

ASX Announcement

10 June 2014



Oi-1 drilling update

AWE Limited (ASX: AWE), as Operator of Petroleum Mining Permit 38158 offshore Taranaki, New Zealand, advises that due to operational challenges in managing near surface unconsolidated formations the Oi-1 exploration well will be abandoned and a new well, Oi-2, will be drilled from an adjacent location. As at 06:00 hours (6.00am) NZDT today, the semi-submersible drill rig, "Kan Tan IV" had been moved 150 metres to the new well location and preparations were being made to commence drilling the Oi-2 exploration well.

The Oi-1 exploration well was drilled to a planned depth of 1,507 metres in a 17 ½ inch hole. Installation of a 13 3/8 inch casing was not completed due to well bore instability at a shallow depth. Subsequent attempts to sidetrack the well were unsuccessful and, consequently, the joint venture decided to abandon the Oi-1 well.

AWE has revised the drilling program for the Oi-2 exploration well to further mitigate risks of near surface well bore instability and to then continue the program as previously planned. A 17 ½ inch hole will be drilled to a shallower depth of approximately 550 meters and a 13 3/8 inch casing will be set to enable a drilling fluid system to be established and improve management of conditions in the well bore. A 12 ¼ inch hole will then be drilled to approximately 1,500 metres before a 9 5/8 inch casing is set. An 8 ½ inch hole will then be drilled to a planned target depth of 3,881 metres.

The Oi-2 exploration well is located approximately 12 kilometres northeast of the Tui Area Oil Fields in water depth of approximately 120 metres. The well objective is to evaluate the hydrocarbon potential of a 4-way dip closed structure similar to the producing Tui, Amokura and Pateke fields and it will target the same F10 reservoir sandstones.

The Oi prospect, in a discovery success case, represents a best estimate Prospective Resource of 11 million barrels of recoverable oil (gross, unrisked P50 estimate). In the event of a commercial discovery, it is envisaged that any subsequent development of the Oi field would involve a tie back to the nearby Tui production facility, the FPSO "Umuroa", where sufficient production capacity is available.

AWE is participating in the Oi exploration wells at a reduced equity of 31.25% and has the option to increase its equity participation in any future appraisal drilling and development to 57.5% by exercising existing buyback provisions. Gross dry hole drilling costs for the Oi program have been revised and are now estimated at USD 40 million (net USD 12.5 million to AWE at 31.25%). The Oi drilling program is now estimated to take approximately 46-48 days to complete.

The Joint Venture partners in PMP 38158 are:

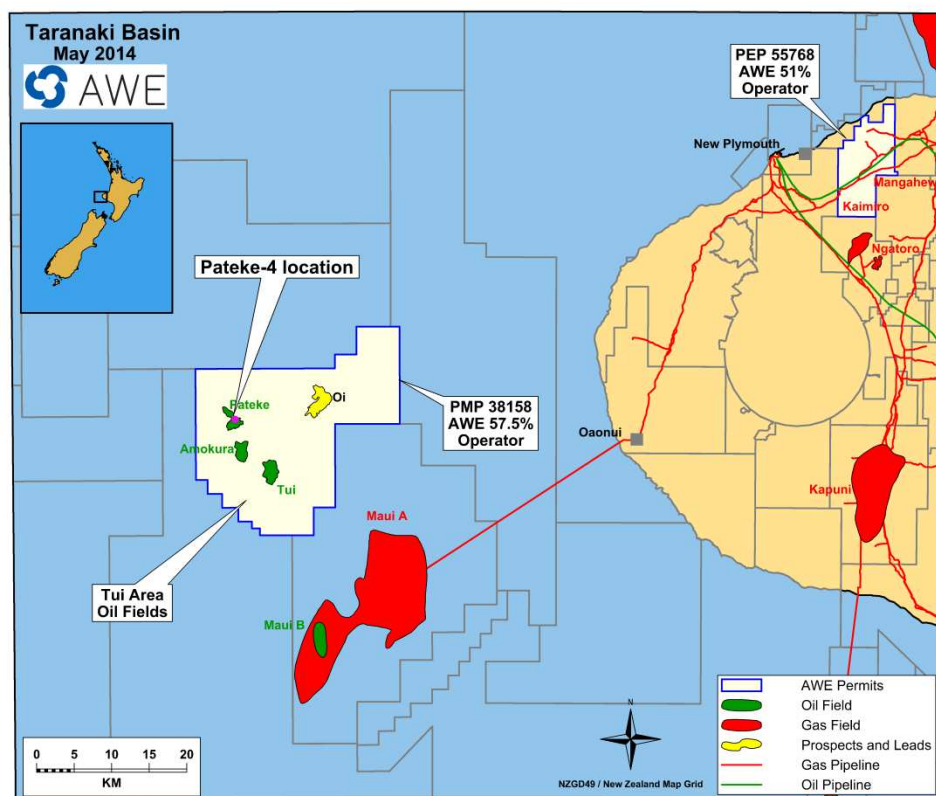
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| AWE Limited (via subsidiaries) (Operator) | 57.50% |
| New Zealand Oil & Gas (via subsidiaries) | 27.50% |
| Pan Pacific Petroleum (via subsidiaries) | 15.00% |

The Joint Venture partners in the Oi-1 exploration well are:

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| AWE Limited (via subsidiaries) (Operator) | 31.25% |
| New Zealand Oil & Gas (via subsidiaries) | 18.75% |
| Pan Pacific Petroleum (via subsidiaries) | 50.00% |



Prospective Resources. AWE follows the Society of Petroleum Engineers – Petroleum Resources Management System (SPE-PRMS) guidelines with respect to the definition of different classes of reserves and resources. SPE-PRMS defines Prospective Resources as being the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have a probability of discovery and a probability of development. Consistent with these guidelines, AWE has assessed the probability of geological success to be 17% and the probability of commercial success to be 13%. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons and the probability of development.



About AWE Limited. AWE Limited is an Australian based energy company focused on upstream oil and gas and related energy opportunities. Established in 1997 and listed on the ASX, the Company is headquartered in Sydney, Australia, with international operating offices in New Zealand and Indonesia. AWE has built a substantial portfolio of production, development and exploration assets in Australia, New Zealand, USA and Indonesia, including major growth opportunities such as the 100 million barrel Ande Ande Lumut oil project in Indonesia and large unconventional gas resources in Australia. AWE also holds an interest in the Sugarloaf AMI in the Eagle Ford shale play in the USA. With its strong financial and technical base, AWE will continue to pursue exploration, appraisal and development growth opportunities in the greater Asian region.

For information please see our website www.awexplore.com or contact:

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