



NORWEST ENERGY NL

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REPORT FOR THE QUARTER ENDED 31st December 2004.

Highlights

- US Appalachians gas project proceeding
- Completed AC/P32 technical work, highgrading drilling prospect Magnolia for 2005
- Signed Letter of Intent with Diamond Offshore for Ocean Bounty rig to drill Magnolia at earliest opportunity
- AC/P32 Farmout to ARC Energy
- Continued production from Jingemia
- New onshore Perth basin permit EP437 awarded

OVERSEAS PROJECTS

US Appalachians Gas 70% and 50%

Leasing of lands in the Appalachians project commenced during the quarter. Seismic data was purchased and reprocessed, and a series of well locations were planned, with the intention of drilling at least 3 wells in the March 2005 quarter. The Appalachians area is experiencing a boom in activity resulting in a shortage of people with the skills and accreditation to undertake the necessary title determination before drilling. Also drilling rigs and completion crews are in high demand which may impact on the commencement of drilling. At the end of the quarter, Norwest was in discussion with a number of possible local operators to manage drilling and production operations in both the 70/30 farmin area (to GoldenTriangle) and the 50/50 AMI area.

UNITED KINGDOM

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

North Sea Blocks 48/1a and 2b were awarded by the UK Department of Trade and Industry. Norwest has a 50% interest in the blocks. Technical work reprocessing 3D seismic will commence as soon as data is received from the UK.

AC/P32 Vulcan Sub-basin Timor Sea 32.67%

Technical work in AC/P32 including reprocessing of 3D data, acquisition and processing of 2D data and interpretation work was completed during the quarter. Through a Norwest initiative involving an expert consultant from the UK, an alternative interpretation for the block and the region was established, and the Magnolia prospect highgraded for drilling in 2005. A preliminary well plan was completed, casing purchasing and rig contracting was investigated. A Letter of Intent was signed with Diamond Offshore to use the Ocean Bounty drilling rig to drill Magnolia at the first opportunity, which is likely to be in June 2005.

An extension of the permit terms was granted by the regulating authority to allow sufficient time to contract a drilling rig.

A farmout to Arc Energy/Clearwater Resources was completed giving Arc/Clearwater the right to earn a 25% interest in AC/P 32 by funding 37.5% of the upcoming Magnolia oil exploration well, and a portion of seismic costs.

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

Continued construction of long term production facilities occurred at the Jingemia Field. Jingemia -1 and -4 have contributed to production during the quarter, with pressure support being provided by water injection in the Jingemia 3 well.

Oil production sold during the Quarter was 28,484 barrels, 3,640 barrels net to Norwest. The produced oil is being trucked and sold to BP's Kwinana Refinery.

3D seismic recording on a large survey operated by Arc Energy, and which will cover part of EP-413 commenced in the quarter.

TP/15 Northern Offshore Perth Basin acquiring 10%

Acquisition of a gravity survey was undertaken during the quarter. Interpretation of the data was used to assist in the planning for a new seismic survey to be acquired early in 2005. This seismic will concentrate on identified leads with the aim of bringing them to drillable status.

WA-226-P Northern Offshore Perth Basin (Sold)

During the quarter Roc Oil exercised its option over Norwest's interest in the permit. As a condition of the sale agreement, if a future discovery is declared commercial in the permit area, Roc will make a one-time payment to Norwest of \$375,000.

EP-419 Northern Onshore Perth Basin

Norwest Energy NL has signed a Heads of Agreement with an unrelated private third party to dispose of its 80% interest in EP419 in the Perth Basin.

EP-368 Northern Onshore Perth Basin 10%

Acquisition of a regional gravity survey extending over the permit and adjacent areas of the basin was delayed until after the cropping season. It is expected that a detailed 2D seismic survey will follow during the summer field season and will probably be aimed at maturing a prospect close to the Mount Horner field which is held by other parties in an adjacent license area.

EP-364 Offshore Carnarvon Basin 10%

Norwest non-consented in the drilling of Cyrano-2 which was an unsuccessful well drilled during the quarter. The Company did not participate in the drilling of Cyrano-1 which discovered a gas and thin oil column.

This permit will be reviewed in the March 2005 quarter.

AC/P22 Vulcan Sub-basin Timor Sea 45% reducing to 2.5%

Farmout negotiations with a third party have been completed. This deal allows either party to convert the 2.5% participating interest to a 1.25% royalty.

EP437 Northern Onshore Perth Basin 33 1/3%

EP 437 was awarded to Norwest together with Arc Energy and CalEnergy of the UK, with Arc as Operator of the block. Technical work will commence in the March 2005 quarter.

EXPENDITURE

The group spent \$323,000 on exploration and evaluation activities during the quarter ended 31st December 2004.

J A Salomon
CEO

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 2004

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	184	279
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(323)	(650)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	156	238
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)	200	407
	Net Operating Cash Flows	19	(159)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(12)	(20)
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	(12)	(20)
1.13	Total operating and investing cash flows (carried forward)	7	(179)

1.13	Total operating and investing cash flows (brought forward)	7	(179)
	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	7	(179)
1.20	Cash at beginning of quarter/year to date	7,695	7,881
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	7,702	7,702

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	125
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	55
Directors fees	20
Administration & secretarial fees	38

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

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	N/A
3.2 Credit standby arrangements	Nil	N/A

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,513
4.2 Development	97
Total	1,610

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	200	188
5.2 Deposits at call	7,502	7,507
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	7,702	7,695

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	North Sea 48/1a 48/2b US Appalachians US AMI Area	0% 0% 0% 0%	50% 50% 70% 50%

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 <i>(description)</i>				
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 <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	3,250,000 500,000 500,000 1,100,000 2,500,000		<i>Exercise price</i> \$0.20 \$0.10 \$0.15 \$0.15 \$0.15	<i>Expiry date</i> 28 November 2007 30 June 2008 30 June 2008 21 November 2008 25 November 2009
7.8 Issued during quarter	1,100,000 2,500,000		\$0.15 \$0.15	21 November 2008 25 November 2008
7.9 Exercised during quarter				
7.10 Expired during quarter	46,420,643	46,420,643	\$0.25	31 December 2004
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

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: Date: 31 January 2005
(Director/Company secretary)

Print name: E A Myers
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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.

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