AFTER NEW DIRECTIONS, COMES THE TIME FOR *action*

OBJECTIVES

Our goal is to be a leading energy company in Australia, with a sustainable business providing superior returns to shareholders. We aim to deliver this objective by implementing a clear strategy of: optimising production performance across our core assets, maximising near field opportunities, utilising our skills in new energy and unconventional oil and gas projects, and identifying and pursuing selective acquisitions. We are committed to achieving this aim while preserving our goals of zero harm to our people, minimising our environmental footprint, supporting the communities in which we operate and building a motivated and engaged team.

PROGRESS

During 2011-12, AWE has exceeded the performance of the ASX 200 Energy Index by approximately 30%. We increased our Reserves and Resources base by 31% during the year through the acquisition of key assets in Indonesia, including the undeveloped Ande Ande Lumut oil field, and we improved the balance of our asset portfolio with the sale of part of our interest in the BassGas project. Our unconventional gas business has experienced success in the USA and Australia, and has the potential to add substantially to our reserves and production base. The Company continues to deliver strong and stable production and cash flow from its core production assets, providing the financial base for achieving further growth as an energy company.

FUTURE OUTLOOK

We are committed to delivering on our core strategy in a consistent and disciplined fashion. Over the coming year we will focus on progressing the Ande Ande Lumut project in Indonesia to a final investment decision. In Western Australia, early success in the shale and tight gas projects provides a new and potentially transformational gas project for the Company. At the Sugarloaf shale gas project in the USA, the accelerated development drilling program will continue, with further infill drilling having the potential to substantially increase reserves and production for this asset. We will also continue to pursue opportunities to optimise the performance of our producing assets to maximise value and cash flows. At the core of our success will be our commitment to technical and commercial excellence and financial discipline to deliver continued growth in shareholder returns.