

QUARTERLY REPORT

SEPTEMBER 2014



HIGHLIGHTS

FOR THE 3 MONTHS TO 30 SEPTEMBER 2014

PRODUCTION AND DEVELOPMENT

- Total production up 6%, quarter on quarter, to 1.39 mmboe
- Sugarloaf production up 21% over previous quarter as accelerated drilling in 1H CY14 delivers increased production
- Strong HSE performance highlighted by achievement of two years without a Lost Time Injury
- BassGas joint venture achieves FID for lift of gas compression and condensate pumping modules in late 2014
- Ande Ande Lumut Tender Plan for FPSO approved by Indonesian government
- Draft Plan of Development submitted for Lengo gas project in Indonesia

EXPLORATION AND APPRAISAL

- Waitsia gas field discovered and Senecio gas field successfully appraised in the onshore Perth Basin; combined gross Contingent Resources range from 105 Bcf (1C) to 1,300 Bcf (3C), with a best estimate (2C) of 360 Bcf
- Good oil and gas shows from Drover-1; core samples and well data being analysed
- Ande Ande Lumut Joint Venture approves drilling of G Sand appraisal well in 2015
- Farmed into Block 09/05 in the Bohai Bay, China

FINANCIAL AND CORPORATE

- Cash of \$56 million, net debt of \$9 million, and undrawn debt facilities of \$234 million at 30 September 2014
- Year to date sales revenue of \$85 million, up 42% on the previous quarter
- Sale of 11.25% of BassGas to Prize Petroleum expected to complete in November 2014



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ISSUED BY AWE LIMITED
30 OCTOBER 2014

ABOUT AWE

AWE is an Australian energy company focused on upstream oil and gas and related energy opportunities. The company has built a substantial portfolio of exploration, development and production assets in Australia, New Zealand, the USA and Indonesia that is now providing strong production and cash flow, leading to a period of significant growth.

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

MANAGING DIRECTOR'S COMMENTS



Following on from a strong performance in 2013-14, AWE delivered further positive financial and operational results for the first quarter of 2014-15. The exciting new discovery of the Waitsia gas field in the Perth Basin added significantly to this performance and has established a fourth cornerstone project - alongside Sugarloaf,

BassGas and Ande Ande Lumut - in AWE's existing portfolio of quality assets.

The Waitsia gas field, together with the Senecio gas field, located in the North Perth Basin hold an estimated 360 Bcf of 2C Contingent Gas Resources, or 60 mmboe (30 mmboe net to AWE), and represent a substantial addition to AWE's already strong 2P Reserves and 2C Resources position. Importantly, the Waitsia field provides the potential for an early conventional gas development for the company, given the close proximity of the field to existing infrastructure and gas markets. We will be working hard to complete flow testing of the discovery well in early 2015 and undertake appraisal drilling of the field in the first half of 2015.

Total production for the three months to September was up 6% on the previous quarter to 1.39 mmboe. The increase was a reflection of the strong production from Sugarloaf, Cliff Head, the Onshore Perth Basin and Tui and mitigated the natural decline at BassGas.

Sales revenue was up 42% to \$85 million for the quarter due to a scheduled lifting at Tui. Inventory at Tui remained significant at 198,600 barrels net to AWE.

Production at Sugarloaf increased by 21% for the quarter as some of the wells from the accelerated drilling campaign, which commenced in the first half of 2014, were brought online. During the quarter, 26 new wells were brought on to production, including five in the Austin Chalk. At the end of September there were 154 wells producing with an additional 39 wells in various stages of drilling and completion. Looking ahead, the potential for further increases in reserves and production provides Sugarloaf with considerable upside.

The remaining phases of the BassGas Mid Life Enhancement project are scheduled for the next two quarters, with FID achieved in September for the gas compression and condensate pumping modules lifts.

A heavy lifting vessel, The Sapura 3000, has been secured and activity is currently scheduled for late 2014. The planned drilling of two development wells, Yolla-5 and Yolla-6, remains on track for early 2015.

The Ande Ande Lumut (AAL) project continues to make steady progress and the Operator has received approval from the regulator for the FPSO tender plan. Completing the FPSO tender process is a prerequisite for achieving FID and is on the project's critical path. In addition, the Joint Venture approved the drilling of an appraisal well in 2015 on the deeper, underlying G sand reservoir as the first step towards the future development of this estimated 35 million barrel gross recoverable resource.

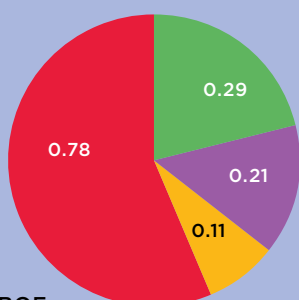
The diversification of our portfolio has been a key element of AWE's strategy and is a primary driver for our move into China. In August and September, an exploration well was drilled in Block 09/05 in the Bohai Bay, a proven petroleum basin, but did not identify commercial quantities of hydrocarbons. Planning for a second exploration well, to be drilled in 2015, remains on track.

As we foreshadowed in the release of our full year results back in August, the 2014-15 year will likely be the peak year for AWE's exploration and capex investment in the medium term. Our strong balance sheet and cash flows provides AWE with the capacity to fund the high levels of activity on major development projects including BassGas, Sugarloaf, Ande Ande Lumut and the tie-in of the Pateke-4H well at Tui. Exploration and appraisal activity is also anticipated to peak as we pursue the significant conventional and unconventional opportunities in the Perth Basin.

The health and safety of our employees continues to be at the forefront of our work. I am pleased to report that the company achieved another quarter with no lost time injuries, continuing the positive record of no LTIs that we have now maintained for over two years. I am further pleased to report that there were no reportable environmental incidents.

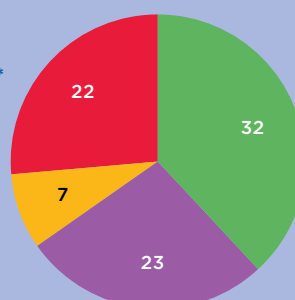
Bruce Clement
Managing Director

**QUARTERLY
PRODUCTION BY
PRODUCT MMBOE**



TOTAL: 1.39 million BOE

**QUARTERLY
SALES REVENUE BY
PRODUCT \$ MILLION***



TOTAL: \$85 million

Oil
Condensate
LPG
Gas

*Based on 1Q sales
of 1.40MMBOE

FINANCIAL & CORPORATE

FOR THE 3 MONTHS TO 30 SEPTEMBER 2014

FINANCIAL HIGHLIGHTS (UNAUDITED)

	3 months to Sep 2014	3 months to Jun 2014	3 months to Sep 2013
Exploration Expenditure	\$'000	\$'000	\$'000
South East Australia	1,712	968	277
Western Australia	8,082	4,138	944
New Zealand	4,629	9,824	1,153
Indonesia	2,403	2,019	711
Yemen	324	573	205
China	13,070	0	205
Other	1,387	1,171	1,227
Total	31,609	18,693	4,567

Development Expenditure

South East Australia	5,091	3,281	3,759
Western Australia	166	143	6
New Zealand	2,323	29,578	6,878
USA	28,881	13,644	9,587
Indonesia	5,348	3,339	4,795
Total	41,810	49,985	25,025

	\$ million	\$ million	\$ million
Sales Revenue	85	60	85
Field Opex	32	29	32
Field EBITDAX	52	31	52

Note: Financial highlights are preliminary and unaudited. Numbers may not add due to rounding.

FINANCIAL

September quarter production was 1.39 mmboe, an increase of 6% compared to the June quarter with strong contributions from Sugarloaf, Cliff Head and the onshore Perth Basin. Liquids comprised 44% of production with 56% gas.

Total sales revenue for the September quarter was \$85 million, an increase of 42% over the June quarter. The substantial increase was primarily due to a lifting being completed at Tui during the period, which increased total sales volume to 1.40 mmboe for the period.

The average realised oil and condensate price for the quarter was A\$100.12 per barrel.

Field EBITDAX for the quarter was \$52 million, up 68% over the previous quarter. Field operating costs, including royalties of \$6 million, were \$32 million, up 10% on the previous quarter. The increase in field operating costs was in line with the higher activity levels during the quarter.

Development expenditure during the period was

\$42 million, down 16% on the previous quarter, with most investment centred on drilling and completion activities at Sugarloaf.

Exploration expenditure for the quarter was \$32 million, up 69% over the previous quarter, reflecting the higher levels of activity in the Perth Basin and China.

At the end of September 2014, AWE was in a strong financial position with cash of \$56 million, net debt of \$9 million and undrawn debt facilities of \$234 million.

CORPORATE

Mr Mark MacFarlane has been appointed Chief Operating Officer of AWE Limited commencing February 2015 and will be based in Sydney. Mr MacFarlane has 26 years industry experience in a range of engineering and management roles, most recently as Ghana Country Manager for Tullow Oil and prior to that as Vice President for Santos GLNG in Queensland. Dennis Washer will be stepping back from the position of Chief Operating Officer for AWE, but will continue to be General Manager New Zealand, focusing on overseeing AWE's New Zealand business and operations.

Subsequent to the end of the quarter, AWE acquired a 4,642 hectare arable land holding near Donagara, WA. The property had been on the market for a number of months and the recent Waitsia discovery was the catalyst for this investment decision. The purchase of this land holding, which will remain primarily an agricultural operation, signals AWE's long term commitment to the Dongara region and the Shire of Irwin community. The purchase price has not been disclosed.

The AWE Limited Annual General Meeting for shareholders is being held at the Museum of Sydney on 20 November, 2014. The Notice of Meeting has been distributed and further details are available on the company's website at www.awexplore.com



PRODUCTION & DEVELOPMENT

SOUTH EAST AUSTRALIA

BassGas (46.25%)*

Gross production for the September quarter was approximately 3.7 PJ of gas, 139,000 barrels of condensate and 12,000 tonnes of LPG, down 6% on the previous quarter. The average gross daily rate for the quarter was approximately 40 TJ per day. AWE's share of production was approximately 1.7 PJ of gas, 64,000 barrels of condensate and 5,600 tonnes of LPG.

A Final Investment Decision (FID) for a heavy lift vessel to install the gas compression and condensate pumping modules on the Yolla platform has been made by the Joint Venture and installation is scheduled for late 2014, subject to vessel arrival. Tie-in and commissioning is planned to commence in mid-2015, following the completion of drilling activities. This upgrade to the platform processing facilities will support increased longer term production from the Yolla field and provide the opportunity for the future development of nearby resources and discoveries.

Plans are in place for the drilling of the Yolla-5 and Yolla-6 development wells over the coming summer using the jack-up rig, 'West Telesto'. Drilling is currently scheduled to commence in early 2015, subject to rig arrival. When finished, it is anticipated that gross production from BassGas should increase to 60-70 TJ of gas per day.

These activities, as well as scheduled facility integrity testing in the December quarter, will result in a series of planned shutdowns over the coming 6-9 month period.

Casino Gas Project (25%)

Production for the September quarter was up 3% with all four wells contributing. Gross production was approximately 7.5 PJ of sales gas, averaging 81TJ/d, and 5,200 barrels of condensate. AWE's share of production was approximately 1.9 PJ of sales gas and 1,300 barrels of condensate.

The Operator, Santos, is making good progress on planning for the next development phase of the project in order to unlock the undeveloped reserves in Vic/P44.

WESTERN AUSTRALIA

Cliff Head Oil Field (57.5%)

Production and sales from Cliff Head increased substantially during the September quarter with the CH-13 well back in production for the period. Gross production was approximately 177,000 barrels at an average rate of 1,928 bopd. Gross sales of approximately 188,500 barrels of oil included more than 11,000 barrels from inventory and AWE's share was 108,000 barrels, up 23% over the previous quarter.

Onshore Perth Basin

(33-100%, some Operated)

Production for the September quarter was up 19% over the previous quarter. AWE's share of production from the onshore Perth Basin assets was 663 TJ of gas and 750 barrels of oil/condensate.

NEW ZEALAND

Tui Oil Fields (57.5%, Operator)

Gross quarterly production from the Tui oil fields was up 6% on the previous quarter to approximately 308,000 barrels (net of fuel oil consumed), with an average daily rate of 3,346 bopd. AWE's share of production was 177,000 barrels.

Tui oil sales during the quarter totalled approximately 324,500 barrels, of which 186,600 was AWE's share. Inventory at the end of the quarter remained high at approximately 345,500 barrels, 198,600 barrels net to AWE.

The sub-sea connection and commissioning work to tie-in the Pateke-4H well to the Tui field production facilities is scheduled to commence in the third quarter of this financial year, with production anticipated late in the fourth quarter.

USA

Sugarloaf AMI (10%, net ~7.5% after royalties)

Production from Sugarloaf continued to increase in the September quarter, with AWE's net share after royalties up 21% to approximately 143,000 barrels of oil/condensate, 4,300 tonnes of LPG and 406 TJ of gas. This increase was due to the accelerated drilling program, with a significant number of wells that were drilled in the first half of calendar year 2014 coming on to production.



*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, scheduled for November 2014

During the quarter, 26 new wells were brought on to production and at the end of September there were 154 wells producing with an additional 39 wells in various stages of drilling and completion. Of the wells added to production, five were in the Austin Chalk and initial production results have been encouraging.

The operator, Marathon Oil, has introduced a number of initiatives that have significantly enhanced the project, including an accelerated drilling program, a reduction in well spacing to increase Reserves and Resources, improved drilling, fracking and completion techniques, and a continued focus on reducing well costs.

INDONESIA

Ande Ande Lumut Oil Project (50%)

The Northwest Natuna joint venture has approved the drilling of an appraisal well in the underlying G sand in 2015, and is now working to secure a drilling rig for the well. Successful appraisal drilling of the G sand and its subsequent development could add an estimated 35 million barrels of gross recoverable oil to the project's reserves and create substantial additional shareholder value.

Front End Engineering and Design (FEED) work for the well head platform is complete. In late October, the joint venture received approval from the Indonesian government to begin the tender process for the Floating Production Storage and Offloading (FPSO) vessel. Completion of tendering for the FPSO is on the critical path for project approval.



Perth Basin



Sugarloaf (courtesy Marathon Oil)

EXPLORATION & APPRAISAL

AUSTRALIA

Bass Basin*

AWE has a number of future expansion opportunities in the Bass Basin with the Trefoil, White Ibis and Rockhopper fields located near the producing Yolla field. Work is continuing on a development feasibility study for Trefoil (T/18P, AWE 44.75%*).

AWE's review of the Chappell 3D area in T/18P is complete and evaluation of a number of opportunities identified in the review has commenced.

Otway Basin

In September 2013, AWE signed a farm-in agreement to acquire a 60% working interest in permit Vic/P67, offshore Victoria containing the undeveloped La Bella gas field. Under the terms of the farm-in agreement, AWE contributed 75% of the total cost to acquire a state-of-the-art 3D marine seismic survey over the La Bella field and surrounding exploration targets.

The final 3D seismic cube was received in mid-August and AWE has until mid-November to review the data before making a decision whether to participate in a two-well exploration program, as Operator at either 30% or 60% working interest, or surrender its interest at no additional cost.

In permit VIC/P44, where AWE holds a 25% interest in the producing Casino Gas Project, reinterpretation of 3D seismic PSDM reprocessing data is underway to assess the remaining prospectivity. The Operator, Santos, is also evaluating potential drilling opportunities.

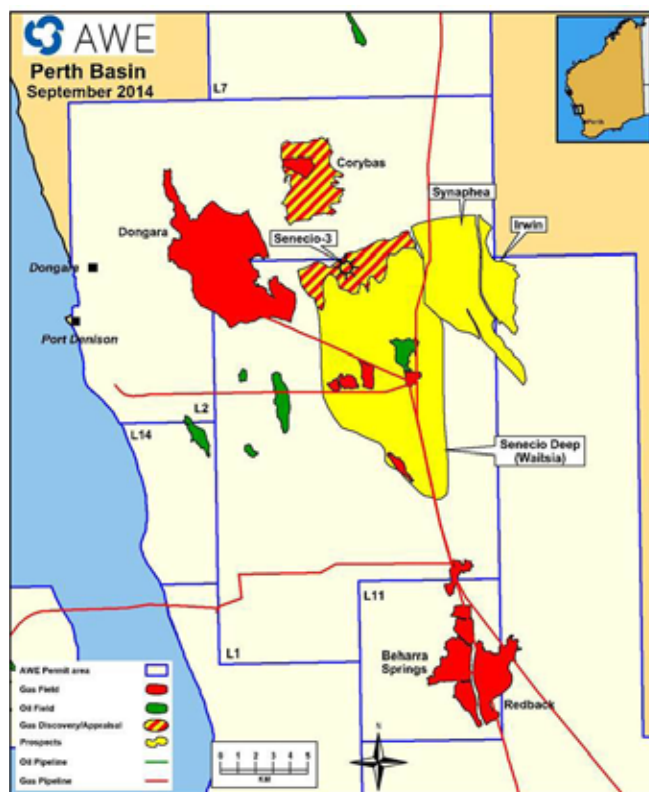
North Carnarvon Basin

In WA-497P (AWE 100%, Operator), AWE has begun broadband reprocessing of approximately 1,200km² of 3D and 280km of 2D seismic survey data with final data due in the first quarter of the 2015 calendar year.

Perth Basin

After successfully appraising the Dongara/Wagina formation in the Senecio tight gas field in August-September 2014, the Senecio-3 well was deepened more than 500m after elevated gas shows were observed in deeper formations. The decision to continue drilling through these gas shows in the Carynginia Shale and Irwin River Coal Measures resulted in the discovery of the Waitsia gas field in the Kingia and High Cliff Sandstones.

The Waitsia discovery in L1/L2 (AWE 50%, Operator), together with the Senecio Field, has the potential to be the largest onshore conventional gas discovery in Western Australia for 50 years, with significant unconventional upside, and could open up a major new gas play in the Perth Basin.



AWE has made an initial Contingent Resource estimate for the Waitsia discovery, in the Kingia/High Cliff sandstones, between 65 Bcf to 1170 Bcf with a best estimate (2C) of 290 Bcf. Together, the Senecio and Waitsia gas fields offer the prospect of relatively low cost, early conventional production with combined gross 2C (P50) Contingent Resources of 360 Bcf of gas.

AWE is planning a conventional flow test and further appraisal drilling of the Waitsia discovery in early 2015.

In EP320 the AWE/Origin joint venture is planning to drill an exploration well on the Irwin prospect in early 2015. The prospect straddles EP320 (AWE 30%) and L1 (AWE 50%, Operator) and the drilling program will be operated by AWE under an agency agreement.

The Drover-1 exploration well in EP455 (AWE 81.5%, Operator) was suspended in July 2014 after recording significant gas readings from the Kockatea and Carynginia Shales. Well logs and core data from these intervals will be fully analysed and evaluated before deciding on the next phase of exploration activity, which may include hydraulic fracturing.

At EP413 (AWE 44.25%), the Operator is continuing its preparations for a 3D seismic survey over the areas around the Arrowsmith-2 well to facilitate the selection of the most appropriate zone for a possible horizontal well.

*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.

NEW ZEALAND

Taranaki Basin

In permit PMP38158 (AWE 57.5%, Operator), the Oi-2 exploration well intersected the primary target Kapuni F10 sands and underlying secondary targets in July 2014. No significant oil shows were encountered. The well was subsequently plugged and abandoned and the rig released. AWE participated in the Oi well at a reduced equity of 31.25%.

In onshore permit PEP 55768 (AWE 51%, Operator) the reprocessing of existing 2D and 3D seismic survey data has commenced.

INDONESIA

East Java Sea

The Operator of the Bulu PSC (AWE 42.5%) has completed a draft Plan of Development for the Lengo gas field and has submitted it to the regulator, SKK Migas.

In the East Muriah PSC (AWE 50%) the Operator is undertaking further petrophysical studies to better assess the East Lengo prospect.

In the North Madura PSC (AWE 50%, Operator) 2D seismic was acquired in September 2014 and will be processed over the coming quarter. Preparation work for drilling an exploration well in mid-2015 is on hold pending the receipt of the new seismic.

The relinquishment process for the Titan PSC (AWE 40%, Operator) is underway.

Sumatra

The processes and regulatory framework for unconventional oil and gas exploration and production are awaiting final approval. Once approvals are in place, it is anticipated that MIGAS may offer the Jembar-Rimba Area, onshore central Sumatra, as a Direct Offer Block. AWE recently completed a Joint Study of this area and would have the right to match any offer submitted for the block.

CHINA

Bohai Basin

AWE recently acquired a 40% working interest in Block 09/05 in the offshore Bohai Bay in China. The first well was drilled in August-September 2014 and did not encounter commercial quantities of hydrocarbons. A second well is planned for 2015.



Drover-1

SUMMARY OF ABBREVIATIONS

AAL	Ande Ande Lumut
AMI	Area of Mutual Interest
BOE	Barrels of Oil Equivalent
Bbls	Barrels
Bopd	Barrels of oil per day
EBITDAX	Earnings before interest, tax, depreciation, amortisation and exploration expenses
FEED	Front End Engineering and Design
FID	Final Investment Decision
FPSO	Floating Production Storage and Offloading
HSE	Health Safety and Environment
LPG	Liquefied Petroleum Gas
MMBOE	Million Barrels of Oil Equivalent
PSDM	Pre Stack Depth Migration
PJ	Petajoules
PSC	Production Sharing Contract
TJ/d	Terajoules per Day
2D	Two-dimensional
3D	Three-dimensional

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

PRODUCTION SUMMARY

		3 months to Sep 2014	3 months to Jun 2014	% Change	3 months to Sep 2014	3 months to Sep 2013	% Change
SOUTH EAST AUSTRALIA							
BassGas	Condensate ('000 Bbls)	64	69	-6%	64	94	-32%
	LPG (Tonnes)	5,606	5,905	-5%	5,606	7,745	-28%
	Gas (TJ)	1,721	1,835	-6%	1,721	2,322	-26%
Casino/Henry	Condensate ('000 Bbls)	1	1	6%	1	1	32%
	Gas (TJ)	1,872	1,809	3%	1,872	2,117	-12%
WESTERN AUSTRALIA							
Cliff Head	Oil ('000 Bbls)	108	88	23%	108	129	-16%
Onshore Perth Basin	Oil ('000 Bbls)	1	1	10%	1	2	-62%
	Gas (TJ)	663	557	19%	663	741	-11%
NEW ZEALAND							
Tui	Oil ('000 Bbls)	177	167	6%	177	148	20%
ONSHORE USA							
Sugarloaf AMI	Condensate ('000 Bbls)	143	110	29%	143	104	36%
	LPG (Tonnes)	4,282	3,908	10%	4,282	4,294	0%
	Gas (TJ)	406	353	15%	406	332	22%
PRODUCTION BY PRODUCT							
	Oil ('000 Bbls)	286	256	12%	286	279	3%
	Condensate ('000 Bbls)	208	180	16%	208	199	4%
	LPG (Tonnes)	9,888	9,813	1%	9,888	12,039	-18%
	Gas (TJ)	4,662	4,554	2%	4,662	5,512	-15%
Total ('000 BOE)		1,386	1,309	6%	1,386	1,537	-10%
PRODUCTION BY PROJECT ('000 BOE)							
Tui		177	167	6%	177	148	20%
BassGas		416	443	-6%	416	571	-27%
Casino/Henry		313	303	3%	313	354	-11%
Cliff Head		108	88	23%	108	129	-16%
Onshore Perth Basin		111	93	19%	111	126	-11%
Sugarloaf AMI		260	214	21%	260	210	24%
Total ('000 BOE)		1,386	1,309	6%	1,386	1,537	-10%

Note: Sugarloaf Q1 & Q4 FY14 figures contain minor adjustments for prior year reconciliations. Numbers may not add due to rounding.

RESERVES AND RESOURCES

The reserve and resource information contained in this report is based on information compiled by Neil Tupper (General Manager, Exploration and Geoscience). Mr Tupper is a Geologist with a Masters Degree in Sedimentology and has over 31 years' experience in petroleum exploration. Mr Tupper has consented in writing to the inclusion of this information in the format and context in which it appears.