



AWE increases Sugarloaf 2P Reserves by 67% following independent review

AWE Limited (ASX: AWE) today announced that it has increased its booked 2P Reserves for the Sugarloaf Area of Mutual Interest (“AMI”) in Texas, USA, by 67% following an independent reserves appraisal and report by DeGolyer and MacNaughton, a leading auditor of unconventional oil and gas assets in North America.

The independent report captures the future development potential of the Eagle Ford Shale play based on approximately 60-acre well spacing, reflecting current drilling activity, and production data accumulated since the start of development. AWE’s previous reserves assessment for Sugarloaf was based on an 80-acre well spacing development plan.

AWE’s 10% share (net 7.5%) of Sugarloaf AMI Reserves as at 31 December 2012 is summarised in the table below:

Reserves at 31 December 2012	AWE Share (Net 7.5%)			
	Oil and Condensate (million bbls)	Natural Gas Liquids (K tonnes)	Gas (PJ)	Barrel of Oil Equivalent (million BOE)
Total Proved (1P)	2.1	77.6	8.0	4.4
Total Proved & Probable (2P)	7.1	308.1	31.8	15.9
Total Proved, Probable & Possible (3P)	11.4	540.8	55.7	27.0

Note: AWE’s previous booked (net 7.5%) 2P Reserves for Sugarloaf were 9.5 million BOE at 31 December 2012, as published in AWE’s Half Year Results presentation released to the ASX on 26 February 2013.

AWE’s Managing Director, Mr Bruce Clement, said that recent performance from Sugarloaf had exceeded the company’s expectations and was a catalyst for the independent review of reserves.

“From July to December 2012, production from the Sugarloaf AMI increased by 177% on the back of an accelerated drilling program. As at March 2013 there are more than 80 wells (gross) on production.

“We are very pleased with the recent drilling and production performance at Sugarloaf. The value of the Sugarloaf asset has increased significantly since we acquired it in 2010 and we believe there is further substantial growth potential,” he said.

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“The Operator has advised that a minimum of 30 wells will be drilled in the Sugarloaf AMI in 2013, with 27 of these in the Eagle Ford Shale interval and 3 pilot wells in the Austin Chalk to better assess the production potential of this play,” Mr Clement said.

“AWE anticipates that future increases in Reserves and production are possible should the Operator’s testing of 40-acre well spacing in the Eagle Ford and initial drilling in the Austin Chalk interval prove successful,” he added.

AWE has also revised its Contingent Resources (2C) for Sugarloaf. The strong production performance and future development potential of the Eagle Ford Shale interval has resulted in the reclassification of all Eagle Ford Contingent Resources to Reserves.

AWE’s Contingent Resources (2C) for Sugarloaf now only reflect the estimated potential for part of the Austin Chalk interval and are summarised below:

Resources at 31 December 2012	AWE Share (Net 7.5%)			
	Oil and Condensate (million bbls)	Natural Gas Liquids (K tonnes)	Gas (PJ)	Barrel of Oil Equivalent (million BOE)
Total 2C Contingent Resources	2.6	75.3	9.7	5.1

The potential of the shallower Wilcox unit and the deeper Pearsall interval have not been incorporated in any Contingent Resource estimate at this time, but are subject to ongoing work by the Operator, Marathon.

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

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Reserves and Resources

The Reserves and Resources information contained in this report is based on information compiled by David Gaudoin (Vice President, Exploration and 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 in the format and context in which it appears.

Note to Editors

AWE has a 10% working interest in the Sugarloaf Area of Mutual Interest (AMI), comprising contiguous leases covering approximately 23,540 acres (2,354 acres net to AWE before royalties). Sugarloaf is considered to be condensate rich and has two principal target intervals: the Eagle Ford Shale and the overlying Austin Chalk.

DeGolyer and MacNaughton’s independent reserves appraisal and report on AWE’s interest in the Sugarloaf AMI was prepared in accordance with the Petroleum Resources Management System (PRMS) approved in March 2007 by the Society of Petroleum Engineers, The World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers.

Conversion Table

Energy Value

1,000 standard cubic feet of sales gas yields about

1.1 gigajoules of heat

1 petajoule (PJ) = 1,000,000 gigajoules (GJ)

1 gigajoule = 947,817 British Thermal Units (BTU)

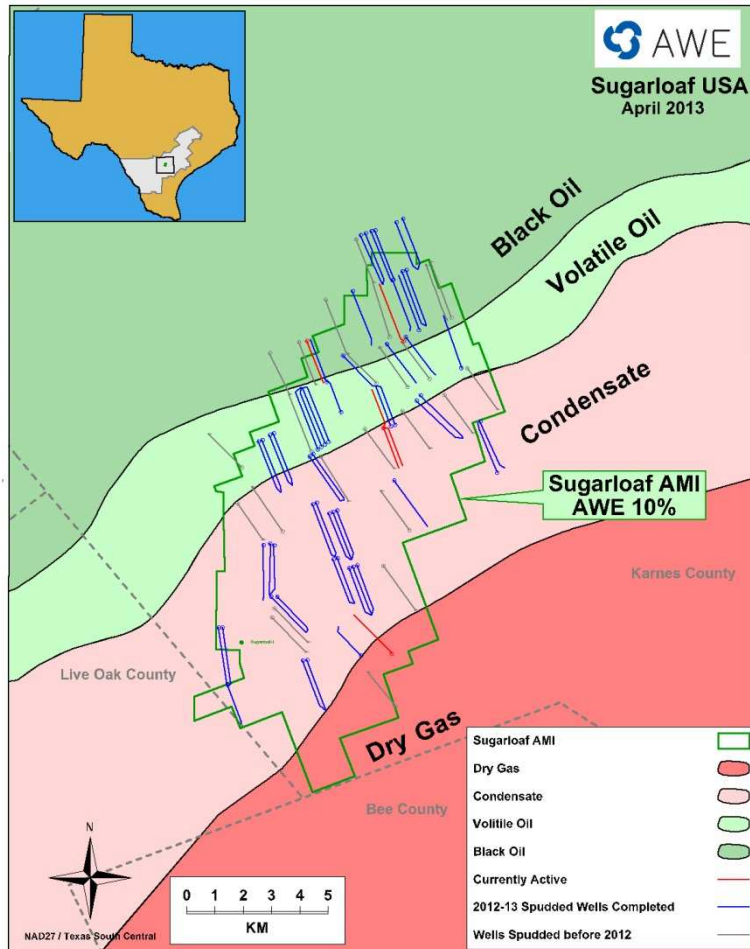
Barrel of Oil Equivalents (BOE)

Sales Gas – 6,000 standard cubic feet is approx. = 1 BOE

NGL – 1 tonne of NGL is approx. = 11.6 BOE

Condensate – 1 barrel of condensate = 1 BOE

Oil – 1 barrel of oil = 1 BOE



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 120 people and has its head office in Sydney and regional offices in Perth, New Plymouth and Jakarta. 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.

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