

# Delivering growth from cornerstone projects

Bruce Clement, Managing Director

Citi Investment Conference, Sydney  
15 October 2014



This presentation may contain forward looking statements that are subject to risk factors associated with the oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

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.

# Agenda

**Overview**

**Growth Strategy**

**Cornerstone Projects**

**Outlook**



## **Australian energy company focused on upstream oil and gas and related energy opportunities**

- Strategy focused on Oil, High Value Gas, and Unconventionals
- Portfolio of production, exploration and development assets across Australia, New Zealand, USA and Indonesia
- Listed on ASX (ASX: AWE), market capitalisation >\$850 million
- Experienced Board and Management
- ~100 employees with offices in Sydney, Perth, New Plymouth (NZ) and Jakarta
- 525.9 million ordinary shares on issue

**AWE delivers a strong base business with good cash flows and substantial growth potential**

# Performance overview FY2013-14



<b>Total Production</b>	5.6 million BOE, up 13%
<b>Sales Revenue</b>	\$328.2 million, up 9%
<b>Field EBITDAX</b>	\$208.8 million, up 13%
<b>Statutory NPAT *</b>	\$62.5 million, up 213%
<b>Net Cash</b>	\$42 million
<b>Undrawn facilities</b>	\$300 million
<b>Operating cash flow^</b>	\$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 caps year of achievement**

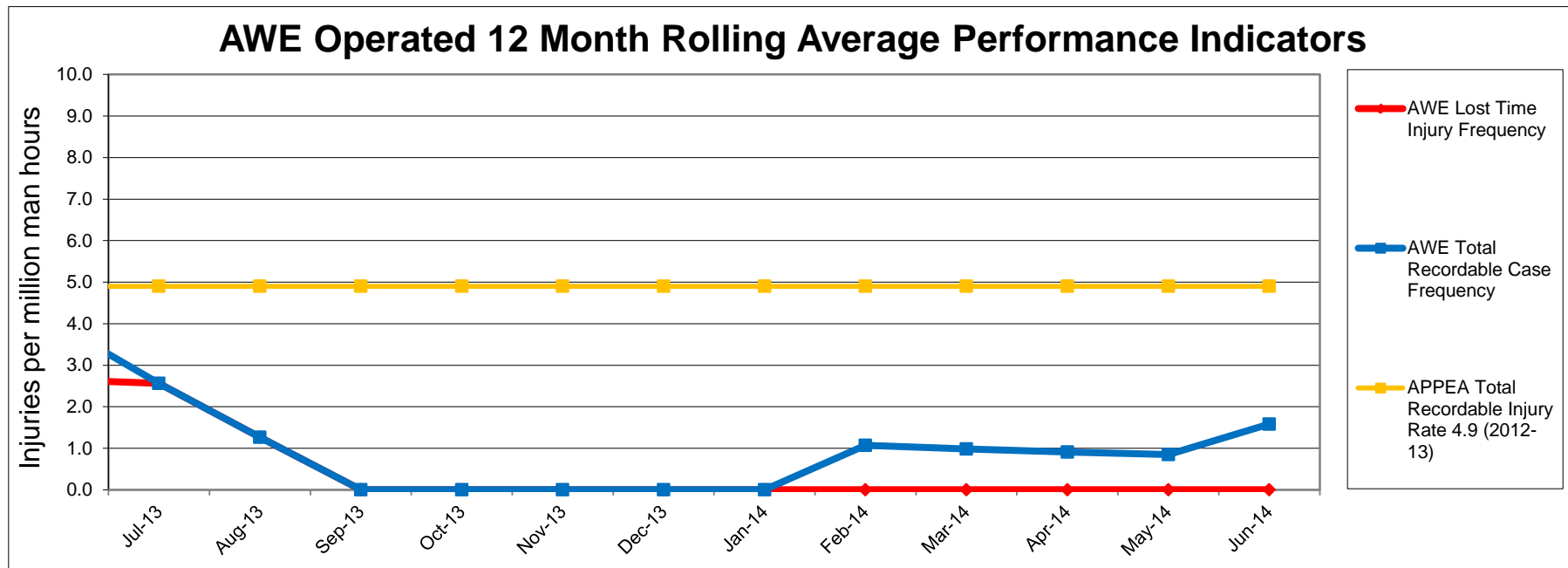
- Strong operating performance and financial results achieved in FY2013-14
- Proactive management of portfolio of quality production, development and exploration assets
- Technical and commercial strength; early involvement in projects where AWE can add value
- Foundations established for significant planned growth over next 3-5 years
- Multiple growth opportunities with infrastructure options
- 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**

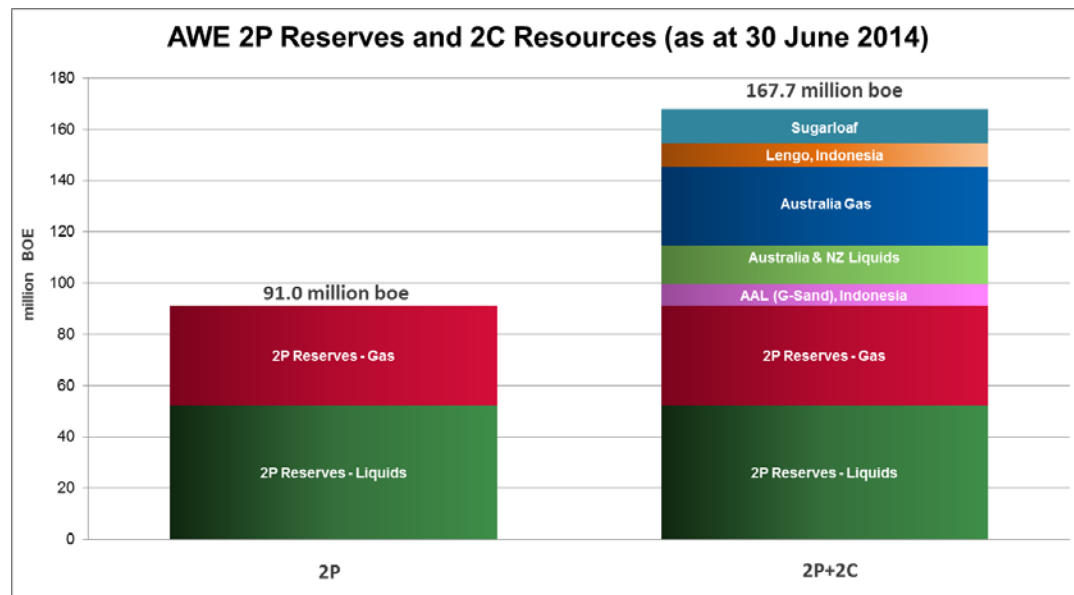
# HSE focus achieving positive results



- 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\*



**Note:** Excludes 2C Resources for Senecio gas field upgrade and newly discovered Waitisia gas field, announced in September 2014

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

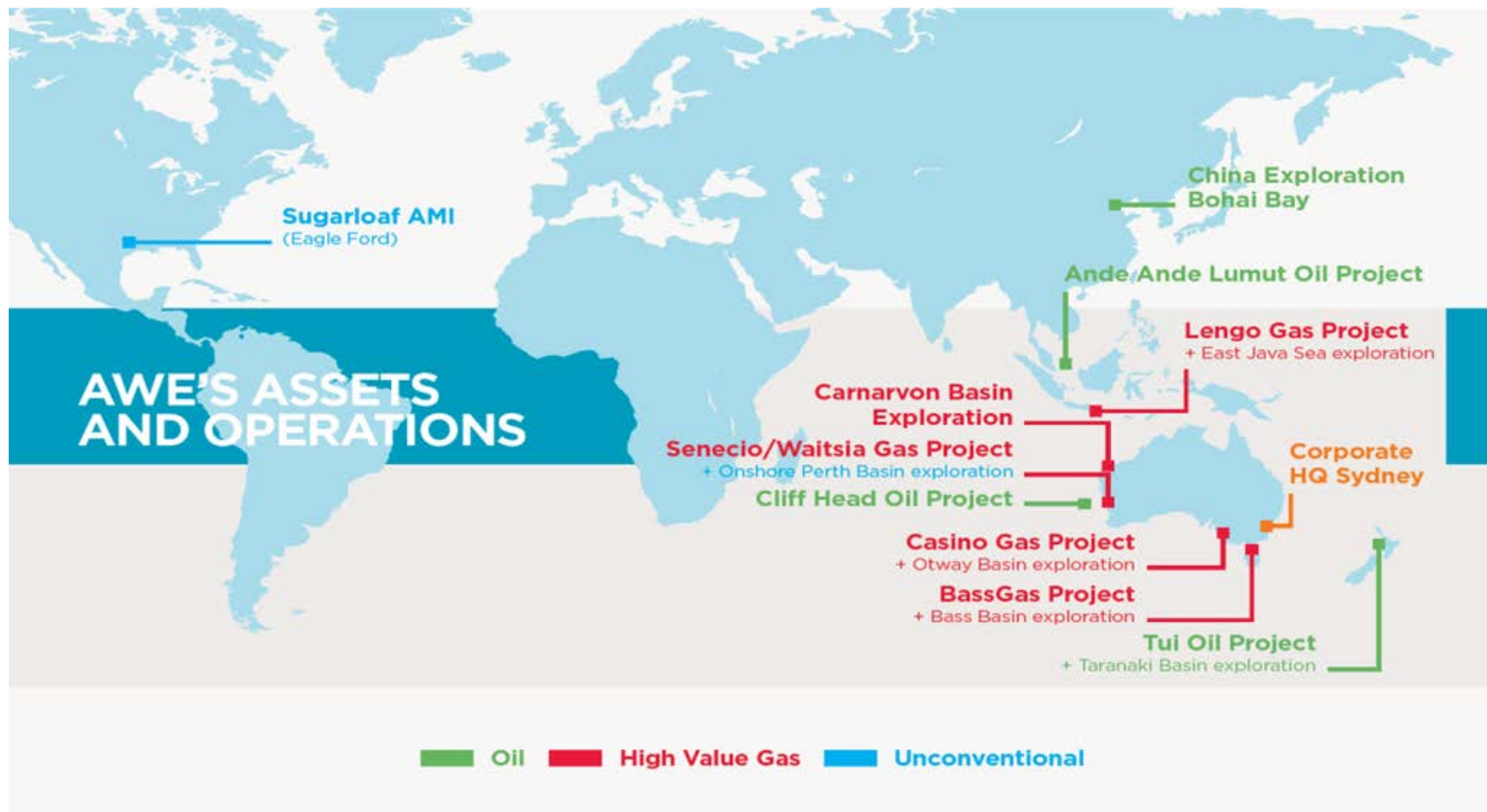
**2P Reserves weighted towards liquids and high value gas markets**



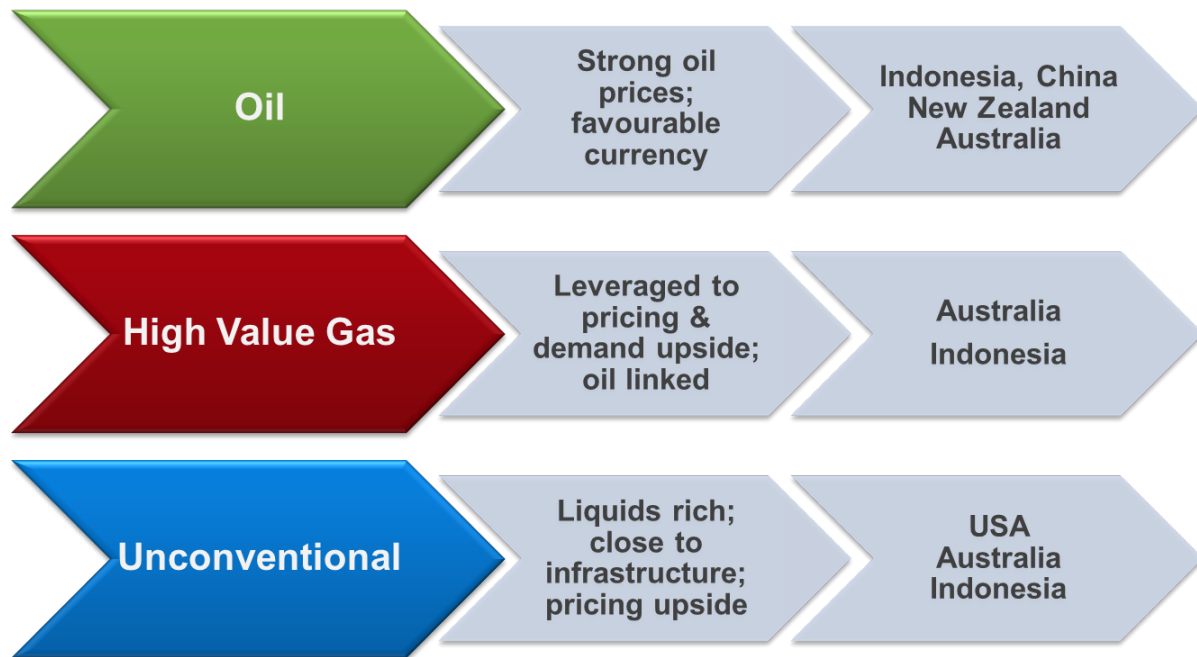


# Growth Strategy

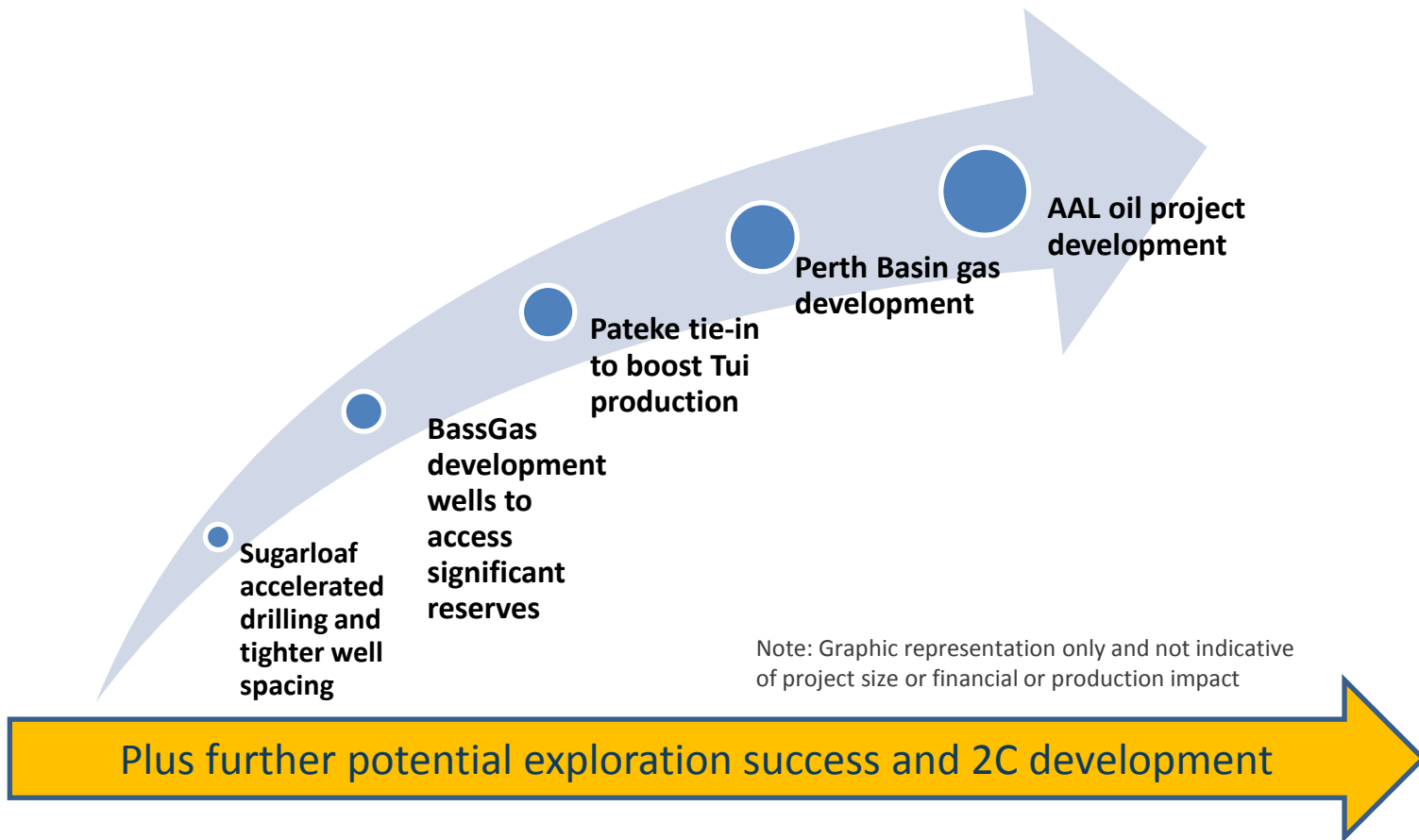
# Growing presence in high value markets



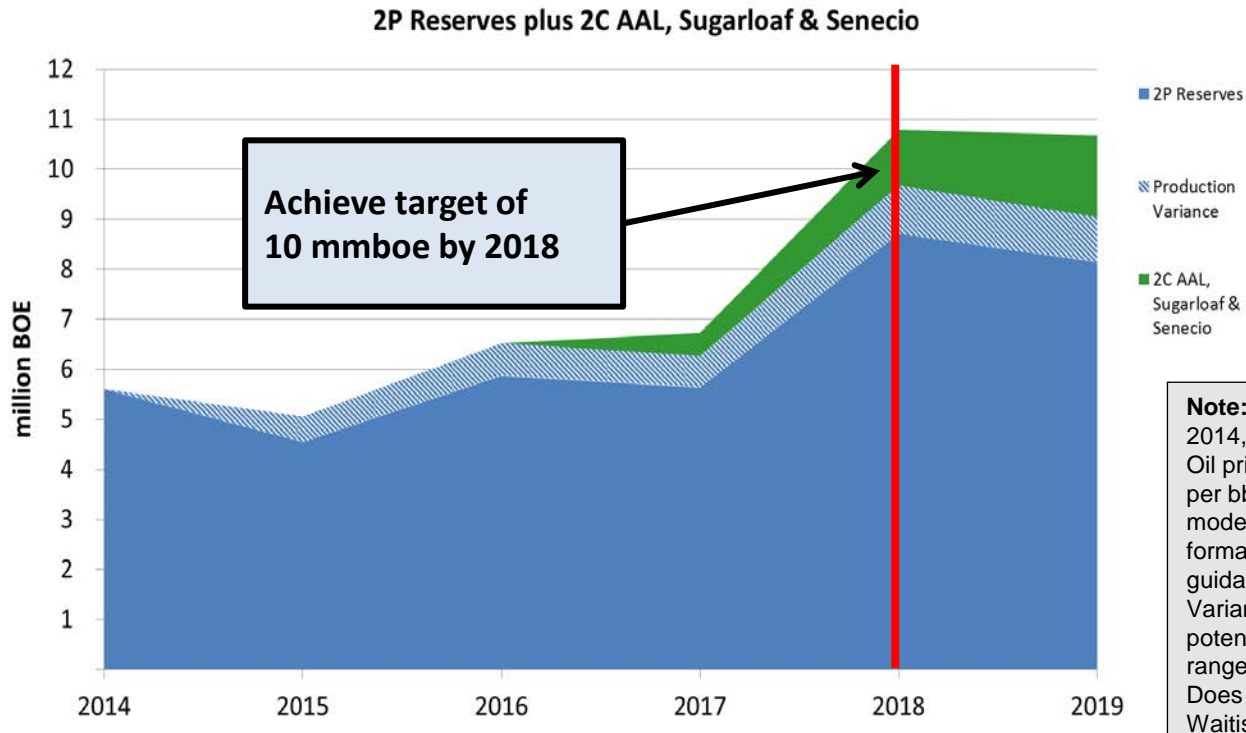
# Strategy built on three core platforms



# Delivering growth from cornerstone projects



# Forecast production outlook



Majority of production target delivered from existing 2P Reserves

# Cornerstone Projects



# More growth potential at Sugarloaf



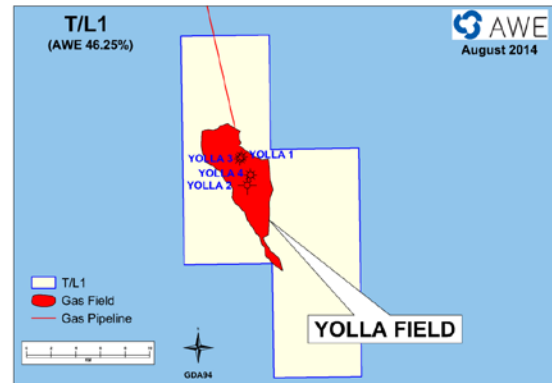
- Production from Sugarloaf up 31% in FY2013-14
- 2P + 2C increased by 82% following independent review
- As at 30 June, total of 128 wells in production - may drill up to 45 new wells in the 6 months to 31 December
- Average spud to TD reduced to 13 days (target 11 days), costs reducing
- Operator advises enhanced completion designs yielding 25% improvement in initial performance
- Targeting 40-acre development and testing 30-acre infill density in Eagle Ford to increase reserves and production
- Initial well production performance from Austin Chalk wells is matching Eagle Ford wells



# 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
- Leveraged to gas price momentum in Eastern States
- Looking to recontract gas over next 12-24 months
- Further development opportunity in T/18P (“Trefoil”)

\*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



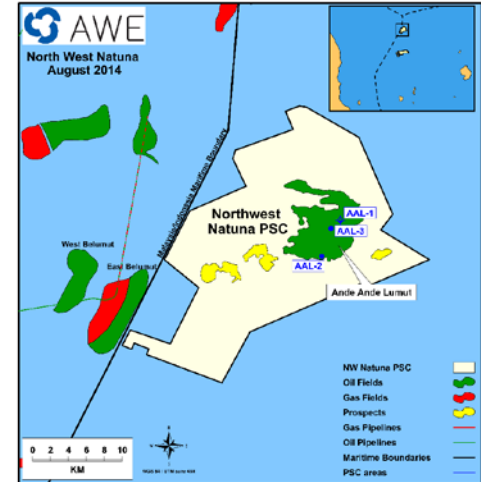


## Ande Ande Lumut Oil Project

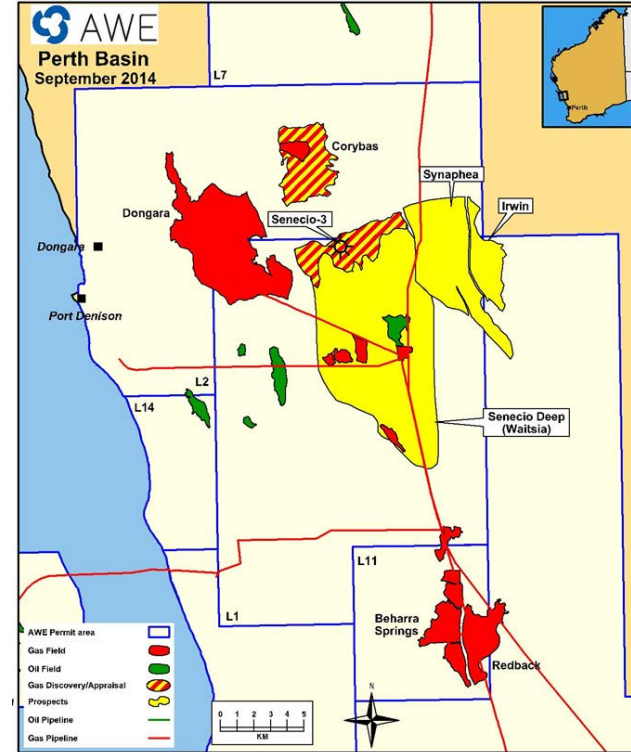
- Wellhead platform FEED nearing completion
- Revised FPSO tender process to commence in 2H CY2014
- FID planned for mid-2015, targeting first oil in late 2017
- JV considering G-Sand appraisal well in CY 2015
  - will require separate POD to develop
- Further reserves upside potential in G Sand (35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

## Lengo Gas Project

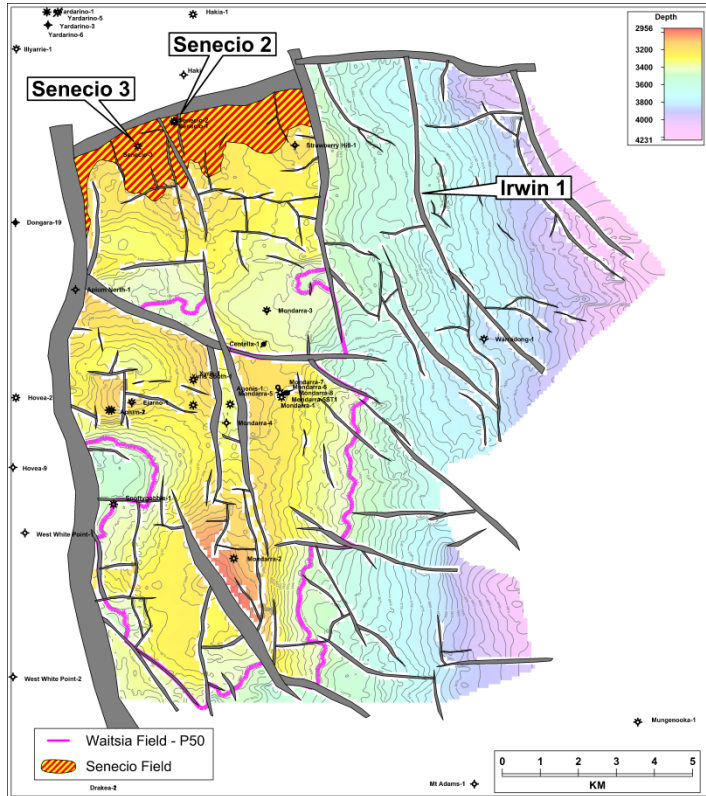
- Operator of Bulu PSC (Kris Energy) has submitted a draft POD to the regulator, SKK MIGAS
- Estimated 200 Bcf recoverable sales gas
- Good proximity to strengthening gas market on East Java



# Exciting new gas discovery in Perth Basin



Waitsia field potentially the largest conventional onshore gas discovery in WA since 1960s



- Senecio-3 confirmed viability of Senecio field development of Dongara/Wagina reservoir
- Substantial new conventional gas discovery in deeper Kingia/High Cliff Sandstone - “Waitsia” gas field
- Significant additional unconventional gas upside in Carynginia Shale and IRCM
- Early conventional gas development opportunity – close to existing gas plant and pipeline infrastructure
- Potential low cost development in strong WA domestic market
- Conventional flow testing of Senecio-3 (Senecio and Waitsia) and further appraisal drilling planned for 1H 2015
- Irwin-1 exploration well planned for 1H 2015

# Senecio and Waitsia – initial volumes

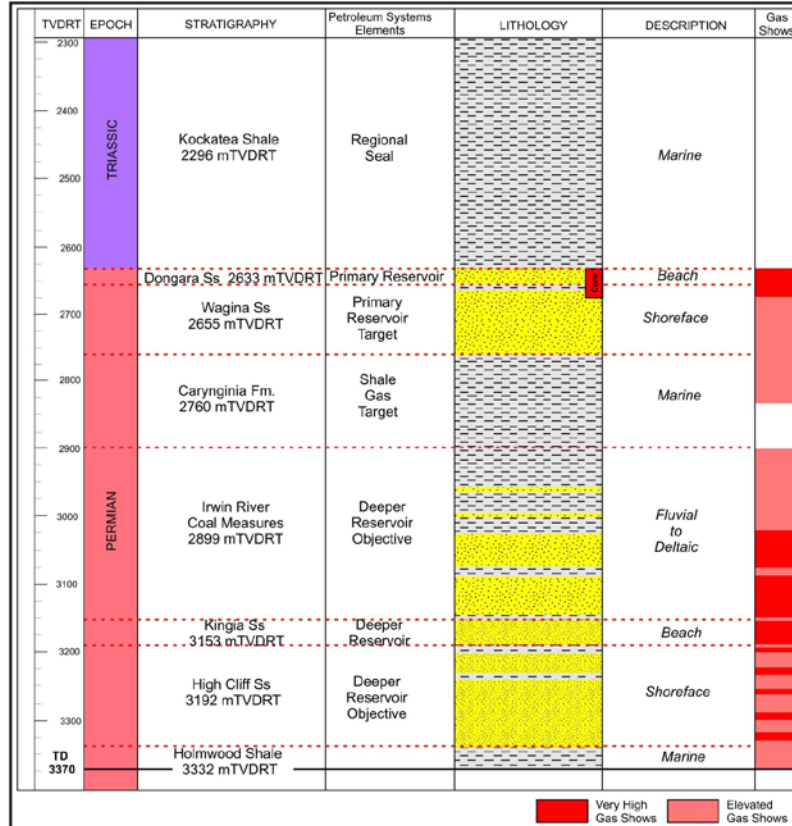
**Table 1. Initial gross 2C Contingent Resources estimates for the Senecio and Waitsia Fields**

Field	Reservoir Interval	Original Gas in Place (Bcf)			Recoverable (Bcf)		
		P90	P50	P10	P90	P50	P10
Senecio	Dongara/Wagina	86	148	246	40	70	130
Waitsia	Kingia/High Cliff Sandstone	115	489	1961	65	290	1170

**Table 2. Initial gross Prospective Resources estimates for the Waitsia Field**

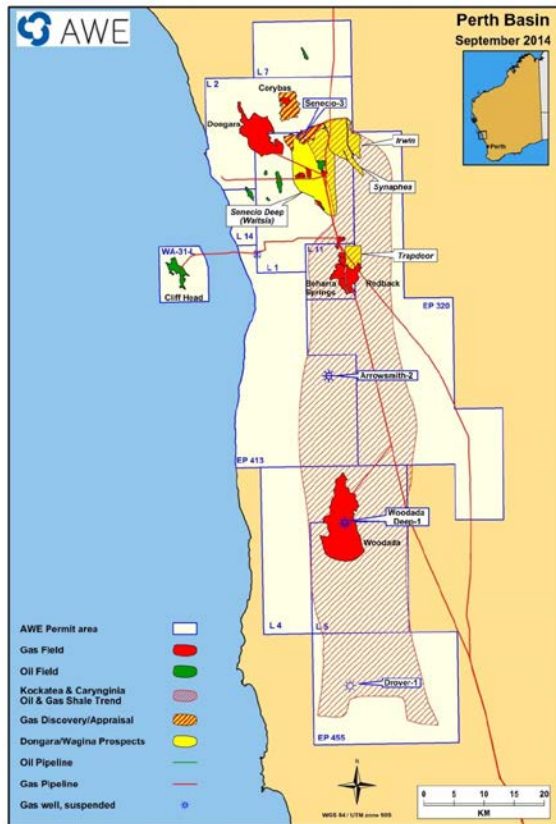
Prospects	Reservoir Interval	Original Gas in Place (Bcf)			Recoverable (Bcf)		
		P90	P50	P10	P90	P50	P10
Waitsia	Irwin River Coal Measures	228	810	2813	114	420	1497
	Carynginia Shale	Not yet determined					

# Senecio-3 well stratigraphy





# A new cornerstone growth asset for AWE



- Perth Basin has existing production, infrastructure and markets
- Multiple plays – conventional and tight gas sandstones, oil and gas shales
  - New “Waitsia” discovery is a potential conventional gas play with significant unconventional upside
  - Northern tight gas play – Senecio, Irwin, Synaphea
  - Southern shale oil and gas play
- Early conventional development opportunity at Waitsia (Kingia/High Cliff)
- Material exploration/appraisal inventory – Waitsia, Irwin, Synaphea, Trapdoor
- Exciting shale oil and gas potential – Drover to Beharra Springs trend
- Encouraging wet gas shows in Kockatea Shale and dry gas shows in Caringinia Shale in Drover-1 (EP455)

# Outlook



# Looking ahead in the Perth Basin

	Q3 2014	Q4 2014	Q1 2015	Q2 2015
<b>Drover-1</b>	Core and data analysis		Hydraulic stimulation (1 week)	
<b>Senecio-3</b>	Drill	Flow test		Analysis
<b>Irwin-1</b>		Preparations	Drilling	
<b>Senecio/Waitsia</b>		Preparations	Drilling	

Planned activity
Potential activity



- **Exciting developments in the onshore Perth Basin**
  - *Conventional flow test of Senecio field and “Waitsia” discovery; considering additional appraisal drilling in 2015*
  - *Irwin-1 well planned for FY2014/15 targeting Senecio/Irwin/Synaphea tight gas play and deeper Kingia/High Cliff play*
  - *Drover-1 evaluation under way to define potential of southern shale play*
- **Sugarloaf may drill up to 45 new wells in remainder of CY2014**
  - *More wells coming on line will deliver increased production; Co-development of Austin Chalk gaining momentum*
- **BassGas development drilling – two well program – summer 2014-15**
  - *Drilling to access undeveloped reserves and underpin production into next decade*
  - *Opportunity to accelerate remaining phase of MLE and undertake compression module lift*
- **AAL oil project Final Investment Decision (FID)**
  - *WHP FEED nearing completion; FPSO tender plan submitted for approval*
- **Lengo oil project Plan of Development (POD)**
  - *POD and approval by regulator (currently in draft form)*
- **Tie-in of Peteke-4H well to Tui oil field**
  - *Anticipated production from Pateke-4H in 2Q 2015*

A full-page background image of an industrial worker in an orange high-visibility suit and red hard hat, working on a complex system of green and red pipes at night. A bright work light illuminates the scene, and steam or smoke is visible in the background. A semi-transparent white box is centered over the image, containing the text 'Thank You'.

**Thank You**