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Presentation

BRUCE CLEMENT, MANAGING DIRECTOR, AWE LIMITED: Good morning and welcome to the 2013-14 Full Year Financial Results presentation for AWE limited.

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I'm Bruce Clement, the Managing Director of AWE Limited and I'm joined here today by Ayten Saridas our Chief Financial Officer to provide the presentation.

I'll run past the disclaimer and go to the agenda. What I plan to do today is I'll run through the highlights for the year, providing a brief overview of the highlights. Then I'll have Ayten provide you with the detailed review of the financial performance.

I'll come back later in the presentation to go over a review of where we are today and where we're going as a company focusing on the growth strategy, our major development and growth projects and our exploration and appraisal activities.

In terms of the highlights for this year, the key results for us were that it was an excellent year for the company. We had a strong operating performance and strong financial results achieved in the year.

We were active in the management of the portfolio. In particular with the AAL project and the BassGas project. We've established foundations now for a period of substantial growth for the company over the next three to five years.

Importantly the balance sheet, the funding, the people and the assets are in place to deliver that growth. And our goal is to deliver a production at 10 million barrels of oil equivalent and an EBITDAX of AUD500 million a year by the end of 2018.

In terms of the highlights for the year, the financial highlights, production was up at 5.6 million barrels of oil equivalent. Sales revenue at AUD328.2 million dollars was up 9%, EBITDAX was up to AUD209 million again up 13%. And our net profit after tax of AUD62.5 million was up over 200% on the prior year.

Importantly our balance sheet is in very good order. Net cash of AUD42 million, an undrawn debt facility of AUD300 million means we're in an excellent position to fund our growth initiatives.

As well as that balance sheet we have strong operating cash flow. AUD154 million before exploration expenditure for the year was up 18% on the prior year.

Just on some of the operating highlights and milestones for the year. Production as I said was above guidance; 5.6 million barrels, just above our guidance of AUD5 to AUD5.5 million. Similarly our sales revenue was just above guidance.

Development expenditure was slightly below, largely due to timing of development activities which we'll see are going to increase in this coming year. And exploration was in line with our medium term forecast of AUD50 million a year.

On a couple of our key projects, Ande Ande Lumut, the sale of 50% interest to Santos was a key strategic objective for the company and we achieved that with an excellent outcome and I'll talk a little more to that later.

On BassGas we have sold another 11.25% with completion targeted for this current quarter and we're down to the 35% equity that we had foreshadowed.

On Sugarloaf, accelerated drilling. A good outcome, Marathon are pursuing that asset aggressively and we're seeing some excellent results and we exceeded our operational goals, particularly in production and in HSC where we've had another excellent year of performance.

We have substantially increased exploration and appraisal activity with drilling programmes in New Zealand, Australia and **China** and looking forward to drilling opportunities in Indonesia.

As I said, production was up 13% for the full year driven largely by BassGas availability for a full year of production and that increased production from Sugarloaf. That's an excellent outcome for the **company** and is driving our operating performance.

We've been active in the portfolio management on the **acquisition** side. We acquired 15% more in the Tui project, which we operate and were very comfortable to take that on board at $6.4 **million**.

We acquired a small additional **equity** in the T/18P acreage in Bass Basin which contains the Trefoil potential development. And we were awarded new blocks -- exploration blocks in the Taranaki Basin, onshore New Zealand and offshore in the Carnarvon Basin, Western Australia.

Subsequent to year end we farmed into the 09/05 block in the Bohai Bay in **China**.

As I said, we completed the **sale** of 50% interest in AAL to Santos for AUD188 **million** and that was a key strategic objective for the **company** and has set us on a path to substantial growth with that project.

We sold another 11.25% of BassGas to Prize Petroleum and we've sold out of Yemen with the Block 7 **sale** to Petsec, waiting on government approval.

Finally, we relinquished the Anambas permit in Indonesia.

HSE is a focus for the **company** and will continue to be into the future.

I'**m** very pleased with our results over the last 12 to 24 months where we've had, from the environmental side, no reportable incidents again over the last 12 months. And from the safety side we are well below the industry average on total recordable case frequency. From LTI perspective, we are now almost 2 years LTI free. An excellent result for the **company**.

On the reserve side we have a substantial reserves base; 91 **million** barrels of **oil** equivalent at year end, more than 16 years of production at the current product rate. If we add contingent resources to that, we have almost 30 years of production at the current production rate and we are well placed to deliver the growth from our reserves and contingent resources.

Just closing here on the highlights. I'll give you the guidance for 2014-15 ahead of Ayten talking to you about the financial results in detail.

On the production side, we are forecasting slightly lower production in 2014-15 largely as a result of shut-downs that we anticipate taking on the BassGas, the Yolla facility associated with the MLE project. The drilling of the two additional wells and the potential installation of the gas compression and condensate pumping modules on that platform this coming summer.

You'll see development expenditure is up and that's based on the BassGas activity accelerated and increased drilling activity on Sugarloaf. And the Tui project where we'll be hooking up and commissioning the Pateke-4H early in 2015.

We anticipate this amount of development expenditure to be the peak over the next three or four years ahead of development activity accelerating on AAL with the development drilling there.

So I'll leave you there and pass over to Ayten to run you through the financial performance for the year. I'll come back and talk a little more about where we're going as a **company** after that. Thanks Ayten.

AYTEN SARIDAS, CFO, AWE LIMITED: Thanks Bruce. Good morning everyone.

There's a lot to get through here, so if you can just bare with me and be patient, I will get through this. There's a lot in these numbers, a lot of activity through the year and you'll see that reflected in these numbers.

Firstly just to go through production. As Bruce said production's up 13% to 5.6 **million** barrels, just over our market guidance of 5 to 5.5 **million** barrels.

Now the increase in the production was largely driven by BassGas production which was up 69% and Sugarloaf production which was up 31%. Just remembering that BassGas was shut in the prior year for about 3 months.

Interesting as well for the last 12 months, the product mix has shifted with a larger proportion of production now coming from condensate and LPG.

Whilst we've got a good balance between liquids and gas now, we expect that over the time we are targeting more liquids as production from Sugarloaf increases and we achieve first **oil** from AAL.

For FY15 we have provided production guidance of 4.6 to 5.1 **million** barrels. As Bruce said, a large contributor for this is the shut-in we expect in BassGas for the MLE Phase 1b and Phase 2 activities.

The other thing that is impacting these numbers which I should highlight, is that we are assuming that we will have 35% **equity** interest in BassGas from about September onwards. So for the first quarter of the year, we will have production from BassGas.

From that point onwards we expect price will begin [unclear]. That has an impact of about 250,000 barrels for production.

Importantly we do expect production to trend up in FY16, so let's not overlook the fact that whilst we're going to have a shut-in period for the MLE work in 2016, FY16. Yolla 5 and 6 will come back on line. We will then expect to have full year production for Pateke and also increased production from Sugarloaf as more wells are tied in.

Just moving along to sales revenue, sales revenue for the period was AUD328 **million**, which is an increase of 9% year-on-year and is in excess of our guidance range of AUD290 **million** to AUD320 **million**.

Now the IFL's revenue is largely driven by high production for the year obviously. But higher mix of liquids to gas as well. The average realised price was also higher at AUD109 a barrel, versus AUD103 for the prior year.

Now despite the lower forecast production for FY15, we are maintaining our sales revenue guidance at AUD290 **million** to AUD320 **million**. This is driven by a shift in product mix more towards liquids, that's really coming from Sugarloaf.

Just for the analysts, we have provided this guidance assuming the Brent **oil** price of $100 and Aussie-US exchange rate of AUD0.90.

Now the earnings analysis. We are pleased to report a net profit after tax of AUD62.5 **million** for the year. Now bear with me as I go through this because there's a lot of detail here.

I think importantly, firstly this result actually reflects the key future of our business and a core capability which we do pride ourselves on, which is our ability to create value from asset sales at the right time.

To start off with, we had sales revenue for the year to AUD328. Next we've got production costs and realties of AUD119 **million** which equates to about AUD22 per barrel versus AUD23 for the prior year.

Amortisation expense was up 12% to AUD118 **million** and just a couple of points on this for the benefit of the analysts again. On a cost per BOE basis, amortisation was AUD21.77 per barrel versus AUD20.87 for the prior year.

Now, if you have a look at the segment report you will notice that this higher amortisation charge was largely impacted by the investment in Pateke, the development well there. But it was also offset by a decrease in the amortisation charge in Sugarloaf on the back of increased reserves during the second half of FY14.

Now over time we do expect the amortisation charge to reflect the growth and investment in the producing assets and in particular as we invest heavily in BassGas and Sugarloaf.

Exploration expense for the year was nearly AUD40 **million** versus 10 **million** the prior year. Now this is a significant increase in expense for the year, but I should explain that it does reflect how we treat exploration expenditure in AWE for accounting purposes. Any non-drilling costs we expense as they are incurred. We only capitalise drilling costs.

Now in FY13 we capitalised a large proportion of our costs which were associated with the onshore Perth Basin drilling program. Whilst in 2014 or FY14, we wrote off a majority of the exploration expenditure, which includes AUD12 **million** for the La Bella seismic **acquisition**. And we also wrote of AUD11.5 **million** for the Oi exploration costs, which whilst the results were known post-year end, we felt it was the right thing to write off those costs in FY14.

Now in other it says 55, but there's a lot in there. Just to go through them in a little bit of detail, it includes AUD97 million of profit on the sale of 50% interest in AAL to Santos.

Then we've got other expenses AUD31.1 million and what's in that number is a provision of AUD12.4 million for a fair-value adjustment on the sale of BassGas to Prize Petroleum. It wasn't complete as at 30 June for sale, but we had provided for the fair-value adjustment in the FY14 accounts.

We've also got GVA costs in there of AUD18 million. We also have an increase in our restoration provision for the onshore Perth Basin of AUD3.6 million. We've had a good look at our restoration program and we believe that we need to increase our provisions for the future for that.

Restructuring costs of about AUD4.2 million is also in that number and that relates to the transfer of operating to ship to AAL. We had to terminate a number of employees in our Jakarta office and they relate to termination payments.

So this delivers an EBIT for the year of AUD106 million which is an increase of 76% year on year.

After adjusting for finance costs of AUD10 million and tax expense of AUD34 million we derive an NPAT of AUD62.5 million.

Just for the benefit of the analysts again, the effective tax rate for the period was 35% and what's driving this was the lower effective tax rate on the profit on sale of AAL. On a normalised basis I would assume an effective tax rate of about 50% is probably normal for AWE.

Going to underlying profit if we adjust for non-recurring items, and there were a number of non-recurring items this year, the underlying profit after tax was AUD7 million. Key adjusting items here was, the gain on sale of 50% interest in AAL, the AUD76 billion on an after-tax-basis.

There was also a fair value adjustment on the sale of 11.25% interest in BassGas.

We've also adjusted for onshore Perth Basin restoration provisions of AUD2.5 million and other one-off restructuring project costs of about AUD7 million.

Now comparing the underlying profit year-on-year does result in swings and roundabouts, but that's largely driven by the way that we treat exploration expenditure. If we adjust for exploration expense in the underlying NPAT you will see a significant increase year on year.

So for AWE really, the key measure for us and the measure we focus on as an indicator of performance is Field EBITDAX and I'll go through that in the next slide.

Field EBITDAX. Now AWE, we operate across the whole of the EMP value chain from exploration appraisal through to production. Now this is not unique to AWE, but the strength and scale of our producing assets does make AWE stand out amongst our peers.

We use EBITDAX as a key measure of performance, as we believe firstly it reflects the strong underlying cash flows from our producing assets. But more importantly it is this cash flow that enables AWE to reinvest in the growth of the business, whether that be in exploration, development or acquisitions.

Field EBITDAX for the period was up 13% to AUD209 million. The stand out performance over this period was from BassGas which had a full year of production and Sugarloaf which had an increase in Field EBITDAX of 32%.

EBITDAX is also a better measure for our three to five year targets and as Bruce has mentioned we are targeting EBITDAX in excess of AUD500 million by the end of 2018.

CAPEX investment. We invested AUD188 million in exploration development over the past 12 months. Of this amount, AUD44 million in exploration was mainly to do with the Oi exploration well and the La Bella seismic acquisition costs, as well as GNA and GNG costs in Indonesia and onshore Perth Basin.

We also invested AUD144 million in key producing assets, including the Pateke development well and increased drilling activity at Sugarloaf.

Now going forward to FY15, we expect to invest AUD220 million to AUD250 million to sustain production capacity in a number of our key assets, which includes the BassGas MLE drilling program and the lift of the compressor unit. Substantial increase in drilling at Sugarloaf, tie-in of the Pateke well and some investment in AAL as we approach FID in the middle of 2015.

I think two key important points to take away from this slide is that we expect FY15 to be our peak year for CAPEX spend prior to AAL drilling. And whilst operating cash flows will fund a large proportion of this CAPEX in FY15, we will draw down some debt to fund this CAPEX.

Moving along to cash flow. As I mentioned, we do focus very much on EBITDAX and operating cash flows which is a strong indicator of performance for our business.

In FY14 operating cash flow after adjusting for exploration expenditure was AUD154 **million** which is an increase of 18% year on year.

In the AUD96 **million** for acquisitions and disposals, we received AUD86 **million** for the **sale** of 50% interest in AAL. That was after tax. In that number we've also got AUD16 **million** deposit from Prize Petroleum for the **sale** of BassGas which was not complete at the end of the year.

These cash flows were then reinvested in the repayment of debt of AUD78 **million**. CAPEX spend is AUD131 **million**, which again, mainly was the Pateke well and the Sugarloaf drilling program, as well as AUD40 **million** in exploration.

At the end of the year we had AUD42 **million** of cash and no drawn debt. Now as I mentioned, during FY15 we do expect to receive the balance of proceeds on the **sale** of BassGas of about AUD50 **million** and we will draw down some debt to fund the CAPEX program ahead of us.

As I mentioned earlier, the CAPEX program for FY15 is expected to be the peak before we commence the AAL development program.

Finally, over to our balance sheet.

Now over the past few years the Board and management of AWE has focused very much in rebalancing the asset portfolio and to position our balance sheet for growth.

Just in this last 12 months we have gone a long way towards achieving a number of our milestones, some of which Bruce has already touched on. This is reflected in quite a number of movements in the balance sheet over the last 12 months.

Some of these include the **sale** of 50% interest in AAL and additional **sale** of 11.25% interest in BassGas which we have moved from **oil** and gas assets to assets held for **sale**.

During the last 12 months we've also repaid the corporate loan facility and we've also refinanced in December last year. We now have a facility that matures in December 2017. So at the end of the year we had AUD42 **million** of cash and no debt. However, we do expect to draw down some debt during the FY15 year to fund the CAPEX program.

As we've said in the past we will continue to invest in core producing assets to sustain production capacity in the short to medium term of our existing business and to help achieve that target of doubling production to 10 **million** barrels by the end of 2018.

I think our strong balance sheet as well as our corporate loan facility will be key to our ability to reach this target.

Now, in terms of capital management, I should point out that the Board and management continues to assess our capacity to make a capital return to shareholders where we can do so.

At this point in time we believe we have substantial opportunities to drive growth through investment in the existing asset base, as well as **acquisition** opportunities and therefore we believe that it's the right thing to preserve capital at this point in time.

And on that point I will hand over to Bruce to talk about our growth strategy.

BRUCE CLEMENT: Thanks Ayten.

Just coming back, I'll close reasonably quickly here and then we can go to questions.

In terms of the growth strategy, we are -- it's unchanged from what we've been talking about for the last 12 months or more.

It's on three platforms. It's an **oil** strategy focused on **oil** in Indonesia, New Zealand, Australia and now in **China**, where we're drilling an exploration well as we speak. High value gas in Australia, east coast and west coast and in Indonesia where we are participating in a market there that is strengthening, particularly in the areas we're focused on in east Java.

In the unconventional space, we're bringing back learnings out of the US into the Perth Basin where we're in the middle of a significant drilling program there -- a three-world program. And in Indonesia where we've completed a joint study there on some onshore acreage that we have an opportunity to participate in in the future.

In terms of our portfolio as you can see it is focused in Australia, New Zealand and Asia -- geographic focus. We're across a number of basins with a portfolio of assets, but our geographic focus is in this part of the world. Except of course for the Sugarloaf interest in the US and in the Eagle Ford and Austin Chalk play there.

In terms of what we see as the AWE advantage, we do have a clear business strategy and a clear goal that we've talked about. We have a balanced portfolio with some play diversity across unconventional and conventional. And we do have multiple growth opportunities both within the 2P reserves and within the contingent resources.

We have -- our assets have access to markets particularly the gas assets and have attractive pricing in Australia and in Indonesia.

We focus on our people skills which are in the technical and commercial areas and we believe we have excellence in both those areas.

We aim to be involved as a **company** early in projects where we can add value. And right now as Ayten has pointed out, we have the balance sheet in place and strong cash flows to deliver this strategy. We are planning to accelerate production and development activity over the next three to five years.

In terms of delivering that growth, just schematically there are a number of activities going to be going on over the next few years. Sugarloaf, we'll be drilling actively in Sugarloaf for the next four or five years. In BassGas, over this coming summer we plan to drill two development wells to bring production back up to the facility's capacity and we're looking at the potential to install gas compression.

In Pateke, we're going to tie in the Pateke 4H well into the Tui facilities and increase production there. In the Perth Basin, currently focused on the Senecio opportunity but in the longer term, the broader unconventional play in the Perth Basin. The big step up in production will come from the Ande Ande Lumut project when we bring that online, currently targeting late 2017.

In addition to that though, we also have a number of 2C assets, particularly our assets like Lengo and some of the other Perth Basin assets and the exploration activities we're pursuing that could deliver additional growth in that period.

To quantify that in production terms, you can see that relatively flat into next year with a little step up in 2016 and 2017. Then the big step up in 2018 as we bring in the AAL production and we continue the growth in Sugarloaf and in the green area targeting primarily the Perth Basin opportunity.

You can see the majority of what we're targeting is 10 **million** barrels of **oil** equivalent in 2018 is coming from 2P reserves. These are all in the current portfolio. We don't need exploration success or acquisitions to achieve this and it is our goal for a three-to-five-year period.

Coming back and a quick look at the major projects. Sugarloaf, it's been a great success story. 31% increase in production. The 2P and 2C reserves and resources combined are up 82% here and particularly focus on 2C resources here because that's in the Austin Chalk. And we know that as we drill more wells we'll bring that across to reserves in the future.

55 wells were spudded during the year of which 38 were brought on to production before the end of the year. We have 128 wells in production; expect another 45 to be drilled in the second half of this year. We anticipate further increases in production.

The operators are bringing down drilling times and costs and increasing efficiency in wells and in particular improving completion fracking and completion designs. And we're seeing some initial production performances at 25% better than what we have seen previously.

We're also targeting tighter well spacing. Now down at 40-acre spacing on development and we're testing 30-acre spacing. It's all good news on Sugarloaf; increased production, increased reserves and increased activity.

On BassGas in Yolla, we're planning to drill the two wells this coming summer. We have the West Telesto rig contracted and that should start in the fourth quarter, potentially early 2015. We also are considering an opportunity as a joint venture to accelerate the installation of the gas compression and condensate pumping modules over this coming summer. Overall though, we're targeting to bring production back up to the 60 to 70 terajoules of facility capacity and on top of that a very good condensate yield.

In Tui, after drilling the Pateke 4H wells last year, we planned to tie that well in and commission it in the first half of calendar year 2015 and bring production into the Tui facilities in the second quarter of calendar 2015.

On Ande Ande Lumut, good progress is being made there with development activities with the feed work on the wellhead platform and the FPSO contracting planned to the tender process is planned to commence in this half. FID is planned for the mid-2015 timeframe and targeting first **oil** late in 2017.

The joint venture is also considering the potential for an appraisal well in the deeper G-Sand in the Ande Ande Lumut field. The G-Sand has the potential we estimate to have 35 **million** barrels of gross recoverable **oil** in it which will be incremental to the field development plan for the K-Sand. We would need a new plan of development approved by the regulator for this but the joint venture thinks that this could be a good opportunity to add value to the project in the longer term obviously, with further development drilling into the G-Sand.

In terms of exploration and appraisal, our activity has accelerated over the last 12 months and we'll continue to be active in 2014/15. In the Perth Basin, the three well program is well underway. The Drover well has been drilled and we're evaluating data from that well as we speak. At Senecio-3 we have drilled the well now to TD and we are logging the well at present. There was a release that we issued today to ASX on that.

The Irwin prospect to the east of Senecio, we plan to drill later in the year and we obviously have the Synaphea prospect between there and between Senecio, Irwin and Synaphea. We do see potential prospective resources there in the unconventional space of up to 200 Bcf of gas.

At Arrowsmith, further testing work there has high graded the Caryngina and the Irwin River **coal** measures. We completed an independent prospective resource estimate there of 11 TCF in those lower four blocks that you can see on the map of which AWE holds a net 9.2 TCF interest.

In the east coast market we are leveraged to the gas price growth that's occurring here in the Otway and Bass Basins. In the Otway, in Vic/P44 the operator is evaluating opportunities to drill further development wells here to extend and increase the reserves and resources there in the Vic/P44 Otway project.

In Vic/P67 we now have the fully processed 3D seismic volume which we will evaluate before making a decision whether to participate in exploration drilling here. In October of this year we'll make that decision.

In the Bass Basin we talked to you about the Yolla development activities, the BassGas development there. We also hold interests in T/18P which are longer-term development opportunities beyond the base Yolla development, which could be tied back to those facilities and produced out in the 2020 timeframe.

In Indonesia we're making good progress; excellent progress on Lengo where the operator there has prepared a POD and a draft has been submitted to SKK Migas. We're aiming to have a POD approved during this year and moving into development on that project. An estimated 200 Bcf of recoverable gas which would go into an East Java market that is short **energy** and looking for more gas and a healthy pricing regime.

In the East Java Sea, in the North Madura PSC and Termbu PSC, we're looking to acquire some further seismic and we are evaluating drilling prospect in the North Madura PSC that obviously the seismic will be providing more data on.

In onshore Sumatra we have completed the joint study on the unconventional gas opportunity there and we are now waiting for that acreage to be put out into a bid round in the coming year or two.

In terms of exploration we're renewing the portfolio. Three new areas we're focused on. In the Carnarvon Basin, we were awarded a block in the Carnarvon Basin, 100% to AWE as operator. In Onshore Taranaki east of New Plymouth we have an onshore block there with AWE 50% operator. And in the Bohai Bay we farmed into a block there for a 40% **equity** and a well is currently drilling on that as we speak.

In terms of the outlook for the **Company**, it is a very positive outlook. And looking forward into this current year just for catalysts in terms of key activities the **Company** is undertaking, drilling of the exploration well in the 09/05 block in Bohai Bay, the outcome there -- and we should know that in a matter of days or weeks -- will be an important milestone.

Obviously the three unconventional wells in the Perth Basin are important to us. This is a potentially huge resource for the **Company** and we are evaluating that in a measured way but in the northern part of the basin in particular, the Senecio well is important for an early development opportunity of a tight gas field there.

In Sugarloaf, further drilling there. Another 45 wells planned for the second half of this calendar year, again targeting both the Eagle Ford and the Austin Chalk. As we drill more wells into that Austin Chalk we should see reserves or resource conversion to reserves and we should also see growth in production.

BassGas, bringing the field back up to production to the facility's capacity of 60 to 70 terajoules a day following the two well program is important and if the opportunity is there we'd like to install the gas compression, the modules on the platform so that we have the long-term facility there for a production out into the 2020s.

At AAL, targeting a final investment decision at the middle of 2015 calendar year and on Lengo we have POD in with the regulator now and we'd be looking for approval of that during the year.

Just to close on the summary, it really has been an excellent year for the **Company**. We've achieved pretty much all our major strategic goals that we set for ourselves at the beginning of the year and those were around the assets. In particular the AAL project and selling down 50% and also selling down a further 11.25% in BassGas.

We've exceeded our operating guidance for the year on production and revenue and our reserves are in a position now where we have 16 years of production in 2P reserves at the current production rate and almost 30 years in 2P and 2C resources.

On the financial side, we've brought operating costs down on a per barrel basis. The balance sheet is in great shape with significant capacity. We can fund our growth activities over the next three to five years from the cash flow, from our portfolio of assets and the existing debt facility. And we will continue, as Ayten said, to assess the capital management opportunities but balanced against our growth opportunities.

Again operationally, an excellent HSC performance. Production assets all performed well, substantially increased drilling activity is now going on in the portfolio and we have actively managed our asset portfolio and we've got it into the right shape.

In growth assets or growth projects, they are in place, they are substantial in size and they are gaining momentum. So that's an excellent story.

The future direction, it's a clear goal in what we're setting ourselves, that 10 **million** barrels of **oil** and AUD500 **million** of EBITDAX in 2018 and our strategy is in place to deliver that. We will continue to review new opportunities but bottom line is we are focused on delivering the growth and creating value for our shareholders.

So I'll leave it there and come back now and ask if there are any questions from the audience out there in internet land.

Questions and Answers

OPERATOR: Your first question comes from Dale Koenders with Citigroup. Please go ahead.

DALE KOENDERS, ANALYST, CITIGROUP: Hi. I had a couple of quick questions on the Perth Basin unconventional, the 200 Bcf gross prospective resources. Could you maybe provide some guides in terms of what sort of CapEx would be required to develop that resource in terms of both the scope and the actual dollar amount?

BRUCE CLEMENT: Look, it's pretty early days to give you a CapEx estimate in detail for the project. It really revolves around the Senecio appraisal working -- and we've now drilled that well and we're logging the well as we speak -- but also obviously the Irwin and Synaphea exploration prospects coming in.

But realistically, we're in the middle of infrastructure. We're not far from the Dongara gas plant. We have the Parmelia Pipeline to the Perth market connected to the gas plant. So it's not a lot of capital in terms of facilities that we need to include here. It's really around the drilling side and whilst I can't comment on how many wells until we see the quality and size of the reservoir, it's not going to be a huge drilling project but it will require probably half a dozen wells per field to develop as a minimum but not a big CapEx beyond that because the facilities are there.

DALE KOENDERS: As you look at these resources would you classify them as tight gas or more unconventional shales and basin-centred gas? How do you see the quality of the reservoir compared to other unconventional opportunities?

BRUCE CLEMENT: Up in that area around Senecio, that Dongara, Wodgina horizon that we've been targeting is very much tight gas, probably erring on the better end of tight gas but it's a tight gas. It's certainly not shale gas play.

DALE KOENDERS: So am I fair to assume this sort of development would be horizontal wells still multistage [fracking simulation]?

BRUCE CLEMENT: I don't think we can assume anything until we actually get all the data but we'd be looking at horizontals. We also look at verticals and deviated wells as well. We haven't made any call on that and we won't until we actually get all the data from the appraisal well we've just drilled.

DALE KOENDERS: Okay. One quick question then just on Sugarloaf. The 25% increase in initial production rates, can you provide a bit more colour as to how the well designs have changed to achieve that increase in performance?

BRUCE CLEMENT: Without going into too much of the engineering detail, it's really around the fracking of the wells. I think that as we've moved forward in the area with frack designs, the operator has learnt that a lot of the fracking is near wellbore that we're actually getting the productivity from. That's why the spacing has come down and why the design of the fracks now is very much targeting near wellbore fracking and matrix breakdown so that we're actually getting good -- not long propagation of fracks but good matrix fracking around the wellbore. That's where the improved productivity is coming from.

DALE KOENDERS: Very good, thank you.

OPERATOR: Your next question comes from Scott Ashton with BBY Limited. Please go ahead.

SCOTT ASHTON, ANALYST, BBY LIMITED: Good morning, Bruce and Ayten and the rest of the team. Just going back to slide 19. I know there's some stuff buried in the results, but can you just give us a bit of a split on how that AUD220 **million** to AUD250 **million** FY15 guidance is actually split? If you could maybe just provide some rough numbers. And just on the exploration spend of AUD50 **million**, is that sort of split roughly AUD14 **million** for [Yolla] and AUD30 **million** for BassGas and the balance on some other stuff?

The second question, I just looked at the admin costs and they're up 66% year on year. I presume that's related to some of the one-off restructuring costs. So going forward, how much should we be viewing admin costs?

BRUCE CLEMENT: Scott look, we've provided some CapEx in relation to BassGas and Tui in the slide presentation, our net share of those projects which totals about AUD100 **million** of that AUD220 **million**. Obviously Sugarloaf is a big chunk of that.

If we're at 10% **equity** and drilling 90-odd wells in a year and I won't do the maths for you but they're AUD7.5 **million** or AUD8 **million** a pop. You can get to a CapEx for Sugarloaf as well and obviously there's a little bit of facilities add on top of that. So you can see the breakdown in that 220/240 number is -- you can probably back into that reasonably well.

In terms of the admin costs, directionally that is up for the year. We had some one-offs this year around the particularly AAL and the restructuring there and also now that we've got our portfolio in place, you can expect admin to be coming down on a net basis.

SCOTT ASHTON: Okay righto that's great. Just one further question. I don't know whether you've -- just providing a little bit more colour just from a Pateke volumes but are you in a position to provide more than what you've got there? Just in terms of obviously the money being thrown at to monetise those resources and --

BRUCE CLEMENT: We haven't explicitly got it here but it will appear in our annual reserves reporting, but it's of the order of about 2 **million** on a 2P basis that we have here on a gross basis. So Pateke will be okay but it's not going to be a barn burner.

SCOTT ASHTON: Righto. Thank you.

OPERATOR: Your next question comes from John Hirjee with Deutsche Bank. Please go ahead.

JOHN HIRJEE, ANALYST, DEUTSCHE BANK: Yes, good morning everyone. A question on slide 27, the forecast production outlook. I note the comments you made on the chart itself but I just wanted to get an understanding. The production variance that you highlight on the chart, can we infer from that is that meaning that you get pretty strong production growth, no unscheduled outages and all of that sort of thing? So could you just elaborate on what that production variance includes if you assume the top of that production curve?

BRUCE CLEMENT: What we -- the production variance is -- the intent here is that we're not just drawing one black line on the chart but giving you a range of where we would look into the future to see that 2P production being in. So it's not necessarily a fixed single number, it's a range that we're talking about. And again as you see in the note, it's not formal guidance at this stage. It's our goal and what we're aiming, what we're targeting to achieve. Sorry I missed, John, the second part of the question.

JOHN HIRJEE: Is the bottom end of that production variance based on scheduled maintenance and all of those sort of things happening and is the top end unplanned -- there are no disruptions to production?

BRUCE CLEMENT: Not really. I think the top end's probably got a little bit of scheduled downtime, what we would anticipate and the bottom end's probably got some unscheduled, unexpected outcomes.

JOHN HIRJEE: Right, okay. Thank you. Next question relates to AAL where you're indicating that you want to take FID late 2015 or second half 2015 and first **oil** 2017. How confident are you that getting all the FPSO executed can be done in that timeframe?

BRUCE CLEMENT: It depends on many things John, and in particular it will depend on working with the regulator who in Indonesia is heavily involved in major contracts and the approval of major contracts.

We will be going through a tender process in which we will need to have a certain minimum number of tenderers bidding on the work, taking that through to commercial approval and then, obviously, regulator approval. There are two or three independent steps within that process that the regulator needs to approve before you go to the next step. So it's a little different from operating in Australia.

We're reasonably confident that the schedule for second half 2015 can be achieved. But it does depend on performance from the joint venture and from the regulator and obviously from the FBSO market delivering as well.

JOHN HIRJEE: Yes and just on that, with the new Indonesian government have you sensed that the regulatory side is moving ahead and so that you're getting things approved or is it still formulating their department?

BRUCE CLEMENT: Look I think it's fair to say we haven't seen any material delays in approvals while the election was on and subsequent to the election no changes in terms of the behaviour of the regulator. I think that we're moving ahead pretty much business as usual there.

JOHN HIRJEE: Thank you very much.

OPERATOR: Your next question comes from James Redfern with Wilson HTM. Please go ahead.

JAMES REDFERN, ANALYST, WILSON HTM: Good morning Bruce. I just had a question on BassGas. I just wanted to confirm that production is still coming from the Yolla 4 well only and just wondering when Yolla 3 will come back on? Just in terms of this scheduled shutdown for the Yolla 5 and 6 wells, just wondering if you could quantify the magnitude of the production impact just in terms of the December quarter and March quarter during the program? Thanks.

BRUCE CLEMENT: Look in terms of Yolla 3 there's no near term plan to bring Yolla 3 back into production and we are only producing from Yolla 4 you're correct. In terms of the drilling I'**m** just looking across at Neil -- in terms of the drilling do you know how many weeks of downtime we've got in there? I know we've got downtime in relation to bringing the rig in and taking the rig out and we've also got some downtime in there that we've made some assumptions that we will go ahead or we've included the planned or the potential to do the lift in there. So I think we're talking -- is it -- no look I'll have to take that one on notice in exactly how long it is, my apologies.

JAMES REDFERN: Yes okay Bruce. I was just wondering how material it was to just --

BRUCE CLEMENT: It is reasonably material so yes.

JAMES REDFERN: Yes okay, okay thanks Bruce.

OPERATOR: Your next question comes from Ben Wilson with JP Morgan. Please go ahead.

BEN WILSON, ANALYST, JP MORGAN: G'day Bruce. Just another question on your FY15 production guidance. You mentioned the tie back of 4H and that should be producing by the last quarter of the financial year. Is that production increment incorporated in that production range guidance? And if so what kind of production uplift do we expect from Tui once that's tied back in?

BRUCE CLEMENT: We have got some of Pateke in that fourth quarter of the year. In terms of production increment, we would anticipate the well coming on at many thousands of barrels a day but we don't have it in there for the full quarter and obviously like all the wells on Tui we don't think it will sustain at those rates for a long period of time.

BEN WILSON: Okay and on the -- just to confirm, I think you mentioned it earlier that the production guidance does assume that installation of the compression module. And given it seems as though you're still debating that when do you anticipate a decision on the installation this summer?

BRUCE CLEMENT: We're evaluating an opportunity to do it right now and I would expect -- well I know we have to make that decision in the next -- during September or else we'll lose the opportunity. So these require reasonably large pieces of equipment to install in terms a crane barge. So we're looking at the opportunity right now and we'll make that decision in September.

BEN WILSON: For it to be done prior to the yearend or sometime over summer?

BRUCE CLEMENT: For it to be done this summer yes, absolutely.

BEN WILSON: Okay. Alright thanks Bruce.

OPERATOR: Your next question comes from Nik Burns with UBS. Please go ahead.

NIK BURNS, ANALYST, UBS: Good morning. Just a couple of questions. First of all just on Sugarloaf. So you're giving guidance now in the second half 2014 for up to 45 new wells. I think first half there was 37 wells so bringing totals up to the 82 for the calendar year. I think prior guidance was for 100 to 110 wells in calendar 2014. I'm just wondering what's changed from the operator's perspective to maybe not drill as many wells this year?

BRUCE CLEMENT: It's not actually a change in the number of wells it's actually the change in the number of wells brought on line. What we've found is that as the operator has gone into a batch drilling, batch completion and batch fracking modes, what we find is that we actually have an inventory of wells that are in various stages of drilling and completion.

At yearend I think we had 20 to 30 odd wells that were in that -- we've actually had a lot of wells drilled in the first half but we've still got 20 or 30 wells that are waiting to be brought into production at yearend.

So there's a -- there will be an inventory at year end -- sorry the end of the calendar year similar to that. So we're probably not far away from the 100 odd targeted wells spudded but not brought into production. So we'll continue to see an inventory a bit like production inventory over each of the period ends in the future.

BEN WILSON: So is that 45 new wells you've mentioned on slide 29 is that the number of wells brought on line in the second half?

BRUCE CLEMENT: Yes I think if I just go to that slide you'll see that 55 was spudded in the full year, 37 in the second half. We really didn't get after it until the second quarter of the year. The majority of those were in the second quarter and we would expect another 45 to be brought on line in the second half yes.

BEN WILSON: Right okay. Just on exploration spend you're still guiding for AUD50 million for FY15. Just a little surprised with that given that you were off to a big start with the Bohai Bay farm and the activity there. Does that number assume that the G-Sand well is also drilled in AAL or is there any further guidance or breakdown that you can provide on that AUD50 million?

BRUCE CLEMENT: We're still targeting the AUD50 million for the full year and it doesn't include the G-Sand well at this stage. If we were to drill that I'm not sure of the timing. It will be rig availability timing. So we're still targeting AUD50 million for the full year. Now recognising that it's not a cap but an average that we've been targeting the last three or four years and a couple of things slipped out of last year into this year but AUD50 million odd is about where we aim to be.

BEN WILSON: Okay that's great. Thanks Bruce.

OPERATOR: Your next question comes from Mark Wiseman with Goldman Sachs. Please go ahead.

MARK WISEMAN, ANALYST, GOLDMAN SACHS: Good morning Bruce. Thanks for the update. Just two questions -- firstly on the five year production growth target that you've reiterated again this morning doubling from FY13 to 10 million barrels. Are you able to give some sort of indicative comments on what milestones you need to pass to get to that target?

BRUCE CLEMENT: If you just have a look at the slide prior to that with the four or five key projects that we need to deliver. In terms of getting there we need to have the Sugarloaf drilling program over the next four or five years where we do anticipate substantial drilling there, 90 to 100 wells per year over that period. Very much in line with what's happening this calendar year. BassGas getting the development wells in there and having the gas compression available so that we can get production back up to the 60 to 70 terajoules a day and maintain it there.

In the near term with Pateke but that's not going to be a long term increase. That will be more of a short term increase tying that in.

In the Perth Basin that green wedge that you see bringing Senecio development in later in the decade 2017/2018 period and bringing gas into the Perth Basin which we think is very much achievable subject to obviously finally the appraisal results there.

Then on Ande Ande Lumut, that's the big step up when we look at that step into 2018 year the production increase from AAL coming on line.

MARK WISEMAN: Okay great thank you. Just my final question just on the east coast gas market. I know we've talked about this on previous calls. You've got quite a bit of exposure in terms of re-contracting at higher prices. Are you able to just make some comment perhaps on whether you're actively talking to customers or when you believe that ideal timeframe will be to re-contract?

BRUCE CLEMENT: I'**m** probably not in a position to talk about what we're doing from a commercial sensitivity. But the right timeframe is we're in that window now and we're moving into that window now. 2017 is when we anticipate running off those contracts, in particular the Bass Basin -- obviously BassGas and the Otway projects.

We're looking through this coming year at potentially re-contracting both working with the joint venture in both cases and also looking for opportunities ourselves.

MARK WISEMAN: Great.

OPERATOR: Your next question comes from Kerid Hera with Macquarie Group. Please go ahead.

KERID HERA, ANALYST, MACQUARIE GROUP: Hi Bruce and Ayten. Listen most of my questions have been answered but perhaps a follow on question regarding Sugarloaf.

I've noticed that Nik asked a question amount the amount of ties -- wells yet to be tied in. I'**m** just wondering what the production contribution is this year? It just seems like the ramp up in Sugarloaf production is not really there. I know that obviously the corporate level production is impacted by the BassGas outages with MLE, but I would expected a faster ramp up in production given the number of wells yet to be tied in.

BRUCE CLEMENT: Yeah look Kerid I think what you will have seen there is through the first quarter of this year we didn't add very many wells into the production base. The first quarter of this calendar year -- sorry the calendar year, yes 2014.

We have seen primarily in the June timeframe the majority of the wells we talked about in the second quarter coming in. So I would anticipate if we're going to see that step up from wells coming on line it will be in this third quarter that we should be seeing the increase from that production.

And we'll see that right through the year now as the program and that inventory of wells waiting to be brought on production is pretty much where it's going to be around 20 to 30 wells. We'll have a rolling increase in wells over each of the quarters going forward.

KERID HERA: Sure and just maybe another question on Pateke 4H. I know that you suggested that maybe the reserves there would be about 2 **million** barrels. Is there any guidance you can give us there in terms of the flush production from that development well?

BRUCE CLEMENT: Look the Tui wells come on at very high rates and cut water very early. So we would anticipate when I say many thousands of barrels a day from the well I really don't want to be talking 10,000 and 20,000. But it's going to be high thousands of barrels a day which is pretty high relative to current production at 3000 to 4000 from the total project.

So we will see an initial bump but having said that, that's not going to be sustainable for long period. It's really we're talking only some weeks to months before we see water cut coming in. Tui operates at very high water cuts, 95% plus water cuts and we will expect that Pateke will join that soon after coming into production within months.

KERID HERA: Okay fantastic thanks for that Bruce.

OPERATOR: Your next question comes from Scott Ashton with BBY Limited. Please go ahead.

SCOTT ASHTON: Sorry guys just two more things. Bruce just on slide 32 just on Ande Ande Lumut. There was something that John asked that just exercising my mind, the G-Sand appraisal well. Is that being factored into the whole FID and FDA strategies such that you don't sanction that suboptimal development given there's a fairly substantial resource there. Just trying to get a feel for whether that is being factored into the thinking?

Then secondly, you made a comment about the Block 09/05 well perhaps being ready soon within days or weeks. My understanding is it's a fairly deep well. So when are you expecting the results of that well to be available and given their sort of [stacked pay] they're being targeted?

BRUCE CLEMENT: Firstly on AAL, the G-Sand is an add-on obviously to the K-Sand development that we have approved and in place. So we're looking at potential for adding G-Sand to the Bass development program but to do it we'll need a separate POD.

So we are looking at the potential to appraise it now rather than later during the drilling program for the K-Sand, giving us time obviously to factor that into a development and add-on to the base development plan.

We don't anticipate that it will have any significant impact on FID. It may have some impact on the facilities we want to put on the FPSO but not on the FID decision itself because that's a K-Sand decision.

In terms of Bohai Bay yes you're right, there are a number of targets through the section we're drilling. And we would anticipate seeing some of the results from that over the next couple of weeks most definitely but it is a relatively deep well at TD.

SCOTT ASHTON: Yes okay, thanks Bruce and Ayten.

OPERATOR: There are no further questions from the phone.

BRUCE CLEMENT: Okay well there are no questions in the room here. So we'll leave it there and thank you everyone for joining us for the presentation. I will probably see a number of you in the next few days. So thanks everyone and we'll finish there. Okay.

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