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ASX: NWE

31 May 2012

Project Update

- **Hydraulic Fracture Stimulation equipment expected to arrive in the Perth Basin during the latter part of June 2012 for the Arrowsmith campaign**
- **TP/15 coastal petroleum exploration permit renewed for a further 5 year term to May 2017**

EP413 – Arrowsmith-2 Hydraulic Fracture Stimulation Campaign (Norwest Operator -27.945%)

Norwest is working closely with all equipment, service providers and personnel in order to ensure operational readiness for the expected arrival of the Halliburton Fracture Stimulation Equipment in the Perth Basin during the latter part of June 2012. The equipment is currently in the Cooper Basin completing current project commitments, at the conclusion of which will be serviced prior to transportation to Western Australia.

The Arrowsmith-2 campaign will be conducted over six to eight weeks to fracture stimulate and test gas flow rates from the relevant shale and tight sands target zones within the following:

- Kockatea Shale (450m)
- Carynginia Formation (250m)
- Irwin River Coal Measures (330m)
- High Cliff Sandstone (22m)

The campaign will be conducted in conjunction with AWE Limited to maximise cost saving benefits by sharing the cost and use of relevant equipment and services.

Once the well has been stimulated, the results from the well testing program will enable Norwest to establish the viability of the various target zones for future shale gas production.

TP/15 - (Norwest-100%)

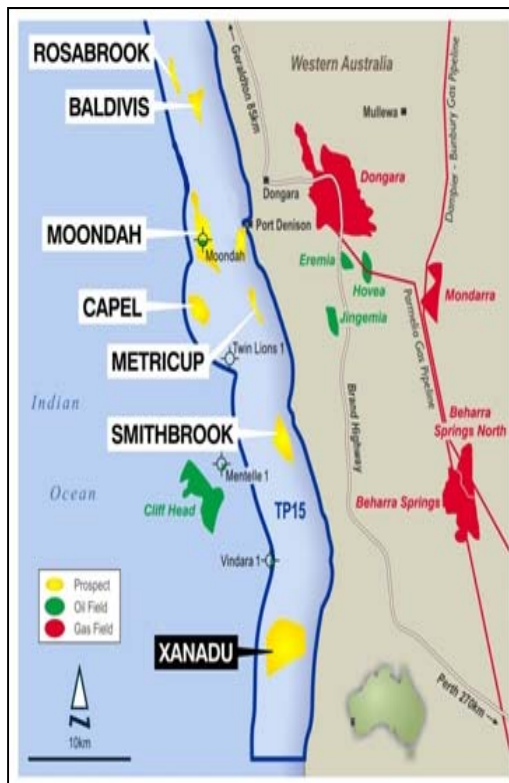
Norwest Energy has been successful in being granted the renewal of Petroleum Exploration Permit TP/15 by the Western Australian Department of Mines and Petroleum (DMP) for a further five (5) year term to May 2017.

During the five year term Norwest will undertake technical studies, acquire 15 km of seismic and drill one exploration well.

Exploration Permit TP/15 is located in the offshore northern Perth Basin, in close proximity to the Dongara gas field, as well as the Cliff Head, Jingemina and Eremia oil fields. The permit occupies the three nautical mile wide state territorial waters boundary of Western Australia adjacent to the township of Port Denison, covering an area of 647.2km².

Norwest sees potential in the permit, particularly with the portfolio of prospects including Xanadu, with its potential for un-risked OIP of 90 MMbbls (see graphic below). With the granting of an additional five year term, Norwest is committed to further evaluating this permit.

A recent report by CSIRO suggests they have developed a process for better estimating the ability of faults to seal and form a valid trap. It is Norwest’s intention to incorporate this process to be able to better predict which traps leak and which are valid.



| Prospect | STOOIP MMbbls | EUR MMbbls |
|--------------|------------------|---------------|
| Capel | 134 | 40 |
| Smithbrook | 74 | 22 |
| Xanadu | 90 | 28 |
| Baldavis | 24 | 7 |
| Rosabrook | 10 | 3 |
| Metricup | 7 | 2 |
| Total | 339 | 102 |

Expiry of 30 June 2012 Options

On 30 May Norwest announced that the listed Options will expire at 30 June 2012. Pursuant to the ASX listing rules the expiry date of the options could not be extended. The following information is relevant with respect to the options:

1. The conversion price is 10 cents per option;
2. The date for payment is 29 June 2012;
3. The options will cease quotation on 22 June 2012;

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

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