

ASX Announcement
23 January 2012

AWE acquires growth assets in Indonesia, including a 76 million barrel undeveloped oil field

AWE Limited (“AWE”) is pleased to announce that it has executed a Sale and Purchase Agreement (“SPA”) with a subsidiary of Genting Berhad (“Genting”) whereby a wholly owned subsidiary of AWE will acquire a 100% interest and operatorship of two Production Sharing Contracts (“PSCs”) offshore Indonesia, including an undeveloped oil field with an estimated 76 million barrels of recoverable oil. The consideration for the acquisition of the interest in the PSCs will be US\$39 million. Additionally, a wholly owned subsidiary of AWE will assume the loans and receivables in the two companies which are parties to the PSCs for a net amount of approximately US\$100 million. The transaction has an Effective Date of 1 January 2012 and completion of the acquisition is anticipated in February 2012.

The acquisition is a key initiative in AWE’s strategy to grow the Company’s business in Australia, New Zealand and Asia through selective exploration and acquisition. The purchase will be funded from existing cash reserves and from the proceeds of the recently announced sale of part of AWE’s interest in the BassGas Project, which is expected to complete in late February 2012. The Company also has an undrawn A\$150 million loan facility available to meet any short term funding requirements.

Asset Description

The two PSCs, the North West Natuna Production Sharing Contract (“NWN PSC”) and the Anambas PSC are located in the Natuna Sea in 70 metres to 90 metres of water (Attachment 1). The NWN PSC contains the undeveloped Ande Ande Lumut (“AAL”) Oil Field which is estimated to contain 76 million barrels of recoverable heavy oil. Three exploration and appraisal wells have been drilled in the field.

A Plan of Development (“PoD”) for the AAL Oil Field was approved by the Indonesian government in late 2011, with first production targeted for end 2014 at an initial plateau production rate of 25,000 barrels of oil per day. The PoD includes the installation of a well



head platform and a leased floating production, storage and offloading vessel ("FPSO"), together with the drilling of 43 development wells at an estimated total development cost of approximately US\$600 million over the period from 2013 to 2015. Significant funding for the project will not be required until 2013 and AWE has considerable flexibility in financing the development. Funding will be available to the Company from operating cash flows from the existing business and from available loan facilities. In addition, AWE may consider the farmout of part of the project, providing further funding for development costs.

In addition to the AAL Oil Field, the NWN PSC also contains additional oil exploration potential, with a number of prospects and leads identified within the PSC, some of which are adjacent to the AAL development.

The Anambas PSC contains the Anambas Gas Field, discovered in 2006, together with a number of additional exploration prospects within an offshore area containing significant gas development and pipeline infrastructure.

Following the Final Investment Decision ("FID") for the AAL Oil Field development, expected at the end of 2012, AWE's 2P Reserves are expected to be increased by approximately 43 million barrels of oil, representing the net production interest from the field under the terms of the PSC. AWE has estimated existing 2P Reserves at 31 December 2011 of 56 million BOE, after adjustment for the sale of part of the Company's interest in BassGas.

Benefits to AWE

The acquisition will provide a number of key benefits to AWE, including:

- Building a new business in a geographic focus area, adding to AWE's existing exploration assets in Indonesia, which include the Lengo gas discovery and the Atlas exploration prospect to be drilled in 1H 2012;
- Utilising and building on the Company's technical and operating capability, particularly from the Tui FPSO development, offshore New Zealand;
- Improved asset balance, with the addition of a growth development project to AWE's existing producing assets at BassGas, Tui, Cliff Head, Casino/Henry, onshore Perth Basin and Sugar Loaf;
- The low cost addition of 43 million barrels of 2P Reserves on FID of the AAL development, an increase of over 75% on AWE's existing 2P Reserves;
- Increase in the proportion of liquids to over 60% of 2P Reserves on FID of the AAL development; and

- For personal use only
- Additional near term growth from additional reserves potential in the AAL development and from exploration opportunities in both PSCs, including lower risk oil prospects adjacent to the AAL development.

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

"AWE is excited by the opportunity the acquisition of the North West Natuna and Anambas PSCs provides the Company. This is a key investment for AWE and represents a further step in implementing the Company's business strategy, which is focused on maximising shareholder value from our core assets and delivering growth through selective exploration and acquisition of high quality assets.

Over the last five years, AWE has evaluated and rejected a large number of opportunities that did not provide the same degree of value and strategic alignment. At a pre-development purchase price of less than US\$2 per barrel for the AAL Oil Field, calculated on a working interest basis, the acquisition represents excellent value and is a good strategic fit. Acquiring the two Indonesian PSCs provides an immediate catalyst for business growth through the AAL Oil Field Development, together with further opportunities for growth from oil and gas exploration and appraisal in both PSCs.

AWE is in a strong financial position following the sale of part of its interest in the BassGas Project in late 2011 and has funding in place for the transaction. The Company remains on target to meet its 2011/12 Budget production and revenue targets of 5.0 to 5.5 million BOE and A\$270 to A\$300 million respectively and this acquisition now provides the catalyst for an exciting period of growth beyond 2012."

Reserves

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.

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

Bruce Clement
Managing Director
AWE Limited

Phone: +61 2 8912 8000

ATTACHMENT 1. Northwest Natuna and Anambas PSC Areas

