

Quarterly Report

For the 3 months to 30 September 2015



HIGHLIGHTS

PRODUCTION AND DEVELOPMENT

- Total quarterly production of 1.38 mmboe, down 3% on the previous quarter
- BassGas production up 23% over previous quarter, after Yolla-5 and Yolla-6 development wells brought onto production
- Sugarloaf 2P Reserves upgraded to 47.8 mmboe at 30 June 2015 following independent review and further drilling of the Austin Chalk (Sugarloaf 2P plus 2C now 65 mmboe net to AWE)
- Net 2P Reserves of 114.4 mmboe, more than 22 years of production at current rates, and 2C Resources of 121.9 mmboe, with the ability to convert the majority of these assets to 2P within the short to medium term

EXPLORATION AND APPRAISAL

- Combined gross 2P Reserves and 2C Resources for Waitsia, Senecio, Synaphea and Irwin increased to 721 Bcf of gas (67 mmboe net to AWE)
- Excellent conventional flow test results from Waitsia-1 recorded in October 2015 with a combined flow rate exceeding 50 mmscf/d, comprising 24.7 mmscf/d from the High Cliff Sandstone formation and 25.7 mmscf/d from the Kingia formation

FINANCIAL AND CORPORATE

- Sales revenue of \$59.4 million, down 27% on the previous quarter
- Average realised oil and condensate price for the quarter was A\$60.13/bbl
- Oil price hedging program implemented to underpin cash flow in FY16
- Net debt of \$156 million, comprising cash of \$54 million and drawn debt of \$210 million, at 30 September 2015 with \$190 million of corporate debt facility undrawn
- No Lost Time Injuries or reportable environmental incidents during the quarter
- Agreement to sell 57.5% working interest in the Cliff Head oil field announced in October 2015
- MD and CEO, Bruce Clement, to step down in CY 2016 in line with succession planning strategy

	QUARTERLY PRODUCTION BY PRODUCT '000 BOE	QUARTERLY SALES REVENUE BY PRODUCT \$'000
OIL	320	18,647
CONDENSATE	234	17,349
LPG	133	3,479
GAS	698	19,959
TOTAL	1,384	59,434

Numbers may not add due to rounding



MANAGING DIRECTOR'S COMMENTS

The first quarter of the 2015-16 financial year was positive for AWE, with good progress made on major development projects, cost reduction initiatives, safety and environment.

The major highlight so far in this financial year has been the outstanding success of the appraisal program in the north Perth Basin, Western Australia. After evaluating the results from the Waitsia-2 appraisal well in July and August, gross combined 2P Reserves and 2C Resources for the Waitsia, Senecio, Synaphea and Irwin gas fields was increased to 721 Bcf.

More recently, flow testing at Waitsia-1 in October has achieved a combined gas flow rate greater than 50 mmscf/d from the conventional Kingia and High Cliff Sandstone formations. These results are exceptional and will enable us to reduce the number of wells, and the development costs, for the full field development.

AWE has started this financial year with a very strong book of Reserves and Resources. We have net 2P Reserves of 114.4 mboe, more than 22 years of production at current rates, and 2C Resources of 121.9 mboe, with the ability to convert the majority of these assets to 2P within the short to medium term.

One of the biggest increases in Reserves and Resources came from the Sugarloaf AML, where combined 2P Reserves and 2C Resources now total 65 mboe net to AWE (at 30 June 2015). The Operator is currently targeting further cost reductions to bring total costs per well under US\$5 million.

Production of 1.38 mboe was down slightly on the previous quarter, which was boosted by the initial flush production from the Pateke-4H well at Tui. Notably, BassGas production was up 23% following the tie-in of the Yolla-5 and 6 development wells, and Sugarloaf production was up 7% after 20 wells (gross) were brought onto production.

In Asia, AWE's two development projects in Indonesia continued to move forward, with FEED work completed for both the AAL oil project and the Lengo gas project. In October, we drilled our second exploration well in China, although no hydrocarbon shows were recorded.

Pleasingly, safety performance throughout the quarter improved and no Lost Time Injuries (LTIs) were recorded and there were no reportable environmental incidents.

The company remains very focused on implementing cost reduction initiatives within a disciplined financial framework. Field opex reduced by 21% during the quarter and our total investment expenditure (exploration and development) reduced by 29%. We are reducing staffing levels across our Sydney and New Plymouth offices by approximately 30% and we will close our Jakarta project office by the end of the year, replacing it with a representative office.

The divestment of non-core assets is proceeding and we have agreed to sell our 57.5% interest in the Cliff Head oil project to Elixir Petroleum, conditional on the purchaser securing acquisition funding and JV approval. We also took steps to underpin future cash flows and put in place an oil hedging program from October 2015 through to June 2016. This will provide certainty of cash flow as we move forward with the development of our growth projects.

Low oil prices continue to present challenges to our industry. AWE's clear strategy and disciplined financial management has us well positioned to manage volatile market conditions and remain focused on delivering our core growth projects.

Bruce Clement
Managing Director and CEO

FINANCIAL & CORPORATE

FINANCIAL

September quarter production was 1.38 mmbbl, 3% lower than the June quarter. Production increases at BassGas, up 23%, and Sugarloaf, up 7%, largely offset the expected decline in production from Tui's Pateke-4H well. Liquids comprised 50% of quarterly production with gas providing 50%.

Total sales revenue for the September quarter was \$59 million, down 27% from the \$81 million recorded in the June quarter due to only one lifting occurring at Tui and significantly lower oil prices. The average realised price for oil and condensate was A\$60.13/bbl.

Field opex was reduced by 21% to \$33 million and Field EBITDAX for the period was \$27 million, down 34% from the previous quarter.

Development expenditure for the quarter was \$52 million, down 26% from the previous quarter, and exploration expenditure was \$8 million, down 40%. Taken together, total development and exploration expenditure was reduced by 29% and reflects AWE's commitment to adapt to the low oil price conditions.

During the quarter, AWE implemented an oil price hedging program to underpin cash flow:

- 537,000 barrels of oil hedged for the 9 months from October 2015 to June 2016 at a weighted average WTI price of US\$46.65/barrel in relation to the Sugarloaf asset; and
- 718,000 barrels of oil hedged for the 9 months from October 2015 to June 2016 at a weighted average Brent price of US\$50.85/barrel in relation to Australian and New Zealand production assets.

At the end of the September quarter, AWE's financial position remained sound with cash of \$54 million, \$210 million of drawn debt and undrawn facilities of \$190 million. Net debt was \$156 million.

FINANCIAL HIGHLIGHTS	3 months to Sept 2015	3 months to June 2015	3 months to Sept 2014
	\$'000	\$'000	\$'000
Exploration expenditure			
South East Australia	291	(610)	1,712
Western Australia	1,311	12,144	8,082
New Zealand	(503)	(185)	4,629
Indonesia	827	915 ¹	2,403
Yemen	(387)	34	324
China	6,292	976	13,070
Other	391	421	1,387
Total	8,222	13,695¹	31,609

	3 months to Sept 2015	3 months to June 2015	3 months to Sept 2014
	\$'000	\$'000	\$'000
Development expenditure			
South East Australia	23,483	29,405 ¹	5,091
Western Australia	5,857	855	166
New Zealand	(2,425)	519	2,323
USA	20,011	34,432	28,881
Indonesia	5,128	5,532 ¹	5,348
Total	52,054	70,743¹	41,810

1. Includes adjustment from previous quarter.

Note: Financial highlights are preliminary and unaudited. Numbers may not add due to rounding.

FINANCIAL HIGHLIGHTS (continued)

	\$ million	\$ million	\$ million
Sales Revenue	59	81	85
Field Opex	33	41	32
Field EBITDAX	27	41	52

Note: Financial highlights are preliminary and unaudited. Numbers may not add due to rounding.

CORPORATE

Dr Vijoleta Braach-Maksvytis announced her resignation from the board of directors effective at the close of the 2015 Annual General Meeting after serving since October 2010. Dr Braach-Maksvytis chaired the company's People Committee and will leave her position to pursue other business interests.

The AWE Limited Annual General Meeting for shareholders is being held at the Museum of Sydney on Friday, 20 November, 2015. The Notice of Meeting has been distributed and further details are available on the company's website at www.awexplore.com.

In line with AWE's succession planning strategy, Mr. Bruce Clement will step down as Managing Director and Chief Executive Officer in 2016 after more than five years in the role. The company has commenced a search for a new MD and CEO.

In the September quarter, AWE completed the sale of its 19.25% interest of Block 7 in the Shabwa Basin, Yemen to Petsec Energy for nominal consideration.

AWE Limited has also agreed to sell its 57.5% working interest in the Cliff Head oil field to Elixir Petroleum Limited for \$1 million upfront and up to \$9 million in contingent payments over the next five years. The effective date is 1 October 2015 and Elixir has an exclusivity period to 30 November 2015 to conclude its due diligence on the project, with an option to extend that period to 24 December 2015 on payment of a 10% non-refundable deposit. The sale is conditional on the purchaser securing funding for the acquisition and JV approval.

PRODUCTION & DEVELOPMENT

SOUTH EAST AUSTRALIA

BassGas Project (35%)

Gross production for the September quarter was up 23% from the previous quarter and comprised 4.05 PJ of gas, 138,500 barrels of condensate and 11,800 tonnes of LPG. The average gross daily rate for the quarter was approximately 44 TJ/day. AWE's share of production was approximately 1.41 PJ of gas, 48,000 barrels of condensate and 4,100 tonnes of LPG.

The Yolla-5 and Yolla -6 development wells were brought online during the quarter and, when co-mingled with Yolla-4, production regularly exceeded 60 TJ/d. Demobilisation of the West Telesto jack-up drilling rig, used to drill Yolla-5 and 6, was completed in October 2015.

The final stage of the Mid Life Enhancement Project (MLE), the hook-up and commissioning of the gas compression and condensate pumping modules, is planned to occur over the next two financial years.

Following the Operator's preliminary reassessment of new data obtained during the drilling program, AWE reduced its 2P Reserves for the Yolla field by 5.5 mmboe to 13.4 mmboe at 30 June 2015.

Casino Gas Project (25%)

Gross quarterly production for the Casino Gas Project remained steady, quarter on quarter, with approximately 5.8 PJ of sales gas and 3,600 barrels of condensate. The average gross daily rate for the quarter was approximately 63 TJ/day. AWE's share of production was approximately 1.4 PJ of sales gas and

900 barrels of condensate. An annual two week shut-down for plant maintenance is underway and scheduled for completion at the end of October 2015.

WESTERN AUSTRALIA

Waitsia Gas Project (50%, Operator)

Following the drilling of the Waitsia-2 well, AWE increased the gross 2P Reserves plus 2C Contingent Resources for the Waitsia gas field by 67%, from 290 Bcf to 484 Bcf of gas, from the conventional Kingia and High Cliff Sandstone formations.

Estimates for the Irwin, Synaphea and Senecio fields, predominantly tight gas plays in the Dongara and Wagina sandstone formations, were also revised. AWE increased gross 2C Resources for these fields to 237 Bcf of gas, bringing the total combined gross 2P Reserves and 2C Resources for Waitsia, Senecio, Synaphea and Irwin to 721 Bcf.

In early October, AWE commenced the flow testing program for the Waitsia-1 well to further appraise the Waitsia gas field discovery. The High Cliff Sandstone was the first of two planned zones to be flow tested. A 23.5 metre interval (3,382 – 3,405.5 metres) was perforated and the well flowed gas at an average rate of 24.7 mmscf/d, constrained by tubing size, on a 60/64 inch choke at approximately 1,330 psig flowing well head pressure over a 1 hour period.

In late October, the second zone in the Waitsia-1 well, the shallower Kingia Formation, was flow tested. A 15 metre interval (3,333 – 3,348 metres) was perforated and an average gas flow rate of 25.7 mmscf/d was achieved, constrained by tubing size, on a 56/64 inch choke at approximately 1,530 psig flowing well head pressure over a period of approximately one hour.

The total combined flow rate of more than 50 mmscf/d achieved at Waitsia-1 will enable AWE to reduce the number of wells, and development costs, needed to achieve the targeted production rate of 100 mmscf/d for the full field development, with the potential to increase the field production rate.

Engineering and planning work for the first stage of development is well advanced, with early stage production of approximately 10 mmscf/d planned for mid-2016, subject to receiving regulatory approvals.

Cliff Head Oil Field (57.5%)

Gross quarterly production for Cliff Head decreased 10%, quarter on quarter with approximately 141,000 barrels at an average rate of 1,530 bopd. AWE's share was 81,000 barrels.

Onshore Perth Basin (33–100%, some Operated)

Gross production for the September quarter increased 53% from the previous quarter. AWE's share of production from the various onshore Perth Basin assets was 653 TJ of gas and 700 barrels of oil/condensate.

NEW ZEALAND

Tui Area Oil Fields (57.5%, Operator)

Gross production from the Tui Oil Fields decreased 40% from the previous quarter with approximately 414,000 barrels (net of fuel oil consumed) produced at an average daily rate of 4,500 bopd.

AWE's share of production was 238,000 barrels. Lower production was consistent with the expected decline in production from the Pateke-4H well as the well came off initial flush production during the previous quarter.

Tui oil sales during the quarter totalled 377,053 barrels, of which 216,805 was AWE's share. Inventory at the end of the September quarter was 163,624 barrels, net 94,038 barrels to AWE.

INDONESIA

Ande Ande Lumut Oil Project (50%)

FEED work for this 101 mmbbl oil project has been completed and tendering for the WHP and FPSO vessel is planned to continue over the remainder of calendar year 2015 and into the first half of 2016. As previously reported, FID for the project is scheduled for the second half of the 2016 calendar year. The joint venture is

also considering drilling an appraisal well in the underlying G-Sand reservoir, estimated to contain an additional 36 mmbbl of oil, in the first half of 2016 calendar year.

Lengo Gas Project (42.5%)

The Lengo Gas Project is making good progress. FEED work for the offshore facilities and pipeline, and the geophysical and geotechnical surveys for the WHP site, the pipeline route and the onshore receiving terminal, have been completed. Negotiations for a gas sales agreement are well advanced and gas prices in the East Java are strong.

USA

Sugarloaf AMI (~10%, net ~7.5% after royalties)

Production from Sugarloaf increased in the September quarter. AWE's net share after royalties comprised 184,000 barrels of oil/condensate, 7,300 tonnes of LPG and 670 TJ of gas.

In the September quarter, 20 wells were brought onto production and 22 new wells were spudded. At the end of the quarter there were 251 wells producing (gross), including 38 wells in the Austin Chalk. Inventory wells totalled 63 (gross) and the number of drill rigs has been reduced from four to two. The Operator is targeting further cost reductions from its drilling, fracking and completion activities to bring total costs per well under US\$5 million.

2P Reserves and 2C Resources at Sugarloaf AMI were upgraded to 47.8 mmboe and 17.1 mmboe respectively at 30 June 2015.

EXPLORATION & APPRAISAL

AUSTRALIA

Perth Basin

In EP455 (AWE 81.5%, Operator), the Drover-1 exploration well was decommissioned in mid-October 2015. An application to renew the permit has been submitted to the DMP.

In EP413 (AWE 44.25%), the Operator has commenced 3D seismic processing and anticipates that the survey results should become available during the December 2015 quarter.

In WA-512P (AWE 100%), 2D and 3D PSDM seismic reprocessing is under way.

Bass Basin

In T/18P (AWE 40%), four retention leases covering the Trefoil, Rockhopper, White Ibis and Bass discoveries were awarded. The remaining acreage in T/18P has been surrendered.

Otway Basin

In permit VIC/P44 (AWE 25%), interpretation of reprocessed 3D PSDM seismic data is ongoing and the Operator is reviewing prospectivity.

North Carnarvon Basin

In WA-497P (AWE 100%, Operator), interpretation of approximately 1,200km² of 3D and 280km of 2D seismic survey data is underway.

In WA-511P (AWE 100%, Operator), interpretation of the multi-client Eendracht 3D seismic survey data has commenced.

NEW ZEALAND

Taranaki Basin

In onshore permit PEP 55768 (AWE 51%, Operator), work continued on evaluating the opportunity to drill a vertical exploration well in the second half of the 2016 calendar year.

INDONESIA

East Java Sea

In the North Madura PSC (AWE 50%, Operator) interpretation of the 2D seismic survey is proceeding.

CHINA

Bohai Basin

In Block 09/05 (AWE 40%) in the offshore Bohai Bay in China the joint venture completed the drilling of the second of two exploration wells. The well did not encounter commercial quantities of hydrocarbons and the JV will now proceed to plug and abandon the well.

SUMMARY OF ABBREVIATIONS

2C	Contingent Resources
2P	Proved and Probable Reserves
AAL	Ande Ande Lumut oil project
AMI	Area of Mutual Interest
Bcf	Billion cubic feet
BOE	Barrels of Oil Equivalent
Bbls	Barrels
Bopd	Barrels of oil per day
CEO	Chief Executive Officer
DMP	Department of Mines and Petroleum, Western Australia
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
JV	Joint Venture
LPG	Liquefied Petroleum Gas
LTI	Lost Time Injuries
MD	Managing Director
MLE	Mid Life Enhancement
mmboc	Million Barrels of Oil Equivalent
mmbbl	Million Barrels
mmscf/d	Million Standard Cubic Feet of gas per Day
MDRT	Measured Depth below Rotary Table
PSDM	Prestack Depth Migration
PJ	Petajoules
PSC	Production Sharing Contract
TD	Total depth
TJ	Terajoules
TVDSS	Total Vertical Depth Sub Sea
WHP	Well Head Platform

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

PRODUCTION SUMMARY

	3 months to Sep 2015	3 months to Jun 2015	% Change	3 months to Sep 2015	3 months to Sep 2014	% Change
NEW ZEALAND						
Tui						
Oil ('000 Bbls)	238	394	-40%	238	177	35%
SOUTH EAST AUSTRALIA						
BassGas						
Condensate ('000 Bbls)	48	41	19%	48	64	-24%
LPG (Tonnes)	4,141	3,367	23%	4,141	5,606	-26%
Gas (TJ)	1,418	1,140	24%	1,418	1,721	-18%
Casino/Henry/Netherby						
Condensate ('000 Bbls)	1	1	26%	1	1	-17%
Gas (TJ)	1,445	1,443	0%	1,445	1,872	-23%
WESTERN AUSTRALIA						
Cliff Head						
Oil ('000 Bbls)	81	90	-10%	81	108	-25%
Onshore Perth Basin						
Oil ('000 Bbls)	0.7	0.5	47%	1	1	-29%
Gas (TJ)	653	426	53%	653	663	-2%
ONSHORE USA						
Sugarloaf AMI						
Condensate ('000 Bbls)	184	176	5%	184	143	29%
LPG (Tonnes)	7,307	7,057	4%	7,307	4,282	71%
Gas (TJ)	670	587	14%	670	406	65%
TOTAL						
Oil ('000 Bbls)	320	484	-34%	320	286	12%
Condensate ('000 Bbls)	234	218	7%	234	208	12%
LPG (Tonnes)	11,449	10,425	10%	11,449	9,888	16%
Gas (TJ)	4,187	3,595	16%	4,187	4,662	-10%
Total ('000 BOE)	1,384	1,422	-3%	1,384	1,386	0%
PRODUCTION BY PROJECT ('000 BOE)						
Tui	238	394	-40%	238	177	35%
BassGas	333	270	23%	333	416	-20%
Casino/Henry	242	241	0%	242	313	-23%
Cliff Head	81	90	-10%	81	108	-25%
Onshore PB	110	71	53%	110	112	-2%
Sugarloaf AMI	381	356	7%	381	260	46%
Total ('000 BOE)	1,384	1,422	-3%	1,384	1,386	0%

Note: Numbers may not add due to rounding

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}

RESERVES AND RESOURCES

The reserve and resource information contained in this announcement is based on and fairly represents information and supporting documentation prepared by and under the supervision of qualified petroleum reserves and resource evaluators: Dr. Suzanne Hunt, AWE Manager for Engineering and Development, and Mr. Neil Tupper, AWE General Manager for Exploration and Geoscience. Dr. Hunt, a Petroleum Engineer with a Ph.D. in Geomechanics, is a member of Society of Petroleum Engineer Engineers and has over 18 years' experience in the petroleum sector in field development planning, reserves estimation, production and facilities engineering. Mr. Tupper, a member of Society of Petroleum Engineers and American Association of Petroleum Geologists, holds MSc in Sedimentology and its Applications and BSc (Hons) in Geology. Mr Tupper has over 31 years of industry experience with specific expertise in strategic planning, portfolio analysis, prospect evaluation, technical due diligence and peer review, reserves and resource assessment, unitisation and business development. Both have consented in writing to the inclusion of this information in the format and context in which it appears.

ABOUT AWE LIMITED

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

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

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