

ASX Announcement

8 July 2016



AAL G Sand appraisal well operations complete

AWE Limited (ASX: AWE) advises that all operations relating to the AAL-4XST1 appraisal well have been completed and the Raniworo jack-up drilling rig was released on 7 July 2016.

The AAL-4XST1 appraisal well successfully drilled and intersected the primary G Sand and secondary K Sand targets. Both reservoirs are of excellent quality and were fully cored for further analysis. Drill Stem Tests (DSTs) were performed on both reservoirs and oil flowed successfully to surface, assisted by Electrical Submersible Pumps (ESPs) which is standard procedure in heavy oil fields due to the viscosity of the oil. Logging of the well has been completed and the well has been plugged and abandoned according to Production Sharing Contract (PSC) requirements. The well program was completed within the Operator's budget.

As previously reported, the G Sand DST was conducted over a 3.5m perforated interval and exceeded expectations with an average stabilised flow rate of 828 barrels of oil per day (bopd) on a 64/64 inch choke over a nine hour period. Wellsite measurements indicated the G Sand oil to have a specific gravity of 10.7 API at 60° F.

A second DST performed in the K Sand over a 6.5m perforated interval recorded initial oil flow rates of 1120 bopd on a 64/64 inch choke, consistent with previous tests at AAL-3X. However, mechanical failure of a down-hole sand screen prevented the DST from running to conclusion and a stabilised flow rate could not be achieved. Following the mechanical failure, the DST continued for five hours with oil flow rates varying from 536 to 1959 bopd. Though disappointed not to complete the full K Sand DST work program, the Joint Venture determined that sufficient data had been obtained to meet all objectives of the well and therefore a decision was made to plug and abandon the well as planned. Oil samples were recovered for further testing and wellsite measurements indicated the K Sand oil to have a specific gravity of 13.1 API at 60° F, consistent with previous tests at AAL-3X.

The Joint Venture will undertake technical analysis and evaluation of this newly acquired data to be incorporated in Development Plan studies for the G Sand reservoir, which could be developed in conjunction with the already approved K Sand development.

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-4XST1 appraisal well targeted 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).

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.

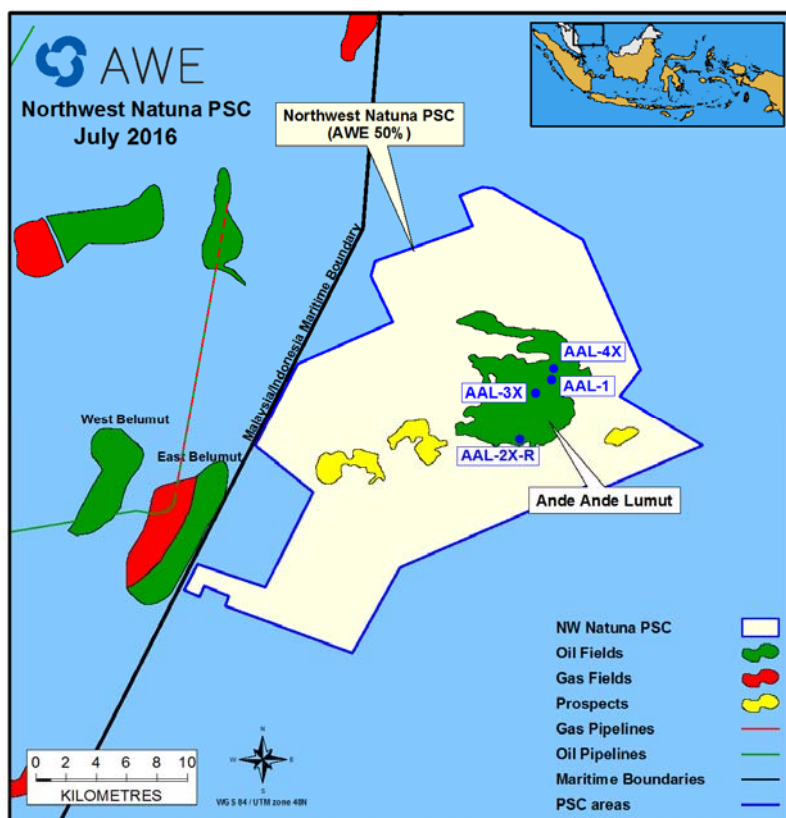
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