sup> of 3D and 280km of 2D seismic survey data is underway.

In WA-511P (AWE 100%, Operator), the acquisition of multi-client Eendracht 3D seismic survey data is complete.



## NEW ZEALAND

### Taranaki Basin

In onshore permit PEP 55768 (AWE 51%, Operator), planning is under way to drill a vertical exploration well in the second half of the 2016 calendar year.

## INDONESIA

### East Java Sea

In the North Madura PSC (AWE 50%, Operator) interpretation of the 2D seismic survey is proceeding.

The process to relinquish the East Muriah PSC (AWE 50%) has commenced.

## CHINA

### Bohai Basin

The joint venture in Block 09/05 (AWE 40%) plans to commence drilling the QK12-3-1D exploration well in the September quarter. Planning and pre-drilling activities are well under way in preparation for the well.

## SUMMARY OF ABBREVIATIONS

AAL	Ande Ande Lumut
AMI	Area of Mutual Interest
Bcf	Billion cubic feet
BOE	Barrels of Oil Equivalent
Bbls	Barrels
Bopd	Barrels of oil per day
DFIT	Diagnostic Fracture Injection Test
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
LPG	Liquefied Petroleum Gas
LTI	Lost Time Injuries
MLE	Mid Life Enhancement
MMBOE	Million Barrels of Oil Equivalent
MDRT	Measured depth rotary table
PSDM	Prestack Depth Migration
PJ	Petajoules
PSC	Production Sharing Contract
TD	Total depth
TJ	Terajoules
TVDSS	Total vertical depth subsea
2D	Two-dimensional
3D	Three-dimensional

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

# PRODUCTION SUMMARY

		3 months to Jun 2015	3 months to Mar 2015	% Change	12 months to Jun 2015	12 months to Jun 2014	% Change
<b>SOUTH EAST AUSTRALIA</b>							
<b>BassGas</b>	Condensate ('000 Bbls)	41	30	34%	166	311	-47%
	LPG (Tonnes)	3,367	2,534	33%	14,126	25,987	-46%
	Gas (TJ)	1,140	850	34%	4,577	8,090	-43%
<b>Casino/Henry</b>	Condensate ('000 Bbls)	1	1	-14%	4	5	-26%
	Gas (TJ)	1,443	1,504	-4%	6,409	7,634	-16%
<b>WESTERN AUSTRALIA</b>							
<b>Cliff Head</b>	Oil ('000 Bbls)	90	81	11%	363	452	-20%
<b>Onshore Perth Basin</b>	Oil ('000 Bbls)	0.5	1	-44%	3	4	-21%
	Gas (TJ)	426	667	-36%	2,401	2,197	9%
<b>NEW ZEALAND</b>							
<b>Tui</b>	Oil ('000 Bbls)	394	107	269%	836	684	22%
<b>USA</b>							
<b>Sugarloaf</b>	Condensate ('000 Bbls)	176	180	-2%	679	443	53%
	LPG (Tonnes)	7,057	6,823	3%	25,210	16,043	57%
	Gas (TJ)	587	577	2%	2,130	1,397	52%
<b>TOTAL</b>							
	Oil ('000 Bbls)	484	188	157%	1,203	1,140	6%
	Condensate ('000 Bbls)	218	211	3%	849	759	12%
	LPG (Tonnes)	10,425	9,356	11%	39,335	42,030	-6%
	Gas (TJ)	3,595	3,598	0%	15,516	19,318	-20%
<b>Total ('000 BOE)</b>		<b>1,422</b>	<b>1,108</b>	<b>28%</b>	<b>5,094</b>	<b>5,606</b>	<b>-9%</b>
<b>Production by Project ('000 BOE)</b>							
Tui		394	107	269%	836	684	22%
BassGas		270	201	34%	1,093	1,961	-44%
Casino/Henry		241	251	-4%	1,072	1,277	-16%
Cliff Head		90	81	11%	363	452	-20%
Onshore Perth Basin		71	112	-36%	403	370	9%
Sugarloaf AMI		356	355	0%	1,327	862	54%
<b>Total ('000 BOE)</b>		<b>1,422</b>	<b>1,108</b>	<b>28%</b>	<b>5,094</b>	<b>5,606</b>	<b>-9%</b>

Numbers may not add due to rounding

## RESERVES AND RESOURCES

The reserve and resource information contained in this announcement is based on and fairly represents information and supporting documentation prepared by and under the supervision of qualified petroleum reserves and resource evaluator Neil Tupper (General Manager, Exploration and Geoscience). Mr Tupper is a Geologist with a Masters Degree in Sedimentology and has over 31 years' experience in petroleum exploration and is a member of the Society of Petroleum Engineers and the American Association of Petroleum Geologists. He has consented in writing to the inclusion of this information in the format and context in which it appears.