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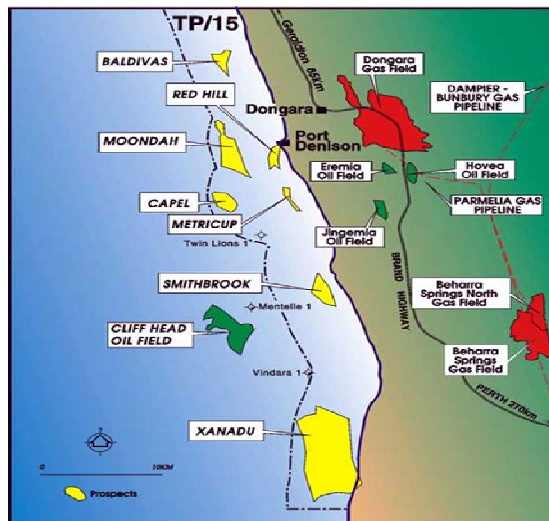
ASX Announcement

Norwest Energy completes airborne Full Tensor gravity Gradiometry imaging (FTG) survey over Northern Perth Basin

Norwest Energy (ASX: NWE) advises its airborne FTG survey over the TP/15 permit (NWE - 100%) in the Northern Perth Basin has been completed. The contractor, Bellgeospace, is expected to process the survey and deliver a report within the next 30 days.

Norwest's specialist team will then integrate the FTG data with existing seismic data to evaluate and optimise drill location options in TP/15. Norwest is using the FTG survey to assist in the target selection for drilling in 2010, with Xanadu and Capel/Metricup being the lead prospects.

The company has identified several exciting petroleum prospects and leads in the northern Perth Basin, including Xanadu, a possible 90 million barrel oil field located between the Cliff Head oil field and several onshore oil and gas fields. Whilst Xanadu is the preferred prospect, it is possible that interpretation of the FTG survey results could see another target being prioritised.



	In Place Million Barrels	Recover Million Barrels
Capel	134	40
Smithbrook	74	22
Xanadu West	90	28
Red Hill South	25	7
Baldvis East	24	7
Red Hill North	20	6
Rosabrook	10	3
Metricup	7	2
Baldvis West	6	2
Total	390	117

TP15 Leads and Prospect location map, in place volumes are estimates based on technical work

Through its experience in Southern England, Norwest has developed expertise in FTG, a survey technology that can be meshed with existing seismic and other data to cost-effectively give a much clearer picture of local geology.

TP/15 permit has been under-explored

Norwest's TP/15 permit has been under-explored because a combination of shallow water and complex geology has made seismic acquisition and interpretation difficult and expensive. However, the seabed off Dongara, about 360km north of Perth, could conceal a 90 million barrel oilfield, according to oil and gas explorer and producer Norwest Energy NL.

"Based on the P50 case, our Xanadu prospect in the TP/15 permit could be half as big again as the producing Cliff Head field, which lies less than 10km to the northwest," Norwest chief executive Peter Munachen said.

The prospect is a large culmination on the Beagle Ridge-and a geologic look-alike to the Roc Oil-operated Cliff Head field, but it has been overlooked because seismic data covering the TP/15 permit is relatively sparse and poor quality.

"Xanadu would most likely have been drilled years ago had good seismic data been available," Mr Munachen said.

The area's challenging geology makes seismic acquisition and interpretation costly and difficult. Lying in a transition zone – a coastal area linking land and sea – the permit has numerous reefs and shoals as well as highly varied terrain with large variations in sediment thicknesses.

Even though the TP/15 lease lies between Cliff Head and onshore oil and gas fields such as Dongara, Hovea and Jingemia, its complex geology has meant that the area has remained under-explored. However, Norwest believes that FTG offers a cost-effective and efficient way to leverage off the existing seismic data.

The company has invested in reinterpreting existing seismic, providing enough information to identify prospects and leads. Norwest is now ready to further refine its knowledge of the permit's geology based on the results of the FTG survey, a technology that the company has already used successfully in England. The company has already used FTG in three transition zone permits it holds in the South of England.

Full Tensor Gradiometry imaging (FTG) – more geological information at lower cost

FTG is undertaken from a light aircraft flown at low altitudes. FTG measures the gradient of the Earth's gravity field, recording shifts in the density of underlying rocks and can deliver results on both shallow and deeper targets.



The airborne survey was undertaken by Norwest specialist contractor Bell Geospace of Houston, Texas and Aberdeen, Scotland

Since its commercialisation in the mid 1990s the technology has been steadily improving. Today, FTG can provide strong 3D image quality and a detailed exploration dataset, helping to reduce risks and increase returns for petroleum explorers and producers.

“When combined with seismic data and regional well logs, FTG can greatly clarify the local geological picture,” Mr Munachen said. “The technology is also highly cost-effective. On a kilometre-by-kilometre basis, FTG surveys cost significantly less than seismic acquisitions.”

At Xanadu, the target reservoir cannot be easily detected with seismic alone, especially by poor quality transition zone seismic. FTG can better define the reservoir and increase Norwest’s understanding of where best to drill.

“Seismic in the transition zone areas is problematic, not only because the geology is very complex but because of the logistical nightmare in acquiring new seismic. Also in the South of England, the FTG has allowed us to overcome difficulties in assessing areas that are highly populated,” Mr Munachen said.

“In England, FTG has helped us see much deeper into the subsurface and preliminary results have boosted our confidence that our preliminary geologic models are correct. FTG has revealed a whole series of four-way closures, which are classic oil and gas exploration targets.”

Norwest has built up significant expertise in FTG interpretation and has acquired highly sophisticated software for this purpose.

“FTG is still relatively new but it is already highly developed and sophisticated,” Mr Munachen said.

“We believe this technology offers a real edge for companies that have the expertise to use it effectively. Norwest believes our innovative use of FTG can help advance this project. Given the proximity of Xanadu and our other prospects and leads to producing fields, we are optimistic about our future chances of success.”

Peter Munachen
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