

ASX:NWE

Arrowsmith-2 Carynginia Formation flows at 350,000 scf/day

Norwest Energy NL (ASX:NWE) is pleased to advise that flow-back and testing of primary shale gas target, the Carynginia Formation has now commenced in the Arrowsmith-2 well, and early results are promising, with a maximum gas rate of ~350,000 standard cubic feet per day (scf/d) recorded on several occasions since the well commenced flow-back on Friday 15th February, 2013.

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Figure 1. Flare from Carynginia Formation, 06:00hrs 16th February 2013.

Carynginia Formation

The Carynginia Formation only had a limited period of flowback in the original 2012 hydraulic fracture stimulation program due to a tight operational timeline, and as a result there is still a significant percentage of the frac fluid remaining on the formation. Despite this, the Carynginia is demonstrating a strong early gas rate from this zone; a very encouraging sign.

The Carynginia Formation is considered a primary target in the well; it is the most typical 'shale' formation in the Basin, is demonstrated to be laterally extensive, and is approximately 250 metres thick in the vicinity of the well.

Following testing of the Carynginia Formation, operations will continue with the testing of the Irwin River Coal Measure and High Cliff Sandstone intervals. The High Cliff Sandstone flowed at a maximum rate of 777,000 scf/d when fraced in July 2012. The testing of the Carynginia Formation, Irwin River Coal Measures and High Cliff Sandstone is expected to take up to 4 months, depending upon operations.

The Kockatea

The Arrowsmith-2 well was shut in at the conclusion of Kockatea Shale interval swabbing operations in early December 2012 in order to monitor pressure build-up characteristics of the fracture stimulated zone and to provide additional data for resource estimation purposes. This activity continued until late in January as Norwest awaited arrival at site of the necessary equipment to isolate the Kockatea Zone and then to mill out the plug at the top of the Carynginia Formation. These activities were completed recently and allowed for the commencement of the flow-back and clean-up of the Carynginia Formation.

The Kockatea was considered a secondary target for this program, however the presence of oil cannot be ignored and further analysis will be undertaken by independent consultants to further evaluate any potential it may have as an oil producing zone.

Joint Venture partners in EP413

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

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. Norwest holds an exciting asset portfolio in the northern Perth Basin including Arrowsmith-2, the first unconventional gas well drilled in the region. The well was drilled in June/July 2011 and intersected shale and tight gas targets over four horizons totalling over 1,000 metres;

- Kockatea Shale (shale gas/oil) (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 well was hydraulically fracture stimulated in Q3/2012, and testing of the well continues in order to determine the potential commercialisation of this unconventional resource. Future work is likely to include a 3D seismic program and pilot horizontal well(s), subject to JV approval.

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 59 TCF shale gas.

In the UK, Norwest has a foothold in the Wessex Basin onshore and offshore, where in January 2012 it was awarded offshore permit P1928 comprising 5 exploration blocks, adding to its PEDL238 and 239 permits.

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