Zacks Small-Cap Research

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New Western Energy Corp (NWTR-OTCBB)

NWTR: Drilling program funded for B&W Ranch lease. Three wells will be drilled as the beginning of the development in Kansas.

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	12/10/12
Current Price (04/03/13)	$0.24
Six- Month Target Price	**$2.00**

OUTLOOK

New Western Energy Corp. is involved in the acquisition, exploration, development and production of oil and gas from properties in the United States.

The company owns the rights to drill on a significant number of properties in Texas, Oklahoma and Kansas. Potential reserves exceed 20 million barrels of oil. As of December 31, 2012 acreage under lease was over 6,000 on which there were 195 wells.

Our rating continues as Outperform with a new price target of $2.00.

SUMMARY DATA

52-Week High	**$1.04**
52-Week Low	**$0.14**
One-Year Return (%)	**N/A**
Beta	**0.1**
Average Daily Volume (sh)	**60,999**
Shares Outstanding (mil)	**66.89**
Market Capitalization ($mil)	**$16.1**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**N/A**
Insider Ownership (%)	**62.8**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using N4Q Estimate	**N/A**
P/E using 2013 Estimate	**N/A**

Risk Level	**N/A,**
Type of Stock	**N/A**
Industry	**Oil-Us Exp&Prod**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2011	**$0.00A**	**$0.00A**	**$0.04A**	**$0.04A**	**$0.08A**
2012	**$0.04A**	**$0.02A**	**$0.02A**	**$0.05E**	**$0.13E**
2013	**$0.20E**	**$0.25E**	**$0.35E**	**$0.55E**	**$1.35E**
2014	**$0.85E**	**$1.15E**	**$1.50E**	**$1.70E**	**$5.20E**

Earnings per Share
(EPS is operating earnings before non recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2011	**-$0.01A**	**-$0.05A**	**-$0.06A**	**-$0.11A**	**-$0.22A**
2012	**$0.00A**	**$0.00A**	**$0.00A**	**$0.00E**	**-$0.01E**
2013	**$0.00E**	**$0.00E**	**$0.00E**	**$0.00E**	**$0.00E**
2014	**$0.00E**	**$0.00E**	**$0.01E**	**$0.01E**	**$0.02E**

Zacks Projected EPS Growth Rate - Next 5 Years %	**N/A**
N/A	**N/A**

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RECENT NEWS

The company announced today that it has closed the limited partnership, 2013 NEW Drilling Program 1, at $650,000 with 51% owned by New Western. The LP was formed to drill for oil on the B&W Ranch in Kansas. This lease is part of 3,000 plus acres leased by New Western Energy. There are five potential payzones that have been identified and the program will start with the drilling of three wells. Estimated reserves om the Smith lease is about $3 million.

The company is pleased with the success of the financing and will probably use this method again for drilling on other leases.

New Western Energy has announced the acquisition of 500 acres of additional acreage in Kansas that is adjacent to and in the same geological formations as its prior acquisitions in Chautauqua County. This brings the total combined leasehold in Kansas to 3050 acres. Assuming the reserve per acre is at the lower end of the range of prior leaseholds this will add 2.66 million bbls/day to the companies reserve base. Having a number of leases in close proximity to each other offers significant savings in infrastructure costs as well as reducing operating expense ratios.

	Reserves	Wells	%owned	Capitalzed costs		Acres
Kansas				**Thousand $**		
B&W Ranch	9.141	0	70.45%	$75.00		1700
bbl/day						
Smith	2.958	0	73.13%	$24.75		550
bbl/day						
Fields	1.59					300
bbl/day						
Rinck	2.65					500
Oaklahoma						
Phillips	0.647	7	60.94%	$130.00		180
bbl/day						
Glass	0.298	14	60.94%	$221.00		80
bbl/day						
Pioneer	5.32	106				1520
Texas						
Swenson	0.089	1	39.66%	$23.07		160
bbl/day					2.86	
Swenson/RTE		43				
bbl/day						1260
Reves	0.046	0		$6.56		80
bbl/day						
McLellan	0.088	0		$4.19		160
bbl/day						
Trice	0.04	24	75.60%	$25.33		84
and						
Terry Hiers				$9.72		
bbl/day						
Pennsylvania						
Wellsboro	Gravel	0		$103.50		
Total million bbls	22.867	195				6574

The company has announced the formation of NWE Technologies Inc., a wholly owned subsidiary that will be involved in next generation Enhanced Oil Recovery technology. New Western intends to use advanced EOR techniques in its Oklahoma and Texas properties. It is impossible to extract all of the oil in a geological formation. Some oil may be too thick to flow to the well head, some may be trapped in small cavities. Oil pressure at the well may drop to a very low level and that oil field may not respond to external pressure water or carbon dioxide injection. New technologies such as fracking, jetting, fire flooding and polymer flooding can increase the recovery but there may still be over 30% of the reserves that cannot be recovered at a reasonable cost.

A stripper well is defined as a well that produces less than 10 barrels of oil per day, and the DoE estimates that there are 700,000 such wells in the United States. Industry sources estimate that there may be 50 billion barrels or more of oil that could be recovered using current enhanced technologies and next generation technologies could recover another 100 billion barrels.

New Western Energy Corp. announced on January 23, 2013 that it has engaged Carroll Energy to conduct engineering, reserves and geological reports on the Company's newly acquired Winchester and Thomas Leases in Rogers County, Oklahoma. The two leases are contiguous and total 950+ acres with 20 wells and 2 water injection wells and have the potential for numerous oil and gas discoveries. A full 640-acre section within the acquired 950 contiguous acres has drilling opportunities of multiple oil and gas formations and contains a complete gas gathering infrastructure. This will serve New Western's future gas production plans in Rogers County. Mr. Terry L. Carroll is a member of the board of directors of New Western Energy Corp..

On January 17, 2013 the company announced it has started the development operations on its Anna lease properties in Rogers County OK. There are 9 existing oil wells and one disposal well on the 80 acres on the lease, which is part of the 1,520 acres recently purchased. All of the field operations in Rogers County will be managed by Stacey Holland, a 20 year veteran off oil field operations. Mr. Holland will be working with Mr. Coody, who was recently hired as manager of the Oklahoma and Kansas operations.

These actions are moving the company from a lease acquisition mode into a well development mode, leading towards significant hydrocarbon production in 2013. We would anticipate some production from this acreage in late 2013.

New Western Energy has appointed Mr. Richard Coody, an oil industry veteran, as manager of its Oklahoma (1780 acres, 127 old wells) and Kansas (2550 acres no wells listed) operations. Mr. Coody has over 25 years of experience in oil/gas well operations. This appointment is an important step in evaluating the existing wells for remediation and production and where to drill new wells.

New Western Energy has completed the acquisition of 8 oil and gas leases totaling 1,520 acres in Rogers County, OK. This includes 106 oil wells and 8 disposal wells. The properties include 950 contiguous acres, of which a full 640 acre section has proven oil and gas formations, and has a complete gas gathering system. The properties cover the same formations as the Glass lease and the Phillips lease also owned by New Western Energy. We are assuming the same reserve ratio per acre for the acquisitions as we have for the other leases.

The company intends to develop a plan of which wells should be refurbished. The structures will be mapped so that the reservoir(s) can be pressurized by water flooding to maximize oil production. We have not included wells on these properties in our forecasts.

The company has announced the acquisition of 300 acres known as the Fields Lease. This is contiguous to the acres held in the B&W Ranch Lease and the Smith Lease. This area is well known for its history of oil production from several oil bearing strata. No acquisition costs were given.

The oil reserves per acre for B&S and for Smith are very close to each other so we have assumed that the Fields data will be the same. That means that the 300 acres would add close to 1.6 million bbl of oil to the reserves.

The market cap. to oil reserves ratio for New Western Energy is one of the lowest amongst the small oil companies, as shown in the valuation table of this report. Using the new reserve estimate and the median market valuation we have increased our price target from $1.30 to $1.40.

New Western Energy filed its 10Q for the third quarter of 2012 on Nov. 5, 2012. Revenue of $24,000 was above second quarter levels with oil prices within a similar range over the two quarters.

New Western Energy Corp.

		1Q12	2Q12	3Q12 A	4Q12 E	2012 E	1Q13	2Q13	3Q13	4Q13
Fiscal Year Dec. 31.										
Well count at end of quarter.			1	2	3	3	12	15	20	25
Operating oil well average.		1.0	0.5	1.5	2.5	3.0	7.5	13.5	17.5	22.5
QLY Output bbl per well		354.8	325.4	173.6	222.2	444.462	200.000	200.000	220.000	250.000
Oil, BBL Equiv		354.782	162.689	260.360	555.556	1333.387	1500.000	2700.000	3850.000	5625.000
ASP WTI. Spot*		$102.88	$93.43	$92.18	$90.00	$94.62	$90.00	$90.00	$85.00	$85.00
Oil Revenue GROSS										
Oil revenue NET		$36,500	$15,200	$24,000	$50,000	$125,700.00	$135,000	$243,000	$327,250	$478,125
* QTLY average price of WTI, Cushing OK										
Data is based on net ownership of leases.										
Producing well count is based on the average of the preceeding and current well count										
All revenue in $ millions	$0.01	$0.04	$0.02	$0.02	$0.05	0.126	$0.14	$0.24	$0.33	$0.48

On Oct. 16, 2012 New Western Energy announced that its subsidiary, Royal Texan Energy, started a major work-over program on Well #1 on its Sam Cannon unit in the 680 acre Moran Lease in Shackelford County, Texas. The work-over is initially focused on the Mississippian production zone at a depth of 3,902 ft. However, a broken tube at 2,500 ft. will have to be removed before the well bore is open and production started.

Well #1 and well #4 on the same property, have together produced over 190 BOPD (**B**arrels of **O**il **p**er **D**ay) in the past, or close to $1.5 million per quarter at current oil prices.

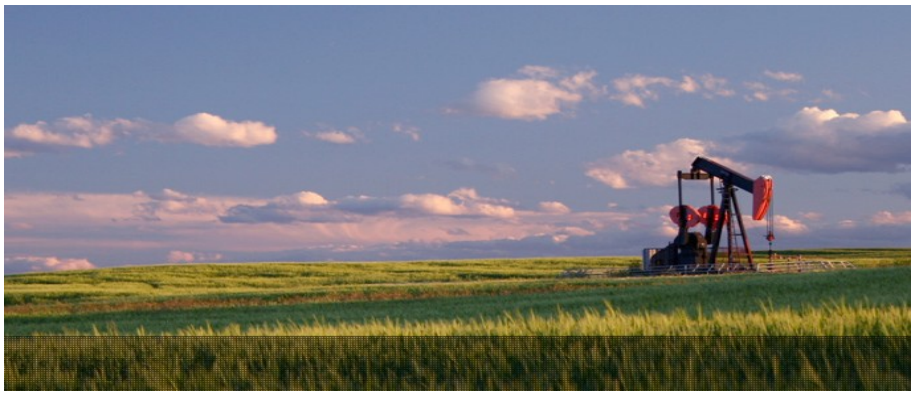
The company completed its drilling program on Swenson #1 oil well on the 160 acre Swenson Lease in Jones County Texas in mid-Sept. 2012. Surrounding leases have been very productive in the past. This well has been a producing well for the company over the past year.

New Western Energy announced on Sept. 17, 2012 that its operating partner on the Glass Lease in Rogers County Oklahoma has completed phase one of a new work-over program. Out of the 14 wells on the property 8 have been plugged to increase oil pressure in the Bartlesville Formation. These 8 wells had not been in use for several years. This work-over will increase oil production from the other 6 wells.

KEY POINTS

- Coverage has been initiated by Zacks Small Cap. Research.
- Revenue and earnings are expected to show significant growth over the next few years.
- We expect positive earnings in 2013.

OVERVIEW



The company was incorporated in the State of Nevada on September 25, 2008. The principal executive offices are located at 20 Truman, Suite 204, Irvine, California 92620.Telephone and fax numbers are (949) 435-0977 and (949) 861-3123, respectively. On December 1, 2010 an entity named New Western Texas Oil and Gas Corporation ("NWT") was incorporated in the State of Nevada as a wholly-owned subsidiary. NWT started its operations in January 2011.

Over the years the company has purchased (and sold) a number of properties to build a portfolio of oil and gas leases. The current strategy is to build the business through acquisition and partnerships, adding proven reserves and increasing production through the use of advanced technologies and using existing wells to minimize costs. The properties are outlined below in reverse order of acquisition.

Chautauqua Lease – **Smith Lease**, Chautauqua County, Kansas ("Chautauqua Lease") On **May 11, 2012,** the Company entered into an Assignment of Oil and Gas Lease with a third party for an oil and gas property in Kansas named as "Chautauqua Lease – Charles and Nancy Smith", whereby the assignor(s) granted the rights to the Company to explore and produce oil and gas. This property is adjacent to the **B&W Ranch** lease purchased in **Dec. 2011**. No hydrocarbons have been produced as of Sept. 30, 2012.

On **January 2, 2012**, **RTE** was acquired by New Western Energy pursuant to a Plan and Agreement of Reorganization dated December 1, 2011, in exchange for 1,000,000 shares of common stock and other considerations. RTE was acquired for its lease properties as well as its expertise in developing properties for exploration and production.

As part of the acquisition of RTE New Western Energy acquired a number of leases known as **the Mrs. W.G. Trice, Trice and Methodist Home and Trice Methodist "400"** in Shackelford County, Texas **("Trice Lease").** This lease had been acquired by RTE on April 1, 2010 when they entered into an assignment of oil and gas lease agreement with a Mr. Richard Windham JR, dba Tracker Mineral.

The **Reeves Lease** in Jones County TX was acquired on Oct. 10, 2012. This is about 84 acres and includes an area for a tank battery.

On Aug. 8, 2011 the **McLellan** lease was assigned to New Western Texas, a wholly owned subsidiary of New Western Energy, from a third party. This 160 acre property includes a tank battery site.

Swenson Lease, Jones County, Texas. On January 27, 2011 the Company's subsidiary New Western Texas acquired a 50% working interest (39.66 % net revenue interest) in 160 acres of oil and gas leases in Jones County, Texas.

Another property in Rogers County Oklahoma acquired by New Western Energy (a 60.94% net revenue lease) on June 27, 2009 is the **Phillips Lease**, again from RC Oil. This is about 150 acres. PEMCO became the lease operator when it acquired the interest from RC Oil.

On May 21, 2009 a lease was signed with RC Oil Co. Inc for the acquisition of 60.94% net revenue interest of the **Glass Lease** in Rogers County, Oklahoma. This 120 acre property is overseen by PEMCO LLC which acquired the ownership of RC Oil's share in Nov. 2011 and is the operator of the property.

New Western Energy also owns a land lease near Middlebury Township in Tioga County, Pennsylvania, the **Wellsboro Lease**. This is not far from Mansfield and US 15. This is in the Marcellus Shale formation. The lease has sand and gravel deposits that are essential components of the shale fracking process. There may also be natural gas in formations below the lease.



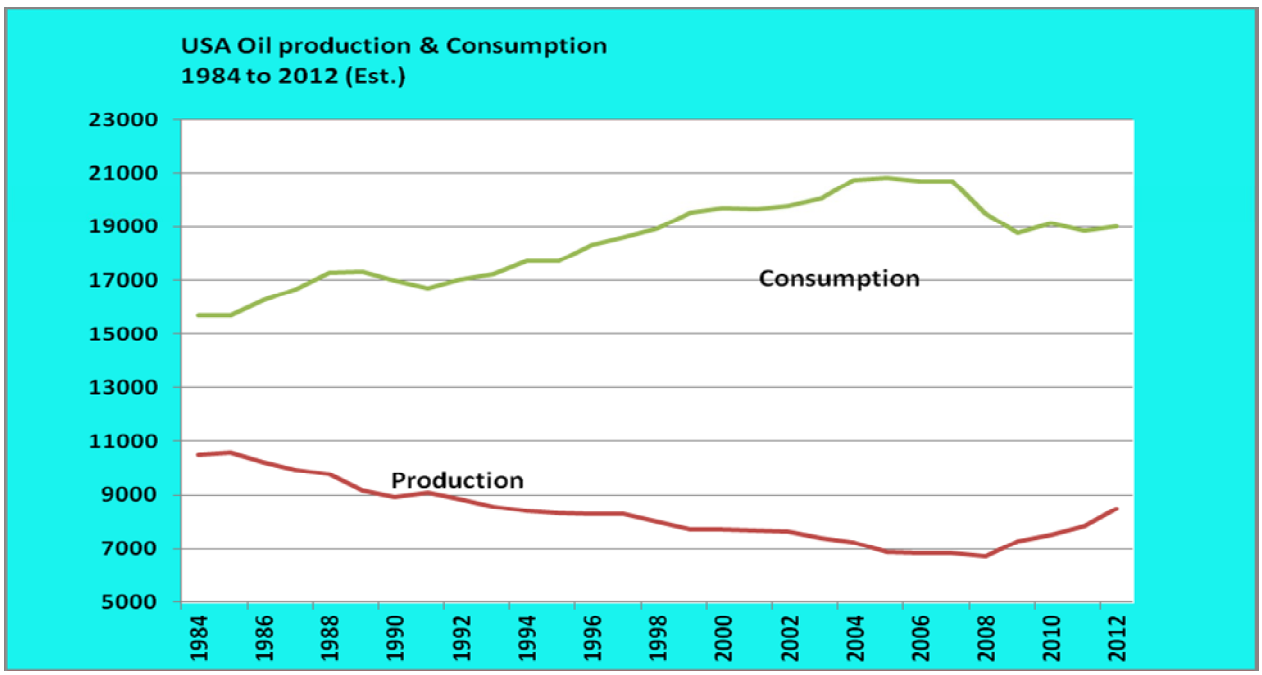
INDUSTRY OUTLOOK

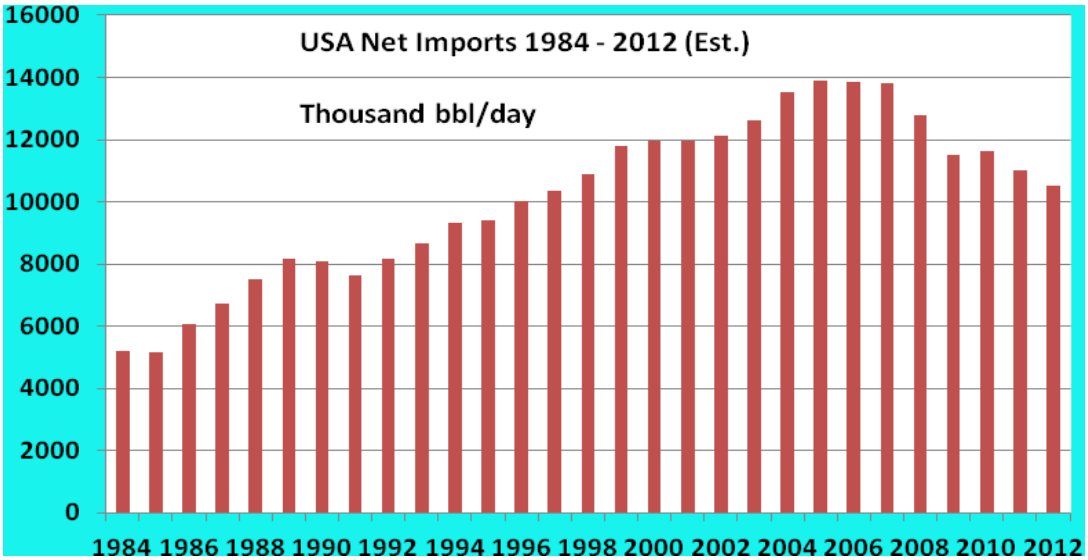
Oil and gas are the predominant sources of energy in the world and are likely to remain so in the foreseeable future. Natural gas will remain a "local" fuel. Given the reluctance to replace the nuclear power stations in Japan, Germany and the United States, dependence worldwide on oil will increase over time. The EPA is pressurizing the coal fired generating stations to close or switch to cleaner fuels, thereby moving electricity generation to natural gas where available or to fuel oil, although at present prices, gas is cheaper than coal. Natural gas currently exceeds coal as the energy source for power stations in the US.

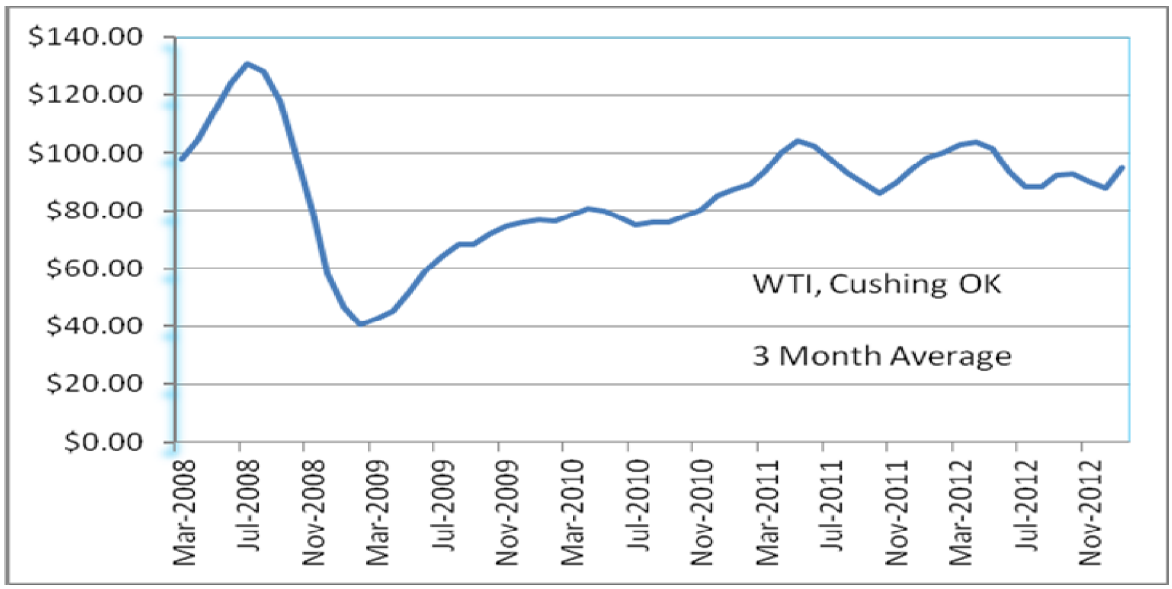
Over the past three to four years the poor economic conditions world-wide have reduced the demand for both oil and gas.. When the economies recover crude demand will increase, as will the price. Consumption has also declined due to the Ethanol and Biodiesel mandates. Biofuels account for about 5% of crude consumption. If you include the biofuel as a crude oil component, then crude consumption would be about 20,000 bbl/day, and the import gap would be larger.

The current cost of corn has resulted in a lack of profits by the ethanol industry causing plant closures. If a waiver is not granted to the ethanol/gasoline blenders, there will not be enough ethanol to meet the quotas, and ethanol will be replaced by gasoline from crude oil

Much of the interest is in the new fields that contain both oil and gas. However, there is still a large gap between production and consumption, one that is unlikely to shrink to much less than 10,000,000 barrels a day. So there will always be a demand for domestic sources of crude oil. Natural gas is hard to transport outside of a pipeline. As a result, the current transportation infrastructure is not in place to transport oil from such places as the Bakken shale formation to refineries or for gas production from shale fracking in the Marcellus, Utica and Huron structures in New York, Pennsylvania and Ohio. This has had a negative impact on gas prices, as supply exceeds local demand.

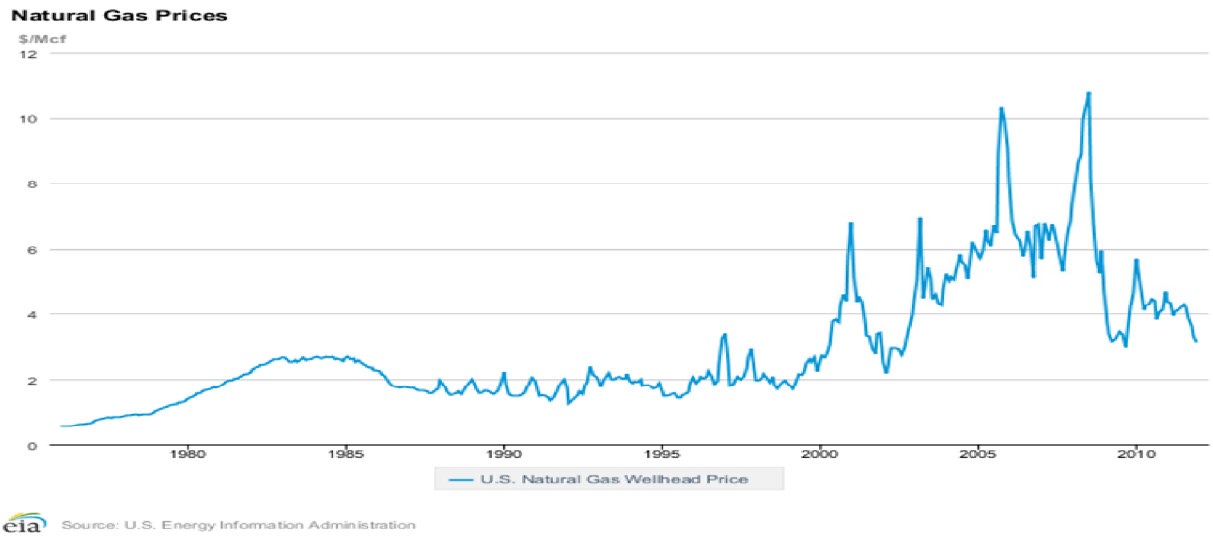


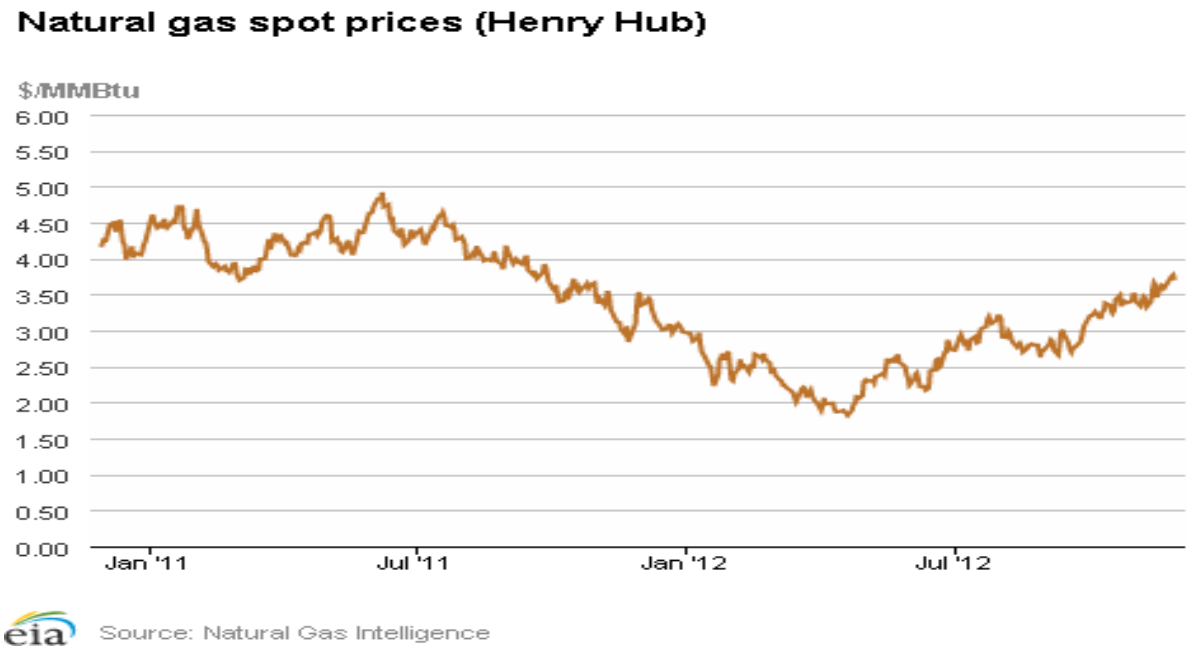




Recently the price of gas has been low enough, due to a supply glut, that power generating stations have been switching from coal to natural gas as a heat source. As a result railcar shipment of coal in the US has declined 10.5% year to date but has increased by 5% in Canada.

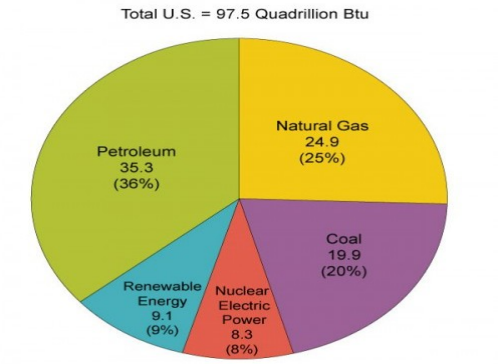
Since March, 2012 gas prices have recovered and are now over $3.00 a million BTUs (which is 1,000 cubic feet). The low prices of C_2, C_3 and C_4 hydrocarbons have allowed the petro chemical industry to match import prices for such things as plastics and increase production


Natural Gas Prices
$/Mcf
12
10
8
6
4
2
0
1980
1985
1990
1995
2000
2005
2010
U.S. Natural Gas Wellhead Price
eia
Source: U.S. Energy Information Administration


Natural gas spot prices (Henry Hub)
$/MMBtu
6.00
5.50
5.00
4.50
4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0.00
Jan '11
Jul '11
Jan '12
Jul '12
eia
Source: Natural Gas Intelligence

Primary Energy Use by Source, 2011

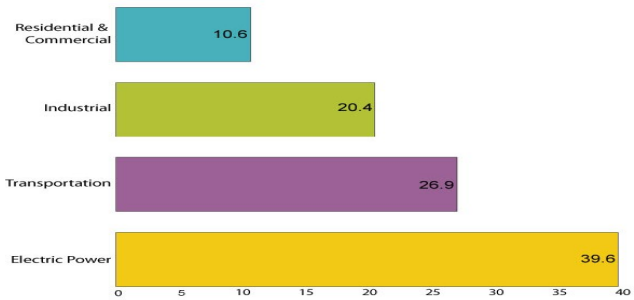
Quadrillion Btu and Percent



Source: U.S. Energy Information Administration, *Monthly Energy Review,* Table 1.3 (April 2012), preliminary 2011 data.

Primary Energy Use by Sector, 2011

Quadrillion Btu



Source: U.S. Energy Information Administration, *Monthly Energy Review,* Table 2.1 (April 2012), preliminary 2011 data.

Figure 3. Total U.S. petroleum and other liquids production, consumption, and net imports, 1970-2035

(million barrels per day)

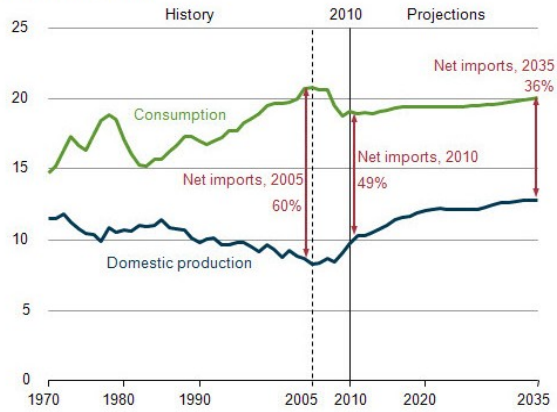
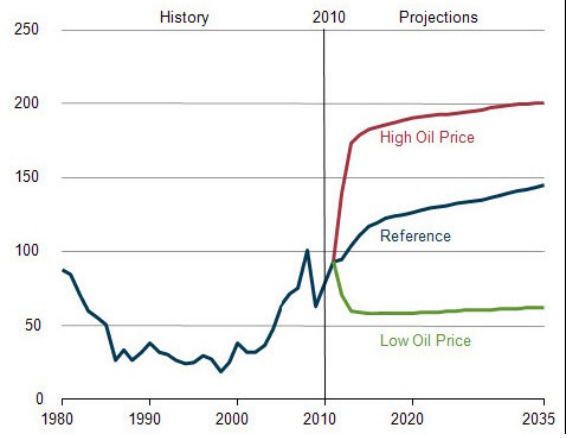


Figure 18. Average annual world oil prices in three cases, 1980-2035

(2010 dollars per barrel)



In the 2012 Annual Energy Outlook, the U.S. Energy Information Administration estimates that net imports of crude oil will decline from 49% of consumption in 2010 to 35% (of a higher rate of consumption) in 2035. The reference and high price targets in 2035 are $140 a bbl and $200 a bbl.

Even the most optimistic of forecasts do not see an elimination of crude oil imports within the next decade.

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INDUSTRY POSITION

There is a large number of small oil and gas companies in an industry dominated by very large multinationals. Most of the very small companies are not profitable at this time The industry is highly competitive at all levels as well as competing with other sources of energy such as coal and synthetic fuels. No single company is able to control its selling prices, which are set by the international markets in conjunction with OPEC. The oil and gas industry is subject to changes in regulation and legislation that may not be favorable to small companies

VALUATION

A method of valuing oil and gas companies is the ratio of market capitalization to proven reserves. Although this does not include a value for the undeveloped properties the equity markets do include such a value and the reserve values would be under stated. We have chosen to value New Western Energy at the median value $6.0 per barrel of oil equivalent. Given an estimated reserve of 20.2 million barrels of oil this implies a market capitalization of $125 million which we have rounded up to $2.00 a share.

COMPARISON TABLE	Ticker	Price	Mkt	ROE	P/E	P/E	P/B	P/S	EV/Sales	EV/EBITDA	PEG	Inst.	Mkt Cap
		4/4/13	Cap	(%)	L4Q	N4Q	LQ	L4Q	L4Q	L4Q		Ownership	per reserve bbl
			(in million)									%	
New Western Energy Corp.	NWTR	**$0.24**	**$16**	**-7.62%**	**-2.1**	**-239.3**	**18.23**	**N/M**	**18.85**	**N/M**	**N/A**	**N/A**	$0.70
Abraxas Petroleum Corp.	AXAS	$2.12	$195.6	43.20	N/A	14.13	4.25	2.89	4.90	11.45	N/A	42.9	$6.74
Clayton Williams Energy Inc.	CWEI	$40.19	$488.9	9.72	13.93	22.97	1.33	1.19	3.16	5.28	N/A	40.5	$7.76
Dejour Energy Inc.	DEJ	$0.17	$26.0	N/A	N/A	N/A	2.61	4.64	5.94	8.45	0.79	1.2	N/A
Duma Energy Corp.	DUMA	$2.02	$26.8	N/A	N/A	N/A	2.50	3.64	3.70	N/A	N/A	N/A	$2.23
Hyperdynamics Corp	HDY	$0.61	$102.3	N/A	N/A	N/A	1.49	4.30	6.40	N/A	N/A	25.50	N/A
Lucas Energy, Inc	LEI	$1.24	$33.1	N/A	N/A	15.50	1.22	4.19	6.63	N/A	N/A	5.5	$3.76
Native American Energy Group	NAGP	$0.11	$4.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Primary Petroleum Corp.	PETEF	$0.07	$10.0	N/A	N/A	N/A	0.40	N/A	N/A	1.97	NM	N/A	N/A
LGX Oil & Gas Inc.	ROAOF	$0.47	$41.6	4.99	3.11	N/A	0.39	10.08	10.39	N/A	N/A	N/A	$14.34
Royale Energy Inc.	ROYL	$3.01	$22.4	N/A	N/A	N/A	3.96	4.57	4.25	N/A	N/A	9.3	$3.88
Samson Oil & Gas Inc.	SSN	$0.50	$49.7	N/A	N/A	N/A	1.02	7.18	5.99	9.19	N/A	0.5	$50.71
Triangle Petroleum Corp.	TPLM	$6.20	$275.0	N/A	N/A	11.19	1.28	6.32	8.74	77.60	N/A	50.3	N/A
Xtreme Oil & Gas Inc.	XTOG	$0.01	$0.5	232.40	0.34	N/A	0.15	8.82	27.49	N/A	N/A	N/A	N/A
Vanguard Natural Reseources I	VNR	$27.70	$1,640.0	N/A	N/A	17.31	2.07	5.31	9.40	13.20	3.46	14.00	$22.81
Data from Yahoo Finance and Zacks Investment Research													
Mean				58.05	3.82	-35.11	2.92	5.26	8.87	18.99			11.27
Median				9.72	1.73	14.13	1.33	4.57	6.20	8.82			5.31

RISKS

- If the history of losses, continues it will have negative impacts on the company's ability to achieve its business objectives. The company will need additional funding to expand its drilling program. Without such additional capital New Western Energy will not be able to meet its objectives on sustainable positive net free cash flow.

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- The company has no control over the price of crude oil and a decline in that price would impact its ability to raise capital.

- Exploration, drilling and producing oil and natural gas are high risk operations and actual production may differ significantly from estimates and forecasts.

INSIDER TRADING AND OWNERSHIP

Javan Khazali, director and CEO, owns 38,800,000 shares as of 31 Oct. 2012 and has options to buy 200,000 shares.

Haris Baha, Executive VP, owns 3,000,000 shares.

Terry L. Carroll, director, owns 50,000 shares as of 31 Oct. 2012 and has options to buy 200,000 shares.

Amir Eskarous, director, owns 50,000 shares as of 31 Oct. 2012 and has options to buy 200,000 shares.

Officers and directors own 62.8% of the shares outstanding.

PROJECTED INCOME STATEMENT & BALANCE SHEET

New Western Energy Corp.																					
Consolidated Statements of Operations																					
(Dollars in millions except per share data)																					
Fiscal Year Dec. 31.	**2010A**	**2011A**	**1Q12**	**2Q12**	**3Q12**	**4Q12**	**2012E**	**1Q13**	**2Q13**	**3Q13**	**4Q13**	**2013E**	**1Q14**	**2Q14**	**3Q14**	**4Q14**	**2014E**	**1Q15**	**2Q15**	**3Q15**	**4Q15**	**2015E**
Net sales	**$0.53**	**$0.08**	**$0.04**	**$0.02**	**$0.02**	**$0.05**	**$0.13**	**$0.20**	**$0.25**	**$0.35**	**$0.55**	**$1.35**	**$0.85**	**$1.15**	**$1.50**	**$1.70**	**$5.20**	**$2.25**	**$2.50**	**$2.40**	**$2.25**	**$9.40**
% Change								447.95	1544.74	1358.33	1000.00	973.99	325.00	360.00	328.57	209.09	285.19	164.71	117.39	60.00	32.35	80.77
Cost Goods	0.57	0.06	0.01	0.01	0.03	0.03	0.09	0.12	0.15	0.20	0.31	0.77	0.47	0.62	0.80	0.92	2.80	1.13	1.25	1.20	1.13	4.70
G & A	1.56	0.26	0.12	0.10	0.09	0.10	0.41	0.10	0.10	0.10	0.10	0.40	0.10	0.15	0.20	0.25	0.70	0.34	0.38	0.36	0.34	1.41
Accretion	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depr. & Amort.	0.09	0.00	0.01	0.01	0.01	0.01	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Op Income GAAP	(1.71)	(0.28)	(0.10)	(0.11)	(0.10)	(0.09)	(0.40)	(0.02)	0.01	0.05	0.14	0.18	0.28	0.38	0.51	0.53	1.70	0.79	0.88	0.84	0.79	3.29
Interest Expenses	0.07	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.02	0.01	0.01	0.01	0.01	0.02	0.01	0.01	0.01	0.01	0.02
Interest Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non Op Income	(1.71)	(0.10)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Calc.Pretax	(3.49)	(0.38)	(0.10)	(0.11)	(0.11)	(0.09)	(0.41)	(0.02)	0.00	0.05	0.14	0.16	0.28	0.37	0.50	0.53	1.68	0.78	0.87	0.83	0.78	3.27
Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.00)	0.00	0.01	0.02	0.03	0.04	0.06	0.08	0.08	0.27	0.13	0.14	0.13	0.13	0.52
Tax Rate	0.00	(0.27)	0.00	0.00	0.00	0.00	0.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
Other NAT Income	0.00	(0.05)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pro-forma adj.	0.00	0.00	0.00	0.07	0.00	0.00	0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	(3.49)	(0.43)	(0.10)	(0.11)	(0.11)	(0.09)	(0.41)	(0.02)	0.00	0.04	0.12	0.14	0.23	0.31	0.42	0.44	1.41	0.66	0.73	0.70	0.66	2.74
Net For Common	($3.49)	($0.43)	($0.10)	($0.18)	($0.11)	($0.09)	($0.48)	($0.02)	$0.00	$0.04	$0.12	$0.14	$0.23	$0.31	$0.42	$0.44	$1.41	$0.66	$0.73	$0.70	$0.66	$2.74
Shares Used, millions	1.83	64.17	65.54	66.51	66.89	68.00	66.73	70.00	70.00	70.00	70.00	70.00	72.00	72.00	72.00	72.00	72.00	74.00	74.00	74.00	74.00	74.00
Earnings Per Share																						
EPS	**($1.91)**	**($0.01)**	**($0.00)**	**($0.00)**	**($0.00)**	**($0.00)**	**($0.01)**	**($0.00)**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.01**	**$0.01**	**$0.02**	**$0.01**	**$0.01**	**$0.01**	**$0.01**	**$0.04**
Pro Forma EPS	**($1.91)**	**($0.01)**	**($0.00)**	**($0.00)**	**($0.00)**	**($0.00)**	**($0.01)**	**($0.00)**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.01**	**$0.01**	**$0.02**	**$0.01**	**$0.01**	**$0.01**	**$0.01**	**$0.04**
Gross margins		30.38%	61.10%	15.13%	-20.83%	40.00%	31.50%	41.00%	42.00%	43.00%	44.00%	42.93%	45.00%	46.00%	47.00%	46.00%	46.13%	50.00%	50.00%	50.00%	50.00%	50.00%

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New Western Energy Corp.					
Consolidated Balance Sheet (in $ millions)					
Fiscal Year Dec. 31.					
	2010A	2011A	1Q12	2Q12	3Q12
ASSETS					
Cash & Equiv.	0.11	0.02	0.00	0.10	0.03
A/R, Oil & Gas	0.00	0.01	0.00	0.00	0.00
Inventories	0.00	0.00	0.00	0.00	0.00
Other	0.02	0.19	0.00	0.03	0.03
Total current assets	$0.13	$0.21	$0.00	$0.13	$0.07
Oil & Gas properties	0.49	0.47	0.00	0.54	0.55
Acc. Impairment	0.00	0.00	0.00	0.00	0.00
Resticted Cash	0.00	0.00	0.00	0.00	0.00
Other PP&E	0.11	0.10	0.00	0.11	0.21
Other	0.00	0.04	0.00	0.44	0.34
All Assets	$0.72	$0.82	$0.00	$1.22	$1.16
LIABILITIES AND NET WORTH					
Debt Due 1 Yr	0.00	0.10	0.00	0.03	0.00
Notes Payable	0.00	0.14	0.00	0.13	0.10
A/P	0.01	0.02	0.00	0.00	0.01
Taxes	0.00	0.00	0.00	0.00	0.00
Other, inc warrant liability	0.00	0.06	0.00	0.08	0.17
Total current liabilities	$0.01	$0.32	$0.00	$0.23	$0.28
Conv. Debt	0.00	0.00	0.00	0.00	0.00
L.T.Debt	0.00	0.00	0.00	0.00	0.00
Other LT	0.00	0.00	0.00	0.00	0.00
Def. Taxes & ITC	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00
All Liabilities	0.01	0.32	0.00	0.24	0.28
Pref.Stock	0.00	0.00	0.00	0.00	0.00
Common Stock	0.01	0.01	0.00	0.01	0.01
Surplus	1.75	1.91	0.00	2.61	2.61
Retained Earnings	(1.04)	(1.42)	0.00	(1.63)	(1.74)
Other	0.00	0.00	0.00	0.00	0.00
Treasury Stock	0.00	0.00	0.00	0.00	0.00
Net Worth	0.71	0.50	0.00	0.98	0.88
Total liabilities & stockholders' equity	$0.72	$0.82	$0.00	$1.22	$1.16

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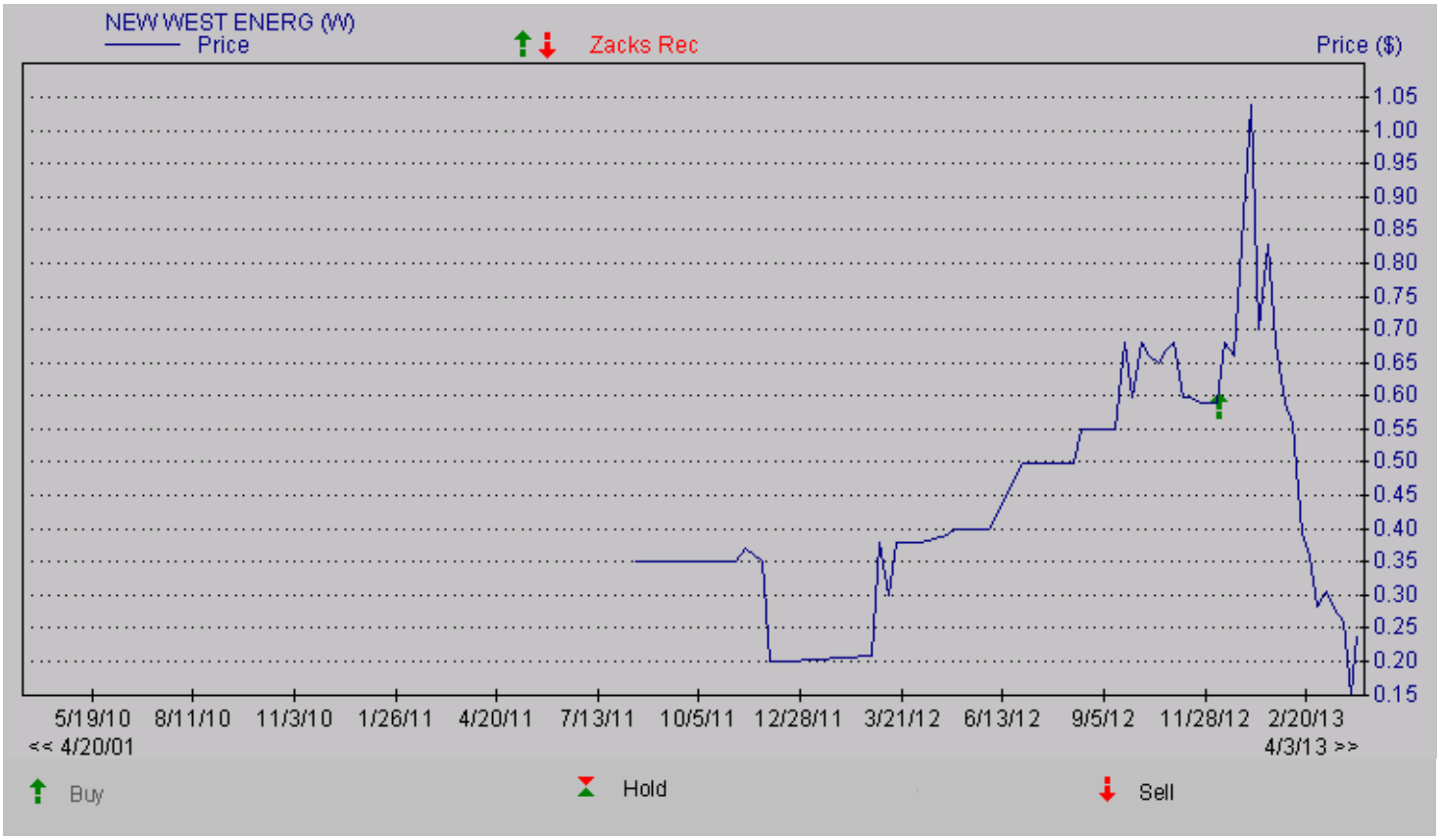
New Western Energy Corp.			
Condensed Consolidated Statements of Cash Flows			
thousands of dollars			9 months
Fiscal Year Dec. 31.	**2010A**	**2011A**	**2012 E**
Cash flow from operations:			
Net (Loss) Income	($0.82)	($0.43)	($0.32)
Depreciation & amortization			
Depletion &Accretion			
Stock issued for services			
Stock based compensation			
Impairment			
Misc.			
Other			0.13
Net cash provided by (used in) operating activites	**($0.82)**	**($0.43)**	**($0.19)**
Investment in Oil & Gas properties			0.06
Purchase of PP&E			0.00
Proceeds from disposal of PP&E			
Other			0.04
Net cash provided by (used in) investing activities	**$0.00**	**$0.00**	**$0.10**
Cash flow from financing activities:			
Proceeds from issuance of common stock			0.50
Proceeds (payment) on lines of credit, net			(0.11)
Proceeds from debt - related parties			
Proceeds fromo debt			
Payment on debt - related parties			(0.19)
Payment on debt			
Other			0.11
Net cash provided by (used in) financing activities	**$0.00**	**$0.00**	**$0.31**
Increase (decrease) in cash and equivalents	($0.82)	($0.43)	$0.02
Cash & equivalents at beginning of period	$0.02	($0.80)	$0.02
Cash & equivalents at end of period	($0.80)	($1.23)	$0.04

HISTORICAL ZACKS RECOMMENDATIONS



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