

ASX Companies Announcements Office

REPORT FOR THE QUARTER ENDED 31st March, 2007

Highlights

- Potential royalty cash flow from Puffin Oilfield increased with reserves update
- Second Puffin development well drilled
- UK Block 48/1b&2c (Boulder Block) government approval for continuation to Year 3
- Block 48/1b&2c farmed out to Indian companies BPCL and Tata
- New UK licence 47/7 awarded
- Dual drilling target finalised for AC/P32
- AC/P32 farmed out to Indian company BPCL
- Northern Territory government has granted consent to negotiate with Northern Land Council for rights to onshore Bonaparte licence EP139
- Mr. Bill Bloking appointed as Director

AUSTRALIAN PROJECTS

AC/P32 Vulcan Sub-basin Timor Sea 24.08%

The Joint Venture completed technical interpretation of 3D seismic covering the entire licence area. A number of prospects and leads have been identified, evaluated and ranked. Of these, a dual target feature has been selected for drilling. At the Jurassic Montara and Plover sand levels, the prospect is called Wisteria. At the Cretaceous Puffin sand level the prospect is called Azalea. Wisteria is a fault closed structure similar to existing discovered oil and gas pools and has mean reserves potential of 35 mmbo (assuming it is 100% oil charged). Wisteria is structurally less complex than the nearby Magnolia prospect drilled in early 2006. Azalea is a stratigraphic prospect and is a sand pinchout play involving well control, seismic amplitude responses and seismic indications of migrating hydrocarbons (HRDZs). The prospect has potential mean reserves of 132 mmbo (assuming 100% oil charged).

The Azalea prospect overlies Wisteria allowing both prospects to be drilled with one vertical well in water depths of approximately 100 metres. The joint venture recently completed a comprehensive site survey at the proposed Wisteria/Azalea drilling location. This survey has confirmed the joint venture's ability to drill this well with a jack-up rig that has been contracted by the permit operator (Coogee Resources) for its Montara field development during the course of next year – thereby benefiting from economies of scale.

Indian company Bharat Petroleum Corporation Limited (BPCL) has farmed into the licence paying the Joint Venture a sum of US\$1.42 million in exchange for a 20% working interest. Norwest's working interest has reduced from 30.1% to 24.08%, and Norwest has been paid US\$427,420.

Farm-out discussions with third parties to assist in funding this well are being progressed in the meantime. The next permit year which includes the well commitment commences on 28 May 2007.

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

During the quarter, development well Puffin-8 was spudded. The well intersected 232 metres of net oil bearing sand and will be flow tested in the next few weeks, prior to commencement of subsea installations for production from the field. Two horizontal development wells have now been drilled.

As a result of reserve and volumetric estimate increases by the operator AED, Norwest's estimate of the potential cash flow that could result from its 1.25% royalty over the Puffin field has increased to A\$65,000,000 based on the following table which shows volumetric estimates for three parts of the Puffin Field:

	OIIP Million Barrels	Recoverable Volumes Million Barrels
NE1 Oil Volumes P50	67	40
NE2 Oil Volumes, average (and range)	20.5 (11-30)	9 (5-13)
SW Oil Volumes, most likely (and range)	65 (38-97)	29 (15-68)
Total	152.5	78

The volumetric estimates in the tables are derived from a series of statements released by the operator for various parts of the field. AED in its initial update reported P50 reserves of 40 million barrels for the NE1 area. Subsequently it reported Oil Initially In Place (OIIP) numbers for the NE2 and SW areas. Norwest has assumed a recovery factor of 44% in order to arrive at a recoverable volume. AED quote an expected recovery range of 40 to 70%. To convert to a value number Norwest has assumed a flat oil price of US\$50 per barrel and an exchange rate of \$0.75.

For further details, refer to www.norwestenergy.com.au and follow the link to "Other AED ASX releases" on AED's website: www.aus-energy.com.au.

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

Oil produced from the Jingemia Field in L14 during the Quarter was 259,766 barrels, 3320 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 2886 bopd.

In EP413, planning for the drilling of Freshwater Point exploration prospect is underway.

EP 368 Northern Onshore Perth Basin 10%

Mapping has identified a number of small closures within the permit which will shortly be ranked. The operator has applied for and been granted an extension and suspension of permit years 4 and 5 to February 2008.

TP/15 Northern Offshore Perth Basin 10%

The Joint Venture is currently reviewing the block. The results of a drilling program in surrounding blocks in 2nd quarter 2007 will have a bearing on the remaining prospectivity in the licence.

R3 Offshore Carnarvon Basin 10%

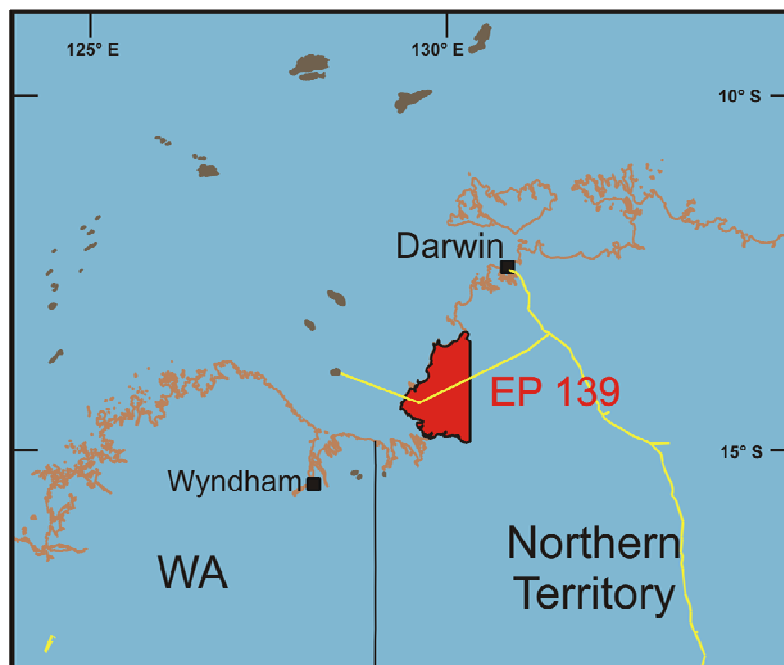
A Retention Licence was granted by the WA DoIR.

EP139 Onshore Bonaparte Basin - Right to Negotiate for 100%

Consent to enter into negotiations with the Northern Land Council (NLC) was granted by the NT Minister of Mines and Energy on February 22, 2007.

The location of the block is shown on the map below. The block has not been effectively explored since the 1960's when a number of wells encountered hydrocarbon indications. A pipeline from the offshore Blacktip gas field will land within the block from where an overland pipeline will join the Darwin to Alice Springs pipeline.

The block is considered to have good exploration potential.



OVERSEAS PROJECTS

UK North Sea Blocks 48/1b and 48/2c 25%

Approval has been received from the UK Secretary of State to continue past the first phase of the licence. The second phase has a drilling commitment of one well within the two year period between December 2006 and 2008.

The Joint Venture has farmed out a 50% interest in the licence to two Indian companies, Bharat Petroleum Corporation Limited (BPCL) and Tata Petrodyne Limited (TPL).

Under the terms of the agreement, BPCL and TPL will each fund a 40% share of the costs on an appraisal/development well to be drilled on a gas discovery originally drilled by Amoco in 1984. In exchange, BPCL and TPL will each earn a 25% interest in the block. The promoted costs of the well are capped at US\$23 million. The licence terms require the well to be drilled before December 2008, and the well is expected in 2008. The retained interest is subject to a royalty.

The original 1984 well proved the presence of a gas column in the structure and subsequent work by Norwest and its partners indicate gas volumes significantly larger than the minimum economic field size. A number of producing fields in the immediate vicinity provide a range of alternatives for gas production/delivery to onshore gas plants.

Encore Oil, a London based company has taken over operatorship of the block from Norwest following its purchase of Nido Petroleum's (previous partner) interests in the UK. Encore has a strong skills base and experience in the UK North Sea, and the operatorship change is seen by Norwest as a positive development.

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 licence, and that other structures are present. Reprocessing of the available 2D seismic data has been completed by Norwest and Encore Oil will undertake the interpretation.

UK North Sea Block 47/7 50%

Norwest Energy has been awarded a new licence in the UK offshore by the UK Department of Trade and Industry.

The licence is located in the Southern Gas Basin adjacent to existing Licence 47/8d&13c, and the two blocks are being worked together. Both blocks are on trend with, and updip of the Amethyst Gas Field which had initial reserves of 735 billion cubic feet and which has been in production since 1991.

Block 47/7 lies between the Easington and Dimlington gas terminals onshore Yorkshire and the Rough gas field now used for gas storage. As a result, up to six pipeline delivery routes cross 47/7.

The licence is covered by a modern grid of 2D seismic data. The terms of the licence provide an initial two year term with a commitment to complete reprocessing and interpretation of existing data. At the end of the first term a “drill or drop” decision is required. The second two year term carries a commitment to drill one well.

NWE Southern Cross holds a 50% interest in the licence with the remaining 50% held by Encore Oil, a London base company with an active UK offshore portfolio of assets.

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

Norwest holds a 25% interest in a licence located in the Inner Moray Firth. The block holds multiple oil targets and is close to the large Beatrice oilfield (150 million barrel reserves). A work program and budget is currently being developed by the Joint Venture which include Encore Oil.

US Appalachians Gas, Kentucky (WI 70%), Tennessee (WI 50%)

Norwest’s interests in the Tennessee Miller’s project were sold for a nominal sum.

INDIA

Norwest’s Indian office has concentrated on farmout efforts in AC/P32 and UK Block 48/1b&2c as reported above

CORPORATE

Mr Bill Bloking has been appointed as a non-executive Director.

EXPENDITURE

The group spent \$747,000 on exploration and evaluation activities during the Quarter ended 31st March, 2007.

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.