



AWE'S SUSTAINABILITY PRINCIPLES ARE SIMPLE AND CLEAR

- Operate a healthy and safe workplace with a goal to achieve zero harm to people
- Minimise the impact of our business activities on the environments in which we operate
- Benefit the local communities in which we operate
- Build a team which is engaged, motivated and rewarded by working with AWE
- Deliver superior, sustainable returns for shareholders

MANAGING DIRECTOR'S MESSAGE



Welcome to AWE's 2012 Sustainability Report. This report provides a review of the Company's activities and results for the 2011-12 financial year as well as initiatives being undertaken to further improve our future performance. AWE's Board and management are committed to developing and building a sustainable business, ensuring that the Company is an active and responsible member of the communities in which we operate.

Our employees and contractors are encouraged to personally support and implement the sustainability initiatives being pursued by AWE and to contribute to identifying opportunities to further improve our performance.

The past year saw a significant increase in AWE's operating activities, with drilling programs undertaken in Australia and Indonesia in addition to existing production operations in New Zealand, Australia and the USA. The acquisition and operatorship of the Ande Ande Lumut oil field development, located in the Natuna Sea off the coast of Indonesia, and the implementation of the shale gas and tight gas testing program in the North Perth Basin, Western Australia, will further increase AWE's operating business in coming years. In anticipation of increased operating responsibility, the Company has expanded its workforce, strengthened its management of health, safety and environment and increased its engagement with stakeholders.

Against a backdrop of significant positive progress on sustainability initiatives during the year, we did, however, deliver a disappointing result in the area of safety. Within AWE operated activities we recorded several lost time incidents. Whilst the incidents resulted in minor injuries, our goal of zero harm to people was not achieved. In our review of these results, we have identified a number of key initiatives which are being implemented to improve our safety performance. These initiatives are described on page 13. AWE remains committed to achieving our goal of zero harm to people and we will continue to strive to achieve that goal.

Although not occurring in the 2011-12 financial year, I feel it is important to provide an update on the shale gas and tight gas hydraulic fracture stimulation program in the North Perth Basin that commenced in late July 2012. In preparation for this program, AWE established safety and environment management plans and engaged openly with government regulators, local communities and landowners to ensure the planned activities were understood by all stakeholders. Stakeholder engagement has included extensive meetings with regulators and local communities in the North Perth Basin, with additional detailed information on the hydraulic fracture stimulation program made available on the AWE website.

This approach has helped us address community and landowner concerns and to date the results of our program have been encouraging. We continue to openly engage with the community and remain focused on meeting all regulatory and environmental guidelines.

I now invite you to read the attached report which details our annual performance for 2011-12 financial year and I direct you to our website www.awexplore.com where additional information on AWE and our operations may be found.

Bruce Clement
Managing Director