



AWE's Al Meashar-2 drilling update

AWE Limited reports that as at 0600 hours Yemen time on December 8, 2010 (-8 hours EDST) the Al Meashar-2 appraisal well in Block 7, Yemen, was at a depth of 3,017 metres in the Meem Member of the Madbi Formation and drilling ahead. Progress for the week was 37 metres.

Al Meashar-2 is the first appraisal well of the Al Meashar-1 oil discovery, which was drilled in early 2010. The discovery encountered oil in the fracture basement; however oil flow rates were limited due to potential reservoir damage which was incurred while drilling.

The appraisal well will be drilled from the existing Al Meashar-1 well pad and deviated parallel to the discovery well. The well is planned to be drilled using Managed Pressure Drilling, which is designed to minimise damage from drilling fluids in the reservoir. The well will be drilled to a planned total measured depth of 3,740 metres.

The participants in Block 7 are:

ARC Energy Holdings Ltd*	21.25%
Oil Search (ROY) Ltd (Operator)	34.00%
Kuwait Foreign Petroleum Exploration Co. (Aden) Ltd	21.25%
Yemen General Corporation for Oil and Gas	15.00%
Mitsui E & P Middle East B.V	8.50%

* A wholly owned subsidiary of AWE Limited

For information please see our website www.awexplore.com or contact:

Bruce Wood
Managing Director
AWE Limited
Phone: +61 2 8912 8000

Garry Marsden
Corporate Development Manager
Mobile: 0400 040 106
garry.marsden@awexplore.com

