ASX Announcement
24 October 2017

AWE Limited Annual Report 2017

Please find attached AWE's 2017 Annual Report.

Neville Kelly
Company Secretary

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Annual Report

Waitsia – a new gas resource

AWE LIMITED

20-17

ABOUT THIS REPORT

The AWE Limited 2016-17 Annual Report includes the Directors' Report, Remuneration Report, Financial Statements and Auditor's Report and provides a summary of the company's main operating activities and financial performance for the financial year ended 30 June 2017.

When we refer to AWE in this report, we are referring to:

+ AWE Limited (ABN 70 077 897 440) which is the parent public company of the AWE Group and is listed on the Australian Securities Exchange (ASX) under the ticker code AWE; and
+ Our major operating subsidiaries and controlled entities.

All $ values are Australian dollars unless otherwise specified.

All dates are calendar year unless specified as Financial Year (e.g. FY17).

Financial data on pages 1-23 represent combined continued and discontinued operations unless otherwise specified.

Shareholders can request a printed copy of this report by writing to the Company Secretary, AWE Limited, Level 16, 40 Mount Street, North Sydney, NSW 2060, Australia.

This report is also available online at www.awexplore.com

AWE

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FY17 HIGHLIGHTS

About AWE

AWE Limited is an independent Australian energy company focused on upstream oil and gas opportunities. Established in 1997 and listed on the Australian Securities Exchange (ASX: AWE), the company's headquarters is in Sydney with an office in Perth. AWE has a substantial portfolio of production, development and exploration assets in Australia, Indonesia and New Zealand.

AWE has reshaped itself to operate sustainably in a low oil price environment. The company's asset portfolio has been optimised to focus on gas in the near to medium term and is aligned with strengthening Australian domestic gas markets. The company's priorities centre on the development of Stage 2 of the Waitsia gas project in Western Australia and securing new gas sales contracts for Casino and BassGas on the east coast at substantially higher prices.

AWE also continues to progress the Ande Ande Lumut oil project in Indonesia to ensure the project is development-ready should oil prices improve.

2.75 MMBOE
Total Production

$103.6 M
Sales Revenue

$41.1 M
Field EBITDAX

25%
increase in Waitsia 2P Reserves to 38.1MMboe*

51.9 MMBOE
2P Reserves^

109.5 MMBOE
2C Contingent Resources^

43%
Reduction in Operating Costs

69%
Reduction in Total Investment Expenditure†

0
Lost Time Injuries and Significant Environmental Incidents

* Announced 9 August 2017, AWE share

^ At 30 June 2017

† Capital expenditure plus exploration expenditure

CHAIRMAN AND CEO'S REPORT

Fellow Shareholders,

FY17 saw AWE build on the decisive actions of FY16 that reduced debt and strengthened the balance sheet. Reshaping of our asset portfolio was largely completed with the divestment of late life oil assets and non-core exploration blocks, which significantly reduced future abandonment liabilities and funding commitments, enabling us to now focus on growth.

The reshaped AWE is still a producer of natural gas from the Bass, Otway and Perth Basins, supplying strengthening Australian domestic markets. However, it is our excellent embedded growth options, particularly in gas, that are now the key priority for the company.

Natural gas is an increasingly important energy source for Australia, notably as a cleaner baseload power alternative to coal and as a supplement to the emerging renewable energy sector. Against this backdrop, development of the Waitsia gas project is now the key priority in AWE's growth strategy and will be a vital component of AWE's operations for the decades ahead.

FY17 Financial and Operating Highlights

The operating performance of the company's core business was satisfactory and the underlying financial performance largely in line with expectations. However, the continued low oil price outlook resulted in significant non-cash impairments and a statutory net loss of $217 million after tax.

Other FY17 results were largely in line with market guidance. Production of 2.75 MMboe, although down on the previous year, was in the middle of the guidance range of 2.7 – 2.8 MMboe and consistent with AWE's reduced asset portfolio. Total annual revenue of $105 million was in the middle of the guidance range of $100 - $110 million and lower than the previous year, as expected, due to the reduced revenue base following planned asset sales. Similarly, Field EBITDAX for FY17 was $41 million, down 55%.

Development expenditure of $40 million was below guidance of $50 - $60 million largely due to timing of the final phase of Mid Life Enhancement (MLE) works at BassGas and appraisal drilling at Waitsia. Exploration expenditure, at $3 million, was below the forecast $5 million reflecting the continued focus on minimising discretionary expenditure.

The sale of the Tui area oil project delivered a non-cash profit after tax of $36 million and removed future abandonment liabilities of $67 million.

The BassGas MLE project was concluded during the period with the hook-up and commissioning of the gas compression module on the Yolla-A platform coming in on time and under budget. The successful start-up of compression saw production reach nameplate capacity of approximately 67 TJ/d.

The Casino gas project performed largely as expected, with production decreasing in line with natural field decline and the Casino-5 well being shut in until a workover can be performed in early 2018.

The Waitsia gas project exceeded expectations in FY17, with first gas produced from Waitsia Stage 1A and exciting results from the Waitsia-3 and 4 appraisal wells.

Reserves and Resources

Activity at Waitsia, BassGas and Ande Ande Lumut (AAL) affected AWE's 2P Reserves and 2C Contingent Resources at year end. BassGas 2P Reserves were increased by 13%, before production, after improved reservoir performance was factored into revised reservoir models. Successful appraisal drilling increased Waitsia 2P Reserves by 25% with the potential for further substantial reserves upside before the end of 2017 following flow testing and incorporation of subsurface data from the Waitsia 3 and 4 appraisal wells.

The 2P Reserves for AAL were reclassified to 2C Contingent Resources due to a number of factors including further project delays to allow the G Sand reservoir to be incorporated into the existing Plan of Development (POD), sustained low oil prices, and uncertainty around whether the Operator will divest its interest in the permit. Despite this, AAL remains an important and valuable asset in AWE's portfolio as a low cost option with large upside should oil prices improve.

Waitsia – a Significant Growth Resource

The Waitsia gas project continues to achieve every operational and financial milestone.

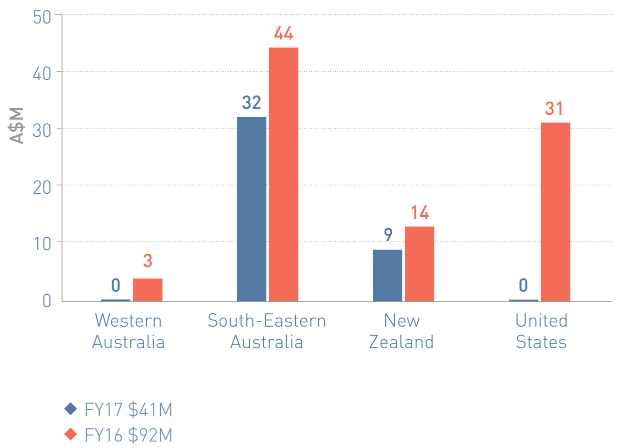
First gas from Waitsia Stage 1A was achieved on time and under budget in August 2016. Essentially an extended production test, Waitsia Stage 1A produces around 10 TJ/d from the Senecio-3 and Waitsia-1 wells via the refurbished Xyris Production Facility (XPF). Multiple zones within each well have been tested and well performance has exceeded expectations, confirming excellent conventional reservoir quality and connectivity.

Waitsia Stage 1A and Stage 2 are conventional developments and no Hydraulic Fracture Stimulation (fracking) is required.

Waitsia-3 and 4, the last two appraisal wells planned before going to a Final Investment Decision (FID) for Stage 2 development, were drilled in the second half of FY17 and both delivered results that exceeded expectations. The wells confirmed the southern and eastern extent of the field and initial results indicate outstanding conventional reservoir quality, among the best observed in the field to date and considerably better than pre-drill estimates. In particular, the Kingia Formation is substantially thicker than recorded in previous wells and gas inerts remained at low levels. Significant subsurface technical work is underway to incorporate the results of Waitsia-3 and 4, which may lead to substantial further reserves upside in the Waitsia field.

The joint venture commenced the facilities design competition phase of Stage 2 FEED in June. The design brief includes a gas plant capable of processing 100 TJ/d, collection hubs and flow lines. A shortlist of bidders has been selected to provide Engineering Procurement and Construction (EPC) and Build Own Operate (BOO) contracting alternatives, which will allow the joint venture to develop a level of certainty around capital cost scenarios. FEED is expected to be complete by the end of 2017, prior to moving to a FID.

FIELD EBITDAX
FOR THE FINANCIAL YEAR ENDING 30 JUNE



Bruce Phillips
Chairman

David Biggs
CEO and Managing Director

Waitsia 1 appraisal well flow test, October 2015

Western Australia gas market pricing is strengthening in line with reduced supply from the North West Shelf in 2020. Customers are looking for diversity of producers and supply chain security and Waitsia is very well placed to deliver these customer requirements. Waitsia Stage 2 is planned to deliver first gas in 2020, is located adjacent to the Parmelia Pipeline and the Dampier Bunbury Natural Gas Pipeline which have spare capacity, and is adjacent to the Mondarra underground gas storage facility which allows customers to shape their gas purchase profiles.

Gas marketing is well advanced with the first contract, for 15 TJ/d, secured with AGL Energy. Negotiations with a number of other parties for the remaining uncontracted gas are progressing.

East Coast Gas – Volume and Price Improvements

Australia's east coast markets continued to strengthen during the year, due to a favourable supply-demand dynamic, which is expected to translate into significantly improved pricing for AWE's uncontracted gas from Casino and BassGas.

Casino gas comes off contract in early 2018 and AWE anticipates having a new gas sales agreement in place by the end of 2017, with pricing well above the current $3.50 - $4.50/GJ range. The Operator is also preparing the case for the next stage of field development, which includes the Henry-3 production well and potential exploration targets.

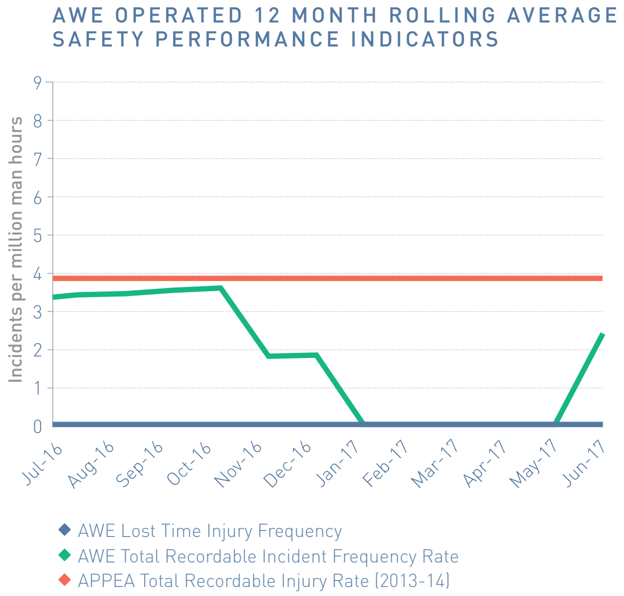
BassGas will come off contract in early 2019 and gas marketing will commence in the second half of 2018. Again, significantly higher gas pricing is anticipated. Work is also progressing on the feasibility of producing the Trefoil gas and liquids field through the BassGas facilities towards the end of the Yolla field life.

Safety, Environment and Community

AWE is focused on the safety and health of our employees, as well as with the communities and environments in which we operate.

During the year, good results were achieved across all operations. No Lost Time Injuries (LTIs) were observed for the second year in a row and no significant environmental incidents were observed.

We aim to make a substantial and positive economic contribution in the communities where we operate, with an emphasis on the Mid-West region of Western Australia where the Waitsia gas field is located. Our approach to community interaction remains open and transparent, particularly when responding to community concerns.



Tui sale completed in FY17

Remuneration

In light of continued challenging business conditions and the company's financial and share price performance, the changes to AWE's remuneration structures announced in FY16 remained in place for FY17. These included:

+ No salary increases for Non-Executive Directors (NEDs);
+ No Fixed salary increases for the CEO or senior executives;
+ No Short Term Incentive payments for employees;
+ Removal of Retention based arrangements for senior executives; and
+ Removal of the Retention component of the Long Term Incentive plan for employees.

These remuneration measures were accepted in a collegiate manner by all concerned and the board is pleased management has demonstrated its determination to be aligned with shareholder interests.

Board succession planning

In line with its succession plan, the board announced at last year's AGM that Bruce Phillips would retire as Chairman of AWE at the conclusion of the 2017 AGM. Subsequent to FY17 year end, the company also announced that Ken Williams had been unanimously elected by directors to take the role of Chairman.

The board is also considering the appointment of an additional independent non-executive director.

Outlook

As we enter FY18, AWE is now a more focused energy business that is investing in medium to long term growth. We have set ourselves simple FY21 goals:

+ Double reserves
+ Double production
+ Double revenue
+ Significantly increased share price

AWE's management team has clear priorities built around our core strategy of maximising production and revenue from existing operations, particularly those linked to east coast gas markets, and delivering the Waitsia gas project and other key growth developments.

With improving gas market economics coming into play at Casino and BassGas, and Waitsia consistently outperforming expectations, the next few years promise to be exciting for AWE and its shareholders. AWE's board and management will continue to work hard to unlock the significant value potential inherent in the company's asset portfolio and deliver improved returns for shareholders.

Bruce Phillips
Chairman

David Biggs
CEO and Managing Director

PERFORMANCE SUMMARY

FINANCIAL PERFORMANCE

Year ended 30 June	Unit	2017	2016	% Change
Total production	mmboe	**2.8**	5.0	(45%)
Total sales	mmboe	**2.9**	4.9	(42%)
Average realised oil and condensate price	A$/bbl	**63.0**	57.3	10%
Average realised gas and LPG price	A$/boe	**27.9**	27.6	1%
Sales revenue - oil and gas	A$m	**103.6**	202.4	(49%)
Production costs and royalties	A$m	**(62.4)**	(110.4)	43%
Field EBITDAX[1]	A$m	**41.2**	92.0	(55%)
Exploration and evaluation expense	A$m	**(2.4)**	(18.2)	87%
Amortisation	A$m	**(36.4)**	(96.6)	62%
Impairment (pre-tax)	A$m	**(134.5)**	(291.8)	54%
Write down - capital expenditure Carry	A$m	**(89.7)**	-	(>100%)
Fair value adjustment on held for sale assets	A$m	**-**	(2.1)	>100%
Other expense	A$m	**(28.0)**	(14.2)	(97%)
Gain on disposal of discontinued operations	A$m	**36.3**	18.8	93%
EBIT	A$m	**(213.6)**	(312.1)	32%
Net financing expense	A$m	**(7.6)**	(14.2)	47%
Tax benefit / (expense)	A$m	**3.7**	(36.7)	>100%
Statutory net loss after tax	A$m	**(217.5)**	(363.0)	40%
Impairment (net of tax)	A$m	**133.5**	242.5	45%
Underlying net loss after tax[2]	A$m	**(29.8)**	(67.4)	56%
Operating cash flow	A$m	**19.9**	70.3	(72%)
Net (debt) / cash[3]	A$m	**(54.3)**	17.7	(>100%)

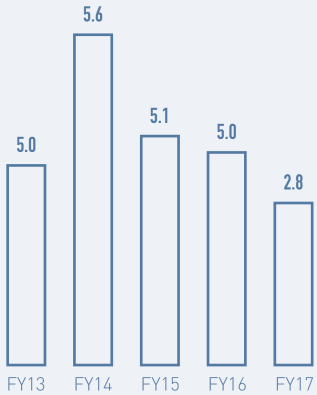
Notes:
1. EBITDAX (earnings before interest, tax, depreciation/amortisation, impairment and exploration) and underlying net loss after tax (net loss after tax before significant items) are a non IFRS measure that are presented to provide a more meaningful understanding of the performance of AWE Ltd's operations. The non-IFRS financial information is unaudited but is derived from the financial statements which have been subject to audit but the Company's auditor.
2. For a complete reconciliation of underlying net loss after tax, please refer to page 28 of the Directors' Report
3. As at 30 June 2017

FY17 SALES REVENUE BY GEOGRAPHY

Australia	68%
New Zealand	32%

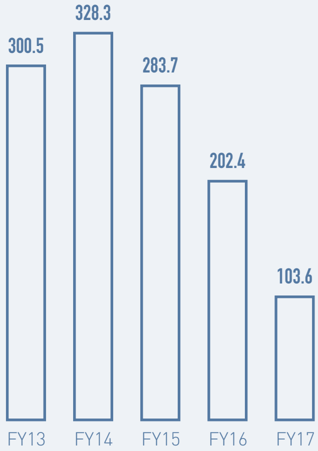
FY17 SALES REVENUE BY PRODUCT

Oil	32%
Condensate	9%
LPG	8%
Gas	51%



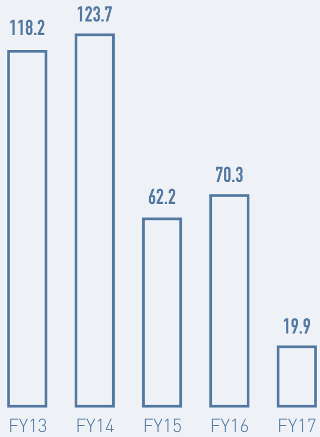
2.8 MMBOE

FY17 TOTAL PRODUCTION
(MMBOE)



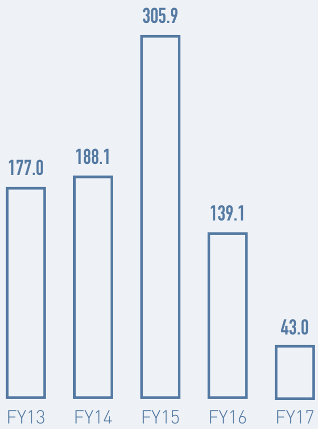
$103.6 M

FY17 SALES REVENUE
($M)



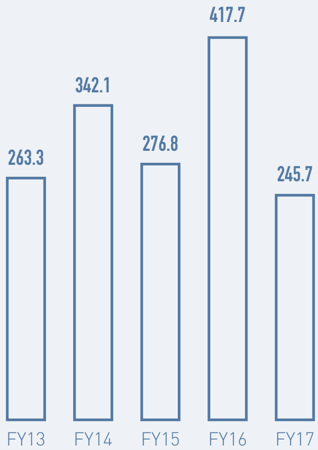
$19.9 M

FY17 OPERATING CASH FLOW
($M)



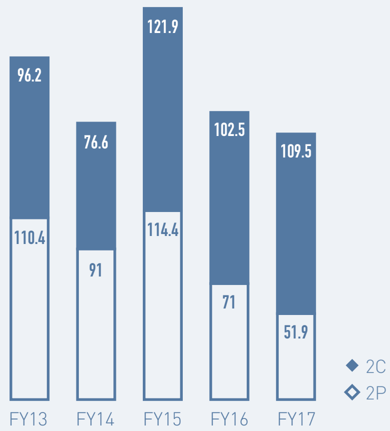
↓69%

FY17 TOTAL INVESTMENT EXPENDITURE
($M)



$245.7 M

TOTAL LIQUIDITY AT 30 JUNE 2017
($M)



161.4 MMBOE

TOTAL 2P RESERVES AND 2C CONTINGENT RESOURCES AT 30 JUNE 2017
(MMBOE)

OPERATIONAL OVERVIEW

PRODUCTION

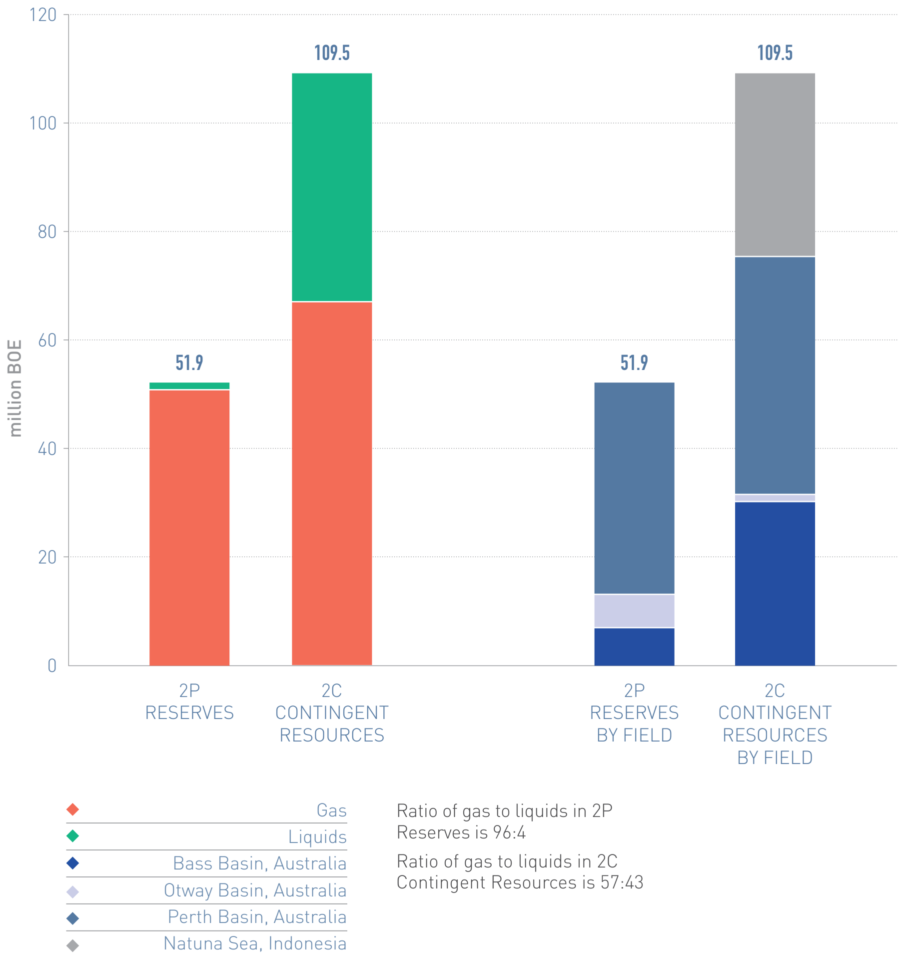
Region and Assets	FY17 Production	Percentage of total	FY16 Production	Percentage of total
	'000 BOE	%	'000 BOE	%
Australia				
Bass Basin (BassGas)	**1,221**	44%	1,497	30%
Otway Basin (Casino)	**645**	24%	805	16%
Perth Basin (Cliff Head[1], Waitsia[2], Beharra)	**499**	18%	638	13%
New Zealand				
Taranaki Basin (Tui[2])[3]	**386**	14%	789	16%
USA				
Eagle Ford, Texas (Sugarloaf)[3]	**-**	-	1,289	25%
Total	**2,752**		5,019	

Notes:

Numbers may not add due to rounding

1. Cliff Head sold on 30 June 2016
2. Denotes Operatorship
3. Sugarloaf sold on 17 March 2016 and Tui sold on 28 February 2017

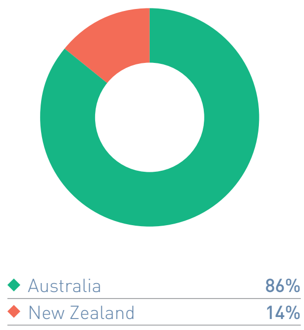
RESERVES AND CONTINGENT RESOURCES



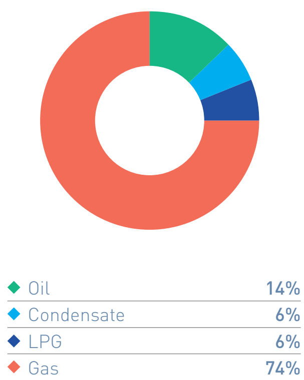
Ratio of gas to liquids in 2P Reserves is 96:4

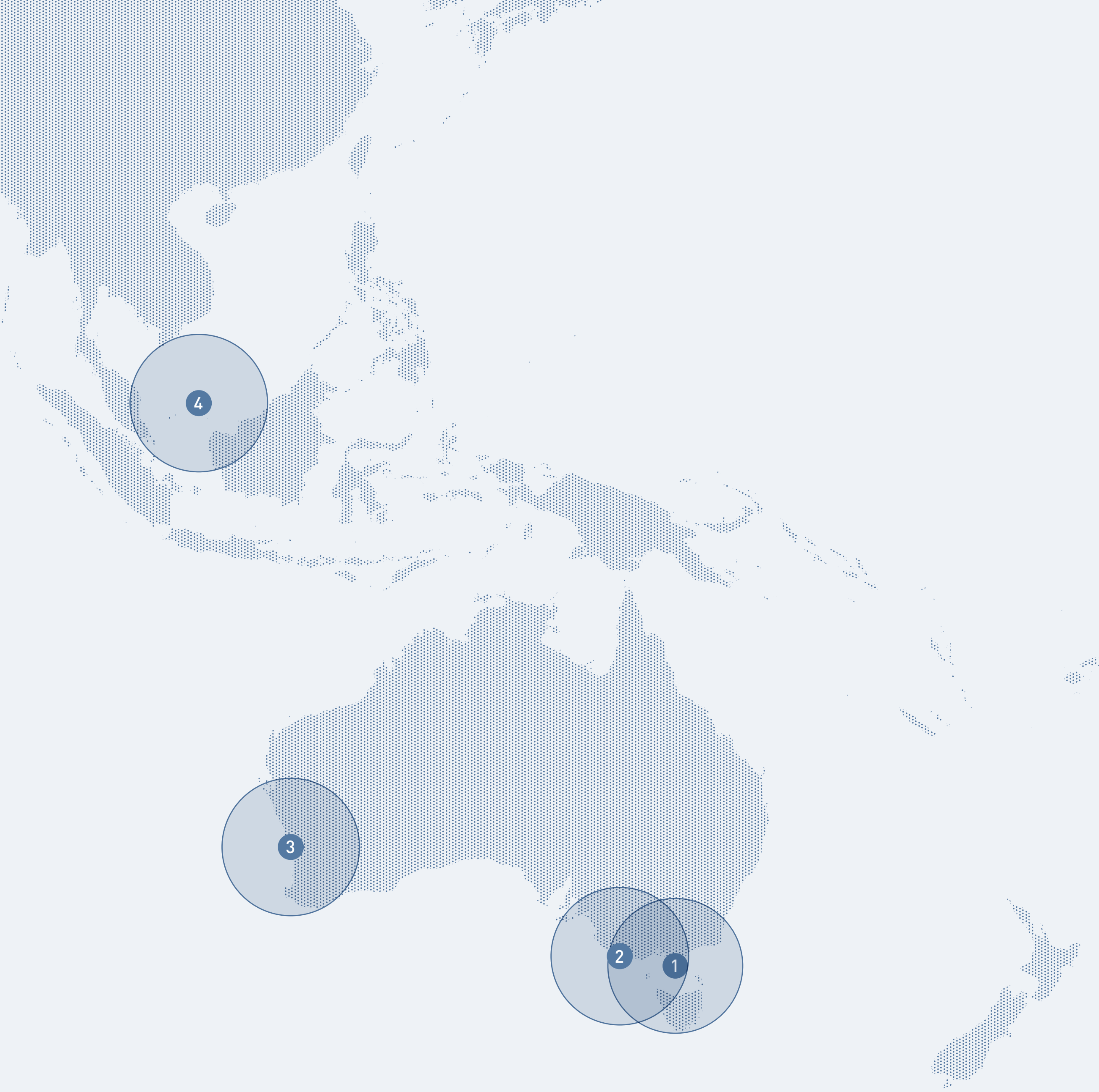
Ratio of gas to liquids in 2C Contingent Resources is 57:43

FY17 PRODUCTION BY GEOGRAPHY



FY17 PRODUCTION BY PRODUCT





1	**BASS BASIN, AUSTRALIA** BassGas Project (AWE 35%)	7.0 MMBOE 2P Reserves	30.6 MMBOE 2C Contingent Resources
2	**OTWAY BASIN, AUSTRALIA** Casino Gas Project (AWE 25%)	5.9 MMBOE 2P Reserves	1.3 MMBOE 2C Contingent Resources
3	**PERTH BASIN, AUSTRALIA** Waitsia Gas Project (AWE 50%, Operator) Onshore Perth Basin (AWE 33-100%, some Operated)	39.0 MMBOE 2P Reserves	43.9 MMBOE 2C Contingent Resources
4	**NATUNA SEA, INDONESIA** Ande Ande Lumut Oil Project (AWE 50%)		33.7 MMBOE 2C Contingent Resources

MAJOR PROJECTS

Waitsia Gas Project - Delivering on the Upside

(AWE 50%, Operator)
Northern Perth Basin, onshore Western Australia

The northern Perth Basin has been one of Western Australia's major onshore gas producing regions for almost 50 years. Discovered in September 2014, the Waitsia field is regarded as the largest onshore conventional gas discovery in Australia for the last 40 years and has the capability to supply approximately 10% of Western Australia's domestic market needs.

Stage 1A in production

A number of major project milestones were achieved at Waitsia during FY17, beginning with Stage 1A achieving first gas on time and under budget in August 2016.

Stage 1A produces gas from two wells, Senecio-3 and Waitsia-1, which is processed at the Xyris Production Facility before being transported south via the Parmelia Pipeline. Effectively an extended production test, Waitsia Stage 1A will supply 9.6 TJ/d of gas to Alinta for a period of 2.5 years.

Well performance has consistently exceeded expectations, emphasising the excellent quality and connectivity of the conventional reservoirs in the Kingia and High Cliff Sandstones. The produced gas is predominantly dry with low levels of inerts present.

Stage 2 on target for FID

Building on the success of Stage 1A, AWE is making excellent progress on development plans for Stage 2 of the Waitsia Gas Project. The second stage, a conventional development that does not require Hydraulic Fracture Stimulation (fracking), is being designed to produce 100 TJ/d of gas for at least 10 years.

An experienced Operator in the Perth Basin, AWE is focused on completing three key work areas before the Waitsia joint venture can consider a Final Investment Decision (FID):

+ Subsurface;
+ Facilities Design; and
+ Gas Marketing.

FY17 was a year of great geotechnical success at Waitsia, starting with the certification of its 2P Reserves and ending with the drilling of the final two appraisal wells before Stage 2 FID – Waitsia-3 and Waitsia-4.

Independent certification of Waitsia 2P Reserves in September 2016 was another important milestone in meeting the expectations of potential customers, following closely after first gas from Stage 1A in August. At the time of reserves certification, AWE noted that there was potentially more reserves upside which could be recognised once drilling and evaluation of the final two appraisal wells was complete.

The primary goals of the 2017 appraisal program were to assess the gas potential in the southern and eastern extensions of the Waitsia Field and to confirm additional 2P Reserves.

Material progress on key development work streams

	2016 - 2017			2018
1 SUBSURFACE	✓ RISC certifies 2P Reserves to underpin 10 year project	✓ Waitsia-3 & 4 drilling results exceed expectations	Additional Reserve upgrades likely by end CY17	FID
2 GAS MARKETING	✓ Gas Marketing began Sep16	✓ First term sheet (15TJ/day) signed Feb17	Additional gas sales (~+50TJ/day to underwrite project)	
3 FACILITIES FEED	✓ Completed Pre-FEED in Q2 CY17	✓ Commenced FEED Jun17	Facility tenders due Nov17 (2x EPC, 2x BOO)	

Waitsia Stage 1A, Xyris Production Facility, WA

The Waitsia-3 appraisal well, located in the southern extension of the gas field, was drilled over May-June 2017. The results were some of the best observed in the field to date, significantly exceeding pre-drill expectations, with strong gas shows over a 150 metre gross interval including the Kingia and High Cliff Sandstones. The Kingia reservoir at this location, with 20 metres of net pay, was approximately double the thickness observed in other wells in the field and of higher quality than originally anticipated. Gas was observed to the base of the High Cliff Sandstone, 10 metres below the Gas Water Contact previously interpreted over the Waitsia Field, which may indicate substantial further reserves upside.

Waitsia-4 was drilled over July-August 2017 with initial results similar to Waitsia-3 and considerably better than pre-drill estimates. Elevated gas shows were encountered in multiple zones in the Kingia and High Cliff Sandstones and good gas shows were also encountered in the Irwin River Coal Measures, a secondary target. The gross Kingia reservoir interval of 42 metres contains 21 metres of net gas pay which is similar to Waitsia-3 and confirms the laterally extensive nature of this excellent reservoir.

Both wells were cased and suspended for future testing and production. Preparations are underway to flow test Waitsia-2, Waitsia-3 and Waitsia-4 in the fourth quarter of 2017, prior to a FID.

The success of Waitsia-3 resulted in AWE increasing its share of 2P Reserves for the Waitsia field by 25% to 228 PJ of sales gas as at 30 June 2017. The increase reflects the reclassification of a portion of 2C Contingent Resources to 2P Reserves. An additional Reserves upgrade is possible in 2017 once the evaluation of data from the appraisal wells and flow tests is complete and the field has been remapped.

In parallel with the subsurface activity, AWE's engineering and project delivery teams have been making substantial progress on Stage 2 facilities design. Pre-FEED (Front End Engineering and Design) was completed in March 2017, followed in June by the decision to enter FEED with the commencement of a facilities design competition.

The design brief includes a production facility capable of processing 100 TJ of gas per day, carbon dioxide extraction, collection hubs and flow lines.

A shortlist of four bidders has been selected to provide Engineering Procurement and Construction (EPC) and Build Own Operate (BOO) contracting alternatives which will allow the joint venture to assess and compare best delivery alternatives, thereby establishing a high degree of capital cost certainty. The design competition will be followed by a commercial phase with tenders due in November 2017, prior to FID.

When developed, Waitsia will provide around 10% of Western Australia's gas demand for at least 10 years. Construction is currently planned to commence in the third quarter of 2018, with first gas sales in 2020.

The Western Australia gas market continues to tighten as gas from the North West Shelf is forecast to reduce substantially from 2020. AWE has aligned the Waitsia development with this window of opportunity and interest from potential customers has been high - AWE ran a tender process at the end of 2016 which was substantially oversubscribed. Waitsia offers potential customers increased competition, diversity of supply, and improved security of supply by offering a lower risk onshore supply chain.

With the market and price range for Waitsia gas established, the first gas sales term sheet for the supply of 15 TJ/d (5.5 PJ/y) was agreed with AGL in February 2017. AWE is aiming to contract substantial gas volumes in 2017 and negotiations with potential customers are progressing. AWE estimates that approximately 50 TJ/d of additional gas sales are required to underwrite Waitsia Stage 2 development.

Further exploration potential

AWE has the largest onshore exploration acreage position in the northern Perth Basin, giving it a significant competitive advantage in terms of further exploration and development opportunities. The company has identified substantial exploration potential in the regions surrounding the Waitsia field. AWE and its joint venture partner are considering drilling the Beharra Springs Deep well, adjacent to the Beharra gas plant, to target a promising Waitsia-like prospect.

Part of the Community

As the Operator of the Waitsia gas project, AWE is committed to being an active and responsible member of the Mid West community and seeks to partner with local businesses wherever possible.

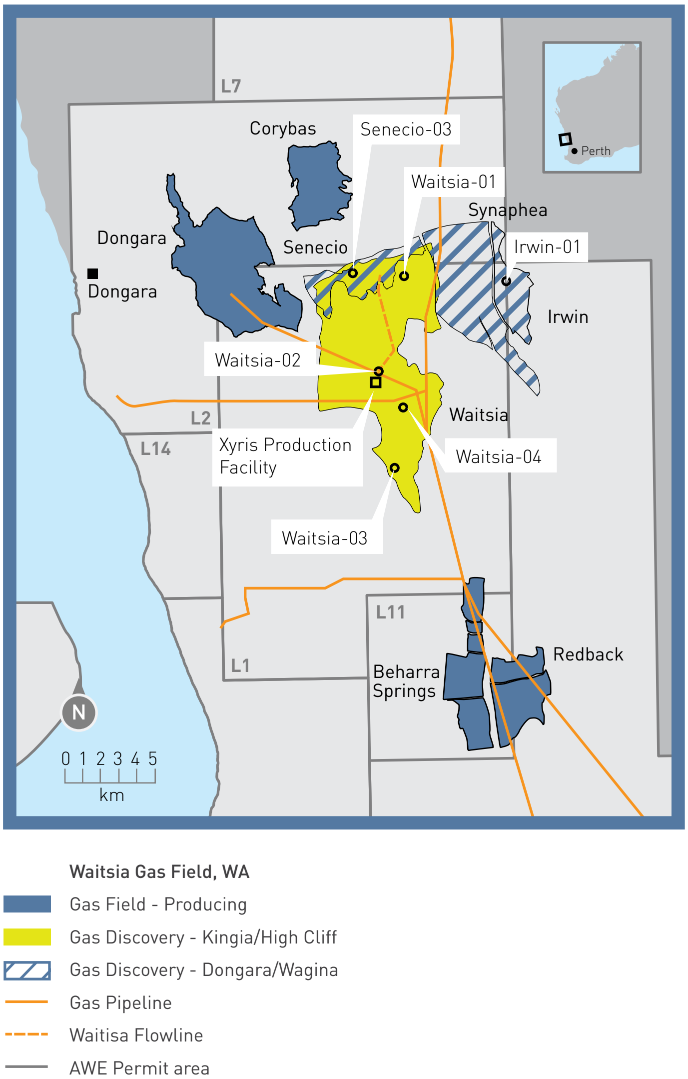
The company has a successful track record of managing safe drilling operations in the Perth Basin and continues to apply high safety and environmental standards to the Waitsia development project.

Waitsia Stage 1A delivered a range of jobs and business opportunities for the local community in the lead up to first gas. Following a FID for Waitsia Stage 2, it is expected that significantly more opportunities and economic benefit will be created.

AWE and its predecessors have successfully worked in the Mid West region since the 1960s, developing numerous relationships with local farmers, service providers and community members over the years. The company remains conscious that its social licence and goodwill is earned through trust, openness and transparency.

During FY17, AWE participated in a number of community engagement events. Local stakeholder views were heard and various issues debated at the Shire of Irwin Oil & Gas expo and subsequent community roundtable meetings. AWE also participated in the Mingenew Mid West Expo, the largest agricultural field day in the Mid West region, to ensure local farmers and suppliers had access to AWE representatives.

The Waitsia gas field, when developed, is forecast to produce approximately 10% of Western Australia's daily domestic gas consumption and will deliver substantial royalties to the Western Australia government over the project's lifecycle.



Drilling operations, AAL-4XST1 appraisal well, Indonesia

BassGas Project – MLE works completed

(AWE 35%)
Bass Basin, offshore Tasmania

AWE has a 35% interest in the BassGas project that produces gas, condensate and LPG from the offshore Yolla field located in Bass Strait between Victoria and Tasmania. Raw gas is conveyed via pipeline from the Yolla platform to an onshore gas processing facility at Lang Lang in Victoria.

In production terms, BassGas remains AWE's largest producing gas asset. In FY17, BassGas produced 1,221 BOE, almost double that of the company's next largest producing gas asset.

The BassGas Mid-Life Enhancement (MLE) project, designed to fully develop the field and to ensure that production continues well into the next decade, was completed during FY17.

The final phase, including the hook up and commissioning of compression and condensate pumping modules on the Yolla-A platform, was completed on time and under budget in June 2017. Production subsequently increased to nameplate capacity (approximately 67 TJ/d).

Following the August 2016 reserves downgrade, both the Operator and AWE undertook independent modelling of the Yolla reservoirs. After comparing the Operator's model with AWE's work, AWE revised upwards its share of 2P Reserves for the Yolla field by 13%, or 1 MMboe (before production). After allowing for production and the reclassification of a small portion of 2P Reserves to 2C Contingent Resources, AWE's share of BassGass 2P Reserves at 30 June 2017 decreased by only 6% to 6.96 MMboe.

It is expected that the BassGas joint venture will commence marketing uncontracted gas from the Yolla field to prospective customers in the second half of 2018 ahead of the anticipated contract expiry in early 2019.

Further development plans in the region have the operator working on the nearby Trefoil Field (17 MMboe), which is similar to Yolla in terms of gas-condensate mix. Plans involve seismic reprocessing and updating static and dynamic reservoir models.

Casino Gas Project – Gas marketing underway

(AWE 25%)
Otway Basin, offshore Victoria

AWE holds a 25% interest in the offshore Casino gas project in the Otway Basin in Victorian waters. Gas from the Casino, Henry and Netherby gas fields is produced via subsea wells, connected by pipeline to the Iona gas processing facility in Victoria.

Casino remains an important asset for AWE with exposure to strengthening Australian domestic gas markets. The current gas sales contract expires in early 2018 and marketing of uncontracted gas is underway. AWE anticipates recontracting production by the end of 2017 and that the price per GJ will substantially exceed historic contract rates.

Drilling operations, Waitsia-3 appraisal well, WA

Operationally, Casino performed largely as expected. However, in late April 2017, the Casino-5 well was shut in to address an anomalous annulus pressure reading, which impacted full year production. The Operator is planning a workover on the well in early 2018.

The joint venture is currently assessing further development and exploration potential within the Casino gas field, which may involve drilling the Henry-3 well in FY19.

AAL Oil Project – A valuable oil price option

(AWE 50%)
Northwest Natuna Sea, Indonesia

AWE holds a 50% interest in the undeveloped Ande Ande Lumut (AAL) Oil Project in Indonesia's Northwest Natuna Sea.

The AAL-4XST1 appraisal well, targeting the G sand reservoir, was completed in early July 2016, significantly ahead of time and under budget. This was a positive indicator for future production drilling, raising the possibility of reduced drilling times and costs and potentially a lower number of wells.

New data from the well indicated substantially lower levels of impurities; better quality crude would likely enhance overall project economics by reducing capital expenditure, lowering processing costs and improving crude pricing.

In light of the positive results from AAL-4XST1, the Indonesian government proposed that the joint venture jointly develop the G sand and the K sand reservoirs from start-up. This requires the G sand being incorporated into the K sand Plan of Development and resulted in a FID being moved into the second half of 2018 and the suspension of commercial tenders. As part of this optimisation work, AWE anticipates the Operator will provide updated K sand and G sand resource estimates in 2017.

After taking into account the further delay to a FID, lower oil prices in 2017, and uncertainty whether the Operator will stay in the permit or divest its interest, AWE reclassified its share of AAL 2P Reserves to 2C Contingent Resources in line with SPE-PRMS guidelines. The company also impaired the carrying value of AAL and recognised a non-cash impairment of $134 million after tax and a write down in the associated US$88 million carry in its FY17 results. Although written down to nil, the carry has not been relinquished and remains payable after an FID decision. The project remains a valuable option for AWE should oil prices improve.

SUSTAINABILITY

AWE is committed to working in a way that delivers positive long term benefits for the communities in which it operates, the environment, its employees and its shareholders.

Sustainability – Risks and Opportunities

1.0 Introduction

AWE's sustainability agenda focuses on sustainability issues most likely to impact on the company's current and future success, including maintaining our social licence to operate, and managing risks and opportunities to support the creation of long-term value for the organisation and its stakeholders[1]. In previous years, AWE has reported on sustainability performance in its Sustainability Report and via submissions to the Carbon Disclosure Project (CDP) and the National Greenhouse and Energy Reporting scheme (NGERs), with additional disclosure in the Annual Report and on the company's website. For FY17, AWE's sustainability disclosure platforms have been simplified to align with the company's reduced size and asset portfolio and are now provided primarily in the Annual Report and the company's website (www.awexplore.com) in addition to NGERs.

2.0 Climate Change Risks And Opportunities

AWE's Board notes the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommends that organisations disclose on climate related issues in mainstream financial reporting across the areas of governance, strategy, risk management and metrics and targets. AWE adopted a climate change policy in August 2017 and will report on progress in future years.

2.1 Governance

AWE's Sustainability Committee is charged to assist the board in meeting its oversight responsibilities in relation to the health, safety, sustainability, asset integrity and community relations aspects of the company's operations. This includes responsibility for reviewing the economic impacts of climate change on the organisation and its projects, and providing oversight of the management of climate change risks. Committee members are appointed by the board, with committee membership including three non-executive board members.

AWE monitors and manages the regulatory, reputational and market risks of climate change to its business through maintaining open lines of communication with stakeholders, including governments, investors and non-governmental organisations.

There were no ethical breaches reported in FY17.

2.2 Strategy And Risks

As an oil and gas exploration and production company, AWE has a role to play in supporting national emission reduction objectives, and a responsibility to consider the impacts of climate change on our business. AWE is cognisant that an energy transition to low carbon fuels will bring both risks and opportunities, and the successful management of these will be essential to AWE's longer term success.

AWE's current 2P Reserves and production are primarily natural gas and associated natural gas liquids. This production both contributes to meeting Australia's energy needs and serves as an important stage in moving away from higher carbon fuels. We also recognise the fact that oil will continue to be required to meet global energy demand for decades to come, as forecast by many reputable international agencies including the International Energy Agency[2]. To this end AWE has the potential to develop, when prices improve, significant oil resources it currently holds and will continue to identify and pursue new, economically attractive oil opportunities.

In order to maximise opportunities and manage risks for AWE, the business is engaging with governments, industry groups, local communities, and others to help shape policies that impact our business and stakeholders. As an example, AWE has participated in numerous federal and state parliamentary reviews into aspects of oil and gas production.

2.3 Metrics and Targets

AWE continues working to improve the greenhouse gas intensity of its operations. AWE's primary share of emissions is from controlled flaring and venting at non-operated assets located in the Bass and Otway Basins, and from our operated and non-operated activities in the Perth Basin. FY17 greenhouse gas emissions from operations directly under our control were approximately 28,000 carbon dioxide greenhouse gas equivalent metric tonnes. This represents a 27% reduction in emissions intensity and 44% reduction in absolute emissions from FY16. The reductions were primarily due to the sale of late-life assets during the reporting period, contributing to an overall decrease in emissions and improved asset efficiency.

AWE also measures annual greenhouse gas emissions on an equity share basis, reporting emissions in line with the group's equity interest in operations on its website from November 2017.

1. AWE's material sustainability issues, and the actions in place to address these, are outlined in more detail in the sustainability section of AWE's website.
2. International Energy Agency, World Energy Outlook 2016.
3. Sustainability data is preliminary and unaudited. Final data will be available on AWE's website from November 2017.

SUSTAINABILITY PRINCIPLES

1

Operate a healthy and safe workplace with a goal to achieve zero harm to people

2

Minimise the impact of our business activities on the environment

3

Benefit the local communities in which we operate and engage in an open and transparent manner

4

Build a team that is engaged, motivated and rewarded by working with AWE

5

Deliver superior, sustainable returns for shareholders

0

zero lost time injuries (LTI)

0

zero significant (Tier 3) environmental incidents

27%

decrease in emissions intensity for operated assets

3.0 Health And Safety

At AWE the health and safety of our people comes first. There were no Lost Time Injuries (LTI) recorded in FY17. AWE's total recordable injury frequency rate (TRIFR) at year end was 2.4 injuries per million hours worked. AWE continued its employee wellbeing program, although in a reduced capacity in line with lower overall employee numbers.

4.0 Environmental Compliance

AWE takes seriously its responsibility to minimise the impact of our business activities on the environment within which we operate. We work hard at identifying and mitigating all potential environmental risks in our operated activities and work with our joint venture operators and partners to reduce and manage risks where we do not operate.

In FY17, there were no significant (Tier 3) environmental incidents or spills by AWE. This is a result of our continued focus on applying strict environmental management systems, including the use of environmental specialists in supervising and monitoring site rehabilitation, and robust environmental management plans and systems in place at our sites.

AWE's well decommissioning and rehabilitation program in the onshore northern Perth Basin continued. In FY17, nine wells were successfully decommissioned and two wells were rehabilitated. Final site rehabilitation for the Drover-1 exploration area was completed in 2017, with the site successfully decommissioned and soon to be returned to the landowner.

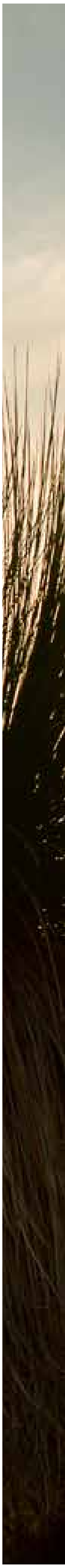
AWE recognises the importance of local water resources to the associated ecosystems and host communities, and seeks to limit consumption for our operations to the minimum required. AWE's ground water use onshore Perth Basin increased from $355m^3$ to $700m^3$in FY17, due to increased appraisal drilling activities. AWE did not utilise Hydraulic Fracture Stimulation (HFS, fracking) in any exploration or appraisal wells in FY17.

5.0 Maintaining Social Licence To Operate

AWE's success is linked to its ability to build and maintain support for its operations. AWE continues to focus on maintaining support of the local communities in which it works in Western Australia's Mid-West region, where AWE and its predecessors have been operating since 1971. This remained a high priority in FY17 as onshore appraisal and development activities associated with the Waitsia gas project progressed. AWE is working to achieve this through meeting the high safety and environmental standards expected, and returning economic and social benefits to the local communities. In FY17, AWE contributed more than $10 million to the Mid-West regional economy, largely through contracts and wages, as well as stimulating local business and employment.

AWE is committed to open and transparent engagement with the community in order to understand stakeholder views, and has established frameworks for managing stakeholder interests. These include open community information exchanges, project-specific community websites and partnerships with local not-for-profit groups.

For many years, AWE has actively and effectively engaged with a range of broader stakeholders, including those expressing an anti-fossil fuel sentiment. AWE will continue to undertake this activity to ensure the wider community remains informed.



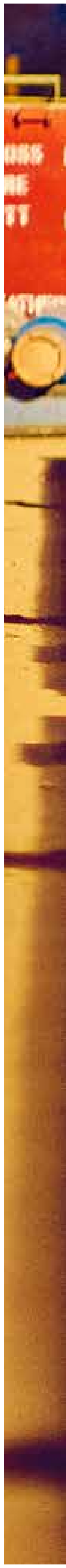
SUSTAINABILITY SCORECARD

During FY17, AWE focused its sustainability targets on the most material people, environment and social risks across the business.

Target	Results	Commentary	Looking forward
Safety & Health			
Zero work related fatalities	◆	Achieved zero fatalities against target of zero in FY17	Zero for FY18
Zero Lost Time Injury Rate (LTIR)	◆	Achieved zero LTIR against target of zero in FY17	Zero for FY18
Improve Total Recordable Injury Frequency Rate (TRIFR)[1]	◆	Achieved 2.4 TRIFR against target of 3.2 or less for FY17	3.0 or less for FY18
People			
Women in senior management and technical/professional roles	◆	Women comprised 39% of senior management and technical/professional ranks in FY17	Maintain or exceed current levels for FY18
Promote pay equity for all employees at all levels of the organisation	◆	Participate in an industry remuneration report and actively review pay equity to ensure alignment of pay for the same roles, irrespective of gender	Ongoing for FY18
Increase the average length of service of women in the workplace and track their retention	◆	Retention levels for female staff have been stable with 38% of the female staff having been with the company for over 5 years	Achieved and ongoing for FY18
Environment			
No significant (Tier 3) environmental incidents resulting from operations	◆	No significant (Tier 3) environmental incidents in FY17	Zero Tier 3 environmental incidents for FY18
Reduction in Greenhouse Gas intensity[2]	◆	Scope 1 equity share emissions intensity of 31.5% tCO_2-e/'000BOE against target of 35 tCO_2-e/'000BOE in FY17. This represents a 27% decrease from 43.2 tCO_2-e/'000BOE in FY16	35 tCO_2-e/'000boe or less GHG intensity in emissions for FY18
Operations with water related material risks to implement initiatives to minimise the impact on water resources	◆	All production operations and new developments with water related material risks have environmental plans associated with water resource management	Continue implementation in FY18
Social			
Ensure stakeholder communication, consultation and engagement prior to commencing activity	◆	Completed for all appraisal drilling and construction activity in WA. Assisted establishment of community roundtable in Irwin shire	Maintain high levels of communication and engagement for flow testing activities and Waitsia Stage 2
New projects to have local procurement plans with targets	◆	Waitsia Gas Project Stage 1A construction and Stage 2 appraisal drilling implemented local procurement plans in FY17	Continue implementation in FY18
Integrate Mid West website and blog into communication and stakeholder activities	◆	Mid-West website content significantly refreshed in FY17	Continue to enhance website functionality and content

◆ Achieved
◆ Not achieved
◆ On track

1. The sum of (fatalities +lost time cases +restricted work cases +medical treatment cases) per million hours worked.
2. Intensity based on AWE Operated sites.
3. Sustainability data is preliminary and unaudited.



BOARD OF DIRECTORS

BRUCE PHILLIPS
BSc (Hons) Geol
Independent Non-executive Director, Chairman

DAVID BIGGS
LLB, MAICD
Chief Executive Officer and Managing Director

DAVID MCEVOY
BSc (Physics), Grad Dip (Geophysics)
Independent Non-executive Director

KENNETH WILLIAMS
BEc (Hons), MAppFin, MAICD
Independent Non-executive Director and Deputy Chairman

RAY BETROS
BEng Chemical, Grad Dip Process Plant Engineering
Independent Non-executive Director

KAREN PENROSE
BComm CPA, FAICD
Independent Non-executive Director

MANAGEMENT TEAM

DAVID BIGGS
LLB, MAICD
Chief Executive Officer and Managing Director

IAN BUCKNELL
BBus, CPA, GAICD
Chief Financial Officer

NEVILLE KELLY
BCom (Merit) CPA
Company Secretary and General Manager Corporate

DR. SUZANNE HUNT
BSc (Hons), MSc, PhD.
General Manager WA Assets and Engineering

ANDY FURNISS
MSc Exploration Geophysics, BSc (Hons) Geological Sciences, FGS
General Manager, Exploration and Geoscience

AWE LIMITED

2017 FINANCIAL REPORT

Note: A copy of AWE's 2017 Corporate Governance Statement can be found on the Company's website at www.awexplore.com

DIRECTORS' REPORT

The directors present their report together with the consolidated financial statements of AWE Limited ('AWE' or 'the Company') and its controlled entities (collectively the "Group") for the financial year ended 30 June 2017 and the Auditor's report thereon.

Operating and financial review

This operating and financial review forms part of the Directors' Report is prepared in accordance with section 299A of the Corporations Act 2001 (Cth). The information is provided to assist users in assessing the operations and financial position of AWE.

The principal activities continue to be the exploration for, as well as development and production of hydrocarbons.

1. Performance overview

Highlights

Key highlights include:

+ HSE - No reportable environmental incidents recorded and no Lost Time Injuries. The Company continues to place the health and safety of employees and contractors as its first priority.
+ Continued open engagement with landowners, local communities, regulators and government.
+ Production - Total production of 2.75 mmboe, in line with market guidance.
+ Development
  - Waitsia Stage 1A successfully completed with first gas in August 2016.
  - Waitsia Stage 2 pre-FEED completed. Design competition phase of FEED commenced in June 2017.
  - BassGas achieved compression startup ahead of time and under budget in June 2017 and production reached nameplate capacity - MLE project completed.
+ Drilling success
  - Waitsia-3 and 4 appraisal wells significantly exceeded pre-drill expectations - Kingia reservoir considerably thicker and better quality than predicted and gas shows below previously interpreted gas water contact.
  - Positive results from Waitsia 3 have led to the conversion of some 2C Contingent Resources to 2P Reserves.
+ Completion of asset sales
  - In late February 2017 the sale of Tui completed and generated a profit after tax of $36.3 million and reduced future abandonment obligations by $67 million.
+ Impairment of Ande Ande Lumut (AAL) - An impairment loss of $131.1 million has been recorded on the carrying value of the AAL asset and it has been transferred from Oil & gas assets to Exploration & evaluation assets. The capital expenditure Carry of $96.3 million receivable from Santos upon Final Investment Decision (FID) in respect of the AAL oil project was derecognised and an associated transfer tax accrual of $6.6 million was reversed in the period (net impact pretax: $89.7 million, after tax: $76.3million). The contract in respect of the Carry is binding and the balance remains payable to AWE, however is dependent upon the project proceeding.

The following tables provide an overview of production and the financial performance of AWE for the year ended 30 June 2017 as detailed in the financial report.

Group overview	30 June 2017 mmboe	30 June 2016 mmboe[3]	Variance %
Continuing operations			
Gas	**2.02**	2.22	(9%)
LPG production	**0.17**	0.22	(23%)
Condensate production	**0.17**	0.22	(24%)
Oil	**-**	0.28	-
Total production from continuing operations	**2.36**	2.94	(20%)
Discontinued operations			
Gas	**-**	0.37	-
LPG production	**-**	0.30	-
Condensate production	**-**	0.62	-
Oil	**0.39**	0.79	(51%)
Total production from discontinued operations	**0.39**	2.08	(81%)
Total production	**2.75**	5.02	(45%)

Financial performance - Continuing operations	30 June 2017 $million	30 June 2016 $million	Variance %
Sales revenue - oil and gas	**70.5**	100.7	(30%)
Production costs and royalties	**(38.5)**	(53.9)	29%
Field EBITDAX[1] & [2]	**31.9**	46.7	(32%)
Exploration and evaluation expense	**(2.4)**	(18.2)	87%
Amortisation	**(31.2)**	(52.3)	40%
Net financing expense	**(7.6)**	(11.2)	32%
Impairment	**(134.5)**	(238.2)	44%
Write down - capital expenditure Carry	**(89.7)**	-	-
Fair value adjustment on held for sale assets	**-**	(2.1)	-
Other income / (expense)	**(27.9)**	(13.5)	(>100%)
Statutory net loss before tax	**(261.5)**	(288.8)	9%
Tax benefit / (expense)	**5.9**	(23.0)	>100%
Statutory net loss after tax (NPAT)	**(255.6)**	(311.8)	18%
Cash flow from operating activities	**8.9**	73.8	(88%)

Financial performance - Discontinued operations	$million	$million	%
Sales revenue - oil and gas	**33.1**	101.7	(67%)
Production costs and royalties	**(23.9)**	(56.5)	58%
Field EBITDAX[1] & [2]	**9.2**	45.2	(80%)
Amortisation	**(5.2)**	(44.3)	88%
Net financing expense	**-**	(3.0)	-
Impairment	**-**	(53.6)	-
Other income / (expense)	**(0.1)**	(0.7)	93%
Gain on disposal of discontinued operations	**36.3**	18.8	93%
Statutory net profit / (loss) before tax	**40.3**	(37.6)	>100%
Tax expense	**(2.2)**	(13.7)	84%
Statutory net profit / (loss) after tax (NPAT)	**38.1**	(51.2)	>100%
Cash flow from operating activities	**11.0**	(3.5)	>100%

Continuing and discontinued operations	$million	$million	%
Statutory net loss after tax (NPAT)	**(217.5)**	(363.0)	40%
Cash flow from operating activities	**19.9**	70.3	(72%)

1. Sales revenue less production costs and royalties. Refer Note 2.1 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 Group's underlying performance.
3. Production data for prior period has been adjusted to exclude operations discontinued or divested in FY16; specifically Sugarloaf and Tui. For reported historical data please refer the FY16 Annual Report.

To assist users reconcile the underlying performance, the following table provides a reconciliation of NPAT (inclusive of continuing and discontinued operations) and the impact of non-recurring items.

Reconciliation of underlying NPAT	30 June 2017 $million Pre tax	30 June 2017 $million Post tax
Statutory NPAT		**(217.5)**
Less non-recurring items (after tax):		
Impairment	134.5	133.5
Write down of Carry[2]	89.7	76.3
Gain on divestment of Tui	(36.3)	(36.3)
Arbitration costs	3.6	3.6
Loss on divestment of Lengo & North Madura	10.7	10.7
Total non-recurring items		**187.8**
Underlying NPAT[1]		**(29.8)**

1. 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 Group's underlying performance.

2. The taxation impact in respect of the write down of the Carry relates to the reversal of deferred tax balances, not current tax expense.

Note: numbers may not add due to rounding.

Financial performance

AWE reported a statutory net loss after tax of $217.5 million for the year ended 30 June 2017 compared to a statutory net loss after tax of $363.0 million for the previous corresponding period. The 2017 result included a net impairment charge after tax of $133.5 million ($134.5 million pre-tax, $1.0 million tax effect) (2016 impairment was $242.5 million; pre-tax $291.8 million) and a 2017 write down in respect of the capital expenditure Carry of $76.3 million (pre-tax $89.7 million) (2016 nil impairment of Carry).

After adjusting for non-recurring items of $187.8 million after tax largely related to impairment of AAL, write down of the AAL capital expenditure Carry and a gain on divestment of Tui, an underlying net loss after tax of $29.8 million was recognised for the year. This compared to an underlying net loss after tax of $67.4 million for the previous corresponding period.

Total oil and gas production of 2.75 mmboe for the period was in line with guidance, but 45% lower than the previous corresponding period of 5.02 mmboe reflecting the divestment of Tui, Sugarloaf and Cliff Head. The ratio of gas to total liquids (LPG, condensate and oil) production was 73:27 for the year ended 30 June 2017, compared to 52:48 for the previous corresponding period. Production from continuing operations for the period was 2.36 mmboe compared to 2.94 mmboe, a fall of 20% reflecting natural field decline and scheduled maintenance at BassGas and Casino. The ratio of gas to total liquids production for continuing operations was 86:14 for year ended 30 June 2017, compared to 76:24 for the year ended 30 June 2016.

AWE recorded oil and gas sales revenue from continuing and discontinued operations for the period of $70.5 million and $33.1 million respectively; resulting in total oil and gas revenue of $103.6 million, down 49% compared to $202.4 million for the previous corresponding period. This decline reflects the lower revenue base following the divestment of Tui, Sugarloaf and Cliff Head and a change in the product mix to higher gas production.

Operating costs (production and royalties) from continuing and discontinued operations for the period was $38.5 million and $23.9 million respectively; resulting in total operating costs of $62.4 million, down 43% from $110.4 million. The reduction in operating costs was largely due to the divestment of Tui, Sugarloaf and Cliff Head as well as operating cost reductions achieved at BassGas.

Field EBITDAX from continuing and discontinued operations of $31.9 million and $9.2 million respectively, totalled $41.1 million, compared to $91.9 million for the previous corresponding period.

The Company incurred and expensed total exploration and evaluation costs of $2.4 million during the period, compared to $18.2 million in the prior corresponding period, reflecting continuing efforts to manage discretionary expenditures.

The taxation benefit from continuing operations was $5.9 million and the taxation expense arising from discontinued operations was $2.2 million, resulting in a net taxation benefit $3.7 million compared to a taxation expense of $36.7 million for the previous corresponding period. The total taxation benefit includes the reversals of deferred tax balances and the accounting gains / losses on divestment of Tui and Lengo respectively.

Net cash from operating activities was $19.9 million for the year, compared to $70.3 million for the previous corresponding period, reflecting lower cash receipts following the divestment of Tui, Sugarloaf and Cliff Head.

Summary of financial position

At year end the Company was in a net debt position of $54.3 million with cash of $12.8 million and drawn debt of $67.1 million, leaving undrawn facilities of $232.9 million. This compares to a net cash position of $17.8 million at 30 June 2016 with cash of $32.6 million and drawn debt of $14.8 million.

The increased debt reflects continuing spend in development activities primarily at Waitsia (Waitsia stage 1A, Waitsia-3 and 4 drilling and FEED), BassGas (MLE compression hook-up and commissioning) and AAL in the carry-over of costs associated with the 4XST1 well.

2. Production and development operations

	30 June 2017					30 June 2016	
Production (mmboe)	South East Australia	Western Australia	New Zealand	Indonesia	Total	Total Adjusted[1] Production	Total Unadjusted[2] Production
Gas	1.52	0.50	-	-	**2.02**	2.22	2.59
LPG	0.17	-	-	-	**0.17**	0.22	0.52
Condensate	0.17	-	-	-	**0.17**	0.22	0.84
Oil	-	-	0.39	-	**0.39**	0.79	1.07
Total	**1.87**	**0.50**	**0.39**	**-**	**2.75**	**3.45**	**5.02**
Development expenditure ($m)	**16.6**	**14.9**	**-**	**8.1**	**39.7**	**94.1**	**120.3**

1. Prior year production adjusted to exclude production from Sugarloaf and Cliff Head in order to provide a comparative for current year which excluded both Sugarloaf and Cliff Head.

2. Unadjusted prior year production represents actual production for the year ended 30 June 2016.

Total oil and gas production of 2.75 mmboe compared to 3.45 mmboe for the previous corresponding period adjusted to exclude Sugarloaf and Cliff Head which were divested during the year ended 30 June 2016. The reduction of 0.70 mmboe to 2.75 mmboe for the year ended 30 June 2017 reflects lower Tui production volume since its divestment (0.15 mmboe) and planned maintenance shutdowns at BassGas and Casino together with natural field declines.

Western Australia - Onshore Perth Basin

Waitsia Gas Project (50%, Operator)

Stage 1A of the Waitsia Gas Project commenced production in August 2016 and AWE's share of gross production was 0.23 mmboe (1.4PJ) for the year ended 30 June 2017. Preliminary results from the two wells under the extended production test have exceeded AWE's pre-production expectations confirming a high quality conventional reservoir system with excellent connectivity for the Kingia and High Cliff Sandstones.

During the December quarter, the Waitsia Stage 2 project commenced pre-FEED work for a gas plant capable of producing 100 TJ of gas per day for 10 years. Pre-FEED was successfully completed and in June 2017 the Waitsia joint venture partners agreed to enter FEED with commencement of a design competition phase for the Stage 2 development. A shortlist of four bidders was selected to provide EPC and BOO contracting alternatives due in November 2017.

Waitsia-3 and 4 were drilled from June to August, confirming the southern and eastern extent of the Waitsia Field and revealing a substantially thicker Kingia reservoir with excellent porosity and low levels of total inerts. These wells are the last to be drilled on Waitsia before Final Investment Decision (FID).

AWE is aiming to contract substantial gas volumes in CY 2017 ahead of making a FID on the Waitsia stage 2 project. Negotiations for gas sales are advancing with a selected shortlist of buyers.

Dongara, Corybas, Beharra Springs (33–100%, some Operated)

AWE's share of gross production from the various onshore Perth Basin assets was 0.27 mmboe compared to 0.36 mmboe for the previous corresponding period.

AWE's program to decommission non-producing wells and rehabilitate well sites is proceeding as planned and will continue over the coming years. Total decommissioning and rehabilitation expenditure charged to existing provisions for the year ended 30 June 2017 was $5.5 million (2016: $2.2 million).

South East Australia

BassGas Project (35%), Bass Basin

The BassGas project achieved gross production for the year ended 30 June 2017 of 15.1 PJ of gas, 494,000 barrels of condensate and 42,000 tonnes of LPG. AWE's share was comprised of 5.3 PJ of gas, 173,000 barrels of condensate and 14,600 tonnes of LPG. Production for the period decreased by 18% over the previous corresponding period, impacted by a 26-day planned BassGas integrity shutdown in November-December 2016. No incidents were recorded during the shutdown. The average gross daily rate for the year, excluding planned downtime, was 45.0 TJ/d.

Hook-up and commissioning of the compression and condensate pumping modules on the Yolla-A platform was completed ahead of schedule and under budget in late June 2017. Gas production rates subsequently increased to nameplate capacity (approximately 67TJ/d).

Casino Gas Project (25%), Otway Basin

AWE's share of gross production from the Casino gas project, including the Casino, Henry and Netherby gas fields, was 3.9 PJ of gas and 2,100 barrels of condensate. Production for the period was impacted by an 11-day planned plant maintenance shutdown at the Iona Production Facility in November 2016 and the shutting in of the Casino-5 well during April 2017 to address an anomalous annulus pressure reading. The Operator is planning a workover on Casino-5 in early 2018 to return it to production. During the shut-down of the Iona Gas Plant, subsea maintenance was undertaken on various backup control systems. The average gross daily rate for the year, excluding planned downtime, was 47.7 TJ/d.

Marketing of uncontracted gas from Casino, for the period post February 2018, has commenced.

Indonesia

Ande Ande Lumut Oil Project (50%), Northwest Natuna Sea

Field development optimisation studies are ongoing to incorporate results from the AAL-4XST1 appraisal well with a focus on assessing G sand resources. Laboratory work has been completed, confirming that comingled production of K sand and G sand oil is possible with no significant changes to the FPSO processing infrastructure.

The joint venture is now finalising new reservoir models to support an application to jointly develop G sand and K sand reservoirs from field startup. This may require an amendment and government approval of the K sand POD which will result in FID being delayed. Stage 2 commercial tenders remain on hold until this work is completed.

Post year end, AWE announced that it would impair the carrying value of AAL by $131.1 million, and transfer it to Exploration and evaluation assets. In addition the capital expenditure Carry receivable from Santos of $96.3 million (pre-tax) was derecognised and an associated transfer tax accrual of $6.6 million was reversed (net impact $89.7). These changes arose as uncertainty surrounding FID of the AAL asset increased due to the operator starting a process to sell its interest, ongoing technical evaluation of the K and G sands and continuing low oil prices. The Carry remains payable to AWE contingent upon the project proceeding.

New Zealand

Tui Area Oil Fields (57.5%, Operator), Taranaki Basin

The Tui Area Oil Fields were divested at the end of February 2017. Gross production from the Tui Oil Fields was 0.67 mmboe for the period from 1 July 2016 up until its divestment in February 2017. AWE's share of this production was 0.39 mmboe. All remaining oil inventory passed to the buyer Tamarind.

3. Exploration operations

$m	30 June 2017 Western Australia	South East Australia	New Zealand	Indonesia	China[1]	Other	Total	30 June 2016 Total
Exploration Expenditure	1.9	1.1	0.1	0.3	(0.5)	0.2	**3.0**	**18.8**

1. As a consequence of relinquishing the permit in China and dissolving the joint venture accrued exploration expenditure was reversed

The Group continues to manage its exploration portfolio by deferring or reducing all discretionary exploration activity and by reviewing and ranking prospects and inventory. The Group is currently running a farmout process for all 100% held permits to seek partners and manage near to mid-term exploration cost exposure.

Australia

Bass Basin

In T/RL2 (AWE 40%), the Operator is progressing development concept studies for the Trefoil Field with seismic reprocessing and updated static and dynamic modelling of the reservoirs nearing completion.

Otway Basin

In permit VIC/P44 (AWE 25%), the Joint Venture is planning new seismic inversion studies to de-risk prospects for a possible future exploration program. Applications have been submitted to renew retention leases over VIC/RL11 (Martha) and VIC/RL12 (Blackwatch) for a further five year period and are pending approval of the regulator.

Onshore Perth Basin

In EP320 (AWE 33.33%), the Joint Venture has commenced planning of a 3D seismic programme to fulfil Permit year 2 work commitments. The 3D survey will mature significant Waitsia style prospects in the Kingia and High Cliff sandstones in the east of the permit.

In production Licence L11 (AWE 33%), the Joint Venture is reviewing options for an exploration well to test the Beharra Deep prospect in the Kingia and High Cliff Sandstones directly beneath the Beharra Springs Gas Field and close to existing processing facilities.

Offshore Perth Basin

In WA-512P (AWE 100%), 2D and 3D PSDM seismic reprocessing is complete and interpretation of the data is ongoing. A farmout process is underway.

North Carnarvon Basin

In WA-497P (AWE 100%, Operator), work continues to progress prospects to drillable status. A farmout process is underway.

In WA-511P (AWE 100%, Operator), interpretation of the multi-client Eendracht 3D seismic survey data is complete. Seismic attribute studies are underway to de-risk the gas-prone prospects. A farmout process is underway.

New Zealand

Taranaki Basin

In onshore permit PEP 55768 (AWE 51%, Operator), the Joint Venture continues to plan the Kohatukai-1 exploration well and a farmout process is progressing.

4. Business strategy and opportunities

As a consequence of the divestment of Tui, AWE is now primarily a conventional gas producer active in Australia's east coast and west coast domestic markets with significant potential to improve realised gas prices.

Appraisal work at Waitsia continued to enhance the outlook for Waitsia reserves and development potential. Waitsia-3 recently confirmed the southern extent of the Waitsia Field and revealed a substantial Kingia reservoir with excellent porosity and low levels of inerts.

Business strategy

AWE's goal is to be a leading mid-cap energy company in Australia by building a sustainable business that delivers superior returns to shareholders.

The Company has implemented a strategy that is focused on pursuing opportunities in high value gas and oil in the geographic areas comprising Australia, New Zealand and Indonesia.

AWE has established and valuable producing assets supporting the East Coast Australian gas market that deliver stable operating cash flows. There is potential to grow with the recontracting of gas reserves AWE is prioritising the development of its high value gas assets in the Perth Basin. The Ande Ande Lumut oil project in Indonesia provides exposure to potential upside in oil prices in the medium term.

AWE is committed to these goals while preserving our commitment of zero harm to our people, minimising its impact on the environment, supporting the communities in which we operate and building a motivated and engaged team.

Opportunities

The focus and objective of the Company is to generate sustainable returns to shareholders whilst maintaining a prudent and disciplined approach to financial management. AWE will pursue growth initiatives from its existing portfolio of exploration and development assets as well as new opportunities where they are value accretive and where balance sheet capacity exists to support future development expenditure.

Key projects and opportunities being pursued during the next financial year include:

+ Development of the Waitsia Stage 2 gas project. The key work streams for achieving a final investment decision include:
  - Gas Marketing - Signing Gas Sales Agreements (GSAs) to underpin an FID;
  - Subsurface - Proving up additional Reserves from Waitsia-3 and -4 drilling campaign;
  - Facilities FEED – Completing the FEED design competition.
+ At BassGas, progress development concept studies for the Trefoil field, adjacent to the existing Yolla field in the Bass Basin.
+ In the Otway Basin, the Casino joint venture will assess a range of options for the next phase of development for the project.
+ Revision of the Plan of Development of AAL

AWE will continue to review a range of exploration and new business opportunities in conventional oil and gas, but only where the business and economic case continues to be positive at low oil prices.

Material business risks

The following material business risks have been identified as key issues that have the potential to impact the Company's performance:

+ Commodity price risk, which directly impacts AWE through the realised price received from the sale of hydrocarbons – gas, crude oil, condensate and LPG with the exception of Australian gas sales which are made under long-term contracts where the price is denominated in Australian dollars. The risk relating to oil prices has been mitigated in the near term by the sale of the Company's interest in the Tui area oil fields during the 2017 financial year.
+ Reserves and production risks, where future performance of individual assets may not meet current estimates and forecasts.
+ Execution of development and operating projects, including meeting schedule and budget, which could be subject to changes in future industry and economic conditions.
+ Sovereign risk relating to the expected fiscal, tax and regulatory environment in jurisdictions that AWE does business.
+ Continuing access to debt and capital markets to execute projects.
+ Health, Safety and Environmental risks which are recognised by AWE as being of critical importance in ensuring AWE continues to build and operate a sustainable business and which remain a key priority for the Company.
+ Maintaining the Company's social licence to operate by pursuing operational excellence and proactively engaging with the communities, regulators and other key stakeholders, particularly in relation to onshore oil and gas exploration, development and production activities.

Directors' qualifications and experience

Current Directors	Experience
Bruce Phillips BSc (Hons) Geol Independent Non-executive Director and Chairman Member of the People Committee Member of the Nominations Committee	Bruce Phillips is a petroleum explorationist who has more than 35 years of technical, financial and managerial experience in the upstream energy sector of the oil and gas industry. He has broad domestic and international exploration and production experience throughout Australia, South East Asia, Africa and South America. Bruce is currently a non-executive Chairman of ALS Limited. He was formerly the non-executive Chairman of Platinum Capital Limited (to June 2015) and a non-executive director of AGL Energy Limited (to September 2016). Bruce was founder and Managing Director of AWE. He retired as Managing Director on 31 August 2007 and was appointed as a non-executive director on 19 November 2009 and non-executive Chairman on 18 November 2010.
Kenneth Williams BEc (Hons), MAppFin, MAICD Independent Non-executive Director and Deputy Chairman Chairman of the Audit and Governance Committee Member of the People Committee Member of the Nominations Committee	Kenneth Williams has over 25 years operational experience in corporate finance with an emphasis on treasury and financial risk management as well as diverse experience in mergers, acquisitions, divestments and corporate reconstructions. During his executive career he has worked for significant Australian enterprises including Renison Goldfields, Qantas, Normandy Mining and Newmont Australia. Ken has an Honours degree in Economics and a Masters of Applied Finance and is a member of the Australian institute of Company Directors. Ken is a non-executive Chairman of Havilah Resources Limited. Ken was appointed as a non-executive director of AWE on 26 August 2009.
David Biggs LLB, MAICD Chief Executive officer and Managing Director	David Biggs was appointed CEO and Managing Director of AWE Limited on 2 May 2016. David's 35-year career in the upstream oil and gas sector includes senior executive roles at Cue Energy, BHP Billiton Petroleum, the Natural Gas Corporation and the Petroleum Corporation of New Zealand. He has extensive experience in leadership, strategy and planning, business improvement, P&L management and commercial transactions, particularly M&A and gas marketing, gained in Australia, New Zealand, Indonesia, the USA and other international markets. David holds a tertiary qualification in law from Victoria University in Wellington.
David McEvoy BSc (Physics), Grad Dip (Geophysics) Independent Non-executive Director Chairman of the Sustainability Committee Member of the Audit and Governance Committee Member of the Nominations Committee	David McEvoy has a petroleum geoscience background with almost 40 years' experience in international exploration and development. He has held several senior executive positions in affiliates of ExxonMobil, most recently Vice President, and Business Development in ExxonMobil Exploration Company from 1997 to 2002. David is currently a non-executive director of Seven Group Holdings Limited. He was formerly a non-executive director of Woodside Petroleum Limited (to May 2017). David was appointed a non-executive director of AWE on 22 June 2006.
Ray Betros BEng Chemical, Grad Dip Process Plant Engineering Independent Non-executive Director Member of the Sustainability Committee Member of the Audit and Governance Committee Member of the People Committee Member of the Nominations Committee	Ray Betros has over 35 years' experience in international business and project development and technical management. He has held senior positions in resource companies and worked extensively internationally including Indonesia, United Kingdom and Egypt. Ray has held various senior executive positions at BHP/BHP Billiton (1993-2004), BG Group (2004-2008) and most recently Santos (2008-2011) where he held the position of Executive Vice-President Technical. Ray was appointed as a non-executive director of AWE on 22 November 2012.
Karen Penrose BComm CPA, FAICD Independent Non-executive Director Chair of the People Committee Member of the Audit and Governance Committee Member of the Nominations Committee Member of the Sustainability Committee	Karen Penrose has a strong background and experience in the finance and corporate sectors. She is a full-time non-executive director. Her prior executive career includes 20 years with Commonwealth Bank and HSBC and eight years as a Chief Financial Officer and Chief Operating Officer with two ASX listed companies. Karen is a non-executive director of Bank of Queensland Limited, Vicinity Centres Limited, Spark Infrastructure Group and a pro-bono board member of Future Generation Global Investment Company Limited. Ms Penrose was formerly Deputy Chairman of Silver Chef Limited (to February 2015) and Novion Limited (to June 2015). Karen was appointed a non-executive director of AWE on 28 August 2013.

Company secretary

Mr Neville Kelly was appointed to the position of Company Secretary in October 1999. Mr Kelly (BCom, Merit, CPA) is an accountant with over 30 years commercial experience in the upstream sector of the Australian oil and gas industry, including 12 years' experience with Bridge Oil Limited. Neville was also the Chief Financial Officer of AWE until 31 October 2011 and joined the Company on its public listing in 1997.

Directors' interests

The relevant interest of each director in the share capital of the Company, as notified by the directors to the Australian Securities Exchange ("ASX") in accordance with section 205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Fully paid ordinary shares
B. Phillips	3,178,414
D. Biggs	10,000
D. McEvoy	30,000
K. Williams	80,000
R. Betros	70,000
K. Penrose	50,000

No directors' interests are subject to margin loans.

Directors' meetings

	Directors' meetings		Audit and Governance Committee meetings		People Committee meetings		Sustainability Committee meetings		Nominations Committee meetings	
Director	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended
B. Phillips	18	18			4	4			2	2
D. Biggs	18	18								
D. McEvoy	18	18	6	6			4	4	2	2
K. Williams	18	18	6	6	4	4			2	2
R. Betros	18	18	6	6	2	2	4	4	2	2
K. Penrose	18	15	6	5	4	4	4	3	2	2

1. Reflects the number of meetings held during the time the Director held office, or was a member of the Committee during the year.

Indemnification and insurance of officers

Under the Company's Constitution, and to the extent permitted by law, every person who is, or has been, a director or officer of the Company is indemnified against:

1. a liability incurred by that person, in his or her capacity as a director or secretary, to another person (other than the Company or a related body corporate of the Company) provided that the liability does not arise out of conduct involving a lack of good faith; and
2. a liability for costs and expenses incurred by that person:
   i. in defending any proceedings in which judgement is given in that person's favour, or in which that person is acquitted, or
   ii. in connection with an application in relation to any proceedings in which the Court grants relief to that person under the Corporations Act.

During the financial year, the Company paid premiums based on normal commercial terms and conditions to insure all directors, officers and employees of the Company against the costs and expenses in defending claims brought against the individual while performing services for the Group. The premium paid has not been disclosed as it is subject to the confidentiality provisions of the insurance policy.

The Company has entered into Indemnity Deeds to indemnify directors and certain executives of the Company against all liabilities incurred in the course of or arising out of their employment with the Company and its controlled entities, except where the liability results wholly or in part from serious and wilful misconduct by the executive or director.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to Ernst & Young during or since the financial year.

Environmental regulation and climate change

AWE is subject to a range of environmental legislation in Australia and other countries in which it operates. Through the sustainability committee it plans and performs business activities to avoid adverse environmental impacts. Following the release of the 'Recommendations of the Task Force on Climate-related Financial Disclosures' issued in June 2017, the Company and its auditors have considered both transition and physical risks as they might impact AWE's business for the financial year.

In making a determination of the risks posed by transitioning to a low-carbon economy, and how this might affect AWE, consideration has been made in relation to those risks associated with the evolving policy and legal environment; technological improvements and innovations that might support the decarbonisation of our economy; the market risks associated with shifts in the supply and demand of AWE's products as well as that of critical inputs used by the business; and also the reputational risks which could impact the pricing of commodities.

We also seek to understand what potential risks to AWE's own physical assets (and that of critical suppliers) which could be impacted by a changing climate, such as more frequent and extreme weather events. And then whether this might impact asset valuations and the operating costs associated with procuring critical goods. Such risks are considered in evaluating the impairment of assets and the need to provide for future climate related liabilities when considered material within a foreseeable time horizon. It is currently the view of the Company that Climate-related risks do not currently present a material risk with regards to the financial statements.

The Company is preparing a climate change policy and climate change will be included in future material risk assessments.

Remuneration report

The Remuneration Report set out on pages 39 to 56 forms part of the Directors' Report for the financial year ended 30 June 2017.

Corporate governance statement

Details of the Company's corporate governance practices are included in the Corporate Governance Statement set out on the Company's website.

Dividends

Dividends paid or declared by the Company to members since the end of the previous financial year were:

	Cents Per Share	Total amount $'000	Franking	Date of payment
Declared and paid during the 2017 financial year	-	-	-	-
Declared and paid during the 2016 financial year	-	-	-	-

Events subsequent to balance date

In the opinion of the directors, no other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

a. the Group's operations in future financial years, or

b. the results of those operations in future financial years, or

c. the Group's state of affairs in future financial years.

Audit and non-audit services

Details of the amounts paid to the auditor of the Company, Ernst & Young, and its related practices for audit and non-audit services provided during the year are set out below.

Ernst & Young	2017 $	2016 $
Audit services - auditor of the Company	**307,675**	414,899
Taxation compliance services	**-**	57,136
Taxation advisory services	**13,390**	15,000
Advisory and assurance services[1]	**120,000**	17,346
Total remuneration of Ernst & Young	**441,065**	504,381

1. Relates to sustainability and climate report and other general advisory services.

During the year Ernst & Young, the Company's auditor, has performed certain other services in addition to their statutory duties primarily taxation advice in relation to an acquisition opportunity. The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit & Governance Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with the auditor independence requirements of the Corporations Act 2001 for the following reasons:

+ All non–audit services do not impact the integrity and objectivity of the auditor; and
+ The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Auditor's independence declaration under section 307C of the Corporations Act 2001

The auditor's independence declaration is set out on page 15 and forms part of the Directors' Report for the year ended 30 June 2017.

Rounding off

The Group is of a kind referred to in ASIC Corporations (rounding in Financial / Directors' Reports) Instrument 2016/191 and in accordance with that Class Order, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a Resolution of the Directors.

Bruce Phillips
Chairman

David Biggs
Managing Director and CEO

Dated at Sydney this 25th day of August 2017

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF AWE LIMITED

Building a better working world

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Auditor's Independence Declaration to the Directors of AWE Limited

As lead auditor for the audit of AWE Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of AWE Limited and the entities it controlled during the financial year.

Ernst & Young

Trent van Veen
Partner
25 August 2017

2017 REMUNERATION REPORT

Key Points

Total Shareholder Return (TSR)	TSR for 3 years to 30 June 2017 of -76% compared with the ASX 300 Energy Index of -31% TSR for the financial year to 30 June 2017 of -46% compared with the ASX 300 Energy Index of 8%
Fixed remuneration	In recognition of the challenging business conditions in the upstream oil and gas industry the Board has determined that for the June 2016, June 2017 and June 2018 financial years: + Non-executive director fees - no increase + Managing Director salary - no increase + Senior executive salaries - no increase
Short term Incentive (STI) (Based on performance for the June 2017 financial year)	In recognition of the challenging business conditions in the upstream oil and gas industry the Board has determined that there will be no STI payable for the June 2017 financial year notwithstanding company KPI performance for determining STIs was assessed at 40%
Long Term Incentive Plan (LTI) **Vesting of Rights** 3 year cycle to June 2017 (Based on 3 year performance to June 2017) **Award of Rights** 3 year cycle to 30 June 2020 (Based on performance for the June 2017 financial year)	CEO/Managing Director and senior executives: + Relative TSR Rights – nil vesting based on 3 year performance at the 10th percentile of comparator group + Absolute TSR Rights – nil vesting based on 3 year TSR of -37.2% compound + Retention Rights – 100% vesting(1) 70% of potential maximum entitlement granted to CEO/Managing Director and senior executives other than the Chief Financial Officer who was granted 100%
Non-executive directors	No participation in LTI or STI Total NED pool approved by shareholders - $1,200,000 Total NED fees paid for June 2017 financial year - $770,165
Remuneration changes implemented with effect from the June 2017 Financial Year	LTI Plan varied so that Retention Rights are no longer granted for cycles commencing from 1 July 2016 No component of senior executive salary packages include retention related compensation Senior executive management committee membership has been restructured significantly and at a substantially lower remuneration base

1. Retention Rights are not granted to the CEO/Managing Director. Commencing from the June 2017 financial year Retention Rights are no longer granted to any employees.

Abbreviations used in this report

Act	Corporations Act 2001 (Cth)
ASX	Australian Securities Exchange Limited
AWE	AWE Limited or the Company
Cycle	Share rights plan or term
HSE	Health safety & environment
KMP	Key management personnel
KPI	Key performance indicator
LTI	Long term incentive
MD	CEO & Managing Director
NED	Non-executive director
Plan	Share rights plan
Rights	Share rights
STI	Short term incentive
TSR	Total shareholder return
VWAP	Volume weighted average price

1. Introduction

The directors of AWE Limited ("AWE" or the "Company") present the Remuneration Report prepared in accordance with section 300A of the Corporations Act 2001 ("the Act") for the consolidated entity for the year ended 30 June 2017.

The information provided in this report forms part of the Directors' Report and outlines the remuneration arrangements of the consolidated entity in accordance with the requirements of the Act and its regulations. This information has been audited as required by section 308 (3C) of the Act.

This report details remuneration information pertaining to directors and senior executives who are the 'Key Management Personnel' ("KMP") of the consolidated entity. KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of AWE.

The following non-executive directors ("NEDs") and senior executives have been identified as KMP for the purpose of this report:

Non-executive directors
as at 30 June 2017

Bruce Phillips	Chairman
Kenneth Williams	Deputy Chairman
David McEvoy	Non-Executive Director
Raymond Betros	Non-Executive Director
Karen Penrose	Non-Executive Director

Non-executive directors former		**Date ceased being a director**
Vijoleta Braach-Maksvytis	Non-Executive Director	Retired 20 November 2015

Executive director and senior executives
as at 30 June 2017

David Biggs	CEO/Managing Director	Appointed 3 May 2016
Ian Bucknell	Chief Financial Officer	Appointed 13 July 2016
Andrew Furniss	General Manager, Exploration and Geoscience	Appointed 1 January 2016
Suzanne Hunt	General Manager WA Assets and Engineering	Appointed 1 August 2016
Neville Kelly	Company Secretary/ General Manager Corporate	

Executive director and senior executives former		**Date executive ceased being a KMP**
Bruce Clement	Managing Director	2 May 2016
Dennis Washer	Chief Operating Officer/General Manager, New Zealand	30 November 2015
Ayten Saridas	Chief Financial Officer	22 April 2016
Neil Tupper	General Manager, Exploration and Geoscience	1 January 2016

Dates of appointment or resignation are noted in the above tables if the appointment or resignation occurred within the previous two financial years.

2. Company response to challenging business conditions

In response to the challenging business conditions in the upstream oil and gas industry and to establish substantially lower long-term remuneration cost structures significant changes have been made to the Company's remuneration structures including:

+ Nil salary increases for NEDs and senior executives for the June 2016, June 2017 and June 2018 financial years;
+ Nil STIs for any employees for the financial years ending June 2016 and June 2017, despite Company KPI performance being assessed at 40% for both financial years;
+ Decision not to replace a NED who retired during the June 2016 financial year;
+ Removal of the retention component of the Company's LTI Plan;
+ Discontinuation of retention based arrangements for senior executives; and
+ Restructure of senior executive management committee membership to align with the Company's reduced asset base and geographic spread at a substantially lower long-term fixed and at risk remuneration base.

3. Remuneration governance framework

The People Committee is responsible for making recommendations to the Board on remuneration policies and employment practices applicable to directors, senior executives and other employees.

The role and responsibilities of the People Committee is documented in a charter approved by the Board and is reviewed as required but in any event at least each two years. A copy of this charter is available on the Company's website.

The People Committee must comprise at least three non-executive directors, the majority of whom shall be independent. No executive can be a member of the Committee. The People Committee comprises Karen Penrose (Chairman), Kenneth Williams (former Committee Chairman), Bruce Phillips and Ray Betros, each of whom are non-executive directors and are considered by the Company to be independent.

Role

The role of the People Committee as defined in the charter is to assist the Board in adopting remuneration policies and employment practices of AWE that are designed to:

+ Be consistent with the Company's goals and objectives;
+ Deliver outcomes in line with strategic business goals;
+ Recognise the scale and complexity of the Company's business activities;
+ Encourage directors and senior executives to deliver short term objectives and to pursue the long term growth and success of the Company within an appropriate control framework;
+ Deliver a level and composition of remuneration that is appropriate and fair to stakeholders;
+ Define the relationship of remuneration to corporate and individual performance; and
+ Attract and retain talented and effective directors, management and employees so as to encourage enhanced performance of the Company and to create value for shareholders.

The People Committee also evaluates the appropriateness of remuneration packages given trends in comparable companies, the need to drive a performance-based culture and the objectives of the Company's remuneration strategy.

Responsibilities

The responsibilities of the People Committee as defined in the charter are to review and make recommendations to the Board or its related committees on:

+ Policies for employment and remuneration of all AWE employees;
+ Recruitment, retention and termination policies, procedures and practices for senior executives;
+ The remuneration package of the Managing Director;
+ The remuneration packages of senior executives in consultation with the Managing Director;
+ Performance schemes including short term and long term incentives;
+ Superannuation arrangements;
+ The remuneration framework for non-executive directors, within the limit approved by shareholders;
+ Ongoing induction and education procedures for new Board appointees and key executives;
+ Training and development and continuing education practices for non-executive directors, senior executives and all AWE employees;
+ Management succession planning;
+ Procedures necessary to comply with employment practices law;
+ The appointment of external remuneration consultants and evaluation of advice from remuneration consultants in accordance with the Act;
+ The Diversity Disclosure Plan and the Company's progress in achieving measurable diversity objectives;
+ The annual Statutory Remuneration Report;
+ People related disclosures in the Annual Report; and
+ Other matters as requested by the Board.

Should the Company receive advice from external consultants to assist in making decisions on the amount or structure of the remuneration of one or more KMP:

+ The consultant is to be appointed by the People Committee or NEDs;
+ Advice received from the consultant must be provided directly to the People Committee or NEDs;
+ Fees paid to the consultant must be disclosed; and
+ The consultant must declare their independence.

No remuneration consultants were appointed during the current financial year.

4. Executive remuneration arrangements

4.1. Principles and strategy

Objectives

The key objectives of AWE's remuneration practices are to:

+ Align the interests of senior executives, employees and shareholders;
+ Attract and retain suitably qualified senior executives and employees; and
+ Motivate senior executives and employees to achieve superior performance.

Mix of remuneration

To achieve these objectives remuneration packages consist of:

+ Fixed remuneration;
+ Short term performance benefits; and
+ Long term performance benefits.

The remuneration structures are designed to align the interests of shareholders with remuneration outcomes by taking into account:

+ The performance of the consolidated entity including:
  - The growth in total returns to shareholders;
  - The consolidated entity's financial results;
  - Delivery of base business;
  - The results of exploration, development and production activities;
  - Business growth;
  - Delivery of strategic objectives;
  - Adherence to health, safety and environment policies and targets; and
  - Compliance with regulations.
+ The capability and experience of senior executives;
+ The ability of senior executives to control the performance of their relevant area of responsibility; and
+ Current economic and industry circumstances.

Market comparatives

In order to attract and retain suitably qualified senior executives and technical personnel and to ensure that salary packages are reasonable and competitive, fixed remuneration levels and at "risk" remuneration structures in the form of short and long term incentive benefits are benchmarked against independently provided data on Australian upstream oil and gas companies.

To ensure that long term incentive structures are appropriately aligned to the long term interests of shareholders, the vesting of share rights ("rights") are conditional on performance conditions which are tied to the three year total shareholder return of the Company and to the three year total shareholder returns of comparator group upstream oil and gas companies in the ASX 300 Energy Index.

Company performance

The following table identifies the consolidated entity's performance in respect of the current financial year and the previous four financial years:

	2017	2016	2015	2014	2013
Statutory profit/(loss) ($ millions)	**(217.5)**	(363.0)	(230.2)	62.5	20.0
30 June share price ($)	**0.45**	0.83	1.21	1.80	1.24
Change in share price ($)	**(0.39)**	(0.38)	(0.59)	0.56	(0.10)
Total shareholder return (%)	**(46%)**	(32%)	(33%)	45%	(7%)
AWE performance relative to ASX 300 Energy Index	**(54%)**	(6%)	(14%)	26%	(15%)
AWE performance relative to ASX 300 Index	**(62%)**	(27%)	(40%)	26%	(30%)

Deferral and Clawback of Performance – Based Remuneration

Scope

A deferral and clawback policy has been adopted for performance-based remuneration and applies to the Managing Director and senior executives. The policy applies on a prospective basis for STI and LTI awards granted from July 2014. The Board (or delegated committee of the Board) has discretion and authority to make determinations under this policy.

Application

Clawback can include reduction, clawback or cancellation of awards and applies to both vested awards which have been deferred and awards granted but not yet vested. Once an STI or LTI award is vested, 50% of that award will be deferred for a period of 12 months and will be subject to clawback.

Clawback Circumstances

+ Serious misconduct;
+ Material misstatement in AWE's financial statements; or
+ Material error or miscalculation that results in the award of performance based remuneration that would not have otherwise been awarded.

Changes to remuneration structures

Changes to remuneration arrangements that were implemented with effect for financial year ending 30 June 2017 include:

+ Removal of the retention component of the Company's LTI Plan;
+ Agreement not to put in place any retention based arrangements for the Managing Director or senior executives; and
+ Removal of the distinction between base and stretch targets in determining the Company's KPI performance for STI calculation purposes.

4.2. Fixed remuneration

Fixed remuneration consists of base salary calculated on a total cost basis, including fringe benefits tax and superannuation contributions (or equivalent).

Remuneration levels are reviewed at least annually by the People Committee through a process that considers independent externally provided remuneration data and also taking into account the overall performance of the consolidated entity to ensure that remuneration is appropriate and competitive in the market place.

In recognition of the challenging business conditions in the upstream oil and gas industry the Board has determined that for the June 2018 financial year, there will be no increases to non-executive director fees or the salaries of the Managing Director or senior executive salaries.

For details of fixed remuneration paid to senior executives and directors refer to section 6 and 7.

4.3. Short term incentives

Short term performance benefits are awarded in the form of cash bonuses. These benefits are "at risk" and are paid for performance during the financial year and are designed to reward senior executives for meeting or exceeding Company and individual Key Performance Indicators ("KPIs").

Managing Director KPIs

Each year, the Board sets corporate KPIs for the Managing Director based on overall corporate performance targets.

The Board reviews the KPI's for the Managing Director annually and will amend the KPIs to reflect the strategic objectives of the Company, changing circumstances in the upstream oil and gas sector as well as other operational and financial factors. The Board believes that the KPI's should be set at robust and challenging levels and be aligned to activities that will achieve both short and long term sustainable shareholder returns.

June 2017 Financial Year

For the June 2017 financial year the corporate KPIs for the Managing Director were based on a balanced scorecard approach which are designed to deliver sustainable shareholder returns both in the short term and long term. These performance measures included:

+ Delivery of Base Operating Business (60%)
+ Strategy and Growth (20%)
+ Board Discretion (20%)

Delivery of Base Business KPI's includes delivery at or in excess of specific Board agreed performance measures in the following areas of operation:

+ Safety and environment performance statistics;
+ Production within or better than market guidance;
+ Operating costs lower than or within budget;
+ Development projects on schedule and within budget;
+ Decommissioning projects;
+ Balance sheet management and debt funding position;

- People related activities including implementation of revised organisation structures in response to the challenging business conditions in the upstream oil and gas industry and development of senior executive succession plans; and
- Stakeholder management activities including shareholders, regulators, business partners and local communities and impacts on associated project schedules.

Strategy and Growth KPIs includes delivery at or in excess of specific Board agreed performance measures in the following areas of operation:

- Share price to net asset value discount;
- Portfolio management including asset divestments and exploration farmouts;
- Conversion of 2C resources to 2P reserves; and
- Development of long-term strategy for onshore Perth Basin gas development.

Board discretion KPI's includes an allowance to cover the potential and inevitable changing company and industry circumstances during the financial year.

On an assessment of actual performance for the June 2017 financial year the board has assessed KPI performance at 40% as follows:

- Delivery of base business (29%)
- Strategy and growth (6%)
- Board discretion (5%)

However, in recognition of the challenging business conditions in the upstream oil and gas industry the Board has determined that there will be no STI payable for the June 2017 financial year notwithstanding company KPI performance for determining STIs was assessed at 40%.

For further details refer to section 6.2.

Senior Executives KPIs

Corporate KPIs for senior executives are based on the same corporate KPIs as the Managing Director. In addition, the Managing Director sets individual KPIs for the senior executives. These KPIs take into account individual and departmental performance over which the senior executive has responsibility. The Board believes that the attainment of these individual and departmental KPIs is essential in delivering overall corporate objectives.

The structure of these short term incentive ("STI") benefits as a percentage of fixed remuneration is as follows:

Maximum Short Term Incentive Benefits as a percentage of fixed remuneration

Managing Director[1]	50%
Senior Executives[2]	40%

1. 100% of Managing Director KPIs are based on achieving corporate performance measures.
2. 50% of senior executive KPIs are based on the same corporate KPIs as the Managing Director and 50% are subject to individual and departmental KPIs over which the individual senior executive has responsibility.

The maximum STI is only payable if both the Company and individual performance has met or exceeded expectation. In exceptional circumstances where all of the Company performance targets have not been met but an individual has demonstrated outstanding performance, the Board may use its discretion award up to 100% of that individual's short term performance benefit.

4.4. Long term incentive plans

Long term incentive ("LTI") "at risk" performance benefits are awarded in the form of share rights with vesting conditions tied to retention, absolute Total Shareholder Return ("TSR") and relative TSR.

The rationale for the choice of these criteria includes:

- To align employees with the commonly shared goals of delivering high returns for shareholders over the medium to long term;
- To encourage and assist employees to become shareholders of AWE;
- To provide a long term component of remuneration to enable AWE to compete effectively for the calibre of talent required for the Company to be successful; and
- To help retain talented personnel and to minimise employee turnover.

Share Rights Plan

The Company has a Share Rights Plan in place for the award of long term performance benefits. The Plan is designed to generate performance-based awards that may be converted, at the Board's discretion, into AWE shares or cash.

The key elements of the Plan include:

- Rights are granted each year with the number of rights granted being determined by the employee's level in the Company, fixed remuneration at the time of grant and taking into account both the Company and employee's performance in the previous financial year;
- There are three tranches of rights with separate vesting criteria:
  - Retention[1];
  - Absolute TSR; and
  - Relative TSR.
- The vesting period is for three years with rights lapsing after three years if not vested and there will be no retesting; and
- Rights granted in any particular financial year are tested for vesting over the three year period commencing 1 July of the grant year.

1. Retention rights are not granted to the Managing Director and with effect from the 3 year cycle commencing 1 July 2016, Retention Rights are no longer granted to senior executives or to any employee.

The Plan defines TSR as "the percentage change over a period in shareholder value due to share price movement and dividends paid assuming dividends are reinvested into AWE shares".

Unvested rights do not entitle the holder to receive dividends.

The following table indicates the treatment of rights on termination of employment under the Plan:

Termination Circumstance	Treatment of Right
Dismissal/termination for fraud, cause, or gross misconduct	Forfeit entitlements.
Resignation (other than as set out below)	Any and all opportunities in relation to the Cycle will be forfeited unless and to the extent otherwise determined by the Board. To the extent not forfeited, participation in the Cycle in respect of the Absolute TSR and Relative TSR Performance Measures, will continue on a pro rata basis as if the employee had remained an employee.
Resignation (including 'retirement') after 10 years of service with the consent of the Board.	If the date of termination falls after the end of the first year of the Measurement Period for the Cycle then participation in the Cycle in respect of the Absolute TSR and Relative TSR Performance Measures, continues on a pro rata basis as if the employee had remained an employee.
Company initiated termination without cause e.g. retrenchment and redundancy	If the date of termination falls within the first year of the Measurement Period for the Cycle then any and all entitlements in relation to the Cycle will be forfeited unless and to the extent otherwise determined by the Board. To the extent not forfeited, participation in the Cycle in respect of the Absolute TSR and Relative TSR Performance Measures, will continue on a pro rata basis as if the employee had remained an employee.
Death or Total Permanent Disablement	Participation in the Cycle continues in full until expiry.

Early vesting of rights is not permitted other than at the time of change in control of the Company where the extent of any vesting is to be determined at the discretion of the Board.

The maximum number of rights that can be granted as a percentage of fixed remuneration at the time of grant and converted to a number of rights using the June volume weighted average price ("VWAP") of the AWE share price immediately preceding the grant is as follows:

Maximum percentage of Fixed Remuneration on which the number of rights are calculated

	Retention vesting condition	Absolute TSR vesting condition	Relative TSR vesting condition	Total
Managing Director	**0%**	50%	50%	**100%**
Senior Executives	**15%**	30%	30%	**75%**
Senior Executives[1]	**0%**	37.5%	37.5%	**75%**

1. For rights issued after June 2016

The above table represents the maximum percentage of fixed remuneration on which the number of rights to be awarded are calculated. These rights will vest only if all performance conditions are satisfied to 100% (and then only if the maximum number of initial rights were granted based on past Company and individual performance).

Vested rights will entitle the senior executive to an award which will vary with the AWE share price at the time of vesting. The Board may decide in its absolute discretion the form of payment (cash or issue of shares) to satisfy these vested rights.

Retention grants

+ Number of rights calculated using the June VWAP of the AWE share price immediately preceding the grant; and
+ Vest after three years if the employee remains employed by AWE.

Retention grants are only applicable for rights issued prior to July 2016 and vesting up to June 2018. For rights issued for periods commencing from July 2016, retention rights are no longer granted.

Absolute TSR grants

+ Number of rights calculated using the 30-day VWAP of the AWE share price in June of grant year
+ Vest after three years according to the Company's Absolute TSR for that three year period.
+ The vesting scales to apply for Absolute TSR grants are as follows:

AWE TSR	% of rights to vest
< 8% pa compound	-
8% pa compound	25%
>8% and <10% pa compound	Pro rata
10% pa compound	50%
>10% and <12% pa compound	Pro rata
12% pa compound	100%

Relative TSR grants

+ Number of rights calculated using the June VWAP of the AWE share price immediately preceding the grant.
+ Vest after three years according to the Company's TSR relative to comparator group companies in the ASX Energy 300 Index.
+ The Board determines in advance the appropriate comparator group to apply to Relative TSR grants for the following 3 year period. For the grant of rights for all three year cycles since July 2014 the nominated relative comparator group is upstream oil and gas companies in the ASX 300 Energy Index at the end of the applicable three year measurement period. Refer to section 4.1 for discussion on current comparator group.
+ The vesting scales to apply for Relative TSR grants are as follows:

AWE TSR relative to TSR of comparator group companies in S&P/ASX 300 Energy Index	% of rights to vest
<50%	-
50%	25%
>50% and <90%	Pro rata
90% and above	100%

For an analysis of rights granted, vested and forfeited in the June 2017 financial year, refer to section 6.3.

5. Service agreements

Managing Director – David Biggs (Appointed 3 May 2016)

Term of Contract	Start Date – 3 May 2016. Fixed term, ending on 1 July 2019, unless the employment is terminated earlier. The term may be extended for two additional one year terms, subject to the agreement of the Board.
Remuneration	Remuneration is made up of the following components: + Base Salary - $800,000 per annum inclusive of superannuation, reviewed annually. + "At risk" STI's - up to a maximum of 50% of the Base Salary for the relevant fiscal year, payable at the discretion of the Board, having regard for the achievement of annual KPIs approved by the Board. + "At risk" LTIs: a. 100% of the Base Salary in the form of share rights issued under the Company's Share Rights Plan for the three year cycle to 30 June 2019 and subsequently approved by shareholders at the 2016 Annual General Meeting; b. Grants of up to a maximum of 100% of Base Salary may be made in respect of subsequent cycles at the discretion of the Board; and c. Vesting of share rights will be subject to the Company achieving Relative TSR and Absolute TSR returns as described in section 4.4 The Board has determined that any grant of rights to Mr Biggs is subject to approval of shareholders at the Company's Annual General Meeting. + Relocation Costs - reasonable relocation costs capped at $50,000.
Clawback	Payment of STIs and LTIs are subject to the Company's Senior Executive Deferral / Claw Back Policy
Termination	The Company may terminate the engagement: a. For cause with immediate effect. On such termination, Mr Biggs will only be entitled to receive short term incentives which have been determined, and long term incentives which have vested, as at the date of termination; b. For an extended period of absence (whether consecutive or in aggregate over a 12 month period) by giving 3 months' notice. On such termination, Mr Biggs will be entitled to a pro-rated proportion of STIs and LTIs that have been earned or vested in the ordinary course up to date on which notice of termination is given; or c. 'Without cause' by giving 6 months' notice. On such termination, Mr Biggs will be entitled to 6 months' Base Salary and a pro-rated proportion of STIs and LTIs that have been earned or vested in the ordinary course up to date of termination. Mr Biggs may terminate his engagement by giving 6 months' notice. On such termination, Mr Biggs will be entitled to a pro-rated proportion of Incentives that have been earned or vested in the ordinary course up to date on which notice of termination is given. In all cases any entitlement on termination is subject to the operation of the Company's Senior Executive Deferral/Claw Back Policy. All termination payments are subject to the limits prescribed under Section 200B of the Act.

Senior Executives

The key terms and conditions of service agreements for current senior executives (excluding the Managing Director) are summarised as follows:

Remuneration	Executive Service Contracts standardise the executive's entitlement to: + Fixed remuneration; + "At risk" short term performance benefits (refer Section 4.3) ; + "At risk" long term performance benefits (refer Section 4.4) ; and + Any other benefits that may be provided by the Company.
Termination	Service agreements may be terminated under the following circumstances: **Notice** + Resignation - three months' notice by the executive + Termination without cause - three months' notice by the Company + Termination for cause - nil notice by the Company. **Termination Payment** + Resignation – nil + Termination without cause or defined change in circumstances - 6 months[1] + Termination for cause – nil 1. Under the terms of a contract dated July 2001 in the event of termination without cause or defined change in circumstances Mr Kelly is entitled to a 24 month termination payment unless not otherwise permitted by law. **LTI Entitlements** + Refer to section 4.4 **STI Entitlements** + Pro rata STI to date of termination unless terminated for cause. All termination payments are subject to the limits prescribed under Section 200B of the Act. **Clawback** Payment of STIs and LTIs are subject to the Company's Senior Executive Deferral / Claw Back Policy.
Term	The Executive Service Agreements have no fixed term.

Termination Payments

There were no termination payments made to former senior executives during the financial year.

For all former executives any entitlement on termination is subject to the operation of the Company's Senior Executive Deferral/Claw Back Policy (refer section 4.1).

6. Executive remuneration outcomes

6.1. Remuneration tables

Details of the nature and amount of each major element of remuneration of the managing director of the Company and each of the named senior executives are as follows:

Consolidated entity

		Salary package [1] $	Cash bonus $	Non-monetary benefits/allowance [2] $	Total $	Superannuation benefits[3] $	Other long-term [4] $	Termination benefits[5] $	Total cash related $	Value of rights[6] $	Total $	Performance related %
Continuing KMP												
Managing director												
D. Biggs[7]	**2017**	**766,384**	**-**	**67,098**	**833,482**	**31,129**	**1,406**	**-**	**866,017**	**76,061**	**942,078**	**8%**
	2016	125,257	-	18,505	143,762	5,000	223	-	148,985	-	148,985	0%
Other KMP												
I. Bucknell[8]	**2017**	**421,708**	**-**	**26,526**	**448,234**	**29,626**	**805**	**-**	**478,665**	**27,453**	**506,118**	**5%**
	2016	-	-	-	-	-	-	-	-	-	-	-
A. Furniss[9]	**2017**	**454,734**	**-**	**24,053**	**478,797**	**27,066**	**6,774**	**-**	**512,627**	**88,291**	**600,918**	**15%**
	2016	228,698	-	2,209	230,907	12,202	16,115	-	259,224	45,356	304,580	15%
S. Hunt[10]	**2017**	**407,917**	**-**	**125,297**	**533,214**	**27,500**	**1,969**	**-**	**562,683**	**54,815**	**617,498**	**9%**
	2016	-	-	-	-	-	-	-	-	-	-	-
N. Kelly	**2017**	**401,318**	**-**	**21,610**	**422,928**	**30,000**	**7,580**	**-**	**460,508**	**91,116**	**551,624**	**17%**
	2016	401,318	-	14,354	415,672	30,000	7,601	-	453,273	106,972	560,245	19%
Total continuing KMP	**2017**	**2,452,061**	**-**	**264,584**	**2,716,645**	**145,321**	**18,534**	**-**	**2,880,500**	**337,736**	**3,218,236**	**10%**
	2016	755,273	-	35,068	790,341	47,202	23,939	-	861,482	152,328	1,013,810	15%
Former KMP												
B. Clement[11]	**2017**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**
	2016	750,804	-	17,952	768,756	25,114	54,639	747,574	1,596,083	128,873	1,724,956	7%
A. Saridas[12]	**2017**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**
	2016	397,380	-	6,930	404,310	15,707	(13,086)	330,484	737,415	45,968	783,383	6%
D. Washer[13]	**2017**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**
	2016	261,665	-	2,021	263,686	35,101	-	647,730	946,517	(27,696)	918,821	(3%)
N. Tupper[14]	**2017**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**
	2016	263,369	-	4,390	267,759	15,000	(4,134)	-	278,625	(164,278)	114,347	(144%)
Total former executive KMP	**2017**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**
	2016	1,673,218	-	31,293	1,704,511	90,922	37,419	1,725,788	3,558,640	(17,133)	3,541,507	(0%)
Total KMP	**2017**	**2,452,061**	**-**	**264,584**	**2,716,645**	**145,321**	**18,534**	**-**	**2,880,500**	**337,736**	**3,218,236**	**10%**
	2016	2,428,491	-	66,361	2,494,852	138,124	61,358	1,725,788	4,420,122	135,195	4,555,317	3%

Refer overleaf for Notes in relation to this remuneration table.

Notes in relation the remuneration table above.

1. Salary package include amounts salary sacrificed superannuation.
2. Non-monetary benefits include employee insurances, miscellaneous fringe benefits and in respect of Mr Biggs and Ms Hunt, relocation costs.
3. Superannuation benefits include the amount required to be contributed by the consolidated entity and does not include amounts salary sacrificed.
4. Other long-term benefits comprise the amount of long service leave accrued and adjustments to underlying assumptions therein in the period.
5. Amounts classified as termination benefits include amounts paid or accrued up to the employment end date and after the date that the executive was no longer a KMP.
6. The fair value of rights granted have been calculated at the grant date using a Black-Scholes Pricing Model and assuming an expected share price volatility of 48.5% and vesting probability of 43.5% for performance related awards. The value disclosed is the portion of the fair value of rights allocated to this reporting period. The value disclosed does not therefore represent cash received.

Notes in relation to key management personnel

7. Mr Biggs commenced as Chief Executive Officer/Managing Director/ on 3 May 2016.
8. Mr Bucknell was appointed as Chief Financial Officer on 13 July 2016
9. Mr Furniss was promoted to General Manager Exploration and Geoscience on 1 January 2016.
10. Ms Hunt was promoted to General Manager WA Assets and Engineering on 1 August 2016
11. Mr Clement retired as Managing Director on 2 May 2016.
12. Ms Saridas retired as Chief Financial Officer on 22nd April 2016.
13. Mr Dennis Washer retired as Chief Operating Officer on 30 November 2015.
14. Mr Tupper retired as General Manager Exploration & Geoscience on 1 January 2016.

6.2. Analysis of short term performance benefits included in remuneration

Award of short term performance benefits

Section 4.3 of this report details the consolidated entity's approach to the granting and vesting of short term performance benefits.

In recognition of the challenging business conditions in the upstream oil and gas industry the Board has determined that there will be no STI payable for the June 2017 financial year even though company KPI performance for determining STIs was assessed at 40%. Accordingly Nil% of potential short-term incentives in the form of cash bonuses vested and 100% of potential short-term incentives were forfeited during the year and no amounts were deferred and subject to clawback.

6.3. Analysis of long term performance benefits included in remuneration

Section 4.4 of this report details the consolidated entity's approach to the granting and vesting of long term performance benefits.

The value of rights are allocated to each reporting period over the period from grant date to vesting date. Accordingly, amounts included as remuneration for the financial year represent that amount allocated to the financial year from the grant of rights both in the current financial year and previous financial years.

Granting of Share Rights

The number and value of rights granted during the financial year to the managing director and senior executives is detailed below:

Granted during the year in respect of June 2016 financial year performance and vesting post 30 June 2017

	Grant date	Number[1]	% of maximum available	Total value $	Fair value per right granted $
Managing Director - current					
D. Biggs[2]	16 November 2016	920,282	100%	228,184	0.25
Executives - current					
I. Bucknell	10 October 2016	286,869	70%	82,360	0.29
A. Furniss	10 October 2016	290,975	70%	83,539	0.29
S. Hunt	10 October 2016	286,869	70%	82,360	0.29
N. Kelly	10 October 2016	260,487	70%	74,786	0.29
Total KMP		**2,045,482**		**551,229**	

1. The number of rights granted is based on past company and individual performance. No rights were granted during the financial year to former Senior Executives.
2. The number of rights granted to Mr. Biggs was in accordance with his Executive Service Agreement.

The movement during the financial year in the number of rights held by the managing director and senior executives is detailed below:

Movement in share rights	Opening balance	Granted as remuneration	Exercised	Lapsed unexercised	Net change other[1]	Closing balance
As at 30 June 2017						
Managing Director - current						
D. Biggs	-	920,282	-	-	-	920,282
Executives - current						
I. Bucknell	-	286,869	-	-	-	286,869
A. Furniss	337,239	290,975	(67,938)	(85,293)	-	474,983
S. Hunt	-	286,869	-	(48,990)	187,374	425,253
N. Kelly	369,209	260,487	(92,164)	(105,125)	-	432,407
	706,448	**2,045,482**	**(160,102)**	**(239,408)**	**187,374**	**2,539,794**
As at 30 June 2016						
Managing Director - current						
D. Biggs	-	-	-	-	-	-
Executives - current						
A. Furniss	-	162,685	-	(57,873)	232,427	337,239
N. Kelly	354,412	145,639	(52,332)	(78,510)	-	369,209
Managing Director - former[2]						
B. Clement	895,783	-	(102,757)	(245,797)	(547,229)	-
Executives - former[2]						
A. Saridas	416,910	-	(53,546)	(122,901)	(240,463)	-
D. Washer	445,148	-	(68,980)	(179,415)	(196,753)	-
N. Tupper	397,859	-	-	-	(397,859)	-
	2,510,112	**308,324**	**(277,615)**	**(684,496)**	**(1,149,877)**	**706,448**

1. In respect of Mr Furniss and Ms Hunt, Net change other includes rights held prior to becoming a KMP.
2. In respect of former KMP, Net change other includes rights held on ceasing to be a KMP.

Vesting of Share Rights

The following table describes the actual vesting criteria applying to rights tested for vesting conditions at 30 June 2017 for the managing director and senior executives:

Senior executives rights vesting performance 3 years to June 2017

Retention rights	Absolute TSR rights		Relative TSR Rights	
Percentage vested – 100%	**Percentage vested – nil**		**Percentage vested – nil**	
Vesting criteria	**Vesting criteria**		**Vesting criteria**	
Senior executive employed by the consolidated entity three years subsequent to initial grant.	Minimum annual compound rate required for any vesting:	8.0%	Minimum relative performance required for any vesting:	50th percentile
	Actual AWE annual compound TSR for the three year period to 30 June 2017:	(37.2%)	AWE relative performance against upstream oil and gas companies in the ASX 300 Energy Index for the three year period to 30 June 2017:	10th percentile

On the application of the vesting criteria described above details of 30 June 2017 vesting rights which were tested for vesting conditions subsequent to the end of the financial year are as follows:

30 June 2017 vesting share rights

		Retention Rights	Absolute TSR Rights	Relative TSR Rights	Total Rights
Managing Director - current					
D. Biggs	On Issue	-	-	-	-
	Forfeited	-	-	-	-
	Vested	-	-	-	-
Executives - current					
I. Bucknell	On Issue	-	-	-	-
	Forfeited	-	-	-	-
	Vested	-	-	-	-
A. Furniss[1]	On Issue	21,323	42,647	42,647	106,617
	Forfeited	-	(42,647)	(42,647)	(85,294)
	Vested	21,323	-	-	21,323
S. Hunt[1]	On Issue	12,248	24,495	24,495	61,238
	Forfeited	-	(24,495)	(24,495)	(48,990)
	Vested	12,248	-	-	12,248
N. Kelly[2]	On Issue	26,281	52,563	52,563	131,407
	Forfeited	-	(52,563)	(52,563)	(105,126)
	Vested	26,281	-	-	26,281
Managing Director - former					
B. Clement[3],[4]	On Issue	-	182,776	182,776	365,552
	Forfeited	-	(182,776)	(182,776)	(365,552)
	Vested	-	-	-	-
Executives - former					
A. Saridas[3]	On Issue	-	68,071	68,071	136,142
	Forfeited	-	(68,071)	(68,071)	(136,142)
	Vested	-	-	-	-
D. Washer[3]	On Issue	-	71,254	71,254	142,508
	Forfeited	-	(71,254)	(71,254)	(142,508)
	Vested	-	-	-	-
Total	**On Issue**	**59,852**	**441,806**	**441,806**	**943,464**
	Forfeited	**-**	**(441,806)**	**(441,806)**	**(883,612)**
	Vested	**59,852**	**-**	**-**	**59,852**

1. Rights vested for Mr Furniss and Ms Hunt were granted prior to becoming a KMP and therefore not subject to deferral and clawback.
2. 50% of vested rights for Mr Kelly are to be deferred for twelve months, subject to the Company's Deferral Clawback Policy.
3. Relative TSR rights and Absolute TSR rights for former executives held for testing on a pro rata basis and assessed at vesting date.
4. Approval was received at the Company's 2014 Annual General Meeting to grant these rights to the former managing director, and further, approval was received under ASX Listing Rule 10.14 to issue shares to the managing director on the vesting of these rights.

All the above rights were originally issued in the June 2015 financial year. The Board has determined that vested rights for the managing director and senior executives will be settled by the issue of AWE shares.

6.4. Analysis of movements in long term performance benefits

Employee Share Rights

Details of employee rights granted as remuneration to the managing director of the Company and each of the named senior executives and held at the end of the June 2017 financial year are detailed below:

	Grant date	Number[1]		Financial years in which rights vest[2]	Fair value per right granted[3]
Managing Director - current					
D. Biggs[4]	16 November 2016	920,282		30 June 2019	0.25
Executives - current					
I. Bucknell	10 October 2016	286,869		30 June 2019	0.29
A. Furniss	26 September 2014	21,323	[5]	30 June 2017	1.01
	30 June 2016	162,685		30 June 2018	0.45
	10 October 2016	290,975		30 June 2019	0.29
S. Hunt	30 June 2015	12,248	[5]	30 June 2017	0.66
	30 June 2016	126,136		30 June 2018	0.45
	10 October 2016	286,869		30 June 2019	0.29
N. Kelly	26 September 2014	26,281	[5]	30 June 2017	1.01
	30 June 2016	145,639		30 June 2018	0.45
	10 October 2016	260,487		30 June 2019	0.29

1. The vesting of rights is conditional upon satisfaction of vesting conditions as described in section 4.4.
2. Rights vesting on 30 June 2017 tested for satisfaction of vesting conditions subsequent to the end of the financial year.
3. The fair value per right granted represents the valuation for rights granted and calculated at grant date.
4. Grants of rights to Mr Biggs have been approved by shareholders at the 2016 Annual General Meeting.
5. Satisfied vesting conditions effective 30 June 2017 on the determination of the Board subsequent to the end of the financial year. Refer section 4.4 for further details.

6.5. Analysis of movement in shareholdings

The movement during the financial year in the number of shares held by key management personnel is detailed below:

Movements in shares	Opening balance	Granted as remuneration	Received on exercise of rights	Net change other [1]	Closing balance
As at 30 June 2017					
Directors - current					
B. Phillips	**3,178,414**	**-**	**-**	**-**	**3,178,414**
D. McEvoy	**30,000**	**-**	**-**	**-**	**30,000**
K. Williams	**20,000**	**-**	**-**	**60,000**	**80,000**
R. Betros	**70,000**	**-**	**-**	**-**	**70,000**
K. Penrose	**25,000**	**-**	**-**	**25,000**	**50,000**
D. Biggs	**-**	**-**	**-**	**10,000**	**10,000**
Executives - current					
I. Bucknell	**-**	**-**	**-**	**-**	**-**
A. Furniss	**110,543**	**-**	**67,938**	**(30,133)**	**148,348**
S. Hunt	**-**	**-**	**-**	**-**	**-**
N. Kelly	**318,890**	**-**	**92,164**	**(100,000)**	**311,054**
	3,752,847	**-**	**160,102**	**(35,133)**	**3,877,816**
As at 30 June 2016					
Directors - current					
B. Phillips	3,178,414	-	-	-	3,178,414
D. McEvoy	30,000	-	-	-	30,000
K. Williams	20,000	-	-	-	20,000
R. Betros	70,000	-	-	-	70,000
K. Penrose	25,000	-	-	-	25,000
Directors - former					
B. Clement	701,091	-	102,757	(803,848)	-
V. Braach-Maksvytis	3,000	-	-	(3,000)	-
Executives - current					
N. Kelly	266,558	-	52,332	-	318,890
A. Furniss[2]	-	-	-	110,543	110,543
Executives - former					
A. Saridas	107,850	-	53,546	(161,396)	-
D. Washer	50,020	-	68,980	(119,000)	-
N. Tupper	-	-	-	-	-
	4,451,933	**-**	**277,615**	**(976,701)**	**3,752,847**

1. In respect of the former KMP, Net change other includes shares held on ceasing to be a KMP.

2. In respect of Mr Furniss, Net change other includes shares held prior to becoming a KMP.

7. Non-executive director remuneration

Total remuneration for all non-executive directors, last voted upon by shareholders at the 2014 Annual General Meeting of the Company, is not to exceed $1,200,000 per annum, inclusive of superannuation.

This total pool enables the Company in the future, if required, to provide for:

+ Adequate financial incentives commensurate with the market to attract and retain suitably qualified and experienced directors to replace existing non-executive directors;
+ Appropriate arrangements to be put in place to ensure a smooth transition on replacement of directors, including a period of overlap if required; and
+ Increases in the number of non-executive directors in the future should it be considered appropriate.

Total remuneration paid to non-executive directors in the financial year was $770,165 (2016: $806,290).

In recognition of the challenging business conditions in the upstream oil and gas industry the Board has determined that for financial years ended 30 June 2016, 30 June 2017 and 30 June 2018 there is to be no increase in fees payable to non-executive directors.

Non-executive directors' fees (including superannuation) for the 2017 financial year were as follows:

	Board	Audit Committee	People Committee	Sustainability Committee	Nominations Committee
Chair	$232,793	$24,388	$17,737	$17,737	-
Member	$99,769	$12,194	$8,868	$8,868	-

		Fees	Non-monetary benefits	Total	Superannuation benefits	Termination benefits	Total cash related	Total
		$	$	$	$	$	$	$
Non-Executive Directors								
B. Phillips	**2017**	**220,696**	**-**	**220,696**	**20,966**	**-**	**241,662**	**241,662**
	2016	220,697	-	220,697	20,966	-	241,663	241,663
D. McEvoy	**2017**	**118,447**	**-**	**118,447**	**11,253**	**-**	**129,700**	**129,700**
	2016	118,447	-	118,447	11,253	-	129,700	129,700
K. Williams	**2017**	**121,485**	**-**	**121,485**	**11,541**	**-**	**133,026**	**133,026**
	2016	121,485	-	121,485	11,541	-	133,026	133,026
R. Betros	**2017**	**116,173**	**-**	**116,173**	**11,036**	**-**	**127,209**	**127,209**
	2016	110,348	-	110,348	10,483	-	120,831	120,831
K. Penrose	**2017**	**126,546**	**-**	**126,546**	**12,022**	**-**	**138,568**	**138,568**
	2016	120,233	-	120,233	11,422	-	131,655	131,655
V. Braach-Maksvytis[1]	**2017**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2016	45,128	-	45,128	4,287	-	49,415	49,415
Total	**2017**	**703,347**	**-**	**703,347**	**66,818**	**-**	**770,165**	**770,165**
	2016	736,338	-	736,338	69,952	-	806,290	806,290

1. Ms Braach-Maksvytis retired as a director on 20 November 2015.

Non-executive directors do not receive incentive-based remuneration and do not receive any retirement benefits other than statutory entitlements.

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2017

	Note	30 June 2017 $'000	30 June 2016 $'000
Continuing operations			
Revenue	2.3	**71,849**	102,369
Cost of sales	2.4	**(69,748)**	(106,194)
Gross profit / (loss)		**2,101**	(3,825)
Other income	2.5	**555**	16,996
Exploration and evaluation expenses	5.6	**(2,441)**	(18,228)
Fair value adjustment on held for sale assets	5.4	**-**	(2,114)
Impairment - oil and gas / exploration assets	5.5 / 5.6	**(134,466)**	(238,198)
Write down - capital expenditure carry	5.2	**(89,712)**	-
Other expenses	2.6	**(29,878)**	(32,203)
Results from continuing operating activities		**(253,841)**	(277,572)
Finance income	2.7	**161**	1,456
Finance costs	2.7	**(7,794)**	(12,647)
Net finance costs	2.7	**(7,633)**	(11,191)
Loss before tax from continuing operations		**(261,474)**	(288,763)
Income tax benefit / (expense)	4.1	**2,989**	(13,556)
Royalty related taxation benefit / (expense)	4.1	**2,861**	(9,454)
Total tax benefit / (expense) from continuing operations		**5,850**	(23,010)
Loss for the year from continuing operations		**(255,624)**	(311,773)
Discontinued operations			
Revenue from discontinued operations	2.2	**33,164**	101,777
Expenses from discontinued operations		**(29,184)**	(158,096)
Profit / (loss) before tax from discontinued operations	2.2	**3,980**	(56,319)
Income tax expense from discontinued operations	2.2 / 4.1	**(2,163)**	(20,097)
Profit / (loss) for the year from discontinued operations	2.2	**1,817**	(76,416)
Post-tax gain on disposal of discontinued operations	2.2	**36,281**	25,168
Loss attributable to members of the Company		**(217,526)**	(363,021)

		Cents	Cents
Earnings per share from continuing and discontinued operation			
Basic loss per ordinary share	2.8	**(41.21)**	(68.94)
Diluted loss per ordinary share	2.8	**(41.21)**	(68.94)
Earnings per share from continuing operations			
Basic loss per ordinary share	2.8	**(48.43)**	(59.20)
Diluted loss per ordinary share	2.8	**(48.43)**	(59.20)

The above consolidated income statement is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	30 June 2017 $'000	30 June 2016 $'000
Loss attributable to members of the Company	**(217,526)**	(363,021)
Items that may be reclassified subsequently to profit and loss		
Foreign currency translation differences for foreign operations	**1,585**	14,762
Foreign currency translation difference on discontinued operation - reclassified to profit and loss	**(12,020)**	(21,517)
Changes in the fair value of cash flow hedges	**-**	(2,264)
Income tax effect on cash flow hedges	**-**	635
Other comprehensive loss (net of income tax)	**(10,435)**	(8,384)
Total comprehensive loss for the year	**(227,961)**	(371,405)
Total comprehensive loss attributable to owners of the Company	**(227,961)**	(371,405)

The above consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	30 June 2017 $'000	30 June 2016 $'000
Current assets			
Cash and cash equivalents	5.1	**12,826**	32,562
Trade and other receivables	5.2	**31,585**	16,423
Inventory	5.3	**2,403**	14,140
Held for sale assets	5.4	**-**	24,083
Total current assets		**46,814**	87,208
Non-current assets			
Trade and other receivables	5.2	**890**	109,748
Oil and gas assets	5.5	**177,047**	375,666
Exploration and evaluation assets	5.6	**96,595**	32,995
Land and building		**12,190**	12,190
Other plant and equipment		**1,407**	1,890
Intangible assets		**96**	577
Deferred tax assets	4.3	**110,017**	131,493
Total non-current assets		**398,242**	664,559
Total assets		**445,056**	751,767
Current liabilities			
Trade and other payables	6.1	**25,760**	57,242
Employee benefits	3.2	**1,307**	1,487
Liabilities associated with held for sale assets	5.4	**2,274**	3,810
Provisions	6.2	**8,486**	14,643
Derivative financial instruments	6.3	**-**	2,264
Taxation (receivable) / payable	4.2	**(1,942)**	2,363
Total current liabilities		**35,885**	81,809
Non-current liabilities			
Interest bearing liabilities	6.4	**67,101**	14,813
Employee benefits	3.2	**255**	597
Deferred tax liabilities	4.3	**-**	14,995
Provisions	6.2	**133,070**	203,872
Total non-current liabilities		**200,426**	234,277
Total liabilities		**236,311**	316,086
Net assets		**208,745**	435,681
Equity			
Issued capital	6.5	**772,172**	772,172
Reserves		**90,851**	100,274
Retained losses		**(654,278)**	(436,765)
Total equity		**208,745**	435,681

The above consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Note	30 June 2017 $'000	30 June 2016 $'000
Cash flows from operating activities			
Cash receipts in the course of operations		**112,538**	253,615
Cash payments in the course of operations		**(79,466)**	(151,261)
Payments for exploration and evaluation expenses		**(3,278)**	(18,905)
Interest received		**161**	404
Borrowing costs paid		**(4,128)**	(7,294)
Income tax received / (paid)		**556**	(2,284)
Royalty related taxation paid		**(6,517)**	(3,928)
Net cash provided by operating activities	5.1	**19,866**	70,347
Cash flows from investing activities			
Payments in relation to oil and gas assets		**(60,322)**	(162,375)
Other plant and equipment and intangibles		**(31)**	(448)
Net (payments) / proceeds from disposal and relinquishment of assets		**(30,122)**	235,569
Net cash (used in) / provided by investing activities		**(90,475)**	72,746
Cash flows from financing activities			
Proceeds from borrowings		**55,817**	81,549
Repayment of borrowings		**(2,640)**	(235,328)
Net cash provided by / (used in) financing activities		**53,177**	(153,779)
Net decrease in cash held		**(17,432)**	(10,686)
Cash at the beginning of the year		**32,562**	46,559
Effect of exchange rate fluctuations on the balances of cash held in foreign currencies	7.2	**(2,304)**	(3,311)
Cash at the end of the year	5.1	**12,826**	32,562

The above consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Share capital $'000	Equity compensation reserve $'000	Translation & other reserves $'000	Retained earnings / (losses) $'000	Total Equity $'000
Balance as at 1 July 2015	772,172	17,377	90,346	(73,731)	806,164
Loss for the year ended 30 June 2016	-	-	-	(363,021)	(363,021)
Other comprehensive income					
Foreign currency translation differences for foreign operations	-	-	14,762	-	14,762
Foreign currency translation differences for discontinued operation	-	-	(21,517)	-	(21,517)
Net change in fair value cash flow hedges net of tax	-	-	(1,629)	-	(1,629)
Total other comprehensive income	-	-	(8,384)	-	(8,384)
Total comprehensive income for the year	-	-	(8,384)	(363,021)	(371,405)
Transactions with owners in their capacity as owners					
Share Rights Plan	-	935	-	-	935
Balance as at 30 June 2016	772,172	18,312	81,962	(436,752)	435,694
Loss for the year ended 30 June 2017	-	-	-	(217,526)	(217,526)
Other comprehensive income					
Foreign currency translation differences for foreign operations	-	-	1,572	-	1,572
Foreign currency translation differences for discontinued operation	-	-	(12,020)	-	(12,020)
Total other comprehensive income	-	-	(10,448)	-	(10,448)
Total comprehensive income for the year	-	-	(10,448)	(217,526)	(227,974)
Transactions with owners in their capacity as owners					
Share Rights Plan	-	1,025	-	-	1,025
Balance as at 30 June 2017	772,172	19,337	71,514	(654,278)	208,745

The above consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION 1: BASIS OF PREPARATION

1.1. Reporting entity

AWE Limited is a for profit company limited by shares, domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX").

The Company's registered office is at level 16, 40 Mount Street North Sydney. These consolidated financial statements comprise AWE Limited and its subsidiaries (collectively the "Group").

These financial statements were authorised for issue in accordance with a resolution of the directors on 25 August 2017.

1.2. Basis of preparation

+ These consolidated financial statements are a general purpose financial report which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards ("AASBs") (including Australian Interpretations) adopted by the Australian Accounting Standards Board ("AASB").
+ They comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, including new or amended accounting standards issued and effective for reporting periods beginning on or after 1 July 2016.
+ Unless otherwise indicated, accounting policies disclosed throughout these consolidated financial statements have been consistently applied.
+ The financial statements are presented in Australian Dollars, which is the Company's functional currency and the functional currency of the majority of controlled entities within the Group.
+ The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments and Held for sale (liabilities) / assets (Note 5.4) which are recorded at fair value.
+ The Group is of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission ("ASIC"), relating to the "rounding off" of amounts in the financial statements, and in accordance with this class order, amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.
+ Comparative information has been reclassified to facilitate comparison and conform to current year financial statement presentation.

1.3. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The most significant estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to:

Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 5.6. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves will be found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, management concludes that the capitalised expenditure is unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement. Changes in assumptions may result in a material adjustment to the carrying amount of exploration and evaluation assets.

Restoration obligations

The Group estimates the future removal costs of production facilities and wells at the time of installation of the assets. In most instances, removal of assets occurs many years into the future. Judgements are made regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal technologies in determining the removal cost, and asset specific discount rates to determine the present value of these cash flows. The Group's accounting policy for restoration obligations is set out at Note 6.2.

Reserve estimates

Estimates of recoverable quantities of proven and probable reserves reported include assumptions regarding commodity prices, exchange rates, discount rates, production and transportation costs for future cash flows. It also requires interpretation of geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact asset carrying values, the provision for restoration and the recognition of deferred tax assets, due to changes in expected future cash flows. Reserves are integral to the calculation of amortisation charged to the income statement.

Oil and gas price forecast

Future oil and gas price forecasts are a combination of contracted gas prices, forward market prices at 30 June 2017 and longer term observable price forecasts. Refer Note 5.5 for further details.

Impairment of oil and gas assets

The Group assesses whether oil and gas assets are impaired when preparing its annual and interim financial statements. Estimates of the recoverable amount of oil and gas assets are made based on the present value of future cash flows.

Receivables

The Group recognises receivables at fair value as described in Note 5.2, Trade and other receivables.

The capital expenditure Carry receivable from Santos upon Final Investment decision (FID) in respect of the AAL oil project amounting to $96.3 million has been derecognised in the statement of financial position given the continued evaluation of the project, delays in FID and the operator indicating that AAL is no longer part of its core business strategy. The contract in respect of the Carry is binding and the balance remains payable to AWE, however is dependent upon the project proceeding.

Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the application of the relevant tax law.

Significant judgement is also required in determining income tax provisions. Deferred tax assets are recognised only to the extent that future taxable profits against which the deferred tax asset can be utilised. Future taxable profits are estimated using forecasts and budgets and the deferred tax assets are impaired to the extent the forecast indicates it is no longer probable that there will be future taxable profits.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity investments at the date on which they are granted.

1.4. Basis of consolidation

Controlled entities

Controlled entities are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Jointly controlled operations and assets

The Group has interests in joint operations. For the purpose of this financial report the joint operations have been deemed "Joint Ventures" in accordance with Oil and Gas companies market practice.

Interests in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in the financial statements the proportionate share of the assets they control, the liabilities and expenses they incur, and their share of the income that they earn from the sale of goods or services by the joint venture.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of AWE Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is adjusted to fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the income statement where appropriate.

1.5. Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates at the dates the fair value was determined.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates at the end of the reporting period. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in Translation and other reserves in the Consolidated statement of changes in equity.

Presentation of foreign exchange gains and losses in the income statement

The Group presents its foreign exchange gains and losses within net financing income/expense in the income statement.

SECTION 2: FINANCIAL PERFORMANCE

2.1. Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment assets include both oil and gas assets, exploration assets and other assets, such as cash, receivables and inventory, which are directly attributable to the segment.

Unallocated items comprise mainly head office income and expenses, foreign exchange gains and losses and corporate assets.

Description of segments

The operating segments are based on the reports reviewed by the CEO and Managing Director for assessing performance and determining the allocation of resources and strategic decision making within the Group. The CEO and Managing Director consider the business from both a product and a geographic perspective and on this basis has identified six reportable segments. For each reportable segment, internal management reports are reviewed on a regular basis. The following summary describes the operations in each of the Group's reportable segments:

South East Australia	Production and sale of gas, condensate and LPG from the BassGas (T/L1, Bass Basin, offshore southern Australia) and Casino (VIC/L 24, Otway Basin, offshore southern Australia) projects.
Western Australia	Production and sale of oil and gas from the Perth Basin, onshore, Western Australia. The Cliff Head oil project was previously included in the WA segment, however this asset was divested on 30 June 2016.
Indonesia	The Northwest Natuna PSC development asset comprising the undeveloped Ande Ande Lumut oil (AAL) field.
Discontinued – New Zealand	Production and sale of crude oil from the Tui Area oil project (PMP 38158, offshore Taranaki Basin, New Zealand) divested in February 2017.
Discontinued – USA	Production and sale of gas, NGL and condensate from the Sugarloaf AMI (Texas, United States of America) divested in March 2016.
Exploration Activities	Exploration and evaluation activities within the production licences and exploration permits held by AWE in Australia and New Zealand.

Major customers

The Company had revenues from 5 external customers that each represent greater than 10% of the total sales revenue and when combined represent 85% of total sales revenue (2016: four external customers; 64%).

	30 June 2017 $'000	30 June 2016 $'000
Revenues from major customers by segment - continuing operations		
South East Australia	**59,731**	49,463
Western Australia	**-**	14,768
	59,731	64,231

Prior year comparative has been adjusted to remove discontinued operations.

Segment information provided to the chief operating decision maker for the year ending 30 June

	South East Australia		Western Australia		Indonesia		Exploration Activities		Total continuing operations		New Zealand[1]		USA[2]		Total discontinued operations		Total operations	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Sales revenue	**59,615**	71,923	**10,840**	28,732	**-**	-	**-**	-	**70,455**	100,655	**33,111**	42,646	**-**	59,049	**33,111**	101,695	**103,566**	202,350
Production costs	**(27,770)**	(27,952)	**(10,462)**	(25,276)	**-**	-	**-**	-	**(38,232)**	(53,228)	**(23,888)**	(28,524)	**-**	(14,392)	**(23,888)**	(42,916)	**(62,120)**	(96,144)
Royalties	**(30)**	(56)	**(260)**	(646)	**-**	-	**-**	-	**(290)**	(702)	**-**	-	**-**	(13,570)	**-**	(13,570)	**(290)**	(14,272)
Segment result before amortisation	**31,815**	43,915	**118**	2,810	**-**	-	**-**	-	**31,933**	46,725	**9,223**	14,122	**-**	31,087	**9,223**	45,209	**41,156**	91,934
Exploration expenses	**-**	-	**-**	-	**-**	-	**(2,441)**	(18,228)	**(2,441)**	(18,228)	**-**	-	**-**	-	**-**	-	**(2,441)**	(18,228)
Amortisation	**(27,063)**	(40,343)	**(4,163)**	(11,921)	**-**	-	**-**	-	**(31,226)**	(52,264)	**(5,192)**	(11,820)	**-**	(32,483)	**(5,192)**	(44,303)	**(36,418)**	(96,567)
Fair value adjustment	**-**	-	**-**	-	**-**	(2,114)	**-**	-	**-**	(2,114)	**-**	-	**-**	-	**-**	-	**-**	(2,114)
Write down - capital expenditure Carry	**-**	-	**-**	-	**(89,712)**	-	**-**	-	**(89,712)**	-	**-**	-	**-**	-	**-**	-	**(89,712)**	-
Impairment	**-**	(169,196)	**(3,199)**	(18,917)	**(131,082)**	(13,276)	**(185)**	(36,810)	**(134,466)**	(238,199)	**-**	(53,595)	**-**	-	**-**	(53,595)	**(134,466)**	(291,794)
Reportable segment profit / (loss)	**4,752**	(165,624)	**(7,244)**	(28,028)	**(220,794)**	(15,390)	**(2,626)**	(55,038)	**(225,912)**	(264,080)	**4,031**	(51,293)	**-**	(1,396)	**4,031**	(52,689)	**(221,881)**	(316,769)
Gain on disposal of discontinued operations																	**36,281**	18,754
Other revenue																	**1,447**	1,796
Other income																	**555**	16,996
Other expense																	**(30,029)**	(32,879)
Net financing expense																	**(7,586)**	(14,226)
Net loss before income tax																	**(221,213)**	(326,328)
Segment assets																		
Oil and gas assets	**91,530**	101,950	**85,517**	77,965	**-**	186,085	**-**	-	**177,047**	366,000	**-**	9,666	**-**	-	**-**	9,666	**177,047**	375,666
Exploration assets	**-**	-	**-**	-	**-**	-	**96,595**	32,995	**96,595**	32,995	**-**	-	**-**	-	**-**	-	**96,595**	32,995
Assets held for sale	**-**	-	**-**	-	**-**	24,083	**-**	-	**-**	24,083	**-**	-	**-**	-	**-**	-	**-**	24,083
Other assets	**13,885**	10,556	**6,632**	9,229	**1,400**	4,850	**-**	-	**21,917**	24,635	**-**	14,549	**-**	-	**-**	14,549	**21,917**	39,184
	105,415	112,506	**92,149**	87,194	**1,400**	215,018	**96,595**	32,995	**295,559**	447,713	**-**	24,215	**-**	-	**-**	24,215	**295,559**	471,928
Corporate and unallocated assets																	**149,497**	279,839
Total assets																	**445,056**	751,767

1. The divestment of AWE New Zealand Pty Ltd & AWE Taranaki Pty Ltd, which represented the majority of the New Zealand segment completed in February 2017. It is disclosed as a discontinued operation in Note 2.2. The post-tax gain on divestment of $36.3 million is disclosed in the consolidated income statement.
2. The divestment of the Sugarloaf Area of Mutual Interest, which represented the entire USA segment completed in March 2016 and is disclosed as a discontinued operation in Note 2.2. The post-tax gain on divestment of $25.2 million (pre-tax $18.8 million) is disclosed in the consolidated income statement.

2.2. Discontinued operations

The Company will classify a segment or operation as discontinued if it has been disposed of and it represents a major line of business or a geographical area or operations.

Year ended 30 June 2017

On 28 February 2017, AWE completed the share sale of AWE New Zealand Pty Ltd and AWE Taranaki Limited which together owned a 57.5% interest in the Tui Area Oil Fields. The Tui Area Oil Fields represents the majority of the New Zealand segment.

The sale generated a pre-tax gain of $36.3 million (post-tax $36.3 million). This gain is inclusive of foreign currency gains of $12 million previously recognised in other comprehensive income which have been recycled through current year profit and loss. The post-tax gain is disclosed on the face of the consolidated income statement as a discontinued operation.

The Tui Area Oil Fields have not previously been classified as held for sale or as a discontinued operation.

The 2016 comparative consolidated income statement and consolidated statement of other comprehensive income have been restated to include the Tui discontinued operation separately from continuing operations.

Year ended 30 June 2016

During March 2016, AWE sold its entire 10% interest in the Sugarloaf Area of Mutual Interest. The Sugarloaf Area of Mutual Interest represented the entire USA segment.

The impact of discontinued operations is set out in the table below as follows:

+ 30 June 2017: the impact of the sale of Tui Area Oil Fields;
+ 30 June 2016: the impact of the sale of Tui Area Oil Fields as well as the Sugarloaf Area of Mutual Interest.

Prior year comparatives have been adjusted to reflect the Tui Area Oil Fields as an additional discontinued operation.

	Note	30 June 2017 $'000	30 June 2016 $'000
Results of discontinued operations			
Revenue from ordinary activities	2.3	**33,164**	101,777
Cost of sales	2.4	**(29,080)**	(100,789)
Operating income		**4,084**	988
Finance income / (costs)		**47**	(3,036)
Impairment	5.5	**-**	(53,595)
Other expenses		**(151)**	(676)
Profit / (loss) before tax from discontinued operations		**3,980**	(56,319)
Income tax expense		**(344)**	(18,305)
Royalty related taxation expense		**(1,819)**	(1,792)
Profit / (loss) for the year from discontinued operations		**1,817**	(76,416)
Pre-tax gain on sale of discontinued operations		**36,281**	18,754
Income tax benefit		**-**	6,414
Gain on sale of discontinued operations		**36,281**	25,168
Cash flows used in discontinued operations			
Cash flows from operations		**10,967**	(3,499)
Cash flows from investing activities		**(23,933)**	223,095
Cash flows from financing activities		**(7,451)**	(222,103)
Net cash outflow		**(20,417)**	(2,507)

Earnings per share	Cents	Cents
Basic, profit / (loss) for the year from discontinued operations	**7.22**	(9.73)
Diluted, profit / (loss) for the year from discontinued operations	**7.08**	(9.73)

2.3. Revenue from ordinary activities

Sales revenue

Revenue from the sale of oil and gas is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenues received under take or pay sales contracts in respect of undelivered volumes are accounted for as deferred revenue.

Other revenues

Other revenues are recognised on an accrual basis and include royalty receipts and equipment rental income.

	30 June 2017 $'000	30 June 2016 $'000
Continuing operations		
Sales revenue - oil and gas	**70,455**	100,655
Other revenue	**1,394**	1,714
	71,849	102,369
Discontinued operation		
Sales revenue - oil and gas	**33,111**	101,695
Other revenue	**53**	82
	33,164	101,777
Total revenue from continuing and discontinued operations	**105,013**	204,146

Further detail regarding discontinued operations is provided in Note 2.1 Operating segments and Note 2.2 Discontinued operations.

2.4. Cost of sales

Continuing operations		
Production costs	**38,232**	53,228
Royalties	**290**	702
Amortisation	**31,226**	52,264
	69,748	106,194
Discontinued operations (Note 2.2)		
Production costs	**20,085**	48,932
Royalties	**-**	13,570
Amortisation	**2,893**	45,919
Movement in oil inventory:		
Production costs	**3,803**	(6,016)
Amortisation	**2,299**	(1,616)
	29,080	100,789
Made up of:		
Production costs	**23,888**	42,916
Royalties	**-**	13,570
Amortisation	**5,192**	44,303
	29,080	100,789
Total cost of sales continuing and discontinued operations	**98,828**	206,983

Further detail regarding discontinued operations is provided in Note 2.1 Operating segments and Note 2.2 Discontinued operations.

2.5. Other income

	30 June 2017 $'000	30 June 2016 $'000
Net gain on disposal of Cliff Head	-	16,372
Other income	555	624
	555	16,996

On 30 June 2016, AWE completed the sale of its 57.5% interest in the Cliff Head oil project for consideration of $3.2 million. Following the write back of net liabilities ($15.6 million), and close out of cash flow hedges (loss $1.5 million) this resulted in a net gain before tax of $16.4 million (post-tax $6.7 million). An additional royalty will be receivable by AWE for oil sales in excess of US$70/bbl. The benefit of this receivable has not been recognised due to uncertainty with respect to its recoverability.

2.6. Other expenses

General and administrative expenses	6,755	10,641
Share-based payments	947	961
Restructuring costs	1,294	6,301
Restoration and rehabilitation costs (Note 6.2)	6,599	8,786
Loss on disposals (Lengo and North Madura)	10,679	-
Relinquishment costs - Indonesia	-	5,514
Other expenses	3,604	-
	29,878	32,203

Included within general and administrative expenses are lease payments of $1.3 million related to property and equipment rental where the Company is lessee (2016: $1.5 million).

Other expenses relate to arbitration costs. The arbitration is now settled in full.

2.7. Net finance costs

Interest income	161	376
Net foreign exchange gain	-	1,080
Finance income	161	1,456
Borrowing costs	(5,034)	(5,783)
Adjustment of discount - non-current receivables (Note 5.2)	(1,750)	(262)
Unwinding of discount – restoration provisions (Note 6.2)	-	(6,602)
Net foreign exchange loss	(1,010)	-
Finance costs	(7,794)	(12,647)
Net finance costs	(7,633)	(11,191)

The adjustment of discount related to the capital expenditure carry has arisen as a result of the calculation of its net present value prior to its write down to nil on 30 June 2017. For further details refer Note 5.2 Trade and other receivables.

2.8. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	30 June 2017 $'000	30 June 2016 $'000
Earnings used in calculating earnings per share		
Basic and diluted loss - from continuing operations	**(255,624)**	(311,773)
Basic and diluted loss - from continuing and discontinued operations	**(217,526)**	(363,021)

Weighted average number of ordinary shares used as the denominator	2017 Number	2016 Number
Issued ordinary shares - opening balance	**526,735,854**	525,861,050
Effect of shares issued	**1,100,887**	749,832
Weighted average number of ordinary shares	**527,836,741**	526,610,882
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares at 30 June	**527,836,741**	526,610,882
Effect of employee rights on issue	**10,330,260**	8,497,381
Weighted average number of ordinary shares adjusted for effect of dilution	**538,167,001**	535,108,263

	2017 Cents	2016 Cents
Basic loss per share from continuing and discontinued operations attributable to the ordinary equity holders of the company	**(41.21)**	(68.94)
Diluted loss per share from continuing and discontinued operations attributable to the ordinary equity holders of the company	**(41.21)**	(68.94)
Basic loss per share from continuing operations attributable to the ordinary equity holders of the company	**(48.43)**	(59.20)
Diluted loss per share from continuing operations attributable to the ordinary equity holders of the company	**(48.43)**	(59.20)

Prior year earnings per share from continuing operations has been adjusted to exclude the Tui Area Oil Project which was classified as a discontinued operation following its divestment in February 2017. Refer Note 2.2 for further detail.

SECTION 3: EMPLOYEE BENEFITS

	30 June 2017 $'000	30 June 2016 $'000
3.1. Employee benefits expensed		
Salaries and wages	**12,868**	17,092
Share-based payments	**947**	961
	13,815	18,053

3.2. Provision for employee benefits

Wages, salaries and annual leave

The provisions for employee entitlements to wages, salaries and annual leave represents the amount which the Group has a present obligation to pay resulting from employees' services provided up to the end of each reporting period. The provisions are undiscounted amounts based on wage and salary rates that the Group expects to pay and include related on-costs.

Long-term service benefits

Long service leave represents the present value of the estimated future cash outflows to be made resulting from an employee's services provided to the end of each reporting period. The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using a corporate bond rate at balance date which most closely match the terms of maturity of the related liabilities.

Current		
Provision for employee benefits	**1,307**	1,487
Non-current		
Provision for employee benefits	**255**	597
	1,562	2,084

3.3. Superannuation plans

Obligations for contributions to accumulation type superannuation plans are recognised as an expense in the income statement as incurred.

The Group makes contributions to complying accumulation type superannuation plans nominated by individual employees. The Group contributes at least the amount required by law. The amount recognised as an expense was $980,793 for the financial year ended 30 June 2017 (2016: $1,388,380).

3.4. Share-based payments

Share-rights plan

Share-based compensation benefits are provided to employees via the long-term Employee Share Rights Plan.

The Share Rights Plan is designed to generate performance-based cash awards that may be converted, at the Board's discretion, into AWE shares or cash. The key elements of the plan include:

+ Rights are granted each year and the number of rights granted will be determined by the employee's level in the Company, fixed remuneration at the time of grant and both the Company and employee's performance in the previous financial year;
+ There are three tranches of rights with separate vesting criteria:
  - Retention[1];
  - Absolute TSR[2]; and
  - Relative TSR.
+ The vesting period is for three years, the rights will lapse after three years and there will be no retesting.
+ Rights granted in any particular financial year are tested for vesting over the three year period commencing 1 July of grant year.

1. Retention rights are not granted to the Managing Director and with effect from 1 July 2016, Retention rights are no longer granted to any employee.
2. TSR refers to 'Total Shareholder Return' and is defined as the percentage change over a period in shareholder value due to share price movement and dividends paid assuming dividends are reinvested into AWE shares.

Unvested rights do not entitle the holder to receive dividends. The following table indicates the treatment of rights on termination of employment under the Plan:

Termination Circumstance	Treatment of Right
Dismissal/termination for fraud, cause, or gross misconduct	Forfeit entitlements.
Resignation (other than as set out below)	Any and all opportunities in relation to the Cycle will be forfeited unless and to the extent otherwise determined by the Board. To the extent not forfeited, participation in the Cycle in respect of the Absolute TSR and Relative TSR Performance Measures, will continue on a pro rata basis as if the employee had remained an employee.
Resignation (including 'retirement') after 10 years of service with the consent of the Board.	If the date of termination falls after the end of the first year of the Measurement Period for the Cycle then participation in the Cycle in respect of the Absolute TSR and Relative TSR Performance Measures, continues on a pro rata basis as if the employee had remained an employee.
Company initiated termination without cause e.g. retrenchment and redundancy	If the date of termination falls within the first year of the Measurement Period for the Cycle then any and all entitlements in relation to the Cycle will be forfeited unless and to the extent otherwise determined by the Board. To the extent not forfeited, participation in the Cycle in respect of the Absolute TSR and Relative TSR Performance Measures, will continue on a pro rata basis as if the employee had remained an employee.
Death or Total Permanent Disablement	Participation in the Cycle continues in full until expiry.

Early vesting of rights is not permitted other than at the time of change in control of the Company where the extent of any vesting is to be determined at the discretion of the Board.

The conditions for the award of rights and the criteria for vesting are described below.

Retention Grants

+ Number of rights calculated using the 30-day VWAP of the AWE share price in June of grant year.
+ Vest after three years if the employee remains employed by AWE.

Retention grants are only applicable for rights issued prior to July 2016 and vesting up to June 2018. For rights issued for periods commencing from July 2016, retention rights are no longer granted.

SECTION 3: EMPLOYEE BENEFITS (CONTINUED)

Absolute TSR Grants

+ Number of rights calculated using the 30-day VWAP of the AWE share price in June of grant year.
+ Vest after three years according to the Company's Absolute TSR for that three year period.
+ The vesting scales to apply for Absolute TSR grants are as follows:

AWE TSR	% of rights to vest
<8% pa compound	-
8% pa compound	25%
>8% and <10% pa compound	Pro rata
10% pa compound	50%
>10% and <12% pa compound	Pro rata
12% pa compound	100%

Relative TSR Grants

+ Number of rights calculated using the June VWAP of the AWE share price immediately preceding the grant.
+ Vest after three years according to the Company's TSR relative to comparator group companies in the ASX Energy 300 Index.
+ The Board determines in advance the appropriate comparator group to apply to Relative TSR grants for the following 3 year period. For the grant of rights for all three year cycles since July 2014 the nominated relative comparator group is upstream oil and gas companies in the ASX 300 Energy Index at the end of the applicable three year measurement period.
+ The vesting scales to apply for Relative TSR grants are as follows:

AWE TSR relative to TSR of comparator group companies in S&P/ASX 300 Energy Index	% of rights to vest
<50%	-
50%	25%
>50% and <90%	Pro rata
90% and above	100%

Summary of rights on issue

Share-based compensation benefits are provided to employees via the long-term Employee Share Rights Plan.

The fair value of the rights granted is measured using the Black-Scholes Option Pricing model. In valuing the equity settled transactions no account is taken of any performance conditions other than conditions linked to market performance. The fair value of rights granted is recognised as an employee expense with a corresponding increase in equity or to the extent the share rights are expected to be cash settled, with a corresponding increase in liabilities. The Board has discretion regarding the settlement of share rights into either AWE shares or cash.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of rights that are expected to vest based on the non-market and service related vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

A summary of rights in the Company is as follows:

Grant date	Vesting date	Opening balance	Granted	Vested	Lapsed	Closing balance	AWE share price at date of issue
As at 30 June 2017							
27-Nov-13	**30-Jun-16**	**181,677**	**-**	**(181,677)**	**-**	**-**	**$1.28**
16-Jan-14	**30-Jun-16**	**1,270,090**	**-**	**(1,270,090)**	**-**	**-**	**$1.04**
20-Jun-14	**30-Jun-16**	**109,625**	**-**	**(109,625)**	**-**	**-**	**$1.39**
25-Sep-14	**30-Jun-17**	**2,443,472**	**-**	**-**	**(2,212,783)**	**230,689**	**$1.25**
20-Nov-14	**30-Jun-17**	**365,552**	**-**	**-**	**(365,552)**	**-**	**$1.34**
30-Jun-15	**30-Jun-17**	**115,592**	**-**	**-**	**(92,474)**	**23,118**	**$1.30**
30-Jun-16	**30-Jun-18**	**2,288,807**	**-**	**-**	**(155,618)**	**2,133,189**	**$0.83**
10-Oct-16	**30-Jun-19**	**-**	**4,196,554**	**-**	**(121,006)**	**4,075,548**	**$0.66**
16-Nov-16	**30-Jun-19**	**-**	**920,282**	**-**	**-**	**920,282**	**$0.57**
29-Jun-17	**30-Jun-19**	**-**	**85,200**	**-**	**-**	**85,200**	**$0.47**
		6,774,815	**5,202,036**	**(1,561,392)**	**(2,947,433)**	**7,468,026**	
As at 30 June 2016							
22-Nov-12	30-Jun-15	102,757	-	(102,757)	-	-	$2.58
4-Dec-12	30-Jun-15	882,194	-	(882,194)	-	-	$1.74
28-Jun-13	30-Jun-15	11,455	-	(11,455)	-	-	$1.21
27-Nov-13	30-Jun-16	427,474	-	-	(245,797)	181,677	$1.28
16-Jan-14	30-Jun-16	3,339,543	-	-	(2,069,453)	1,270,090	$1.04
20-Jun-14	30-Jun-16	115,437	-	-	(5,812)	109,625	$1.39
25-Sep-14	30-Jun-17	2,996,255	-	-	(552,783)	2,443,472	$1.25
20-Nov-14	30-Jun-17	365,552	-	-	-	365,552	$1.34
30-Jun-15	30-Jun-17	126,553	-	-	(10,961)	115,592	$1.30
30-Jun-16	30-Jun-18	-	2,288,807	-	-	2,288,807	$0.83
		8,367,220	**2,288,807**	**(996,406)**	**(2,884,806)**	**6,774,815**	

The share rights outstanding at 30 June 2017 have fair value in the range of $0.20 to $1.84, and a weighted average remaining contractual life of 1.6 years (2016: 1.1 years).

The fair value of services rendered in return for share rights granted is measured by reference to the fair value of share rights granted. The inputs into the model are shown in the following table:

Grant date	Fair value at measurement date	Weighted average share price	Expected volatility	Expected dividends	Vesting probability	Assumed staff turnover
As at 30 June 2017						
10-Oct-16	**$0.29**	**$0.66**	**48.5%**	**0%**	**43.5%**	**10%**
16-Nov-16	**$0.25**	**$0.57**	**49.0%**	**0%**	**43.5%**	**10%**
29-Jun-17	**$0.20**	**$0.47**	**49.0%**	**0%**	**43.5%**	**10%**
As at 30 June 2016						
30-Jun-16	$0.36 to $0.83	$0.83	47.0%	0% to 3%	43.5%	10%

3.5. Key management personnel disclosures

Key management personnel compensation comprised the following:

	2017 $'000	2016 $'000
Short-term employee benefits	**2,626**	2,495
Post-employment benefits	**145**	138
Other long-term benefits	**19**	61
Termination benefits	**-**	1,726
Share-based payments	**338**	135
	3,128	4,555

Individual directors' and executives' compensation disclosures

Apart from the details disclosed in this note, no director or executive has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' or executives' interests existing at year end.

Key management personnel transactions with the Company or its controlled entities

No loans have been made to key management personnel. The Company has entered into Indemnity Deeds to indemnify executives of the Company against certain liabilities incurred in the course of performing their duties.

SECTION 4: INCOME TAXES

4.1. Taxation expense

Income tax

Income tax on the income statement comprises current and deferred tax except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

The tax rates used to calculate current and deferred tax will be relevant to the tax jurisdiction in which the operations are subject to tax.

The Australian Group is consolidated for income tax purposes and is subject to a tax sharing and funding arrangement.

Petroleum Resource Rent Tax ("PRRT") and other government royalties

PRRT (including both onshore and offshore Australian projects) and New Zealand government royalties (APR) are treated as income tax and as such, current and deferred tax is calculated and disclosed in the same manner as for income tax as described above.

Royalty arrangements that do not meet the criteria for treatment as a tax such as state and private royalties are recognised on an accruals basis directly in the income statement.

SECTION 4: INCOME TAXES (CONTINUED)

	30 June 2017 $'000	30 June 2016 $'000
Tax expense comprises:		
Income tax		
Current tax benefit / (expense)	140	(1,256)
Adjustments from prior years	312	(3,634)
Tax benefit / (expense) related to movements in deferred tax balances	2,193	(20,557)
	2,645	(25,447)
PRRT / APR		
Current tax expense	(1,744)	(6,634)
Tax benefit / (expense) related to movements in deferred tax balances	2,786	(4,612)
	1,042	(11,246)
Total tax benefit / (expense)	3,687	(36,693)
Numerical reconciliation between tax benefit / (expense) and pre-tax net result:		
Loss before tax	(221,213)	(326,327)
Prima facie taxation benefit at 30% (2016: 30%)	66,364	97,898
Decrease / (increase) in income tax benefit due to:		
Differences in tax rates	(23,056)	845
Non-deductible expenses	(2,639)	(11,532)
Foreign exchange and other translation adjustments	(6,794)	(4,457)
De-recognition of prior year tax losses	-	(44,878)
Un-recognised tax losses relating to current year	(17,885)	(31,536)
De-recognition of deferred tax assets	-	(20,976)
Foreign tax losses not recognised as a deferred tax asset	(2,383)	(8,057)
Foreign tax losses transferred on disposal	(12,413)	-
Other	1,135	880
Adjustments for prior years	316	(3,634)
Income tax benefit / (expense)	2,645	(25,447)
Royalty related taxation benefit / (expense)		
PRRT	2,861	(9,454)
APR	(1,819)	(1,792)
Total royalty-related tax benefit / (expense)	1,042	(11,246)
Total tax benefit / (expense)	3,687	(36,693)
Comprising		
Continuing operations:		
Income tax benefit / (expense)	2,989	(13,556)
Royalty related taxation benefit / (expense)	2,861	(9,454)
Discontinued operations:		
Income tax expense attributable to discontinued operations	(344)	(18,305)
Royalty related taxation expense attributable to discontinued operations	(1,819)	(1,792)
Income tax benefit attributable to sale of discontinued operation (Note 2.2)	-	6,414
Total tax benefit / (expense)	3,687	(36,693)

4.2. Taxation (receivable) / payable

	30 June 2017 $'000	30 June 2016 $'000
Income tax	-	(958)
Accounting Profits Royalty (APR) – New Zealand	-	409
Petroleum Resource Rent Tax (PRRT) - Australia	(1,942)	2,787
Other	-	125
	(1,942)	2,363

4.3. Deferred tax assets and liabilities

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts used for taxation purposes. The following temporary differences are not recognised, goodwill that is not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in controlled entities to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period

A deferred tax asset is recognised only to the extent that it is probable that they can be utilised against future taxable profits. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

	Australia / New Zealand		Indonesia / Other	
Net deferred tax asset comprising:	30 June 2017 $'000	30 June 2016 $'000	30 June 2017 $'000	30 June 2016 $'000
Deferred tax asset				
Tax benefit attributable to tax losses	29,838	29,583	-	-
Oil and gas assets	51,102	60,009	-	-
Provisions and accruals	42,467	42,808	-	-
Financial instruments	-	634	-	-
Arising from PRRT and APR	-	7,290	-	-
Other	-	1,005	-	-
	123,407	141,329	-	-
Deferred tax liability				
Exploration and evaluation assets	(9,969)	(9,836)	-	-
Arising from PRRT and APR	(2,904)	-	-	-
Other	(517)	-	-	-
Other receivables - non-current	-	-	-	(14,995)
	(13,390)	(9,836)	-	(14,995)
Total deferred tax asset / (liability)	110,017	131,493	-	(14,995)

SECTION 5: ASSETS

5.1. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

	30 June 2017 $'000	30 June 2016 $'000
Bank balances	**2,807**	18,162
Call deposits	**683**	679
Cash held by joint ventures	**9,336**	13,721
	12,826	32,562

Reconciliation of cash flows from operating activities

Loss for the period	**(217,526)**	(363,021)
Adjustments for:		
Amortisation of oil and gas assets	**34,116**	98,183
Amortisation of intangible assets	**452**	626
Depreciation	**566**	775
Gain on disposal of discontinued operations	**(36,281)**	(18,754)
Loss / (gain) on disposal of assets	**10,679**	(16,372)
Fair value adjustment related to asset held for sale	**(2,043)**	2,114
Impairment - evaluation assets and oil and gas assets	**134,466**	291,794
Write down - capital expenditure carry	**89,712**	-
Loan establishment fees written off and amortised	**1,056**	(364)
Unwinding of discount – restoration provisions	**-**	6,601
Adjustment in relation to non-current receivable	**1,750**	262
Relinquishment costs - Indonesia	**-**	5,514
Share-based payments	**1,025**	1,035
Net foreign currency losses	**(730)**	(1,419)
Other	**-**	4,963
Change in assets and liabilities during the financial year:		
Decrease in trade and other receivables	**1,188**	42,261
Decrease / (increase) in oil inventory	**6,106**	(7,637)
(Increase) / decrease in income taxes payable	**(1,226)**	2,118
(Increase) / decrease in net deferred tax assets	**(7,326)**	29,078
Decrease in provisions and employee benefits	**6,426**	8,473
Increase in accounts payable	**(2,544)**	(15,883)
Net cash from operating activities	**19,866**	70,347

5.2. Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement between 14 and 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Impairment losses are recognised in profit or loss. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

	30 June 2017 $'000	30 June 2016 $'000
Current		
Trade debtors	**7,428**	6,359
Less: Provision for doubtful debts	**-**	-
Net trade debtors	**7,428**	6,359
Joint venture debtors	**2,787**	3,896
Other debtors	**19,823**	4,161
Prepayments	**1,547**	2,007
Total other receivables	**24,157**	10,064
Total current trade and other receivables	**31,585**	16,423
Non-current		
Prepayments	**879**	1,935
Other receivables	**11**	107,813
Total non-current trade and other receivables	**890**	109,748
Total current and non-current trade and other receivables	**32,475**	126,171

Current trade and other receivables

Other current receivables include $14.9 million in respect of the divestment of a 42.5% interest in the Bulu PSC.

Non-current trade and other receivables

The capital expenditure Carry receivable from Santos upon Final Investment decision (FID) in respect of the AAL oil project amounting to $96.3 million has been derecognised in the statement of financial position given the continued evaluation of the project, delays in FID and the operator indicating that AAL is no longer part of its core business strategy. The contract in respect of the Carry is binding and the balance remains payable to AWE, however is dependent upon the project proceeding.

The write down of $89.7 million is net of the reversal of the related accrued transfer taxes (refer Note 6.1).

In addition, the VAT associated with this project previously classified as other non-current receivables amounting to $6.8 million has been reclassified to exploration assets (refer Note 5.6).

Prepayments relate to non-current loan establishment fees.

5.3. Inventories

Oil inventory is recorded at the lower of cost and net realisable value. Cost is determined on an average basis and includes production costs and amortisation of producing oil and gas assets. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

As a consequence of the divestment of Tui Area Oil fields, oil inventory is nil as at 30 June 2017.

Other inventories are recorded at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

	30 June 2017 $'000	30 June 2016 $'000
Oil (at cost)	-	10,866
Spares and consumables	**2,403**	3,274
	2,403	14,140

5.4. Held for sale (liabilities) / assets

The Company classifies assets and liabilities as held for sale if the carrying amounts will be recovered principally through a sale rather than through continuing use. Such assets are measured at the lower of their carrying value and fair value less costs to sell. The criteria for held for sale classification is regarded as met when the sale is highly probable and the asset or disposal Group is available for immediate sale and management must be sufficiently committed to the sale such that it will occur within 1 year.

Assets classified as held for sale		
Oil and gas assets	-	20,198
Fair value adjustment on held for sale assets	-	(2,114)
Other - assets directly associated with assets classified as held for sale	-	5,999
	-	24,083
Liabilities directly associated with assets classified as held for sale		
Restoration and abandonment provision	**(2,274)**	-
Joint venture creditors	-	(3,810)
	(2,274)	(3,810)
Net held for sale (liabilities) / assets	**(2,274)**	20,273

Year ended 30 June 2017

As at 30 June 2017, held for sale assets and liabilities refer to the proposed divestment of a Production Licence in Western Australia. The held for sale asset has a book value of nil.

Year ended 30 June 2016

As at 30 June 2016, held for sale assets and liabilities refer to the 42.5% interest in the Bulu PSC, which includes the Lengo gas project to HyOil. The loss of $5.4 million is incorporated in Note 2.6, Other expenses.

5.5. Oil and gas assets

The cost of oil and gas producing assets and capitalised expenditure on oil and gas assets under development are accounted for separately and are stated at cost less accumulated amortisation and impairment losses. Costs include expenditure that is directly attributable to the acquisition or construction of the item as well as past exploration and evaluation costs. In addition, costs include:

i. the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and

ii. changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

When an oil and gas asset commences production, costs carried forward will be amortised on a units of production basis over the life of the economically recoverable reserves. Changes in factors such as estimates of economically recoverable reserves that affect amortisation calculations do not give rise to prior financial period adjustments and are dealt with on a prospective basis.

	30 June 2017 $'000	30 June 2016 $'000
Oil and gas assets at cost	**1,089,154**	1,119,373
Less amortisation and impairment	**(912,107)**	(743,707)
	177,047	375,666
Reconciliation of movement:		
Opening balance	**375,666**	882,857
Additions	**39,700**	115,505
Disposals	**(6,500)**	(278,619)
Amortisation	**(34,119)**	(98,183)
Transfer to asset held for sale (Note 5.4)	**-**	(20,198)
Impairment of oil and gas assets - continuing operations	**(134,281)**	(201,389)
Impairment of oil and gas assets - discontinued operations	**-**	(53,595)
Transfer to exploration and evaluation assets (Note 5.5)	**(56,250)**	-
Increase in restoration and abandonment provision	**-**	17,808
Foreign exchange translation difference	**(7,169)**	11,480
Carrying amount at the end of the financial year	**177,047**	375,666

Disposals

Year ended 30 June 2017

During the year ended 30 June 2017 the Company disposed of the following interests:

+ On 28 February 2017, the Group completed the sale of all outstanding shares of AWE New Zealand Pty Ltd and AWE Taranaki Limited which together own 57.5% of the Tui Oil Fields (representing oil and gas assets of $6.5 million).

Year ended 30 June 2016

During the year ended 30 June 2016, the Company disposed of the following interests:

+ 10% ownership interest in in the Sugarloaf Area of Mutual Interest (representing oil and gas assets of $269.2 million); and
+ 57.5% ownership interest in the Cliff Head oil project (representing oil and gas assets of $9.4 million).

Impairment of oil and gas assets

Individual oil and gas producing assets are considered as separate cash-generating units. Recoverable amounts are determined based on the higher of value in use or fair value less costs of disposal.

Impairment testing in connection with oil and gas assets is performed initially to assess the presence of impairment indicators. Where there are indicators of impairment these asset values are then tested for impairment. The Group performs an internal review of asset values using cash flow projections. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the income statement with a corresponding reduction in the carrying value of the asset.

The asset valuations are based on a proved and probable (2P) reserve production profile against various estimates and assumptions. The key assumptions used in the cash flow projections include the following:

a. Oil and gas prices – forecast prices comprise the Brent forward curve (to 30 June 2018) and subsequently, an independent long term observable price forecast;

b. Gas prices – contracted gas prices and observable long term price forecast for uncontracted gas;

c. Exchange rates – a combination of current spot and forward USD/AUD exchange rate prevailing at 30 June 2017 and long term observable forecasts; including broker estimates;

d. Discount rates – the post-tax discount rate applied to cash flow projections is 10%.

During the year ended 30 June 2017 the Company impaired the following assets:

Impairment charge for the year ended 30 June 2017	Gross $'000	Taxation benefit $'000	Net impairment $'000
Oil and gas assets			
AAL[1]	131,082	-	131,082
Onshore Perth Basin[2]	3,199	(960)	2,239
	134,281	(960)	133,321

1. Various oil price sensitivities were used in the fair value calculation of AAL to reflect increased project risk as described below in "Transfer to exploration assets".
2. The non-producing late life Onshore Perth Basin assets have been written down to nil.

Sensitivity analysis

Asset valuations, based on cash flow projections rely on a range of assumptions that are subject to change. Accordingly, asset values are sensitive to changes in key assumptions. The impairments that would arise from a possible change in key assumptions; all other assumptions remaining the same, is shown below:

+ A 10% decrease in oil prices would result in additional impairment of $30 million;
+ A 10 % decrease in the gas price would result in nil additional impairment;
+ A 10 % increase in exchange rates would result in additional impairment of $3 million; and
+ A 1% increase in the post-tax discount rate would result in additional impairment of $9 million.

Transfer to Exploration assets

The Company's interest in the AAL project was transferred to exploration and evaluation assets following a review of the likely timing of FID. The timing of FID is now subject to additional evaluation of the K and G sands and notification by the operator that they no longer consider the asset to be part of its core business strategy. Consistent with this, the Reserves and Resources committee of AWE has reclassified 2P reserves to 2C contingent resources given the possible delays to any potential development. An impairment loss of $131.1 million has been recorded on AAL at the time of transfer.

5.6. Exploration assets

Exploration and evaluation costs are accumulated in respect of each separate area of interest and are accounted for using the successful efforts method of accounting. An area of interest is usually represented by an individual oil or gas field.

The cost of acquisition of joint venture interests, successful drilling costs and costs incurred in relation to feasibility studies and the technical evaluation of a potential development are carried forward where right to tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or where the assessment to determine the existence of economically recoverable reserves for a potential development in an area of interest is not yet complete. Exploration and evaluation assets are reviewed for impairment indicators annually. When an indicator is identified, assessment is performed for each area of interest to which the exploration and evaluation expenditure is attributed. To the extent that capitalised expenditure is not expected to be recovered it is charged to the income statement.

All other exploration and evaluation costs, including pre-licence costs are expensed as incurred.

	30 June 2017 $'000	30 June 2016 $'000
Exploration and evaluation assets	**96,595**	32,995
Reconciliation of movement:		
Opening balance	**32,995**	69,119
Additions (net of amount recovered from joint operations)	**3,044**	18,752
Exploration costs incurred and expensed during the year	**(2,441)**	(18,228)
Impairment of exploration assets	**(185)**	(36,810)
Transfer from non-current receivables (Note 5.2)	**6,750**	-
Transfer from oil and gas assets (Note 5.5)	**56,250**	-
Foreign exchange translation difference	**182**	162
Carrying amount at the end of the financial year	**96,595**	32,995

The transfer from non-current receivables of $6.75 million represents the VAT recoverable on the AAL project when production commences. This has been reclassified to evaluation assets consistent with the transfer of the AAL development asset pending greater project certainty. Together these amounts totalling $63 million represent the fair value of the underlying AAL project.

Impairment of exploration assets

The recoverability of the carrying amounts of exploration assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest. The impairment of exploration assets reflects the extent to which the costs capitalised are not expected to be recovered through successful sale or development of the area of interest.

During the year ended 30 June 2017 the following exploration assets were impaired:

Impairment charge for the year ended 30 June 2017	Gross $'000	Taxation benefit $'000	Net impairment $'000
Exploration			
New Zealand (Kohatukai PEP 55768)	185	-	185

SECTION 6: LIABILITIES AND EQUITY

6.1. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 14 days of recognition.

	30 June 2017 $'000	30 June 2016 $'000
Trade payables	**464**	453
Joint venture creditors	**16,450**	34,423
Other payables and accrued expenses	**8,846**	20,913
Deposit received in connection with asset held for sale	**-**	1,453
	25,760	57,242

The reduction in other payables and accrued expense relates to the impact of reversing an accrual of $6.6 million in respect of transfer taxes relating to the capital expenditure Carry (refer Note 5.2).

6.2. Provisions

Provisions are made for future decommissioning, restoration and environmental rehabilitation where there is a present obligation as a result of past exploration, development or production activities, and it is probable that settlement of the obligation will be required. The estimated future obligations include the costs of removing facilities, abandoning wells and restoring the affected areas. The amount provided is the best estimate of the present value of expenditure required to settle the obligation at the end of each reporting period, based on current legal requirements and technology. The ultimate costs are uncertain and may vary in response to changes to legal requirements, the emergence of new techniques or experience at other production sites.

Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the reporting period. The amount of the provision for future restoration costs relating to exploration and development activities is capitalised as a cost of those activities; unless the underlying asset has ceased production, in this case, the provision is recognised directly in current year profit and loss. Provisions are discounted at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate the risks specific to the liability. The unwinding of discounting on the provision is recognised as a finance cost.

	30 June 2017 $'000	30 June 2016 $'000
Current		
Restoration and abandonment	**2,339**	2,974
Deferred revenue	**946**	896
Relinquishment and other provisions	**5,201**	10,773
	8,486	14,643
Non-current		
Restoration and abandonment	**133,070**	203,872
	133,070	203,872
Total provisions	**141,556**	218,515
Reconciliation of movement:		
Restoration and abandonment:		
Carrying amount at the beginning of the financial year	**206,846**	207,176
Write back in provisions due to asset sale	**(67,904)**	(33,729)
Transferred to asset held for sale	**(2,274)**	-
Provisions made during the year	**6,599**	26,594
Payments made during the year	**(5,488)**	(2,241)
Foreign exchange translation difference	**(2,370)**	2,445
Unwind of discount	**-**	6,601
Carrying amount at the end of the financial year	**135,409**	206,846
Deferred revenue and other:		
Carrying amount at the beginning of the financial year	**11,669**	11,313
Payments made during the year	**(5,420)**	-
Provisions made during the year	**50**	356
Foreign exchange translation difference	**(152)**	-
Carrying amount at the end of the financial year	**6,147**	11,669
Total provision	**141,556**	218,515

SECTION 6: LIABILITIES AND EQUITY (CONTINUED)

6.3 Derivative financial instruments

During the financial year the Group entered into derivative financial instruments (commodity forward contracts) with various financial institutions to hedge against cash flow risks from movements in oil price. Following the divestment of the Tui oil asset in February 2017 the Group closed out its oil hedging operations. Therefore as at 30 June 2017, the fair value of derivative assets positions was nil (2016: $2.3 million).

Further detail is set out in Note 7.1 Classification and fair value measurement of financial instruments.

6.4. Interest bearing liabilities

Interest bearing borrowings are initially recognised at fair value and subsequently measured at amortised cost.

Fees paid on the establishment of loan facilities are treated as a prepayment and are recognised as such to the extent that it is probable that the facility will be drawn down. These fees are recognised as transaction costs relating to the loan and are amortised over the period of the facility.

	30 June 2017 $'000	30 June 2016 $'000
Non-current		
Bank loans	**67,101**	14,813
	67,101	14,813
The consolidated entity has access to the following lines of credit:		
Bank loans	**300,000**	400,000
Facilities utilised at balance date	**67,101**	14,813
Facilities not utilised at balance date	**232,899**	385,187
	300,000	400,000

The Company has access to a $300 million secured multicurrency syndicated bank loan facility which is available for general corporate purposes and bears interest at the applicable base rate plus a margin. This facility expires in May 2019.

Unamortised loan establishment fees of $1.9 million associated with the facility are classified as an asset and have been included in current and non-current prepayments in Note 5.2. These fees are amortised over the life of the facility.

6.5. Issued Capital and reserves

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares, share rights or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares, share rights or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example, as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

	30 June 2017 $'000	30 June 2016 $'000
528,156,857 (2016: 526,735,854) ordinary shares, fully paid	**772,172**	772,172

Reserves

The Equity compensation reserve is used to recognise the value of equity settled share-based payments provided to employees, as part of their remuneration. Refer Note 3.4 for further details of these plans.

The Translation and other reserves comprises all foreign exchange differences arising from the following:

+ The translation of the financial statement of foreign operations where the functional currency is different to the functional currency of the parent entity;
+ The translation of liabilities which hedge the Company's net investment in a foreign subsidiary; and
+ Exchange differences which arise on the translation of monetary items which form part of the net investment in the foreign operation.

Retained earnings / (losses)

Retained earnings / (losses) acts to quarantine profits or losses generated in prior periods.

6.6. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

No dividends were paid or declared during the year ended 30 June 2017 (Year ended 30 June 2016: nil).

SECTION 7: FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

7.1. Classification and fair value measurement

The carrying values of financial assets and liabilities of the Group approximate their fair value.

The Group measures and recognises in the statement of financial position on a recurring basis certain assets and liabilities at fair value in accordance with AASB 13 Fair value measurement. The fair value must be estimated for recognition and measurement or for disclosure purposes in accordance with the following hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Inputs for the asset or liability which are not based on observable market data (unobservable inputs).

Valuation techniques used to derive fair values

The main valuation techniques used to derive the fair values of the financial instruments of the Group are summarised as follows:

+ Held-to-maturity: Held-to-maturity investments are carried at amortised cost using the effective interest method.
+ Assets held for sale: Assets held for sale are measured at the lower of their carrying value and fair value less costs to sell.
+ Financial liabilities: Due to the nature of the financial liabilities, their carrying values is a good approximation of their fair values.
+ Derivatives: Derivatives are valued using valuation techniques with observable market inputs. The most frequently applied valuation technique include present value calculations. The models incorporate various inputs including credit quality of counterparties and forward rate curves of the underlying commodity.

During the financial year the Group entered into derivative financial instruments (commodity forward contracts) with various financial institutions to hedge against cash flow risks from movements in oil price. Following the divestment of the Tui oil asset in February 2017 the Group closed out its oil hedging operations. Therefore as at 30 June 2017, the fair value of derivative assets positions is nil (2016: Derivative financial instrument liability: $2.3 million).

The following table presents the Groups assets and liabilities measured and recognised at fair value as at 30 June 2017 and 30 June 2016.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at 30 June 2017				
Assets				
Derivatives used for oil price hedging	-	-	-	-
Liabilities				
Derivatives used for oil price hedging	-	-	-	-
As at 30 June 2016				
Assets				
Derivatives used for oil price hedging	-	-	-	-
Liabilities				
Derivatives used for oil price hedging	-	2,264	-	2,264

7.2. Financial risk management

1. Risk management framework

The Group is involved in activities that expose it to a variety of financial risks including currency risk, fair value risk, interest rate risk and commodity pricing risk. In accordance with Board approved polices financial instruments may be used to hedge the exposure to fluctuations in exchange rates, interest rates and commodity prices.

The Board of Directors has overall responsibility for the establishment and oversight of the financial risk management framework of the Group. The Board has delegated to the Audit and Governance Committee the responsibility for developing and monitoring financial risk management policies across the Company. The Audit and Governance Committee's primary role is to advise and assist the Board of Directors in assessing the management of key financial risks of the Company. The financial risk management policies and systems are reviewed annually by the Audit and Governance Committee to reflect changes in market conditions and the entity's business activities.

Management of financial risks is carried out by a centralised treasury function which operates under Board approved policies. The Board approved Treasury and Risk Management Guidelines provide clear guidelines to management in respect of the management of financial risks of the Company and are designed to ensure that it adequately reflects the strategic risk management objectives of the Board.

The objective of AWE's financial risk management strategy is to minimise the impact of volatility in financial markets on the financial performance, cash flows and shareholder returns of AWE. This includes the need to ensure that sufficient liquidity is available to fund its strategic business plans. Identification and analysis of relevant financial risks and its impact on the achievement of the Company's objectives forms the basis for determining how such risks should be managed. The forecast financial position of the Group is regularly monitored and financial instruments may be used within approved guidelines to hedge exposure to fluctuations in interest rates, exchange rates and commodity prices.

2. Credit risk

Credit risk is the risk of sustaining a financial loss as a result of the default by a counterparty to make full and timely payments on transactions which have been executed, after allowing for set-offs which are legally enforceable. The credit risk on financial assets of the Group which have been recognised on the statement of financial position is the carrying amount, net of any provision for doubtful debts.

Credit risk arises from investments in cash and cash equivalents with bank, derivative financial instruments and credit exposure to customers and/or suppliers. Credit risk also arises from bank facilities which offer committed lines of credit, overdraft facilities, transaction banking services and financial guarantees, which may not be honoured when relied upon. The Board approved Treasury Risk Management Guidelines outline how credit risk exposure will be managed by Treasury.

Receivables and cash and cash equivalents represent the Group's maximum exposure to credit risk:

	2017 $'000	2016 $'000
Cash (Note 5.1)	**12,826**	32,562
Trade and other receivables (Note 5.2)	**32,475**	126,171
The ageing of trade receivables at the end of each reporting period was as follows:		
Less than 1 month	**7,428**	6,359
1 month to 3 months	**-**	-
Greater than 3 months	**-**	-
	7,428	6,359

The Group does not hold any credit derivatives to offset its credit exposure. There is no concentration of credit risk to a single party other than major customers as disclosed in Note 2.1.

There are no trade receivables past due or impaired at the end of the reporting period (2016: Nil).

SECTION 7: FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

3. Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient liquidity to meet its financial obligations as they fall due.

The Board approved Treasury Risk Management Guidelines provide an appropriate framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by continually monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Short and long-term cash flow projections are prepared periodically and submitted to the Board at each board meeting of the Company. In addition the Company's treasury risk management policy targets the corporate debt facility to be refinanced in advance of its maturity date.

Contractual cash flows	Note	Total $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
30 June 2017						
Consolidated						
Trade and other payables	**6.1**	**25,760**	**25,760**	**-**	**-**	**-**
Bank loans	**6.4**	**67,101**	**-**	**67,101**	**-**	**-**
30 June 2016						
Consolidated						
Trade and other payables	6.1	57,242	57,242	-	-	-
Bank loans	6.4	14,813	-	-	14,813	-
Derivatives	7.1	2,264	2,264	-	-	-

4. Market risk

Commodity price risk

The Group is exposed to commodity price risk through its revenue from the sale of hydrocarbons – gas, crude oil, condensate and LPG. Australian gas sales are sold in Australian Dollars under long-term contracts with CPI escalators in place. Commodity price risk is limited to uncontracted gas volumes. However, crude oil, condensate and LPG are priced against world benchmark commodity prices and the Group is therefore subject to commodity price risk for these products.

Subject to approval of the Board, the Group may enter into certain derivative instruments to manage its commodity price risk. Following the divestment of Tui Area Oil Fields during February 2017 the Group closed out its oil hedging contracts. As at the end of the financial year, the Group has no derivative financial instruments in place.

Interest rate risk

During July 2016 the Company reduced its available secured multi-currency syndicated bank loan facility from A$400 million to A$300 million. The facility utilised at 30 June 2017 was $67.1 million (2016: $14.8 million) (refer Note 6.4). When drawn, the Australian Dollar portion of the facility bears interest at the bank bill swap rate plus a margin, and the United States Dollar portion of the facility bears interest at LIBOR plus a margin. Borrowings under the facility are at floating rates and when the facility is drawn the Group would be subject to interest rate risk from movements in the Australian dollar bank bill swap rate and the United States dollar LIBOR rate. Similarly, the Group is subject to interest rate risk from movements in the Australian and United States cash deposits.

In accordance with Board approved policies, the Group may enter into certain derivative instruments to manage its interest rate risk. As at the end of the financial year, the Group has no interest rate hedging or derivatives in place.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollars. The Group is subject to foreign exchange risk through the sale of products denominated is US dollars, borrowings denominated in US dollars and foreign currency capital and operating expenditure.

The Company manages its foreign exchange exposures on a net basis and may use forward foreign exchange contracts or cross currency swaps to manage its exposures. As at the end of the financial year, the Group has no foreign exchange hedging or derivatives in place.

	Average rate		Spot rate at the end of the reporting period	
	2017	2016	2017	2016
Significant exchange rates applied during the year:				
AUD/USD	**0.7540**	0.7287	**0.7692**	0.7426

The financial instruments denominated in United States dollars:	2017 A$'000	2016 A$'000
Financial assets		
Cash	**2,069**	12,648
Trade and other receivables	**4,717**	5,604
Financial liabilities		
Trade and other payables	**(4,285)**	(32,218)
Bank loans	**(35,101)**	(14,513)
The effects of exchange rate fluctuations on the balances of cash held in foreign currencies shown in the Consolidated statement of cash flows is as follows:		
Effect of exchange rate fluctuations on the balances of cash held in foreign currencies	**(2,304)**	(3,311)

SECTION 7: FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

Sensitivity analysis

		Commodity & other price risk				Interest rate risk				Foreign exchange risk			
		-10%		10%		-1%		1%		-10%		10%	
	Carrying amount $'000	Profit $'000	Other equity $'000	Profit $'000	Other equity $'000	Profit $'000	Other equity $'000	Profit $'000	Other equity $'000	Profit $'000	Other equity $'000	Profit $'000	Other equity $'000
30 June 2017													
Financial assets													
Cash and cash equivalents	12,826	-	-	-	-	(90)	-	90	-	189	-	(189)	-
Trade and other receivables	30,038	-	-	-	-	-	-	-	-	330	-	(330)	-
Prepayments	1,547	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities													
Trade and other payables	25,760	-	-	-	-	-	-	-	-	(303)	-	303	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank loans	67,101	-	-	-	-	470	-	(470)	-	(2,457)	-	2,457	-
Total increase / (decrease)		-	-	-	-	380	-	(380)	-	(2,241)	-	2,241	-
30 June 2016													
Financial assets													
Cash and cash equivalents	32,562	-	-	-	-	(228)	-	228	-	1,362	-	(1,362)	-
Trade and other receivables	14,636	-	-	-	-	-	-	-	-	392	-	(392)	-
Prepayments	2,007	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities													
Trade and other payables	57,242	-	-	-	-	-	-	-	-	(2,325)	-	2,325	-
Derivative financial instruments	2,264	-	2,822	-	(2,822)	-	-	-	-	-	-	-	-
Bank loans	14,813	-	-	-	-	104	-	(104)	-	(1,037)	-	1,037	-
Total increase / (decrease)		-	2,822	-	(2,822)	(124)	-	124	-	(1,608)	-	1,608	-

5. Capital Management

The Group maintains an ongoing review of its capital management strategy to ensure it maintains an appropriate capital structure.

The overriding objective of the Company's capital management strategy is to increase shareholder returns whilst maintaining the flexibility to pursue the strategic initiatives of the Company within a prudent capital structure.

The ability of the Company to pay future dividends or conduct any form of capital return to shareholders is regularly reviewed by the Board. This is considered against the Company's future funding requirements and ability to access capital and where there is surplus capital available for distribution.

SECTION 8: GROUP STRUCTURE

8.1. Controlled entities

Controlled entities are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable or convertible are taken into account. The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases.

Refer Note 1.4 for further details.

Name	Note	Country of incorporation	2017	2016
			% Equity holding	
Parent entity				
AWE Limited				
Controlled entities				
AWE Administration Pty Limited	1	Australia	**100**	100
AWE Finance Pty Limited	1	Australia	**100**	100
AWE Overseas Pty Limited	1	Australia	**100**	100
AWE Offshore Pty Limited	1	Australia	**100**	100
AWE Argentina Pty Limited	1	Australia	**100**	100
AWE Australia Pty Limited	1	Australia	**100**	100
Omega Oil Pty Ltd	1	Australia	**100**	100
AWE Petroleum Pty Ltd	1	Australia	**100**	100
Peedamullah Petroleum Pty Ltd	1	Australia	**100**	100
AWE (Carnarvon) Pty Ltd	1	Australia	**100**	100
AWE Resources (Western Australia) Pty Ltd	1	Australia	**100**	100
AWE Perth Pty Ltd	1	Australia	**100**	100
AWE (Beharra Springs) Pty Ltd	1	Australia	**100**	100
AWE Energy Holdings Pty Limited	1	Australia	**100**	100
AWE (WA) Trading Pty Ltd	1	Australia	**100**	100
AWE (WA) Investment Company Pty Ltd	1	Australia	**100**	100
AWE (Bass Gas) Pty Ltd	1	Australia	**100**	100
Adelphi Energy Pty Limited	1	Australia	**100**	100
AWE (Houtman) Pty Limited	1	Australia	**100**	100
AWE Holdings NZ Limited		New Zealand	**100**	100
AWE (Satria) NZ Limited		New Zealand	**100**	100
AWE (East Muriah) NZ Limited		New Zealand	**100**	100
AWE (Terumbu) NZ Limited		New Zealand	**100**	100
AWE (Titan) NZ Limited		New Zealand	**100**	100
AWE Finance NZ Limited		New Zealand	**100**	100
AWE (AAL) NZ Limited		New Zealand	**100**	100
AWE (Sugarloaf) NZ Limited		New Zealand	**100**	100
AWE Holdings Singapore Pte. Ltd.		Singapore	**100**	100
AWE (Northwest Natuna) Pte. Ltd.		Singapore	**100**	100
AWE (Anambas) Pte. Ltd.		Singapore	**100**	100
AWE China Pte. Ltd.		Singapore	**100**	100
AWE New Zealand Pty Limited	1 & 3	Australia	**-**	100
AWE Taranaki Limited	3	New Zealand	**-**	100
AWE (North Madura) NZ Limited	3	New Zealand	**-**	100
Adelphi Energy Texas Inc.	2	USA	**-**	100
AWE Finance US Inc.	2	USA	-	100

1. These controlled entities are a party to a Deed of Cross Guarantee between those group entities and the Company pursuant to ASIC Corporations (wholly owned Companies) Instrument 2016/785 and are not required to prepare and lodge financial statements and directors' reports (refer Note 8.4). The Company and those group entities are the "Closed Group".
2. Entity was liquidated or deregistered during the year ended 30 June 2017.
3. Entity sold, completion occurred during the year ended 30 June 2017.

8.2. Interests in oil and gas permits

Jointly controlled operations and assets

The Group has interests in joint operations. For the purpose of this financial report the joint operations have been deemed as "Joint Ventures" in accordance with Oil and Gas companies' market practice.

Interests in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in the financial statements the proportionate share of the assets they control, the liabilities and expenses they incur, and their share of the income that they earn from the sale of goods or services by the joint venture.

			Consolidated percentage interest	
			2017	2016
Permit	Country and geographical area	Note	%	%
T/L1 Yolla	Australia, Bass basin		**35.00**	35.00
T/RL2 (Trefoil)	Australia, Bass basin		**40.00**	40.00
T/RL3 (Rockhopper)	Australia, Bass basin		**40.00**	40.00
T/RL4 (White Ibis)	Australia, Bass basin		**40.00**	40.00
T/RL5 (Bass-3)	Australia, Bass basin		**40.00**	40.00
VIC/L 24 Casino	Australia, Otway basin		**25.00**	25.00
VIC/L 30 Henry, Netherby	Australia, Otway basin		**25.00**	25.00
VIC/P 44	Australia, Otway basin		**25.00**	25.00
VICRL11 Martha	Australia, Otway basin		**25.00**	25.00
VICRL12 Blackwatch	Australia, Otway basin		**25.00**	25.00
WA 497P	Australia, Carnarvon basin		**100.00**	100.00
WA 511 P	Australia, Offshore North Carnarvan Basin		**100.00**	100.00
WA 512 P	Australia, Offshore Perth Basin		**100.00**	100.00
L1/L2 Dongara and Yardarino	Australia, North Perth basin, Onshore		**100.00**	100.00
L1/L2 Corybas, Hovea and Xyris	Australia, North Perth basin, Onshore		**50.00**	50.00
L1/L2 Senecio, Waitsia	Australia, North Perth basin, Onshore		**50.00**	50.00
L4/L5 Woodada	Australia, North Perth basin, Onshore		**100.00**	100.00
L7 Mt Horner	Australia, North Perth basin, Onshore		**100.00**	100.00
L11 Beharra Springs, Redback Terrace	Australia, North Perth basin, Onshore		**33.00**	33.00
L14 Jingemia	Australia, North Perth basin, Onshore	1	-	44.14
EP 320	Australia, North Perth basin, Onshore		**33.00**	33.00
EP 413	Australia, North Perth basin, Onshore		**44.25**	44.25
EP 455	Australia, North Perth basin, Onshore		**81.50**	81.50
PMP 38158 Tui, Amokura,Pateke	New Zealand, Taranaki Basin, Offshore	2	-	57.50
PEP 55768	New Zealand, Taranaki Basin, Onshore		**51.00**	51.00
Bulu PSC	Indonesia, Java Sea	3	-	42.50
East Muriah PSC	Indonesia, Java Sea		**50.00**	50.00
Terumbu PSC	Indonesia, Java Sea		**100.00**	100.00
North Madura PSC	Indonesia, Java Sea	4	-	50.00
Titan PSC	Indonesia, Java Sea	5	-	40.00
North West Natuna PSC (AAL)	Indonesia, Natuna Sea		**50.00**	50.00
Anambas PSC	Indonesia, Natuna Sea	5	-	100.00
Block 09/05	China, Bohai basin	5	-	40.00
Yemen Block no. 7	Yemen, Shabwa basin	1	-	19.25
Yemen Block no. 74	Yemen, Masilah basin	5	-	29.75

1. Permits were divested.
2. AWE Taranaki Limited and AWE New Zealand Pty Limited which owned an interest in this permit was divested, refer Note 2.2 Discontinued operations.
3. Permit divested, refer note 5.4 Held for sale assets.
4. AWE (North Madura) Pte. Ltd which owned an interest in this permit was divested.
5. Permits were relinquished.

8.3. Parent entity disclosures

As at, and throughout the year ended 30 June 2017 the ultimate parent company of Group was AWE Limited. Selected financial information (excluding net impact of inter group receivables) of AWE Limited is as follows:

		The Company	
		2017	2016
	Note	$'000	$'000
Result of the parent entity			
Loss for the period		**(353,693)**	(315,746)
Other comprehensive income		**-**	-
Total comprehensive loss for the period		**(353,693)**	(315,746)
Financial position of the parent entity at year end			
Current assets		**974**	297,604
Total assets		**53,694**	406,935
Current liabilities		**307**	736
Total liabilities		**388**	960
Net assets		**53,307**	405,975
Total equity of the parent entity			
Share capital	6.5	**772,172**	772,172
Reserves		**19,336**	18,311
Retained losses		**(738,201)**	(384,508)
Total equity		**53,307**	405,975

Parent entity contingencies and commitments

The contingent liabilities of the parent entity as at the end of the reporting period are disclosed in Note 9.1. The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

The parent entity did not have any capital or expenditure commitments as at end of the reporting period.

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed, are disclosed in Note 8.4.

8.4. Deed of cross guarantee

As a condition of the Instrument, the Company and each of the wholly-owned subsidiaries identified in Note 8.1 (collectively, "the Closed Group") have entered into a Deed of Cross Guarantee ("the Deed"). The effect of the Deed is that the Company has guaranteed to pay any deficiency in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. The subsidiaries have also given a similar guarantee in the event that the Company is wound up.

Pursuant to ASIC Corporations (wholly-owned companies) Instrument 2016/785, the wholly-owned subsidiaries within the Closed Group are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of their financial report.

SECTION 8: GROUP STRUCTURE (CONTINUED)

A consolidated income statement, consolidated statement of comprehensive income and summary of movements in consolidated retained earnings, comprising the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2017 is set out as follows:

	Closed group	
	2017	2016
Summarised statement of financial position	$'000	$'000
Current assets		
Cash and cash equivalents	12,228	26,593
Trade and other receivables	73,701	94,116
Held for sale assets	-	-
Inventory	2,175	6,119
Total current assets	88,104	126,828
Non-current assets		
Investments	-	76,398
Exploration and evaluation assets	33,245	32,805
Oil and gas assets	177,396	184,455
Other plant and equipment	1,407	1,890
Intangible assets	96	577
Land and Building	12,190	12,190
Deferred tax assets	109,763	122,783
Total non-current assets	334,097	431,098
Total assets	422,201	557,926
Current liabilities		
Trade and other payables	18,132	17,274
Employee benefits	1,265	1,326
Liabilities associated with asset held for sale	2,274	-
Provisions	488	2,974
Derivative financial instruments	-	2,356
Taxation (receivable) / payable	(1,942)	3,233
Total current liabilities	20,217	27,163
Non-current liabilities		
Interest bearing liabilities	67,100	14,813
Employee benefits	255	597
Provisions	133,932	156,330
Total non-current liabilities	201,287	171,740
Total liabilities	221,504	198,903
Net assets	200,697	359,023
Equity		
Issued capital	784,122	772,172
Reserves	36,838	74,685
Retained losses	(620,263)	(487,835)
Total equity	200,697	359,022
Summarised consolidated income statement		
Profit / (loss) before tax	(36,399)	(262,266)
Income tax expense	(73,872)	(35,312)
Net profit / (loss) after tax for the year	(110,271)	(297,578)
Retained losses at the beginning of the year	(509,992)	(190,257)
Dividends provided for or paid	122,692	-
Retained losses at the end of the year	(620,263)	(487,835)

SECTION 9: OTHER INFORMATION

9.1. Contingent liabilities

In accordance with normal industry practice, the Group has entered into joint venture operations with other parties for the purpose of exploring and developing its permit interests. If a party to a joint venture operation defaults and does not contribute its share of joint venture operation obligations, then the other joint venturers are liable to meet those obligations. In this event, the permit interest held by the defaulting party may be redistributed to the remaining joint venturers.

In accordance with normal industry practice and under the terms of various joint venture operating and product sales agreements, the Group may have provided performance guarantees to third parties on behalf of wholly-owned controlled entities to fulfil its permit obligations in various jurisdictions where it conducts its operations.

The Group has made an accounting provision for all known environmental liabilities. There can be no assurance that as a result of new information or regulatory requirements with respect to the Group's assets that provisions will not be increased at a future date.

The Native Title Act ("NTA") may impact on the Group's ability to gain access to new prospective exploration areas or obtain production titles. Some of the Group's onshore petroleum tenements now include land which may become the subject of a Native Title claim under the NTA.

9.2. Capital and other commitments

	2017 $'000	2016 $'000
Capital expenditure commitments		
Contracted but not provided for or payable:		
Not later than one year	**1,350**	13,253
Exploration and evaluation expenditure commitments		
Total exploration and evaluation expenditure contracted for but not provided for in the financial statements, payable:		
Not later than one year	**4,580**	400
Later than one year but not later than five years	**-**	9,700
	4,580	10,100
Time charter commitments		
Floating Production Storage and Offtake vessel ("FPSO") time charter contracted for but not provided for in the financial statements, payable:		
Not later than one year	**-**	21,454
Later than one year but not later than five years	**-**	10,727
	-	32,181
Non-cancellable operating lease rental commitments		
Future operating lease rentals, not provided for in the financial statements, payable:		
Not later than one year	**2,751**	9,552
Later than one year but not later than five years	**2,976**	7,094
	5,727	16,646

As a consequence of the divestment of the Tui Area Oil Interest, the Time charter commitments and other non-cancellable operating lease commitments have been divested.

9.3. Auditor's remuneration

	30 June 2017 $	30 June 2016 $
Audit services		
Ernst & Young Australia		
Audit and review of financial reports	**307,675**	414,899
Other Services		
Taxation compliance services	**-**	57,136
Taxation advisory services	**13,390**	15,000
Advisory and assurance services	**120,000**	17,346
	133,390	89,482
Total remuneration of Ernst & Young	**441,065**	504,381

9.4. Related party disclosures

Non-key management personnel disclosures

The Group has a related party relationship with its controlled entities (Note 8.1) and joint ventures (Note 8.2). The Company and its controlled entities engage in a variety of related party transactions in the ordinary course of business. These transactions are conducted on normal terms and conditions.

Key management personnel disclosures

Refer Note 3.5, Key management personnel disclosures.

9.5. Subsequent events

Other than outlined in this report, there has not been in the period since 30 June 2017 and up to the date of this report any other item, transaction or event of a material and unusual nature likely in the opinion of the Directors, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

SECTION 10: ACCOUNTING POLICIES

10.1. New and amended standards and interpretations

The following standards and interpretations which became effective and were applied for the first time during the year ended 30 June 2017, each was assessed to have no material impact on the Group's consolidated financial statements and disclosures:

AASB 2104–3	Amendments to Australian Accounting standards – Accounting for Acquisitions of Interests in Joint Operations (AASB 1 and AASB 11).
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation.
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements.
AASB 2015-1	Annual Improvements to IFRSs 2012-2014 Cycle.
AASB 2015-2	Amendments to Australian Accounting Standards- Disclosure Initiatives: Amendments to AASB 101.
AASB 2015-5	Amendments to Australian Accounting Standards- Investment Companies: Applying the Consolidation Exemption.

Several other standard amendments and interpretations were applicable for the first time from 1 July 2017, but were not relevant to the Company and do not impact the Group's consolidated financial statement.

In addition, there are a number of recently issued standards and interpretations which are not yet effective and have not been applied which are listed below. The Company is however in the process of assessing their impact; where the impact is likely to be material to the Group, further explanation has been provided in respect of the likely impacts.

2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107, Statement of Cash Flows
2017-2	Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 cycle.
AASB 9, and relevant amending standards	**Financial Instruments** The new standard replaces AASB 139 and includes a logical model for classification, measurement and derecognition of financial assets, a single forward looking "expected loss" impairment model and a substantially reformed approach to hedge accounting. The new standard is effective from 1 July 2018. All hedge positions have been closed out and AWE has no history of non-collection of accounts receivable given the nature of sales to a small number of large customers. As such, the application of this standard is not expected to have a material impact to the Group. On adoption of AASB 9, based on work performed up to the date of this report there is not expected to be: + Material changes in the classification of financial assets and liabilities. + Any significant impact on future results due to fair value changes resulting from credit risk. + Any significant impact upon credit provisions due to the introduction of an expected loss impairment model for determining credit provisions.

AASB 15, and relevant amending standards	**Revenue from Contracts with Customers** The new standard replaces AASB 118 Revenue and IAS 111, Construction contracts and a number of other revenue related interpretations and is effective 1 July 2018. The core principles of AASB15 is that an entity recognises revenue in accordance with the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard has introduced a five-step model as the framework for revenue recognition: **Step 1:** Identify the contracts with a customer **Step 2:** Identify the performance obligation of the contract **Step 3:** Determine the transaction price **Step 4:** Allocate the transaction price to the performance obligations in the contract **Step 5:** Recognise revenue when (or as) the entity satisfies a performance obligation The Group is continuing to assess the impact of the adoption of this standard. At the current stage of analysis the following areas have been identified which require further consideration for treatment in accordance with the new standard: + Gas processing services; + Banked gas and liquids payments; and + Pricing linked to market indices. Based on the assessment performed on these areas to date and the contracts reviewed up to the date of this report the implementation of this standard is not expected to have a material impact on the Group.
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between Investor and its Associate or Joint Venture
AASB16-5	Amendments to Australian Accounting Standards – Classification and measurement of Share-based Payment Transactions
AASB 2017-1	Amendments to Australian Accounting Standards – Transfers of Investments Property, Annual Improvements 2014-2016 Cycle and Other Amendments
AASB Interpretation 22	Foreign Currency Transactions and Advance Consideration
AASB 16	**Lease accounting** The principal change from the previous standard is the introduction of a single lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. The Group has commenced its initial assessment of the impact from this standard and, whilst assessment is in the early stages, the indicative Group impact from adopting the standard can be summarised in two areas: + Identification of a lease: The standard introduces a distinction between a lease and a service contract on the basis of whether a customer is able to control an identifiable assets. The Group anticipates some existing operating and finance leases may fail to meet this definition, and therefore would be treated as a service contract. + Recognition of right-of-use assets and lease liabilities for existing operating leases: The standard removes the previous distinction between operating leases and finance leases and requires that, where a lease is identified in a contract, a right-of-use asset and lease liability are recognised. The Group anticipates that adoption is likely to result in the majority of arrangements currently accounted for as operating leases being recognised on the Consolidated Balance Sheet as right-of-use assets and lease liabilities. The majority of the Groups detailed impact assessment work will be performed during the forthcoming financial year and therefore is not in a position to quantify the full implementation effect of the standard. The Group has no plans for early adoption.
IFRIC 23	**Uncertainty over Income Tax Treatments** The Interpretation, released in June 2017 clarifies the application of recognition and measurement requirements in IAS 12 Income Taxes where there is uncertainty over income tax treatments. An assessment of the possible impact of this interpretation has not been completed.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of AWE Limited (the Company), we state that:

1. In the opinion of the Directors:
   a. The financial statements and accompanying notes, and remuneration report in the Directors' Report, are in accordance with the Corporations Act 2001; including:
      i. giving a true and fair view of the financial position of the Group as at 30 June 2017 and of its performance for the year ended on that date; and
      ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.
   b. The financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.2.
   c. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and Group entities identified in Note 8.4 (the Closed Group) will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those Group entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.
3. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the CEO and Managing Director and the Chief Financial Officer for the financial year ended 30 June 2017.

Signed on behalf of the Board:

Bruce Phillips
Chairman

David Biggs
Managing Director and CEO

Dated at Sydney this 25th day of August 2017.

INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report to the Members of AWE Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AWE Limited (the Company), including its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and other explanatory information and the Directors' declaration of the Company.

In our opinion:

the accompanying financial report of AWE Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's consolidated financial position as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Corporations Act* 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional* Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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1. Carrying Value of Oil and Gas Assets

Why significant	How our audit addressed the key audit matter
The carrying value of Oil and Gas assets represents 40% of the Group's total assets at 30 June 2017. Determination of the carrying value is subjective, as it is dependent on assumptions about the future. The Group has assessed that impairment indicators were present at 30 June 2017 and in accordance with Australian Accounting Standard AASB136 *Impairment of Assets*, impairment testing of oil and gas assets with impairment indicators was undertaken. The principal indicators of impairment were the anticipated delays in reaching Final Investment Decision ("FID") by the Ande Ande Lumut Oil Project ("AAL") and the decline in long term oil price forecasts. The impairment testing process is complex and highly judgmental and is based on assumptions and estimates that are affected by expected future performance and market conditions. The key assumptions adopted by the Group are outlined in the financial report note 5.5. At 30 June 2017, the consolidated entity has recognised an impairment expense of $134.3m against the carrying value of oil and gas assets.	We evaluated those estimates and judgments relating to the determination of cash generating units (CGUs), forecast cash flows and the inputs used to formulate them. This included assessing, in conjunction with our valuation specialists, the discount rates, reserves and resources, inflation rates, operating costs, foreign exchange rates and commodity prices. We evaluated commodity prices with reference to contractual arrangements, market prices (where available), indices, broker consensus views and historical performance. The Group used internal and external experts to provide the reserve and resource assumptions used in the cash flow forecasts. We considered the reserve estimation processes carried out and AWE's internal certification process for technical and commercial experts who are responsible determining reserves and resources. We ensured that the updated reserves and resources estimates were included in the cash flow forecasts, calculation of depreciation, depletion and amortisation, and decommissioning provisions. We also considered the qualifications, objectivity and experience of the Group's experts and assessed whether key reserves economic assumptions were consistent with other operational information. We also considered the adequacy of the financial report disclosures in note 5.5 regarding impairment and the recoverable amount of the consolidated entity's assets.

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2. Write-down of Non-Current Receivables

Why significant	How our audit addressed the key audit matter
In 2013 the Group recognised a non-current receivable in relation to the capital expenditure carry recognised by the Group as consideration for the sale of a 50% interest in AAL. This receivable requires the current operator of AAL to fund a portion of the Group's future capital expenditure requirements, amounting to US$88m and was recorded as a non-current financial asset at amortised cost. The recovery of this amount is dependent on FID being reached and development commencing on the project. Significant judgment is required in determining when the project will be developed and the financial feasibility. Due to ongoing delays and increased uncertainty surrounding the timing of AAL FID and development, the capital expenditure carry has been written down to $nil at 30 June 2017, resulting in a loss of $96.3m. Further details with respect to this loss are set out in the financial report in note 5.2	We have evaluated the assumptions and methodologies used by the Group and the estimates made in determining the feasibility of the underlying project. This included consideration of the valuations performed for impairment purposes (as described above) and assessment of the economic viability of the project to a third party inclusive of the capital expenditure carry payable to the Group. In addition we have discussed with management the likelihood of this project reaching FID in the near term, have considered the delays in the timing of development, and considered the comments made by the operator during the period with regards to them potentially exiting the project. We have also considered the requirements of Australian Accounting Standards and the disclosures in the financial statements.

3. Restoration Provision

Why significant	How our audit addressed the key audit matter
The Group has recognised restoration provisions of $135.4 million at 30 June 2017 which are disclosed in note 6.2 to the financial report. The calculation of restoration provisions required the Group to use internal and external experts. It required significant judgment in respect of asset lives, timing of restoration work being undertaken, environmental legislative requirements, the extent of restoration activities required and future costs.	We considered the work of the Group's experts and performed the following procedures: ▸ assessed the competence and objectivity of both the Group's internal and external experts involved in the provision estimation process; ▸ evaluated the adequacy of the experts' work; ▸ understood the Group's decommissioning and restoration estimation process; ▸ tested the consistency in the application of principles and assumptions to other areas of the audit such as reserves estimation and impairment testing; ▸ tested the mathematical accuracy of the net present value calculations and discount rate applied; ▸ ensured the calculations were correctly reflected in the financial report. We considered the requirements of Australian Accounting Standards and the associated disclosures in the financial statements.

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Other Information

The Directors of the Company are responsible for the other information. The other information comprises the information in the Company's Annual Report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast

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significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 16 to 32 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of AWE Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Trent van Veen
Partner
Sydney
25 August 2017

RESERVES REPORT

Summary of Notable Changes to 2P Reserves and 2C Contingent Resources

Waitsia Gas Field

The transfer of Waitsia Contingent Resources to Undeveloped Reserves following the drilling results from Waitsia-3 in June 2017, which successfully appraised the southern extension of the field. Refer ASX announcement dated 9 August 2017. An additional booking of 2P reserves is anticipated later in 2017 after the results of Waitsia-3 & 4 are incorporated into geological models.

Yolla Gas Field

The adoption of the Operator's revised reserves, as supported by AWE's static and dynamic modelling study. Refer ASX announcement dated 9 August 2017.

Ande Ande Lumut Oil Field

The transfer of Undeveloped Reserves to Contingent Resources due to project delays and the uncertainty of commencing production within the SPE PRMS recommended timeframe. Refer ASX announcement dated 9 August 2017.

Tui Area Oil Fields

The divestment of the Tui Oil Field was completed on 1 March 2017 with an effective date of 30 November 2016.

Lengo Gas Field

The divestment of the Lengo Gas Field pending completion in 2017, with an effective date of 1 April 2016.

RESERVES AND CONTINGENT RESOURCES

As at 30 June 2017

Geographical Area	Proved (1P) Reserves at Evaluation Date 30 June 2017														
	Developed					Undeveloped					Total				
	Sales Gas (PJ)	LPG (K tonnes)	Condensate (million bbls)	Oil (10^6 bbls)	All Products (million BOE)	Sales Gas (PJ)	LPG (K tonnes)	Condensate (million bbls)	Oil (10^6 bbls)	All Products (million BOE)	Sales Gas (PJ)	LPG (K tonnes)	Condensate (million bbls)	Oil (10^6 bbls)	All Products (million BOE)
South East Australia															
Bass Basin	20.0	55.6	0.6	0.0	4.6	0.0	0.1	0.0	0.0	0.0	20.0	55.7	0.6	0.0	4.6
Otway Basin	5.1	0.0	0.0	0.0	0.9	22.2	0.0	0.0	0.0	3.7	27.3	0.0	0.0	0.0	4.6
Western Australia															
Onshore Perth Basin	75.6	0.0	0.0	0.0	12.6	46.1	0.0	0.0	0.0	7.7	121.7	0.0	0.0	0.0	20.3
Indonesia															
Ande Ande Lumut	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AWE Aggregated	**100.7**	**55.6**	**0.7**	**0.0**	**18.1**	**68.3**	**0.1**	**0.0**	**0.0**	**11.4**	**169.0**	**55.7**	**0.7**	**0.0**	**29.5**

Geographical Area	Proved plus Probable (2P) Reserves at Evaluation Date 30 June 2017														
	Developed					Undeveloped					Total				
	Sales Gas (PJ)	LPG (K tonnes)	Condensate (million bbls)	Oil (10^6 bbls)	All Products (million BOE)	Sales Gas (PJ)	LPG (K tonnes)	Condensate (million bbls)	Oil (10^6 bbls)	All Products (million BOE)	Sales Gas (PJ)	LPG (K tonnes)	Condensate (million bbls)	Oil (10^6 bbls)	All Products (million BOE)
South East Australia															
Bass Basin	29.9	83.5	1.0	0.0	6.9	0.1	0.5	0.0	0.0	0.0	30.0	84.0	1.0	0.0	7.0
Otway Basin	5.3	0.0	0.0	0.0	0.9	29.8	0.0	0.0	0.0	5.0	35.1	0.0	0.0	0.0	5.9
Western Australia															
Onshore Perth Basin	148.7	0.0	0.1	0.0	24.8	84.8	0.0	0.0	0.0	14.2	233.8	0.0	0.1	0.0	39.0
Indonesia															
Ande Ande Lumut	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AWE Aggregated	**183.9**	**83.5**	**1.0**	**0.0**	**32.7**	**114.6**	**0.5**	**0.1**	**0.0**	**19.2**	**298.5**	**84.0**	**1.1**	**0.0**	**51.9**

Geographical Area	Reserves Reconciliation (million BOE)													
	Proved (1P) Reserves							Proved plus Probable (2P) Reserves						
	Evaluation Date 30 June 2016	Revision and Reclassification	Transfers	Extensions and Discoveries	Divestments	Production	Evaluation Date 30 June 2017	Evaluation Date 30 June 2016	Revision and Reclassification	Transfers	Extensions and Discoveries	Divestments	Production	Evaluation Date 30 June 2017
New Zealand														
Taranaki Basin	0.6	0.0	0.0	0.0	-0.2	-0.4	0.0	1.1	0.0	0.0	0.0	0.7	-0.4	0.0
South East Australia														
Bass Basin	5.9	0.2	-0.2	0.0	0.0	-1.2	4.6	7.4	1.0	-0.2	0.0	0.0	-1.2	7.0
Otway Basin	4.2	1.0	0.0	0.0	0.0	-0.6	4.6	6.2	0.3	0.0	0.0	0.0	-0.6	5.9
Western Australia														
Onshore Perth Basin	17.0	-0.1	3.9	0.0	0.0	-0.5	20.3	31.7	0.0	7.8	0.0	0.0	-0.5	39.0
Indonesia														
Ande Ande Lumut	16.7	0.0	-16.7	0.0	0.0	0.0	0.0	24.6	0.0	-24.6	0.0	0.0	0.0	0.0
AWE Aggregated	**44.4**	**1.1**	**-13.1**	**0.0**	**-0.2**	**-2.7**	**29.5**	**71.0**	**1.4**	**-17.0**	**0.0**	**0.7**	**-2.7**	**51.9**

Geographical Area	2C Contingent Resources (million BOE)									
	Evaluation Date 30 June 2016	Revisions and Reclassification	Transfers	Extensions and Discoveries	Acquisitions and Divestments	Evaluation Date 30 June 2017	Sales Gas (PJ)	LPG (K tonnes)	Condensate (million bbls)	Oil (10^6 bbls)
New Zealand										
Taranaki Basin	0.9	0.0	0.0	0.0	-0.9	0.0	0.0	0.0	0.0	0.0
South East Australia										
Bass Basin	30.3	0.0	0.2	0.0	0.0	30.6	112.5	394.4	6.5	0.7
Otway Basin	1.3	0.0	0.0	0.0	0.0	1.3	7.4	0.0	0.1	0.0
Western Australia										
Onshore Perth Basin	51.2	-0.1	-7.1	0.0	0.0	43.9	255.4	0.0	1.4	0.0
Indonesia										
Ande Ande Lumut	9.3	-0.2	24.6	0.0	0.0	33.7	0.0	0.0	0.0	33.7
Lengo	9.5	0.0	0.0	0.0	-9.5	0.0	0.0	0.0	0.0	0.0
AWE Aggregated	**102.5**	**-0.3**	**17.7**	**0.0**	**-10.4**	**109.5**	**375.2**	**394.4**	**8.0**	**34.4**

Notes and Reserves Consent

i. 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.

ii. 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.

iii. To ensure accuracy and compliance of Reserves and Resource estimations, AWE has put in place a robust process which incorporates the following governance arrangements and internal controls:

   + Reserves and Contingent Resources estimates are prepared by Asset Managers;
   + All material changes in Reserves and Contingent Resources are presented to the AWE Reserves Committee. Governed by the AWE Reserves Committee Charter, which is formally reviewed and adopted by the Board. The AWE Reserves Committee reviews and endorses Reserves and Contingent Resource proposals by the Technical Reserves Review Panel. The Committee meets as a minimum every six months or when any material changes trigger an ASX announcement based on the continuous disclosure requirements. An independent non-executive director, who is a member of the AWE Audit and Governance Committee and who has an extensive international experience in petroleum geoscience, attends the AWE Reserves Committee in an Observer capacity. Any material changes to previously publicly reported Reserves endorsed by the AWE Reserves Committee will be immediately reported to the Managing Director for consideration for disclosure to ASX under the continuous disclosure requirements of the ASX Listing Rules.
   + The endorsed Reserves and Contingent Resource evaluations are reported to the AWE Audit and Governance Committee and form an integral part of the half-year and annual financial reporting.
   + The AWE practice is to initiate independent audits for those assets with significant Reserves and/or Resource potential on a semi-regular basis, typically at least once every two years subject to the materiality of the asset, complexity of the field and amount of new data that has become available. The purpose is to ensure that AWE Reserve and Resource assessments receive external and independent challenge with respect to methodology, technical validity and commercial rigour.

iv. AWE intends to develop Undeveloped petroleum Reserves in material oil and gas projects. The company actively supports engineering and commercial work necessary to achieve final investment decisions for material Undeveloped Reserves.

v. Reserves and Contingent Resources estimations for all assets are based on deterministic methods

vi. Due to the portfolio effects of the arithmetic summation, 1P Reserves volumes may be a very conservative estimate, whereas 3P Reserves volumes may be very optimistic.

vii. Estimated Contingent Resources are un-risked and it is not certain that these Resources will be commercially viable to produce.

viii. Conversion factors used:

   + Sales Gas: 6 PJ = 1 million BOE
   + LPG: 1 tonne = 11.6 BOE
   + Oil: 1 barrel = 1 BOE
   + Condensate: 1 barrel = 1 BOE

ADDITIONAL INFORMATION

PRODUCTION AND EXPLORATION PERMITS

As at 30 June 2017

Production and Development

Geographic Area	Permit	Project/Field	Interest	Operator
Australia				
Onshore Perth Basin	L1/L2	Dongara, Yardarino	100%	Yes
	L1/L2	Hovea, Xyris	50%	Yes
	L1/L2	Waitsia	50%	Yes
	L1/L2	Senecio, Corybas	50%	Yes
	L4/L5	Woodada	100%	Yes
	L7[1]	Mt Horner	100%	Yes
	L11	Beharra Springs, Redback Terrace	33%	No
Bass Basin	T/L1	Yolla	35%	No
Otway Basin	VIC/L24	Casino	25%	No
	VIC/L30	Henry, Netherby	25%	No
Indonesia				
Natuna Sea	Northwest Natuna PSC	Ande Ande Lumut	50.00%	No
Java Sea	Bulu PSC[1]	Lengo	42.50%	No

Exploration and Appraisal

Geographic Area	Permit	Project/Field	Interest	Operator
Australia				
Onshore Perth Basin	EP320	Synaphea, Irwin	33%	No
	EP413	Arrowsmith	44.25%	No
	EP455	Drover	81.50%	Yes
Offshore Perth Basin	WA-512-P		100%	Yes
North Carnarvon Basin	WA-497-P		100%	Yes
	WA-511-P		100%	Yes
Bass Basin	T/RL2	Trefoil	40%	No
	T/RL3	Rockhopper	40%	No
	T/RL4	White Ibis	40%	No
	T/RL5	Bass-3	40%	No
Otway Basin	VIC/RL11	Martha	25%	No
	VIC/RL12	Blackwatch	25%	No
	VIC/P44		25%	No
New Zealand				
Onshore Taranaki Basin	PEP55768		51%	Yes
Indonesia				
Java Sea	East Muriah PSC[2]		50%	No
	Terumbu PSC[2]		100%	Yes

1. Asset sold, subject to completion.
2. Awaiting government approval to relinquish

Summary of Notable Changes

On 13 December 2016, AWE entered into an agreement to sell its 57.5% working interest in the Tui Area Oil Fields to Tamarind Management Sdn Bhd, for USD 1.5 million. The transaction was completed on 1 March 2017 with an effective date of 30 November 2016 (deleted from table).

On 5 May 2016, AWE entered into an agreement to sell its 42.5% interest in the Bulu PSC, including the undeveloped Lengo gas project, to a subsidiary of HyOil Pte Ltd for up to A$27.5 million cash. The transaction is expected to complete in 2017 with an effective date of 1 April 2016.

On 9 September 2016, AWE entered into an agreement to sell its 41.141% interest in the L14 Permit in the Perth Basin, which incorporates the Jingemia Oil Field, to Cyclone Energy and RCMA Australia. The transaction was completed on 17 July 2017 (deleted from table).

On 30 June 2017, AWE entered into an agreement to sell its 100% interest in the L7 Permit in the Perth Basin, which incorporates the Mount Horner Oil Field, to Key Petroleum Ltd. The transaction is awaiting approval from the Department of Mines and Petroleum and is expected to be complete in FY18.

The North Madura and Titan PSCs have been relinquished following official communication from MIGAS (deleted from table).

The East Muriah and Terumbu PSCs are awaiting official communication from MIGAS to relinquish the blocks.

GLOSSARY

$ or A$	Australian Dollars
2C	Contingent Resources
2D	two-dimensional
2P	Proved and Probable Resources
3D	three-dimensional
AAPG	American Association of Petroleum Geologists
AMI	Area of Mutual Interest
APPEA	Australian Petroleum Production & Exploration Association
APR	means the New Zealand Accounting Profits Royalty
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
bbl	barrel
BCF	billion cubic feet
BOE	barrels of oil equivalent
BOPD	barrels of oil per day
Capex	capital expenditure
CDP	Carbon Disclosure Project
CPI	Consumer Price Index
CPS	cents per share
CY	calendar year
EBIT	earnings before interest and tax
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 vessel
FY	financial year
GJ	gigajoule
GST	Goods and Services Tax
HSE	Health, Safety and Environment
km	kilometre
KPI	Key Performance Indicator
K tonnes	thousand tonnes
LNG	Liquefied Natural Gas
LPG	liquefied petroleum gas
LTIF	loss time injury frequency
LTIFR	lost time injury frequency rate
M&A	Mergers and Acquisitions
MLE	mid life enhancement
million bbls	million barrels
mmbbls	million barrels
MMBOE	million barrels of oil equivalent
mmscf/d	million standard cubic feet per day
NGERs	National Greenhouse & Energy Reporting Scheme
NPAT	Net Profit After Tax
pa	per annum
PESA	Petroleum Exploration Society of Australia
PJ	petajoule
POD	Plan of Development
PSC	Production Sharing Contract
Probable reserves	means reserves additional to proved reserves that can be estimated with a degree of certainty (greater than 50% probability) sufficient to indicate they are more likely to be recovered than not
Proved reserves	means reserves that can be estimated with reasonable certainty (greater than 90% probability) to be recoverable under current economic conditions
PRRT	means the petroleum resource rent tax imposed with respect to petroleum products pursuant to the Petroleum Resource Rent Tax Act 1987 (Cth) and the Petroleum Resource Rent Tax Assessment Act 1987 (Cth)
reserves	means the volume of economically recoverable oil or gas contained in a geological formation form a given date forward
reservoir	means a rock that is both porous and permeable
SPEE	Society of Petroleum Evaluation Engineers
sq km	square kilometres
spud	date when drilling begins
TJ	terajoule
TRCF	total reportable case frequency
TRIFR	total recordable incident frequency rate
TSR	total shareholder returns
US$ or USD	US Dollars
WHP	well head platform
WPC	World Petroleum Council
WTI	West Texas Intermediate

CONVERSION TABLES

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}

STOCK EXCHANGE AND SHAREHOLDER INFORMATION

As at 25 September 2017

Issued capital

The Company had 528,366,959 fully paid ordinary shares on issue.

Voting rights

Article 14 of the Company's Constitution details the voting rights of members. This Article provides that, on a show of hands, every member present in person or by proxy shall have one vote and, upon a poll, shall have one vote for each share held.

Share rights

The Company had on issue 7,227,360 cash share rights under the Long Term Performance Benefit Plan.

Distribution of equity security holders

	Number of ordinary shareholders
1 – 1,000	4,236
1,001 – 5,000	6,627
5,001 – 10,000	2,716
10,001 – 100,000	3,786
100,001 – Over	304
	17,669

There were 4,401 shareholders with less than a marketable parcel of 1,112 shares.

On-market buy-back

There is no current on-market buy-back.

Other information

AWE Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number
Ellerston Capital	79,506,009
CBA	42,675,989
Norges Bank	32,549,839
United Super	27,161,589

Twenty largest quoted equity security holders

The twenty largest shareholders were:

Shareholder	Number Held	Percentage of Issued Capital
J P Morgan Nominees Australia Limited	94,722,825	17.93
Citicorp Nominees Pty Limited	78,648,074	14.89
HSBC Custody Nominees (Australia) Limited	60,377,119	11.43
National Nominees Limited	29,399,793	5.56
BNP Paribas Noms Pty Ltd	13,135,594	2.49
BNP Paribas Nominees Pty Ltd	6,768,604	1.28
Zero Nominees Pty Ltd	3,000,000	0.57
Key Resource Analysts Ltd	2,812,042	0.53
HSBC Custody Nominees (Australia) Limited	2,186,754	0.41
Nero Resource Fund Pty Ltd	2,000,000	0.38
CS Fourth Nominees Pty Limited	1,896,184	0.36
Citicorp Nominees Pty Limited	1,801,852	0.34
Chembank Pty Limited	1,600,000	0.30
Mr Leendert Hoeksema + Mrs Aaltje Hoeksema	1,460,000	0.28
Nulis Nominees (Australia) Limited	1,456,287	0.28
D & T Investments Pty Ltd	1,430,402	0.27
Forsyth Barr Custodians Ltd	1,257,922	0.24
Ms Juan Chen	1,090,000	0.21
Warbont Nominees Pty Ltd	1,036,407	0.20
Berne No 132 Nominees Pty Ltd	1,000,000	0.19
One Managed Invt Funds Ltd	1,000,000	0.19
Total	**308,079,859**	**58.31**

FIVE YEAR FINANCIAL SUMMARY

Year to June (All figures in $'000)	2017	2016	2015	2014	2013
Summary Profit and loss					
Revenue	**105,013**	204,146	284,930	329,291	301,774
Amortisation	**(36,418)**	(96,567)	(119,102)	(117,575)	(105,020)
Results from operating activities	**(249,908)**	(330,855)	(297,572)	106,513	60,881
Net finance costs	**(7,586)**	(14,226)	(11,931)	(10,090)	(9,420)
Profit / (loss) before tax	**(221,213)**	(326,328)	(309,503)	96,423	51,431
Tax (expense)/benefit	**3,687**	(36,693)	79,305	(33,923)	(31,394)
(Loss)/profit for the year	**(217,526)**	**(363,021)**	**(230,198)**	**62,500**	**20,037**
Summary Balance Sheet					
Total current assets	**46,814**	87,208	112,253	178,293	103,381
Total non-current assets	**398,242**	664,559	1,243,603	1,024,250	1,078,128
Total assets	**445,056**	**751,767**	**1,355,856**	**1,202,543**	**1,181,509**
Total current liabilities	**35,885**	81,809	114,257	121,855	91,175
Total non-current liabilities	**200,426**	234,277	435,448	139,513	201,363
Total liabilities	**236,311**	316,086	549,705	261,368	292,538
Total shareholder equity	**208,745**	**435,681**	**806,151**	**941,175**	**888,971**
Summary Cashflows					
Net cash provided by operating activities	**19,866**	70,347	62,198	123,686	118,190
Net cash (used in)/ provided by investing activities	**(90,475)**	72,746	(223,775)	(45,555)	(175,780)
Net cash provided by/ (used in) financing activities	**53,177**	(153,779)	164,538	(77,834)	56,274
Cash at end of financial year	**12,826**	**32,562**	**46,559**	**42,144**	**41,131**

Note: Financial data for 2017 and 2016 represents combined continued and discontinued operations.

CORPORATE DIRECTORY

AWE Limited

ABN 70 077 897 440
PO Box 733, North Sydney NSW 2059

Place of Incorporation

New South Wales, Australia

Board of Directors

Bruce Phillips (Chairman)
David Biggs (CEO & Managing Director)
Kenneth Williams (Deputy Chairman)
David McEvoy
Ray Betros
Karen Penrose

Company Secretary

Neville Kelly

Registered Office and Principal Business Office

Level 16, 40 Mount Street
North Sydney NSW 2060
Australia

Telephone: +61-2-8912 8000
Facsimile: +61-2-9460 0176
Email: awe@awexplore.com
Website: www.awexplore.com

Perth Office

Level 3, 1101 Hay Street
West Perth WA 6005
Australia

Telephone: +61-8-9480 1300
Facsimile: +61-8-9480 1388

Share Register

Computershare Investor Services Pty Limited

452 Johnston Street
Abbotsford VIC 3067 Australia

Telephone: 1300 850 505 (within Australia)
Telephone: +61-3-9415 5000 (outside Australia)

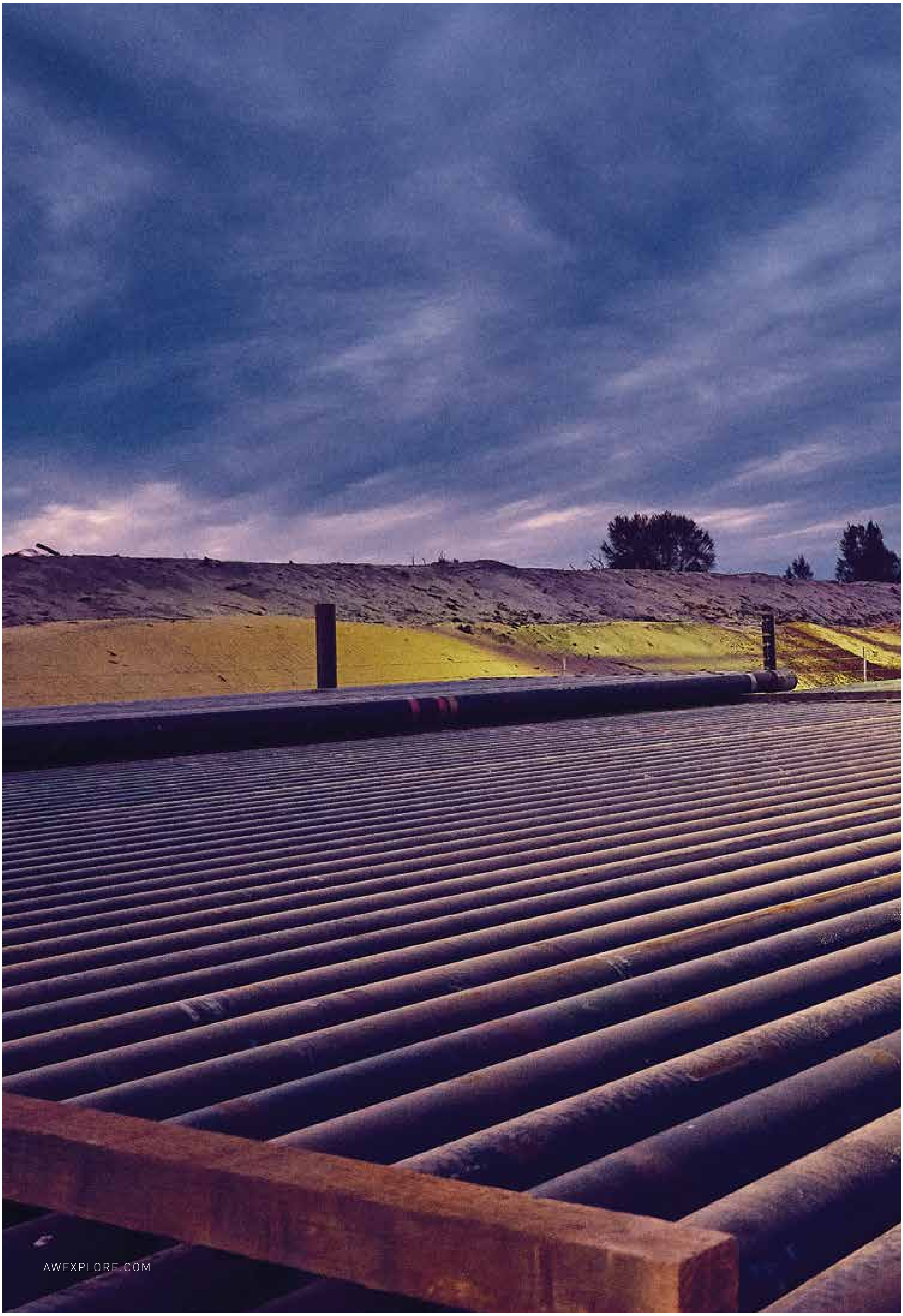
Auditor

Ernst & Young
EY Centre
200 George Street
Sydney NSW 2000

Stock Exchange

Australian Securities Exchange (Sydney) ASX Code: AWE

AWE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