



March 2009

Quarterly Activities Report

Highlights

- **UK North Sea projects to be sold for A\$2,425,000 providing funds to repay Investec debt**
- **Interpretation advanced on data from Dorset high resolution ground gravity survey.**
- **Airborne Gravity Gradiometry Survey (GGI) flown over Isle of Wight License area - completed in early January 2009 with interpretation nearing completion**
- **Puffin Joint Venture oil uplift of approximately 550,000 barrels scheduled for end of April expected to generate royalty payment of circa A\$475,000 to Norwest**
- **Great Auke-1 exploration well spudded by Puffin Joint Venture targeting Puffin K1a and Upper Vulcan structures**
- **TP/15 equity increases to 100% from 10%. Airborne Gravity Gradiometry being planned over the licence backed by UK experience over the Isle of Wight**
- **EP368/EP426 increase equity in EP368 and equity swap resulting with 20% interest in each permit.**

United Kingdom

Sale of UK North Sea projects - Investec Loan Facility Repayment

Norwest has today agreed to accept an offer from Silverstone Energy Limited for the sale of Norwest's North Sea assets for a consideration of A\$2,425,000. Norwest had previously announced that it had reached conditional agreement with Fairfield Energy Limited for the sale of the North Sea assets for a consideration of US \$ 1,600,000 (AU \$2,234,500 at today's exchange rate). However last week an issue was identified concerning that transaction about which Fairfield and Norwest were unable to agree when the British Government announced on 22 April 2009 taxation changes in respect of North Sea projects which in Norwest's view increased the value of its North Sea assets. On 29 April Silverstone submitted an offer to Norwest for its North Sea assets for a consideration of A\$2,425,000.



The offer is subject to completion of formal documentation by Norwest and Silverstone; and the approvals of the various joint venture participants as well as the UK government. It is proposed by Silverstone to settle the transaction on or before 15 May 2009. Norwest has accepted this offer and advised Fairfield that it is not pursuing the transaction with Fairfield.

The North Sea assets comprise a 25% interest in the Cobra gas discovery and Norwest's interest in several exploration licenses in the Inner Moray Firth. For particulars of Silverstone refer to www.silverstone.co.uk

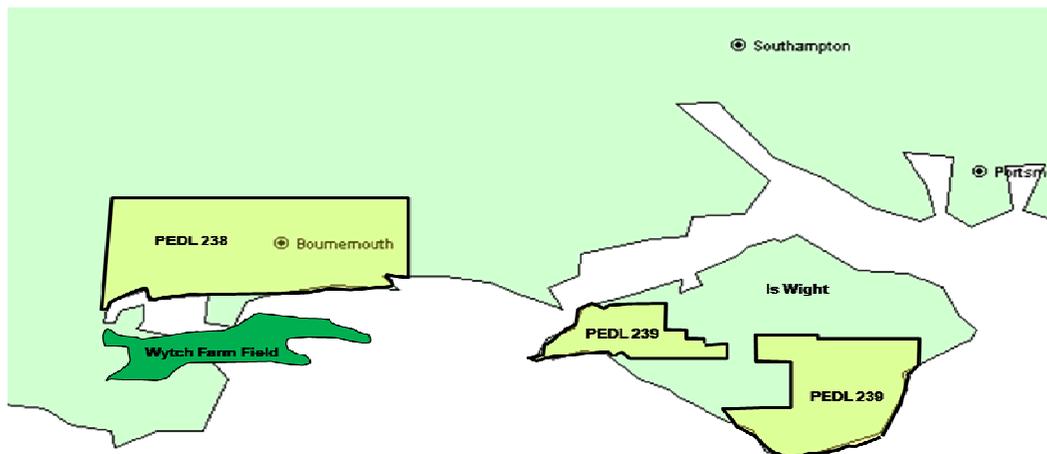
The funds generated by the sale will be applied to the repayment of the Investec loan facility of AU\$2,400,000.

Onshore Southern England - Dorset and Isle of Wight 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.

Southern UK Location Map





PEDL 238 Dorset (Norwest 50% and operator)

The license covers an area of approximately 208 square kilometers along the south coast of Dorset, between Christchurch and Poole Harbour, including Bournemouth. During the December 08 quarter Norwest successfully completed a high resolution ground gravity survey over the east and centre of the license, 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.

Preliminary results are looking quite positive with several large basement involved structures appearing to be present within the license boundaries.

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

In the licence the Company is searching for structural highs beneath the Chalk, where that formation is steeply-dipping over the main fault zones in Isle of Wight. This is a technically demanding project because the seismic data across these faults has poor resolution. To resolve this problem Norwest's approach is to use airborne gravity gradiometry. In January Norwest completed an extensive airborne GGI survey in part over the PEDL 239 License area on the Isle of Wight and partly over the mainland to the west. The objective of the survey was again to measure geophysical characteristics of rocks that extend some 2000 meters below the earth's surface, to map the basement structure. As in PEDL 238, a great deal of released seismic was purchased. Norwest's technical team is making significant progress toward assessing the prospectivity and has completed preliminary seismic interpretations over the license area. Preliminary investigations indicate that deep basement involved geologic structuring is highly prospective beneath the Isle of Wight.

Both the PEDL238 and 239 licenses are shaping up to have prospectivity that may indeed rival many North Sea offshore opportunities.

AUSTRALIA

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

No royalty payments were received from Puffin production during the quarter. However, AED recently announced that the next uplift of approximately 550,000 barrels is scheduled for the end of April. This cargo is expected to realise approximately A\$38m which will return approximately A\$475,000 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. Production by the Puffin JV during the quarter was 145,000 barrels which was impacted by the repeated failure of the gas lift compressor. AED reported that "*the NE region has not lived up to production expectation and the Company is actively working on a range of solutions that are likely to have beneficial cash flow impacts*".



AED announced on the 28th April that the operator East Puffin Pty Limited had spudded the Great Auk-1 exploration well, targeting both the Puffin K1a sands and deeper Upper Vulcan structures. Great Auk-1 is located south of the SW Puffin field and is likely to take 30 days. It is the first of a two well program planned by the Puffin Joint Venture.

For further information on Puffin operations please go to AED's web site:
<http://www.aedoil.com>.

AC/P32 Vulcan Sub-basin Timor Sea (Norwest - 15%)

As foreshadowed in the previous quarter Norwest has notified the Joint Venture operator of its intention to withdraw from the Joint Venture effective from the end of May 2009

Northern Onshore Perth Basin

L14 Jingemia Oil Field (Norwest - 1.278%)

During the quarter the Jingemia Field produced 51,122 barrels, 653 barrels net to Norwest, for revenue of A\$40,401.

The Jingemia reservoir model and well economics for Jingemia 12 were received by the joint venture during March and the participants are evaluating the modelling and economics to reach a position on drilling the well.

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

During the quarter Norwest and Empire Oil and Gas NL agreed to swap equities in the adjoining licences EP368 (Norwest) and EP426 (Empire) such that Norwest will hold a 20% interest in each licence. Both parties recognise the potential of the North Erregulla Oil Prospect that straddles the two licences, and that the equity swap was a means by which the prospect could be explored with one definitive well.

Until recently Norwest held a 10% interest in EP368 with the remainder held by Arc and Origin. Both of Arc and Origin announced their intention to withdraw from the permit and agreed, subject to the consent of the Western Australian Department of Mines and Petroleum (WADMP), to assign their respective interests in the licence to Norwest's wholly owned subsidiary Westranch, thereby increasing Norwest's interest in the licence to 100%.

This paved the way for Norwest to enter into an agreement with Empire Oil Company (WA) Limited (Empire), the wholly owned subsidiary of Empire Oil & Gas NL, that, subject to the consent of the WADMP, Westranch and Empire would swap equities in EP368 and EP426 resulting in Westranch holding a 20% interest in each Permit.

Conditional upon the WADMP approval to the assignments, and the proposed equity swap between Westranch and Empire, Westranch has applied for the renewal of EP368 for a further five year period. The current permit period expired on 10 February 2009. The parties are currently awaiting the necessary approvals.



Once all approvals have been received, Norwest and Empire may then proceed with exploration of the North Erregulla Oil Prospect to mature the prospect for drilling. Norwest considers that the North Erregulla structure has untested oil in the Cattamarr 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 Hovea Member, of the Kockatea Shale. There were additional oil shows in the Wagina Sandstone lying directly beneath the Dongara Sandstone.

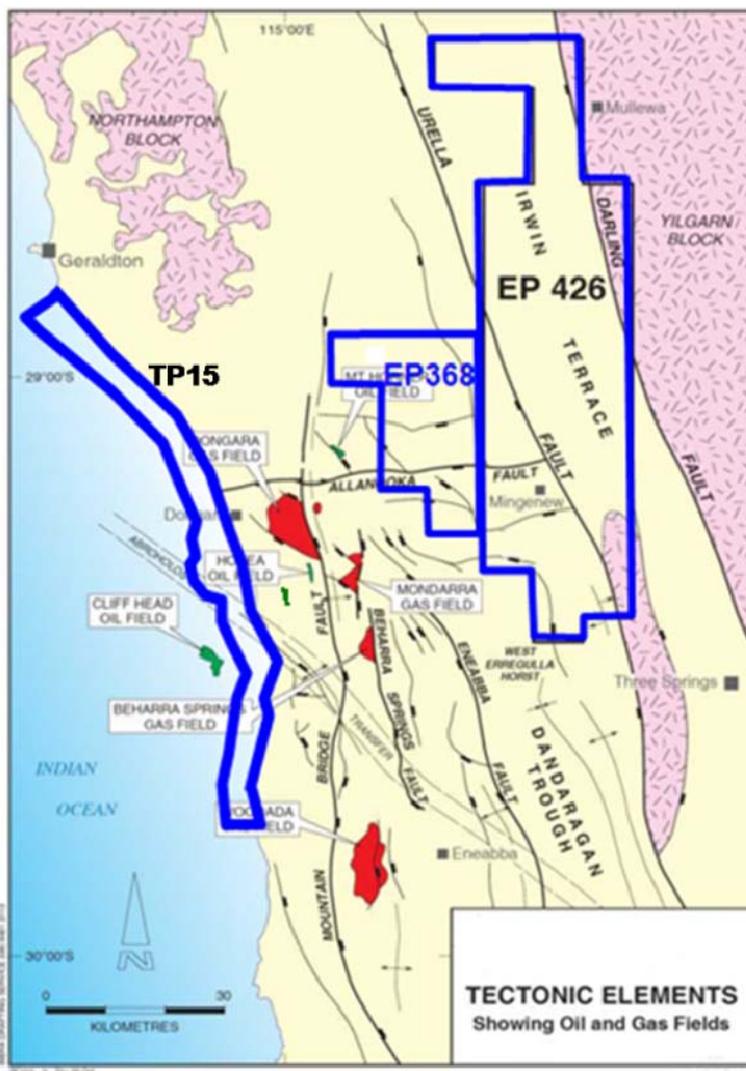
TP/15 Northern Offshore Perth Basin – (Norwest -100%)

During the quarter Norwest was advised by the Department of Industry and Resources that the transfer of 90% of the licence had been approved, resulting in Norwest's wholly owned subsidiary Westranch now holding 100% of the licence.

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 60 million barrel Cliff Head oil field. The seismic coverage over the structure remains incomplete due largely to shallow water with many local reefs. Since seismic acquisition is difficult to achieve, Norwest plans to take advantage of its Southern England experience to further de-risk this highly promising exploration target by flying airborne gravity gradiometry (GGI) in mid 2009 to define closure shape and limits.



North Perth Basin Location Map





CORPORATE

In January the Company launched a rights issue offering shareholders to subscribe for shares at 2.25 cents per share. The issue was not supported by shareholders and as a consequence was aborted.

Following the announcement of the agreement to sell the UK North sea assets 25million shares were placed to sophisticated investors at an issue price of \$0.008 (.8 cent) per share to provide working capital.

On 9 April the Company announced that is 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. The issue will raise up to \$911,689 and was scheduled to close on 1 May. Due to a number of public holidays occurring during the period of the issue the Directors have determined to extend the closing date to 12 May. The funds will be applied to Norwest's ongoing exploration activities and to supplement working capital.

Peter Munachen
Chief Executive Officer/Director
Norwest Energy NL

For further information please contact Peter Munachen or Ernie Myers on 08-9227 3240, or email info@norwestenergy.com.au,