



NORWEST ENERGY NL
288 Stirling Street
Perth, Western Australia, 6000
PO Box 8260, Perth Business Centre
Western Australia, 6849

ABN: 65 078 301 505
Tel: +61 8 9227 3240
Fax: +61 8 9227 3211
Email: info@norwestenergy.com.au
Web: www.norwestenergy.com.au

ASX: NWE

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ASX Announcement

Drilling Update-no 6 EP413 North Perth Basin

- **Arrowsmith -2 shale gas exploration well successfully achieves all planned formation evaluation objectives for the drilling phase of the project**
- **Project now to advance to fracture stimulation and flow testing in September**

Norwest Energy NL (ASX: NWE) advises that the Arrowsmith-2 exploration well has been completed, with the Weatherford 826 rig presently rigging down in preparation for demobilisation. All of the Arrowsmith-2 exploration well planned formation evaluation objectives for this phase of the project have been successfully achieved including:

- 100m of core taken from the Carynginia (55m) and Irwin River Coal Measures (45m) with 100% recovery;
- Rotary sidewall cores taken from additional zones of interest including the Kockatea, Carynginia, Irwin River Coal Measures and the High Cliff sandstone formation;
- A comprehensive wireline logging program run from the bottom of the High Cliff Sandstone at 3301m, up to the 244mm (9-5/8") casing shoe at 2281m; and
- Identifying the potential for a conventional gas play within the High Cliff sandstone formation.

These recent operations have advanced the project considerably towards its ultimate objective, which is to hydraulically fracture stimulate and flow test the shale formations and also flow test the High Cliff Sandstones. Once this phase is complete, the commercial viability of these shale / tight gas plays will be assessed.

The successful recovery of all cores and completion of the comprehensive wireline logging suite is an important milestone as the results and interpretation of these processes will assist in determining the final design of the stimulation program scheduled for September 2011.

Norwest Energy Chief Executive Officer Peter Munachen said "We are more than pleased with the overall achievements to date and in particular the performance of the drilling and operations team to complete all well objectives within the original timeframe. Of greater importance are the encouraging gas responses from the wireline logging program. Interpretation is ongoing and the complete results will not be known for some time yet, however so far so good.

In addition to the shale objectives are the positive indications from the High Cliff Sandstones for conventional gas potential. The 100% recovery of the cores was a major achievement and will be a determining factor in establishing the characteristics of the shale to produce gas. Norwest's technical team has inspected the cores and a preliminary test conducted on a limited core section showed gas releasing from the core. Encouraging, but even so we still have to wait patiently until late August to know the conclusive answer before we head into the ultimate test, to stimulate and flow test the formations."

Mr Munachen concluded "At this stage Norwest is highly encouraged by the achievements and indicators to date however the flow test will be the ultimate decider."

Well completion and suspension.

Throughout the previous week the well was drilled to a final total depth of 3340m, the wireline logging programme completed with all data successfully acquired, the 140mm (5-1/2") casing cemented in place and the well suspended to facilitate the next phase of the project. On the current schedule the rig is planned for release late on the 24th of June. As the result of an exceptional performance by the drilling rig and all of the other drilling service providers with no down time or notable unplanned events throughout the duration of the well, this phase of the project will be completed approximately six days ahead of schedule.

As previously reported the well reached a final total depth of 3340 metres, 80 metres high to the initial planned depth of 3420m, providing for the evaluation of the High Cliff sandstone formation. Data from the The Holmwood is already available from Arrowsmith-1 hence drilling further into this formation to add to understanding of the local geology was considered unnecessary; accordingly the decision was made to TD the well at this depth.

Coring

Since the last report on 17 June 2011, 30 rotary sidewall cores were successfully cut from the three shale gas sequences and the High Cliff Sandstone conventional gas target, supplementing the two cores previously reported; 55 metres from the Carynginia and 45 metres from the Irwin River Coal Measures.

The cores will undergo detailed analysis in the US and local laboratories to determine the presence of the necessary characteristics essential to produce gas. Final results are expected towards the end of August.

Wireline Logging

The planned comprehensive wire line logging suite was successfully completed since the previous report. The logs are encouraging and along with the elevated background gas responses evident throughout the sequences, enhance our confidence in the gas potential. The detailed logging suite analysis is currently being undertaken by US shale gas specialists.

High Cliff Sandstone- conventional gas

Whilst this target was secondary in the overall campaign objectives, it has so far presented encouraging results based on initial log interpretation. The High Cliff Sandstones have not been actively explored in this part of the basin in recent times because of the high costs of drilling, however the drilling of Arrowsmith -2 presented the opportunity to explore its potential for conventional deep tight gas in addition to the shale objectives.

This is the final weekly drilling report, however Norwest will issue regular updates as important assessments or results are received and the progress of the fracture stimulation program.

The participants in Arrowsmith 2 are:

Norwest Energy NL (Operator)	27.945%
AWE Limited (via subsidiaries)	44.252%
Bharat PetroResources Ltd	27.803%

Peter Munachen
Director/CEO
Norwest Energy NL

Competent Person

The information on the Arrowsmith prospect is based on information compiled by Mr. Andrew Sutherland of Dataco Australasia Pty Ltd. Mr. Sutherland holds a Bachelor Degree in Science and has 30 years experience in petroleum exploration.

Mr Sutherland has consented in writing to the inclusion of the information stated in the form and context in which it appears.

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

Media and Investor Enquiries: please contact Fortbridge on +612 9331 0655, or Bill Kemmery on +61 (0) 400 122 449