



ASX Announcement

April 10, 2007

AWE increases its Bass Basin interest

AWE Ltd will acquire an extra 7.4% of the T/18P permit in the Bass Basin in Bass Strait, which contains the Trefoil and White Ibis gas and condensate fields, to increase its total equity position in the permit to 30%.

In addition to the existing Trefoil and White Ibis discoveries, the permit is highly prospective for new discoveries and contains a number of identified exploration and appraisal leads and prospects.

Under the terms of the farm-in deal with Origin Energy, AWE will carry a proportion of Origin's forward exploration expenditure within the T/18P area.

As a result of the deal AWE's equity in T/18P will be equal to its share in the BassGas project (30%) and the nearby Yolla gas and condensate field, now considered by the company to be one of its key development assets.

In a separate transaction AWE has also agreed to sell its 24.29% owned interests in the onshore Otway basin to Origin for \$A5 million in cash. The main assets in the sales package are AWE's interests in the declining Katnook and Ladbroke Grove gas fields and their associated production infrastructure. AWE is carrying these assets in its balance sheet at zero book value (as at December 31, 2006).

AWE Ltd managing director Bruce Phillips said:

"The increased equity in T/18P, including the Trefoil and White Ibis fields, gives AWE shareholders a more meaningful stake in the future development of these assets. Significantly, the T/18P transaction will also equalise AWE's equity in these potential projects with our existing share in the BassGas project, which will simplify the integration of developments in the region.

"AWE aims to focus on assets which are material to our business. This is not only reflected by AWE's sale of its onshore Otway basin interests, but also by the Company's increased stake in the T18/P permit which gives our shareholders greater exposure to the large gas markets of southeast Australia."

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