



ASX Announcement

February 24, 2005

Tui Area oil fields move to FEED

Australian Worldwide Exploration Limited, on behalf of its wholly owned subsidiary AWE New Zealand Pty Ltd ("AWE"), is pleased to announce the PEP 38460 joint venture has approved commencement of Front End Engineering and Design ("FEED") work for the development of the Tui/Amokura/Pateke ("Tui Area") oil fields, in the offshore Taranaki Basin, New Zealand.

The recently completed pre-FEED studies have confirmed that the most economically attractive development concept for the Tui Area fields will involve four or five subsea oil production wells tied back to a floating production, storage and offloading facility ("FPSO").

The capital expenditure estimates for the project, allowing for contingency commensurate with this stage of engineering, is still considered to be within the range previously announced of US\$120 – 150 million. This excludes the cost of an FPSO which is likely to be leased.

The estimate of proved and probable reserves also remain within the previously announced range of 20-30 million barrels of recoverable oil. Latest subsurface modelling work indicates that relatively long horizontal and/or multi-lateral wells will be preferred to optimise economic recovery. These are designed to allow high initial production rates, and initial oil rates in the vicinity of 30 thousand barrels per day are expected. The nature of the thin reservoirs will lead to a rapid rise in water production and the facilities will be designed to handle large volumes of water.

The FEED programme will start immediately and is expected to run through to August this year. During this phase the Field Development Plan will be finalised and submitted to the regulatory authority in support of a Petroleum Mining Permit application. The engineering Basis of Design will also be finalised allowing a capital expenditure estimate to +/-15% accuracy to be generated. Key areas that will be addressed during FEED include:

- Establishing the functional specification for the FPSO from which firm lease quotes can be obtained from organisations with a track record in the construction and operation of FPSOs;
- Optimisation of the number of development wells, their configurations, and definition of the engineering requirements to drill the wells;
- Finalisation of production profiles and reserves;

- Defining the subsea equipment requirements (flowlines, manifolds, umbilicals etc) sufficient to tender for the detailed engineering design, manufacture and installation of these facilities.

In parallel with FEED, suitable drilling rigs will be identified and priced. A commitment to a rig may be made during this phase to secure a 'slot' in the increasingly tight schedules of the available rigs in the Australasian region. Development drilling is currently scheduled to commence Q2, 2006. The possibility of drilling at least one exploration well in the permit, within tie in distance of the Tui Area facilities, ahead of development drilling, is also being considered.

The joint venture has also approved the acquisition of 72 km² of 3D seismic data over the northern extent of the Pateke structure that falls outside the existing 3D coverage. This data is expected to be shot in early April this year in conjunction with acquisition in another adjacent permit. The data, when processed and interpreted, will assist the finalisation of reserve estimates and development drilling requirements for the Pateke accumulation.

On the basis of the current development timetable, the joint venture expects to be in a position to make a Final Investment Decision ("FID") for the Tui Area development during 3Q 2005, leading to first oil in Q4 2006.

Participants in PEP 38460 are:

AWE New Zealand Pty Ltd ("AWE")	20.0%
New Zealand Overseas Petroleum Limited (operator) ("NZOP")	45.0%
Mitsui E&P New Zealand Limited ("Mitsui")	12.5%
Stewart Petroleum Company Limited ("NZOG")	12.5%
WM Petroleum Limited ("Pan Pacific")	10.0%

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