



NORWEST ENERGY NL



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REPORT FOR THE QUARTER ENDED 30th September, 2005.

Highlights

- All five wells in the Tennessee project in which the company has a 37.5% working interest have been fraced and brought on line. Production rates for the wells are lower than anticipated. Norwest announced its intention not to proceed with further drilling on 26th October 2005.
- Norwest has established an office in New Delhi to identify and build on opportunities in India.
- In AC/P32, the Magnolia 1 drilling is now expected to take place in early November, 2005.
- Norwest has been awarded one block (47/8d and 47/13c) in the 23rd bidding round in the North Sea. The block is located in the Southern Gas Basin close to the block already held by Norwest.
- The Jingemia field re-started production again on 25th September at approximately 4,000 barrels per day.
- Placement raises \$4 million.
- Share Purchase Plan in progress to raise a maximum of \$4 million

OVERSEAS PROJECTS

US Appalachians Gas, Tennessee (WI 37.5%), Kentucky (WI 70%) and West Virginia (WI 50%)

Norwest and its partners have drilled five wells as part of a staged farm in to the Koppers North and Carden Prospects in Campbell County, Tennessee. Two different frac techniques were tried in an effort to determine the best completion technique.

The project is adjacent to existing gas pipelines and Miller, the operator, has contracts with the pipeline owners for delivery of gas.

The flow rates have been less than expected and after carefully monitoring the performance of the wells, Norwest has elected not to proceed with further drilling on this project and to direct the funds saved to the Company's other two projects in the Appalachians which are anticipated to provide better returns. Norwest retains its interest in the ongoing production from the five wells.

UK North Sea Blocks 48/1a (part) and 48/2b (part) 50%

Norwest has a 50% interest in North Sea Blocks 48/1a and 2b. First pass mapping of 3D data has been completed, prior to reprocessing of the data. A drill or drop decision is required by December 2006.

UK North Sea Blocks 47/8d and 47/13c 50%

As a result of the 23rd Round Bidding, the Company, through its wholly owned subsidiary NWE Southern Cross (UK) Pty Ltd, has been awarded one block by the UK Department of Trade and Industry (DTI). Norwest and Nido Petroleum each hold 50% interest in the block located in the Southern Gas Basin close to block 48/1a&2b. The block was awarded on a "Promote" basis which allows two years in which to evaluate the acreage before making a drill or drop decision. The block is adjacent to producing fields and along structure from the large (750BCF) Amethyst gas field.

Norwest also has an option to take a 25% interest in a number of blocks awarded in the Inner Moray Firth area.

AUSTRALIAN PROJECTS

AC/P32 Vulcan Sub-basin Timor Sea 19.6%

Due to the rig's prior commitments, Magnolia 1 is now scheduled for November 2005. In view of the delay the NT DBIRD approved a further 5 month extension of the Permit conditions until 27th February 2006 in which to drill the well.

During the quarter significant drilling planning and preparatory work was carried out. This included work relating to the contracting and preparation of materials and services required for the drilling operations.

AC/P22 Vulcan Sub-basin Timor Sea 1.25% Over-riding Royalty

Norwest's 2.5% interest has been converted into a 1.25% over riding royalty in the permit, which contains the Puffin field (estimated to contain 10.4 mmbbl P90). Drilling is scheduled for one exploration well and two Puffin development wells to commence later this year with the Operator AED intending to develop the Puffin field with estimated initial production 30,000 barrels a day (potentially 375 barrels net to Norwest per day).

EP 413 and L14 Jingemia Oil Field Northern Onshore Perth Basin 1.278%

Oil production sold during the Quarter was 17,942 barrels, 229 barrels net to Norwest. The produced oil is being trucked and sold to BP's Kwinana Refinery.

During the Quarter remedial workovers were performed on Jingemia 1 and Jingemia 4. New producer Jingemia 10 (a sidetrack of Jingemia 6) was drilled, completed and brought online. Jingemia 5, designed as a water injection well was also drilled during the quarter

Production re-started on 25 September 2005 via new producer Jingemia 10. Water injection was also re-started into Jingemia 3 to provide reservoir support. Average oil

production rate was 3,813 bopd with an average water injection rate of 2,322 bwpd.

TP/15 Northern Offshore Perth Basin acquiring 10%

During the Quarter, the Joint Venture applied to renew the permit for a period of 5 years with a well in the first permit year. It is anticipated that the well will be drilled in the first Quarter 2006.

EP 364 Offshore Carnarvon Basin 10%

An application to convert EP364 to a Retention License has been submitted to the WA DoIR.

EP 368 Northern Onshore Perth Basin 10%

During the Quarter processing of data from the Murrumbah Gravity Survey continued and planning for the 146 km 2D Springy Creek Seismic Survey was undertaken. An aeromagnetic survey is scheduled to commence in late October 2005.

EP437 Northern Onshore Perth Basin 33 1/3%

An application to conduct a seismic survey has been submitted to the DOIR. The Dog Hole Seismic Survey comprises 70 km of 2D seismic and it is anticipated that the survey will be recorded sometime between January and April 2006.

The new seismic data will be integrated with the older data to better delineate a number of potential leads in the block.

CORPORATE

On 14th October the Company issued a prospectus for the issue of 25 million shares at 16 cents each. The issue closed fully subscribed on 27th October 2005. The Company also announced on 14th October 2005 the offer of 25 million shares at an issue price of 16 cents pursuant to a Share Purchase Plan. The offer closes at 5.00pm WST on 28th October 2005, and if fully subscribed, will raise \$4 million.

EXPENDITURE

The group spent \$658,000 on exploration and evaluation activities during the Quarter ended 30th September, 2005.

J A Salomon CEO & Director

The above information as far as it relates to potential hydrocarbon reserves, is based on, and accurately reflects information compiled by Mr J A Salomon. Mr Salomon has appropriate technical qualifications and has in excess of 5 years relevant experience. Mr Salomon is a director of Norwest Energy NL and he consents to the release of the information, as disclosed above.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Norwest Energy NL

ABN

65 078 301 505

Quarter ended ("current quarter")

30 September 2005

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (..3.... months) \$A'000
1.1	Receipts from product sales and related debtors	24	24
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(658)	(658)
1.3	Dividends received	(321)	(321)
1.4	Interest and other items of a similar nature received	70	70
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
Net Operating Cash Flows		(885)	(885)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(22)	(22)
1.9	Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		(22)	(22)
1.13	Total operating and investing cash flows (carried forward)	(907)	(907)

1.13	Total operating and investing cash flows (brought forward)	(907)	(907)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(907)	(907)
1.20	Cash at beginning of quarter/year to date	5,506	5,506
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	4,599	4,599

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	144
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Payments to companies associated with directors (in 1.23 above) for:	
Corporate consulting fees	12
Technical & management fees	59
Directors fees	17
Administration & secretarial fees	56

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,132
4.2 Development	87
Total	1,219

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	669	256
5.2 Deposits at call	3,930	5,250
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	4,599	5,506

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	167,471,872	167,471,872		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	3,250,000 500,000 500,000 1,100,000 2,500,000 500,000 500,000 250,000 250,000		<i>Exercise price</i> \$0.20 \$0.10 \$0.15 \$0.15 \$0.15 \$0.13 \$0.18 \$0.20 \$0.25	<i>Expiry date</i> 28 November 2007 30 June 2008 30 June 2008 21 November 2008 25 November 2009 9 March 2010 9 March 2010 9 June 2010 9 June 2010
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				

