

AWE Limited

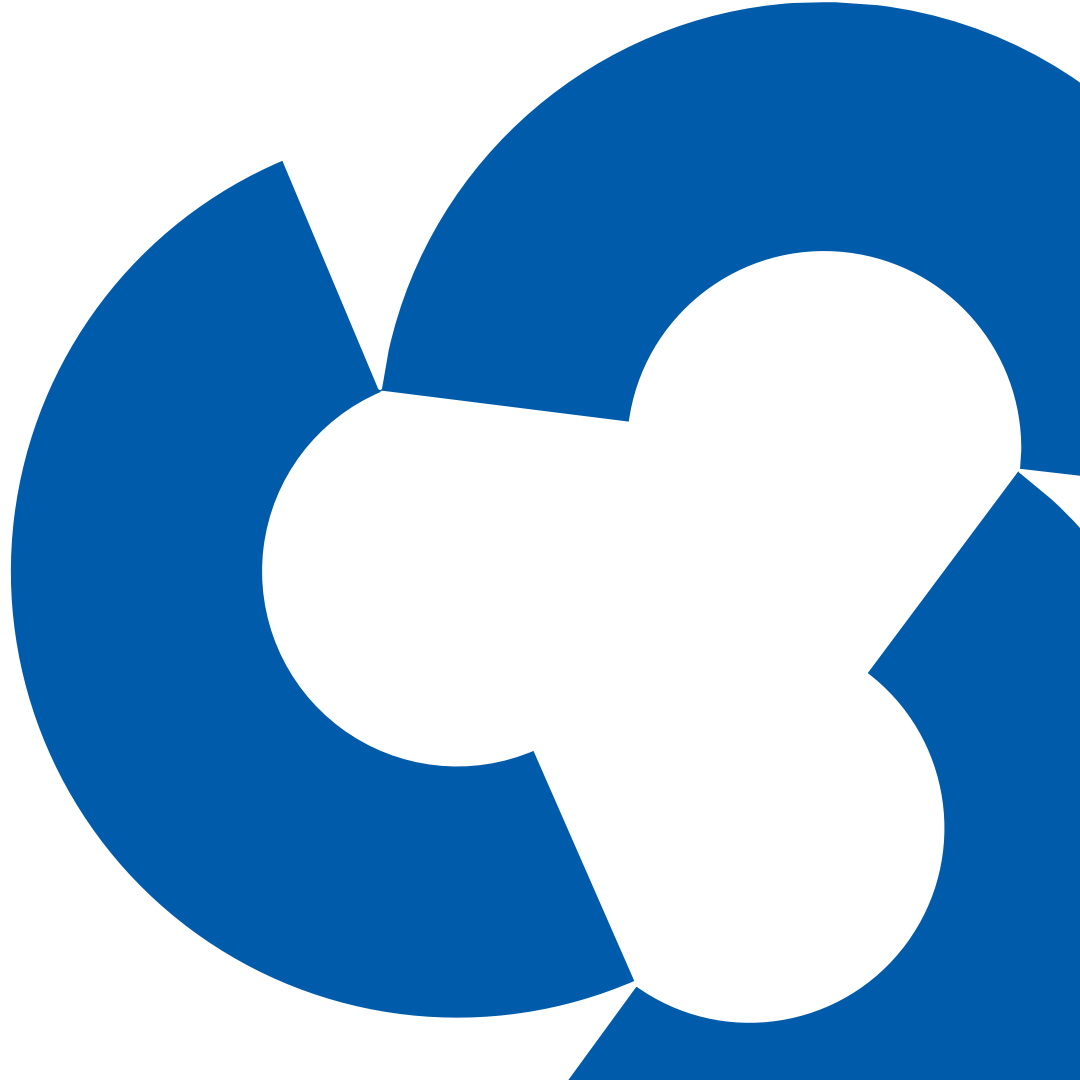
GOOD OIL CONFERENCE

14 September 2017

Perth, Western Australia

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 business. 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.

Agenda

1 Introduction to AWE

2 Major Projects

3 Summary



Introduction to AWE



Strategy – unlocking value

FOCUSED ON BECOMING A LEADING AUSTRALIAN MID-CAP E&P COMPANY

1

Maximise production and revenue

- ✓ Waitsia Stage 1A
- ✓ BassGas compression
- Recontract Casino gas production
- Recontract BassGas production

2

Deliver development projects

- Waitsia Stage 2
- Casino – Stage 3
- BassGas – Trefoil
- Ande Ande Lumut (AAL)

3

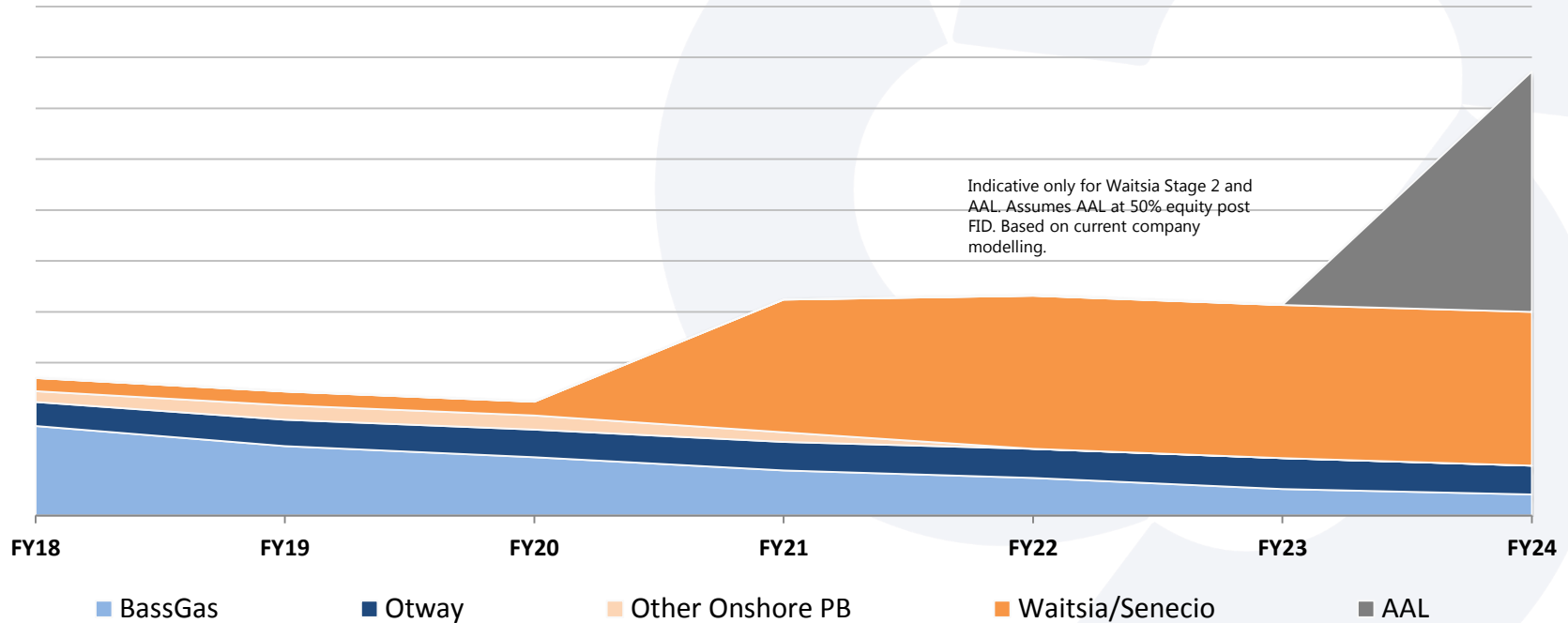
Acquire value accretive production

- Opportunistic approach (priority is delivery of Steps 1 & 2)
- Selectively target new oil or gas production
- Current sphere of operations
- Operatorship preferred

Strong growth potential in place

SIGNIFICANT GROWTH POTENTIAL FROM HIGH VALUE DEVELOPMENT PROJECTS

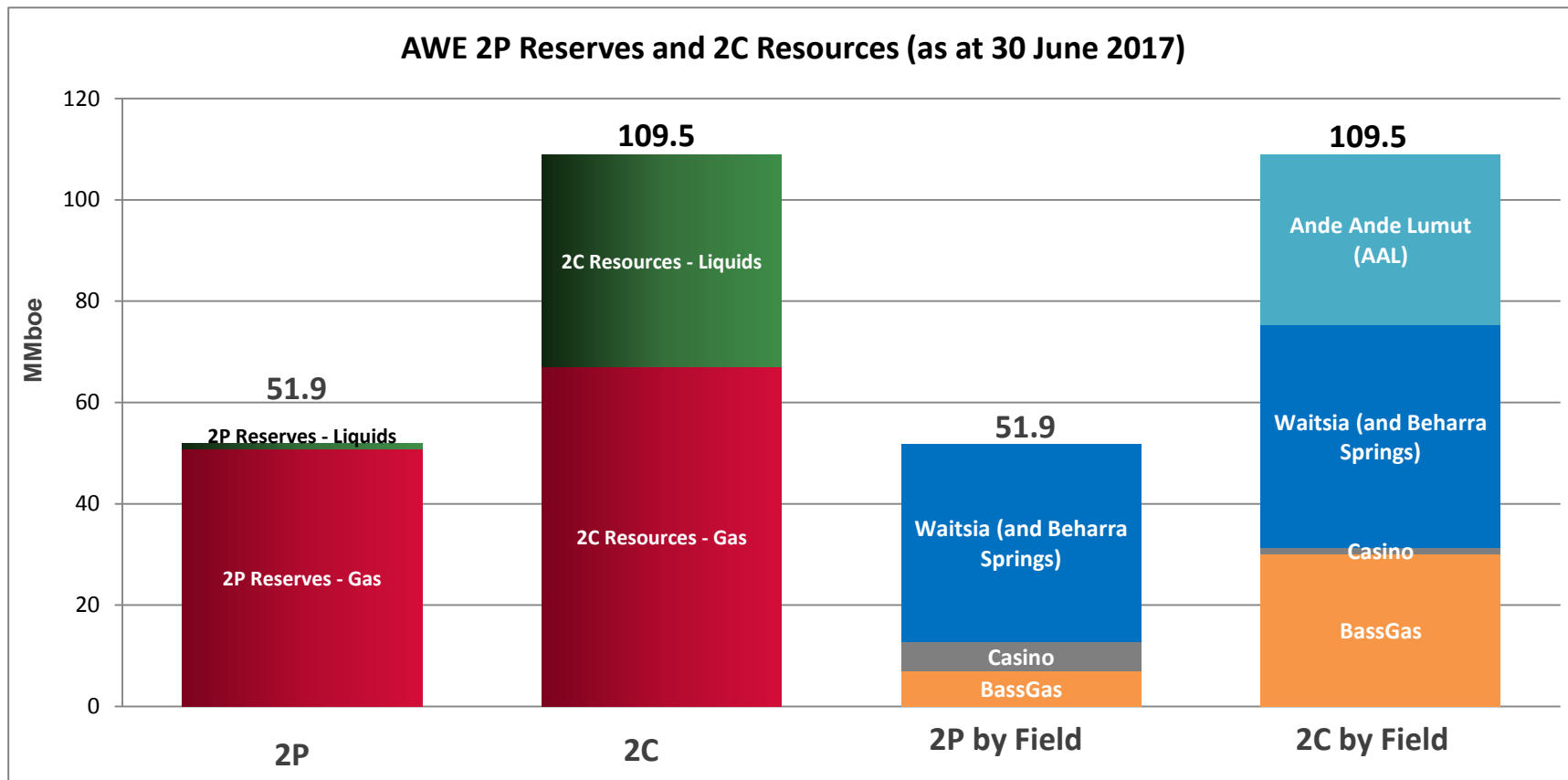
Potential Forward Production Outlook



Note: Does not take into account possible future production from Trefoil, production from Waitsia 1A beyond the current contract, or potential upside from Beharra. Goals are aspirational and are not formal company forecasts.

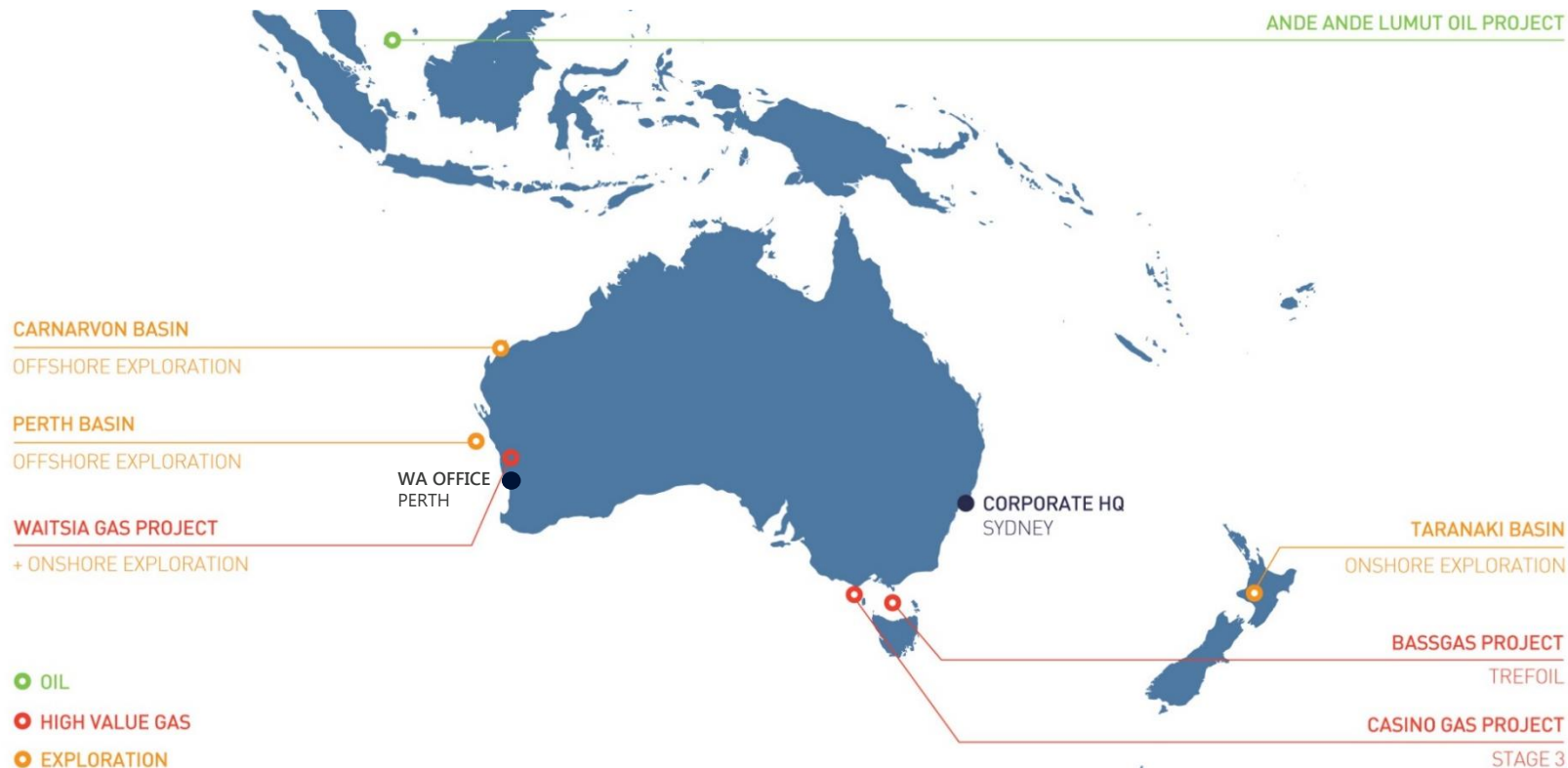
Reserves and Resources

PORTFOLIO OF VALUABLE 2P AND 2C ASSETS REMAINS STRONG



Focused on regional opportunities

PORTFOLIO OF QUALITY PRODUCTION, DEVELOPMENT AND EXPLORATION ASSETS



Key achievements in FY17

STRONG PROGRESS MADE ACROSS BUSINESS – WAITSIA THE FOCUS

Base Business

- **Safety** - strong safety performance maintained
- **Management** - refreshed management team and strategy
- **Overheads reduced** – 36% reduction in overheads reflects ongoing cost discipline
- **BassGas** - MLE compression project delivered. Nameplate capacity reached
- **Casino** -
 - Marketing of uncontracted gas post February 2018 has commenced
 - Successful transition of Operatorship to COE

Development Projects

- **Waitsia Stage 1A** - delivered on time and under budget
- **Waitsia Stage 2** -
 - Entered FEED with design competition
 - Gas marketing progressing
 - Increased 2P Reserves from Waitsia-3 well
 - Successful Waitsia-4 well completed
 - Further Reserves upgrades anticipated in 4Q 2017
- **AAL development** - expected to be delayed. Remains option on oil price improvement

Portfolio Management

- **Tui oil fields** – successfully divested late life asset in February 2017
- **Lengo** – sale of Bulu PSC, approved by the Indonesian government post year end
- **Divestment program** – Successfully delivered lower debt (\$236m), significantly reduced decommissioning liabilities (\$119m) and removed forward capital commitments of (~\$100m p.a.)

Health, Safety, Environment & Community

HSE&C ARE CRITICAL TO AWE MAINTAINING ITS POSITION AS A TRUSTED OPERATOR

No Lost Time Injuries recorded in FY17

- 825 days injury free to 11 September 2017

No significant environmental incidents in FY17

- 5th consecutive year of no significant environmental incidents

Maintain focus on community and stakeholder relations activities

- AWE provided funding for initial CSIRO Perth Basin baseline study (groundwater, air quality) which was completed in 2017
- Over \$6.5m (unaudited) economic contribution to the Mid-West region of WA in FY17



Major Projects



1

Onshore Perth Basin

Waitsia Gas Project



Waitsia-4

Waitsia Stage 1A

EXCEEDS EXPECTATIONS

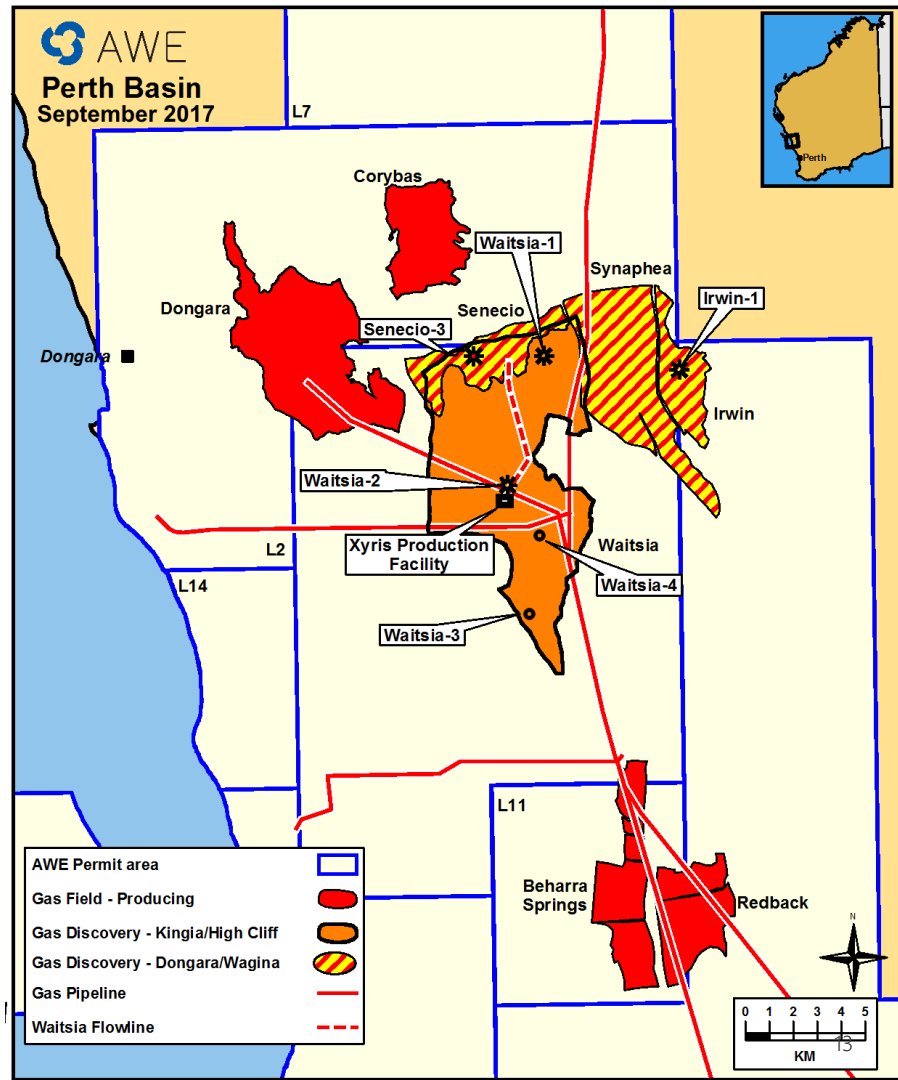
First gas achieved on time and under budget

- Comprises 2 wells in extended production test (Senecio-3 and Waitsia-1)
- Preliminary well performance has exceeded pre-production expectations

Confirms high quality conventional reservoir with excellent connectivity from:

- Kingia Sandstone, and
- High Cliff Sandstone

Project supplies a Maximum Daily Quantity (MDQ) of 9.6 TJ/d under a 2.5 year take or pay agreement with Alinta



Waitsia Stage 2: Project overview

WAITSIA STAGE 2 – GROWING IN VALUE

Waitsia Stage 2 comprises the development of a gas plant and associated infrastructure, capable of producing 100 TJ/day of gas for at least 10 years into the Western Australian gas market from 2020

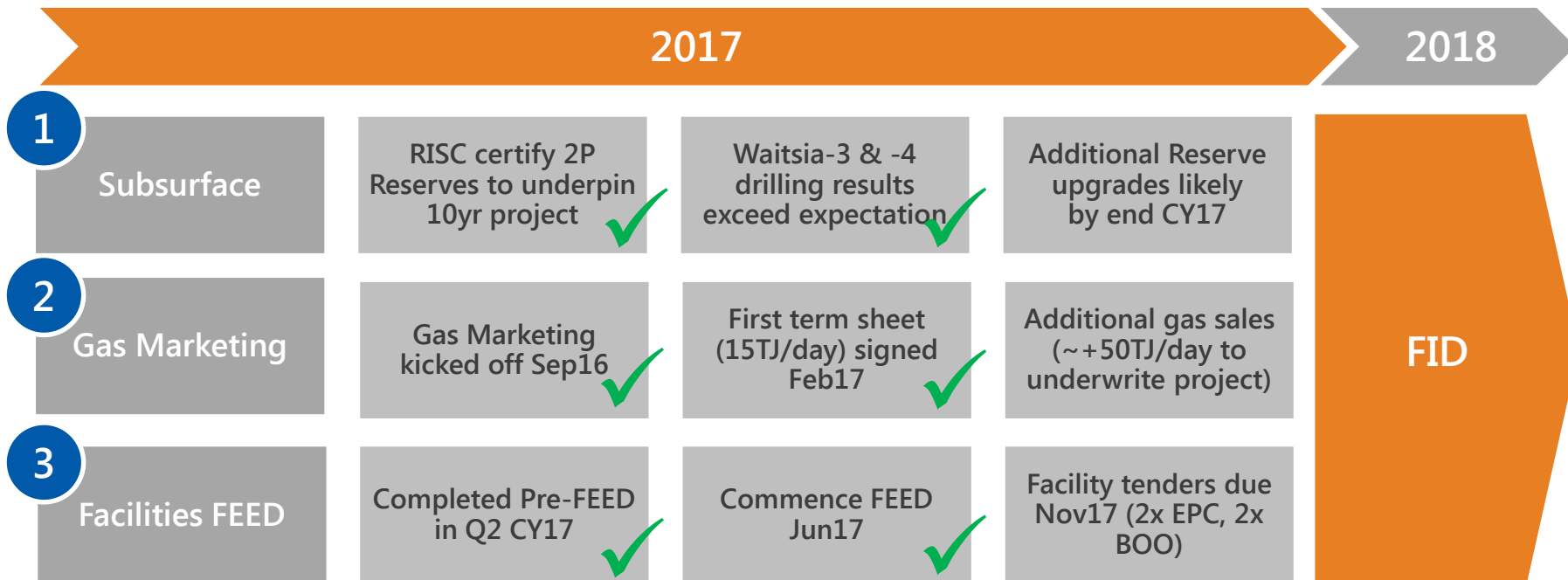
Significant progress has been made on the Project with three key work streams being progressed:

- 1 Subsurface - Proving up Reserves
- 2 Gas Marketing
- 3 Facilities FEED – Design competition (tenders due Nov 17)

A Final Investment Decision (FID) to commit to the development of the project is targeted for the end of CY17

Waitsia Stage 2 Scorecard

MATERIAL PROGRESS ON KEY DEVELOPMENT WORK STREAMS





Drilling at Waitsia-1

1 Subsurface



2P CONVENTIONAL RESERVES SECURED FOR STAGE 2 PROJECT

Reserves certified and upgraded – Strong progress has been made on this work stream in FY17

- All Waitsia Reserves booked are for conventional gas resources
- Waitsia-3 and Waitsia-4 drilling results exceed pre-drill expectations
- Waitsia 2P Reserves upgraded by 25% to reflect Waitsia-3 success
- AWE net share of 2P Reserves as at 30 June 2017 - 228 PJ of sales gas (38.1 MMboe)
- Planned flow testing of Waitsia-2, 3 and 4 in 2H of CY17
- Additional Reserve upgrade likely post Waitsia-4 results and remapping of the field by end CY17

Waitsia-3 and -4 drilling results strengthen the Reserves position underpinning the 10 year project and beyond

2 Gas Marketing

STRONG DEMAND FOR GAS

Market and price range for Waitisia gas established

- Aiming to contract substantial gas volumes in 2017
- Positive feedback from potential customers that Waitisia gas increases competition, diversity and security of supply
- First gas sales term sheet agreed in February 2017 with AGL for 15 TJ/d. Currently negotiating additional gas sale arrangements with other potential customers
- Current economics robust at ~60-65 TJ/d of gas
- Further term sheets targeted to be agreed in 2H CY17





3 Facilities

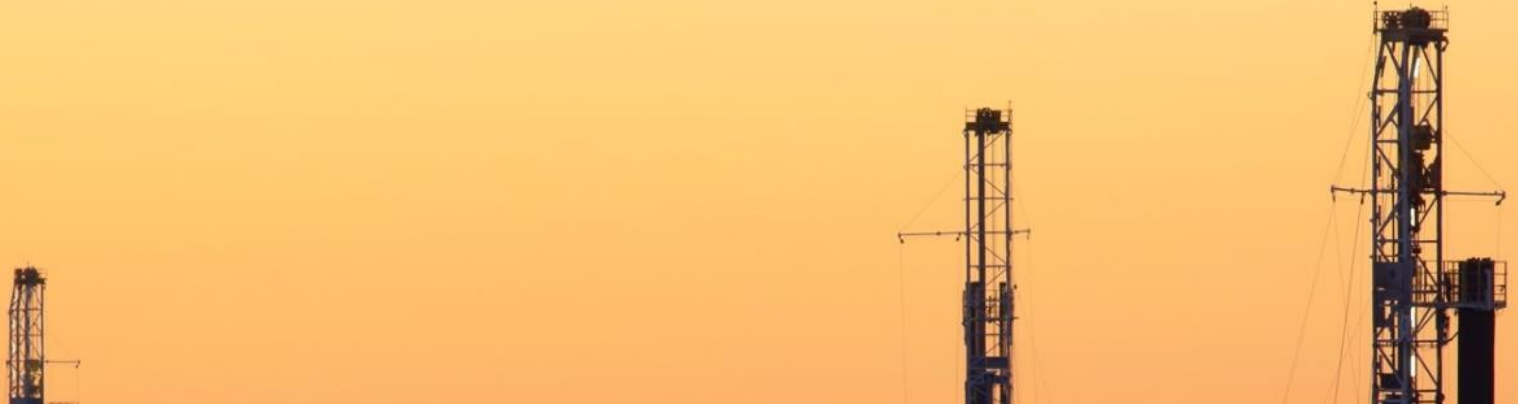
FEED DESIGN COMPETITION

Design competition expected to deliver competitive tension to facility pricing

- The project moved from Pre-FEED to FEED in June 2017
- FEED is carried out via a design competition process involving four shortlisted bidders selected to provide two EPC and two BOO contracting alternatives
- The JV will then assess and compare the delivery alternatives
- Facility tenders due November 2017
- Capital costs to be finalised post FEED

Greater Waitsia – exciting exploration potential

FURTHER DEVELOPMENT POTENTIAL IN WAITSIA BEYOND STAGE 2



1

AWE has the largest exploration acreage position in the onshore Perth Basin

Potential to extend the field life or in time increase production from Stage 2

2

Kingia and HCSS horizons

AWE holds competitive advantage and sees significant exploration potential in held acreage surrounding Waitsia

3

Beharra Springs Deep

Potential Beharra Springs Deep well targeting significant Waitsia-like prospect adjacent to Beharra gas plant

2

East Coast Gas

Casino and BassGas



Lang Lang gas plant

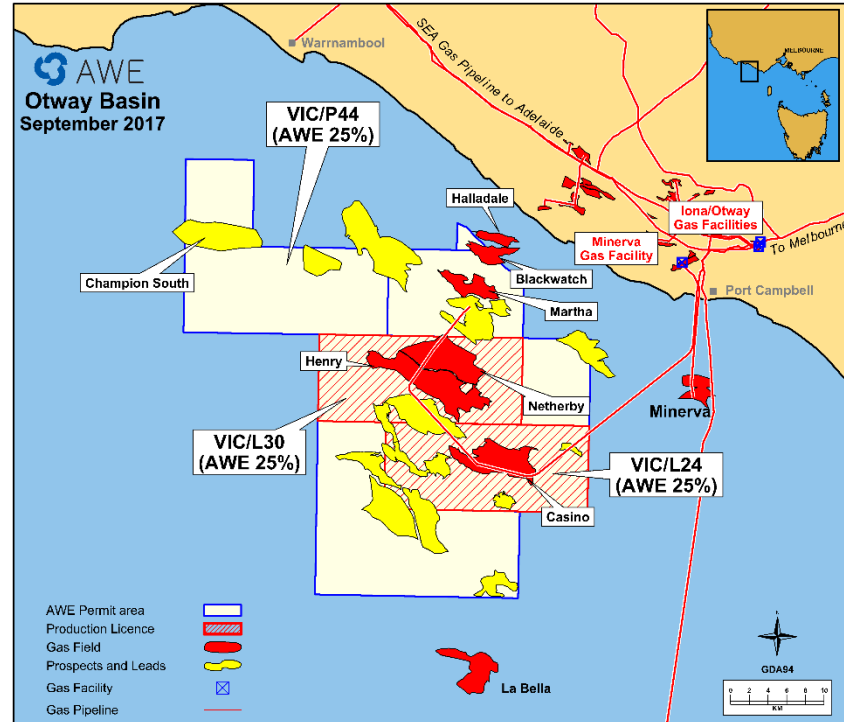
Casino: opportunities for growth

CASINO WELL PLACED TO LEVERAGE UPSIDE IN EAST COAST GAS PRICES

Transition of Operatorship from Santos to Cooper Energy complete

- Recontracting of remaining gas reserves has commenced – expect to realise substantially higher prices
- Revenue step up from new gas contract pricing from March 2018
- Negotiations underway to secure gas processing post February 2018
- Operator progressing studies for Stage 3 development case (Henry-3 well)
- Joint Venture reviewing options for possible future exploration program
- A workover of Casino-5 (currently shut-in) is planned for early 2018

Upside growth potential from Henry-3 development

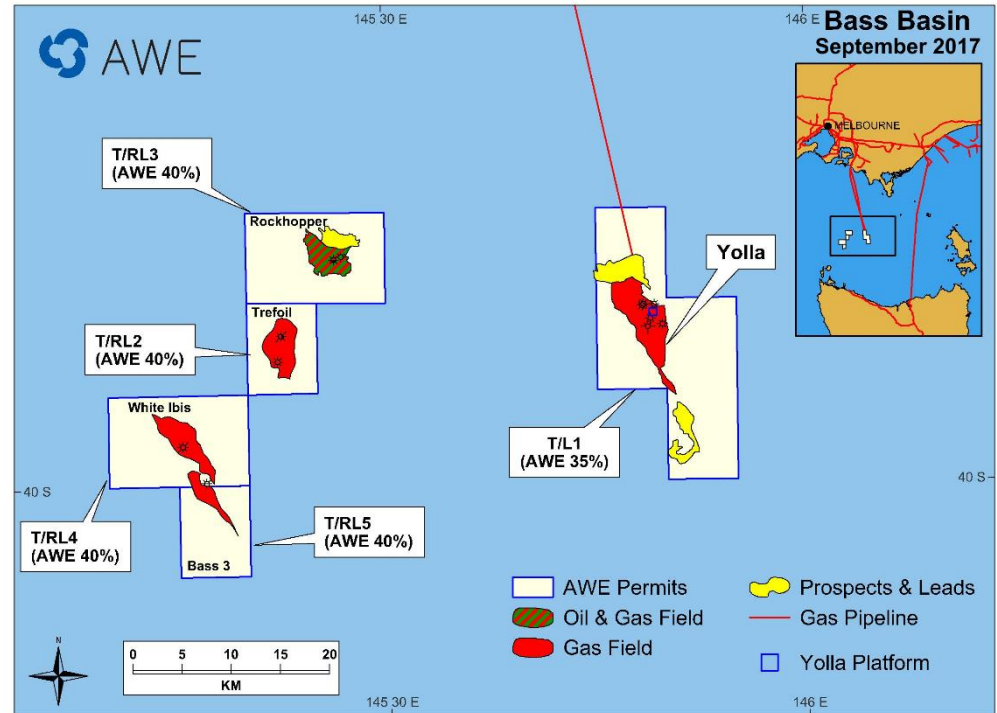


BassGas: MLE project completed

POTENTIAL GROWTH OPPORTUNITY – TREFOIL FIELD DEVELOPMENT

Final stage of MLE project (compression hook-up) completed in June 2017

- Following a brief period of commissioning, production increased to nameplate capacity (~67 TJ/d)
- The Operator continues to optimise compressor operation
- Improved production anticipated in FY18
- Reserves revised 13% upwards (before FY17 production)
- Process to contract remaining reserves to commence in 2H CY18 – expect to realise substantially higher prices
- Revenue step up from new gas contract pricing from 1H CY19
- Operator is progressing development concept studies for the Trefoil Field



3

Indonesia

Ande Ande Lumut (AAL)



Drilling AAL-4XST1 Appraisal Well

AAL – Development delayed

AAL REMAINS AN OPTION TO INCREASED OIL PRICES

4XST1 appraisal well completed ahead of time and under budget in FY17

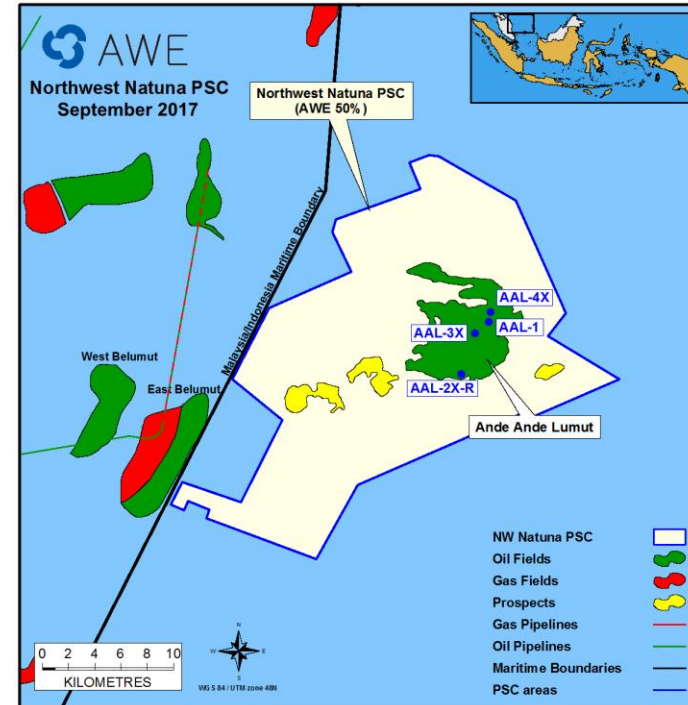
- Improved oil quality in K and G sands – both reduces future capex and increases revenue
- Better than expected reservoir quality in K Sand
- Laboratory studies confirm ability to co-produce both sands
- Reduced number of wells required for full field development

Technical evaluation of FPSO and WHP tenders complete

At 30 June, AWE took the following actions with regard to AAL to recognise increased uncertainty in the timing of development¹:

- Reclassified 2P reserves as 2C contingent resources
- Impaired the carrying value of the asset
- De-booked the capital expenditure carry. The carry remains in place subject to the project progressing

Uncertainty around the Operator remaining in the permit



Summary



GROWTH FROM WAITSIA, EXPOSURE TO STRONG EAST COAST GAS MARKETS, AN OPTION ON OIL PRICE

- 1** **Waitsia Stage 2 Project** - building momentum to FID
 - Reserves – sufficient 2P Reserves in place for 10 year project and beyond
 - Gas marketing - progressing and first term sheet agreed
 - FEED underway - determining delivery method and capex
 - FID on track for end of CY2017

- 2** **BassGas** - Compression project complete, enhanced production expected in FY18

- 3** **Casino** - Looking to recontract gas in stronger pricing environment

- 4** **AAL** – Remains an option to improved oil price

THANK YOU

Reserves and Contingent Resources

The Reserves and Contingent Resources in this report 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 20 years' experience in the petroleum sector in geoscience, field development planning, Reserves estimation, reservoir production and facilities engineering and has been involved in the resource sector more generally for 30 years. 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 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.

The estimation of 30 June 2017 Reserves and Resources have been prepared in accordance with the following:

- SPE/AAPG/WPC/SPEE Petroleum Resources Management System guidelines of November 2011;
- ASX Disclosure rules for Oil and Gas Entities, Chapter 5, July 2014;
- ASX Listing Rules Guidance Note 32, 2013.

All material changes in reserves and contingent resources are presented to the AWE Reserves Committee. The Committee meets as a minimum every six months, or when any material change occurs, to review and endorse reserves and contingent resource estimates. The endorsed reserves and contingent resources evaluations are reported to the AWE Audit and Governance Committee and form an integral part of the half year and annual financial reporting.

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.

Glossary and Conversion tables

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

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 = 10³

mega = million = 10⁶

giga = 1,000 million = 10⁹

tera = million million = 10¹²

peta = 1,000 million million = 10¹⁵

