



8 June 2006

Company Announcement

Update - Appalachian Operations.

- **New pool gas discovery at Little Sandy Project (Kentucky)**
- **Gas flow from lower secondary target after initial treatment program at Cornstalk Project (West Virginia)**

Little Sandy (Kentucky)

The third well in the Little Sandy Project (Tussey-1) has open flowed at rates of 120,000 to 190,000 cubic feet per day, with rates significantly hampered by water slugging. Further testing is underway and improved rates can be expected as the well cleans up. Although the Tussey well will not be brought into production for some time due to pipeline access, the discovery of gas at the Berea level has significantly improved prospectivity in the Little Sandy region.

Norwest Energy Limited has a 60% working interest in the three wells drilled and a 70% working interest in the approximate 12,500 leased acres surrounding the wells.

Cornstalk, Bug Run and Green Park (West Virginia)

The US based operator of the project, Ascent Resources WV, Inc. has advised that frac'ing operations have been initiated in the Cornstalk Project in West Virginia. Two wells have been frac'ed within a secondary target interval in the lower Rhinestreet Shale. The individual wells flowed gas to atmosphere at initial unstabilised rates of up to 130,000 cubic feet per day. Further frac operations are planned for the primary target Devonian Shale in all five wells which have been drilled. Operations for connecting these wells to an existing gas gathering system at the Apple Grove Field have also commenced.

Under a Participation Agreement between Ascent, Norwest and Alto Energy International Limited, Ascent is paying Norwest and Alto's share of costs of drilling and completing the first three wells in this project. Ascent is an experienced operator in the onshore US, and has been introduced to the project to build a strong local experience base and to systematically introduce techniques and technology which will optimize the gas potential within the shale section. Norwest has a 29% working interest in 36,000 ac in the Cornstalk, Bug Run and Green Park Project.

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