

27 November 2014

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Chief Executive Officer's Address 2014 Annual General Meeting

Good afternoon ladies and gentlemen.

I would like to thank Michael for his introduction and also take the opportunity to welcome you to Norwest Energy's 2014 Annual General Meeting.

I firstly wish to take a moment to reflect on what has been achieved in the past 12 months.

Our key priority in the year was to continue along the pathway to the development of the Arrowsmith gas discovery, located in the northern Perth Basin. I am pleased to say that Norwest delivered on an important milestone in the year by successfully completing testing of the Arrowsmith-2 well and meeting the objectives of:-

- Determining the dominant gas producing formations and establishing the relative contributions from each formation;
- Verifying down-hole flowing conditions; and
- Validation by the inclusion and comparison with existing data.

The two formations identified as the most prospective zones – the Irwin River Coal Measures and Carynginia Formation – are both thick and dominant across the Perth Basin, providing development upside if results from our first horizontal well at Arrowsmith-3 are positive. With an independent resource estimated at 2.6 trillion cubic feet of gas¹, EP413 remains a high priority for Norwest and we will continue to work closely with our joint venture partners to deliver on the steps required to unlock its full potential.

Norwest also made significant steps in the year to expand our prospects and exposure in the northern Perth Basin. The most important of those was the decision to drill the Xanadu conventional oil prospect. Xanadu is located within our offshore TP/15 exploration permit, which is 100 per cent owned by Norwest, and has always been considered as the prime prospect in TP/15. Following an independent review of the historical data Norwest elected to drill the Xanadu prospect. We have commenced planning to drill Xanadu from an onshore location via a deviated well, with the intention to secure a farm-in partner by the end of Q1/2015 and to drill in mid-2015. I will provide more detail about the next steps for this exciting prospect later on.

¹ Refer to Norwest ASX announcement dated 2 August 2013.

We also extended our footprint in the southern portion of the northern Perth Basin.

Firstly, we were awarded Exploration Permit 492 from the WA Department of Mines and Petroleum. The award of EP492 arose from the conversion of a Special Prospecting Authority after we successfully concluded negotiations with the Traditional Owners, the Yued People. The permit covers an 860km² area from Green Head to Lancelin, with Norwest holding 100 per cent equity in the permit.

Secondly, we acquired the rights to a further 805km² area adjoining EP492 to the south east. This area, another Special Prospecting Authority, was owned by Finder No 5 Pty Ltd, a subsidiary of Finder Exploration Pty Ltd. Norwest has acquired Finder No 5 from Finder Exploration and changed its name to Norwest Perth Basin Pty Ltd. Importantly, the terms of the acquisition are not particularly onerous to Norwest:-

- As initial consideration we have issued two million shares to Finder Exploration;
- Norwest will conduct negotiations to convert the SPA into an exploration permit – upon which we will reimburse Finder for past exploration costs; and
- Norwest Perth Basin Pty Ltd will grant a 2.5 per cent royalty to Finder on any petroleum production.

The southern end of the northern Perth Basin is largely under explored. However, we believe the area has good prospects for hydrocarbons, particularly given Empire Oil and Gas's Red Gully operation is in the region and the Walyering gas condensate discovery is also located immediately adjacent to the Finders SPA.

Outside of our interests in the northern Perth Basin, Norwest and our joint venture partner Wessex Exploration PLC conducted a very deliberate strategy in the year aimed at maintaining our presence in the United Kingdom. The joint venture elected to relinquish its three permits in southern England prior to their expiry dates to enable the blocks to be included in the 28th Seaward Licensing round. In April 2014, the joint venture bid for the more prospective blocks that formed part of the former offshore oil permit P1928. Earlier this month we were informed that this bid was successful. The licence area has significant potential with its proximity to the 500MMbbl Wytch Farm oil field. Also of note is licence area P1918 which holds the Colter Prospect of potentially 100MMbbl OOIP² and abuts the western boundary of the recently awarded blocks. Infrastrata PLC, the operator of P1918 has mapped the Colter prospect as entering into the Norwest/Wessex permit.

The securing of the UK offshore blocks adds to our newly expanded portfolio of assets in the northern Perth Basin and provides geographical diversification for Norwest.

So, what are the priorities for Norwest over the next 12 months?

² Refer to "P1918 Technical Overview" InfraStrata plc website.

As mentioned earlier, our key strategy will be to explore the potential at the Xanadu oil prospect. Given the lead times in drilling the horizontal Arrowsmith-3 well, we decided to bring forward the TP/15 licence commitment to drill a well in the 15/16 year in lieu of obtaining further 2D seismic data. The independent review established that there is sufficient 2D seismic data over Xanadu to support drilling the prospect.

Xanadu is located less than 1.5 kilometres offshore and is located close to an existing offshore producing oil field, Cliff Head. Norwest has ascribed an unrisks Prospective Resource of 160MMbbls oil recoverable volumes³ to Xanadu. Given its location, the prospect can be drilled from an onshore location via a deviated well, which is commonly used in conventional oil exploration. Planning for this well – the largest oil play to be tested in the Perth Basin in the near future – has already commenced. Our intention is to seek a farm-in partner, who will earn an interest in the TP/15 permit by funding the drilling of the Xanadu-1 well, with Norwest aiming to retain a meaningful stake in the permit. Corporate advisor RFC Ambrian has been appointed to seek interested parties and manage the farm out process.

Whilst Xanadu is our near-term focus, Arrowsmith remains a high priority for Norwest. The next step in the pathway to development is to conduct a 3D seismic acquisition program. As operator in the joint venture, we have made good progress in the regulatory approvals required to conduct the survey, and expect the program will be completed in the first quarter of 2015. Norwest's share of the cost of the 3D program is \$1.1 million, which will be funded from existing cash reserves.

Drilling of the horizontal Arrowsmith-3 well will take place in the 2015-16 permit year, as agreed with our joint venture partners, AWE and Bharat Petroleum. The location for this well will be determined through a combination of the data from the Arrowsmith-2 well and results from the 3D seismic program. In the meantime, we will look to secure the funds required for our portion of the horizontal well, with options including farm-in partners, advances against gas sales agreements, debt facilities and equity.

Elsewhere in the Perth Basin, we have already commenced geological studies on EP492 to ascertain prospects within this permit. I would like to note that we are conscious that the permit covers environmentally sensitive areas such as the Nambung National Park, which includes the Pinnacles. Norwest has absolutely no intention of conducting drilling activities anywhere near this iconic region, and will direct shareholders' funds into more prospective areas.

³ Refer to Norwest ASX announcement dated 29 October 2014.

In any event, being issued with the exploration licence does not automatically grant Norwest the right to conduct on ground activities. Any proposed exploration activity is required to undergo a formal period of assessment by the government regulators, who would scrutinise every aspect of our proposed operations before we are given the green light to do any on-the-ground work.

At the recently acquired SPA, we will commence negotiations with the registered Native Title Claimants, the Yued People, the same party in the recently awarded EP492. The outcome of these negotiations is for an Exploration Deed to be executed between the Yued People and the Company, which – in conjunction with a State Deed being executed by the DMP – will enable an exploration permit to be granted. While we will not be able to conduct on ground exploration activities throughout the negotiation period, we will continue desk top studies of the area.

Major player in the Basin, AWE recently reported the discovery of the Waitsia gas project - a 360Bcf contingent recoverable resource⁴. The discovery is adjacent to EP368 in which Norwest holds a 20% interest with Empire Oil and Gas holding the balance. Empire, the operator of EP368, is assessing the potential for the play extending into EP368 and the implications for the North Erregulla prospect that straddles EP368/EP426. Empire is planning an AGG imaging survey over the entirety of both permits for Q1/2015 to replace the previously proposed 3D program.

In the United Kingdom, Norwest and our partner Wessex have arranged for the acquisition of the historic regional 3D seismic data and for its reprocessing. The joint venture has two years until November 2016 in which to re-process and interpret the data, select a drillable target and find a suitable farm-in partner. If not, the joint venture will relinquish the licence.

More broadly, we are encouraged and excited by the renewed focus and activity in the northern Perth Basin by other parties, given our strong and now even larger position in the region. Pleasingly, interest in the Basin is coming from a range of parties, including producers, multinationals and new entrants. We believe this interest will assist Norwest as we pursue our funding strategies, such as finding a farm-in partner for the Xanadu prospect and the range of options being explored for the Arrowsmith project, with the objective of delivering the best possible value for shareholders.

Challenges do remain, including accessing equipment, the regulatory environment, and costs, however we are actively managing these. For example, we are taking a proactive approach with our stakeholder engagement, as demonstrated by our successful negotiations with the Yued People. We are also working proactively with the various government agencies in getting the necessary approvals to conduct on-the-ground exploration work. Furthermore, we intend to lower costs by moving to smaller premises and better using our internal resources.

⁴ Refer to AWE ASX announcement dated 18 September 2014.

I would like to close by saying the Norwest team is eager to deliver on the dynamic work program planned for the year ahead. It is an exciting time for the Company, particularly with the prospect of Xanadu being drilled in the middle of next year. I would like to thank the Norwest team for their commitment and achievements over the past 12 months, and also thank shareholders for their continued support during the year. There are clear plans in place to take Norwest on the next step along the development pathway for each of its projects as we look to deliver value for shareholders.

I welcome any questions regarding the operations and strategy before I hand back to Michael to conduct the formal business of the AGM.

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About Norwest Energy

Norwest Energy NL (ASX: NWE) is an Australian-based oil and gas company focused on the strategic exploration and development of its asset portfolio in Western Australia and the United Kingdom.

Norwest's core strategy is to explore the potential of its permits in the northern Perth Basin, where Norwest holds net basin acreage of approximately 766,000 acres (3,100 square kilometres). This acreage includes both conventional and unconventional opportunities. The key projects being progressed are the conventional oil target Xanadu in the offshore Perth Basin and continuing along the development pathway at the shale gas Arrowsmith Project in the onshore Perth Basin.

Norwest is positioned in the Perth Basin with a unique and diverse exploration portfolio that covers acreage in a known hydrocarbon province. The portfolio consists of:

- EP368/EP426 – 20%: (North Erregulla), with the boundary of EP368 in close proximity to the AWE, Waitsia tight gas discovery.
- EP413 – 27.945%: Arrowsmith shale gas discovery.
- L/14 (Jingemia) – 6.278%: Currently shut in and under review, particularly with reference to the proximity of the Waitsia discovery. Balance held by Origin and AWE, the partners in Waitsia.
- TP/15 – 100%: the offshore oil play held 100% by Norwest. Lead prospect is Xanadu, having similarities to nearby offshore Cliff Head producing oilfield held by ROC and AWE.
- The newly awarded EP492, together with the Finder SPA, positioning Norwest with a footprint of 1,665km² at the southern end of the Basin in a known hydrocarbon province.

These assets are complemented by Norwest's 65% interest in blocks 98/7b, 98/8a, and 98/12 in the Wessex Basin, southern England.