Issued by AWE Limited on 29 January 2016

Quarterly Report

For the 3 months to 31 December 2015

HIGHLIGHTS

PRODUCTION AND DEVELOPMENT

- Total production of 1.5 mmboe for the December quarter, up 7% over the previous quarter, with Sugarloaf up 30% and BassGas up 27%.
- YTD production of 2.9 mmboe, up 12% over the previous corresponding six months, with BassGas up 22%, Sugarloaf up 44% and Tui up 33%.
- FID for Waitsia Stage 1A achieved in early January 2016 following a gas sales agreement with Alinta for 10 TJ/day over a 2.5 year period.

EXPLORATION AND APPRAISAL

- Excellent flow test results from Waitsia-1 achieved in October 2015 with a combined rate in excess of 50 mmscf/d from the conventional Kingia and High Cliff Sandstone formations.
- Offshore Indonesia, the Operator of the AAL oil project is planning to drill an appraisal well on the underlying G-Sand, targeting an additional 36 mmbbl gross 2C Resource to the established 101 mmbbl gross 2P Reserves.

FINANCIAL AND CORPORATE

- AWE to sell its 10% interest in the Sugarloaf AMI for US$190 million (A$271 million). At anticipated completion in March 2016, AWE estimates a net cash position of approximately A$60 million.
- Revenue of $63 million for the December quarter, up 7% over the previous quarter. Total revenue for the six months to 31 December 2015 was $122 million, down 24% over the previous corresponding six months and Field EBITDAX was $53 million.
- The average realised oil and condensate price for the December quarter, inclusive of hedging, was A$67.66 per barrel.
- At 31 December 2015, prior to the Sugarloaf sale, AWE had net debt of $197 million and undrawn facilities of $173 million.
- No Lost Time Injuries (LTIs) or reportable environmental incidents during the quarter.

	QUARTERLY PRODUCTION BY PRODUCT '000 BOE	QUARTERLY REVENUE BY PRODUCT $'000
OIL	275	17,624
CONDENSATE	303	19,331
LPG	175	6,536
GAS	728	19,100
TOTAL	**1,481**	**62,591**

Note: Numbers may not add due to rounding. Revenue includes effective hedging where applicable.

AWE LIMITED LEVEL 16, 40 MOUNT STREET NORTH SYDNEY NSW 2060 AUSTRALIA
P +61 2 8912 8000 F +61 2 9460 0176 E awe@awexplore.com ABN 70 077 897 440 www.awexplore.com

MANAGING DIRECTOR'S COMMENTS

AWE performed well in the second quarter of the 2015-16 financial year, improving production and revenue and significantly reducing expenditure. Production and revenue increased by 7% over the previous quarter, to 1.5 mmboe and $63 million respectively, while combined development and exploration expenditure was down by a substantial 56%.

Strategically, we have worked hard to reshape the company and adapt to the low oil price environment, with a number of key initiatives delivering positive results:

- The recently announced divestment of Sugarloaf for US$190 million (A$271 million) is an excellent outcome that will allow us to strengthen the balance sheet by repaying all debt drawn under the Company's debt facility and recycle capital.
- The Waitsia gas project achieved FID for Stage 1A and first gas is scheduled for August 2016.
- Hedged oil revenues in Australia, New Zealand and the USA are well in the money at current oil prices and will underpin certainty of cash flow for the remainder of the financial year.
- Cost reduction activities are gaining traction, including closure of our Indonesian project office, reduced staff numbers, deferral of exploration commitments, and reduced development expenditure and operating costs.

The sale of Sugarloaf is significant on a number of levels. Apart from ensuring AWE maintains a robust balance sheet through a low oil price environment, we will have removed substantial recurring development expenditure and refocused the Company in the near term on high value gas assets, particularly in Australia where we have exposure to anticipated price increases for AWE's gas production in the east coast and west coast markets over the next two to three years.

Development approval for the first stage of the Waitsia gas project was particularly pleasing. Waitsia is an AWE discovery and the company has added significant value through the appraisal process with the potential for further upside in Reserves and Resources. Being a conventional onshore development with proximity to established infrastructure, we also have the ability to position AWE as the low cost producer in the west coast gas market.

On the east coast, the BassGas and Casino gas projects will be negotiating new gas contracts in the near term for delivery from 2018. Domestic gas prices have strengthened considerably over the last few years, and we anticipate significant price improvement over the $4-5 per GJ contract prices currently in place.

In recent years, around 25% of AWE's cash flows have been derived from domestic CPI-linked sales from gas-producing assets. With the divestment of Sugarloaf and FID for Waitsia Stage 1A, this core cash flow base will increase over coming years and continue to provide substantial protection against oil price volatility.

AWE's balanced portfolio of assets provides substantial reserves growth potential and exposure to increases in both domestic gas and international oil markets. In Australia, the full field Waitsia gas project represents a significant opportunity for increasing gas production in an historically strong gas market, while the Ande Ande Lumut ("AAL") oil project in Indonesia provides exposure to upside in oil prices. AWE holds a 50% interest in the AAL project, potentially a 101 million barrel (gross 2P Reserves) oil field offshore Indonesia, where the Operator is planning to drill an appraisal well targeting an additional 36 million barrels (gross 2C Resources) volume in the deeper G-sand reservoir.

Looking ahead, AWE is tracking well against guidance which will be restated at our half year result in February to accommodate the divestment of Sugarloaf. Exploration and development costs are planned to reduce further during the remainder of 2015-16 and we will continue to manage our asset portfolio and costs to ensure a strong and robust balance sheet so that we can pursue significant value-adding projects.

Bruce Clement
Managing Director and CEO

FINANCIAL & CORPORATE

FINANCIAL

December quarter production was 1.5 mmboe, 7% higher than the September quarter. Production increases at BassGas, up 27%, and Sugarloaf, up 30%, were the key drivers of growth during the period. Liquids comprised 51% of quarterly production with gas providing 49%.

For the six months to 31 December 2015, total production of 2.9 mmboe represents a 12% increase over the previous corresponding period. The main contributors were Tui, up 33%, BassGas, up 22%, and Sugarloaf, up 44%.

Total revenue, including the impact of hedging, for the December quarter was $63 million, up 7% from the $59 million recorded in the September quarter. One lifting was undertaken at Tui with AWE's oil hedging program offsetting the impact of lower oil prices. The average realised price for oil and condensate during the quarter was A$67.66 per barrel.

The mark to market value of unutilised hedging at 31 December 2015 was $11.3 million, comprising:

- 371,000 barrels of oil hedged for the 6 months to June 2016 at a weighted average WTI price of US$46.65 per barrel in relation to the Sugarloaf asset; and
- 480,000 barrels of oil hedged for the 6 months to June 2016 at a weighted average Brent price of US$50.85 per barrel in relation to Australian and New Zealand production assets.

Field opex increased slightly to $36 million, in line with higher production, and Field EBITDAX for the period was steady at $26 million.

Development expenditure for the quarter was reduced by 66% to $18 million, compared to the previous quarter. Exploration expenditure was $9 million, up 7%, largely due to drilling activity in China's Bohai Basin and flow testing operations in the Perth Basin of Western Australia.

At the end of December 2015, AWE's financial position comprised cash of $30 million, $227 million of drawn debt and undrawn facilities of $173 million. Net debt was $197 million.

FINANCIAL HIGHLIGHTS	3 months to December 2015	3 months to September 2015	6 months to December 2015
Exploration expenditure	**$'000**	**$'000**	**$'000**
South East Australia	145	291	436
Western Australia	3,304	1,311	4,615
New Zealand	157	(503)	(346)
Indonesia	498	827	1,325
Yemen	(25)	(387)	(412)
China	4,320	6,292	10,612
Other	376	391	767
Total	**8,775**	**8,222**	**16,997**

	3 months to December 2015	3 months to September 2015	6 months to December 2015
Development expenditure	**$'000**	**$'000**	**$'000**
South East Australia	11,142	23,483	34,625
Western Australia	2,446	5,857	8,303
New Zealand	(24)	(2,425)	(2,449)
USA	(1,767)	20,011	18,244
Indonesia	6,103	5,128	11,231
Total	**17,900**	**52,054**	**69,954**

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

FINANCIAL HIGHLIGHTS (continued)

	3 months to December 2015 $ million	3 months to September 2015 $ million	6 months to December 2015 $ million
Revenue	63	59	122
Field Opex	36	33	69
Field EBITDAX	**26**	**27**	**53**

Note: Financial highlights are preliminary and unaudited. Numbers may not add due to rounding. Revenue includes effective hedging where applicable.

At each reporting date AWE carries out an assessment of the carrying values of its oil and gas assets based on a range of assumptions and inputs. One of the key inputs that impact on the carrying value is an estimate of the future oil and gas prices. In the six months to 31 December 2015 oil price forecasts have continued to decline both in respect of the near term and long term forecasts from independent sources. AWE is currently undertaking a review of the carrying value of its oil and gas assets as at 31 December 2015 and expects further non-cash impairments will be charged against the carrying value of the Company's oil price linked assets in the half year report.

CORPORATE

The AWE Limited Annual General Meeting was held in Sydney on Friday, 20 November 2015. All resolutions were carried. Further details are available on the company's website www.awexplore.com.

In January 2016, AWE announced the sale of its 10% working interest in the Sugarloaf AMI to Carrier Energy Partners II for US$190 million (A$271 million). The sale agreement has an effective date of 1 January 2016 and is subject to purchase price adjustments at closing, including a payment to AWE of US$9 million (A$13 million) for drilling costs incurred prior to the effective date. The sale proceeds of A$271 million will be used to repay drawn debt under the Company's debt facility and will substantially strengthen the Company's balance sheet, leaving AWE in a net cash position of approximately A$60 million at the anticipated March 2016 close. AWE will continue to book production, revenue and development expenditure associated with the project until completion with the final purchase price adjustments to be recognised through the P&L.

AWE continues to work with Elixir Petroleum Limited in relation to the sale of its 57.5% interest in Cliff Head. The parties have agreed an extension to the exclusivity period to 15 February to complete negotiations on a sale and purchase agreement. The sale is conditional on the purchaser securing funding for the acquisition.

PRODUCTION & DEVELOPMENT

SOUTH EAST AUSTRALIA

BassGas Project (35%)
Gross production for the September quarter was up 27% over the previous quarter and comprised 5.2 PJ of gas, 173,000 barrels of condensate and 15,400 tonnes of LPG. The average gross daily rate for the quarter was approximately 56 TJ/day. AWE's share of production was approximately 1.8 PJ of gas, 61,000 barrels of condensate and 5,400 tonnes of LPG.

On a year to date basis, total production from BassGas is up 22% compared with the previous corresponding period. AWE's share at 31 December 2015 was 756,000 boe.

Work to complete the final stage of the MLE project, the hook-up and commissioning of the gas compression and condensate pumping modules, has commenced. The cost to AWE for the final stage of the MLE project is expected to be approximately $20 million spread over 2015-16 and 2016-17. The Operator has also commenced an operating cost reduction program.

Casino Gas Project (25%)
Gross quarterly production for the Casino Gas Project reduced by 21% compared to the previous quarter, with approximately 4.5 PJ of sales gas and 2,600 barrels of condensate. The reduction was primarily due to a 14 day shut down in October for annual maintenance at the Iona gas plant, as well as a 4 day shut in in early November in preparation for the onshore and offshore pipeline inspection program to be undertaken in early 2016. The average gross daily rate for the quarter was approximately 50 TJ/day. AWE's share of production was approximately 1.1 PJ of sales gas and 650 barrels of condensate.

WESTERN AUSTRALIA

Waitsia Gas Project (50%, Operator)
AWE has made considerable progress on the early stage development of the Waitsia gas field following the excellent flow test results achieved at Waitsia-1 in October 2015, where two independent flow tests from the conventional Kingia and High Cliff Sandstone reservoirs delivered a total combined flow rate in excess of 50 mmscf/d, constrained by production tubing diameter.

The AWE-Operated L1/L2 joint venture achieved FID for Stage 1A of the Waitsia gas project in early January 2016. Stage 1A comprises the installation of new infrastructure and upgrades to existing assets that will connect the recently flow tested Waitsia-1 and Senecio-3 gas wells to the Xyris Production Facility (XPF). Treated gas from XPF will be delivered to the Parmelia pipeline for domestic consumption.

Engineering, execution and management costs for Stage 1A of the Waitsia gas project are estimated at gross $18 million ($9 million net to AWE). Construction work will include two four-inch flowlines from the well heads to a northern gathering manifold, a six-inch pipeline to transport the gas to XPF, and minor upgrades to the XPF. FEED studies have been completed, and an EPCM contract has been awarded. In addition, the pipeline licence and the construction environment plan for the in-field gas pipeline have been approved.

The initial capacity of XPF will be approximately 10 TJ per day, with further expansion possible, and first gas is scheduled for August 2016. A take or pay gas sales agreement, based on 90% of annual gas quantity, has been executed with Alinta Energy for 10 TJ/day over a 2.5 year period. Pricing remains confidential for commercial reasons.

Cliff Head Oil Field (57.5%)
Gross quarterly production for Cliff Head was down 19%, quarter on quarter, with approximately 114,100 barrels produced at an average rate of 1,241 bopd. AWE's share was 65,600 barrels. Apart from natural decline, the major factor contributing to reduced production was an 8 day facility shut down in late October for a Critical Function Test. The Operator is also undertaking a cost reduction program for the facility.

Onshore Perth Basin (33–100%, some Operated)
Gross production for the September quarter decreased 9% from the previous quarter. AWE's share of production from the various onshore Perth Basin assets was 600 TJ of gas and 500 barrels of oil/condensate.

NEW ZEALAND

Tui Area Oil Fields (57.5%, Operator)
Gross production from the Tui Oil Fields was down 12% from the previous quarter with 362,572 barrels (net of fuel oil consumed) produced at an average daily rate of 3,941 bopd. AWE's share of production was 208,479 barrels.

One crude oil sale lifting was achieved during the quarter. Tui oil sales totalled 398,744 barrels, of which 229,278 barrels was AWE's share. Inventory at the end of the December quarter was 127,452 barrels, net 73,285 barrels to AWE.

INDONESIA

Ande Ande Lumut Oil Project (50%)
Tendering for the WHP and FPSO vessel is planned to continue over the first half of 2016. The Operator is planning to drill an appraisal well on the underlying G-Sand reservoir, estimated to contain an additional 36 mmbbl of oil (gross 2C Resources).

Lengo Gas Project (42.5%)
The Operator, Kris Energy, is progressing negotiations for a gas sales agreement which is a necessary step prior to the Joint Venture reaching FID for the project.

USA

Sugarloaf AMI (~10%, net ~7.5% after royalties)
Production from Sugarloaf increased in the September quarter. AWE's net share after royalties comprised 242,000 barrels of oil/condensate, 9,700 tonnes of LPG and 840 TJ of gas.

In the December quarter, 51 wells were brought onto production and 23 new wells were spudded. At the end of the quarter there were 302 wells producing (gross), including 61 wells in the Austin Chalk. Inventory wells reduced by 44% to 35 wells (gross) and the number of drill rigs operating in the acreage at the end of the quarter was four. The Operator achieved significant reductions in drilling costs during 2015, and is working to bring the total costs per well (drilling, fracking and completion) below US$5 million.

EXPLORATION & APPRAISAL

AUSTRALIA

Perth Basin
In EP455 (AWE 81.5%, Operator), the DMP approved a renewal of the exploration permit for a period of 5 years.

In EP413 (AWE 44.25%), the DMP approved a variation to the work program, swapping year 3 and 4 commitments. This defers the commitment exploration well into permit year 4 (commencing February 2017). Processing of the Arrowsmith 3D seismic is complete and interpretation is underway.

In WA-512P (AWE 100%), work continued on 2D and 3D PSDM seismic reprocessing.

Bass Basin
In T/RL2 (AWE 40%), development concept studies are underway for the Trefoil Field.

Otway Basin
In permit VIC/P44 (AWE 25%), interpretation of reprocessed 3D PSDM seismic data is ongoing.

North Carnarvon Basin
In WA-497P (AWE 100%, Operator), interpretation of approximately 1,200km^2 of 3D and 280km of 2D seismic survey data continued.

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

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 has been completed.

CHINA

Bohai Basin
In Block 09/05 (AWE 40%) the second exploration well reached TD in October 2015. The well successfully drilled all three targets and intersected good stacked reservoirs in these objectives. However, no hydrocarbon shows were recorded. The Joint Venture surrendered the exploration permit after fulfilling all work commitments.

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
DMP	Department of Mines and Petroleum, Western Australia
EBITDAX	Earnings before interest, tax, depreciation, amortisation and exploration expenses
EPCM	Engineering, Procurement and Construction Management
FEED	Front End Engineering and Design
FID	Final Investment Decision
FPSO	Floating Production Storage and Offloading
GJ	Gigajoules
JV	Joint Venture
LPG	Liquefied Petroleum Gas
LTI	Lost Time Injuries
MLE	Mid Life Enhancement
mmboe	Million Barrels of Oil Equivalent
mmbbl	Million Barrels
mmscf/d	Million Standard Cubic Feet of gas per Day
PJ	Petajoules
PSDM	Pre-Stack Depth Migration
TD	Total Depth
TJ	Terajoules
WHP	Well Head Platform
XPF	Xyris Production Facility

Except where otherwise noted, all references to “$” are to Australian dollars. References to Australian dollar values in relation to the Sugarloaf transaction were calculated using an USD/AUD exchange rate of 70 cents.

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}

PRODUCTION SUMMARY

	3 months to Dec 2015	3 months to Sep 2015	% Change	6 months to Dec 2015	6 months to Dec 2014	% Change
NEW ZEALAND						
Tui						
Oil ('000 Bbls)	208	238	-12%	447	336	33%
SOUTH EAST AUSTRALIA						
BassGas						
Condensate ('000 Bbls)	61	48	25%	109	95	15%
LPG (Tonnes)	5,378	4,141	30%	9,519	8,225	16%
Gas (TJ)	1,804	1,418	27%	3,222	2,588	25%
Casino/Henry/Netherby						
Condensate ('000 Bbls)	1	1	-21%	1	2	-36%
Gas (TJ)	1,135	1,445	-22%	2,580	3,462	-25%
WESTERN AUSTRALIA						
Cliff Head						
Oil ('000 Bbls)	66	81	-19%	147	192	-24%
Onshore Perth Basin						
Oil ('000 Bbls)	1	1	-33%	1	2	-22%
Gas (TJ)	594	653	-9%	1,247	1,308	-5%
ONSHORE USA						
Sugarloaf AMI						
Condensate ('000 Bbls)	242	184	31%	426	341	25%
LPG (Tonnes)	9,744	7,307	33%	17,051	9,467	80%
Gas (TJ)	837	670	25%	1,507	936	61%
TOTAL						
Oil ('000 Bbls)	275	320	-14%	594	530	12%
Condensate ('000 Bbls)	303	234	30%	537	438	23%
LPG (Tonnes)	15,122	11,449	32%	26,570	17,692	50%
Gas (TJ)	4,369	4,187	4%	8,556	8,294	3%
Total ('000 BOE)	**1,481**	**1,384**	**7%**	**2,866**	**2,556**	**12%**
PRODUCTION BY PROJECT ('000 BOE)						
Tui	208	238	-12%	447	336	33%
BassGas	424	333	27%	756	622	22%
Casino/Henry	190	242	-21%	431	579	-26%
Cliff Head	66	81	-19%	147	192	-24%
Onshore PB	99	110	-9%	209	220	-5%
Sugarloaf AMI	495	381	30%	875	606	44%
Total ('000 BOE)	**1,481**	**1,384**	**7%**	**2,866**	**2,556**	**12%**

Note: Oil and condensate production rounded to the nearest 1,000 barrels. Numbers may not add due to rounding

RESERVES AND RESOURCES

The reserves and 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 Manager for Engineering and Development, and Mr. Andrew Furniss, AWE General Manager for Exploration and Geoscience. Dr. Hunt, a Petroleum Engineer with a Ph.D. in Geomechanics, is a member of the Society of Petroleum Engineer Engineers and has over 19 years' experience in the petroleum sector in field development planning, reserves estimation, production and facilities engineering. Mr. Furniss, a member of the Society of Petroleum Engineers and the American Association of Petroleum Geologists, holds an MSc in Exploration Geophysics and a BSc (Hons) in Geological Sciences and has over 25 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. 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 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 is based in Sydney with project offices in Perth and New Zealand. AWE has a substantial portfolio of production, development and exploration assets in Australia, New Zealand, and Indonesia. With its strong technical base and disciplined financial management, AWE is well positioned to pursue exploration, appraisal and development opportunities in Australasia and Asia.

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

Investor Relations
Matthew Sullivan
AWE Limited
02 8912 8022
Matthew.sullivan@awexplore.com

Media Enquiries
Ian Howarth
Collins St Media
03 9600 1979
ian@collinsstreetmedia.com.au