

2013-14 Full Year Results

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26 August 2014



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This presentation may also contain non-IFRS measures that are unaudited but are derived from and reconciled to the audited accounts. All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.

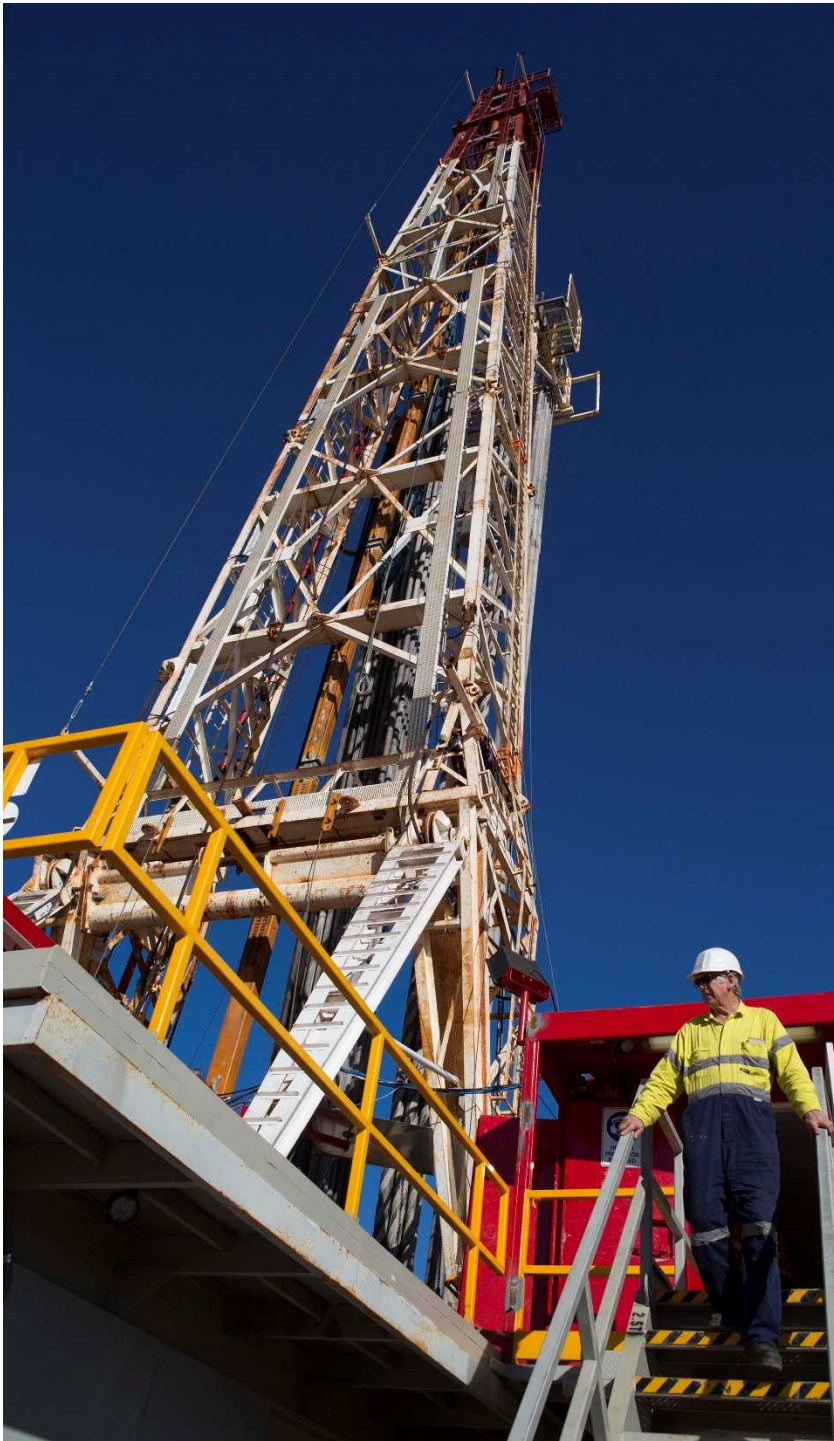
Reserves and Resources. The reserve and resource information contained in this report is based on information compiled by Neil Tupper (General Manager, Exploration & Geoscience) and Ian Palmer (General Manager, Development). Mr Tupper is a Geologist with a Masters Degree in Sedimentology and has over 31 years' experience in petroleum exploration. Mr Palmer holds a Bachelor Degree in Engineering and has 33 years' experience in the practice of petroleum engineering. Both have consented in writing to the inclusion of this information in the format and context in which it appears.

Prospective Resources. AWE follows the Society of Petroleum Engineers – Petroleum Resources Management System (SPE-PRMS) guidelines with respect to the definition of different classes of reserves and resources. SPE-PRMS defines Prospective Resources as being the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have a probability of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons and the probability of development.

- **Highlights**
- **Financial Performance**
- **Growth Strategy**
- **Major Projects**
- **Exploration and Appraisal**
- **Outlook**

Highlights

For the 12 months
to 30 June 2014



- **Strong operating performance and financial results achieved in FY2013-14**
- **Proactive management of portfolio of quality production, development and exploration assets**
- **Foundations established for significant planned growth over next 3-5 years**
- **Balance sheet, funding, people and assets in place to deliver growth**

Targeting production growth to 10 million BOE and EBITDAX of over \$500 million by the end of 2018*

*From base year of FY2012-13

Capacity to drive significant growth from existing portfolio of assets

Strong financial performance in FY13-14 AWE

Total Production	5.6 million BOE, up 13%
Sales Revenue	\$328.2 million, up 9%
Field EBITDAX	\$208.8 million, up 13%
Statutory NPAT *	\$62.5 million, up 213%
Net Cash	\$42 million
Undrawn facilities	\$300 million
Operating cash flow^	\$154.3 million, up 18%

* NPAT includes \$75.5 million net gain from sale of AAL offset by an \$8.3 million fair value adjustment for BassGas and \$11.7 million of restructuring, financing and restoration costs

^ Before exploration expenditure

Strong financial, operating and HSE performance has AWE well positioned to deliver growth

Highlights and milestones



Key Indicator	Guidance FY2013-14	Actual FY2013-14
Production (million BOE)	5.0 – 5.5	5.6
Sales Revenue (\$m)	290 – 320	328
Development Expenditure (\$m)	160 – 180	144
Exploration Expenditure (\$m)	50	44

- **Ande Ande Lumut oil project** – sale of 50% interest completed
- **BassGas project** – sale of 11.25% announced, FID for development drilling
- **Sugarloaf** – accelerated drilling, increased production, increased Reserves and Contingent Resources
- **Exceeded operational goals** for the year, e.g. production and HSE
- Substantially **increased Exploration and Appraisal** activity

Production and revenue exceeded upper end of guidance, key milestones achieved

Full year production up 13%



REGION AND ASSET	AWE SHARE	FY 2013-14 PRODUCTION	FY 2012-13 PRODUCTION	YEAR ON YEAR
Australia		(‘000 BOE)	(‘000 BOE)	Change
BassGas Project (Bass Basin)	46.25%	1,961	1,163	69%
Casino Gas Project (Otway Basin)	25%	1,277	1,407	-9%
Cliff Head Oil Project (Perth Basin)	57.5%	452	582	-22%
Onshore Perth Basin*	33-100%	370	453	-18%
New Zealand				
Tui Oil Project* (Taranaki Basin)	57.5%^	684	709	-3%
USA				
Sugarloaf AML (Eagle Ford, Texas)	10%, net ~7.5%	862	660	31%
TOTAL (‘000 BOE)		<u>5,606</u>	<u>4,974</u>	<u>13%</u>

*Denotes Operatorship (not all Perth Basin assets operated)

^ Equity in Tui increased from 42.5% to 57.5% effective 1 October 2013

Full year production comprised 58% gas and 42% liquids

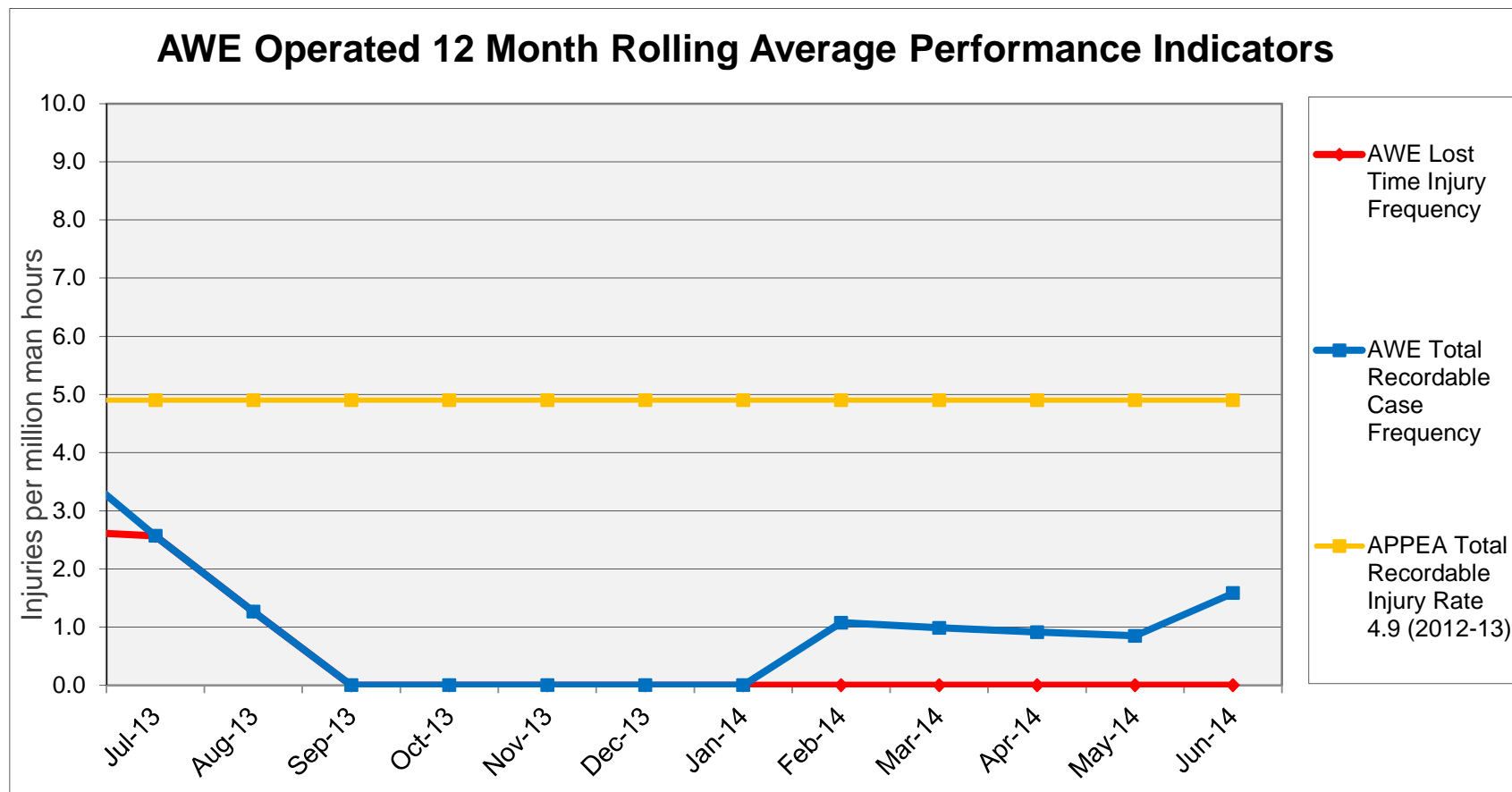
Acquisitions

- Acquired additional 15% interest in Tui oil project from Mitsui for US\$6.4m
- Acquired additional 5% interest in T/18P (Trefoil) from Drillsearch for nominal amount
- Awarded new exploration permits in the Taranaki Basin, onshore New Zealand, and the North Carnarvon Basin, offshore Western Australia
- Subsequent to year end, farm-in for 40% of Block 09/05 in China

Divestments

- Sale of 50% interest in AAL oil project to Santos for US\$188m
- Sale of 11.25% interest in BassGas and 9.75% interest in T/18P (Trefoil) to Prize Petroleum for \$85m (pending)
- Sale of AWE share of Block 7, Yemen, to Petsec for US\$1m (pending)
- Relinquished Anambas permit, offshore Indonesia

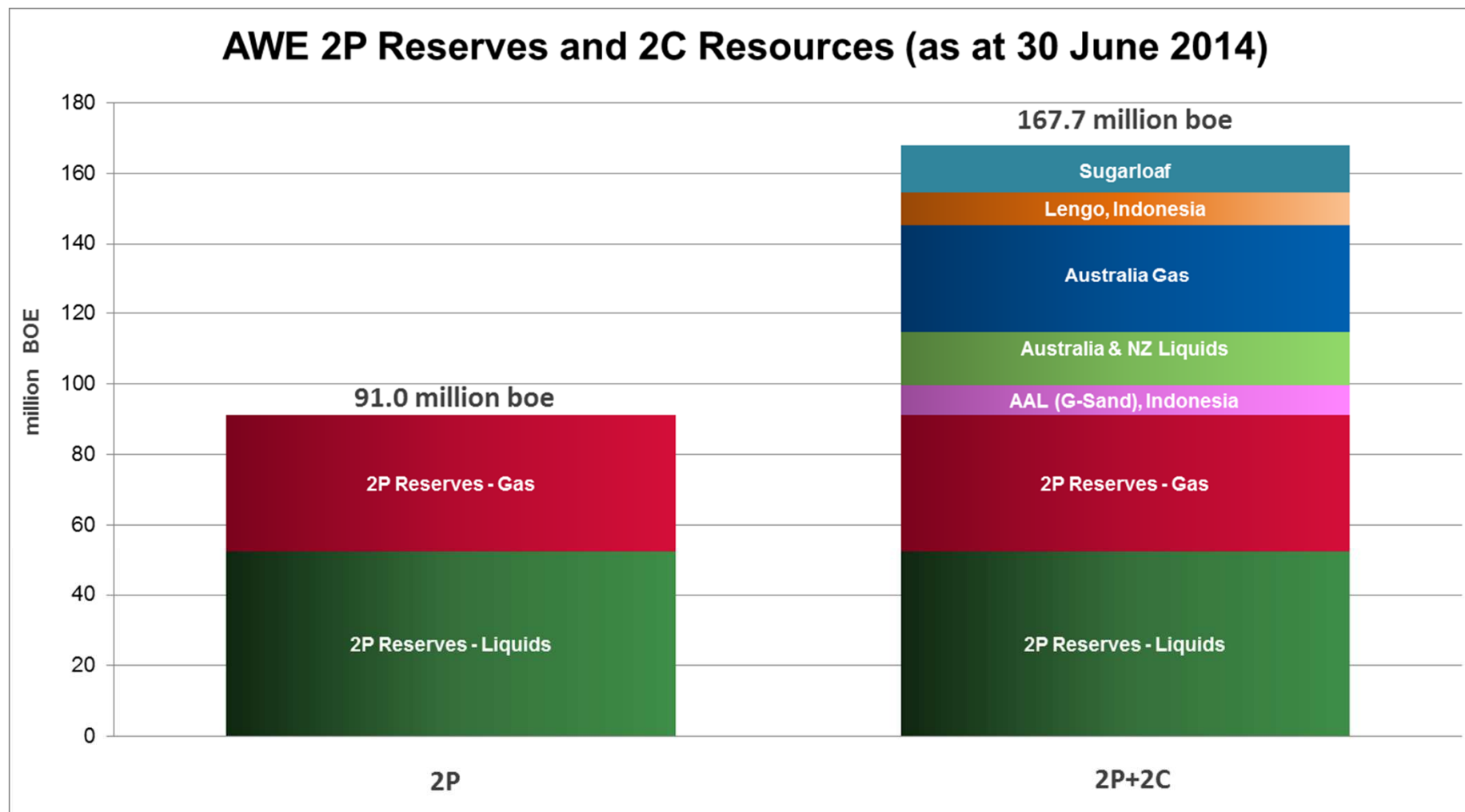
HSE focus achieving positive results



- No Lost Time Injuries (LTI's) since September 2012
- No reportable environmental incidents during FY 2013-14

Safety performance better than industry average, focused on further improvement

More than 16 years of 2P production*



* Based on FY2013-4 total annual production of 5.6 million BOE

2P Reserves weighted towards liquids and high value gas markets

Guidance for FY2014-15



Key Indicator	Guidance FY2014-15
Production (million BOE)	4.6 – 5.1
Sales Revenue (\$m)	290 - 320
Development Expenditure (\$m)	220 - 250
Exploration Expenditure (\$m)	50

- Production guidance lower than previous FY due to natural field decline, scheduled maintenance and a planned shutdown at BassGas for MLE Phase 1b and 2 (to access more reserves and significantly extend field life)
- Development expenditure up over previous FY with increased activity forecast at BassGas, Sugarloaf and Tui (anticipated peak capex pre AAL drilling)

Guidance based on Brent Oil price of US\$100 per barrel and 90c FX

Financial Performance

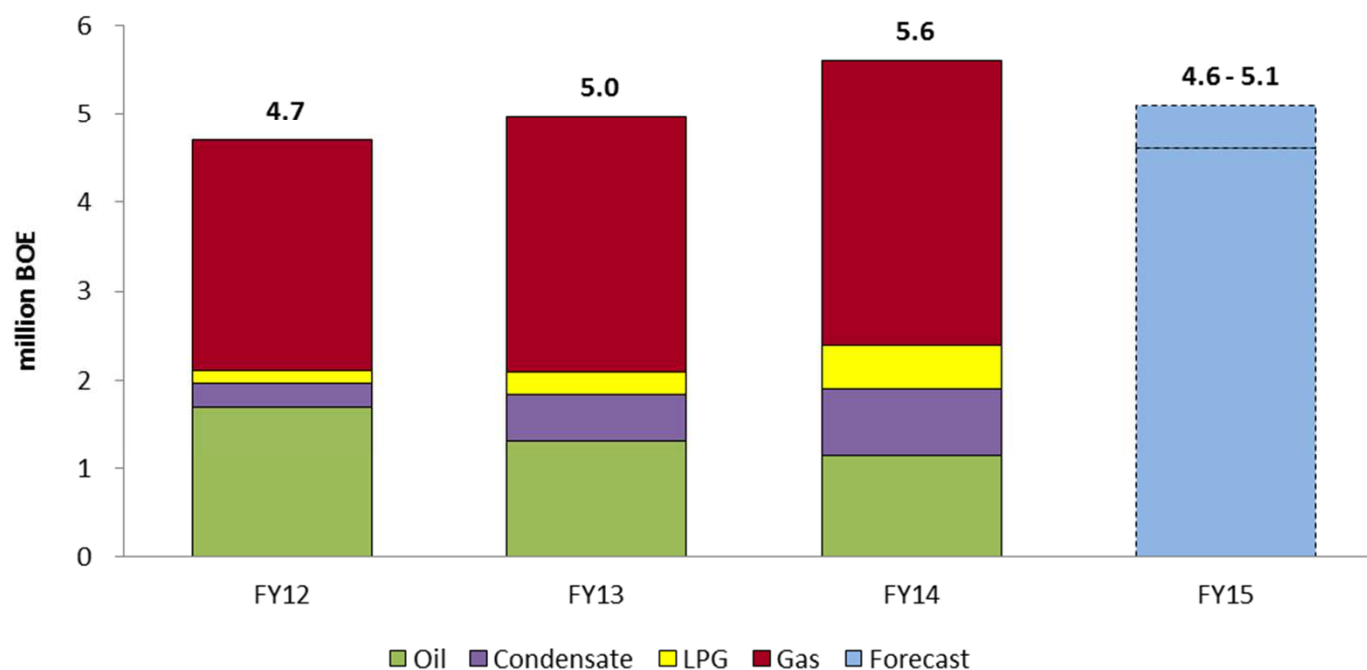
For the 12 months
to 30 June 2014



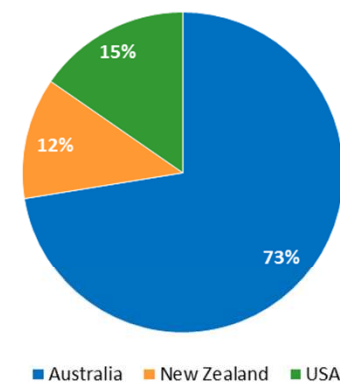
Total production



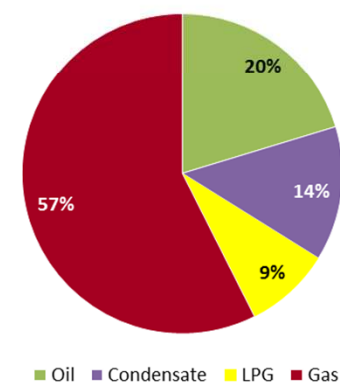
Production for period ending 30 June 2014



FY2013-14 actual production



FY2013-14 product mix

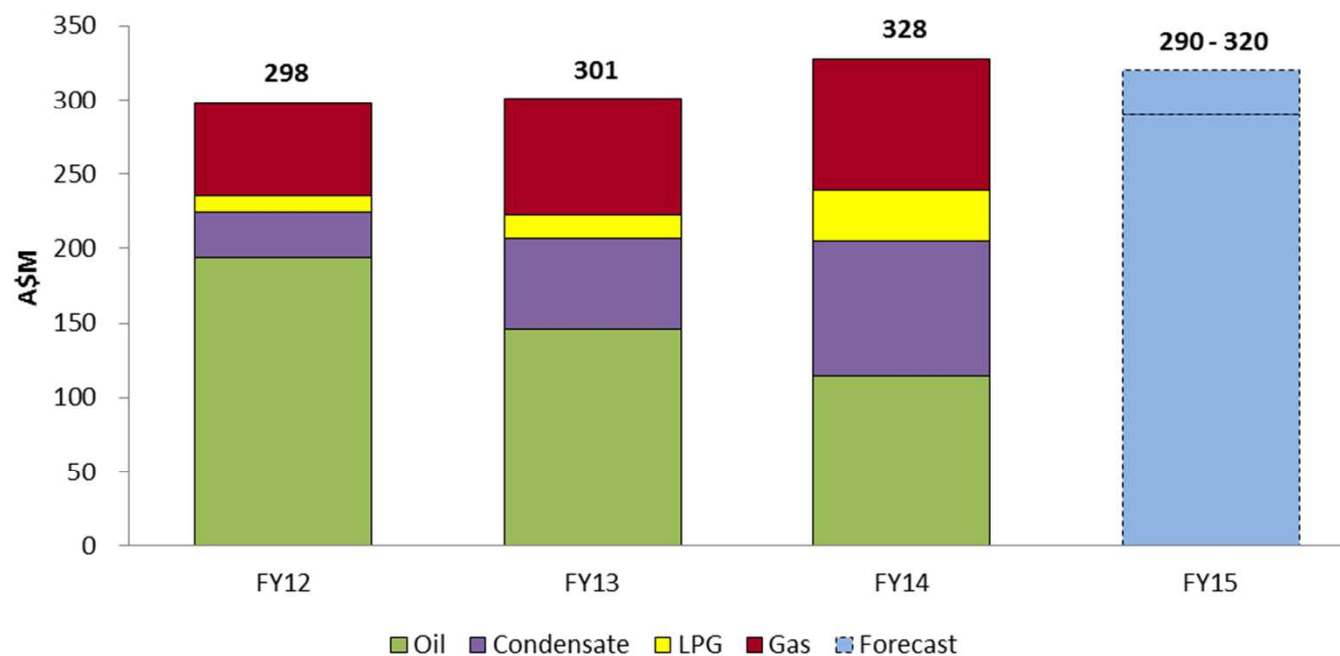


Strong production performance exceeded guidance in FY13-14

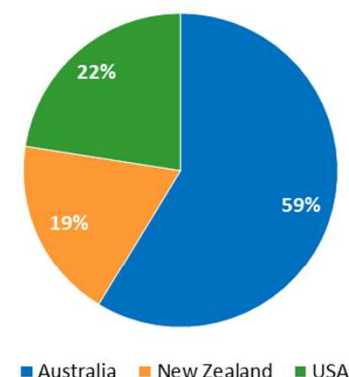
Sales revenue



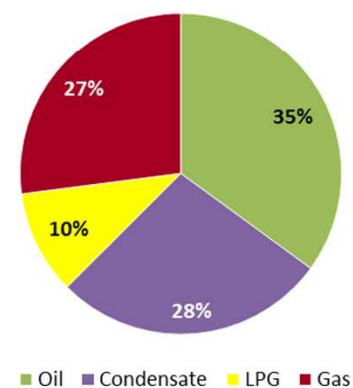
Sales Revenue for period ending 30 June 2014



FY2013-14 Sales Revenue by Geography



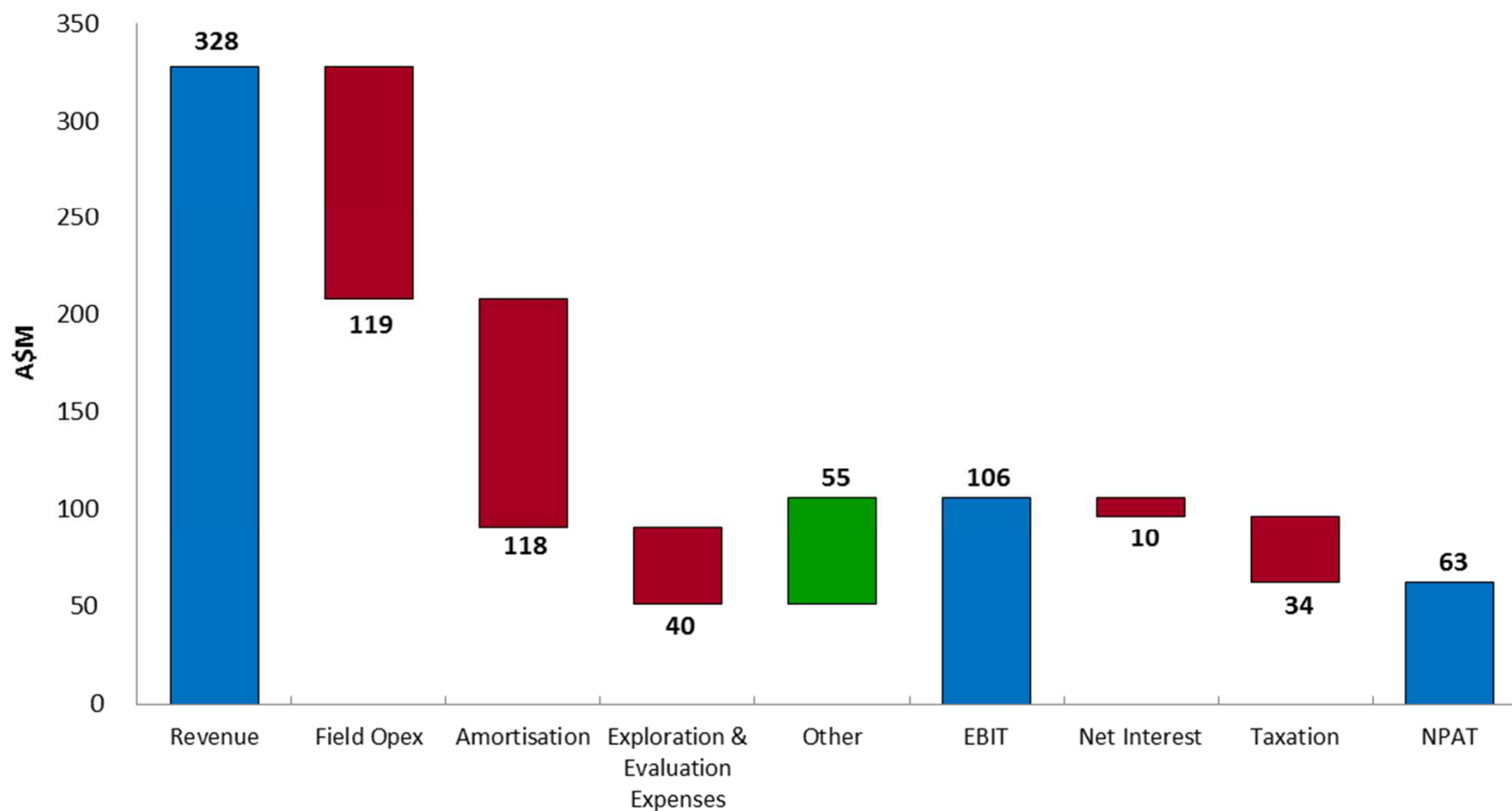
FY2013-14 Sales Revenue by Product



FY13-14 Sales Revenue reflects improved production and strong pricing from target markets

Earnings analysis

Net Profit after Tax for period ending 30 June 2014



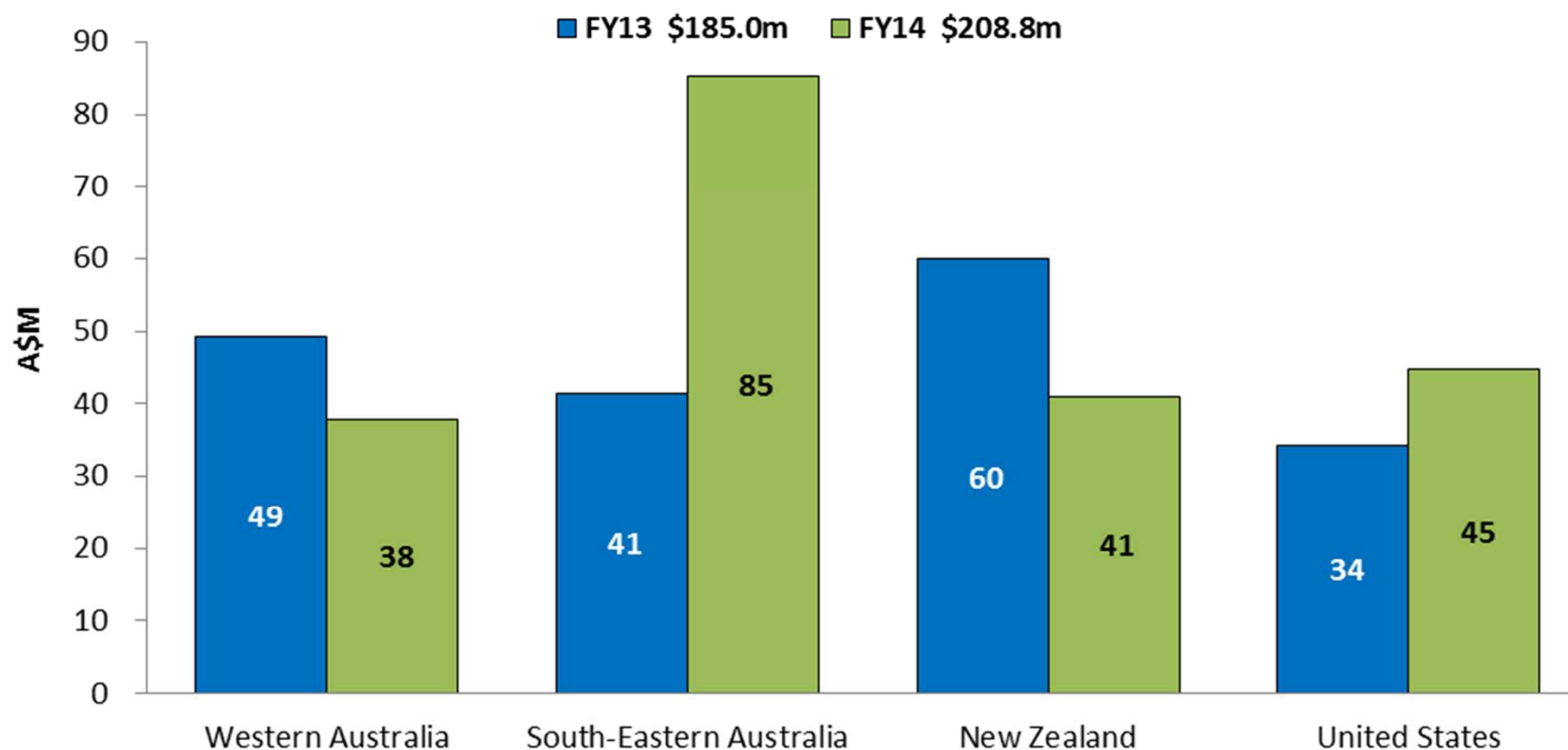
Sale of 50% of AAL contributed to strong result, offsetting higher exploration expense

Underlying profit reconciliation



	Full year to 30 June 2014 \$ million	Full year to 30 June 2013 \$ million
Statutory net profit after tax	62.5	20.0
Adjusted for:		
Gain on sale of 50% interest in Northwest Natuna PSC	(75.5)	-
Restructuring costs in relation to Jakarta office	3.5	-
BassGas fair value adjustment on assets held for sale	8.3	-
Perth Basin restoration costs	2.5	-
Anambas PSC relinquishment	1.0	-
Capitalised borrowing costs written off	1.1	-
Other project and restructuring costs	3.6	-
Total non-recurring items after tax	(55.5)	(2.9)
Underlying net profit after tax	7.0	17.1

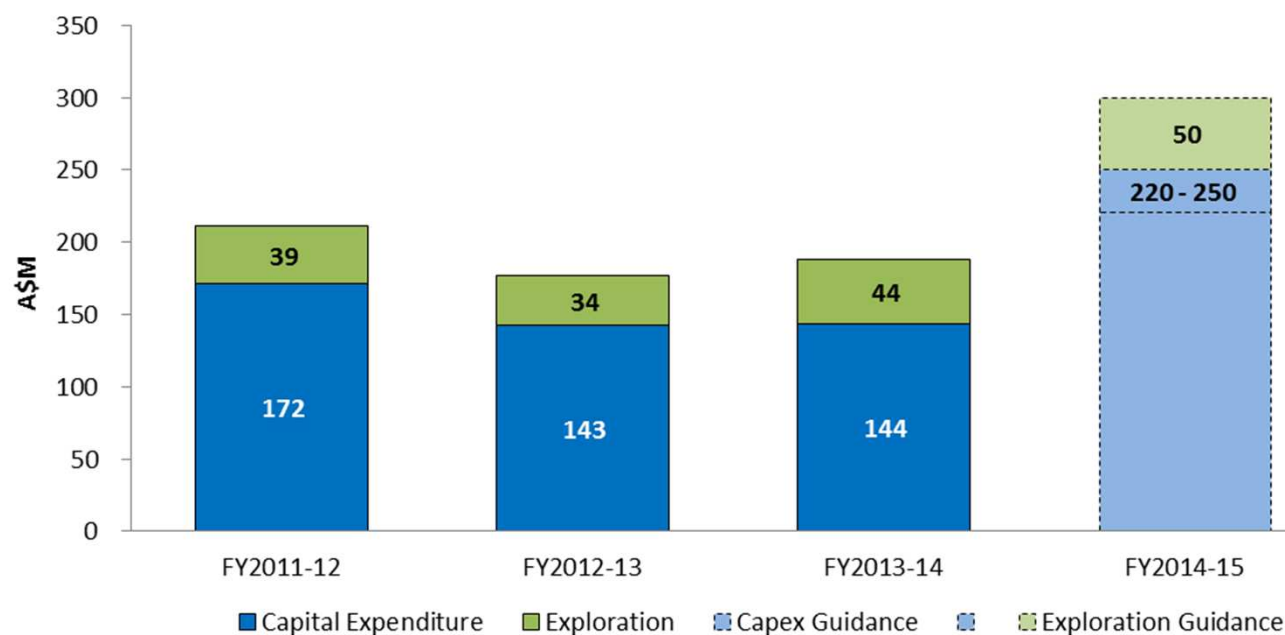
Field EBITDAX for the period ending 30 June 2014



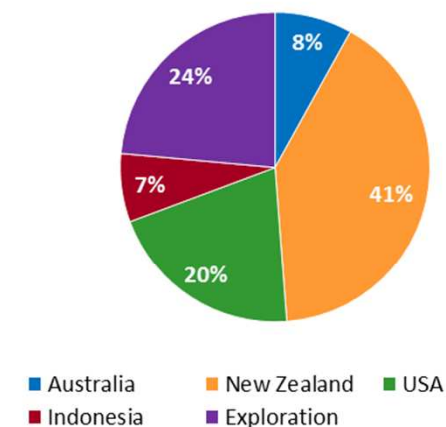
13% uplift reflects strong performances from long life assets, Sugarloaf and BassGas

Investment Analysis

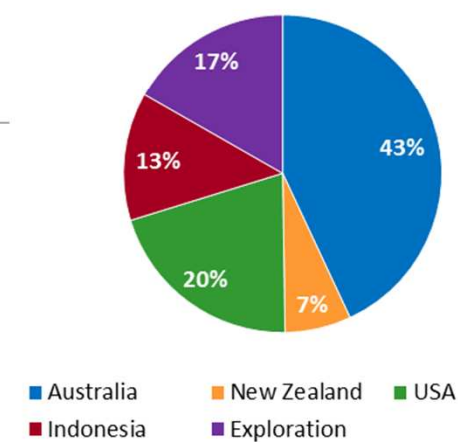
Investment Expenditure



FY2013-14 Investment Expenditure



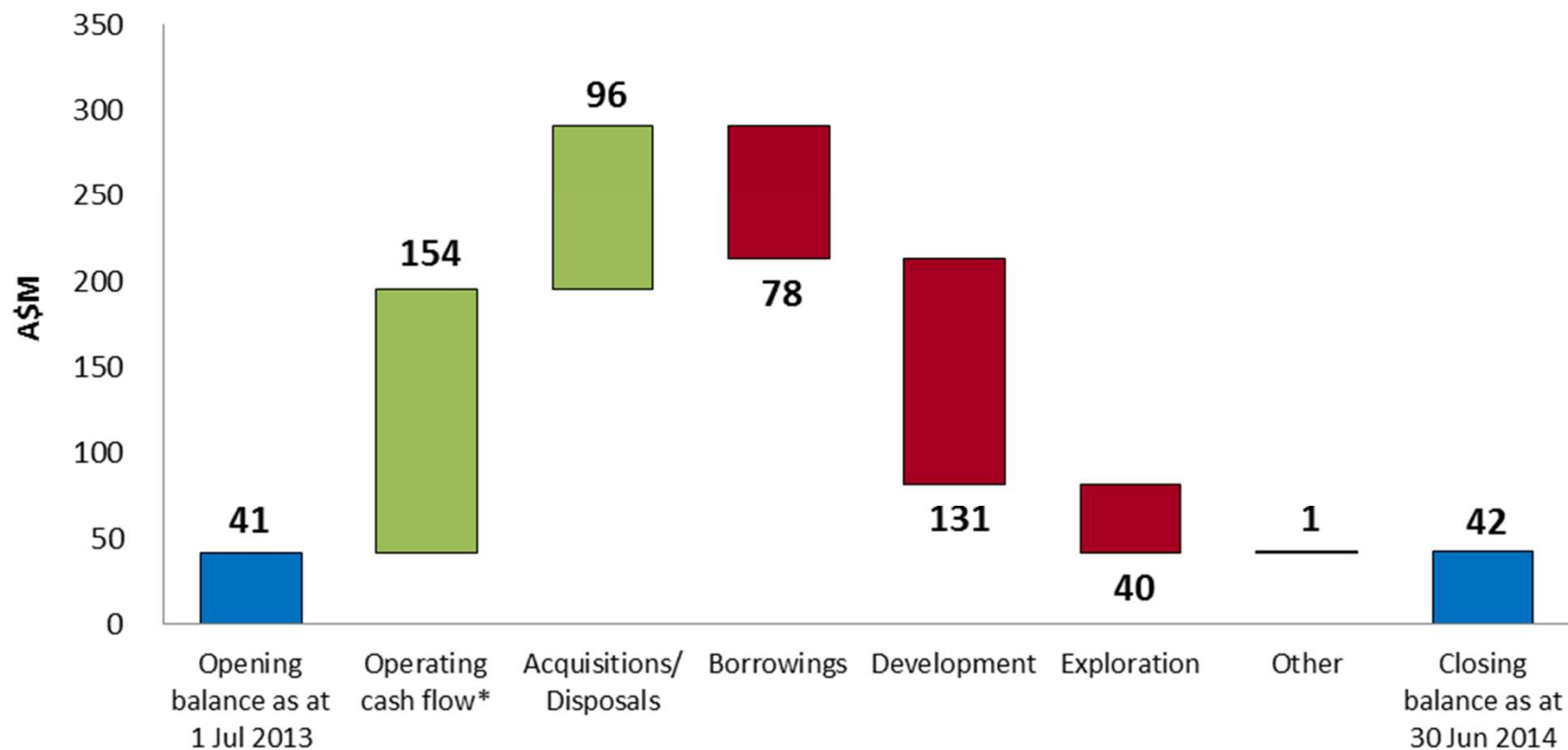
FY2014-15 Investment Expenditure



FY2014-15 planned capex funded from operating cash flow and existing debt facility

Cash flow analysis

Cash Flow for period ending 30 June 2014



*Operating cash flow excluding exploration expense of \$31 million

Operating cash flow forecast to remain strong

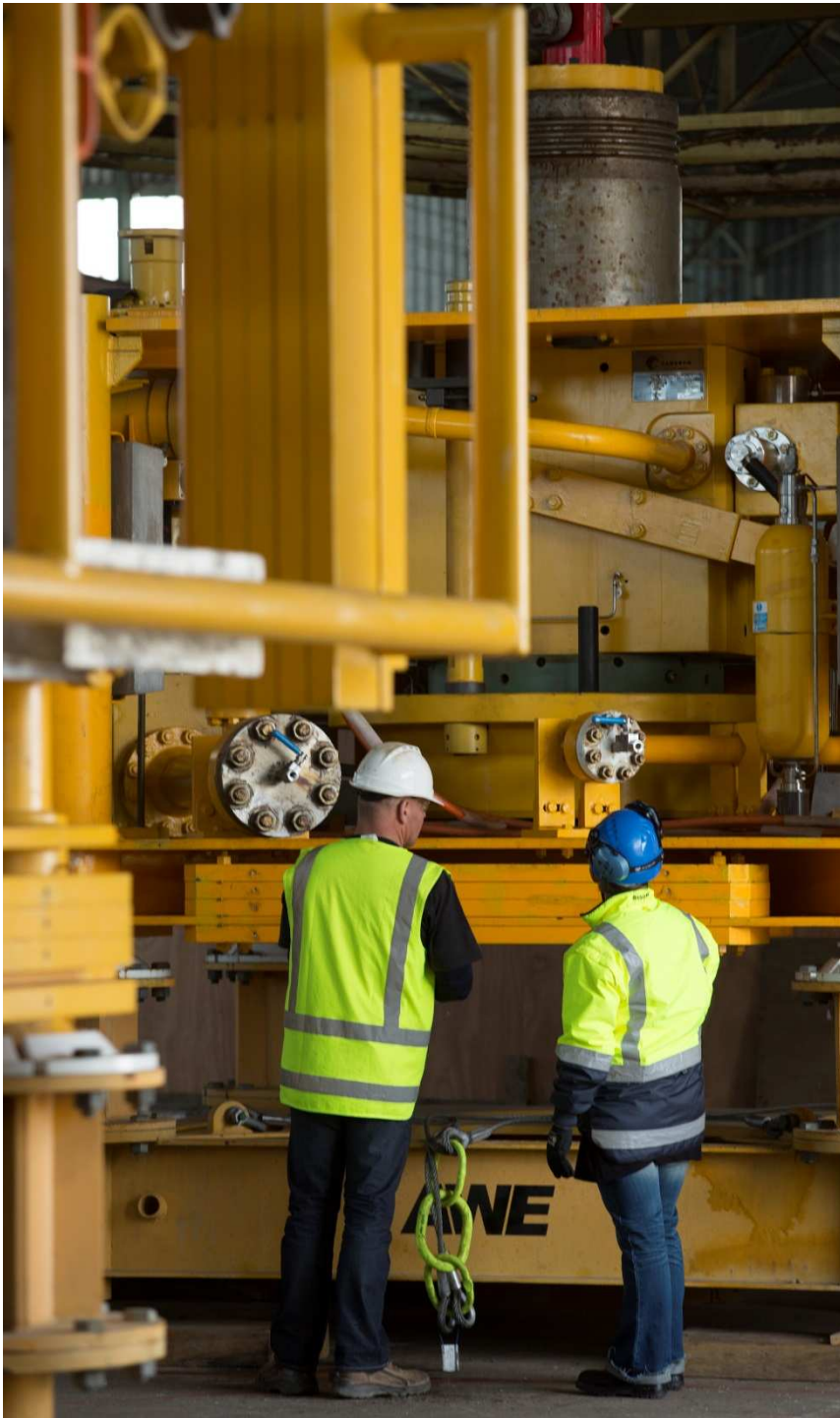
Balance Sheet and Funding



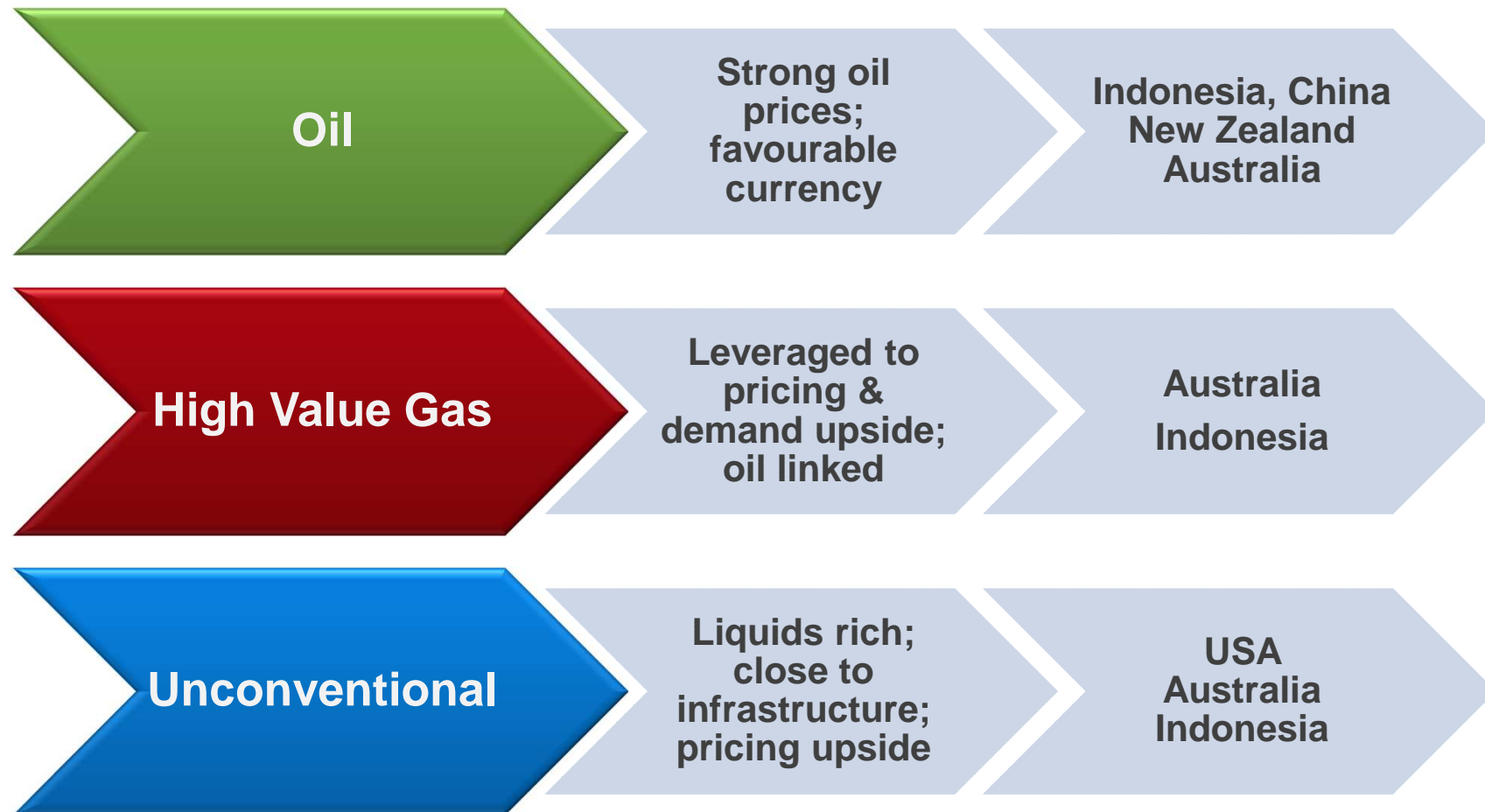
Balance sheet item	FY 2013-14 \$ million
Assets	
Cash and cash equivalents	42.1
Receivables and inventory	139.9
Exploration and evaluation assets	109.3
Oil and gas assets	802.1
Assets held for sale	84.3
Other assets	1.9
Net deferred tax assets	23.0
Liabilities	
Trade and other payables	90.9
Taxes payable/(refundable)	(0.2)
Loan facility drawdown	-
Provisions	156.0
Other liabilities	14.6
Net assets	941.2

Highly liquid balance sheet with significant capacity to fund growth activity

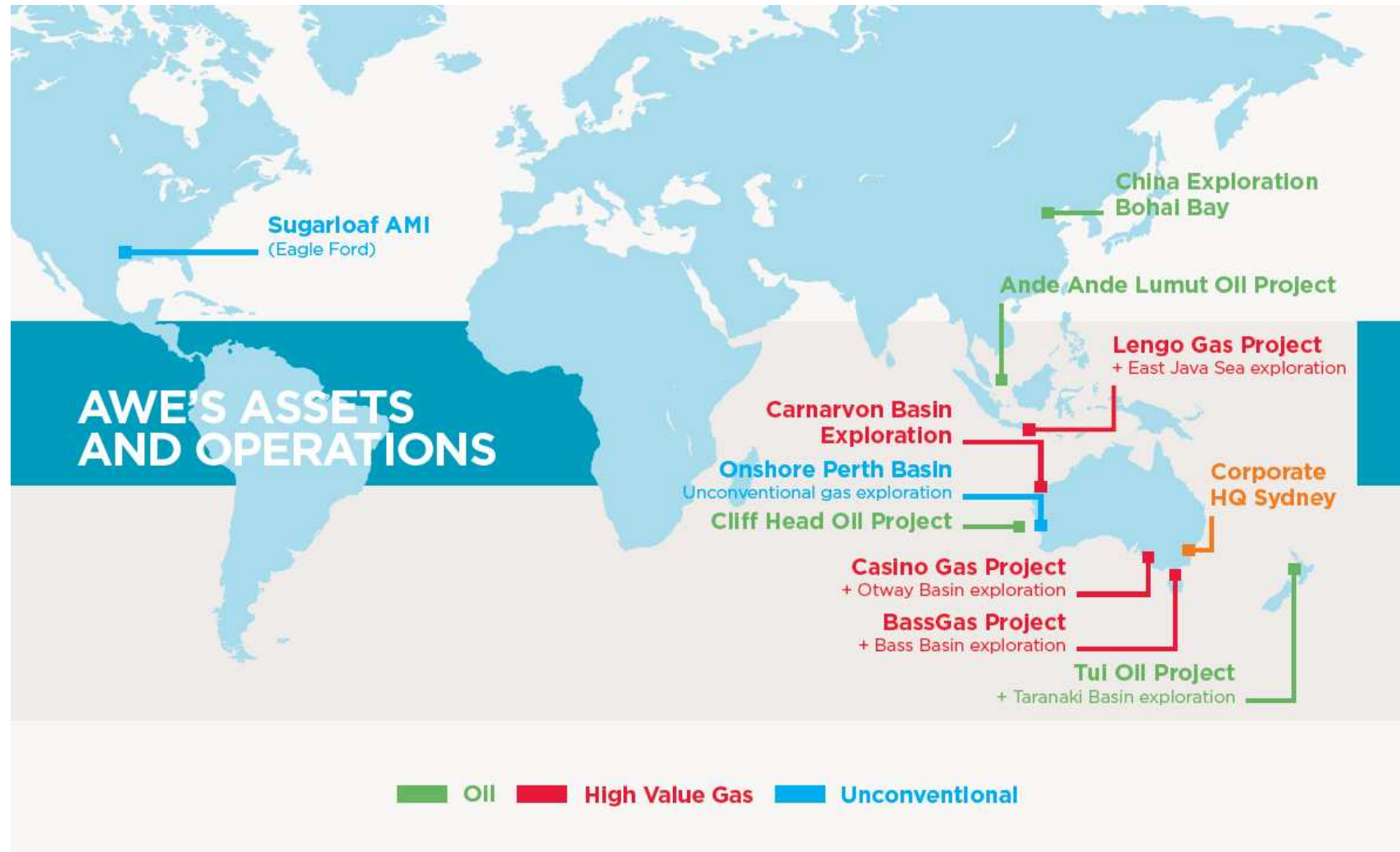
Growth Strategy



Strategy built on 3 core platforms

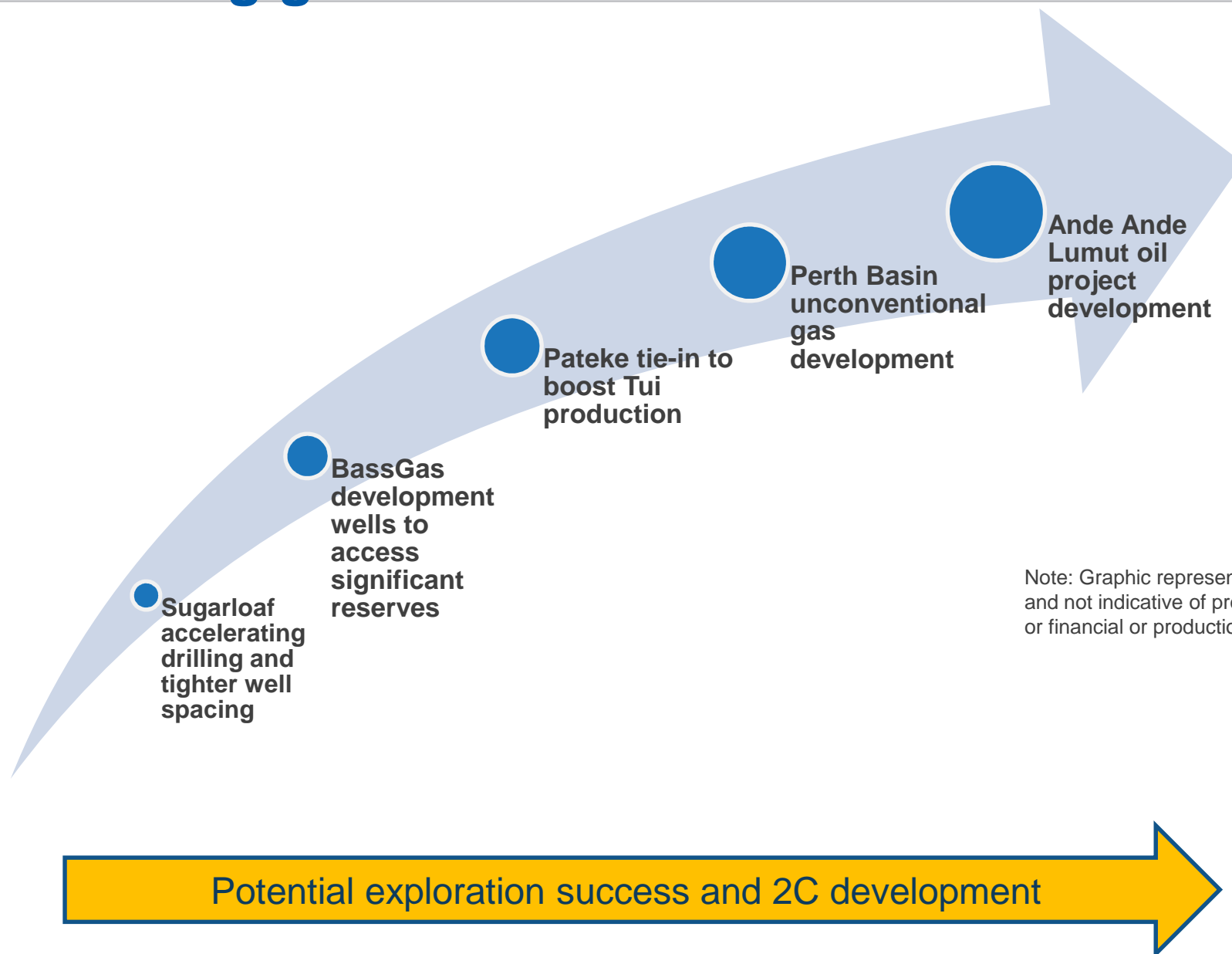


Growing presence in high value markets AWE



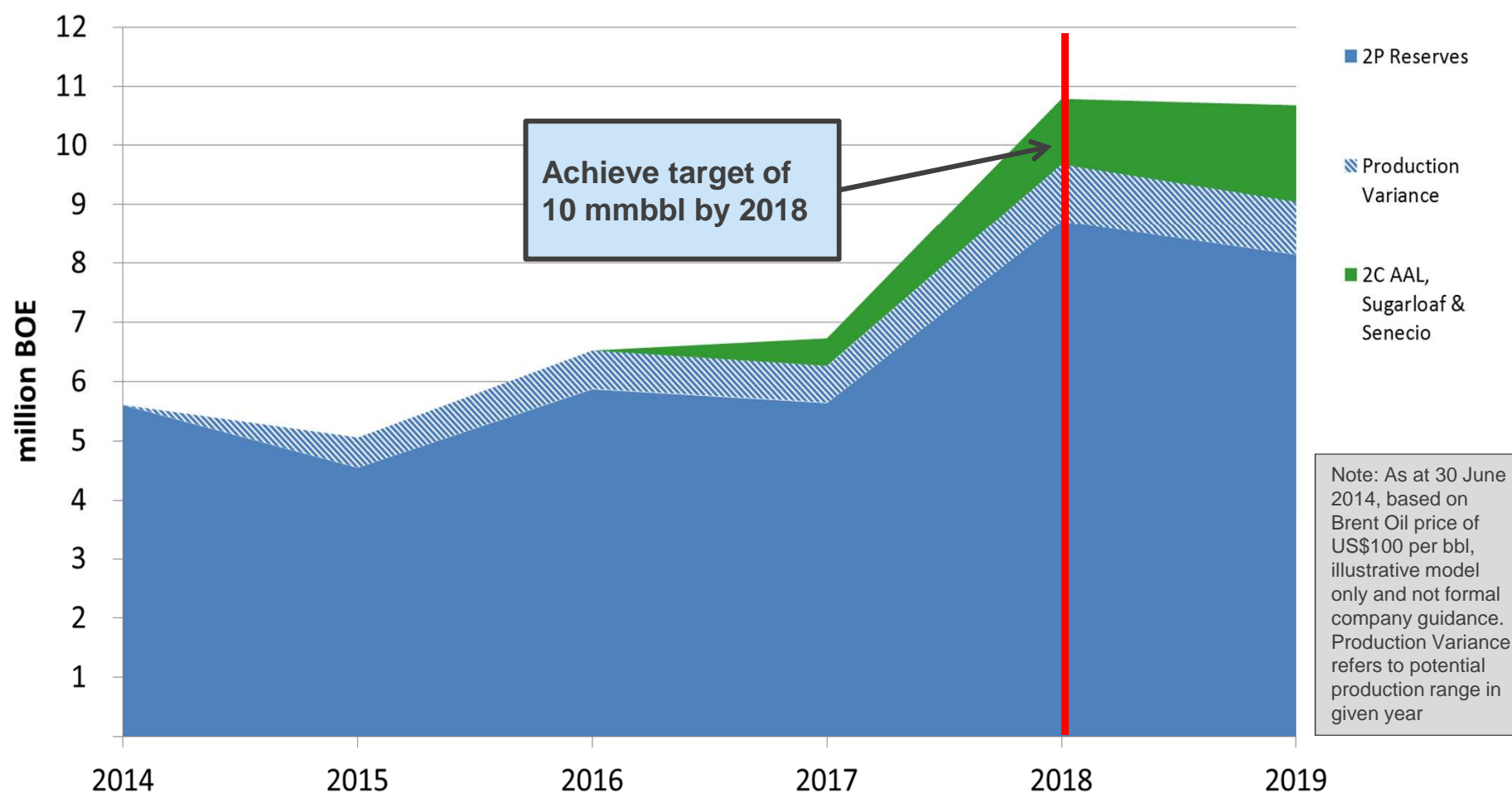
- **Clear business strategy and goal**
- **Balanced portfolio with play diversity**
- **Multiple growth opportunities with infrastructure options**
- **Market access and attractive pricing**
- **Technical and commercial excellence**
- **Early involvement in projects where AWE can add value**
- **Robust balance sheet and strong cash flows**
- **Accelerating production and development activity**

Delivering growth



Forecast production outlook

2P Reserves plus 2C AAL, Sugarloaf & Senecio



Majority of production target delivered from existing 2P Reserves

Major Projects



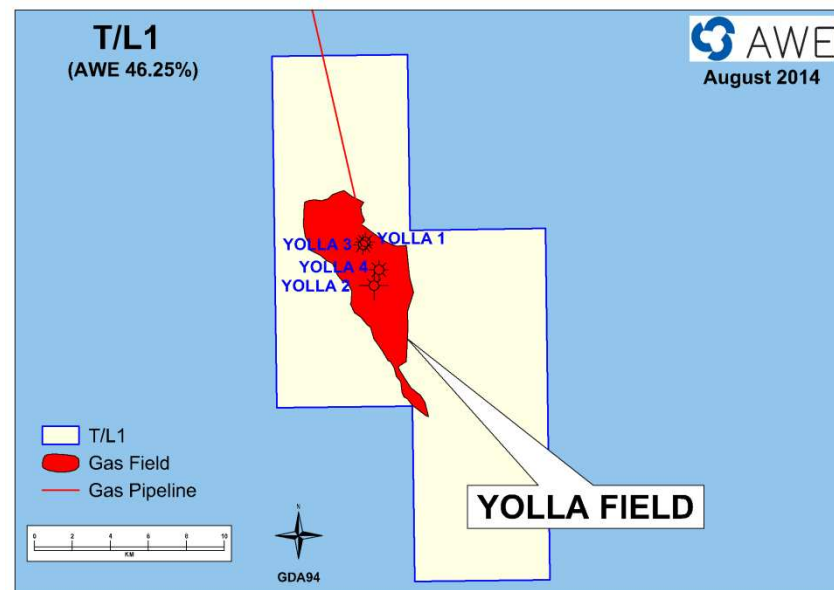
More growth potential at Sugarloaf



- Production from Sugarloaf up 31% over the previous financial year
- 2P + 2C increased by 82% following independent review
- 55 new wells spudded in FY2013-14 (37 in the 2H, 30 in the 4Q) with 38 added to production
- As at 30 June, total of 128 wells in production
- Operator may drill up to 45 new wells in the 6 months to 31 December
- Average spud to TD reduced to 13 days (target 11 days), costs reducing
- Operator advises enhanced completion designs yielding 25% improvement in initial performance
- Targeting 40-acre development and testing 30-acre infill density to increase reserves and production

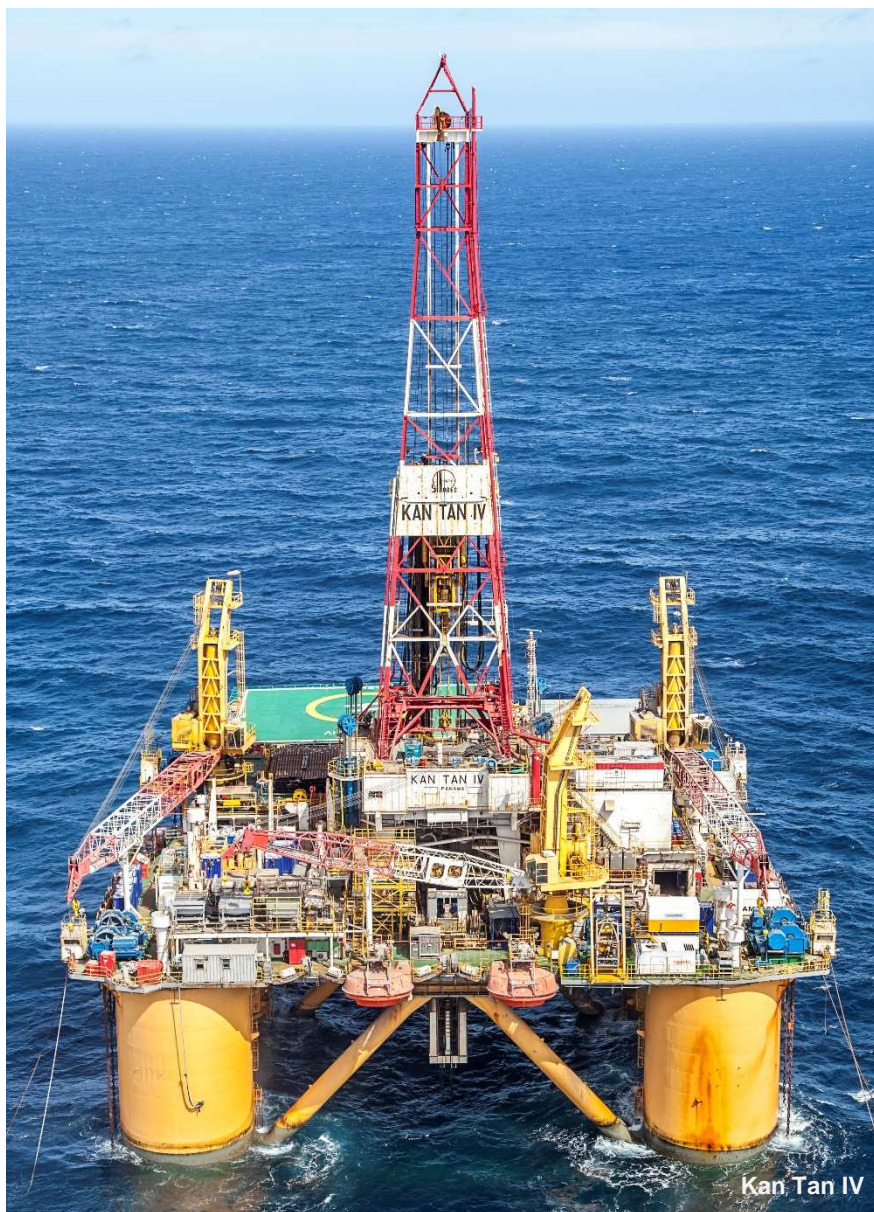
BassGas MLE development

- Achieved FID for 2 development wells in summer of 2014-15
- Jack up rig, “West Telesto”, contracted
- Capex estimate of \$213 million gross (net \$75 million to AWE at 35%*)
- Opportunity to accelerate remaining stages of MLE and undertake lift of gas compression and condensate pumping modules
- Targeting increased production to system capacity of 60 to 70 TJ/day with good condensate yield



*AWE's share of BassGas will reduce to 35% from 46.25% on completion of the sale of an 11.25% interest to Prize Petroleum

Increased Tui production in CY2015

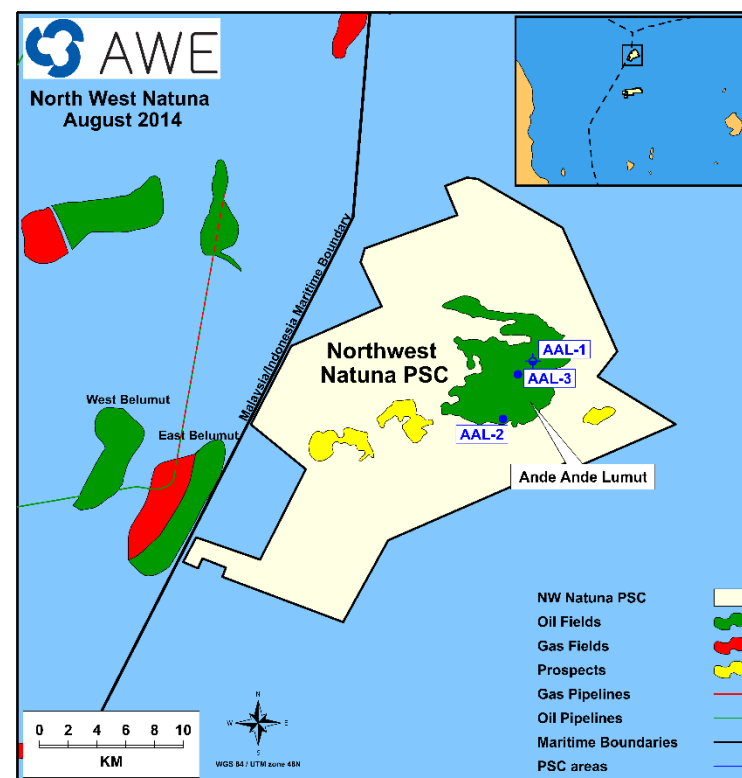


- Pateke-4H development well completed and suspended
- Tie-back operations to Tui FPSO planned to commence in 1Q CY2015
- Production from Pateke-4H likely to commence in 2Q CY2015
- Estimated tie-back costs USD44 million gross (net USD25 million to AWE including USD6 million expended in FY2013-14)

Good progress on Ande Ande Lumut



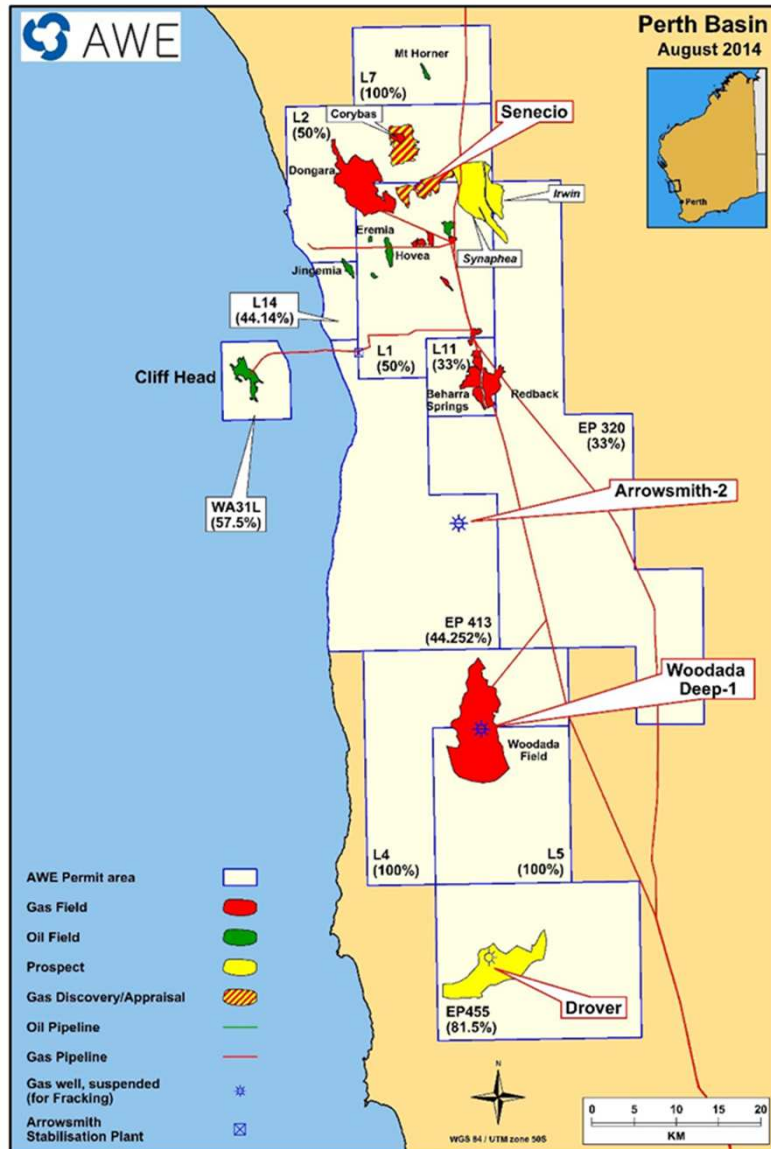
- Wellhead platform FEED nearing completion
- Revised FPSO tender process to commence in 2H CY2014
- FID planned for mid-2015
- Targeting first oil in late 2017
- JV considering G-Sand appraisal well in CY 2015 – will require separate POD
- Further reserves upside potential in G Sand (35 mmbbls gross recoverable oil, net 2C 8.4 mmbbls to AWE)
- Additional exploration prospects in PSC acreage



Exploration & Appraisal



Perth Basin drilling ahead

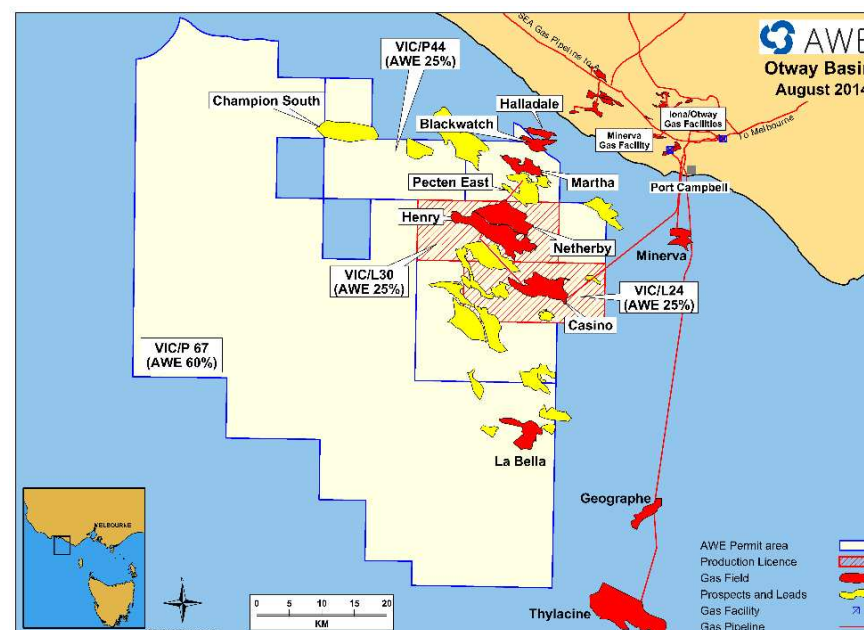


- 3 well unconventional gas drilling program under way
- Drover-1 vertical exploration well in EP455 spudded in June; well drilled and suspended pending data analysis
- Senecio-3 vertical appraisal well in L1/L2 drilled in August
- Irwin prospect located across EP320 and L1 to be drilled later in FY2014-15; AWE to Operate
- Senecio, Irwin and Synaphea targeting 200 Bcf gross prospective resources
- Carynginia and IRCM high graded after Arrowsmith-2 testing program completed
- Independent unconventional prospective resources estimate for EP413, EP455, L4 and L5:
 - 11.1 TCF of gas and 31 mmbbls of NGLs gross
 - 9.2 TCF and 14 mmbbls of NGLs net to AWE

Leveraged to gas price momentum

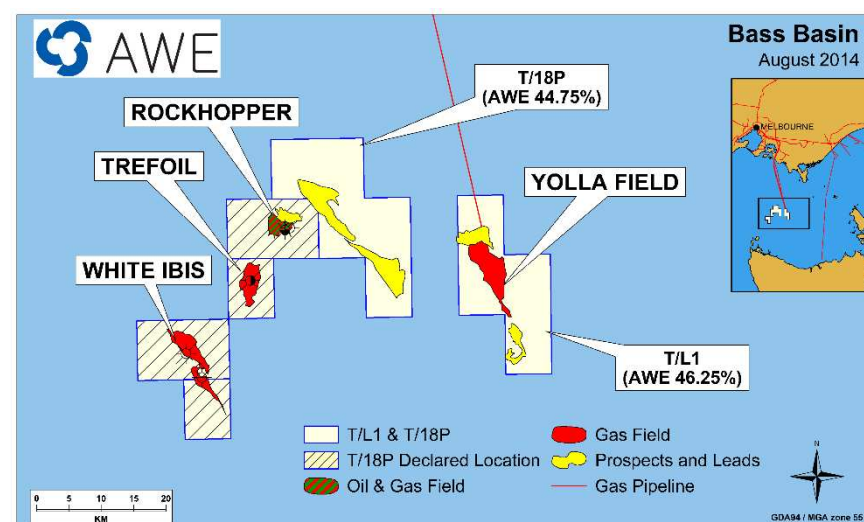
Otway Basin

- In Vic/P44, Operator evaluating potential drilling opportunities for next phase of development
- In Vic/P67, AWE received fully processed 3D seismic volume in August
- Decision to proceed with drilling or withdraw from permit due in October



Bass Basin

- Future expansion opportunities with Trefoil, White Ibis and Rockhopper
- Net interest in T/18P (Trefoil) to be 40% once sale of 9.75% interest to Prize Petroleum and purchase of 5% interest from Drillsearch complete



Good progress in Indonesia

Lengo Gas Project

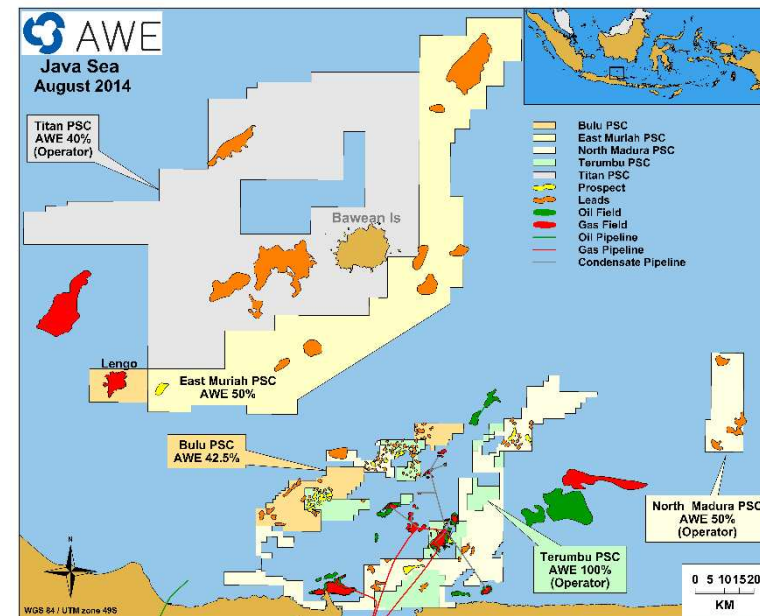
- Operator of Bulu PSC (Kris Energy) has completed a Plan of Development
- Draft POD submitted to regulator, SKK Migas
- Estimated 200 Bcf recoverable sales gas
- Good proximity to strengthening gas market on East Java

East Java Sea

- Acquisition of 2D seismic in the North Madura PSC and Terumbu PSC planned for 2H 2014
- Evaluating opportunities for exploration drilling in North Madura PSC

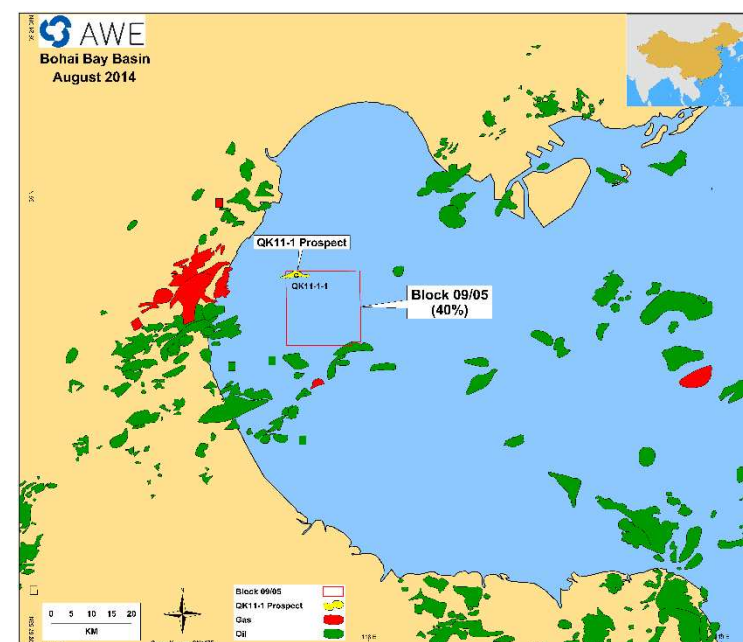
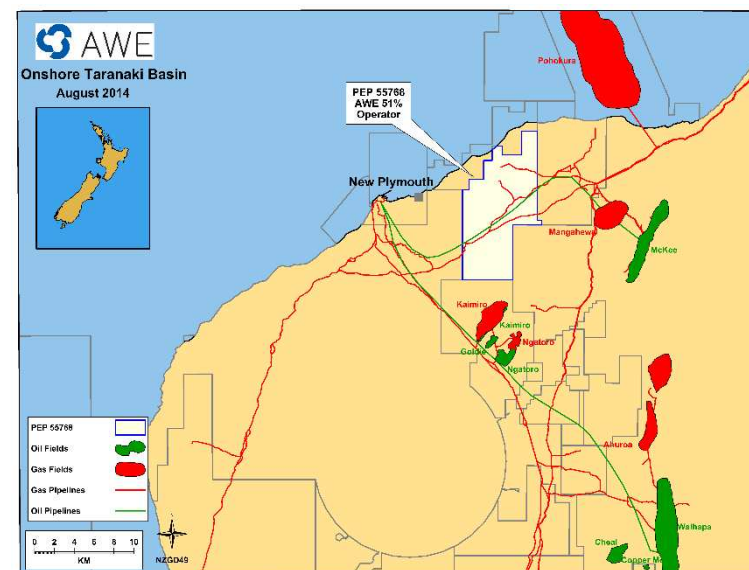
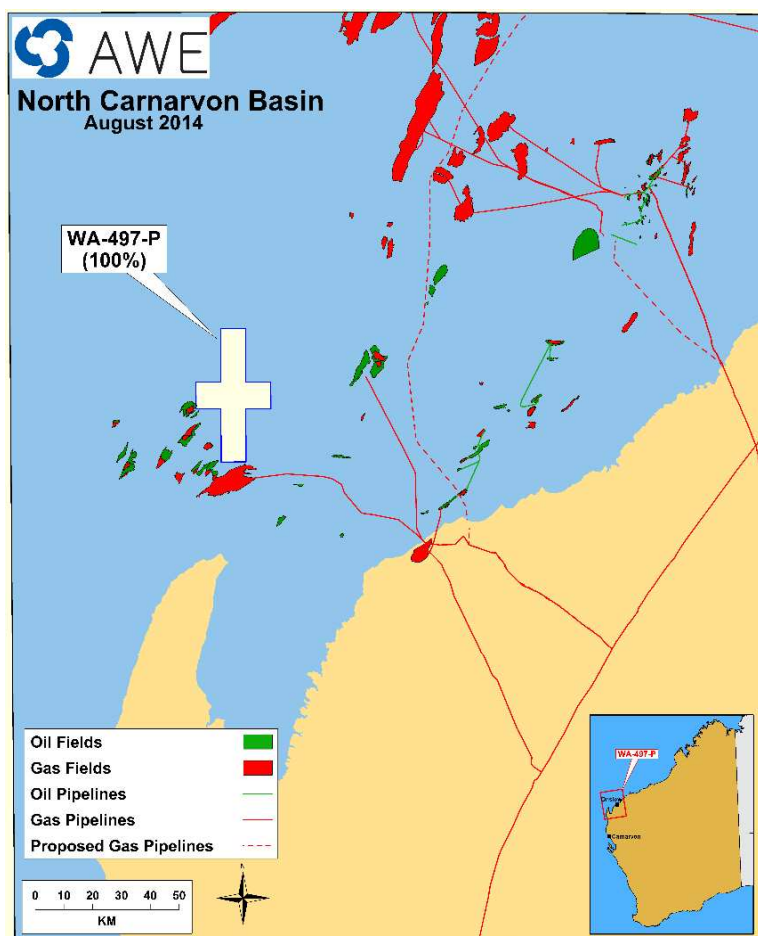
Onshore Sumatra

- Joint study into unconventional potential of the Jimbar-Rimba Area completed and approved
- Awaiting future unconventional oil and gas bid round



New Exploration Permits

- Builds on AWE's exploration portfolio
- Exploration blocks in proven hydrocarbon basins
- Adjacent to existing fields, infrastructure and markets



Outlook



Looking ahead – near term catalysts



- **Drilling exploration well in 09/05 Block in Bohai Bay, China**
 - *First well spudded on 14 August; second well anticipated 3Q CY2015*
- **Drilling three unconventional gas wells in Perth Basin in FY2014-15**
 - *Drover-1 data analysis under way, Senecio-3 being drilled, Irwin in final planning stages*
- **Sugarloaf may drill up to 45 new wells in remainder of CY2014**
 - *Production wells to begin to increase over same period*
- **BassGas development drilling – two well program – summer 2014-15**
 - *Access undeveloped reserves and underpin production into next decade*
 - *Opportunity to accelerate remaining phase of MLE and undertake compression lift*
- **AAL oil project Final Investment Decision (FID)**
 - *WHP FEED nearing completion; FPSO tender plan submitted for approval*
- **Lengo FEED and gas commercialisation study (Indonesia)**
 - *Approval of POD by regulator*

Conveyor belt of substantial development and exploration growth opportunities

- **Highlights:** Achieved major strategic goals across the business
Exceeded guidance for production and revenue
2P Reserves equal to >16 years production at current rates
- **Financial:** Reduced operating costs on per bbl basis
Highly liquid balance sheet with significant capacity
Ability to fund growth from cash flow and existing debt facility
Continue to assess capital management options, balanced against growth opportunities
- **Operations:** Strong HSE performance
Production assets performed well
Substantially increased drilling activity
Actively managing our asset portfolio
- **Growth Projects:** In place, substantial size and gaining momentum
- **Future Direction:** Clear goal and strategy in place
Continue to review new opportunities

Questions





Appendix

Full year financials and
supplementary information

Full year earnings breakdown



	Full Year to 30 June 2014 \$ million	Full Year to 30 June 2013 \$ million
Sales revenue	328.2	300.5
Production costs and royalties	(119.4)	(115.8)
Amortisation	(117.6)	(105.0)
Exploration and evaluation expense	(39.8)	(9.7)
Fair value adjustment – assets held for sale	(12.4)	-
Net financing expense	(10.1)	(9.4)
Other income/(expense)	67.5	(9.2)
Profit before tax	96.4	51.4
Tax (expense)/benefit	(33.9)	(31.4)
Statutory net profit	62.5	20.0

Full year segmental reporting



\$ millions	Total	New Zealand	South-Eastern Australia	Western Australia	United States	Exploration Activities
Sales revenue	328.2	61.6	124.5	68.3	73.8	-
Production costs and royalties	(119.4)	(20.7)	(39.2)	(30.5)	(29.1)	-
Net field contribution	208.8	40.9	85.3	37.9	44.8	-
Amortisation	(117.6)	(22.6)	(59.3)	(13.0)	(22.7)	-
Fair value adjustment	(12.4)	-	(12.4)	-	-	-
Exploration expenses	(39.8)	-	-	-	-	(39.8)
Segment Profit	39.0	18.3	13.6	24.8	22.1	(39.8)
Unallocated income/(expenses)	57.4					
Net profit before tax	96.4					

Full year cash flow analysis



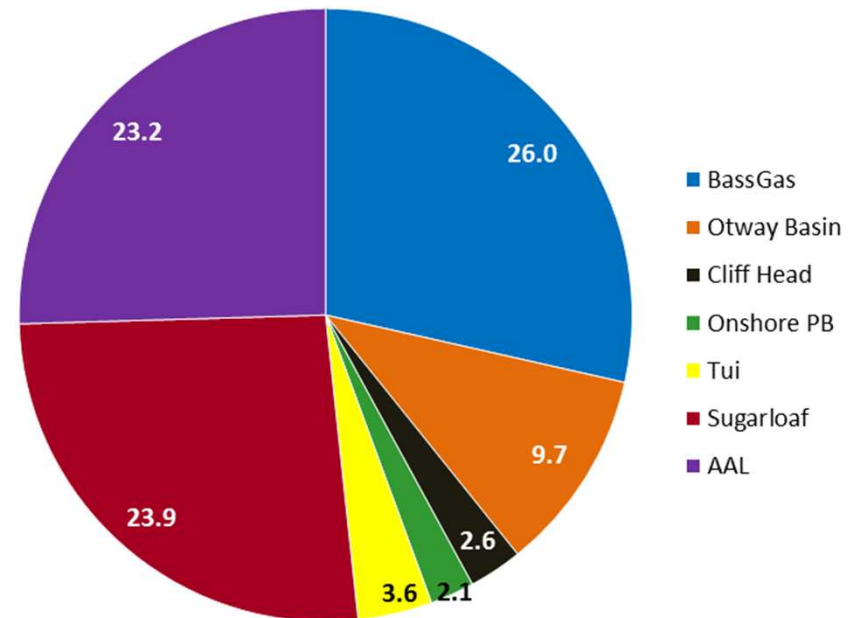
	Full Year to 30 June 2014 \$ million	Full Year to 30 June 2013 \$ million
Opening cash	41.1	42.8
Net cash flow from operations*	123.7	118.2
Asset acquisitions (additional share of Tui)	(7.2)	-
Asset disposals (AAL and BassGas deposit rec'd)	102.8	-
Development spending	(131.4)	(152.9)
Exploration spending initially capitalised	(9.8)	(22.9)
Proceeds from borrowings	(77.8)	56.3
Other	0.7	(0.2)
Closing cash	42.1	41.1

* includes exploration and evaluation costs

AWE 2P Reserves as at 30 June 2014



<u>Project/Area</u>	<u>Equity</u>	<u>2P Reserves (million boe)</u>
BassGas	46.25%	26.0
Otway Basin	25.0%	9.7
Cliff Head	57.5%	2.6
Onshore PB	33-100%	2.1
Tui	57.5%^	3.6
Sugarloaf	~7.5%*	23.9
AAL	50%**	23.2
Total		91.0



^ Increased from 42.5% effective 1 October 2013

* Net Revenue Interest, post Royalty (Working Interest 10%)

** Equity reduced following sale of 50% interest in November 2013

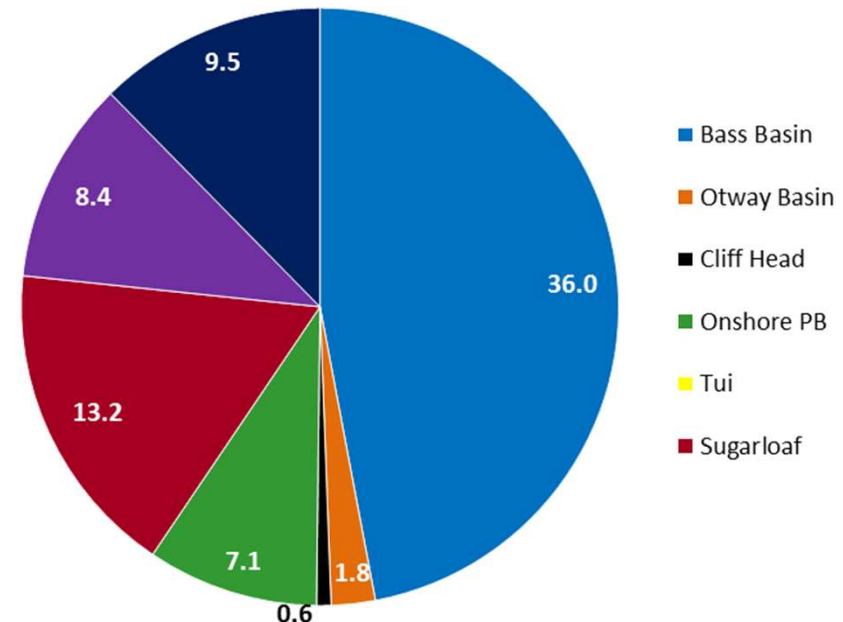
Note: Numbers may not add due to rounding. To be read in conjunction with AWE's annual reserves statement previously published in its 2013 Annual Report. AWE will publish an updated annual reserves statement in its upcoming 2014 Annual Report.

AWE 2C Resources as at 30 June 2014



Project/Area	Equity	2C Resources (million boe)
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Bass Basin	44.75-46.25%	36.0
Otway Basin	25.0%	1.8
Cliff Head	57.5%	0.6
Onshore PB	50%-100%	7.1
Tui	57.5%^	nil
Sugarloaf	~7.5%*	13.2
AAL	50.0%**	8.4
Other Indonesia	42.5-100%	9.5



Total	76.6
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^ Increased from 42.5% effective 1 October 2013

* Net Revenue Interest, post Royalty (Working Interest 10%)

** Equity reduced following sale of 50% interest in November 2013

Note: Numbers may not add due to rounding. To be read in conjunction with AWE's annual reserves statement previously published in its 2013 Annual Report. AWE will publish an updated annual reserves statement in its upcoming 2014 Annual Report.