



ASX Announcement

February 25, 2004

AWE commits to FEED study for the Casino gas field

Australian Worldwide Exploration Limited, on behalf of its wholly owned subsidiary, Peedamullah Petroleum Pty Ltd ("AWE"), is pleased to announce that the VIC/P 44 joint venture has unanimously approved the commitment to expenditure for the Front End Engineering and Design ("FEED") work for the development of the Casino gas field.

As a result of this decision, the joint venture has moved to accelerate expenditure on the project in the following key areas:

- Final assessment of recoverable gas reserves for the Casino gas field after reservoir simulation studies. At present, the recoverable reserves for the Casino field are estimated in the range of 200 to 270 billion cubic feet of gas.
- FEED on the unanimously agreed final development concept involving the drilling of two development wells, completed sub-sea and connected to the coastline by a pipeline traversing underneath the coastline near port Campbell and continuing to the Iona gas plant facility owned by TXU.
- Seeking regulatory approvals for the development.

Provisional estimates for capital expenditure for the Casino gas field are approximately A\$200 million, although it is expected that the FEED studies will more accurately define these estimates.

The Casino FEED studies and regulatory approvals are scheduled to be concluded by the end of 2004 to enable the joint venture to proceed with a final investment decision. The development schedule is targeting first gas sales in Q1, 2006.

Participants in VIC/P 44 are as follows:

Peedamullah Petroleum Pty Ltd (AWE)	25.0%
Santos Limited (operator)	50.0%
Mittwell Energy Resources Pty Ltd	25.0%

Commenting on the FEED decision, AWE's managing director Mr Bruce Phillips said:

"The FEED decision has provided added momentum to the development of the Casino gas field.

AWE's involvement in the Casino project was initiated in mid 2003, following the announcement of the acquisition from Strike Oil NL. In a short space of time, AWE has introduced it's alliance partner (Mitsui), concluded a gas sales agreement with TXU, successfully appraised the field and moved rapidly towards a commercial development decision.

Following quickly after the FEED decision on the Cliff Head oil field in late 2003, this decision indicates a growing maturity for our business, where AWE shareholders will see a growing revenue and profit stream from a number of oil and gas projects within Australia.

The Commonwealth and Victorian government authorities have formally approved the environmental assessment processes for the development of the Casino Project. The joint venture is confident these processes can be adequately met to receive formal environmental regulatory approvals prior to the end of 2004, but more importantly to protect the environment in which we intend to operate.

We look forward to working co-operatively with our co-venturers, customers, and the regulatory authorities to commercialise the Casino gas field in the shortest possible time frame."

**For further information please contact Mr Bruce Phillips
(Phone: 02 9460 0165 or Fax: 02 9460 0176)
Email: bjphillips@awexp.com.au Website: www.awexp.com.au**

Background Information

Project Overview

- AWE holds a 25% interest in VIC/P 44, which contains the Casino gas field (see figure 1).
- The project partners are Santos Limited (50%) and Mittwell Energy Resources Pty Ltd (25%).
- Preliminary capital expenditure estimates for the development of the Casino field are approximately A\$200 million.
- FEED activities commenced early in 2004.
- Initial gas sales to TXU are planned for Q1, 2006.

Project facilities

- The development concept for the Casino gas field incorporates two development wells, connected to an undersea gas pipeline via sub-sea completions (see figure 2).
- The pipeline will be built underneath the shoreline east of Port in an environmentally sensitive manner.
- The gas will be treated at TXU's Iona gas plant. The use of an existing gas facility will minimise capex for the development.
- Raw gas will be sold to TXU via a 12 year gas sales agreement.
- The Vic/P44 joint venturers will retain ownership of any associated condensate production

The Casino gas field

- The Casino gas field was discovered in September 2002, after the Casino-1 well encountered a 47-metre gas column in the Waare sandstone. The Casino-1 well was drilled after interpretation of a high quality 3D seismic survey that covers approximately 538 square kilometres across the eastern portion of the exploration permit.
- Following success at Casino-1, the joint venture immediately drilled the Casino-2 well, which also encountered a gas filled reservoir in the Waare Sandstone. Analysis of the second well indicated that the second well intersected a younger reservoir, which was potentially not in pressure communication with the discovery well.
- Initial reserve calculations over the Casino field indicated that recoverable gas reserves were of the order of 140 billion cubic feet. This was not of sufficient size to justify an economic development of the field.
- Later analysis of the seismic and well results indicated that the Casino field might extend further downdip in the younger sand, consistent with the seismic amplitude anomalies and the differential pressure data from the initial 2 wells.
- The Casino-3 well was proposed and drilled in the second half of 2003, proving that the gas column in the younger sand extended for in excess of 290 metres. Importantly, the reservoir quality remained high and the pressure data indicated that both wells in the younger sand were in apparent pressure communication. The well flowed gas at a rate of 45 million cubic feet of gas per day (see figure 3).
- Preliminary reserve calculations, incorporating the results of the Casino-3 well have been upgraded to a range of 200 to 270 billion cubic feet of gas.

The Gas Sales Agreement

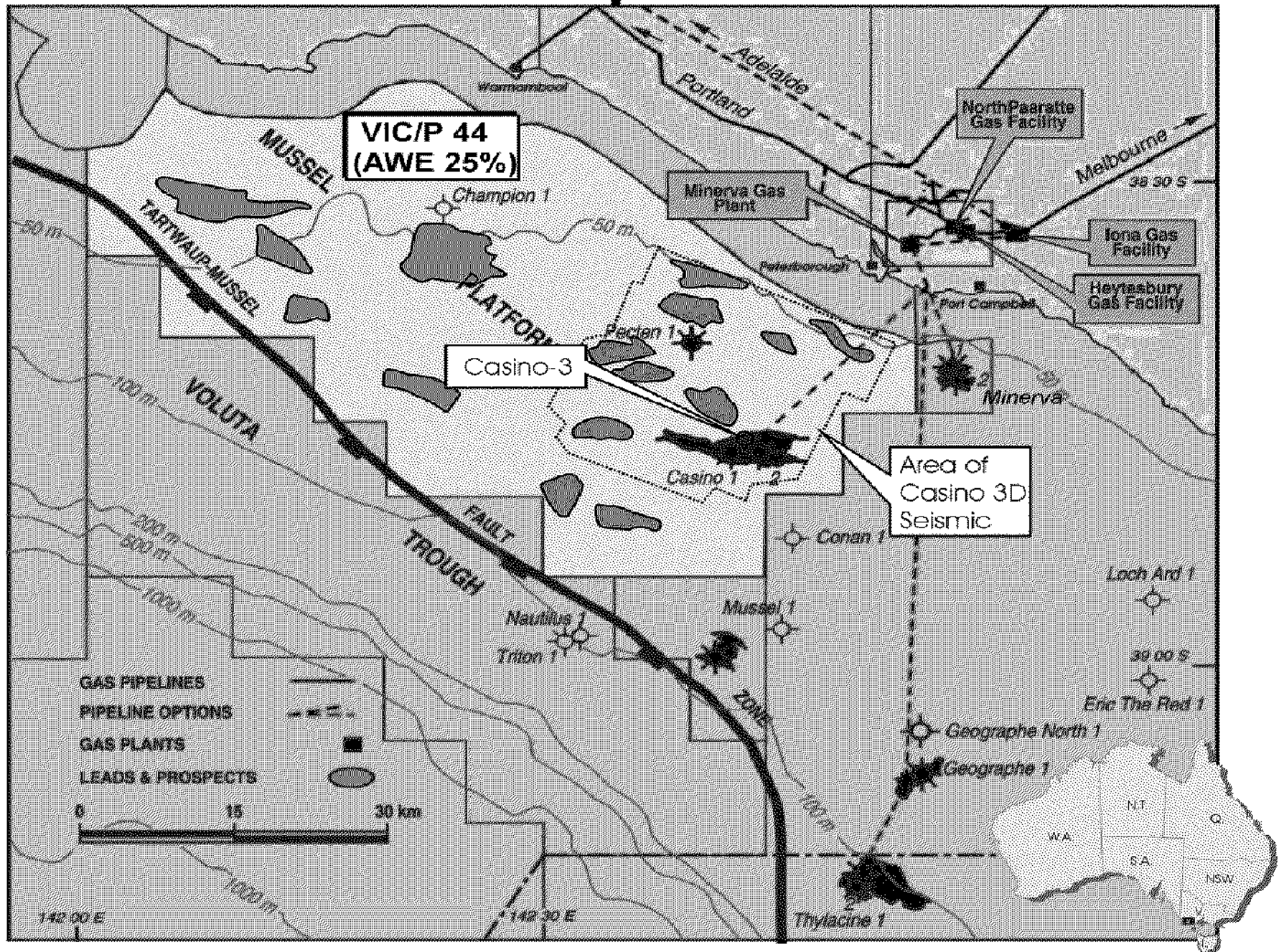
- In August 2003, the Casino joint venture signed a Gas Sales Agreement with TXU Electricity for the sale and purchase of gas from the VIC/P 44 exploration permit. The agreement was conditional on the Casino-3 well proving up sufficient volumes to justify an economic development of the Casino field.
- The Gas Sales Agreement is for an initial sales volume of up to 293 petajoules (PJ) of gas from the permit, with an option, on behalf of the sellers, to extend this volume for a further 200 PJ.
- The agreement extends for a period of between 2006 and 2017, with sales volumes being determined annually by the VIC/P 44 joint venture.
- Gas pricing for the term of the contract remains "commercial in confidence".
- The major conditions remaining on the contract are the commitment of sufficient gas reserves, the commitment to development of the Casino gas field and regulatory approvals for the development.

Benefits to South eastern Australia

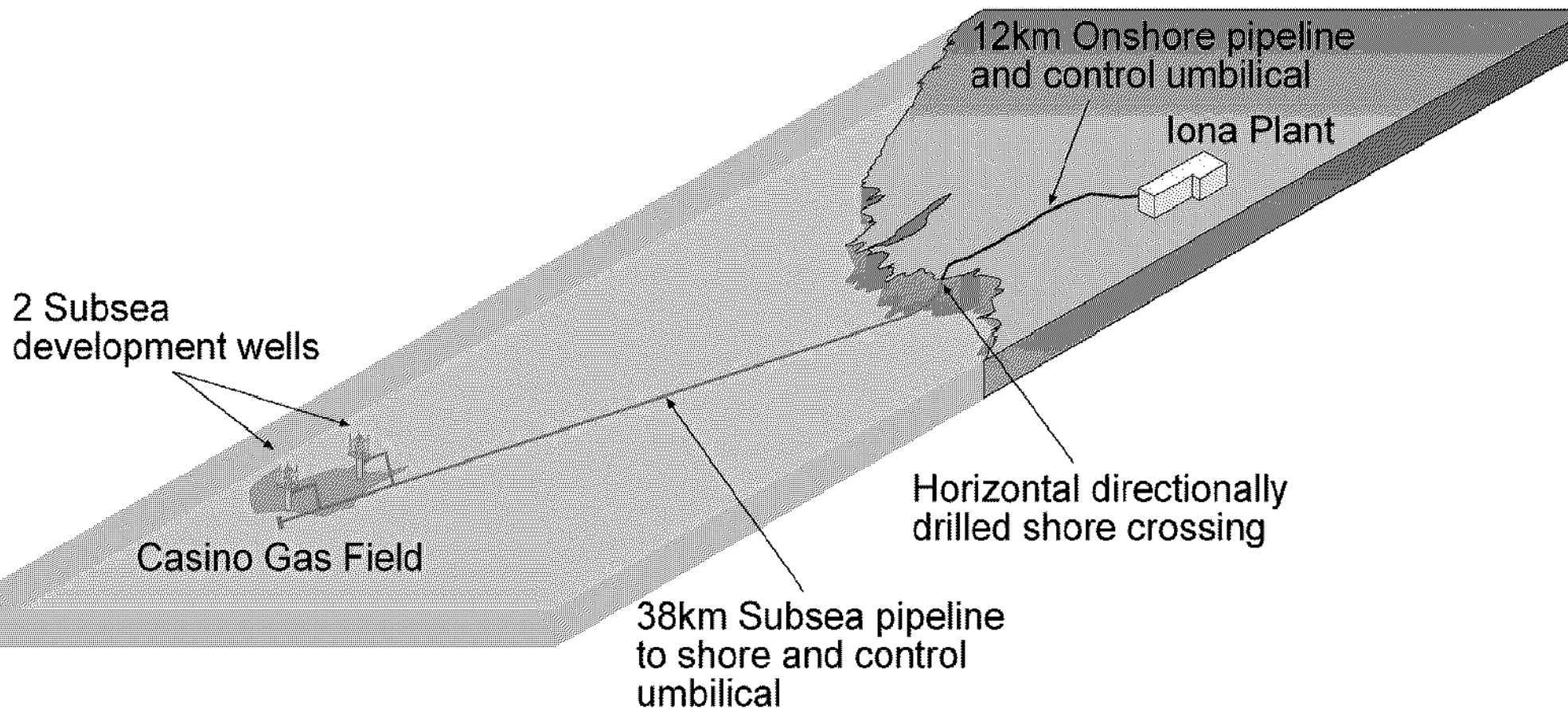
The Casino project brings a number of benefits to the region, including:

- Increasing the gas sales capacity into the regional market. The increasing diversification of gas sales will help overcome the Longford and Moomba style disruptions.
- The gas will be sold to an expanding hub in the Port Campbell area, where access to the Melbourne and Adelaide markets will provide additional demand for natural gas.
- The project will create a number of local jobs, both in the construction and the development phase.
- The project is largely Australian owned and managed.
- The successful development will expand the exploration activities in the area, with potential to expand the gas sales into the new regional hub.
- The project is designed to utilise the existing infrastructure and existing pipeline easements, where available. This will ensure that the project minimises its environmental impact in the local area.
- The expanded gas alternatives will have obvious benefits through the expansion of options for gas fired power generation in southeastern Australia, with considerably reduced greenhouse gas emissions.

Vic/P44 Prospects & Leads



Casino Gas Field Schematic Development



OTWAY BASIN - Casino-3 Production Test

45 million cubic feet of gas per day

