



ASX Announcement

March 13, 2007

AWE's Tui Project Update

AWE Ltd ("AWE"), as Operator of the Tui Area Oil Development, provides the following update on progress of development activities.

The project risks continue to be reduced and the project remains on schedule for first oil by June 30, 2007. The joint venture has approved a 9% budget increase to account for slower drilling rates than anticipated, but also because of the lengthening of the Tui-2H production well which intersected a more extensive oil column than predicted.

The Tui Area Development is located within PMP 38158, in the Taranaki basin, approximately 50 kilometres offshore of the west coast of the North Island of New Zealand. When fully commissioned, a production rate peaking at 50,000 barrels of oil per day is anticipated.

Progress on Construction of Facilities

Significant progress has been made on the construction activities, commensurately reducing the project risks.

All of the development's major construction components are now manufactured, and most have been delivered to New Zealand. This equipment includes the tubulars and other well related equipment, subsea trees, FPSO anchors and associated mooring components, flowlines, gas lift lines, umbilicals, risers and mid-water arches.

Installation of the facilities is now well underway: The anchors and chains for the FPSO have been successfully pre-installed. Two of the four mid-water arches, the most weather-sensitive installation activity, were installed in a favourable weather window last week.

The FPSO, which is to be leased from the Norwegian company Prosafe, is also in the final stages of construction in Singapore and is scheduled to arrive in New Zealand in mid-April.

Progress on Development Drilling

Three of the four production wells (Tui-2H, Tui-3H and Pateke-2H) have had the top-hole sections drilled and cased with the subsea production trees installed. The fourth well, Amokura-2H, will be drilled and have the last subsea tree installed immediately after completing the well currently being drilled, Tui-3H.

The first production well in the programme (Tui-2H) has been completed and is suspended ready for production. Tui-2H intersected a thicker oil column than expected which led to the well being lengthened and completed with a 1,850 metre horizontal producing section in the oil reservoir. The cost of drilling the extended well, and the slower drilling rates generally have resulted in a 9% (US\$20 million gross) budget increase.

As at 0600 hours today, preparations were being made to recommence drilling operations in the Tui-3H well after having run and cemented casing to a depth of 3,917 metres measured depth. Progress for the week was 854 metres.

Commenting on the update, AWE's managing director Mr Bruce Phillips said:

"We are very pleased with the progress to date on the Tui project. However, risks remain and we will continue to proactively manage those risks to get the best possible outcome for all our stakeholders."

Participants in PMP 38158 are:

AWE * (Operator)	42.5%
Mitsui E & P New Zealand Limited	35.0%
Stewart Petroleum Company Ltd ("New Zealand Oil & Gas")	12.5%
WM Petroleum Ltd ("Pan Pacific Petroleum NL")	10.0%

* New Zealand Overseas Petroleum Pty Ltd (22.5%)
AWE New Zealand Pty Limited (20.0%)

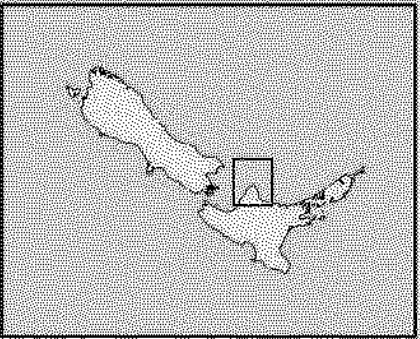
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Taranaki Basin

December 2006



Tasman Sea



PEP 38483
AWE 44.317%
Operator

PEP 38481
AWE 40%
Operator

Hoki

Hector Prospect

Hector South Sub Block
(PEP 38483)
AWE 42.5%
Operator

West Cape

Kopuwaiti

Taranui

PEP 38482
AWE 40%
Operator

Tui Area
Oil Fields

Tieke Fiank

Maui

PMP 38158
AWE 42.5%
Operator

New Plymouth

Pohokura

Manganawa

Kamiro

Ngatoro

Alforqa

Tariki

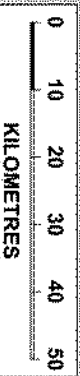
Mckee

Waihapa-Ngaero

Kapuni

Rimu

Kupe



- Maari
- Mature Source Rock
- 3D Seismic survey Outline
- Gas Field
- Oil Field
- Prospect
- AWE Permit Blocks
- Gas Pipeline