



28 July 2008

Quarterly Activities Report June 2008 Highlights

- Appraisal drilling of Cobra established a total gas column in the structure of at least 392 feet (119 metres) true vertical thickness and likelihood of significant volume of gas in place within structure even though test results determine un-stimulated flow rate as not being commercial
- Two onshore blocks awarded in Southern UK
- Wisteria 1 in the Timor Sea is scheduled to spud early August
- Dr Roger O'Brien appointed as Chief Executive Officer
- \$4.7m to be raised from placement of shares and secured cash facility

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

During the quarter, Norwest completed the drilling and testing of the Cobra 48/2c-5 appraisal well on Block 48/2c in the Southern North Sea. The test results determined that the un-stimulated flow rate was not commercial and accordingly the well was suspended pending further evaluation of the most effective well stimulation technique.

Whilst testing of the appraisal well did not achieve the objective of establishing whether the reservoir was capable of flowing at commercial rates, it did establish the presence of a total gas column in the Cobra structure of at least 392 feet (119 metres) true vertical thickness and the results of the well support the likelihood that there is a significant volume of gas in place within the structure.

The well tested at a maximum un-stimulated dry gas rate of 1.1 million standard cubic feet per day with a flowing tubing head pressure of 230 pounds per square inch through a 32/64 inch choke. The gas was produced from the Rotliegendes Sandstone through four and a half inch sand screens across the entire interval from 11,189 feet and 11,683 feet measured depth below rotary table.

The 48/2c-5 appraisal well was drilled to a total depth of 11,827 ft measured depth and a full suite of wireline logs were acquired. Analysis of wireline log data confirmed that a total thickness of 392 feet (true vertical thickness) of Rotliegendes Sandstone Formation was encountered in the well with 284 feet of net gas pay. However, the reservoir quality of the gas sands was confirmed to be of similar low quality (ie., low permeabilities), to the Rotliegendes gas sands encountered in the Cobra -1 discovery well drilled by others in 1984.



Norwest is more than encouraged by the presence of the thickness of the gas column and the potential of significant gas volume in place and is working with operator EnCore Oil to evaluate the most effective well stimulation technique which will also determine the future direction of the Cobra project. The partnership anticipates re-entering the well during the 2009 drilling season.

Farmin to Ithaca's Manuel Prospect (Norwest – 5%)

The Manuel exploration well drilled during the last quarter near the Beatrice field in the inner Moray Firth area of the North Sea, was deemed a technical success since reservoir sands and hydrocarbons were encountered. The block includes a number of significant prospects in addition to the Manuel Prospect which are now being further assessed in light of the positive well results. This will form the basis for the next phase of exploration within Block 11/29 of the Beatrice area.

Norwest has now earned a 5% interest in the block by paying for 7.5% of the initial well costs. Other participants in the Block include Challenger Minerals 13.33%, North Sea Energy 13.33% and Ithaca Energy (operator) 68.34%.

UK North Sea Blocks 12/16b, 12/17a, 12/22b (Norwest - 25%)

The joint venture is planning a prospect driven 2D seismic survey to be acquired within the license area that, subject to vessel availability, may occur during the first quarter of 2009.

UK 13th Landward Licensing Round

During the second quarter, Norwest's wholly owned subsidiary - NWE Southern Cross UK Pty Ltd was awarded two onshore Petroleum Licenses by the UK Department of Business Enterprise and Regulatory Reform (BERR). Norwest as operator, along with bidding partner, Osceola Hydrocarbons Ltd, were successful in winning licenses PEDL 238 and 239 located along the southern coast of England in the Dorset and Isle of Wight areas respectively.

More specifically, PEDL 238 is located just to the north of BP's giant Wytch Farm oil field which to date has produced over 400 million barrels of oil with an estimated total reserves of 500 million barrels (the sixth largest field in the UK).

PEDL 239 is located within the confines of the Isle of Wight which Norwest considers to have a significant level of prospectivity. Acreage over the Isle of Wight is also held by other UK E&P players including Northern Petroleum and EnCore Oil.

Following formal notification of awards by the BERR, interest holders in license PEDL 238 will be NWE Southern Cross as operator with 50%; and Osceola Hydrocarbons also with 50%. Interest holders in license PEDL 239 will be NWE

Southern Cross (operator) with 75%; and Osceola Hydrocarbons with 25%.

Norwest is very pleased to have acquired these licences that it rates highly as an area lending itself to modern geophysical methods, and particularly to gravity gradiometry techniques. It is planned to conduct an airborne gravity gradiometric program over the licence areas during the last quarter of 2008 to provide data that will supplement existing seismic and other data.

UK New Business Development

Norwest is continually seeking new business opportunities in the UK including farmins and non-competitive acquisitions.

AUSTRALIAN OPERATIONS

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

During the quarter Norwest received royalty payments of US\$317,867 from Puffin production.

The reduced royalty receipts were due to reduced production caused by operational problems and the interruptions caused by cyclone conditions.

During the quarter the Company executed the necessary documents to effect the assignment by AED Oil Limited of a 60% interest in the Puffin licence to East Puffin Pty Ltd a wholly owned subsidiary of Sinopec International Petroleum Exploration and Production Corporation ("SIPC") and for East Puffin's to meet 60% of the royalty obligation to Norwest with AED being responsible for the remaining 40%.

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 on Puffin operations please go to AED's web site:

<http://www.aus-energy.com.au>.

AC/P32 Vulcan Sub-basin Timor Sea 15%

The operator of the AC/P32 permit, Coogee Resources, anticipates that Wisteria-1 will be spudded during early August. It is expected that on a dry-hole basis, the well is expected to take approximately 25 days to drill to a total depth (TD) of 3,287 m. The Wisteria prospect in AC/P32 consists of three targets, two structural plays in the Jurassic (Montara and Plover), and one combination structural-stratigraphic play at the Cretaceous level (Puffin). The operator of the permit has secured the services of the jack-up rig "West Atlas", which is well suited to the water depth of the prospect (97 m), in order to drill a vertical well to all three targets.



The Jurassic targets are simple tilted horst-block plays with approximately 35 m of fault-dependent closure. The reservoir targets are sandstones within the Montara (2,783 m) and the Plover Formations (3,183 m).

The shallower target is a large Cretaceous structural-stratigraphic play involving pinchout of sandstones within the Puffin Formation. The play is marked by a strong amplitude anomaly and hydrocarbon seepage indicators which align with the updip edge of the sandstone pinchout. The Puffin-level target is located at 1,733 m depth. The P50 recoverable reserves estimates by the operator are 174 mmbbls for the Puffin Formation sandstones, 38 mmbbls in the Montara sandstone, and 21 mmbbls in the Plover Formation sandstones.

The Wisteria well site is located approximately 20 km from, and well within tie-back distance to, the Montara production facilities presently being installed by Coogee Resources. Reserves of hydrocarbons above 5 mmbbls are considered economic and the development of infrastructure at Montara may potentially assist in developing any discovered accumulation.

Norwest Energy NL is contributing less than 6% of the dry-hole cost of Wisteria-1 for its 15% interest in the permit, and is well leveraged toward this opportunity in a discovery case. The company is pleased to be in JV with several significant multi-national oil companies together with a reliable operator in Coogee Resources that has an enviable track record of success in the Timor Sea.

EP413 and L14 Jingemia Oil Field Northern Onshore Perth Basin 1.278%

Oil produced from the Jingemia Field in L14 during the quarter was 97,456 barrels, 1,245 barrels net to Norwest for revenue of US\$153,522. The produced oil is being trucked and sold to BP's Kwinana Refinery.

In EP413, the Freshwater Point-1 exploration well was spudded on the 11th of May 2008 and took 14 days to drill to its final target depth of 1,817 m. The well targets included the early Permian High Cliff sandstone and Irwin River Coal Measures reservoirs, the former of which hosts the Cliff Head field offshore. Based on wireline logs and the absence of shows during drilling, no hydrocarbons were interpreted to have been encountered in either the primary or secondary reservoir targets. The well was plugged and abandoned on the 29th of May 2008.

EP 368 Northern Onshore Perth Basin 10%

During the quarter ARC Energy as Operator submitted a request to the DOIR for a six months suspension and extension of the Permit to allow more time to source a suitable drilling rig to drill the outstanding commitment well. There were no activities to report during the quarter.



TP/15 Northern Offshore Perth Basin 10%

There were no activities to report during the quarter.

R3 Offshore Carnarvon Basin 10%

Subsequent to 30 June Norwest announced that it had agreed with Oil Basins Limited (OBL) to sell to OBL its 10% interest in petroleum exploration Retention Lease R3 located in offshore Carnarvon Basin, Western Australia.

The agreed consideration for this transaction is \$26,667 plus 333,333 ordinary OBL shares with a gross booked cost translating to approximately \$60,000. The transfer is subject to the usual joint venture partner consents and formal registration with the West Australian Department of Industry and Resources.

Operator TAP Oil has previously determined that the technically recoverable volumes from the Cyrano Oil and Gas field are approximately 0.92 MMbbls oil and 0.53Bscf of gas. Norwest did not contribute to the cost of drilling the two wells that delineated the Cyrano Oil Field that is within Retention Lease R3. Pursuant to the terms of the Joint Venture Agreement as Norwest did not contribute to the cost of drilling C1 and C2, in the event that production commences from the Cyrano Field, Norwest would not be entitled to share in production until the contributing parties had recovered all of their costs plus a substantial premium over costs relative to the Norwest interest. Given the small size of the field, the 10% interest of Norwest and other relevant economic factors combined with the JVA requirements it was determined that there was no economic potential for the Company to maintain its interest in R3. Accordingly it accepted OBL's offer to purchase the 10% interest.

The R3 lease holders at 30 June 08 were:

Tap (Shelfal) Pty Ltd (a wholly owned subsidiary of TAP Oil Limited) (Operator)	75%
Wildlook Enterprises Pty Ltd (a wholly owned subsidiary of Black Rock Oil & Gas Plc)	15%*
Westranch Holdings Ltd (a wholly owned subsidiary of Norwest Energy NL)	10%

**Wildlook has entered agreement to sell its 15% interest to Oil Basins Ltd*

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

Following an internal review, Norwest has elected to withdraw its application for EP(A)139 to pursue higher value opportunities elsewhere.



INDIAN OPERATIONS

Norwest operates an office in New Delhi to maintain relationships with its Indian partners Bharat Petroleum & Tata, as well as other Indian E&P companies. It has one full time employee, an Indian national geologist, and engages the services of several consultants that have close relationships with the relevant Government and industry leaders.

During the quarter Norwest reviewed Blocks offered under NELPVII bid round but elected not to join any bidding consortiums to make applications as it decided to concentrate its international efforts on UK projects particularly the newly awarded Isle of White and Dorsett projects.

CORPORATE ACTIVITIES

Chief Executive Officer

On 2 July 2008 the Company announced the appointment of Dr Roger Neil O'Brien to the position of Chief Executive Officer of the Company with effect from 1 July 2008.

Dr O'Brien (59), a New Zealand resident, is a metallurgist and holds a PhD in Fracture Mechanics. He has been involved in the international upstream and downstream oil industry for over 33 years with field and management experience in the UK, Netherlands, New Zealand, East Timor and Australia in refineries, fuel supply systems; and on and offshore exploration and production. He spent 14 years with Shell International Petroleum working in the UK, New Zealand and the Netherlands. After leaving Shell in 1988 he held a number of senior management positions in New Zealand within the petroleum and power industries. Those positions included Group Manager, Production and Development with New Zealand Oil & Gas Ltd (NZOG) where amongst a range of other projects he was involved with the development of the Tubridgi gas field in Western Australia. He also was a director of the NZOG subsidiaries and Pan Pacific Petroleum Pty Ltd during some of that time.

For the last ten years he has operated his own business consulting internationally to a number of sectors in industry including oil and gas, and covering a broad cross section of management and technical disciplines.

Finance

Subsequent to 30 June the Company advised that it had entered into arrangements to raise approximately A\$4.6m from the placement of 13 million shares at 13 cents per share together with a secured cash facility of A\$3million.

The share placement was made pursuant to Section 708A of the Corporations Act 2001 raising \$1,690,000 before costs. The shares issued pursuant to the placement



rank equally in all respects with all existing ordinary shares previously issued by the company and quoted on the Australian Securities Exchange Limited

The secured cash facility will be provided by Investec Bank (Australia) Limited (Investec). The facility is for a period of 12 months to 30 June 2009 and will be secured by a first ranking fixed and floating charge over the assets of the Company, including a fixed charge over the Puffin Royalty. In addition to normal fees for a facility of this nature Investec will be granted unlisted options to acquire ordinary shares in the capital of Norwest. The number of call options will be equal to 50% of the cash facility divided by the exercise price that will be struck at 125% of the 20 day VWAP preceding 1 July 2008. The call options will expire three years from the date of execution of the Finance Documents. Drawing's against the facility is subject to execution of the Finance Documents that are expected to be executed during July 08.

The funds raised from the financing arrangements will be used to cover ongoing exploration costs for the Australian and UK project activities of the Company as well as corporate costs during the next twelve months and to supplement general working capital.

Ernie Myers
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Norwest Energy NL

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