



ASX Announcement

May 5, 2006

Revised Tui Area Oil Project

Earlier in the year Australian Worldwide Exploration Limited ("AWE") announced it had completed the acquisition of all the shares in New Zealand Overseas Petroleum Limited ("NZOP"), and thereby assumed Operatorship of the Tui Area Oil Project. The Tui project is located within PMP 38158, in the offshore Taranaki Basin, New Zealand.

Since the purchase of NZOP, the AWE Group has completed a smooth transition to takeover management of the project and has completed a detailed review of the development.

The AWE Group is pleased to advise that results of the project review have concluded that an optimised development plan could increase the proved and probable recoverable oil reserves which can be accessed from the project. Subject to regulatory approvals, this will be undertaken by reconfiguring the oilfield development to include 2 wells on the Tui field (with a provision for a third well if development drilling and production data supports higher recoveries) and a single well on each of the Amokura and Pateke accumulations.

AWE estimates this new well configuration will provide access to a further 1.1 million barrels of recoverable oil. Total proven and probable field reserves are now estimated by the Operator at 27.9 million barrels.

As part of the review process, AWE also investigated the implications of the revised development on capital expenditure and the date for first oil production.

Whilst the revised development plan does not necessarily adversely impact the previously announced capital costs of US\$204 million, AWE as Operator has advised the joint venture it is prudent to add an approximate US\$21 million contingency to the approved project capex (ie a revised total capex of US\$225 million) to allow for unforeseen future drilling problems or schedule delays associated with adverse weather conditions during the installation of the facilities.

The revised plan does not alter the timetable for first oil deliveries from the project, which are still expected by the end of Q2, 2007.

In addition to the development drilling, the joint venture will drill two exploration wells, Tieke-1 and Taranui-1, within PMP 38158. A drilling rig has been secured for these wells, which are currently scheduled for drilling in Q2, 2007.

Commenting on the results of the review, AWE's managing director Mr. Bruce Phillips said:

"The Tui project is an important project for AWE, being its first significant offshore development project as an Operator.

"In this context, we are pleased that the Tui oil project remains on schedule despite the recent change in ownership and Operatorship. The challenges of integrating a project management team with people based in the USA, Singapore, New Zealand and Australia should not be under-estimated and we are pleased this has been achieved in a seamless manner.

"In completing the review of the Tui development, AWE has attempted to achieve the best commercial outcome for its shareholders, within prudent financial contingencies. We are pleased that these initiatives have been supported by our alliance partner, Mitsui.

"On the exploration front, we are delighted to have secured a drilling rig in the current difficult market. Starting in Q3, 2006 AWE is embarking in the largest offshore exploration drilling campaign ever undertaken in New Zealand. The Tieke-1 and Taranui-1 wildcats in PMP 38158 are a meaningful part of this campaign, with the potential to more than double the Tui area oil reserves in the success case."

Participants in PMP 38158 are:

AWE Group (Operator)	42.5%
Mitsui E&P New Zealand Limited	35.0%
Stewart Petroleum Company Limited (NZOG)	12.5%
WM Petroleum Limited (Pan Pacific)	10.0%

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BACKGROUND INFORMATION

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\$225 million (including a contingency of US\$21 million). AWE will fund its share 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 to be 27.9 million barrels.

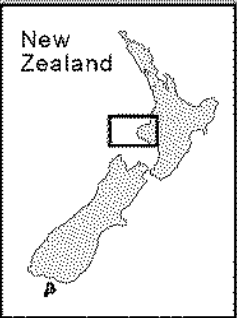
The project facilities are designed for a maximum initial oil flow rate of 50,000 barrels of oil per day. Due to the nature of the reservoirs, well productivity is expected to remain high, but with a relatively rapid rise in water production and associated decline in oil rate. To maximise ultimate oil 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 off-take 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 by the end of Q2, 2007.

In addition to the development drilling activity, and as part of the government agreed work programme, the joint venture has committed to drill two exploration wells in the Tui mining permit area within 24 months of permit award. These wells are planned to be drilled in conjunction with the Tui development drilling. Several prospects, including Tieke and Taranui, have been identified on the existing 3D seismic grid. Success at any of these exploration targets could be monetised relatively quickly by the tie back of additional subsea wells to the Tui FPSO.

In addition to the drilling rig and FPSO contracts the joint venture has concluded 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.



PEP 38483
44.317%
Operator

PEP 38481
AWE 40%
Operator

PEP 38482
AWE 40%
Operator

WEST CAPE PROSPECT

TARANUI PROSPECT

TUI AREA OIL FIELDS

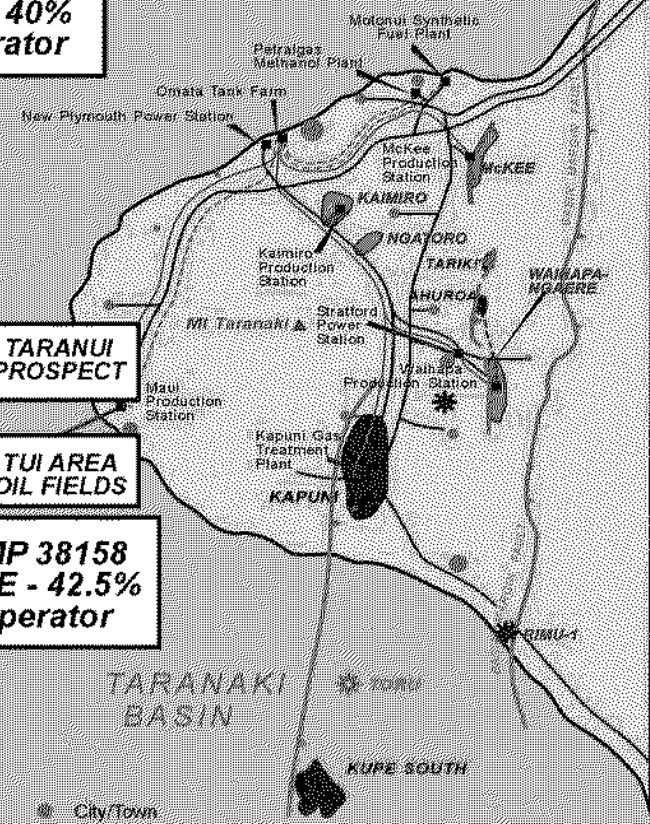
HECTOR PROSPECTS

PMP 38158
AWE - 42.5%
Operator

TIEKE PROSPECT

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

TARANAKI BASIN



TARANAKI BASIN

- City/Town
- Oil/condensate pipeline
- Gas pipeline
- Methanol/synthetic petrol/LPG pipeline
- AWE Block
- Oil Fields
- Gas and Condensate Fields
- Gas Condensate
- Gas and Oil
- Prospect
- Mature Source Rocks
- Oil Migration
- 3D Seismic Area

Tasman
Sea

25 km



April 2006

