



AWE upgrades Waitsia 2P Reserves by 93%

- Waitsia gross 2P Reserves increased by 93% to 344 Bcf of gas (AWE share 172 Bcf of gas or 30.4 mmboe)
- Waitsia gross 2P Reserves plus 2C Contingent Resources increased by 30% to 630 Bcf of gas (AWE share 315 Bcf of gas or 55.7 mmboe)
- Total gross 2P Reserves plus 2C Contingent Resources for Waitsia, Senecio, Irwin and Synaphea increased by 20% to 867 Bcf of gas (AWE share 432 Bcf of gas or 79.5 mmboe)
- Significant reserves and resources upside potential to be addressed with further appraisal wells planned for 2017

AWE Limited (ASX: AWE), the Operator of onshore Permits L1/L2 in the northern Perth Basin, Western Australia, today announced a major upgrade of 2P Reserves and updated 2C Contingent Resource estimates for the Waitsia gas field.

The upgrade follows the extensive evaluation of new core data acquired in 2015 from the Waitsia-1 and Waitsia-2 wells and further analysis of well test data from the Senecio-3 and Waitsia-1 wells. The new data confirms an increase in Gas In Place (GIP) and recoverable volume estimates leading to an upgrade in 2P Reserves and conversion of 2C Contingent Resources to 2P Reserves.

Summary of changes to 2P Reserves and 2C Contingent Resources for the Waitsia field

| Waitsia Field (L1/L2) | Current volumes as at 3 June 2016 (Bcf of gas) | | Previous volumes as at 21 August 2015 (Bcf of gas) | | Change % |
|--------------------------------|--|------------|--|-----|----------|
| | Gross | Net | Gross | Net | |
| 2P Reserves | 344 | 172 | 178 | 89 | 93 |
| 2C Contingent Resources | 286 | 143 | 306 | 153 | (6.5) |
| 2P plus 2C | 630 | 315 | 484 | 242 | 30 |

Note: Previous 2P and 2C volumes released to the ASX on 21 August 2015

AWE's 2C Contingent Resources for the Senecio, Irwin and Synaphea tight gas fields remain unchanged at gross 237 Bcf of gas (net 117 Bcf to AWE). Together with the Waitsia field, 2P Reserves and 2C Contingent Resources now total gross 867 Bcf of gas (net 432 Bcf to AWE).

Managing Director, David Biggs, said that analysis and evaluation of the full well dataset, including the excellent flow test results from Waitsia-1, allowed AWE to significantly increase the company's previous estimate of gross recoverable gas and increase the 2P Reserves.

"This significant reserves upgrade is another very successful step in the ongoing appraisal of the Waitsia gas field and underlines the strategic importance of this exciting onshore gas project.

"Using the data gathered from the three appraisal wells drilled to date, we have made substantial progress on field modelling and we are currently finalising concept selection options for the full field development of Waitsia and surrounding fields," Biggs said.



“Modelling indicates that in a full field development an initial plateau rate of approximately 100 TJ/day can potentially be achieved from six wells, including the three wells already drilled. Excellent well productivity and easy access to infrastructure will see AWE positioned as a low cost gas producer in Western Australia,” Biggs said.

“Construction and technical work for Stage 1A of the Waitsia gas project is proceeding on time and budget and we anticipate delivering contracted initial volumes of 10 TJ/day (gross) of gas into the Western Australia domestic market from the third quarter of this calendar year.

“Looking ahead, AWE is planning to drill another two appraisal wells on the Waitsia field in 2017 and these have the potential to unlock further reserves and resources in the south-eastern extent of the field. If successful, these will be completed as future production wells,” Biggs said.

Analysis of core data acquired at Waitsia-1 and Waitsia-2 has shown significantly better reservoir quality than initially predicted from wireline logs, leading to a reclassification of previously reported Kingia 2C Contingent Resources to 2P Reserves. This data has been integrated with dynamic reservoir model forecasting to provide updated reserves and contingent resources estimates for the Kingia/High Cliff Sandstone reservoirs over the entire Waitsia field.

The resulting technical work has shown that gas present in sandstones with a 5-11% porosity range can be produced when in connection with high quality reservoir with porosity greater than 11%. Contingent resource estimates have been made for sandstones with porosity greater than 5% but potentially lower connectivity, and further appraisal drilling is required to determine reservoir deliverability and to convert these to reserves.

Development planning and economic modelling indicate that the development of these reserves and contingent resources is economic under current and projected gas prices. The preliminary full-field development plan involves the drilling and completion of approximately 6 production wells, including the 3 wells drilled to date, to achieve the initial plateau rate of 100 TJ/day and a total of 15 to 20 wells over the expected 20-plus year life of the field. The wells would be connected to a centralised gas processing facility with export to domestic markets utilising existing nearby gas pipelines. The composition of the gas (c.93% methane) indicates that only minimal processing will be required.

The Joint Venture partners in L1/L2 are:

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

The Joint Venture partners in EP320 are:

| | |
|--|-------|
| AWE Limited (via subsidiaries) | 33.0% |
| Origin Energy Resources Limited (Operator) | 67.0% |

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

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TECHNICAL APPENDIX

Explanations as to the basis and reasons for the reported revisions to 2P Reserves and 2C Contingent Resources

1. The assessment and categorisation of Reserves and Contingent Resources is in accordance with SPE-PRMS (2011) methodology and associated guidelines.
2. AWE applied a probabilistic method for reserves and contingent resource estimation.
3. The reported figures have been aggregated from estimates on an arithmetic basis in each Reserve and Contingent Resource category.
4. Economic assumptions incorporate WA contracted and uncontracted gas price forecasts that are based on a combination of gas prices prevailing at 3 June 2016 and longer term observable price forecasts. Longer term gas price forecasts from FY 2019 are based on an independent gas price forecast provided to AWE by an industry consultant engaged by the Company.
5. All reserves are undeveloped and recoverable as wet gas net of 4% fuel and economic cut-off.
6. The Evaluation Date for the current assessment is 3 June 2016.

Table 1. Revised gross 2P Reserves for the Waitsia field (at 3 June 2016)

Gross 2P Reserves for the Waitsia field have been revised upwards to 344 Bcf of gas (net 172 Bcf or 30.4 mmboe to AWE) from the Kingia and High Cliff Sandstones, an increase of 93% over the previously announced gross 2P Reserves of 178 Bcf of gas. Gross 2P Reserves are based on those areas of the Waitsia field intersected by the three wells drilled to date.

| Field (Permits L1/L2) | Reservoir Interval | Original Gas in Place (Bcf of gas) | | | Gross Reserves (Bcf of gas) | | |
|-----------------------|---|---------------------------------------|-----|-----|--------------------------------|------------|-----|
| | | P90 | P50 | P10 | 1P | 2P | 3P |
| Waitsia gas field | Kingia/High Cliff Sandstone (>5% porosity) | 286 | 502 | 780 | 186 | 344 | 600 |

Table 2. Revised gross 2C Contingent Resources for the Waitsia field (at 3 June 2016)

Gross 2C Contingent Resources for the Waitsia field have been revised from 306 Bcf to 286 Bcf of gas (net 143 Bcf or 25.3 mmboe to AWE) from the Kingia and High Cliff Sandstones, a decrease of 6.5%, as a consequence of 2C Contingent Resources conversion to 2P Reserves. Planning has commenced for two new appraisal wells on the south-eastern extent of the Waitsia field. If successful, a further portion of 2C Contingent Resources may be converted to 2P Reserves.

| Field (Permits L1/L2) | Reservoir Interval | Original Gas in Place (Bcf of gas) | | | Gross Contingent Resources (Bcf of gas) | | |
|-----------------------|--|---------------------------------------|-----|-----|--|------------|-----|
| | | P90 | P50 | P10 | 1C | 2C | 3C |
| Waitsia gas field | Kingia Sandstone (>5% porosity) | 144 | 274 | 550 | 97 | 180 | 406 |
| Waitsia gas field | High Cliff Sandstone (>5% porosity) | 94 | 189 | 431 | 37 | 106 | 246 |

Combined gross 2P Reserves plus 2C Contingent Resources for the Waitsia field have been revised upwards to 630 Bcf of gas (net 315 Bcf or 55.7 mmboe to AWE), an increase of 30% over the previously announced gross 2P plus 2C estimate of 484 Bcf of gas.

Table 3. AWE net 2P Reserves and 2C Contingent Resources for the onshore Perth Basin (at 3 June 2016)

Combined net 2P Reserves plus 2C Contingent Resources for the Waitsia field have been revised upwards to 432 Bcf of gas (79.5 mmoeb net to AWE), an increase of 20% over the previously announced net 2P plus 2C estimate of 359 Bcf of gas.

| Field and Permit | Reservoir Interval | AWE Share of Reserves (Bcf of gas) | | | AWE Share of Contingent Resources (Bcf of gas) | | |
|-------------------------|-----------------------------|------------------------------------|------------|-----|--|------------|-----|
| | | 1P | 2P | 3P | 1C | 2C | 3C |
| Waitsia (L1/L2) | Kingia/High Cliff Sandstone | 93 | 172 | 300 | 67 | 143 | 326 |
| Senecio (L1/L2) | Dongara/Wagina | - | - | - | 25 | 41 | 73 |
| Synaphea (L1/L2; EP320) | Dongara/Wagina | - | - | - | 53 | 69 | 92 |
| Irwin (L1/L2; EP320) | Dongara/Wagina | - | - | - | 4 | 7 | 11 |
| TOTAL | | | 172 | | | 260 | |

Reserves and Resources

The reserves and resources in this announcement are based on and fairly represent information and supporting documentation prepared by and under the supervision of qualified petroleum reserves and resource evaluators: Dr. Suzanne Hunt, AWE Manager for Engineering and Development, and Mr. Andrew Furniss, AWE General Manager for Exploration and Geoscience. Dr. Hunt, a Petroleum Engineer with a Ph.D. in Geomechanics, is a member of the Society of Petroleum Engineer Engineers and has over 19 years' experience in the petroleum sector in geoscience, field development planning, reserves estimation, production and facilities engineering. Mr. Furniss, a member of the Society of Petroleum Engineers and the American Association of Petroleum Geologists, holds an MSc in Exploration Geophysics and a BSc (Hons) in Geological Sciences and has over 25 years' of industry experience in strategic planning, portfolio management, prospect evaluation, technical due diligence and peer review, reserves and resource assessment, the application of advanced geophysical technology and business development. Both have consented in writing to the inclusion of this information in the format and context in which it appears.

About AWE Limited

AWE Limited is an independent, Australian energy company focused on upstream oil and gas opportunities. Established in 1997 and listed on the Australian Securities Exchange (ASX: AWE), the company is based in Sydney with project offices in Perth and New Zealand. AWE has a substantial portfolio of production, development and exploration assets in Australia, New Zealand, and Indonesia.

Summary of Abbreviations

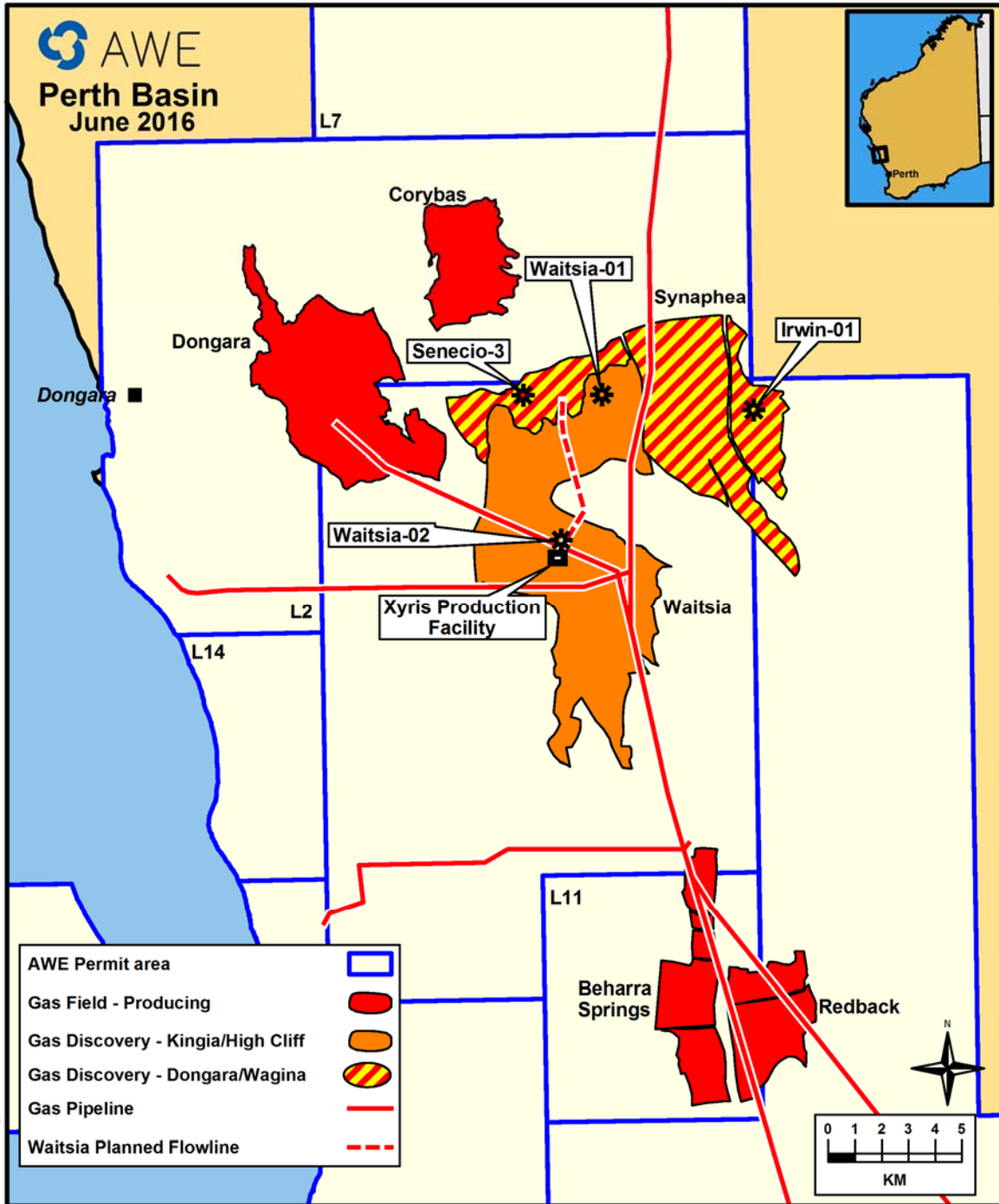
| | |
|---------|--|
| 2C | Contingent Resources |
| 2P | Proved and Probable Reserves |
| Bcf | Billion Cubic Feet |
| BOE | Barrels of Oil Equivalent |
| mmoeb | millions of barrels of oil equivalent |
| mmscf/d | millions of standard cubic feet of gas per day |
| TJ | Terajoules |

Except where otherwise noted, all references to "\$" are to Australian dollars

Conversion Tables

| Energy Value | Barrel of Oil Equivalents (BOE) |
|---|--------------------------------------|
| 1,000 standard cubic feet of sales gas yields about | Oil 1 barrel = 1 BOE |
| 1.055 gigajoules (GJ) of heat | Condensate 1 barrel = 1 BOE |
| 1 petajoule (PJ) = 1,000,000 gigajoules (GJ) | LPG/NGLs 1 tonne = 11.6 BOE |
| 1 gigajoule = 947,817 British Thermal Units (BTU) | Sales Gas 6PJ = 1 million BOE |

Fig 1. Map of Waitsia, Senecio, Irwin and Synaphea gas fields being appraised by AWE in the onshore North Perth Basin, Western Australia



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