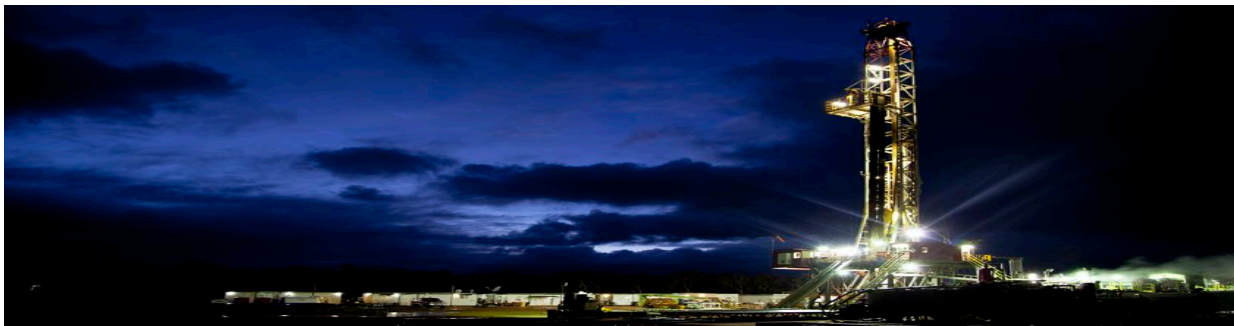




March 2016 Quarterly Report

29 April 2016

ASX: NWE



Summary

Norwest continues to retain a large footprint in the northern Perth Basin, with a net acreage position of 3,100km², containing seven permits with conventional and unconventional oil and gas prospects. Norwest's exploration portfolio is considered to contain a number of highly prospective targets, and the company's focus remains the realisation and development of these assets.

Norwest has three near-term drill targets identified, all set to be drilled within the next 12-18 months, subject to securing funding and regulatory approvals. The status of each of these drill-ready permits is as follows:

- **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 and which flowed 50MMscf/d. During the 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 contingent gross recoverable resources, and 2.6 TCF of prospective gross recoverable resources. Following the recent 3D seismic acquisition and processing program, interpretation is ongoing, with further work required regarding the planning of the next well on the block, particularly with regard to some additional conventional prospectivity discovered at the southern end of the permit, with similarities to the Woodada Gas Field located further to the south.
- **TP/15:** Norwest is progressing its discussions with a number of potential joint venture partners interested in the Xanadu prospect which contains an unrisks prospective resource of 160 million barrels of oil. With several companies having signed confidentiality agreements with Norwest in recent weeks, Norwest is encouraged by the renewed interest shown in the permit which the company hopes will result in a farm-out deal being concluded in the near future.

Norwest is seeking partners or strategic investors to participate in its entire portfolio of assets in the Perth Basin. Norwest attended the Singapore SEAPEX Farmout Forum during April, and will also be presenting at two events in London - the London Asia Oil Scout Groups Farmout Forum and Farmout Fair in May 2016. These two events attract large numbers of potential investors that may be interested in the Norwest portfolio. Additionally, the Norwest portfolio of projects will be presented at the PESA Deal Day in Brisbane in early June, preceding the annual APPEA conference. Assisting Norwest with these farmout endeavours is international advisory firm Moyes & Co, which has offices in Dallas, Houston, London and Singapore.

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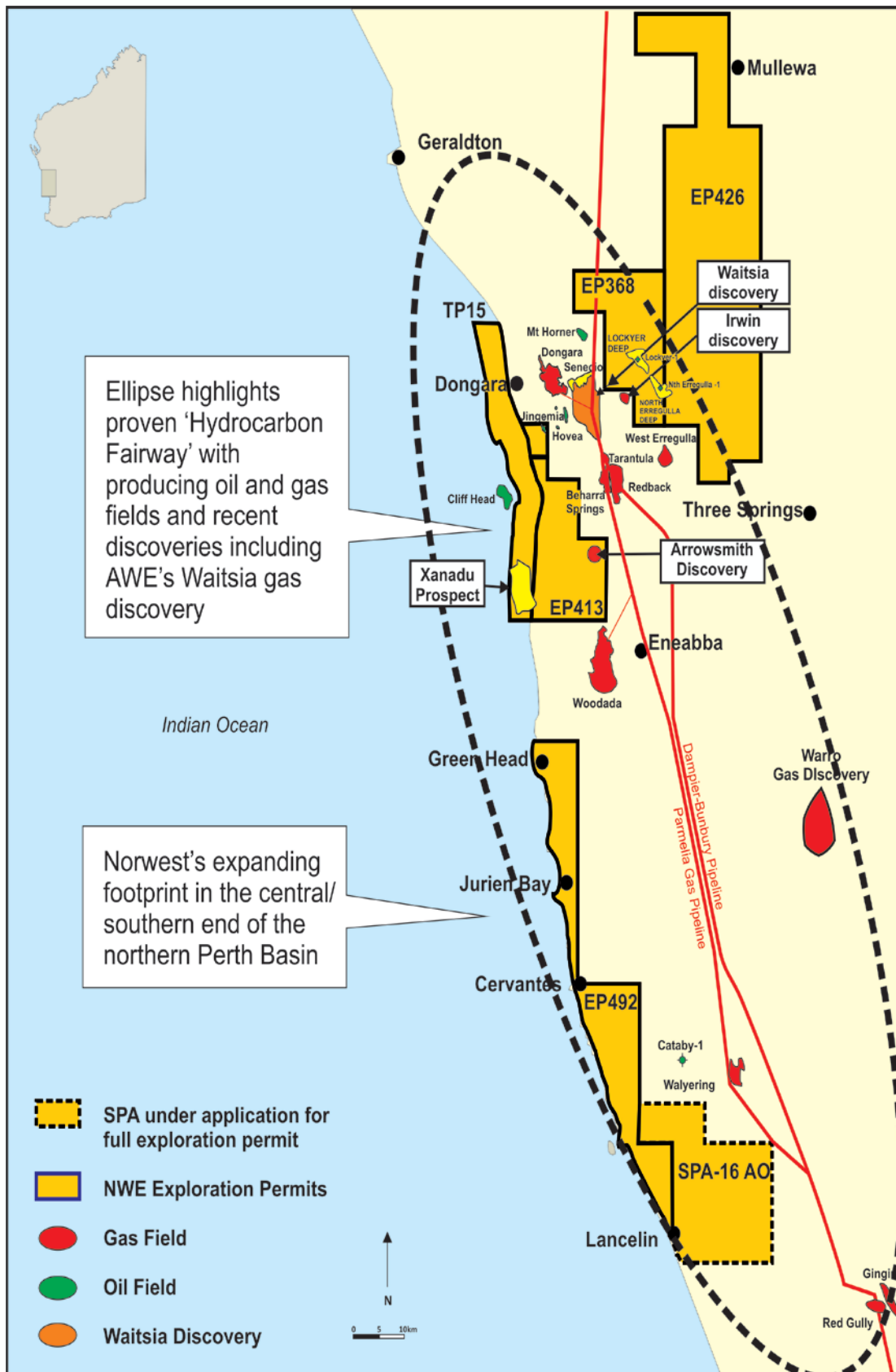
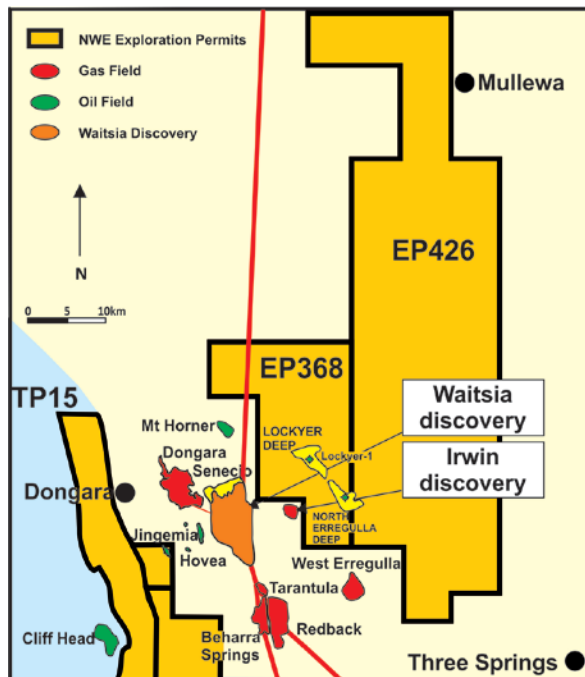


Figure 1. NWE tenements

Australian Exploration Program

EP368 and EP426



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

Reprocessing of the vintage 2D seismic data set and interpretation of the recent Black Swan Airborne geophysical survey were completed in early 2016.

In February 2016, Empire reported significant upside potential for the Lockyer Deep and North Erregulla Deep prospect trend, with its latest interpretation joining these two prospects into one large prospect for the high case prospective resource estimate.

Figure 2. Location of EP368 & EP426 highlighting proximity to the AWE discoveries

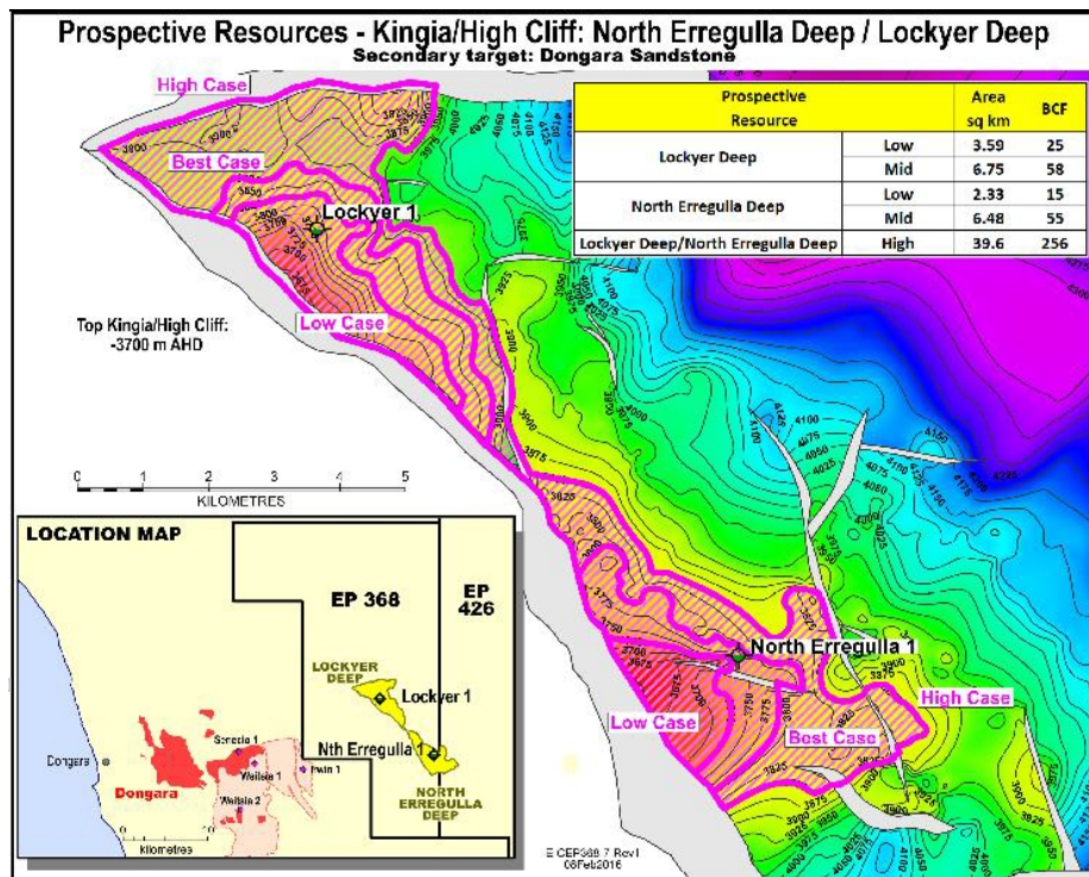


Figure 3. High case estimates show Lockyer Deep and North Erregulla Deep as one continuous prospect

Lockyer Deep is a medium risk well, targeting between 25 and 134 BCF, with a best case estimate of 58 BCF¹. North Erregulla Deep 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 are joined into one large prospect, 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

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.

Empire Oil and Gas reports that the Lockyer Deep well is expected to be drilled during the second half of 2016, subject to finalising funding alternatives.

EP426

Empire Oil Company (WA) Limited (Operator)	77.78%
Westranch Holdings Pty Ltd (Norwest Energy NL)	22.22%

EP368

Empire Oil Company (WA) Limited (Operator)	80.00%
Westranch Holdings Pty Ltd (Norwest Energy NL)	20.00%

TP/15

(Norwest 100%)

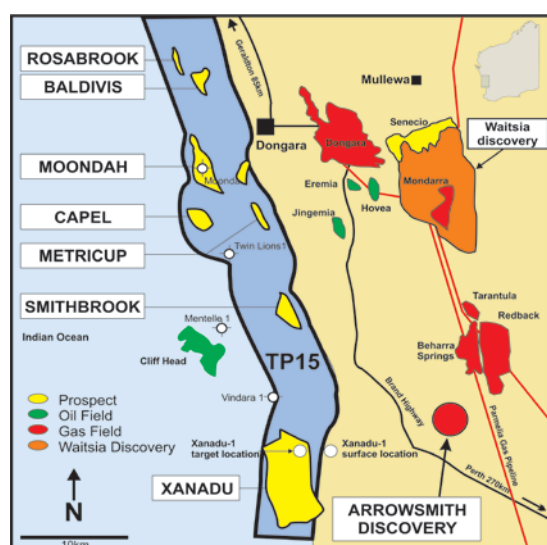


Figure 4. TP/15 permit location highlighting Xanadu prospect

As detailed in the ASX Announcement dated 29 October 2014, TP/15 contains a number of conventional oil plays, with primary prospect Xanadu having an un-risked prospective recoverable resource of 160mmbbls (best estimate).

Norwest has commenced planning for the drilling of conventional oil well Xanadu-1, located at the southern end of the permit.

Norwest is currently in discussions with several companies regarding farmout opportunities for TP/15, and is encouraged by the renewed interest shown in the permit which the company hopes will result in a farm-out deal being concluded 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.

The Xanadu Prospect – Technical Overview

Structurally, the Xanadu Prospect is a prominent horst block lying parallel to the coastline in very shallow water. Xanadu-1 will target Permian sands from a depth of approximately 800 metres. Near-shore sands of the Dongara Sandstone represent the primary target, with secondary targets in the fluvio-deltaic Irwin River Coal Measures and the regressive marine sands of the High Cliff Sandstone.

Retrieval and mapping of additional 2D marine seismic data has provided a comprehensive regional interpretation of the structural setting and charge history for the Xanadu oil prospect.

In estimating the recoverable oil volumes summarised in Table 1 below, a 50 per cent recovery factor has been assumed.

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.*

EP413 – Northern Perth Basin

(Norwest 27.945%, Operator)

During the Quarter, Norwest continued with interpretation of the 3D seismic data received at the conclusion of the acquisition program in late 2015. Further interpretation work is required to finalise the location and target formation(s) for the next well on this permit, due to be drilled in 2017, given some additional conventional prospectivity has been 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 continued throughout the Quarter.

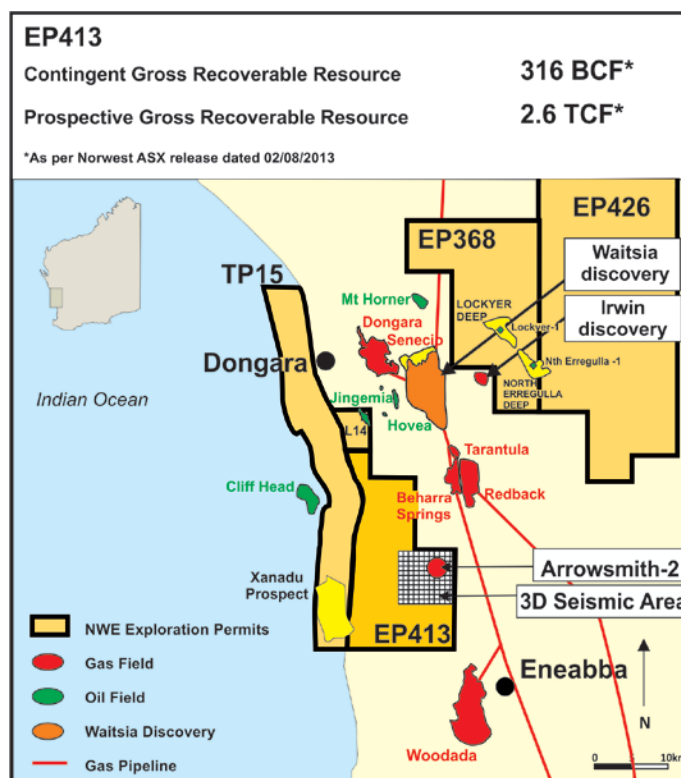


Figure 5. EP413 Permit Location Map

EP413 Joint Venture

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

L14 Jingemia Oil Field

(Norwest 6.278%)

The L14 production licence contains the Origin Energy operated Jingemia oil field. The Jingemia project has now come to the end of its commercial life and has now been placed under care and maintenance, leading to eventual abandonment and rehabilitation. Jingemia is estimated to have initially contained 12 million barrels of oil in place, with 4.6 million barrels produced to date.

EP 492

(Norwest 100%)

EP492 has a six year term, with year one of the work program requiring geological studies to be followed in year two with a 2D seismic survey. A modest work program over EP492 keeps the commitment low so that focus can remain on the more advanced projects in the project pipeline during the current market downturn. During the quarter limited activity was carried out on EP492.



Figure 6. EP492 and SPA-16 AO Location

SPA-16 AO

(Norwest 100%)

Norwest has applied to the Department of Mines and Petroleum (DMP) to convert the SPA to an Exploration Permit and has submitted a proposed six year minimum work program for consideration.

Before conversion of the SPA is approved by the DMP, Norwest has been requested to comply with the information requirements contained in the recently introduced “WA Petroleum Guidelines for Acreage Release – Criteria for Assessment”. This work and application process was ongoing during the March quarter.

Timor Sea: AC/L6 - AC/P22 – Puffin

(Norwest 1.25%, ORRI)

No new information to report for the Quarter.

United Kingdom Exploration Program

P2265 (Blocks 98/7b, 98/8a and 98/12a) – Offshore Wessex Basin

(Norwest 65%)

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

A final interpretation report on the reprocessing of the historical 3D seismic data set held over this area was finalised in February 2016.

Norwest and partner HALO are in the process of agreeing on the next phase of activity on the permit which may include preparing a farm-out package over P2265.

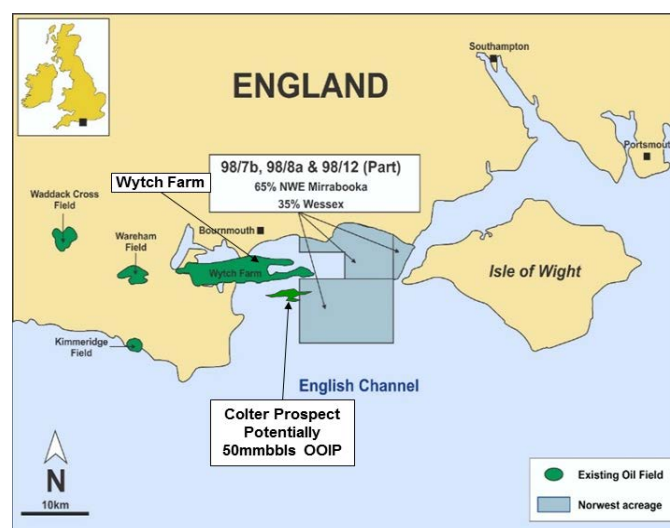


Figure 7. UK Permit Map

P2265 Joint Venture

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

Corporate

Fundraising

During the quarter, \$0.55 million was received (before costs of the fundraising), with these funds being the final proceeds from the underwritten rights issue which was conducted in December 2015. The cash balance at the end of the quarter was approximately \$0.7 million.

Board and management changes

Mr Peter Munachen resigned as CEO and Executive Director, effective 31 March 2016. The Company would like to thank Peter for his enormous commitment and contribution to the Company throughout his tenure.

Mr John Annand will continue in his role as Acting CEO until a permanent appointment is made.

Mr Ronald (Ron) Currie was appointed to the Board as a Non-Executive Director of the Company. Mr Currie has extensive operational experience in oil and gas operations through his long association with Bonnie Rock Transport, a company he co-founded in 1998 and which provides transport and logistics solutions for the Oil and Gas industry. Bonnie Rock Transport specialises in the mobilisation of large drilling rigs and associated equipment across Australia, as well as providing general haulage services. Mr Currie's hands-on operating experience, including providing drilling services to exploration activity within the Perth Basin where Norwest is primarily focussed, will bring a new perspective to the Board.

Conferences

Norwest Energy recently presented at the South East Asia Petroleum Exploration Society (SEAPEX) conference in Singapore.

Upcoming presentation opportunities include:

- presenting at two events in London - the London Asia Oil Scout Groups Farmout Forum and Farmout Fair in May 2016; and
- presenting at the PESA Deal Day in Brisbane in early June, preceding the annual APPEA conference.

Issued Capital as at the date of this report

Ordinary shares	2,050,569,394 shares
Unlisted options	54,650,000 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	2360.0 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 have been no changes to any permits or Norwest's interests in those permits during the quarter.

For further information, please contact:

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Company Secretary

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email: info@norwestenergy.com.au
visit: 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.