



ASX Announcement

December 5, 2006

AWE's Tieke-1 drilling update

AWE Ltd ("AWE") reports that at 0600 hours today, the Tieke-1 well was drilling ahead towards the main target zone. During the week, 13-3/8" casing was cemented and 12-1/4" hole was drilled from 1,495 metres to a present depth of 3,225 metres. Progress for the week was 1,730 metres.

Tieke-1 is located in PMP 38158, 40 km off the west coast of New Zealand's North Island and approximately 8 km from the Tui oil field (see figure 1). The well is being drilled to a planned total depth of 3,600 metres, in a water depth of 122 metres. On a "trouble free" basis, the Tieke-1 well should reach the primary target zone within the next few days.

Following completion of operations at Tieke-1, the offshore drilling rig will commence the development drilling activities on the adjacent Tui Area Development.

Participants in Tieke-1 and PMP 38158 are:

AWE *	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%)

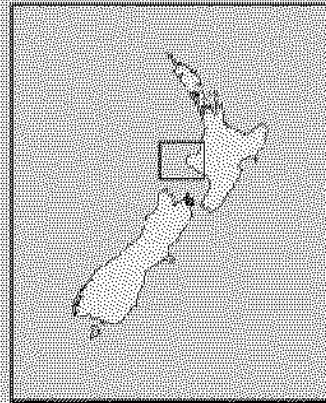
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Taranaki Basin

September 2006



Tasman Sea

PEP 38481
AWE 40%
Operator

PEP 38482
AWE 40%
Operator

PEP 38483
AWE 44.317%
Operator

West Cape

Tui Area
Oil Fields

Taranui

Tieke

Maui

PMP 38158
AWE 42.5%
Operator

Pohokura

New Plymouth

Mangahewa

Kamiro

Ngatoro

Afuroa

Kapuni

Waihapa-Ngaere

Mckee

Tariki

Rimu

Kupe

Hector Prospect

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

Maari

Maui-4

- Mature Source Rock
- 3D Seismic survey Outline
- Gas Field
- Oil Field
- Prospect

□ AWE Permit Blocks

— Gas Pipeline

