



ASX Announcement

QUARTERLY ACTIVITIES REPORT DECEMBER 2007

Highlights

- Royalty stream from Puffin NE1 commences with receipts in Dec/Jan of A\$945,240
- Norwest farms out interest in AC/P32 to Cosmo Energy
- Appraisal well at Cobra gas discovery ready to spud in UK Block 48/1b&2c – mid February 2008

AUSTRALIAN PROJECTS

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

At the end of the quarter Norwest received its first royalty payment of A\$448,913 from AED and during January 2008 a further US\$437,651 (A\$ 496,327) was received..

First off take from Puffin NE1 (AC/L6) of approximately 328,000 barrels crude oil was announced by AED on 29 October 2007 and a further off take of 315,000 barrels crude was announced on 3 December 2007.

AED recently advised that it had so far recovered over 900,000 barrels oil from Puffin NE1 and that it expected another off take during January. The amount of that off take will determine the value of the next royalty payable by AED to Norwest.

Norwest's 1.25% over-riding royalty interest covers the entire AC/P22 permit and any production derived within the bounds of the permit

For further information of AED's Puffin operations please go to: <http://www.aus-energy.com.au>

AC/P32 Vulcan Sub-basin Timor Sea 15%

Subsequent to the end of the quarter, Norwest Energy and the participating Joint Venture partners successfully farmed out a 22.5% interest in AC/P32 to Cosmo Energy Exploration and Development Ltd (Cosmo Energy). Under the terms of the agreement, Cosmo Energy will contribute to the dry hole cost of drilling Wisteria-1 on a 2 for 1 promoted basis.

As a result of the farmout, Norwest's equity interest in AC/P32 will reduce from 24.08% to 15%, with a remaining exposure to the dry hole cost of Wisteria-1 of less than 6%. The promote payable by Cosmo Energy is subject to an agreed cap on the

dry hole cost. Any costs incurred beyond this cap such as well completion and testing, will be funded at Norwest's reduced 15% equity interest. Due to the farmout agreement, the Joint Venture interests in AC/P32 will now be as follows (subject to standard regulatory approvals):

Coogee Resources (Operator)	22.5%
Westranch Holdings (100% subsidiary of Norwest)	15.0%
Cosmo Energy	22.5%
Bharat Petroleum Corporation Limited	20.0%
Adelphi Energy	10.0%
Bounty Oil and Gas	10.0%

As a consequence of this transaction, Norwest is free-carried for much of the projected dry-hole cost of drilling Wisteria-1, yet retains a considerable equity interest in the permit.

A suitable rig for the dual-target Wisteria-1 well has been secured by the operator, Coogee Resources, and it is anticipated to be drilled during the third quarter of 2008.

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 136,141 barrels, 1740 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 1496 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%

The Joint Venture has completed mapping over a restricted area of the permit and will shortly select a drilling location to meet the well commitment and fit into the operator's (Arc Energy Ltd) drilling schedule during the first half of 2008.

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 Traditional Owners, the aboriginal peoples of the Daly River-Port Keats region continued via the Northern Land Council (NLC) during the quarter. The negotiations require face-to-face meetings with the Traditional Owners, access to which is possible only during the dry season approximately between April and November. Norwest is working closely with the NLC in order to progress a meeting with the Traditional Owners during the forthcoming dry season.

OVERSEAS PROJECTS

Cobra Gas Discovery Appraisal: UK North Sea Blocks 48/1b and 48/2c (22.5%)

All pre-spud arrangements have been completed in preparation for drilling an appraisal well over the Cobra gas discovery in Block 48/1b & 2c in the Southern Gas Basin of the North Sea. The well is currently due to spud around February 10th, However the final spud date is dependant upon the availability of the contracted rig - the Ensco 80 which is currently drilling a development well for Granby in the North Sea. The Operator EnCore Petroleum has signed contracts with both ADTI and ENSCO to secure the ENSCO 80 jack-up for the next drilling slot. ADTI will provide the engineering and organizational control for drilling the well on a turnkey basis.

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 Amoco discovery well (which proved the presence of a gas column in the structure), and to run flow test(s) on the well to test the production potential of the reservoir. The scope of the Cobra appraisal well is to further delineate the potential reserve size and reservoir productivity. Norwest believes the use of modern drilling technologies will unlock the significant commercial potential of the structure. Similar bypassed gas accumulations to Cobra have recently been proven commercially including the E.ON Ruhrgas Babbage discovery located just north of Cobra. Assuming a commercial production test results from the Cobra appraisal well, the consortium would return at a later date to drill a horizontal production well or wells in order to develop the field.

Norwest has also completed a small farmout to Challenger Minerals, as a result of which Norwest has reduced its interest in the Cobra license from 25% to 22.5%.

UK North Sea Blocks 47/7, 47/8d and 47/13c (50%)

Although detailed interpretation efforts of reprocessed seismic were completed which aimed at identifying extensions to the north west of the producing Amethyst gas field, no significant prospectivity could be established. Since the current two year lease term expired in December 2007, the Joint Venture has decided to return the blocks to the government.

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 significant prospects have been defined within the block and although a farm in partner was not secured before the December 2007 license deadline, based on the significant potential of the block, Norwest and EnCore have submitted an application to the UK Department for Business, Enterprise & Regulatory Reform. (BERR), formerly the DTI, requesting a conversion of the promote license to a full traditional license.

UK New Business Development

Norwest is seeking new business opportunities including acquisitions in the UK. Norwest's UK office, is currently reviewing further opportunities including onshore UK exploration.

Corporate

During December 2007 Messrs Joe Salomon and Andrew Svalbe resigned as directors of the company and subsequently Mr. Salomon resigned as the Chief Executive Officer.

The directors are in the process of seeking a new CEO. In the meantime the affairs of the Company are being managed by Mr. Peter Munachen, the CFO and director, with the support of Mr. Ernie Myers the company secretary and senior executives.

For further information please contact Peter Munachen or Ernie Myers on 08-9227 3240, or email info@norwestenergy.com.au, or visit Norwest's website at www.norwestenergy.com.au.

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