



ASX Announcement

October 17, 2006

AWE's Cutter-1 drilling report

Australian Worldwide Exploration Limited, ("AWE") reports that at 0600 hours today, the Cutter-1 well was preparing to run BOP's prior to drilling ahead. During the week, the well was drilled to 714 metres, where surface casing was run and cemented. Progress for the week is 164 metres.

Cutter-1 is located in PEP 38259 approximately 23 km off the east coast of the South Island of New Zealand and 200 km southwest of Christchurch in the offshore Canterbury basin (see figure 1). The well is being drilled in a water depth of 64 metres and on a "trouble-free" basis is expected to take about 3 weeks to reach a planned total depth of approx 3,000 metres. The Cutter prospect has a potential recoverable volume of approximately 70 to 80 million barrels of oil.

The PEP 38259 permit area is lightly explored but already has a non-commercial gas-condensate discovery (Galleon-1) 45km to the south of Cutter-1. On test, the reservoir section in Galleon-1 produced 10.4 million cubic feet of gas per day with associated condensate at a rate of approximately 2,200 barrels per day.

Following completion of operations at Cutter-1, the offshore drilling rig will be relocated to the Taranaki basin, where AWE will operate an eight well exploration and development programme. The first well in this upcoming Taranaki campaign is planned to be Tieke-1.

At the conclusion of the Cutter-1 well, participants in PEP 38259 will be:

AWE New Zealand Pty Ltd ("AWE")	25.0%
Tap (New Zealand) Pty Limited (Operator)	40.0%
Beach Petroleum (NZ) Pty Ltd	20.0%
Anzon New Zealand Limited	15.0%

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