



NORWEST ENERGY NL

Annual Report

2004

CORPORATE DIRECTORY

DIRECTORS

H D Kennedy (Chairman)
P L Munachen
A K Svalbe

CHIEF EXECUTIVE OFFICER

J A Salomon

SECRETARY

E A Myers

REGISTERED & PRINCIPAL OFFICE

288 Stirling Street
PERTH WA 6000

Telephone (61 8) 9227 3240
Facsimile (61 8) 9227 3211

ADDRESS FOR COMMUNICATIONS

(Enquiries regarding shareholding should be directed to the Share Registry)

P.O. Box 8260
Perth Business Centre
PERTH WA 6849

Website: www.norwestenergy.com.au

Should you have any queries on the Company's activities, please contact

Mr Joe Salomon or in his absence,
Mr Peter Munachen or Mr Ernie Myers.

STOCK EXCHANGE LISTING

Australian Stock Exchange Limited
(Home exchange - Perth)

Codes :

NWE (shares)
NWEOA (options)

SHARE REGISTER

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St George's Terrace
PERTH WA 6000

Telephone (61 8) 9323 2000
Facsimile (61 8) 9323 2033

AUDITORS

KPMG
Level 31, Central Park
152 St George's Terrace
PERTH WA 6000

AUSTRALIAN COMPANY NUMBER

078 301 505

AUSTRALIAN BUSINESS NUMBER

65 078 301 505

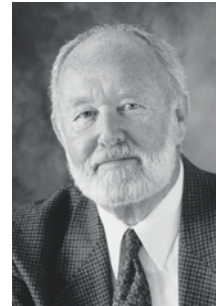
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LETTER FROM THE CHAIRMAN



Norwest Energy NL is in an ideal position for growth. The company has an existing acreage portfolio in Australia which management believes has good prospectivity. It has a small cash flow from production which covers corporate overheads, and it has cash in the bank ready to apply against new projects which are being actively sought.

The year has been a consolidation year for the company with:

- Sale of the WA-286-P permit (Cliff Head Project) for a cash payment of \$8.1 million plus an over-riding royalty for production in excess of 28 million barrels will provide the basis for acquisition of new projects
- Drilling of three development wells at Jingemia and the granting of a Production License over the field
- Commencement of construction of long-term production facilities at Jingemia
- Sale of the WA-226-P permit for cash, with a further cash payment to be made if a future commercial discovery is made
- A concerted technical effort as operator of AC/P32 to define drillable prospects
- Continued strong technical efforts in TP/15 to develop the next drilling opportunity
- A technically based decision not to participate in drilling in EP-364
- Successful farmout of AC/P22 following disappointing results in reprocessing data and re-interpretation of the Puffin Field
- A continuation of activities in the Perth Basin to define new drilling locations.

These Australian assets are considered as “foundation” assets. Most of the acreage held by the company inherently has the technical capacity

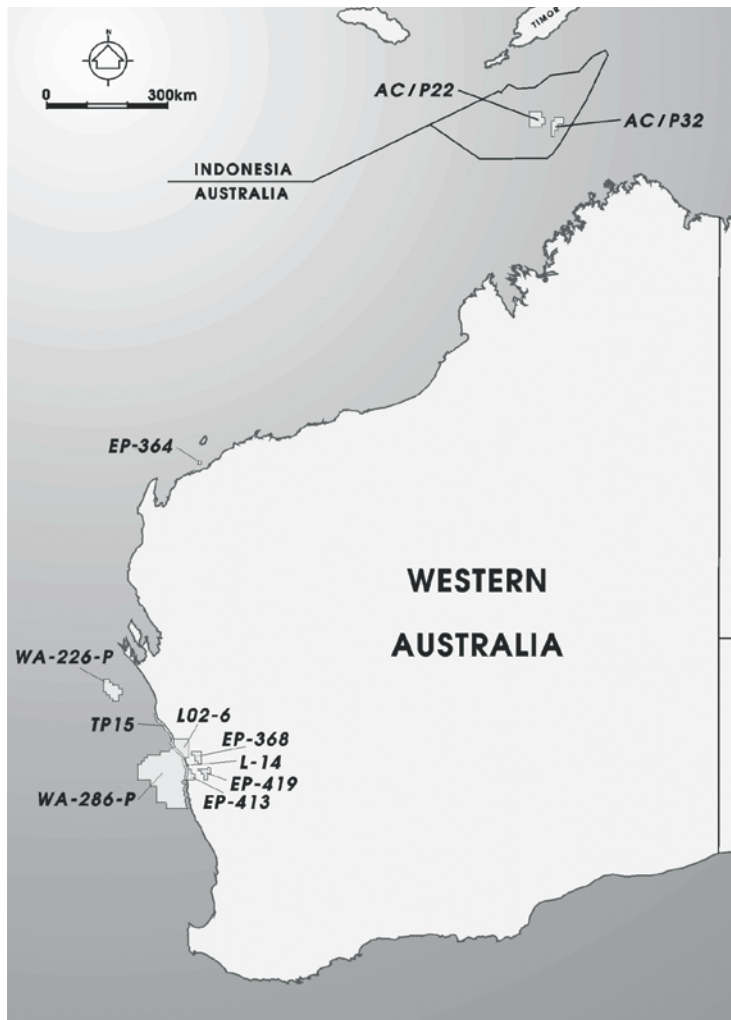
to provide value and company growth. Those blocks that do not fit into this category will be rationalized. These assets provide the “platform” to enable the company to move further afield to look for, and acquire positions in new projects. The search for high value projects will extend to overseas countries where Norwest has identified that the fiscal terms provide for good financial returns, and where strong technical cases can be made for prospectivity. The company aims to extend its portfolio so that it has a good mix of high risk/high reward projects (exploration based) and near-to-medium-term cash flow opportunities.

Advancing technology and general re-structuring within the industry as a whole, means that small companies have all the technical resources that they require to operate anywhere in the world, with capabilities perhaps not seen before.

Norwest's prime objective remains to create value for its shareholders. The consolidation over the last year provides the company with an opportunity for a “fresh start”, and I believe this will be evident in the company's performance over the coming year, under its new Chief Executive, Joe Salomon.

I would like to thank all shareholders for their continued support, and management as well as director Andrew Svalbe for excellent performance during an arduous and successful period of transition.

H. D. (David) Kennedy
Chairman



Permit	Description	Equity	Location
L-14	Production From Jingemlia Oilfield	1.278%	Onshore
EP-413	Exploration Prospects	1.278%	Onshore
WA-286-P	Sold		
TP/15	Exploration Prospects	0% earning 10%	Offshore Coastal Strip
EP-368	Exploration Prospects	10%	Onshore
WA-226-P	Sold		
EP-419	Under Review	80%	Onshore
L02-6	Application Awaiting Approval	33.33%	Onshore
EP-364	Under Review - Not Participating in Well	10%	Offshore
AC/P32	Exploration Prospects	49%	Offshore
AC/P22	Farmed down interest	2.5%	Offshore



REVIEW OF OPERATIONS



Photo courtesy of Voyager

Perth Basin

EP-413/L-14 Onshore Perth Basin

Norwest Energy NL 1.278%

Norwest is very pleased to be a participant in the L-14 production venture at the Jingemina Oilfield. Reservoir performance has been excellent and future cash flow from the operations will be robust, even though Norwest's equity is small. During the year, three development wells were drilled and a production license, designated L-14, was awarded.

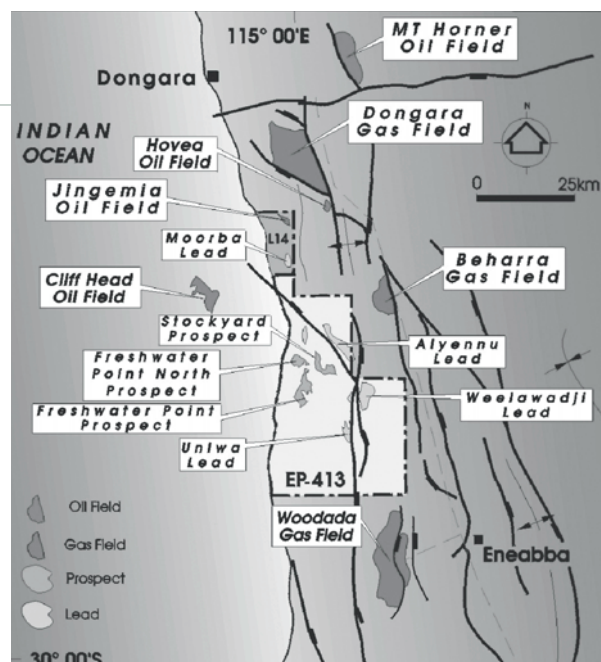
The field was discovered in 2002. It is located 340 kilometres north of Perth and 12 kilometres south of the town of Dongara. After the successful discovery at the Jingemina-1 well, two wells were drilled primarily to provide pressure support to the oil production through water injection. The number two well intersected a section of poor reservoir quality which was unsuitable for injection, while the number three well was successfully completed as an injection well close to the oil water contact.

Jingemina-4 was drilled in 2004 as an appraisal/development well. It intersected the crest of the accumulation and encountered the thickest oil column to date (32.3 metres gross, 29 metres net pay), at a location some 16 metres updip of the number 1 well.

A number of extended well tests have been conducted to determine the productive potential of the reservoir. During this testing, production rates were generally restricted to between 1,000 and 2,000 bopd while reservoir performance data was gathered. Eventual production rates in the order of 4-5,000 bopd are expected.

Throughout the year the Operator has been busy carrying out the development plan for the field and the installation of the required infrastructure. Permanent production facilities for taking oil from the number 1 and 4 wells are nearing completion.

Oil is being delivered to the BP refinery at Kwinana. Norwest's share of production to 30 June 2004 was approximately 4,400bbls.



REVIEW OF OPERATIONS

Reservoir performance has been excellent and future cash flow from the operations will be robust, even though Norwest's equity is small. During the year, three development wells were drilled and a production license, designated L-14, was awarded.

Field mapping and the performance of the producing wells suggest that an upward revision of the reserve estimates can be justified, and it may be that 2P reserve numbers in the order of 10 mmbbl are supportable. Acquisition of new 3D data over the field area is planned for the fourth quarter of 2004 to address this issue, and to fully delineate the field. Proposals to drill a number of wells, dependent on results of the 3D seismic, are included in the plan for 2005.

In addition, the 3D seismic will evaluate the area around Jingemina, in a search for additional hydrocarbon filled structures. An exploration well may be drilled, contingent on the results of the 3D survey.

EP-413 contains a number of exploration leads and prospects which could be drilled in the future.

WA-286-P Offshore Northern Perth Basin

Norwest Energy NL

5% Interest Sold to Itochu

Norwest held a 5% interest in WA-286-P which included the Cliff Head oil discovery. During the year the Cliff Head Joint Venture awarded the Front End Engineering and Design (FEED) study to Worley Pty Limited. The provisional estimate for capital expenditure was in the order of A\$140 million (Norwest share A\$7 million). Four wells had been drilled and a 3D seismic survey recorded.

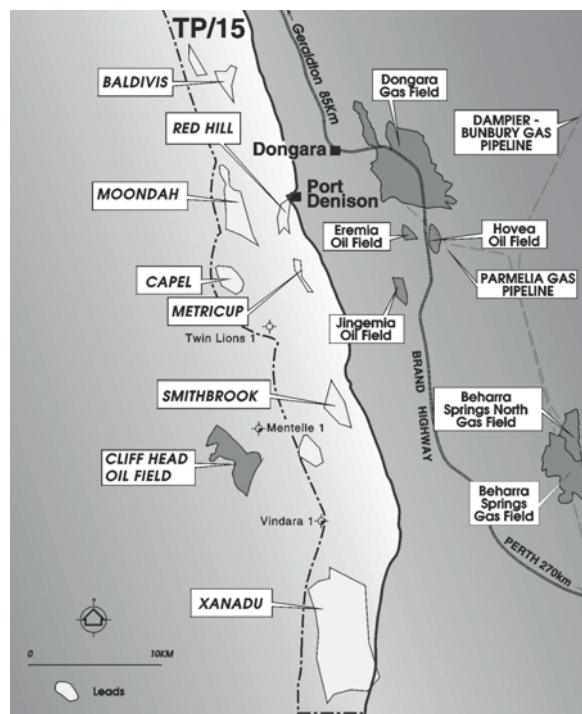
During the year, the company reviewed its options, either to gain financing for the project or alternatively, a possible sale of the asset. At a meeting of shareholders in February 2004, approval was sought and gained to divest the company's 5% interest to ITOCHU Oil Exploration Co. Ltd of Japan for A\$8.1 million, with an agreement that if production from Cliff Head and WA-286-P exceeds 28 million barrels of oil, Norwest will be entitled to a 2% over-riding royalty interest from ITOCHU's share of such excess production.

The sale has placed the company with a cash balance at year end of \$7,880,879, and the opportunity to find and acquire new assets.

TP/15 Offshore Northern Perth Basin

Norwest Energy NL earning 10%

TP/15 is located immediately inshore from WA-286-P and occupies the three nautical mile wide zone along the Western Australian coastline. The permit falls between oil and gas discoveries - Cliff Head to the west and Dongara, Eremia, Jingemina, Hovea, Woodada and others to the east. This coupled with interpretation of seismic and other data indicates that the block is in a highly prospective location and very deserving of the technical efforts which are underway and planned for the next year.



REVIEW OF OPERATIONS

Therefore, Norwest is continuing its farmin to the block under an agreement where it will earn a 10% interest by funding 20% of the cost of two wells plus the testing of one if required. The drilling of Twin Lions-1 in 2003 satisfied the first part of the requirement.

Since the drilling of Twin Lions, the Joint Venture has concentrated on evaluating the remaining substantial prospectivity in the block. Seismic and magnetic surveys recorded in 2003 have been interpreted and further acquisition of gravity and seismic data to develop leads and prospects have been proposed by the operator and are likely to be taken up by the joint venture. Some of the leads are potentially quite large and could have a significant impact on Norwest if successful, especially where offshore targets may be addressed by drilling deviated wells from onshore surface locations. However, the shallow water location (transition zone) does mean that seismic operations are made more difficult and more expensive.

EP-368 Onshore Northern Perth Basin

Norwest Energy NL 10%

EP-368 is located immediately east of the producing Mt Horner Oilfield and is well sited within the prospective part of the Perth basin. Wells drilled to date have not been optimally located (off-structure or down dip) but have encountered residual oil or oil in tight sections. The block is heavily faulted, which creates a technical challenge. The Operator has been working to evaluate the area, particularly looking for Hovea style features at the Dongara Sandstone level. A regional gravity survey is being planned for late 2004 and it is expected that this will be followed up by a 2D seismic survey.

WA-226-P Offshore Northern Perth Basin

Norwest Energy NL Interest Sold to Roc Oil

In June 2003 Norwest sold an option to acquire its then 7.5% interest to Roc Oil Company Limited in return for an agreement that Roc would fund up to \$525,000 of Norwest's then 7.5% share of a 3D seismic survey. Roc then exercised the option in March 2004 and paid Norwest \$200,000 with a further provision to pay Norwest \$375,000 if a commercial discovery is declared within the permit area.

EP-419 Onshore Northern Perth Basin

Norwest Energy NL 80%

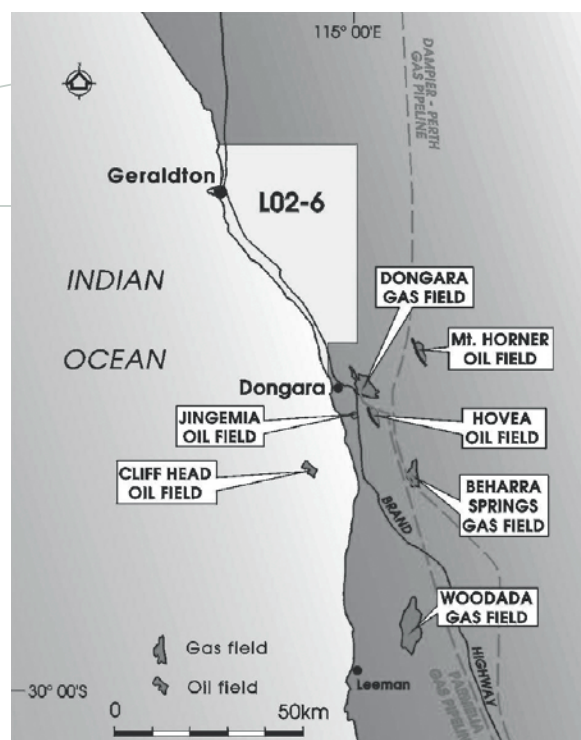
EP-419 is situated about 30 kilometres east of the Dongara Gas Field. The block is under-explored and has limited seismic data coverage. A large part of the block is non-prospective as it covers a synclinal area, however, fault related structures may occur on both the eastern and western borders of the block. Norwest has reprocessed approximately 260 kilometres of 2D seismic and some preliminary leads have been identified. Technical work aimed at identifying further the potential of these structures is continuing. Norwest requires a farmin partner to pursue exploration in the block and is actively seeking participation from other companies. If this does not eventuate, Norwest will consider the best course of action for the block.

L02-6 also called EP2/02-03

Onshore Northern Perth Basin

Norwest Energy NL 33.33%

In April 2003, Norwest and its partners applied for a gazetted area in the northern Perth Basin. The Joint Venture has been offered the permit subject to Native Title approvals. These approvals are now almost complete and award is expected in 4rd quarter 2004 at which time the block will



REVIEW OF OPERATIONS

be given its EP number. None of the wells in the block have addressed valid structural targets. The southern part of the block has existing seismic coverage and a number of attractive leads have been identified. The work program for the first year will involve acquisition of gravity and magnetics data.

Carnarvon Basin

EP-364 Offshore Carnarvon Basin

Norwest Energy NL 10%

Cyrano-1 was drilled in the block during March 2003. Norwest evaluated the prospect and elected not to participate in the drilling of the well. This decision was based on a view that the well would likely find non-commercial hydrocarbons. In fact this was the eventual outcome - the well intersected a gas and thin oil column. Cyrano-2 is planned for drilling in 4rd quarter 2004. The well will have a number of target zones. Norwest has elected not to participate in this well. Commercially Norwest would face a significant cost penalty given that it did not participate in the Cyrano-1 well, but more importantly Norwest technically considers that Cyrano-2 is not likely to add to reserves identified in the first well, and that the deeper targets are most likely gas prone (based on seismic response and regional studies).

Ashmore-Cartier

AC/P32 Vulcan Sub-Basin - Ashmore Cartier Territory

Norwest Energy NL (Operator) 49%

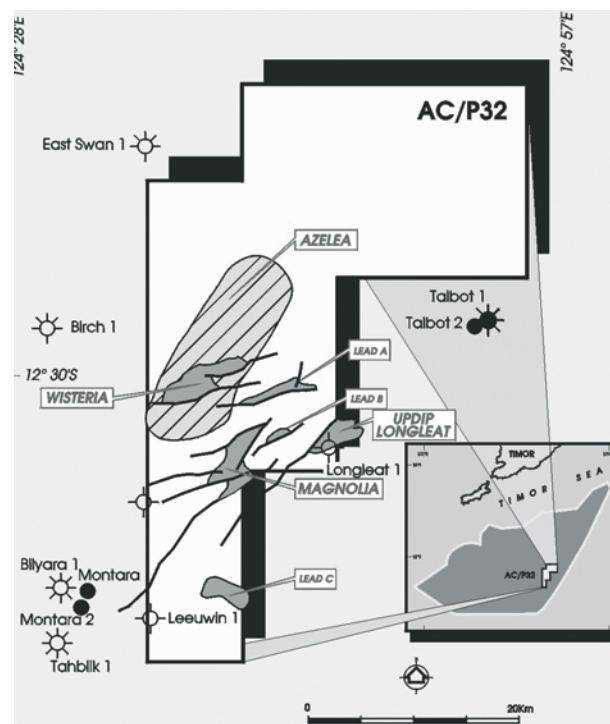
AC/P32 occupies 1,072 square kilometers. The block is surrounded by producing fields and/or discoveries such as Jabiru, Skua, Challis/Cassini, Montara, Talbot. The structural trends which host a number of these discoveries continue into AC/P32, placing the block in a highly prospective and actively explored area.

The Joint Venture had licensed 170 square kilometers of 3D data from the PGS Onnia survey, and in August 2004, this was increased to 183 square kilometers. A major technical review of the block was undertaken during the year, confirming a number of prospects of significant size, with multiple target zones.



Photo courtesy of Veritas

Although the technical study was completed, it was hindered by the data quality of the 3D seismic which was less than optimal. It was recognized that the processing sequence could be significantly improved to remove noise and multiple reflections. As a result the Joint Venture approached the government for a time extension to the permit year to allow the reprocessing and re-working of the 3D seismic data prior to a drilling commitment within the year. The government agreed to extend the year until November 27, 2004 with the



REVIEW OF OPERATIONS

Norwest is actively seeking new ventures both in Australia and internationally. The Company has cash to underwrite these efforts, and it is hoped that new permits will be acquired in the coming year in a focused effort to add new opportunities that will have a significant impact on the Company's position as a strong energy company.

stipulation that a small 2D survey be recorded. This was accepted by the Joint Venture and accordingly arrangements were made to reprocess the data and to acquire a new 2D survey. This was in process at year end, and processed data from both projects will be available during the 3rd quarter. Norwest maintains its position of requiring a farm-in partner to take some of its interest and to share in the funding of a well, prior to committing to drill. As the time frame to complete the technical work, sign up a farm-in partner and commence well planning is short, Norwest will commence farmout discussions with prospective companies early in the 3rd quarter of 2004 and will commence well pre-planning.

The major prospects are named Magnolia and Wisteria and have their primary target in the Montara sands. An additional very large lead has been identified from seismic amplitudes overlying the Wisteria lead in the Puffin sands and is called Azelea.

AC/P22 Vulcan Sub-Basin - Ashmore Cartier Territory

Norwest Energy NL 2.5%

AC/P22 covers about 1,800 square kilometers. The undeveloped Puffin discovery is within the block. Reprocessing of 3D data over Puffin did not conclusively resolve that sufficient reserves are present in the Puffin structure to justify a development. However the work highlighted another higher risk prospect named Fairfield on an adjacent terrace to the Puffin horst.

During the year the block was renewed for an additional term which includes a drilling requirement within the first 3 year period. A farmout agreement has been finalized and is awaiting government approvals whereby Norwest's interest will reduce to 2.5% (convertible to a 1.25% over-riding royalty after the drilling of a well) in exchange for a full carry through the drilling of a well, and for paying the outstanding costs such as the plugging and abandonment of the Puffin-5 well.

New Ventures

Norwest is actively seeking new ventures both in Australia and internationally. The Company has cash to underwrite these efforts and it is hoped that new permits will be acquired in the coming year in a focused effort to add new opportunities that will have a significant impact on the Company's position as a strong energy company.

DIRECTORS' REPORT



The directors present their report together with the financial report of Norwest Energy NL ("the Company") and the consolidated financial report of the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2004 and the auditors report thereon.

Directors

The directors of the Company in office at any time during or since the financial year are:

Mr Henry David Kennedy

BA(Geology), MA(Geology), Member CIMMP, SEG, PESA, AIG

(Non-Executive Director) Age: 68

Mr Kennedy has had a long association with Australian and New Zealand resource companies and as a Technical Director has been instrumental in the formation and /or development of a number of successful listed companies, including Pan Pacific Petroleum NL, New Zealand Oil and Gas Limited, Mineral Resources (NZ) Ltd and Otter Exploration NL. During his term as Executive Director of Otter, Pan Pacific and NZOG, these companies were involved in discovery of the Tubridgi gas field and South Pepper, North Herald and Chervil oil fields in Western Australia and the Kupe South and Rua oil/gas condensate fields in New Zealand. As Chairman and Chief Executive of Kiwi International Resources NL and Associated Gold Fields NL, Mr Kennedy was involved in the discovery and development of the Obotan gold project in Ghana prior to the Company being merged with Resolute Samantha Ltd in May/June 1996. He is also a director of two listed overseas companies and the following Australian listed companies: Dragon Mining NL, Pancontinental Oil & Gas NL, Alkane Exploration NL and Sub-Sahara Resources NL.

Mr Andrejs (Andrew) Karlis Svalbe,

BSc (Hons) Econ. Geol. Member PESA, AAPG, ASEG, FESWA

(Also Alternate Director for Mr H.D. Kennedy) Age: 61

Mr Svalbe has in excess of 25 years experience in the oil industry working in Australia and overseas. During this period he has been involved with a diverse range of exploration, development and production projects in the private sector, particularly with Exxon and Pancontinental Petroleum. As Exploration Manager and then Chief Executive Officer, more recently he has been Chief Geoscientist - Petroleum for the Geological Survey of Western Australia. Mr Svalbe is the Chief Executive Officer and Director of Pancontinental Oil & Gas NL.

Mr Peter Lawson Munachen

FCA

Age: 58

Mr Munachen is a Chartered Accountant and former partner in an international accounting practice. He has had considerable experience in the resources industry and is a Director of Pancontinental Oil & Gas NL, Newland Resources Limited, Sub-Sahara Resources NL and an alternate Director on the board of Dragon Mining NL and New World Alloys Limited

Mr Alan Ivan Roy Burgess

BSc (Hons), MAusIMM, Member PESA

(Former Director and Chief Executive Officer) Age: 51

Mr Burgess resigned in February 2004.

Mr Colin Crabb

BBus, CA, FCIS

(Executive Director)

Mr Crabb was a director until his death in November 2003.

DIRECTORS' REPORT

Principal Activities

The principal activity of the consolidated entity during the course of the financial year was the exploration for petroleum resources. The area of focus, in particular, is in the Perth Basin and north Western Australia and the adjacent area.

There were no significant changes in the nature of the activities of the economic entity during the year.

Consolidated Result

The consolidated profit from ordinary activities for the year attributable to members of Norwest Energy NL was \$4,977,692 (2003 : \$2,797,197 loss).

Review of Operations

A review of operations for the consolidated entity during the year appears in the "Review of Operations" section of the Annual Report.

Environmental Regulation

Given the current stage of activities the consolidated entity's operations are not subject to any particular or significant State or Commonwealth environmental legislation or regulation that adversely impact on the operations of the Company. The Board, however, believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

In accordance with the continuous disclosure requirements, readers are referred to announcements lodged with the Australian Stock Exchange Limited, regarding exploration and other activities of the Group.

Dividends

The directors do not recommend payment of any dividend. No dividends have been paid during the financial year.

State of Affairs

During the year the Company issued 5,000,000 fully paid ordinary shares via a placement at 4 cents per share. In aggregate the issue raised additional working capital of \$200,000 less issue costs of \$10,000.

The consolidated entity spent some \$858,052 on exploration activities, \$632,444 on administration and related expenses and \$687,890 of exploration expenditure was written off during the year.

In the opinion of directors there were no other significant changes in the state of affairs of the consolidated entity that occurred during the financial year not otherwise disclosed in this report or the financial report.

Events Subsequent to Balance Date

For reporting periods starting on or after 1 July 2005, the consolidated entity must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board. At balance date, it was not possible to quantify the effect of the convergence to IFRS as key IASs and AASBs are currently under development.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which in the opinion of the directors of the Company, is likely to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in subsequent financial years.

Likely Developments

Details of the consolidated entity's planned exploration activities may be found in the Review of Operations section of the Annual Report.

Other information as to likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years have not been included in this report because, the directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the consolidated entity.

No options have been exercised during or since the end of the financial year.

DIRECTORS' REPORT

Directors' Interests

The relevant interest of each director in the ordinary share capital of the Company shown in the register of Directors' Shareholdings as at the date of this report is:

		Fully Paid Shares	Listed Options	Unlisted Options
H D Kennedy	direct	72,500	nil	nil
	indirect	29,720,560	6,135,000	300,000
P L Munachen	direct	nil	nil	nil
	indirect	85,000	nil	750,000
A K Svalbe	direct	nil	nil	nil
	indirect	nil	nil	300,000

Remuneration of Directors & Executives

Non-Executives		Base fees or Remuneration	Superannuation	Non-monetary	Value of Options	Total
HD Kennedy ⁽¹⁾	2004	12,500	-	nil	nil	12,500
	2003	10,000	-	nil	6,577	16,577
PL Munachen ⁽²⁾	2004	59,918	-	nil	nil	59,918
AK Svalbe	2004	10,000	225	nil	nil	10,225
	2003	10,000	900	nil	6,577	17,477
C Crabb	2004	7,763	699	nil	nil	8,462
	2003	17,500	1,575	nil	19,731	38,806
TG O'Meally	2003	30,000	-	nil	13,154	43,154
Executive Director						
AIR Burgess	2004	129,375	11,644	nil	nil	141,019
	2003	185,325	14,076	nil	32,884	232,285
Officer						
PL Munachen ⁽²⁾	2003	42,000	-	nil	16,442	58,442

⁽¹⁾ Paid or payable to the director or a director related entity. ⁽²⁾ Paid or payable to the director or a director related entity.

The Company's remuneration of board members and executives has been set based upon generally accepted industry standards for small petroleum exploration entities.

Mr Crabb died on 21 November 2003. Mr Burgess ceased employment on 20 February 2004. From the date of Mr Burgess' cessation to 30 June 2004 there were no full-time executives engaged by the Economic Entity.

Options Granted to Senior Executive

No options were granted to directors during the financial year or subsequent to year end other than as follows:

The Company granted options for no consideration over unissued shares in Norwest Energy NL to the following:

Chief Executive Officer	Granted	Number of Options	Exercise Price	Expiry Date
J A Salomon	29 July 2004	500,000	\$0.10	30 June 2008
	29 July 2004	500,000	\$0.15	30 June 2008

DIRECTORS' REPORT

Unissued Shares under Option

At the date of this report unissued ordinary shares of the Company under option are:

Expiry Date	Exercise Price	Number of Shares
31 December 2004	\$0.25	46,420,643
28 November 2007	\$0.20	3,250,000
30 June 2008	\$0.10	500,000
30 June 2008	\$0.15	500,000
		50,670,643

The names of persons who currently hold options in the above schemes are entered in the register of options kept by the Company pursuant to Section 170 of the Corporations Act 2001. The register may be inspected free of charge.

These options do not entitle the holder to participate in any share issue in any other body corporate.

Meetings of Directors

The following table sets out the number of meetings of the Company's directors (including meetings of committees of directors) held during the year ended 30 June 2004, and the numbers of meetings attended by each director.

Number of meetings attended by:	Formal meetings attended	Number entitled to attend
Mr P L Munachen	1	1
Mr H D Kennedy (or his alternate Mr AK Svable)	-	1
Mr A I R Burgess	1	1
Mr C Crabb	-	-

It should be noted the directors are of the opinion that it is often more efficient to deal with matters by circular resolutions than by Board Meetings. Matters were dealt with by circular resolution on ten (10) occasions during the year.

Insurances

Since the end of the previous financial year the Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses insurance contracts. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors and officers and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

The premiums were paid in respect of the following officers of the Company and its controlled entities:

Current directors and officers of the Company and controlled entities : Mr HD Kennedy, Mr AK Svalbe and Mr PL Munachen.

Dated this 29th day of September 2004

Signed at Perth in accordance with a resolution of the directors :

P L Munachen
Director

STATEMENTS OF FINANCIAL PERFORMANCE

	Note	CONSOLIDATED		COMPANY	
		2004 \$	2003 \$	2004 \$	2003 \$
Revenues from Ordinary Activities	2	9,048,731	80,294	83,982	80,291
Expenses from Ordinary Activities	3				
- Exploration expenditure written off	9	687,890	2,162,583	68,693	105
- Depletion expense	10	51,165	-	-	-
- Carrying value of exploration expenditure sold		2,689,316	-	-	-
- Provision for well abandonment costs		10,224	-	-	-
- Provision for non-recovery of loans to controlled entities		-	-	-	52,440
- Write back of provision on loan to controlled entity		-	-	(1,603,025)	(214,595)
- Administration		632,444	714,908	598,779	625,538
Profit/(Loss) from Ordinary Activities before Income Tax Expense		4,977,692	(2,797,197)	1,019,535	(383,197)
Income Tax Expense relating to Ordinary Activities	5	-	-	-	-
Net Profit/(Loss)	4	4,977,692	(2,797,197)	1,019,535	(383,197)
CONSOLIDATED					
Earnings/(Loss) Per Share		2004	2003		
		cents/share	cents/share		
Basic EPS	22	3.01	(2.02)		

The Statements of Financial Performance are to be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION

	Note	CONSOLIDATED		COMPANY	
		2004 \$	2003 \$	2004 \$	2003 \$
Current Assets					
Cash Assets	17(a)	7,880,879	1,200,024	7,879,279	1,188,658
Receivables	6	478,282	444,132	47,009	27,216
Total Current Assets		8,359,161	1,644,156	7,926,288	1,215,874
Non-Current Assets					
Receivables	6	12,002	11,000	34,223	5,496,477
Property, Plant and Equipment	7	9,371	10,733	9,371	10,733
Other Financial Assets	8	-	-	101	101
Deferred Exploration & Evaluation	9	811,535	4,266,146	-	52,164
Production Assets	10	884,292	-	-	-
Total Non-Current Assets		1,717,200	4,287,879	43,695	5,559,475
TOTAL ASSETS		10,076,361	5,932,035	7,969,983	6,775,349
Current Liabilities					
Payables	11	97,610	1,112,275	41,678	37,654
Provisions	12	-	18,925	-	18,925
Total Current Liabilities		97,610	1,131,200	41,678	56,579
Non-Current Liabilities					
Provisions	12	310,224	300,000	-	-
TOTAL LIABILITIES		407,834	1,431,200	41,678	56,579
NET ASSETS		9,668,527	4,500,835	7,928,305	6,718,770
Equity					
Contributed Equity	13	25,001,398	24,811,398	25,001,398	24,811,398
Accumulated Losses	4	(15,332,871)	(20,310,563)	(17,073,093)	(18,092,628)
TOTAL EQUITY		9,668,527	4,500,835	7,928,305	6,718,770

The Statements of Financial Position are to be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS

	<i>Note</i>	CONSOLIDATED		COMPANY	
		2004 \$	2003 \$	2004 \$	2003 \$
Cash Flow Relating to Operating Activities					
Receipts in the course of operations		645,102	17,739	23,000	17,739
Payments to suppliers and employees		(1,112,405)	(694,935)	(623,413)	(643,175)
Interest Received		280,290	61,755	60,982	61,752
Interest Paid		(4,722)	-	(4,722)	-
Net Operating Cash Flows	17(b)	(191,735)	(615,441)	(544,153)	(563,684)
Cash Flows from Investing Activities					
Proceeds Sale of Plant & Equipment		-	800	-	800
Payments for - EP 419		-	(100,000)	-	-
Proceeds Sale of Projects		8,100,000	-	-	-
Payments for Investments		(1,002)	-	(1,002)	-
Payments for Property, Plant & Equipment		(3,976)	(4,824)	(3,976)	(4,824)
Payments for Exploration Activities		(1,412,432)	(2,742,225)	(16,529)	(52,269)
Net Investing Cash Flows		6,682,590	(2,846,249)	(21,507)	(56,293)
Cash Flow Related to Financing Activities					
Proceeds from Issue of Shares	13	200,000	4,000,000	200,000	4,000,000
Payments Related to Issue of Shares		(10,000)	(173,090)	(10,000)	(173,090)
Loans (to) from Controlled Entities		-	-	7,066,481	(2,274,093)
Net Financing Cash Flows		190,000	3,826,910	7,256,481	975,898
Net Increase in Cash Held		6,680,855	365,220	6,690,621	355,921
Cash at Beginning of Year		1,200,024	834,804	1,118,658	832,737
Cash at End of Year	17(a)	7,880,879	1,200,024	7,879,279	1,118,658

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

Note 1 - Statement of Accounting Policies

The significant accounting policies which have been adopted in preparation of the financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of non-current assets.

These accounting policies have been consistently applied by each entity in the economic entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

(b) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activity and the realisation of assets and liabilities in the ordinary course of business. The company does have a modest source of income from the Jingemina Oil Field and has also had a successful capital raising during the year. During the year the Cliff Head Project was sold raising \$8.1 million and at year end the Company had cash of \$7,880,879.

Accordingly, the Directors believe that the preparation of the financial statements on a going concern basis is appropriate.

(c) Principles of Consolidation

The consolidated financial statements of the economic entity include the financial statements of the Company, being the chief entity, and its controlled entities.

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The balances, and effects of transactions, between controlled entities included in the consolidated financial statements have been eliminated.

(d) Income Tax

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on profit from operating activities adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to entities with tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses is not recorded unless realisation is virtually certain.

(e) Joint Venture Operations

The economic entity's interests in unincorporated joint ventures are brought to account by including its interest in the following amounts in the appropriate categories in the statement of financial position and statement of financial performance :

- each of the individual assets employed in the joint venture;
- liabilities incurred by the economic entity in relation to the joint venture and the liabilities for which is jointly and/or severally liable; and
- expenses incurred in relation to the joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

(f) Exploration and Evaluation Expenditure

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs are either written off or provided for to the extent that they are not anticipated to be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest until production commences. When production commences, carried forward exploration, evaluation and development costs will be amortised on a units of production basis over the life of the economically recoverable reserves.

(g) Non-Current Assets

The carrying amounts of non-current assets, other than exploration and evaluation expenditure carried forward are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

(h) Plant and Equipment

Acquisition

Items of plant and equipment are initially recorded at cost and depreciated as outline below.

Depreciation and amortisation

Items of plant and equipment are depreciated using the straight line method over their useful lives.

The rates of depreciation used for each class of asset are as follows;

Plant and Equipment	13% - 27%
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Assets, other than exploration and evaluation expenditure, are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

(i) Accounts payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company or economic entity. Trade accounts payable are normally settled within 60 days.

(j) Investment in Controlled Entities

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the statement of financial performance when they are declared by the controlled entities.

(k) Goods and Services Tax

Revenues, expenses and assets are recognised net of amounts of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to, the ATO are classified as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

(l) Foreign Currency Transactions

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amount receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to the amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change.

(m) Employee Entitlements

Salaries and annual leave

The provision for employee entitlements to salaries and annual leave represent present obligations resulting from the employees services provided up to the balance date, calculated at undiscounted amounts based on the employee's salary rates that the consolidated entity expects to pay as at the reporting date.

Superannuation Contributions

The Company contributes to defined contribution superannuation plans for the benefit of both employees and directors. Contributions are charged against income as they are made.

(n) Abandonment Costs

Provisions made for well abandonment costs are reflected in deferred exploration expenditures. These costs have been determined on the basis of current costs, current legal requirements and current technology.

Significant uncertainty exists as to the final cost of abandoned wells due to factors including the timing of abandonment, distance for mobilisation, rig rates, exchange rates and whether such abandonment will be part of a programme or a stand alone operation and the entity's ultimate share of such abandonment costs.

(o) Amortisation

Amortisation of production assets is carried out on a units of production basis over the estimated life of the economically recoverable reserves being 76,680 barrels of oil.

(p) Development/Production Expenditure

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped through the sale or successful exploitation of the area of interest.

(q) Revenue Recognition

Sale of non-current assets

The gross proceeds of non-current asset sales are recognized as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract is signed.

Interest

Interest revenue is recognized as it accrues, taking into account the effective yield on the financial asset.

Oil Sales

Revenue from the sale of oil is recognized when control of the product passes to the buyer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	CONSOLIDATED		COMPANY	
	2004 \$	2003 \$	2004 \$	2003 \$
Note 2 – Revenue from ordinary activities				
Interest Revenue	280,290	61,755	60,982	61,752
Oil Sales	238,433	-	-	-
Other	230,008	17,739	23,000	17,739
Proceeds Sale of Plant & Equipment	-	800	-	800
Proceeds Sale of Projects	8,300,000	-	-	-
	9,048,731	80,294	83,982	80,291
Note 3 – Expenses and Losses				
Auditors Remuneration				
- Audit Fees	18,000	14,500	18,000	14,500
- Other Services	-	-	-	-
Depreciation of Plant and Equipment				
- Loss on Disposal of Plant & Equipment	-	380	-	380
Carrying Value of Exploration Expenditure sold	2,689,316	-	-	-
Net Expense for Movements in Provisions for:				
Employee Entitlements	18,925	(11,846)	18,925	(11,846)
Non Recovery of Receivables – Controlled Entity	-	-	-	52,440
Write Back of Provision for Non-Recovery of amounts due from Controlled Entity	-	-	(1,603,025)	(214,595)
Note 4 – Accumulated Losses				
Balance at Beginning of Year	20,310,563	17,513,366	18,092,628	17,709,431
Net Profit/(Loss)	4,977,692	(2,797,197)	1,019,535	(383,197)
Balance at End of Year	15,332,871	20,310,563	17,073,093	18,092,628
Note 5 – Taxation				
(a) Income Tax (Benefit)/Expense				
Prima facie income tax expense/(benefit) calculated at 30% on the profit/(loss) from ordinary activities				
	1,493,308	(839,159)	305,861	(114,959)
Income Tax Adjusted for:				
- non-deductible items	2,708	2,094	(478,200)	2,094
- timing differences relating to provisions	211,007	700,975	22,180	(43,517)
Recovery of tax losses not previously brought to account	(1,707,023)	-	-	-
Amount not brought to account as a carried forward future income tax benefit:	-	136,090	150,159	69,348
Income tax attributable to profit/(loss) from ordinary activities	-	-	-	-
(b) Future Income Tax Benefit not taken into account				
The potential future income tax benefit calculated at 30% in respect of:				
Tax Losses not brought to account	3,522,870	5,188,905	649,971	493,761
Timing differences	-	5,678	2,961,554	3,444,034
	3,522,870	5,194,583	3,605,474	3,937,795

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

The company has not elected to adopt the consolidation regime for tax purposes.

The potential future income tax benefit will only be obtained if :

- (i) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realized.
- (ii) the relevant company complies with the conditions for deductibility imposed by the law ; and
- (iii) no changes in tax legislation adversely affect the relevant company in realising the benefit.

	CONSOLIDATED		COMPANY	
	2004	2003	2004	2003
	\$	\$	\$	\$

Note 6 – Receivables

Current

Sundry Debtors	478,282	444,132	47,009	27,216
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Non-Current

- Security Bond	12,002	11,000	12,002	11,000
- Amounts Due from Controlled Entities	-	-	22,221	16,946,664
Less: Provision for non-recovery	-	-	-	(11,461,187)
	12,002	11,000	34,223	5,496,477

Loans due from controlled entities relate principally to advances to fund exploration expenditures, therefore recovery of these loans is dependent upon the successful development and commercial exploitation, or sale, of exploration interests.

Note 7 – Property, Plant & Equipment

Balance

- Cost	30,885	26,909	30,885	26,909
- Accumulated Depreciation	(21,514)	(16,176)	(21,514)	(16,176)
Total written down amount	9,371	10,733	9,371	10,733

Movement

Carrying amount at beginning of year	10,733	12,907	10,733	12,907
Additions	3,976	4,824	3,976	4,824
Disposal	-	(1,180)	-	(1,180)
Depreciation	(5,338)	(5,818)	(5,338)	(5,818)
	9,371	10,733	9,371	10,733

Note 8 – Other Financial Assets

Non-Current

- Investment in controlled entities	-	-	101	101
	-	-	101	101

Note 9: Deferred Exploration & Evaluation

Expenditure brought forward	4,266,146	1,791,118	52,164	-
Expenditure incurred during the year	858,052	4,637,611	16,529	52,269
Expenditure on Permit sold	(2,689,316)	-	-	-
Transfer to producing asset	(935,457)	-	-	-
Expenditure written off during the year	(687,890)	(2,162,583)	(68,693)	(105)
	811,535	4,266,146	-	52,164

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

The ultimate recoupment of costs carried forward is dependent upon the successful development and commercial exploitation, or sale, of the respective areas.

	CONSOLIDATED		COMPANY	
	2004 \$	2003 \$	2004 \$	2003 \$
Note 10 – Production Assets				
Exploration brought forward				
Transferred from exploration	935,457	-	-	-
Accumulated amortisation	(51,165)	-	-	-
	884,292	-	-	-

Note 11 – Payables

Current

- Trade Creditors	97,610	1,112,275	41,678	37,654
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Note 12 – Provisions

Current

- Provision for employee entitlements	-	18,925	-	18,925
- Number of employees at year end	-	1	-	1

Non-Current

- Well abandonment costs	310,224	300,000	-	-
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The directors have made provision for the possible future costs relating to the Puffin 5 well within permit AC/P22, due to the well being presently suspended as a possible production well. The timing of an amount ultimately payable is dependent on a number of factors, such as rig mobilisation and whether Puffin 5 becomes a production well. A provision has also been made for estimated well abandonment costs for the Company's interest in the Jingemia Field.

	SHARES/OPTIONS 2004		SHARES/OPTIONS 2003	
	Number	\$	Number	\$

Note 13 – Contributed Equity

Issued and Paid Up Capital

Beginning of the financial year	162,471,872	23,752,460	100,471,87	18,595,550
Shares issued during the year:				
Public Equity Raising	5,000,000	200,000	50,000,000	4,000,000
- Less: transactions costs	-	(10,000)	-	(173,090)
Black Rock Acquisition (non-cash transaction)	-	-	12,000,000	1,200,000
Balance at end of year	167,471,872	23,942,460	162,471,872	23,752,460

Other Contributed Equity

Option Premium				
Beginning of the financial year	46,420,643	1,058,938	43,420,643	1,058,938
Issued during the year	-	-	3,000,000	-
	46,420,643	1,058,938	46,420,643	1,058,938
Unlisted Employee/Director Options 20c - 28.11.07	4,750,000	-	4,750,000	-
Cancelled during the year	(1,500,000)	-	-	-
	3,250,000	-	4,750,000	-
Total Contributed Equity	-	25,001,358	-	24,811,398

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

Options

Options to take up ordinary shares in the Company have been granted as follows :

Listed Options

46,420,643 outstanding options ("NWE OA") at 30 June 2004. (2003: 46,420,643). Each option entitles the holder to convert the option to one ordinary share at any time on or before 31 December 2004 at a fixed price of 25 cents.

Employee Option Plan Options

3,250,000 unlisted options exercisable at 20c on or before 28.11.07 issued to Directors were outstanding at 30 June 2004.

Restricted and Unlisted Options

The Employee Options as above are unlisted as at 30 June 2004.

Shareholders

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings

In the event of winding up the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Note 14 – Commitments

Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration tenements, the economic entity is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various petroleum licenses. These obligations may be varied by addition / deletion of acreage, farm-in or farm-out, renegotiation or other circumstance. Firm commitment in excess of work obligations has been included and obligations in optional work periods are not included. These obligations are not provided for in the accounts:

	CONSOLIDATED		COMPANY	
	2004 \$	2003 \$	2004 \$	2003 \$
Not longer than one year	4,496,747	1,849,600	200,000	-
Longer than one year but not longer than two years	2,780,032	216,750	-	-
Longer than two years but not longer than five years	5,000	2,256,750	-	-
Longer than five years	-	-	-	-
	7,281,779	4,323,100	200,000	-

Note 15 – Particulars Relating to Controlled Entities

	Place of Incorporation & Business	Class of Share	Interest held	
			2004 %	2003 %
Parent Entity				
Norwest Energy NL	Australia Holding Company			
Controlled Entities				
NWE (ZOCA 96-16) Pty Ltd	Australia Exploration Company	Ord	100	100
Westranch Holdings Pty Ltd	Australia Exploration Company	Ord	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

Note 16 – Interest in Joint Venture

The economic entity holds an interest in joint ventures, listed below.

JOINT VENTURE	NATURE OF VENTURE	PERCENTAGE INTEREST	
AC/P22	Petroleum Exploration	2.5%	
AC/P32	Petroleum Exploration	49.0%	Operator of J/V
EP-364	Petroleum Exploration	10.0%	
TP/15	Petroleum Exploration	00.0%	Earning 10%
EP-368	Petroleum Exploration	10.0%	
EP-413	Petroleum Exploration	1.278%	
EP-419	Petroleum Exploration	80.0%	
L-14	Petroleum Production	1.278%	

Included in the assets and liabilities of the Company and the economic entity are the following items which represent the economic entity's interest in the assets and liabilities employed in the joint ventures, recorded in accordance with accounting policies described in Note 1(e).

	CONSOLIDATED		COMPANY	
	2004 \$	2003 \$	2004 \$	2003 \$
Current Assets				
Cash assets	42,262	-	-	-
Receivables	665	-	-	-
Total Current Assets	42,927	-	-	-
Non-Current Assets				
Exploration and/or Evaluation expenditure carried forward	1,624,702	4,266,146	68,893	52,164
TOTAL ASSETS	1,667,629	4,266,146	68,893	52,164
Current Liabilities				
Creditors & borrowings	16,165	-	-	-
TOTAL LIABILITIES	16,165	-	-	-

Note 17 – Notes to the Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the balance sheets as follows:

(a) Reconciliation of Cash

Cash at bank	969,095	683,081	967,495	671,715
Commercial Bills (less than 60 days)	6,911,784	516,943	6,911,784	516,943
Cash Assets	7,880,879	1,200,024	7,879,279	1,188,658

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	CONSOLIDATED		COMPANY	
	2004 \$	2003 \$	2004 \$	2003 \$
(b) Reconciliation of Profit/(loss) from ordinary activities after income tax to net cash provided by operating activities				
Profit/(Loss) from ordinary activities after income tax	4,977,692	(2,797,197)	1,019,535	(383,197)
Less items classified as investing activity				
Proceeds sale of project	(8,100,000)	-	-	-
Reimbursement of costs on permit sold	(241,637)	-	-	-
Non-cash Transactions				
Exploration expenditure written off	687,891	2,162,583	68,693	105
Exploration expenditure on permit sold	2,930,954	-	-	-
Depreciation expense	5,338	5,818	5,338	5,818
Depletion expense	51,165	-	-	-
Loss on sale of equipment	-	380	-	380
Provision for employee entitlements	(18,925)	(11,846)	(18,925)	(11,846)
Provision for non-recovery of receivables	-	-	-	52,440
Write back of provision on loan to controlled entity	-	-	(1,603,025)	(214,595)
Changes in assets and liabilities				
(Increase)/ decrease in receivables	(451,066)	(8,399)	(19,793)	(11,047)
Increase / (decrease) in provisions	10,224	-	-	-
Increase / (decrease) in payables	(43,370)	33,220	4,024	(1,742)
Net cash used in operating activities	(191,735)	(615,441)	(544,153)	(563,684)

Note 18 – Directors & Officers Remuneration

The Company has an employee share plan approved by shareholders at the annual general meeting on 28 November 2002. A summary of the options issued to directors and officers, pursuant to the share plan, over unissued shares is as follows:

2004

Grant Date	Exercise Date	Number at End of Year	Exercise Price	Options Lapsed	Number at End of Year	Vested
28 November 2002	28 November 2007	4,750,000	\$0.20	1,500,000	3,250,000	Nil

2003

Grant Date	Exercise Date	Number at End of Year	Exercise Price	Options Lapsed	Number at End of Year	Vested
28 November 2002	28 November 2007	4,750,000	\$0.20	Nil	4,750,000	Nil

No Options were granted to Directors or Officers of the Company during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

Remuneration of Directors and Executives

Non-Executive		Base Fees or Remuneration	Superannuation	Non- monetry	Prescribed Benefits	Value of Options (A)	Total
HD Kennedy ⁽¹⁾	2004	12,500	-	Nil	Nil	Nil	12,500
	2003	10,000	-	Nil	Nil	6,577	16,577
PL Munachen ⁽²⁾	2004	59,918	-	Nil	Nil	Nil	59,918
AK Svalbe	2004	10,000	225	Nil	Nil	Nil	10,225
	2003	10,000	900	Nil	Nil	6,577	17,477
C Crabb	2004	7,763	699	Nil	Nil	Nil	8,462
	2003	17,500	1,575	Nil	Nil	19,731	38,806
TG O'Meally	2003	30,000	-	Nil	Nil	13,154	43,154
Executive Director							
AIR Burgess	2004	129,375	11,644	Nil	Nil	Nil	141,019
	2003	185,325	14,076	Nil	Nil	32,884	232,285
Officer							
PL Munachen ⁽²⁾	2003	42,000	-	Nil	Nil	16,442	58,442
Total all directors 2004		219,556	12,568	Nil	Nil	Nil	232,124
Total all directors 2003		294,825	16,551	Nil	Nil	95,365	406,741

(1) Paid or payable to the director or a director related entity (2) Paid or payable a director/officer related entity

Note: The company had no employees during the financial year.

(A) The fair value of the options is calculated at the date of grant using a Black-Scholes model and allocated to each reporting period from grant date to vesting date. The value above is the portion of the fair value of the options allocated to this reporting period.

(B) The following factors and assumptions were used in determining the fair value of options at grant date:

Grant Date	Expiry Date	Fair Value Per Option	Exercise Price	Price of Shares on Grant date	Estimated Volatility	Risk free Interest Rate
28 November 2002	28 November 2007	\$0.02	\$0.20	\$0.082	50%	4%

The estimated volatility approximates a reasonable figure for an exploration company.

There were no contracts with directors during the year.

In July 2004 the Company entered into a consultancy agreement for the provision of services by Mr J A Salomon to fulfill the role of Chief Executive Officer of the Company.

Equity Holdings and Transactions

The movement during the reporting period in the number of ordinary shares of Norwest Energy NL held, directly, indirectly or beneficially, by each specified director, including their personally-related entities is as follows:

Directors	Held at 1 July 2003	Purchases	Sales	Held at 30 June 2004
HD Kennedy	29,793,060	-	270,000	29,523,060
PL Munachen	85,000	-	-	85,000
AK Svalbe	-	-	-	-
C Crabb ⁽¹⁾	2,863,060			Not applicable
AIR Burgess ⁽²⁾	10,000			Not applicable
	32,751,120			29,608,060

(1) Mr Crabb ceased to be a director on 21 November 2003. (2) Mr Burgess ceased to be a director on 20 February 2004.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

Option Holdings and Transactions

The movement during the reporting period in the number of options over unissued ordinary shares of Norwest Energy NL held, directly, indirectly or beneficially, by each specified director, including their personally-related entities is as follows:

Directors	Held at 1 July 2003	Purchases	Sales	Held at 30 June 2004
HD Kennedy	6,435,000	-	-	6,435,000
PL Munachen	750,000	-	-	750,000
AK Svalbe	300,000	-	-	300,000
C Crabb ⁽¹⁾	1,550,000			Not applicable
AIR Burgess ⁽²⁾	1,505,000			Not applicable
	10,540,000			7,485,000

(1) Mr Crabb ceased to be a director on 21 November 2003. (2) Mr Burgess ceased to be a director on 20 February 2004.

Note 19 – Related Parties

Directors

The names of each person holding the position of director of Norwest Energy NL during the financial year are Messrs H.D. Kennedy, P.L. Munachen, A.K. Svalbe, A.I.R. Burgess – resigned 20 February 2004 and C. Crabb – until his death in November 2003.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the economic entity since the end of the financial year and there were no material contracts involving directors' interests subsisting at year end.

CONSOLIDATED NUMBER HELD

2004	2003
\$	\$

Directors' Holdings of Shares and Share Options

The interests of directors of the reporting entity and their director related entities in shares and share options of entities within the economic entity at year end are set out below:

Norwest Energy NL : Fully Paid Ordinary Shares	29,608,060	32,751,120
Options to acquire ordinary shares at an exercise price of 25 cents per share, on or before 31 December 2004 (2003 exercise price 20 cents on or before 31 December 2003)	6,135,000	6,940,000
Director Options exercisable at 20 cents on or before 28 November 2007	1,350,000	3,600,000

Other Transactions with the Company or its Controlled Entities

The Company paid an administration fee to Resource Services International Limited a company of which Mr Kennedy and Mr Munachen are directors, to cover the provision of administrative / financial services, office accommodation, communication facilities and related administrative services. The amount paid for such services during the year was \$119,505 (2003 : \$ 91,335) by the Company and aggregate total of \$145,395 (2003 : \$ 182,669) by the economic entity. The administration fee will apply for the forthcoming financial year, calculated on the same basis as for the year ended 30 June 2004.

During the year Resource Services International Limited incurred and was reimbursed sundry administrative costs in aggregate total of \$Nil (2003 : \$9,452).

During the year the Company paid fees for corporate and financial services to Corraline Pty Ltd, a company of which Mr Munachen is a director, of \$59,918 (2003: \$42,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

Transactions with Controlled Entities

Details of interests in wholly-owned controlled entities are set out at Note 15. Details of dealings with these entities are set out below:

Loans

Loans between entities in the wholly-owned group are presently unsecured, interest free and have no fixed term for repayment.

Employee Entitlements - Employee Option Plan

No options were issued to directors or employees during the year.

Employee Entitlements - Superannuation Plans

The Company contributes to defined contribution superannuation plans for the benefit of employees and directors of the Parent Entity. These contributions vest wholly for the respective member concerned and constitute and fully meet the Company's liability under SIS legislation.

Aggregate contributions for the year ended 30 June 2004 were \$ 12,568 (2003: \$ 16,551)

Note 20 – Financial Instruments

Interest rate risk exposures

The economic entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below:

	Note	Floating Interest Rate \$	Non-Interest bearing \$	Total \$
2004				
Financial Assets				
Cash	(i)	7,878,998	1,881	7,880,879
Receivables		-	478,282	478,282
		7,878,998	480,163	8,359,161
Financial Liabilities				
Accounts Payable and provisions		-	407,834	97,610
2003				
Financial Assets				
Cash	(i)	1,199,743	281	1,200,024
Receivables		-	444,132	444,132
		1,199,743	444,413	1,644,156
Financial Liabilities				
Accounts Payable and provisions		-	1,131,200	1,131,200

(i) Cash Includes short-term deposits, maturing within 60 days and paying effective weighted average interest at 5.22% (2003 - 4.00%).

Net Fair Values of Financial Assets and liabilities

The economic entity's financial assets and liabilities in current assets and liabilities in the statement of financial position are carried at amounts that approximate net fair values.

Credit Risk Exposures

Credit risk represents the loss that would be recognised if counter-parties failed to perform as contracted.

The credit risk on financial assets of the economic entity which have been recognised on the balance sheet, is the carrying amount, net of any provision for doubtful debts.

The economic entity is not materially exposed to any individual overseas country or individual customer.

Foreign Currency Risk

The Company does not hedge against exchange rate fluctuations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

Note 21 – Segment Reporting

The economic entity operates predominantly in the petroleum exploration and production industry and within one geographic area, Australia and adjacent waters.

Note 22 – Earnings Per Share

	CONSOLIDATED	
	2004 Number	2003 Number
The following reflects the income and share data used in the calculations of the basic earnings per share;		
- net profit/(loss)	4,997,692	(2,797,197)
Weighted average number of ordinary shares used in the calculation of earnings per share;		
- basic earnings per share	165,887,173	138,264,516
	Cents/ share	Cents/ share
Basic profit/(loss) per share	3.01	(2.02)

There are no dilutive potential ordinary shares, therefore diluted earnings per share has not been calculated or disclosed.

Note 23 – International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to IASB interpretations originating by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee.

The adoption of Australian equivalents to IFRS will be first reflected in Norwest's financial statements for the year ending 30 June 2005, as a comparative to the 30 June 2006 financial statements.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

Set out below are the key areas where the accounting policies will change and may have an impact on the financial report of Norwest.

1. Financial Instruments

All financial assets and liabilities will be recorded on the face of the statement of financial position at fair value.

Impact on Norwest

The current accounting treatment records financial assets and liabilities at cost which approximates net fair values.

2. Exploration and Evaluation

The IFRS standard on Exploration and Evaluation of Mineral Resources has not yet been issued.

Impact on Norwest

The impacts of changes from Norwest's existing accounting policy (which is in accordance with AASB 1022 "Accounting for Extractive Industries") are not yet determinable.

3. Income Tax

Income tax will be calculated based on the "balance sheet" approach, replacing the current income statement method. This may result in the recognition of additional deferred tax assets and liabilities. In addition, tax losses will be recognised as an asset to the extent that future taxable profits are probable. This may result in greater deferred tax assets compared to the existing parameters of recognising future income tax benefits when tax losses are virtually certain of being realised and timing differences where realisation is assured beyond reasonable doubt.

Impact on Norwest

On adoption, the change to the balance sheet approach may result in the recognition of additional deferred tax assets and liabilities with a corresponding impact to retained earnings. Post adoption any movements in deferred assets and liabilities will be recognised in the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

4. Provision for Environmental Rehabilitation

Environmental obligations associated with the retirement or disposal of production and/or exploration properties will be recognised when the disturbance occurs and is based on the extent of damage incurred. The provision is measured as the present value of the future expenditure. A corresponding rehabilitation asset is also recognised. On an ongoing basis, the rehabilitation liability will be remeasured at each reporting period in line with the changes in the time value of money (recognised as an accretion expense in the statement of financial performance and an increase in the provision), and additional disturbances/change in rehabilitation cost will be recognised as additions/changes to the corresponding asset and rehabilitation liability. The rehabilitation asset will be amortised to the statement of financial performance on the same basis as the development asset.

Impact on Norwest

Where applicable, the statement of financial performance will recognise both an accretion expense and amortisation of rehabilitation asset.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as not all standards have been analysed as yet, and decisions have not been made where the choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to Australian equivalents to IFRS on Norwest's financial position and reported results.

Note 24 – Contingent Liabilities

Joint Ventures

The Company has received a Notice of Arbitration from AEC International (Australia) Pty Ltd (“AEC”) the Operator of AC/P22. There exists a dispute between AEC, this Company and the other Joint Venturer, Ashmore Oil Pty Ltd, concerning AEC's entitlement to be paid rig demobilisation costs allegedly incurred by AEC for the Joint Venture in relation to the drilling of the Puffin 6 Well. This Company denies any liability in respect of those costs and other budget over-runs and will defend this position in the Arbitration instituted by AEC. It is unlikely that a decision will be handed down by the Arbitrator before November 2004. The contingent liability in relation to this dispute and the budget over-runs is estimated to total \$650,000 including approximately \$220,000 in legal fees. No amount has been reflected in the financial statements for this.

DIRECTORS' DECLARATION

Directors' Declaration

1. In the opinion of the directors of Norwest Energy NL :
 - (a) the financial statements and accompanying notes 15 to 31, are in accordance with the Corporations Act 2001, including :
 - (i) giving a true and fair view of the financial position of the Company and the consolidated entity as at 30 June 2004 and of their performance, as represented by the results of their operations and their cash flows for the year ended on that date;
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The financial statements have been made out in accordance with applicable Accounting Standards and Urgent Issues Group Consensus Views.

Signed on 29 September 2004 in accordance with a resolution of the directors

P L Munachen
Director

INDEPENDENT AUDIT REPORT



Independent audit report to members of Norwest Energy NL

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Norwest Energy NL (the "Company") and the Consolidated Entity, for the year ended 30 June 2004. The Consolidated Entity comprises both the Company and the entities it controlled during that year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- Examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- Assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance of internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



KPMG, an Australian partnership, is a member of KPMG International, a Swiss non-operating association.

INDEPENDENT AUDIT REPORT



Audit opinion

In our opinion, the financial report of Norwest Energy NL is in accordance with:

- (a) the *Corporation Act 2001*, including:
 - i. giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2004 and of their performance for the financial year ended on that date; and
 - ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'BP Steedman'.

BP STEEDMAN

Partner

Perth

29 September 2004

CORPORATE GOVERNANCE

Norwest Energy NL ("**Company**") has adopted systems of control and accountability as the basis for the administration of Corporate Governance, using the ASX Principles of Good Corporate Governance and Best Practice Recommendations as a guideline ("**ASX Principles and Recommendations**"). Some of the policies and procedures that the Company has adopted in pursuit of best practice in corporate governance are summarised in this section of the Annual Report.

The following additional information about the Company's Corporate Governance practices is set out on the Company's website at www.norwestenergy.com.au:

- Corporate Governance disclosures and explanations;
- Statement of Board and Management Functions;
- Nomination Committee Charter;
- Policy and Procedure for Selection and Appointment of New Directors;
- Summary of Code of Conduct for Company Executives;
- Summary of Policy for Trading in Company Securities;
- Audit Committee Charter;
- Procedure for the Selection, Appointment and Rotation of External Auditor;
- Summary of Compliance Procedures for ASX Listing Rule Disclosure Requirements;
- Shareholder Communication Strategy;
- Company's Risk Management Policy and Internal Compliance and Control System;
- Statement of process for performance evaluation of the Board, Board committees, individual directors and key executives;
- Remuneration Committee Charter; and
- Corporate Code of Conduct.

Explanations for Departures from Best Practice Recommendations

The Board has adopted corporate governance practices that are commensurate with the size and scope of the Company and its activities as a junior explorer. The Company has therefore adopted policies, procedures and structures which have been designed with the best interests of the Company and its shareholders in mind, and which are practical and efficient to implement, notwithstanding that these are not in all instances consistent with the specific recommendations of the ASX Corporate Governance Council. To the extent that the Company's practices did not conform with the ASX Principles and Recommendations during the Reporting Period, an explanation for departure from the respective Principles and Recommendations is provided below.

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
1	1.1	Formalisation and disclosure of the functions reserved to the Board and those delegated to management occurred on 16 August 2004.	As from 16 August 2004 the Company achieved compliance. Prior to this time the functions were delegated as now disclosed but without formalisation.
2	2.1	Only one director is considered to be independent.	Given the size and scope of the Company's operations the Board considers that it is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its shareholders from both a long-term strategic and day-to-day operations perspective, and to achieve the objectives of the Company. The Board is of the view that it has achieved an appropriate balance between independent representation and maintaining sufficient relevant experience for the Board to fulfil its objectives.
2	2.3	The chairman is not an independent director.	The Board considers that in view of the size and scope of the Company's activities, no real benefits would be gained by appointing an independent chairman. To the contrary, the Board is of the view that the Chairman's vested interest in the Company by virtue of his substantial shareholding is a driving force in the success of the Company, and that the scope for conflict between the interests of the chairman and the other shareholders is minimal.

CORPORATE GOVERNANCE

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
2	2.4	A separate Nomination Committee has not been formed.	The role of the Nomination Committee is carried out by the full Board. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing a separate Nomination Committee.
3	3.1 & 3.2	There was no written code of conduct for executives or a written securities trading policy.	On 16 August 2004 the Company adopted a code of conduct for executives and a written securities trading policy. These documents reflected the existing but undocumented practices of the Company's executives and employees in this area.
4	4.2; 4.3	A separate Audit Committee has not been formed.	The composition of the Board is not suitable for the formation of an audit sub-committee (as the only independent director does not possess the requisite financial expertise to take on the full responsibilities of an audit committee). However, the Company has developed an audit review process whereby the independent director will meet with the external auditor bi-annually and finance management as required to ensure the highest possible degree integrity of the Company's financial operations.
5	5.1	Written policies and procedures to ensure compliance with ASX Listing Rule disclosure requirements were adopted on 16 August 2004.	Prior to 16 August 2004 the Company had undocumented policies for compliance.
6	6.1	Disclosure of a formal communication strategy with shareholders occurred on 16 August 2004.	Prior to 16 August 2004 the Company had an undocumented but positive strategy for communication with shareholders, in particular by making information available to shareholders on its website. Those practices formed the basis of the new formalised and disclosed policy.
7	7.1	The Company does not have a detailed risk oversight and management policy and internal compliance and control system.	The Company has developed a framework for risk management, commensurate with its status as an exploration Company.
8	8.1	The process for evaluation of the Board, individual directors and key executives was not disclosed.	The Company did not consider that a formal process was beneficial to the Company given the size and composition of the Board. The Company intends to conduct a less formal review on an annual basis. The Company will consider formal procedures for evaluation in its 2004/2005 financial year.
9	9.1	The Company does not have a formal remuneration policy.	Remuneration has been, and continues to be, in accordance with the general principles recommended by the ASX; that is, non-executive directors receive a fixed fee for their services and do not receive performance-based remuneration. There are only two key executives in the Company, each of whom receive a fixed fee remuneration package that is subject to adjustment in accordance with performance. To the extent that additional executives are appointed in the future and the scope of the Company's activities expand, the Company will reconsider whether a change in the structure of executive remuneration is appropriate.
10	10.1	There was no disclosed code of conduct for the Company.	On 16 August 2004 the Company adopted a code based on the existing business practices promoted in the Company.

CORPORATE GOVERNANCE

Skills, Experience, Expertise and Term of Office of Each Director

A profile of each director containing the applicable information is set out in the Directors' Report.

Identification of Independent Directors

Prior to the resignation of Mr Burgess from the position of CEO, Mr Svalbe was an independent director of the Company. Mr Svalbe and Mr Munachen fulfilled the role of CEO from February 2004 as an interim measure while the Company sought a replacement CEO, which, by application of the criteria for independence as set out in Box 2.1 of the commentary to the ASX Principles of Good Corporate Governance and Best Practice Recommendations, affected Mr Svalbe's independence. On 22 July 2004 a new CEO, Jonathon Salomon, was appointed and Mr Svalbe resumed the status of a non-executive director. Notwithstanding Mr Svalbe's brief period in the position of CEO, the Board considers that Mr Svalbe has always been, and continues to be, capable of making decisions and taking actions which are in the interests of all shareholders, and therefore considers him to be independent.

Statement Concerning Availability of Independent Professional Advice

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director, then, provided the director first obtains approval for incurring such expense from the chairperson, the Company will pay the reasonable expenses associated with obtaining such advice.

Names of Nomination Committee Members and Their Attendance at Committee Meetings

The full Board carries out the function of the Nomination Committee. The Board did not meet formally as the Nomination Committee during the Reporting Period, however any relevant matters were discussed on an as-required basis from time to time during regular meetings of the Board.

Names and Qualifications of Audit Committee Members

The Company does not have an audit sub-committee, as this is not considered to be appropriate in the context of the Board's composition. However, the Company has adopted "Audit Review Guidelines" whereby the independent members of the Board will meet with the external auditors in respect of the half-year and full-year reports from the commencement of the Company's 2004/2005 financial year. The Board acknowledges that it currently has one independent member, who assumed the role of interim Chief Executive Officer during part of the Reporting Period while a replacement for the vacant office was being sought. In this regard, the audit function in respect of the full year financial reports was carried out by the full Board.

Confirmation Whether Performance Evaluation of the Board and It's Members Have Taken and How Conducted

During the Reporting Period a formal evaluation of the Board and its members was not carried out, as it was not considered to be a beneficial procedure given the size and composition of the Board and the nature of the Company's operations. However, the composition of the Board and its suitability to carry out the Company's objectives is discussed on an as-required basis during regular meetings of the Board and any adjustments made accordingly.

CORPORATE GOVERNANCE

Company's Remuneration Policies

The small number of Board members and key executives has meant that there is no clear distinction between executive and non-executive remuneration. However, a description of the remuneration structures in place is as follows:

- The non-executive directors received a fixed fee for their services. They do not receive performance-based remuneration. To the extent that non-executive directors perform services from time to time that exceed the commitment expected of them, they are eligible to receive additional fees as determined by the chairman.
- The recently appointed Chief Executive Officer, Jonathon Salomon, receives a fixed fee for his services as determined in accordance with external remuneration surveys. He does not receive any bonus or other performance-based remuneration. Mr Salomon received 1,000,000 options issued pursuant to a shareholder approved employee option scheme.
- The Executive Director - Finance and Corporate receives a fixed fee for his executive services (with no bonus or other performance-based remuneration), and a separate fixed fee for his services as a director.

Names of Remuneration Committee Members and Their Attendance at Committee Meetings.

There was no formal remuneration committee, however the Board addressed remuneration related issues as required during the Reporting Period, with the assistance of external remuneration surveys where appropriate.

Existence and Terms of any Schemes for Retirement Benefits for Non-Executive Directors

There are no retirement benefits for non-executive directors.

SHAREHOLDER INFORMATION

Substantial Shareholders

The Company's Register of Substantial Shareholders, prepared in accordance with section 715 of the Corporations Act 2001, recorded the following information as at 24 September 2004 ;

Name	Number of Shares	Class of Share
Northbourne Limited, Rockfield Investments Limited, Sundowner International Limited, Henry David Kennedy and Graeme McKinnon Menzies	29,793,060	Fully Paid Ordinary

Holders in Each Class of Security

Class of Security	Number of Holders
<i>Listed</i>	
Fully Paid Ordinary Shares	2,132
31 December 2004 Options at 25 cents (exercise price)	369

Voting Rights Attached to Each Class of Security

At a general meeting of the Company every holder of shares entitled to vote may vote in person or by an attorney, representative or proxy and has one vote on a show of hands and one vote for each share held on a poll. Option holders have no voting rights attaching.

Distribution of Equity Securities

The distribution of members and their holdings, as at 24 September 2004 of fully paid ordinary shares and options to acquire an equal number of Fully Paid Ordinary Shares at an exercise price of 25 cents on or before 31 December 2004 was as follows :

Shares Held	No. of Shareholders	No. of Optionholders
1 - 1000	26	12
1,001 - 5,000	244	76
5,001 - 10,000	373	68
10,001 - 100,000	1,233	168
100,001 and over	258	54
Totals	2,134	378
less than marketable parcel (9,434 shares)	405	

SHAREHOLDER INFORMATION

Twenty Largest Equity Security Holders

Shares

The names of the 20 largest holders of fully paid ordinary shares as at 24th September 2004 are listed below :

Name	Number of Shares	Percentage
Northbourne Limited	17,250,010	10.30
Nefco Nominees Pty Ltd	9,577,200	5.72
Brian Lesleigh Williams & Valerie Ruby Dawn Williams	3,860,000	2.30
Argil Pty Ltd (Michael Johnson S/F A/C)	3,000,710	1.79
Toltec Holdings Pty Ltd	2,597,914	1.55
Northbourne Limited	2,577,000	1.54
Westpac Custodian Nominees Limited	2,500,000	1.03
Piat Corp Pty Ltd	1,720,000	0.74
Jindabyne Pty Ltd (H W Daly Family A/C)	1,630,300	0.97
Net Nominees Limited	1,309,000	0.78
Jemaya Pty Ltd (The Featherby Family A/C)	1,055,504	0.63
Myong Sun Campbell	1,000,000	0.60
Colbern Fiduciary Nominees Pty Ltd	1,000,000	0.60
Phoenix Mining Services Pty Ltd	1,000,000	0.60
Ravina Ltd	1,000,000	0.60
Janine Mary Wawryk	998,253	0.60
Comsec Nominees Pty Limited	996,200	0.59
Lawrence Grice	995,014	0.59
Conrad James Smith	990,000	0.59
Tony Di Labrio	900,000	0.54
Total	55,957,105	33.41

SHAREHOLDER INFORMATION

Options

The names of the 20 largest holders of listed Options, (to acquire an equal number of Fully Paid Ordinary Shares at an exercise price 25 cents each on or before the expiry date of 30 December 2004) as at

24 September 2004 are listed below :

Name	Number of Shares	Percentage
Mohamed Abas	14,131,000	30.44
Northbourne Limited	5,600,000	12.06
Darren John Hall	2,120,250	4.57
Direct Mining Services Pty Ltd	1,500,000	3.23
Cossimo Russo & Susan Lydia Russo	1,000,000	2.15
Robert Renouf	760,000	1.64
Colbern Fiduciary Nominees Pty Ltd	600,000	1.29
Graham McIntyre Dawe	522,500	1.13
Oxley Graeme Maley	503,863	1.09
Henry David Kennedy (Super Fund A/C)	450,000	0.97
James Roderick Pemberton Palmer	450,000	0.97
Tower Trust Limited	425,000	0.92
Joe Gutierrez	420,250	0.91
Chee Fat Chiew & Pick Fong Chiew	400,000	0.86
Alban Horst Hasslinger	400,000	0.86
John Charles Nixon	400,000	0.86
Eliton Investments Pty Ltd	370,000	0.80
Nazime Hyssoli & Ashpet Hyssoli	363,000	0.78
Biotech International Pty Ltd	341,667	0.74
Katrina Dean	341,487	0.74
Total	31,129,017	67.06

Unlisted Securities

There were 3,250,000 unlisted options on issue at 30 June 2004. The options are exercisable on or before 28 November 2007 at an exercise price of 20 cents each.

Restricted Securities

At the date of this report, there are no restricted securities on issue.

On Market Buy Back

There is no current market buyback

TENEMENT SCHEDULE

Permit No.	Location / Administrator	Type of Permit	Percentage interest
AC/P22	Ashmore Cartier Islands Northern Territory	Petroleum Exploration Permit Offshore	2.5%
AC/P32	Ashmore Cartier Islands Northern Territory	Petroleum Exploration Permit Offshore	49%
EP-364	Carnarvon Basin Western Australia	Petroleum Exploration Permit Offshore	10%
TP/15	Perth Basin Western Australia	Petroleum Exploration Permit Offshore	0% earning 10%
EP-368	Perth Basin Western Australia	Petroleum Exploration Permit Onshore	10%
EP-413	Perth Basin Western Australia	Petroleum Exploration Permit Onshore	1.278%
EP-419	Perth Basin Western Australia	Petroleum Exploration Permit Offshore	80%
L-14	Perth Basin Western Australia	Petroleum Production Permit Onshore	1.278%

Norwest Energy NL

288 Stirling Street
Perth WA 6000

P.O. Box 8260
Perth Business Centre
Perth WA 6849

Telephone +61 8 9227 3240

Facsimile +61 8 9227 3211

www.norwestenergy.com.au

