

## **ASX Announcement**

July 15, 2003

# **AWE to take interest in Casino gas field**

Australian Worldwide Exploration Limited ("AWE") advises that it has entered into a Heads of Agreement ("HOA") with Strike Oil NL ("Strike") to participate in an expected appraisal of the Casino gas field, located in Vic P/44, offshore Otway Basin, Victoria.

### **The Transaction**

Under the HOA, AWE (or its nominees), will acquire Strike's 50% interest in Vic P/44 (containing the Casino gas field) for the following consideration:

1. A cash payment of A\$1 million (upon signing of a Sales and Purchase Agreement ("SPA") based on the HOA);
2. The funding of Strike's share of expenditure for the drilling of the Casino-3 appraisal well and some added geological and engineering work. The drilling activity is anticipated in the 4<sup>th</sup> quarter of 2003; and
3. An optional payment of A\$22.5 million, payable up to 90 days after the rig release from the Casino-3 well. If AWE elects not to make the final payment, AWE will earn a 20% interest only in the Vic P/44 permit.

The HOA is subject to normal regulatory approvals and the execution of a formal SPA. It is anticipated that the SPA will be finalised over the next 4 weeks.

### **Commenting on the transaction, AWE's managing director Mr Bruce Phillips said:**

*"This acquisition is another step towards AWE's objective to build a significant Australian-based company in the upstream petroleum industry. The acquisition is made with the intention of providing a third cornerstone asset for the company (along with the company's existing Bass and Perth Basin interests).*

*"We look forward to working with the Operator of Vic/P44 to rapidly appraise the Casino field. If successful, AWE will leverage off its experience in south-east Australian gas projects to assist in developing the field in the shortest possible time frame.*

*"In the meantime a Casino appraisal well, currently anticipated for the 4th quarter of 2003, will add further drilling exposure to AWE over the next 6-9 months. It will add to the exciting programmes already planned for the Perth and Bass basins in Australia, and the Taranaki basin in New Zealand."*

## **Background**

The Casino gas field is located in Vic P/44 in the offshore Otway Basin (see attached map). The field was discovered by a joint venture including Santos Limited (50% and operator) and Strike Oil (50%). The initial discovery was made in September 2002, with the Casino-1 well encountering a 50 metre gas column in the Waarre Formation. The Casino-2 well, completed in October 2002 successfully appraised the discovery by penetrating a 38 metre gas filled sand, downdip from the discovery well.

The Casino gas field and its surrounding area is covered by an extensive 3D seismic survey, which was completed in November 2001. The high quality of the data allows a degree of optimism for the future of the region, as a number of the undrilled prospects in the area have well-developed "bright spots" identified on the seismic data. The Casino field was high-graded in the 3D seismic area due to a well-developed bright spot. The Casino-1 discovery well and the subsequent Casino-2 appraisal well have demonstrated that these "bright spot" anomalies can identify meaningful gas-charged reservoirs.

The planned Casino-3 well will further appraise the discovery and is designed to add to the proven recoverable gas reserves in the field in order to move quickly to a commercial development decision.

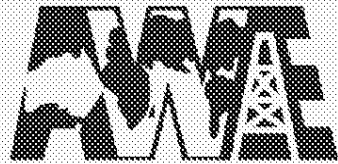
**Participants in Vic P/44, following completion of this transaction will be as follows:**

Australian Worldwide Exploration Limited	50.0%
Santos Limited (operator)	50.0%

**For further information please contact Mr Bruce Phillips**

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# VIC/P44 LOCATION MAP

