

## ASX Announcement

20 May 2013



# AWE upgrades AAL Gross 2P Reserves to over 100 million barrels of recoverable oil with potential for future significant reserves growth.

AWE Limited (ASX: AWE) has increased its estimate of recoverable oil for the Ande Ande Lumut (AAL) K Sand development by 33% to 101 million barrels of oil (including upgrading what were previously considered Contingent Resources to Gross 2P Reserves), following an independent review and certification by Perth-based RPS Energy Services Pty Ltd ('RPS'),

An additional 35 million barrels of gross recoverable oil in the underlying G Sand reservoir has also been classified as 2C Contingent Resources (AWE will need to prepare and submit a formal plan of development for normal regulatory approvals before these additional Contingent Resources can be upgraded and reclassified as 2P Reserves).

As a result of these increases and reclassification, AWE reports that it is booking 50 mmbbls of Net 2P Reserves for AAL, which represent the company's Net Entitlement to Reserves under the terms of the Northwest Natuna PSC ("PSC"). This addition increases AWE's total corporate 2P Reserves (as at 31 December 2012) by 83% to 110 million barrels of oil equivalent ("mmBOE").

The RPS review and certification incorporated the substantial subsurface and project optimisation work undertaken by AWE since it acquired the AAL asset in February 2012. This work includes the results of seismic reprocessing and improvements in depth mapping as well as a third party study of petrophysics, providing a more robust interpretation of the oil reservoir. These studies have provided the basis for enhancement of the K Sand reservoir model and the ensuing optimisation of the development drilling plan and improved recovery efficiency for production operations.

The upgrades to the gross recoverable oil volumes and reclassification of Reserves and Resources estimates for the AAL oil project are summarised in Appendix 1.

In conjunction with a number of other independent studies associated with the AAL project, AWE also commissioned a marketing report that has concluded the AAL crude oil price should benchmark at or around Brent crude prices in the current Asian market.

**AWE's Managing Director, Mr Bruce Clement, said** that the company had made considerable progress in better definition of the reservoir and hydrocarbon characteristics of the AAL oil field, resulting in significant optimization of the development plan. The results of this work are reflected in the independent review and certification by RPS.

"This is an outstanding result for AWE and for the Government of Indonesia. When AWE acquired this asset in early 2012, we recognised the significant potential of the K Sand and we were also confident that the underlying G Sand would yield development potential.

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“The AAL Project is now a significant oil field development. To put this into perspective, the AAL development is comparable in size with the largest oil field developments in Australia and New Zealand since 2000.

“The AAL Project has increased AWE’s total corporate 2P Reserves to 110 mmBOE and will be the foundation for a period of sustained growth for the Company over the next decade. The AAL oil field together with the additional exploration prospectivity we have identified within the Northwest Natuna PSC represents an exciting opportunity for AWE.

“The independent review and certification by RPS is another positive milestone for AWE as we progress the development of the AAL project. These new results will now be included as part of the ongoing co-operative discussions with the independent regulator, SKK Migas, which are aimed at delivering an optimised plan of development for AAL and maximising the potential of this valuable asset.” Mr Clement said.

“AWE is finalising preparations for the farm-out of up to 50% of AAL. The farm-out process is gaining momentum and we are receiving strong levels of interest from companies wishing to participate in this exciting growth project.”

He added, “AWE is on track for completion of the farm-out in the third quarter of 2013, targeting a final investment decision on the field development before the end of the year”.

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

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## APPENDIX 1

AWE's upgraded Reserves and Resources for the AAL oil field are as follows:

Ande Ande Lumut Oil Project (AWE 100%, Operator): AWE Reported / Revised Reserves and Resources (Million Barrels)				
Category	Previous reported recoverable barrels (Gross 2C)	Revised recoverable barrels (Gross 2P)	Revised AWE Net Entitlement 2P barrels under PSC terms	Revised recoverable barrels (Gross 2C)
K Sand reservoir	76	101	50	nil
G Sand reservoir	nil	nil	nil	35

**Note:** Net entitlement is equivalent to working interest less government share of production under the terms of the PSC and may vary depending on oil price and cost estimates.

The results of the independent review and certification undertaken by RPS are summarized below:

Reservoir	AWE Working Interest (100%) MMstb		
	1P	2P	3P
K Sand	61.1	98.0	145.9

Reservoir	Contingent Resources as of 1st May, 2013 (MMstb): RPS			Chance of Development (%)
	(AWE Working Interest (100%))			
	1C	2C	3C	
K-Sand	0.0	2.0	19.1	Depends on PSC extension
G-Sand	11.7	43.9	127.0	≥ 25% and ≤ 50%

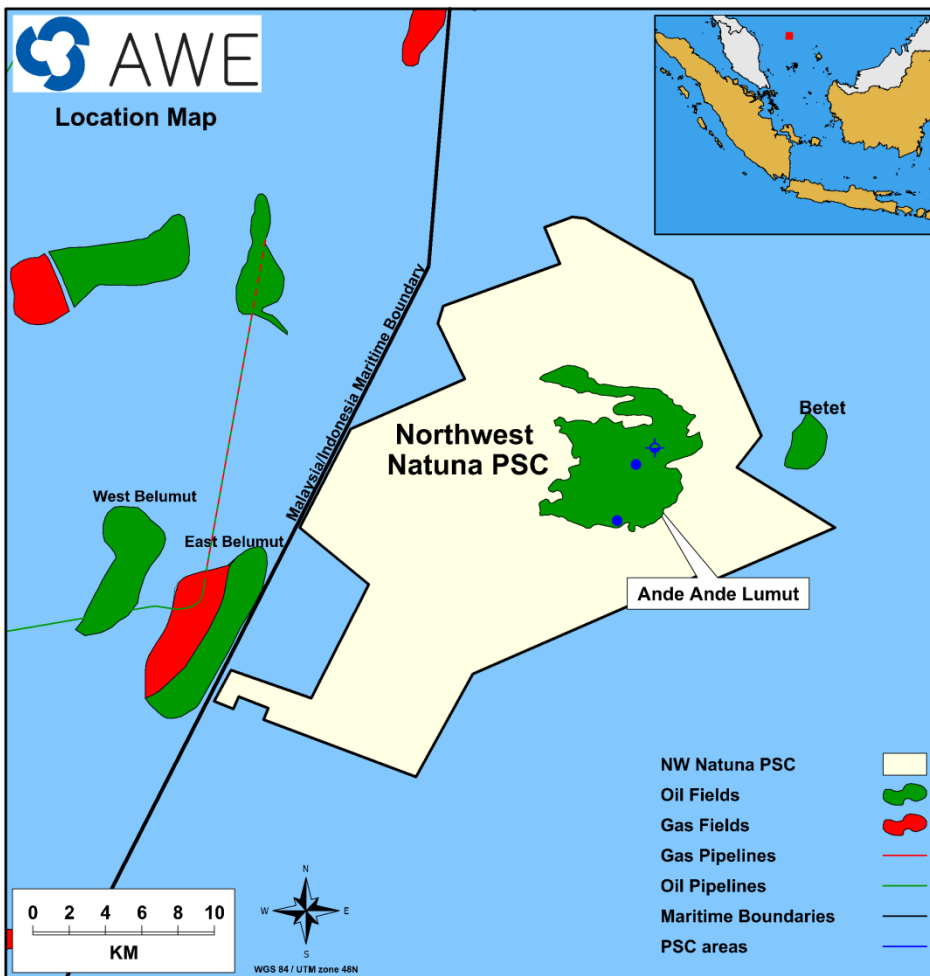
**Note:** Under the PSC terms, any Net Entitlement volume would be less than the Working Interest volume.

### 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, Indonesia) 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.

### 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 estimated Gross 2P reserves of 101 million barrels of recoverable oil, and is moving forward with development of the field. The Company plans to sell-down part of its interest in the field during 2013. 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 opportunities 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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