

ASX Companies Announcements Office

REPORT FOR THE QUARTER ENDED 30th September, 2007

Highlights

- First oil from Puffin Field
- Advanced drilling plans for Cobra in UK Block 48/1b&2c
- Seeking additional opportunities including acquisitions in the UK

AUSTRALIAN PROJECTS

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

First oil has been produced from the Puffin NE1 structure. The Operator, AED has reported that it is reaching the final stages of commissioning of the field, and that the initial production has been approximately 300,000 barrels. During the commissioning produced water has averaged 12%. Water handling and gas lift facilities are still being commissioned.

AED has also spudded the Puffin-10 well in order to complete a horizontal section of at least 200 metres on the SW structure. Production from the SW structure is expected to commence in the first half of 2008.

AC/P32 Vulcan Sub-basin Timor Sea 24.08%

The Wisteria-1 well is expected to be drilled in the second half of 2008. It will target two vertically co-incident prospects. The shallowest of this is the "Azalea" prospect, a stratigraphic/structural target involving a pinchout edge of the same Puffin sandstones that have just commenced production at the Puffin Oilfield in AC/P22 (see above). The Wisteria-1 well will also target the deeper "Wisteria" prospect, a conventional three way dip closure against a fault, with structural similarities to nearby producing fields, and targets in the Montara and Plover Sandstones. The two prospects will both be accessible from a single well bore that is being planned as a vertical or near-vertical well. The potential recoverable volumes for the Azalea prospect are estimated at 174 million barrels at the P50 level. Given the stratigraphic pinchout involvement in the trap, the risk level for this prospect is high. Potential recoverable volumes at the Wisteria prospect are in the 20 to 30 million barrel range at the P50 level, and the risk level is lower. The overall project exploration risk is reduced by the fact that both prospects can be addressed by a single well, and that the Azalea prospect has favourable associated seismic indicators. While these are not classical Direct Hydrocarbon Indicators (DHIs), they do suggest that more mobile gas may have leaked at the pinchout edge, potentially leaving oil behind in the reservoir. In this respect the well is seen as a highly interesting exploration target with

significant potential. Given the estimated cost of A\$20,000,000, Norwest is seeking to reduce its equity against a promoted entry by a new farmin partner.

The well location is within tie-back distance of the Montara oil development operated by Coogee Resources which is also the operator of AC/P32. Pool sizes as low as 5 million barrels are potentially economic as a tie-back development.

Efforts to find a farmin partner for drilling of the Wisteria-1 exploration well are continuing. Coogee is in discussions with a number of local and international companies while Norwest is in discussions with a number of Indian companies.

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 186,707 barrels, 2,386 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 1,530 bopd.

In EP413, drilling of Freshwater Point exploration prospect is planned for early 2008 depending upon the availability of drilling rigs.

EP 368 Northern Onshore Perth Basin 10%

Several prospects within the central portion of the permit have emerged as potential drilling candidates from the prospects and leads identified in earlier mapping. The Joint Venture is refining its mapping over the most interesting area to select a target to meet the commitment obligation and fit into the operator's (Arc Energy Ltd) drilling schedule during the first half of 2008. Norwest has been conducting its own interpretation on this block.

TP/15 Northern Offshore Perth Basin 10%

There were no activities to report during the quarter.

R3 Offshore Carnarvon Basin 10%

There were no activities to report during the quarter.

EP(A)139 Onshore Bonaparte Basin - Right to Negotiate for 100%

Negotiations with the Northern Land Council (NLC) continued during the quarter, working towards face-to-face meetings with the Traditional Owners. This is the first time that negotiations with Traditional Owners involving oil and gas exploration have been conducted over aboriginal freehold land, and as such delays are being experienced. Access to that area is limited throughout the wet season occurring between December and March, and it may be that the first meetings will not occur until next year. These meetings can only originate through and be organised by the NLC, whose resources are currently stretched.

Concomitant with the negotiations, Norwest has been progressively building its technical database over the application area.

OVERSEAS PROJECTS

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

A site survey over the Cobra location (previously known as Bounder) was acquired by the joint venture. The Operator Encore Petroleum is in discussions with both rig owners and ADTI, a contract group which will provide the engineering and organisational control for drilling the well. This will allow the Joint Venture to secure a rig slot.

The program agreed by the Joint Venture is to drill a vertical well at a crestal location on the Cobra structure some 100 metres higher than the 1984 discovery well (which proved the presence of a gas column in the structure), and to run flow test(s) on the well. The aim of this work is to further the understanding of potential reserve size and reservoir productivity and it is believed that the use of modern drilling technologies could unlock the significant commercial potential of the structure (a very similar result has recently been demonstrated in the adjoining license by the holders of that license).

It is anticipated that the Joint Venture will return to the Cobra project at a later date to drill a horizontal production well or wells. During the intervening period the Operator will work to provide a development plan, gain government approvals and place orders for long-lead items required for a development.

Norwest is also in the final stages of a small farmout to a company sister company of ADTI, whereby Norwest will reduce its interest in the license from 25% to 22.5%.

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

Interpretation efforts on reprocessed seismic have been completed. The work was aimed at identifying extensions to the north west of the producing Amethyst gas field but has met with little success. The current two year term expires in December 2007 and the Joint Venture will now decide whether to return the block to government.

UK North Sea Block 47/7 50%

Block 47/7 is located in the Southern Gas Basin and lies between known gas fields in the North Sea and gas fields onshore England.

The license is covered by a modern grid of 2D seismic data. The terms of the license provide an initial two year term up to April 2009, 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.

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

Norwest holds a 25% interest in a license 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 number of prospects have been worked up within the block and a farm-in partner is being sought to participate in the drilling of a well in the second term starting late December 2007.

UK New Business Development

Norwest is seeking new business opportunities including acquisitions in the UK. As part of this process, a bid was placed on a significant producing/appraisal/exploration asset opportunity which was not successful. Norwest's UK office, with assistance from the Indian office is currently reviewing further opportunities.

INDIA

Norwest's Indian office has concentrated on farm-out efforts to Indian companies in AC/P32 as well as on providing technical research support to the UK and Perth offices. The Indian government is about to announce the next round of exploration bidding under NELP VII. A number of Indian companies are keen to participate in bidding groups with Norwest and have made approaches. In the first instance, Norwest will review both technical and commercial aspects related to the bid round offers and then decide whether to participate.

CORPORATE

Norwest has commissioned the formalisation of a corporate Environment Policy, which is nearing completion.

EXPENDITURE

The group spent \$764,000 on exploration and evaluation activities during the Quarter ended 30th September, 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.