



December 2016 Quarterly Report

ASX: NWE

31 January 2017



Summary

The December Quarter was a busy one for Norwest, with planning for Xanadu-1 ongoing, and work program commitments on all permits also continuing.

During the Quarter, the Xanadu-1 Application to Drill, Environmental Plan and associated documents were submitted to the DMP, and Norwest continues to work closely with the Regulator to facilitate a smooth approvals process.

Drilling is currently scheduled for Quarter 3 this calendar year, with it appearing likely Norwest will be able to share mobilisation and associated costs with other operators drilling in the Perth Basin this year.

With two partners secured for the Xanadu drilling program, good progress has been made in finalising the Joint Venture, with the expectation this will be complete by 15th February 2017.

Operator Empire Oil & Gas is proposing to drill the Lockyer Deep prospect in H2 2017 (subject to funding, approvals and rig availability), with the well targeting the same formations as Waitsia; namely the Kingia and High Cliff Sandstone intervals.

In our other projects, the EP68 Joint Venture is commencing planning for the Lockyer-Deep well, also scheduled to be drilled later this year.

The Jingemia Oil Facility in L14 is closer to being brought back online, with the Sale and Purchase Agreement and associated documentation currently under review by the DMP. It is currently anticipated that work will commence at Jingemia later this Quarter.

The EP413 Joint Venture has been working collaboratively during the Quarter in reviewing and analysing the extensive Arrowsmith project dataset. The Joint Venture will meet next month to continue the technical discussions and forward planning for this highly prospective permit.

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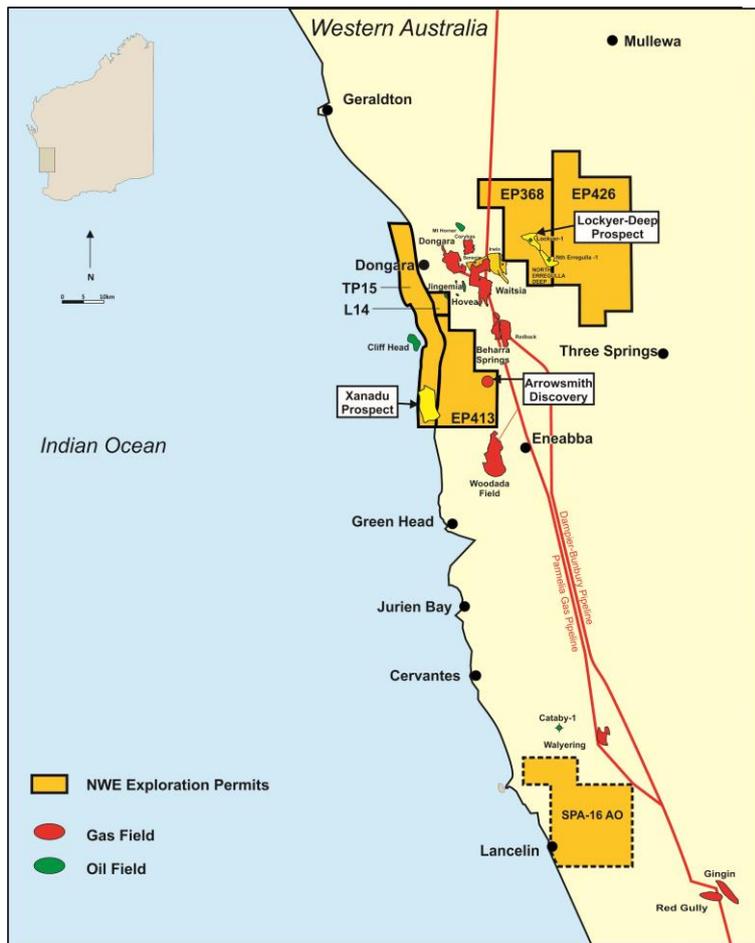


Figure 1. NWE tenements

Australian Exploration Program

TP/15

(Norwest 100%)

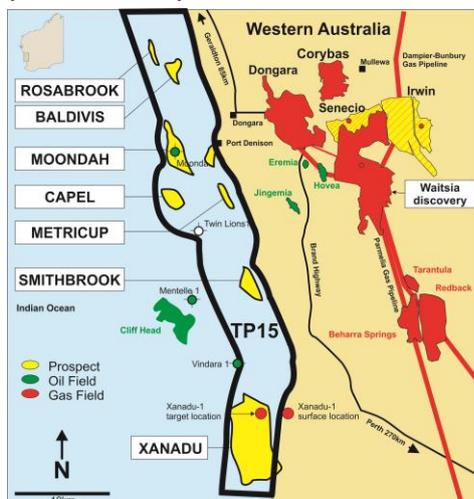


Figure 2. TP/15 permit location highlighting Xanadu prospect

TP/15 is located in the offshore northern Perth Basin, approximately 250km north of Perth. The permit occupies the 3 nautical mile wide state territorial waters of Western Australia, adjacent to the township of Port Denison, and covering an area of 645km². Xanadu is a conventional oil prospect located near the southern end of the TP/15 permit.

Norwest currently has termsheets executed with Transerv Energy Ltd (Transerv) and Triangle Energy (Global) Limited (Triangle).

Transerv will contribute 20% of the drilling costs to earn 15%, and Triangle will contribute 40% of the drilling costs to earn 30%. During the Quarter, the partners agreed to an extension on the End Date for these termsheets to 15 February 2017 to allow Norwest additional time to finalise the Joint Venture. Norwest remains focused on finalising this process prior to the End Date.

Meanwhile, Norwest is continuing to liaise with the DMP on finalising the necessary documentation, and commencing the process of securing a drilling rig. 2017 is shaping up to be a year in which a number of wells will be drilled in the Perth Basin – this will reduce costs to all operators by sharing mobilisation and other costs where appropriate.

EP368

(Norwest 20%)

EP368 covers an area of 600 km², and is situated at the northern end of the hydrocarbon fairway running through the northern Perth Basin. The permit lies to the east of the Dongara township, and adjacent to AWE's massive Waitsia discovery that flowed an impressive 50 MMscf/day in 2015.

The geological basis of design for the Lockyer Deep-1 well in EP368 was completed during the Quarter. This will provide the basis for commencing drilling engineering planning, and will support the regulatory application process. Based on the proposed timeline for drilling this well (H2 2017), operator Empire Oil and Gas plans to seek an extension from the Regulator, as the current Year 2 commitment well is due to be drilled by 29 June 2017.

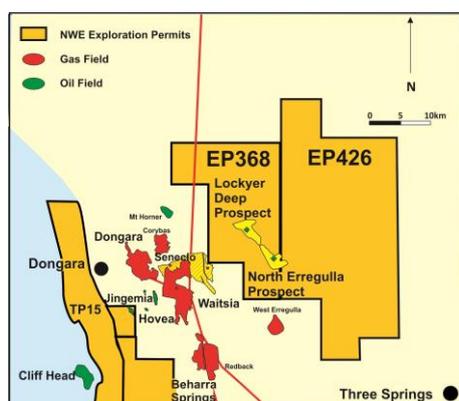


Figure 3. Location of EP368 & EP426 highlighting proximity to the AWE discoveries.

Already proven oil-bearing from historic wells North Erregulla-1 and Lockyer-1 at the Dongara Sandstone level, the deeper Kingia and High Cliff Sandstone intervals were not tested in either of these wells. The extent of the Waitsia play into EP368 remains to be confirmed, however results from AWE's Irwin-1 well suggest that the Kingia reservoir fairway increases in thickness to the east, and therefore into EP368.

EP368 Joint Venture

Empire Oil and Gas	80% (Operator)
Norwest Energy	20%

EP426

(Norwest 22.22%)

EP426 lies adjacent and to the east of EP368, covering an area of 1197 km². It is located on the north-eastern flank of the Dandaragan Trough in the onshore northern Perth Basin. Refer Figure 3 above for the permit location map.

The current work program commitment for EP426 is for geological and geophysical studies, which are continuing.

EP426 Joint Venture

Empire Oil and Gas	77.78% (Operator)
Norwest Energy	22.22%

EP413

(Norwest 27.945%, Operator)

EP413 is located approximately 300km north of Perth between the townships of Dongara and Eneabba. The permit covers an area of 508 km², extending from immediately north of L4/L5 which hosts the Woodada Gas Field, to the southern boundary of L14 in which the Jingemial Oil Field is located. The Beharra Springs and Redback gas fields are also located in adjacent permits to the east.

Norwest is operator of EP413, and is currently executing Year 3 of the 5 year work program, with this current permit year dedicated to further technical and commercial evaluation of the block.

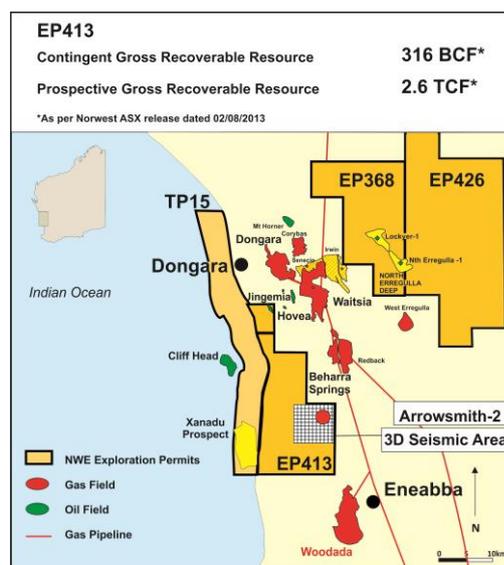


Figure 4. EP413 Permit Location Map

A 3D seismic survey was completed in mid-2015, with evaluation of these results still driving the current program. Processing of the results created a large volume of data, and the EP413 Joint Venture partners are working on this dataset to optimise its value in defining the way forward.

The JV partners remain committed to continuing the evaluation of this highly prospective permit.

Baseline Monitoring Program

CSIRO, in collaboration with Norwest, several other operators and the DMP have established a Research Program into methods of establishing baseline values of environmental indicators and of monitoring techniques for these during development of tight gas resources in the northern Perth Basin.

Areas of investigation have included groundwater and groundwater monitoring, soil gas flux analysis, and a mobile methane survey across the basin. A passive seismic survey array located on EP413 has been monitoring naturally occurring seismic events over the past two years. The data generated will assist in creating baseline data in areas where shale gas exploration is occurring.

Seismic Survey Acquisition Area Rehabilitation

At the completion of the 3D acquisition survey in May 2015, rehabilitation works and monitoring commenced immediately, as detailed in the approved Environmental Management Plan.

During the Quarter, an annual spring survey and dieback survey were completed within the 3D seismic acquisition area.

The monitoring and rehabilitation will continue until the Office of the Environmental Protection Agency is satisfied that the 3D seismic survey area is fully rehabilitated.

EP413 Joint Venture

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

L14 Jingemia Oil Field

(Norwest 6.278%)

L14 contains the Jingemia Oil Field, which under current operator Origin Energy has been in care and maintenance since December 2012. The Jingemia Oil Field is estimated to have initially contained 12 million barrels of oil in place, with 4.6 million barrels produced to date. The area of L14 is 39.8 km².

In September 2016, Norwest Energy announced that a Sale and Purchase Agreement (SPA), Change of Title and Change of Operator documentation had been submitted to the Department of Mines and Petroleum for formal approval. The SPA is between Cyclone Energy Pty Ltd and existing L14 Joint Venture partners Origin Energy Developments Pty Ltd, AWE Limited (via subsidiary), ROC Oil (WA) Pty Ltd and John Geary. Norwest has elected to retain its 6.278% interest in L14.

Subject to DMP approval, Cyclone Energy and RCMA Australia will acquire equity in L14, with the intention to restart production from the Jingemia Oil Field.

The regulatory process for Change of Title and Operator approval is continuing. Once approval is granted, the new L14 Joint Venture participants shall have the following interests for the existing Jingemia Oil Field operations:

- Cyclone Energy 33.722% (Operator)
- RCMA Australia 60%
- Norwest Energy 6.278%

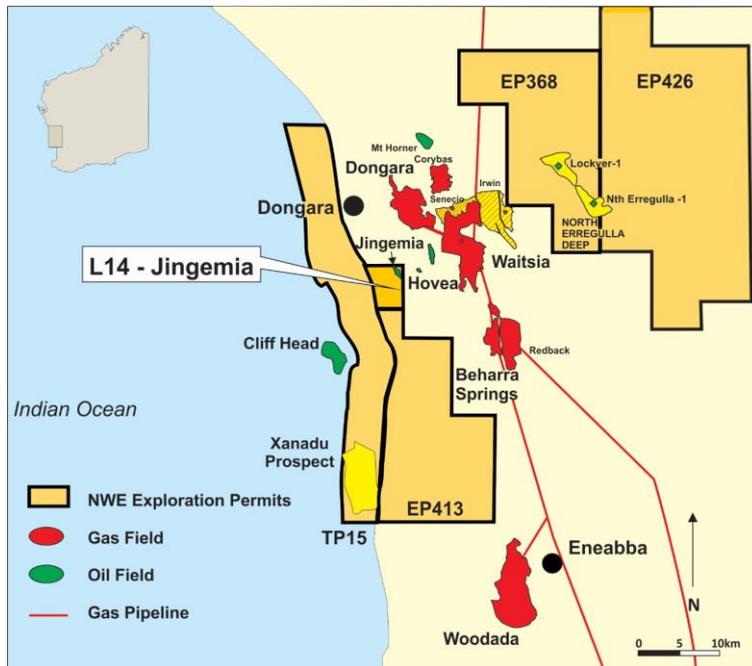


Figure 5. Location of L14 – Jingemia Oil Field

Current L14 Joint Venture

Origin Energy	49.189% (Operator)
AWE Limited	44.141% (via subsidiaries)
Norwest Energy NL	6.278%
Roc Oil (WA) Pty Ltd	0.250%
J Geary	0.142%

EP 492
(Norwest 100%)

In November 2010, Norwest applied to the DMP for an Onshore Special Prospecting Authority (SPA) with an Acreage Option (AO) over the area. The acreage stretches along the coastline between the townships of Green Head and Lancelin, covering an area of 860km². At the time of the application, there was very limited geological data within the area, and Norwest was interested in performing geotechnical studies to enhance the understanding of the geology, and to determine whether any exploration potential existed.

This is a highly sensitive area in the Mid-West known as the Turquoise Coast, and EP492 is densely covered by nature reserves and national parks. The permit area includes a military training area, and the townships of Green Head, Jurien Bay, Cervantes, Grey and Lancelin.

Due to the environmental and cultural sensitivities within the region, in August 2011, Norwest nominated to conduct an airborne gravity gradiometry survey over the area (as opposed to on-ground seismic) to improve geological knowledge without requiring any invasive on-ground activities.

Following completion of the survey and subsequent successful Native Title negotiations with the Traditional Owners – the Yued People, Norwest was formally awarded Exploration Permit 492 in October 2014.

After extensive geotechnical evaluation of the dataset since 2014, although some leads were identified along the eastern edge of EP492 it was decided that the limited prospectivity did not justify carrying out a 2D seismic survey– the planned work program commitment.

As a result in October 2016, Norwest applied to the Minister for Mines and Petroleum to surrender EP492 under Section 98 of the Petroleum Act 1967 (WA). This application was subsequently approved.

Norwest can now focus on the more prospective permit that adjoined EP492 to the east – SPA-16 AO.

SPA-16 AO

(Norwest 100%)

SPA-16 AO (SPA) covers 805 km², and is located at the southern end of the northern Perth Basin. It adjoins EP447 that contains the Walyering gas/condensate field, and EP432 that contains the Cataby-1 oil discovery. Refer to Figure 6 below for a permit location map.

In November 2014, Norwest executed an agreement with Finder Exploration Pty Ltd to acquire its wholly owned subsidiary, Finder No 5 Pty Ltd. This subsidiary holds rights to the SPA, and Norwest is currently involved in the process of applying to the Western Australian Department of Mines to convert the SPA into an Exploration Permit.

Norwest has been working with the DMP on progressing this application, with the required Stakeholder Consultation Plan awaiting final approval before Native Title negotiations can commence.



Figure 6. SPA-16 AO Location

United Kingdom Exploration Program

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

(Norwest 65%)

Permit P2265 lies to the east of the producing Wytch Farm oil field in Bournemouth Bay in southern England.

The Promote period of Bournemouth Bay licenses expired on 30th November 2016. By this date, a commitment had to be given to drill a well in the subsequent two years or relinquish the Licence. Although the project dataset did present some prospectivity, there was insufficient evidence to justify committing to drill a well.

As a result, Halo and Norwest agreed to relinquish the permit. The relevant documentation is currently being submitted to the Regulator.

P2265 Joint Venture

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

Corporate

Issued Capital as at 31st December 2016

Ordinary shares	2,465,569,394 shares
Unlisted options	20,000,000 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	1,197 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%
SPA-016 AO	Perth Basin, WA	Onshore	805.0 km ²	100%
TOTAL AREA NET TO NORWEST 1,981.4 KM2				
TIMOR SEA				
AC/L6 (ROYALTY)	Vulcan Sub-Basin, NT	Offshore	252.1 km ²	1.25% ORRI

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