

AWE LIMITED

HALF YEAR REPORT
TO 31 DECEMBER 2015

INCORPORATING
APPENDIX 4D DISCLOSURES
DIRECTORS' REPORT
HALF-YEAR CONSOLIDATED FINANCIAL REPORT

AWE Limited and its controlled entities
For the half-year ended 31 December 2015
To be read in conjunction with the 2015 Annual Report

Half-year report 31 December 2015

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About AWE

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, and Indonesia. With its strong technical base and disciplined financial management, AWE is well positioned to pursue exploration, appraisal and development opportunities in Australasia and Asia.



Appendix 4D

For the half-year ended 31 December 2015

ABN	Previous corresponding period
70 077 897 440	31 December 2014

Results for announcement to the market				A\$'000
Revenue from ordinary activities	down	23.8%	to	123,115
Net loss from ordinary activities after tax (NPAT) attributable to members	down	>100%	to	(273,926)
Net loss for the period attributable to members	down	>100%	to	(273,926)

Dividends	Amount per security	Franked amount per security
Interim dividend - current period	Nil	Nil
Interim dividend - previous corresponding period	Nil	Nil

A review of the consolidated entity's operations and the results of those operations for the half-year ended 31 December 2015 are included in the Directors' Report set out on pages 4 to 9 of this report. The information should be read in conjunction with the 30 June 2015 Annual Financial Report.

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.67	\$1.44

Change in ownership of controlled entities

There was no gain or loss of control of entities during the period ended 31 December 2015 or thereafter up to the date of this report.

Dividend reinvestment plans

There are no dividend reinvestment plans in place.

Competent Persons Statement

The reserves and resources in this presentation 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. Andrew Furniss, AWE General Manager for Exploration and Geoscience. Dr. Hunt, a Petroleum Engineer with a Ph.D. in Geomechanics, is a member of the Society of Petroleum Engineers and has over 19 years' experience in the petroleum sector in field development planning, reserves estimation, production and facilities engineering. Mr. Furniss, a member of the Society of Petroleum Engineers and the American Association of Petroleum Geologists, holds an MSc in Exploration Geophysics and a BSc (Hons) in Geological Sciences and has over 25 years' of industry experience in strategic planning, portfolio management, prospect evaluation, technical due diligence and peer review, reserves and resource assessment, the application of advanced geophysical technology and business development. Both have consented in writing to the inclusion of this information in the format and context in which it appears.

Directors' report

The directors of AWE present their report together with the consolidated condensed financial statements of AWE Limited and its subsidiaries (collectively the "Group") for the half-year ended 31 December 2015 and the Auditor's review report thereon.

1. Operating and financial review

1.1. Performance overview

Operating highlights

The Company performed well operationally during the period with production increasing 12% compared to the previous corresponding half-year.

Key strategic initiatives during the period included:

- Development approval for the first stage of the Waitsia gas project was achieved after the end of the period with first gas production planned for mid-2016. The gross combined 2P Reserves and 2C Resources for the Waitsia, Senecio, Synaphea and Irwin gas fields of 721 Bcf (AWE net 67 mmboe).
- Progress on the divestment of the Company's interest in Sugarloaf (announced after the end of the period) which will, on completion, significantly strengthen the balance sheet, enabling AWE to prioritise near term investment in high value projects.
- Progress on rationalisation of the asset portfolio, with other divestments under review.
- Achieved reductions in operating costs across all areas resulting in an 11% reduction over the period.
- Deferral and/or reduction of exploration and future development expenditure.
- Reduction in corporate costs and the closure of the Indonesian project office.

During the period oil prices continued to decline, however the impact on the Company's revenues and cash flows has been mitigated by long term CPI indexed gas contracts and the oil price hedging program implemented during the 2016 financial year. With the divestment of the Sugarloaf asset, the near term exposure to oil price volatility has been significantly reduced. In the longer term, the Ande Ande Lumut oil project provides the Company with the opportunity to benefit from future improvements in oil prices.

At 31 December 2015, the Company had 2P Reserves of 109.1 mmboe, with a further 122.1 mmboe 2C Contingent Resources.

The following table provides an overview of production and the financial performance of AWE for the half-year ended 31 December 2015 as detailed in the half-year Financial Report.

Overview of the consolidated entity	6 months to 31-Dec-15 mmboe ⁽¹⁾	6 months to 31-Dec-14 mmboe ⁽¹⁾	Variance %
Production			
Gas	1.43	1.39	3%
LPG production	0.32	0.20	60%
Condensate production	0.53	0.44	20%
Oil	0.59	0.53	11%
Total production	2.87	2.56	12%

Financial performance	\$million	\$million	%
Sales revenue ⁽²⁾	122.1	161.3	(24%)
Production costs and royalties	(64.9)	(73.2)	(11%)
Field EBITDAX ⁽³⁾	57.2	88.1	(35%)
Exploration and evaluation expense	(16.8)	(27.8)	(40%)
Amortisation	(63.7)	(60.3)	6%
Net financing expense	(5.8)	(5.8)	(0%)
Impairment ⁽⁴⁾	(236.8)	(92.6)	>100%
Other income / (expense)	(7.6)	(3.6)	>100%
Statutory net profit / (loss) before tax	(273.5)	(102.0)	>100%
Tax (expense) / benefit	(0.4)	40.3	>100%
Statutory net profit / (loss) after tax (NPAT)	(273.9)	(61.7)	>100%

To assist users reconcile underlying performance, the following table provides a reconciliation of NPAT and the impact of non-recurring items.

	6 months to 31-Dec-15
Reconciliation of underlying NPAT	\$million
Statutory NPAT	(273.9)
Non-recurring items after tax:	
Impairment of exploration and oil and gas assets ⁽⁴⁾	191.3
Restructuring costs	5.0
Derecognition of tax losses	14.8
Total non-recurring items (after tax)	211.1
Underlying NPAT⁽⁵⁾	(62.9)

Note: numbers may not add due to rounding.

1. mmboe refers to million barrels of oil equivalent.
2. Sales revenue includes realised hedge gains.
3. Sales revenue less production costs and royalties. Refer note 10 for information by segment.
4. The level of non-cash impairment was determined after a review of asset carrying values in the current lower oil price environment. AWE has used nominal Brent oil price estimates of US\$40.26/bbl in 2016, US\$47.52/bbl in 2017, US\$51.92/bbl in 2018 and an independent long term oil price forecast thereafter. An exchange rate of AUD/USD 0.72 was applied in 2016, AUD/USD 0.71 through to 2019 and 0.70 thereafter.
5. AWE's Financial Report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS). The underlying (non-IFRS) profit is unaudited but is derived from the audited accounts by removing the impact of non-recurring items from the reported (IFRS) audited profit. AWE believes the non-IFRS profit reflects a more meaningful measure of the consolidated entity's underlying performance.

Financial performance

AWE reported a statutory net loss after tax of \$273.9 million for the half-year to 31 December 2015 compared to a net loss after tax of \$61.7 million for the previous corresponding half-year. The result includes a net impairment charge after tax of \$191.3 million (\$236.8 pre-tax) reflecting the further decline in global oil prices and a 19% reduction in BassGas 2P Reserves.

After adjusting for non-recurring items of \$211.1 million after tax, an underlying loss of \$62.9 million was recognised for the period. This compared to an underlying loss of \$13.9 million for the corresponding period.

Total oil and gas production of 2.9 mmboe was 12% higher than the corresponding period (2.6 mmboe) with increased production from BassGas (up 22%) following completion of the drilling phase of the MLE project combined with a significant increase in production from Sugarloaf (up 44%) and Tui (up 33%).

AWE recorded sales revenue for the period of \$122.1 million, down 24% compared to \$161.3 million for the previous corresponding period, as global oil prices continued to decline. However, the oil price hedge program implemented during the period has limited the exposure to lower oil prices for the remainder of the 2016 financial year.

The average realised oil and condensate price, including hedging, was 35% lower at \$57.78 per barrel, compared to \$89.52 for the corresponding period. At 31 December 2015, the mark to market value of remaining oil price hedges was \$11.3 million.

Operating costs of \$64.9 million for the period were 11% lower compared to \$73.2 million for the corresponding period with significant operating cost reductions achieved at BassGas, Cliff Head and Sugarloaf.

Field EBITDAX of \$57.2 million, compared to \$88.1 million for the previous half-year, was 35% lower due to the decline in realised oil and condensate prices.

The Company incurred and expensed total exploration and evaluation costs of \$16.8 million during the period, down 57% from the exploration expenditure in the prior corresponding period. Exploration and evaluation costs expensed during the half-year included costs incurred in Block 09/05 in Bohai Bay, China as well as the acquisition and interpretation of seismic data in the North Carnarvon Basin.

During the period, the Company also invested a total of \$70 million in development expenditure, principally in respect of the drilling phase of the BassGas MLE project, the Sugarloaf drilling program, the Waitsia gas project and the Ande Ande Lumut Oil project in Indonesia. Total development expenditure represents a reduction of 26% compared to the previous corresponding half-year period.

A taxation expense of \$0.4 million is recognised for the period compared to a taxation benefit of \$40.3 million for the corresponding period (which included a benefit of \$42.5 million in connection with an impairment charge during that half-year period). Taxation expense recognised for the current period includes a benefit of \$45.6 million in connection with impairment charges relating to BassGas and Perth Basin exploration, offset by a charge of \$14.8 million relating to the derecognition of the tax benefit of prior year tax losses. Taxation expense includes the tax effect of profit based royalty related taxes in Australia and New Zealand.

Net cash from operating activities was \$29.3 million for the half-year, up 4% compared to \$28.1 million for the corresponding period. Net cash from operating activities included cash payments of \$15 million relating to exploration and evaluation expenses.

1.2. Summary of financial position

At 31 December 2015, the Company had cash of \$30 million and \$227 million of drawn debt from its \$400 million loan facility, resulting in a net debt position of \$197 million. This compares to a net debt position of \$123 million at 30 June 2015.

Subsequent to the end of the period, on 27 January 2016, the Company announced that it had agreed to sell its 10% interest in the Sugarloaf AMI for US\$190 million (A\$271 million). It is anticipated that the sale will be completed during the March quarter of 2016 and will leave the Company in a net cash position at the end of March of approximately \$60 million. An estimated tax liability of US\$35 million in respect of the sale is expected to be payable during the June quarter.

1.3. Production and development operations

	6 mths to 31 December 2015						12 mths to 30-Jun-15	6 mths to 31-Dec-14
Production (mmboe)	Western Australia	South East Australia	New Zealand	USA	Indonesia	Total	Total	Total
Gas	0.21	0.96	-	0.26	-	1.43	2.59	1.39
LPG	-	0.11	-	0.21	-	0.32	0.46	0.20
Condensate	-	0.11	-	0.42	-	0.53	0.84	0.44
Oil	0.15	-	0.45	-	-	0.59	1.20	0.53
Total (mmboe)	0.35	1.18	0.45	0.88	-	2.87	5.09	2.56
Development Expenditure (\$m)	8.4	34.6	(2.5)	18.3	11.2	70.0	242.5	94.7

Note: numbers may not add across due to rounding.

Western Australia

Waitsia Gas Project (L1/L2, onshore Perth Basin, AWE 50%, Operator)

Following the successful Waitsia-2 appraisal well, the Company increased the gross 2P Reserves plus 2C Contingent Resources for the Waitsia gas field by 67% from 290 Bcf to 484 Bcf of gas for the conventional Kingia and High Cliff sandstones formations.

The Company also recognised an increase in gross 2C Resources to 237 Bcf of gas for the Irwin, Synaphea and Senecio fields, predominantly tight gas plays in the Dongara and Wagina sandstone formations. This resulted in the total combined gross 2P Reserves and 2C Resources for Waitsia, Senecio, Synaphea and Irwin being increased to 721 Bcf. (net to AWE 67 mmboe).

The Company has made significant progress on the early stage development of the Waitsia gas field following flow test results at Waitsia-1, where two separate flow tests from the Kingia and High Cliff Sandstone reservoirs delivered a total combined flow rate in excess of 50 mmscf/d, constrained by production tubing diameter.

The AWE Operated joint venture achieved final investment decision for the first stage (Stage 1A) of the Waitsia gas project after the end of the period. Stage 1A involves the installation of new infrastructure and upgrades to existing assets that will connect the Waitsia-1 and Senecio-3 gas wells to the Xyris Production Facility (XPF) at a total development cost of \$18 million (\$9 million to AWE). Treated gas from the XPF will be delivered to the Parmelia pipeline for domestic consumption. A take or pay gas supply agreement has been negotiated with Alinta Energy for 10 TJ/day over a 2.5 year period.

FEED studies in relation to Stage 1A have been completed and an EPCM contract has been awarded. The pipeline licence and construction environment plan for the in-field gas pipeline have been approved. The initial capacity of XPF will be approximately 10TJ per day, with further expansion possible, and first gas is scheduled for first quarter of the 2017 financial year.

Cliff Head Oil Project (WA 31 L, Perth Basin, offshore Western Australia, AWE share 57.5%)

The Cliff Head oil project contributed gross production of 0.26 million barrels of oil. AWE's net share of production was approximately 0.15 million barrels for the period.

Production from the Cliff Head project was 24% lower than the corresponding period due to planned shut downs and natural field decline.

Onshore Perth Basin (AWE share 33.0% to 100%)

The Onshore Perth Basin operations contributed 0.2 mmbob to AWE's gas and oil production for the half-year, consistent with the corresponding period. The majority of production was delivered from Beharra Springs (AWE 33%), where gross production averaged 17 TJ per day.

South East Australia**BassGas Project** (T/L1, Bass Basin, offshore southern Australia, AWE share 35%)

The BassGas project achieved gross production of approximately 9.1 PJ of gas, 311,000 barrels of condensate and 27,000 tonnes of LPG. AWE's share was approximately 3.2 PJ of gas, 109,000 barrels of condensate and 9,500 tonnes of LPG.

Production for the period increased by 22% compared to the corresponding half-year with the completion of the drilling phase of the MLE Project. The Yolla-5 and Yolla-6 development wells were brought online during the period. The gross average daily rate per producing day was approximately 53 TJ per day during the period.

At the end of the period, work had commenced on the final stage of the MLE project involving the hook-up and commissioning of the gas compression and condensate pumping modules.

The Company has recognised an impairment of \$88.5 million after tax (pre-tax \$126.4 million, \$37.9 million tax effect) in the carrying value of the BassGas project at 31 December 2015 resulting from lower forecast oil and gas prices and the reduction in 2P Reserves of 2.5 mmbob, based on a revision to the long term production forecast from the Operator.

Casino Gas Project (Otway Basin, offshore southern Australia, AWE share 25%)

The Casino gas project, including the Casino, Henry and Netherby gas fields, produced approximately 10.3 PJ of gross gas and 6,000 barrels of condensate. AWE's share of production for the period was 2.6 PJ of gas with approximately 1,500 barrels of condensate.

Production was approximately 25% lower than the corresponding half-year due to scheduled maintenance and natural field decline.

New Zealand**Tui Area Oil Project** (PMP 38158, offshore Taranaki Basin, New Zealand, AWE share 57.5%)

In New Zealand, the Tui Area oil project produced gross oil production of 0.78 million barrels (AWE share 0.45 million barrels), 33% higher than the previous corresponding period. Sales during the period totalled 0.78 million barrels (AWE share 0.45 million barrels). At the end of the period, AWE's share of inventory was approximately 70,000 barrels.

After the end of the period, the Company agreed to a one year extension to 31 December 2017 for the charter of the Floating Production Storage and Offtake vessel (FPSO), "Umuroa", on reduced terms aligned with the lower oil price.

United States of America**Sugarloaf AMI** (Texas, USA, AWE share 10%, net~7.5% after landowner royalties)

Production continued to grow strongly at the Sugarloaf AMI shale gas and liquids project during the half year, with production increasing by 44% over the previous corresponding period. AWE's share of production was approximately 426,000 barrels of condensate, 1.5 PJ of gas and 17,000 tonnes of LPG, net of royalties.

In the six months to the end of December 2015, 71 new wells were brought into production and 44 wells were spudded. This brought the total number of producing wells to 302, including 61 wells in the Austin Chalk, which lies above the Eagle Ford Shale.

Indonesia**Ande Ande Lumut Oil Project** (Northwest Natuna PSC, offshore Indonesia, AWE 50%)

Further progress was made on the AAL project during the period, with tendering processes for the well head platform and FPSO well advanced.

The Operator, Santos, is planning to drill an appraisal well on the underlying G sand reservoir in the first half of calendar year 2016. The G-sand reservoir is estimated to contain an additional 36 million barrels (gross 2C Resources).

Lengo Gas Project (Bulu PSC, offshore Indonesia, AWE 42.5%)

The Lengo Gas Project made progress during the period, with FEED work for the offshore facilities and pipeline, the geophysical and geotechnical surveys for the WHP site, the pipeline route and the offshore receiving terminal being completed.

The Operator, Kris Energy, is progressing negotiations for a gas sales agreement which is an important step prior to the joint venture making a final investment decision.

1.4. Exploration operations

	31 December 2015						6 mths to 31-Dec-15	12 mths to 30-Jun-15	6 mths to 31-Dec-14
	Western Australia	South East Australia	New Zealand	Indonesia	China	Other	Total	Total	Total
Exploration Expenditure (\$m)	4.5	0.3	(0.5)	0.9	11.0	0.9	17.1	63.4	39.3

During the half year period there was a significant reduction of activity and expenditure in exploration operations in light of the low oil price environment and the need to preserve capital with the exception of the exploration well drilled in Block 09/05 in China. In this block, the second exploration well was drilled as required under the terms of the PSC. The well successfully drilled all three targets, however, no hydrocarbon shows were recorded. All work commitments were fulfilled and the joint venture has surrendered the exploration permit.

Drilling activity

The wells drilled during the period are summarised as follows:

Well name	Location	AWE Share	Comments
Block 09/05	Bohai Basin	40%	Plugged and decommissioned.
Sugarloaf AMI	Eagle Ford Shale	10%*	44 wells drilled, 71 wells brought into production

* Net working interest of 10%; net interest approximately 7.5% after land-owner royalties

1.5. Outlook

The Company has implemented a range of strategic initiatives as part of its response to the low oil price environment. A comprehensive review of the asset portfolio has been conducted and has resulted in the prioritisation of a number of key development projects where the Company will focus on in the coming years. In particular, AWE will prioritise the near term development of its high value gas assets in the Perth Basin while the Ande Ande Lumut oil project will continue to provide exposure to potential upside in oil prices.

The Company will also remain focused on maintaining a disciplined approach to balance sheet management. Operating and corporate costs have been significantly reduced across all areas, combined with a reduction in the exploration program and future capital commitments. Further operating cost reduction are being implemented and will be realised over time. Rationalisation of the asset portfolio will also continue, consistent with the Company's pro-active approach to maintaining a diverse and balanced asset portfolio.

For the remainder of the 2016 financial year, there are a number of key projects and opportunities that will be pursued including:

- Development of the Waitsia gas project, which achieved FID for Stage 1A in early January. This will be a key focus for the Company and it is expected that the completion and installation of new infrastructure and upgrades to the Xyris Production Facility will enable first gas production in mid-2016.
- At BassGas, work has commenced on the hook-up and commissioning of the gas compression and condensate pumping modules to provide increased production and to access remaining 2P Reserves.
- The Ande Ande Lumut oil project in Indonesia will continue progress this year following the planned drilling of an appraisal well by the Operator targeting the G-sand and the completion of the tendering stages for the WHP and FPSO prior to final investment decision.
- Also in Indonesia, work on the Lengo gas project will continue, including negotiations for a gas sale agreement.

2. Directors

The directors of the Company at any time during the half-year or since the end of the period are:

Non-executive directors	
Bruce J. Phillips	Chairman
David I. McEvoy	Non-Executive Director
Kenneth G. Williams	Non-Executive Director
Vijoleta Braach-Maksvytis	Non-Executive Director
Raymond J. Betros	Non-Executive Director
Karen L.C. Penrose	Non-Executive Director
Executive director	
Bruce F. W. Clement	Managing Director

Dr Vijoleta Braach-Maksvytis ceased to be a director on 20 November 2015.

3. Events subsequent to Balance Date

Subsequent to the end of the half-year reporting period, AWE entered into an agreement to sell its 10% working interest in the Sugarloaf Area of Mutual Interest to Carrier Energy Partners II, LLC for cash consideration of USD 190 million. AWE received a deposit during January 2016 of USD 14 million and the transaction is expected to be completed by the end of March 2016. The sale will also result in a reduction to 2P Reserves and 2C Contingent Reserves.

There has not been in the period since 31 December 2015 and up to the date of this report any other items, transaction or events of a material and unusual nature likely in the opinion of the Directors, to affect substantially the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

4. Rounding off

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

5. Auditor's independence declaration

The Lead Auditor's Independence Declaration is set out on page 10 and forms part of the Directors' Report for the half-year ended 31 December 2015.

Dated at Sydney this 24th day of February 2016.

Signed in accordance with a Resolution of the Directors.



B. J. PHILLIPS
Chairman



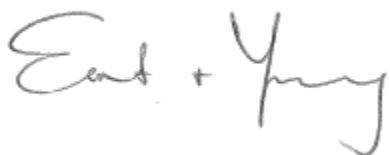
B.F.W CLEMENT
Managing Director

Auditor's Independence Declaration to the Directors of AWE Limited

As lead auditor for the review of AWE Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of AWE Limited and the entities it controlled during the financial period.



Ernst & Young



Scott Jarrett
Partner
24 February 2016

Consolidated income statement

For the six months ended 31 December 2015

	Note	31 December 2015 \$'000	31 December 2014 \$'000
Revenue	4	123,115	161,669
Cost of sales	5	(128,606)	(133,520)
Gross profit		(5,491)	28,149
Other income	6	36	4,550
Exploration and evaluation expenses	11	(16,806)	(27,837)
Impairment	12	(236,843)	(92,565)
Other expenses	7	(8,628)	(8,526)
Results from operating activities		(267,732)	(96,229)
Finance income		2,646	903
Finance costs		(8,426)	(6,707)
Net finance costs	8	(5,780)	(5,804)
Loss before tax		(273,512)	(102,033)
Income tax benefit		8,377	23,214
Royalty related taxation (expense) / benefit		(8,791)	17,143
Total tax (expense) / benefit		(414)	40,357
Loss for the period		(273,926)	(61,676)
Loss attributable to members of the Company		(273,926)	(61,676)
Basic loss per ordinary share (cents)		(52.04)	(11.76)
Diluted loss per ordinary share (cents)		(52.04)	(11.76)

The above consolidated income statement is to be read in conjunction with the notes to the financial statements.

Consolidated statement of comprehensive income

For the six months ended 31 December 2015

		31 December 2015 \$'000	31 December 2014 \$'000
	Note		
Loss for the period		(273,926)	(61,676)
Items that may be reclassified subsequently to profit and loss			
Changes in the fair value of cash flow hedges	16	11,271	-
Income tax effect		(3,508)	-
Foreign currency translation differences for foreign operations		23,060	69,307
Income tax effect		-	-
Other comprehensive income (net of income tax)		30,823	69,307
Total comprehensive income for the period		(243,103)	7,631
Total comprehensive income attributable to owners of the Company		(243,103)	7,631

The above consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

Consolidated statement of financial position

As at 31 December 2015

		31 December 2015 \$'000	30 June 2015 \$'000
	Note		
Current assets			
Cash and cash equivalents		30,144	46,559
Trade and other receivables		42,747	58,591
Inventory		6,152	7,103
Derivative financial instruments	16	11,271	-
Total current assets		90,314	112,253
Non-current assets			
Trade and other receivables		119,022	111,395
Exploration and evaluation assets	11	44,243	69,119
Oil and gas assets	12	706,038	882,857
Other plant and equipment		2,102	2,350
Land and buildings		12,190	12,190
Intangible assets		800	1,110
Deferred tax assets		166,208	164,685
Total non-current assets		1,050,603	1,243,706
Total assets		1,140,917	1,355,959
Current liabilities			
Trade and other payables		56,473	97,920
Employee benefits		1,028	1,727
Provisions		16,228	13,038
Taxation payable		506	1,572
Total current liabilities		74,235	114,257
Non-current liabilities			
Interest bearing liabilities	13	227,493	169,802
Employee benefits		818	656
Provisions		211,030	205,451
Deferred tax liabilities		63,376	59,641
Total non-current liabilities		502,717	435,550
Total liabilities		576,952	549,807
Net assets		563,965	806,151
Equity			
Issued capital	14	772,172	772,172
Reserves		139,463	107,723
Retained profits / (losses)		(347,670)	(73,744)
Total equity		563,965	806,151

The above consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

Consolidated statement of cash flows

For the half-year ended 31 December 2015

	31 December 2015 \$'000	31 December 2014 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations	146,002	158,670
Cash payments in the course of operations	(93,061)	(94,003)
Payments for exploration and evaluation expenses	(15,024)	(30,717)
Interest received	226	407
Borrowing costs paid	(4,206)	(2,448)
Income tax (paid) / refunded	(1,552)	84
Royalty related taxation paid	(3,097)	(3,900)
Net cash provided by operating activities	29,288	28,093
Cash flows from investing activities		
Exploration and evaluation assets initially capitalised	-	(18,103)
Oil and gas assets	(99,933)	(85,187)
Other plant and equipment and intangibles	(209)	(1,071)
Purchase of land and buildings	-	(12,190)
Proceeds from sale of oil and gas assets	-	64,000
Net cash used in investing activities	(100,142)	(52,551)
Cash flows from financing activities		
Repayment of borrowings	-	(66,631)
Proceeds from borrowings	54,591	123,398
Net cash provided by financing activities	54,591	56,767
Net (decrease) / increase in cash held	(16,263)	32,309
Cash at the beginning of the period	46,559	42,144
Effect of exchange rate fluctuations on the balances of cash held in foreign currencies	(152)	516
Cash at the end of the period	30,144	74,969

The above consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements.

Consolidated statement of changes in equity

For the half-year ended 31 December 2015

	Share capital \$'000	Equity compensation reserves \$'000	Translation and other reserves \$'000	Retained earnings \$'000	Total equity \$'000
For the six months ended 31 December 2014					
Balance at 1 July 2014	772,172	15,096	(2,547)	156,454	941,175
Loss for the period	-	-	-	(61,676)	(61,676)
Other comprehensive income					
Foreign currency translation differences for foreign operations	-	-	69,307	-	69,307
Foreign currency reserve gain reclassified to profit and loss on divestment of foreign operation	-	-	-	-	-
Total other comprehensive income	-	-	69,307	(61,676)	7,631
Total comprehensive income for the period	-	-	69,307	(61,676)	7,631
Transactions with owners in their capacity as owners					
Contributions by and distributions to members:					
Share Rights Plan	-	1,131	-	-	1,131
Balance at 31 December 2014	772,172	16,227	66,760	94,778	949,937
For the six months ended 31 December 2015					
Balance at 1 July 2015	772,172	17,377	90,346	(73,744)	806,151
Loss for the period	-	-	-	(273,926)	(273,926)
Other comprehensive income					
Changes in the fair value of cash flow hedges net of tax	-	-	7,763	-	7,763
Foreign currency translation differences for foreign operations	-	-	23,060	-	23,060
Total other comprehensive income	-	-	30,823	(273,926)	(243,103)
Total comprehensive income for the period	-	-	30,823	(273,926)	(243,103)
Transactions with owners in their capacity as owners					
Contributions by and distributions to members:					
Share Rights Plan	-	917	-	-	917
Balance at 31 December 2015	772,172	18,294	121,169	(347,670)	563,965

The above consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Notes to the interim consolidated financial statements

1. Reporting entity

The interim condensed consolidated financial statements of AWE Limited and its subsidiaries (collectively the "Group") for the six months ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 24 February 2016.

AWE Limited is a for profit company limited by shares, domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX").

2. Basis of preparation

This half-year report has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim condensed consolidated financial statements do not include all of the information required in the annual financial statements, and should be read in conjunction with the Group's latest annual financial statements as well as in conjunction with public announcements.

3. Significant accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 30 June 2015 except:

- As a consequence of entering cash flow hedge transactions AWE has applied the relevant accounting policy for the first time, and
- The adoption of new and revised standards and interpretations which became effective 1 July 2015.

Derivative financial instruments

Background

During the half-year the Group has entered into forward commodity hedge transactions related to highly probable forecast sales transactions and have designated these derivatives as cash flow hedges. The relationship between the hedging instrument and the hedged item is documented at the inception of the hedging transaction as well as the risk management objective and strategy for undertaking various hedge transactions. The process includes linking the derivative financial instruments designated to specific firm commitments or forecast transactions. In addition the Group assesses hedge effectiveness at inception and at regular intervals to ensure that the derivatives used in hedging transactions have been and will continue to be highly effective in offsetting cash flows of hedged items.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. On subsequent revaluation, the derivatives are carried as assets when their fair value is positive and liabilities when their fair value is negative.

In respect of cash flow hedges, the effective portion of changes in the fair value of derivatives that have been designated and qualify as cash flow hedges have been recognised in Other Comprehensive Income (OCI) in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss within other income or other expense.

Amounts accumulated in the hedging reserve in equity are transferred to the profit and loss when the hedged transaction affects profit and loss, such as when the forecast sale occurs. The gain or loss related to the effective portion is recognised within 'sales'. The gain or loss related to the ineffective portion is recognised immediately in profit and loss within other income or other expense.

Certain derivative instruments which do not qualify for hedge accounting are recognised immediately in profit and loss and are included in other income or other expense.

If the hedging instrument is terminated or is sold, or if its designation as a hedge is revoked or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI is recycled to the profit and loss.

Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

New and Revised Standards and Interpretations

The principal Australian Accounting Standards and interpretations that became effective since 30 June 2015 are set out in the following table.

AASB 2015-3	Amendments to Australian Accounting Standards- Arising from Withdrawal of AASB 1031 Materiality
AASB 2015-5	Amendments to Australian Accounting Standards- Investment Companies: Applying the Consolidation Exemption
AASB 2014-7	Financial instruments
AASB2014 -8	Financial instruments

The adoption of these standards did not have a significant impact on the group's results in the current and / or prior period.

Notes to the interim consolidated financial statements (continued)

31 December	31 December
2015	2014
\$'000	\$'000

4. Revenue from ordinary activities

Sales revenue from continuing operations		
Sales revenue	122,083	161,256
	122,083	161,256
Other revenue from continuing operations		
Rental income	1,032	413
	123,115	161,669

5. Cost of sales

Production costs	54,678	56,077
Royalties	10,106	12,853
Amortisation	63,039	54,875
Movement in oil inventory:		
Production costs	144	4,258
Amortisation	639	5,457
	128,606	133,520
Made up of:		
Production costs (net of movement in oil inventory)	54,822	60,335
Royalties	10,106	12,853
Amortisation (net of movement in oil inventory)	63,678	60,332
	128,606	133,520

6. Other income

Net gain on BassGas completion	-	4,531
Other income	36	19
	36	4,550

On 4th November 2014 AWE completed the sale of an 11.25 % interest in the BassGas project including a 9.75% interest in the exploration permit T/18P. The completion of the sale generated a gain on completion of \$2.3 million (pre-tax gain \$4.5 million, taxation expense \$2.2 million).

Notes to the interim consolidated financial statements (continued)

	31 December 2015 \$'000	31 December 2014 \$'000
7. Other expenses		
General and administrative expenses	1,486	7,712
Share-based payments	823	814
Restructure costs	6,319	-
	8,628	8,526
8. Net finance costs		
Unwinding of discount – capital expenditure carry	2,420	-
Interest income	226	407
Net foreign exchange gain	-	496
Total finance income	2,646	903
Adjustment of discount - capital expenditure carry	-	(2,732)
Other borrowing costs	(4,950)	(2,733)
Unwinding of discount – restoration provisions	(3,025)	(1,242)
Net foreign exchange loss	(451)	-
Total finance costs	(8,426)	(6,707)
Net finance costs	(5,780)	(5,804)

9. Dividends

There were nil dividends paid or declared during the half-year ended 31 December 2015 (2014: nil)

Notes to the interim consolidated financial statements (continued)

10. Operating segments

Description of segments

The operating segments are based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. The chief operating decision maker considers the business from both a product and a geographic perspective and on this basis has identified six reportable segments. For each reportable segment, the chief operating decision maker reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the consolidated entity's reportable segments:

South East Australia	Production and sale of gas, condensate and LPG from the BassGas (T/L1, Bass Basin, offshore southern Australia) and Casino (VIC/L 24, Otway Basin, offshore southern Australia) projects.
Western Australia	Production and sale of crude oil, gas and condensate from the Cliff Head oil project (WA 31 L, Perth Basin, offshore Western Australia) and oil and gas fields in the Perth Basin, onshore, Western Australia.
New Zealand	Production and sale of crude oil from the Tui Area oil project (PMP 38158, offshore Taranaki Basin, New Zealand).
USA	Production and sale of gas, NGL and condensate from the Sugarloaf AMI (Texas, United States of America).
Indonesia	The Northwest Natuna PSC development assets comprising the undeveloped Ande Ande Lumut oil (AAL) field.
Exploration Activities	Exploration and evaluation activities within the production licences and exploration permits held by AWE including in Australia, New Zealand, Indonesia and China.

Notes to the interim consolidated financial statements (continued)

The following table presents revenue and profit information as well as segment asset information for the consolidated entity for the six months ended 31 December 2015 and 2014

	South East Australia		Western Australia		New Zealand		USA		Indonesia		Exploration Activities		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales revenue	37,168	41,349	16,445	28,034	27,449	42,355	41,021	49,518	-	-	-	-	122,083	161,256
Production costs	(13,763)	(18,407)	(13,554)	(15,719)	(18,682)	(19,374)	(8,823)	(6,835)	-	-	-	-	(54,822)	(60,335)
Royalties	(26)	(12)	(379)	(594)	-	-	(9,701)	(12,247)	-	-	-	-	(10,106)	(12,853)
Segment result before amortisation	23,379	22,930	2,512	11,721	8,767	22,981	22,497	30,436	-	-	-	-	57,155	88,068
Exploration and evaluation expenses	-	-	-	-	-	-	-	-	-	-	(16,806)	(27,837)	(16,806)	(27,837)
Amortisation	(21,562)	(19,512)	(8,037)	(7,425)	(11,669)	(20,951)	(22,410)	(12,444)	-	-	-	-	(63,678)	(60,332)
Impairment	(126,418)	-	(17,718)	(25,166)	(53,996)	(67,399)	-	-	(13,376)	-	(25,335)	-	(236,843)	(92,565)
Reportable segment loss	(124,601)	3,418	(23,243)	(20,870)	(56,898)	(65,369)	87	17,992	(13,376)	-	(42,141)	(27,837)	(260,172)	(92,666)
Unallocated income/(expenses)														
Other revenue													1,032	413
Other income													36	4,550
Net financing income expense													(5,780)	(5,804)
Other expense													(8,628)	(8,526)
Net loss before income tax													(273,512)	(102,033)
	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
	31-Dec	30-Jun	31-Dec	30-Jun	31-Dec	30-Jun	31-Dec	30-Jun	31-Dec	30-Jun	31-Dec	30-Jun	31-Dec	30-Jun
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment Assets														
Oil and gas assets	142,686	256,041	81,480	97,819	8,358	71,755	281,393	272,453	192,121	184,789	-	-	706,038	882,857
Exploration assets	-	-	-	-	-	-	-	-	-	-	44,243	69,119	44,243	69,119
Other assets	15,698	29,371	19,460	8,968	18,536	39,394	3,712	4,542	4,459	4,036	-	-	61,865	86,311
	158,384	285,412	100,940	106,787	26,894	111,149	285,105	276,995	196,580	188,825	44,243	69,119	812,146	1,038,287
Corporate and unallocated assets													328,771	317,672
Total assets													1,140,917	1,355,959

Notes to the interim consolidated financial statements (continued)

	31 December 2015 \$'000	30 June 2015 \$'000
Exploration assets at cost	44,243	69,119
Opening balance	69,119	109,284
Impairment of exploration assets (note 12)	(25,335)	(1,195)
Additions (net of amount recovered from joint operations)	17,085	63,398
Exploration costs incurred and expensed during the year	(16,806)	(37,582)
Transfer to oil and gas assets (note 12)	-	(71,003)
Increase in restoration and abandonment provision	-	5,822
Foreign exchange translation difference	180	395
Closing balance	44,243	69,119

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest. The impairment of exploration assets reflects the extent to which the costs capitalised are not expected to be recovered through successful sale or development of the area of interest.

Notes to the interim consolidated financial statements (continued)

	31 December 2015 \$'000	30 June 2015 \$'000
12. Oil and gas assets		
Oil and gas assets at cost	2,165,110	2,135,396
Less amortisation and impairment	(1,459,072)	(1,252,539)
	706,038	882,857
Opening balance	882,857	802,054
Transfer from exploration and evaluation assets	-	71,003
Additions	69,954	242,497
Increase in restoration and decommissioning provision	2,027	24,805
Foreign exchange translation difference	25,747	97,962
Amortisation	(63,039)	(111,983)
Impairment charge	(211,508)	(243,481)
Closing balance	706,038	882,857

Impairment – Oil and gas assets

Individual oil and gas producing assets are considered as separate cash-generating units. Recoverable amounts are determined based on the higher of value in use or fair value less costs of disposal.

Impairment testing in connection with oil and gas assets is performed whether there is an indication of impairment. Each half-year the consolidated entity performs an internal review of asset values using cash flow projections. Where there are indicators of impairment these asset values are then tested for impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the income statement with a corresponding reduction in the carrying value of the asset.

The asset valuations are based on a proved and probable (2P) reserve production profile against various estimates and assumptions. The key assumptions used in the cash flow projections include the following:

- Oil and gas prices – a combination of contracted gas prices, forward market prices at 31 December 2015 and longer term observable price forecasts. The forecast oil prices used are set out in the table below.
- Exchange rates – a combination of current spot USD/AUD exchange rate prevailing at 31 December 2015 and long term observable forecasts. The forecast exchange rates used are set out in the table below.
- Discount rates – the post-tax discount rate applied to cash flow projections is 10%.

Nominal oil price and exchange rate forecasts applied

	2016	2017	2018
Oil price (USD) ⁽¹⁾	40.26	47.52	51.92
USD / AUD exchange rate	0.72	0.71	0.71

(1) Financial year 2016 oil price forecast incorporates the impact of Brent and WTI oil price hedges.

From financial year 2019, an independent oil price forecast is used. For financial year 2019 an exchange rate of AUD/USD 0.71 is used and thereafter an exchange rate of AUD/USD 0.70 is used.

Notes to the interim consolidated financial statements (continued)

12. Oil and gas asset (continued)

Impairment charge for the half year ended 31 December 2015	Gross \$'000	Taxation benefit \$'000	Net impairment \$'000
Oil and gas assets			
BassGas	126,418	37,925	88,493
Tui	53,996	-	53,996
Cliff Head	14,582	-	14,582
Beharra Springs	3,136	941	2,195
Lengo	13,376	-	13,376
	211,508	38,866	172,642
Exploration			
Perth Basin	22,333	6,700	15,633
China	3,003	-	3,003
	25,336	6,700	18,636
Total impairment	236,844	45,566	191,278

Asset valuations, based on cash flow projections, rely on a range of assumptions that are subject to change. Accordingly, asset values are sensitive to changes in key assumptions. The impairment that would arise from a possible change in key assumptions (all other assumptions remaining the same) is shown below:

- A 10% decrease in forecast oil prices over the life of the assets would result in additional impairment of \$37.3 million;
- A 10% decrease in forecast uncontracted gas prices over the life of the assets would result in additional impairment of \$9.6 million,
- A 10% increase in forecast exchange rates over the life of the assets would result in an additional impairment of \$20.5 million; and
- A 1% increase in the post-tax discount rate would result in an additional impairment of \$0.8 million.

Impairment – Exploration assets

The impairment of exploration assets reflects the extent to which the costs capitalised are not expected to be recovered through successful sale or development of the area of interest.

Disposals

During the half-year ended 31 December 2015 there were no disposals, however as described in note 19, Subsequent events, the group has entered into an agreement to sell its 10% working interest in the Sugarloaf Area of Mutual Interest to Carrier Energy Partners II, LLC for cash consideration of USD 190 million.

Notes to the interim consolidated financial statements (continued)

	31 December 2015 \$'000	30 June 2015 \$'000
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13. Interest bearing liabilities

Non-current

Bank loans - secured	227,493	169,802
	227,493	169,802

The consolidated entity has access to the following lines of credit:

Bank loans - secured	400,000	400,000
Facilities utilised at balance date	227,493	169,802
Facilities not utilised at balance date	172,507	230,198

The Company has access to a \$400 million secured multicurrency syndicated bank loan facility which is available for general corporate purposes and bears interest at the applicable base rate plus a margin. This facility expires in May 2019.

Unamortised loan establishment fees of \$4 million associated with the facility are amortised over the life of the facility and the unamortised balance has been classified as an asset.

14. Capital

Share capital		
526,735,854 (June 2015: 525,861,050) Ordinary shares, fully paid	772,172	772,172

15. Financial risk management

The Group is involved in activities that expose it to a variety of financial risks including currency risk, fair value risk, interest rate risk and commodity pricing risk. In accordance with Board approved policies financial instruments may be used to hedge the exposure to fluctuations in exchange rates, interest rates and commodity prices.

The Board of Directors has overall responsibility for the establishment and oversight of the financial risk management framework of the consolidated entity. The Board has delegated to the Audit and Governance Committee the responsibility for developing and monitoring financial risk management policies across the Company. The Audit and Governance Committee's primary role is to advise and assist the Board of Directors in assessing the management of key financial risks of the Company. The financial risk management policies and systems are reviewed annually by the Audit and Governance Committee to reflect changes in market conditions and the entity's business activities.

Management of financial risks is carried out by a centralised treasury function which operates under Board approved policies. The Board approved Treasury and Risk Management Guidelines provide clear guidelines to management in respect of the management of financial risks of the Company and are designed to ensure that it adequately reflects the strategic risk management objectives of the Board.

Notes to the interim consolidated financial statements (continued)

16. Fair values of financial assets and liabilities

(a) Fair value measurement

The carrying values of financial assets and liabilities of the Group approximate their fair value.

The Group measures and recognises in the statement of financial position on a recurring basis certain assets and liabilities at fair value in accordance with AASB 13 Fair value measurement. The fair value must be estimated for recognition and measurement or for disclosure purposes in accordance with the following hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Groups assets and liabilities measured and recognised at fair value at 31 December 2015 and 30 June 2015.

	Level 1	Level 2	Level 3	Total
As at 31 December 2015	\$'000	\$'000	\$'000	\$'000
Assets				
Derivatives used for hedging	-	11,271	-	11,271
Liabilities				
Derivatives used for hedging	-	-	-	-
As at 30 June 2015				
Assets				
Derivatives used for hedging	-	-	-	-
Liabilities				
Derivatives used for hedging	-	-	-	-

(b) Valuation techniques used to derive fair values

The Group has entered into derivative financial instruments (commodity forward contracts) with various financial institutions with investment grade credit ratings. Derivatives are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include present value calculations. The models incorporate various inputs including the credit quality of counterparties and forward rate curves of the underlying commodity. All derivative contracts are fully cash collateralised, thereby mitigating both the counterparty and the groups non-performance risk.

As at 31 December 2015, the fair value of derivative assets positions is net of a credit value adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

17. Contingent liabilities and contingent assets

There have been no material changes in contingent liabilities or contingent assets since the last annual reporting date.

Notes to the interim consolidated financial statements (continued)

18. Capital and other commitments

There have been no material changes to aggregate capital and other commitments since the last annual reporting date.

19. Subsequent events

Subsequent to the end of the half-year reporting period, AWE entered into an agreement to sell its 10% working interest in the Sugarloaf Area of Mutual Interest to Carrier Energy Partners II, LLC for cash consideration of USD 190 million. AWE received a deposit during January 2016 of USD 14 million and the transaction is expected to be completed by the end of March 2016. The sale will also result in a reduction to 2P Reserves and 2C Contingent Reserves.

There has not been in the period since 31 December 2015 and up to the date of this report any other item, transaction or event of a material and unusual nature likely in the opinion of the Directors, to affect substantially the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Directors' declaration

In the opinion of the directors:

1. The financial statements and accompanying notes for the half-year ended 31 December 2015 are in accordance with the Corporations Act 2001, including:
 - a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
 - b) complying with Australian Accounting Standards and the Corporations Regulations 2001.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the half-year ended 31 December 2015.

Signed in accordance with a resolution of the directors made pursuant to s.303 (5) of the Corporations Act 2001.



B. J. PHILLIPS
Chairman

Dated at Sydney this 24th day of February 2016.



B. F. W. CLEMENT
Managing Director

To the members of AWE Limited

Report on the Half year Financial Report

We have reviewed the accompanying half year financial report of AWE Limited, which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

Directors' Responsibility for the Half year Financial Report

The directors of the company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AWE Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

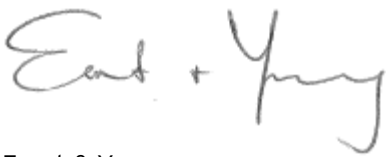
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of AWE Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Scott Jarrett
Partner
Sydney
24 February 2016