

## ASX Announcement

5 March 2013



# AWE and Green Rock to drill joint geothermal and hydrocarbon wells in WA

AWE Limited (ASX: AWE) has signed a Memorandum of Understanding with a subsidiary of Green Rock Energy Limited (ASX: GRK) to form a joint venture to undertake a drilling program to demonstrate the geothermal energy potential in the Perth Basin, WA.

- **Geothermal permits overlap existing AWE oil and gas exploration leases**
- **Well sites located to maximize probability of geothermal success whilst providing AWE with data on known target hydrocarbon formations**
- **Project has been awarded \$5.4 million funding from the WA Government**
- **Focus on securing additional Commonwealth Government ERP funding**

AWE's extensive Perth Basin oil and gas exploration and production acreage substantially overlaps Green Rock's seven Geothermal Exploration Permits ("GEPs"). AWE will contribute drilling expertise and Perth Basin technical knowledge and could benefit from new data on target hydrocarbon formations located above the hot sedimentary aquifer geothermal targets.

AWE Managing Director, Bruce Clement said, "AWE can bring valuable skills and knowledge of drilling in the Perth Basin to this joint venture. AWE can also acquire valuable information about its conventional and unconventional oil and gas assets through partnering with Green Rock in drilling the deeper geothermal targets."

Mid West Geothermal Power Pty Ltd ("MWGP"), a subsidiary of Green Rock, has made considerable progress in identifying the most prospective geothermal resources since the GEPs were awarded in 2009, including the use of leading edge interpretation of 3D seismic data. MWGP has also been awarded \$5.4 million on a 1-for-3 basis from the WA State Government's Low Emissions Energy Development ("LEED") Fund towards the demonstration of commercial production of geothermal energy as the first stage of the Mid West Geothermal Power Project.

The initial focus of the AWE/MWGP joint venture will be to secure additional funding for the project from the Commonwealth's Emerging Renewables Program ("ERP"). ERP funding would complement both LEED and JV funding and enable two test wells to be drilled. AWE would contribute the remainder of drilling costs not covered by LEED and ERP funding.

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Selecting the optimal well location for acquiring data on geothermal temperatures and flow rates sufficient for geothermal power generation, and which allows AWE to enhance its assessment of potential hydrocarbon bearing formations, will be a key objective of the Joint Venture. AWE's main petroleum targets lie above the target geothermal reservoir zones expected at depths of between 3000m and 3500m.

In consideration for joining the joint venture, AWE will pay MWGP up to a total of \$250,000 conditional on completion of milestones up to and including the ERP funding being secured.

If the ERP funding is secured, AWE has the right to farm-in for a 50% interest in the most suitable GEP and would become Operator of the drilling program, with geothermal well design and testing overseen by MWGP.

If commercial production of geothermal energy is successfully demonstrated, AWE will have the right to continue its participation in the project including the right to farm-in to MWGP's remaining GEPs on terms to be agreed.

**For information please see our website [www.awexplore.com](http://www.awexplore.com) or contact:**

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#### **Note to Editors**

The hydraulic fracture stimulation of three wells in the Perth Basin of WA, Senecio-2, Arrowsmith-2 and Woodada Deep-1, was undertaken between July and September 2012. In total, eight separate zones in tight sands and shales were successfully stimulated and hydrocarbons (oil/condensate and/or gas) flowed from each zone. AWE has commenced a development feasibility study for the commercialisation of the Senecio tight gas accumulation (AWE 50%, Operator), and testing at the Arrowsmith-2 well (AWE 44.25%) is expected to continue until the end of June 2013. The Woodada Deep-1 well (AWE 100%, Operator) is temporarily suspended until testing and evaluation at Arrowsmith-2 is complete.

#### **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.

# MWGP Geothermal Permits & AWE Petroleum Permits

