



AWE LIMITED

INVESTOR PRESENTATION

APPEA CONFERENCE - 16 May 2017



David Biggs

CEO and Managing Director

Disclaimer

This presentation may contain forward looking statements that are subject to risk factors associated with the oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

This presentation may also contain non-IFRS measures that are unaudited but are derived from and reconciled to the audited accounts. All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.

- 1. Overview**
- 2. Project Updates**
- 3. Looking to the Future**

Company overview



AWE is an Australian energy company focused on upstream oil and gas opportunities in Australia, New Zealand and Indonesia.

- Established in 1997 and ASX listed
- Offshore and onshore operating capability
- Experienced Board and Management
- Three main production assets:
 - BassGas Project (Bass Basin)
 - Casino Gas Project (Otway Basin)
 - Waitsia Gas Project Stage 1A (Perth Basin)
- Sound balance sheet underpinned by cash of \$13m and undrawn facilities of \$240m²
- 2P Reserves of 69.6 mmboe and 2C Contingent Resources of 102.5 mmboe³ provides significant organic growth opportunities

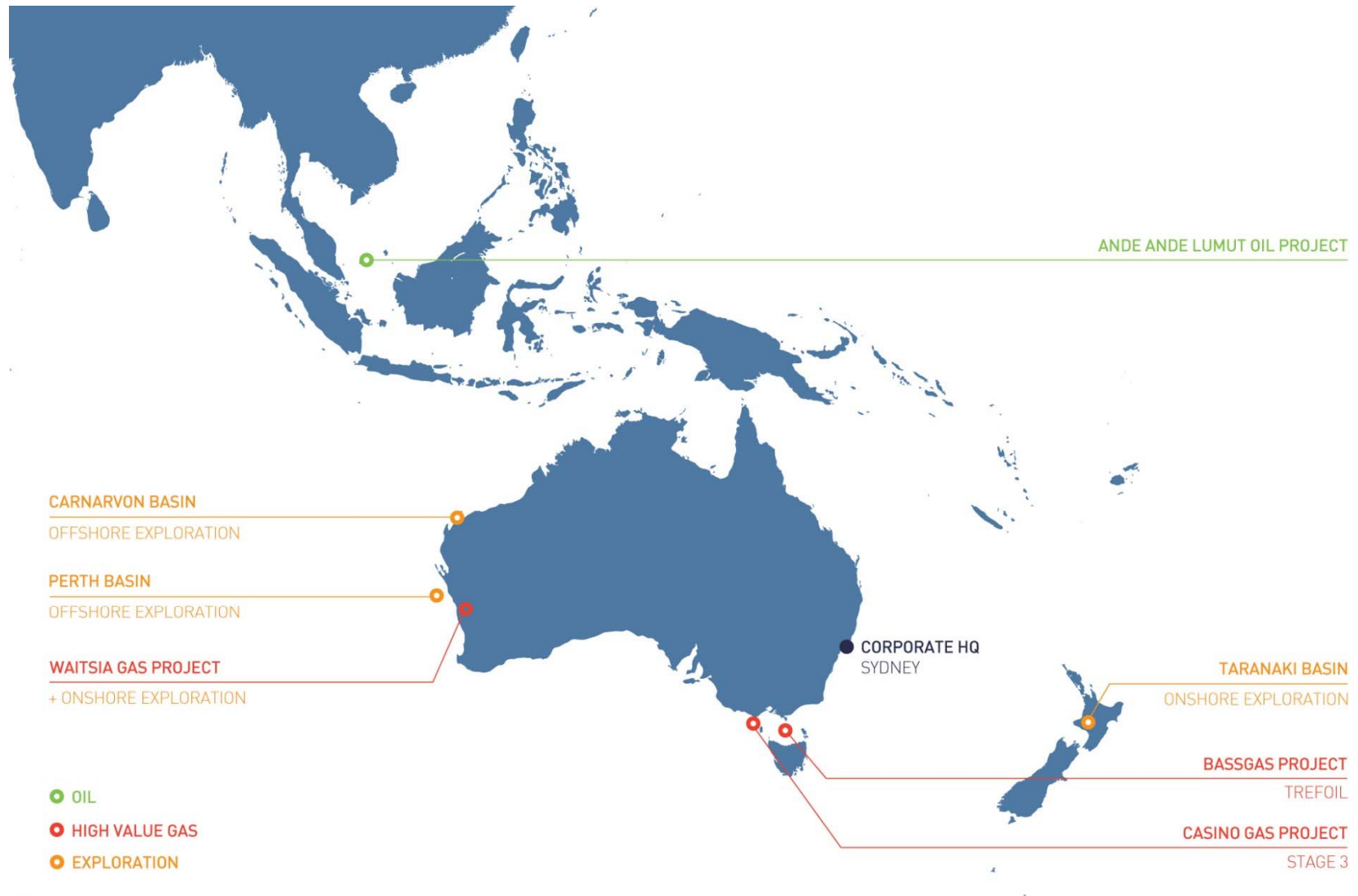
Metric	
Shares on Issue	528,156,857
Market Cap ¹	\$272m
Daily Average Volume	2.2m
52 Week High ¹	\$0.95
52 Week Low ¹	\$0.42
Index	ASX 300
Sector	E&P
Shareholders	>18,000
- Domestic	~ 94%
- Institutional	~ 60%
Net Debt ²	\$47m
Head Office	Sydney

1. At 11 May 2017 (\$0.515/share)

2. At 31 March 2017

3. At 31 December 2016

Focused on regional opportunities



Portfolio of quality production, development and exploration assets

Reshaped and refocused

- Non-core assets divested, organisation restructured, streamlined and simplified
- Balance sheet strengthened, low debt, minimal commitments and significantly reduced liabilities
- Near term focus on assets with exposure to high value domestic gas markets
- Ability to leverage any future oil price increase with AAL oil project in Indonesia

New management team focused on clear priorities

- Sell uncontracted gas into east & west coast markets at substantially higher prices
- Further de-risk and deliver high value Waitsia and AAL projects
- Unlock further onshore Perth Basin potential
- Maintain flexible balance sheet with funding optionality
- Identify potential acquisitions that add value and production

Experienced management team



**David Biggs, CEO and
Managing Director**



**Ian Bucknell, Chief
Financial Officer**



**Andy Furniss, GM Exploration
and Geoscience**



**Suzanne Hunt, GM WA
Assets and Engineering**



**Neville Kelly, Company
Secretary and GM
Corporate Services**

Management team focused on delivering growth

To more than double production by FY21 and become a leading Australian mid-cap E&P company by:

- Maximising production and revenue growth from current gas assets
- Delivering high value gas and oil development projects (Waitsia, AAL, Trefoil and Casino Stage 3) from current portfolio of 2P Reserves and 2C Contingent Resources
- Adding value-accretive production and reserves through acquisition
- Increasing focus on high potential exploration assets embedded in our existing portfolio
- Creating shareholder value by delivering improved production, revenue, cash flow and profitability
- Enhancing and extending our Operating capability
- Maintaining our focus on safety, asset integrity, community and the environment

AWE's clear goals

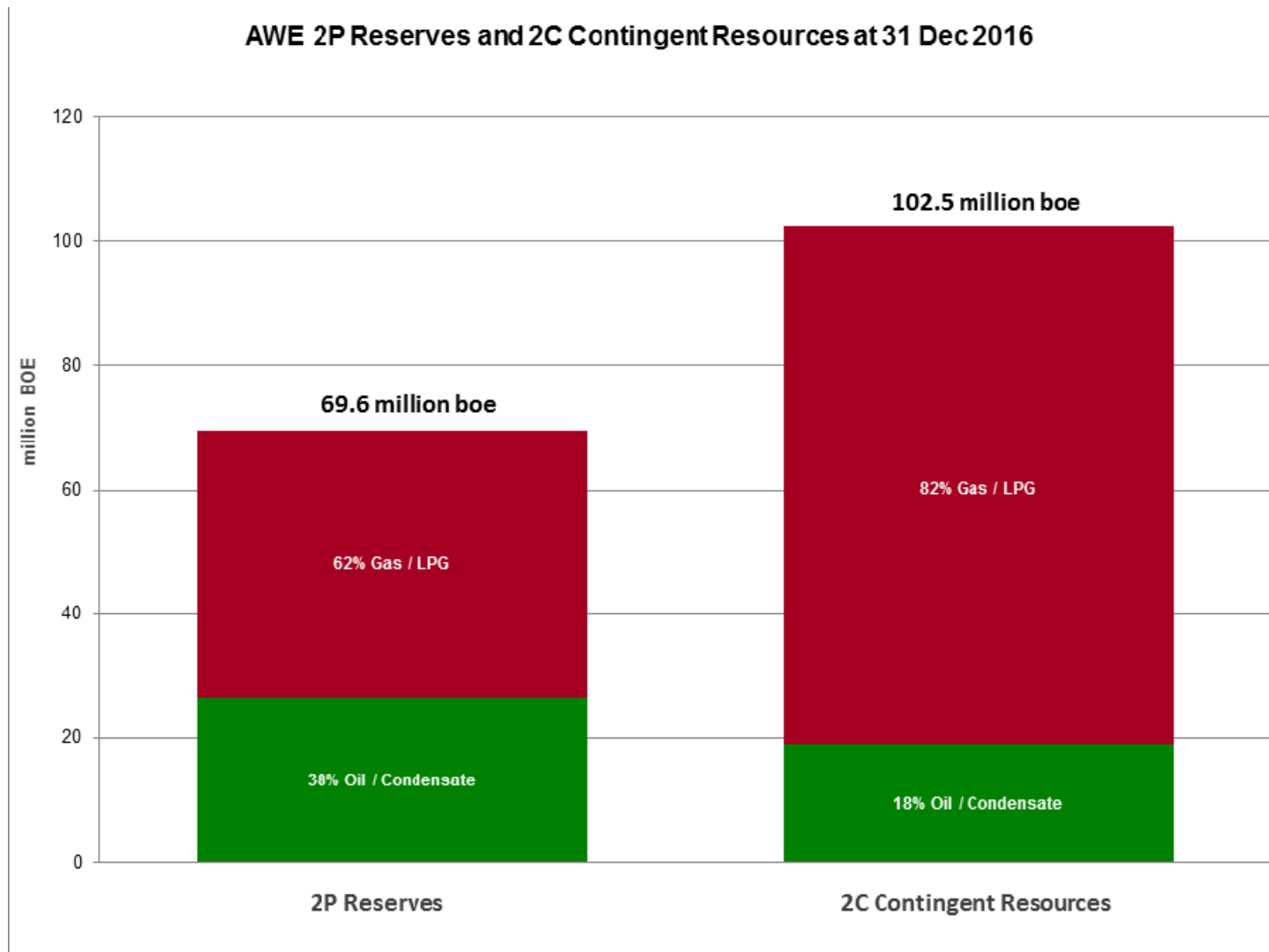


Indicator	FY17 estimates	FY21 goals
Production	2.7 - 2.8 mmboe	~6-10 mmboe
Gas:Liquids ratio	~70:30	~60:40
Revenue	\$100-\$110 million	\$400-\$650 million
2P Reserves	69 mmboe	>110 mmboe
Market cap	\$272 million ¹	>\$750 million
Dividend	No Dividend	Dividend
Index	ASX300	ASX200

1. At 11 May 2017. Goals determined with reference to current company modelling and strategy. Includes Waitsia Stage 2 and AAL development at 25% equity post FID. Goals are aspirational and are not formal company forecasts.

AWE aiming to more than double production by FY21

Reserves and resources



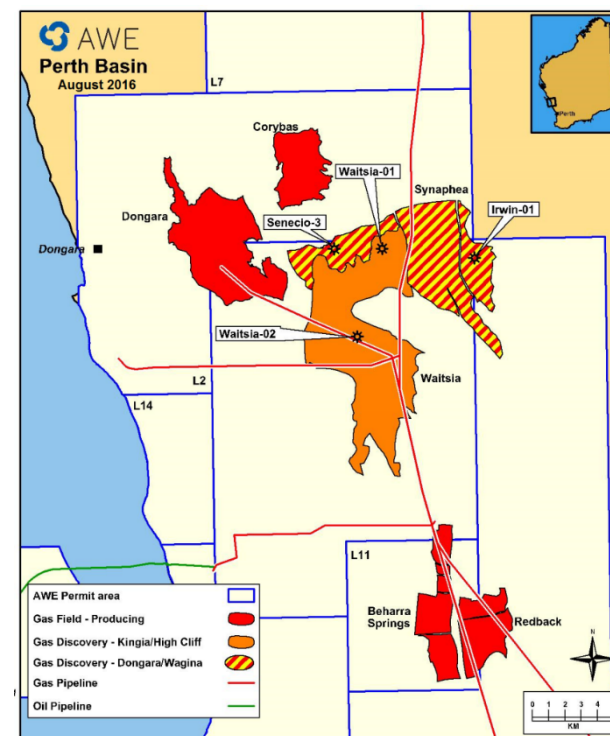
Portfolio of valuable 2P and 2C assets remains strong



Project Updates

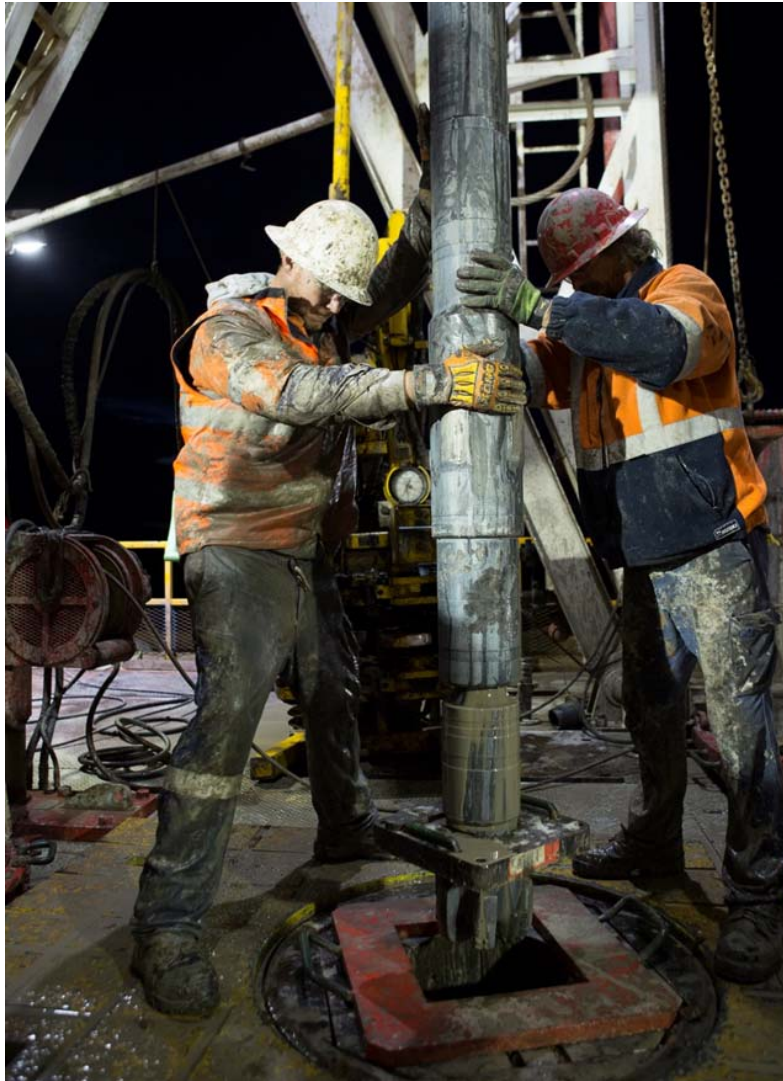
Waitsia Stage 1A exceeds expectations

- First gas achieved on time and under budget in August 2016
- Stage 1A comprises 2 wells in extended production test – Senecio-3 and Waitsia-1
- Preliminary well performance has exceeded pre-production expectations
- Confirmed high quality conventional reservoir system with excellent connectivity from:
 - Kingia Sandstone (produced from Senecio-3), and
 - High Cliff Sandstone (produced from Waitsia-1)
- Stage 1A supplies a MDQ of 9.6 TJ/d under a 2.5 year take or pay agreement with Alinta
- Opportunity to continue Stage 1A production in parallel with Stage 2, with potential to expand



Production data from Stage 1A will aid Stage 2 development

Waitsia Stage 2 growing in value



- Waitsia-3 and 4 appraisal wells planned to be drilled over May-June 2017
- Independent review of Waitsia 2P reserves¹ is 34% higher than AWE's current estimate
 - Certifies capacity to deliver 100 TJ/d for 10 years
 - Conventional reservoir structure
- Potential to upgrade Waitsia 2P Reserves post appraisal drilling
- Pre-FEED under way; targeting FEED start from June
- Capital costs to be finalised post FEED
 - Relatively simple onshore plant, close to pipeline infrastructure
- AWE targeting FID in late CY 2017
- Potential sale/IPO of Origin upstream assets having a positive impact

1. Announced 20 September 2016

Waitsia work program designed to further de-risk project and add substantial value

Waitsia gas marketing – strong demand

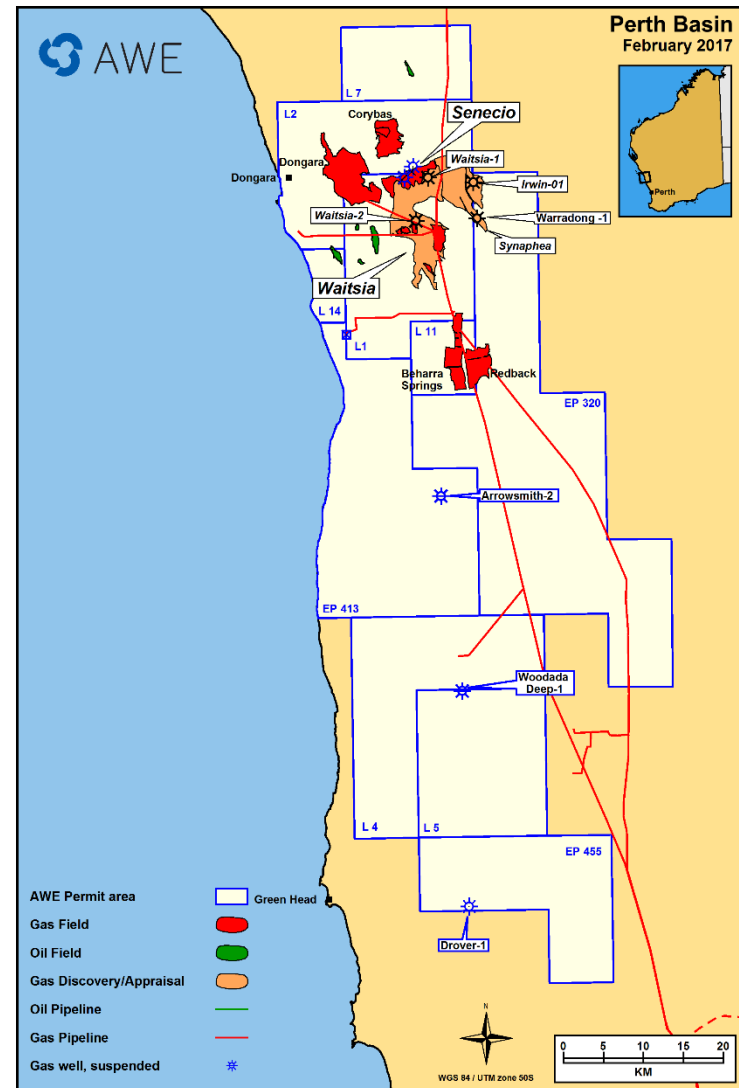


- Aiming to contract substantial gas volumes in 2017 ahead of FID
- Tender process completed in 2016 with positive feedback from potential customers
 - Waitsia gas increases competition, improves diversity and security of supply
- Bid volumes totalled more than double the JV's 2P Reserves
- First gas sales term sheet agreed
 - Gas sales term sheet for 15 TJ/d agreed with AGL in February 2017
 - Negotiating gas sale arrangements with other potential customers

Market and price range for Waitsia gas established

Waitsia – exciting exploration potential

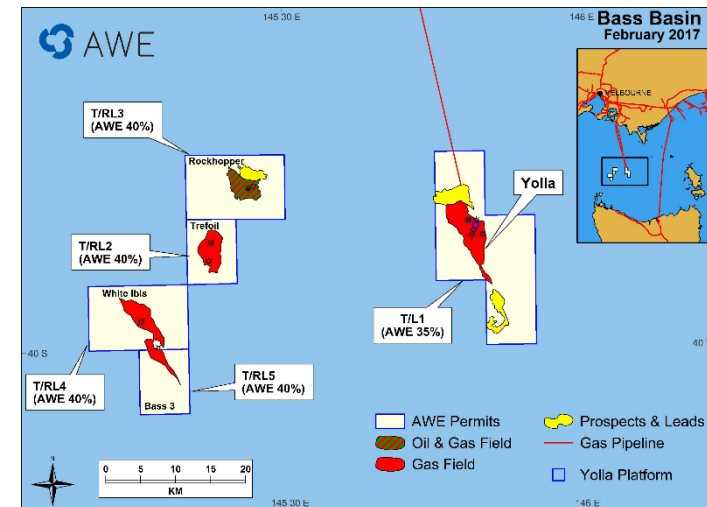
- Further development potential in Waitsia beyond Stage 2
- Potential to increase production to 150 TJ/d from Stage 2 and existing facilities
- Largest exploration acreage position in the onshore Perth Basin
- Significant exploration potential at Kingia and HCSS horizons south of Waitsia
- Potential Beharra Deep well targeting significant Waitsia-like prospect adjacent to Beharra gas plant



The onshore Perth Basin is AWE's cornerstone asset

BassGas MLE nearing completion

- Final stage of MLE project (compression) on track for completion in June 2017
- Targeting gas production rates >60 TJ/d after start up - anticipate revenue uplift in FY18
- AWE building new reserves model based on better than forecast production
- Process to contract remaining reserves to commence in 2018 – expect to realise substantially higher prices
- Revenue step up from new gas contract pricing from 2019
- Operator is progressing development concept studies for the Trefoil Field

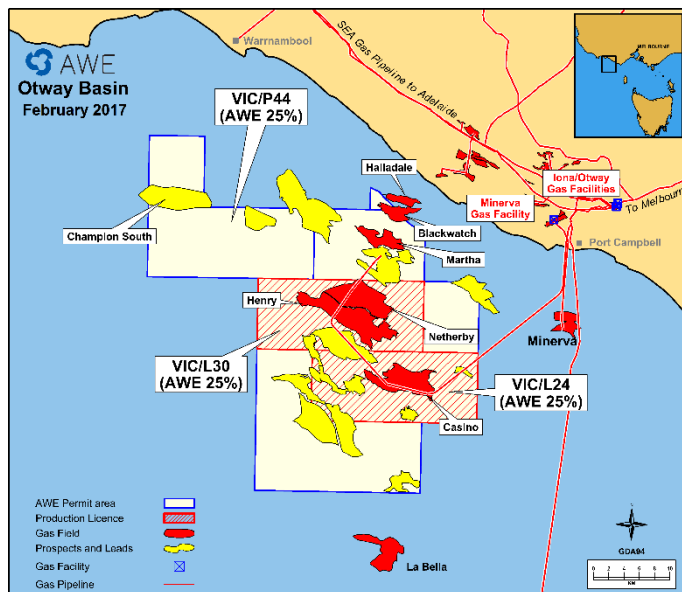


Opportunity to tie in Trefoil Field to BassGas infrastructure in future development case

Casino – assessing growth potential



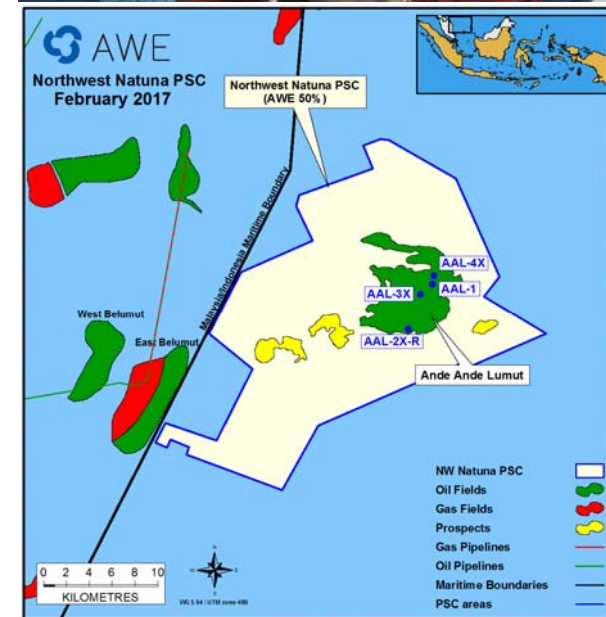
- Production has increased to >40 TJ/d after the Operator of Iona processing facility decreased backpressure
- Process to contract remaining reserves to commence from mid 2017 – expect to realise substantially higher prices
- Revenue step up from new gas contract pricing from 2018
- Operator is progressing studies for Stage 3 development case (Henry-3 well)
- Joint Venture is also reviewing options for possible future exploration program
- Cooper Energy to assume Operatorship from Santos mid 2017 following recent asset sale



Casino well placed to leverage upside in East Coast gas prices

AAL – assessing G Sand potential

- AAL G Sand appraisal well (AAL-4XST1) completed ahead of time & under budget in 2016
 - Significant improvement in oil quality confirmed, anticipate small discount to Brent pricing
 - Better than expected K Sand reservoir quality
 - G Sand discovery confirmed
- JV working on Indonesian government proposal to amend current approved POD to include G sand
 - Would likely result in FID moving into CY 2018, but the overall economic benefits to the project are significant
- Evaluation of Stage 1 technical tenders complete
 - Operator has temporarily delayed Stage 2 commercial tenders to allow POD to be revised
- Updating project economics to include G sand, better crude quality, improved oil prices, and anticipated reduced FPSO, WHP and drilling costs



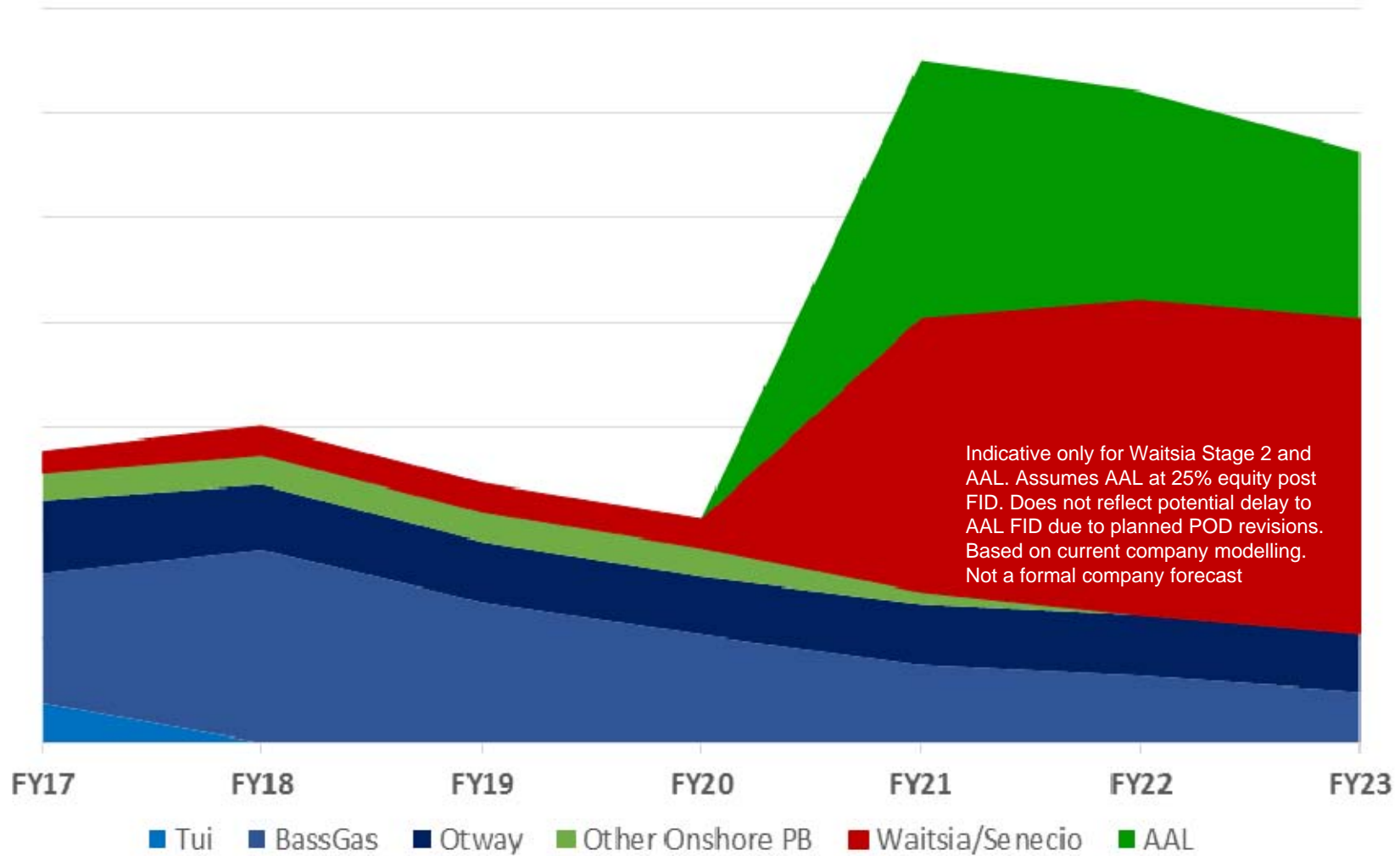
Amending POD to include G sand will deliver significant economic benefit to project

Looking to the Future



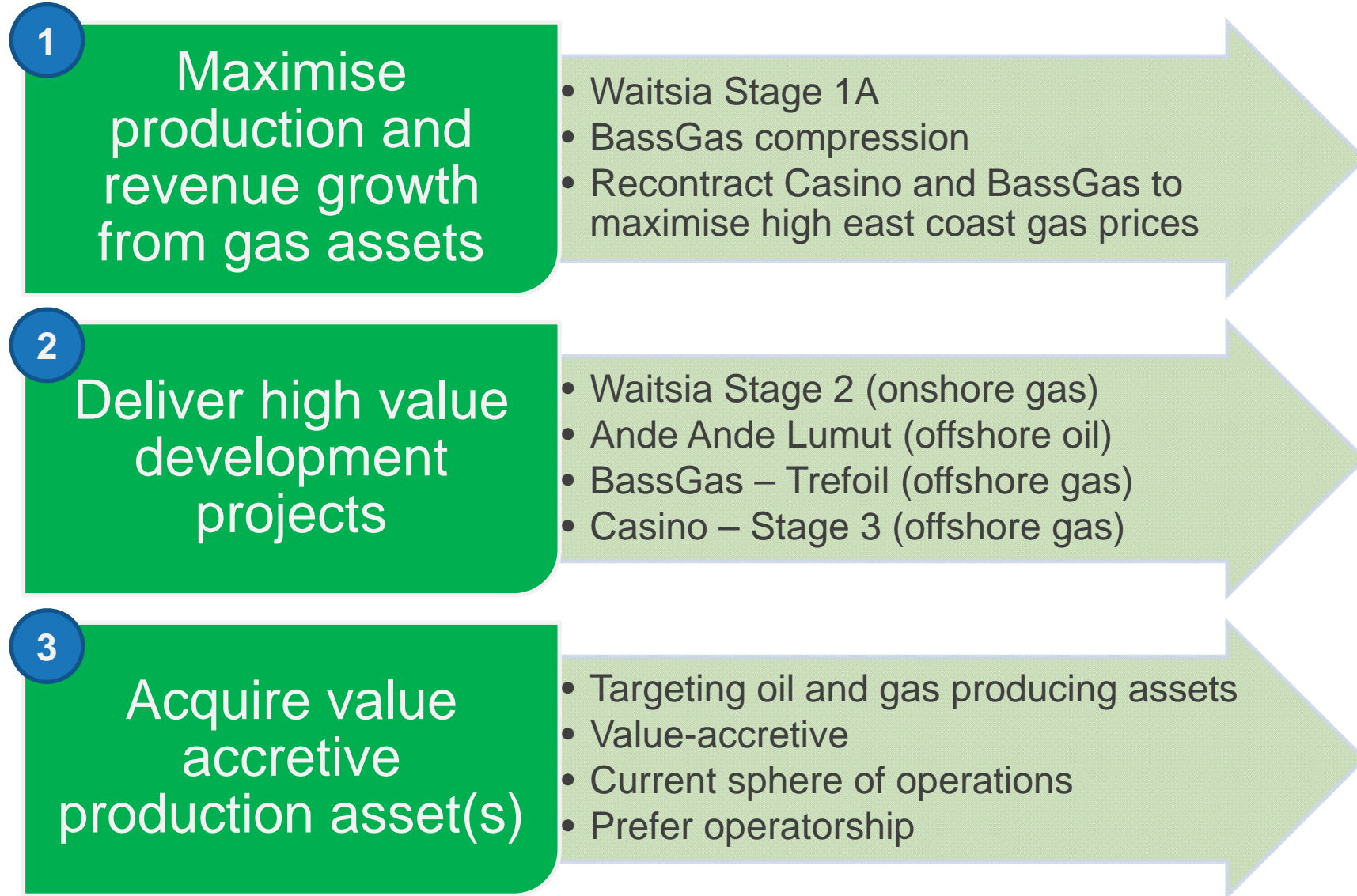
Strong growth potential in place

Potential Forward Production Outlook



Significant growth potential from high value development projects

Unlocking value in AWE



AWE is focused on becoming a leading Australian mid-cap E&P company

East coast gas market

- **Market overview**
 - Energy supply issues across southern Australia contributing to forecast price increases
 - Industry demand for reliable domestic supply
 - Widespread view that some LNG producers are short gas
- **Opportunity**
 - Casino and BassGas contracts to re-price from 2018 and 2019 respectively
 - Anticipate significantly higher prices on east coast

West coast gas market

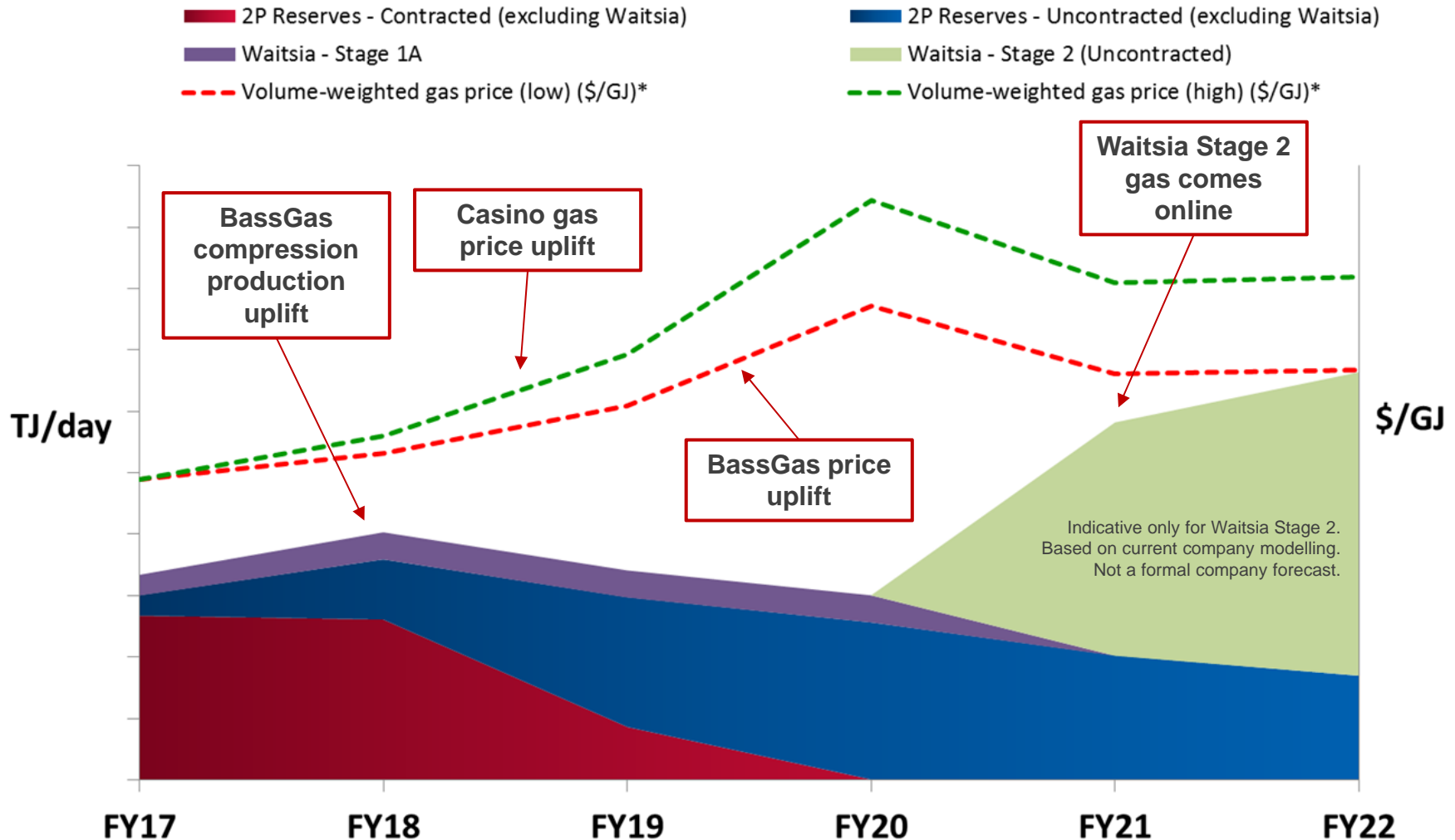
- **Market overview**
 - NW Shelf confirmed reduced supply to WA market
 - Temporary spot market oversupply to wane
 - Domestic demand resilient
 - Customers want diversity of producers and supply security
- **Opportunity**
 - Waitsia aligned with optimal customer re-contracting window over next 3-5 years
 - Anticipate significantly stronger pricing for term contracts

Excellent pricing potential in both major markets

Strengthening domestic gas markets



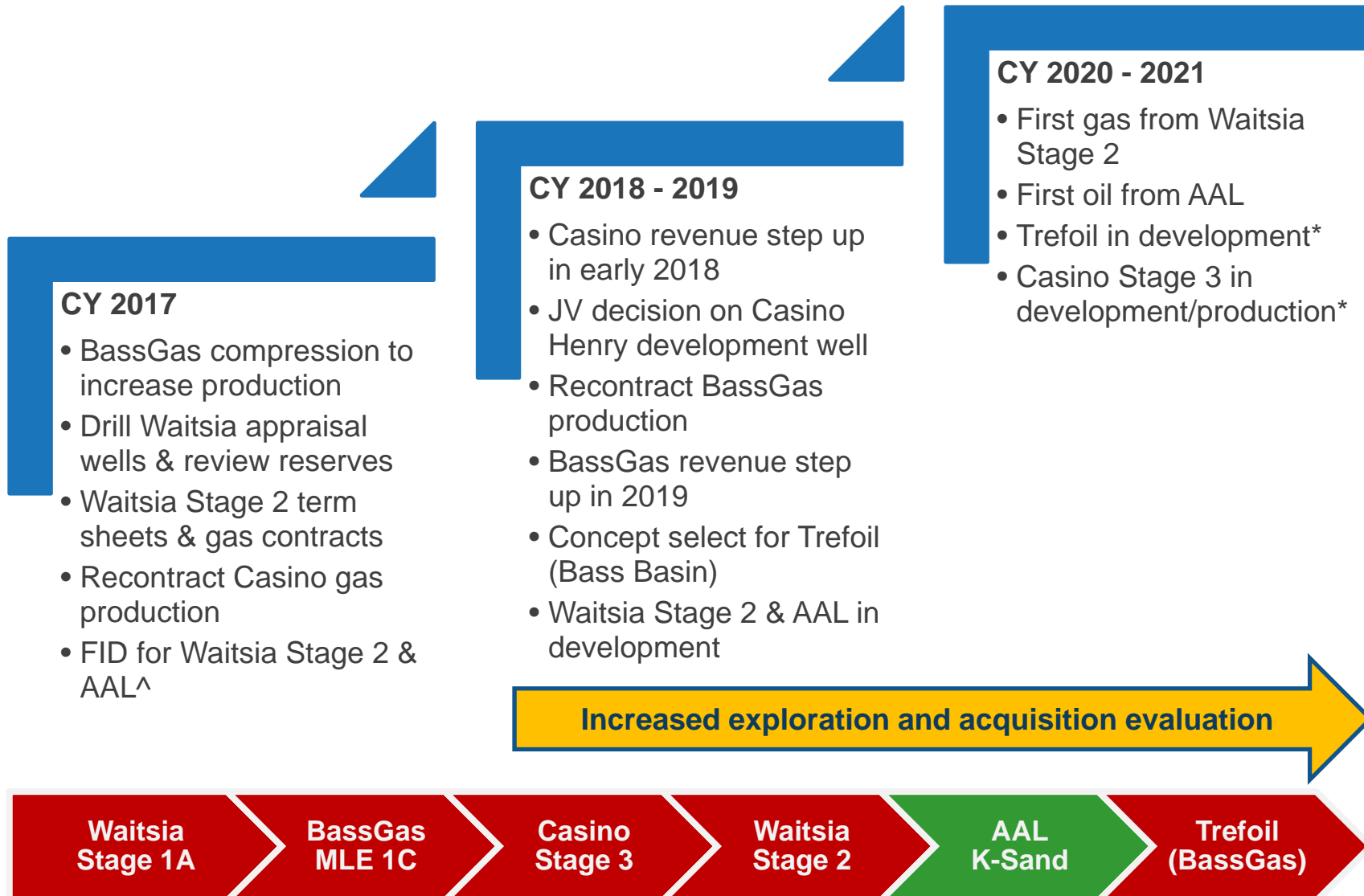
AWE Net Australian Sales Gas Production and Price Outlook



* Internal gas price scenarios incorporate blended indicative east and west coast gas price assumptions. Actual price assumptions not disclosed for reasons of commercial confidentiality

Potential to double contracted gas prices for east coast assets over next 2 - 3 years

The road ahead



Current project order of delivery. Subject to change. [^] AAL FID timing may move into CY 2018 if POD amended. * Subject to FID and approvals.

Key milestones in 2017

Waitsia Gas Project Stage 2

- Two appraisal wells planned for May – June 2017, followed by reserves review
- Targeting FEED start from June
- Finalise term sheets and gas contracts
- Targeting FID for Waitsia Stage 2 by the end of CY 2017

BassGas Project

- Final MLE stage (compression) to add production and revenue from June
- Trefoil development studies continue

Casino Gas Project

- Progress Stage 3 development proposal (Henry-3)
- Gas Sales Agreements for uncontracted gas by end CY 2017

Ande Ande Lumut oil project

- Complete evaluation of G Sand appraisal well results
- Revise current approved POD to include G sand

Well positioned to drive growth



Stronger balance sheet, low debt, minimal commitments and reduced liabilities

Maximising production from existing gas assets

- Waitsia Stage 1A, BassGas compression, Casino

Targeting revenue growth in domestic gas markets with higher pricing potential

- East Coast – Casino and BassGas re-contracting
- West Coast – Waitsia Stage 2 new GSAs

Further de-risking new growth assets

- Waitsia Stage 2 (onshore conventional gas)
- Ande Ande Lumut (offshore oil)
- Trefoil, Casino Stage 3 (potential extensions to existing gas assets)

Increase focus on Perth Basin onshore exploration and appraisal

Targeting acquisition of additional production assets and increase reserves

AWE aiming to more than double production by FY21 and become a leading mid cap



Thank you



Appendix

Asset divestment program concluded



The divestment of non-core assets has concluded. Recent sales include:

- Sale of **Cliff Head oil project** (57.5% interest) – Mature oil asset offshore Western Australia for \$3.2m. Completed on 30 June 2016.
- Sale of **Tui oil fields** (57.5% operating interest) – Mature oil assets with significant abandonment liabilities offshore New Zealand for US\$1.5m. Completed on 28 February 2017.
- Exit from **North Madura PSC** (50% interest) – Exit from offshore Indonesian exploration PSC. Completed on 28 April 2017.
- Sale of **Lengo gas project** (42.5% interest) - Offshore Indonesian development project in Bulu PSC for up to A\$27.5m. Completion expected by end of FY17.
- AWE estimates these divestments have reduced the company's future decommissioning liabilities by \$105m and significantly reduced future capex and exploration commitments.

Significant reduction in decommissioning costs and future capex

Tightened guidance for FY17



Key Indicator	Guidance FY17	Half-year Actual	Revised Guidance FY17
Production (million BOE)	2.7 – 3.0	1.5	2.7 – 2.8
Sales Revenue (\$m)	100 – 120	54	100 – 110
Development Expenditure (\$m)	50 – 60	24	50 – 60
Exploration Expenditure (\$m)	5	2	5

- Revised Guidance range has tightened to reflect:
 - Completion of the Tui oil field (loss of 4 months production and revenue);
 - 6 months of actual production data

Original Guidance prepared using Brent Oil price of US\$52 per barrel and A\$/US\$ of 74 cents

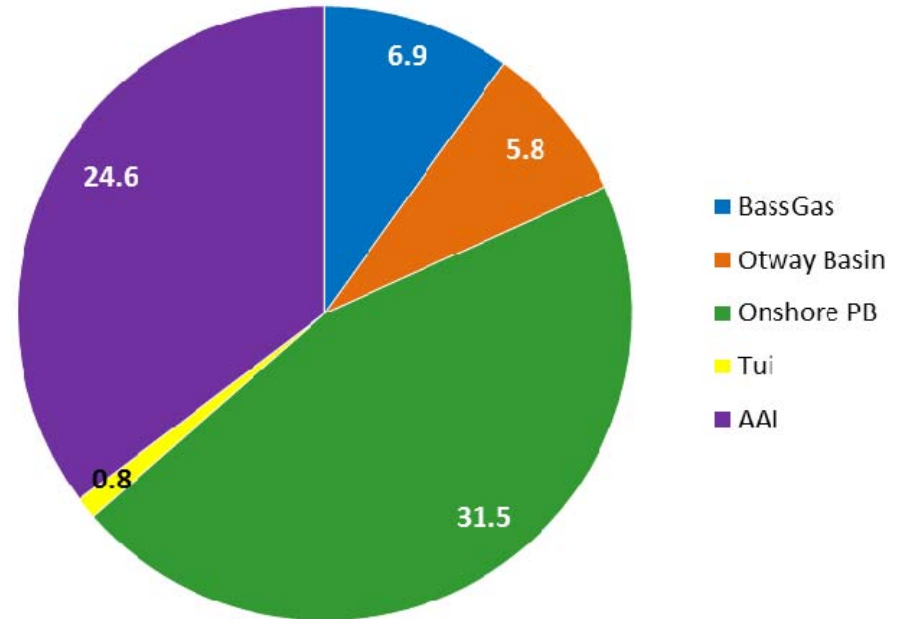
Revised Guidance prepared using Brent Oil price of US\$57 per barrel to 30 June 2017 and A\$/US\$ exchange rate of 72 cents

Guidance revised to incorporate Tui sale completion

AWE 2P Reserves as at 31 December 2016



<u>Project/Area</u>	<u>Equity</u>	<u>2P Reserves (million boe)</u>
BassGas	35%	6.9
Otway Basin	25%	5.8
Onshore PB	33-100%	31.5
Tui	57.5%*	0.8
AAL	50% [^]	24.6
Total		69.6



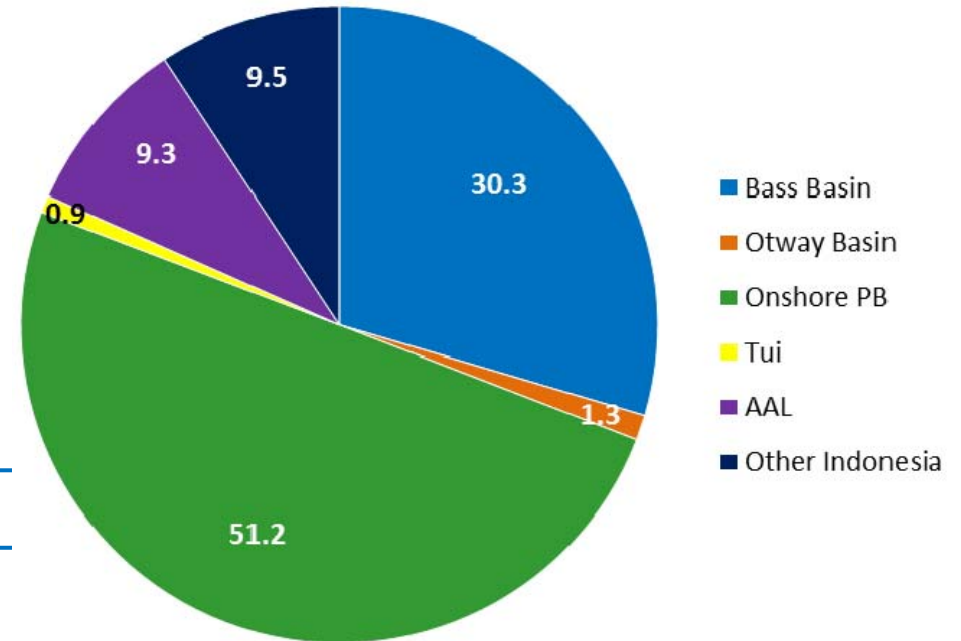
[^] Reported reserves reflect AWE's net entitlement under the PSC terms and not 50% of gross recoverable oil
 Note: Numbers may not add due to rounding. To be read in conjunction with AWE's annual reserves statement previously published in its 2016 Annual Report.

* Tui sale in progress as at 31 Dec 2016, subsequently completed on 28 Feb 2017.

AWE 2C Resources as at 31 December 2016



<u>Project/Area</u>	<u>Equity</u>	<u>2C Resources (million boe)</u>
Bass Basin	35-40%	30.3
Otway Basin	25%	1.3
Onshore PB	50-100%	51.2
Tui	57.5%*	0.9
AAL	50%^	9.3
Lengo	42.5%*	9.5
Total		102.5



^ Reported reserves reflect AWE's net entitlement under the PSC terms and not 50% of gross recoverable oil

Note: Numbers may not add due to rounding. To be read in conjunction with AWE's annual reserves statement previously published in its 2016 Annual Report.

* Tui & Lengo sales in progress as at 31 Dec 2016, subsequently Tui completed on 28 Feb 2017.

Reserves and Contingent Resources



The Reserves and Contingent Resources in this presentation are based on and fairly represent information and supporting documentation prepared by and under the supervision of qualified petroleum reserves and resource evaluators Dr. Suzanne Hunt, AWE General Manager WA Assets and Engineering, and Mr Andrew Furniss, AWE General Manager Exploration and Geoscience. Dr. Hunt, a Petroleum Engineer with a Ph.D. in Geomechanics, is a member of the Society of Petroleum Engineers and has over 20 years' experience in the petroleum sector in geoscience, field development planning, reserves estimation, reservoir production and facilities engineering. Mr Furniss, a member of the Society of Petroleum Engineers and the American Association of Petroleum Geologists, holds an MSc in Exploration Geophysics and a BSc (Hons) in Geological Sciences and has over 26 years' of industry experience in strategic planning, portfolio management, prospect evaluation, technical due diligence and peer review, reserves and resource assessment, the application of advanced geophysical technology and business development. Dr Hunt and Mr Furniss have consented in writing to the inclusion of this information in the format and context in which it appears.

AWE reserves and contingent resources are estimated in accordance with the following:

- SPE/AAPG/WPC/SPEE Petroleum Resources Management System guidelines of November 2011;
- SPEE Monograph 3 “Guidelines for the Practical Evaluation of Undeveloped Reserves in Resource Plays”;
- ASX Disclosure rules for Oil and Gas Entities, Chapter 5; and
- ASX Listing Rules Guidance Note 32.

AWE applied deterministic methods for reserves and contingent resource estimation for all assets. The reserves were estimated at the lowest aggregation level (reservoir) and aggregated to field, asset, basin and company levels. Estimated contingent resources are un-risked and it is not certain that these resources will be commercially viable to produce.

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}

1H	First Half	MDQ	Maximum Daily Quantity
2H	Second Half	MLE	Mid Life Enhancement
2P	Proved and Probable Reserves	mmboe	Million Barrels of Oil Equivalent
2C	Contingent Resources	mmscf/d	Million Standard Cubic Feet of gas per Day
AAL	Ande Ande Lumut		
Bcf	Billion cubic feet	p.a.	Per annum
BOE	Barrels of Oil Equivalent	P&L	Profit & Loss Account
Bbls	Barrels	PJ	Petajoules
Bopd	Barrels of oil per day	POD	Plan of Development
CY	Calendar Year	PSC	Production Sharing Contract
EBITDAX	Earnings before interest, tax, depreciation, amortisation and exploration expenses	TJ	Terajoules
		TJ/d	Terajoules per day
FEED	Front End Engineering & Design	WA	Western Australia
FID	Final Investment Decision	WHP	Well head platform
FPSO	Floating Production Storage and Offloading		
FY	Financial Year		
GM	General Manager		
HY	Half Year		
LPG	Liquefied Petroleum Gas		
LTI	Lost Time Injuries		

