

10 February 2017



ABN: 65 078 301 505
 Level 2, 6 Thelma Street
 West Perth WA 6005
 PO Box 1264 West Perth WA 6872
 Tel: +61 8 9227 3240
 Fax: +61 8 9227 3211
 www.norwestenergy.com.au

Norwest Finalises Joint Venture for TP/15 160MMbbl Xanadu Prospect to be Drilled Share Placement to Raise A\$500,000

Highlights

- **Norwest Energy finalises farm-out of TP/15 Permit**
- **Xanadu-1 drilling plans accelerated**
- **Share placement to TP/15 Joint Venture Participant to raise A\$500,000**
- **Strategic relationship with 3C Group IC Limited**

Norwest Energy NL ('Norwest') is delighted to announce it has entered agreements to achieve the full farm-out of its 160MMbbl 'Xanadu' TP/15 prospect.

Norwest has today executed a binding term-sheet whereby 3C Group IC Limited, through two of its wholly-owned subsidiaries ('3C Group'), a Group incorporated in Guernsey will contribute 40% of the well costs to earn a 30% interest in TP/15. In addition, 3C Group will also have the right to participate in other wells in all the northern Perth Basin permits Norwest holds interests in on equivalent terms as the TP/15 farm-out.

The finalisation of this farm-out is considered an outstanding achievement for Norwest in the current market, and represents a major milestone for Norwest shareholders. Securing this funding for drilling costs has been pivotal in ensuring plans to drill this long-awaited well are finally realised.

As announced on 23rd September 2016, Norwest has already entered binding term-sheets with Transerv Energy Ltd ('Transerv') and Triangle Energy (Global) Limited ('Triangle'). Pursuant to these existing term-sheets and the term-sheet now entered with 3C Group, Norwest will remain Operator of TP/15 and will retain a free-carried 25% interest in the Xanadu-1 well. Accordingly, the farm-out arrangements for the Xanadu-1 well are as follows:

Name	Allocation of Expenditure	Interest in TP/15	
Norwest	0%	25%	(Operator)
3C Group	40%	30%	
Triangle	40%	30%	
Transerv	20%	15%	

Following the Xanadu-1 well being drilled, each of the parties will contribute to additional expenditure in proportion to their interests in TP/15.

Share Placement and Issue of Options

In addition to funding 40% of the drilling costs of the Xanadu-1 well, 3C Group will subscribe for 208,333,333 fully paid ordinary shares in Norwest ('New Shares') at an issue price of A\$0.0024 per New Share, raising approximately A\$500,000 ('Placement'). Norwest will also issue to 3C Group for no further cash consideration, a total of 60 million unlisted options to subscribe for new fully paid ordinary shares in Norwest ('New Options'), at an exercise price calculated as the lesser of (1) A\$0.0024 and (2) the price Norwest issues shares under the last placement completed before the options are exercised, and expiring on 10 February 2018.

The issue price of the New Shares and upper limit of the exercise price of the New Options has been calculated as 75% of the 15 day VWAP of Norwest's shares¹ and a 20% premium to the price of shares that were issued under the share placement completed by Norwest in August 2016.²

The New Shares and New Options will be issued using part of Norwest's existing capacity under Listing Rule 7.1.

Once the New Shares are issued, 3C Group will hold 7.79% of all Norwest shares on issue. Assuming 3C Group exercises the New Options, together with the New Shares, 3C Group will hold 9.82% of all Norwest Shares on issue.

The funds raised by the Placement and any exercise of the New Options will assist Norwest in funding ongoing exploration activities required to progress its portfolio of assets. Norwest remains fully committed to participating in the drilling programs for Xanadu-1 in TP/15, Lockyer Deep-1 in EP368 and Arrowsmith-3 in EP413.

Norwest will issue an Appendix 3B and Cleansing Notice under section 708A of the Corporations Act in respect of the New Shares and New Options in due course.

Strategic Relationship with 3C Group

In addition to the New Shares and New Options to be issued to 3C Group, Norwest is delighted to advise it has established a strategic relationship with 3C Group, whereby 3C Group will provide ongoing technical, legal, risk, financial and networking assistance and advice to support Norwest's TP/15 and other assets.

As part of this strategic relationship, Norwest will seek the necessary regulatory approvals and/or waivers to offer 3C Group the following rights:

- a) where Norwest proposes to issue shares under a placement in the next 12 months, the right to take up to an additional 148.3m shares in Norwest at the lesser of \$0.0024 per share and the price Norwest offers the shares to third parties, provided the issue of such shares will not increase 3C Group's interest in Norwest beyond 9.9% on a fully diluted basis; and
- b) where Norwest proposes to issue shares under a placement after the date of this announcement, the right to take up 9.9% of those shares at the same price Norwest offers them to third parties.

¹ being A\$0.0032

² being A\$0.002

Neither the issue of the New Shares nor the issue of the New Options is conditional on Norwest receiving the necessary regulatory approvals and/or waivers.

Norwest CEO Shelley Robertson commented: *“Norwest is incredibly pleased to welcome 3C Group to join us in the drilling of Xanadu-1. The funds raised from the placement will enable the Company to focus on ongoing exploration obligations, including the 3 well program across TP/15, EP368 and EP413. I am confident this partnership will develop over time into a valuable long-term relationship benefiting Norwest and all our shareholders. I look forward with great anticipation to the year ahead.”*

About 3C Group

3C Group is an integrated family office focused on early to mid-stage investments with an emphasis on consumer products, energy, agriculture and technology. 3C Group is committed to pursuing investment opportunities that have a clear and strategic pathway to market backed by strong management.

Norwest is satisfied that 3C group is an investor to which shares can be issued without disclosure under section 708 of the Corporations Act.

About TP/15

TP/15 is in the offshore northern Perth Basin of Western Australia (Refer Figure 1). Norwest has advanced plans to drill a well on the Xanadu prospect, located at the southern end of TP/15, and holding an un-risked recoverable resource of 160 MMbbls¹ (Refer Table 1).

The timing of Xanadu-1 will be dependent upon regulatory approvals and rig availability, however Norwest is currently working closely with rig companies and other operators planning wells in 2017 to ensure the well can be drilled as efficiently and cost-effectively as possible.

Now that the makeup of the Joint Venture has been finalised, plans to drill the well can be accelerated to take advantage of the cost savings possible by aligning the drilling of Xanadu with other wells, such as the two wells to be drilled by AWE on the Waitsia discovery later this year.

The Department of Mines and Petroleum is currently reviewing all documentation submitted with respect to the drilling of Xanadu-1, and Norwest is working closely with the regulator to ensure a timely approval is granted.

Unrisked recoverable oil volumes have been estimated deterministically and are summarised in Table 1 below. A 50% recovery factor has been assumed.

Table 1.

Un-risked Prospective Resource: recoverable volumes oil (MMstb) ¹			
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

¹The 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.

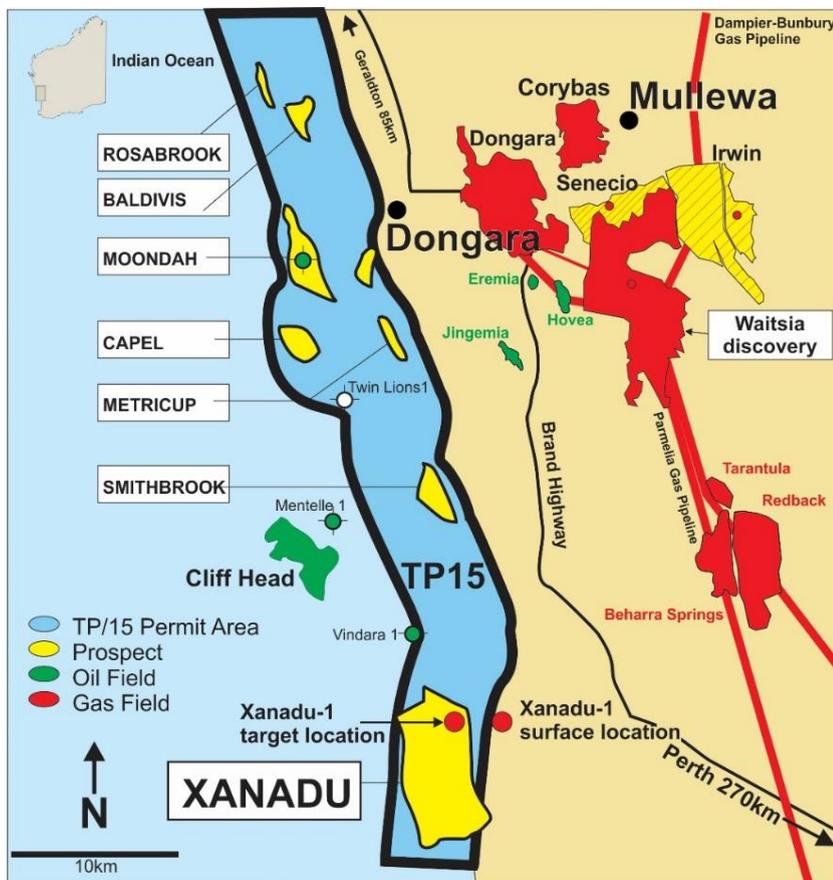


Figure 1. TP/15 location map, northern Perth Basin, Western Australia

Norwest's assessment of the chance of discovery and chance of development associated with the Xanadu prospect are provided in Table 2.

Table 2.

Reservoir	Chance of Success
Dongara Sandstone	14%
Irwin River Coal Measures	13%
High Cliff Sandstone	6%

Refer announcement released to ASX on 29/10/2014.

For further information, please contact Norwest Energy:

phone: +61 8 9227 3240
email: info@norwestenergy.com.au
website: www.norwestenergy.com.au

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.