



ASX:NWE

June 2009

Quarterly Activities Report

Highlights

- **TP/15- Northern Perth Basin - Airborne GGI survey to be flown over Norwest's 100% owned permit in August 2009 to confirm the drill location for 2010 drilling program.**
- **Underwritten two for three rights issue by the issue of 210.6m new shares to raise \$2.633m before costs to fund exploration program and to provide additional working capital for 09/10- prospectus to be lodged with ASX/ASIC on or about 3 August.**
- **Isle of White GGI survey preliminary results indicate prospects that could become drillable targets.**
- **Interpretation of data from Dorset high resolution ground gravity survey continues with knowledge base expanding and also the ability to identify prospects.**
- **Norwest enters option to acquire 60% interest in Hurst Castle project in Wessex Basin adjacent to existing project interests.**
- **Puffin Royalty A\$434,969 received during June - Operations suspended by Puffin Joint Venture – Norwest awaiting the JV to announce development plans for South West region on back of successful drilling.**
- **Sale of UK North Sea offshore project interests concluded with proceeds delivered to Investec to settle debt- Norwest is now free of bank debt**

Overview

The June quarter has seen a number of significant events occur. On the project front, in Australia, the Company was granted permission by the Dept of Industry and Resources at the end of June to re-arrange the exploration program on the TP/15 permit paving the way for Norwest to conduct an Airborne GGI survey over the permit. The survey is planned to commence in mid to late August. It is very significant to note that the results of the GGI survey will be used to help define the prospects and a subsequent drilling location for a well to be drilled by October 2010. Norwest now holds 100% interest in the TP-15 licence having acquired an additional 90% interest earlier this year from ROC Oil (WA) Pty Limited (ROC) and ARC Energy Limited (ARC) and it is already discussing farm-in opportunities with a number of parties. It is also important to note that the TP/15 permit has a number of significant leads and prospects and is located in a region with producing oil and gas fields including the Cliff Head oil field to the west (seaward) and the Jingemba, Hovea and Dongara onshore producing fields to the east. The TP/15 License will be the key focus area for Norwest over the next 12 months. The Xanadu West prospect is currently the prime target within TP-15 with potential volumes - P50 at, 90 million barrels of oil in place based on mapping and available data.

In the UK, the ongoing efforts by our consulting team are starting to bear fruit with encouraging results and these projects will continue in parallel with the TP/15 project. The geology in the Southern UK (especially the Isle of Wight) is more complex than the North Perth Basin and has taken more time than initially planned to interpret. However considering our team's unrivalled experience in integrating the GGI gravity data with available seismic data, this work is critical for providing a sound basis to develop the planned TP/15 GGI program.

With these two regional plays Norwest is heading into new territory as it is now the operator of four important projects - TP/15 in the North Perth Basin in Australia, and PEDL 238, 239, 089/P1153 in the Wessex Basin in the South of England. All of these projects have the potential to yield future discoveries.

These projects have been assembled and advanced through a very difficult time arising from the world financial crisis. Norwest did not escape the world crisis with its bankers curtailing the limit on its finance facility entered into in August 2008 and requiring early repayment. As a consequence Norwest had no alternative but to sell its UK North Sea offshore project interests to repay debt. That took up considerable management time and effort however with the support of its dedicated staff and consultants the Company was able to deliver. Norwest now has a clean slate and is free of bank debt.

The Directors have the satisfaction that the Company was able to work through this very difficult period and yet at the same time maintain a sound exploration portfolio and retain the Puffin royalty, albeit that the project is currently suspended. These assets are the basis for the future of the rejuvenated Norwest with TP/15 being the first project to have immediate field activity with the GGI survey commencing in August. It is also re-assuring that the Company was able to attract Paterson Securities Limited to fully under write the \$2.63m share issue to assist with the funding of these projects.

AUSTRALIA
Northern Perth Basin- offshore

TP/15 Northern Offshore Perth Basin – (Norwest -100%)
Airbourne GGI survey planned to commence in mid August.

The TP/15 permit is the Company's lead project and contains a number of prospects, with the lead prospects being Xanadu and Capel/Metricup. (fig.1).

Norwest will commence flying an airbourne gravity gradiometry imaging survey (GGI), currently scheduled for mid August 2009, over the key prospects in the permit. As the seismic coverage over the structure remains incomplete, due largely to shallow water with many local reefs, and as seismic acquisition is difficult to achieve, Norwest will take advantage of its Southern England experience and apply its innovative use of the GGI technology to further de-risk these highly promising exploration targets.

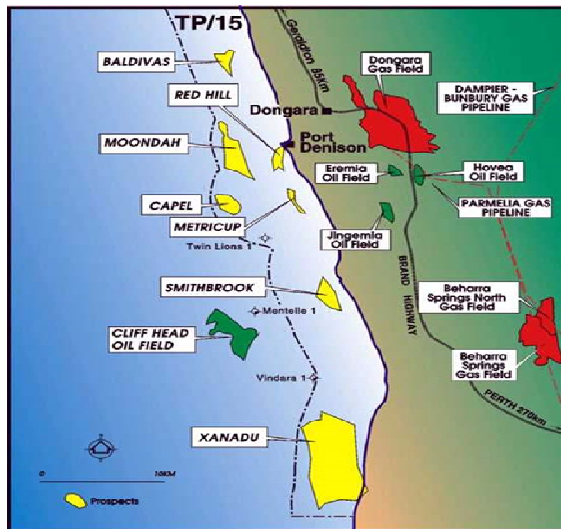
Mapping by Norwest has confirmed the very large Xanadu Prospect which is located entirely within Norwest's TP/15 acreage. Xanadu is a large culmination on the Beagle Ridge and a geologic look-alike to the producing Cliff Head oil field (60 million barrel in place).

The survey is expected to take 7 to 10 days to fly and a further 14 days for the contractor, Bellgeospace to process. Norwest specialist team will then integrate the GGI data with existing seismic data to determine drill location options. Currently Xanadu is the preferred prospect. The Xanadu prospect could be drilled from onshore using directional lateral drilling techniques.

Pursuant to the terms of the permit Norwest is required to drill a well by Oct 2010. It is already in discussion with potential farm-inees for the drilling program.

Norwest previously held a 10% interest in the permit with the remainder held by ROC and ARC. At the end of 2008 ROC and ARC elected to withdraw from the permit and agreed to assign their interests to Norwest. In June 2009 the Department of Industry and Development accepted Norwest's proposal to conduct further exploration and evaluation, including GGI, and subject to those results to drill a well by 31 October 2010.

Norwest considers that its innovative use of GGI has the potential to advance the project and given its proximity to other producing fields it is optimistic about the chance of success.



	In Place Million Barrels	Recover Million Barrels
Capel	134	40
Smithbrook	74	22
Xanadu West	90	28
Red Hill South	25	7
Baldivas East	24	7
Red Hill North	20	6
Rosabrook	10	3
Metricup	7	2
Baldivas West	6	2
Total	390	117

Figure 1 – TP15 Leads and Prospect location map, in place volumes are estimates based of technical work

Northern Perth Basin - onshore

L14 Jingemina Oil Field (Norwest - 1.278% working interest)

During the quarter the Jingemina Field produced 48,365 barrels, 609 barrels net to Norwest, for revenue of A\$44,719.

The Jingemina 12 oil development well commenced drilling on 18 July 2009 and on 30 July the operator Origin Energy reported that the well intersected the Dongara Sandstone target horizon at 2554.5 metres measured depth and at 0830hrs WST on 30 July had reached 2608 metres.

EP 368 and EP426 - Assignment and Equity Swap to result in Norwest holding 20% interest in each licence.

All documents relating to the assignment and transfer of the EP368 interests from ARC and Origin Energy Developments Pty Limited have been lodged with Western Australian Department Industry and Resources.

Norwest and Empire Oil Company (WA) Limited the operator of EP426 are working on the documentation to effect the equity swap between the parties that will result in Norwest holding a 20% interest in both permits.

Once all documentation have been executed for EP426 and all approvals have been received from the Department of Industry and Resources exploration of the North Erregulla oil prospect may commence to mature the prospect for drilling.

Norwest considers that the North Erregulla structure has untested oil in the Cattamarra formation and significant deeper gas potential in the High Cliff Sandstone equivalent. The majority of the North Erregulla Prospect is located in EP 426 with the North Erregulla-1 well, drilled by WAPET in 1967, being located in EP 368. Drill stem tests within the well confirmed a live oil system with a DST recovering 72.5 litres of 38° API oil from the Arranoo Member (a sandy member within the Lower aged Triassic Kockatea Shale) and a DST recovered 30 litres 38° API oil from the Dongara Sandstone located immediately beneath the known source rock, the Howea Member,

of the Kockatea Shale. There were additional oil shows in the Wagina Sandstone lying directly beneath the Dongara Sandstone.

Vulcan Sub-basin Timor Sea

AC/P22 - Puffin project (Norwest - 1.25% Over-Riding Royalty)

In June the Company received a royalty payment in USD of A\$ equivalent of \$434,969 from Puffin production resulting from the uplift and sale of 563,979 bbls of oil in April 2009 by the Puffin JV. No further royalty payments are expected in the near future as the Puffin JV has been unable to resolve a dispute with the contractor of the Front Puffin FPSO and as a consequence terminated the contract and shut in the production wells. The Front Puffin was the production unit for the North East area of the Puffin permit.

In the quarter the Puffin JV had exploration success at both its Great Auk 1 well and its Puffin 13 appraisal well. AED reported that the results of both of these wells would be evaluated in the short term by East Puffin Pty Ltd (60% partner in the JV) with the help of SIPC's international research centre in Beijing (known as PEPRIS) to determine the extent of the combined reservoir pools in the South West area of the permit covering Puffin 9, Puffin 13, Puffin 11 and Puffin 2 and suitable development options.

Norwest is encouraged by these results and optimistically awaits the Puffin JV to announce its development plans for the South.

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

<http://www.aedoil.com>.

AC/P32 - (Norwest - 15%)

As foreshadowed in the previous quarter Norwest withdrew from the Joint Venture effective from the end of May 2009

United Kingdom

Onshore Southern England - Dorset and Isle of White Areas

Norwest believes that the South of England has significant untapped potential for new hydrocarbon discoveries considering that to date, few other material discoveries have been made in the area since Wytch Farm was discovered by the Gas Council in 1973. The giant, BP operated Wytch Farm oil field, which to date has produced over 400 million barrels of oil with estimated recoverable reserves of nearly 500 million barrels, is the largest onshore oil field in Western Europe and the sixth largest oil field in the UK (including the North Sea fields).

The South of England has historically been largely overlooked and undervalued by industry compared with higher profile North Sea opportunities.

Option to earn 60% interest in Hurst Castle/Wessex Basin project

Norwest has developed a depth of knowledge of the Wessex Basin and in June 2009 expanded its position there by entering into an option agreement that grants it the right to earn a 60% interest in the Southern England onshore permit PEDL 089 and near shore permit P1153. The licenses, referred to as 'Hurst Castle', are strategically located between Norwest's existing PEDL 238 (Dorset) and PEDL 239 (Isle of Wight) licenses in the South of England - Wessex Basin (see location map below). Norwest is earning its interest in the permits from Wessex Exploration Limited, an unlisted UK explorer, by funding in part, the 2009 exploration work program at an estimated cost of GBP60,000. Under the agreement with Wessex, Norwest, the

operator of the Dorset and Isle of White permits, will also take over operatorship of Hurst Castle from Wessex. In accordance with the terms of the near shore permit P1153 it expires in October 2009. Norwest on behalf of the Hurst Castle JV intends to bid for that area when bids are called for in respect of that area by the British Department of Energy and Climate Change which is expected to be in early 2010.

Over the last nine months Norwest has acquired extensive knowledge of this region as a result of conducting an airborne GGI survey together with a high resolution ground gravity survey over the Isle of White and Dorset license areas respectively. In addition an airborne GGI survey was also completed over part of the Hurst Castle permits as a precursor to the agreement with Wessex.

A preliminary assessment by Norwest indicates significant exploration potential exists within the Hurst Castle license area and several potential leads and prospects have been identified. As part of the commitment to earn the interest, Norwest will conduct a more detailed technical review to further define and de-risk each of these potential prospects.

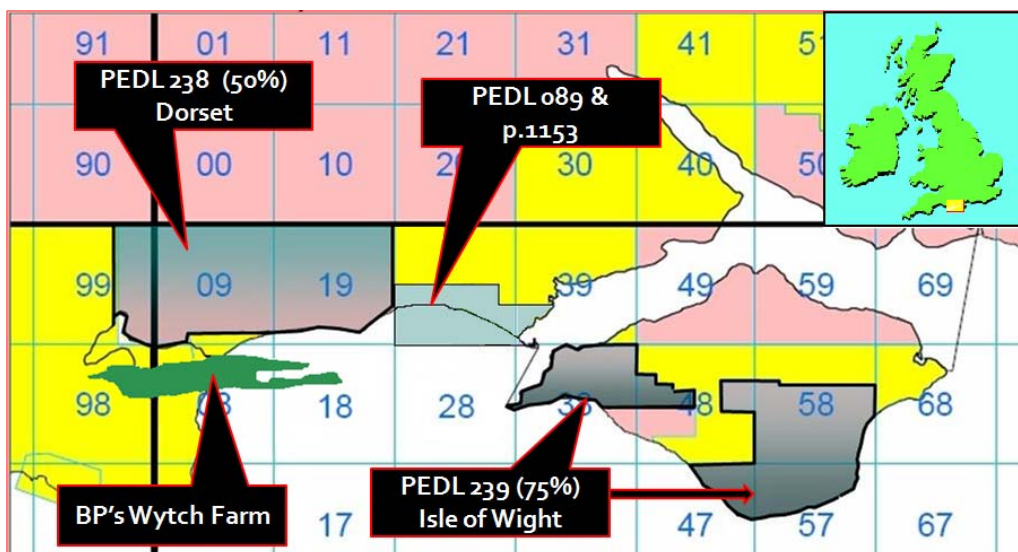


Figure 2 - Southern UK Location Map

PEDL 238 Dorset (Norwest 50% - and operator)

During the December 08 quarter Norwest successfully completed a high resolution ground gravity survey over the east and centre of the licence, using a Scintex-5 gravity meter. The aim of the ground survey was to produce an ultra-accurate gravity map to be used to identify basement-involved structures at depths of 1800 to 2000 metres.

Norwest has purchased a substantial amount of seismic data over the licence, to add to lines bought before the licence application, and is also incorporating British Geological Survey gravity data, to give wider regional control for Norwest's high resolution work.

The results of the survey and first phase of data processing have yielded a provisional Bouguer gravity anomaly map. This map by itself does not provide a means to map top basement for prospect evaluation since it's dominated by regional gravity gradient trends. However, the dataset has the precision to find residual anomalies that may assist in prospect definition after a combination of filtering and layer stripping has been carried out. A preliminary review of the dataset indicates that several large basement involved structures appear to be present within the licence

boundaries. Interpretation of the data continues in conjunction with the work on the other permits.

PEDL 239 Isle of White Area (Norwest 75% and operator)

The Company is searching for structural highs beneath the Chalk, where that formation is steeply-dipping over the main fault zones in Isle of White. This is a technically demanding project because the seismic data across these faults has poor resolution. To resolve this problem Norwest has applied the innovative use of airborne (GGI). In January Norwest completed an extensive airborne GGI survey in part over the PEDL 239 License area on the Isle of White and partly over the mainland to the west. The objective of the survey was to measure geophysical characteristics of rocks that extend some 2000 meters below the earth's surface, to map the basement structure. The initial results of the GGI survey have so far been instrumental in resolving a number of the above problems for Norwest's technical team. With the GGI data, our technical team are now able to see much deeper into the subsurface under the Isle of White as compared with the previously used and only available, poor quality seismic. This new capability has given Norwest a boost in confidence, confirming much of our initial geologic models used in assessing the regional prospectivity, are indeed correct. The GGI results clearly indicate that deep basement involved geologic structuring has occurred beneath and adjacent to the Isle of White. Independent comparison of our preliminary seismic driven fault interpretations conform remarkably well when overlain onto detailed GGI regional images. Also a whole series of potential basement involved four way closures (possible prospects) are highlighted by the GGI.

Our technical team is currently integrating the GGI results with the seismic data in order to compile a detailed structure map of the basement surface. Considering the main reservoir in this area – the Sherwood sandstone (the reservoir for the nearby 500mmbbl Wytch Farm project) sits directly on the basement surface, an accurate map of basement will allow Norwest to successfully target Sherwood sandstone prospects for future drilling.

This process is complex and involves highly sophisticated software and expertise which fortunately Norwest has in house. Once this process is complete, detailed depth maps of the basement surface will significantly enhance our understanding of the oil and gas potential and provide impetus for the next level of detailed prospect mapping.

CORPORATE

Fund Raising

Rights issue

With the \$911,689 that was raised in May from the SPP, together with projected Puffin royalty payments expected in the next 12 months the directors considered that it had access to adequate funds to conduct its activities into 2010. However the shut in of Puffin operations has impacted severely on its funding position in the short term and as a consequence the Directors have determined it necessary to raise additional funds to finance its major exploration activities over the next 12 months. Accordingly the Directors have decided to raise \$2.633m by way of a 2 for 3 rights issue by the issue of approximately 210m new shares at an issue price of \$0.0125 per share (1.25 cents). The issue is underwritten by Paterson Securities Limited. The prospectus is

expected to be lodged with ASX/ASIC on or about 3 August 2009.

Share Purchase Plan

On 9 April the Company announced that it was offering shareholders the right to subscribe for up to 72,935,111 shares at an issue price of \$0.0125 (1.25cents) per share pursuant to a Share Purchase Plan (SPP). The issue was overwhelming supported with subscription funds of \$1.624m exceeding the limit of \$911,689 that could be raised under the SPP. The excess funds were refunded to shareholders during May. The directors wish to thank those shareholders that supported the SPP.

Sale of UK North Sea projects - Investec Finance Facility Repayment

During the last quarter, Norwest completed a corporate sale of one of its UK subsidiaries - NWE Southern Cross (UK) Pty Ltd to Silverstone Energy Limited for a consideration of A\$2,425,000. The transaction settled on 31 May 2009 and the proceeds were applied to the Investec finance facility of A\$2.4m and towards the costs of the transaction.

The NWE Southern Cross package of North Sea assets sold to Silverstone included a 25% interest in the Cobra gas discovery and Norwest's interest in several exploration licenses in the Inner Moray Firth along with Norwest's interest in a new Southern North Sea license awarded in the 25th offshore licensing round.

Directors

Mike Fry

Michael (Mike) John Fry was appointed as a director of the Company on 8 June 2009. Mike has extensive experience in capital markets and corporate treasury management specialising in the identification of commodity, currency and interest rate risk and the implementation of risk management strategies. He is the Chairman of Red Fork Energy Limited and he is also a Director of ASX listed companies Liberty Resources Ltd and Sunset Energy Limited. Mike holds a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Financial Services Institute of Australasia and a past member of the ASX.

The directors are pleased to welcome Mike to the board and the experience and skill that he will contribute.

Bill Bloking

Due to other business interests, Norwest Chairman, Bill Bloking retired from the Board on 30 June 2009. The directors of Norwest wish to acknowledge Bill's contribution to the Company over the last two years and wish him every success in the future with his other business interests.

Peter Munachen

**Chief Executive Officer/Director
Norwest Energy NL**

31 July 2009

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