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ASX : NWE

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ASX Announcement

Positive results of STP-SPA evaluation provides encouragement for Norwest to apply for conventional exploration permit

Norwest Energy NL (ASX:NWE) has completed an evaluation of the hydrocarbon potential over 21 onshore blocks in the northern Perth Basin covered by Special Prospecting Authority STP-SPA-0013 (SPA). The SPA is extensive, covering 860 km² and located between Lancelin and Green Head, and situated to the S/SW of its other northern Perth Basin interests (refer Fig 1).

The extensive evaluation has identified that there are 3 different hydrocarbon systems that Norwest see as being prospective within the SPA, and will now proceed to apply to convert the SPA to a five year petroleum exploration permit. This will add significantly to Norwest's acreage position and extends the footprint to the south of the Basin.

In April 2011 Norwest Energy NL (ASX:NWE) was awarded the SPA, and proceeded to contract Fugro to fly a Falcon airborne gravity gradiometry, Magnetics and DTM survey (including 2139 line km) over the SPA area. The interpretation of these data and existing seismic data constrained by 8 nearby wells indicates three independent hydrocarbon systems that Norwest considers prospective for:

1. Deep shale gas - The recently acquired data has identified relatively deep grabens in the eastern portion of the block which potentially provide hydrocarbon source rocks and prospective areas for shale gas;
2. Shallow shale gas - The potential for shale gas in the shallow portion of the permit had already been identified and supported by a third party study commissioned by Norwest in mid-2010. 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, contains fair TOC content and are composed predominantly of type II kerogen.

3. Conventional traps – In-house mapping identifies some conventional leads which will require additional seismic to confirm their validity.

Norwest CEO, Peter Munachen commented “We are delighted that the evaluation has delivered such a positive result. You could say this is the last available acreage in the Basin, and with 100% interest and the prospectivity for shale gas, Norwest is well positioned to capitalise as greater interest and focus comes to the Basin in the quest for shale gas discoveries, particularly if Arrowsmith-2 delivers the expected positive results at the completion of the planned hydraulic fracture stimulation and well testing evaluation program.”

Peter Munachen
CEO/Director
Norwest Energy NL

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.

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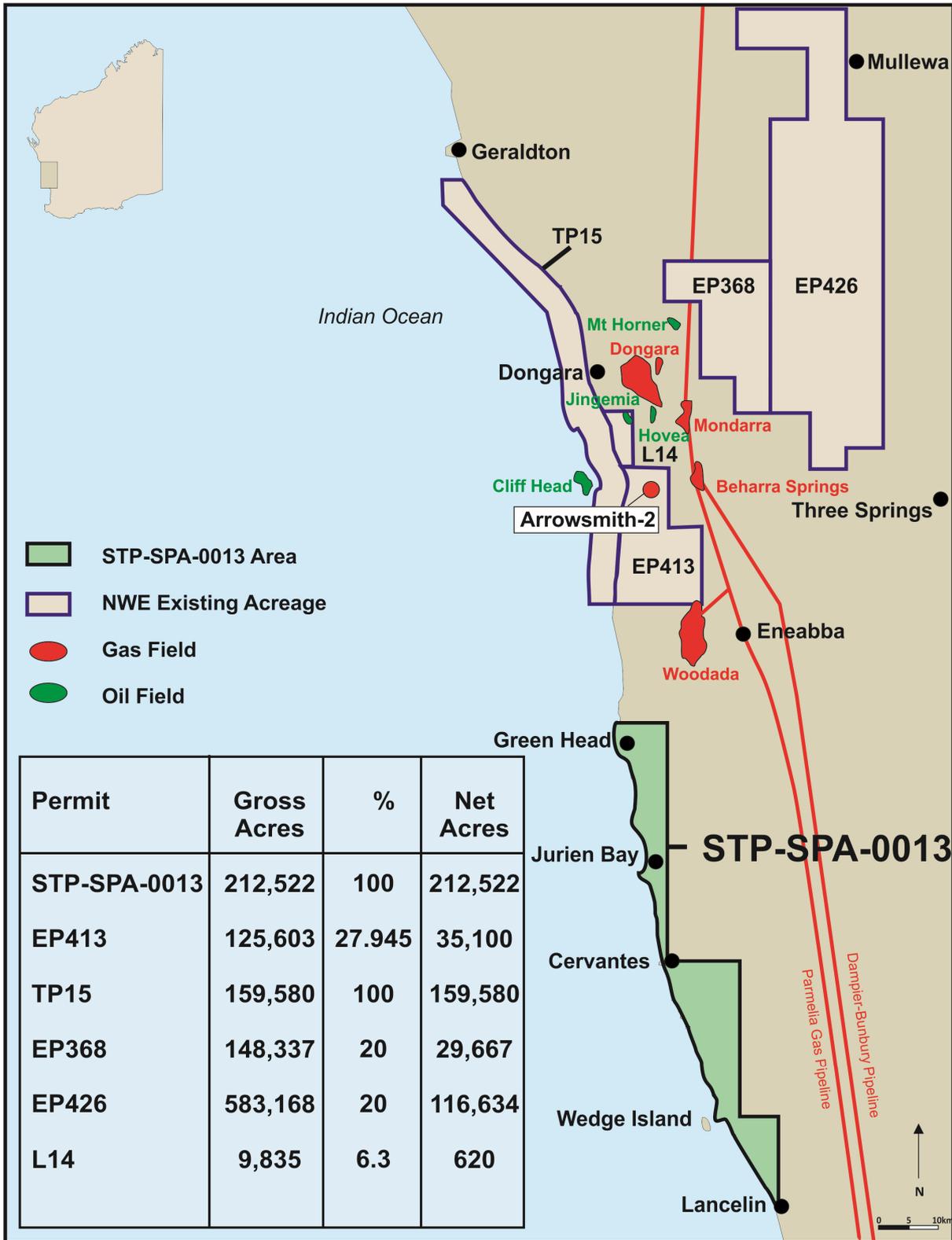


Fig 1 Norwest's Northern Perth Basin Acreage