

ASX Announcement

2 September 2014



Significant new gas discovery at Senecio-3

- **Senecio-3 delivers exploration success in the onshore Perth Basin**
- **Well results identify significant new gas discovery below the primary target**
- **Primary Dongara/Wagina reservoir volumes revised upwards**
- **Perth Basin unconventional gas potential upgraded**

AWE Limited (ASX: AWE), as Operator of Permits L1/L2 in the Perth Basin, Western Australia, advises that as at 06:00 hours (6.00am) AWST today, the Senecio-3 appraisal well was at Total Depth (TD) of 3,370m and data collection from the primary target and underlying formations has been completed. Operations are now preparing to run 5 ½ inch casing prior to suspending the well.

As previously reported, the primary target Dongara/Wagina formation was intersected from 2,635m to 2,759m on prognosis. Elevated gas shows were observed and the Senecio-3 well was deepened to 3,370m to appraise secondary targets. Multiple hydrocarbon bearing formations have been encountered and results of the initial evaluation of well data are summarised below.

Upside in Dongara/Wagina reservoir

Data from the primary target Dongara/Wagina tight sand reservoir indicates better porosity and permeability than the Senecio-2 well. Interpretation of the wireline log data indicates the section down to at least 2,670m is gas saturated with evidence of moderate to good quality reservoir. Contingent Resources are estimated to be from 40 to 130 billion cubic feet (Bcf) of gas gross, based on the well data and existing 3D seismic. The best estimate 2C Contingent Resource has been revised upwards to 70 Bcf gross.

Significant new gas play discovered

Wireline logs and pressure tests have identified a significant gas discovery in the deeper sands below the primary target, which has the potential to contain a substantially larger volume than the gas accumulation in the Dongara/Wagina. Senecio-3 intersected the Carynginia Shale from 2,759m to 2,899m, the Irwin River Coal Measures from 2,899m to 3,153m, the Kingia Sandstone from 3,153m to 3,192m, and the High Cliff Sandstone from 3,192m to 3,333m before reaching a total depth of 3,370m in the Holmwood Shale (Fig. 1).

All formations had elevated gas shows and several moderate to good reservoir quality sandstone intervals were encountered in the Kingia and High Cliff Sandstone formations. Wireline pressure data have subsequently confirmed a gas gradient over the two sandstone intervals. The Kingia/High Cliff Sandstone results indicate the discovery of a significant new gas field which the joint venture plans to appraise on a high priority basis. Additional analysis is required before estimating Contingent Resources for this discovery.

Mr Bruce Clement, AWE's Managing Director, said:

"This is a very exciting discovery that adds considerable momentum to the near-term development potential of the Senecio gas field and other nearby prospects in the north Perth Basin.

"The positive appraisal of the Dongara/Wagina reservoir and the discovery of a potentially larger new gas play in the deeper sands have increased the likelihood of commercial development of the Senecio gas field, particularly given the proximity to existing infrastructure," Clement said.



“Gas production from the Senecio field with a low cost tie in to the AWE-operated Dongara Gas Plant, 7km to the west, would be a logical first step in commercialising unconventional gas in the onshore Perth Basin and would reinvigorate the gas industry in the Mid West of Western Australia.

“This discovery has materially upgraded the potential of other prospects in the area and the joint venture plans to drill the Irwin-1 exploration well to the east of Senecio later this year, targeting the same plays.

“We are prioritising the evaluation of the new gas discovery at Senecio and AWE is also evaluating the potential for a conventional flow test of Senecio-3 later in 2014,” Clement said.

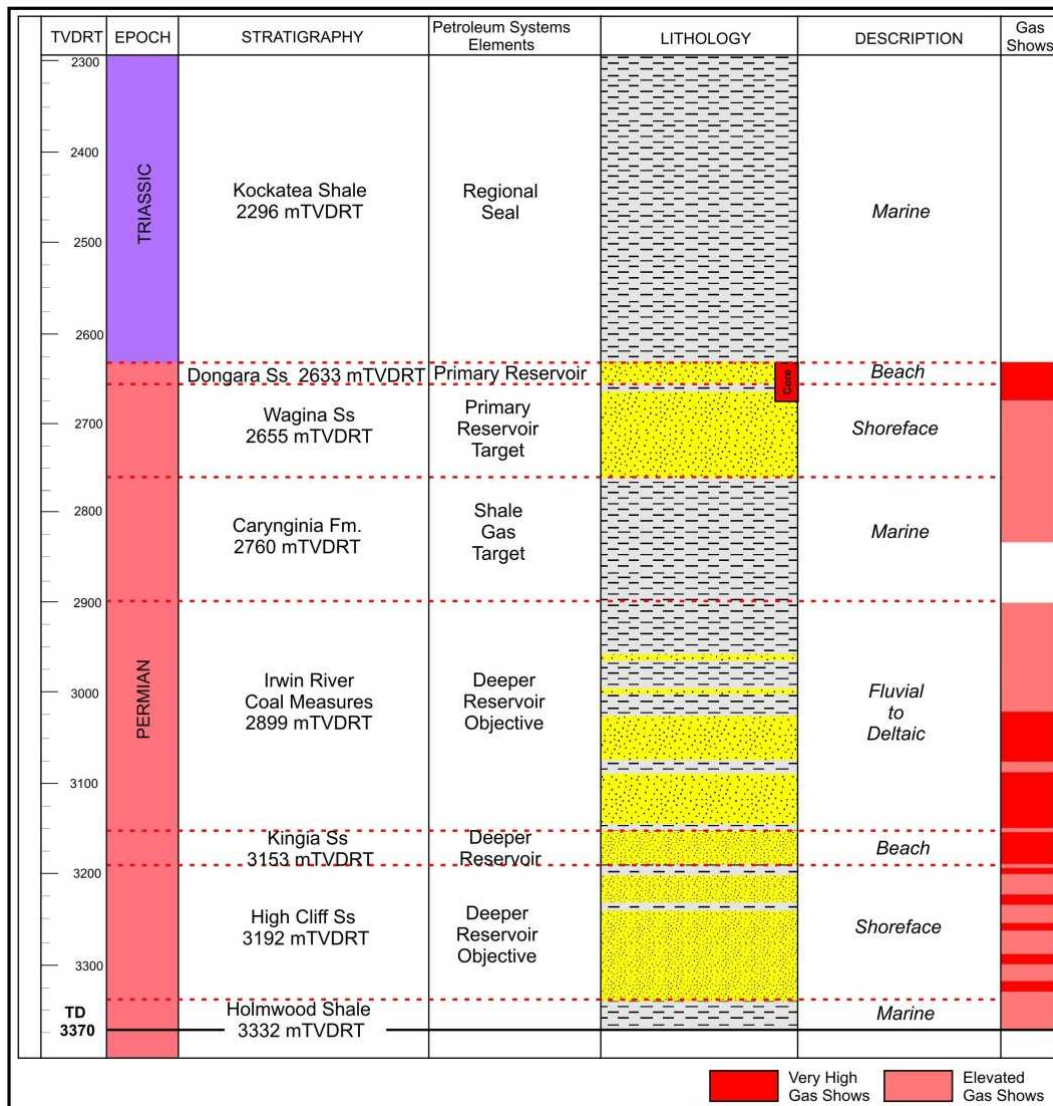
Core samples and log data from the Dongara/Wagina reservoir will be fully analysed and evaluated prior to making a decision on field development. AWE will not conduct hydraulic fracture stimulation on Senecio-3 at this stage. The Senecio-3 well could be completed as a production well in a future field development.

The Senecio-3 appraisal well is located on agricultural land approximately 14.5 kilometres east of Dongara, Western Australia, and 7km from the AWE-operated Dongara gas plant.

The Joint Venture partners in L1/L2 are:

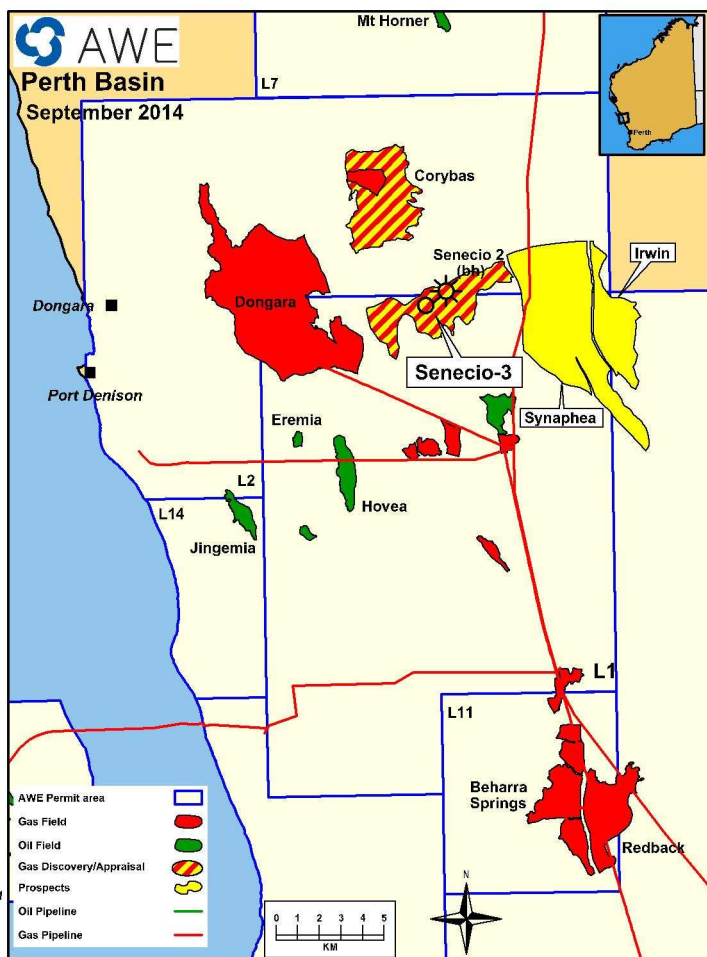
AWE Limited (via subsidiaries) (Operator)	50.0%
Origin Energy Resources Limited	50.0%

Figure 1 – Senecio-3 Stratigraphy and Gas Shows



Reserves and Resources. The reserve and resource information contained in this announcement is based on information compiled by Neil Tupper (General Manager, Exploration and Geoscience) and Ian Palmer (General Manager Development). Mr Tupper is a Geologist with a Masters Degree in Sedimentology and has over 31 years' experience in petroleum exploration. Mr Palmer holds a Bachelor Degree in Engineering and has 33 years' experience in the practice of petroleum engineering. Both have consented in writing to the inclusion of this information in the format and context in which it appears.

About the Senecio Gas Field. AWE has previously advised that the Senecio-2 well, located on the eastern side of the reservoir, was fracture stimulated over a 5 metre perforation interval in the Dongara and Wagina tight sandstone formation in August 2012. A successful 40 hour flow test was conducted in September 2012 and a stabilised gas flow rate of 1.35 million standard cubic feet per day was recorded. The test produced a total of 4.65 million standard cubic feet of gas and approximately 65 barrels of crude oil/condensate over the flow period.



About AWE Limited. AWE Limited is an Australian based energy company focused on upstream oil and gas and related energy opportunities. Established in 1997 and listed on the ASX, the Company is headquartered in Sydney, Australia, with international operating offices in New Zealand and Indonesia. AWE has built a substantial portfolio of production, development and exploration assets in Australia, New Zealand, USA, Indonesia and China, including major growth opportunities such as the Ande Ande Lumut oil project in Indonesia and large unconventional gas resources in Australia. AWE also holds an interest in the Sugarloaf AMI in the Eagle Ford shale play in the USA. With its strong financial and technical base, AWE will continue to pursue exploration, appraisal and development growth opportunities in the greater Asian region.

For information please see our website www.awexplore.com or contact:

Investor Relations
 Matthew Sullivan
 AWE Limited
 02 8912 8022
matthew.sullivan@awexplore.com

Media Enquiries
 Ian Howarth
 Collins St Media
 03 9223 2465
ian@collinsstreetmedia.com.au