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Sinopec and AED to form Joint Venture to pursue exploration and development opportunities

AED Oil is pleased to announce that Sinopec International Petroleum Exploration and Production Corporation ("SIPC"), a wholly owned subsidiary of China Petrochemical Corporation ("Sinopec") and AED propose to enter into and consummate a transaction in respect of the acquisition by SIPC of a 60% joint venture interest in the assets held under AC/P22, AC/L6 and AC/RL1 (which include the Puffin and Talbot fields) (the "Assets").

It is the intention of the parties to seek to finalise and execute documentation as soon as practicable, which is expected to be within two weeks.

Key highlights of the transaction will include:

- The joint venture proportions will be 60% SIPC, 40% AED.
- SIPC will be the operator of the joint venture.
- The transaction values the Assets at approximately A\$1 billion.
- The effective date, for economic purposes, of commencement of the Joint Venture will be 31 March 2008.
- The transaction is subject to third party consents including Government of the People's Republic of China, FIRB and NT Government. SIPC has already lodged its application for FIRB approval.

The parties also have a mutual desire to expand their respective interests in the energy market and plan to work together in a broader association to seek other project opportunities in the region.

AED will utilise the funds received from the transaction to retire debt, settle its creditors and fund its joint venture interest and development opportunities.

AED's Board believes this transaction to be in the best interests of its shareholders with a view to maximising future value from its Assets.

Mr Dix, Chairman of AED, stated that he is delighted to have the opportunity to work with SIPC in the development of the Assets. Having a partner with the extensive experience and financial resources of SIPC will achieve the strategic objectives of AED in seeking a partner outlined in our earlier announcements.

The selection of SIPC as a joint venture partner concludes the previously announced Strategic Review undertaken by Macquarie.

About AED

AED has a 100% participating interest in AC/P22 (the Exploration Permit), AC/L6 (the Production Licence), and AC/RL1(Talbot), all of which are in the Ashmore Cartier Exploration Permit area of the Vulcan Sub-Basin, located in the Bonaparte Basin in North Western Australia within uncontested Australian territorial waters. The Production Licence and Exploration Permit are located approximately 80 kilometres south west of the commercial Jabiru and Challis oil fields, and approximately 20 kilometres north of the Skua oilfield. AED Oil is producing oil from the Puffin North East field, developing the Puffin South West field, appraising the Talbot field and assessing exploration leads and prospects within AC/P22.

About Sinopec

The Sinopec Group is an integrated energy corporate, with activities across the whole petroleum value chain: exploration, production, construction, transportation, marketing, oil refining, wholesale of gasoline, kerosene and diesel and is the largest retail marketer in the People's Republic of China.



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