

ASX: NWE

23 October 2009

ASX Announcement

- **Advanced survey technology unlocks overlooked oil prospects**
- **Xanadu and Redhill South structures confirmed as prime targets for 2010 drilling season.**

A preliminary review by Norwest Energy (ASX: NWE) of the air borne FTG survey results (Full Tensor Gradiometry) has confirmed the structural integrity of Xanadu and Redhill South prospects and as prime targets for drilling in the 2010 drilling season. The two targets – Xanadu and Redhill South – are in an underexplored northern Perth Basin permit, TP/15 (Norwest 100%).

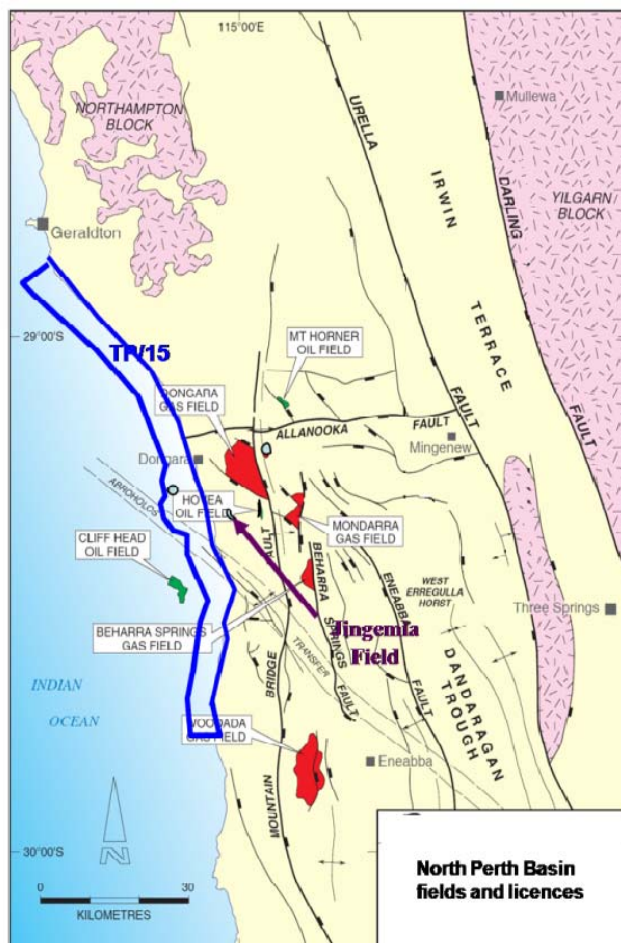


Figure 1 TP15 location map North Perth Basin
Preliminary interpretation confirms targets

The company plans to drill at least one, and possibly both, of these targets during 2010 and is now focused on progressing both the drilling and farm-out processes. Importantly, both wells can be drilled from onshore sites using deviated drilling techniques.

Following the preliminary review of the FTG survey, Norwest now has enough information to confidently work on identifying and securing a suitable drill rig, and to begin the planning and permitting processes for drilling either Xanadu or Redhill South, or both prospects. In parallel, the company will further evaluate data from the FTG survey in conjunction with other data in order to mitigate risk and determine the optimum drill sites.

Preliminary interpretation of the FTG survey undertaken by Bell Geospace confirms the Xanadu seismic interpretation map. Norwest believes the prospect has a potential 98 million barrels (MMbbl) of oil in place with potential for 27MMbbl of recoverable oil. Additionally, the Redhill South prospect could hold up to 27MMbbl oil in place with potential for 7MMbbl oil recoverable, which would be of a similar size to Jingemia, a nearby onshore producing field.

These FTG results significantly enhance the potential of TP/15, making it more attractive to potential joint venture partners. Norwest has been in discussion for some time now with potential farm-in parties.

“Now the FTG data over TP/15 is available and highly prospective drill targets have been confirmed, we expect farm-in negotiations to gather pace,” Mr. Munachen said.

Xanadu

The Xanadu prospect is a large culmination on the Beagle Ridge – and a geologic look-alike to the Roc Oil-operated Cliff Head field – but it has been overlooked because of the complex geology and limited seismic data covering the TP/15 permit.

At Xanadu, the FTG survey confirmed that a basement high corresponds with the reservoir high, interpreted from seismic data by Norwest and previous operators. The FTG data also gives Norwest confidence that the structure closes to the northeast; this section of the structure had not been covered by seismic by previous operators.

Xanadu has a potential 98MMbbl oil in place with potential for 27MMbbl oil recoverable.

The prime targets are the High Cliff Sandstones and Wagina Sandstones, which are the sources for several producing fields in the northern Perth Basin, including Cliff Head 10 km to the north west of Xanadu. The prospect is still being evaluated, but Xanadu will most likely be drilled from an onshore location using deviated well technology.

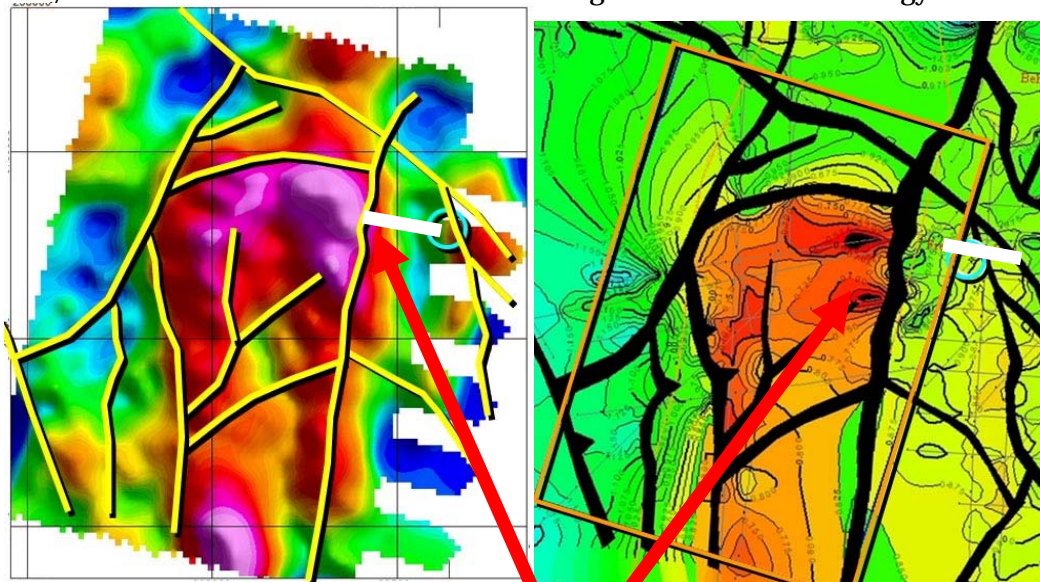


Figure 2 The FTG data on the left confirms the seismic interpretation map (Top Reservoir) on the right. The hotter colours represent structural highs ie Purple represents the basement high on the left and red represents the structural high on the right. The white line indicates a plan view of the well path being drilled from land to the top reservoir

Red Hill South

While the Redhill South prospect in the northeastern area of the TP/15 permit is considerably smaller than Xanadu, it is well defined and is easier and will be less expensive to drill than Xanadu.

Redhill South has potential for 27MMbbl oil in place and could hold 7MMbbl oil recoverable.

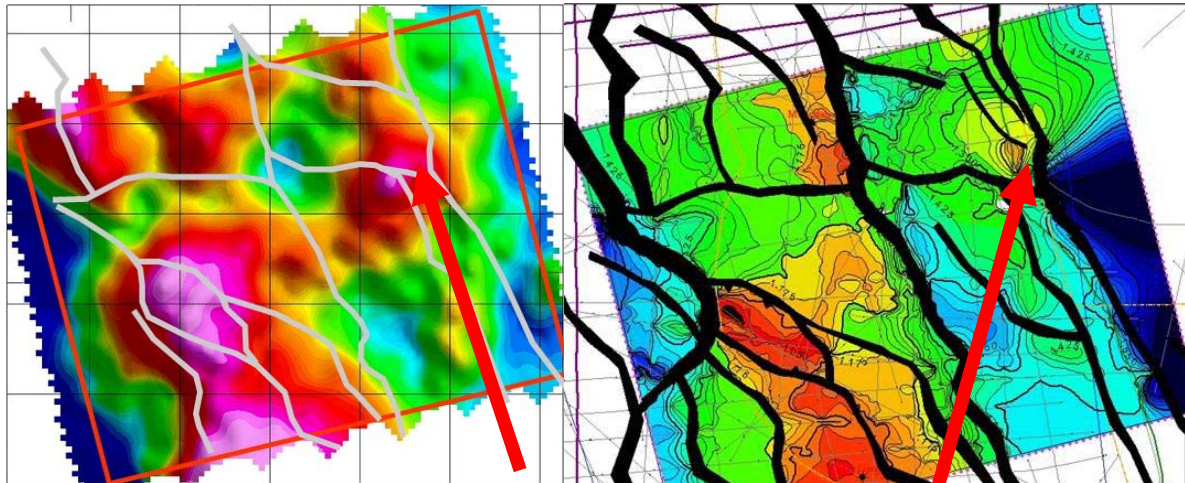


Figure 3 The FTG data on the left confirms the seismic interpretation map (Top Reservoir) on the right. The hotter colours represent structural highs.

The 2010 drilling program

Subject to securing a rig, Norwest expects the drilling program will commence in Q4/2010 to meet the permit obligations.

The results of the FTG survey will also be reviewed in greater detail to develop a better understanding of the other leads and prospects in the TP/15 inventory.

Peter Munachen
CEO
Norwest Energy NL

For further information: please contact Peter Munachen or Ernie Myers on 08-9227 3240, or email info@norwestenergy.com.au.

Media and Investor Enquiries: please contact Fortbridge on +612 9331 0655 or Steve Rotherham on 0421 488 320