



Highlights

Australian Exploration Program

EP413 – Northern Perth Basin unconventional exploration

- Successful flowback and extended testing of the Carynginia Formation continues with improved results and production of condensate.
- DeGolyer & MacNaughton progressing with the review of the Arrowsmith field dataset to provide Norwest with an independent evaluation of resources in EP413.
- Planning has commenced for a proposed 110km² 3D seismic program over the permit area.
- Permit Renewal and Five-Year Work Program has been submitted to the WA Department of Mines and Petroleum (DMP).

United Kingdom Exploration Program

- Reprocessing of P1928 2D and 3D seismic data 75% completed. The dataset will be used to remap leads and prospects in the permit.
- PEDL239 petrophysical study completed, with completion of geochemistry study scheduled for June. Results will be used to evaluate the unconventional hydrocarbon potential of the permit.

Contact

Norwest Energy NL
288 Stirling Street
Perth WA 6000
PO Box 8260 PBC WA 6849

Tel: +61 8 9227 3240

Fax: +61 8 9227 3211

Web: www.norwestenergy.com.au

Media Enquiries:

Ms Imelda Cotton
Manager - Corporate Communications
Email: shareholder@norwestenergy.com.au

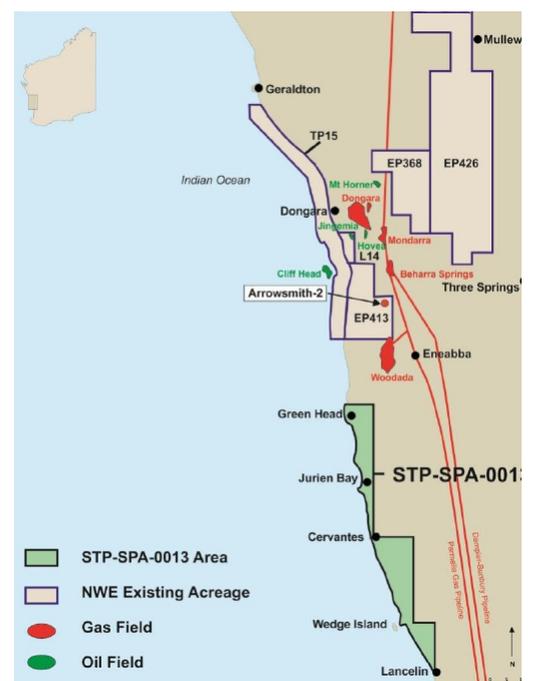


Figure 1. Perth Basin Acreage

Executive Summary

Norwest's focus during the March Quarter continued at Arrowsmith-2 where the Kockatea Shale formation delivered gas to surface at a peak rate of 414,000 standard cubic feet per day (a two day average of 200,000 scf/d).

Aside from the gas discovery, the Kockatea Shale also represents a successful test of the shale oil/wet gas concept in the northern Perth Basin. Ongoing analysis on the formation's dataset following the sealing of the Kockatea interval has revealed several key indicators supporting this statement.

The Kockatea Shale is 450 metres thick at Arrowsmith-2, with results from this stage potentially high-grading a significant section capable of producing shale oil. The formation extends over a large area geographically, meaning there would be considerable upside if the play proves economic.

Following the protracted Kockatea testing phase, the Carynginia Formation was also flowed back during February at a maximum rate of 350,000 scf/d – a significant improvement on the initial flowback rate of 22,000 scf/d recorded in August 2012.

The Arrowsmith-2 Joint Venture has decided that the High Cliff Sandstone interval will be completed using a smaller 2 3/8" tubing string inside the existing 5 1/2" well casing in order to improve wellflow characteristics and enable improved well cleanup and lifting of injected fluids from the well.

The flowback of the Carynginia Formation will continue during the next Quarter. Once the relevant tubing and associated equipment has been procured (mostly from overseas suppliers) and installed, the testing of the remaining formations will resume. This will introduce flexibility to downhole activities in all zones and the ability to commingle during production testing if required.

DeGolyer & MacNaughton, a US-based resource evaluation consultancy is progressing with the review of the Arrowsmith-2 field dataset, in order to provide a resource definition for each zone. Until such time as Norwest has been able to complete flowback on all zones – each with its complexities and no analogue – D&M's results will remain preliminary. The company's evaluation will greatly assist Norwest in defining the Arrowsmith field development program going forward.

Arrowsmith-2 has always been a proof of concept well and the results delivered to date are exceptional, with gas to surface in each zone, as well as oil from the Kockatea, and condensate from the Carynginia. All geological objectives have been achieved, and Norwest has now effectively created an analogue for the northern Perth Basin. It is the first real dataset for shale gas exploration in the region. This process takes time, and it was not until the process of evaluation on this well had advanced that it became more evident what these particular intervals required in terms of flowback management in order to get true indications of the ability to flow gas. It is well known that each shale is different, and this is certainly the case here.

Peter Munachen
Chief Executive Officer

Australian Exploration Program

EP413 – Northern Perth Basin unconventional exploration

(Norwest 27.945%, Operator)

The Arrowsmith-2 well was drilled and fraced to assess four formations of over 1000m combined total thickness – the Kockatea Shale, the Carynginia Formation, the Irwin River Coal Measures and the High Cliff Sandstone – and to fully evaluate their potential for producing natural gas.

Arrowsmith-2 has extremely positive economic drivers – its location close to natural gas pipelines that deliver gas to market; a strong demand for natural gas in the state for domestic use and LNG exports; a high domestic gas price; and a clean natural gas product from all formations.

The results to date are some of the best in Australia per fraced interval (for a vertical well), and in line with North America’s experience from the early days of shale gas exploration using vertical wells.

Arrowsmith-2 is showing excellent rates of gas flow for the size of the intervals fraced, and has produced oil and/or condensate to surface from the two intervals flowed back to date.

The flowback methodology applied by Norwest is different to that applied by most other operators in Australia testing unconventional wells – the well is being flowed back and reported by individual zones (rather than as one whole), providing a clear picture when assessing performance characteristics for each interval.

Importantly, as the current 5 ½” well casing has proven to restrict the transport of fluids and potentially impede gas production, it is intended that smaller-diameter tubing (2 3/8”) will be installed later in the work program to reduce the effect of the fluids and greatly assist the flow of gas.

Arrowsmith-2 maximum gas rates per interval (to date) and total maximum rates are:

| | |
|--------------------------------------|---|
| Kockatea Shale | 414,000 scf/d |
| Carynginia | 355,000 scf/d (higher rate expected on further cleanup) |
| High Cliff Sandstone | 780,000 scf/d (higher rate expected upon well test) |
| Progressive Total at Mar2013: | 1,549,000 scf/d |

This does not include a contribution from the Irwin River Coal Measures, which will be flowed back later in this program.

Kockatea Shale (2639 – 2681m)

The Kockatea Shale represents the first successful test of the shale oil concept in the northern Perth Basin, where it is prolific and aerially-extensive throughout.

An extended flowback period that included a pressure build-up test was carried out during the period in order to better understand the potential of this interval. A peak gas rate of 414,000 scf/d was measured, with an average rate of 200,000 scf/d, and oil production rates ranged between 10-40 barrels per day. These results are sufficient for the Kockatea Shale interval to be labelled a shale gas and oil discovery.

Sufficient data has been collected to enable a commercial model to be developed for the Kockatea Shale. An important aspect of this modelling process will be the incorporation of results from a 3D seismic program planned for late 2013.

Evaluation of the Kockatea interval is now complete. The interval was sealed off in the Arrowsmith-2 well in mid-February, in order to commence flowback and testing of the next stage in the well.

Norwest is keen to understand the liquids potential here, and ongoing work will further establish the potential for future development.

Carynginia Formation (2890 – 2940m, 2824 – 2875m)

The Carynginia Formation is 250m thick at Arrowsmith-2 and is a primary target in this program due to its favourable shale indicators.

Due to the primary ranking of this interval, two 50m-thick frac stages have been implemented – the Lower Carynginia (2890-2940m) and the Middle Carynginia (2824-2875m). Once the frac program was completed, the plug separating the two intervals was milled out in order to enable flowback of the combined frac stages in the Formation.

The flowback and testing of this interval has been ongoing since mid-February. Once sufficient data is recorded to allow extrapolation of data to predict the rates for a horizontal well in the same interval, this zone can be isolated, and the remaining two intervals – the Irwin River Coal Measures and the High Cliff Sandstone – can be tested.

STP-SPA-0013 Special Prospecting Authority

(Norwest 100%, Operator)

Norwest has received notification from the Department of Mines & Petroleum that the application to convert the SPA to an exploration permit had been accepted and would be awarded, subject to successful outcomes from a Native Title claim.

During the Quarter, a preliminary meeting was held with representatives of the South West Aboriginal Land and Sea Council in order to initiate the negotiation process. Norwest is operating in good faith and expects a positive outcome from these negotiations in late-2013.

Once agreement has been reached, the SPA will be converted to an exploration permit, and work will commence on the proposed Six-Year Program.

Previous work completed on the SPA indicates three separate hydrocarbon systems to be prospective in the area – a deep shale gas system, a shallow shale gas system and conventional traps requiring additional seismic work to confirm validity.

All work has been suspended on this permit until negotiations are complete and the permit is awarded.

TP15

(Norwest 100%)

Norwest has completed the first year of its Five-Year Work Program at TP15. The Year One work program was for the review and interpretation of existing data, specifically:

- Re-interpret all TP15 prospects and re-risk all prospects
- Re-interpret regional maps
- Conduct a post-mortem on Red Hill South-1
- Analyse CSIRO's Fault Seal Report and apply it to the TP15 structure in order to mitigate prospect risks within the prospect.

Completing this program establishes the basis for designing a 2D seismic survey as part of the Year 2 commitments. The survey is intended to validate the structural integrity of the more attractive prospects prior to drilling in Year 4.

Norwest has been in discussions with several parties interested in farming into TP15. The recently-awarded offshore permit WA-423-P, immediately west of TP15 and operated by Murphy Oil, has generated considerable interest in this area.

EP368 and EP426

(Norwest 20%)

The North Erregulla prospect straddles the boundary between EP368 and EP426. Interpretation by Empire Oil & Gas NL (Operator) has outlined a large structure updip of the North Erregulla-1 well, which encountered 3m of oil in the Wagina (Permian Age) reservoir.

During 2012, Empire negotiated for Origin Resources to earn a 40% interest in the joint permits by agreeing to farm into the project by acquiring a 3D 100km² seismic survey over the North Erregulla prospect in Q1/2013.

In late 2012, Origin withdrew its offer to farm-in, and as a consequence the 3D program has been postponed and it is anticipated that the seismic survey will now be conducted in Q1/2014.

Norwest considers these permits to have considerable potential for conventional oil and shale gas deposits, and will elect to maintain its 20% interest in any future farm-in proposal by funding its 20% share of the survey costs.

L14 Jingemia Oil Field

(Norwest 6.278%)

The L14 production licence contains the Origin Energy-operated Jingemia oil field that adjoins the northwest boundary of EP413.

In December 2012, Origin elected to shut-in the Jingemia plant, and has not informed the joint venture of any plans to restart operations in the foreseeable future.

Jingemia is estimated to have initially contained 12 million barrels oil in place with 4.6 MMbbls produced to date.

Timor Sea

AC/P22 - Puffin (Norwest 1.25%, ORRI)

Nothing to report.

Wessex Basin, United Kingdom

P 1928 – Offshore Wessex Basin

(Norwest 65%, Operator)

Norwest has contracted Osiris Projects to acquire 70km of shallow-water, 2D seismic in the bay of Bournemouth. The survey is scheduled for September 2013. Firstdrill has been contracted to manage permitting requirements.

Norwest has also contracted Fugro to reprocess existing seismic data over the permit area. The majority of the permit was covered by a 3D survey acquired by Total in 1992; there are also 2D seismic survey results acquired by BG in 1982, BP in 1986 and various vintages of Shell data.

The reprocessing is 75% complete. Data should be available for interpretation by mid-May.

During the next Quarter, Norwest will focus on seismic mapping and geological studies. At the conclusion of this work, the JV will be in a better position to evaluate the permit's prospectivity.

PEDL239 – Shale gas – Isle of Wight

(Norwest 75%, Operator)

During the period, Norwest contracted Corelab to evaluate the geochemistry of well 98/13-1, Chessell-1 and Southard Quarry-1 to assess the shale gas potential of the southern portion of PEDL239.

Norwest undertook a detailed analysis of the Arreton-2, Bouldnor Copse-1, Chessell-1, Norton-1, Sandhills-2 and Wilmingham-1 wells to assess their shale gas potential. This included petrophysical interpretation, as well as analysis of mudlog and drilling data. These results are being incorporated with the regional geology.

Shale gas has the potential to add significant value to PEDL239.

PEDL238

(Norwest 50% Operator)

Nothing to report.

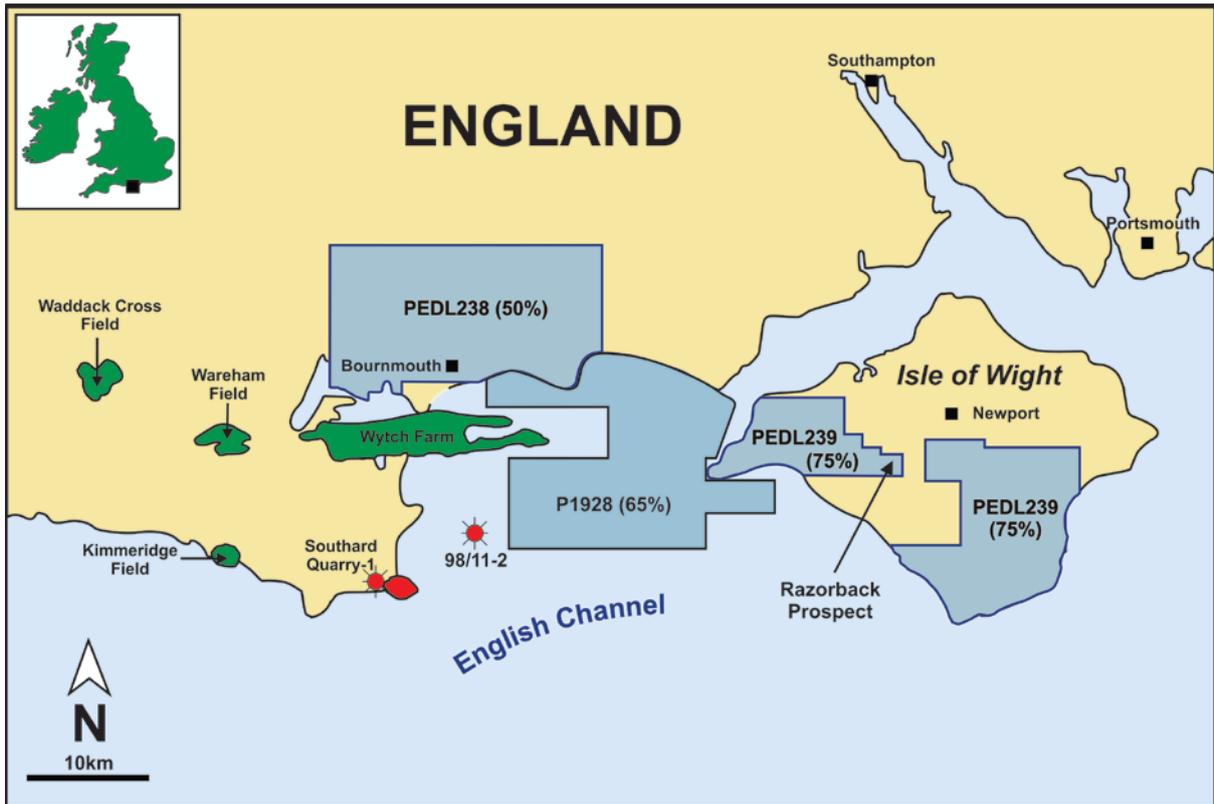


Figure 2. NWE - UK Acreage

Norwest Energy

288 Stirling Street

Perth WA 6000

PO Box 8260 Perth Business Centre WA 6849

Tel: +61 8 9227 3240

Fax: +61 8 9227 3211

Email: info@norwestenergy.com.au

Web: www.norwestenergy.com.au



Shareholder Enquiries: Ms Imelda Cotton
Manager - Corporate Communications
shareholder@norwestenergy.com.au

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 Masters Degree in Business. He is a member of the Society of Petroleum Engineers and 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.