QUARTERLY REPORT
DECEMBER 2014

HIGHLIGHTS
FOR THE 3 MONTHS TO 31 DECEMBER 2014

PRODUCTION AND DEVELOPMENT

- Production from Sugarloaf increased 33% over previous quarter
- BassGas Mid Life Enhancement Phase 1B (heavy lift activity) successfully completed
- Quarterly production of 1.17 mmboe, down 16% on previous quarter due to planned maintenance and development activity at BassGas
- Production of 2.56 mmboe at the end of the half year, in line with full year guidance of 4.6 – 5.1 mmboe
- At AAL, the engineering and tender processes for the FPSO and wellhead platform continued as planned. Operator has deferred G-Sand appraisal well.

EXPLORATION AND APPRAISAL

- Flow testing at Senecio-3 scheduled to commence in February and will test multiple intervals in the Waitsia gas discovery
- Three exploration/appraisal wells planned in the Perth Basin in 2015
- Indonesian Government approves Plan of Development for Lengo gas field, offshore East Java

FINANCIAL AND CORPORATE

- Net cash of $23 million at 31 December 2014
- Quarterly sales revenue of $77 million, down 9% on previous quarter, and half year sales revenue of $161 million
- Continued strong HSE performance with no Lost Time Injuries during the quarter
- Sale of 11.25% of T/L1 (BassGas) to Prize Petroleum for $85 million completed in November and reduced AWE's interest to 35%
- Acquisition of additional 5% of T/18P (Trefoil) completed in January 2015 increased AWE's interest to 40%

AWE

AWE LIMITED
ABN: 70 077 897 440

REGISTERED OFFICE
Level 16, 40 Mount Street
North Sydney NSW 2060
Australia

T: +61-2-8912 8000
F: +61-2-9460 0176
E: awe@awexplore.com
www.awexplore.com

ISSUED BY AWE LIMITED
29 JANUARY 2015

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, USA, Indonesia and China that provides strong production and cash flow, leading to a period of significant growth.

Established in 1997 and listed on the ASX, the company is headquartered in Sydney with 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

The last six months have been positive for AWE, despite the dramatic fall in global oil prices, as we remain focused on delivering our four cornerstone growth projects: Sugarloaf, BassGas, Senecio/Waitsia and Ande Ande Lumut (AAL). At 31 December 2014, the company was in a net cash position of $23 million comprising $81 million in cash and $58 million of drawn debt from a $300 million loan facility.

Sugarloaf continues to perform well with production up 33% during the December quarter. At the end of December, a total of 99 new wells had been spudded in the 2014 calendar year and 68 of these had been brought onto production. The Sugarloaf AMI is located in one of the sweet spots in the Eagle Ford play and wells targeting the liquids-rich areas continue to provide good returns, even at current lower oil prices.

The heavy lift phase of the BassGas Mid Life Enhancement (MLE) project was successfully completed in December. Lifting of the gas compression and condensate pumping modules was done in conjunction with a period of planned maintenance and facilities integrity testing which kept production down time to a minimum. Preparations are advanced for the drilling of two development wells which is scheduled to commence in mid to late February.

Activity in the Perth Basin continues to gather momentum and 2015 is shaping up as an important year for the exciting new Waitsia gas discovery. The Senecio and Waitsia gas fields represent a major growth opportunity for AWE with combined gross 2C Contingent Resources of 360 Bcf of gas and substantial upside potential in gross 3C Contingent Resources of 1.3 Tcf of gas. Flow testing of the Senecio-3 well will begin in February and continue into the June quarter as we test multiple intervals in the Waitsia gas field. We are making preparations for a number of exploration/appraisal wells, including an exploration well in EP320 (Irwin-1) and two appraisal

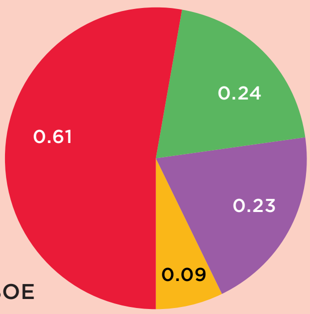
wells in L1/L2 (Waitsia-1 and 2), and work has commenced on gas marketing.

Progress continues to be made on the AAL oil project. Engineering and contracting work on both the FPSO and wellhead platform are expected to be completed in the 2015 calendar year ahead of a Final Investment Decision. The Operator has decided not to drill the G-Sand appraisal well in 2015.

In the lower oil price environment, AWE is committed to reducing costs and prioritising capital expenditure to ensure we maintain a disciplined approach to balance sheet management. We have a portfolio of quality assets that provide good cash flow and valuable growth opportunities and the company remains focused on delivering value to shareholders.

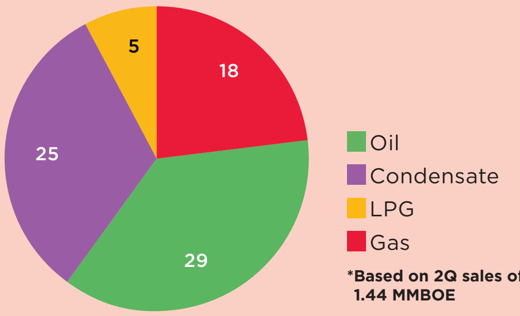
Bruce Clement
Managing Director

QUARTERLY PRODUCTION BY PRODUCT MMBOE



TOTAL: 1.17 million BOE

QUARTERLY SALES REVENUE BY PRODUCT $ MILLION*



TOTAL: $77 million

*Based on 2Q sales of 1.44 MMBOE

FINANCIAL & CORPORATE

FOR THE 3 MONTHS TO 31 DECEMBER 2014

FINANCIAL

Production for the December 2014 quarter was down 16% on the previous quarter to 1.17 mmboe largely due to a 31 day planned maintenance shut in of the BassGas project. This was partially offset by continued strong growth at Sugarloaf which increased production (net of royalties) by 33% over the previous quarter. Liquids comprised 48% of quarterly production with gas providing 52%.

On a year to date basis, total production of 2.56 mmboe to 31 December 2014 was down 14% on the previous corresponding half year, but remains in line with full year guidance of 4.6 to 5.1 mmboe.

Quarterly sales revenue was $77 million, down 9% over the previous quarter due to lower production and a significant decline in global oil prices. The average realised oil and condensate price for the quarter was $80.78 per barrel compared to $100.12 for the previous quarter.

Field EBITDAX for the period was $36 million, down 31% compared to the September quarter mainly due to the shut in of BassGas and lower oil revenues from Tui and Cliff Head. Field operating costs, including royalties of $7 million, were $41 million, up 28% on the previous quarter. This was primarily due to a larger lifting being undertaken at Tui in December, which resulted in a proportional increase in recognised operating expenses, and higher royalties incurred at Sugarloaf which was in line with increased revenue.

Development expenditure for the December quarter was $52.9 million, an increase of 27% over the previous quarter, mostly relating to the BassGas MLE project and continued drilling and completion activities at Sugarloaf.

Exploration expenditure for the quarter was $7.6 million, down 76% on the previous quarter, reflecting capitalised exploration activities in the Perth Basin and activity in various Indonesian Production Sharing Contracts.

At the end of December 2014, AWE had cash of $81 million and $58 million of drawn debt from a $300 million loan facility, resulting in a net cash position of $23 million.

PERFORMANCE SUMMARY

Key Indicator	Guidance FY 2014-15	FYTD at 31 Dec 2014
Production (mmboe)	4.6-5.1	2.6
Revenue ($ million)	290-320	161
Development ($ million)	220-250	94.7
Exploration ($ million)	50-75	39.2

AWE will provide a more detailed analysis of full year guidance in its Half Year Report, to be issued on 25 February 2015.

FINANCIAL HIGHLIGHTS (UNAUDITED)

	3 months to Dec 2014	3 months to Sep 2014	6 months to Dec 2014
Exploration Expenditure	**$'000**	**$'000**	**$'000**
South East Australia	1,054	1,712	2,766
Western Australia	2,023	8,082	10,105
New Zealand	(347)	4,629	4,282
Indonesia	2,505	2,403	4,908
Yemen	214	324	538
China	913	13,070	13,983
Other	1,254	1,387	2,641
Total	**7,616**	**31,609**	**39,223**
Development Expenditure			
South East Australia	25,598	5,091	30,689
Western Australia	487	166	653
New Zealand	4,004	2,323	6,327
USA	16,272	28,881	45,153
Indonesia	6,562	5,348	11,910
Total	**52,923**	**41,810**	**94,732**
	$ million	**$ million**	**$ million**
Sales Revenue	77	85	161
Field Opex	41	32	73
Field EBITDAX	**36**	**52**	**88**

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

CORPORATE

In November 2014, AWE completed the sale of 11.25% of T/L1 (BassGas/Yolla) and 9.75% of T/18P (Trefoil) to Prize Petroleum for $80 million with a further $5 million payment contingent on meeting certain conditions regarding completion of the MLE project. The sale has reduced AWE's equity in the BassGas project to 35%. Proceeds from the sale were used to repay debt and fund development projects.

The Annual General Meeting of AWE Limited was held in Sydney on 20 November 2014 with all resolutions being approved by shareholders.

In December 2014, Suzanne Hunt was appointed as Engineering and Development Manager for AWE. Ms Hunt has extensive local and international industry experience, including engineering and management roles in the UK, South Africa and Australia.

Subsequent to the end of the quarter, in January 2015 AWE completed the acquisition of an additional 5% of T/18P (Trefoil) from Drillsearch for a nominal sum. AWE's interest in T/18P, which contains a number of discoveries including the Trefoil field, is now 40%.

PRODUCTION & DEVELOPMENT

SOUTH EAST AUSTRALIA

BassGas (35%)

Production for the December quarter was reduced by 51% due to a series of planned (31 days) and unplanned (8 days) maintenance activities, and the reduction in AWE's equity from 46.25% to 35% following completion of the sale of an 11.25% interest to Prize Petroleum in early November. Gross production comprised approximately 2.1 PJ of gas, 73,500 barrels of condensate and 6,100 tonnes of LPG. Yolla-4 remains the primary production well with Yolla-3 shut in. The average gross daily rate per producing day over the quarter was approximately 40 TJ per day. AWE's share of production was approximately 0.9 PJ of gas, 31,000 barrels of condensate and 2,600 tonnes of LPG.

In December, the Operator of the BassGas project, Origin Energy, successfully completed the heavy life stage (Phase 1B) of the Mid Life Enhancement (MLE) project. This phase comprised the lifting of the gas compression and condensate pumping modules onto the Yolla platform and was undertaken during the planned maintenance period. Tie-in and commissioning is scheduled to commence in mid-2015, following the completion of development drilling activities. This MLE 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.

The "West Telesto" jack-up drilling rig is expected to arrive at the end of January 2015 and drilling of the Yolla-5 and Yolla-6 development wells is scheduled to commence in mid to late February. The Operator has advised that the Yolla platform will be shut-in for approximately 20 days during rig operations at the platform. It is anticipated that when Yolla-5 and Yolla-6 enter production towards the end of the financial year, gross production should increase up to system capacity of 67 TJ of gas per day.

Casino Gas Project (25%)

Production at the Casino gas project was 15% lower than the previous quarter due to scheduled and unscheduled maintenance (11 days total). Gross production was approximately 6.4 PJ of sales gas, averaging 70TJ/d, and 4,000 barrels of condensate. AWE's share of production was approximately 1.6 PJ of sales gas and 1,000 barrels of condensate.

The Operator, Santos, is continuing to examine options for the next phase of field development beyond 2017.

WESTERN AUSTRALIA

Cliff Head Oil Field (57.5%)

Production from Cliff Head decreased during the December quarter by 23% due to natural decline and a period of underperformance from the recently installed electrical submersible pump on CH-13. Gross production was approximately 146,000 barrels at an average rate of 1,588 bopd and AWE's share was 84,000 barrels.

Onshore Perth Basin (33–100%, some Operated)

Production was consistent with the previous period. AWE's share of production from the onshore Perth Basin assets was 645 TJ of gas and 761 barrels of oil/condensate. The Beharra Springs gas plant is at steady state full production of 17-18 TJ per day. Two wells, Yardarino-6 and Woodada-5 were decommissioned during the period.

West Telesto jack-up drilling rig (courtesy Origin Energy)

NEW ZEALAND

Tui Oil Fields (57.5%, Operator)

Gross quarterly production from the Tui oil fields was down 10% on the previous quarter to approximately 277,000 barrels (net of fuel oil consumed), with an average daily rate of 3,010 bopd. AWE's share of production was 159,000 barrels.

Tui oil sales during the quarter totalled approximately 502,000 barrels, of which 288,000 were AWE's share. Inventory at the end of the quarter was 121,000 barrels 70,000 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. The 20 day installation program will commence late in February and commissioning should be completed by March/April. First oil is currently forecast for April 2015.

The joint venture has exercised the first of seven one-year optional extensions of the FPSO charter period, with the lease extended to end 2016. The remaining options, if all exercised, would retain the FPSO until the end of 2022.

INDONESIA

Ande Ande Lumut Oil Project (50%)

The prequalification and tender processes for the FPSO and wellhead platform are continuing as planned for completion later this calendar year and the joint venture will be in a position to consider FID in late 2015 or early 2016. The Operator, Santos, has advised that it will not proceed with drilling an appraisal well on the underlying G-sand in 2015 as originally planned.

Helicopter landing on Tui FPSO, "Umuroa"

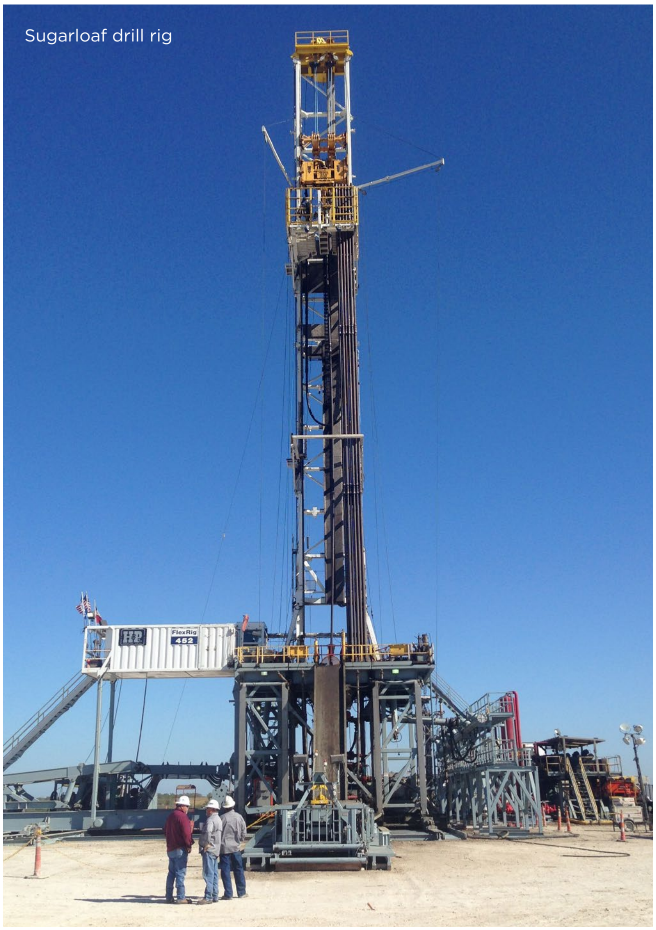
USA

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

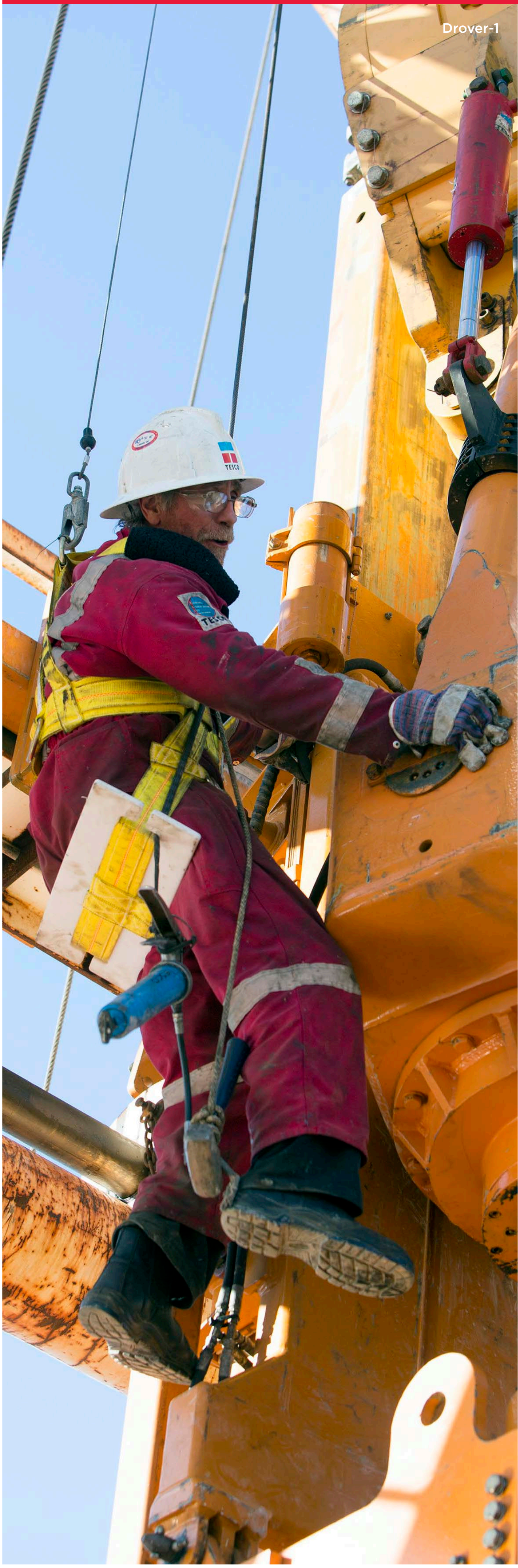
Sugarloaf increased production in the December quarter, with AWE's net share after royalties up 33% to approximately 198,000 barrels of oil/condensate, 5,200 tonnes of LPG and 530 TJ of gas. The significant increase in production reflects the high number of wells drilled and completed in the preceding periods.

The Operator, Marathon Oil, continued to accelerate activity over the December quarter with 33 wells brought on to production and 30 new wells spudded. At the end of December 2014 there were 187 wells producing, an additional 36 wells were in various stages of drilling and completion, and the rig count was seven. In the calendar year 2014, the Operator spudded a total of 99 wells which is in line with their initial forecast. Of the wells currently producing, 13 are in the Austin Chalk.

A new processing facility will be constructed within the AMI in the first half of 2015 calendar year to ensure processing capacity remains in line with higher production. AWE's share of costs is included in capex guidance.



Sugarloaf drill rig


Drover-1

EXPLORATION & APPRAISAL

AUSTRALIA

Bass Basin

In T/18P (AWE 40%), the Operator is preparing applications for retention leases covering Trefoil/ Rockhopper and White Ibis/ Bass ahead of the declared locations expiry in May 2015. Work on the development feasibility study for Trefoil continues.

Otway Basin

In VIC/P67, which contains the undeveloped La Bella gas field, AWE decided not to participate in a two-well exploration program and withdrew from the permit.

In permit VIC/P44 (AWE 25%), reinterpretation of 3D seismic PSDM reprocessing data is continuing.

North Carnarvon Basin

In WA-497P (AWE 100%, Operator), reprocessing of approximately 1,200km2 of 3D and 280km of 2D seismic survey data is due for completion early in the first quarter of the 2015 calendar year, ahead of schedule.

Perth Basin

In L1/L2 (AWE 50%, Operator), appraisal of the Waitsia discovery and the Senecio field remains a priority for AWE. A conventional flow test of the Senecio-3 well is planned to commence in February and continue into the next quarter as a number of intervals are flow tested.

Good progress is being made on preparations for two planned appraisal wells on the Waitsia discovery in 2015. Subject to receiving all necessary approvals, the Waitsia-1 appraisal well is likely to commence drilling in the June quarter, with Waitsia-2 to follow in the September quarter. Work on gas marketing for this substantial asset has commenced.

In EP320, environmental approvals have been received for the Irwin-1 exploration well and drilling is expected to commence in the March quarter. The prospect straddles EP320 (AWE 33%) and L1 (AWE 50%, Operator) and the drilling program will be operated by AWE under an agency agreement with joint venture partner, Origin.

Results from the Drover-1 exploration well in EP455 (AWE 81.5%, Operator) indicate that the Kockatea Shale at this location has good source potential for gas liquids and three intervals have been identified that could constitute targets for future exploration or appraisal within the permit or in the greater play trend. AWE will undertake a Diagnostic Fracture Injection Test (DFIT) over one of these intervals in early 2015 to assess reservoir pressure, permeability, natural fracturing and potential for hydraulic stimulation. Once the DFIT is completed, the joint venture will make a final decision on whether or not to fracture stimulate the well.

At EP413 (AWE 44.25%), the Operator is finalising preparations to acquire a 3D seismic survey over an area of approximately 110km2 around the Arrowsmith-2 well. The Operator anticipates the 3D survey will commence late in the first quarter of the 2015 calendar year, subject to receiving all regulatory approvals.

NEW ZEALAND

Taranaki Basin

In onshore permit PEP 55768 (AWE 51%, Operator), an application for extension of the permit into adjacent open acreage is under review by the regulator.

INDONESIA

East Java Sea

In the Bulu PSC (AWE 42.5%), offshore East Java, the Government of Indonesia has approved the Plan of Development (POD) for the Lengo gas field. The Operator, KrisEnergy, is preparing to pursue formal negotiations for gas sales agreements.

In the East Muriah PSC (AWE 50%) the Government of Indonesia has granted a four-year extension of the exploration period. The joint venture has decided not to proceed with the East Lengo-2 appraisal well.

The 2D seismic survey for North Madura (AWE 50%, Operator) and Terumbu (AWE 100%, Operator) was completed and is now being processed, with expected delivery in the March quarter.

Sumatra

For the Jembar-Rimba Area, onshore Central Sumatra, MIGAS has requested that AWE and Lion Energy form a consortium (50:50) for the Joint Study as both companies have applied for partially overlapping areas.

CHINA

Bohai Basin

Additional seismic and well data from outside Block 09/05 (AWE 40%) has been purchased. The data is being interpreted to define prospects in the southern prospective trend that could be the target for the second commitment well that is scheduled for mid-2015.

Senecio-3

SUMMARY OF ABBREVIATIONS

AAL	Ande Ande Lumut
AMI	Area of Mutual Interest
BOE	Barrels of Oil Equivalent
Bbls	Barrels
Bcf	Billion cubic feet
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
MLE	Mid Life Enhancement
MMBOE	Million Barrels of Oil Equivalent
PSDM	Pre Stack Depth Migration
PJ	Petajoules
PSC	Production Sharing Contract
Tcf	Trillion cubic feet
TJ/d	Terajoules per Day
WHP	Wellhead Platform
2D	Two-dimensional
3D	Three-dimensional

Except where otherwise noted, all references to “$” are to Australian dollars

PRODUCTION SUMMARY

		3 months to Dec 2014	3 months to Sep 2014	% Change	6 months to Dec 2014	6 months to Dec 2013	% Change
SOUTH EAST AUSTRALIA							
BassGas	Condensate ('000 Bbls)	31	64	-52%	95	175	-46%
	LPG (Tonnes)	2,619	5,606	-53%	8,225	14,270	-42%
	Gas (TJ)	867	1,721	-50%	2,588	4,413	-41%
Casino/Henry	Condensate ('000 Bbls)	1	1	-24%	2	3	-18%
	Gas (TJ)	1,590	1,872	-15%	3,462	4,177	-17%
WESTERN AUSTRALIA							
Cliff Head	Oil ('000 Bbls)	84	108	-23%	192	247	-22%
Onshore Perth Basin	Oil ('000 Bbls)	1	1	1%	2	3	-42%
	Gas (TJ)	645	663	-3%	1,308	1,221	7%
NEW ZEALAND							
Tui	Oil ('000 Bbls)	159	177	-10%	336	322	4%
USA							
Sugarloaf	Condensate ('000 Bbls)	198	143	39%	341	227	50%
	LPG (Tonnes)	5,186	4,282	21%	9,467	8,341	14%
	Gas (TJ)	530	406	31%	936	685	37%
TOTAL							
	Oil ('000 Bbls)	244	286	-15%	530	571	-7%
	Condensate ('000 Bbls)	230	208	10%	438	405	8%
	LPG (Tonnes)	7,804	9,888	-21%	17,692	22,612	-22%
	Gas (TJ)	3,632	4,662	-22%	8,294	10,496	-21%
Total ('000 BOE)		**1,170**	**1,386**	**-16%**	**2,556**	**2,988**	**-14%**
PRODUCTION BY PROJECT ('000 BOE)							
Tui		159	177	-10%	336	322	4%
BassGas		206	416	-51%	622	1,076	-42%
Casino/Henry		266	313	-15%	579	699	-17%
Cliff Head		84	108	-23%	192	247	-22%
Onshore Perth Basin		108	111	-3%	220	206	6%
Sugarloaf		346	260	33%	606	438	38%
Total ('000 BOE)		**1,170**	**1,386**	**-16%**	**2,556**	**2,988**	**-14%**

Note: Sugarloaf figures contain minor adjustments for prior period 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.