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4 January 2011

Dear Optionholder,

NON-RENOUNCEABLE RIGHTS ISSUE OF OPTIONS

On 31 December 2010 Norwest Energy NL (NWE) announced a one (1) for seven (7) non-renounceable pro rata rights issue of options (Primary Option) at an issue price of 0.75 cents for each new option, exercisable at 10 cents expiring on 30 June 2012. If the Primary Option is exercised prior to 30 September 2011, it will entitle the person ("Applicant") exercising the option to a Secondary Option exercisable at 20 cents and expiring on 30 June 2013.

The Rights Issue will result in the issue of 104,587,252 new options and will raise an estimated \$784,404 before costs. The funds raised will be applied (after Rights Issue expenses) towards working capital purposes.

Accordingly, to be eligible to participate in the Rights Issue in respect of the NWE options you hold, you must exercise those NWE options and be registered as the holder of the underlying NWE Shares before the Record Date. The purpose of this letter is to comply with the ASX Listing Rules by advising you of the impending Rights Issue and to give you adequate opportunity to exercise some or all of your NWE options prior to the Record Date so that you may participate in the Rights Issue.

To exercise some or all of your NWE options you will need to give notice in writing to NWE in accordance with the terms and conditions of issue of your NWE options, together with payment of the exercise price for each NWE option exercised. ***Option exercise notices must be received by no later than 5.00pm Perth time on 18 January 2011.*** You are encouraged to read the Prospectus and accompanying Rights Issue Announcement that was lodged with ASX today before exercising any of your options. If you have any queries in relation to the exercise of your options and the Rights Issue, you should consult your stockbroker or other professional adviser.

The following proposed (ie indicative only) key dates for the Rights Issue are:

Event	Date
Lodgment of Appendix 3B with ASX	31 December 2010
Lodgment of Prospectus with the ASIC and ASX	4 January 2011
Notice containing Appendix 3B information sent to Shareholders	4 January 2011
Ex date	13 January 2011
Record Date for Determining Entitlements	19 January 2011
Prospectus despatched to Shareholders	25 January 2011
Closing Date* 5.00 pm (WST)	11 February 2011
Securities quoted on a deferred settlement basis	14 February 2011
Despatch of holding statements	21 February 2011
Date of quotation of Securities issued under the Rights Issue*	22 February 2011

The above information was provided to the ASX on 4 January 2011. If you have any queries concerning the Rights Issue, or the details contained in this letter or the Prospectus, please contact Computershare Share Registry on 1300 557 010, or the Company Secretary, Ernie Myers, on (08) 9227 3240.

Yours faithfully
For and on Behalf of the Board
Norwest Energy NL

Ernie Myers
Company Secretary