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Norwest one step closer to drilling Xanadu-1

Termsheets now signed with Transerv Energy Ltd and Triangle Energy (Global) Limited

Norwest Energy is pleased to announce that it has executed termsheets with two parties - Transerv Energy Ltd (Transerv) and Triangle Energy (Global) Limited (Triangle). These termsheets form the basis for both parties to farm-in on the drilling of Xanadu-1 located within TP/15, a block currently 100% owned by Norwest Energy (Norwest) via subsidiary Westranch Holdings Pty Ltd (Westranch).

TP/15 is located in the offshore northern Perth Basin, Western Australia (Refer Figure 1). Norwest is planning 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).

Farm-in terms

Transerv will contribute 20% of the costs to earn a 15% interest.

Triangle will contribute 40% of the costs to earn a 30% interest.

The intent is that the farmout process be completed by 31 December 2016 (End Date) or such later date as agreed. By the End Date if the farmout process has not delivered farmout agreements that fund 100% of the drilling costs of Xanadu-1, then Transerv and Triangle shall have no interest in TP/15 and shall have no obligations under these termsheets with respect to TP/15.

With today's announcement and numerous other parties currently reviewing the TP/15 dataset, it is expected that a Joint Venture will be finalised by December 2016. In the meantime, Norwest continues to work through the regulatory process required to drill the well.

Norwest CEO Shelley Robertson said *"We look forward to working closely with both Transerv and Triangle to enhance our understanding of the TP/15 permit, and to drill the Xanadu-1 well. Finalisation of this joint venture and the subsequent drilling of the well will be considered a significant achievement in the current environment, and will represent a major milestone for Norwest shareholders"*.

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.

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.

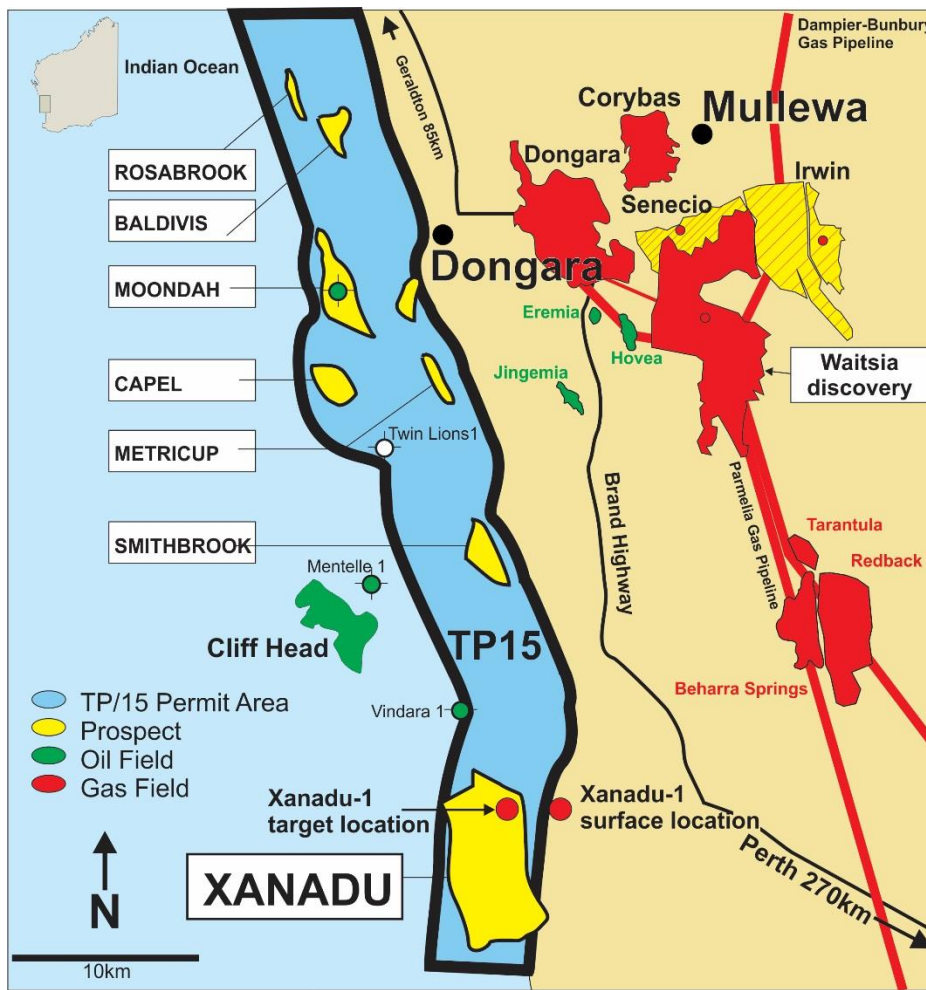


Figure 1. TP/15 location map, northern Perth Basin, Western Australia

For further information, please contact Norwest Energy:

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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.