ASX Announcement
24 August 2015

AWE's 2P Reserves up 25% after solid year; results impacted by low oil prices

FY 2014-15 FULL YEAR RESULTS SUMMARY

- **Net 2P Reserves up 25% to 114 mmboe following positive appraisal at Perth Basin and Sugarloaf; reserves to production ratio 22 years**
- **Net 2C Contingent Resources up 57% to 121 mmboe; net 2P plus 2C up 40% to 235 mmboe**
- **Full year production of 5.1 mmboe at the top end of guidance range**
- **Development expenditure of $243 million and exploration expenditure of $63 million within guidance range, reflecting disciplined management approach**
- **Sales Revenue of $284 million, 2% below guidance due to lower oil prices**
- **Field EBITDAX of $143 million after production costs and royalties of $141 million**
- **Statutory net loss after tax of $230 million includes $158 million non-cash impairments (after tax)**
- **Underlying net loss after tax of $52 million reflects lower oil prices and a lower production base due to planned downtime associated with development activity**
- **Cash of $47 million, undrawn debt of $230 million and drawn debt of $170 million at 30 June 2015**

AWE Limited (ASX: AWE) today announced its full year results for the 2014-15 financial year. The Company reported annual production of 5.1 mmboe, sales revenue of $284 million and a statutory net loss after tax of $230 million, which included $158 million of non-cash impairments (after tax). After adjusting for non-recurring items, AWE's underlying net loss after tax was $52 million.

Managing Director, Mr Bruce Clement, said: "AWE had another year of significant achievements and is managing the negative impact of low oil prices on the financial results. Production of 5.1 mmboe was at the top end of guidance and development and exploration expenditure was within the guidance range, reflecting our continued focus on cost control. Sales revenue was only 2% below guidance, which was a substantial achievement given the lower realised average oil price during the year."

"At year end, AWE had significantly increased its net 2P Reserves by 23 mmboe, or 25% up over the previous year, to 114 mmboe. This equates to more than 22 years of production at current rates. Similarly, AWE increased its net 2C Contingent Resources by 44 mmboe, or 57%, to 121 mmboe, and the majority of these assets have the potential to be reclassified as 2P within the short to medium term," he said.

“The major highlight for AWE during the year was the very successful Perth Basin exploration and appraisal program, where the Company has booked over 700 BCF gross of 2P Reserves and 2C Contingent Resources. The program resulted in the discovery of the Waitsia gas field, which was upsized following evaluation of Waitsia-2 well results to reflect combined gross 2P Reserves and 2C Resources of 484 Bcf (net 43 mmboe to AWE).

“The Waitsia field is the biggest onshore conventional gas discovery in Australia in the last 30 years and potentially Australia’s fourth largest onshore gas field, based on remaining conventional 2P Reserves. Waitsia has been prioritised for commercial development and we are moving quickly to implement low cost, early-stage production, using existing wells and facilities, with the aim of selling gas into the domestic Western Australia market by mid-2016. Our success in the Perth Basin has established a substantial new domestic gas business in Western Australia of significant value for AWE,” Clement said.

“The positive operating performance was impacted by the declining oil price which resulted in a non-cash impairment of $51 million after tax for Tui and Cliff Head, both mature oil producing assets. In the second half, the reduction in Yolla Reserves resulted in a $106 million after- tax non-cash impairment for BassGas.

“During the year, AWE made significant progress in responding to the low oil price environment and we remain focused on improving operating efficiency, maximising cash flows and achieving further cost savings.

“The priority for the Company now is to maintain financial discipline and preserve balance sheet strength in this low oil price environment. As a result, forecast development and exploration expenditures have been substantially reduced for 2015-16 and we will continue to rationalise our asset portfolio with further farm downs and the sale of non-core assets over the coming year. AWE has reprioritised its development projects and we are focused on extracting further savings across administration, operations, and investment activity. AWE will also consider opportunities to hedge the exposure to the oil price on major growth projects as we move towards FID,” Clement said.

“At Sugarloaf, production increased by 54% over the previous financial year, despite the impact of major flooding during March, April and May on production operations. Sugarloaf is located in some of the best unconventional acreage in the USA and net 2P Reserves were increased by 100% to 48 mmboe during the year. The operator, Marathon Oil, is introducing further drilling cost savings and development efficiencies, and Sugarloaf drilling continues to provide good returns. By mid-August 2015, gross wells on production totalled 241 and gross inventory wells had increased substantially to 61.

“The mid-life enhancement project at BassGas is nearing completion with the drilling of Yolla-5 and 6 development wells completed and Yolla-6 coming onto production in July this year. The next phase of the project will see the hook up of the gas compression and condensate pumping modules over the coming 18 months. In addition, we will aim to accelerate development feasibility studies for the nearby Trefoil gas/condensate resource to take advantage of ullage in the system after 2020,” he said.

“The Ande Ande Lumut oil project in Indonesia is moving forward with FEED well advanced and tendering for the well head platform and FPSO planned to continue over the remainder of 2015. AWE is working with the Operator to identify and lock in cost savings for drilling, well head platform construction and FPSO leasing contracts ahead of FID in the second half of 2016. The joint venture also plans to drill an appraisal well on the 35 mmbbl (gross) G-Sand in the first half of 2016.

“Also in Indonesia, the Lengo gas project is rapidly gaining momentum. Government approval for the Plan of Development was received in December 2014, and the Operator has since awarded FEED contracts for the offshore facilities and pipeline, and has completed geophysical and geotechnical surveys for the platform site, the pipeline route and the onshore receiving terminal. FID timing will be subject to securing a gas sales agreement, which is currently well advanced," said Clement.

"During the year, we executed a new A$400 million secured multi-currency syndicated bank facility with an extended 4-year term designed to underpin our planned growth agenda. We have also commenced gas marketing for Australian west coast and east coast assets, where we expect to secure higher gas prices from 2018 onwards.

"We have remained focussed on HSE and actively engaged with our stakeholders, particularly those communities in which we operate. After two years Lost Time Injury (LTI) free, the Company recorded two LTIs in the fourth quarter of the financial year. Management has taken action to ensure all employees and contractors remain committed to continuous improvement in HSE performance.

"Looking ahead, AWE's diverse portfolio of assets will continue to provide operating cash flows during this period of low oil prices. We continue to grow our reserves and resources and we are progressing the development of four cornerstone production assets that will take us well beyond the next decade. In addition, we have the ability to accelerate a number of projects to take advantage of opportunities in key markets.

"With a disciplined approach to managing the balance sheet, a clear strategy and multiple growth opportunities from its existing portfolio, AWE's production target of 10 mmboe by the end of 2018 remains achievable," Clement said.

Guidance

The Company has provided guidance for financial year 2015-16. Guidance was prepared using a Brent Oil price of US$50 per barrel and AUD/USD of 75 cents.

Oil and gas production	5.1 – 5.6 mmboe
Sales revenue	$225 - $250 million
Development expenditure	$135 - $165 million
Exploration expenditure	$25 million

Summary of Abbreviations

AAL	Ande Ande Lumut oil project, Indonesia
Bcf	Billion Cubic Feet
BOE	Barrels of Oil Equivalent
EBITDAX	Earnings Before Interest, Tax, Depreciation and Exploration expenses
FPSO	Floating Production, Storage and Offloading vessel
HSE	Health, Safety, Environment
LTI	Lost Time Injury
MLE	Mid-Life Enhancement
mmboe	millions of barrels of oil equivalent
NPAT	Net Profit After Tax
POD	Plan of Development
Inventory wells	Wells that are being drilled or completed, but are not yet producing

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

For a detailed review of AWE's operating and financial performance, investors should refer to AWE's Appendix 4E, Directors Report, Full Year Consolidated Financial Report and Investor Presentation released to the Australian Securities Exchange today.

Financial Summary

The following table provides an overview of production and the financial performance of AWE for the financial year ended 30 June 2015 as detailed in the full year Financial Report.

Overview of consolidated entity	30 June 2015 mmboe	30 June 2014 mmboe	Variance %
Production			
Gas	***2.59***	*3.22*	*(20%)*
LPG production	***0.46***	*0.49*	*(7%)*
Condensate production	***0.85***	*0.76*	*12%*
Oil	***1.20***	*1.14*	*5%*
Total production	***5.09***	***5.61***	***(9%)***

Overview of consolidated entity	$million	$million	%
Sales revenue	***283.7***	*328.3*	*(14%)*
Production costs and royalties	***(140.5)***	*(119.4)*	*18%*
Field EBITDAX(1)	***143.2***	*208.8*	*(31%)*
Exploration and evaluation expense	***(37.6)***	*(39.8)*	*(6%)*
Amortisation	***(119.1)***	*(117.6)*	*1%*
Net financing expense	***(11.9)***	*(10.1)*	*18%*
Impairment	***(246.3)***	-	*>100%*
Fair value adjustment on held for sale assets	**-**	*(12.4)*	*>100%*
Other income / (expense)	***(37.8)***	*67.4*	*>100%*
Statutory net (loss) / profit before tax	***(309.5)***	*96.4*	***>100%***
Tax benefit / (expense)	***79.3***	*(33.9)*	*>100%*
Statutory net (loss) / profit after tax (NPAT)	***(230.2)***	*62.5*	***>100%***

An underlying loss of $52.3 million was incurred for the 2014/15 financial year. To assist readers reconcile the underlying NPAT, the following table provides a reconciliation of NPAT and the impact after adjusting for non-recurring items.

Reconciliation of underlying NPAT	30 June 2015
Statutory NPAT	***(230.2)***
Less non-recurring items (after tax):	
Impairment	*157.5*
Perth basin restoration costs	*8.6*
Write off of capitalised borrowing costs due to refinancing	*1.8*
Indonesian PSC relinquishment cost	*10.0*
Underlying NPAT(2)	***(52.3)***

1. Sales revenue less production costs and royalties. Refer note 10 for information by segment.
2. AWE's Financial Report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS). The underlying (non-IFRS) profit / (loss) is unaudited but is derived from the audited accounts by removing the impact of non-recurring items from the reported (IFRS) audited profit. AWE believes the non-IFRS profit / (loss) reflects a more meaningful measure of the consolidated entity's underlying performance.

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 evaluators: Neil Tupper (General Manager, Exploration and Geoscience) and Dr. Suzanne Hunt (Manager Engineering and Development). 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. Dr. Hunt is a Petroleum Engineer with a PhD in Geomechanics and has over 18 years' experience in the petroleum sector and is a member of the Society of Petroleum Engineers. Both have consented in writing to the inclusion of this information in the format and context in which it appears.

About AWE Limited

AWE Limited is an Australian based energy company focused on upstream oil and gas and related energy opportunities. Established in 1997 and listed on the ASX, the Company is headquartered in Sydney, Australia, with international operating offices in New Zealand and Indonesia. AWE has built a substantial portfolio of production, development and exploration assets in Australia, New Zealand, USA, Indonesia and China. With its strong technical base and disciplined financial management, AWE will continue to pursue exploration, appraisal and development growth opportunities in Australasia and Asia.

Conversion Tables

Energy Value	**Barrel of Oil Equivalents (BOE)**
1,000 standard cubic feet of sales gas yields about 1.055 gigajoules (GJ) of heat 1 petajoule (PJ) = 1,000,000 gigajoules (GJ) 1 gigajoule = 947,817 British Thermal Units (BTU)	**Oil** 1 barrel = 1 BOE **Condensate** 1 barrel = 1 BOE **LPG/NGLs** 1 tonne = 11.6 BOE **Sales Gas** 6PJ = 1 million BOE

For information please see our website www.awexplore.com or contact:

Investor Relations
Matthew Sullivan
AWE Limited
02 8912 8022
matthew.sullivan@awexplore.com

Media Enquiries
Ian Howarth
Collins St Media
03 9600 1979
ian@collinsstreetmedia.com.au

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