



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

Update

Northern Perth Basin

Arrowsmith-2 Shale Gas Project

Norwest Energy NL (ASX:NWE) (Norwest) confirms that it is awaiting the determination of the Minister for Environment on an appeal against the Environmental Protection Authority (EPA) decision to 'not assess' the Arrowsmith-2 hydraulic fracture stimulation program.

Once the Minister's decision is announced, Norwest will immediately lock in a fixed date for the Halliburton frac spread to be mobilised to the Arrowsmith-2 project location. The frac spread is currently located in the South Australian Cooper Basin contracted to another project and it is reported that it will become available in mid January 2012. Additionally, upon the announcement of the Ministers decision, it is intended to recommence on-site activities in preparation for delivery of the frac spread for the Q1/2012 fracture stimulation and flow testing program.

ARROWSMITH-2

The Arrowsmith-2 well was successfully drilled in June 2011, with the drilling and evaluation results exhibiting necessary shale gas indicators, with the hydraulic stimulation and flow test programs now the final two phases to be undertaken in order to complete this proof of concept program. These final results will then provide the necessary data to:

- High-grade target intervals for subsequent development.
- Scale up the flow results from the vertical well to predict production rates for horizontal wells.
- Design an appropriate program for the next phase.
- Estimate contingent resource volumes.

The participants in the EP413/Arrowsmith Joint Venture are:

Norwest Energy NL (Operator)	(ASX: NWE)	27.945%
AWE Limited (via subsidiary Arc Energy Ltd)	(ASX: AWE)	44.252%
Bharat PetroResources Ltd		27.803%

Peter Munachen
Chief Executive Officer/Director

Competent Person

The technical content of this announcement is based on information compiled by or under the direction of Mr. Andrew Sutherland of Dataco Australasia Pty Ltd. Mr. Sutherland holds a Bachelor Degree in Science and a Master Degree in Business. He 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 or Ernie Myers on 08-9227 3240, or email info@norwestenergy.com.au.

Media and Investor Enquiries: Please contact Fortbridge on +612 9331 0655 or Peter-John Lewis 0416 290 604