

Senecio feasibility study underway

- **Senecio tight gas development feasibility study has commenced**
- **Senecio-2 well pressure test confirms expected well productivity**
- **Processing of the recently acquired Irwin 3D seismic survey over the Senecio accumulation completed and geophysical interpretation in progress**

AWE Limited (ASX: AWE) has commenced a development feasibility study for the commercialisation of the Senecio tight gas accumulation. The Senecio discovery is located in the north Perth Basin, Western Australia.

Analysis of pressure tests conducted in November 2012 and other data captured since the fracture stimulation has confirmed permeability of between 0.03 to 0.06mD, which is within the pre-frac estimated range. This analysis, together with the successful flow test in September 2012 that reported a stabilised gas rate of 1.35 MMscf/d from a 5m perforation interval, demonstrates potentially commercial reservoir flow capacity.

AWE has previously booked a contingent resource (2C) volume for its 50% equity share of Senecio of 4.4 MMboe (equivalent to a gross resource of 50 Bcf of wet gas). Previously interpreted 2D seismic data indicated a potential estimated recoverable volume of at least double the quantity currently booked. An outcome of the feasibility study will be an updated definitive resource estimate which will be based on latest interpretation of the well data, the new 3D seismic data, and planned reservoir modelling studies.

AWE's Managing Director, Mr Bruce Clement, said that the Senecio tight gas commercialisation program is gaining momentum and that positive subsurface data has given the company considerable confidence that commercial gas production can be achieved from the Senecio discovery.

"The results of the pressure test, the flow test, and the Irwin 3D seismic program indicate that a horizontal, multi-stage, hydraulically fracture stimulated well at Senecio could be economically viable.

"The Perth Basin is potentially a very important source of energy for the Western Australian market and we believe that the timely completion of a development feasibility study will help define a valuable gas resource.

"The Joint Venture's decision to proceed with the feasibility study is another positive step towards the development of unconventional gas in Western Australia. We have already commenced early stage static and dynamic reservoir modelling and we continue to progress the mapping of the Irwin 3D seismic data," Mr Clement said.

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The proposed development feasibility study will address the following main areas:

- static and dynamic reservoir simulation modelling
- optimum well construction and completion design
- infrastructure and facilities for gas production, treatment and transportation
- preferred development option, including high-level budget and critical path
- community and stakeholder engagement
- environmental risk assessment and approvals process

AWE will consider the use of nearby existing plant processing infrastructure, where possible, to minimise the project's environmental footprint and development costs. Evaluation of the Dongara and Xyris gas plants and associated infrastructure will form part of the study.

Detailed work on project planning, budget and product marketing may start as soon as the second quarter of 2013.

Mr Clement added, "The unconventional gas program in the Perth Basin has been very successful to date, significantly increasing our understanding of the geological and commercial potential of the tight gas and shale gas opportunities in the Basin.

"The prospect of commercialising Senecio provides strong encouragement for the development of other tight gas opportunities in the Perth Basin, including the Corybas discovery and the High Cliff discovery (the latter in the Arrowsmith-2 well).

"Our exploration team is looking at 30 years of accumulated data for the Perth Basin, compiled through conventional oil and gas exploration activities, to identify additional tight gas intersections with development potential.

"To facilitate this process, we have acquired and processed new 3D seismic data over a larger part of the L1/L2 permit area and we have completed reprocessing previously acquired 3D seismic data using the latest methods," Mr Clement said.

The Joint Venture partners in Senecio-2 are:

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

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

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Abbreviations Table

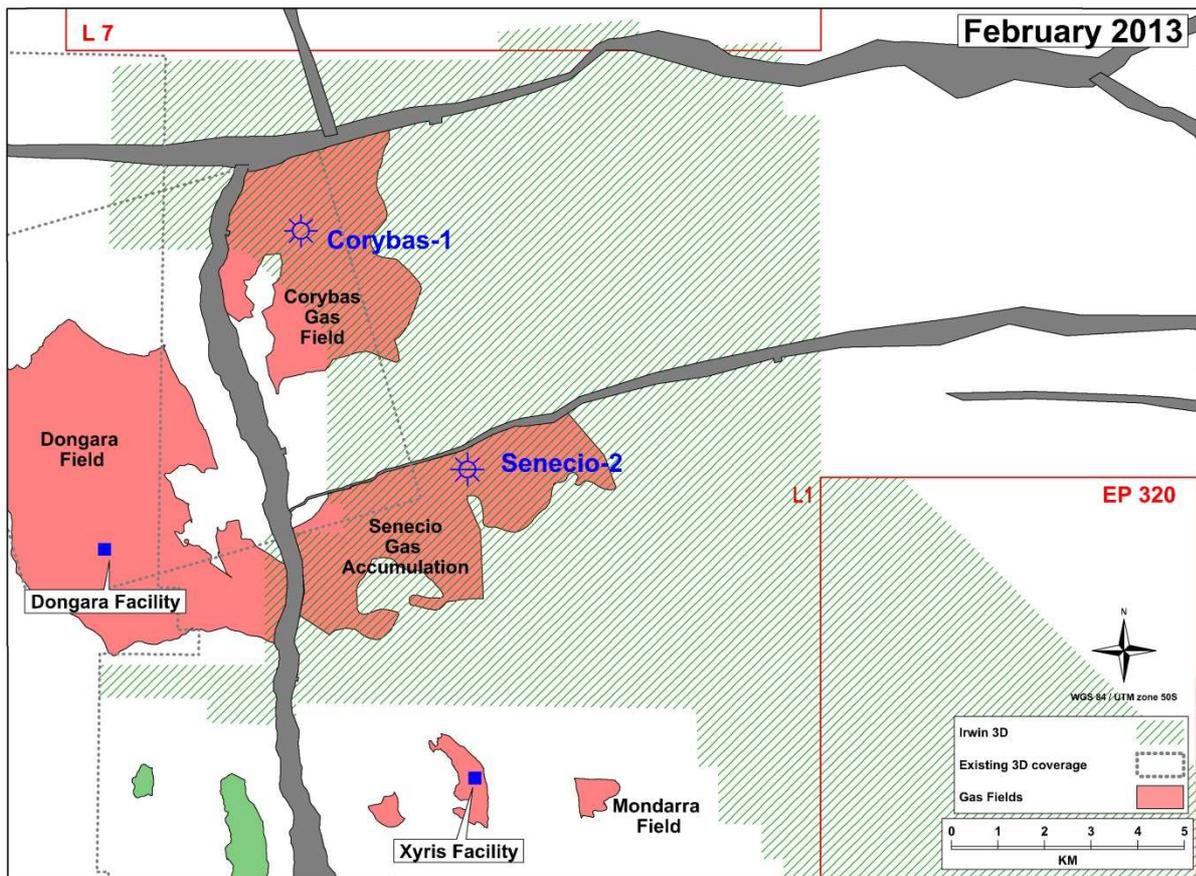
mD	millidarcy
MMscf/d	million standard cubic feet of gas per day
Bcf	billion cubic feet
MMboe	million barrels of oil equivalent

Reserves and Resources

The Reserve and Resource information contained within this announcement is based on information compiled by David Gaudoin (Vice President, Exploration & Development) and Ian Palmer (General Manager, Development). Mr Gaudoin is a petroleum geologist, holds a Masters Degree in Petroleum Geology, and has 23 years' experience in petroleum exploration. Mr Palmer holds a Bachelor Degree in Engineering and has 32 years' experience in the practice of petroleum engineering. Both have consented in writing to the inclusion of this information and the format and context in which it appears.

Note to Editors

The Senecio-2 well was fracture stimulated over a 5m perforation interval in the Dongara and Wagina tight sandstone formation in August 2012, and successfully flow tested for more than 40 hours through the well test separator package in September 2012. A stabilised gas flow rate of 1.35 MMscf/d was recorded and the test produced a total of 4.65 MMscf of gas and approximately 65 barrels of crude oil/condensate over the flow period.



About AWE Limited

AWE Limited is an upstream oil and gas company with production, development and exploration assets in Australia, New Zealand, USA and Indonesia. Established in 1997, the Company employs over 115 people and has its head office in Sydney and regional offices in Perth, New Plymouth, Jakarta, and Kuala Lumpur. AWE acquired 100% of the Ande Ande Lumut oil field offshore Indonesia in 2012, with an estimated 76 million barrels of recoverable oil, and is moving forward with plans to sell-down and develop the project. AWE has also expanded its conventional oil and gas business to include unconventional resources. AWE has a 10% working interest in the Sugarloaf acreage in the Eagle Ford shale development in the USA, and is progressing a number of tight sands and shale prospects in the north Perth Basin and Indonesia. With its strong financial and technical base, AWE will continue to pursue conventional and unconventional growth opportunities, primarily in Australasia and South East Asia.