



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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Arrowsmith-2 Project Update

Mobilisation of the Halliburton hydraulic fracture stimulation equipment to the Arrowsmith-2 site is progressing satisfactorily, with the first stage of the frac program scheduled to be implemented before the end of July 2012, as previously reported.

Norwest Energy (ASX:NWE) advises that the Halliburton hydraulic fracture stimulation equipment continues to be mobilised to the Arrowsmith-2 site in preparation for commencement of operations. It is expected that the final delivery of equipment will occur by 27th July, at which stage the hydraulic fracture stimulation program will commence.

The first frac stage will be carried out on the deepest target within the well – the High Cliff Sandstone, at a depth of approximately 3300m. The fracture stimulation of this stage is expected to be completed within one or two days, after which the well will be flowed back to surface. The flow back will be managed using a sophisticated Expro well test package that is able to monitor fluid and gas flow rates. While this flow back is occurring, the frac spread will be mobilised to one of the other wells elsewhere in the Basin in the joint Norwest/AWE program to carry out similar operations.

The Arrowsmith-2, hydraulically fracture stimulation program has been designed to assess the gas potential of the four horizons intersected by the well:

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

The Arrowsmith-2 campaign will be conducted over six to eight weeks in conjunction with AWE Limited to maximise cost saving benefits by sharing the usage and associated costs for equipment and services. Once the well has been stimulated, results from the well testing program will enable Norwest to establish the viability of the various target zones for future shale gas production throughout the field.

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%

During the course of the Arrowsmith-2 frac campaign, updates will be provided to ASX each Thursday, and as required upon the occurrence of any material event. Accordingly the first Arrowsmith-2 frac campaign operations update will be provided to ASX on Thursday 2nd August.

About Norwest Energy NL (NWE)

Norwest is an Australian-based exploration and production company with significant strategic assets in Western Australia and the United Kingdom.

Norwest's focus is on the northern Perth Basin and the Wessex Basin in England.

An exciting asset portfolio in the northern Perth Basin including Arrowsmith-2, the first unconventional gas well drilled in the area.

The Perth Basin is regarded as one of the world's most significant areas for shale gas. In 2011, The United States Energy Information Agency estimated that Western Australia holds the world's fifth largest reserves of shale gas in the Perth and Canning Basins; this represents about twice Western Australia's offshore gas reserves. It is estimated that the northern Perth Basin contains a potential 59TCF shale gas.

In the UK, Norwest has a foothold in the Wessex Basin onshore and offshore where it has recently been awarded offshore permit, P1928 comprising 5 exploration blocks.

Peter Munachen
Chief Executive Officer/Director

For further information

Please contact Peter Munachen or Ernie Myers on 08-9227 3240, or email info@norwestenergy.com.au.

Media

Please contact Chris Codrington on +61 412 911 107.