

2014-15 Full Year Results

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Reserves and Resources. The reserve and resource information contained in this report 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.

Prospective Resources. AWE follows the Society of Petroleum Engineers – Petroleum Resources Management System (SPE-PRMS) guidelines with respect to the definition of different classes of reserves and resources. SPE-PRMS defines Prospective Resources as being the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have a probability of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons and the probability of development.

- **Highlights**
- **Reserves & Resources**
- **Financial Performance**
- **Strategic Initiatives**
- **Growth Projects**
- **Outlook**

Highlights

For the 12 months
to 30 June 2015



Production and Development

- Net 2P Reserves increased by 25%, or 23 mmboe, to 114 mmboe; more than 22 years' production (based on FY 2014-15)
- Sugarloaf production up 54% for FY 2014-15
- Early oil production from Pateke-4H (Tui) better than anticipated
- Lengo Plan of Development approved and project in FEED stage
- BassGas JV completed development drilling (Yolla-5 and 6) and production restart expected in near future following drilling rig demobilisation

Exploration and Appraisal

- Onshore Perth Basin gross 2P Reserves and 2C Contingent Resources increased to 721 Bcf of gas (Waitsia gross 484 Bcf, and Senecio/Irwin/Synaphea gross 237 Bcf)
- Initial wells in Sugarloaf's Upper Eagle Ford highlight significant additional potential

Financial and Corporate

- Completed sale of 11.25% of BassGas and acquired additional 5% of Trefoil (T/18P)
- New 4-year, A\$400 million secured multi-currency syndicated bank loan facility

Focused on delivery



Key Indicator	Guidance FY 2014-15	Actual FY 2014-15
Production (million BOE)	4.6 – 5.1	5.1
Sales Revenue (\$m)	290 – 320	284
Development Expenditure (\$m)	220 – 250	243
Exploration Expenditure (\$m)	50-75	63

Achieved key targets; sustained low oil prices negatively impacted financial results

Financial summary



Total Production for FY 2014-15	5.1 million BOE, down 9% on pcp
Sales Revenue	\$284 million, down 14% on pcp
Field EBITDAX	\$143 million, down 31% on pcp
Statutory net loss after tax	\$230 million
Underlying net loss after tax	\$52 million
Cash (at 30 June 2015)	\$47 million
Undrawn debt (at 30 June 2015)	\$230 million
Drawn debt (at 30 June 2015)	\$170 million
Operating cash flow [^]	\$100 million, down 36% on pcp
Operating cost per BOE (sold)*	\$24.75, up 18% on pcp
Average realised oil & condensate price	\$79 per barrel, down 28% on pcp

[^] Before exploration expenditure * Driven by increased production and Sugarloaf royalties

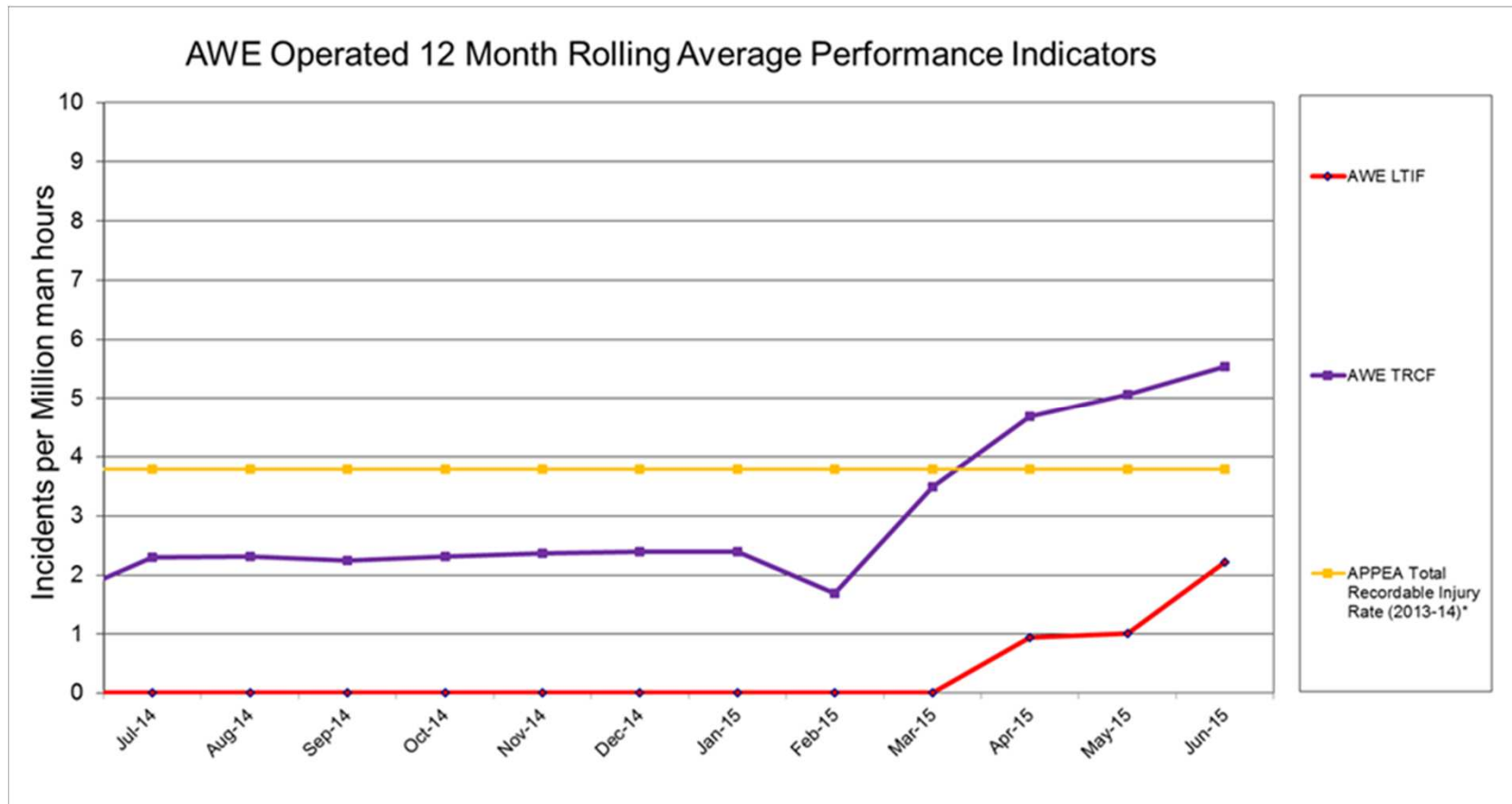
Results impacted by low oil prices and reduced BassGas production due to development activity

In a low oil price environment, AWE aims to achieve its annual targets and strategic goals by:

- Maximising operating cash flows
- Maintaining balance sheet flexibility
- Actively assessing returns on individual assets
 - Divesting non-core assets
 - Prioritising development spend
- Continuing to reduce discretionary expenditure and operating costs
- Ensuring an efficient and lean operating structure
- Developing our long-term growth strategy beyond 2018

Disciplined financial management required to reach annual production target of 10 mmboe by end 2018

Health, safety and environment



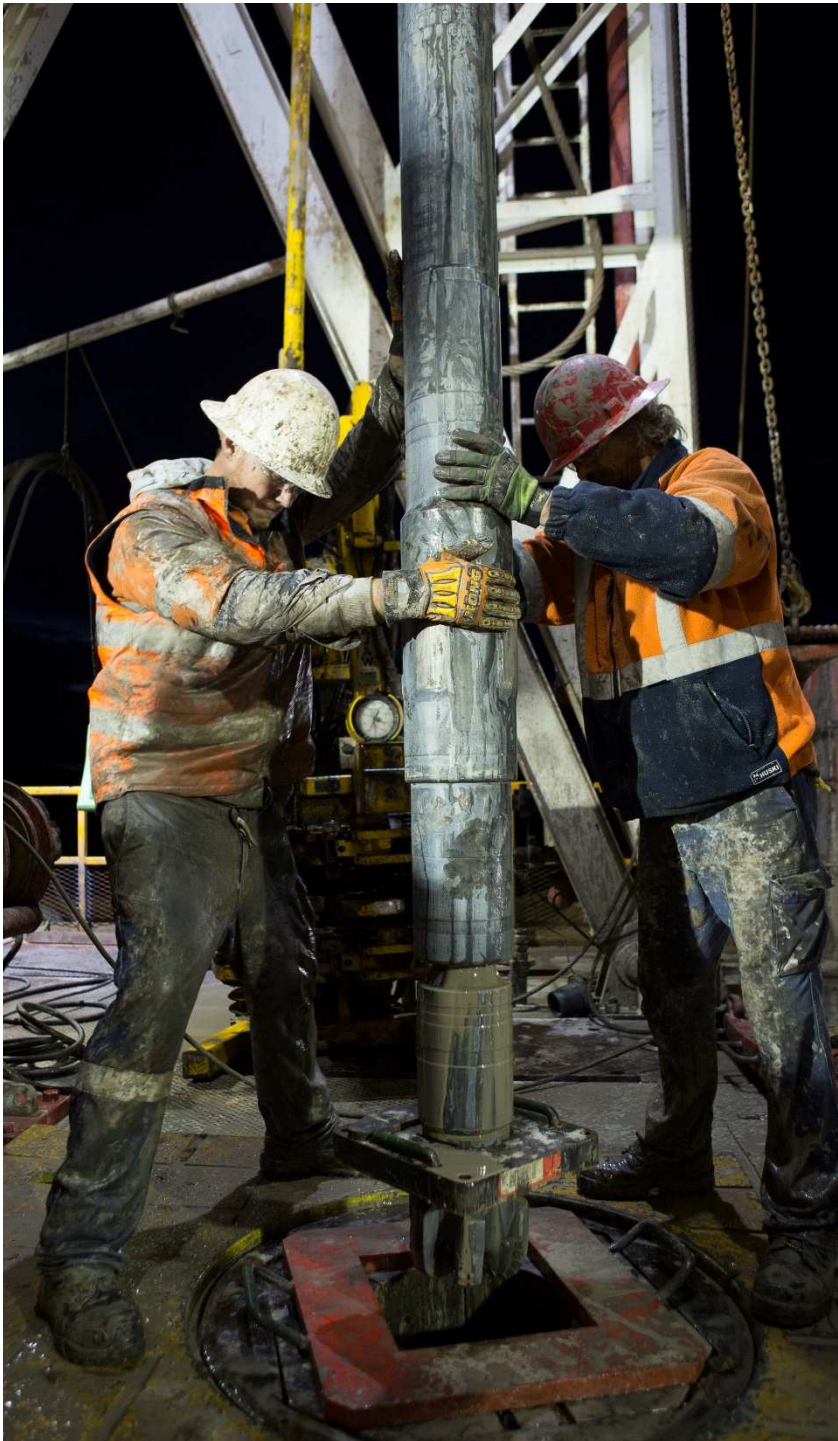
* APPEA Total Recordable Injury Rate (2013-2014) is 3.79 injuries per million hours worked, 23% lower than the previous reporting year (which was 4.9).

- Two Lost Time Injuries recorded in 4Q FY 2014-15, disappointing after two years LTI free
- No reportable environmental incidents during FY 2014-15

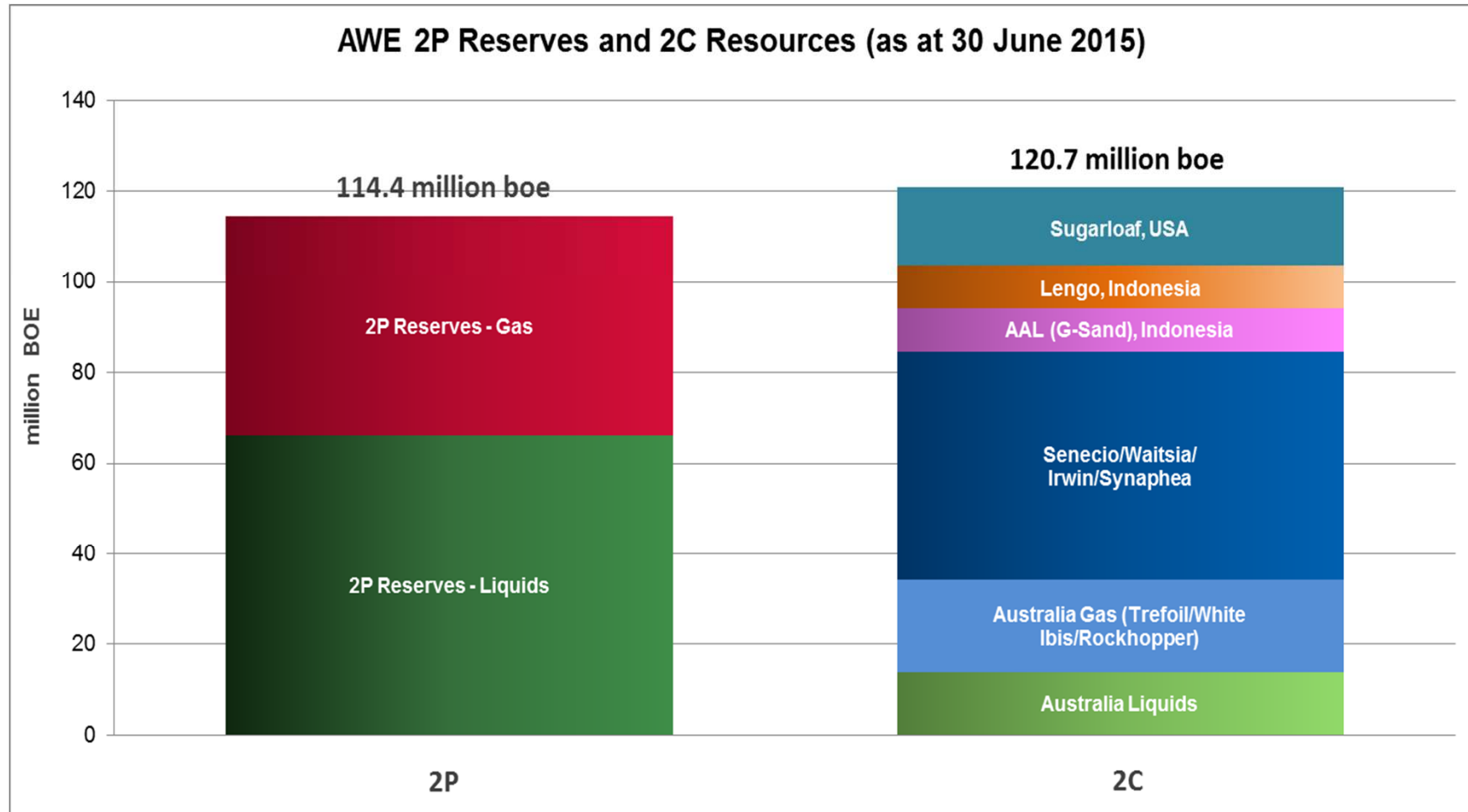
AWE focused on improving safety performance of employees and contractors at all work sites

Reserves & Resources

As at 30 June 2015



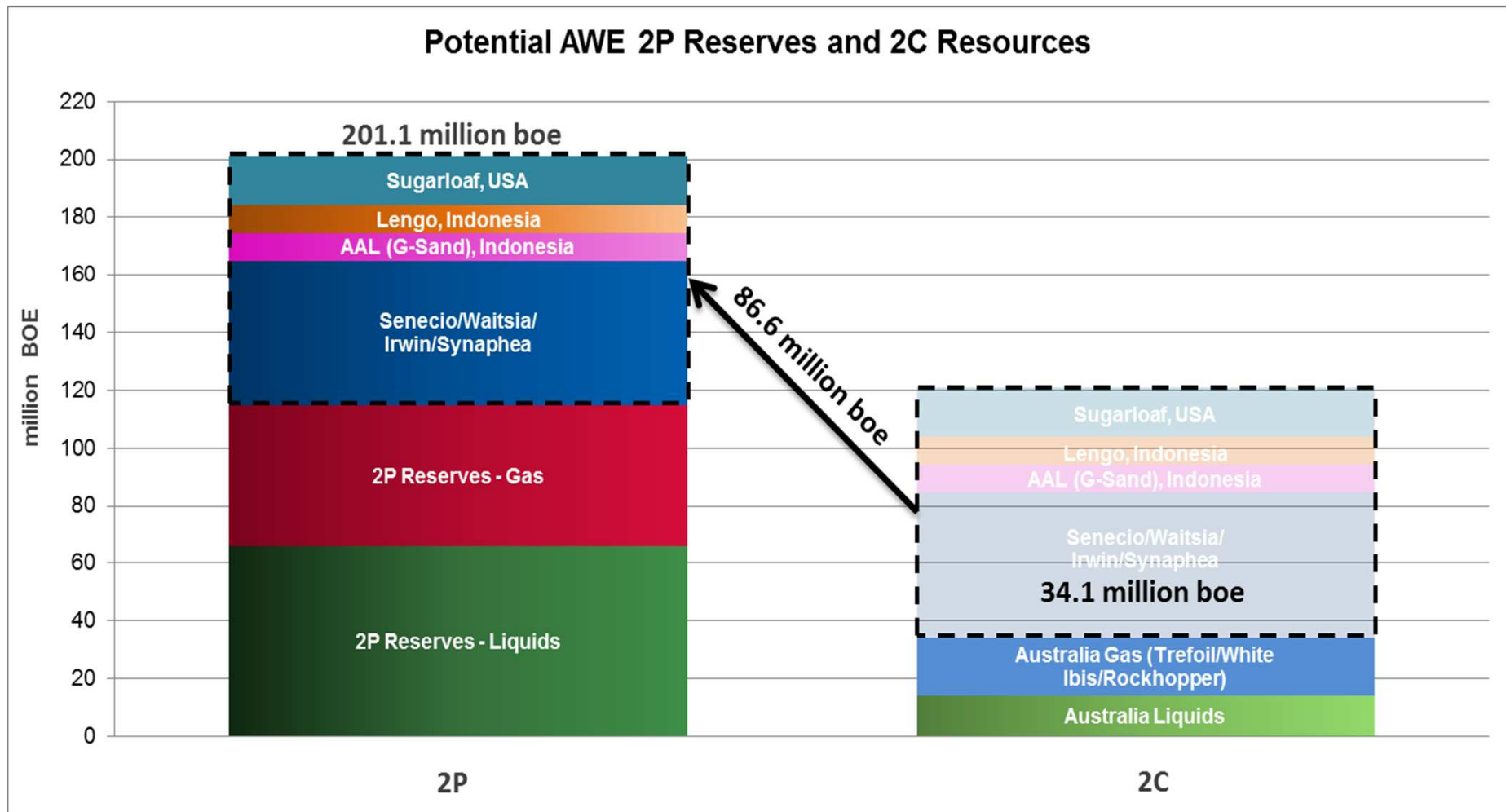
Reserves & Resources continue to grow



Note: Includes recently announced changes to onshore Perth Basin net 2P Reserves and 2C Contingent Resources announced 21 August 2015

More than 22 years of 2P production (based on current production of 5.1 mmboe)

Potential to increase 2P Reserves



Ability to convert majority of 2C Resources into 2P Reserves in short to medium term

Latest Perth Basin 2P and 2C estimates

- Onshore Perth Basin represents substantial gross 2P Reserves and 2C Contingent Resources with 721 Bcf of gas (359 Bcf of gas or 65 mmmboe net to AWE) booked:
 - Waitsia gross 2P plus 2C now 484 Bcf of gas (242 Bcf of gas or 43 mmmboe net to AWE)
 - Senecio / Irwin / Synaphea gross 2C now 237 Bcf of gas (117 Bcf of gas or 23 mmmboe net to AWE)

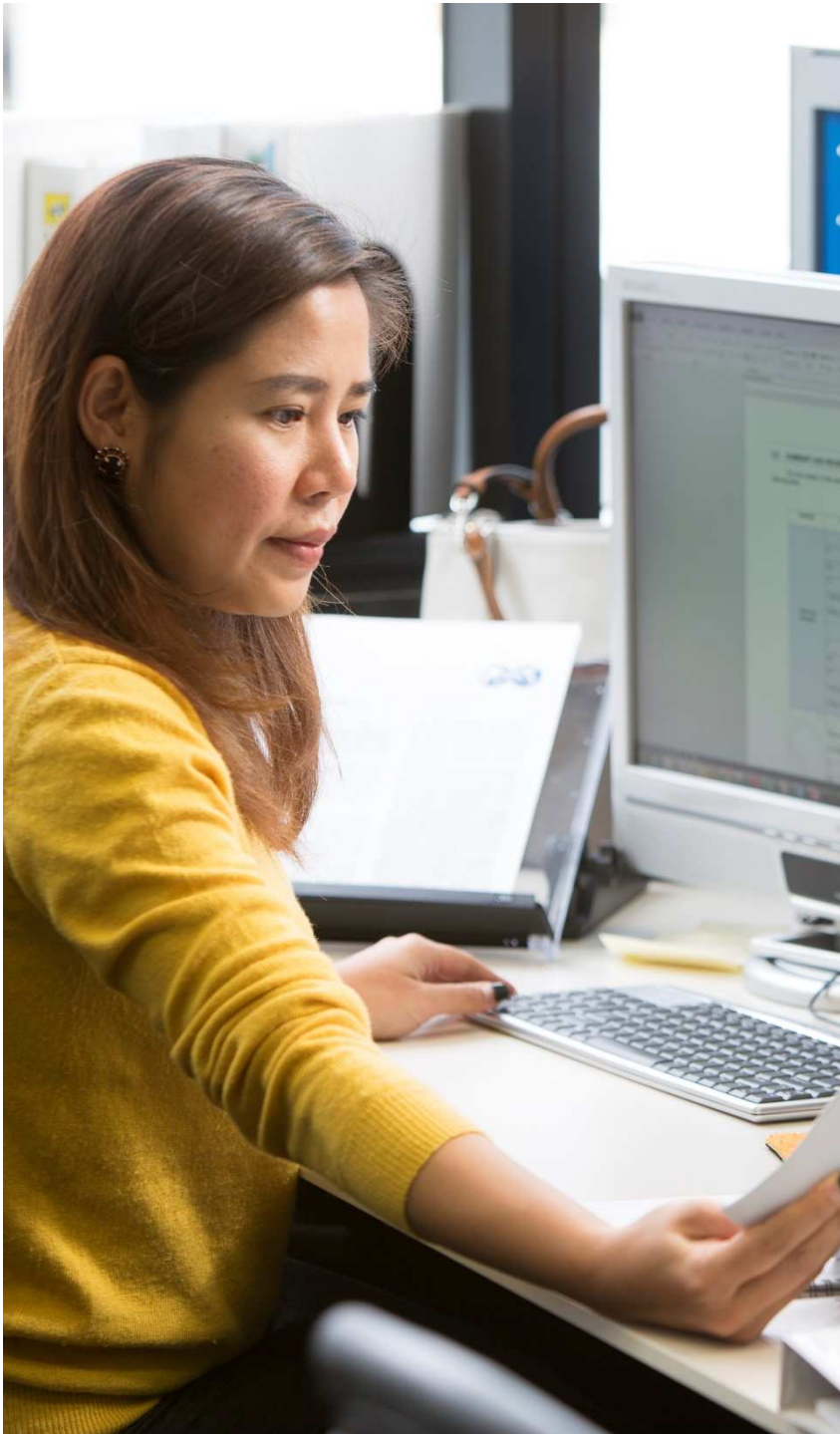
AWE net Reserves and Contingent Resource estimates for the onshore Perth Basin (as at 30 June 2015, announced 21 August 2015)

Field and Permit	Reservoir Interval	AWE Share (Bcf) of Contingent Resources			AWE Share (Bcf) of Reserves		
		1C	2C	3C	1P	2P	3P
Waitsia (L1/L2)	Kingia/High Cliff Sandstone	110	153	204	51	89	121
Senecio (L1/L2)	Dongara/Wagina	25	41	73	-	-	-
Synaphea (L1/L2; EP320)	Dongara/Wagina	53	69	92	-	-	-
Irwin (L1/L2; EP320)	Dongara/Wagina	4	7	11	-	-	-
TOTAL			270			89	

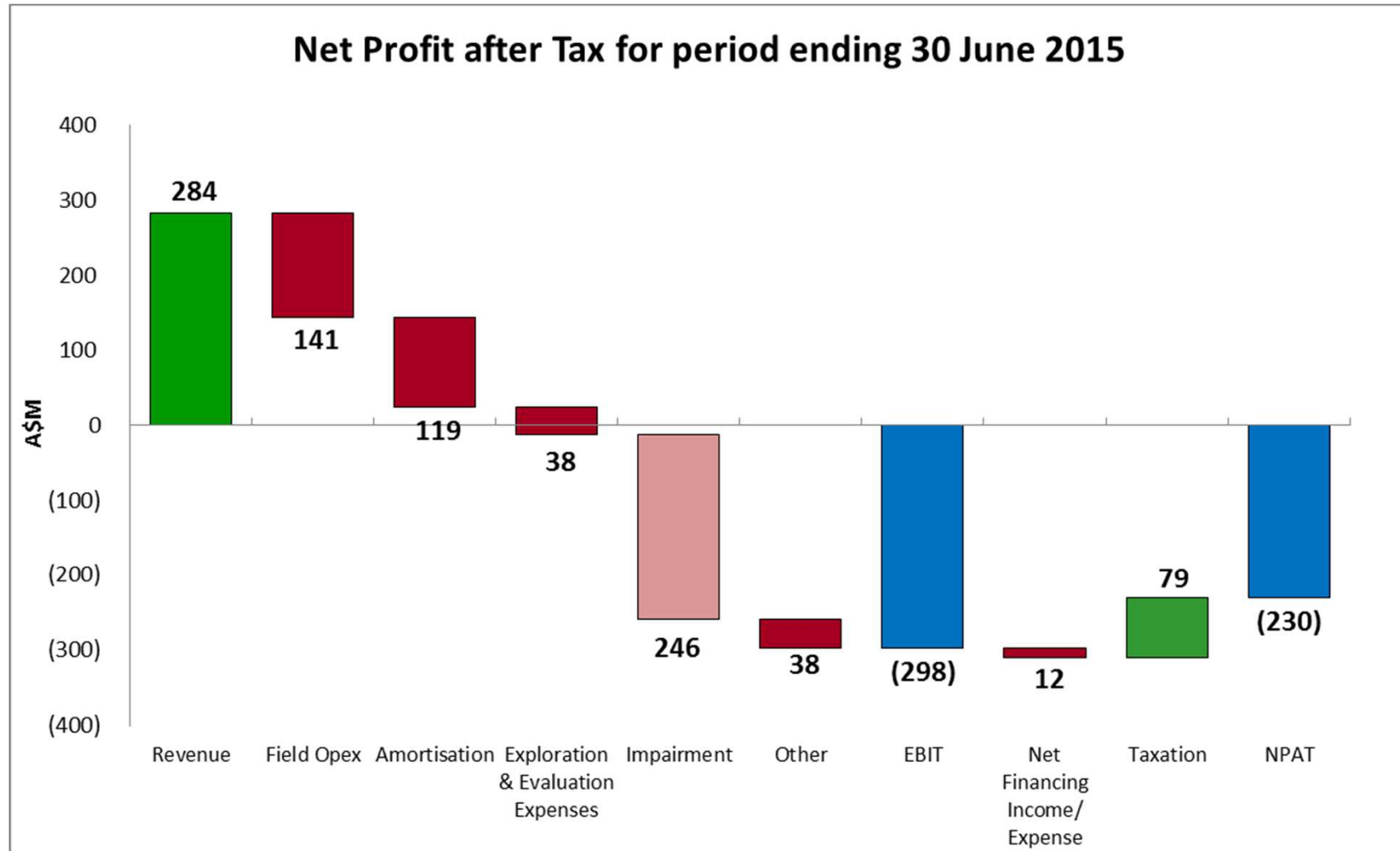
Over 700 Bcf of gas gross discovered and/or appraised in FY 2014-15

Financial Performance

For the 12 months
to 30 June 2015



Earnings analysis



Non-cash impairments and low oil prices severely impacted full year results

Underlying NPAT reconciliation



	Full year to 30 June 2015 \$ million	Full year to 30 June 2014 \$ million
Statutory NPAT	(230.2)	62.5
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	-
Total non-recurring items after tax	177.9	(55.5)
Underlying NPAT	(52.3)	7.0

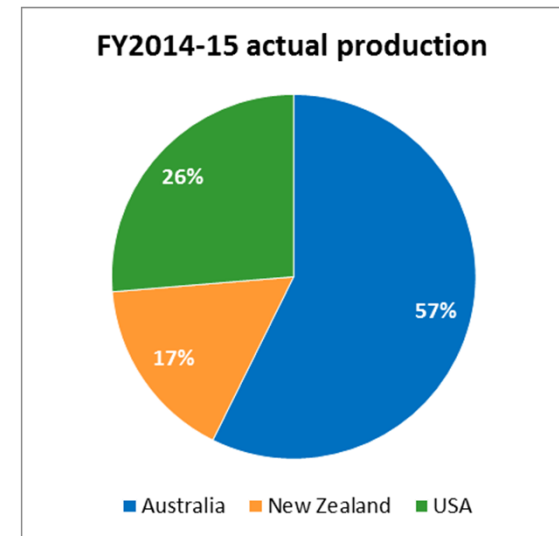
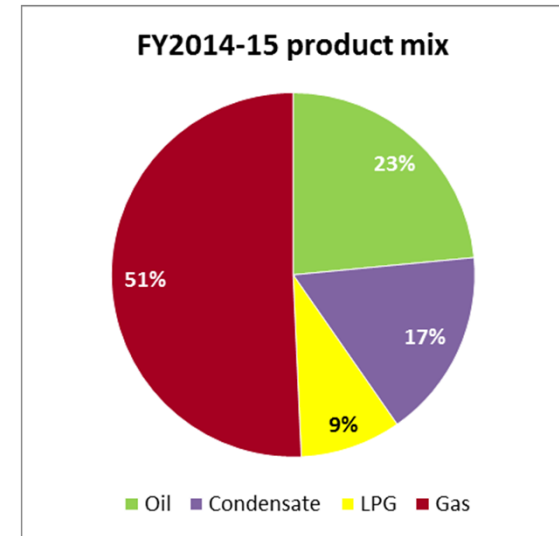
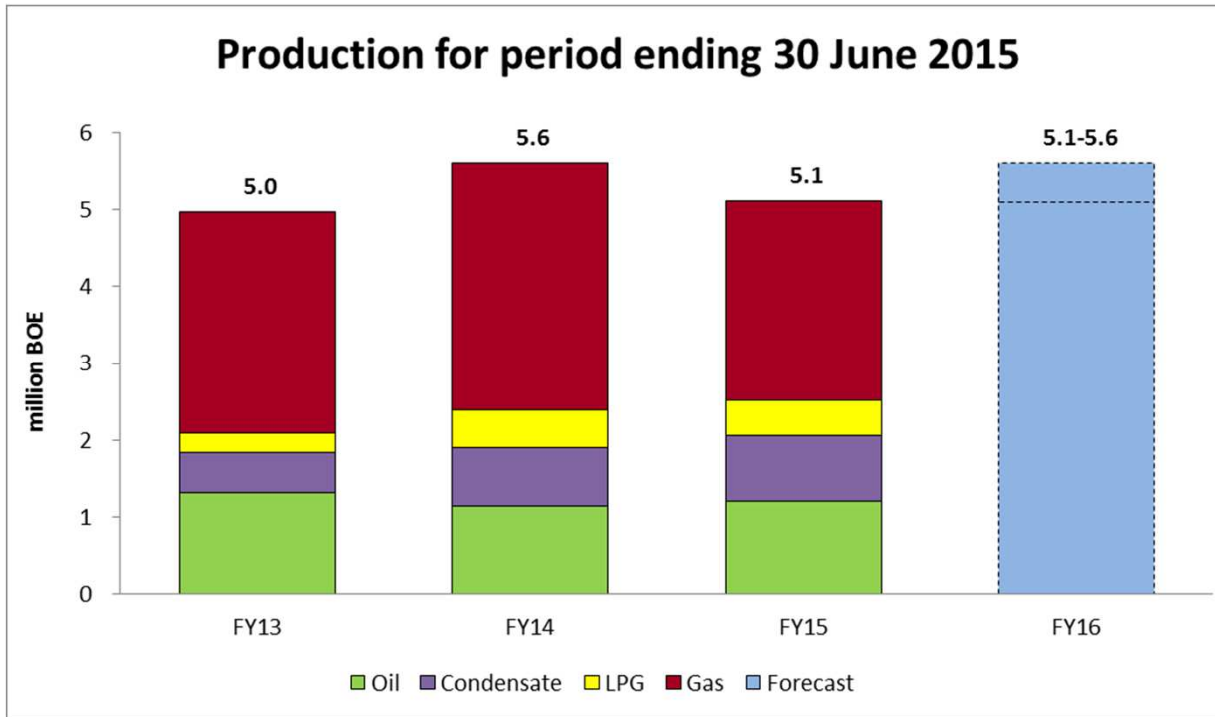
Non-cash impairments



Oil producing asset	Non-cash impairment before tax	Non-cash impairment after tax
Cliff Head Oil Project	\$26.9 million	\$11.3 million
Tui Area Oil Project	\$67.4 million	\$39.5 million
BassGas Project	\$150.7 million	\$105.5 million
Indonesia Exploration	\$1.2 million	\$1.2 million
TOTAL	\$246.3 million	\$157.5 million

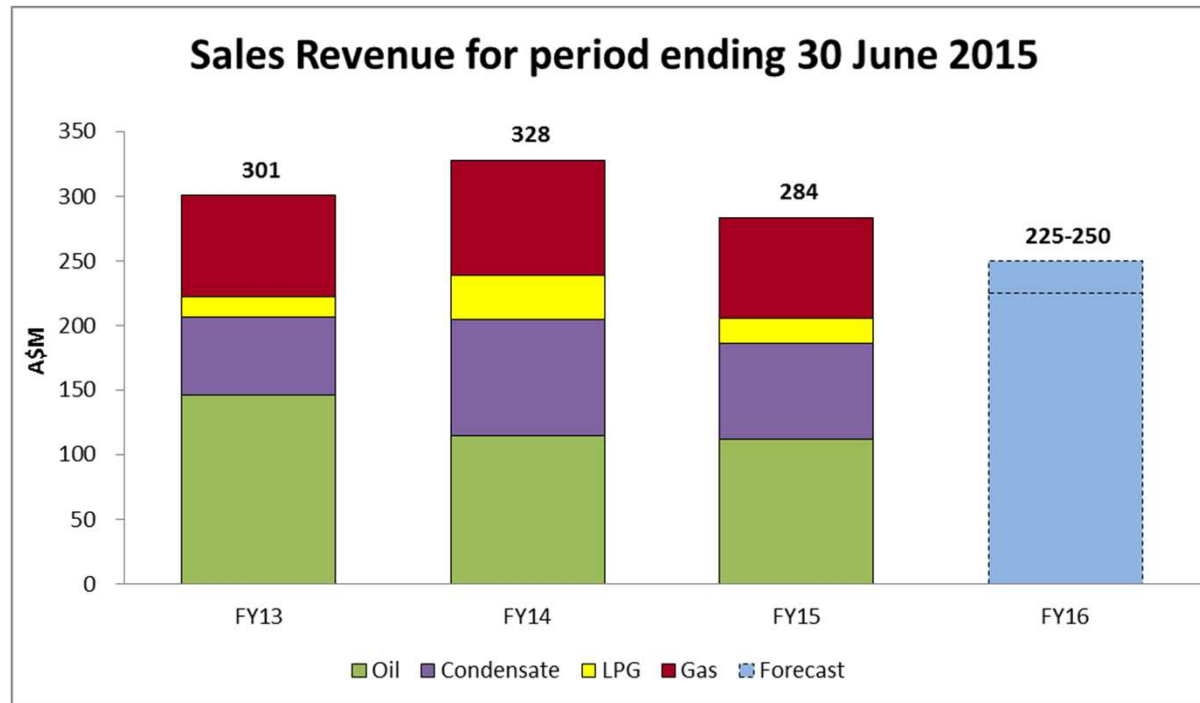
- The major non-cash impairment items for the 2014-15 financial year were incurred as a result of the low oil price environment (Cliff Head, Tui) and the reduction in 2P Reserves at the Yolla gas field (BassGas)
- Brent oil price estimates assume the forward curve to 2018 and an independent long term oil price forecast thereafter
- Exchange rates of A\$/US\$ 0.76 in 2016, A\$/US\$ 0.75 in 2017 and A\$/US\$ 0.74 in 2018

Total production

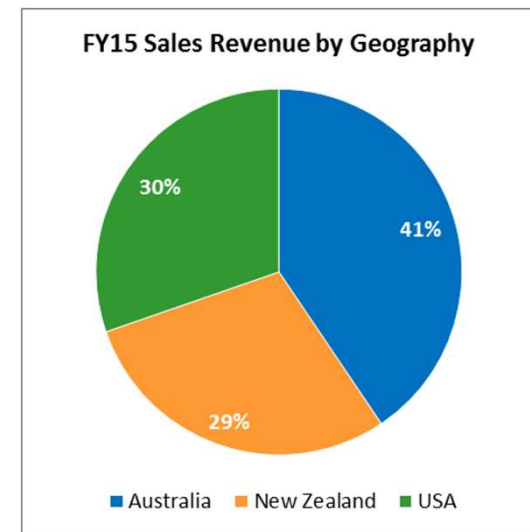
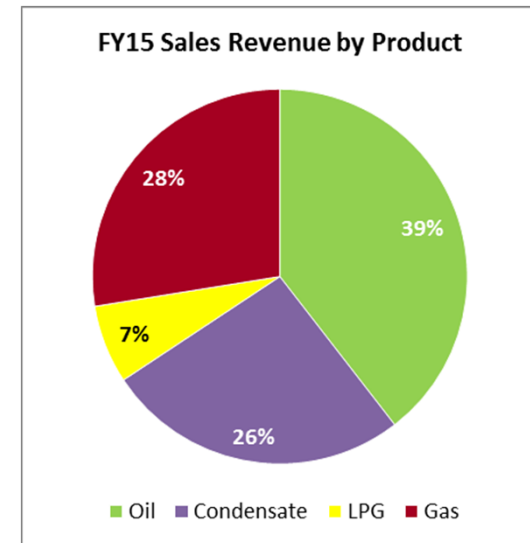


Solid operating performance in FY15 saw production at the top end of guidance

Sales revenue

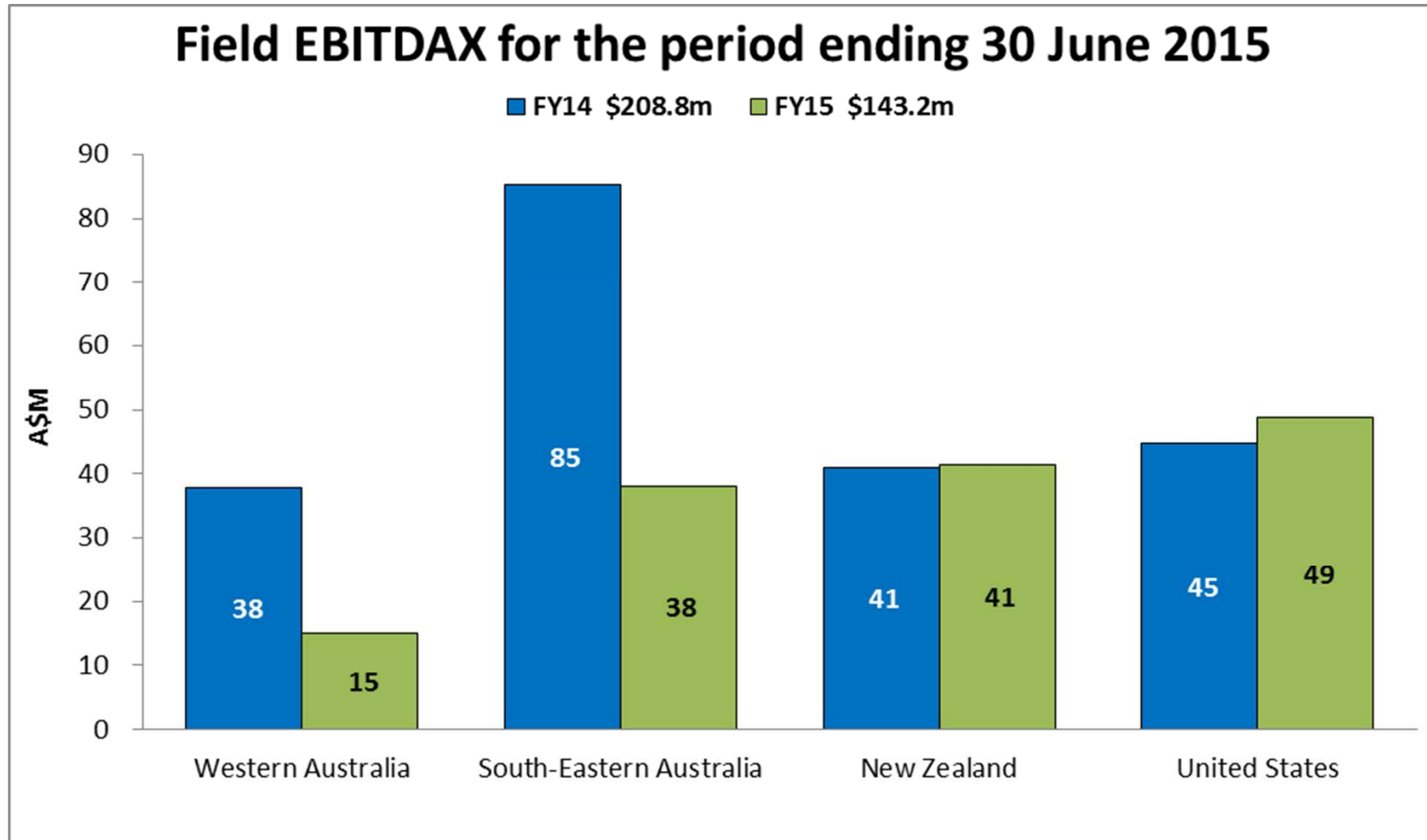


Note: Guidance based on Brent oil price of US\$50/bbl



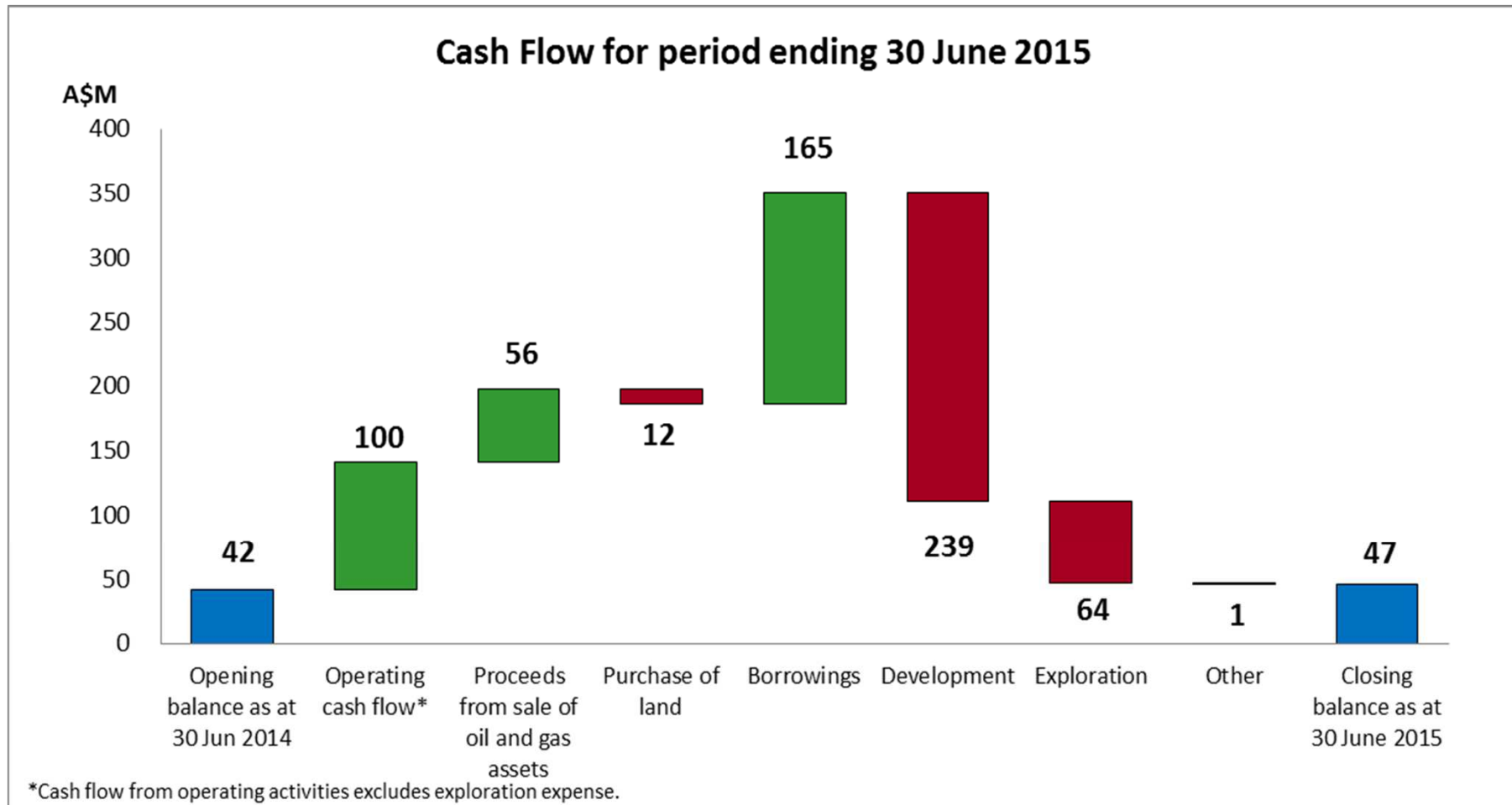
Sales revenue 2% below guidance but positive result given low oil prices

Field EBITDAX

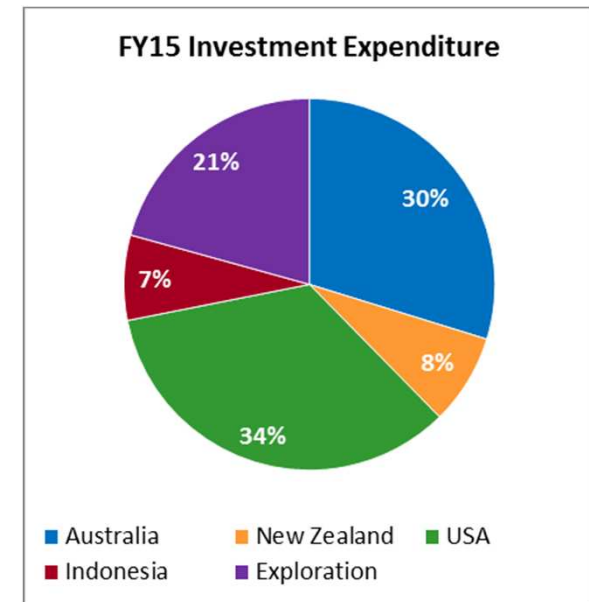
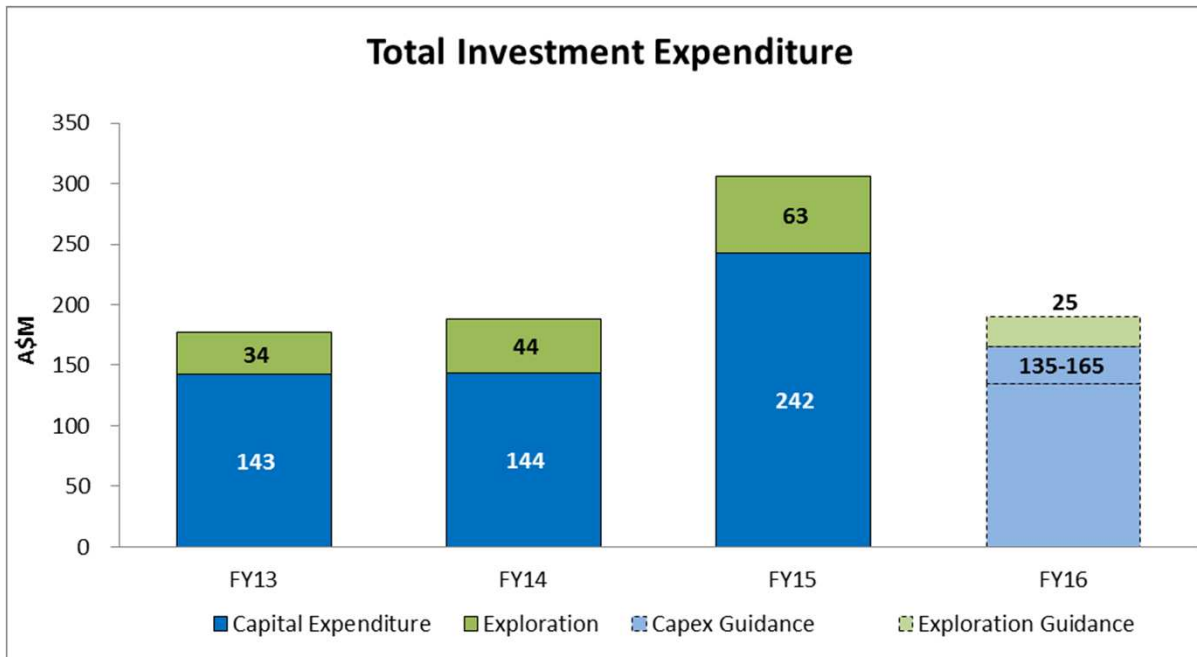


Australian operations impacted by reduced production at BassGas and Cliff Head

Cash flow analysis



Borrowings increased to offset decline in oil revenues during peak investment spend



Total investment expenditure forecast to decrease by 37% - 47% in FY16

Maintain tight financial discipline



- Maintain flexible balance sheet
 - *Hedge production where appropriate*
 - *Exercise discretion on development costs if required*
 - *Carefully assess growth opportunities before committing to expansion*
 - *Monetise non-core assets to recycle capital*
- Maintain diversity of cash flow and explore alternative funding sources
- Continue to reduce discretionary spending and reduce corporate and G&A overheads by >20% in FY 2015-16
- Identify procurement and operating cost savings as well as deferring non-essential expenditure
- Forecast total investment expenditure of \$160 million to \$190 million in FY 2015-16 represents a 37% to 47% reduction on previous year

Disciplined portfolio management and cost control key to maintaining balance sheet flexibility

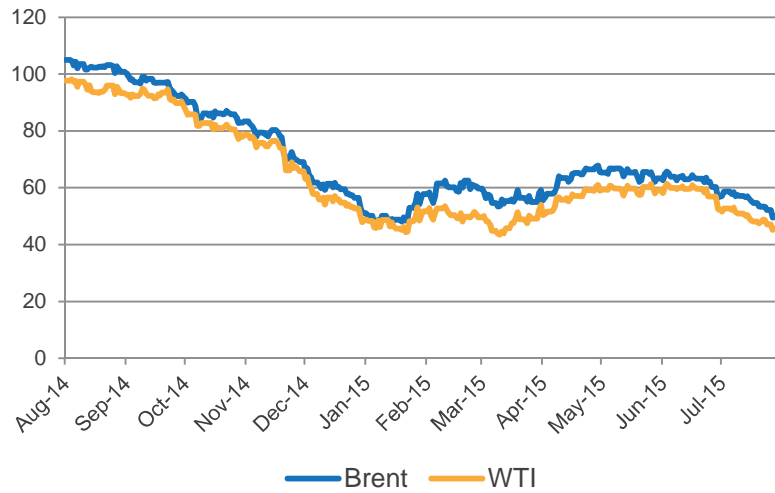


Strategic Initiatives

Tougher operating environment



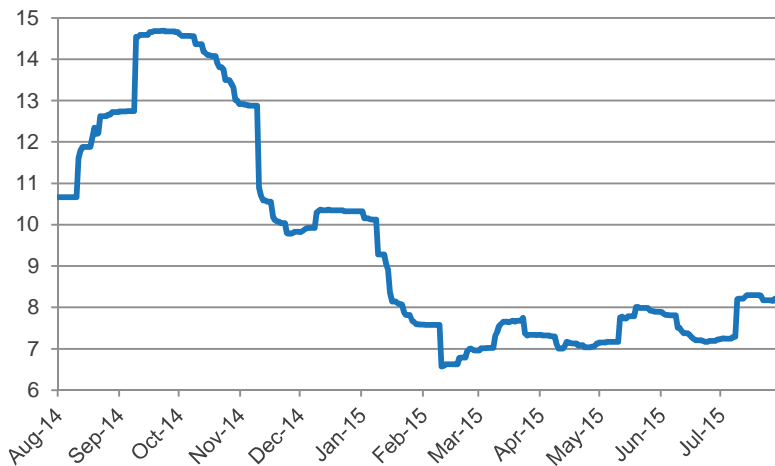
Brent / WTI Oil Prices (US\$/bbl)



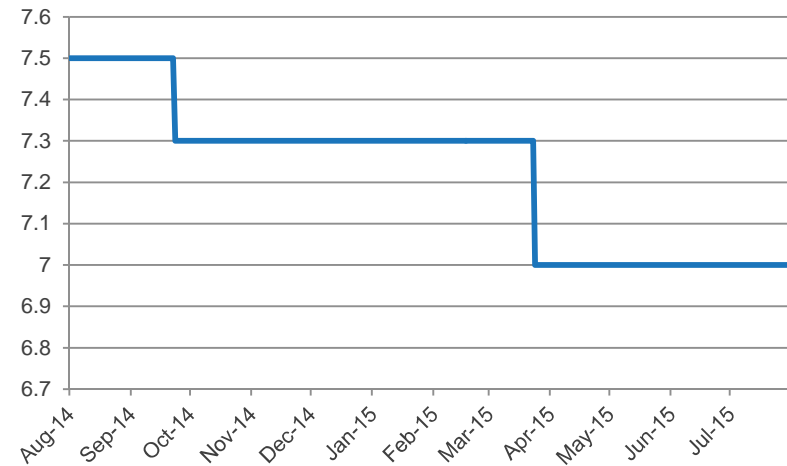
AUD/USD



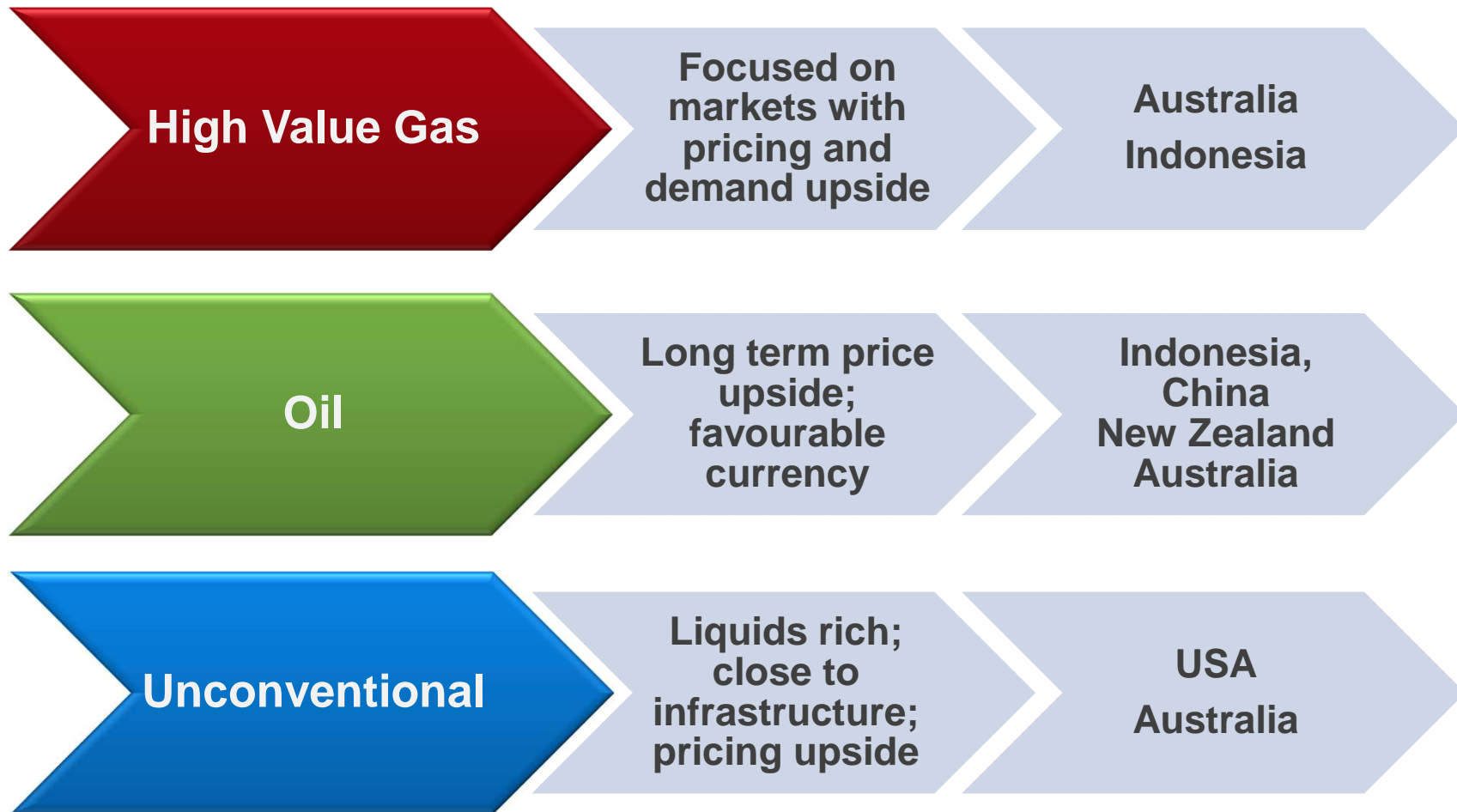
LNG East Asia Index (US\$/mmbtu)



China YoY GDP Growth (%)



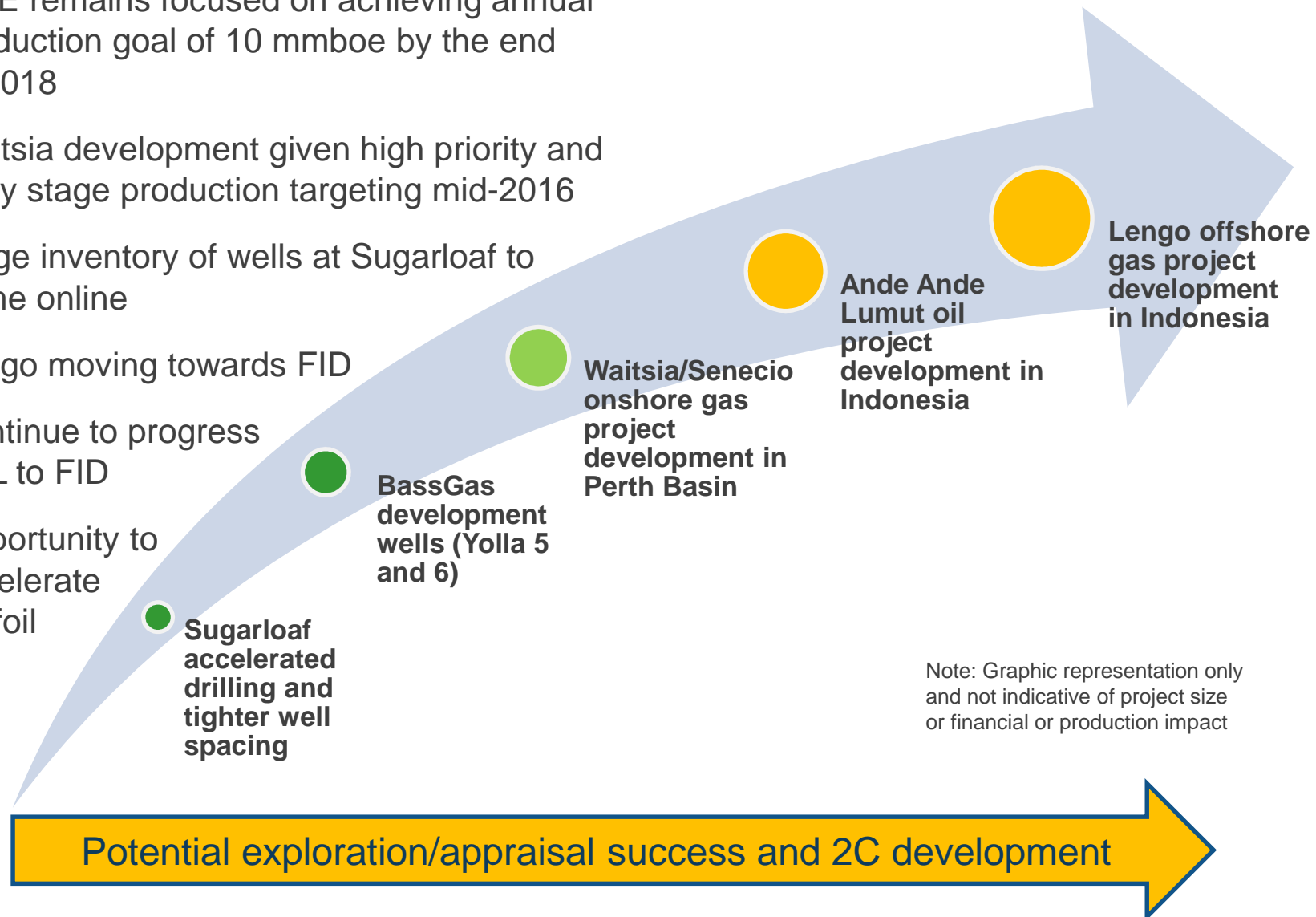
Diverse product mix provides stability



Contracted gas provides stable revenue and cash flows in low oil price environment

Development portfolio re-prioritised

- AWE remains focused on achieving annual production goal of 10 mmbob by the end of 2018
- Waitsia development given high priority and early stage production targeting mid-2016
- Large inventory of wells at Sugarloaf to come online
- Lengo moving towards FID
- Continue to progress AAL to FID
- Opportunity to accelerate Trefoil

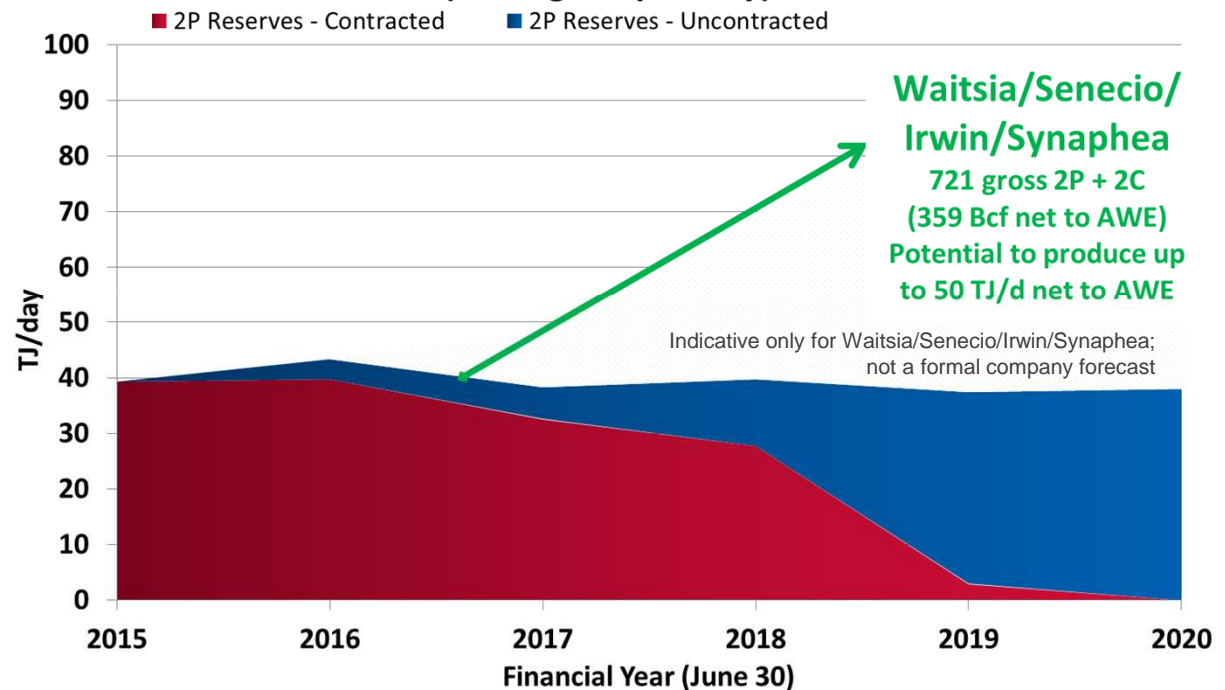


Note: Graphic representation only and not indicative of project size or financial or production impact

Capture value in gas markets

- Industry experts forecast domestic gas prices to rise over the next 5-10 years
- Ability to market sole or joint in all markets
- Good opportunities emerging among industrials and utilities with potential for transport and mining
- The majority of AWE's Australian 2P gas reserves are uncontracted
- 100% of AWE's Australian 2C gas resources exposed to higher gas price environment

**AWE Net Australian Sales Gas Production Forecast
(average TJ per day)**



- Both Otway and Bass basin gas sales to be recontracted within the next 18 months
- Contract Waitsia early production gas in WA. Larger full field volumes dependent on gas marketing initiatives currently under way
- Able to ramp up production to capture market opportunities

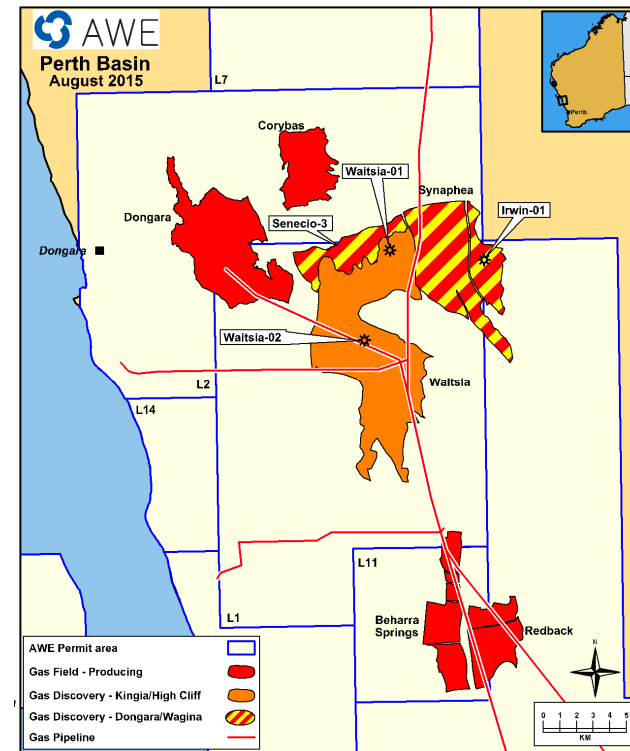
AWE looking to contract gas production on east and west coast



Growth Projects

Waitsia moves into development phase

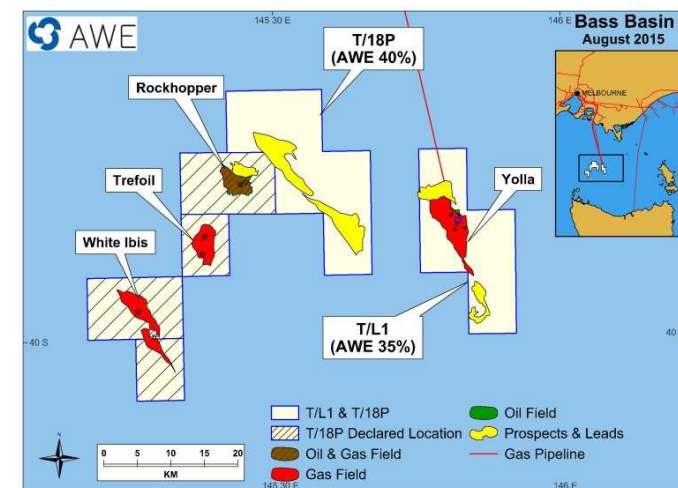
- Very successful three well drilling program confirmed two significant commercial plays:
 - *Kingia/High Cliff conventional gas play (Senecio-3, Waitsia-1 and 2)*
 - *Dongara/Wagina tight gas play (Senecio-3 and Irwin-1)*
- Gross 2P Reserves of 178 Bcf of gas and gross 2C Contingent Resources of 306 Bcf of gas for Waitsia (net 43 mmboe to AWE)
- Additional gross 2C Contingent Resources of 237 Bcf of gas for Scenecio, Irwin and Synaphea (net 23 mmboe to AWE)
- Targeting low cost, early conventional production from existing wells into the Xyris plant (approx. 10 TJ/day) by mid-2016
- Gas marketing is under way
- Full field development planning for Waitsia and Senecio gas fields under way



Targeting early production from initial development by mid-2016 subject to approvals

BassGas increases production

- Drilling of two development wells (Yolla-5 and 6) completed and Yolla-6 brought onto production in July 2015
- Expect full field production following demobilisation of drilling rig in Q3 CY2015
- Heavy lift phase (gas compression & condensate pumping modules) completed in December 2014
- Tie-in and commissioning of gas compression and condensate pumping modules to commence 2H 2015 calendar year
- 2P Reserves reduced by 5.5 mmboe down to 13 mmboe at 30 June 2015 following Operator's initial reassessment of Reserves
- Aim to accelerate Trefoil development feasibility studies (17 mmboe net to AWE)
- Holdings in T/L1 (BassGas) reduced to 35% and increased in T/18P (Trefoil) to 40%

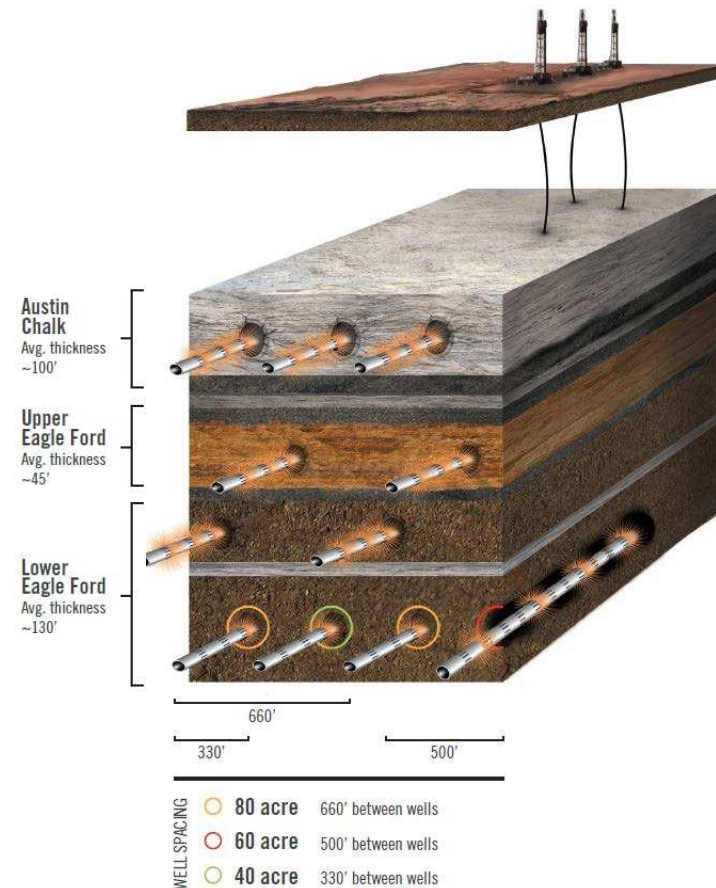


Reduced reserves not expected to materially impact production or cash flow over next 3 to 4 years

Inventory builds at Sugarloaf

- Prime US unconventional assets continue to provide good returns at current low oil prices
- Sugarloaf is some of the best liquids-rich unconventional acreage in the world
- Production up 54% in FY 2014-15
- 241 wells (gross) on production at mid-August 2015 with 32 in the Austin Chalk
- Inventory wells, in various stages of drilling and completion, now total 61 (gross)
- Gross well costs down to around US\$7 million/well and achieving longer horizontal reach
- Net 2P Reserves increased by 100% to 48 mmbbl and 2P + 2C up 75% to 65 mmbbl
- Significant Reserve/Resource upside potential in Upper Eagle Ford where pilot development drilling is under way

Eagle Ford horizontal and vertical well spacing

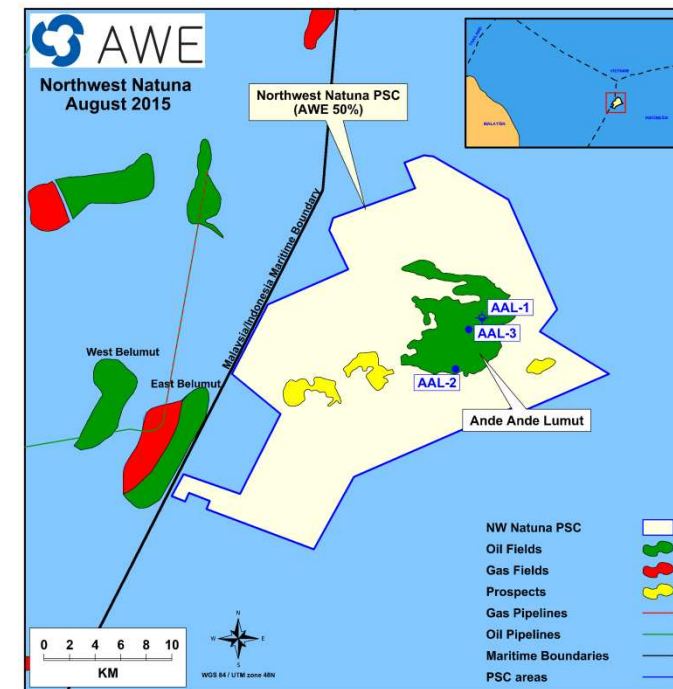


Source: Baytex Energy Corp., February Corporate Presentation, 2015

Sugarloaf costs reduced and performance remains resilient in current low oil price environment

AAL continues to make progress

- 100 mmbbl gross recoverable oil field development (K-Sand), offshore Indonesia
- FPSO and well head platform tender plans approved by Indonesian government
- FEED process well advanced
- Well head platform and FPSO tendering processes to continue over remainder of 2015
- Look to achieve savings on major cost items: well head platform, FPSO and drilling
- FID for the project moved to 2H 2016 calendar year with first oil targeted for late 2018
- 35 mmbbl gross upside potential in deeper G-Sand – Operator planning appraisal well for 1H 2016 calendar year
- Additional exploration prospects in PSC

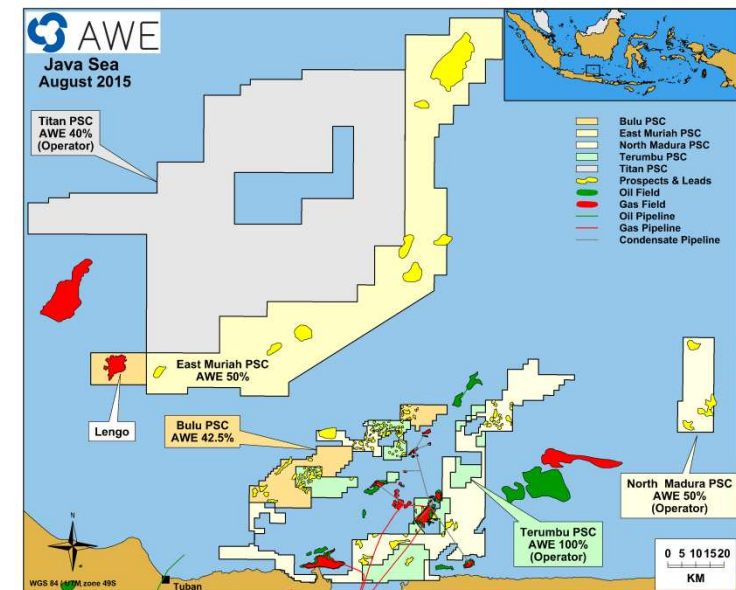


AAL making progress in tough economic environment

Lengo gas project gaining momentum



- Indonesian government has approved the Plan of Development for the Lengo gas project in the Bulu PSC offshore East Java
- POD comprises four development wells, an unmanned well head platform, and a 20-inch, 65km pipeline to shore
- Operator (KrisEnergy) awarded FEED contracts for the offshore facilities and pipeline which are now 60% complete
- Geophysical and geotechnical surveys for platform site, pipeline route and onshore receiving terminal have been completed
- Negotiations for gas sales are continuing; East Java gas prices around US\$7-\$8/GJ
- Operator estimates over 300 Bcf recoverable sales gas with good proximity to strengthening gas market on East Java



Lengo gas project making good progress; FID timing subject to gas sales agreement



Outlook

Guidance for FY2015-16



Key Indicator	Guidance FY2015-16
Production (million BOE)	5.1 – 5.6
Sales Revenue (\$m)	225 - 250
Development Expenditure (\$m)	135 - 165
Exploration Expenditure (\$m)	25

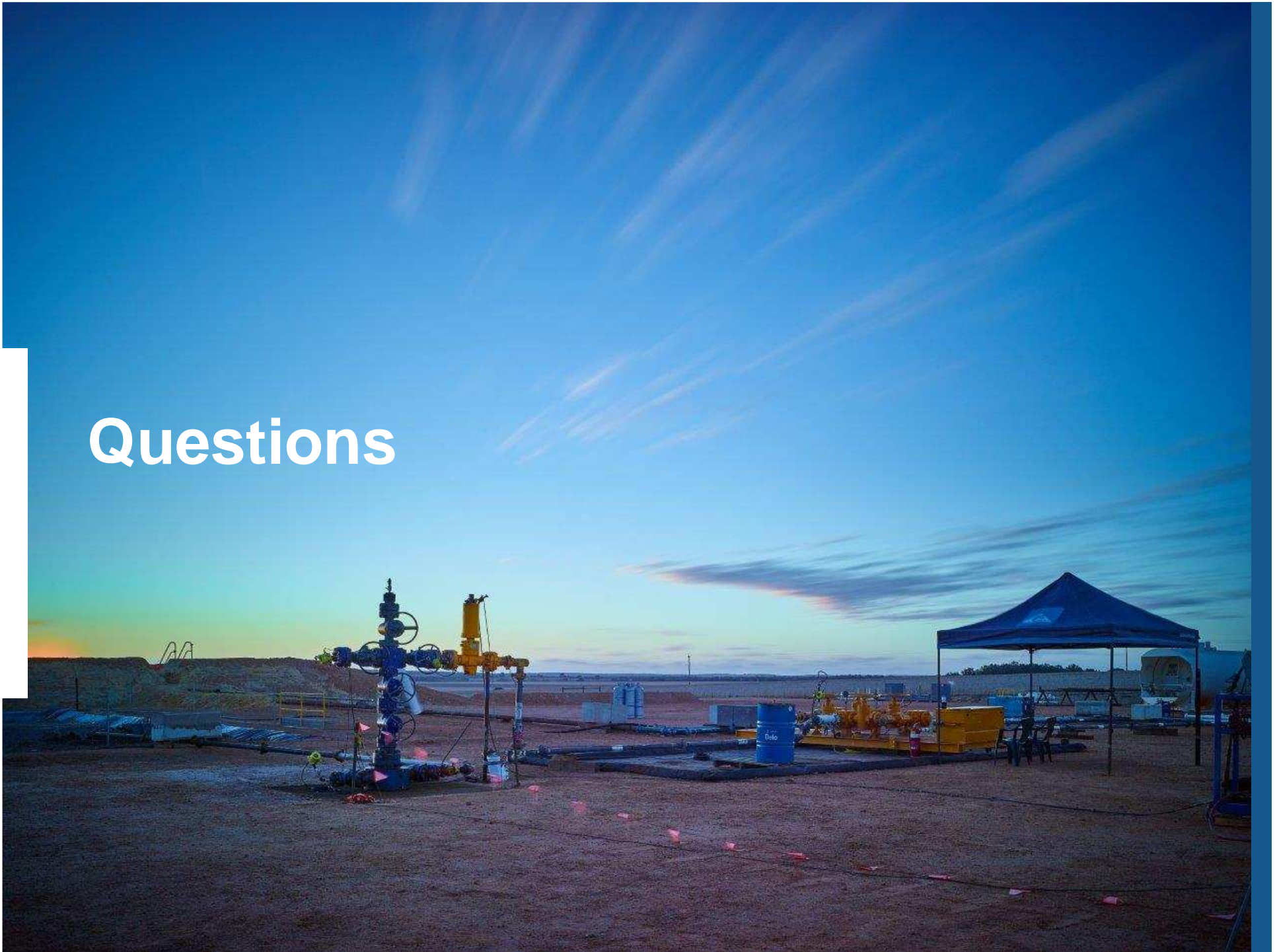
Note: Guidance prepared using Brent Oil price of US\$50 per barrel and A\$/US\$ of 75 cents

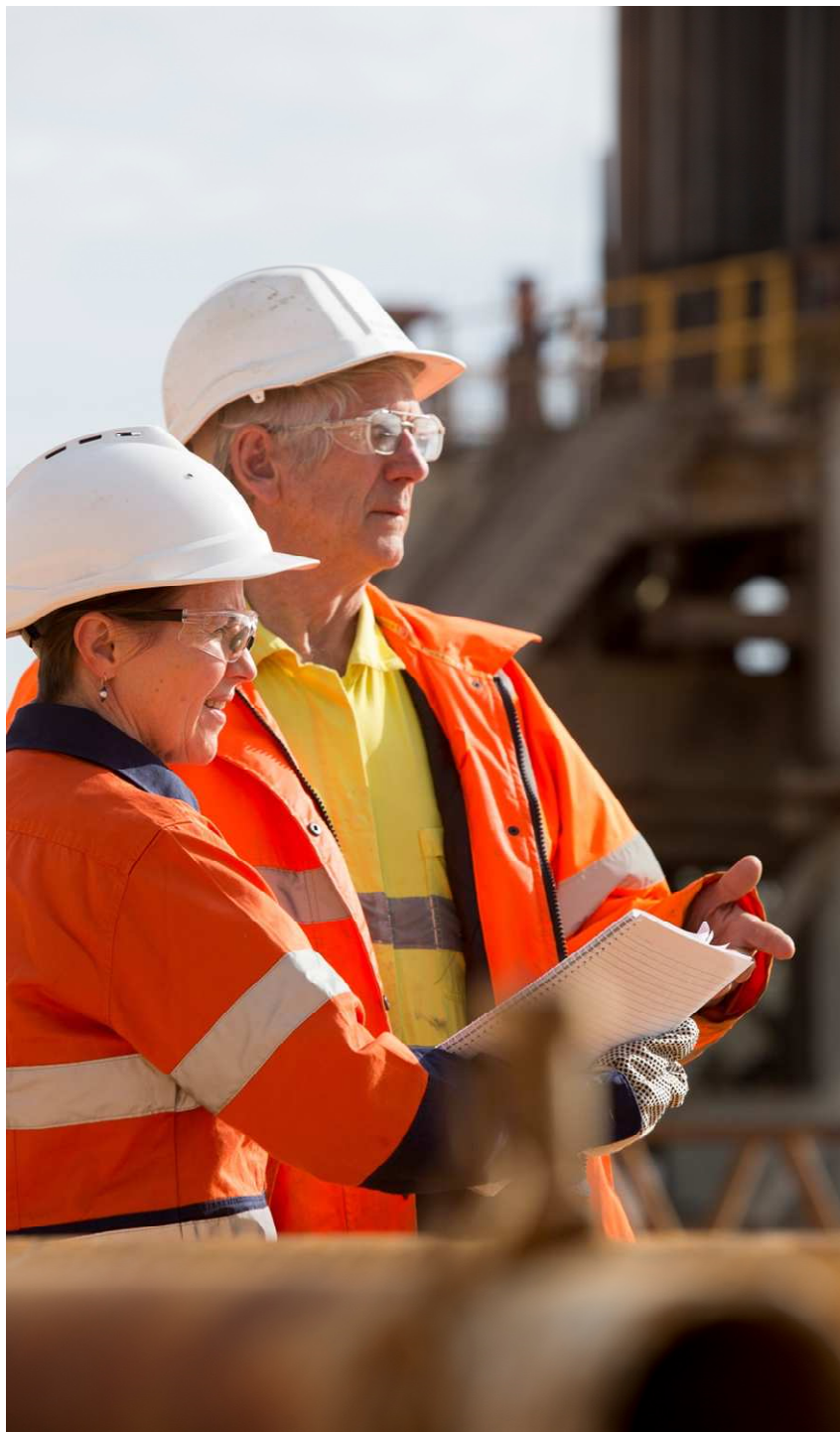
Improved production forecast for FY 2015-16; continue to tightly manage costs

- **First production from Waitsia; accelerating activity in the onshore Perth Basin**
 - *Low cost, early conventional production from existing wells by mid-2016*
 - *Gas marketing for larger resource base under way*
 - *Further drilling planned in 2016 calendar year*
- **BassGas development**
 - *Finalise MLE with hook-up of gas compression and condensate pumping modules*
 - *Accelerate Trefoil development feasibility studies*
- **Sugarloaf production expected to increase substantially over FY 2015-16**
 - *Large inventory of 61 wells to bring on to production*
 - *Drilling pilot development wells in Upper Eagle Ford with further reserve and resource potential*
- **Ande Ande Lumut oil project**
 - *Progress FEED and tendering for FPSO and well head platform ahead of FID in 2H 2016*
 - *Working with Operator to achieve cost savings for drilling, well head platform and FPSO*

- **Excellent base of high quality 2P Reserves and 2C Contingent Resources with further upside potential**
- **Four cornerstone growth assets and substantial inventory of opportunities**
- **Focused on cost control and financial discipline**
- **Capacity and flexibility to fund growth projects**
- **Goal of 10 mmboe annual production by end of 2018 remains achievable**

Questions

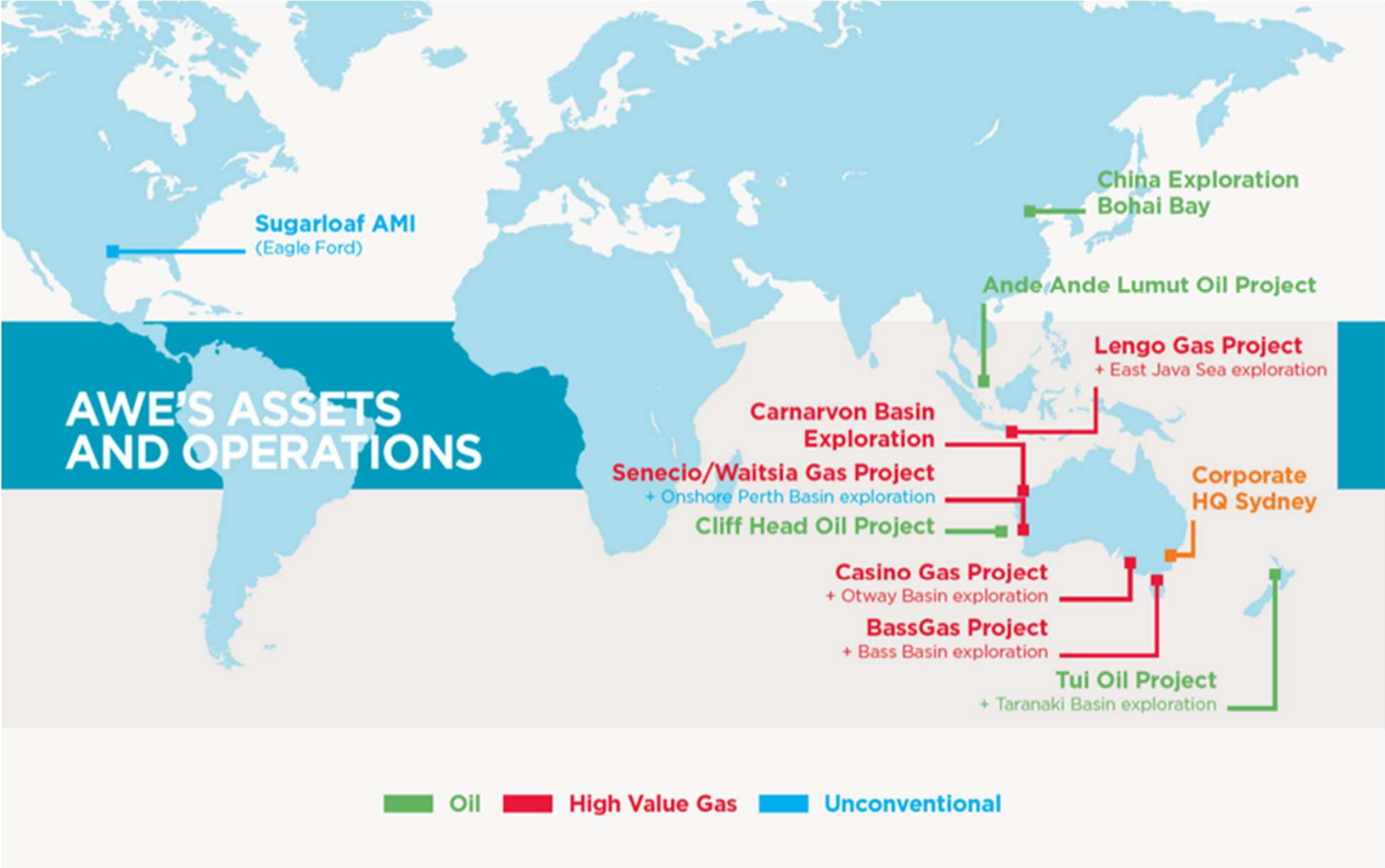




Appendix

Full year financials and
supplementary information

Geographic diversity



Production analysis



REGION AND ASSETS	FY 2014-15 Production	Percentage of total	FY 2013-14 Production	Percentage of total
Australia	'000 BOE	%	'000 BOE	%
Bass Basin (BassGas)	1,093	21.5%	1,961	35.0%
Otway Basin (Casino)	1,072	21.0%	1,277	22.8%
Perth Basin (Cliff Head, onshore*)	766	15.0%	822	14.7%
New Zealand				
Taranaki Basin (Tui*)	836	16.4%	684	12.2%
USA				
Eagle Ford, Texas (Sugarloaf)	1,327	26.1%	862	15.3%
TOTAL ('000 BOE)	5,094		5,606	

* Denotes Operatorship (not all Perth Basin assets operated)

- Production down 9% due to planned BassGas development activity, but at top of guidance range
- Product mix was 51% gas and 49% liquids resulting from increased Tui and Sugarloaf production and reduced BassGas production

Full year earnings breakdown



	Full year to 30 Jun 2015 \$ million	Full year to 30 Jun 2014 \$ million
Revenue	283.7	329.3
Operating Costs	(140.5)	(119.4)
Amortisation	(119.1)	(117.6)
Exploration costs expensed	(37.6)	(39.8)
Asset impairments/reversals	(246.3)	-
Net other	(49.7)	44.0
Profit before tax	(309.5)	96.4
Tax (expense)/benefit	79.3	(33.9)
Statutory net profit	(230.2)	62.5

Full year segmental reporting



\$ millions	Total		New Zealand		South-Eastern Australia		Western Australia		United States		Exploration	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Sales revenue	283.7	328.3	80.9	61.6	70.8	124.5	47.4	68.3	84.6	73.8	-	-
Production costs and royalties	(140.5)	(119.4)	(39.4)	(20.7)	(32.7)	(39.2)	(32.5)	(30.4)	(35.9)	(29.1)	-	-
Field EBITDAX	143.2	208.8	41.5	40.9	38.1	85.3	14.9	37.9	48.7	44.8	-	-
Amortisation	(119.1)	(117.6)	(33.3)	(22.6)	(37.5)	(59.3)	(13.8)	(13.0)	(34.5)	(22.7)	-	-
Fair value adjustment	-	(12.4)	-	-	-	(12.4)	-	-	-	-	-	-
Impairment	(246.3)	-	(67.4)	-	(150.7)	-	(26.9)	-	-	-	(1.2)	-
Exploration expenses	(37.6)	(39.8)	-	-	-	-	-	-	-	-	(37.6)	(39.8)
Segment Profit	(259.8)	39.0	(59.2)	18.3	(150.1)	13.6	(25.8)	24.8	14.2	22.1	(38.8)	(39.8)
Unallocated income/(expenses)	(49.7)	57.4										
Net profit before tax	(309.5)	96.4										

Full year cash flow analysis



	Full year to 30 June 2015 \$ million	Full year to 30 June 2014 \$ million
Opening cash	42.1	41.1
Net cash flow from operations*	62.2	123.7
Asset acquisitions	(12.2)	(7.2)
Asset disposals	56.3	102.8
Development spending	(241.5)	(131.4)
Exploration spending initially capitalised	(26.4)	(9.8)
Proceeds from borrowings	164.5	(77.8)
Other	1.5	0.7
Closing cash	46.6	42.1
* includes exploration and evaluation costs	(37.5)	(30.6)

Balance Sheet summary

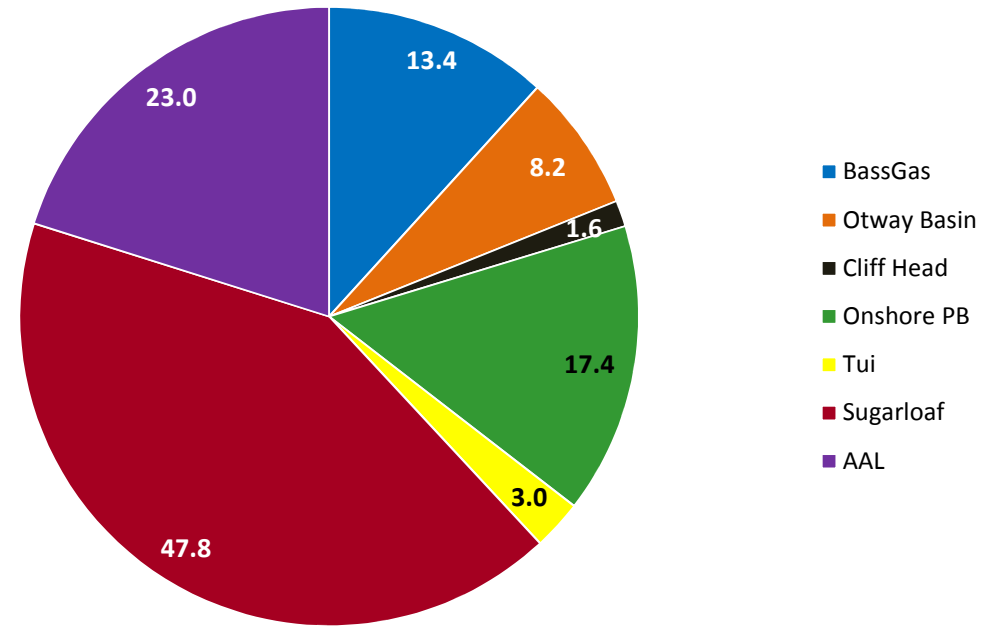


Balance sheet item	Full year to 30 Jun 2015 \$ million	Full year to 30 Jun 2014 \$ million
Assets		
Cash and cash equivalents	46.6	42.1
Receivables and inventory	177.1	139.9
Exploration and evaluation assets	69.1	109.3
Oil and gas assets	882.9	802.1
Land and building	12.2	-
Assets held for sale	-	84.3
Other assets	3.5	1.9
Net deferred tax assets	105.0	23.0
Liabilities		
Trade and other payables	97.9	90.9
Taxes payable/(refundable)	1.6	(0.2)
Loan facility drawdown	169.8	-
Provisions	218.5	156.0
Other liabilities	2.4	14.6
Net assets	806.2	941.2

AWE 2P Reserves as at 30 June 2015



<u>Project/Area</u>	<u>Equity</u>	<u>2P Reserves (million boe)</u>
BassGas	35%	13.4
Otway Basin	25%	8.2
Cliff Head	57.5%	1.6
Onshore PB	33-100%	17.4
Tui	57.5%	3.0
Sugarloaf	~7.5%*	47.8
AAL	50%	23.0
Total		114.4



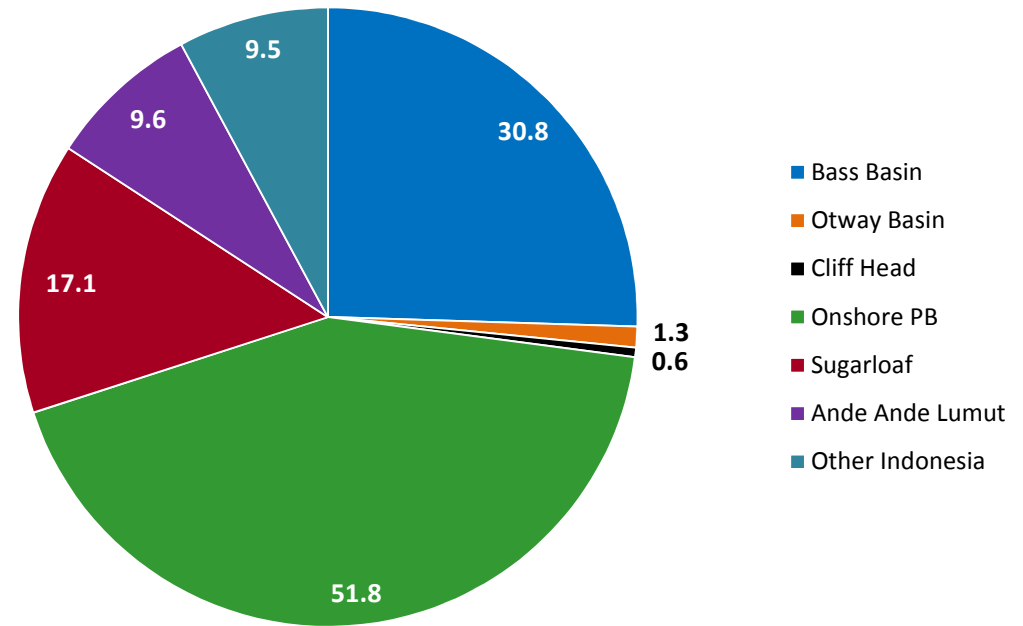
* Net Revenue Interest, post Royalty (Working Interest ~10%)

Note: Numbers may not add due to rounding. To be read in conjunction with AWE's annual reserves statement previously published in its 2014 Annual Report. AWE will publish an updated annual reserves statement in its upcoming 2015 Annual Report.

AWE 2C Resources as at 30 June 2015



<u>Project/Area</u>	<u>Equity</u>	<u>2C Resources (million boe)</u>
Bass Basin	35%	30.8
Otway Basin	25%	1.3
Cliff Head	57.5%	0.6
Onshore PB	33-100%	51.8
Sugarloaf	~7.5%*	17.1
AAL	50%	9.6
Other Indonesia	42.5-100%	9.5
Total		120.7



* Net Revenue Interest, post Royalty (Working Interest 10%)

Note: Numbers may not add due to rounding. To be read in conjunction with AWE's annual reserves statement previously published in its 2014 Annual Report. AWE will publish an updated annual reserves statement in its upcoming 2015 Annual Report.

Volume

1 cubic metre = 1 kilolitre = 35.3 cubic feet = 6.29 barrels

1 megalitre = 1,000 cubic metres

Energy Value

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)

Barrel of Oil Equivalents (BOE)

Sales Gas: 6PJ = 1 MMBOE

LPG: 1 tonne = 11.6 BOE

Condensate: 1 barrel = 1 BOE

Oil: 1 barrel = 1 BOE

Decimal Number Prefixes

kilo = thousand = 10^3

mega = million = 10^6

giga = 1,000 million = 10^9

tera = million million = 10^{12}

peta = 1,000 million million = 10^{15}

AAL	Ande Ande Lumut	LPG	Liquefied Petroleum Gas
AMI	Area of Mutual Interest	LTI	Lost Time Injuries
Bcf	Billion cubic feet	MLE	Mid Life Enhancement
BOE	Barrels of Oil Equivalent	MMBOE	Million Barrels of Oil Equivalent
Bbls	Barrels	MDRT	Measured depth rotary table
Bopd	Barrels of oil per day	PSDM	Prestack Depth Migration
DFIT	Diagnostic Fracture Injection Test	PJ	Petajoules
EBITDAX	Earnings before interest, tax, depreciation, amortisation and exploration expenses	PSC	Production Sharing Contract
FEED	Front End Engineering and Design	TD	Total depth
FID	Final Investment Decision	TJ	Terajoules
FPSO	Floating Production Storage and Offloading	TVDSS	Total vertical depth subsea
		2D	Two-dimensional
		3D	Three-dimensional