



ASX Announcement

August 27, 2007

AWE's Tui Area Oil Project Update

AWE is pleased to report a revised assessment of reserves for the Tui Area oil project, and also provide an update on recent oil production performance.

Oil Reserves

An interim post-drilling reserves review indicates that the proved+probable ("2P") developed reserves for the project are 32.0 million barrels of recoverable oil. This compares to the 27.9 million barrels of undeveloped reserves reported prior to drilling the development wells. The above developed reserves are assessed to be recovered from the four completed wells within the ten year term of the charter of the Floating Production Storage and Offloading (FPSO) vessel "Umuroa".

In addition, potential for further "undeveloped" reserves has been identified in the Tui Area.

The increase in the recoverable oil reserves is based on the preliminary post-drill mapping of the Tui, Amokura and Pateke oil fields and incorporates data from the four development wells and further interpretation of the seismic data.

A more comprehensive reserve study incorporating production trends from the wells and the re-processed 3D seismic data has also commenced. This study will also evaluate the economic potential of the undeveloped reserves in the area. This study is expected to be completed in 2-3 months and will be released after it has been considered by the joint venture.

Oil Production Rates

Since the last reported production update on August 16, production rates and facility up-time performance have improved considerably. Currently a production rate of approximately 47,000 barrels of oil per day is being reliably achieved. Further minor debottlenecking is being pursued to endeavour to achieve at least the full 50,000 barrels of oil per day name plate capacity of the Umuroa.

All four subsea production wells have been successfully commissioned and are flowing strongly as expected with minimal quantities of water. These four wells, which have a current combined production capacity well in excess of 100,000 bopd, are being "choked back" to the rate that can be processed on the FPSO facility.

Cumulative production in the first month since start-up amounts to approximately one million barrels of oil.

Oil marketing and shipping logistics are proceeding satisfactorily, with six 300,000 barrel parcels sold to date to refineries in Australia and Southeast Asia, two of which have been successfully lifted.

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

"The Tui Area oil project has made a smooth transition from the construction & installation phase, through the major commissioning activities, and now into routine production operations.

"The project has now produced approximately one million barrels of oil in its first month of production. When viewed in the context of current oil industry environment, this is an excellent achievement and is a testimony to the dedication and professionalism of those involved.

"The good early production performance of the wells and the geological data derived from drilling has also led to over a 15% increase in proved and probable developed reserves, which at current oil prices will deliver the joint venture an additional US\$280 million in revenues, with only minor associated operating costs.

"We are obviously very pleased with the progress on the project to date and look forward to our current exploration campaign adding further potential development options within the offshore Taranaki basin."

Participants in PMP 38158 are:

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| AWE * (Operator) | 42.5% |
| Mitsui E & P Australia Pty Ltd | 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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