

ASX Announcement

9 August 2017



AWE to impair AAL carrying value

- **AWE's share of AAL 2P Reserves reclassified as 2C Contingent Resources due to project delays, lower oil price and potential sale of Operator's interest**
- **AWE to impair the carrying value of AAL to reflect this increased uncertainty**
- **US\$88m Carry written down but remains payable on FID decision**
- **Estimated combined P&L impact of A\$220m to A\$230m before tax (unaudited)**

Following on from AWE Limited's (ASX: AWE) reserves update, issued today, the company expects to impair the carrying value of the Ande Ande Lumut (AAL) Oil Project and has reviewed the treatment of the US\$88 million Carry in the company's accounts.

AWE's share of AAL 2P Reserves has been reclassified to 2C Contingent Resources as a result of a number of factors including:

- Further delays to the FID schedule as a result of incorporating the G sand into the existing Plan of Development for the K sand;
- Forward oil price curves continuing to flatten and the spot price remaining subdued (sub-US\$55/bbl); and
- The Operator conducting a sale process for its 50% interest in the project.

These factors have increased uncertainty in the timing of development. As a result, AWE expects to recognise a non-cash impairment of the carrying value of the AAL asset of between A\$130 million to A\$140 million before tax.

AWE has also reviewed the treatment of the US\$88 million Carry relating to the project. Increased uncertainty, as described above, has led to the Carry being written down to nil. This will result in an impairment expense of A\$90 million, but does not represent a relinquishment of the contractual right to receive the Carry which remains contingent upon the project proceeding.

The combined P&L effect on AWE's full year accounts, in relation to the AAL asset, is estimated to be an impairment in the order of A\$220 million to A\$230 million before tax (unaudited). AWE will release its full year accounts for FY17 on 25 August 2017.

AWE continues to see considerable value in the AAL project and notes that any reduction in uncertainty created by the potential change in Operator and project timing could result in the company revising the impairment.

The AAL Joint Venture partners in the Northwest Natuna PSC are:

AWE Limited (via subsidiaries)	50.00%
Santos Limited (Operator)	50.00%



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 a project office in Perth. AWE has a substantial portfolio of production, development and exploration assets in Australia, New Zealand, and Indonesia.

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