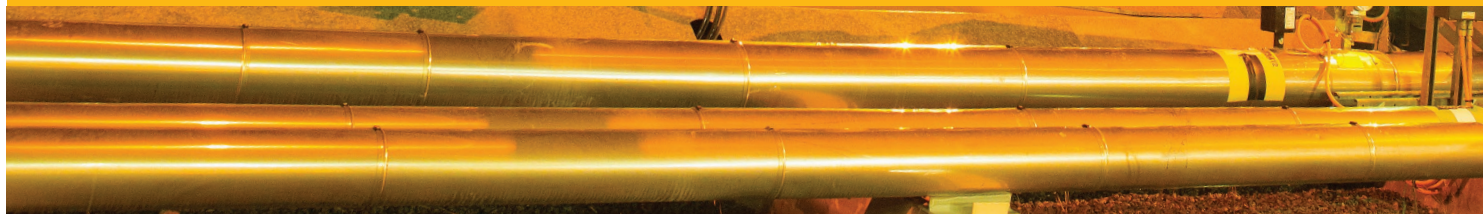


# QUARTERLY REPORT

## MARCH 2015



## HIGHLIGHTS

### FOR THE 3 MONTHS TO 31 MARCH 2015

#### PRODUCTION AND DEVELOPMENT

- Quarterly production 1.11 mmboe, down 6% on the previous quarter due to facilities shut downs for major development activity
- Financial year to date production 3.67 mmboe, in line with full year guidance
- Pateke-4H brought onto production at the Tui Oil Fields and initial performance exceeding expectations
- BassGas JV commenced drilling Yolla-5 and 6 development wells in March, production anticipated mid-year
- Sugarloaf total production wells increased to 205 at quarter end, with 21 of these in the Austin Chalk
- The Lengo Gas Project has awarded the FEED contract for offshore facilities and commenced geophysical and geotechnical site surveys

#### EXPLORATION AND APPRAISAL

- Flow testing at Senecio-3 confirms commercial potential of the conventional Waitsia gas field
- Gas discovery made in the Dongara/Wagina formation at the Irwin-1 exploration well and gas shows observed from deeper formations
- Waitsia-1 appraisal well to commence drilling in May

#### FINANCIAL AND CORPORATE

- Quarterly sales revenue \$41 million, down 46% on previous quarter due to lower production and significantly lower oil prices
- The average realised oil and condensate price for the quarter was A\$57.33/bbl compared to A\$80.78/bbl for the previous quarter
- Net debt of \$47 million at 31 March 2015, comprising cash of \$62 million and \$109 million of drawn debt from a \$300 million loan facility
- No Lost Time Injuries or reportable environmental incidents during the quarter
- Two new offshore exploration permits awarded in Western Australia and expansion of onshore exploration permit in New Zealand approved



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ISSUED BY AWE LIMITED  
29 APRIL 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 third quarter of the 2014-15 financial year was another significant step forward for AWE with positive results from exploration drilling and flow testing in the Perth Basin and a number of critical milestones achieved on our major development projects at Tui, BassGas, Sugarloaf, and Lengo.

We have made exciting progress in the Perth Basin, with the successful flow testing of the Waitsia gas field and the discovery of gas with the Irwin-1 well.

The production flow test at Senecio-3, completed in early April 2015, confirmed that the Waitsia gas field is capable of producing gas at commercial rates with the potential to support a low cost, onshore development. We are now preparing to drill two appraisal wells on the field commencing in May. Subject to the results of these wells and obtaining relevant approvals, we are targeting early production from an initial phase of development by mid-2016.

The Irwin-1 exploration well has made a gas discovery in the primary target, the Dongara-Wagina formation, with gas shows observed in the deeper, secondary targets, adding further gas resources to our inventory of opportunities in the basin.

Our major development projects have also progressed well with a number of important milestones achieved. The Pateke-4H well was successfully tied into the Tui Oil Fields gathering system and is delivering strong early performance; better than our pre-production forecasts.

Development drilling at BassGas has commenced and is making good progress. Yolla-5 and 6 are being batched drilled and we anticipate that both wells will be on production by the end of the financial year.

While the low oil price environment has contributed to reduced activity levels in the Eagle Ford, the Sugarloaf AMI is a high quality asset that continues to deliver positive returns that justify ongoing investment in development drilling. The number of wells in the Austin Chalk formation has increased to 21 out of a total of 205 producing wells and the number of inventory wells has increased to 40, with a good proportion of these expected to come onto production in the current quarter.

In Indonesia, the Lengo Gas Project is moving ahead rapidly and the joint venture has awarded the FEED contract for the offshore facilities and commenced the geophysical and geotechnical site surveys. Gas sales negotiations are also under way. On the AAL Oil Project, the engineering and tender processes for the FPSO and well head platform are planned to continue for the remainder of the year.

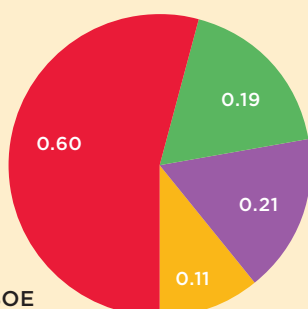
Production remains on target for full year guidance of 4.6 – 5.1 mmboe, including planned facilities downtime for the high levels of development activity this financial year, and sales revenue is likely to be at the lower end of the indicated range of \$290 – \$320 million, due to the significantly lower oil price.

The lower oil price received during the quarter has impacted on sales revenue and cash flow. In this environment, the company is aiming to further reduce costs across the business, with significant savings already achieved on Sugarloaf drilling and completions and opportunities identified to reduce operating costs on a number of assets.

AWE remains firmly focused on our growth objectives. The next quarter will be another important period for AWE, with development drilling activity in BassGas and Sugarloaf as well as further appraisal drilling in the Perth Basin. We also anticipate that we will see all production assets in full production by the end of the next quarter.

**Bruce Clement**  
Managing Director

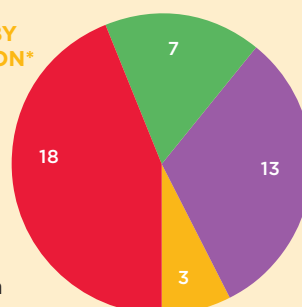
**QUARTERLY  
PRODUCTION BY  
PRODUCT MMBOE**



**TOTAL: 1.11 million BOE**

Numbers may not add due to rounding

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



**TOTAL: \$41 million**

Oil  
Condensate  
LPG  
Gas

\*Based on 3Q sales of 1.12 million BOE

# FINANCIAL & CORPORATE

## FOR THE 3 MONTHS TO 31 MARCH 2015

### FINANCIAL

Production for the three months to the end of March 2015 was down 6% on the previous quarter to 1.11 mmboe largely due to planned shut-ins at Tui and BassGas for major development activity. Liquids comprised 46% of total quarterly production with gas providing 54%.

For the first nine months of the 2014-15 financial year, production was down 15% on the previous corresponding period but is in line with the company's full year guidance of 4.6 – 5.1 mmboe.

Sales revenue for the March quarter was \$41 million, down 46% over the December quarter due to lower production and significantly lower oil prices. The average realised oil and condensate price for the quarter was A\$57.33 per barrel, down 29% compared to A\$80.78 for the previous quarter.

Field EBITDAX for the period was \$15 million, down 60% compared to the previous quarter mainly due to lower production and significantly reduced oil and condensate revenues. Field operating costs, including royalties of \$4 million, were \$27 million, down 34% on the previous quarter. This was primarily due to no liftings from Tui during the quarter, resulting in lower recognised operating expenses, and lower royalties at Sugarloaf in line with reduced liquids revenues.

Development expenditure for the March quarter was \$77 million, an increase of 46% over the December quarter, driven by the Pateke-4H tie-back operation at Tui, offshore drilling operations at BassGas, and onshore drilling and completion activity at Sugarloaf.

Exploration expenditure for the quarter was \$10 million, up 38% on the previous quarter, with the major expenditure items relating to exploration activities in the Perth Basin, including well testing at Senecio-3, and costs relating to the acquisition and processing of seismic in Indonesia.

At the end of March 2015, AWE had cash of \$62 million and \$109 million of drawn debt from a \$300 million loan facility, resulting in a net debt position of \$47 million.

### PERFORMANCE SUMMARY

Key Indicator	Guidance FY 2014-15*	FYTD at 31 Mar 2015
Production (mmboe)	4.6-5.1	3.7
Revenue (\$ million)	290-320	202
Development (\$ million)	220-250	172
Exploration (\$ million)	50-75	50

\* Guidance remains unchanged

### FINANCIAL HIGHLIGHTS (UNAUDITED)

	3 months to Mar 2015	3 months to Dec 2014	9 months to Mar 2015
Exploration Expenditure	\$'000	\$'000	\$'000
South East Australia	235	1,054	3,001
Western Australia	5,487	2,023	15,592
New Zealand	198	(347)	4,480
Indonesia	1,644	2,505	6,552
Yemen	658	214	1,196
China	1,052	913	15,035
Other	1,206	1,254	3,847
<b>Total</b>	<b>10,481</b>	<b>7,616</b>	<b>49,704</b>

#### Development Expenditure

South East Australia	29,292	25,598	59,981
Western Australia	192	487	845
New Zealand	17,264	4,004	23,591
USA	25,216	16,272	70,369
Indonesia	5,215	6,562	17,125
<b>Total</b>	<b>77,179</b>	<b>52,923</b>	<b>171,911</b>

	\$ million	\$ million	\$ million
Sales Revenue	41	77	202
Field Opex	27	41	100
<b>Field EBITDAX</b>	<b>15</b>	<b>36</b>	<b>103</b>

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

### CORPORATE

AWE has been awarded two new exploration licenses offshore Western Australia as part of the Australian Government's 2014 offshore acreage release: WA-511P, located in the Exmouth sub-basin approximately 180km west of the town of Onslow; and WA-512P, located in the offshore Perth Basin approximately 150km north west of the town of Geraldton. Both permits are held 100% by AWE and were awarded with minimal work program commitments.

An application for the extension of the New Zealand onshore permit PEP 55768 (AWE 51%, Operator) into adjacent open acreage was approved by the regulator.



# PRODUCTION & DEVELOPMENT

## SOUTH EAST AUSTRALIA BassGas (35%)

Total production for the March quarter was 2% lower than the previous quarter due to AWE's reduced equity in the project and offshore facilities being shut-in for 23 days for planned maintenance and inspection work. During this period, the jack-up drilling rig, "West Telesto", was positioned alongside the Yolla platform for the subsequent commencement of drilling operations. Gross quarterly production comprised 2.4 PJ of gas, 86,700 barrels of condensate and 7,200 tonnes of LPG. Yolla-4 remains the primary production well. The average gross daily rate per producing day over the quarter was approximately 39 TJ/day. AWE's share of production was approximately 0.85 PJ of gas, 30,000 barrels of condensate and 2,500 tonnes of LPG.

Drilling operations commenced on 14 March with the spudding of the Yolla-5 development well. Yolla-5 and Yolla-6 are being batch drilled and represent Stage 2 of the BassGas Mid Life Enhancement (MLE) project. 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 approximately 67 TJ of gas per day.

## Casino Gas Project (25%)

Production from the Casino Gas Project was 6% lower than the previous quarter. Gross production was approximately 6 PJ of sales gas, averaging 67 TJ/d, and 3,000 barrels of condensate. AWE's share of production was approximately 1.5 PJ of sales gas and 770 barrels of condensate.

An annual two week shut-down for plant maintenance is planned for September 2015.

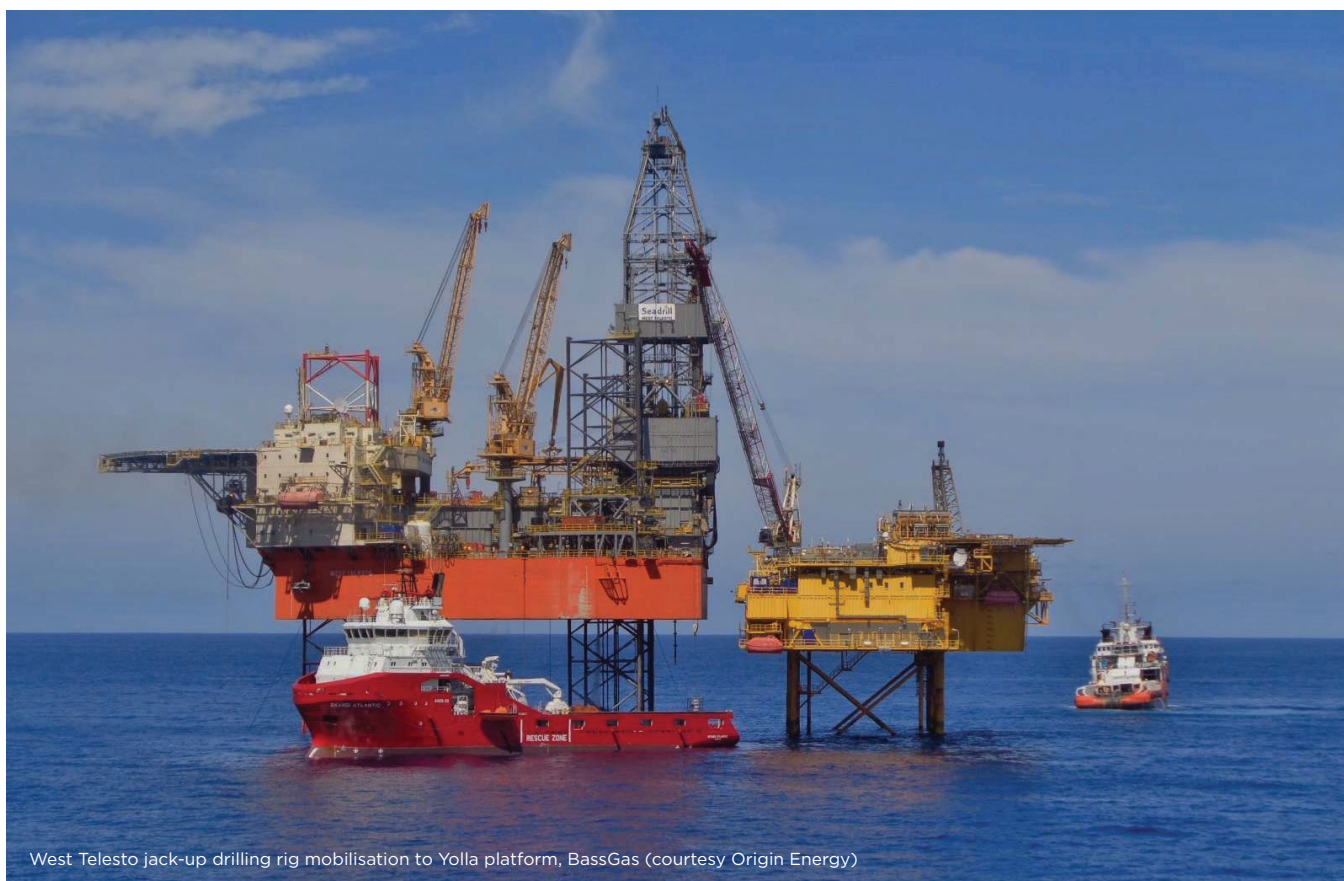
## WESTERN AUSTRALIA

### Cliff Head Oil Field (57.5%)

Production from Cliff Head declined 4% during the March quarter. Gross production was approximately 141,000 barrels at an average rate of 1,564 bopd and AWE's share was 81,000 barrels.

### Onshore Perth Basin (33-100%, some Operated)

Production in the March quarter increased 3% over the previous period. AWE's share of production from the various onshore Perth Basin assets was 667 TJ of gas and 866 barrels of oil/condensate.



West Telesto jack-up drilling rig mobilisation to Yolla platform, BassGas (courtesy Origin Energy)

## NEW ZEALAND

### Tui Oil Fields (57.5%, Operator)

Gross quarterly production from the Tui Oil Fields was approximately 185,000 barrels (net of fuel oil consumed), down 33% compared to the previous period, with an average daily rate per producing day of 2,852 bopd. AWE's share of production was 107,000 barrels. The decrease in production was primarily due to the shut-in of offshore facilities, including the FPSO "Umuroa", for 25 days during the installation of equipment and tie-back of the Pateke-4H development well. A planned maintenance program was undertaken during this period of facilities downtime.

With no Tui oil sales during the period, inventory at the end of the quarter increased to 306,000 barrels, net 176,000 barrels to AWE.

The Pateke-4H well was brought onto production in early April and is performing above expectations. The combined oil/water production rate is being maintained at 30,000 bld to keep within subsea infrastructure limitations. The well is currently flowing on an 100% choke with 3.8 MMscf/d of gas lift being applied as artificial lift and is producing around 7,500 bopd. The well's water cut has increased steadily to 75% and is currently less than predicted in pre-production modelling.

## INDONESIA

### Ande Ande Lumut Oil Project (50%)

The AAL project is located in the Northwest Natuna PSC in the Natuna Sea. Prequalification and tender processes for the FPSO and well head platform are planned to continue over the remainder of the 2015 calendar year. As previously reported, the Operator has proposed moving FID for the project to the second half of the 2016 calendar year with first oil targeted for late 2018 calendar year.

### Lengo Gas Project (42.5%)

The Lengo Gas Project is located in the Bulu PSC, offshore East Java. The project is progressing rapidly and the Operator, KrisEnergy, has awarded the FEED contract for the offshore facilities and pipeline and has commenced geophysical and geotechnical surveys at the platform site, the proposed platform to shore pipeline route, and the onshore receiving terminal location. The plan of development, approved by the Indonesian Government in December 2014, comprises four development wells, an unmanned well head platform, and a 20-inch, 65km export pipeline to transport gas to shore. The Operator is also in gas sales marketing negotiations.

## USA

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

Production from the Sugarloaf AMI remained steady over the March quarter, with AWE's net share after royalties comprising 180,000 barrels of oil/condensate, 6,800 tonnes of LPG and 577 TJ of gas.

Activity levels over the March quarter were down from the December quarter, with 16 wells brought onto production and 20 new wells spudded. At the end of March 2015 there were 205 wells producing, including 21 wells in the Austin Chalk with an additional 40 wells in various stages of drilling and completion. The rig count at the end of March was four, compared to seven at the end of December.

Due to anomalies in the calculation of net interest per well and the way production is initially reported and then reconciled, the company has elected to restate Sugarloaf production data for the first two quarters of the financial year. The restated production data (see table below) is non-financial and shows slightly higher net BOE's to AWE and revisions to the product mix. The total well count at the end of the December quarter was also increased by two wells.

Table 1: Sugarloaf Production Data Restated

Product	Q1 FY 2014-15	Q2 FY 2014-15	FYTD Dec 2014
Condensate ('000 Bbls)	136	187	323
LPG (Tonnes)	4,851	6,479	11,330
Gas (TJ)	412	554	966
<b>BOE ('000)</b>	<b>261</b>	<b>354</b>	<b>615</b>

Wells on production at 31 December 2014: 189

Total wells spudded/drilled at 31 December 2014: 225



Sugarloaf AMI (courtesy Marathon Oil)



# EXPLORATION & APPRAISAL

## AUSTRALIA

### Bass Basin

In T/18P (AWE 40%), the Operator has submitted applications for four retention leases covering the Trefoil, Rockhopper, White Ibis and Bass discoveries, ahead of the declared locations expiry in May 2015. If approved, it is anticipated that the retention leases will be granted mid-year.

### Otway Basin

In permit VIC/P44 (AWE 25%), interpretation of reprocessed 3D PSDM seismic data is under way.

### North Carnarvon Basin

In WA-497P (AWE 100%, Operator), reprocessing of approximately 1,200km<sup>2</sup> of 3D and 280km of 2D seismic survey data was completed on schedule and under budget.

A new permit, WA-511P (AWE 100%), was awarded in the Exmouth sub-basin in February 2015 with minimal work commitments.

### Perth Basin

In L1/L2 (AWE 50%, Operator), the conventional flow test of the Senecio-3 well in early March recorded an average gas flow rate from the Kingia interval of 12.3 MMscf/d with a well head pressure of 1,980 psig over a five hour period on a 36/64-inch choke. The gas composition was predominantly methane with only minor levels of carbon dioxide present. These results confirmed that the Waitsia gas field is capable of producing gas at commercial rates with the potential to support a low cost, onshore development. The joint venture is planning to drill two additional appraisal wells, Waitsia-1 and Waitsia-2, in 2015, with the first

planned to commence in May.

In EP320, the Irwin-1 exploration well was spudded on 25 March. A gas discovery was made in the primary target, the Dongara/Wagina formations, and gas shows were observed from the deeper formations. The well, which is currently ahead of schedule and within budget, achieved Total Depth of 4,049m on 15 April and a wireline logging program is being acquired. Data from the wireline program and drill logs will be evaluated before determining the next phase of activity. The Irwin prospect straddles the EP320 (AWE 33%) and L1 (AWE 50%, Operator) boundary and the drilling program is being operated by AWE under an agency agreement with joint venture partner, Origin Energy Limited.

During April, AWE completed a Diagnostic Fracture Injection Test (DFIT) on the Drover-1 exploration well in EP455 (AWE 81.5%, Operator). The purpose of the DFIT was to assess reservoir pressure, permeability, natural fracturing and potential for hydraulic stimulation. Once the results of the DFIT are evaluated, the joint venture will make a final decision on whether or not to fracture stimulate the well.

In EP413 (AWE 44.25%), the Operator secured all State and Federal Government approvals and has commenced a 3D seismic survey over an area of approximately 106km<sup>2</sup> around the Arrowsmith-2 well. Once the acquisition phase is complete, processing and interpretation of the data will follow. The Operator anticipates that the survey results should become available during the September 2015 quarter.

A new permit, WA-512P (AWE 100%) was awarded in the offshore Perth Basin in February 2015 with minimal work commitments.



Flow testing operations at Senecio-3



## NEW ZEALAND

### Taranaki Basin

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

## INDONESIA

### East Java Sea

In the North Madura (AWE 50%, Operator) and Terumbu (AWE 100%, Operator) PSCs, interpretation of the 2D seismic survey is under way.

## CHINA

### Bohai Basin

The joint venture in Block 09/05 (AWE 40%) has identified a preferred location for the second exploration well which is scheduled to be drilled in the September quarter of 2015.



Cliff Head platform



Drilling operations at Perth Basin

## SUMMARY OF ABBREVIATIONS

AAL	Ande Ande Lumut
AMI	Area of Mutual Interest
BOE	Barrels of Oil Equivalent
Bbls	Barrels
Blpd	Barrels of liquid per day
Bopd	Barrels of oil per day
DFIT	Diagnostic Fracture Injection Test
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
LPG	Liquefied Petroleum Gas
MLE	Mid Life Enhancement
MMBOE	Million Barrels of Oil Equivalent
MMscf/d	Million standard cubic feet per day
PJ	Petajoules
PSC	Production Sharing Contract
PSIG	Pounds per square inch gage
TJ/d	Terajoules per Day
WHP	Well head platform
2D	Two-dimensional
3D	Three-dimensional

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

# PRODUCTION SUMMARY

		3 months to Mar 2015	3 months to Dec 2014	% Change	9 months to Mar 2015	9 months to Mar 2014	% Change
<b>SOUTH EAST AUSTRALIA</b>							
<b>BassGas</b>	Condensate ('000 Bbls)	30	31	-2%	126	243	-48%
	LPG (Tonnes)	2,534	2,619	-3%	10,758	20,082	-46%
	Gas (TJ)	850	867	-2%	3,437	6,254	-45%
<b>Casino/Henry</b>	Condensate ('000 Bbls)	1	1	-23%	3	4	-20%
	Gas (TJ)	1,504	1,590	-5%	4,966	5,824	-15%
<b>WESTERN AUSTRALIA</b>							
<b>Cliff Head</b>	Oil ('000 Bbls)	81	84	-4%	273	364	-25%
<b>Onshore Perth Basin</b>	Oil ('000 Bbls)	1	1	14%	2	3	-9%
	Gas (TJ)	667	645	3%	1,975	1,640	20%
<b>NEW ZEALAND</b>							
<b>Tui</b>	Oil ('000 Bbls)	107	159	-33%	443	517	-14%
<b>USA</b>							
<b>Sugarloaf</b>	Condensate ('000 Bbls)	180	187	-3%	503	336	50%
	LPG (Tonnes)	6,823	6,479	5%	18,152	12,193	49%
	Gas (TJ)	577	554	4%	1,543	1,035	49%
<b>TOTAL</b>							
	Oil ('000 Bbls)	188	244	-23%	719	883	-19%
	Condensate ('000 Bbls)	211	218	-3%	632	582	9%
	LPG (Tonnes)	9,356	9,097	3%	28,911	32,275	-10%
	Gas (TJ)	3,598	3,656	-2%	11,922	14,754	-19%
<b>Total ('000 BOE)</b>		<b>1,108</b>	<b>1,177</b>	<b>-6%</b>	<b>3,672</b>	<b>4,299</b>	<b>-15%</b>
<b>PRODUCTION BY PROJECT ('000 BOE)</b>							
Tui		107	159	-33%	443	517	-14%
BassGas		201	206	-2%	823	1,518	-46%
Casino/Henry		251	266	-6%	831	975	-15%
Cliff Head		81	84	-4%	273	364	-25%
Onshore Perth Basin		112	108	3%	332	276	20%
Sugarloaf		355	354	0%	971	650	49%
<b>Total ('000 BOE)</b>		<b>1,108</b>	<b>1,177</b>	<b>-6%</b>	<b>3,672</b>	<b>4,299</b>	<b>-15%</b>

Note: Data for Sugarloaf Q1 and Q2 have been restated. See page 5 of this report for details  
Numbers may not add due to rounding

## RESERVES AND RESOURCES

The reserve and resource information contained in this announcement is based on information compiled by Dr. Suzanne Hunt, AWE's Manager, Engineering and Development. Dr. Hunt is a Petroleum Engineer with a PhD in Geomechanics and has over 18 years' experience in the petroleum sector. She has consented in writing to the inclusion of this information in the format and context in which it appears.