

ASX ANNOUNCEMENT AND MEDIA RELEASE

**14th October 2005
Norwest Share Purchase Plan**

Dear Shareholder

Norwest Energy NL Share Purchase Plan (“SPP”)

The Directors of Norwest Energy NL are pleased to advise the establishment of a Share Purchase Plan. 25,000,000 shares are offered pursuant to the SPP at a subscription price of 16 cents each and all shareholders are invited to participate.

The SPP offers an opportunity to eligible Shareholders, irrespective of the size of their shareholding, to purchase a minimum of \$500 worth and up to a maximum of \$5,000 worth of shares in the Company at an issue price of 16 cents each, which is a 20% discount to the current market price of the Company's Shares, and without having to pay brokerage fees and other charges.

The SPP will also enable Shareholders who do not hold a marketable parcel of \$500 worth of Shares, (based on the current share price of 20 cents this is 2,500 Shares) to increase their holding of Shares to greater than a marketable parcel without brokerage and other charges.

Under class order 02/831 issued by the Australian Securities and Investments Commission each eligible shareholder, irrespective of the size of holding, may purchase up to a maximum of \$5,000 worth of new shares at a discount from the market price of the shares.

This offer is however limited to a maximum of 25,000,000 Shares. If the Company receives applications in excess of this number then applications will be scaled back. Please refer to the Terms and Conditions for full details.

The Directors have determined that the Record Date for the offer of Shares under the SPP is 5.00 pm (WST) on 13th October 2005. Accordingly, as you were registered as a shareholder on the Record Date and are otherwise an Eligible Shareholder you are eligible to participate in the initial offer. Shareholders whose address is in the United States, Canada or other jurisdictions where such action is contrary to law will not be eligible to participate in the initial or subsequent Offers under the SPP.

Eligible Shareholders are entitled to subscribe for a minimum of \$500 worth to a maximum of \$5,000 worth of SPP Shares, or any other amount you may choose between the minimum and maximum. If you apply for \$5,000 worth you would be entitled to receive 31,250 Shares under the SPP.

The Company will seek to ensure that those shareholders who do not hold a marketable parcel are allocated sufficient Shares under the SPP to attain a marketable parcel.

In the event that at closing, the value of applications exceed \$4,000,000 then each application will be reduced proportionately and the resultant refund will be sent to the shareholder within 5 business days of closing.

Shares to be issued under the SPP will be allotted within three Business Days after closing.

Concurrent with this SPP the company is also proposing to offer 25,000,000 shares pursuant to a prospectus, at an issue price of 16 cents each, the same issue price as the SPP. This offer will be managed

by DJ Carmichael Pty Ltd. If both offers are fully subscribed, \$8,000,000 (before costs) will be raised. Funds raised by the Company from the SSPS will be used to fund its Australian and international petroleum exploration and development activities and to supplement the working capital of the Company. During the next twelve months the Company will be involved in a very active and exciting exploration programme.

AUSTRALIA The most significant of these projects is the forthcoming "Magnolia" exploration well where drilling is planned to commence during November 2005. Whilst the Company has a 19.6% free carried interest in this well it will be required to contribute to any cost over runs above an agreed amount of US\$8,000,000. In the event of a discovery the Company will in the first instance be required to fund its share of preliminary studies to establish the commercial viability of the project. This would then lead to a major financing requirement to fund a feasibility study and ultimately the development costs, all of which would form part of a separate financial proposal.

Exploration is continuing in the other Australian projects and drilling at offshore Perth Basin –TP15, in which Norwest is earning a 10% interest, is planned for April 2006.

USA-Appalachians A significant drilling programme is planned for the US Appalachian shale gas play where the Company has interests in three projects, Tennessee, Kentucky and West Virginia. The first five wells in Tennessee were successful to the extent that significant shale was intersected and all wells flowed gas. These wells were recently coupled into the regional gas pipeline system however the current flow rates are below expectations. These operations are being closely monitored as the five wells settle into a consistent and hopefully higher flow rate. Nonetheless at the current US gas prices of better than US\$12 per mcf the cost of US\$625,000 outlaid by Norwest for its share of the five wells should be recovered over a period of five years and will continue to contribute a steady revenue stream over a period of up to 25 years. Whilst the results of these first five holes have been below expectation they could be viewed as "exploration wells" and have given the project operators and joint venture partners valuable technical information that will assist with the decision making for the way forward for the Tennessee project. Start up at the Kentucky and West Virginia projects is expected in the coming months as drills become available. Due to the high price of gas and the coming winter season drill equipment and logistical and support personnel are in high demand.

UK - North Sea Southern Gas Basin Norwest now has an interest in three blocks in this area and work is continuing on these projects to work up potential drilling locations. The Company is also reviewing a number of farm-in opportunities that would potentially see drilling occur during 2006.

INDIA The Company recently announced the opening of an office in New Delhi and the appointment of a business development manager. The Company is focused on acquiring projects in India and the establishment of the Indian office forms part of this long term strategy.

Please note that the Closing Date for applying for SPP Shares is 28 October 2005. Any applications and payments received after this point will be returned.

Shareholders should be aware that the Company's endeavours are speculative in nature. The market price of Shares may rise or fall at any time including between the date of this letter and the date when SPP Shares are issued to you. This means that the price you pay per SPP Share may vary from the market price of Shares.

Under Australian Securities and Investments Commission Class Order 02/831 the Company is not required to issue a prospectus in relation to this Offer. Accordingly, you should rely on your own knowledge of the Company and disclosures already made by it to the ASX in determining whether to apply for SPP Shares. The activities of the Company are available on the web page www.norwestenergy.com.au. If in doubt, you should contact your stockbroker, solicitor, accountant or other professional adviser immediately. A copy of the terms and conditions of the SPP are attached.

Please read this letter and the enclosed Terms and Conditions of the SPP carefully. Certain words and phrases used in this letter, the Terms and Conditions and the Application Form are set out and defined on page 3 of the Terms and Conditions.

If you have any queries about the SPP, please contact either Ernie Myers or Peter Munachen or the undersigned on 08 9227 3240

Yours faithfully

Norwest Energy NL

Joe Salomon

CEO and director

Terms and Conditions of the Share Purchase Plan

This sets out the terms and conditions of the offer of Shares under the SPP. By accepting the offer to purchase SPP Shares, you agree to be bound by these terms and conditions and the Constitution of the Company.

1. PURPOSE

The purpose of the SPP is to offer Shareholders the opportunity to acquire additional fully paid ordinary Shares up to a maximum of A\$5,000 in any 12 month period at a discount to the market price of Shares on ASX without the need to pay stamp duty or brokerage costs and without the need for the Company to issue a prospectus.

2. SHAREHOLDERS ELIGIBLE TO PARTICIPATE

All persons registered as Shareholders at the Record Date may participate in the SPP except those Shareholders whose address in the Company's register of members is a country whose laws or regulations (in the reasonable opinion of the directors of the Company) make it unlawful or impracticable for the Company to offer and issue SPP Shares to that person. The Directors have determined that no Offers will be made to Shareholders who have registered addresses in the United States of America or Canada. Offers will, at the discretion of the Directors be made under the SPP once a year. The maximum amount which any Shareholder may subscribe for in any consecutive 12 month period is \$5,000.00 The Directors may also determine in their discretion:

- (a) the minimum amount for participation; and
- (b) the price and maximum number of SPP Shares to be offered under the SPP; and
- (c) the number of SPP Shares issued to an Applicant.

3. PRICE OF NORWEST SHARES

The Directors have determined that the Issue price of SPP Shares is 16 cents (\$0.16) per SSP Share. The pricing of any future Offer under the SPP will be determined by the Directors at the time.

4. ISSUE OF NORWEST SHARES

SPP Shares will be issued on the date specified by the directors of the Company in the accompanying letter. Shareholding statements will be issued in respect of all SPP Shares. The Company will, promptly after issue of SPP Shares make application for those SPP Shares to be admitted to quotation on the official list of ASX and all other stock exchanges (if any) on which the Company's Shares are listed.

5. COSTS OF PARTICIPATION

No brokerage, commission, stamp duty or other transaction costs will be payable by participants in respect of the application for, and issue of, SPP Shares.

6. TERMS OF THE OFFER

6.1 Participation

Participation in the SPP is entirely at your option.

The Offer is non-renounceable which means that you cannot transfer your right to purchase shares under the Offer to anyone else.

The maximum number of Shares you may apply for is 31,250.

SPP Shares will rank equally in all respects with all other fully paid ordinary Shares as from the date of allotment and will carry the same voting rights, dividend rights and other entitlements.

Please note that you must not apply for over \$5,000.00 worth of Shares in any 12 month period under the SPP or any other similar offer or purchase plan made by the Company. This excludes offers made under a Prospectus. Please refer to the statement found at item 3 on page 2 of the Application Form. The Company reserves the right to reject any application for SPP Shares to the extent it believes this term or any other term of the SPP has not been complied with.

If the correct amount is not tendered in the cheque with your Application Form, the Company reserves the right to return your Application Form and cheque and not allot any shares to you or to allot a lesser number of shares than that applied for.

6.2 Maximum Number of Shares Available

The maximum number of Shares available under the Offer is 25,000,000. If the Company receives applications for Shares in excess of 25,000,000 then the Company may in its sole discretion scale back Applications.

The Company reserves the right to:

- (a) reject any Application Form; and
- (b) allocate any Applicant a lesser number of Shares than that applied for, including less than a marketable parcel of Shares.

The Company will give priority to those shareholders who do not have a marketable parcel over Applicants who do have a marketable parcel.

6.3 Refunds

If an Application is not accepted, or is accepted in part only, the relevant part of the application monies will be refunded without interest to the Applicant as soon as practicable after the Closing Date.

6.4 Warning

The market price of the Company's Shares may rise or fall between the date of the Offer and the date when the Company allots the SPP Shares to you. This means that the price you pay per SPP Share under this Offer may exceed, or be less than, the market price of the Shares at the time of allotment of the SPP Shares. Shareholders should also be aware that the Company's endeavours are speculative in nature. Accordingly, you are encouraged to seek your own financial advice in relation to this Offer and your participation under the SPP.

7. MODIFICATION AND TERMINATION OF THE SPP

The Company may modify or terminate the SPP at any time.

The Company will notify the ASX of any modification to, or termination of, the SPP. The omission to give notice of any modification to, or termination of, the SPP or the failure of the ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, the Company may issue to any person fewer SPP Shares than the person applied for under the SPP if the issue of the SPP Shares applied for would contravene any applicable law, the Listing Rules of the ASX or for any other reason at the discretion of the Company.

8. DISPUTE RESOLUTION

The Company may settle in any manner it thinks fit any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant, application, or SPP Shares and the decision of the Company will be conclusive and binding on all

shareholders and other persons to whom that determination relates.
The Company reserves the right to waive strict compliance with any provision of these terms and conditions (subject always to compliance with the Corporations act and any ASIC class orders). The powers of the Company under these Terms and Conditions may be exercised by the directors of the Company or any delegate of the directors of the Company.

9. DEFINED TERMS

In this document, the accompanying letter and the Application Form:

Applicant means an applicant for the Shares comprised in the Offer.

Application Form means the application form for SPP Shares that accompanies this document.

ASIC means the Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited (ACN 008 624 691).

Business Day means a day on which trading takes place on the stock market of the ASX.

Closing Date means 28 October 2005 unless extended by the Company.

Company means Norwest Energy NL (ACN 078 301 505).

Constitution means the Company's Constitution.

Directors means the directors of the Company.

Dollar or **\$** means Australian dollars.

Eligible Shareholder means a shareholder on the Record Date with a registered address in Australia or another jurisdiction in which it is lawful for the Company to offer Shares under the SPP.

Issue means the issue of the Shares comprised in the Offer.

Listing Rules or ASX Listing Rules means the Listing Rules of the ASX.

Offer means the offer of SPP Shares pursuant to the SPP.

Record Date means 5.00 pm WST 13th October 2005.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder in the Company.

SPP or **Share Purchase Plan** means the share purchase plan announced on 14th October 2005.

SPP Share means a Share offered for subscription on the basis and under the terms of the SPP.

WST means Western Standard Time.
