

Quarterly Report

For the 3 months to 30 September 2016



HIGHLIGHTS

- First gas achieved from Waitsia (Stage 1A) in August 2016 on time and within budget
- Independent review of Waitsia 2P gas reserves, 34% higher than AWE's current estimate, certifies potential to provide at least 100 TJ/day for up to 10 years (announced 20 September 2016)
- Waitsia JV partners agreed to progress to a 100 TJ/day Stage 2 full field development, with no intermediate stage, to deliver lower costs and considerably higher economic value for shareholders
- AAL G-Sand appraisal well completed ahead of time and under budget, and early results indicate better crude quality and faster drilling time, which should significantly enhance overall project economics
- No Lost Time Injuries recorded during the quarter
- Net debt remains low at \$6 million and total corporate facilities reduced by \$100 million to \$300 million.

MANAGING DIRECTOR'S COMMENTS

"Good first quarter performance from our core production assets and excellent progress on our two major development projects saw AWE off to a positive start in FY17," said David Biggs, Managing Director & CEO.

"Production for the September quarter of 0.8 mmboe was up 2% compared with the previous quarter, after adjusting for the divestment of Cliff Head which was completed on 30 June 2016. On an adjusted basis, sales revenue was up 20% over the previous quarter and Field EBITDAX was up 19%.

"The major highlight for the quarter was the achievement of first commercial gas production from the Waitsia field. Stage 1A commenced production in August on time and within budget. This was followed in September by independent certification of the Waitsia gas field's potential to deliver at least 100 TJ/d for up to 10 years. Both events were important milestones that provided further momentum to our gas marketing and Stage 2 development plans," said Biggs.

"The AAL G-Sand appraisal well was successful and completed ahead of time and under budget. Early results suggest better quality crude, faster drilling times, and potentially fewer production wells to produce the field; all of which could significantly enhance project economics," he said.

Key Statistics	3 months to Sept 2016	3 months to June 2016 ¹	Qtr on Qtr Change	3 months to Sept 2016	3 months to Sept 2015 ¹	Yr on Yr Change
Net Production (mmboe)	0.8	0.8	2%	0.8	0.9	-11%
Net Sales Volumes (mmboe)	1.0	0.8	17%	1.0	0.9	10%
Sales Revenue (\$m) ²	39.7	33.2	20%	39.7	35.6	12%
Field Opex (\$m)	23.0	19.1	21%	23.0	19.8	16%
Field EBITDAX (\$m)	16.7	14.0	19%	16.7	15.7	6%
Average Oil Price (\$/bbl)	63.9	60.1	6%	63.9	63.0	1%
Cash (\$m)	28.6	32.6	-12%	28.6	54.4	-47%
Drawn Debt (\$m)	34.5	14.8	133%	34.5	210.5	-84%

Notes: 1. Production and financial data for prior periods has been adjusted to exclude operations discontinued in FY16, specifically Sugarloaf and Cliff Head. For reported historic data, please refer to AWE's FY16 Annual Report, Quarterly and Financial Reports.

2. Sales Revenue includes effective hedging where applicable. 3. Numbers are preliminary and unaudited and may not add due to rounding.



PERFORMANCE OVERVIEW

PRODUCTION

Production for the September quarter was 0.8 mmboe, 2% higher than the June quarter (excluding contributions from Cliff Head which was divested on 30 June 2016). Production increases from Casino/Henry and the onshore Perth Basin assets, along with new production from Waitsia Stage 1A offset lower production from BassGas and Tui. The ratio of gas to liquids production was 68:32 for the September quarter, compared with 65:35 in the previous quarter, on an adjusted basis.

Production by Product	3 months to Sept 2016	3 months to June 2016 ¹	Qtr on Qtr Change	3 months to Sept 2016	3 months to Sept 2015 ¹	Yr on Yr Change
Oil ('000 Bbls)	152	170	-11%	152	238	-36%
Condensate ('000 Bbls)	53	54	-2%	53	50	6%
LPG (Tonnes)	4,752	4,907	-3%	4,752	4,141	15%
Gas (TJ)	3,373	3,138	7%	3,373	3,517	-4%
Total ('000 BOE)	822	804	2%	822	922	-11%

Production by Segment	3 months to Sept 2016	3 months to June 2016 ¹	Qtr on Qtr Change	3 months to Sept 2016	3 months to Sept 2015 ¹	Yr on Yr Change
South East Australia						
BassGas						
Condensate ('000 Bbls)	52	53	-2%	52	48	7%
LPG (Tonnes)	4,752	4,907	-3%	4,752	4,141	15%
Gas (TJ)	1,559	1,610	-3%	1,559	1,418	10%
Casino/Henry						
Condensate ('000 Bbls) ²	1	1	11%	1	1	-33%
Gas (TJ)	1,241	1,122	11%	1,241	1,445	-14%
Western Australia						
Onshore Perth Basin						
Condensate ('000 Bbls) ²	1	1	-16%	1	1	-55%
Gas (TJ)	419	406	3%	419	653	-36%
Waitsia Stage 1A						
Condensate ('000 Bbls) ²	0	-	N/A	0	-	N/A
Gas (TJ)	154	-	N/A	154	-	N/A
New Zealand						
Tui						
Oil ('000 Bbls)	152	170	-11%	152	238	-36%
Total by Project ('000 BOE)						
BassGas	367	378	-3%	367	333	10%
Casino/Henry	207	187	11%	207	242	-14%
Onshore Perth Basin	70	68	3%	70	110	-36%
Waitsia Stage 1A	26	-	N/A	26	-	N/A
Tui	152	170	-11%	152	238	-36%
TOTAL ('000 BOE)	822	804	2%	822	922	-11%

Notes: 1. Production data for prior periods has been adjusted to exclude operations discontinued in FY16, specifically Sugarloaf and Cliff Head. For reported historic data, please refer to AWE's FY16 Annual Report, Quarterly and Financial Reports. 2. Oil and condensate production rounded to the nearest 1,000 barrels. 3. Numbers may not add due to rounding.

REVENUE

Sales revenue for the September quarter, after adjusting for the sale of Cliff Head and inclusive of hedging, was \$40 million, up 20% from \$33 million in the June quarter. Two liftings were undertaken at Tui and oil inventory at 30 September was 29,000 barrels net to AWE. The average realised oil price was A\$63.89 per barrel for the September quarter compared with A\$60.05 per barrel for the June quarter.

Sales Revenue ² (\$ million)	3 months to Sept 2016	3 months to June 2016 ¹	Qtr on Qtr Change	3 months to Sept 2016	3 months to Sept 2015 ¹	Yr on Yr Change
Oil	20.5	13.1	57%	20.5	13.7	50%
Condensate	2.6	2.9	-11%	2.6	2.9	-9%
Gas	14.6	14.9	-2%	14.6	16.9	-13%
LPG	2.0	2.3	-11%	2.0	2.1	-3%
Total Gas & Gas Liquids ³	19.2	20.1	-4%	19.2	21.9	-12%
Total Sales Revenue	39.7	33.2	20%	39.7	35.6	12%

Average Realised Prices (A\$)	3 months to Sept 2016	3 months to June 2016 ¹	Qtr on Qtr Change	3 months to Sept 2016	3 months to Sept 2015 ¹	Yr on Yr Change
All Products (\$/boe)	40.1	39.1	2%	40.1	39.3	2%
Oil (\$/bbl)	63.9	60.1	6%	63.9	63.0	1%
Gas (\$/GJ)	4.3	4.7	-9%	4.3	4.8	-10%
LPG (\$/t)	426.3	463.2	-8%	426.3	502.8	-15%
Condensate (\$/bbl)	49.0	54.4	-10%	49.0	57.0	-14%

Notes: 1. Production and financial data for prior periods has been adjusted to exclude operations discontinued in FY16, specifically Sugarloaf and Cliff Head. For reported historic data, please refer to AWE's FY16 Annual Report, Quarterly and Financial Reports. 2. Sales Revenue includes effective hedging where applicable. 3. Gas Liquids includes Condensate and LPG. 4. Numbers are preliminary and unaudited and may not add due to rounding.

The mark to market value of unutilised hedging at 30 September 2016 was a liability of \$1.7 million, comprising 291,000 barrels of oil hedged for the 9 months to June 2017 at a weighted average Brent price of US\$47.82 per barrel in relation to New Zealand production assets.

Field Opex for the September quarter was \$23 million, up 21% over the June quarter due to two liftings occurring at Tui. Field EBITDAX for the period was \$17 million, up 19%.

INVESTMENT EXPENDITURE

Development expenditure for the September quarter was \$12 million, a decrease of 51% compared to the previous quarter, due to the completion of the Waitsia Stage 1A gas project construction. Exploration expenditure remained low at \$0.9 million for the quarter.

Investment Expenditure (\$'000)	3 months to Sept 2016	3 months to June 2016 ¹	Qtr on Qtr Change	3 months to Sept 2016	3 months to Sept 2015 ¹	Yr on Yr Change
Exploration and Evaluation	918	329	179%	918	8,222	-89%
Development	12,491	25,609	-51%	12,491	32,043	-61%
Total	13,409	25,938	-48%	13,409	40,265	-67%

Notes: 1. Financial data for prior periods has been adjusted to exclude operations discontinued in FY16, specifically Sugarloaf and Cliff Head. For reported historic data, please refer to AWE's FY16 Annual Report, Quarterly and Financial Reports. 2. Numbers are preliminary and unaudited and may not add due to rounding.

LIQUIDITY

At the end of September 2016, AWE was in a net debt position of \$6 million, with cash of \$29 million, drawn debt of \$35 million, and undrawn facilities of \$266 million. AWE's corporate debt facility was reduced by \$100 million to \$300 million in July 2016.

CORPORATE ACTIVITY

The sale of AWE's 42.5% interest in the Bulu PSC, including the Lengo gas project, to a subsidiary of HyOil Pte Ltd for up to \$27.5 million is awaiting final approval from the Indonesian government.

RESERVES AND RESOURCES

An independent review of Waitsia 2P Reserves, conducted by RISC Operations Pty Ltd, provided certification of the Waitsia gas field's potential to deliver at least 100 TJ/d for up to 10 years (announced 20 September 2016). RISC's estimate of gross 2P Reserves of 460 Bcf of gas was 34% higher than AWE's previously announced gross 2P Reserves estimate, reported to the market on 3 June 2016, of 344 Bcf of gas (AWE share 172 Bcf or 30.4 mmboe). AWE has decided to wait until completion of further appraisal drilling at Waitsia in the first half of calendar year 2017 before revising its 2P Reserves.

Following a reserves downgrade by the Operator of the BassGas project, Origin Energy, AWE's net 2P Reserves for the Yolla field (BassGas) at 30 June 2016 were revised downwards to 7.44 mmboe, after production, as at 30 June 2016. However, the wells are performing better than anticipated since the downgrade by the Operator and additional reservoir engineering work is underway, including revision of the static-dynamic model, to determine the significance of the well performance.

AWE's 2016 Reserves and Contingent Resources Report forms part of the company's 2016 Annual Report which was issued via the Australian Securities Exchange in October 2016.

PRODUCTION & DEVELOPMENT

SOUTH EAST AUSTRALIA

BassGas Project (35%), Bass Basin

Gross production for the September quarter was down 3% over the previous quarter and comprised 4.5 PJ of gas, 149,000 barrels of condensate and 13,500 tonnes of LPG. AWE's share was approximately 1.6 PJ of gas, 52,000 barrels of condensate and 4,700 tonnes of LPG. The average gross daily rate for the quarter was 48 TJ/day.

Hook-up and commissioning of the compression and condensate pumping modules on the Yolla Platform continued to make good progress, with start-up targeting Q4 of FY17. This is the final phase of the BassGas Mid Life Enhancement project. Compression has the potential to deliver a significant uplift in production from FY18. The current gas sales contract is forecast to complete in early CY 2019 and AWE anticipates recontracting production at significantly higher prices.

Casino Gas Project (25%), Otway Basin

Gross quarterly production for the Casino Gas Project increased by 11% compared to the previous quarter, with 5.0 PJ of sales gas and 2,200 barrels of condensate. AWE's share of production was 1.2 PJ of sales gas and 550 barrels of condensate. The average gross daily rate for the quarter was 54 TJ/day.

The Operator is assessing the potential for an additional development well and evaluating nearby prospects for potential exploration drilling. The current gas contract is forecast to complete in CY 2018 and AWE anticipates recontracting gas at substantially higher prices.

WESTERN AUSTRALIA

Onshore Perth Basin (33–100%, some Operated)

Gross production for the September quarter was up 3% over the previous quarter. AWE's share of production from the various onshore Perth Basin assets was 420 TJ of gas and 320 barrels of oil/condensate. AWE's program to decommission non-producing wells and rehabilitate well sites is making good progress. This work is expected to continue for a number of years.

Waitsia Gas Project (50%, Operator), Onshore Perth Basin

First commercial gas production from Waitsia Stage 1A was achieved in August 2016, on time and under budget. Gas from Waitsia Stage 1A is transported south via the Parmelia pipeline where Alinta Energy takes up to a Maximum Daily Quantity of 9.6 TJ/d under a 2.5 year take or pay agreement.

Gross production from the first month of operation of 309 TJ of gas and 53 barrels of condensate reflected a period of commissioning and ramp up. AWE's share was 154 TJ and 27 barrels of condensate. The average daily rate since plant commissioning was 8 TJ/d for the first quarter utilising permitted interruptions planned.

During the quarter, the Waitsia joint venture partners agreed to progress to a 100 TJ/d Stage 2 full field development, with no intermediate stage. This approach delivers considerably higher economic value than a phased development due to lower overall construction costs and alignment with anticipated higher gas prices and stronger customer demand in CY 2020 and beyond. AWE is aiming to contract substantial gas volumes in CY 2017 ahead of FID, subject to joint venture and regulatory approval.

AWE is finalising plans to drill two appraisal wells in the Waitsia field in the first half of CY 2017. The wells will target the southern extent of the field and may lead to conversion of a significant 2C Contingent Resources to 2P Reserves.

NEW ZEALAND

Tui Area Oil Fields (57.5%, Operator), Taranaki Basin

Gross production from the Tui Oil Fields was down 11% from the previous quarter with 264,000 barrels (net of fuel oil consumed) produced at an average daily rate of 2,866 bopd. AWE's share of production was 152,000 barrels. Two crude oil sale liftings, totalling 558,000 barrels (AWE share 321,000 barrels), were achieved during the quarter. Inventory at the end of the September quarter was 51,000 barrels, net 29,000 barrels to AWE.

Work on reducing operating expenditure, including FPSO costs, is continuing in parallel with the production optimisation project. A full underwater inspection of the mooring system is planned for January 2017.

INDONESIA

Ande Ande Lumut Oil Project (50%), Northwest Natuna Sea

The AAL-4XST1 appraisal well operations were completed in early July, significantly ahead of time and under budget. This represents a positive indicator for future production drilling with the possibility of reduced drilling times and costs, and potentially a lower number of wells.

Preliminary laboratory testing of oil samples from the AAL-4XST1 appraisal well indicated substantially lower levels of impurities. Better quality crude will enhance overall project economics by reducing capital expenditure, lowering processing costs and improving crude pricing. Full assay results are expected before the end of 2016.

Technical evaluation of FPSO and WHP tenders is nearing completion. FID for the project remains scheduled for the second half of CY 2017.

EXPLORATION & APPRAISAL

The company continues to proactively manage its exploration portfolio by deferring or reducing all discretionary exploration activity. The company is currently running a farm-out process for all 100% held permits to seek partners and manage near to mid-term exploration cost exposure.

AUSTRALIA

Bass Basin

In T/RL2 (AWE 40%), the Operator is progressing development concept studies for the Trefoil Field.

Otway Basin

In permit VIC/P44 (AWE 25%), the Operator has identified material exploration prospectivity and is preparing an updated prospect and lead inventory for a possible future exploration program that on success could tie into existing infrastructure at Casino Field.

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 ongoing.

In EP413 (AWE 44.25%), the Joint Venture is reviewing permit options and prospectivity 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 ongoing.

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), the Joint Venture has been granted an 18 month extension to drill the Kohatukai-1 exploration well. Work continued on progressing the well location and a farm-out process is underway.

RESERVES CONSENT

The Reserves and Contingent Resources in this report 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 General Manager WA Assets and Engineering, and Mr Andrew Furniss, AWE General Manager 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 geoscience, field development planning, reserves estimation, reservoir 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. Dr Hunt and Mr Furniss have consented in writing to the inclusion of this information in the format and context in which it appears.

AWE reserves and contingent resources are estimated in accordance with the following:

- SPE/AAPG/WPC/SPEE Petroleum Resources Management System guidelines of November 2011;
- SPEE Monograph 3 "Guidelines for the Practical Evaluation of Undeveloped Reserves in Resource Plays";
- ASX Disclosure rules for Oil and Gas Entities, Chapter 5; and
- ASX Listing Rules Guidance Note 32.

AWE applied deterministic methods for reserves and contingent resource estimation for all assets. The reserves were estimated at the lowest aggregation level (reservoir) and aggregated to field, asset, basin and company levels. Estimated contingent resources are un-risked and it is not certain that these resources will be commercially viable to produce.

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}

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
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.

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:

David Biggs
Managing Director and CEO
AWE Limited
02 8912 8000

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

Media enquiries should be directed to:

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