ASX Announcement
4 July 2017

Waitsia-3 gas discovery confirms extension to Waitsia Field

- **Successful appraisal of southern extension of the Waitsia Gas Field**
- **Strong gas shows across 150 m interval of Kingia and High Cliff Sandstone reservoirs**
- **Kingia reservoir considerably thicker and better quality than predicted**
- **Gas observed in High Cliff Sandstone below the lowest known gas observed in previous wells in the field**
- **Waitsia-3 has been suspended for future testing and production**
- **Anticipate booking additional Waitsia 2P Reserves in second half of CY 2017**

AWE Limited (ASX: AWE), the Operator of Production Licences L1/L2 in the northern Perth Basin, Western Australia, advises that preliminary analysis of wireline log and pressure data from the Waitsia-3 appraisal well has confirmed the southern extension of the Waitsia Gas Field by encountering strong gas shows across a 150 m gross interval including the Kingia and High Cliff Sandstone reservoir targets.

The well was successfully drilled to a Total Depth of 3,612 m Measured Depth below Rotary Table (MDRT) into crystalline basement, having drilled through all primary and secondary targets. The Kingia reservoir was penetrated on prognosis at 3,211 m MDRT, while the High Cliff Sandstone was intersected 80 m deeper than predicted at 3,362 m MDRT due to a thicker than expected section of Kingia Sandstone and Bit Basher Shale. Strong gas shows were encountered in the Kingia and High Cliff Sandstone intervals as well as minor shows in the Irwin River Coal Measures.

Three sections of core were cut in the Kingia reservoir and all cores were sent for analysis. The well has been cased and suspended for future testing and production.

Preliminary interpretation of the Kingia reservoir shows excellent conventional reservoir qualities, among the best observed in the field to date, and considerably better than pre-drill estimates. The gross Kingia reservoir interval of 52 m contains 20 m of net gas pay with reservoir quality exceeding that intersected in Waitsia-1 and Waitsia-2. The Kingia net reservoir interval in Waitsia-3 is approximately double that observed in other wells in the field and confirms the laterally extensive nature of this excellent reservoir, which is particularly encouraging given the large step-out from previous wells.

The High Cliff Sandstone reservoir interval was gas-bearing but thinner than predicted and preliminary analysis indicates a tight reservoir. No Gas-Water-Contact (GWC) was intersected in the well, however gas is observed to the base of the High Cliff Sandstone at 3,360 m Total Vertical Depth Sub Sea-level (TVDSS) which is 10 m below the GWC previously interpreted over the rest of the Waitsia Field and may indicate substantial further upside in the field. Two gas samples were recovered to surface from the Kingia reservoir and preliminary compositional analysis indicates total inerts are below 7%.

David Biggs, CEO and Managing Director of AWE, said:

“The Waitsia-3 appraisal well has significantly exceeded our pre-drill expectations.

“The substantial thickness of the Kingia reservoir, combined with exceptional porosity, net pay and low levels of total inerts, confirms excellent reservoir quality in the southern extent of the Waitsia Field.

“The observation of gas below the previously interpreted GWC may also have positive implications for the rest of the field and provide new appraisal and exploration opportunities within the permits.

“We will continue our analysis and evaluation of the Waitsia-3 data, but we are already looking ahead to the Waitsia-4 appraisal well which is expected to spud in the first half of July,” he said.

“The combined data from Waitsia-3 and Waitsia-4 will allow us to review our estimated Reserves and Resources for the entire Waitsia Field and, subject to Waitsia-4 results, we anticipate a further upgrade to Reserves within the second half of calendar year 2017,” Biggs added.

Waitsia-3 was spudded on 19 May 2017 and was forecast to take approximately seven weeks in total to complete. The well was drilled ahead of schedule and under budget and all primary and secondary objectives were met including a complete program of wireline logs, pressure data and both sidewall and whole core samples.

Waitsia-3 is the first of a two well appraisal drilling program planned for the Waitsia field in 2017 designed to appraise the gas potential in the southern extension of the Waitsia Field. Waitsia-3 is located approximately 19.8 km east-south-east of Dongara, Western Australia, and 10.8 km south of Waitsia-1.

The Enerdrill Rig 3 is currently being redeployed to the Waitsia-4 location.

The Joint Venture partners in L1/L2 are:

AWE Limited (via subsidiaries) (Operator)	50.0%
Origin Energy Resources Limited	50.0%

About the Waitsia gas field

The northern Perth Basin has been one of Western Australia’s major gas producing regions for more than 50 years. Discovered in September 2014, the Waitsia field is regarded as the largest onshore conventional gas discovery in Australia for the last 30 years and has the capability to supply the domestic market with 100 TJ/d for 10 years from conventional reservoirs.

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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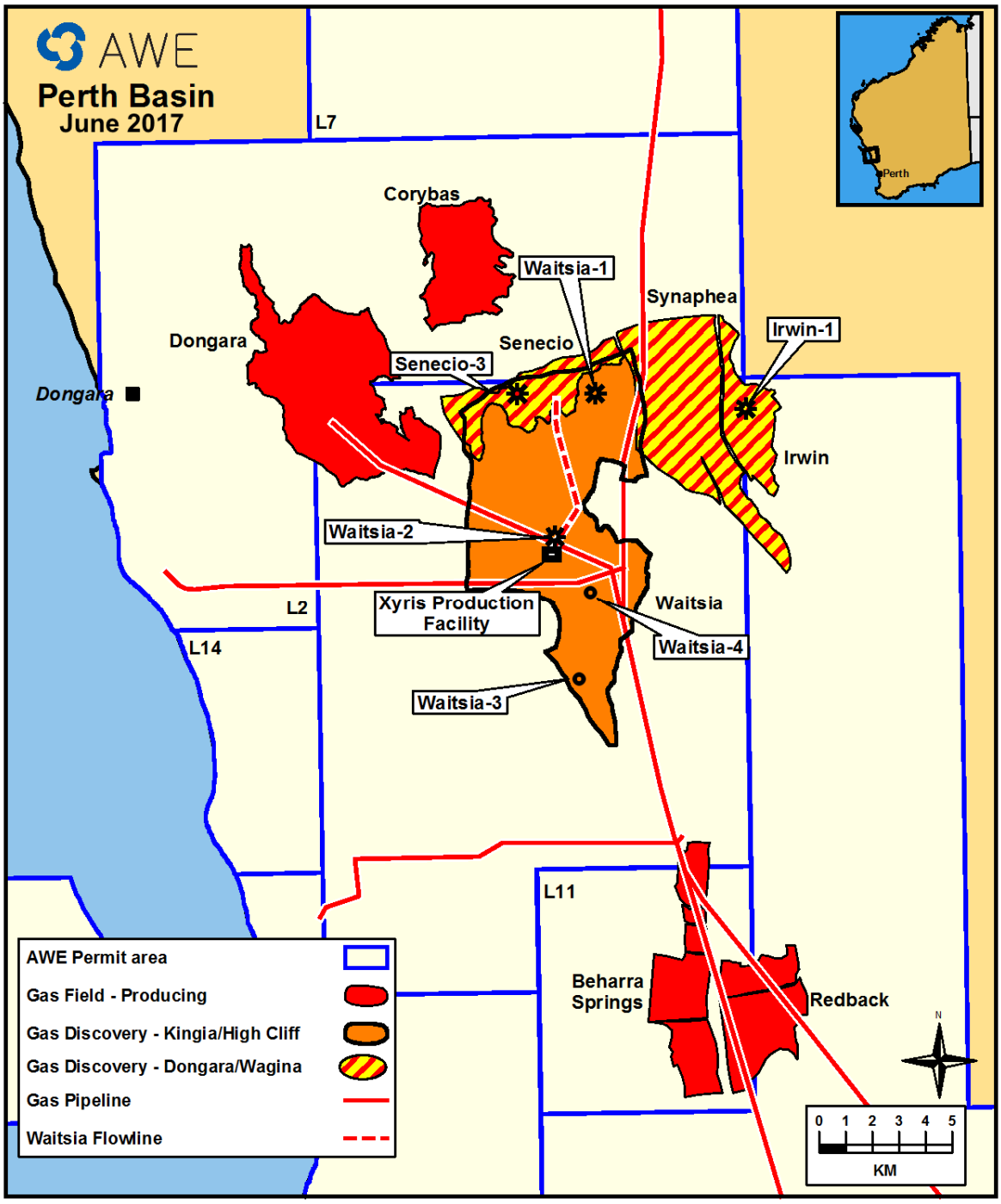
Fig 1. Waitsia and surrounding gas fields



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