



June 2016 Quarterly Report

29 July 2016

ASX: NWE



Summary

It has been a busy quarter for Norwest, with a number of changes implemented at the corporate level, a Strategic Alliance with Transerv Energy announced, and a capital raising of \$830,000 successfully completed to enable Norwest to progress its portfolio of projects.

On 11 July 2016 Norwest announced details of the capital raising, along with details of the alliance with Transerv Energy. This partnership has been formed to enable significant cost savings at a corporate level, but also to act as a trigger for completing the farm-out of the three near-term drill targets in the Norwest portfolio; namely Xanadu-1 in TP/15, Lockyer Deep-1 in EP368 and Arrowsmith-3 in EP413.

These wells are all planned for drilling in the next 12-18 months, subject to securing funding and regulatory approvals. The status of each of these drill-ready permits are as follows:

- TP/15:** Norwest currently has 15 companies reviewing the TP/15 data room under confidentiality agreements. In addition to the Strategic Alliance with Transerv, Norwest has continued to progress discussions with all prospective parties interested in participating in the Xanadu drilling program. As a result, it is expected that the farm-out of TP/15 will soon be complete, with Norwest planning to retain operatorship and a relevant percentage interest in the permit.
- EP368:** The focus of this permit continues to be the drilling of the Lockyer Deep-1 well, with operator Empire Oil and Gas (ASX: EOG) identifying a prospect on trend with AWE's massive Waitsia gas discovery, situated nearby. During the previous quarter significant upside potential in the high case resource was reported with Lockyer Deep-1 targeting between 25 BCF (low) and 256 BCF (high) of gas, with some oil potential as upside.
- EP413:** The Arrowsmith project has 316 BCF gas assigned as a contingent gross recoverable resource, and 2.6 TCF of prospective gross recoverable resources. Following completion of the Arrowsmith 3D data processing, interpretation is continuing, with further work required regarding the planning of

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the next well, due to additional conventional prospectivity discovered at the southern end of the permit, with similarities to the Woodada Gas Field located further to the south.

As mentioned in a Business News online article on Monday 25 July, Norwest Energy’s primary objective is to expose shareholders to the drill bit and get these wells drilled. This drilling activity will provide shareholders with three opportunities for success in the short term, the first of which will be the Xanadu well, targeting 160 million barrels of unrisked recoverable oil.

As well as reducing corporate overheads by sharing office space, expenses and expertise with Transerv, Norwest plans to work closely with other operators to align exploration activity and reduce costs. The current environment provides a window of opportunity to drill wells in a cost-effective manner, as service providers are providing highly competitive terms not seen for many years in the industry.

Figure 1 highlights Norwest’s position in the Perth Basin.

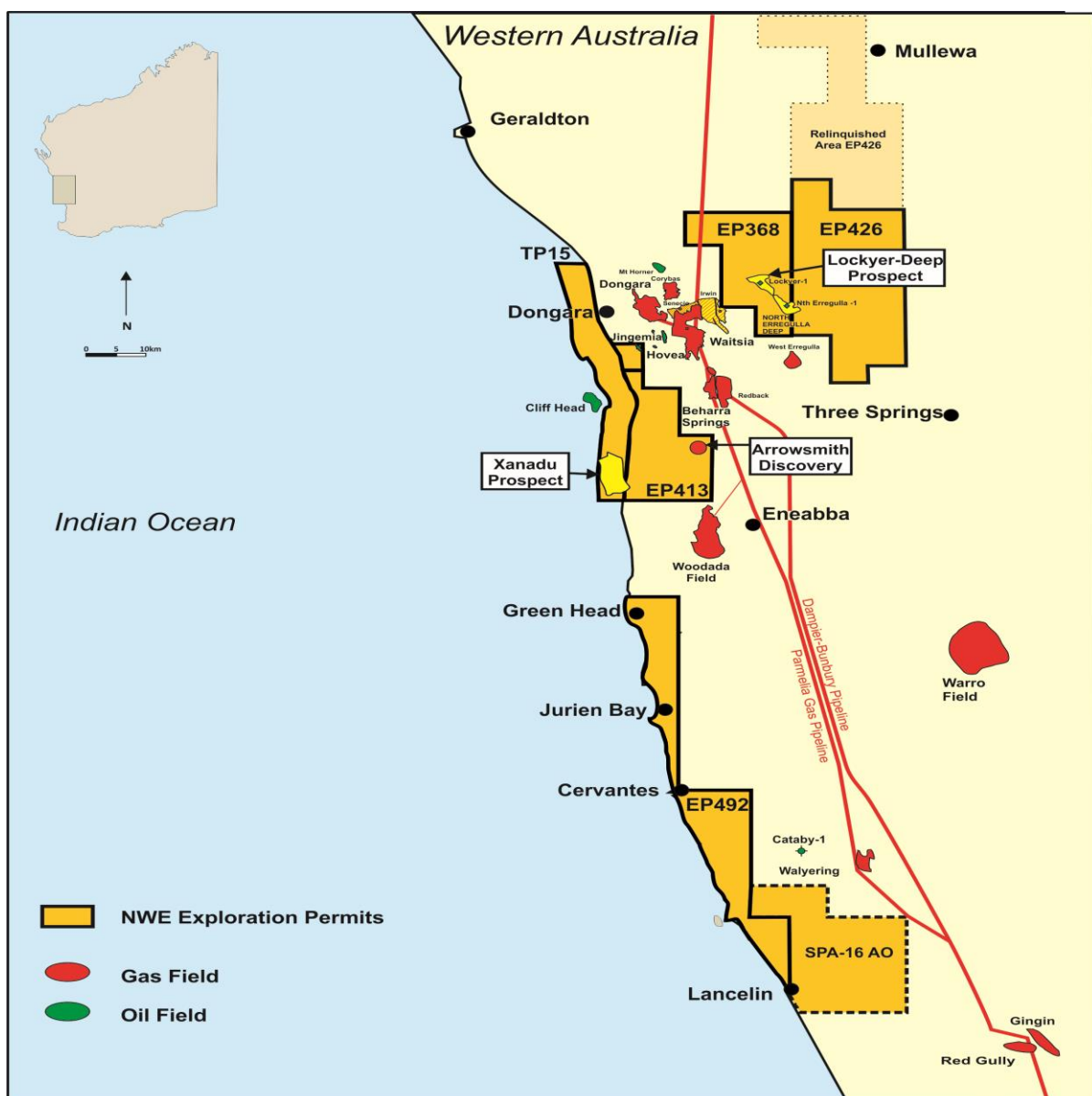


Figure 1. NWE tenements

Australian Exploration Program

TP/15

(Norwest 100%)

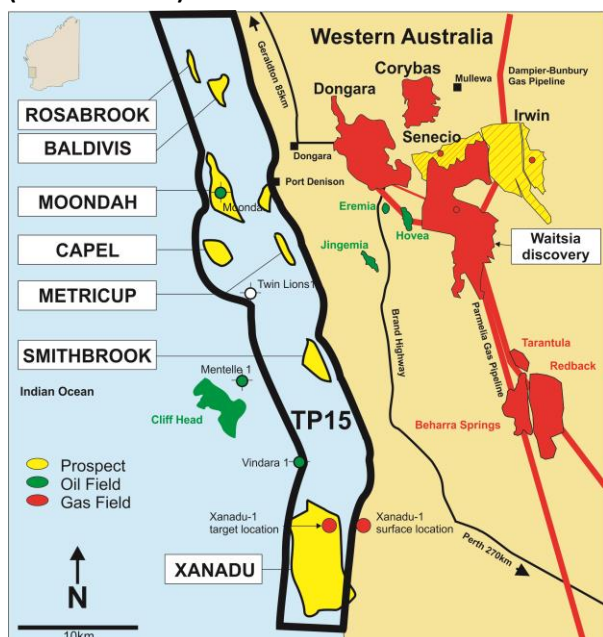


Figure 2. TP/15 permit location highlighting Xanadu prospect

TP/15 contains a number of conventional oil prospects, the largest being primary prospect Xanadu, having an un-risked prospective recoverable resource of 160mmbbls.

Norwest has commenced planning for the drilling of conventional oil well Xanadu-1, with the drilling application documentation currently being finalised in preparation for formal submission to the Department of Mines and Petroleum.

As part of the Strategic Alliance, Transerv has provided farm-in terms that are currently being discussed with other prospective parties. Norwest is encouraged by the high degree of interest shown in the permit and anticipates the proposed TP/15 Joint Venture being finalised in the near future.

Xanadu-1 is planned to be drilled as a deviated well from an onshore location. The target location is approximately 800m below surface, and 1250m from shore. The water depth in this nearshore region is 5-10 metres, with the onshore location situated within the boundary of Norwest’s EP413 permit, on Crown Land, and with the Xanadu prospect contained within Western Australian state territorial waters.

Table 1.

Un-risked Prospective Resource: recoverable volumes oil (mmstb)*			
Reservoir	Low estimate	Best estimate	High estimate
Dongara Sandstone	3	12	22
Irwin River Coal Measures	13	88	159
High Cliff Sandstone	29	60	256
Total	45	160	437

*The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Red Hill South-1 Rehabilitation

Since the drilling of Red Hill South-1 in February 2011, Norwest has been managing the rehabilitation of the well location in accordance with the Environmental Management Plan developed to adhere to requirements in the Petroleum Act.

In a pleasing outcome, following over four years of rehabilitation work and monitoring surveys, Norwest has recently applied to the Department of Mines and Petroleum to be released from the rehabilitation commitment, as all milestones have been met.



Figure 3. Northern end of rehabilitation site



Figure 4. Monitoring quadrant 3a

EP368 and EP426

(Norwest 20%, 22.22%)

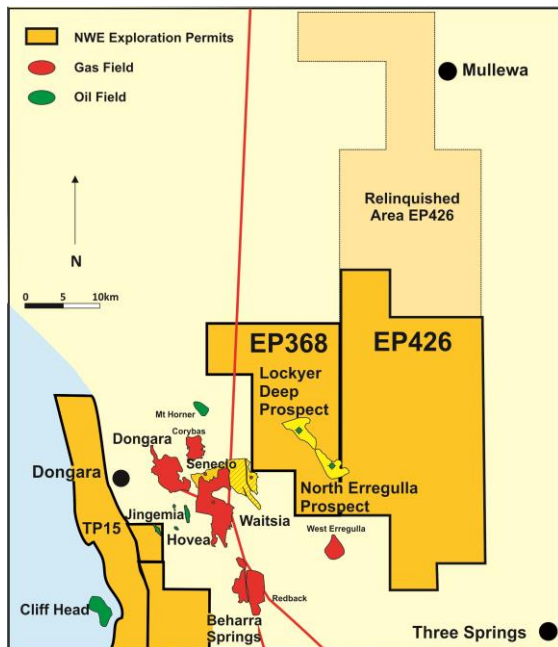


Figure 5. Location of EP368 & EP426 highlighting proximity to the AWE discoveries.

Empire Oil & Gas (Empire) is the Operator of EP368 & EP426.

During the Quarter, Empire renewed EP426, and as part of the regulatory process relinquished the less prospective northern graticular blocks as indicated in Figure 5.

The Lockyer Deep well will be drilled from EP368 to test the gas potential of the Kingia and High Cliff Sandstone formations; the same play that resulted in the Waitisia gas discovery located to the west and adjacent to EP368.

Lockyer Deep is a medium risk well, targeting between 25 and 134 BCF, with a best case estimate of 58 BCF¹.

The North Erregulla Deep prospect has estimated prospective resources of between 15 and 122 BCF, with a best case estimate of 55 BCF², and represents an immediate follow up prospect should Lockyer Deep-1 be successful. At the high case, these two prospects combine, resulting in a high case prospective resource of 256 BCF³.

1. Refer Empire Oil and Gas NL (ASX: EGO) Investor Presentation released to ASX on 2nd September 2015
2. Refer Empire Oil and Gas NL (ASX: EGO) Q4 2015 Quarterly Report released to ASX on 27th January 2016
3. Refer Empire Oil and Gas NL (ASX: EGO) ASX release dated 16th February 2016

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EP426 Joint Venture

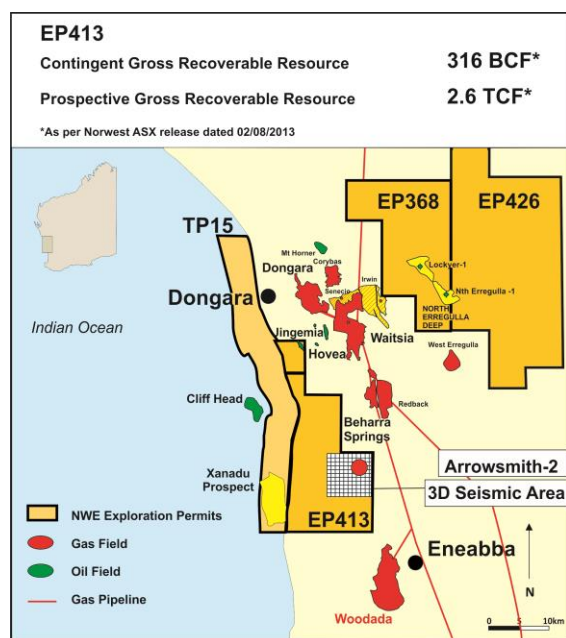
Empire Oil & Gas	77.78%
Norwest (via subsidiary)	22.22%

EP368 Joint Venture

Empire Oil & Gas	80%
Norwest (via subsidiary)	20%

EP413

(Norwest 27.945%, Operator)



During the Quarter, Norwest continued with interpretation of the processed data acquired during the Arrowsmith 3D seismic survey completed in 2015.

Further interpretation work is still required to finalise the location and target formations for the next well on this permit, given the additional conventional prospectivity discovered at the southern end of the permit, with similarities to the nearby Woodada Gas Field being identified.

Ongoing regulatory compliance reporting and management of the rehabilitation for the 3D seismic acquisition survey area continued throughout the Quarter.

Figure 6. EP413 Permit Location Map

EP413 Joint Venture

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

L14 Jingemial Oil Field

(Norwest 6.278%)

No new information to report for the Quarter.

EP 492 & SPA-16 AO

(Norwest 100%)

No new information to report for the Quarter.



Figure 8. EP492 and SPA-16 AO Location

United Kingdom Exploration Program

P2265 (Blocks 98/7b, 98/8a and 98/12a)

(Norwest 65%)

No information to report for the Quarter.

P2265 Joint Venture

NWE Mirrabooka (UK) Pty Ltd	65%
Hague and London Oil (HALO)	35%
(Administrator)	

Corporate

Strategic Alliance and Fundraising

In July, the Company formed a strategic alliance with Transerv Energy Ltd (ASX:TSV) to facilitate the farmout and drilling of the 160 million barrel Xanadu Prospect located in TP/15, in addition to other onshore permits Norwest has interests in within the Perth Basin. These include EP368 and EP426, located to the east and adjacent to the Waitsia gas discovery, EP413 which contains the Arrowsmith discovery, L14 containing the Jingemia Oil Field and EP492.

Both Norwest and Transerv have extensive experience operating in the Perth Basin and bring together the skills and resources required to farmout and develop Norwest's assets. Norwest and Transerv will work closely together to optimise the farmout efforts in a cost effective fashion.

As part of this alliance, Transerv acquired via a share placement 100 million shares for \$200,000 at an issue price of \$0.002 per share. In addition 115 million shares were issued to other sophisticated and professional investors, raising a total of \$430,000 before costs.

The second tranche of the share placement involves the issue of shares to Directors and their related parties, and is subject to shareholder approval. This tranche of the share placement shall consist of 100 million shares to Director Henry David Kennedy (or his nominee), 50 million shares to Director Ronald Currie (or his nominee) and 50 million shares to a related party of Mr. Currie, raising a further \$400,000 before costs.

The funds raised will enable Norwest to progress its three key Perth Basin projects towards drill-ready status, ensuring the projects are best positioned to attract the investment funds required to achieve Norwest's exploration objectives. Norwest is fully committed to participating in the drilling programs for Xanadu-1 in TP/15, Lockyer Deep-1 in EP368 and Arrowsmith-3 in EP413. The additional funds raised, along with the Strategic Alliance formed with TSV, will greatly assist in providing a pathway towards achieving these key exploration milestones as soon as possible.

A general meeting will be held on 26 August 2016, details for which have been sent to all shareholders.

Management Changes

Subsequent to quarter end, Shelley Robertson was appointed Chief Executive Officer. Mrs Robertson has served as the Company's Asset Manager since joining Norwest in January 2011.

In addition, Ms Emma Curnow was appointed Company Secretary on 18 July replacing Mr John Annand. Ms Curnow joined the Company in March 2015 as Financial Controller, a role that she will retain.

Please refer to Company announcements dated 11th, 15th, 18th and 20th July 2016 for further details on these appointments.

Conferences

The Company portfolio was presented at the Singapore Seapex Farmout Forum in April, the London Asia Oil Scout Groups Farmout Forum and the London Farmout Fair in May, the Singapore Seapex Farmout Forum in April and the PESA Deal Day in Brisbane in June, preceding the annual APPEA conference.

The next scheduled presentation will be at the Perth Good Oil Conference in September 2016.

Issued Capital as at the date of this report

Ordinary shares	2,050,569,394 shares
Unlisted options	54,150,000 options

Petroleum Tenements – Interests

Permit	Location	Type of Permit	Area (100%)	Norwest (%)
NORTHERN PERTH BASIN				
EP368	Perth Basin, WA	Onshore	600.3 km ²	20%
EP426	Perth Basin, WA	Onshore	1,162 km ²	22.22%
EP413	Perth Basin, WA	Onshore	508.3 km ²	27.945%
L14	Perth Basin, WA	Onshore	39.8 km ²	6.278%
TP/15	Perth Basin, WA	Offshore	645.8 km ²	100%
EP492	Perth Basin, WA	Onshore	860.0 km ²	100%
SPA-016 AO	Perth Basin, WA	Onshore	805.0 km ²	100%
TOTAL AREA NET TO NORWEST 3,100.1 KM2 (766,261.4 ACRES)				
TIMOR SEA				
AC/L6 (ROYALTY)	Vulcan Sub-Basin, NT	Offshore	252.1 km ²	1.25% ORRI
UNITED KINGDOM				
P2265	Wessex Basin, UK	Offshore	225 km ²	65%

There was one change to Norwest's interests during the quarter; namely the relinquishment of 1198km² from Empire operated permit EP426.

For further information, please contact:

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Competent Person

The information on the Xanadu prospect is based on information compiled by Mr. Dean Powell of Powell Seismic Services. Mr. Powell holds a Bachelor Degree of Applied Science (Physics) and is a member of the Society of Exploration Geophysicists. He has over 40 years of experience in petroleum exploration.

Mr. Powell has consented in writing to the inclusion of the information stated in the form and context in which it appears.