



ASX Announcement

November 21, 2005

AWE's Tui Area oil project to proceed

Australian Worldwide Exploration Limited, on behalf of its wholly owned subsidiary AWE New Zealand Pty Limited ("AWE"), is pleased to announce the formal go ahead for the development of the Tui Area oil project. The project is located in the offshore Taranaki Basin, in PEP 38460 (see figure 1). The Tui Area oil project will be New Zealand's first stand alone offshore oil development.

Following extensive FEED studies and the negotiation of contracts for the provision of all major equipment and services necessary for project execution, the project has been unanimously sanctioned by the PEP 38460 joint venture participants. The final terms of the Petroleum Mining Permit ("PMP") for the development have been agreed with New Zealand's Ministry of Economic Development ("MED") and the joint venture expects to be granted the permit ("PMP38158") shortly, subject to formal ministerial approval.

Project Outline

The Tui Area oil project will comprise the joint development of the Tui, Amokura and Pateke oil accumulations. These adjacent fields were discovered by the current joint venture in 2003 and 2004. The development of the fields, in water depths of around 120m, will be undertaken via four horizontally drilled and subsea completed development wells, which will be individually tied back to a leased Floating Production Storage and Offloading vessel ("FPSO"). The committed capital expenditure for the development (which excludes the costs of the leased FPSO), is expected to be US\$204 million. AWE will fund its share (US\$40.8 million) of the development costs from existing cash reserves.

On November 18th, 2005 the Operator, on behalf of the Joint Venture, executed an FPSO charter contract with Prosafe Production Services Pty Ltd ("Prosafe") for the provision of an FPSO for the Tui Field development. Prosafe will both build and operate the FPSO as part of the charter arrangement. The contract is for a fixed initial term of 5 years which has a contract value of US\$178 million with options exercisable by the Joint venture for five one-year extensions. Prosafe have built and now operate a number of similar FPSO's.

Recoverable oil reserves for the Tui Area oil fields are estimated by the Operator to be 26.8 million barrels on a probabilistically derived P50 basis.

The project facilities are designed for a maximum initial oil flow rate of 50,000 barrels of oil per day. Due to the nature of the reservoirs, well productivity is expected to remain high, but with a relatively rapid rise in water production and associated decline in oil rate. To maximise ultimate oil recovery, the FPSO is being designed to handle up to approximately 120,000 barrels of

liquid per day. The FPSO oil storage capacity will be in excess of 700,000 barrels, which will allow flexibility to efficiently utilise a range of differently sized offtake oil tankers.

The predominant market for the Tui Area oil is expected to be the Asia Pacific region, including Australian East Coast refineries. The light sweet Tui Area oil has similar properties to oil produced from similar aged reservoirs at the Maui Field in offshore Taranaki, and this oil is also similar to Bass Strait produced crude that is a major feed-stock to the East Coast Australian refineries.

Due to a rapidly developing shortage of suitable offshore drilling rigs, the PEP 38460 joint venture signed a contract with Diamond Offshore in May 2005 for the use of the Ocean Patriot semi submersible rig. This early contractual commitment will ensure that the development wells can be drilled to a timely schedule and at a favourable rig day rate. The development drilling operation is expected to commence in Q4 2006 and will take approximately six months for the drilling and completion of the four wells. This drilling schedule will tie in with the scheduled FPSO arrival date in late Q1 2007 and the first oil target date of early Q2 2007.

In addition to the development drilling activity, the joint venture has an option on the Ocean Patriot to drill up to three exploration wells. Several prospects, including Tieke and Taranui, have been identified on the existing 3D seismic grid, within the area that will be encompassed by the Tui Area PMP. Success at any of these exploration targets could be monetised relatively quickly by the tie back of additional subsea wells to the Tui FPSO.

As part of the MED agreed work programme, the joint venture has committed to drill two exploration wells within the Tui mining permit within 24 months of permit award. Subject to mutual agreement on rig day rates for the option slots on the Ocean Patriot, these wells are planned to be drilled in conjunction with the Tui development drilling.

In addition to the drilling rig and FPSO contracts the joint venture has negotiated commercial terms and is close to finalising contractual arrangements for the provision of all other major equipment and services, including wellheads & subsea trees, subsea well control system, subsea flowlines & umbilicals and their installation, and tubulars for the wells.

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

"The joint venture approval of the Tui area development is not only another watershed for AWE's growth aspirations, but a significant event for New Zealand's exploration and production scene.

"In particular, AWE is pleased to be involved in New Zealand's first stand-alone offshore oil field development. Our company has been one of the most active explorers in New Zealand over the last few years and we intend to increase that involvement to become New Zealand's most active offshore explorer during the next two years.

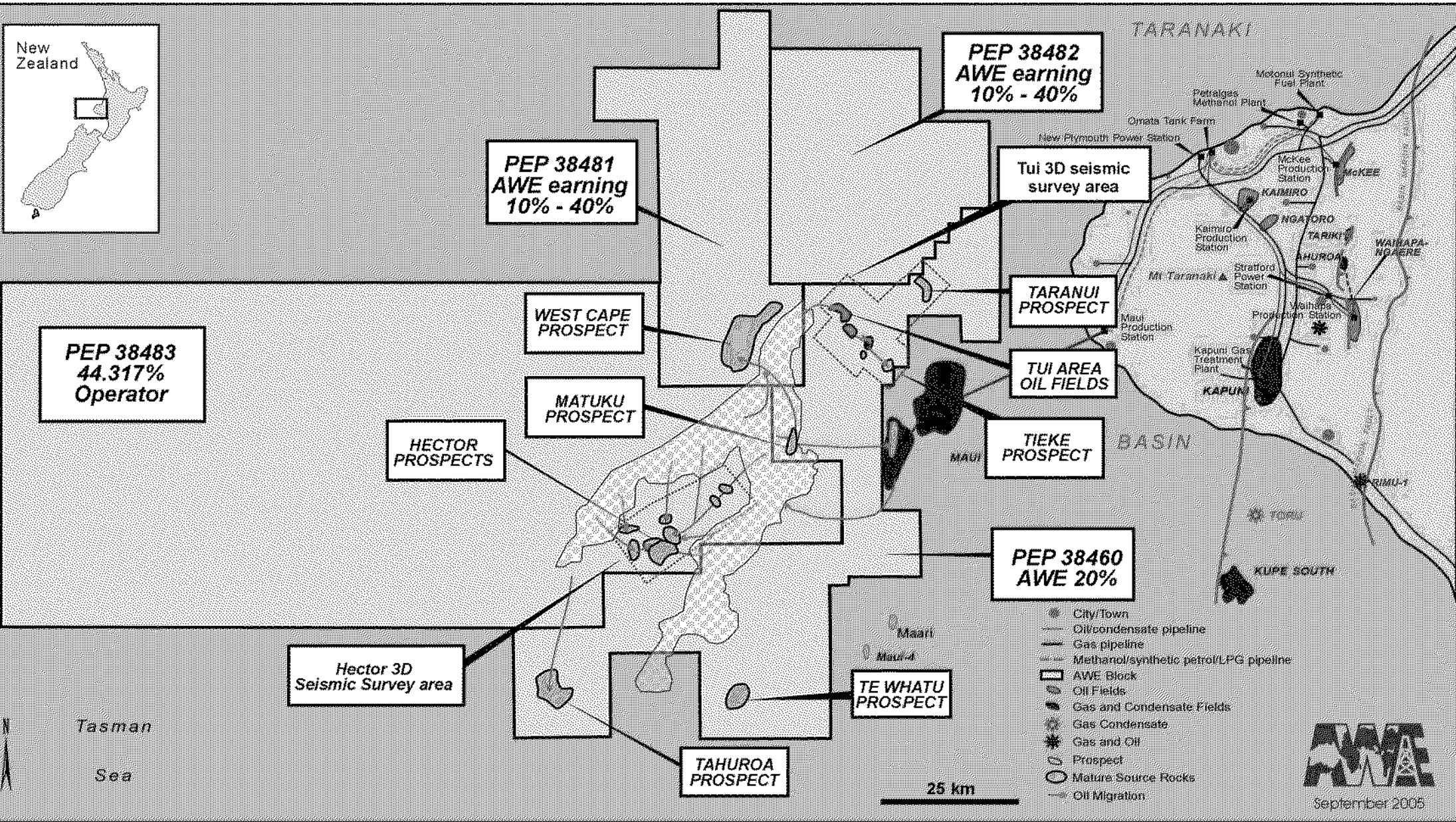
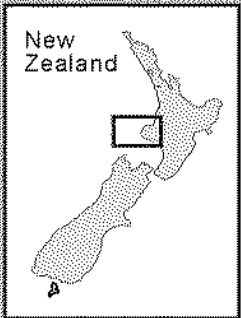
"This major commitment will include 4-5 significant wildcat exploration wells commencing in the third quarter next year. These exploration wells will be drilled in a continuous programme in conjunction with the four Tui area development wells.

"AWE looks forward to continued success in New Zealand for the benefit of our shareholders and the broader New Zealand community."

Participants in the Tui Area oil project and PEP 38460 are:

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

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TARANAKI

BASIN

Tasman
Sea

25 km



September 2005