Issued by AWE Limited on 28 April 2017

Quarterly Report

For the 3 months to 31 March 2017

HIGHLIGHTS

- Waitsia joint venture agrees first Stage 2 gas sales term sheet with AGL for 15 TJ/day following over-subscribed tender process
- Sale of Tui to Tamarind completed successfully in late February - estimated to generate unaudited non-cash profit after tax of $27 million and reduce AWE's future abandonment liabilities by $67 million
- Excellent reservoir performance continues to be observed from the Waitsia field as multiple zones are tested in the Senecio-3 and Waitsia-1 wells
- Preparations to drill final two appraisal wells ahead of Waitsia Stage 2 development are nearing completion with Waitsia-3 expected to spud in mid-May
- AAL joint venture working on an Indonesian government proposal to amend current approved POD to include the recently confirmed G sand reservoir
- BassGas MLE project substantially complete and on target to commence compression in June, leading to significantly higher daily production rates

Key Indicators	3 months to Mar 2017	3 months to Dec 2016	Qtr on Qtr Change	9 months to Mar 2017	9 months to Mar 2016 [1]	YTD Change
Net Production (mmboe)	0.7	0.7	-3%	2.2	2.6	-17%
Net Sales Volume (mmboe)	0.8	0.6	39%	2.3	2.5	-7%
Sales Revenue [2] ($m)	32.6	14.5	126%	86.8	93.4	-7%
Field Opex ($m)	18.3	11.8	55%	53.2	48.3	10%
Field EBITDAX ($m)	14.3	2.6	445%	33.6	45.0	-25%
Average Oil Price [2] ($/bbl)	75.13	n/a[3]	n/a	66.18	66.23	0%

Notes: 1. Production and financial data for prior periods has been adjusted to exclude operations discontinued or divested in FY16, specifically Sugarloaf and Cliff Head. For reported historic data, please refer to AWE's FY16 Annual Report, Quarterly and Financial Reports. 2. Includes effective hedging where applicable. 3. No oil sales were recorded during the December quarter. Numbers are preliminary and unaudited and may not add due to rounding.

Above: Drilling the Senecio-3 appraisal well (2014) which resulted in the discovery of the Waitsia gas field.

MANAGING DIRECTOR'S COMMENTS

"AWE made a positive start to CY 2017 with the March quarter delivering solid production and revenue, the successful completion of the Tui oil project divestment, and the first gas sales term sheet agreement for Stage 2 of the Waitsia gas project," said David Biggs, Managing Director and CEO.

"Our three core assets performed very well with BassGas production up 26%, Waitsia Stage 1A production up 8% and a positive outcome at Casino where the Operator of the Iona processing facility has reduced backpressure, which should see improved daily production rates in the June quarter.

"The sale of Tui was completed at the end of February and we booked two months of production and revenue in the quarter. The sale is estimated to generate an unaudited non-cash profit after tax of $27 million, after purchase price adjustments, and reduce AWE's provisions for future abandonment liabilities by $67 million.

"The BassGas MLE project is rapidly nearing completion. Work on the final phase, the hook up and commissioning of the compression and condensate pumping modules, is currently ahead of schedule and under budget. Compression could see production increase to over 60 TJ/day from June.

"The June quarter will also see us drilling the final two appraisal wells at Waitsia. The Waitsia-3 well is planned to spud in mid-May and Waitsia-4 in late June. The first gas sales term sheet was agreed with AGL in February and discussions with a number of potential customers are progressing well. Pre-FEED work is proceeding as planned and by June the joint venture should be in a position to commence FEED.

"In Indonesia, review of the AAL G sand reservoir data continues to look positive and we are working up a plan to jointly develop the G sand resources along with the already approved K sand reserves. While this would likely result in FID being moved into CY 2018, the overall benefits to the project are potentially significant," Biggs said.

Above: Xyris Production Facility, Waitsia Stage 1A, northern Perth Basin

"Investment expenditure decreased substantially over the March quarter, however a number of one-off cash payments contributed to an increase in drawn debt. The one-off cash payments were associated with the sale of the Tui project in New Zealand and the withdrawal from the Terumbu PSC exploration permit in Indonesia.

"Looking ahead to the June quarter, we expect increased levels of investment expenditure, in line with the Waitsia drilling program, funded through cash flow and debt. We also anticipate the receipt of $15 million on completion of the Lengo sale, subject to the timing of approvals," Biggs said.

“The remainder of CY 2017 will be very important to AWE with a number of major catalysts and milestones ahead. We will commence marketing uncontracted gas from Casino in June, and we will continue to focus on our major development projects and maximize the return from our production assets as we look to deliver growth for our shareholders,” Biggs concluded.

PRODUCTION & RESERVES

PRODUCTION

Production for the March quarter was 0.7 mmboe, 3% lower than the December quarter primarily due to the sale of the Tui oil project which was completed at the end of February. The loss of one month’s production from Tui was largely offset by improved production from BassGas, up 26%, and Waitsia Stage 1A, up 8%. Production for the first nine months of FY17 was 2.2 mmboe and remains in line with guidance. The ratio of gas to liquids production was 73:27 for the March quarter, compared with 70:30 in the previous quarter.

Production by Product	3 months to Mar 2017	3 months to Dec 2016	Qtr on Qtr Change	9 months to Mar 2017	9 months to Mar 2016 [1]	YTD Change
Oil ('000 Bbls)[2]	89	146	-39%	386	619	-38%
Condensate ('000 Bbls) [2]	45	36	23%	134	165	-19%
LPG (Tonnes)	4,017	2,634	53%	11,403	14,194	-20%
Gas (TJ)	2,987	2,917	2%	9,277	10,196	-9%
Total ('000 BOE)	**678**	**698**	**-3%**	**2,198**	**2,648**	**-17%**
Production by Project (‘000 BOE)						
BassGas	313	248	26%	928	1,119	-38%
Casino/Henry	149	164	-9%	520	617	-17%
Onshore Perth Basin	58	77	-25%	205	292	-16%
Waitsia Stage 1A	69	64	8%	159	n/a[3]	n/a
Tui	89	146	-39%	386	619	-30%
TOTAL (‘000 BOE)	**678**	**698**	**-3%**	**2,198**	**2,648**	**-17%**

Notes: 1. Production data for prior periods has been adjusted to exclude operations discontinued or divested in FY16, specifically Sugarloaf and Cliff Head. For reported historic data, please refer to AWE’s FY16 Annual Report, Quarterly and Financial Reports. 2. Oil and condensate production rounded to the nearest 1,000 barrels. 3. Waitsia Stage 1A commenced production in August 2016. Numbers may not add due to rounding.

Above: Onboard the FPSO “Umuroa” at the Tui Oil Project, New Zealand (divested February 2017)

RESERVES AND RESOURCES

Other than production, there were no material changes to Reserves and Resources during the period.

FINANCIAL & CORPORATE

MARCH QUARTER

Sales volume for the March quarter was 0.8 mmboe, up 39% over the previous quarter due primarily to a crude oil sales lifting occurring at Tui in January. Sales revenue for the March quarter, inclusive of hedging, was $32.6 million, up 126% from $14.5 million in the December quarter. The average oil price for the quarter was $75.13/bbl. The average blended gas price for the quarter was $4.50/GJ. Following the sale of Tui, no oil inventory was carried forward into the June quarter.

Sales Revenue ($ million)	3 months to Mar 2017	3 months to Dec 2016	Qtr on Qtr Change	9 months to Mar 2017	9 months to Mar 2016 [1]	YTD Change
Oil [2]	13.4	-0.9	>100%	33.1	29.6	12%
Condensate	2.6	1.9	36%	7.1	9.2	-23%
Gas	13.5	12.2	10%	40.3	46.6	-14%
LPG	3.1	1.3	148%	6.4	8.1	-21%
Total Gas & Gas Liquids [3]	**19.2**	**15.3**	**26%**	**53.8**	**63.8**	**-16%**
Total Sales Revenue	**32.6**	**14.5**	**125%**	**86.8**	**93.4**	**-7%**

Notes: 1. Production and financial data for prior periods has been adjusted to exclude operations discontinued or divested in FY16, specifically Sugarloaf and Cliff Head. For reported historic data, please refer to AWE's FY16 Annual Report, Quarterly and Financial Reports. 2. Includes effective hedging where applicable. 3. Gas Liquids includes Condensate and LPG. Numbers are preliminary and unaudited and may not add due to rounding.

Field Opex for the March quarter was $18.3 million, 55% higher than the December quarter and in line with the Tui crude oil lifting. Field EBITDAX for the period was also higher at $14.3 million, up 445% primarily due to the receipt of Tui oil revenue.

INVESTMENT EXPENDITURE

Development expenditure for the March quarter was $3.2 million, a decrease of 73% compared to the previous quarter, split between Waitsia Pre-FEED and BassGas MLE compression. Development expenditure for Waitsia is expected to increase over the remainder of FY17 as the appraisal drilling program gets underway. Exploration expenditure continued at reduced levels and totalled $0.6 million for the quarter.

Investment Expenditure ($'000)	3 months to Mar 2017	3 months to Dec 2016	Qtr on Qtr Change	9 months to Mar 2017	9 months to Mar 2016 [1]	YTD Change
Exploration and Evaluation	600	793	-24%	2,310	18,426	-87%
Development	3,192	11,870	-73%	27,554	63,655	-57%
Total	**3,791**	**12,663**	**-70%**	**29,863**	**82,081**	**-64%**

Notes: 1. Financial data for prior periods has been adjusted to exclude operations discontinued or divested in FY16, specifically Sugarloaf and Cliff Head. For reported historic data, please refer to AWE's FY16 Annual Report, Quarterly and Financial Reports. Numbers are preliminary and unaudited and may not add due to rounding.

LIQUIDITY

At 31 March 2017, AWE was in a net debt position of $47.3 million, with cash of $13.0 million, drawn debt of $60.3 million, and undrawn facilities of $239.7 million.

The increased net debt position for the quarter, a movement of $27.3 million, is the result of a number of one-off cash payments including the sale of the Tui Project in New Zealand ($20.0 million), costs associated with the withdrawal from the Terumbu PSC exploration permit in Indonesia ($5.3 million) and a final tax payment on the Sugarloaf Project in the USA ($1.5 million).

CORPORATE ACTIVITY

On 28 February, AWE completed the sale of its 57.5% interest in the Tui Area Oil Fields to Tamarind Management Sdn Bhd (“Tamarind”) for cash consideration of US$1.5 million before tax. The sale includes Operatorship, assets and inventory, and a working capital cash balance of US$10.8 million. AWE made a completion payment to Tamarind of US$2.2 million for purchase price adjustments. The sale of Tui is estimated to generate a non-cash profit after tax of $27 million (unaudited), after purchase price adjustments, and has reduced AWE’s provisions for future abandonment liabilities by $67 million.

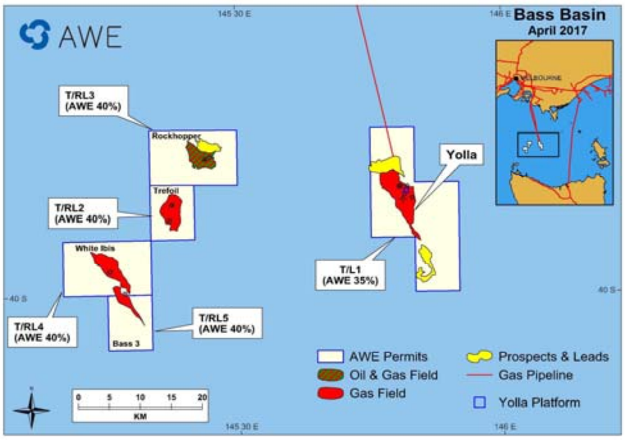
The sale of AWE’s 42.5% interest in the Bulu PSC, including the Lengo gas project, to a subsidiary of HyOil Pte Ltd for up to $27.5 million is awaiting final approval from the Indonesian government.

OPERATIONS, EXPLORATION & DEVELOPMENT

SOUTH EAST AUSTRALIA

Bass Basin - BassGas Project (35%)

Gross production for the March quarter was up 26% over the previous quarter and comprised 3.9 PJ of gas, 124,500 barrels of condensate and 11,400 tonnes of LPG. AWE’s share was approximately 1.4 PJ of gas, 43,600 barrels of condensate and 4,000 tonnes of LPG. The average gross daily rate for the quarter, excluding planned downtime, was 43.5 TJ/d.



Production during the period came from three wells and, on a year to date basis, is ahead of the Operator’s original forecast.

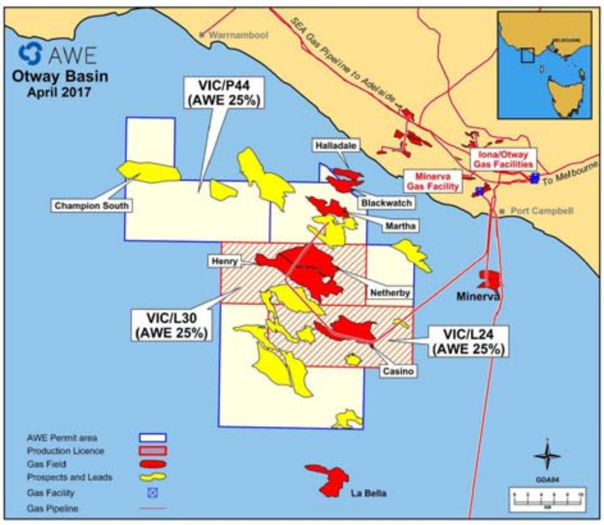
Hook-up and commissioning of the compression and condensate pumping modules on the Yolla Platform is currently ahead of schedule and under budget. The Operator is targeting start up in June 2017 and gas production rates are anticipated to exceed 60 TJ/d. Completion of the MLE project will trigger an additional cash payment to AWE of $2.5 million from joint venture partner Prize Petroleum.

Exploration

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

Otway Basin - Casino Gas Project (25%)

Gross March quarter production for the Casino Gas Project decreased by 9% compared to the previous quarter, with 3.6 PJ of sales gas and 2,300 barrels of condensate. AWE’s share of production was 0.9 PJ of sales gas and 570 barrels of condensate. The average gross daily rate for the quarter, excluding planned downtime, was 39.5 TJ/d.



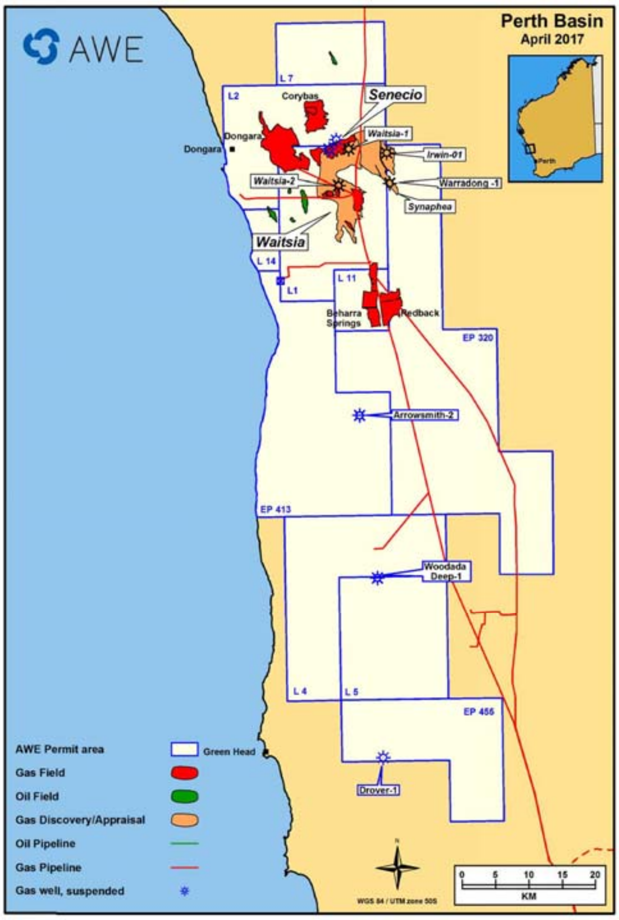
Production for the period was impacted by increased backpressure at the Iona processing plant from mid-February. Subsequent to the end of the period, the Operator of Iona has reduced backpressure to its previous level.

The Operator of the Casino Gas Project, Santos, sold its 50% interest to Cooper Energy during the period. It is anticipated that Cooper will assume full Operating responsibilities in mid-2017, subject to government and joint venture approvals. An 18 day period of planned plant maintenance is scheduled for the June quarter.

Exploration
In permit VIC/P44 (AWE 25%), the Joint Venture is reviewing options for a possible future exploration program that in a success case could tie into existing infrastructure at the Casino Field. Applications have been submitted to renew retention leases over VIC/RL11 (Martha) and VIC/RL12 (Blackwatch) for a further five year period.

WESTERN AUSTRALIA

Onshore Perth Basin –
Waitsia Gas Project (50%, Operator)
Gross production for the December quarter increased by 8% over the previous quarter, in line with budgeted targets, and comprised 832 TJ of gas and 263 barrels of condensate. AWE's share was 416 TJ of gas and 131 barrels of condensate. The average daily rate for the quarter was 9.2 TJ/d.



AWE continues to observe excellent performance from the Senecio-3 and Waitsia-1 wells as it tests multiple zones in each well.

Planning for the final Stage 2 appraisal wells, Waitsia-3 and Waitsia-4, is nearing completion with the first well to be spudded in mid-May 2017. It is anticipated that both wells will be completed as future production wells. Results from these wells may lead to conversion of significant 2C Contingent Resources to 2P Reserves.

Work on pre-Front End Engineering Design (FEED) made good progress. Following analysis and evaluation, it is anticipated that the joint venture will be in a position to commence FEED from June 2017.

Marketing of Stage 2 gas is also proceeding well. The first gas sales term sheet, agreed with AGL for 15 TJ/day (5.5 PJ/year), was announced in February. Negotiations for additional gas sales are progressing well with a selected shortlist of buyers. AWE is aiming to contract substantial gas volumes in CY 2017 ahead of FID.

Waitsia Stage 2 is expected to supply approximately 100 TJ/d of gas for 10 years. Feedback from potential customers indicates that the Waitsia gas is a welcome addition to the Western Australia domestic gas market as it increases competition among producers, provides diversity of supply, and improves security of supply by offering a lower risk onshore supply chain.

Dongara, Corybas, Beharra Springs (33–100%, some Operated)
AWE's share of production from the Dongara, Corybas and Beharra Springs assets was down 25% with 346 TJ of gas and 300 barrels of condensate. The drop in production was due to the completion of minor gas sales contracts associated with Dongara and Corybas. AWE's program to decommission non-producing wells and rehabilitate well sites is continuing as planned and will continue over a number of years.

Exploration
In EP320 (AWE 33%), the Joint Venture is planning 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 license L11 (AWE 33%), the Joint Venture is considering an exploration well to test the Beharra Deep prospect in the Kingia and High Cliff Sandstones directly beneath Beharra Springs Gas Field and close to existing processing facilities.

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

North Carnarvon Basin
Exploration
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), a 3D seismic inversion study is underway to de-risk identified gas prospects. A farmout process is underway.

NEW ZEALAND

Taranaki Basin - Tui Area Oil Fields (divested in February 2017)
The Tui Area Oil Fields were divested at the end of February 2017 (see "Corporate Activity" on p5). Gross production from the Tui Oil Fields for January and February was 154,000 barrels (net of fuel oil consumed) produced at an average daily rate of 2,610 bopd. AWE's share of production was 88,570 barrels. A crude oil sales lifting comprising 311,000 barrels, net 179,000 barrels to AWE, occurred in early January. Remaining inventory at the time of sale was transferred to the purchaser under the terms of the sales agreement.

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

INDONESIA

Northwest Natuna Sea -
Ande Ande Lumut (AAL) Oil Project (50%)
Work continues on optimisation of the field development plan in light of the positive results from the AAL-4XST1 appraisal well with a focus on assessing G sand resources. Laboratory work to assess feasibility of co-mingled production of K sand and G sand oil is looking positive and no significant changes to the FPSO processing infrastructure are anticipated.

Above: Drilling AAL-4XST1 appraisal well, 2016

The joint venture is now considering a government proposal to jointly develop the G sand and K sand reservoirs from field startup. This would require a significant amendment to the approved K sand POD and would likely result in FID being moved into CY 2018, but the overall economic benefits to the project are significant.

The additional volumes associated with the G sand reservoir are likely to further enhance project economics. To allow time to quantify the size of the G sand resource and integrate these potential positive changes to the POD, the Operator has temporarily delayed the start of Stage 2 commercial tenders.

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

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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 a project office in Perth. AWE has a substantial portfolio of production, development and exploration assets in Australia, New Zealand, and Indonesia.

RESERVES CONSENT

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 evaluator Mr Andrew Furniss, AWE General Manager Exploration and Geoscience. Mr Furniss, a member of the Society of Petroleum Engineers and the American Association of Petroleum Geologists, holds an MSc in Exploration Geophysics and a BSc (Hons) in Geological Sciences and has over 26 years' of industry experience in strategic planning, portfolio management, prospect evaluation, technical due diligence and peer review, reserves and resource assessment, the application of advanced geophysical technology and business development. Mr Furniss has consented in writing to the inclusion of this information in the format and context in which it appears.

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

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

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

CONVERSION TABLES

Volume 1 cubic metre = 1 kilolitre = 35.3 cubic feet = 6.29 barrels 1 megalitre = 1,000 cubic metres	**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
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)	**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}

SUMMARY OF ABBREVIATIONS

2C	Contingent Resources	FPSO	Floating Production Storage and Offloading
2D	Two-dimensional	FY	Financial Year
2P	Proved and Probable Reserves	GJ	Gigajoules
3D	Three-dimensional	JV	Joint Venture
AAL	Ande Ande Lumut oil project	LPG	Liquefied Petroleum Gas
BOE	Barrels of Oil Equivalent	LTI	Lost Time Injuries
Bbls	Barrels	MLE	Mid Life Enhancement project
Bopd	Barrels of oil per day	mmboe	Million Barrels of Oil Equivalent
CY	Calendar Year	PJ	Petajoules
EBITDAX	Earnings before interest, tax, depreciation, amortisation and exploration expenses	POD	Plan of Development
		PSDM	Pre-Stack Depth Migration
FID	Final Investment Decision	TJ	Terajoules

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