



Monday, February 2, 2009

The Manager Announcements  
Company Announcements Office  
Australian Securities Exchange  
10<sup>th</sup> Floor, 20 Bond Street  
SYDNEY NSW 2000

Dear Sir/Madam:

### **Puffin Update- Norwest 1.25% over riding royalty interest**

Norwest Energy NL ( ASX : NWE) provides for the information of its shareholders an extract from the December 2008 quarterly activities report of AED Oil Limited that was released to the market on Friday 30 January 2009:-

#### **“Introduction**

Activities for the quarter centered on drilling in the Puffin NE and SW region. While analysis of the results are still being finalised the Company is encouraged by the preliminary results from Puffin-11 in the SW region where a 25 m column of oil was identified. This is the largest oil column found on the Puffin Field over its history. The Joint Venture is currently considering development scenarios for the South West region encompassing the Puffin-11 and Puffin-9 wells and possibly the Puffin-2 well area. (Puffin-9 was successfully drilled by AED in 2006). The Puffin-12 Results however were less encouraging. While oil was intersected at 2033 metres TVDSS (True Vertical depth Sub-Sea) the well was suspended as it was deemed completion of the well was uneconomic to develop at current oil prices as it would require a further side-track. Like many other companies AED and its joint venture partner East Puffin Pty Limited is reviewing its operations in the light of prevailing economic conditions.

The Company continues to review its field development opportunities and is taking measures to conserve its cash position with a view of deferring expenditures pending changing commodity prices and a predicted decline in drilling and development costs.

#### **Operations**

##### **Puffin SW Region**

AED (40%) and its JV partner, East Puffin Pty Ltd (60%) reported on 5 November 2008 that preliminary geological and reservoir engineering assessments indicate that the 25 m oil bearing interval intercepted by the Puffin-11 well comprises a single reservoir in Late Cretaceous sandstones with two main sand packages. As previously reported flow testing was conducted for both packages with the objective of identifying whether there is communication between the sands and to determine reservoir parameters and fluid characteristics.

The results from these tests confirm that:

- the oil from both sand intervals contributes to the oil flow
- the intervals are part of a common oil reservoir
- the oil is of similar quality to oil produced elsewhere on the field and
- the reservoir sand is very permeable

The flow testing was limited by the capacity to flare but nonetheless tested at rates up to 3,600 bopd through a 44/64" choke at a flowing wellhead pressure of 325 psig. The oil gravity is calculated as in the range 43-45 degrees API with a gas oil ratio of 120 scf/stb. Based on the testing, an initial well productivity in excess of 10,000 bopd is calculated based on an appropriate completion.

The reservoir is a new discovery and preliminary assessments indicate that the reservoir sands intersected by the Puffin-11 well confirm and extend the existence of the oil sand formation intersected by the Puffin-10 well drilled late last year. This reservoir is interpreted as a Late Cretaceous reservoir which includes LK1a sands. This new reservoir is separate from and adds to the other as-yet undeveloped sandstone reservoirs in the Puffin South West region. These other reservoirs include the LK1a reservoir at Puffin-9 and the UK1a reservoir at Puffin-9 and at Puffin-2

Further evaluation of flow test results and the geological and reservoir assessment is continuing. Puffin-11 has now been plugged and suspended pending continuing work on geological assessment and well planning for optimal development.

### **Puffin NE Region**

As previously reported the Puffin-12 ST3 well intersected the Puffin LK1A sands at approximately 2033metres TVDSS (True Vertical depth Sub-Sea). The sand at this location was oil bearing however the oil column did not have sufficient thickness to warrant completion. A further side-track and completion was considered to provide a production well but, taking into account the current oil price and economics, was decided against at this time. East Puffin (the Joint Venture operator) and AED will now evaluate further targets for drilling in the NE region but in the meantime the Puffin NE-12 well has be suspended for possible re-entry.

### **2009 Drilling Program**

The primary focus for drilling in the near term is to test the up-dip potential in the Puffin-9 area which could confirm the extent of the reservoir in the UK and LK sands off the Puffin Horst. The Joint Venture has commissioned an extensive assessment of the Puffin field. This assessment is still in progress and is scheduled for completion in the first half of 2009. Evaluation of these targets will continue over the next 12 months. Drilling of these targets however maybe deferred until late 2009 or 2010 depending on completion of the geotechnical and rig availability.

### **Quarterly Results**

#### **Financial- Cash flow**

The Company did not undertake an offtake during the quarter. Drilling activity within the area limited the ability to safely berth an offtake vessel. The Company also considered oil pricing unfavourable during the quarter. The FPSO has sufficient storage capacity at this time to allow the deferral of oil crude offtakes until oil prices recover from the present low levels. Accordingly there was no revenue from offtakes in the quarter.

The increase in operating costs was primarily due to the exchange rate movements as the majority of operating costs are fixed and denominated in USD. Offsetting these costs is the foreign exchange gain from USD funds held to meet these commitments. Capital development expenditure in the quarter primarily related to drilling and equipment purchases for the Puffin SW 11 and Puffin NE 12 wells.

At 31 Decemeber, AED has a cash balance of \$270.03 million. The cash balance is held with a spread of major Australian counterparties to minimise counterparty risk.

### **Production and Marketing**

Production during the quarter was impacted by the Cyclone activity in the area and the failure of the gas lift compressor. Work underway to repair the compressor is expected to be complete by mid Feb. Total (100%) production for the Quarter was 193,783 bbl barrels. As at 31 December total crude oil inventory was 389,008 barrels.

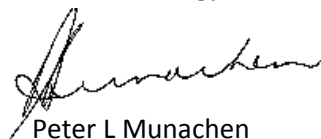
### **Forward Events**

- Drill appraisal/production well into Puffin South West area updip of the Puffin-9 discovery well.
- Finalise development planning for the South West as a hub for Full Field Development
- Continue to review new asset and corporate opportunities.”

For any further information on Puffin operations please go to AED’s website:  
<http://www.aedoil.com>

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 and on behalf of  
Norwest Energy NL



Peter L Munachen  
CEO/Director