

ASX Companies Announcements Office

REPORT FOR THE QUARTER ENDED 31st March, 2006

Highlights

- Record production at the Jingemia Oilfield
- Reprocessing of 3D seismic data in North Sea Block 48/1b & 2c completed and interpretation underway targeting gas updip and adjacent to discovery well
- Seismic acquisition completed in two Perth Basin blocks
- Four wells of a five wells program drilled in West Virginia
- Three wells drilled in Kentucky
- Tennessee wells continued to produce gas at low rates.
- Delhi office fully operational.

OVERSEAS PROJECTS

US Appalachians Gas, Tennessee (WI 37.5%), Kentucky (WI 70%) and West Virginia (WI 29%)

In Kentucky, three wells were drilled in the Little Sandy project during the quarter. All three wells intersected the targeted Devonian shale. Two wells have been frac'ed and are currently shut in. The third well has been waiting on ground conditions to improve after rains made access roads impassable to allow a frac'ing and completion operation to proceed. This will involve a dual stage programme to evaluate shows in the shallower Berea Formation as well as the Devonian Shale which may lead to further completion programs in the Berea in the first two wells. The Little Sandy project has 12,700 acres under lease.

In the West Virginia project, three wells in a five well program had been drilled by the end of the quarter. Since that time, the fourth well has been drilled and the fifth is currently drilling. All wells are expected to be completed and tested during the next quarter. The wells intersected the targeted Devonian Shale as well as the deeper Rhinestreet Shale with combined thicknesses of over 1,300 ft (400 m) of which around 400 ft (120m) is considered to have the highest gas flow potential. The West Virginia project includes the Cornstalk, Bug Run and Green Park areas and has 36,000 acres under lease.

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

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

Norwest has a 50% interest in North Sea Blocks 48/1b and 2c. Reprocessing of 3D seismic data has been completed in Perth and interpretation is currently underway. The re-processing was undertaken to provide accurate maps of identified closures updip of and immediately adjacent to a well that flowed gas when drilled in the 1980's despite being heavily damaged by non-optimal drilling practices. The wireline logs of the well clearly show a gas column is present. Significant interest has been shown by a number of large UK companies to farm in to the block.



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

Norwest holds a 50% interest in the License 47/8d and 47/13c located in the Southern Gas Basin close to block 48/1b & 2c. The block is immediately northwest of the Amethyst Gas Field (850 billion cubic feet) and seismic data shows evidence that the Amethyst feature continues into the license. The available seismic data has been purchased and interpretation has commenced.

UK North Sea Blocks 12/16b, 12/17a, 12/22b 25%

Norwest holds a 25% interest in a license awarded in the Inner Moray Firth area in 2005. The area is operated by a UK company which will be leading the evaluation work. The block holds multiple oil targets and is close to the large Beatrice oilfield.

AUSTRALIAN PROJECTS

AC/P32 Vulcan Sub-basin Timor Sea 30.1%

The Magnolia 1 well was spudded on 26th December. The well reached a total depth of 3109 metres on 10th January 2006. The well was plugged and abandoned as a dry hole. Norwest had farmed out its position prior to the drilling of the well resulting in it carrying less than 1% of well costs.

Following the end of Permit Year 3 on 27th February, OPIC and AWE elected to withdraw from the permit, thus Norwest's interest in the block increased to 30.1%. The block is surrounded by oil and gas discoveries and has potential to host oil and/or gas in a number of different plays. Follow up work on the Magnolia well is currently underway. The Joint Venture has applied to the Designated Authority for a six month suspension of the permit while this work is being carried out.

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

Norwest's has a 1.25% over riding royalty in the permit, which contains the Puffin field (estimated to contain 10.4 mmbbl P90), and operated by AED.

AED commenced its drilling program in the permit with the Puffin 9 and Puffin 7 wells. Puffin 9 was spudded in March, 2006 as an exploration well targeting a fault block to the south of the Puffin Field. The well resulted in a new oil discovery in two reservoir zones that correlate with the reservoir horizons in the Puffin Oilfield. Puffin 7 is the first development well on the Puffin Field and is currently drilling.

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

Oil production sold during the Quarter was 374,149 barrels, 4,782 barrels net to Norwest. The produced oil is being trucked and sold to BP's Kwinana Refinery.

Average oil production for the quarter was approximately 4,700 bopd with record production being achieved in February of 5205 bopd. During March, the field was temporarily shut in to allow some remedial work-overs to be conducted.

There was no drilling activity in L 14 or EP 423 during the quarter but geological and geophysical studies with the view to selecting the preferred drilling candidate for EP 413 are continuing. The well should be drilled before December 2006.

A data trade with the TP/15 joint venture has enabled a merge of the Denison 3D data and the Verena 2D data. The merged data is expected to be available next quarter.

TP/15 Northern Offshore Perth Basin acquiring 10%

During the quarter, interpretation and mapping of the integrated Verena/Denison seismic data set continued. Based on the current drilling schedule of the ENSCO 67 jack-up, it is anticipated that a well in T/P15 will be drilled in June 2006.

EP 364 Offshore Carnarvon Basin 10%

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

EP 368 Northern Onshore Perth Basin 10%

The 143 km 2D Springy Creek Seismic Survey has been recorded and is currently being processed. The block has a commitment well to be drilled before February 2007, and the next stage of work will involve the integration of previously recorded gravity and magnetic data with the new seismic data.

EP437 Northern Onshore Perth Basin 33 1/3%

The 2D Dog Hole Seismic Survey comprising 72 km of 2D seismic has been recorded and is currently being processed. Pre-existing 2D data has been re-processed and is currently being interpreted. Previously recorded gravity and magnetic data has been interpreted and will be integrated with the new seismic data.

Other

The company prepared and submitted bids for three blocks in the Australian bid rounds which closed on 20th April. The bid group included two very large and prestigious Indian companies.

EXPENDITURE

The group spent \$640,000 on exploration and evaluation activities during the Quarter ended 31st March, 2006.

J A Salomon CEO & Director

The above information as far as it relates to potential hydrocarbon reserves, is based on, and accurately reflects information compiled by Mr J A Salomon. Mr Salomon has appropriate technical qualifications and has in excess of 5 years relevant experience. Mr Salomon is a director of Norwest Energy NL and he consents to the release of the information, as disclosed above. *Rule 5.3*

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Norwest Energy NL

ABN

65 078 301 505

Quarter ended ("current quarter")

31 March 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (.9... months) \$A'000
1.1 Receipts from product sales and related debtors	421	693
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(640)	(2,056)
1.3 Dividends received	(423)	(908)
1.4 Interest and other items of a similar nature received	78	223
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	25	25
Net Operating Cash Flows	(539)	(2,023)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(3)	(41)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(3)	(41)
1.13 Total operating and investing cash flows (carried forward)	(542)	(2,064)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(542)	(2,064)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	5,181
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid	-	(271)
1.19	Other (provide details if material)		
	Net financing cash flows	-	4,910
	Net increase (decrease) in cash held	(542)	2,846
1.20	Cash at beginning of quarter/year to date	8,912	5,506
1.21	Exchange rate adjustments to item 1.20	(7)	11
1.22	Cash at end of quarter	8,363	8,363

Payments to directors of the entity and associates of the directors

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	146
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Payments to companies associated with directors (in 1.23 above) for:

Corporate consulting fees	21
Technical & management fees	59
Directors fees	25
Administration & secretarial fees	41

Non-cash financing and investing activities

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

N/A

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

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,381
4.2 Development	48
Total	2,429

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	218	591
5.2 Deposits at call	8,145	8,321
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	8,363	8,912

Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	199,854,38	199,854,538		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	3,250,000 500,000 500,000 1,100,000 2,500,000 500,000 500,000 250,000 250,000 7,587,500		<i>Exercise price</i> \$0.20 \$0.10 \$0.15 \$0.15 \$0.15 \$0.13 \$0.18 \$0.20 \$0.25 \$0.20	<i>Expiry date</i> 28 November 2007 30 June 2008 30 June 2008 21 November 2008 25 November 2009 9 March 2010 9 March 2010 9 June 2010 9 June 2010 27 November 2008
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				

+ See chapter 19 for defined terms.

7.11	Debentures <i>(totals only)</i>		
7.12	Unsecured notes <i>(totals only)</i>		

Compliance statement

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

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

Sign here: Date: 28 April 2006
(Director/Company secretary)

Print name: E A Myers

Notes

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

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

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

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

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

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