ASX Announcement
8 July 2015

Major upgrade to AWE's Sugarloaf reserves and resources

- **1P Reserves up 48% to 19.4 MMBOE**
- **2P Reserves up 84% to 42.4 MMBOE**
- **2P Reserves + 2C Resources up 22% to 64.9 MMBOE**
- **Company-wide 2P Reserves now greater than 100 MMBOE**

AWE Limited (ASX: AWE) today announced that it had increased its total booked Reserves and Contingent Resources for the Sugarloaf Area of Mutual Interest ("AMI"), located in the Eagle Ford Shale and Austin Chalk unconventional plays in Texas, USA.

The upgrade followed an independent appraisal and report prepared by DeGolyer and MacNaughton on the Lower Eagle Ford shale and Austin Chalk zones and AWE's initial assessment of the Contingent Resource for the Upper Eagle Ford zone (Figure 1).

The Sugarloaf AMI covers a number of leases totaling approximately 24,000 acres and AWE holds a 10% working interest (approximately 2,400 net acres). The table below summarises the changes to Sugarloaf Reserves and Contingent Resources as at 31 December 2014, calculated on a net revenue interest basis (after royalties).

Summary of changes to AWE's Sugarloaf AMI Reserves and Contingent Resources

Sugarloaf AMI (AWE net revenue interest after royalties)	Current estimate as at 31 Dec 2014 MMBOE	Previous estimate as at 31 Dec 2014 MMBOE	Increase %
1P Reserves	**19.4**	13.1	**48**
2P Reserves	**42.4**	23.1	**84**
3P Reserves	**69.6**	27.4	**154**
2C Contingent Resources	**22.5***	30.1	**(25)**
2P + 2C	**64.9***	53.2	**22**

**2C Contingent Resources includes AWE's estimate of 12.8 MMBOE for the Upper Eagle Ford zone. All other Reserves and Resources reported in the current estimate at 31 December 2014 are as reported by DeGolyer and MacNaughton.*

Managing Director, Bruce Clement, said that Sugarloaf continues to be a well-managed growth asset that had consistently delivered excellent production performance and significant upgrades to AWE's Reserves and Resources throughout its development.

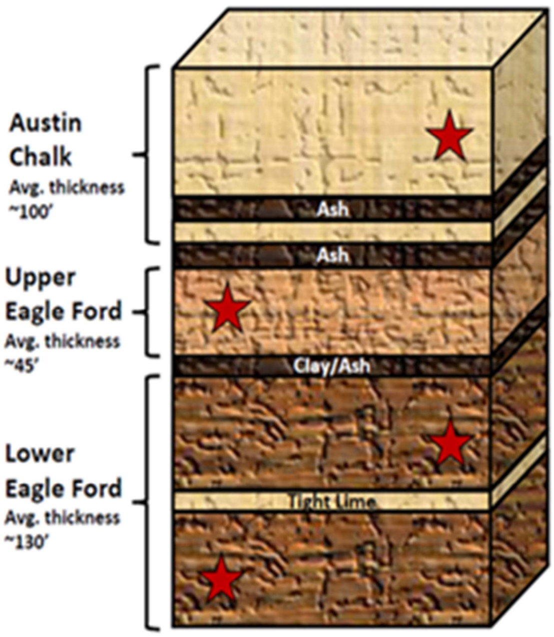
"This increase in 2P Reserves of 19.3 MMBOE represents an increase of 24% in total 2P Reserves for AWE to over 100 MMBOE at 31 December 2014. It also represents close to four years of current production for the Company based on 2014-15 production guidance of 4.6 to 5.1 MMBOE".

"For the nine month period to 31 March 2015, production from the Sugarloaf AMI was up 49% over the prior year comparable period, and the operator, Marathon Oil Corporation, also achieved substantial savings in development well costs over the same period. At the end of March 2015, 205 wells were in production in the AMI, with a further 40 wells being drilled or awaiting completion".

"Importantly, Marathon's recent drilling in the Upper Eagle Ford zone has identified another additional significant resource within the play (Figure 1), which is now being tested with pilot development drilling. AWE has included an initial assessment of 12.8 MMBOE as 2C Contingent Resources for this zone with further incremental potential", he added.

"Our Sugarloaf asset lies within the sweet spot of acreage in the Eagle Ford Shale and Austin Chalk plays, and wells currently being drilled in the AMI continue to provide attractive investment opportunities, even at current lower oil prices. Marathon continues to actively pursue further cost saving initiatives as well as targeting more efficient development through pad drilling and completion design", Mr. Clement said.

Figure 1
Sugarloaf Area of Mutual Interest
Eagle Ford Shale and Austin Chalk Zones



Explanations as to the basis and reasons for the above reported revisions to Reserves and Contingent Resources

1. The assessment and categorisation of Reserves and Contingent Resources is in accordance with SPE-PRMS (2011) methodology and associated guidelines for unconventional (Shale) Petroleum Resources;
2. The reported figures have been aggregated from estimates for individual existing and future wells on an arithmetic basis in each Reserve and Contingent Resource category;
3. Re-categorisation of Reserves and Contingent Resources:
   a. As a result of additional wells being drilled.
   b. Updated 1P, 2P and 3P type production curves based on recent additional performance data and changes to fracture stimulation design.
   c. 1P, 2P and 3P Reserves are based on full field development of 598, 874 and 877 wells respectively with a 40 acre spacing. At the effective date, 187 of these wells were on production.
4. Revised economic assumptions including:
   a. Updated forecast costs based on recent historic costs and trends.
   b. Updated product pricing, with oil, condensate and NGL prices based on the NYMEX strip price for WTI oil as at the Evaluation Date, with differentials to account for product quality and regional pricing factors. Natural gas prices are based on the NYMEX strip price as at the Effective Date for natural gas at Henry Hub, with a differential to reflect the local delivery point.
5. Recognition of additional potential in the Eagle Ford Shale associated with the commencement of pilot production and allocation of Contingent Resources in the Upper Eagle Ford zone. Previous Eagle Ford production has been from the Lower Eagle Ford zone. AWE anticipates that 488 wells may be required to fully develop the Upper Eagle Ford at a 40 acre well spacing over the same land area as the underlying Lower Eagle Ford Shale. Remaining contingencies include pilot well performance and further delineation;
6. The Evaluation Date for the current assessment is 31 December 2014.

Participants in the Sugarloaf AMI include (gross working interest basis):

AWE Limited (via subsidiaries)	10%
Baytex Limited	28.1%
Empyrean Energy PLC	3%
Marathon Oil (Operator)	55%
Texas Crude Energy	2.9%
Others	1%

Reserves and Resources.

The reserve and resource information contained in this announcement is based on and fairly represents information and supporting documentation prepared by and under the supervision of qualified petroleum reserves and resource evaluators: Neil Tupper (General Manager, Exploration and Geoscience) and Dr. Suzanne Hunt (Manager Engineering and Development). Mr Tupper is a Geologist with a Masters Degree in Sedimentology and has over 31 years' experience in petroleum exploration. Dr. Hunt is a Petroleum Engineer with a PhD in Geomechanics and has over 18 years' experience in the petroleum sector. Both have consented in writing to the inclusion of this information in the format and context in which it appears.

About AWE Limited.

AWE Limited is an Australian based energy company focused on upstream oil and gas and related energy opportunities. Established in 1997 and listed on the ASX, the Company is headquartered in Sydney, Australia, with international operating offices in New Zealand and Indonesia. AWE has built a substantial portfolio of production, development and exploration assets in Australia, New Zealand, USA, Indonesia and China. AWE also holds an interest in the Sugarloaf AMI in the Eagle Ford shale play in the USA. With its strong technical base and disciplined financial management, AWE will continue to pursue exploration, appraisal and development growth opportunities in Australasia and Asia.

Conversion Tables:

Energy Value	Barrel of Oil Equivalents (BOE)
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)	**Oil** 1 barrel = 1 BOE **Condensate** 1 barrel = 1 BOE **LPG/NGLs** 1 tonne = 11.6 BOE **Sales Gas** 6PJ = 1 million BOE

For information please see our website www.awexplore.com or contact:

Investor Relations
Matthew Sullivan
AWE Limited
02 8912 8022
Matthew.sullivan@awexplore.com

Media Enquiries
Ian Howarth
Collins St Media
03 9600 1979
ian@collinsstreetmedia.com.au

ENDS