

ASX: NWE

18 January 2010

ASX Announcement

TP15 update: prime targets for 2010 drilling campaign confirmed

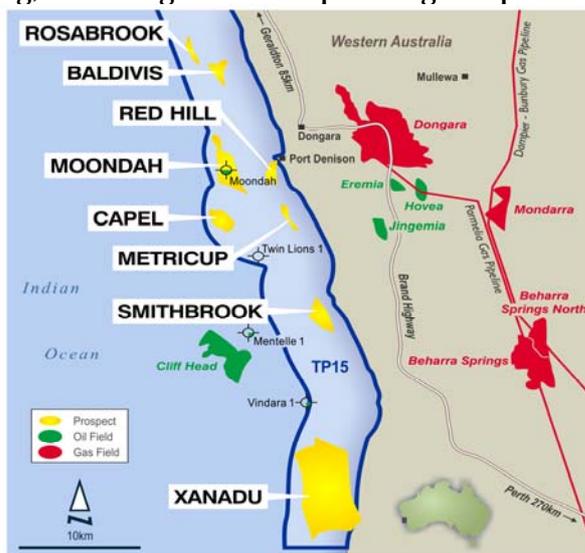
- **Detailed interpretation of the September 2009 FTG survey confirms TP15 Xanadu and Redhill South structures as prime targets for 2010 drilling season**

Detailed interpretation by Norwest Energy (ASX: NWE) of the airborne FTG (full tensor gradiometry) survey results has confirmed the structural integrity of the Xanadu and Redhill South prospects, supporting the company's preliminary view of October 2009 that these are the prime targets for the 2010 drilling season.

The two targets – Xanadu and Redhill South – are in an underexplored northern Perth Basin permit, TP/15 (Norwest 100%).

The company plans to drill at least one, and possibly both, of these targets during Q4, 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.

To achieve the drilling objectives Norwest is in the process of appointing a well construction/drilling engineering specialist group to assist with sourcing a suitable drilling rig, well design and with planning and permitting.



	Potential	
	In Place Million Barrels	Recover Million Barrels
Capel	134	40
Smithbrook	74	22
Xanadu	90	28
Red Hill South	25	7
Baldivis	24	7
Red Hill North	20	6
Rosabrook	10	3
Metricup	7	2
Total	384	115

Figure 1 TP15 prospects

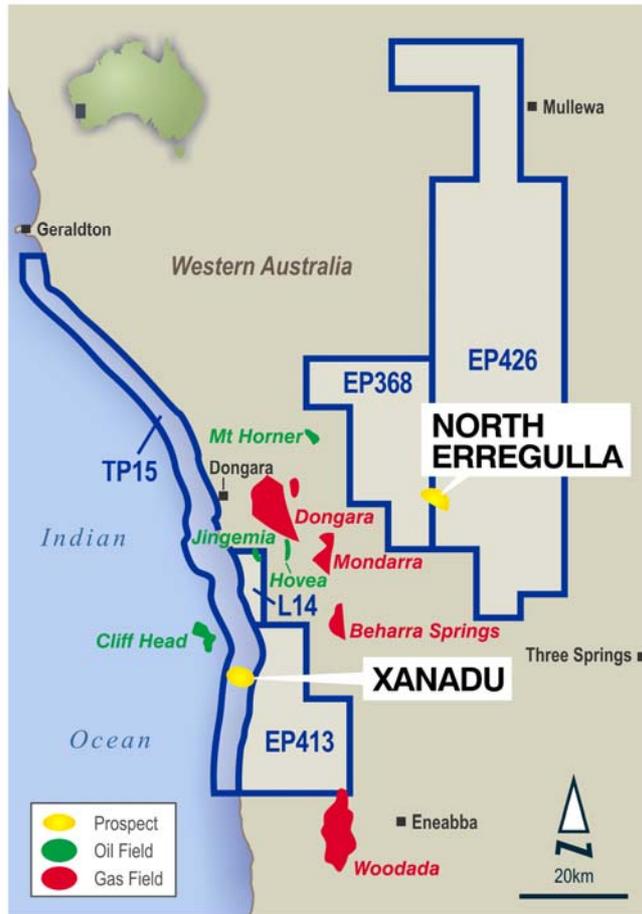


Figure 2 TP15 location map North Perth Basin

Interpretation confirms targets

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 Jingemina, a nearby onshore producing field.

“Now the FTG data over TP/15 has been interpreted and the highly prospective drill targets have been confirmed, farm-in negotiations have gathered pace,” Mr Munachen said. “We are in advanced discussions with a number of companies, both international and local.”

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 the presence of a basement high. This supports the interpretation of a valid structural trap at the reservoir level. 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 productive reservoirs for several fields in the northern Perth Basin, including Cliff Head 10km to the northwest of Xanadu. The prospect is still being evaluated to determine the optimum drilling technique, but Xanadu will most likely be drilled from an onshore location using deviated well technology.

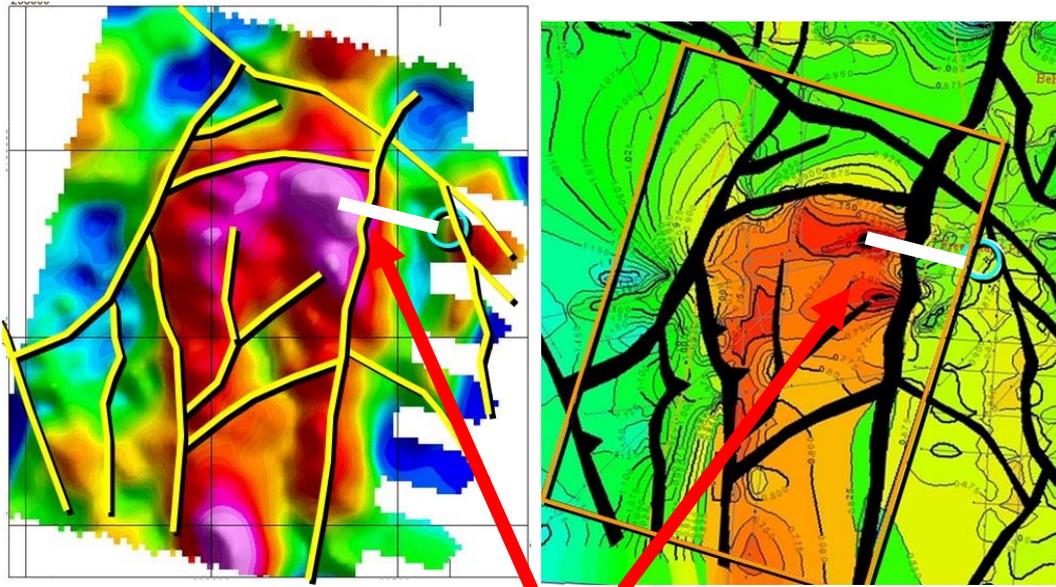


Figure 3 The FTG data on the left confirms the seismic interpretation map (Top Reservoir) on the right. The hotter colours represent structural highs ie Purple represents the basement high on the left and red represents the structural high on the right. The white line indicates a plan view of the well 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.

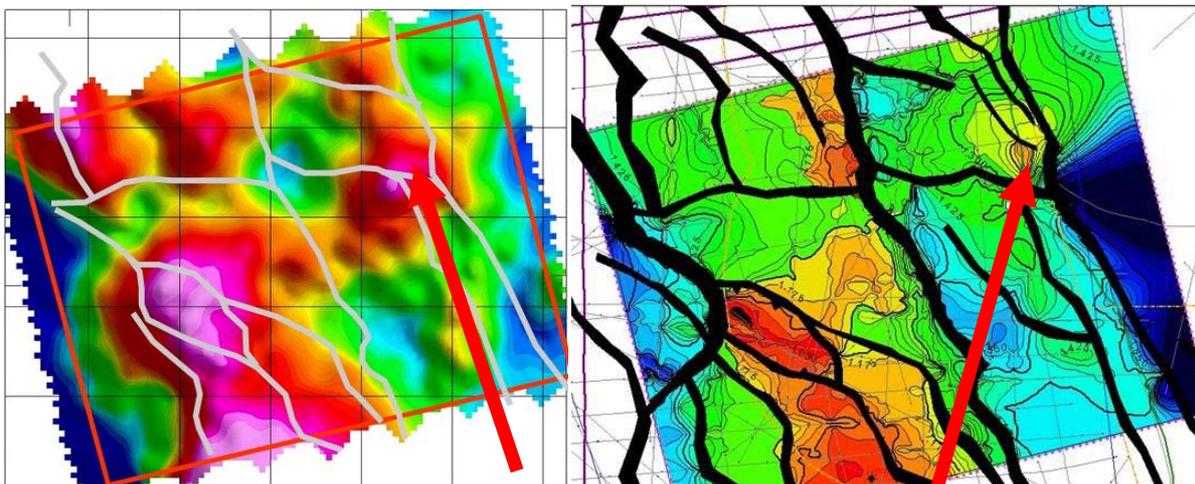


Figure 4 The FTG data on the left confirms the seismic interpretation map (Top Reservoir) on the right The hotter colours represent structural highs

The 2010 drilling program

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

Whilst Norwest has identified Xanadu and Redhill South as the prime drill targets it continues to interpret the FTG and other data to develop a better understanding of the other leads and prospects in the TP/15 inventory.

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