ASX Announcement
5 January 2016

AWE approves first stage Waitsia gas field development

- **AWE and Origin Energy have achieved FID for Stage 1A of the Waitsia gas field project in the onshore Perth Basin, Western Australia**
- **Stage 1A will see the Waitsia-1 and Senecio-3 gas wells connected to the refurbished Xyris Production Facility**
- **Take or pay gas sales agreement with Alinta Energy for 10 TJ/day of gas over 2.5 years**
- **First gas scheduled for August 2016 and gross development capex estimated at $17.5M**
- **AWE well positioned to become low cost gas producer in WA**

AWE Limited (ASX: AWE) today announced that the AWE-Operated L1/L2 joint venture has made the Final Investment Decision (FID) for Stage 1A of the Waitsia gas field development project, located in the onshore Perth Basin, Western Australia.

Stage 1A comprises the installation of new infrastructure and upgrades to existing assets that will connect the recently flow tested Waitsia-1 and Senecio-3 gas wells to the Xyris Production Facility (XPF). Treated gas from XPF will be delivered to the Parmelia pipeline for domestic consumption.

Engineering, execution and management costs for Stage 1A of the Waitsia gas project are estimated at gross $17.5 million ($9 million net to AWE). Construction work will include two four-inch flowlines from the well heads to a northern gathering manifold and a six-inch pipeline to transport the gas to XPF. FEED studies have been completed, and an EPCM contractor has been selected. In addition, the pipeline licence and the environment plan for the in-field gas pipeline have been approved.

The initial capacity of XPF will be approximately 10 TJ per day, with further expansion possible, and first gas is scheduled for August 2016. A take or pay gas sales agreement, based on 90% of annual gas quantity, has been negotiated with Alinta Energy for 10 TJ/day over a 2.5 year period. Pricing remains confidential for commercial reasons.

Mr Bruce Clement, AWE's Managing Director and CEO, said that FID of the first stage of the Waitsia gas project was a landmark for AWE and would reinvigorate the potential for onshore gas production in Western Australia.

"The 484 Bcf gross Waitsia gas project, with its excellent conventional reservoir quality and proximity to existing infrastructure, is incredibly exciting for AWE and represents another significant step-up in the company's growth potential.

"First stage production from Waitsia will provide early cash flow from mid-2016 as well as valuable data that will help us optimise our plans for full field development," he said.

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"When fully developed, AWE anticipates that production from the Waitsia Field could be increased from the 10 TJ/day of Stage 1A to more than 100 TJ/day, which represents approximately 10% of Western Australia's daily domestic consumption," Clement said.

"The Waitsia development will deliver substantial benefits to the local Mid West community through additional direct investment, supplier agreements and employment opportunities, while at the same time adding significant volumes to domestic gas supply and contributing substantial royalties to the WA government over the project life.

"We are also evaluating the potential for co-developing the nearby Senecio/Synaphea/Irwin (SSI) tight gas fields. Together, these tight sandstone reservoirs are estimated to contain an additional gross 237 Bcf of gas," he said.

"AWE has a strong track record of early involvement in projects where we can add significant value as they are progressed through to development. Projects such as Ande Ande Lumut and Sugarloaf highlight how AWE uses its expertise to generate asset value growth.

"Similarly, once developed the onshore Waitsia gas project's low operating costs, in an historically strong west coast gas market, will likely see AWE become the low cost gas producer in Western Australia," Clement added.

The Joint Venture partners in L1/L2 are:

AWE Limited (via subsidiaries) (Operator)	50.0%
Origin Energy Resources Limited	50.0%

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

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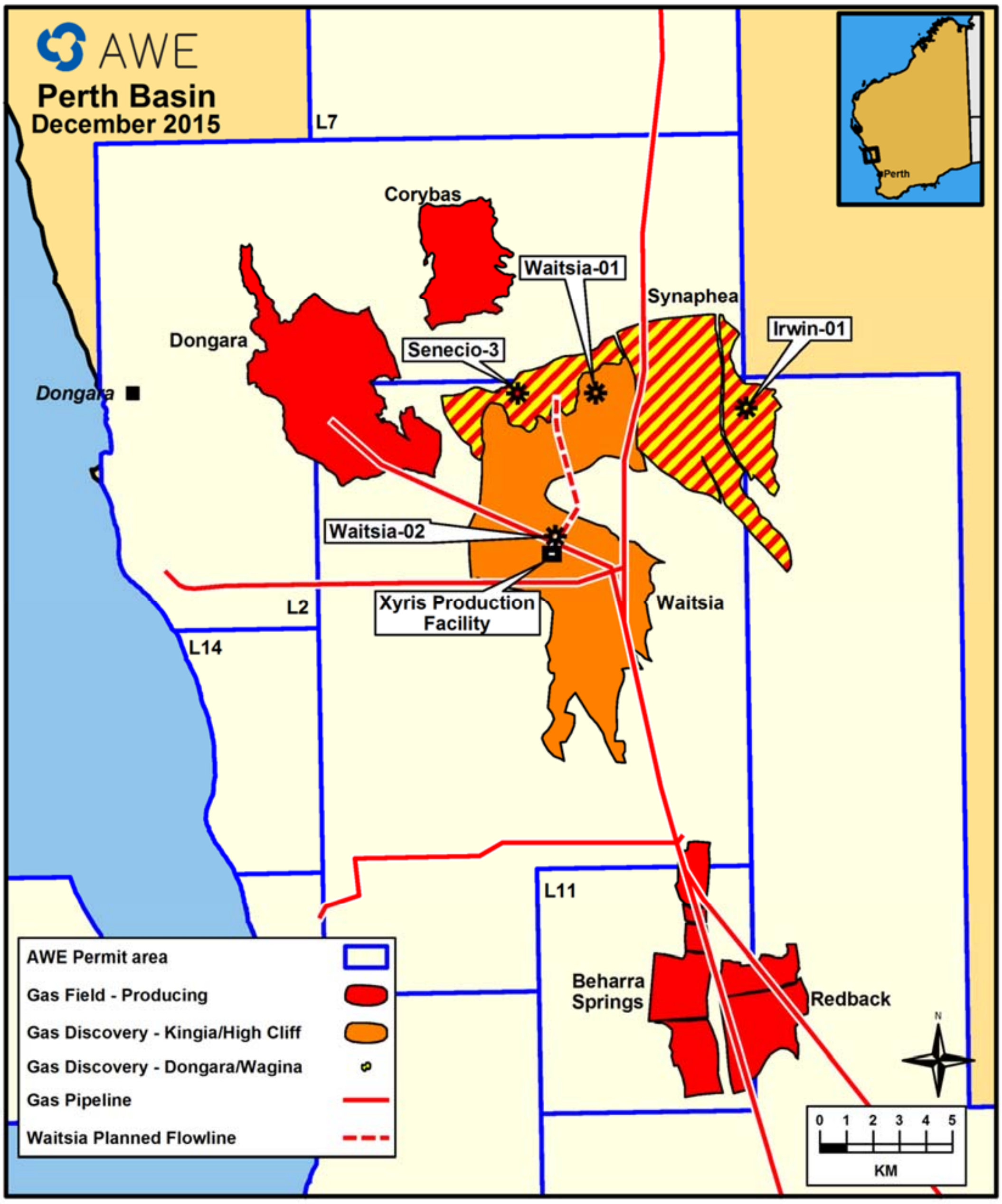
About AWE Limited
AWE Limited is an independent, Australian energy company focused on upstream oil and gas opportunities. Established in 1997 and listed on the Australian Securities Exchange (ASX: AWE), the company is based in Sydney with project offices in Perth and New Zealand. AWE has a substantial portfolio of production, development and exploration assets in Australia, New Zealand, USA and Indonesia. Total annual production for 2014-15 was 5.1 mmboe and the company had 114.4 mmboe of 2P Reserves and 121.9 mmboe of 2C Contingent Resources at 30 June 2015. With its strong technical base and disciplined financial management, AWE remains well positioned to pursue exploration, appraisal and development growth opportunities in Australasia and Asia.

Glossary

Bcf	Billion cubic feet
EPCM	Engineering, Procurement and Construction Management
FEED	Front End Engineering and Design
FID	Final Investment Decision
mmboe	Million Barrels of Oil Equivalent
XPF	Xyris Production Facility

Qualified Petroleum Reserves and Resources Evaluator Statement

The gross gas volumes contained in this announcement are based on and fairly represent information and supporting documentation prepared by and under the supervision of qualified petroleum reserves and resource evaluators: Dr. Suzanne Hunt, AWE Manager for Engineering and Development, and Mr. Neil Tupper, AWE General Manager for Exploration and Geoscience. Dr. Hunt, a Petroleum Engineer with a Ph.D. in Geomechanics, is a member of Society of Petroleum Engineer Engineers and has over 18 years' experience in the petroleum sector in field development planning, reserves estimation, production and facilities 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 31 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 have consented in writing to the inclusion of this information in the format and context in which it appears.



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