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ASX Announcement

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AWE signs "Casino" gas deal with TXU

Australian Worldwide Exploration Limited on behalf of its wholly owned subsidiary, Peedamullah Petroleum Pty Ltd ("AWE") is pleased to announce the signing of a long term gas contract with TXU Australia for the sale of natural gas from the VIC/P 44 area in the Otway Basin, offshore western Victoria (see attached map).

VIC/P 44 contains the Casino gas field and several undrilled exploration prospects, all delineated by an extensive, state-of-the-art, 3D seismic data grid.

Under this conditional agreement with the VIC/P 44 joint venturers (AWE, Santos and Mitsui), TXU has agreed to purchase up to a total of 293 petajoules (PJ) of gas with an option to purchase, or an obligation to process, an additional 200 PJ, resulting in a contract quantity of up to 493 PJ. Gas supply will commence in 2006 and extend through to 2017.

This innovative contract caters for the monetisation of future discoveries in VIC/P 44 and is conditional on the results of the Casino-3 appraisal well, which is scheduled to commence drilling during October 2003.

Commenting on the TXU deal, AWE's Managing Director Mr Bruce Phillips said:

"AWE is delighted to sign a gas sales contract with a company of the calibre of TXU. We have moved quickly after farming-in to VIC/P 44 to negotiate and complete a complex transaction, which clearly has the potential to add value for our shareholders.

The agreement diversifies AWE's gas-customer base and complements our existing gas supply agreements in the Otway and Bass basins.

The signing of the TXU contract is a major step towards the commercial development of the Casino gas field and its surrounding exploration prospects. If the Casino-3 well is successful in adding to the known gas reserves in the field, the project may move quickly to a declaration of commercial viability.

However, we caution investors that this contract is conditional on a successful Casino-3 appraisal well.

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Along with AWE's previously announced agreement where Mitsui has undertaken to AWE to assist in arranging project financing for development, the TXU contract substantially reduces the commercial risks on the Casino project. It allows the VIC/P 44 joint venture to concentrate on the appraisal activity of the field and the scope for added discoveries within the permit area.

As we stated in our initial release on the VIC/P 44 acquisition, AWE's core objective is to build a significant Australian-based company in the upstream petroleum industry. The commercialisation of the Casino field would be another step in this direction as it would represent a further cornerstone Australian asset for AWE".

Participants in Vic P/44 and the Casino field are:

Peedamullah Petroleum Pty Ltd (a wholly owned subsidiary of AWE)	**25.0%***
Santos Limited (operator)	50.0%
Mittwell Energy Resources Pty Ltd	25.0%*

*Subject to normal regulatory approvals

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VIC/P44 LOCATION MAP