

SUSTAINABILITY REPORT

+ AWE LIMITED 2014

AWE'S SUSTAINABILITY PRINCIPLES

1

Operate a healthy and safe workplace with a goal to achieve zero harm to people

4

Build a team that is engaged, motivated and rewarded by working with AWE

2

Minimise the impact of our business activities on the environment

5

Deliver superior, sustainable returns for shareholders

3

Benefit the local communities in which we operate



AWE is a dynamic Australian energy company focused on upstream oil and gas and related energy opportunities. Its diverse portfolio of exploration, development and production assets in Australia, New Zealand, Indonesia, China and the USA provides strong production and cash flow and significant growth opportunities.

Established in 1997, the company employs over 100 people and has its head office in Sydney and regional offices in Perth, New Plymouth and Jakarta. With strong technical and commercial foundations, AWE will continue to pursue exploration and development growth opportunities, primarily in Australasia and Asia.

The company is focused on achieving ambitious growth targets that will create substantial shareholder value. AWE is aiming to double production to 10 million BOE and triple Field EBITDAX to more than \$500 million from its existing portfolio of assets by the end of 2018.

www.awexplore.com



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OUR COMMITMENT TO SUSTAINABILITY

+ AS A COMPANY, OUR VALUES
MUST REFLECT THE VALUES
OF THE WIDER COMMUNITY
IF WE ARE TO CONTINUE TO
OPERATE SUSTAINABLY.

+ Just as energy is fundamental to building a stable and innovative economy, sustainability is fundamental to AWE's approach to the energy business.

Energy is an essential element in most forms of modern human endeavour – from simple cooking, washing and heating through to complex manufacturing, health services and public transport. Ensuring a sustainable energy future is critical to the continued development of our society.

AWE recognises the need for our exploration and production activities to be sustainable to deliver positive long term outcomes for our communities, the environment and our shareholders.

Maintaining AWE's 'social licence to operate' depends on our ability to continue to not just meet and exceed regulatory standards, but also to meet our own higher standards of health and safety, environmental management, diversity and community engagement.

+ **“AWE has continued its commitment to sound environmental management and stewardship by minimising the impact of our business on the environment and the communities in which we operate.”**

AWE has continued its commitment to sound environmental management and stewardship by minimising the impact of our business on the environment and the communities in which we operate. I am pleased to report that AWE had no significant hydrocarbon spills and no reportable environmental incidents across our entire operation during 2013-14. We are also continuing to accurately record and transparently report on greenhouse gas emissions in the pursuit of minimising our carbon footprint.

AWE recognises that an important aspect of maintaining a sustainable business is to openly engage and communicate with a broad range of stakeholders, including industry, governments, interest groups and the communities in which we operate. We aim to ensure that our activities are communicated openly and that we listen to the concerns of stakeholders.

As a company that operates in multiple jurisdictions, AWE is committed to conducting its business ethically, fairly and transparently and to comply with the local laws and regulations. Maintaining a strong reputation in this area will ensure long term sustainability of our activities. This year, to reinforce our expectations, we have provided training to staff on the content and application of key AWE policies. Our people understand that we expect them to uphold the highest standards of integrity in the conduct of our business.

AWE takes its commitment to sustainability seriously. That's why we will continue to be open and transparent; why we will continue to place health, safety and environment as a primary objective; why we will set the bar high and go beyond regulatory compliance; why we willingly participate in rigorous approvals processes before each project; and why we will consistently engage with and contribute to the communities in which we operate.

This year's sustainability report provides an overview of AWE's operations and achievements within our sustainability framework of People, Health and Safety, Environment, Community, Financial Performance and Business Ethics. I am pleased to report that we continue to make good progress in all areas and we remain focused on continuous improvement in coming years.

Bruce Clement
Managing Director



ABOUT THIS REPORT

+ THIS REPORT DESCRIBES THE INITIATIVES AND PROGRESS MADE BY AWE OVER THE COURSE OF THE 2013-14 FINANCIAL YEAR ACROSS THE KEY PERFORMANCE AREAS OF PEOPLE, SAFETY AND HEALTH, COMMUNITY, ENVIRONMENT, FINANCIAL PERFORMANCE AND BUSINESS ETHICS.



We have highlighted the Material Issues facing the company now and into the near future as well as a description of the company's key assets. In 2014 AWE retained Ernst & Young for the provision of an independent assurance over auditable aspects of our sustainability processes and performance.

Why report on sustainability?

The traditional definition of the value of a company is generally linked to financial capital. This is now evolving to include human, social and natural capital as additional important measures of the value of a company. For this reason sustainability reporting, which measures performance in these key areas, is becoming more important as stakeholders are increasingly interested in measures that provide clarity on the approach of businesses to address sustainability issues. Achieving and managing a sustainable business is a key driver of long term business performance and ensures that AWE can continue to build more value for its stakeholders. By measuring key statistics linked to human, social, natural and financial capital, we can monitor our progress and implement or modify initiatives to deliver continuous improvement in our business practices.

Addressing materiality

For AWE, it is important that we regularly assess and review sustainability issues that have the potential to impact the company's performance in the long term. To identify the issues material to AWE, and to ensure we maintain a high standard of measurement and reporting, we review and evaluate internal and external information from a variety of sources including:

- + consultation with community stakeholders
- + feedback from our stakeholders regarding the 2013 Sustainability Report
- + benchmarking of key metrics reported by our competitors
- + media coverage of key issues and risks for AWE and the oil and gas industry
- + consultation with the AWE Sustainability Committee, a sub-committee of the Board
- + feedback from AWE shareholders, employees and subcontractors
- + review against the Global Reporting Initiative.¹

¹ The Global Reporting Initiative (GRI) is a non-profit organisation that promotes economic, environmental and social sustainability. GRI provides a comprehensive sustainability reporting framework that is widely used around the world.



Material issues in 2014

The materiality assessment process has identified four key issues that have the potential to impact the sustainability of our business if not proactively managed in a timely and responsible manner:

- + Maintaining the highest levels of operational integrity and ensuring that the safety and security of our people and production assets are placed above all else.
- + Adopting leading industry standards of environmental performance and protection in any region that we operate so that we minimise any impact on the environment.
- + Engaging with, and contributing to, local communities, educational institutions, regulators and other stakeholders to ensure we retain our social licence to operate.
- + Ensuring that all our business practices are managed in a fair, transparent and ethical manner and that we comply with anti-corruption and bribery laws across all our operations.

AWE is committed to proactively managing the above material risks through the implementation of various initiatives including the development of updated policies and procedures to (a) improve the quality and clarity of stakeholder engagement, (b) enhance the accuracy and quantity of data collected to assist with the monitoring of key environmental and health and safety metrics, (c) enhance the transparency and openness of our communication with key stakeholders, and (d) adopt a process of continuous improvement in the key sustainability areas.

“Achieving and managing a sustainable business is a key driver of long term business performance and ensures that AWE can continue to build more value in its business.”

Report scope

This sustainability report covers both AWE’s operated sites and non-operated sites. Sustainability performance data for AWE’s operated sites is collected and collated by AWE personnel. Data from the non-operated sites is prepared by the specific asset or project operator, as outlined under the joint operating agreements, and subsequently reviewed by AWE management on a regular basis. All data reported, from all AWE assets, relates to the 12 month period ended 30 June 2014.

Independent assurance

We have obtained independent assurance from Ernst & Young over auditable datasets within this report. Their assurance statement is included on pages 28 to 29.

The report is prepared to application level C+ of the Global Reporting Initiative’s G3.1 Sustainability Reporting Guidelines and Oil and Gas Sector Supplement (GRI Guidelines). Ernst & Young has provided independent limited assurance over a range of non-financial metrics in accordance with the Australian Standard on Assurance Engagements 3000. In addition, Ernst & Young has provided assurance over AWE’s self-declared GRI and application level C. To see the GRI content index visit www.awexplore.com.

OUR ASSETS AND OPERATIONS



1

SUGARLOAF AMI Texas, USA

AWE has a 10% working interest (~7.5% net revenue interest) in the Marathon Oil operated Sugarloaf AMI (Area of Mutual Interest) in Southwest Texas, where the Eagle Ford Shale and the Austin Chalk are the prolific target formations for unconventional gas and oil. The AMI covers a number of leases totalling approximately 24,000 acres. The AMI is in an area where the Eagle Ford Shale and Austin Chalk produce liquids-rich gas via long horizontal wells that are stimulated by multiple hydraulic fracture treatments.

0.862 MMBOE Production	23.9 MMBOE 2P Reserves	13.2 MMBOE 2C Resources
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2

BLOCK 09/05 Bohai Bay Basin, China

AWE acquired a 40% interest in Block 09/05 located in the western part of the Bohai Bay Basin approximately 10km southeast of Tanggu, the largest port in China. The block covers an area of 335 km² with water depths from approximately 5m to 10m. The block has the benefit of low drilling and development costs, proximity to existing infrastructure and attractive fiscal terms.

3

ANDE ANDE LUMUT OIL PROJECT Natuna Sea, Indonesia

AWE acquired a 100% interest in the Northwest Natuna PSC in early 2012 for US\$139 million. In November 2013, the company announced that it had completed the sale of a 50% interest in the Northwest Natuna PSC, which includes the Ande Ande Lumut (AAL) Oil Project, to a subsidiary of Santos Limited for US\$188 million. The heavy oil field will be developed using horizontal wells drilled from a wellhead platform producing to an adjacent spread-moored FPSO.

23.2 MMBOE
2P Reserves

8.4 MMBOE
2C Resources

4

INDONESIAN EXPLORATION PROJECTS East Java Sea, Indonesia

AWE holds interests in various other Indonesian exploration PSCs, including Bulu, East Muriah, Terumbu, Titan and North Madura PSCs, located in the East Java Sea. The Bulu PSC contains the Lengo gas field discovery where a Plan of Development has been prepared and submitted to the government for approval. AWE is also evaluating the potential for onshore unconventional gas resources.

9.5 MMBOE
2C Resources

5

CLIFF HEAD OIL PROJECT Perth Basin, Western Australia

AWE has a 57.5% interest in the Roc Oil operated Cliff Head Oil Project in the Perth Basin, offshore Western Australia. Oil production from the Cliff Head field is produced via an offshore wellhead platform connected by pipeline to an onshore processing plant in the Arrowsmith locality. Crude oil is trucked from Arrowsmith for sale to BP at their Kwinana refinery.

0.452 MMBLS
Production

2.6 MMBLS
2P Reserves

0.6 MMBLS
2C Resources



6

ONSHORE PERTH BASIN

Western Australia

AWE's onshore Perth Basin assets, near the town of Dongara approximately 360km north of Perth in Western Australia, include varying AWE and Origin Energy operated fields and associated facilities. AWE's interests range from 33% to 100%. Produced gas is primarily processed at either the AWE operated Dongara or Origin operated Beharra Springs gas plants. Gas is sold via the APA operated Parmelia Pipeline, and oil and condensate are trucked to the BP Kwinana refinery. The Perth Basin acreage includes conventional and unconventional gas opportunities that AWE is currently appraising with the view to commercialisation. In September 2014, AWE announced the discovery of the Waitsia gas field which may provide significant conventional and unconventional resources and an early-stage development opportunity.

0.370 MMBOE
Production

2.1 MMBOE
2P Reserves

7.1 MMBOE
2C Resources*

* Excludes 2C Resources for upgrade to Senecio gas field and newly discovered Waitsia gas field, announced in September 2014.

7

CASINO GAS PROJECT

Otway Basin, Victoria

AWE holds a 25% interest in the Santos operated Casino Gas Project in the Otway Basin in Victorian waters. Gas from the Casino, Henry and Netherby gas fields is produced via subsea wells connected by pipeline to the Energy Australia operated gas processing facility at Iona in Victoria. The Otway Basin permits also contain several exploration prospects, including Blackwatch.

1.277 MMBOE
Production

9.7 MMBOE
2P Reserves

1.8 MMBOE
2C Resources

8

BASSGAS PROJECT

Bass Basin, Tasmania

AWE has a 46.25%* interest in the Origin Energy operated BassGas Project that produces from the Yolla field located near the centre of Bass Strait in the Bass Basin in Tasmania waters. Gas and associated liquid production from the Yolla field is conveyed from a wellhead platform via a pipeline to a gas processing facility at Lang Lang in Victoria. AWE also holds a 44.75%** interest in the Origin Energy operated T/18P Bass Basin permit that contains the Trefoil gas discovery and other contingent and prospective resources.

1.961 MMBOE
Production

26 MMBOE
2P Reserves

36 MMBOE
2C Resources

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

** AWE's share of T/18P will reduce to 40% once the sale of a 9.75% interest to Prize Petroleum and an unrelated purchase of a 5% interest from Drillsearch are completed

9

TUI OIL PROJECT

Taranaki Basin, New Zealand

AWE has a 57.5% interest in, and is the Operator of, the Tui Oil Project in the Taranaki Basin offshore the west coast of the North Island of New Zealand. Oil is produced from the Tui, Amokura and Pateke oil fields via subsea wells connected to the Floating Production Storage and Offloading (FPSO) vessel, the 'Umuroa'. AWE also holds a 51% interest in, and is Operator of, the onshore exploration permit PEP55768 in the Taranaki Basin, New Zealand.

0.684 MMBBLS
Production

3.6 MMBBLS
2P Reserves

OUR PEOPLE

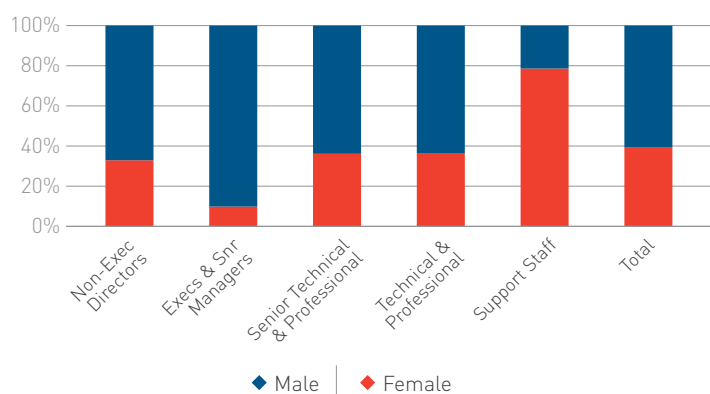
+ AWE RECOGNISES THAT TO MAINTAIN A HEALTHY, ENGAGED AND PRODUCTIVE WORKFORCE WE NEED TO REGULARLY MEASURE AND MONITOR EMPLOYEE ENGAGEMENT AND IMPLEMENT INITIATIVES THAT GIVE OUR PEOPLE THE BEST CHANCE TO ACHIEVE THEIR PROFESSIONAL GOALS.

Our people are our most valuable resource and AWE is committed to attracting and retaining highly skilled and motivated employees. Some of the keys to unlocking this objective include building teams that are engaged and committed to work collaboratively to deliver successful outcomes; aligned to the corporate values; provided with challenging, satisfying and rewarding careers; provided with on-the-job and formal development programs; and encouraged and supported in the pursuit of achieving both personal and professional goals.

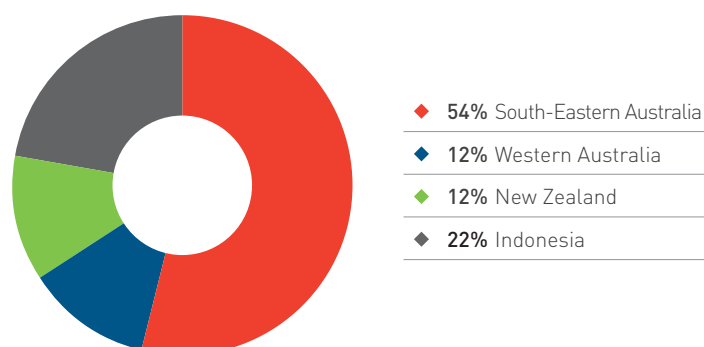
Performance highlights

- + Launch of the Women's Leadership Program as the first stage in AWE's Leadership Development Initiative. The objective of the Program is to provide female professional staff with essential leadership skills to increase the retention and promotion of talented professional women at all levels of the organisation.
- + Continued focus on employee engagement through on-going health and wellbeing initiatives as well as an increase in the number and frequency of open forums to improve learning and communication across the organisation. AWE also undertakes staff engagement surveys to ensure we receive feedback from our employees.
- + Development training is an integral feature of building an engaged and high performance workforce. AWE has implemented formal and informal processes to ensure all employees are provided with development planning that ensures essential training and learning opportunities are provided. This includes the secondment of staff within the organisation and involvement with professional organisations.

WORKFORCE GENDER REPRESENTATION AT 30 JUNE 2014
TOTAL: 113 EMPLOYEES



PERSONNEL BY LOCATION AT 30 JUNE 2014
TOTAL: 113 EMPLOYEES



Note: AWE defines 'workforce' as all full-time, part-time and temporary employees and independent contractors.



Clockwise from above: Women's Leadership Program, Elizabeth Abbey, David Tang

Case study: Women's Leadership Program

To maintain a sustainable business, attracting and retaining a highly skilled workforce is critical and no company can afford to overlook any part of the talent pool in meeting this goal. Statistics show that women are under-represented at the highest levels of management in most industries, including the oil and gas sector. To address this, AWE launched its inaugural Women's Leadership Program in February 2014.

This program is designed to provide essential leadership and communication skills, career planning and broader networks to increase the retention and promotion of talented women at all levels in the organisation. The program consists of bi-monthly workshops to address areas of leadership development for a select group of women in engineering, geoscience, HSE, finance, commercial and HR. Professional trainers, as well as leaders in the industry, are invited to participate in or lead workshops. As part of the Program, two women are selected every six months to undertake personalised development training with an external professional coach and mentor.

Elizabeth Abbey is a geologist in AWE's new ventures team.

"Shortly after my arrival at AWE, a program was initiated that focused on leadership development of women in the workplace and I began my one-on-one coaching sessions. The speakers at the group sessions have been inspirational and diverse. My coach tasked me with identifying my short-to-medium term career goals which I initially found a little overwhelming. However after working through the process I found the coaching and leadership sessions both challenging and enlightening. I gained the awareness that I am entitled to a self-determined future, which brings the confidence to insist that my interests drive my own unique career path. This was a simple yet profound revelation that has changed my approach to my job and my goals and given me new direction." - Elizabeth Abbey

Case study: Internal secondments

Over the past 12 months, a number of employees have been seconded to other office locations, giving them the opportunity to broaden their experience with the company and provide invaluable development training. This year we have had two technical team members in the Sydney office seconded to Perth, and one technical employee from Indonesia seconded to Sydney.

David Tang is a petroleum engineer based in the Sydney office and is currently on secondment as a reservoir engineer in the Perth office.

"Moving from Sydney to Perth and changing the projects I am working on has accelerated my professional growth. Tackling challenges in a different working environment requires a different way of thinking. It is this need to adapt which has expanded my knowledge and encouraged me to test the bounds of new thinking. There is a wealth and diversity of experience in each of AWE's project locations. During my time in Perth, I have been a beneficiary of this experience as well as a benefactor. This open communication of skills is a strong company asset and has value that is far reaching." - David Tang

35%

senior technical and professional staff are female

13%

workforce have flexible and/or part-time working arrangements

21%

workforce of Indonesian heritage

7%

voluntary turnover



SAFETY AND HEALTH

+ DURING 2013-2014, AWE MAINTAINED ITS EXCELLENT SAFETY RECORD.

The company focused on leading safety measures to prevent and mitigate 'at risk' behaviour and the results are reflected in our safety performance. In September 2014, AWE achieved two years without a lost time injury and has reduced the Total Recordable Injury Frequency Rate (TRIFR) by over 50% to 1.58 injuries per million man-hours in 2014.

AWE fosters a culture where no business objective will take priority over health and safety and enforces the 'Authority to Stop the Job' policy. This means that any employee, contractor or visitor who sees an unsafe activity or condition has the power to stop the job.

We recognise the importance of learning from incidents to prevent them reoccurring. Incidents are investigated to identify the contributing factors and underlying causes. Preventative and corrective actions are then developed and implemented.

We have implemented 'Lifesaver Rules' that highlight 10 potential critical risks across the business. These rules set out mandatory 'Do's and Don'ts' to help protect employees and contractors. Lifesaving rules focus on those activities which could result in potentially serious harm. The aim of the 10 Lifesaver Rules is to protect and prevent harm to our people.

We also took steps to improve the processes that govern our HSE principles. These include updating the corporate Health, Safety and Environment Management System (HSEMS) and the HSE Standards to reflect improved knowledge on HSE risk matters, changes in legislation and lessons learned from incidents both within and external to AWE. The HSE Standards provide the benchmark for AWE's performance and the HSEMS procedures provide further detail on how the Standards must be applied. We also worked closely with our main contractors to ensure our team approach and safety expectations are clearly understood and applied.

NO (ZERO)
Lost Time
Injuries

1.58
Total Recordable
Injury Frequency
Rate (per million
man hours)

+ “AWE fosters a culture where no business objective will take priority over health and safety”

Our Health and Safety processes and reporting have been made more rigorous by establishing Health and Safety Committees in Australia and New Zealand.

Commitment to safety

AWE is committed to ensuring safety leadership and ownership at all levels of the company. This included senior executives conducting a number of site visits and safety reviews at each of our operated sites. Further, each member of the Board Sustainability Committee conducted a safety visit to the FPSO ‘Umuroa’.

The support, engagement and visibility of executive management with front line staff has increased the intensity and focus on safety management across the organisation. The safety visits by senior executives also reinforced expectations on safety, values and behaviours in striving to attain an incident free operation.

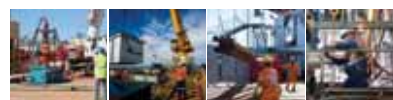
AWE captures information on leading safety indicators. These indicators test our controls and can be used to influence future behaviour and performance. Leading indicators included operated and non-operated site visits, audits and competency assessments.

Prior to the commencement of our drilling programs in Western Australia and New Zealand we needed to ensure that our safety systems were robust, bridging documents were in place and Emergency Response Plans (ERP) and the Crisis Management Plan (CMP) were tested. Individuals with ERP and CMP responsibilities were trained on how to respond in an emergency situation.

During the year, we continued to increase our focus on contractor safety behaviour and performance. In preparation for the mobilisation of the drill rig for the Perth Basin drilling program in early 2014, a number of workshops were conducted to ensure that risks were identified, controls were in place and safety recommendations were implemented accordingly. We believe that excellence in safety leads to sustainable operating and financial performance. We also recognise the important role that each employee and contractor plays in achieving incident and injury free operations.

Case study: Excellent safety performance at Drover-1 site

Prior to awarding contracts for the Perth Onshore Drilling program at Drover-1, AWE conducted rigorous contractor HSE pre-qualification assessments. One critical element of this assessment was the review of each contractor’s Health and Safety Management System and their overall HSE performance. The HSEMS assessment provided insight into the contractor’s commitment, structure and tools to ensure that all activities were conducted in a safe and responsible manner. We are pleased to report that during the Drover-1 campaign, we had a safe and incident free operation. There were no Lost Time Injuries, Medical Treatment Injury or Restricted Work Cases and no reportable environmental incidents. This excellent performance can be attributed to the selection of contractors, the effort and leadership that was provided by numerous personnel to achieve this outcome and the vigilant monitoring of leading indicators such as inductions, daily safety toolbox meetings, safety drills, inspections and management visits.



10 Lifesaver Rules





COMMUNITY

+ PERTH BASIN, WESTERN AUSTRALIA

AWE IS COMMITTED TO OPERATING A SUSTAINABLE BUSINESS IN THE ONSHORE PERTH BASIN AND WE RECOGNISE THE IMPORTANCE OF ACTIVELY ENGAGING AND WORKING WITH THE COMMUNITIES IN WHICH WE OPERATE.

Engaging and working with key stakeholders, especially local communities, is crucial to AWE's long term business sustainability. AWE engages with the communities in which it operates in a number of ways, including presentations, information meetings and face-to-face discussions. The company's community engagement process offers stakeholders an insight into current and planned operations as well as providing an opportunity for communities and landowners to voice their concerns and offer input to planned or upcoming business activities.

Active consultation

AWE and its predecessors have been operating in the Perth Basin since the 1960s. AWE is committed to working in an open and transparent way in all its business activities, including with communities in the Perth Basin. Ongoing consultation has identified a number of important issues that are regularly addressed as part of AWE's community engagement programs:

- + consultation and communication
- + transparency and disclosure
- + community investment and sponsorship
- + local job opportunities
- + potential environmental impacts
- + prevention of groundwater contamination
- + access to culturally significant sites.

Stakeholder engagement

AWE has developed a comprehensive stakeholder engagement plan that identifies stakeholders, their information needs and the timing of communications and engagement. The company is continuing to adapt the plan, learning from experience how to engage most effectively with key stakeholders.

During the year, AWE held local community information sessions in preparation for planned drilling activity in the Perth Basin which commenced in June 2014. In addition regular meetings were held with various stakeholder groups and local residents to keep them informed of AWE's current and planned operations. AWE's website has been enhanced to serve as a community education resource on the subject of conventional and unconventional gas exploration including hydraulic fracture stimulation (or "fracking").

In September 2014, AWE hosted a number of site tours at the Senecio-3 well site. Councillors and staff of local shires participated in the tours, as did business and landowner representatives, media, members of parliament and staff from key regulators. For many participants, it was their first time they had seen a drill rig in operation and they were able to see the considerable health, safety and environmental management controls put in place. It was also a valuable opportunity to discuss a range of issues and explore perceptions and misconceptions about gas exploration and production.

In response to residents' concerns about potential impacts on freshwater aquifers from the Drover-1 exploration well, AWE is sponsoring an independently facilitated Community Reference Group in the Shire of Coorow. This group will identify and examine the issues of greatest concern to the community, then present any concerns and requests to AWE for consideration. The group comprises local residents and local Council representatives, with subject matter experts and AWE personnel involved as required.

"Engaging with key stakeholders, especially local communities, is crucial to AWE's long term business sustainability."

Supply chain partnerships

AWE continues to make a significant economic contribution to the Mid West communities in the Perth Basin. The company's employment and procurement policies offer direct employment and local supply chain opportunities for individuals and companies based in the Mid West region. AWE contributes approximately \$5 million per year to the Mid West economy in wages, local contracts and community partnerships and anticipates this will increase substantially should recent discoveries be commercialised.

Indigenous heritage

To understand and address Aboriginal heritage considerations, AWE undertakes Aboriginal heritage surveys to identify any heritage sites that could potentially be affected by our operations. Although no potential heritage sites were identified within or in close proximity to drilling sites in the Perth Basin, AWE engaged indigenous representatives to monitor initial groundworks at the Drover-1 and Senecio-3 sites to ensure no artefacts were disturbed. This approach has been incorporated into standard operating procedures and will also occur at future operating sites.

\$5M

AWE contributes approximately \$5 million per year to the Perth Basin's Mid West economy in wages, local contracts and community partnerships

16

organisations received financial support totalling \$40,000

4

site tours for government and community groups





Beyond compliance

AWE helped develop and is a founding signatory to the Western Australia Onshore Gas Code of Practice for Hydraulic Fracturing. The Code of Practice commits its signatories to high standards of work and environmental management. It provides a best practice framework for the safe, efficient and environmentally responsible operations when undertaking hydraulic fracturing. The code can be downloaded at: <http://wa-onshoregas.info/>

AWE's approach to community and stakeholder engagement stands on four key pillars:

- + operational excellence
- + beyond compliance
- + open engagement
- + returns to the Community.

In addition, AWE has introduced a set of Business Principles for onshore operations in the Perth Basin:

- + AWE will engage with, and listen to, the local communities where it operates.
- + AWE will move to lead our peers by establishing the industry's best practice in environmental management of unconventional gas operations.
- + As an Operator in the Perth Basin AWE will go beyond its regulatory obligations and;
 - AWE will abide by a stricter code of conduct by undertaking not to put any surface facilities on intensively farmed agricultural land.
 - AWE will not conduct surface operations within 2 km of townships without appropriate support from the community.
- + AWE will ensure that eco-toxicity and biodegradation data is provided for any chemicals used in 'down hole' operations, including hydraulic stimulation, and that they are applied in accordance with government regulation and best practice guidelines. AWE will disclose the materials used on the company's website.
- + AWE will actively monitor aquifer water quality within the vicinity of our operations.

Case study: Consultation and engagement process

AWE begins stakeholder engagement early in the project planning phase to communicate our plans and to help identify potential stakeholder concerns. This typically involves meeting with key regulators, scientific experts and land managers before approvals documentation is prepared.

Before any activity begins, regulators thoroughly assess each proposal through the required approvals processes. In Western Australia, these approvals processes are routinely administered by the Department of Mines and Petroleum and the Department of Water. It may also involve the Environmental Protection Authority.

In accordance with approvals conditions and AWE's commitments, operations are comprehensively monitored and any incidents, should they occur are promptly investigated, followed up and reported to regulators and other key stakeholders

1,344

emails/letters
to landowners
and local
residents

39

meetings with
local councils,
community
groups and
NGOs

+ TARANAKI BASIN, NEW ZEALAND

AS THE OPERATOR OF THE TUI OIL PROJECT IN NEW ZEALAND'S TARANAKI BASIN, AWE HAS BEEN AN ACTIVE MEMBER OF THE NEW PLYMOUTH COMMUNITY FOR OVER A DECADE.

Located 50km offshore in approximately 120m of water, the Tui project was discovered in 2003. Following a period of appraisal and evaluation, the project achieved first oil in 2007.

The Tui oil project has been highly successful. AWE and its joint venture partners made an early stage commitment to set high standards and be active and supportive members of the local community.

Over the past decade, AWE and its joint venture partners have built a substantial community investment program that has involved employees and many contractors and consultants. The joint venture estimates it has contributed more than \$2 million to local community activities from 2008-2014 with the primary focus on youth and education.

Case study: Supporting the Taranaki community – rare local plants project at Moturoa school

Moturoa Primary School is a small primary school located in New Plymouth. The school prides itself on its Rare Local Plants Curriculum with its focus on Taranaki plants, particularly threatened coastal plants. AWE has sponsored the program for three years and during this time the children have thrived in the environmental education program which forms an important part of their school culture. The curriculum covers learning full cycle propagation skills, such as seed collecting and growing from cuttings, and develops extensive knowledge of each special plant they propagate. Moturoa School provides plants to the Department of Conservation and New Plymouth District Council that are used in the many community planting projects around the Taranaki coastline year round.

“AWE and its joint venture partners made an early stage commitment to set high standards and be active and supportive members of the local community.”

42

community organisations supported

\$190,000

contributions to the local community in 2013-14

7

years supporting the Big Brother Big Sister program

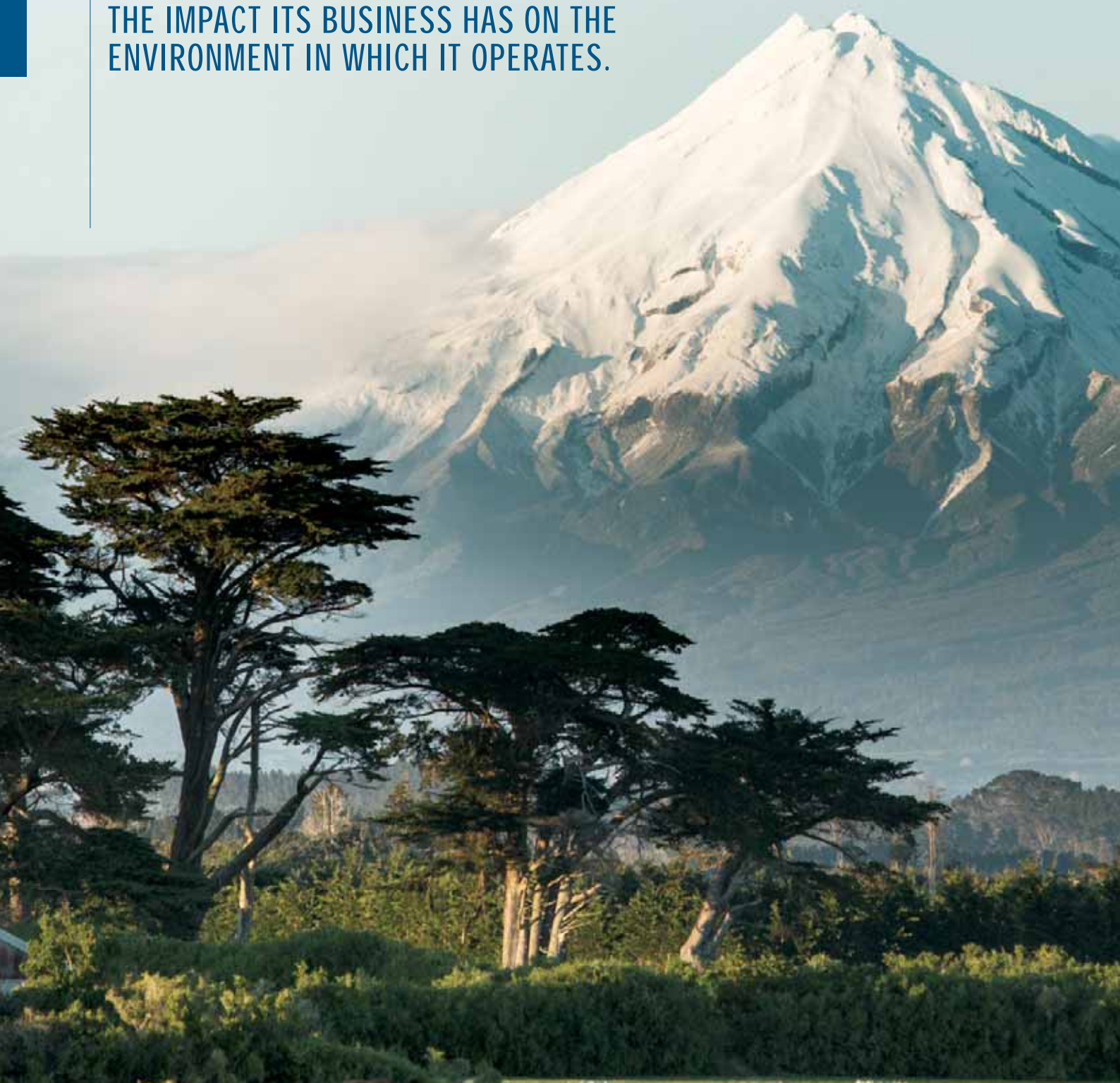
942

students participated in the AWE sponsored water safety program



ENVIRONMENT

+ AWE REMAINS COMMITTED TO MINIMISING THE IMPACT ITS BUSINESS HAS ON THE ENVIRONMENT IN WHICH IT OPERATES.





AWE is focused on minimising potential environmental impacts and conserving biodiversity through the implementation of leading practice environmental management systems, even after operations have ceased in an area. Wherever AWE explores and operates, our goal is to leave a positive legacy by contributing to community development and environmental protection and rehabilitation. Our environmental management approach takes into account the diversity of locations and the variety of environmental risks in each location.

Operating in the Onshore Perth Basin

Western Australia has some of the most diverse and unique flora and fauna, boasting an abundance of wildflowers and native species. AWE's approach to environmental management takes into account the diversity of locations and the associated variety of environmental risks across the Perth Basin.

The process for gaining environmental approvals from government departments, and ongoing compliance, has been integrated with the company's exploration, appraisal, development and operations activities. A summary of the Environmental Plan for each well drilled is located on AWE's website (www.awexplore.com).

AWE is aware of the high value placed on the Mid West environment by landowners, community members and other stakeholders and has undertaken rigorous environmental risk assessments, testing and monitoring of waterways and sampling of soils. Particular attention is placed on protecting freshwater aquifers, and sections of well bores that intersect aquifers are safeguarded by multiple layers of steel casing and cement.

In this reporting year, AWE undertook drilling of the Drover-1 well which is located in close proximity to the Lesueur National Park, 220km north of Perth, Western Australia. The Lesueur National Park covers 26,987 hectares and is home to over 900 plant species, 10% of Western Australia's known flora including acacia, hibbertias, leschenaultias and melaleucas. It ranks as one of the three most important areas for flora conservation in southern Western Australia and its diversity is of international significance. The Department of Mines and Petroleum is the lead agency for the regulation of petroleum activities in WA. However, given the close proximity to the Lesueur National Park the development was also referred to the WA Environmental Protection Agency.

Managing potential risks to flora and fauna is paramount to AWE. Key to the mitigation of any potential impact is staying within existing tracks and previously cleared areas. Minimising our project footprint was further achieved by adhering to strict hygiene requirements, and ensuring equipment was cleaned and inspected for soil, plant material and animal pests prior to mobilisation. AWE included a monitoring bore, within the vicinity of the Drover-1 well pad to monitor the Lesueur aquifer beneath the site.



The vegetation and flora in the park is particularly susceptible to dieback. The Drover-1 Biosecurity Procedure was established to provide instruction for minimising the risk of introducing weeds or dieback into the immediate lease area and the Lesueur National Park. Lesueur is relatively free of the soil-borne plant pathogen dieback (*Phytophthora cinnamomi*), water mould that kills a diverse range of plant species particularly in South West WA. Hygiene measures were implemented for all equipment working within proximity of the environmentally sensitive area. A water abstraction licence was also obtained from the Department of Water for the Drover-1 drilling activities. Water quantity usage was recorded for the duration of the program.

AWE's rehabilitation activities

AWE is committed to rehabilitating and restoring sites, as far as practicable, to their original condition.

The Denison 3D survey was conducted in 2005 within exploration leases EP413, L1 and L2. This was a very complicated 3D survey (392km²) due to the environmental challenges. The survey transversed a vast range of terrain, including nature reserves and flora, large flat and open cattle paddocks, mobile sand dunes, coastal regions, lime stone ridges, thick scrub and trees, plus numerous pastoral properties. A total of 48 holes were drilled and as vehicles entered areas such as Beekeepers Reserve, Yardanogo Reserve and adjoining farmlands, 'cleandowns' were performed. Vehicles were required to pull up before entering a certain area, to pull out any thorny weeds from tyres. Thorns were discarded into a

special rubbish bin provided to prevent the spread of this particular weed, mitigating a potential environmental issue. Rollers were used for most of the survey as there were many sensitive environmental areas that restricted the use of blades.

In 2011, AWE undertook controlled clearing activities associated with the proposed Woodada drilling within the Lake Logue Nature Reserve Environmentally Sensitive Area. Under the approved permit, AWE is required to report annually on any clearing rehabilitation or re-vegetation and flora management activities that are related to the permit. Considerable work has been undertaken within this reserve to rehabilitate the sites. Completion criteria are developed by an independent environmental specialist in consultation with the Department of Parks and Wildlife (DPAW). Woodada is then managed in accordance with the Woodada Gas Field Rehabilitation, Weed and Dieback Management Plan. This approved plan requires individual rehabilitation plans for each site and the setting of site specific completion criteria. Rehabilitated sites are monitored annually to determine whether the site has achieved the completion criteria, which includes:

- + Hygiene measures being put in place
- + Environmental specialists supervising planned rehabilitation
- + Annual monitoring by an environmental specialist for weed, dieback and rehabilitation of all the Woodada Gas Field network with remedial actions undertaken where required.

NO_(ZERO)
significant
hydrocarbon
spills

NO_(ZERO)
reportable
environmental
incidents



Offshore New Zealand Operations

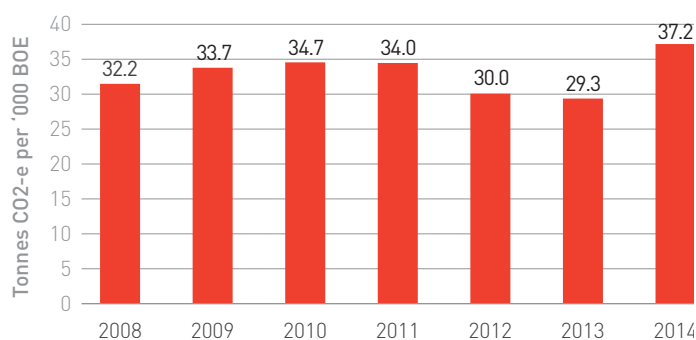
Our business requires us to utilise, store and transport liquids including oil, diesel, drilling mud and chemicals. Our equipment, training and policies aim to prevent releases of liquids or solids to the environment or water courses. Planning and preparation are critical as quick responses and actions can make a significant difference in averting potentially serious outcomes.

During the mobilisation of the Kan Tan IV drilling rig offshore New Zealand in the Taranaki Basin, an unexpected event resulted in damage to a fuel tank. The deck crew responded immediately and contained the release of marine diesel and no diesel was lost overboard. The lessons learnt included the importance of being prepared at all times, having procedures in place and carrying a full inventory of spill kit products and equipment.

Waste management

AWE is committed to recycling, minimising or eliminating waste generated at its operations, including cuttings, hazardous, non-hazardous and general waste. For offshore activity, such as the recent drilling operations in the Taranaki Basin, waste is divided into categories and disposed of in compliance with the appropriate regulations. For onshore exploration activities, such as the Drover-1 well in the Perth Basin, waste is managed in accordance with the regulator-approved Environmental Management Plan. All waste products were disposed of at authorised facilities or in accordance with regulatory guidelines and legislation.

GREENHOUSE GAS INTENSITY BY EQUITY SHARE OF PRODUCTION¹



¹ Sugarloaf (USA) is not included due to emissions data not being provided by the Operator



+ “AWE is committed to the accurate and transparent reporting of its greenhouse gas measurements and reporting to both the government and the market.”

Carbon emissions

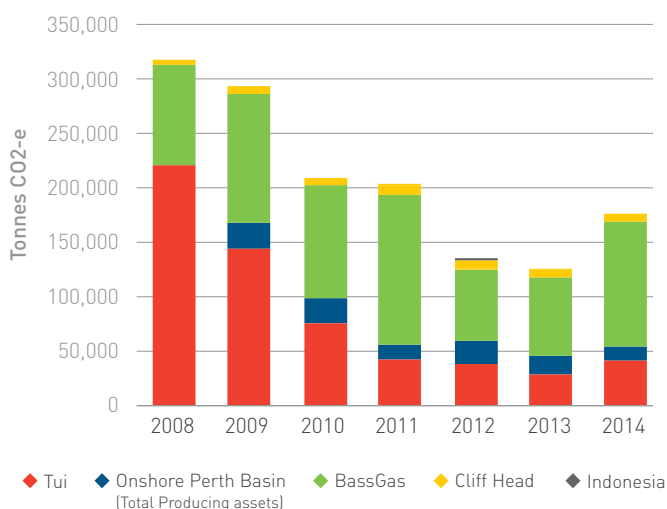
AWE is committed to the accurate and transparent reporting of its greenhouse gas measurements and reporting to both the government and the market. We provide the market with this information through participation in the Carbon Disclosure Project (CDP) and to the Australian government through its online system for Emissions and Energy Reporting (EERs).

Scope 1 emissions are defined as those arising directly from sources owned or controlled by the reporting entity. In our activities, the main categories of Scope 1 emissions are fuel used, flaring, venting and fugitive losses and distribution losses. In 2014, operations directly under AWE's control emitted 79,880 tonnes of greenhouse gas emissions, an 8% increase compared with 2013. This was driven predominately by an increase in drilling activity in the Tui permit, which included emissions from the support vessels and the drilling rig diesel consumption.

AWE also measures greenhouse gas emissions on an equity share basis, reporting emissions in line with the company's equity interest, including where AWE is an investor but not an operator. The annual total direct emissions by project (equity share) increased by 40% to 176,593 tonnes due to production increases and emissions from venting and flaring at BassGas for the 12 months to 30 June 2014. Our emissions intensity increased by 27% predominately due to increases in exploration activities and production.

Scope 2 emissions or indirect emissions are those resulting from the consumption of purchased electricity or gas. AWE's only significant purchased energy is electricity. We calculate indirect GHG emissions from electricity consumption by applying country specific emission factors. In 2014, our operations purchased electricity that emitted 572 tonnes of GHG when originally generated at the source. This compared with emission of 568 tonnes in the previous year.

ANNUAL TOTAL DIRECT EMISSIONS BY EQUITY SHARE OF PRODUCTION¹



¹ Sugarloaf (USA) is not included due to emissions data not being provided by the Operator



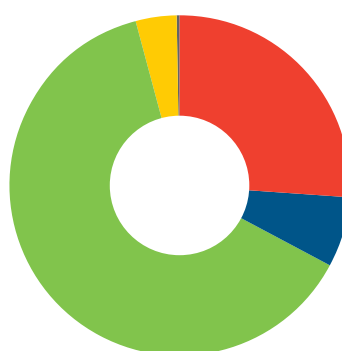
Case study: Nga Motu Marine Reserve program, New Zealand

For the past five years, AWE has maintained a relationship with the Nga Motu Marine Reserve Society. AWE initially assisted with the upgrade of the Marine Information building and more recently provided educational material and equipment.

The Marine Information building is located on the waterfront near Port Taranaki, New Plymouth. It now proudly displays bright, colourful and informative floor to ceiling images and facts about local marine life. Landscaping has been completed by a local primary school which nurses the rare local native plants.

The building is open daily for public use and classes about the Marine Reserve Conservation program. AWE has recently agreed to fund the purchase of snorkelling equipment and educational tools for school children's underwater studies. In addition to providing this fantastic Marine Reserve programme, the Nga Motu Marine Reserve Society also has underwater monitoring systems which identify, count and measure fish species and other underwater animals.

2014 DIRECT GREENHOUSE GAS EMISSIONS BY EQUITY SHARE OF PRODUCTION¹
TOTAL: 176,593 TONNES



◆ 24%	Tui
◆ 7%	Onshore Perth Basin (Total, producing assets)
◆ 65%	BassGas
◆ 4%	Cliff Head
◆ <1%	Casino

¹. Sugarloaf (USA) is not included due to emissions data not being provided by the Operator

FINANCIAL PERFORMANCE

+ AWE'S FOCUSED AND DISCIPLINED APPROACH TO FINANCIAL MANAGEMENT MEANS WE ARE WELL POSITIONED TO ACHIEVE A SUSTAINABLE GROWTH AGENDA.

Managing financial capital in a prudent and disciplined manner underpins AWE's objective to achieve sustainable long term returns for its shareholders. During the past three years, AWE has undertaken a targeted and disciplined approach to rebalancing its portfolio of assets. We now have a diverse portfolio of assets across the upstream value chain from exploration, appraisal, development through to production. The strength and diversity of our producing assets also means that AWE has the financial capacity to reinvest in the growth of the business.

AWE's medium to long term goal is to double production to 10 mmboe and to triple Field EBITDAX to more than \$500 million by the end of 2018. This will underpin our objective to deliver sustainable and high returns to our shareholders.

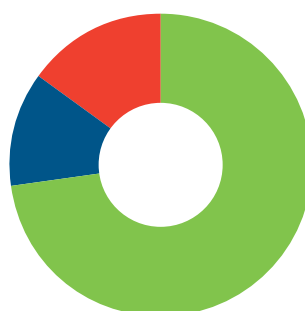
+ The key highlights of AWE's economic performance in 2013-14 include:

- + Production of 5.6 mmboe generating sales revenue of \$328.2 million
- + Net field contribution (Field EBITDAX) of \$209 million achieved from a diverse and stable asset portfolio
- + Reinvestment in development and exploration of \$188 million to secure future sustainable cash flows
- + Cash position of \$42 million plus undrawn facilities of \$300 million at 30 June 2014 provides significant balance sheet capacity to fund future growth opportunities.

At 30 June 2014, the company held:

- + 2P Reserves of 91.0 mmboe
- + 2C Contingent Resources of 76.6 mmboe.

ANNUAL PRODUCTION 2013-14
BY GEOGRAPHY
TOTAL: 5.6MMBOE



- ◆ 73% Australia
- ◆ 12% New Zealand
- ◆ 15% USA

5.6 MMBOE

Total Production

\$328.2M

Sales Revenue

\$62.5M

Net Profit After Tax

91.0 MMBOE

2P Reserves

167.6 MMBOE

2P Reserves plus 2C Resources (at 30 June 2014)

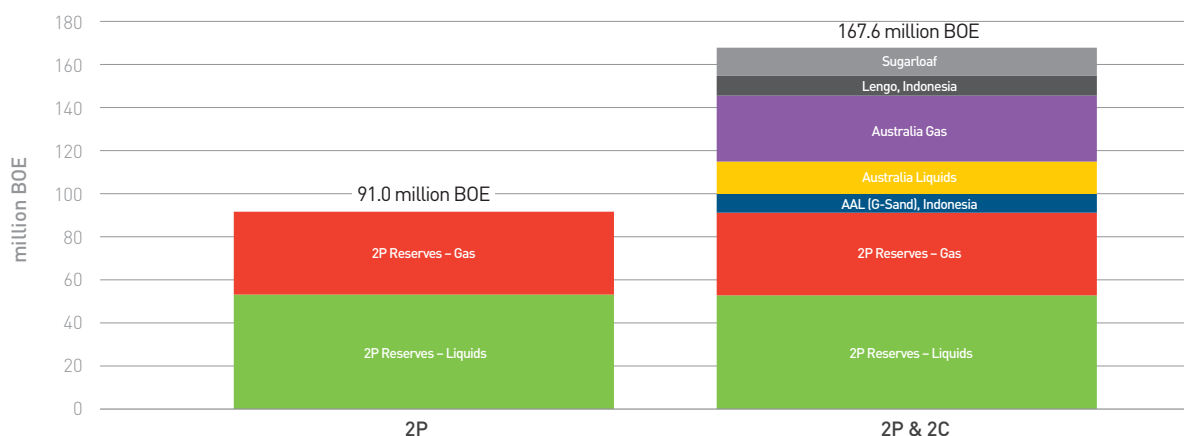
SALES REVENUE 2013-14
BY GEOGRAPHY
TOTAL: \$328.2M



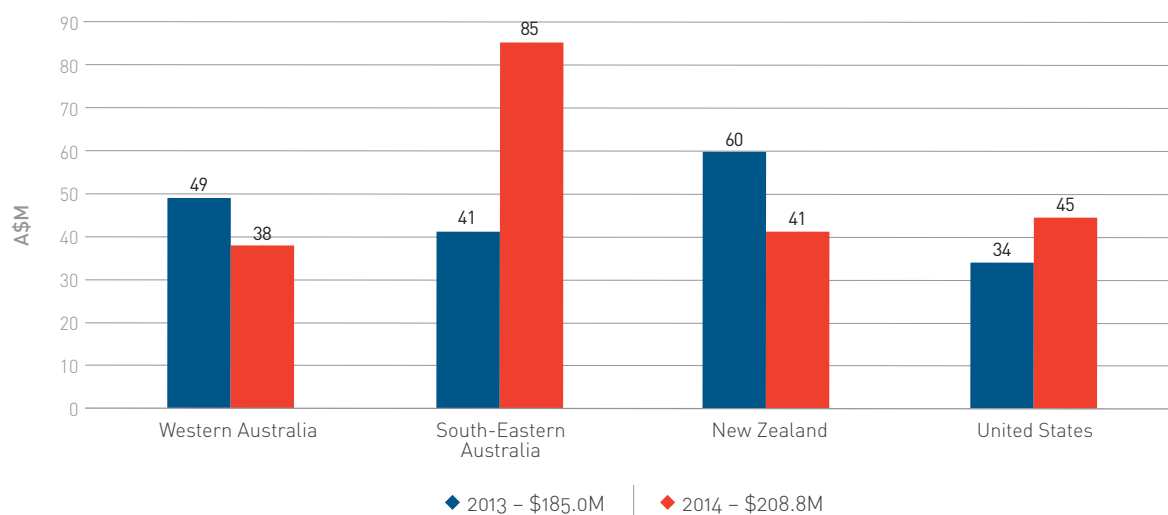
- ◆ 59% Australia
- ◆ 19% New Zealand
- ◆ 22% USA



2P RESERVES AND 2C RESOURCES AS AT 30 JUNE 2014



FIELD EBITDAX FOR THE FINANCIAL YEAR ENDING 30 JUNE



BUSINESS ETHICS

+ AT AWE WE MAKE A CONSCIOUS EFFORT TO TREAT PEOPLE AND COMPANIES WITH RESPECT AND TO ESTABLISH A POSITIVE WORKING ENVIRONMENT IN RELATION TO OUR BUSINESS PRACTICES

AWE is committed to conducting its business fairly, honourably, with integrity and in compliance with the law in all jurisdictions where it operates, including applicable anti-bribery and corruption legislation. We are committed to ensuring that our employees and contractors act ethically and professionally and recognise the value in developing and fostering a culture of corporate compliance, ethical behaviour and good corporate governance.

In meeting this objective, AWE has implemented a range of policies that provide clear guidance to AWE's directors, employees and contractors on the standards of behaviour that is expected at all times when dealing with internal and external stakeholders including suppliers, joint venture partners, governments officials and regulators. These policies include a Fraud and Corruption Policy, Whistleblower Policy, Procurement Practices Policy, a Code of Conduct and a newly implemented Equal Employment Opportunity Policy.

AWE's operations are in diverse jurisdictions where business and cultural differences present new challenges for the company. We are a company that has always maintained and observed high levels of ethical and business standards to ensure we meet our obligations to our key stakeholders including employees, customers, joint venture partners, communities and regulators.

As we expand into new geographies, AWE may be exposed to new challenges and potential ethical issues that require the adoption of rigorous and transparent ethical standards, leading to a formal business ethics policy that has been rolled out across the Group.

The AWE Board has been closely involved in the development of the business ethics policies and strongly endorses a philosophy of zero tolerance for unethical behaviour or conduct which may cause personal, financial, reputational or legal harm to the company or its employees.

Whilst we have always expected the highest standards of corporate and individual ethical behaviour and conduct, our organisational growth and evolution required a more formalised approach to business conduct.

In particular, the Whistleblower Policy sets out clear direction and guidelines for employees and members of the general public to report conduct that is unethical, dishonest, fraudulent, corrupt or otherwise unacceptable. It demonstrates AWE's commitment to a fair workplace and to protect the rights of employees who, in good faith, report such conduct on a confidential basis without fear of reprisal, dismissal or discriminatory treatment.

Developing and implementing policies is an important step in improving our practices. It is equally important that our people are aware of the policies and their content to make these policies effective.

AWE has recently rolled out mandatory e-learning modules covering Equal Employment Opportunity and Bullying and Harassment. In addition, a new on-line program has been launched to electronically record policy acknowledgement and understanding of a number of our key policies and procedures, including:

- a. Procurement Practices Policy
- b. Securities Training Policy
- c. HSE Policy
- d. Alcohol and Drugs Policy
- e. Fraud and Corruption Policy
- f. Whistleblower Policy
- g. Code of Conduct
- h. Equal Employment Opportunity Policy
- i. Acceptable Use of IT Policy.

NEW

Policy awareness training rolled out

NEW

Equal Employment Opportunity Policy implemented

NO (ZERO)

ethical breaches reported



AWE believes that being proactive in developing its business ethics policies and standards will pay off through recognition of the company's stance on ethical practices and will ultimately reward the company, and its shareholders, with improved business opportunities with high quality partners wherever it operates.

Better business practices will translate into lower business costs and legal risks.

AWE already enjoys a very strong reputation as an ethical operator that maintains leading industry standards of compliance in respect of its obligations with regulatory, legal and ethical standards. The broad application of its business ethics policy is designed to carry that strong reputation into new countries the company may enter in the future.

Code of Conduct policies

We clearly recognise that some business practices, which may be common practice in some countries, are not acceptable to AWE and our aim is to ensure that AWE staff behaves in a manner that is acceptable for an Australian listed company.

To develop these standards, AWE has drawn from a wide range of sources and experience. The key components of AWE's code of conduct policies reflect the following principles:

- + AWE is committed to conducting its business fairly, honourably, with integrity and in compliance with the law in all jurisdictions where it operates, including applicable anti-bribery and corruption legislation.
- + AWE does not pay bribes to anyone, including to government officials or external company executives, to obtain or maintain business, induce improper performance or to gain an unfair advantage.
- + AWE does not pay bribes directly or indirectly through brokers, agents, consultants or other associated persons or third parties.
- + AWE does not provide improper inducements through other means such as inappropriate meals and entertaining, excessive gift giving or making of unauthorised facilitation payments.
- + AWE will maintain detailed and accurate books and records and internal controls at all times.
- + AWE does not conceal bribes or other improper payments by 'off book' arrangements or by falsifying its books and records.
- + All AWE employees are charged with the responsibility of knowing what their brokers, agents, consultants and other third party representatives are doing and ensuring that such entities are not paying bribes on AWE's behalf.
- + Employees should not engage in conduct that would be in breach of any applicable anti-bribery and corruption legislation or any other AWE policy.

SUSTAINABILITY STATISTICS

Year to June	2010	2011	2012	2013	2014	% Change YoY
Production (Equity Share)						
Oil Production ('000 Bbls)	3,059	1,968	1,700	1,309	1,140	-13%
Gas Production (TJ)	15,806	20,562	15,503	17,250	19,318	12%
LPG (tonnes)	14,315	25,888	11,921	22,132	42,030	90%
Condensate ('000 Bbls)	229	429	271	533	759	42%
Total Production ('000 BOE)	6,089	6,124	4,692	4,974	5,606	13%
Greenhouse Gas Emissions						
(Operational Control)						
Direct Greenhouse Gas emissions (tCO ₂ -e)	204,648	117,628	105,801	73,954	79,880	8%
Indirect Greenhouse Gas emissions (tCO ₂ -e)	194	279	562	568	572	1%
Greenhouse Gas Emissions						
(Equity Share)						
Direct Greenhouse Gas emissions ¹ (tCO ₂ -e)	210,134	203,286	135,542	126,354	176,593	40%
Greenhouse gas intensity ¹ (tCO ₂ -e/'000 BOE)	34.7	34.0	30.0	29.3	37.2	27%
Environment						
Hydrocarbon Spills	0	0	2	0	0	n/a
Total Water Withdrawal ² (m3) ⁴				2,085	5,090	144%
Formation or Produced Water ³ (m3) ⁴				5,820,935	5,745,579	-1%
Safety (Operations)						
Hours Worked	885,218	994,807	792,125	753,820	1,268,717	68%
Fatalities	0	0	0	0	0	n/a
Lost Time Injury	4	1	6	2	0	n/a
Lost Time Injury frequency rate (LTIFR)	4.5	1.0	7.6	2.7	0	n/a
Total recordable injuries	7	3	9	3	2	n/a
Total recordable injury frequency rate (TRIFR)	7.9	3.0	11.4	4.0	1.6	n/a
Community						
Sponsorship and Donations (A\$) ⁵		260,775	184,022	179,628	266,496	48%

¹ Sugarloaf production is not included in GHG intensity calculation or direct greenhouse gas emissions due to emissions not being provided by Operator, Marathon Oil

² Consists of Ground Water and Municipal Water (2013 collected data for Perth Basin assets operated by AWE only)

³ Consists of Formation/Produced Water from Tui operated asset (NZ) only (Gross)

⁴ Data was not collected for reporting periods prior to 2013

⁵ Data was not reported for periods prior to 2011

GLOSSARY

ABBREVIATIONS

\$	Australian Dollars
2C	mid estimate in relation to recoverable contingent resource volumes
2P	proved and probable (reserves)
AAPG	American Association of Petroleum Geologists
AMI	Area of Mutual Interest
API	American Petroleum Institute
bbl	barrel
BOE	barrels of oil equivalent
CDP	Carbon Disclosure Project
CO ₂	carbon dioxide
CO ₂ e	carbon dioxide greenhouse gas equivalent
CMP	Crisis Management Plan
DPaW	Department of Parks and Wildlife
EAP	Employee Assistance Program
EBITDAX	Earnings before interest, tax, depreciation, amortisation and exploration expenses
EERS	Emissions and Energy Reporting System
EPA	Environmental Protection Authority
FPSO	Floating Production Storage and Offloading Vessel
ERP	Emergency Response Plans
FY	financial year
GHG	greenhouse gas
GRI	Global Reporting Initiative
HR	Human Resources
HS	Hydrocarbon Spills (litres) - A Hydrocarbon Spill is defined as a hydrocarbon liquid spill greater than 1 barrel (159 litres) that reaches the environment (with reference to the IPIECA/API guidelines)
HSE	Health, Safety and Environment
HSEMS	Health, Safety and Environment Management System
IPIECA	International Petroleum Industry Environmental Conservation Associations
LPG	liquefied petroleum gas
LTI	Lost Time Injury
LTIFR	Lost Time Injury Frequency Rate
mmboe	million barrels of oil equivalent
Proved and Probable (2P) Reserves	means the reserves volume for which there is an equal probability that actual recovery will exceed or be less than the stated quantity
PSC	Production Sharing Contract
Reserves	means the volumes of economically recoverable hydrocarbons contained in a geological formation from a given date forward
Resources (or Contingent Resources)	means the volumes of hydrocarbons that are potentially recoverable but not yet considered mature enough for commercial development due to technological or business hurdles
SPE	Society of Petroleum Engineers
SPEE	Society of Petroleum Evaluation Engineers
tCO ₂ -e	tonnes of carbon dioxide equivalent
Total Hours Worked	Aggregate of total available hours for full-time, fixed term, and part-time employees plus actual hours worked by casual employees and contractors carrying out work related activities
TRCFR	Total Recordable Case Frequency Rate
TRIFR	Total Recordable Injury Frequency Rate
WPC	World Petroleum Council

CONVERSION TABLE

Volume

1 cubic metre = 1 kilolitre = 35.3 cubic feet = 6.29 barrels
1 megalitre = 1,000 cubic metres

Energy Value

1,000 standard cubic feet of sales gas yields about 1.055 gigajoules (GJ) of heat
1 petajoule (PJ) = 1,000,000 gigajoules (GJ)
1 gigajoule = 947,817 British Thermal Units (BTU)

Barrel of Oil Equivalents (BOE)

Sales Gas: 6PJ = 1 MMBOE
LPG: 1 tonne = 11.6 BOE
Condensate: 1 barrel = 1 BOE
Oil: 1 barrel = 1 BOE

Decimal Number Prefixes

kilo = thousand = 10³
mega = million = 10⁶
giga = 1,000 million = 10⁹
tera = million million = 10¹²
peta = 1,000 million million = 10¹⁵

RESERVES AND RESOURCES

The reserves and contingent resources in this report are based on and fairly represent information and supporting documentation prepared by and under the supervision of qualified petroleum reserves and resource evaluators: Ian Palmer (AWE General Manager, Development) and Neil Tupper (AWE General Manager, Exploration and Geoscience). Mr Palmer, a member of Society of Petroleum Engineers, holds a Bachelor Degree in Engineering and has 33 years' experience in the practice of Petroleum Engineering. Mr Tupper, a member of Society of Petroleum Engineers and American Association of Petroleum Geologists, holds MSc in Sedimentology and its Applications and BSc (Hons) in Geology. Mr Tupper has over 30 years of industry experience with specific expertise in strategic planning, portfolio analysis, prospect evaluation, technical due diligence and peer review, reserves and resource assessment, unitisation and business development. Both qualified petroleum reserves and resource evaluators have consented in writing to the inclusion of this information in the form and context in which it appears.

The AWE reserves and contingent resource report as at 30 June 2014 was prepared in accordance with the SPE/AAPG/WPC/SPEE Petroleum Resources Management System guidelines of November 2011.



AWE cares about the environment. This document is printed on Sovereign A2 – Gloss, an independently certified carbon neutral paper. By choosing this paper AWE Limited has saved 1961kg of greenhouse gas.

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Limited Assurance Report to the Management and Directors of AWE Limited

Scope

We have performed a limited assurance engagement in relation to selected sustainability performance data included in AWE Limited's ('AWE') Sustainability Report 2014 ('the Report') in order to state whether anything has come to our attention that would cause us to believe that the subject matter, detailed below, has not been presented and calculated in accordance with the criteria described below.

Subject Matter

The subject matter is limited to reviewing selected sustainability performance data disclosed within the Report for the year ended 30 June 2014:

- ▶ Total direct greenhouse gas emissions (GHG) under operational control in tonnes of carbon dioxide equivalent (tCO₂e) (p. 20 and 26)
- ▶ Total indirect GHG emissions under operational control (tCO₂e) (p. 20 and 26)
- ▶ Total direct GHG emissions on an equity share basis (tCO₂e) (p. 20, 21 and 26)
- ▶ Total community spend (donations and sponsorship in AUD) (p. 26)
- ▶ Number of reportable hydrocarbon spills (p. 18 and 26)
- ▶ Total water withdrawal for the Tui and Perth Basin operated sites (p. 26)
- ▶ Total Recordable Injury Frequency Rate (TRIFR) for all operated sites (p. 10 and 26)
- ▶ Lost Time Injury Frequency Rate (LTIFR) for all operated sites (p. 26)
- ▶ Number of fatalities (p. 26)
- ▶ Economic performance data (production, revenue, and operational cash flow) (p. 22 and 26)
- ▶ People diversity statistics (age, job position, nationality, and gender) (p. 8 and 9)
- ▶ AWE's self-assessed Global Reporting Initiative G3.1 Application Level (C+)

Criteria

Management of AWE has described its approach to sustainability performance within its Report and has determined methods considered appropriate for reporting greenhouse gas emissions, social, environmental, and safety data. There are no prescribed methods within Australia for determining the greenhouse gas emissions, social, environmental, and safety data for public reporting. The use of different methods can result in materially different amounts. AWE Management has reported the total greenhouse gas emissions on both an equity share and operational control basis. The operational control approach has been delivered by reference to the Australian Government's National Greenhouse and Energy Reporting System (NGERS). Sources for emissions factors were drawn from the Australian Government's National Greenhouse and Energy Reporting (Measurement) Determination 2008; New Zealand Government's Climate Change (Stationary Energy and Industrial Processes) Regulations 2009; and the World Resources Institute and the World Business Council for Sustainable Development's Greenhouse Gas Protocol Initiative – GHG emissions from purchased electricity (Version 4.2) in relation to AWE's Indonesian operations. AWE management has set out its approach for the non-financial data metrics related to community, economic performance, environment, and health and safety outlined within the subject matter presented in the Sustainability Report 2014. AWE has utilised the Global Reporting Initiative's G3.1 Sustainability Reporting Framework Guidelines. These guidelines set out the criteria for achieving an application level of C+.

Management Responsibility

The management of AWE ('Management') are responsible for the collation, preparation, and presentation of the subject matter in accordance with the criteria and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion as to whether the subject matter is presented in accordance with the criteria. Our limited assurance engagement has been planned and performed in accordance with the following Australian Standards for Assurance Engagements: *ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and *ASAE 3410 Assurance Engagements on Greenhouse Gas Statements*.

Level of Assurance

A limited assurance engagement consists of making enquiries and applying analytical and other limited assurance procedures. Our procedures were designed to provide a limited level of assurance and as such do not provide all the evidence that would be required to provide a reasonable level of assurance. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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Our Approach

Our procedures included, but were not limited to, the following:

- ▶ Conducting interviews to understand sustainability governance and reporting structures;
- ▶ Reviewing underlying sustainability governance documentation and evidence;
- ▶ Gaining an understanding of the greenhouse gas, community, workplace health and safety incidents, people, and environmental spills data reporting processes supporting the business activities;
- ▶ Conducting interviews and collation of evidence to understand the process and controls supporting the data;
- ▶ Reviewing incident reports on a sample basis to assess whether the classification of reported incidents were appropriately recorded;
- ▶ Undertaking analytical review procedures to support the reasonableness of the data;
- ▶ Reviewing assumptions supporting the calculations of incidental emissions for reasonableness;
- ▶ Reviewing the Sustainability Report to assess the appropriateness of disclosure; and
- ▶ Checking that AWE had made sufficient disclosures in the Report to meet its self-assessed GRI application level of C+.

Inherent Limitations

There are inherent limitations of any assurance engagement arising from the evidence on which the assurance practitioner draws conclusions upon being persuasive, as it relies on selected data to be representative, rather than conclusive. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions that are developed by the reporting entity.

Use of Report

Our responsibility in performing our limited assurance activities is to the Management and Directors of AWE only and in accordance with the terms of reference for this engagement as agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk. No statement is made as to whether the criteria is appropriate for the purposes described above.

Our Independence and Assurance Team

The firm and all professional personnel involved in this engagement have met the independence requirements of the APES 110 Code of Ethics for Professional Accountants. Ernst & Young has provided a range of services to AWE including but not limited to the provision of certain statutory financial audit services. We believe the provision of these services has not impaired our impartiality with respect to this work. Our team has the required competencies and experience for this assurance engagement.

Matters Relating to Electronic Presentation of the Sustainability Report

Our review was conducted on the AWE Sustainability Report and other data that will be published on AWE's website. We provide no assurance over changes to the content of AWE's report or other sustainability data after the date of this assurance statement.

Assurance Conclusions

On the basis of our procedures for this limited assurance engagement, nothing has come to our attention that causes us to believe that the subject matter, as presented in AWE's Sustainability Report for the year ended 30 June 2014, was not presented fairly in all material respects, and calculated in accordance with the criteria detailed above.

Ernst & Young

Dr Matthew Bell
Partner
Sydney Australia
23 October 2014

