Issued by AWE Limited on 29 July 2016

Quarterly Report

For the 3 months to 30 June 2016

HIGHLIGHTS

PRODUCTION AND DEVELOPMENT

- Full year production for FY 2015-16 of 5.0 mmboe was within guidance range
- Following the sale of Sugarloaf in March 2016, June quarter production of 0.9 mmboe was down 33% on the previous quarter as expected
- Waitsia Stage 1A construction nearing completion and on target for first gas in August 2016
- AAL FID now expected in second half of calendar year 2017

EXPLORATION AND APPRAISAL

- Good flow test results from the AAL appraisal well, which successfully drilled and intersected the primary G Sand and secondary K Sand targets and was completed within the Operator's budget

RESERVES AND RESOURCES

- Waitsia gross 2P Reserves increased by 93% to 344 Bcf of gas (AWE share 172 Bcf), and Waitsia gross 2P plus 2C up 30% to 630 Bcf of gas (AWE share 315 Bcf)

FINANCIAL AND CORPORATE

- Net cash at 30 June 2016 was $18 million, comprising cash of $33 million and drawn debt of $15 million
- The average realised oil and condensate price, inclusive of hedging, for the June quarter was A$58.99 per barrel
- Sales revenue, including hedging, for the June quarter was $39 million, down 4% over the March quarter
- Sales revenue, including hedging, for the 2015-16 financial year was $202 million, down 29% over the previous financial year
- Sale of Cliff Head completed and sale of Lengo announced
- No Lost Time Injuries (LTIs) or reportable environmental incidents during the quarter
- New CEO and MD, David Biggs, and new CFO, Ian Bucknell, commenced

	QUARTERLY PRODUCTION BY PRODUCT '000 BOE	QUARTERLY SALES REVENUE BY PRODUCT $'000
GAS	523	15,246
OIL	232	16,715
CONDENSATE	53	4,759
LPG	57	2,680
TOTAL	**865**	**39,400**

Note: Numbers may not add due to rounding. Sales Revenue includes effective hedging where applicable.

MANAGING DIRECTOR'S COMMENTS

Over the past 12 months, AWE has reshaped itself to operate sustainably in a low oil price environment. The key elements of this strategy were cost control, optimisation of operating structures, reduction and reprioritisation of investment spend, and capital recycling through active portfolio management - which included the sale of Sugarloaf, Cliff Head (both complete) and Lengo (pending).

The benefits to AWE have been significant:

- Strengthened the balance sheet by repaying debt with sale proceeds
- Removed significant recurring capex commitments
- Removed near term sensitivity to oil price, while retaining exposure to longer term improvement
- Focused the company on developing Waitsia - a newly discovered, low cost, major domestic onshore gas field in WA.

AWE is now in a substantially different position to where it was 12 months ago. We have reprioritised our production and development portfolio to be firmly weighted towards stable gas revenues in the near to medium term, and future spending commitments have been eliminated or significantly reduced. In addition, the company has repaid over $200 million of debt and was in a net cash position at 30 June.

Although current market conditions are challenging, we remain focused on growing the company. We will continue to foster our traditional technical strengths, particularly in exploration and appraisal, and we have a strong portfolio of quality 2P Reserves and 2C Contingent Resources that provides us with a pipeline of development projects and growth options.

Against this background, AWE achieved a number of milestones in the June quarter with further asset sales, reserves growth and substantial progress on key development projects. Full year production was within guidance, development and exploration spending was disciplined and came in below guidance, and sales revenue was only 4% below guidance, largely due to the timing of liftings undertaken at Tui.

In Western Australia, our operating team made excellent progress on the construction of Stage 1A of the Waitsia gas project and work is rapidly nearing completion. The project is on time and within budget and first gas is planned for August 2016, as scheduled. The concept select process for the next development stage of the Waitsia gas field has commenced.

During the quarter, Waitsia gross 2P Reserves were increased by a substantial 93% to 344 Bcf of gas (net 172 Bcf to AWE) following the evaluation of core data from the Waitsia 1 and Waitsia 2 wells. Total gross 2P plus 2C for Waitsia, Senecio, Irwin and Synaphea now stands at gross 867 Bcf (net 432 Bcf to AWE).

In Indonesia, the AAL appraisal well was spudded in May and two Drill Stem Tests (DST's) delivered positive results, which could lead to an increase in gross recoverable oil for the AAL project and enhanced project economics. Preliminary laboratory testing of the recovered oil samples from both the K Sand and G Sand reservoirs indicated lower levels of impurities than expected, which should have a positive impact on future marketing of the crude. FID has been extended to the second half of calendar year 2017 to allow contractors more time to submit revised bids that conform to recent regulatory changes.

Portfolio management and capital recycling continued with the sale of our interest in the Cliff Head oil project completed in June. The divestment of Cliff Head, a mature production asset, will also reduce AWE's exposure to future field decommissioning costs. The sale of Lengo, a pre-development gas project in Indonesia, was announced in May and is awaiting regulatory approval.

The year ahead will see us further consolidate our position in a very challenging market. With fewer production assets, both production and revenue will naturally be lower over the near term, but our pipeline of quality projects – particularly Waitsia and AAL - makes me enthusiastic about the growth potential of AWE in the medium term and beyond.

David Biggs
Managing Director and CEO

FINANCIAL & CORPORATE

FINANCIAL

Production for the June quarter was 0.9 mmboe, 33% lower than the March quarter as expected due to no contribution from Sugarloaf (sold in March 2016). After adjusting for the divestment of Cliff Head and Sugarloaf, normalised production for the June quarter was 0.8 mmboe and in line with the March quarter.

The ratio of gas to liquids production was 60:40 for the June quarter, compared with 50:50 in the previous quarter, which underlines AWE's near-term strategy of reducing exposure to low oil prices.

For the 12 months to 30 June 2016, total production of 5.0 mmboe was similar to the previous 12 month period (5.1 mmboe) and within our guidance range of 4.9 to 5.1 mmboe. The improved full year contribution from BassGas offset lower production from Casino and Cliff Head and the impact of the Sugarloaf sale.

Sales revenue, including hedging, for the June quarter was $39 million, down 4% from $41 million reported in the March quarter. A single lifting was undertaken at Tui in April and oil inventory at 30 June was 198,400 barrels net to AWE. The average realised oil and condensate price was A$58.99 per barrel for the June quarter and A$57.30 per barrel for the full financial year. Sales revenue for the 12 months to 30 June, including hedging, was $202 million and 4% below the lower end of the guidance range of $210 to $220 million due to the timing of liftings undertaken at Tui.

The mark to market value of unutilised hedging at 30 June 2016 was a liability of $2.3 million, comprising 403,000 barrels of oil hedged for the 12 months to June 2017 at a weighted average Brent price of US$47.82 per barrel in relation to New Zealand production assets. A payment of $1.4 million was made in respect of hedges related to Cliff Head for FY 2016-17 that were closed out early following its divestment.

Development expenditure for the June quarter was $30 million, an increase of 52% compared to the previous quarter. The increase was due primarily to the drilling of the AAL appraisal well and development expenditure in respect of the Waitsia Stage 1A gas project. Exploration expenditure was further reduced to $0.3 million for the quarter. For FY 2015-16, development expenditure of $120 million was below the guidance range of $125 to $135 million, and exploration expenditure of $19 million was below the $25 million forecast.

Field Opex for the June quarter was $26 million and Field EBITDAX for the period was $14 million. For the full financial year, Field Opex was $111 million, down 22% from the previous financial year, and Field EBITDAX was $91 million, down 36%.

At the end of June 2016, AWE was in a net cash position of $18 million, with cash of $33 million, drawn debt of $15 million, and undrawn facilities of $385 million. Subsequent to the end of the period, the company reduced its debt facility by $100 million to $300 million, which reflects AWE's significantly lower capex commitments post the sale of Sugarloaf.

DEVELOPMENT EXPENDITURE	3 months to June 2016 $'000	3 months to March 2016 $'000	12 months to June 2016 $'000
South East Australia	4,457	6,136	45,218
Western Australia	6,769	2,622	17,694
New Zealand*	(46)	2	(2,493)
USA	-	7,997	26,241
Indonesia	19,213	3,184	33,629
Total	**30,394**	**19,942**	**120,290**

Note: Financial highlights are preliminary and unaudited. Numbers may not add due to rounding. Sales Revenue includes effective hedging where applicable. * Credits reflect over-accrued expenditure from prior periods.

EXPLORATION EXPENDITURE	3 months to June 2016 $'000	3 months to March 2016 $'000	12 months to June 2016 $'000
South East Australia	182	260	878
Western Australia	665	615	5,895
New Zealand*	74	71	(201)
Indonesia	183	266	1,774
China*	(844)	87	9,855
Other	69	130	554
Total	**329**	**1,428**	**18,755**

Note: Financial highlights are preliminary and unaudited. Numbers may not add due to rounding. Sales Revenue includes effective hedging where applicable. * Credits reflect over-accrued expenditure from prior periods.

EBITDAX	3 months to June 2016 $ million	3 months to March 2016 $ million	12 months to June 2016 $ million
Sales Revenue	39	41	202
Field Opex	26	21	111
Field EBITDAX	**14**	**20**	**91**

CORPORATE

As previously announced, AWE's new Managing Director and CEO, Mr David Biggs, commenced in May.

Subsequent to the end of the period, Mr Ian Bucknell joined AWE in July as Chief Financial Officer. Ian is an experienced CFO with over 18 years international upstream oil and gas financial experience including senior executive roles at Drillsearch Energy, Great Artesian Oil and Gas, and Oil Search.

In May, AWE received an unsolicited indicative, conditional and non-binding proposal from Lone Star Japan Acquisitions Ltd on behalf of a Lone Star Fund to acquire all of the shares in AWE for a cash consideration of A$0.80 per share. The AWE Board decided to reject the proposal, concluding that it was opportunistic and did not reflect the fair underlying asset value of the company.

In May, AWE announced it had entered into an agreement to sell its 42.5% interest in the Bulu PSC, including the undeveloped Lengo gas project, to a subsidiary of HyOil Pte Ltd for up to A$27.5 million cash. The effective date is 1 April 2016 and the transaction is subject to the approval of the Indonesian government.

AWE completed the sale of its 57.5% interest in the Cliff Head oil project to Triangle Energy in June for total consideration of A$3.2 million with an additional royalty of US$5/bbl receivable by AWE for oil sales in excess of US$70/bbl. The effective date of the transaction was 1 January 2016 and net cash paid to AWE, after final purchase price adjustments, was A$2.3 million.

RESERVES AND RESOURCES

In June, AWE upgraded its assessment of Reserves and Resources for the Waitsia gas project in Western Australia's onshore North Perth Basin. Waitsia gross 2P Reserves increased by 93% to 344 Bcf of gas (AWE share 172 Bcf of gas or 30.4 mmboe) and Waitsia gross 2P Reserves plus 2P Contingent Resources increased by 30% to 630 Bcf of gas (AWE share 315 Bcf of gas or 55.7 mmboe). AWE's 2C Contingent Resources for the Senecio, Irwin and Synaphea tight gas fields remained unchanged at gross 237 Bcf of gas (net 117 Bcf to AWE). AWE was awarded Best Peer Reviewed Paper at the 2016 APPEA Conference, for the second consecutive year, for its paper on the Waitsia field.

PRODUCTION & DEVELOPMENT

SOUTH EAST AUSTRALIA

BassGas Project (35%), Bass Basin
Gross production for the June quarter was up 3% over the previous quarter and comprised 4.6 PJ of gas, 151,000 barrels of condensate and 14,000 tonnes of LPG. AWE's share was approximately 1.6 PJ of gas, 53,000 barrels of condensate and 5,000 tonnes of LPG. Production during the quarter was affected by well head maintenance activity. The average gross daily rate for the quarter was 51 TJ/day.

Hook-up and commissioning work for the compression and condensate pumping modules on the Yolla Platform continued to make good progress, with start up targeting the first half of calendar year 2017.

Casino Gas Project (25%), Otway Basin
Gross quarterly production for the Casino Gas Project increased by 1% compared to the previous quarter, with 4.5 PJ of sales gas and 1,800 barrels of condensate. AWE's share of production was 1.1 PJ of sales gas and 450 barrels of condensate. The average gross daily rate for the quarter was 49 TJ/day.

WESTERN AUSTRALIA

Cliff Head Oil Field (57.5%), Offshore Perth Basin
Gross quarterly production for Cliff Head was down 13%, quarter on quarter, with approximately 107,000 barrels produced at an average rate of 1,174 bopd. AWE's share was 61,000 barrels. AWE completed the sale of its 57.5% interest in the Cliff Head oil project to Triangle Energy in June 2016.

Onshore Perth Basin (33–100%, some Operated)
Gross production for the March quarter was down 18% from the previous quarter. AWE's share of production from the various onshore Perth Basin assets was 400 TJ of gas and 400 barrels of oil/condensate.

Waitsia Gas Project (50%, Operator), Onshore Perth Basin
Work on Stage 1A of the Waitsia Gas Project progressed well, remaining on time and within budget. Engineering, execution and management costs for Stage 1A are estimated at $18 million ($9 million net to AWE) and initial production capacity will be approximately 10 TJ per day. First gas is scheduled for August 2016, with Alinta Energy taking up to a Maximum Daily Quantity of 9.6 TJ/day under a 2.5 year Take or Pay gas sales agreement.

NEW ZEALAND

Tui Area Oil Fields (57.5%, Operator), Taranaki Basin
Gross production from the Tui Oil Fields was down 1% from the previous quarter with 296,000 barrels (net of fuel oil consumed) produced at an average daily rate of 3,250 bopd (gross net of fuel). AWE's share of production was 170,000 barrels. One crude oil sale lifting of 379,000 barrels was achieved during the quarter. Inventory at the end of the June quarter was 345,000 barrels, net 198,400 barrels to AWE.

Work on reducing operating expenditure, including FPSO costs, is continuing. A production optimisation project is also ongoing. Planning for project decommissioning, anticipated in 2019 subject to oil prices, has commenced and discussions with the regulator are ongoing.

INDONESIA

Ande Ande Lumut Oil Project (50%), Northwest Natuna Sea
The AAL-4XST1 appraisal well was spudded in May and operations were completed in early July. The primary target was the G Sand reservoir, estimated to contain 289 mmbbl gross oil in place with 36 mmbbls gross recoverable oil (net 8.4 mmbbls 2C Contingent Resources to AWE), which is located below the K sand reservoir (101 million barrels gross recoverable oil, net 24.3 million barrels of 2P Reserves and 1.7 million barrels 2C Contingent Resources).

The well successfully drilled and intersected the primary G Sand and secondary K Sand targets. Both reservoirs are of excellent quality and were fully cored for further analysis. Drill Stem Tests (DSTs) were performed on both reservoirs and oil flowed successfully to surface, assisted by Electrical Submersible Pumps

(ESPs) which is standard procedure in heavy oil fields due to the viscosity of the oil. The well was logged and then plugged and abandoned according to Production Sharing Contract (PSC) requirements. The well program was completed within the Operator's budget.

The G Sand DST was conducted over a 3.5m perforated interval and exceeded expectations with an average stabilised flow rate of 828 bopd on a 64/64 inch choke over a nine hour period. Wellsite measurements indicated the G Sand oil to have a specific gravity of 10.7 API at 60° F.

A second DST performed in the K Sand over a 6.5m perforated interval recorded initial oil flow rates of 1,120 bopd on a 64/64 inch choke, consistent with previous tests at AAL-3X. However, mechanical failure of a down-hole sand screen prevented the DST from running to conclusion and a stabilised flow rate could not be achieved. Following the mechanical failure, the DST continued for five hours with oil flow rates varying from 536 to 1,959 bopd. Though disappointed not to complete the full K Sand DST work program, the Joint Venture determined that sufficient data had been obtained to meet all objectives of the well and therefore a decision was made to plug and abandon the well as planned. Oil samples were recovered for further testing and wellsite measurements indicated the K Sand oil to have a specific gravity of 13.1 API at 60° F, consistent with previous tests at AAL-3X.

Preliminary laboratory testing of the recovered oil samples from both the K Sand and G Sand reservoirs indicated lower levels of impurities than expected. The Joint Venture will undertake technical analysis and evaluation of this newly acquired data to be incorporated in Development Plan studies for the G Sand reservoir, which could be developed in conjunction with the already approved K Sand development.

The Operator has confirmed that the WHP and FPSO procurement processes for the K Sand development will be extended to allow bidding contractors more time to comply with recent regulatory changes. As a result, the Operator is now targeting the second half of 2017 calendar year for FID and First Oil in 2020.

EXPLORATION & APPRAISAL

AUSTRALIA

Bass Basin
In T/RL2 (AWE 40%), development concept studies for the Trefoil Field are continuing.

Otway Basin
In permit VIC/P44 (AWE 25%), the Operator is reviewing regional exploration prospectivity and is preparing an updated prospect and lead inventory.

Onshore Perth Basin
In EP455 (AWE 81.5%, Operator), the Drover-1 well site decommissioning work has been completed. Seismic reprocessing over the permit is under way.

In EP413 (AWE 44.25%), an updated prospect and lead inventory is being prepared based on the 2015 Arrowsmith 3D PSDM seismic.

Offshore Perth Basin
In WA-512P (AWE 100%), 2D and 3D PSDM seismic reprocessing is complete and interpretation of the data is under way.

North Carnarvon Basin
In WA-497P (AWE 100%, Operator), work continues to progress prospects to drillable status.

In WA-511P (AWE 100%, Operator), interpretation of the multi-client Eendracht 3D seismic survey data is nearing completion.

NEW ZEALAND

Taranaki Basin
In onshore permit PEP 55768 (AWE 51%, Operator), work continued on evaluating the opportunity to drill a vertical exploration well.

SUMMARY OF ABBREVIATIONS

2C	Contingent Resources
2P	Proved and Probable Reserves
AAL	Ande Ande Lumut oil project
Bcf	Billion cubic feet
BOE	Barrels of Oil Equivalent
Bbls	Barrels
Bopd	Barrels of oil per day
DST	Drill Stem Test
EBITDAX	Earnings before interest, tax, depreciation, amortisation and exploration expenses
FID	Final Investment Decision
FPSO	Floating Production Storage and Offloading
FY	Financial Year
GJ	Gigajoules
JV	Joint Venture
LPG	Liquefied Petroleum Gas
LTI	Lost Time Injuries
mmboe	Million Barrels of Oil Equivalent
mmbbl	Million Barrels
mmscf/d	Million Standard Cubic Feet of gas per Day
PJ	Petajoules
PSDM	Pre-Stack Depth Migration
TJ	Terajoules
WHP	Well Head Platform
XPF	Xyris Production Facility

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

CONVERSION TABLES

Volume
1 cubic metre = 1 kilolitre = 35.3 cubic feet = 6.29 barrels
1 megalitre = 1,000 cubic metres

Energy Value
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)

Barrel of Oil Equivalents (BOE)
Sales Gas: 6PJ = 1 MMBOE
LPG: 1 tonne = 11.6 BOE
Condensate: 1 barrel = 1 BOE
Oil: 1 barrel = 1 BOE

Decimal Number Prefixes
kilo = thousand = 10^3
mega = million = 10^6
giga = 1,000 million = 10^9
tera = million million = 10^{12}
peta = 1,000 million million = 10^{15}

PRODUCTION SUMMARY

	3 months to Jun 2016	3 months to Mar 2016	% Change	12 months to Jun 2016	12 months to Jun 2015	% Change
NEW ZEALAND						
Tui						
Oil ('000 Bbls)	170	173	-1%	789	836	-6%
SOUTH EAST AUSTRALIA						
BassGas						
Condensate ('000 Bbls)	53	52	1%	214	166	29%
LPG (Tonnes)	4,907	4,675	5%	19,101	14,126	35%
Gas (TJ)	1,610	1,556	4%	6,370	4,577	39%
Casino/Henry/Netherby						
Condensate ('000 Bbls)	1	1	-31%	3	4	-31%
Gas (TJ)	1,122	1,112	1%	4,814	6,409	-25%
WESTERN AUSTRALIA						
Cliff Head						
Oil ('000 Bbls)	61	70	-13%	278	363	-23%
Onshore Perth Basin						
Oil ('000 Bbls)	1	1	0%	2	3	-32%
Gas (TJ)	406	497	-18%	2,150	2,401	-10%
ONSHORE USA						
Sugarloaf AMI						
Condensate ('000 Bbls)	n/a	199	n/a	626	679	-8%
LPG (Tonnes)	n/a	8,194	n/a	25,246	25,210	0%
Gas (TJ)	n/a	714	n/a	2,221	2,130	4%
TOTAL						
Oil ('000 Bbls)	232	243	-5%	1,070	1,203	-11%
Condensate ('000 Bbls)	53	252	-79%	843	849	-1%
LPG (Tonnes)	4,907	12,869	-62%	44,347	39,335	13%
Gas (TJ)	3,138	3,878	-19%	15,555	15,516	0%
Total ('000 BOE)	**865**	**1,291**	**-33%**	**5,019**	**5,094**	**-1%**
PRODUCTION BY PROJECT ('000 BOE)						
Tui	170	173	-1%	789	836	-6%
BassGas	378	366	3%	1,497	1,093	37%
Casino/Henry	187	186	1%	805	1,072	-25%
Cliff Head	61	70	-13%	278	363	-23%
Onshore PB	68	83	-18%	360	403	-11%
Sugarloaf AMI	n/a	413	n/a	1,289	1,327	-3%
Total ('000 BOE)	**865**	**1,291**	**-33%**	**5,019**	**5,094**	**-1%**

Note: Oil and condensate production rounded to the nearest 1,000 barrels. Numbers may not add due to rounding.

RESERVES AND RESOURCES

The reserves and resources 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. 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 Engineer Engineers and has over 19 years' experience in the petroleum sector in geoscience, 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.

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, and Indonesia.

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

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