

ASX Announcement

28 June 2016



Excellent flow test results from AAL G Sand

AWE Limited (ASX: AWE) has been advised by Santos as Operator that a successful Drill Stem Test (DST) has been conducted on the G Sand reservoir at the AAL-4XST1 appraisal well, offshore Indonesia, achieving an averaged stabilized flow rate of 828 barrels/day (bopd) on a 64/64 inch choke over a 9 hour period. The results exceeded pre-drill expectations and are 58% higher than the previous G-sand tests at AAL-3X (525 bopd).

The DST was successfully conducted over a 3.5m perforated interval in the sidetrack well bore and was assisted by an electrical submersible pump (ESP) which is standard procedure in heavy oil fields due to the viscosity of the oil.

Bulk oil samples were recovered for further testing but wellsite measurements indicate the G-sand oil to have a specific gravity of 10.7 API at 60° F, consistent with previous samples from AAL-3X. Produced gas and water were at rates too low to measure.

AWE's preliminary analysis of the wireline log data indicates an 8m oil column in the G-Sand and excellent quality reservoir, the best encountered in the field to date. No oil-water-contact was intersected in the well.

Operations are now underway to commence a second DST test in the main AAL field K-sand reservoir.

AWE Managing Director and CEO, David Biggs, said:

"The better than expected flow rates achieved and excellent reservoir quality underline the significant potential of the AAL oil project.

The positive results of the G-sand DST, together with a forecast lower cost environment and an improving long-term outlook for the oil price are all encouraging in respect of a decision to develop the AAL field."

The AAL-4X well has been drilled in water depth of approximately 72m using the Raniworo jack-up drilling rig and is forecast to be completed within the Operator's budget.

The Northwest Natuna PSC is located offshore Indonesia in the Natuna Sea and includes the Ande Ande Lumut (AAL) oil project. The AAL project comprises the K Sand reservoir (101 million barrels gross recoverable oil, net 24.3 million barrels of 2P Reserves and 1.7 million barrels 2C Contingent Resources to AWE) and the underlying G Sand reservoir.

The AAL-4X appraisal well's primary target is the G Sand reservoir, which is estimated to contain 289 million barrels gross oil in place with 36 million barrels gross recoverable oil (net 8.4 million barrels 2C Contingent Resources to AWE). Appraisal of the G Sand will facilitate the preparation of a Plan of Development for this resource, which could be developed in conjunction with the already approved K Sand development.



The Joint Venture partners in the Northwest Natuna PSC are:

AWE Limited (via subsidiaries)	50.00%
Santos Limited (Operator)	50.00%

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.

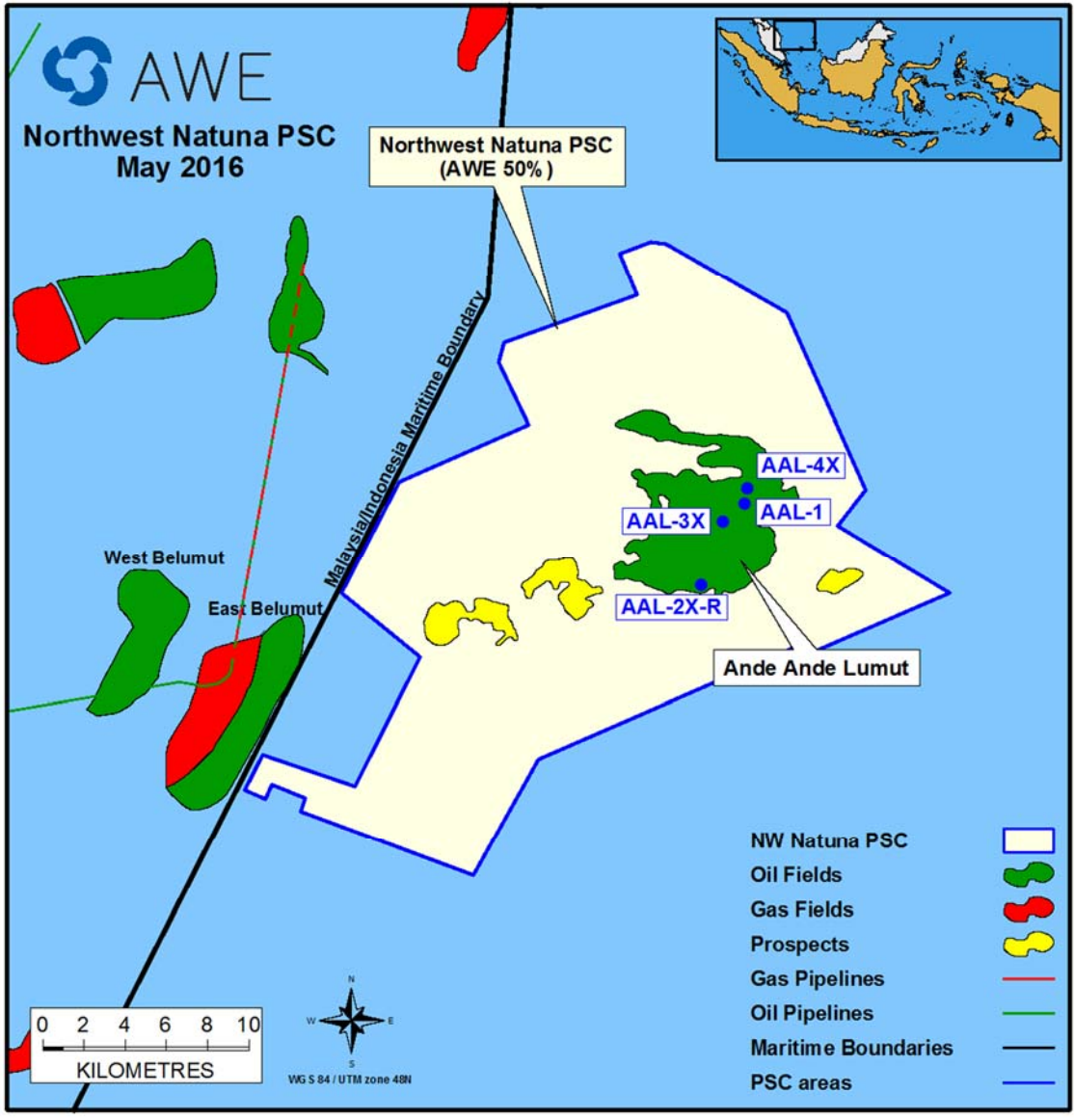
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