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Company Announcements Office  
Australian Securities Exchange Limited  
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**Rig Confirmation & Farm-out to Challenger Minerals on UK North Sea  
Blocks 48/1b & 48/2c**

NWE Southern Cross (UK) Pty. Ltd (NWE), a wholly owned subsidiary of Norwest Energy NL announces that the ENSCO 80 drilling rig has been contracted for the appraisal drilling of the Cobra discovery on UK North Sea block 48/2c.

The appraisal well will be drilled in the first quarter of 2008. It will be operated by Norwest's partner in the block, Encore. The Cobra well will appraise the 48/2-1 gas discovery drilled by Amoco in 1984, which tested at a flow rate of 2.7 million cubic feet per day from the Rotliegend sandstone. The well will be managed by Applied Drilling Technology International (ADTI) which has over 20 years' experience in providing turnkey drilling.

Norwest also announces that it has entered into a farm-out agreement with Challenger Minerals (North Sea) Limited ('Challenger Minerals') under which Challenger Minerals receives the right to acquire from NWE a 2.5 per cent interest in southern North Sea Blocks 48/1b and 48/2c containing the Cobra discovery. Under the terms of this farm-out agreement and together with the previously announced farm-out agreement with Tata Petrodyne and Bharat Petroleum, NWE will pay for 6.5% of the appraisal well cost up to an overall well cost cap, and 22.5% of costs over the cap. The exposure to Norwest for the total well cost is estimated to be US\$3 million. Norwest will retain a 22.5% interest in the licence.

Norwest's CEO, Mr Joe Salomon today said that the company is very pleased to have reached this position.

"The Cobra project is an appraisal opportunity of an existing discovery where the exploration risk has already been removed. The existing discovery well encountered a gas column of at least 60 metres, possibly more, within the main productive sandstones of the area. The Cobra well will drill close to the crest of the south-easternmost culmination of a composite structure, and some 100 metres updip from the discovery well. We expect the base case, i.e. gas in the southeastern Cobra culmination to be of an economic size, and there is significant upside potential in the case that the greater structure also is gas filled.



We are expecting that today's drilling techniques will produce a higher flow rate than that seen in the old well. Given success in this appraisal well, the field development would be through horizontal drilling. The block is surrounded by producing fields and existing available infrastructure which offers the opportunity for an early, low cost development.

Norwest has developed a material position in an exciting, relatively low risk appraisal project, and with the rig confirmation, we are now close to seeing results.”

**For further information on Norwest contact**

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*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.*