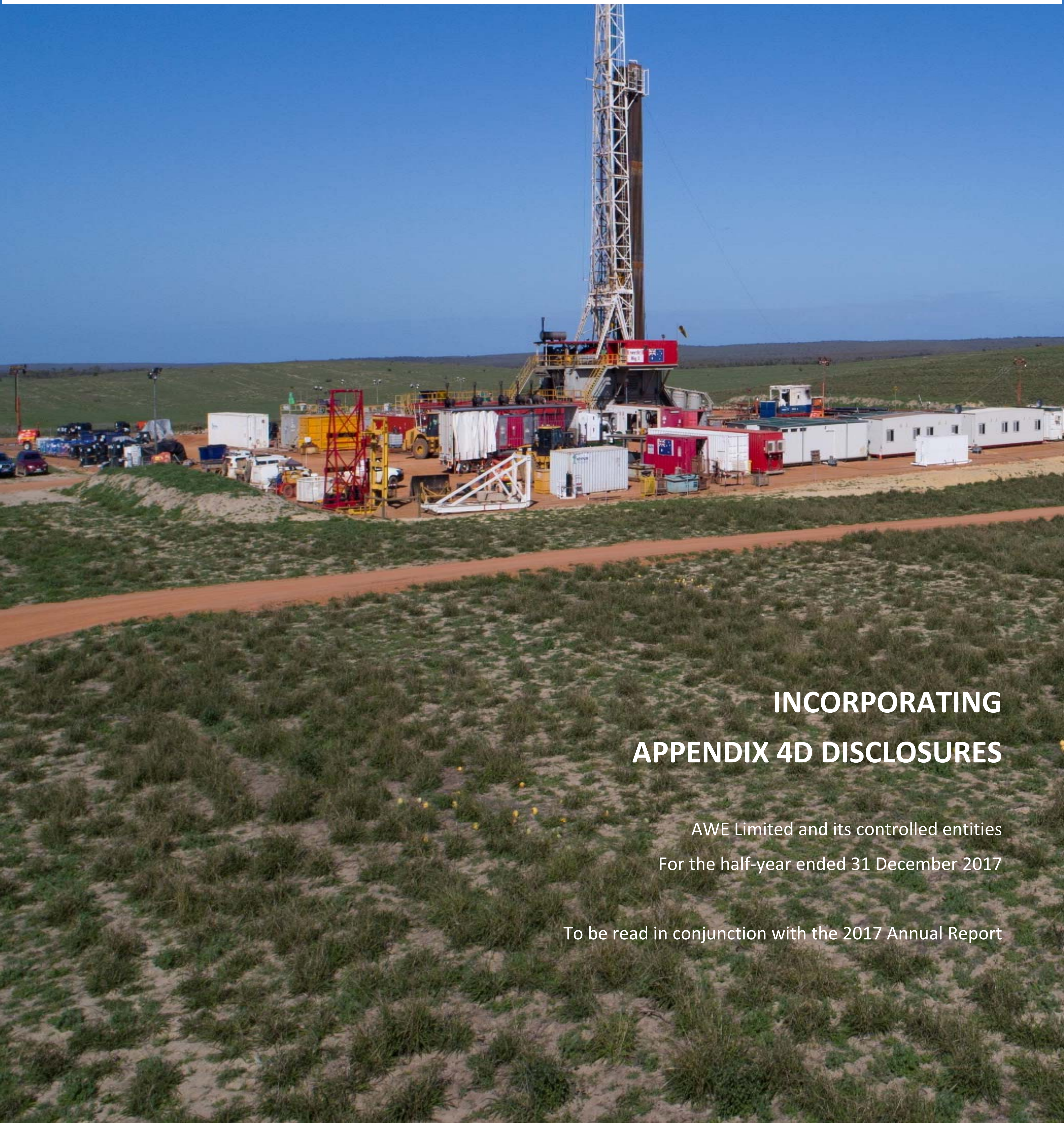
HALF–YEAR REPORT
TO 31 DECEMBER 2017



INCORPORATING

APPENDIX 4D DISCLOSURES

AWE Limited and its controlled entities

For the half-year ended 31 December 2017

To be read in conjunction with the 2017 Annual Report

Half–year report 31 December 2017

Contents

About AWE

AWE Limited (AWE) is an independent, Australian energy company with a portfolio of production, development and exploration assets in Australia, Indonesia and New Zealand, including the Company's flagship asset, the Waitsia Gas Project in Western Australia.

Established and listed on the ASX in 1997 (ASX: AWE), the Company's head office is in Sydney.

In recent years, in the context of sustained low oil prices, AWE has been reshaped to operate sustainably in a low oil price environment. This has involved the divestment of a number of late life, non-core assets; a reduction in the number of staff and offices; and a significant reduction in costs, debt levels, capital expenditure and exploration expenditure.

This has enabled AWE to re-focus on gas in the near to medium term, aligning with strengthening Australian domestic gas markets, while maintaining exposure to any future improvement in oil prices.

Appendix 4D

For the half-year ended 31 December 2017

ABN	Previous corresponding period
70 077 897 440	31 December 2016

Results for announcement to the market

				A$'000
Revenue from continuing ordinary activities	up	19%	to	41,938
Revenue from discontinued ordinary activities	down	100%	to	-
Total revenue	**down**	**24%**	**to**	**41,938**
Net loss for the period attributable to members	**up**	**>100%**	**to**	**(23,801)**

Dividends	Amount per security	Franked amount per security
Interim dividend - current period	Nil	Nil
Interim dividend - previous corresponding period	Nil	Nil

NTA backing	Current period	Previous corresponding period
Net tangible asset(1) backing per ordinary security	$0.21	$0.59

1. Net tangible assets represents total assets (inclusive of exploration assets) less deferred tax balances and intangibles

Change in ownership of controlled entities

There was no gain or loss of control of any entities during the six month period ended 31 December 2017 or thereafter up to the date of this report.

Dividend reinvestment plans

There are no dividend reinvestment plans in place.

Directors' report

The Directors present their report together with the consolidated interim financial statements of AWE Limited and its subsidiaries (collectively the "Group" or the "Company") for the six months ended 31 December 2017 and the Auditor's review report thereon.

Operating and financial review

This operating and financial review forms part of the Directors' Report and provides information to assist users to assess the operations and financial position of AWE.

1.1. Performance

Corporate highlights

In November and December 2017, the Company received unsolicited proposals from China Energy Reserve and Chemical Group Australia Pty Ltd ('CERCG') and Mineral Resources Limited ('Mineral Resources') to acquire the Company, following which, on 21 December 2017, AWE announced that it had entered into a binding Scheme Implementation Deed with Mineral Resources pursuant to which the Directors unanimously recommended the Mineral Resources cash and scrip proposal to acquire AWE for an implied value of $0.83 per AWE share, in the absence of a superior offer and subject to an independent expert concluding that the proposal was in the best interests of AWE shareholders.

Subsequently, on 5 February 2018 AWE announced that:

- the Directors withdrew their recommendation of the Mineral Resources proposal;
- it had entered into a Bid Implementation Deed with Mitsui & Co., Ltd. ('Mitsui') pursuant to which the Directors unanimously recommended that AWE shareholders accept the Mitsui takeover bid of $0.95 per AWE share, in the absence of a superior proposal and subject to an independent expert concluding that the Mitsui offer is fair and reasonable; and
- it was terminating the Scheme Implementation Deed with Mineral Resources.

In addition, during the half-year $47 million (net of costs) was raised via Institutional Placement and Share Purchase Plan.

Operating and financial highlights

- Waitsia-4 recorded a maximum flow rate of 90 MMscf/d, the highest to-date from the Kingia Sandstone in the Waitsia gas field and one of the highest conventional flow rates ever recorded for onshore Australia.
- Significant increase in Waitsia gross 2P Reserves as detailed in the 31 December 2017 AWE quarterly report with Waitsia now ranked in the top five largest onshore gas fields ever discovered in Australia.
- Gas Sales Agreement signed with Origin Energy to purchase 100% of Casino gas production from March 2018.

The following tables provide an overview of production and the financial performance of AWE for the six months ended 31 December 2017 as detailed in the half-year financial report.

Production	6 months ended 31-Dec-17 MMboe	6 months ended 31-Dec-16 MMboe	Variance %
Continuing operations			
Gas	**1.06**	1.05	1%
LPG production	**0.12**	0.09	35%
Condensate production	**0.11**	0.09	23%
Oil	**-**	-	-
Total production from continuing operations	**1.29**	1.22	5%
Discontinued operations			
Oil	**-**	0.30	(100%)
Total production from discontinued operations	**-**	0.30	(100%)
Total production	**1.29**	1.53	(15%)

Financial performance - Continuing operations	6 months ended 31-Dec-17 $million	6 months ended 31-Dec-16 $million	Variance %
Sales revenue	**41.0**	34.6	19%
Production costs and royalties	**(19.2)**	(20.4)	6%
Field EBITDAX [(1) & (2)]	**21.9**	14.2	54%
Exploration and evaluation expense	**(2.1)**	(1.5)	(44%)
Amortisation	**(13.2)**	(16.4)	20%
Net financing expense	**(1.2)**	(2.9)	57%
Net other income / (expense)	**(13.4)**	(4.6)	(>100%)
Statutory net loss before tax	**(8.0)**	(11.1)	28%
Tax expense	**(15.8)**	(10.8)	(46%)
Statutory net loss after tax (NLAT)	**(23.8)**	(21.9)	(9%)

Financial performance - Discontinued operations	6 months ended 31-Dec-17 $million	6 months ended 31-Dec-16 $million	Variance %
Statutory net profit after tax (NPAT) from discontinued operations	-	9.4	(100%)
Statutory net loss after tax (NLAT) total	**(23.8)**	(12.5)	(90%)

Note: numbers may not add due to rounding.

The table below provides a reconciliation to the underlying net profit / (loss).

Reconciliation of underlying net profit / (loss)[(2)] for the 6 months ended 31 December 2017	Before tax $million	Tax $million	After tax $million
Statutory net loss	**(8.0)**	**(15.8)**	**(23.8)**
Non-recurring items after tax:			
Restructuring costs	**2.7**	**(0.8)**	**1.9**
Other taxes and liabilities	**4.3**	-	**4.3**
Allowance for doubtful debt	**3.2**	-	**3.2**
Tax expense - Indonesia	-	**9.1**	**9.1**
Total non-recurring items	**10.2**	**8.3**	**18.5**
Underlying net profit / (loss)[(2)]	**2.2**	**(7.5)**	**(5.3)**

Note: numbers may not add due to rounding.

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 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 reflects a more meaningful measure of the Group's underlying performance.

Financial performance

AWE reported a statutory net loss after tax of $23.8 million for the half-year to 31 December 2017 compared to a net loss after tax of $12.5 million for the previous corresponding half-year. The 31 December 2016 result included a profit after tax of $9.4 million from discontinued operations.

After adjusting for non-recurring items of $18.5 million after tax an underlying loss of $5.3 million was recognised for the period. This compared to an underlying loss of $11.5 million for the previous corresponding period.

Total gas and gas liquids production of 1.29 MMboe for the period was in line with guidance and represents a 5% increase in production from continuing operations of 1.22 MMboe. The ratio of gas to gas liquids production for continuing operations was 83:17 for the 6-month period ended 31 December 2017, compared to 86:14 in the six months ended 31 December 2016.

AWE recorded sales revenue from continuing operations of $41.0 million, up 19% compared to $34.6 million. The increase reflects improved condensate sales and pricing.

Operating costs (production and royalties) from continuing operations for the period was $19.2 million, 6% lower than the previous corresponding period. The reduction in costs was largely due to operating cost reductions achieved at BassGas.

Field EBITDAX from continuing operations of $21.9 million, compared to $14.2 million for the previous half-year.
The Company incurred and expensed total exploration and evaluation costs of $2.1 million during the period, compared to $1.5 million in the prior corresponding period.

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Financing expenses have been reduced by 57% for the half-year due to reduction in facility fees and repayment of borrowings.

Other expenses include the doubtful debt expense related to the HyOil receivable as well as share based payments expenses, restructure costs associated with the reduction in staff numbers, head office relocation and costs associated with corporate takeover activity.

The taxation expense from continuing operations was $15.8 million compared to $10.8 million for the previous corresponding period. The total taxation expense includes additional Indonesian taxes $9.1 million relating to the original acquisition of Ande Ande Lumut (AAL).

Net cash from operating activities was $13.1 million for the half-year, compared to $3.7 million for the previous corresponding period. The increase is driven by lower cash payments as a consequence of the divestment of Tui in February 2017 as well as an Australian PRRT royalty refund where previously there were New Zealand royalty payments.

1.2. Summary of financial position

At 31 December 2017, the Company was in an improved net debt position of $32.3 million with cash of $25.7 million and drawn debt of $58 million, leaving undrawn facilities of $67 million. This compares to a net debt position at 30 June 2017 of $54.3 million with cash of $12.8 million and drawn debt of $67.1 million.

1.3. Production and development operations

			6 months ended 31-Dec-17	6 months ended 31-Dec-16
Production (Mmboe)	**Western Australia**	**South East Australia**	**Total**	**Total**
Gas	0.25	0.81	**1.06**	**1.05**
LPG	**-**	0.12	**0.12**	**0.09**
Condensate	-	0.11	**0.11**	**0.09**
Oil (discontinued operation)	-	-	**-**	**0.30**
Total (Mmboe)	**0.25**	**1.04**	**1.29**	**1.53**
Development Expenditure ($m)	**10.9**	**4.0**	**14.9**	**24.4**

Total production of 1.29 MMboe for the six month period compared to 1.53 MMboe for the previous corresponding period which includes discontinued operations. The fall in production of 0.23 MMboe largely reflects the lost contribution of the divested Tui Area Oil Fields in February 2017.

Western Australia

Waitsia Gas Project (50%, Operator), Onshore Perth Basin
AWE's share of gross production from Waitsia Stage 1A was 0.12 MMboe (690TJ) for the six month period ended 31 December 2017.

Following completion of the Waitsia project appraisal drilling campaign early in the reporting period Waitsia wells 2, 3 and 4 were flow tested and delivered outstanding results confirming Waitsia as a world class onshore gas field and resulting in an 80% increase in Waitsia 2P Reserves to 820 PJ[1] gross (net 410 PJ to AWE).

During the period, five tender submissions were received for the 'Front End Engineering and Design' (FEED) for the gas plant facilities and associated infrastructure with three using an 'Engineering Procurement Construction' (EPC) approach and two using a 'Build Own Operate' (BOO) delivery model. AWE has commenced evaluation of each tender submission which will continue into CY2018. In the context of the sale of Lattice, AWE's 50% partner in Waitsia to Beach Energy, and the ongoing proposals to acquire AWE, the final investment decision (FID) by the joint venture has been deferred. At this stage, AWE is still targeting first gas date for the project in late CY2020 (subject to project FID by 30 June 2018).

[1] As at 1 December 2017, announced to the ASX on 19 December 2017 with no subsequent material change.

Gas marketing continues with AWE making gas supply tender submissions to some large gas buyers. However, the takeover proposals currently before the Company prohibit the Company entering into any gas sales agreements.

The Waitsia field sits within production permits L1 and L2, AWE, as operator, has submitted its application to renew the permits in accordance with the regulatory framework. The permits remain on foot and in good standing pending a final renewal decision by the relevant authority.

Onshore Perth Basin (33–100%, some Operated)
AWE's share of gross production from the various onshore Perth Basin assets was 0.135 MMboe (839TJ) compared to 0.147 MMboe for the previous corresponding period.

AWE's program to decommission non-producing wells and rehabilitate well sites is proceeding. Total decommissioning and rehabilitation expenditure charged to existing provisions for the half-year ended 31 December 2017 was $1.4 million (31 December 2016: $2.1 million).

South East Australia

BassGas Project (35%), Bass Basin
The BassGas project achieved gross production for the six months ended 31 December 2017 of 9.4 PJ of gas, 309,000 barrels of condensate and 29,000 tonnes of LPG. AWE's share comprised 3.3 PJ of gas, 108,000 barrels of condensate and 10,100 tonnes of LPG. The average gross daily rate for the first half, excluding planned downtime, was 51.2 TJ/d.

BassGas is currently producing from three wells, Yolla 4, 5 and 6. Production for the period increased by 25% over the previous corresponding period as a result of the start-up of compression on the Yolla platform, however was adversely impacted by planned and unplanned maintenance activity. Optimisation of compression on the Yolla platform was hampered by issues associated with the onshore sales gas compressor at the Lang Lang gas plant which resulted in a period of down time while repairs were effected. A wireline program is being planned for early 2018.

A change in Operator occurred as of 1 February 2018 following the completion of the sale announced in October 2017 by Origin Energy to sell its Lattice Energy Subsidiary to Beach Energy.

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 1.6 PJ of gas and 940 barrels of condensate.

Production for the period decreased by 29% compared to the previous corresponding half-year due to natural field decline as well as the shut-in of Casino-5 and scheduled shutdown of the Iona Production Facility in October 2017. The average gross daily rate for the first half, excluding planned downtime, was 34.8 TJ/d.

1.4. Exploration and evaluation operations

					6 months ended 31-Dec-17	6 months ended 31-Dec-16
	Western Australia	South East Australia	New Zealand	Indonesia[1]	Total	Total
Exploration and evaluation expenditure ($m)	1.6	0.8	0.1	2.5	5.0	1.7

1. The AAL oil project was reclassified from oil and gas assets to exploration and evaluation assets effective 30 June 2017.

The Company continues to minimise discretionary exploration activity and is currently running a farmout process for all 100% held permits to seek partners and manage near to mid-term exploration cost exposure.

Indonesia

Ande Ande Lumut Oil Project (50%), Northwest Natuna Sea
The joint venture has commenced discussion with the regulator to jointly develop the G-sand and K-sand reservoirs from field start-up. The first step in this process has begun with an application to move the G-sand resource from exploration status to development. Final approval may require an amendment to the approved Plan of Development prior to FID. Stage 2 commercial tenders remain on hold until this work is completed.

During the period the Indonesian government advised its intention to exercise its right to assign 10% of the contractor share to a local entity with each PSC contractor (Santos 50%, AWE 50%) to assign 5% of their interest leaving each with a 45% share. The existing PSC contractors are expected to carry the local entity's development costs but the new partner is obliged to repay AWE its share of the carry from production.

Australia

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

Otway Basin
In permit VIC/P44 (AWE 25%), the Joint Venture is undertaking 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 by the regulator.

Onshore Perth Basin
In EP320 (AWE 33.33%), the Joint Venture has applied for a permit suspension to allow a delay in the planned 3D seismic program to minimise disruption to local landowners. 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 (33%), the Joint Venture continues to review options for an exploration well to test the Beharra Springs Deep prospect in the Kingia and High Cliff Sandstones directly beneath the Beharra Springs Gas Field and close to existing facilities.

In EP413 (AWE 44.25%), the Joint Venture has obtained a 12 month suspension of the current year permit due to the Western Australian moratorium on hydraulic facture stimulation. The decision is pending approval by the regulator.

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.

New Zealand

Kohatukai (AWE 51%), onshore New Zealand
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 well advanced.

1.5. Outlook

Production for the full year is trending towards the lower end of the guidance range of 2.5-2.7 MMboe. A key factor in achieving production guidance will be the timing and success of the Casino-5 workover planned for early 2018.

Sales revenue for the FY2018 is trending towards the upper half of the guidance range of $77-$85 million for revenue reflecting higher realised prices for condensate in line with improving oil prices. A key factor in achieving the guidance will be the success of the Casino-5 workover as well as oil prices and condensate sales.

Capital expenditure, which has a guidance range of $40-$45 million, is trending toward the bottom end of the full year guidance range

Exploration expenditure for the FY2018 is trending below the Company's guidance of $7 million primarily as a result of the proposed deferral of the 3D seismic program in EP320.

Directors

The Directors of the Company at any time during the six months or since the end of the period are:

Current Director	**Position**
Kenneth Williams	Chairman; appointed Chairman 24 November 2017
Bruce Phillips	Chairman until his retirement effective on 24 November 2017
David Biggs	CEO and Managing Director
Karen Penrose	Director
David McEvoy	Director
Ray Betros	Director
Andy Rigg	Director; appointed 12 October 2017

At the last Annual General Meeting, Ms Karen Penrose flagged her intention to retire from the AWE Board in March 2018. Ms Penrose's retirement and the process of identifying a successor is presently on hold in light of the proposed transactions currently being reviewed by the Board.

Events subsequent to balance date

Prior to the balance sheet date, the Company received unsolicited proposals from CERCG and Mineral Resources to acquire the Company. Post the balance sheet date, AWE received a third unsolicited proposal to acquire the Company from Mitsui. The status of each proposal is detailed below:

- CERCG: The Board has unanimously recommended that AWE shareholders REJECT the CERCG offer of $0.73 per share cash and that shareholders should TAKE NO ACTION in respect of any documents received from CERCG.

- Mineral Resources: Prior to the balance sheet date, AWE entered into a binding scheme implementation deed (SID) under which Mineral Resources agreed to acquire all of the shares in AWE for cash and Mineral Resources shares with an implied value of $0.83 per AWE share, to be effected by way of a scheme of arrangement. The SID set out a matching rights procedure should a superior bid arise. Mineral Resources did not match the proposal from Mitsui within the matching time period with the result that the Board withdrew its recommendation of the Mineral Resources Scheme, terminated the SID, and paid a break fee of $5.2 million.

- Mitsui: The Board has unanimously recommended that AWE shareholders ACCEPT the Mitsui Takeover Bid at $0.95 per share cash, in the absence of a superior proposal and subject to the independent expert concluding that the Mitsui offer price is fair and reasonable. AWE entered into a Bid Implementation Deed (BID) with Mitsui in respect of the Takeover Bid in February 2018.

There has not been in the period since 31 December 2017 and up to the date of this report any other items, transaction or events 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.

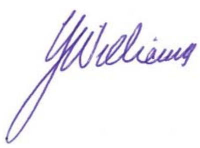
Rounding off

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.

Auditor's independence declaration

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 (Cth) is set on page 10 of this report.

Signed in accordance with a Resolution of the Directors.



Ken Williams
Chairman
Dated at Sydney this 21st day of February 2018.

David Biggs
CEO and Managing Director

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Auditor's Independence Declaration to the Directors of AWE Limited

As lead auditor for the review of AWE Limited for the half-year ended 31 December 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 review*;* and

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

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

Ernst & Young

Trent van Veen
Partner
21 February 2018

Half-year financial report

Consolidated income statement

For the six months ended 31 December 2017

	Note	31 December 2017 $'000	31 December 2016 $'000
Continuing operations			
Revenue	2.2	**41,938**	35,237
Cost of sales	2.3	**(32,330)**	(36,753)
Net profit / (loss) from producing assets		**9,608**	(1,516)
Other income	2.4	**242**	391
Exploration and evaluation expenses	3.2	**(2,146)**	(1,486)
Other expenses	2.5	**(14,474)**	(5,568)
Results from continuing operating activities		**(6,770)**	(8,179)
Finance income	4.1	**1,639**	735
Finance costs	4.1	**(2,886)**	(3,618)
Net finance costs	4.1	**(1,247)**	(2,883)
Loss before tax from continuing operations		**(8,017)**	(11,062)
Income tax expense		**(16,304)**	(12,051)
Royalty related taxation benefit		**520**	1,235
Total tax expense		**(15,784)**	(10,816)
Loss after tax from continuing operations		**(23,801)**	(21,878)
Discontinued operations			
Revenue from discontinued operations	2.2 / 2.6	**-**	19,659
Expenses from discontinued operations	2.3 / 2.6	**-**	(18,523)
Profit before tax from discontinued operations	2.6	**-**	1,136
Income tax benefit from discontinued operations	2.6	**-**	9,377
Royalty related taxation expense from discontinued operations	2.6	**-**	(1,116)
Total tax benefit	2.6	**-**	8,261
Profit after tax from discontinued operations	2.6	**-**	9,397
Loss attributable to members of the Company		**(23,801)**	(12,481)

Earnings per share from continuing and discontinued operations		
	Cents	Cents
Basic loss per ordinary share	**(4.35)**	(2.37)
Diluted loss per ordinary share	**(4.35)**	(2.37)
Earnings per share from continuing operations		
Basic loss per ordinary share	**(4.35)**	(4.15)
Diluted loss per ordinary share	**(4.35)**	(4.15)

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 six months ended 31 December 2017

	Note	31 December 2017 $'000	31 December 2016 $'000
Loss attributable to members of the Company		**(23,801)**	(12,481)
Items that may be reclassified subsequently to profit and loss			
Changes in the fair value of cash flow hedges in the six month period		**-**	(364)
Income tax effect for fair value of cash flow hedges		**-**	101
Foreign currency translation differences for foreign operations		**256**	5,757
Other comprehensive income (net of income tax)		**256**	5,494
Total comprehensive loss for the period		**(23,545)**	(6,987)
Total comprehensive loss attributable to members of the Company		**(23,545)**	(6,987)

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 31 December 2017

	Note	31 December 2017 $'000	30 June 2017 $'000
Current assets			
Cash and cash equivalents		**25,675**	12,826
Trade and other receivables	3.1	**27,104**	31,585
Inventory		**2,061**	2,403
Taxation receivable		**1,446**	1,942
Total current assets		**56,286**	48,756
Non-current assets			
Trade and other receivables		**347**	890
Exploration and evaluation assets	3.2	**98,687**	96,595
Oil and gas assets	3.3	**179,362**	177,047
Land and buildings		**12,190**	12,190
Other plant and equipment		**1,625**	1,407
Intangible assets		**161**	96
Deferred tax assets		**103,866**	110,017
Total non-current assets		**396,238**	398,242
Total assets		**452,524**	446,998
Current liabilities			
Trade and other payables		**15,118**	25,760
Employee benefits		**1,607**	1,307
Liabilities associated with assets held for sale	3.4	**2,240**	2,274
Provisions		**10,606**	8,486
Total current liabilities		**29,571**	37,827
Non-current liabilities			
Interest bearing liabilities	4.2	**58,000**	67,101
Employee benefits		**172**	255
Provisions		**131,884**	133,070
Total non-current liabilities		**190,056**	200,426
Total liabilities		**219,627**	238,253
Net assets		**232,897**	208,745
Equity			
Issued capital	4.3	**819,066**	772,172
Reserves		**91,910**	90,851
Retained losses		**(678,079)**	(654,278)
Total equity		**232,897**	208,745

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 six months ended 31 December 2017

	31 December 2017 $'000	31 December 2016 $'000
Cash flows from operating activities		
Cash receipts in the course of operations	**45,314**	60,283
Cash payments in the course of operations	**(29,345)**	(50,285)
Payments for exploration and evaluation expenses	**(2,174)**	(2,032)
Interest received	**103**	29
Borrowing costs paid	**(2,551)**	(1,958)
Income tax received	**-**	1,642
Royalty related taxation received / (paid)	**1,784**	(4,012)
Net cash provided by operating activities	**13,131**	3,667
Cash flows from investing activities		
Exploration and evaluation assets capitalised	**(2,965)**	-
Payments in relation to oil and gas assets	**(21,884)**	(38,308)
Other plant and equipment and intangibles	**(705)**	(19)
Net payments from prior period disposal and relinquishment of assets	**(13,298)**	(5,560)
Net cash used in investing activities	**(38,852)**	(43,887)
Cash flows from financing activities		
Proceeds from issue of share capital	**48,443**	-
Payments for costs of equity raising	**(1,549)**	-
Repayment of borrowings	**(69,094)**	(2,640)
Proceeds from borrowings	**61,000**	30,319
Net cash provided by financing activities	**38,800**	27,679
Net increase / (decrease) in cash held	**13,079**	(12,541)
Cash at the beginning of the period	**12,826**	32,562
Effect of exchange rate fluctuations on the balances of cash held in foreign currencies	**(230)**	908
Cash at the end of the period	**25,675**	20,929

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 six months ended 31 December 2017

	Share capital $'000	Equity compensation reserves $'000	Translation and other reserves $'000	Retained earnings / (losses) $'000	Total equity $'000
For the six months ended 31 December 2016					
Balance at 1 July 2016	772,172	18,312	81,962	(436,765)	435,681
Loss for the period	-	-	-	(12,481)	(12,481)
Other comprehensive income					
Changes in the fair value of cash flow hedges net of tax	-	-	(263)	-	(263)
Foreign currency translation differences for foreign operations	-	-	5,757	-	5,757
Total other comprehensive income	-	-	5,494	(12,481)	(6,987)
Transactions with owners in their capacity as owners					
Contributions by and distributions to members:					
Share Rights Plan	-	613	-	-	613
Balance at 31 December 2016	772,172	18,925	87,456	(449,246)	429,307
For the six months ended 31 December 2017					
Balance at 1 July 2017	**772,172**	**19,337**	**71,514**	**(654,278)**	**208,745**
Loss for the period	**-**	**-**	**-**	**(23,801)**	**(23,801)**
Other comprehensive income					
Foreign currency translation differences for foreign operations	**-**	**-**	**256**	**-**	**256**
Total other comprehensive income	**-**	**-**	**256**	**(23,801)**	**(23,545)**
Transactions with owners in their capacity as owners					
Contributions by and distributions to members:					
Shares issued	**48,443**	**-**	**-**	**-**	**48,443**
Transaction costs arising from the issue of shares	**(1,549)**	**-**	**-**	**-**	**(1,549)**
Share Rights Plan	**-**	**803**	**-**	**-**	**803**
Balance at 31 December 2017	**819,066**	**20,140**	**71,770**	**(678,079)**	**232,897**

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

Notes to the half-year consolidated financial statements

Section 1: Basis of preparation

1.1. Reporting entity

The interim consolidated financial statements of AWE Limited and its subsidiaries (collectively the "Group" or the "Company") for the six months ended 31 December 2017 were authorised for issue in accordance with a resolution of the Directors on 21 February 2018.

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").

1.2. Basis of preparation

This half-year report has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The interim consolidated financial statements do not include all of the information required in the annual financial statements and should be read in conjunction with the Group's latest annual financial statements as well as in conjunction with public announcements made by the Company during the six months ended 31 December 2017, in accordance with the continuous disclosure obligations of the ASX listing rules.

1.3. Significant accounting judgements, estimates and assumptions

The significant accounting judgements, estimates and assumptions adopted in the half-year financial report are consistent with those applied in the preparation of the Group's annual financial report for the year ended 30 June 2017.

Section 2: Financial performance

2.1. Operating segments

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 considers the business from both a product and a geographic perspective and on this basis, has identified five 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:

Western Australia	Production and sale of gas from the Perth Basin, onshore, Western Australia.
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.
Indonesia	The Northwest Natuna PSC development assets comprising the undeveloped Ande Ande Lumut oil (AAL) field.
Discontinued: New Zealand	Production and sale of crude oil from the Tui Area Oil Fields (PMP 38158, offshore Taranaki Basin, New Zealand).
Exploration Activities	Exploration and evaluation activities within the production licences and exploration permits held by AWE in Australia and New Zealand.

The following table presents revenue and profit information as well as segment asset information for the Group for the six months ended 31 December 2017 and 2016.

	South East Australia		Western Australia		Indonesia		Exploration Activities		Total continuing operations		New Zealand - Discontinued [1]		Total operations	
	31-Dec-17	31-Dec-16	**31-Dec-17**	31-Dec-16	**31-Dec-17**	31-Dec-16	**31-Dec-17**	31-Dec-16	**31-Dec-17**	31-Dec-16	**31-Dec-17**	31-Dec-16	**31-Dec-17**	31-Dec-16
Segment income	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Sales revenue	**35,280**	29,620	**5,737**	4,945	**-**	-	**-**	-	**41,017**	34,565	**-**	19,619	**41,017**	54,184
Production costs	**(14,026)**	(14,834)	**(4,961)**	(5,415)	**-**	-	**-**	-	**(18,987)**	(20,249)	**-**	(14,512)	**(18,987)**	(34,761)
Royalties	**(27)**	(30)	**(140)**	(92)	**-**	-	**-**	-	**(167)**	(122)	**-**	-	**(167)**	(122)
Segment result before amortisation	**21,227**	14,756	**636**	(562)	**-**	-	**-**	-	**21,863**	14,194	**-**	5,107	**21,863**	19,301
Exploration and evaluation expenses	**-**	-	**-**	-	**-**	-	**(2,146)**	(1,486)	**(2,146)**	(1,486)	**-**	-	**(2,146)**	(1,486)
Amortisation	**(11,588)**	(14,392)	**(1,588)**	(1,990)	**-**	-	**-**	-	**(13,176)**	(16,382)	**-**	(4,002)	**(13,176)**	(20,384)
Reportable segment profit / (loss)	**9,639**	364	**(952)**	(2,552)	**-**	-	**(2,146)**	(1,486)	**6,541**	(3,674)	**-**	1,105	**6,541**	(2,569)
Other revenue													**921**	712
Other income													**242**	412
Net financing expense													**(1,247)**	(2,913)
Other expense													**(14,474)**	(5,568)
Net loss before income tax													**(8,017)**	(9,926)
	31-Dec-17	30-Jun-17	**31-Dec-17**	30-Jun-17	**31-Dec-17**	30-Jun-17	**31-Dec-17**	30-Jun-17	**31-Dec-17**	30-Jun-17	**31-Dec-17**	30-Jun-17	**31-Dec-17**	30-Jun-17
Segment assets	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Oil and gas assets	**83,934**	91,530	**95,428**	85,517	**-**	-	**-**	-	**179,362**	177,047	**-**	-	**179,362**	177,047
Exploration assets	**-**	-	**-**	-	**-**	-	**98,687**	96,595	**98,687**	96,595	**-**	-	**98,687**	96,595
Other assets	**13,519**	13,885	**5,797**	6,632	**559**	1,400	**-**	-	**19,875**	21,917	**-**	-	**19,875**	21,917
	97,453	105,415	**101,225**	92,149	**559**	1,400	**98,687**	96,595	**297,924**	295,559	**-**	-	**297,924**	295,559
Corporate and unallocated assets													**154,600**	151,439
Total assets													**452,524**	446,998

1. The divestment of AWE New Zealand Pty Ltd & AWE Taranaki Pty Ltd (together the owners of the Tui Area Oil Fields), which represented the entire New Zealand segment completed in February 2017 and is disclosed as a discontinued operation in note 2.6. The post-tax gain on divestment of $36.3 million is disclosed in the consolidated income statement for the 12 months ended 30 June 2017.

	31 December 2017 $'000	31 December 2016 $'000

2.2. Revenue from ordinary activities

Revenue from continuing operations		
Sales revenue - gas and gas liquids	**41,017**	34,565
Other revenue	**921**	672
	41,938	35,237
Revenue from discontinued operations (refer note 2.6)		
Sales revenue - oil	**-**	19,619
Other revenue	**-**	40
	-	19,659
Total revenue from continuing and discontinued operations	**41,938**	54,896

Further detail regarding discontinued operations is provided in the segment note 2.1 and the discontinued operations note 2.6.

2.3. Cost of sales

Continuing operations		
Production costs	**18,987**	20,249
Royalties	**167**	122
Amortisation	**13,176**	16,382
	32,330	36,753
Discontinued operations (refer note 2.6)		
Production costs	**-**	14,639
Amortisation	**-**	2,528
Movement in oil inventory:	**-**	
Production costs	**-**	(126)
Amortisation	**-**	1,474
	-	18,515
Made up of:		
Production costs (net of movement in oil inventory)	**-**	14,513
Amortisation (net of movement in oil inventory)	**-**	4,002
	-	18,515
Total cost of sales from continuing and discontinued operations	**32,330**	55,268

Further detail regarding discontinued operations is provided in the segment note 2.1 and the discontinued operations note 2.6.

2.4. Other income

Other income	**242**	391
	242	391

	31 December 2017 $'000	31 December 2016 $'000

2.5. Other expenses

Share based payments	**935**	589
General and administrative expenses	**3,318**	3,166
Allowance for doubtful debt (Note 3.1)	**3,200**	-
Other taxes and liabilities	**4,329**	-
Restructure costs	**2,692**	1,316
Fair value adjustment on asset held for sale	**-**	497
	14,474	5,568

Share based payments
At 31 December 2017, the share based payments expense includes the cost associated with 7,535,022 Cash Share Rights commencing July 2017, which have been approved by the Board but not yet issued in accordance with the normal time schedule. The delay is a consequence of the capital raise (refer Note 4.3) and subsequently the takeover activity. The Mitsui bid implementation deed with AWE Limited contemplates the settlement of all unissued shares in cash should the acquisition be successful.

2.6. Discontinued operations

Results of discontinued operation		
Revenue	-	19,659
Expenses from operating activities	-	(18,515)
Operating profit	-	1,144
Finance costs	-	(30)
Other income	-	22
Profit before tax from discontinued operation	-	1,136
Income tax benefit	-	9,377
Royalty related taxation expense	-	(1,116)
Profit for the year from discontinued operation	-	9,397

Cash flows from / (used in) discontinued operation		
Cash flows from operations	-	1,094
Cash flows used in investing activities	-	(5,021)
Cash flows from financing activities	-	2,664
Net cash outflow	-	(1,263)

Earnings per share	**Cents**	Cents
Basic, profit for the year from discontinued operation	-	1.78
Diluted, profit for the year from discontinued operation	-	1.75

For the six months ended 31 December 2016, the results of discontinued operations include only the results associated with Tui Area Oil Fields. 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 carrying value of the discontinued operation which is disclosed as a prior period disposal in Note 3.3, Oil and gas assets was $6.5 million.

Section 3: Capital employed

	31 December 2017 $'000	30 June 2017 $'000

3.1. Trade and other receivables

Trade debtors	**9,618**	7,428
Joint venture debtors	**2,110**	2,787
Other debtors	**15,618**	19,823
Provision for doubtful debts	**(3,200)**	-
Prepayments	**2,958**	1,547
Total current trade other receivables	**27,104**	31,585

Other debtors include a $14.2 million receivable in respect of the divestment of a 42.5% interest in the Bulu PSC. During the period a corresponding doubtful debt provision of $3.2 million has been booked. Having taken this action, management continues to work closely with the acquirer who has made a number of payments and remains committed to completing the sale.

3.2. Exploration and evaluation assets

Exploration and evaluation assets	**98,687**	96,595

Opening balance	**96,595**	32,995
Additions (net of amount recovered from joint operations)	**5,020**	3,044
Exploration costs incurred and expensed during the year	**(2,146)**	(2,441)
Impairment of exploration assets	**-**	(185)
Transfer from non-current receivables	**-**	6,750
Transfer from oil and gas assets (Note 3.3)	**-**	56,250
Foreign exchange translation difference	**(782)**	182
Closing balance	**98,687**	96,595

The prior period transfer from oil and gas assets represents the reclassification of the AAL oil project to exploration and evaluation assets from oil and gas assets.

Recoverability of exploration and evaluation assets
The recoverability of the carrying amounts of exploration and evaluation 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.

	31 December 2017 $'000	30 June 2017 $'000

3.3. Oil and gas assets

Oil and gas assets at cost	**1,104,645**	1,089,154
Less amortisation and impairment	**(925,283)**	(912,107)
	179,362	177,047
Opening balance	**177,047**	375,666
Additions	**14,865**	39,700
Disposals (Note 2.6)	**-**	(6,500)
Amortisation	**(13,176)**	(34,119)
Impairment of oil and gas assets	**-**	(134,281)
Transfer to exploration and evaluation assets (Note 3.2)	**-**	(56,250)
Increase in restoration and decommissioning provision	**626**	-
Foreign exchange translation difference	**-**	(7,169)
Closing balance	**179,362**	177,047

Recoverability 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. Each half-year, 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.

There have been no impairments for the half-year ended 31 December 2017.

3.4. Held for sale liabilities

Liabilities directly associated with assets classified as held for sale		
Restoration and decommissioning provision	**(2,240)**	(2,274)
	(2,240)	(2,274)
Net liabilities held for sale	**(2,240)**	(2,274)

At both 31 December 2017 and 30 June 2017 balance dates held for sale liabilities refer to the divestment of a production licence at Mt Horner in Western Australia. The held for sale asset has a book value of nil.

Section 4: Funding and risk management

4.1. Net finance costs

	31 December 2017 $'000	31 December 2016 $'000
Unwinding of discount – capital expenditure carry	**-**	636
Interest income	**346**	99
Net foreign exchange gain	**1,293**	-
Total finance income	**1,639**	735
Other borrowing costs	**(2,886)**	(2,412)
Net foreign exchange loss	**-**	(1,206)
Total finance costs	**(2,886)**	(3,618)
Net finance costs	**(1,247)**	(2,883)

4.2. Interest bearing liabilities

	31 December 2017 $'000	30 June 2017 $'000
Non-current		
Bank loans - secured	**58,000**	67,101
	58,000	67,101
The Group has access to the following lines of credit:		
Bank loans - secured	**125,000**	300,000
Facilities utilised at balance date	**58,000**	67,101
Facilities not utilised at balance date	**67,000**	232,899

The Group has access to a $125 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.

Effective 30 November 2017 the facility was reduced from $300 million to $125 million.

Unamortised loan establishment fees of $1.4 million associated with the facility are classified as an asset and have been included in current and non-current prepayments. These fees are amortised over the life of the facility.

4.3. Capital

	31 December 2017 Number	30 June 2017 Number	31 December 2017 $'000	30 June 2017 $'000
Movements in ordinary shares:				
Balance at the beginning of the financial year	**528,156,857**	526,735,854	**772,172**	772,172
Institutional placement, net of costs	**76,880,237**	**-**	**37,025**	**-**
Share purchase plan, net of costs	**20,006,707**	**-**	**9,869**	**-**
Shares issued on vesting of employee cash share rights	**210,102**	1,421,003	**-**	**-**
Balance at the end of the financial period	**625,253,903**	528,156,857	**819,066**	772,172

During the period the following ordinary shares were issued:

- On 19 September 2017, 210,102 shares were issued pursuant to the vesting of cash share rights under the Company's remuneration framework at a nil issue price;
- On 20 November 2017, following an institutional placement 76,880,237 shares were issued at a price of $0.50 per ordinary share, raising $38 million (gross proceeds);
- On 20 December 2017, following the share purchase plan, 20,006,707 shares were issued at a price of $0.50 per ordinary share, raising $10 million (gross proceeds).

4.4. Dividends

No dividends were paid or declared during half-year ended 31 December 2017 (31 December 2016: nil).

4.5. Financial risk management

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. No hedges were in place as at 31 December 2017.

The Directors have 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 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 the Treasury and Risk Management Guidelines to 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.

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 that are not based on observable market data (unobservable inputs).

Valuation techniques used to derive fair values

As at 31 December 2017, the fair value of derivative assets positions is nil (30 June 2017: nil).

Section 5: Other

5.1. 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.

Claims against the Group arise from time to time in the ordinary course of business, the outcome of which cannot be foreseen and for which no amounts have been recognised in these financial statements.

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 Group is subject to regular tax inquiries as a consequence of operating in multiple jurisdictions. The outcome of any inquiry is uncertain, and may result in tax audits or additional tax payable.

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.

5.2. Capital and other commitments

There have been no material changes to aggregate capital and other commitments since the last annual reporting date.

5.3. Subsequent events

Prior to the balance sheet date, the Company received unsolicited proposals from CERCG and Mineral Resources to acquire the Company. Post the balance sheet date, AWE received a third unsolicited proposal to acquire the Company from Mitsui. The status of each proposal is detailed below:

- CERCG: The Board has unanimously recommended that AWE shareholders REJECT the CERCG offer of $0.73 per share cash and that shareholders should TAKE NO ACTION in respect of any documents received from CERCG.
- Mineral Resources: Prior to the balance sheet date, AWE entered into a binding scheme implementation deed (SID) under which Mineral Resources agreed to acquire all of the shares in AWE for cash and Mineral Resources shares with an implied value of $0.83 per AWE share, to be effected by way of a scheme of arrangement. The SID set out a matching rights procedure should a superior bid arise. Mineral Resources did not match the proposal from Mitsui within the matching time period with the result that the Board withdrew its recommendation of the Mineral Resources Scheme, terminated the SID, and paid a break fee of $5.2 million.
- Mitsui: The Board has unanimously recommended that AWE shareholders ACCEPT the Mitsui Takeover Bid at $0.95 per share cash, in the absence of a superior proposal and subject to the independent expert concluding that the Mitsui offer price is fair and reasonable. AWE entered into a Bid Implementation Deed (BID) with Mitsui in respect of the Takeover Bid in February 2018.

There has not been in the period since 31 December 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.

5.4. Accounting polices

The accounting policies adopted in the preparation of these interim consolidated financial statements are consistent with those applied in the preparation of the Group’s annual financial statements for the year ended 30 June 2017. There have been no new or revised accounting standards issued with an effective date of 1 July 2017 applicable to the Group.

Directors' declaration

In the opinion of the Directors of AWE Limited (the Company):

1) The financial statements and accompanying notes of AWE Limited for the half-year ended 31 December 2017 are in accordance with the Corporations Act 2001, including:

   a. giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

   b. complying with Australian Accounting Standards and the Corporations Regulations 2001.

2) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a Resolution of the Directors.

Ken Williams
Chairman

David Biggs
CEO and Managing Director

Dated at Sydney this 21st day of February 2018.

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Independent Auditor's Review Report to the Members of AWE Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of AWE Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Trent van Veen
Partner
Sydney
21 February 2018