

ASX Companies Announcements Office

REPORT FOR THE QUARTER ENDED 30th September, 2006

Highlights

- A significant reserves increase announced for AC/P22
- Agreement signed with Bharat Petroleum for co-operation in world wide exploration
- Farmout efforts for large gas structure in North Sea attracting strong interest in the UK and India
- Jingemia-8 development well flowed at 3520 barrels of oil per day
- New seismic being interpreted in two Perth Basin blocks
- West Virginia project sold
- Moondah well drilled and dry

AUSTRALIAN PROJECTS

TP/15 Northern Offshore Perth Basin 10% (Farmin completed through Moondah drilling)

Norwest has completed its farm-in requirements in TP/15 through the drilling of the Moondah well. Moondah-1 was spudded on 24th July and drilled to a total depth of 1,450 metres. No significant hydrocarbons were intersected and the well was plugged and abandoned. Further drilling in TP/15 is planned using an onshore rig to drill a deviated well into a prospect located just off the coastline

AC/P32 Vulcan Sub-basin Timor Sea 30.1%

The Operator of the block, Coogee Resources, commenced interpretation of recently purchased 3D. The Joint Venture now holds a 3D database which covers the entire 1,072 square kilometres of the permit. A large portion of the 3D data has been recently reprocessed. The interpretation is aimed at producing drilling options for a commitment well in the next permit year commencing May 2007. Entry into the year is optional for each of the Joint Venture partners. Discussions are ongoing with potential farm-in partners to share in current and future costs.

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

In May 2006, the Puffin-7 well was drilled as a horizontal development well and intersected 635 m of net oil bearing sandstone, with the well being terminated in clean oil sand. The sand was tested and flowed at stabilised rates of 9700 barrels of oil per day, limited by the rate at which test facilities could be safely operated. The operator, AED Oil Limited, reported that the initial capacity for oil production from the well is calculated to be

in excess of 15,000 barrels of oil per day. The oil is a sweet light crude with API gravity of 45 degrees. In March 2006, Puffin-9 was drilled and discovered oil in two zones and the well was suspended. In April 2006 a Production License AC/L6 was awarded over the Puffin Field.

In September 2006, AED reported that its previous estimate of the volume of oil in the Puffin field had been expanded significantly following an extensive technical review which included access to previously unavailable seismic information. This review indicated that the known oil bearing structures are likely to cover a much larger area, and that they should contain significantly greater volumes of oil than previously estimated. AED's estimate of oil in place within Puffin North East has risen from 13 million barrels of original oil in place (OIIP) to in excess of 90 million barrels OIIP. A revised reserve statement will be released following an independent review of this work.

AED plans to start producing crude oil from the field in the first quarter of next year, using a Floating Production Storage and Offloading System (FPSO), and is also investigating drilling a further development well to increase oil production rates. A recent operator's report confirms three separate oil accumulations are present: Puffin-2 undeveloped, Puffin-7 - a phase I (Dec to 1st quarter 2007) development project at 15,000+ bopd, and Puffin-8 & 9 - a phase II, (December 2007) development project at 35,000 bopd.

In addition, the operator reports 6 prospects and leads remaining in AC/P22 with possibilities at Puffin-3 and 4 (both of which intersected oil columns), targets adjacent to Puffin-9, and deeper objectives in the Jurassic section.

Norwest has a 1.25% overriding royalty in the permit. Once production commences, Norwest is entitled to receive payment for 1.25% of gross revenues, to be paid on quarterly basis. On current information, Norwest estimates that this is worth between \$10 and \$40 million dollars, depending on ultimate recoverable reserves and oil price, over a short field life. For further details, search the AED announcements on www.aus-energy.com.au.

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

Oil produced during the Quarter was 161,035 barrels, 2058 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 1750 bopd.

Jingemia-8 development well was drilled, cased and completed for production. The well was perforated over a 21.5 meter interval at the top of the Dongara Sandstone. A clean up flow of 3,520 barrels of oil per day was measured. A permanent flow line has been installed and the well is being commissioned. Production from Jingemia-8 is expected to reverse recent production declines.

EP 368 Northern Onshore Perth Basin 10%

The 143 km 2D Springy Creek Seismic Survey is currently being interpreted by the operator. The block has a commitment well to be drilled before February 2007.

EP437 Northern Onshore Perth Basin 33 1/3%

The 2D Dog Hole Seismic Survey comprising 72 km of 2D seismic is currently being interpreted along with re-processed older seismic. Previously recorded gravity and magnetic data is being integrated with the new seismic data.

EP 364 Offshore Carnarvon Basin 10%

A Retention License was granted by the WA DoIR.

OVERSEAS PROJECTS US Appalachians Gas, Kentucky (WI 70%), West Virginia (WI 29%), Tennessee (WI 37.5% & 50%),

An offer to purchase Norwest's interest in the West Virginia project has been accepted and is expected to close in November 2006. Progress in drilling and testing has been limited because of access to crews and equipment. Acreage values have increased many fold and Norwest has elected to withdraw from the project recovering substantially more than its sunk costs.

Similar sales are being sought for the Kentucky and Tennessee projects.

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

During the second quarter of the year, Norwest completed the mapping of reprocessed 3D seismic data over a structure named Bounder. The interpretation showed a large structure with preliminary estimates of gas-in-place within Norwest's licence in the range of 250 to 300 billion cubic feet (BCF), with the possibility for reserve additions, particularly in adjoining fault compartments. The presence of gas at Bounder is proven by a well drilled in 1984 which clearly shows the presence of a gas column on the lower flanks of the structure. The issue going forward is not whether gas is present, but the selection of the optimum engineering solution for production from tight gas reservoirs. The reservoir at Bounder and in all surrounding producing fields is the Leman Sandstone at approximately 3,500 metres (11,500 feet). Bounder's reservoir characteristics are very similar to that of the surrounding fields. In particular, two recent successes give confidence for a Bounder development. At the Hoton field immediately to the south, BP flowed gas from a single well bore with two horizontal sections at initial rates of 65 million cubic feet per day (mmcf/d). To the north, a joint venture operated by Eon. Ruhrgas drilled a carefully managed vertical appraisal well on the Babbage discovery and flowed gas at a rate of 10.7 mmcf/d, without the need for stimulation.

A farm-in partner is currently being sought to go to the next stage of drilling a well in the block within the 2 year period from December 2006 to December 2008. To retain the block through this period, Norwest and its partners must commit to drilling a well by December 4 2006. Strong farm-in interest is being expressed by UK based and Indian companies.

Mapping of the northern part of the block has also been completed and indicates that the

Babbage structure likely continues over into the permit. This provides a second possible gas resource. The minimum economic pool size for the region is around 35 BCF and it is estimated that the volume of Babbage within the block exceeds this. The block is located within a short distance of existing gas platforms, and pipeline systems. This close proximity to established infrastructure provides a range of attractive development options.

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

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, and that other structures are present. The available 2D seismic data has been purchased and interpretation is underway. Reprocessing of the data will be undertaken in Perth during the last quarter of 2006.

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 (150 million barrel reserves).

INDIA

Norwest Energy has signed an "Agreement on Areas of Mutual Interest" with Bharat Petroleum Corporation Limited (BPCL), under which the two companies will work together to pursue international upstream oil and gas opportunities. Under the agreement Norwest will act as a Project Leader to identify opportunities and areas for joint exploration, appraisal and development.

BPCL is a Fortune 500 company. BPCL's main business focus is in refining, storing, marketing and distributing of petroleum products in India. It has recently entered the upstream oil and gas business, and is rapidly building a portfolio of international ventures. The company has a market capitalisation of approximately US\$3 billion, a sales turnover in 2004/2005 of US\$16 billion, and it employs over 12,000 staff.

EXPENDITURE

The group spent \$1,020,000 on exploration and evaluation activities during the Quarter ended 30th September, 2006.

J A Salomon CEO & Director

The summary report on the oil and gas projects is based on information compiled by Mr J A Salomon, BAppSc (Geology), Chief Executive Officer of Norwest Energy NL. Mr Salomon holds a relevant degree in geology and has been practising petroleum geology for 25 years. Mr Salomon is the full-time Chief Executive Officer of Norwest Energy NL and has consented in writing to the inclusion of the information stated in the form and context in which it appears.