ASX Announcement
July 25, 2011

Company-wide review

General

Under the renewed Board and Management team, AWE Limited ("AWE") has undertaken a comprehensive review of its business strategy and key assets during 2011. This work has included an evaluation of the reserves of the Company's core production assets, involving the engagement of qualified independent parties to review the work. Work completed to date, including the independent reviews, has confirmed the previously reported proved plus probable ("2P Reserves") of the Cliff Head, Casino, Sugarloaf and BassGas assets.

Tui area fields

Preliminary work completed "in-house" on the Tui oil fields, by AWE as Operator of the Tui Joint Venture, indicates that the gross initial developed 2P reserves recoverable from the existing four well development of the field will be reduced from the previously reported estimate of 50.5 million barrels to between 40 and 42 million barrels. This would leave gross remaining developed 2P reserves as at 30 June, 2011 of between 9 and 11 million barrels and would represent a reduction of between 3.6 to 4.5 million barrels net to AWE.

These revised developed 2P reserves estimates are associated with forecasts that indicate an economic cut-off for production in the 2019 to 2020 period based on operating costs for the FPSO Umuroa, the oil price forecast at that time, and no future infill drilling or exploration drilling success.

The Tui reserves review has required the construction of a new simulation model of the Tui oil fields and the calibration of that model to all available well data including the recent oil and water production rate trends of the four producing wells. The new modelling also incorporates the results of the reprocessing and reinterpretation of the 3D seismic data over the field area, and the results of the Tui SW-2 and Kahu-1 exploration/appraisal wells drilled in 2010 that are proximal to the Tui field area.

AWE's evaluation has also identified possible additional volumes of oil not accessed by the current production wells in the existing Tui Area accumulations. To recover this oil additional wells, or side tracks of existing wells, will be required. Further evaluation work is being progressed which may mature these opportunities into a firm project that can be assigned to 2P reserves.

The reprocessing and reinterpretation of the 3D seismic data has also identified several exploration prospects adjacent to the Tui fields, and further evaluation work is being undertaken to assess the potential of these prospects.

RPS Energy Pty Ltd (RPS) has been engaged by AWE to independently review the reservoir modelling and estimated 2P reserves for the Tui area fields. AWE will advise its finalised 2P reserve estimate after its internal work and the subsequent RPS review is completed.

AWE does not envisage any impairment to the carrying value of the Company's interest in the Tui project as the assessed value of the net remaining developed 2P reserves is in excess of the current book value.

Participating interests in the Tui Joint Venture are:

AWE Limited (Operator)	**42.5%**
Mitsui E&P Australia Pty Limited	35.0%
Stewart Petroleum Co Limited (NZOG)	12.5%
WM Petroleum Limited (PPP)	10.0%

Commenting on the review, Bruce Clement, AWE's Managing Director said:

"Whilst the Tui reserves downgrade is disappointing, in the context of the Company's total reserves for its diversified asset portfolio, the downgrade represents a reduction of only 5% to 6% in the Company's previously reported total 2P Reserves, from 73.3 million barrels of oil equivalent as of 31 December 2010.

"The reserves downgrade will not have any immediate effect on the Company's financial position, which remains strong, with no debt and cash estimated to be in excess of $100 million at 30 June, 2011. The Company forecasts oil and gas sales revenue for the year ending 30 June 2011 to be in excess of $300 million.

"In the near term, the impact on AWE's production and profitability is forecast to be small. The Tui fields are currently producing on budget at approximately 7,800 barrels of oil per day gross. The longer term effect on the Company's production is mitigated by its portfolio of production assets, currently delivering approximately 17,000 barrels of oil equivalent per day net to AWE.

"The Company remains focused on fully exploiting the Tui oil fields, with significant technical work ongoing, including evaluation of the opportunities identified for near field exploration and infill drilling."

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

Bruce Clement
Managing Director
AWE Limited
Phone: +61 2 8912 8000

Garry Marsden
Corporate Development Manager
Mobile: 0400 040 106
garry.marsden@awexplore.com

The reserve and resource information contained in this report is based on information compiled by David Gaudoin (General Manager, Exploration and Geoscience) and Ian Palmer (General Manager Development). Mr. Gaudoin is a petroleum geologist, holds a Masters Degree in Petroleum Geology, and has 21 years experience in petroleum exploration. Mr. Palmer holds a Bachelor Degree in Engineering and has 30 years experience in the practice of petroleum engineering. Both Mr. Gaudoin and Mr. Palmer have consented in writing to the inclusion of this information in the form and context in which it appears.