



ASX Companies Announcements Office

REPORT FOR THE QUARTER ENDED 31st December, 2005.

Highlights

- In AC/P32, the Magnolia 1 well spudded on 26th December. It drilled to 3109 metres and was plugged and abandoned without shows on 12th January 2006.
- A 3 well drilling program in Kentucky commenced.
- Planning for up to a seven well program in West Virginia is underway – expected to start late February.
- Reprocessing of 3D seismic data in North Sea Block 48/1b & 2c is underway.
- Technical staff for Norwest's Delhi office were recruited.
- Tennessee wells continued to produce gas at low rates.
- Jingemia field production net to Norwest for the quarter was 4,843 barrels.
- A \$4 million placement was completed, and \$1.18 million was raised under a Share Purchase Plan.

OVERSEAS PROJECTS

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

In Kentucky, a three well drilling program commenced in late November 2005. The first well reached a total depth of 683 metres (2240 feet), and the second, 653 metres (2142 feet). Both wells intersected over 137 metres (450 feet) of the targeted Devonian shale. The third well will be finished in January 2006.

A frac/completion program is being determined for the first two wells, and it is expected that this will be implemented in January 2006. The third well will follow soon after. Given that the many operators do not work in the winter months, it is anticipated that crews will be available at shorter notice than in the main drilling season.

Oil shows were noted within the Berea section overlying the Devonian shale in the first well. The Berea and other zones are secondary targets in all three wells. Small volumes of oil and gas have historically been produced at low rates from the Berea within the area. Whilst any oil production achieved from the well would be expected

to be modest, the overall project does include the possibility that oil or gas from this zone may augment the gas production from the shale section.

In Tennessee, gas is being produced from 5 wells in the Koppers/Carden area at low rates.

In the West Virginia project, drilling of a multi-well, back-to-back program is planned to commence in late January. A program of seven wells is likely to take advantage of the firm rig booking.

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

Norwest has a 50% interest in North Sea Blocks 48/1b and 2c. Rerrocessing of 3D data is underway in Perth. A drill or drop decision is required by December 2006.

The main prospect is a robust closure adjacent to a gas discovery well.

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

Norwest, 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) from the 23rd Round of Bidding. Norwest and Nido Petroleum each hold a 50% interest in the block located in the Southern Gas Basin close to block 48/1b & 2c. 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%

The Magnolia 1 well was spudded on 26th December. The well reached a total depth of 3109 metres on 10th January 2006. A number of reservoir quality sands were intersected without shows and the well has been plugged and abandoned.

The Joint Venture now faces a decision on entering in to the next permit year which starts on 27th February 2006, and which carries a commitment to purchase 3D seismic and undertake technical work.

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 two Puffin development wells to commence in February 2006 followed by one exploration well. The Operator AED, has secured a drilling rig the Stenna Clyde which is scheduled to be available in February. AED has also secured a FPSO for

production anticipated to begin in the second half of 2006 with estimated initial production 30,000 barrels a day (potentially 375 barrels net to Norwest per day). A Field Development Plan has been lodged and AED has applied for a Production Licence to enable production of oil from the Puffin field

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

Oil production sold during the Quarter was 378,915 barrels, 4,843 barrels net to Norwest. The produced oil is being trucked and sold to BP's Kwinana Refinery.

Average oil production for November and December was approximately 4,500 bopd. The jet pump installed at Jingemia 4 is working with the well contributing around 800 to 1,000 bopd depending on surface injection pressure.

A Jingemia water bore was drilled to a total depth of 800 metres in November 2005.

Some reprocessing of the data from the Denison Seismic Survey to reduce data discontinuities will be conducted.

Construction work on some of the flowlines has suffered delays due to lack of qualified manpower.

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 May 2006 using the Ensco 67 jackup rig currently working for Roc at the Cliffhead oilfield.

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, the Wye Aeromagnetic survey's was completed. A total of 335 sq km of data was recorded. Planning for the 146 km 2D Springy Creek Seismic Survey was undertaken and is scheduled to be recorded in March 2006. The results of further processing and interpretation of the gravity and aeromagnetic survey's are anticipated in the first quarter of 2006.

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 February and April 2006. The survey has been designed to concentrate on the most prospective areas in the permit.

An application to the DoIR to exchange 50 km of 2D commitment to 14 km² of the

Denison 3D has been approved. Reprocessing of 2D seismic data is ongoing and will continue into the first quarter of 2006.

During the Quarter the 185sq km Wye Aeromagnetic survey's was completed. The new seismic, aeromagnetic and gravity data acquired earlier in the year 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. This raised \$1.18 million for the issue of 7,587,500 shares.

EXPENDITURE

The group spent \$758,000 on exploration and evaluation activities during the Quarter ended 31st December, 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.

Rule 5.3

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")

31 December 2005

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (.6.... months) \$A'000
1.1	Receipts from product sales and related debtors	248	272
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(758)	(1,416)
1.3	Dividends received	(164)	(485)
1.4	Interest and other items of a similar nature received	75	145
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		(599)	(1,484)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(16)	(38)
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		(16)	(38)
1.13	Total operating and investing cash flows (carried forward)	(615)	(1,522)

1.13	Total operating and investing cash flows (brought forward)	(615)	(1,522)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	5,181	5,181
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)	(271)	(271)
	Net financing cash flows	4,910	4,910
	Net increase (decrease) in cash held	4,295	3,388
1.20	Cash at beginning of quarter/year to date	4,599	5,506
1.21	Exchange rate adjustments to item 1.20	18	18
1.22	Cash at end of quarter	8,912	8,912

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	141
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	29
Technical & management fees	59
Directors fees	25
Administration & secretarial fees	28

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

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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	1,271
4.2 Development	97
Total	1,368

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	591	606
5.2 Deposits at call	8,321	4,894
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	8,912	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	199,854,38	199,854,538		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	32,382,666	32,382,666	\$0.16	\$0.16
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 7,587,500		<i>Exercise price</i> \$0.20 \$0.10 \$0.15 \$0.15 \$0.15 \$0.13 \$0.18 \$0.20 \$0.25 \$0.20	<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 27 November 2008
7.8 Issued during quarter	7,587,500		\$0.20	27 November 2008
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				

7.12	Unsecured notes (<i>totals only</i>)		
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Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:
 (Director/Company secretary)

Date: 30 January 2006

Print name: E A Myers

Notes

1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.