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ASX: NWE

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ASX Announcement

Norwest extends footprint in potential Shale Gas acreage play in Northern Perth Basin

Norwest Energy NL (ASX:NWE) is pleased to announce that it has been awarded a Special Prospecting Authority – STP-SPA-0013 (SPA) to conduct an FTG survey to evaluate the hydrocarbon potential over 21 onshore blocks in the Northern Perth Basin. The SPA extends Norwest's footprint in the Basin across a significant area with shale gas potential.

The SPA covers an elongated onshore area running along the Western Australian coast, located between Cervantes and Eneabba (see Figure 1), and covering an area of ~860km² (212,522 acres). As depicted in Figure 1, the SPA lies to the south of Norwest's TP15 (offshore) and EP413 (onshore) acreage, and lies geologically between the north-south striking Urella Fault and Beagle Fault systems. The sedimentary section on the block is known to contain thick shale formations, principle amongst which is the prolifically developed Kockatea Shale, which is mature for gas, with significantly high total organic carbon (TOC) content in the area of the SPA.

The potential for shale gas in the region is further supported by a third party study commissioned by Norwest in mid 2010 to report on shale gas potential within the area. Two wells included in this study were Point Louise-1 (drilled in 1981) and Jurien-1 (drilled in 1963), both located on the western side of the Beagle Fault, and both of which showed favourable indicators for shale gas. The report stated that the Kockatea shales have the potential maturity to produce gas, contain fair TOC content and are composed predominantly of type II kerogen. Both wells intersected thick sections of the Kockatea Shale, with Point Louise-1 intersecting 459m and Jurien-1 247m.

The SPA is valid for six (6) months during which time Norwest will acquire an airborne, full tensor gradiometer survey (FTG) on the area. The FTG survey is designed to more accurately identify potential basement related fault blocks and adjacent deep troughs suitable for unconventional shale gas targets. If the FTG results prove favourable, Norwest has a further six months to submit an application for a petroleum exploration permit over the SPA area.

Norwest is experienced in the acquisition and application of the low impact FTG Survey technique, having successfully deployed the technology on both TP15 and its Southern England acreage. The recently drilled Red Hill South-1 well located within TP15 was evaluated using FTG, and whilst the presence of commercial hydrocarbons was not established at Red Hill South, it was considered a technical success, with FTG playing a major part in selecting the well location. The geology encountered during the drilling program proved consistent with the FTG modelling results.

In a statement made on behalf of Norwest Energy, CEO Peter Munachen said: “This SPA application was made some time ago, and forms an integral part of Norwest’s strategy to further develop its stake in the emerging shale gas plays within the Northern Perth Basin. Shale gas is now a proven, significant resource in North America, and Norwest is determined to play an important role in developing shale gas resources within Western Australia. The company’s location is also favourable for supplying the Western Australian domestic gas market, with two pipelines running through the basin – the Dampier-Bunbury and the Parmelia gas pipelines. The successful grant of the SPA can be considered a further advancement in Norwest’s bid to become a major player in the development of the significant shale gas resource that exists in the Northern Perth Basin.”

Peter Munachen
 CEO
 Norwest Energy NL

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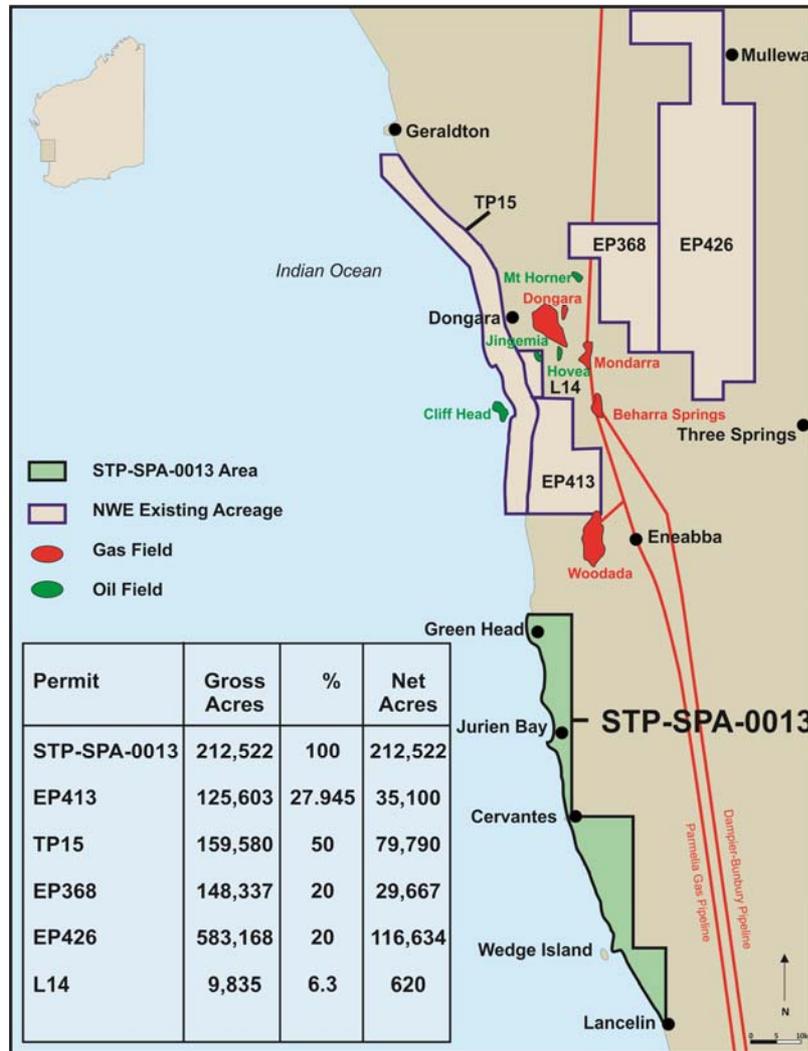


Figure 1: Location map of STP-SPA-0013