

HIGHLIGHTS

- **Cobra – Results of economic review of the Cobra prospect are encouraging.**
- **PEDL 238 – Dorset – detailed gravity survey commenced.**
- **Royalty payments of US\$710,443 from Puffin production**
- **Revenue of US\$120,419 from Jingemia production**

UK OPERATIONS

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

Following the drilling and testing of the Cobra 48/2c-5 well in April-May this year, an independent review of all relevant data was conducted for the Company.

The review indicates that based on the preferred petrophysical model and existing structure maps, there is a most likely volume of gas in place in the trap in excess of 300 BCF (billion cubic feet), within permit 48/2c and adjacent open acreage for which Norwest and its partners have applied. Half or more of this gas might be recoverable using current technology, subject to successful flow testing. Experience from a nearby analogue field indicates that wells drilled laterally through the reservoir, can potentially produce at rates per well in excess of 20 MMCFD (million cubic feet per day), although hydraulic ‘fracking’ could be required in some wells.

Norwest considers that the Cobra field could be an excellent example of how a low permeability gas discovery might be commercially developed through the use of modern drilling and production techniques. The joint venture is presently assessing the various alternatives available to establish commercial flow rates and it is anticipated that decisions on future activity at Cobra will be made in the near future.”

(The above technical information was reviewed and approved by independent exploration consultant Dr David Bennett (PhD, MSc geophysics), who has over 25 years experience in the oil exploration and production industry.)

Norwest is continuing with an internal technical review of Cobra and the potential for field development along with Encore Oil and JV partners (Tata Petrodyne 25% and BPCL 25%).

Manuel Prospect Block 11/29 (Norwest – 5%)

There were no activities to report during the quarter.



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

There were no activities to report during the quarter.

PEDL 238 Dorset (50%) and PEDL 239 Isle of Wight (75%)

Formal notification was received during the quarter from BERR for the grant of licence PEDL 238 and PEDL 239 and the licence documents were executed by the JV.

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 oil field in the UK). Norwest started a detailed ground based gravity survey on PEDL 238 in September.

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.

Norwest rates these licences highly as areas lending themselves to modern geophysical methods, and particularly to gravity gradiometry techniques. It is planned to conduct an airborne gravity gradiometric program over the PEDL 239 licence area 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\$710,443 from Puffin production.

Drilling at the primary SW1 target in the Puffin South West by the Puffin joint venture has successfully intersected an oil bearing sand at 2013 m TVDSS (True Vertical Depth SubSea). Preliminary results indicate that a column of movable oil exceeding 20 m TV (True Vertical) has been intersected.

Puffin joint venture has now begun flow testing the Puffin-11 well in the Timor Sea and says preliminary results indicate the oil has similar characteristics to that seen within the Puffin field.



The Puffin-11 exploration well is the first of a two well programme, one in the SW of the Puffin Field and the other Puffin-12 in the NE.

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.aedoil.com>.

AC/P32 Vulcan Sub-basin Timor Sea 15%

The Wisteria- 1 well was drilled with the Seadrill 'West Atlas' drill rig to a final total depth of 3,281 metres measured depth.

The well reached all three targets, the Puffin formation, the Montara sandstone and the Plover Sandstone without encountering reservoir quality sandstones or significant hydrocarbon shows. In view of these results, the well was plugged and abandoned.

Difficult and slow drilling conditions were encountered just above the final target leading to an overrun of 7 days. Norwest was required to contribute A\$800,000 to the cost over run. The AC/P32 Permit is located in the Vulcan sub-basin off the coast of Western Australia, and is surrounded by existing oil and gas production and discoveries including Jabiru, Challis, Cassini, Skua, Swift, Puffin and Montara.

The Permit will enter the year 6 term in November 2008 and under the terms of the permit the joint venture will review data and mature leads and prospects including the Hibiscus channel play (similar in geometry and trap style to the Hurricane discovery in the Carnarvon Basin) with 65 mmbbls P50 potential.

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

Oil produced from the Jingemia Field in L14 during the quarter was 80,255 barrels, 1,026 barrels net to Norwest for revenue of US\$120,419. The produced oil is being trucked and sold to BP's Kwinana Refinery.

Future work to enhance and maintain production from Jingemia will be discussed in future JV meetings.



EP 368 Northern Onshore Perth Basin 10%

During the quarter DOIR issued a six months suspension and extension of the Permit to allow more time for the operator (ARC/AWE) 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%

Since this report Norwest has acquired a 100% interest in this block following decisions by the Operator and other partner to withdraw and assign their respective interests. DoIR has agreed to an extension of the date for ongoing commitments to be made, to enable current discussions with potential new entrants to be conducted.

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. The Company engages the services of several consultants that have close relationships with the relevant Government and industry leaders.

CORPORATE ACTIVITIES

Finance

In July 2008 Norwest made a placement of 13 million shares to raise a total of \$1.69 million.

In addition the Company secured a cash facility of A\$3million from Investec Bank (Australia) Limited.

Ernie Myers
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