ABOUT THIS REPORT

AWE'S SUSTAINABILITY REPORT FOR YEAR ENDED 30 JUNE 2012

This report describes the progress made by AWE over the course of the 2011-12 financial year in the key performance areas of Our People (page 8), Health and Safety (page 12), Community (page 16) and Environment (page 20). In addition, we have introduced information regarding the Material Issues facing the Company in 2012, a description of the Key Assets owned by the Company (page 6) and a new Economic Performance section (page 26). AWE has again retained Ernst & Young for the provision of independent assurance over selected aspects of our sustainability processes and performance.

WHY REPORT ON SUSTAINABILITY?

Sustainability is a key driver of business performance with longer term financial implications. Many stakeholders, including investors, are increasingly interested in sustainability performance and are seeking further clarity on the approach of businesses to sustainability issues. At AWE we are committed to continually assessing and developing our sustainability management framework to ensure it remains relevant to our stakeholders and continues to address the material areas of our business.

AWE launched its first sustainability report in 2008 and we are now in our fifth year of reporting on sustainability performance. We have published this report as a supplemental document to our annual report with a focus on our people, health and safety, community, environment and our economic performance.

ADDRESSING MATERIALITY

As AWE, and the society in which we operate, changes and evolves it is important to assess and review sustainability issues that have the potential to impact the Company's performance. To identify which issues are most material to AWE, we have reviewed and evaluated internal and external information from a variety of sources including:

- Consultation with community stakeholders
- Feedback from our stakeholders regarding the 2011 Sustainability Report
- Benchmarking of key metrics reported by our competitors
- Media coverage of key issues and risks for AWE and the oil and gas industry

MATERIAL ISSUES IN 2012

The materiality assessment process has identified four key issues that have the potential to negatively impact our business if not addressed in a timely and responsible manner:

- Ensuring that business practices remain ethical and comply with local and international laws
- Engaging with local communities, particularly with regard to managing issues related to hydraulic fracture stimulation activities in the North Perth Basin and the associated relationships with land owners and local communities
- Managing relationships with joint venture partners to ensure project delivery and the joint management of risks
- Maintaining high standards of regulatory and environmental management and reporting

AWE is addressing these issues through the implementation of various initiatives including the development of procedures to (a) improve the quality and clarity of stakeholder engagement and (b) enhance the accuracy and quantity of data collected to assist with the monitoring of key environmental and health and safety metrics.

LOOKING FORWARD

To underpin future sustainability reporting we will undertake a formal review of our sustainability policies and practices and develop strategies which will include additional measurement criteria and the creation of long term sustainability targets.

Further improvements to our sustainability reporting process will also include:

- Alignment of reporting with the Global Reporting Initiative (GRI)* guidelines
- Moving towards an integrated reporting approach
- Expanding the reporting of information in an increasingly carbon emission conscious world

REPORT SCOPE

This sustainability report covers both AWE's operated sites and non-operated sites. Sustainability performance data for AWE's operated sites is collected and collated by AWE personnel. Data from the non-operated sites is prepared by the specific asset or project operator, as outlined under the joint operating agreements, and subsequently reviewed by AWE management on a regular basis. All data reported, from all AWE assets, relates to the 12 month period ended 30 June 2012.

INDEPENDENT ASSURANCE

We have obtained independent assurance from Ernst & Young over selected datasets within this report. Their assurance statement is included on pages 31 to 32.

* The Global Reporting Initiative (GRI) is a non-profit organisation that promotes economic, environmental and social sustainability. GRI provides all companies and organisations with a comprehensive sustainability reporting framework that is widely used around the world. In 2002 GRI was formally inaugurated as a UNEP collaborating organisation in the presence of then UN Secretary General Kofi Annan, and relocated to Amsterdam as an independent non-profit organisation.