Current Activities

AWE'S CURRENT PRODUCTION OPERATIONS PROVIDE STRONG CASH FLOW FROM A DIVERSE RANGE OF DEVELOPED OIL AND GAS PROJECTS.

Oil and gas production totalled 4.7 million BOE for the 12 months to 30 June 2012. Production performance was impacted by the extended, seven month shut in of the BassGas project as a result of delays in completing offshore construction work for the MLE. The remainder of AWE's production portfolio performed well, with increased production on the prior year from Cliff Head and Sugarloaf and continued good performance from the Tui and Casino/Henry projects.

Sales revenue of $298 million and operating cash flow after tax of $124 million remained strong, supported by higher realised oil prices and lower field operating costs, which were reduced by $30 million on the previous year. Field EBITDAX for the year of $189 million, up $17 million on the previous year, confirmed the strength of the Company's portfolio of production assets.

During the year, the Company continued to focus on opportunities to increase production from, and pursue opportunities adjacent to, existing operations. The successful workover of the Cliff Head-12 well increased production from the field by 7.5% over the prior year and production from the Redback and Redback South gas wells, adjacent to the Beharra Springs gas field, in the onshore Perth Basin added significant gas sales revenue for the reporting period. Accelerated development drilling at Sugarloaf in the USA has seen gas and liquids production increase substantially subsequent to year end. Further opportunities to improve production performance are being pursued in 2012-13. Potential infill drilling at Tui is being considered by the joint venture and tighter well spacing is currently being evaluated at Sugarloaf, offering substantial potential reserves and production upside for the shale gas and liquids project.

Operating costs were reduced during the year and AWE completed two important maintenance and inspection programs on the Tui field on schedule and within budget that resulted in minimal disruption to production. The Company will continue to focus on opportunities to improve the operating performance of its assets in 2012-13 and beyond.

Production is estimated to be in the range of 4.5 to 5.0 million BOE for the 2012-13 year, with sales revenue targeted for $250 to $280 million, based on a Brent oil price of US$100 per barrel and an AUD:USD exchange rate of 1.0. This estimate includes further downtime at BassGas to complete the MLE project and continuing improved production performance from AWE's Sugarloaf shale gas and liquids project in the USA.

PRODUCTION

Geoff Whittome
PIC DONGARA GAS PLANT