

NORWEST ENERGY NL

(ACN: 078 301 505)

PROSPECTUS IN RELATION TO AN UNDERWRITTEN NON-RENOUNCEABLE OPTIONS RIGHTS ISSUE JANUARY 2011

This Prospectus is in relation to an underwritten non-renounceable rights issue of one option ("Primary Option") to subscribe for one (1) Share for every seven (7) Shares held by Shareholders registered as such on the Record Date at an issue price of \$0.0075 per option (104,587,252 Options in total) to raise up to \$784,404. The Primary Options are exercisable at any time before 30 June 2012 at an exercise price of \$0.10 each. For each Primary Option exercised by 30 September 2011 one additional option ("Secondary Option") will be offered during October 2011 by way of a disclosure document to the option holder who exercised the Primary Option. Each Secondary Option will be granted at no cost, will have an exercise price of 20 cents per option and may be exercised by 30 June 2013.

This Prospectus provides important information to assist investors in deciding whether or not to invest in the Company and should be read in its entirety. If, after reading this Prospectus, you have any questions relating to an investment in the Company, you should consult your professional advisor.

An investment in Primary Options offered by this Prospectus should be considered speculative.

TABLE OF CONTENTS

CLAUSE	PAGE
1 INFORMATION CONCERNING THIS PROSPECTUS	3
2 CORPORATE DIRECTORY.....	13
3 THE RIGHTS ISSUE OFFER.....	14
4 EFFECT OF THE RIGHTS ISSUE ON THE COMPANY	19
5 ADDITIONAL INFORMATION	21
6 RISKS	26
7 TERMS AND CONDITIONS OF PRIMARY OPTIONS AND SECONDARY OPTIONS.....	31
8 GLOSSARY.....	35
9 DIRECTORS' STATEMENT AND CONSENT	37
SHORTFALL APPLICATION FORM.....	39

1 INFORMATION CONCERNING THIS PROSPECTUS

BASIC INFORMATION

This Prospectus is dated 4 January 2011.

A copy of this Prospectus was lodged with ASIC on 4 January 2011. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus.

This Prospectus will be issued in printed form and as an electronic prospectus, which may be viewed online at www.norwest.com.au. The offer of the Primary Options pursuant to this Prospectus is available to Eligible Shareholders in the case of the Rights Issue and to the Underwriter, in the case of the Shortfall Offer, receiving a physical version or an electronic version of this Prospectus in Australia. The Corporations Act 2001 prohibits any person from passing onto another person an Entitlement and Acceptance Form unless it is attached to or accompanied by the complete and unaltered version of this Prospectus. During the Offer Period, any person may obtain a printed copy of this Prospectus by contacting the Company by e-mail at info@norwest.com.au.

Pursuant to Class Order 00/44 ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an electronic prospectus and electronic application form on the basis of a printed prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please e-mail the Company at info@norwest.com.au and the Company will send you, for free, either a printed copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at www.norwest.com.au.

No person or entity is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer. No options or other securities will be issued on the basis of this Prospectus

later than thirteen (13) months after the date of this Prospectus. Application has been made for permission for the Primary Options offered by this Prospectus to be listed for Quotation.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make an offer.

Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisors before deciding whether to apply for Primary Options. There are risks associated with an investment in Norwest and the Primary Options offered under this Prospectus must be regarded as a speculative investment. The Primary Options offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Primary Options.

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in the Glossary which is contained in Section 8.

All amounts are in Australian dollars unless otherwise specified.

SPECIAL PROSPECTUS CONTENT RULES FOR CONTINUOUSLY QUOTED SECURITIES

This Prospectus is a prospectus issued in accordance with section 713 of the Corporations Act 2001. This means that the Prospectus is only required to disclose the information set out in that section. This is because the Norwest's ordinary fully paid shares are in a class of securities that have been continuously quoted securities within the meaning of the Corporations Act.

The Company is listed on ASX and its Shares are quoted on ASX.

The Company is a "disclosing entity" for the purposes of the Corporations Act 2001. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

If requested by any Shareholder or prospective investor, the Company will, at no cost to the Shareholder or the prospective investor, provide a copy of all documents lodged with ASIC (or alternatively copies of those documents may be obtained from, or inspected at, an ASIC office). Further, the Company will, at no cost to the Shareholder or prospective investor or to any person, provide to them a copy of:

- the annual financial report (“annual financial report”) most recently lodged with ASIC by the Company which was on 29 September 2010; and
- any continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to in the first dot point of this section and before the lodgement of this Prospectus with ASIC (ie. between the period 29 September 2010 and 4 January 2011).

PURPOSE OF RIGHTS ISSUE

The purpose of the Rights Issue referred to in this Prospectus is to raise \$784,404 which funds are intended by the Company to be applied in the manner set out in the following table:

USE OF FUNDS:	Amount (\$)
General Working capital	729,404
Expenses of the Offer	55,000
TOTAL:	784,404

The amounts referred to above are estimates only and actual amounts expended may vary depending on events as they occur.

UNDERWRITING

The Offer set out in this Prospectus is fully underwritten by the Directors and companies associated with them (for details see the definition of “Underwriter”) and accordingly the minimum subscription is the sum of \$784,404. If the minimum subscription has not been raised within three (3) months after the date of this Prospectus, all Applications will be dealt with in accordance with the Corporations Act 2001. By virtue of the Underwriting Agreement, the Directors may terminate the underwriting upon giving the Company written notice before

the date (in this section called “Completion”) on which allotment of all of the Primary Options offered by this Prospectus occurs if one or more of the following events occur:

- (a) **(Indices fall):** any of the S&SP/ASX 200 Index or the S&P/ASX 200 Energy Index as published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement; or;
- (b) **(Share Price):** the closing price of the Shares on the ASX is less than the Price on any trading day, after the date of the Underwriting Agreement; or
- (c) **(Prospectus):** the Company does not lodge this Prospectus by 4 January 2011 or the Prospectus or the offer is withdrawn by the Company; or
- (d) **(No Official Quotation):** Official Quotation of the Primary Options has not been granted by the Shortfall Notice Deadline Date as defined in the Underwriting Agreement or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (e) **(Supplementary prospectus):**
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in clause (q)(vi) below forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or
- (f) **(Non Compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
 - (i) the effect of the Offer on the Company; and

- (ii) the rights and liabilities attaching to each Primary Option and the Share to be issued as a result of the exercise of a Primary Option as defined in the Underwriting Agreement; or
- (g) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of sections 711, 713 and 716 of the Corporations Act) or if any statement in the prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (h) **(Restriction on allotment):** the Company is prevented from allotting the Primary Options as defined in the Underwriting Agreement within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority; or
- (i) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
- (j) **(ASIC application):** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date defined in the Underwriting Agreement has arrived, and that application has not been dismissed or withdrawn;
- (k) **(ASIC hearing):** ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act; or
- (l) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel; or
- (m) **(Hostilities):** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India,

Pakistan, or the Peoples' Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;

- (n) **(Authorisation)**: any Authorisation as defined in the Underwriting Agreement which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (o) **(Indictable offence)**: a director or senior manager of a Relevant Company as defined in the Underwriting Agreement is charged with an indictable offence; or
- (p) **(Sub-Underwriters)**: any of the Company Sub-Underwriters as defined in the Underwriting Agreement that are introduced by the Company do not comply with their obligations under the sub-underwriting agreements or threaten to not comply with their respective obligations under the sub-underwriting agreements; or
- (q) **(Termination Events)**: any of the following events occur:
 - (i) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking; or
 - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect; or
 - (iii) **(Contravention of constitution or Act)**: a contravention by a Relevant Company as defined in the Underwriting Agreement of any provision of its constitution, the Corporations Act, the Listing Rules or any other application legislation or any policy or requirement of ASIC or ASX; or
 - (iv) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect as defined in the Underwriting Agreement or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company as defined in the Underwriting Agreement including, without limitation, if any forecast in the Prospectus becomes

incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time; or

- (v) **(Error in Due Diligence Results):** it transpires that any of the Due Diligence Results (as defined in the Underwriting Agreement) or any part of the Verification Material as defined in the Underwriting Agreement was false, misleading or deceptive or that there was an omission from them; or
- (vi) **(Significant change):** a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor; or
- (vii) **(Public Statements):** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Rights Issue or the Prospectus; or
- (viii) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Rights Issue or the affairs of any Relevant Company as defined in the Underwriting Agreement is or becomes misleading or deceptive or likely to mislead or deceive; or
- (ix) **(Official Quotation qualified):** the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation"; or
- (x) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy; or
- (xi) **(Prescribed Occurrence):** a Prescribed Occurrence as defined in the Underwriting Agreement occurs, other than as disclosed in the Prospectus; or
- (xii) **(Suspension of debt payments):** the Company suspends payment of its debts generally; or

- (xiii) **(Events of Insolvency):** an Event of Insolvency as defined in the Underwriting Agreement occurs in respect of a Relevant Company as defined in the Underwriting Agreement; or
- (xiv) **(Judgement against a Relevant Company):** a judgement in an amount exceeding \$50,000 is obtained against a Relevant Company as defined in the Underwriting Agreement and is not set aside or satisfied within 7 days; or
- (xv) **(Litigation):** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any Relevant Company, other than any claims foreshadowed in the Prospectus; or
- (xvi) **(Board and Senior Management composition):** there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter which consent is not to be unreasonably withheld; or
- (xvii) **(Change in shareholdings):** there is a material change in the major or controlling shareholdings of a Relevant Company as defined in the Underwriting Agreement or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company as defined in the Underwriting Agreement; or
- (xviii) **(Timetable):** there is a delay in any specified date in the Timetable as defined in the Underwriting Agreement which is greater than 7 Business Days; or
- (xix) **(Force Majeure):** a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs; or
- (xx) **(Certain resolutions passed):** a Relevant Company as defined in the Underwriting Agreement passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter; or
- (xxi) **(Capital Structure):** any Relevant Company as defined in the Underwriting Agreement alters its capital structure in any manner not contemplated by the Prospectus; or

- (xxii) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company as defined in the Underwriting Agreement or
- (xxiii) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriter may not exercise its rights under paragraph (a) set out above unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a Termination Event set out in that paragraph has or is likely to have, or two or more Termination Events together have or are likely to have:

- (a) a Material Adverse Effect as defined in the Underwriting Agreement; or
- (b) could give rise to a liability of the Underwriter under the Corporations Act or otherwise.

The Underwriting Agreement allows the Underwriter to enter into sub-underwriting agreements with entities chosen in the sole discretion of the Underwriter. The Underwriter will not be paid a fee for the underwriting.

INDICATIVE TIMETABLE

An indicative timetable for the Rights Issue is included below:

Announcement of Entitlement Issue and Application for Quotation of Primary Options (Appendix 3B)	Thursday, 30 December 2010
Lodgement of Prospectus with ASIC and ASX	Tuesday, 4 January 2011
Notice Sent to existing Option holders	Tuesday, 4 January 2011
Letter to Shareholders advising of Entitlement Issue	Tuesday, 4 January 2011
Ex Date: Shares quoted ex-Entitlement	Thursday, 13 January 2011
Record Date	Wednesday, 19 January 2011
Despatch Offer of Entitlement to Eligible Shareholders	Tuesday, 25 January 2011

Closing Date	Friday, 11 February 2011
Primary Options quoted on a deferred settlement basis	Monday, 14 February 2011
Notification under subscriptions	Wednesday, 16 February 2011
Despatch of Holding Statements and deferred settlement ends	Monday, 21 February 2011
Quotation of Primary Options	Tuesday, 22 February 2011

The Directors, subject to the Listing Rules, reserve the right to close the Offer early or extend the Closing Date at their discretion. If the Closing Date is to be extended, the Company must give at least six (6) Business Days' notice to the ASX prior to the Closing Date. Should the Closing Date be extended, this will have a consequential effect on the anticipated date of issue of the Primary Options and the commencement of their trading.

Please note that the abovementioned dates are indicative only.

PRIVATE DISCLOSURE

The Company collects information in relation to each Applicant as provided on an Entitlement and Acceptance Form (hereinafter in this Section called "Information") for the purpose of processing that form and, should the Application be successful, to administer the Applicant's security holding in the Company (hereinafter in this Section called "Purposes").

The Company may use the Information for the Purposes and the Company may disclose the Information for the Purposes to Computershare, the Company's related bodies corporate, agents, contractors and third party service providers, and to ASX, ASIC and other regulatory authorities.

The Information may also be used and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, licensed securities dealers, mail houses and regulatory bodies including the Australian Taxation Office.

2 CORPORATE DIRECTORY

DIRECTORS

Michael John Fry - Non-Executive Director
Peter Lawson Munachen - Chief Executive Officer
Henry David Kennedy - Non-Executive Director

COMPANY SECRETARY

Ernest Anthony Myers

REGISTERED OFFICE

Ground Floor, 288 Stirling Street, Perth 6000

SOLICITORS TO THE COMPANY

Mizen+Mizen
69 Mount Street
WEST PERTH WA 6005

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
PERTH WA 6000

CONTACT DETAILS

Website: www.norwest.com.au
E-mail: info@norwest.com.au
Telephone: Norwest Energy NL - (08) 9227 3240
Facsimile: Norwest Energy NL - (08) 9227 3211
Telephone: Computershare - 1300 557 010

3 THE RIGHTS ISSUE OFFER

DETAILS OF THE OFFER

The Company offers each Eligible Shareholder the right to acquire one (1) Primary Option for every seven (7) Shares held by that Shareholder on the Record Date at the issue price of \$0.0075 (0.75 cents) per Primary Option to raise up to \$784,404 before expenses. The Primary Options are exercisable on or before 30 June 2012 by the payment of \$0.10 per option.

Each Primary Option will carry an additional right whereby for each Primary Option exercised by 30 September 2011 a Secondary Option will be offered during October 2011, at no cost, to the option holder exercising the Primary Option by way of a disclosure document pursuant to the Corporations Act. Each Secondary Option will entitle the option holder to acquire one (1) new fully paid ordinary share in the capital of the Company at an exercise price of \$0.20 cents and may be exercised up to 30 June 2013. The issue of a Secondary Option is dependent upon the exercise of a Primary Option by the specific option holder by 30 September 2011 and then by that specific option holder accepting that entitlement in accordance with a disclosure document that will be provided to that specific option holder in October 2011. Neither the issue of Secondary Options nor the exercise of the Secondary Options is being underwritten by the Underwriter or by anyone else. The Company will not be applying for quotation of the Secondary Options during the currency of the listed Primary Options. The issue of the Secondary Options will also be subject to the Company complying with Listing Rule 7.1 in respect of that issue.

All shares issued by the Company as a result of the exercise of the Primary Options (104,587,252 Primary Options in total) under this Prospectus will have the same rights and liabilities as existing Shares. For further information on the rights and liabilities of the Shares issued as a result of the exercise of the Primary Options, see Section 5.

The terms and conditions of the Primary Options and the Secondary Options are set out in Section 7.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of an Option, such fraction will be rounded down to the nearest whole Option.

ENTITLEMENTS AND ACCEPTANCE

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus.

Acceptances must not exceed your maximum Entitlement (as shown on the Entitlement and Acceptance Form), although you may accept a lesser number of Primary Options should you wish to take up only part of your Entitlement. If your acceptance exceeds your Entitlement, acceptance will be deemed to be for your maximum Entitlement and any surplus application monies will be returned to you.

NO RIGHTS TRADING

The rights to Primary Options under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for Primary Options under the Offer to any other party. If you do not take up your Entitlement to Primary Options under the offer by the Closing Date, the offer to you will lapse.

UNDERWRITING

The Offer is underwritten by the Directors and their associated companies. A summary of the material terms of the Underwriting Agreement is set out in Section 1 of this Prospectus. The underwriting is for the issue price of the Primary Options only and does not extend to the exercise price of those options.

SHORTFALL

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall.

The offer of the Shortfall is a separate offer pursuant to this Prospectus. The Shortfall Offer will be made to the Underwriter (namely the Directors and their associated companies) in accordance with the Underwriting Agreement. The issue price of each Primary Option offered pursuant to the Shortfall Offer is \$0.0075, being the price at which the Entitlement has been offered to Eligible Shareholders pursuant to this Prospectus. Applications for any part of the Shortfall must be made on the Entitlement and Acceptance Form attached to this Prospectus and which is headed "Shortfall Application Form".

OPENING AND CLOSING DATES

The Offer opens on the Opening Date, being Tuesday, 25 January 2011. The Company will accept Entitlement and Acceptance Forms until 4:00pm WST on

the Closing Date being Friday, 11 February 2011 or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

ISSUE AND DESPATCH

The expected dates for issue of Primary Options offered by this Prospectus and despatch of holding statements is expected to occur on the dates specified in the Timetable (presently anticipated to be 21 February 2011) set out in Section 1 of this Prospectus under the heading "Indicative Timetable".

It is the responsibility of Applicants to determine the allocation prior to trading in the Primary Options. Applicants who sell Primary Options before they receive their holding statements will do so at their own risk.

Until the allotment and issue of the Primary Options under this Prospectus, application monies will be held in trust in a separate bank account opened for that purpose. Any interest earned on the application monies will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment of the Primary Options takes place.

ASX LISTING

Applications for Quotation by ASX of the Primary Options offered pursuant to this Prospectus have been made. If approval is not obtained from ASX before the expiration of three (3) months after the date of this Prospectus (or such period as varied by the ASIC) the Company will not issue any Primary Options and will repay all application monies for the Primary Options within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Primary Options is not to be taken in any way as an indication of the merits of the Company or the Primary Options now offered for subscription.

CHESS

The Company will apply to ASX to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without have to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Primary Options allotted to them under this Prospectus. The notice will also advise holders of their Holder

Identification Number (HIN) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

OVERSEAS ELIGIBLE SHAREHOLDERS

No Offer will be made to Eligible Shareholders resident outside Australia and New Zealand.

Primary Options to which any Eligible Shareholders who are not resident in Australia and New Zealand, would otherwise be entitled, will form part of the Shortfall and become subject to the Shortfall Offer and will be dealt with pursuant to the Underwriting Agreement.

TAXATION IMPLICATIONS

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Primary Options under this Prospectus. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Eligible Shareholders should consult their professional adviser in connection with subscribing for Primary Options under this Prospectus.

RISK FACTORS

An investment in Primary Options should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are described in Section 6.

ENQUIRIES CONCERNING PROSPECTUS

Enquiries concerning the Entitlement and Acceptance Form can be obtained by contacting Computershare by telephone on 1300 557 010 or the Company on (08) 9227 3240.

ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS

HOW TO ACCEPT THE OFFER

Your acceptance of the Offer must be made on the personalised Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not

exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) If you wish to accept your Entitlement in full complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and follow the payment instructions set out in that form; or
- (b) if you only wish to accept part of your Entitlement:
 - (i) fill in the number of Primary Options you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) following the payment instructions set out in that form; or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “**Norwest Energy NL – Subscription Account**” and crossed “**Not Negotiable**”. Please note that payment via BPAY must be made by no later than 4:00pm Perth time on 11 February 2011. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay by BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return that form to the Company’s Share Registry.

Your completed Entitlement and Acceptance Form and money must be forwarded to the Company’s share registry, Computershare, so that they are received no later than 4:00pm (WST) on the Closing Date being 11 February 2011. Entitlement and Acceptance Forms with cheques can be delivered as follows:

By Post: Computershare Investor Services Pty Limited
 Locked Bag 2508
 Perth WA 6001

By Hand: Computershare Investor Services Pty Limited
 Level 2
 45 St Georges Terrace
 Perth WA 6000

The Offer is non-renounceable. Accordingly, a holder of Shares may not sell or transfer all or part of their Entitlement.

CAPITAL STRUCTURE

The capital structure of the Company immediately following the completion of the Offer, assuming all available rights are taken up and none of the existing option holders exercise their existing Options, is expected to be as follows:

SHARES	Number
Shares on issue at date of this Prospectus	732,110,761
OPTIONS	
Primary Options now offered	104,587,252
Unlisted Options on issue at date of this Prospectus*	35,719,737

NOTES:

*Holders of Options will not be entitled to participate in the Offer. The options currently on issue may be exercised by the option holder prior to the Record Date in order to participate in the offer.

4 EFFECT OF THE RIGHTS ISSUE ON THE COMPANY

PRO FORMA BALANCE SHEET

Set out below, for the purposes of illustration only, is a pro forma statement of financial position of the Company after taking account of the Rights Issue the subject of this Prospectus. It is based on the audited statement of financial position of the Company as at 30 June 2010. The pro forma statement of financial position illustrates the effect of the Rights Issue as if the issue of Primary Options had occurred on 30 June 2010 (based on the assumptions set out below).

	Audited 30 June 2010 \$	Adjustments	Pro forma
CURRENT ASSETS			

NORWEST ENERGY NL - PROSPECTUS

	Audited 30 June 2010 \$	Adjustments	Pro forma
Cash Assets	1,030,755	729,404	1,760,159
Receivables	798,834		798,834
TOTAL CURRENT ASSETS	1,829,589		2,558,993
NON-CURRENT ASSETS			
Bonds	37,987		37,987
Investments	7,667		7,667
Property, plant & equipment	14,124		14,124
Exploration expenditure capitalised	2,385,608		2,385,608
TOTAL NON-CURRENT ASSETS	2,445,386		2,445,386
TOTAL ASSETS	4,274,975		5,004,379
CURRENT LIABILITIES			
Payables	526,168		526,168
TOTAL CURRENT LIABILITIES	526,168		526,168
NON-CURRENT LIABILITIES			
Provisions	48,584		48,584
TOTAL NON-CURRENT LIABILITIES	48,584		48,584
TOTAL LIABILITIES	574,752		574,752
NET TOTAL ASSETS	3,700,223		4,429,627
EQUITY			
Contributed Equity	36,042,868		36,042,868
Reserves	2,046,290	729,404	2,775,694
Accumulated Losses	(34,388,935)		(34,388,935)

	Audited 30 June 2010 \$	Adjustments	Pro forma
TOTAL EQUITY	3,700,223		4,429,627

The assumptions used in the preparation of the pro forma statement of financial position set out above are:

- (a) the Company issues 104,587,252 Primary Options at \$0.0075 per Primary Option pursuant to this Prospectus, raising proceeds of approximately \$784,404;
- (b) estimated costs of the Offer of \$55,000 have been recognised directly against Reserves, as a reduction of the proceeds of the Rights Issue; and
- (c) the net cash adjustment to the pro forma statement of financial position is therefore an increase of \$729,404.

CAPITAL STRUCTURE FOLLOWING RIGHTS ISSUE

The capital structure of the Company following the completion of the Rights Issue is summarised below:

DESCRIPTION	NUMBER OF SHARES	AMOUNT RAISED \$
Shares on Issue	732,110,761	
Primary Options the subject of the Offer	104,587,252	729,404
Unlisted Options on Issue	35,719,737	

5 **ADDITIONAL INFORMATION**

RIGHTS ATTACHING TO SHARES RESULTING FROM THE EXERCISE OF THE PRIMARY OPTIONS

Full details of the rights attaching to Shares are set out in the Company's Constitution a copy of which can be inspected, free of charge, at its registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all New Shares issued as a result of the exercise of a Primary Option. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

All New Shares as a result of the exercise of a Primary Option will from the time they are issued, rank *pari passu* with all the Company's existing Shares.

VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there are none), at meetings of Shareholders of the Company:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes as bears the same proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited).

RIGHTS ON WINDING UP

Subject to the rights of holders of shares with special rights in a winding up (at present there are none), on a winding up of the Company, assets that may be legally distributed among members, will be distributed in proportion to the number of fully paid Shares held by them irrespective of the amount paid up or credited as paid up on the Shares.

TRANSFER OF SHARES

Subject to the Constitution of the Company, the Corporations Act 2001, and any other laws and ASTC Settlements Rules and ASX Listing Rules, Shares are freely transferable.

FUTURE INCREASES IN CAPITAL

The allotment and issue of any Shares is under the control of the Directors. Subject to restrictions on the allotment of Shares to Directors or their associates, the ASX Listing Rules, the Constitution of the Company and the Corporations Act 2001, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

VARIATION OF RIGHTS

Under the Corporations Act 2001, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares. If at any time the share capital is divided into different classes or Shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the Shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of seven quarters of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

DIVIDEND RIGHTS

Subject to the rights of holders of Shares issued with special, preferential or qualified rights (at present there are none), the profits of the Company which the Directors determine to distribute by way of dividend are divisible among the holders of ordinary Shares in proportion to the number of Shares held by them.

INTERESTS, FEES AND BENEFITS

Other than as set out below or elsewhere in this Prospectus, no:

- (a) director of the Company; or
- (b) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation and distribution of this Prospectus; or
- (c) financial services licensee named in this Prospectus as a financial services licensee involved in the Rights Issue;

has, or had, within two (2) years before the date of this Prospectus, any interest in:

- (i) the formation or promotion of the Company;

- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Rights Issue; or
- (iii) the Rights Issue.

Other than as set out elsewhere in this Prospectus, no amounts have been paid or agreed to be paid, and no benefits have been given or agreed to be given, to any of the above persons as an inducement to become or to qualify him as a director of the Company or for services rendered by him in connection with the formation or promotion of the Company or the Rights Issue.

INTERESTS OF DIRECTORS

At the date of this Prospectus the Directors have the following relevant interests in Shares:

NAME	NUMBER OF SHARES
Michael John Fry	2,576,923
Peter Lawson Munachen	4,811,096
Henry David Kennedy	31,015,600

At the date of this Prospectus the Directors have the following relevant interests in Options:

DIRECTOR	EXERCISABLE 15 CENTS - EXPIRY 27 Nov 2011	EXERCISABLE 5.5 CENTS - EXPIRY 26 Nov 2014
Michael John Fry	0	3,000,000
Peter Lawson Munachen	1,000,000	5,000,000
Henry David Kennedy	750,000	3,000,000

INTERESTS OF ADVISERS

Mizen+Mizen will be paid a fee of approximately \$20,000 (plus GST) for assistance in preparing this Prospectus. It has undertaken work for the Company for at least the last decade.

CONSENTS

The following persons have given their written consent to be named in this Prospectus and have not withdrawn such consent before lodgement of this Prospectus with ASIC:

- (a) Mizen+Mizen has consented to being named as Solicitors to the Company in this Prospectus in the form and context in which it is named.
- (b) Computershare has consented to being named as the Company's Share Registry in this Prospectus in the form and context in which it is named.
- (c) Sundowner International Limited (a company associated with Mr H D Kennedy, a director of Norwest) has consented to being named as an Underwriter in this Prospectus in the form and context in which it is named.
- (d) Corraline Pty Ltd (a company associated with Mr P L Munachen, a director of Norwest) has consented to being named as an Underwriter in this Prospectus in the form and context in which it is named.
- (e) Kala Nominees Pty Ltd (a company associated with Mr P L Munachen, a director of Norwest) has consented to being named as an Underwriter in this Prospectus in the form and context in which it is named.
- (f) Resource Services International (Aust) Pty Ltd (a company associated with Mr P L Munachen, a director of Norwest and also associated with Mr E A Myers, the company secretary of Norwest) has consented to being named as an Underwriter in this Prospectus in the form and context in which it is named.

Other than as disclosed above, none of the abovementioned parties:

- (a) has been involved in the preparation of, or authorisation or caused the issue of, this Prospectus; and
- (b) to the maximum extent permitted by law expressly disclaims and takes no responsibility for any material in or omission from this Prospectus other than a reference to its name.

The Directors have consented to the statement in Section 9 in the form and content of that statement.

EXPENSES OF THE RIGHTS ISSUE

It is estimated that the expenses of the Rights Issue and this Prospectus will be \$55,000 made up as follows:

DESCRIPTION	\$
Underwriting Fee	Nil
Solicitor's Fee	20,000
Printing & Postage & Share Registry	20,000
Other	10,000
	50,000
GST	5,000
TOTAL	55,000

6 RISKS

An investment in the Company is not risk free and Eligible Shareholders should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for the Primary Options.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

RISKS SPECIFIC TO THE COMPANY

RELIANCE ON KEY PERSONNEL

The success of the Company in part will depend on the ability of the Directors, management team and other executive personnel (employed by the Company or its business partners) to develop the Company's project portfolio and enhance project value. Should one or more of the key personnel cease to be involved, for whatever reason, then the capability of the Company may be expected to be

impaired pending a suitable replacement being identified and retained by the Company or its business partners.

CONTRACTUAL RISK

The Company is reliant to a certain extent on the cooperation and compliance of parties to the agreements to which it is a party. In particular, the Company has entered into various joint venture agreements and the ability of the Company to achieve its objectives will depend on the performance by each of the parties of their respective obligations under these agreements. If a party defaults in the performance of their obligations it may adversely affect the Company or its projects. In the event of dispute, there can be no guarantee that seeking enforcement or of compensation under such agreements will provide an efficient or satisfactory outcome.

ADDITIONAL REQUIREMENTS FOR CAPITAL

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under this capital raising. There can be no assurance that the Company will be able to raise that finance on acceptable terms or in a timely manner. Any additional equity financing will dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, and scale back its exploration programs and surrender permits and licences, as the case may be.

RISKS SPECIFIC TO OIL & GAS EXPLORATION & DEVELOPMENT COMPANIES

EXPLORATION SUCCESS

The future profitability of the Company and the value of its securities are directly related to the results of exploration. The prospects held by the Company are at various stages of exploration and production, and potential investors should understand that exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Company's prospects, or any other prospects that may be acquired in the future, will result in the discovery of a commercial oil or gas reserve. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited or will flow at commercial rates.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company viability.

OPERATING RISKS

If the Company achieves exploration success that leads to a decision to conduct feasibility work and then develop production operations, the development and ongoing production from such operations may be adversely affected by various factors, including failure to locate or identify oil reserves; failure to achieve predicted well production flow rates; operational and technical difficulties encountered in production; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated reservoir problems which may affect field production performance; adverse weather conditions; industrial and environmental accidents; industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

OIL RESERVES & COMMERCIAL OIL FLOW

Oil reserves are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, oil reserves are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and commercial oil flow plans which may, in turn, adversely affect the Company's operations.

COMMODITY PRICE VOLATILITY, EXCHANGE RATE & GOVERNMENT RISKS

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company and the value of its assets. In particular, changes in the current and expected future price of crude oil and other commodities can change rapidly and significantly and this can have a substantial effect on the value of the Company's assets and the potential future revenue and profits that might be earned from any successful development of those assets.

If the Company achieves exploration success leading to commercial oil production, the revenue it will derive through the sale of crude oil exposes the potential income of the Company to crude oil price and exchange rate risks. Commodity prices fluctuate and are affected by many factors affecting their demand and supply beyond the control of the Company. Such factors include global industrial production levels and economic sentiment, inflation and interest rates, industrial disputes, wars and other military activity, technological advancements, forward selling activities, government environmental policies, infrastructure investment, weather conditions and general exploration success.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

Changes in government, monetary policies, taxation and other laws and regulations can also have a significant influence on the outlook for projects and companies and the actual and potential returns to investors.

NATIVE TITLE & COMMUNITY RISKS

Many countries have native title, community title / empowerment, or heritage legislation and / or regulations. These rules impose certain requirements on Oil and Gas companies who undertake or plan to undertake various exploration, development or drilling activities. The risks associated with the rules are generally associated with the imposition of various uncertainties as to timetables and costs. No assurance can be given that the Company will be able to explore or conduct drilling activities within acceptable timeframes or on terms acceptable to it.

ENVIRONMENTAL RISKS

The operations and proposed activities of the Company are subject to laws and regulation concerning the environment. As with most production operations, the Company's activities are expected to have an impact on the environment. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. Nevertheless there are certain risks inherent in the Company's activities such as accidental leakages or spills, or other unforeseen circumstances which could subject the Company to extensive liability.

CONDITIONS OF PERMITS & LICENCES

The Company has entered into agreement with joint venture parties who hold lease rights and permits to explore and implement the projects. There is a risk that the Company does not have or might lose any or all of those permits or licences required for the operation of the projects, or that the Company will not comply with the ongoing requirements imposed under those permits or licences. There is also a risk that the permits and licences required or the conditions imposed on the Company under them will change from time to time. The Company's ongoing compliance costs may increase as a result. Either of the above may adversely affect the Company's financial performance.

GENERAL SECURITIES RISKS

ECONOMIC RISKS

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

SHARE MARKET CONDITIONS

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors, such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

INVESTMENT SPECULATIVE

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus. Therefore, the Primary Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

While the Directors recommend the Offer, Eligible Shareholders and potential investors should consider that the investment in the Company is speculative and should consult their professional advisers, make their own assessment of the likely risks and determine whether an investment in Norwest Energy NL is appropriate for their circumstances.

7 TERMS AND CONDITIONS OF PRIMARY OPTIONS AND SECONDARY OPTIONS

TERMS OF THE PRIMARY OPTIONS

The terms of the Primary Options are as detailed below:

- (a) **(Entitlement):** Each Primary Option entitles the option holder to subscribe for one fully paid ordinary share in the capital of the Company.
- (b) **(Issue price):** The issue price of each Primary Option is \$0.0075.
- (c) **(Exercise price):** The exercise price of each Primary Option is \$0.10.
- (d) **(Option period):** Each Primary Option may be exercised in whole or in part at any time before 30 June 2012. A Primary Option not exercised automatically expires on 30 June 2012.
- (e) **(Certificates):** The Company must give each option holder a holding statement stating:
 - (i) the number of Primary Options issued to the option holder;
 - (ii) the exercise price of the Primary Options; and
 - (iii) the date of issue of the Primary Options.

- (f) **(Participation rights):** An option holder is not entitled to participate in any new issue to existing Shareholders of securities in the Company unless they have exercised their Primary Options before the record date for determining entitlements to the new issue of securities and participate as a result of holding Shares.
- (g) **(Notice of new issues):** The Company must give an option holder, in accordance with the ASX Listing Rules, notice of:
 - (i) the proposed terms of the issue or offer proposed under clause (f); and
 - (ii) the right to exercise their Primary Options under clause (f).
- (h) **(Bonus issues):** If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Primary Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Primary Options is exercisable is increased by the number of Shares which the option holder would have received if the option holder had exercised the Primary Option before the record date for determining entitlements to the issue.
- (i) **(Pro rata issues):** If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Primary Option before the record date for determining entitlements to the issue, the exercise price of each Primary Option is reduced in accordance with the ASX Listing Rules.
- (j) **(Reorganisation):** If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the option holder are changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (k) **(Calculation and adjustments):** Any calculations or adjustments which are required to be made under the terms of issue will be made by the board of Directors of the Company and will, in the absence of manifest error, be final and conclusive and binding on the Company and the option holder.

- (l) **(Notice of change):** The Company must within a reasonable period give to each option holder notice of any change pursuant to the terms of issue to the exercise price of any Primary Options held by an option holder or the number of Shares which the option holder is entitled to subscribe for on exercise of a Primary Option.
- (m) **(Method of exercise and payment):** To exercise Primary Options, the option holder must give the Company or its share registry, at the same time:
 - (i) a written exercise notice (in the form approved by the board of the Company from time to time) specifying the number of Primary Options being exercised and shares to be issued;
 - (ii) payment of the exercise price for the Shares the subject of the exercise notice by way of bank cheque or by other means of payment approved by the Company; and
 - (iii) the certificate, if any, for the Primary Options.
- (n) **(Exercise all or some options):** An option holder may only exercise Primary Options in multiples of 10,000 unless the option holder exercises all Primary Options held by the option holder. Primary Options will be deemed to have been exercised on the date the application is lodged with the Directors.
- (o) **(Option certificates):** If an option holder exercises less than the total number of Primary Options registered in the option holder's name:
 - (i) the option holder must surrender its option certificate (if any); and
 - (ii) the Company must cancel the option certificate (if any) and issue the option holder a new option certificate or holding statement stating the remaining number of Primary Options held by the option holder.
- (p) **(Issue of Shares on exercise):** Within ten (10) Business Days after receiving an application for exercise of Primary Options and payment by an option holder of the exercise price, the Company must issue the option holder the number of Shares in the capital of the Company specified in the application.
- (q) **(Ranking of Shares on issue):** Subject to the Company's constitution, all Shares issued on the exercise of Primary Options rank in all respects

(including rights relating to dividends) pari passu with the existing Shares of the Company at the date of issue.

- (r) **(Secondary Option):** If a Primary Option is validly exercised and received by the Company on or prior to 30 September 2011, the Company will, subject to compliance with Listing Rule 7.1, in October 2011 offer, through a disclosure document in accordance with the Corporations Act, the specific option holder exercising the Primary Option one further option ("**Secondary Option**") for each Primary Option so exercised and the Secondary Option will be on the same terms and conditions as the Primary Options except that:
- (i) the issue price under condition (b) is zero;
 - (ii) the exercise price under condition (c) is \$0.20;
 - (iii) the exercise period under condition (d) will be until 30 June 2013;
 - (iv) this condition (r) will not apply;
 - (v) condition (s)(i) will not apply while the Primary Options are listed on ASX, and all references to the word "Primary" in those terms and conditions shall be replaced with the word "Secondary".
- (s) **(Quotation):** The Company will apply to ASX for official quotation of:
- (i) the Primary Options; and
 - (ii) the Shares issued on exercise of the Primary Options.

Terms of the Secondary Options

The terms and conditions of the Secondary Options will be the same as the Primary Options except that:

- (i) the issue price under condition (b) is zero;
- (ii) the exercise price under condition (c) is \$0.20;
- (iii) the exercise period under condition (d) will be until 30 June 2013;
- (iv) condition (r) will not apply; and
- (v) condition (s)(i) will not apply while the Primary Options are listed on ASX, and all references to the word "Primary" in the terms

and conditions of the Primary Options shall be replaced with the word “Secondary”.

8 GLOSSARY

Applicant	refers to a person who submits an Entitlement and Acceptance Form.
Application	refers to the submission of an Entitlement and Acceptance Form.
ASIC	means Australian Securities & Investments Commission.
ASX	means ASX Limited (ACN: 008 624 691) and where the context permits, the Australian Securities Exchange operated by ASX Limited.
ASX Listing Rules	means Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
Board	means the Board of directors of the Company as constituted from time to time.
CHESS	means ASX Clearing House Electronic Subregistry System.
Closing Date	means the date on which this Offer closes, being 4:00pm (WST) 11 February 2011.
Corporations Act	means the Corporations Act 2001 (Cth).
Company	means Norwest Energy NL (ACN: 078 301 505).
Dollar or \$	means Australian dollar unless otherwise stated.
Eligible Shareholder	means a Shareholder whose details appear on the Company’s register of Shareholders as at the Record Date.
Entitlement	means the entitlement to subscribe for one (1) Primary Option for every seven (7) Shares held by an Eligible Shareholder on the Record Date and Entitlements has

	a corresponding meaning.
Entitlement and Acceptance Form	means the personalised Entitlement and Acceptance Form accompanying this Prospectus in respect of the Rights Issue and the Entitlement and Acceptance Form headed “Shortfall Acceptance Form” attached to this Prospectus in respect of the Shortfall Offer.
Listing Rules	means the official Listing Rules of the ASX.
New Share	means a New Share to be issued as a result of the exercise of a Primary Option.
Offer	means the non-renounceable pro rata offer of one (1) Primary Option at an issue price of \$0.0075 each for every seven (7) Shares held on the Record Date pursuant to this Prospectus.
Offer Period	means the period commencing on the Opening Date and ending on the Closing Date.
Opening Date	means 25 January 2011.
Option	means an option to acquire a Share.
Primary Option	means the Option defined as such on the front cover of this Prospectus and whose terms and conditions are set out in Section 7.
Quotation	means quotation of the Primary Options on ASX.
Record Date	means 19 January 2011.
Rights Issue	means the Offer.
Secondary Option	means the Option defined as such on the front cover of this Prospectus and whose terms and conditions are set out in Section 7.
Section	means a section of this Prospectus;

Share	means an ordinary fully paid share in the capital of the Company.
Shareholder	means a holder of Shares.
Shortfall	means the number of Primary Options comprising the difference between 104,587,252 and the number of the Primary Options for which valid Applications have been received and accepted by the Company by the Closing Date from the Eligible Shareholders.
Shortfall Offer	means the offer for the Shortfall pursuant to this Prospectus made to the Underwriter pursuant to the Underwriting Agreement.
Underwriter	means Sundowner International Limited (a company associated with Mr HD Kennedy) as to 33.33%; Michael John Fry as to 33.33%; Corraline Pty Ltd as to 15.30%; Kala Nominees Pty Ltd as to 15.30% and Resource Services International (Aust) Pty Ltd as to the remaining 2.74%. Each of Corraline, Kala and Resource is a company associated with Mr PL Munachen and Resource is also associated with Mr EA Myers, the company secretary of Norwest.
Underwriting Agreement	means the underwriting agreement between the Underwriter and the Company dated 29 December 2010;
WST	means time in Perth, Western Australia.

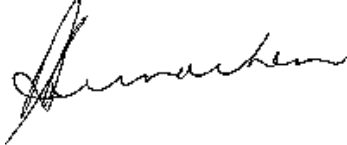
9 DIRECTORS' STATEMENT AND CONSENT

The Directors consent to the issue of this Prospectus and state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in this Prospectus by other persons, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, that those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not

withdrawn that consent before lodgement of this Prospectus with ASIC, or to the Directors' knowledge, before any issue of Primary Options pursuant to this Prospectus.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisers

Dated 4 January 2011



P L MUNACHEN
CHIEF EXECUTIVE OFFICER AND DIRECTOR

SHORTFALL APPLICATION FORM

To: Norwest Energy NL Fax Number: 9227 3211	Our Ref: Account No:
--	---------------------------------------

We hereby accept the offer to take up Options from the Non-Renounceable Rights Issue by the Company

	Options	Amount
Commitment		

We confirm and unconditionally agree to be bound by all the terms and conditions as set out in the Prospectus dated 4 January 2011 and we understand that upon acceptance, the Offer is irrevocable.

PLEASE COMPLETE BELOW

Applicant (full name and ABN):	
Contact Name:	
Telephone:	Facsimile:
Address:	
E mail Address:	

ABN, Tax File Number or Exemption:	
Chess, HIN or Existing SRN:	Signature:

THIS FORM MUST BE RETURNED BY NO LATER THAN 10.00AM PERTH TIME 17 FEBRUARY 2011
--

This page left blank intentionally