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norwest ENERGY

2018 ANNUAL REPORT

CORPORATE DIRECTORY

NORWEST ENERGY NL
ABN 65 078 301 505
ACN 078 301 505

Directors

Mr Michael John Fry
(Non-Executive Chairman)

Mr Henry David Kennedy
(Non-Executive Director)

Managing Director/
Chief Executive Officer

Mrs Shelley Robertson

Company Secretary

Mr Bennett Greenhalgh

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Australian Securities Exchange

NWE

Contents

Chairman's Letter	3
Permit Summary	5
Directors' Report	6
Lead Auditor's Independence Declaration	20
Corporate Governance Statement	21
Independent Audit Report	27
Directors' Declaration	30
Statement of Profit or Loss and other Comprehensive Income	31
Statement of Financial Position	32
Statement of Changes in Equity	33
Statement of Cash Flows	34
Notes to the Financial Statements	35
Additional Shareholder Information	53

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CHAIRMAN'S LETTER

Dear Shareholders

I am pleased to present the Company's Annual Report for the year ended 30 June 2018. It has been a strong year for the Norwest team, with much progress achieved – however there is still more work to do.

During the course of the financial year, Norwest has:

- almost finalised the planning and preparation for acquisition of a 3D seismic survey over the Xanadu Prospect;
- built a strong working relationship with Joint Venture Partner Mineral Resources and progressed planning for drilling the Lockyer Deep well in 2019;
- built a strong relationship with new Joint Venture Partner Mitsui, and identified opportunities to pursue once work on the Arrowsmith Project can resume;
- received revenue from the successful restart of the Jingemia Oil Field, in which production is expected to increase once additional wells are brought online; and
- commenced a project and corporate level review to identify opportunities to improve the value of the Company's asset portfolio and improve the market's perception of the Company.

TP/15 – Xanadu

The TP15 Joint Venture was established in February 2017, a period in which the oil and gas space saw virtually zero deals due to the general downturn in the economy and low global oil prices. Achieving a free-carry on the Xanadu-1 drilling program, whilst maintaining operatorship and a 25% interest in TP15, was a credit to Norwest's senior management team.

Norwest as operator rapidly commenced preparations for drilling the Xanadu-1 well and was able to acquire all necessary approvals and drill Xanadu-1 within a 6 month period. As we all know now, the well was declared a discovery and although there were some that wanted the Company to immediately spring into further drilling, we are pleased the Joint Venture supported Norwest's recommendation to acquire 3D seismic survey over the Xanadu structure as a next step, so that the team can prepare a considered plan for how best to exploit the discovery.

Given the rapid speed at which the Company was able to complete preparations for the Xanadu-1 well, again the Company set an ambitious goal of late-2018 for acquisition of the 3D seismic. There are numerous obstacles to acquiring offshore seismic data, and various factors outside the Company's control mean that there are only certain windows within the calendar year in which the seismic survey can take place.

Unfortunately, despite the Company's best efforts and excellent track record up to now, delays in obtaining approvals from the Department of Mines, Industry Regulation and Safety has meant the Joint Venture is now targeting the window for acquisition commencing March 2019.

Although this delay is disappointing the ongoing availability of drill rigs within the area combined with Norwest having already received the necessary approvals for further drilling means the Company will still be able to move forward with follow-up wells at Xanadu within substantially the same timeline. Assuming the seismic data supports such follow-up wells, the Company is confident it can secure a suitable drilling rig and progress the Xanadu Project in the second half of 2019.

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EP368 – Lockyer Deep

In what was considered great news for Norwest shareholders, Mineral Resources Limited (ASX:MIN) acquired the assets of Empire Oil & Gas during the year, and the Joint Venture is currently planning a well on the exciting Lockyer-Deep Prospect, expected to occur in the second half of 2019.

EP413 -- Arrowsmith

During the year, international trading house Mitsui & Co Ltd (Mitsui) acquired the assets of AWE Limited (AWE), including AWE's participating interest in EP413. Although work on EP413 is currently suspended due to the WA Government inquiry into hydraulic fracture stimulation, it is expected once findings from the inquiry are released the Joint Venture will be able to recommence exploration activity within the permit. Although it is not possible to pre-empt the results of the inquiry, Norwest is very pleased at the prospect of being able to resume work on the highly prospective Arrowsmith Project with Mitsui and its other Joint Venture partner, Bharat PetroResources, each of which are well resourced and experienced operators.

L14 – Jingemia

Production within the Jingemia Oil Field has been steadily increasing since it was brought back online in December 2017. There are currently two wells in production, and it is anticipated that another two wells will be brought back into production over the coming months. This is expected to improve the revenue generated by the Project. We believe L14 contains exploration upside, with opportunities to drill future wells on the production licence currently under consideration.

Corporate

During the year the Company formalised its strategic relationship with major shareholder 3C Group IC Limited (3C Group) by entering into a Strategic Cooperation Agreement and by applying for and receiving a waiver from the ASX to ASX Listing Rule 6.18, which will allow 3C Group to maintain its current ownership interest by participating in any future issues of equity the Company may propose. Through this strategic relationship 3C brings a wealth of additional knowledge and experience and has so far provided the Company with opportunities that Norwest would not otherwise have been exposed to.

Since the end of the 30 June 2018 financial year the Company has appointed KPMG Corporate Finance (KPMG) as its corporate adviser. KPMG has been engaged to provide advice on the best way to maximise the value of the Company's asset portfolio which, in the Board's opinion, has not yet been properly valued by the market. KPMG's expertise at the corporate level is expected to enhance the identification and implementation of opportunities as they arise, and together with the Company's strategic relationship with 3C Group, is expected to assist the Company promote its asset portfolio to a wider network of parties seeking exposure to assets within the Perth Basin.

The past year has been challenging, however a great deal of preparation and groundwork for the coming year have been achieved. I would like to take this opportunity to commend the Norwest team on their achievements in FY2018, and look forward to seeing what they can achieve in the next 12 months to further progress the Company's assets and build value for all shareholders.

Michael Fry
Non-Executive Chairman

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PERMIT SUMMARY

Permit	Location	Type of Permit	Area (100%)	Norwest (%)
NORTHERN PERTH BASIN				
EP368	Perth Basin, WA	Onshore	600.3 km^2	20%
EP426	Perth Basin, WA	Onshore	1,197 km^2	22.22%
EP413	Perth Basin, WA	Onshore	508.3 km^2	27.945%
L14	Perth Basin, WA	Onshore	39.8 km^2	6.278%
TP/15	Perth Basin, WA	Offshore	645.8 km^2	100%
TOTAL AREA NET TO NORWEST 1,176.4 KM2				
TIMOR SEA				
AC/L6 (ROYALTY)	Vulcan Sub-Basin, NT	Offshore	252.1 km^2	1.25% ORRI

Table 1. Norwest Permit Schedule

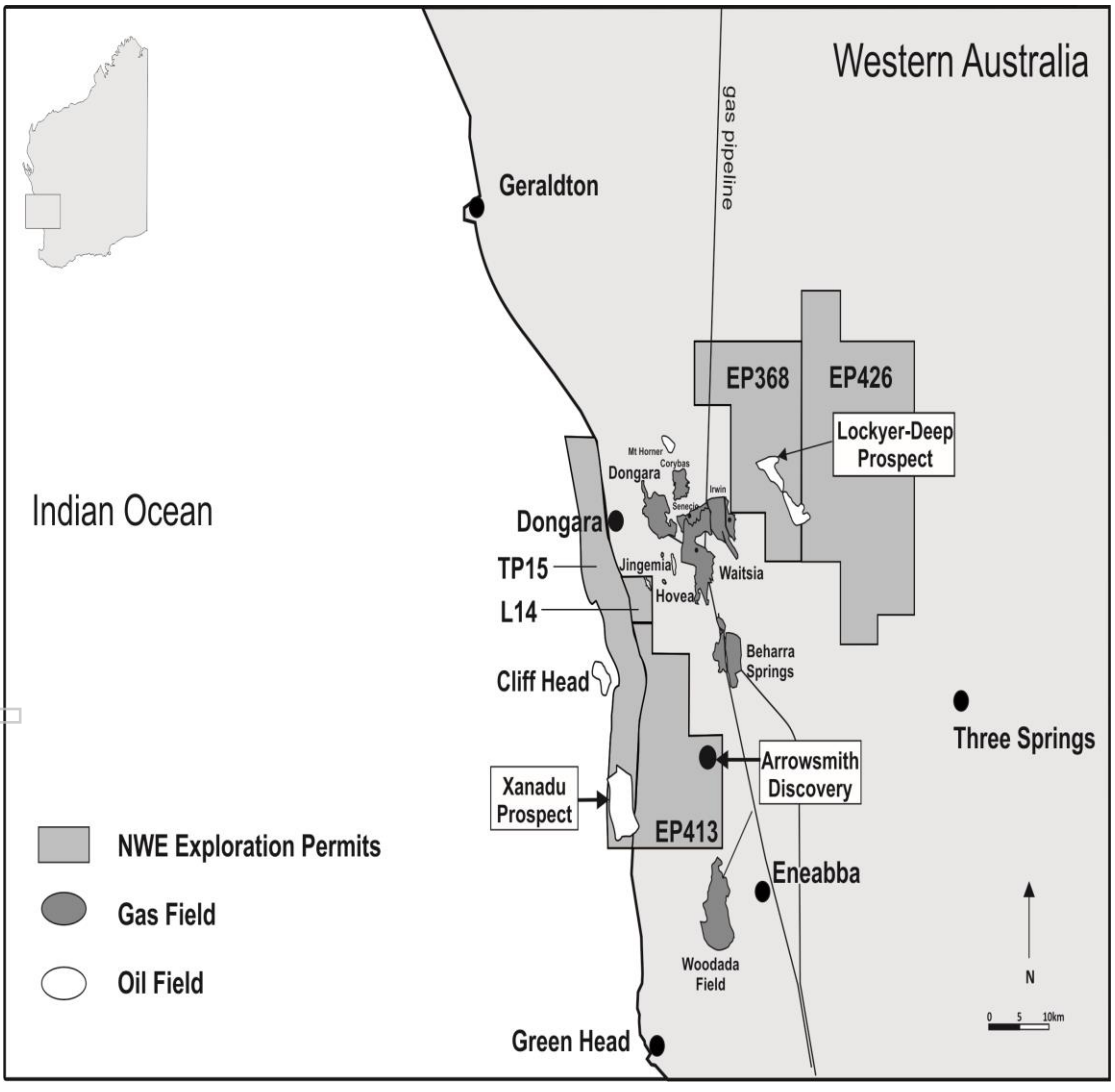


Figure 1. Norwest - Northern Perth Basin Acreage

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Directors' Report

The Directors of Norwest Energy NL ("Norwest" or "the Company") present their report consisting of the Company and its subsidiaries ("Consolidated entity" or "Group"), for the financial year ended 30 June 2018.

1. DIRECTORS AND OFFICERS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Michael John Fry (Independent Non-Executive Chairman), BComm, FFin

Mr Fry became a Director of Norwest on 8 June 2009 and Chairman on 18 September 2009. Mr Fry holds a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Financial Services Institute of Australasia. Mr Fry has extensive corporate and commercial experience, financial and capital market knowledge and a background in corporate treasury management. Mr Fry has held directorships in Brookside Energy Ltd (April 2004 to present), Challenger Energy Limited (January 2007 to present) and Technology Metals Australia Limited (May 2016 to present).

Mr Henry David Kennedy (Non-Executive Director), MA (Geology), SEG

Mr Kennedy became a Director of Norwest on 14 April 1997. Mr Kennedy has had a long association with Australian and New Zealand resource companies and as a technical director has been instrumental in the formation and/or development of a number of successful listed companies including Pan Pacific Petroleum NL, New Zealand Oil and Gas Limited (NZOG), Mineral Resources (NZ) Ltd and Otter Exploration NL. During his term as Executive Director of Otter, Pan Pacific and NZOG, these companies were involved in the discovery of the Tubridgi and South Pepper gas fields in Western Australia, the North Herald and Chervil oil fields in Western Australia and the Kupe South and Rua oil/gas condensate fields in New Zealand. During the three year period to the end of the financial year, Mr Kennedy has held directorships in Pancontinental Oil & Gas NL (August 1999 to present) and East Africa Resources Limited (March 2013 to April 2015).

Mrs Shelley Maree Robertson (Managing Director) BSc(Eng), GradDip(IT), MEngSc(Pet Eng), MBA(Oil & Gas)

Mrs Robertson joined Norwest Energy in January 2011 following her appointment to the Company's Senior Leadership Team. She was promoted to Chief Executive Officer in July 2016 and then Managing Director in October 2017. Mrs Robertson has significant senior management experience in the resources industry, with over 30 years in oil and gas, mining, infrastructure and renewables. She has extensive expertise in technical project execution, budget management, JV management, commercial negotiations, contracts and well-site operations. Her previous oil and gas roles include positions with Woodside, BHP Petroleum, Apache, Marathon, Tap Oil. Mrs Robertson is a Director on the Board of Telethon Type 1 Diabetes Family Centre, is on the Guildford Grammar School P&F Committee and President of the Guildford Arts Supporters Group.

Mr Ronald Gordon Currie (Non-Executive Director)

Mr Currie, 41, became a Director of Norwest on 31 March 2016 and resigned on 31 October 2017. Mr Currie has extensive operational experience in oil and gas operations through his long association with Bonnie Rock Transport, a company he co-founded in 1998 (now owned by ASCO Group) which provides transport and logistics solutions for the oil and gas industry. Bonnie Rock Transport specialises in the mobilisation of large drilling rigs and associated equipment across Australia, as well as providing general haulage services**.** During the three year period to the end of the financial year, Mr Currie has not held any other directorships in listed companies.

Mr Bennett Greenhalgh (Company Secretary) B.Comm, LLB (Honours)

Mr Greenhalgh was appointed to the position of Company Secretary on 18 September 2018. Mr Greenhalgh is a corporate and commercial lawyer with significant experience at both global and boutique corporate law firms. He has extensive experience advising on corporate governance matters, as well as managing corporate transactions such as capital raising, M&A, and cross-border commercial trade deals.

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Ms Jo-Ann Long (Company Secretary and Chief Financial Officer) B.Comm, FCA, GAICD

Ms Long was appointed CFO and Company Secretary on 15 September 2017 and then resigned as Company Secretary on 18 September 2018. Ms Long has over 28 years of experience building, leading and advising corporations on financial management, restructures, international expansion, acquisitions and risk management. Commencing with Deloitte's and then 18 years in the Oil and Gas industry, with Woodside and Transerv Energy (now Whitebark Energy) Ms Long has specialised expertise in joint venture operations, commercial agreements, tax strategies, risk management and governance. With strong broad commercial and business skills Ms Long brings a strong discipline of financial management and a track record of documented contributions of improved financial performance, heightened productivity and enhanced internal controls. MS Long is CFO and Company Secretary for Sun Resources NL, Managing Director of Eco Smart Designs, and holds non-executive directorships with Yijiyangu Corporation Limited and B2 Yaramarri Direct Benefits Trust.

Miss Emma Curnow (Company Secretary) B.Com, CA, AGIA

Miss Curnow was appointed to the position of Company Secretary on 18 July 2016 and resigned on 15 September 2017. She commenced her career as a Senior Accountant with Ernst & Young in 2003, and has since worked for a number of listed companies in the oil and gas sector both in Australia and the United Kingdom. She is a qualified Chartered Accountant and a Company Secretary.

2. DIRECTORS INTERESTS

As at the date of this report, the Director's interests in the securities of the Company are as follows:

		Ordinary Shares	Options over Ordinary Shares
Mr Michael John Fry	(Non-Executive Chairman)	23,179,785	-
Mr Henry David Kennedy	(Non-Executive Director)	167,494,130	-
Mrs Shelley Robertson	(Managing Director & CEO)	892,357	16,000,000
Mr Ronald Currie	(Non-Executive Director)	(*) 15,599,996	-

(*): 15,599,996 shares held in the name of Kemprust Pty Ltd, a company of which Ronald Currie's father is a director.

3. EARNINGS PER SHARE

	2018	2017
Basic earnings per share (cents per share)	(0.00)	(0.01)
Diluted earnings per share (cents per share)	(0.00)	(0.01)

4. CORPORATE INFORMATION

Corporate Structure

The Company is a no liability company that is incorporated and domiciled in Australia.

Nature of Operations and Principal Activities

The principal activity of the Consolidated entity during the course of the financial year was exploration for hydrocarbon resources. Norwest is operator of the TP/15Joint Venture and the EP413 Joint Venture.

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Objectives
Objectives of the Group include:

- continued exploration on the Company's current permits;
- seek new ventures suitable for inclusion in the Group's assets;
- manage risks involved in the exploration industry; and
- maintain liquidity.

The Group's targets and strategies for meeting the above objectives include:

- prepare work programmes best suited for exploration success;
- consider strategic alliances through joint ventures to minimise risks to the Group;
- focus on cost cutting in all non-essential areas; and
- review appropriate fundraising proposals.

Employees
The Consolidated entity had three employees as at 30 June 2018 (2017: three employees).

5. OPERATING AND FINANCIAL REVIEW

Operations Summary

Review of Operations
As at the date of this report, the Group holds the following interests:

- 25% in TP/15(as operator);
- 27.945% in EP413 (as operator);
- 20% in EP368;
- 22.22% in EP426; and
- 6.278% in L14 Jingemia Oilfield.

TP/15

During Q3 CY2018, Norwest successfully drilled the Xanadu-1 well, being free-carried for the drilling program after forming the TP/15 Joint Venture in Q1 CY2018. On the 18th September 2017, Norwest confirmed that hydrocarbon-bearing reservoirs had been intersected, with elevated gas readings, oil shows, fluorescence and cut-fluorescence present in the reservoir sections. A subsequent logging program was carried out across a 330m section of the Irwin River Coal Measures with porosities ranging from 15-16%, and with oil recovered to surface. Norwest confirmed Xanadu a discovery on 25th September 2017 and a Discovery Notice was subsequently lodged with the Minister for Mines, Industry Regulation and Safety.

During Q1 CY2018, a contract for the acquisition of a 40 square kilometre seismic survey was awarded to Synterra Technologies Pty Ltd. During Q2 CY2018, an acoustic modelling study was completed to assess the impact of seismic acquisition on the marine environment. The results of this study have been incorporated into the relevant Environmental Plan and submitted to DMIRS. An ongoing comprehensive stakeholder engagement program has been an important part of the approvals process, and Norwest continues to actively engage with all relevant stakeholders.

On 5th October, Norwest announced that due to ongoing delays in the regulatory approvals process for the Xanadu 3D Seismic Survey, the survey acquisition will be unavoidably delayed beyond the targeted window of late 2018, with the next available opportunity for acquisition commencing in March 2019. These delays are due to heightened focus that currently exists at a national level on offshore seismic surveys, the complexity of submission documentation, and the requirement for a high degree of stakeholder consultation. The Environmental Plan cannot be approved until stakeholder consultation is completed to the satisfaction of the Regulator. The acquisition timeline is also impacted by exclusion periods for the migration of humpback whales, western rock lobster spawning and migration, commercial fishing peak periods and school holidays. Due to these events, the next realistic opportunity for acquisition is March 2019.

Once the survey is complete and the data has been processed, interpreted and integrated with Norwest's existing dataset, the TP15 Joint Venture will consider an appraisal well on the Xanadu structure, with the most likely option being a horizontal side-track well from the existing Xanadu-1 surface location. The seismic data will enable the well surface location and trajectory to be optimally designed.

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TP/15 Joint Venture

Name	Interest in TP/15	
Norwest	25%	(Operator)
3C Group IC Limited	30%	
Triangle Energy (Global) Ltd	30%	
Whitebark Energy Ltd	15%	

EP413

On 5th September 2017, the Western Australian government announced an independent scientific panel inquiry into hydraulic fracture stimulation. As this inquiry directly affected EP413, Norwest applied for a suspension on the EP413 work program work commitments, which was subsequently granted.

The inquiry panel handed its findings to the State Government on 12th September 2018, and Norwest awaits the State Government recommendations to industry in coming months.

The rehabilitation program for the 2015 3D seismic survey area continued throughout the year.

In May 2018, Mitsui & Co. successfully acquired AWE Limited, and as a result the EP413 Joint Venture welcomed Mitsui & Co as a new partner.

EP413 Joint Venture

Name	Interest in EP413	
Norwest	27.945%	(Operator)
Mitsui & Co., Ltd	44.252%	
Bharat PetroResources Limited	27.803%	

EP368

During the December quarter, the assets of the operating company of EP368 (Empire Oil & Gas) was 100% acquired by Mineral Resources Limited (ASX:MIN), an Australian based mining services and processing company.

During Q2 CY2018, Mineral Resources Limited (MIN) as operator of EP368 successfully secured a 2-year suspension and extension on EP368.

NWE and MIN are currently working collaboratively to progress plans to drill a well, with the Lockyer Deep subsurface model showing similarities to the neighbouring Waitsia Project. The well will be subject to regulatory approvals and funding, however the Joint Venture has already approved the budget for FY2018/19, which includes well planning, community engagement and approvals. North Erregulla offers an excellent follow up prospect to Lockyer Deep, straddling the two permits EP368 and EP426, offering a future drilling opportunity.

EP368 Joint Venture

Name	Interest in EP368	
Norwest	20%	
Empire Oil Company (WA) Ltd	80%	(Operator)

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EP426

During the December quarter, the assets of the operating company of EP426 (Empire Oil & Gas) was 100% acquired by Mineral Resources Limited (ASX:MIN), an Australian based mining services and processing company.

During the year, Mineral Resources Limited, as operator of EP426 successfully secured a 2-year suspension, extension and program variation on EP426. The variation was made to align future work program commitments of 2D seismic acquisition for EP426 and EP368. The drilling of Lockyer-Deep / North Erregulla Deep has important implications for the forward work program in EP426, and a full post-well assessment will be completed prior to finalising the design of the seismic survey.

EP426 Joint Venture

Name	Interest in EP426	
Norwest	22.22%	
Empire Oil Company (WA) Ltd	77.78%	(Operator)

L14 Jingemia Oilfield

In July 2017, Cyclone Energy was placed on title as Operator of the L14 production licence, and work commenced in bringing the Jingemia Oil Field back into production. The Jingemia Field had been in care and maintenance under operator Origin Energy since 2012.

Production recommenced in the December Quarter from J8, with the first tanker of oil delivered to BP Kwinana Refinery during the month.

RCMA Australia Pty Ltd assumed operatorship of L14 on 11 May 2018 and in July 2018, J4 was successfully brought back online. This was an excellent outcome as it demonstrated the longer-term viability of the field and facilities.

Workovers planned for Q4 CY2018 should see two additional wells J10 and J12 brought back into production. Ongoing optimisation of the production strategies for all four wells should provide the opportunity to generate additional uplift to production. With current oil prices remaining commercial and a significantly lower cost of operations than under the previous joint venture operator, Norwest remains optimistic that a long-term positive cashflow can be generated from the Jingemia Field.

L14 Joint Venture

Name	Interest in L14	
Norwest	6.278%	
RCMA Australia Pty Ltd	60%	(Operator)
Cyclone Energy Pty Ltd	33.722%	

Performance Indicators

Management and the Board monitor the Group's overall performance by:

- evaluating whether exploration activity and expenditure is adding value to the asset portfolio;
- analysis of financial budgets versus actual results; and
- the Company's share price.

The underlying drivers which contribute to the Company's performance and can be managed internally include a disciplined approach to reducing the Group's non-essential costs and allocating funds to those activities which will add shareholder value. The Company's share price is often influenced by factors outside the control of management and the Board, such as market conditions, however through effective communication between the Company and all of its stakeholders the Company can provide assurance that there are regular reviews in place to determine actions which should be implemented to increase Company performance.

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Dynamics of the Business
The Board are focussed on Norwest developing its interests in existing acreage in Western Australia. Norwest seeks to farm out its interests where appropriate to de-risk its exposures and facilitate successful exploration and development.

Results of Operations
The net loss of the Consolidated entity for the year ended 30 June 2018 of $253,009 was higher than the loss of the prior year of $198,305. The main contributing factor was;

- An increase in expenditure due to active operations on TP15.

Financial Position
At 30 June 2018, the Group had cash reserves of $1.6m (2017: $0.5m) and no debt. Fundraising during the financial year raised $2.3m (before costs). The proceeds were used to fund the Group's exploration activities and also to supplement working capital.

At 30 June 2018, the Group had net assets of $7.3m (2017: $5.3m) an increase of $2.0m. This is largely attributable to:

- A capital raising that resulted in an increase in exploration assets due to drilling of Xanadu 1 in TP15 and an increase in cash at bank for working capital.

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS
In the opinion of Directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

7. SIGNIFICANT EVENTS AFTER THE BALANCE DATE
Other than the events outlined in note 21 of the financial statements, at the date of this report, there are no matters or circumstances, which have arisen since 30 June 2018 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

8. LIKELY DEVELOPMENTS AND EXPECTED RESULTS
Likely developments in the operations of the Group that were not finalised at the date of this report included:

- 3D Seismic Acquisition in TP15 to support drilling of an appraisal well in the Xanadu structure
- Well suspension activities on EP413

Further information on likely developments in the operations of the Consolidated entity and the expected results of operations have not been included in this financial report because the Directors believe it would be likely to result in unreasonable prejudice to the Consolidated entity.

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9. ENVIRONMENTAL REGULATION AND PERFORMANCE

Norwest has as one of its central tenets, a policy of fully complying with and surpassing the requirements for environmental management in whatever country/jurisdiction that it operates in. To this end Norwest has developed and implemented where appropriate the following:

- corporate environment policies and procedures that are communicated to and adhered to by all employees;
- environmental management systems and programs relevant to each level of organisation based on but surpassing the level of standards applying in each jurisdiction;
- annual budgets for environmental systems implementation;
- plans for continuous monitoring and improvement;
- workforce training on environmental issues including assignment of management representatives and facilitators to monitor environmental systems;
- a set of quantitative objectives and targets aimed at continuous improvements which exceed legal compliance;
- continuous reviews of performance at different levels in the organisation and projects hierarchy; and
- a strategy for conducting impact-assessment surveys and periodic audits.

Native Title

There is the risk that native title exists over the land on which the Consolidated entity holds exploration permits. It is impossible at this stage to quantify the impact (if any), which native title may have on the operations of the Consolidated entity.

Past History

Norwest has historically met all environmental requirements through third parties and its partner companies. Accordingly, Norwest is conversant with environmental requirements and has developed a corporate environmental policy based on:

- government regulation and requirements;
- experience from past projects; and
- assistance from expert consulting groups.

10. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who has been an officer of the Company or Group for any liability caused as such by an officer and any legal costs incurred in defending an action for any liability. During or since the end of the financial year, no amounts have been paid by the Company or Group in relation to the above indemnities. During the financial year, an annualised insurance premium was paid to provide adequate insurance cover for Directors and officers against any potential liability and the associated legal expenses of a proceeding.

11. DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

12. REMUNERATION REPORT - Audited

This Remuneration Report, which forms part of the Directors' Report, outlines the remuneration of the Key Management Personnel ("KMP") of Norwest. For the purposes of this report, the KMP are the Directors and the Company Secretary.

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Remuneration Policy

The Group's remuneration policy for its KMP has been developed by taking into account the size of the management team for the Group, the nature and stage of development of the current operations and market conditions and comparable salary levels for companies of a similar size and operating in a similar sector.

In addition, the Board in determining the remuneration policy for KMP places emphasis on the following: the Group is currently only undertaking exploration, appraisal and development activities, risks associated whilst undertaking these activities and other than profit from asset sales, the Company does not expect any profitable operations until sometime in the future.

Executive Remuneration

The Group's remuneration policy for its executive officers is to provide a fixed component and a performance based component (short and long term incentives). The Company aims to:

- reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company;
- align the interests of executives with those of shareholders and business objectives; and
- ensure total remuneration is competitive by market standards.

Fixed remuneration is reviewed regularly by the Board. The process consists of a review of Company and individual performance, relevant comparative remuneration externally and internally and, where appropriate external advice on policies and practices. It also takes into account any change to the scope of the role performed by the executive and any other relevant factors of influence.

The Group has chosen to provide Incentive Options to KMP as part of their remuneration and incentive arrangements in order to attract and retain their services and to provide incentive linked to performance of the Group. The Incentive Options have exercise prices at or above market share price (at the time of agreement/grant). As such, the Incentive Options granted are generally only of benefit if the KMP perform to the level whereby the value of the Group increases sufficiently to warrant exercising the Incentive Options granted.

The Company prohibits executives entering into arrangements to limit their exposure to Incentive Options granted as part of their remuneration package.

Employment Contracts with Executives

Mrs Shelley Robertson, Chief Executive Officer – from 11 July 2016 and Managing Director from 31st October 2017

Shelley has an Executive Services Agreement ("the agreement") which specifies the duties and obligations to be fulfilled in her role. Mrs Robertson receives a fixed remuneration component of $240,000 (including superannuation) per annum and $36,000 per annum for the position of Managing Director.

The agreement may be terminated by either party by giving three months' notice. No amount is payable in the event of negligence or incompetence in regard to the performance of duties. However where Mrs Robertson's employment:

1. is terminated by the Company for redundancy; or
2. is permanently relocated to an area more than 20 kilometres from the current location of the Company's offices,

the three (3) month notice provisions shall not apply and instead the Company shall pay Mrs Robertson a severance payment equivalent to six (6) months of the Salary due to Mrs Robertson on the date of cessation of employment.

Mrs Robertson is also entitled to participate in a short term incentive plan and incentive option scheme.
Under the short term incentive plan, the Company shall make a $30,000 payment to Mrs Robertson on or about the 15th of the month immediately following achievement of the following milestones:

1. a 'net-profit' achieved on the first 12 months of Jingemia operations following first oil from the re-start of the Jingemia Oil Field;
2. commercial flow rates achieved on the successful drilling of Xanadu-1;
3. commercial flow rates achieved on the successful drilling of Arrowsmith-3; and
4. commercial flow rates achieved on the successful drilling of the first well within either EP368 or EP426.

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Under the incentive option scheme, the Company will issue 3,000,000 options (Scheme Options) to Mrs Robertson upon the Company achieving each of the following milestones:

1. first oil from the re-start of the Jingemia Oil Field (Scheme Milestone 1); (Already vested)
2. the spudding of Xanadu-1 (Scheme Milestone 2); (Already vested)
3. the spudding of Arrowsmith-3 (Scheme Milestone 3); and
4. the spudding of the first well within either EP368 or EP426 (Scheme Milestone 4).

The Scheme Options are to be issued:

1. Scheme Milestone 1 has been achieved and options vested and are exercisable at $0.01 on or before 30 June 2020;
2. Scheme Milestone 2 has been achieved and options vested and are exercisable at $0.02 on or before 30 June 2020;
3. upon achievement of Scheme Milestone 3 are exercisable at $0.03 on or before 30 June 2020; and
4. upon achievement of Scheme Milestone 4 are exercisable at $0.04 on or before 30 June 2020.

During the 2016 financial year, the Company granted 10,000,000 options to Shelley under the Company Incentive Option Scheme, the exercise price of these options is $0.006 and the expiry is 30 June 2020.

Miss Emma Curnow Company Secretary – from 18 July 2016 – Resigned as Company Secretary 15 September 2017
Emma had an employment contract which specifies the duties and obligations to be fulfilled in her role. The contract could be terminated by either party by giving one months' notice. No amount was payable in the event of negligence or incompetence in regard to the performance of duties. Miss Curnow received a fixed remuneration component of $98,400 (plus superannuation) per annum.

During the previous financial year, the Company granted 4,800,000 options to Emma under the Company Incentive Option Scheme, the exercise price of these options is $0.006 and the expiry is 30 June 2020. The options were exercised on 19 September 2017 and subsequently disposed of.

Ms Jo-Ann Long Chief Financial Officer and Company Secretary – from 15 September 2017
Jo-Ann offers the services of part time Chief Financial Officer and Company Secretary under a Contract with her company which specifies the duties and obligations to be provided in her role. The contract may be terminated by either party by giving 14 days' notice. Ms Long received a retainer of $3,000 per month and an hourly rate for certain specialised duties.

Non-Executive Director Remuneration
The Board's policy is for fees to Non-Executive Directors to be no greater than market rates for comparable companies for time, commitment and responsibilities and seeks to set remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whist incurring a cost which is acceptable to shareholders. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The non-executive directors receive a fixed fee for their services. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting (this is currently $400,000 per annum). Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and given the current size, nature and opportunities of the Company, Non-Executive Directors may receive Incentive Options in order to secure their initial or ongoing holding and to retain their services.

Fees for the Chairman are presently $36,000 per annum (2017: $36,000) and fees for Non-Executive Directors are presently set at $30,000 per annum (2017: $30,000). These fees cover main board activities and Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees.

The Company prohibits Non-Executives entering into arrangements to limit their exposure to Incentive Options granted as part of their remuneration package.

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Relationship between Remuneration of KMP and Shareholder Wealth

During the Company's exploration and development phases, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the exploration and development of its projects. Accordingly, the Group does not have a policy with respect to the payment of dividends and returns of capital and thus there was no relationship between the Board's policy for determining the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company.

The Board did not determine the nature and amount of remuneration of the KMP by reference to changes in the Company's shares traded between the beginning and end of the financial years. However, as noted above certain KMP are granted Incentive Options which generally will be of greater value to KMP if the value of the Company's share price increases.

Relationship between Remuneration of KMP and earnings

As discussed above, the Company is currently undertaking exploration and development activities, and does not expect to be undertaking profitable operations until sometime in the future. Accordingly, the Board does not consider earnings during the current and previous financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

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Emoluments of Directors and Other KMP

	Short term Salary & Fees $	Post-Employment Superannuation $	Share-based Payments Options $	Total $	Performance related %
Directors					
Michael J Fry					
2018	**36,000**			**36,000**	-
2017	36,000			36,000	-
Henry D Kennedy					
2018	**30,000**			**30,000**	-
2017	30,000			30,000	-
Ronald G Currie (1)					
2018	**10,000**			**10,000**	-
2017	30,000			30,000	-
Other KMP					
Shelley Robertson (2)					
2018	**270,157**	**24,145**	**-**	**294,302**	-
2017	216,723	19,308	39,000	275,031	14.18
Emma Curnow (3)					
2018	**24,600**	**2,337**	**-**	**26,937**	-
2017	92,500	8,788	9,600	110,888	8.7
Jo-Ann Long (4)					
2018	**57,720**	**-**	**-**	**57,720**	-
2017	**-**	**-**	-	**-**	-
John Annand (5)					
2018	-	-	**-**	-	-
2017	95,168	804	-	95,972	-
TOTAL 2018	**428,477**	**26,482**	-	**454,959**	
TOTAL 2017	500,391	28,900	48,600	577,891	

(1): Mr Currie resigned on 31 October 2017. (2) Mrs Robertson was appointed as CEO on 11 July 2016 and Managing Director on 31 October 2017. (3) Miss Curnow resigned as Company Secretary on 15 September 2017 (4) Ms Long was appointed Company Secretary on 15 September 2017 and then resigned on 18 September 2018 and (5) Mr Annand was Company Secretary until 18 July 2016.

Options and rights granted to KMP

During the financial year ended 30 June 2018, the Company granted options for no consideration over unissued ordinary shares in the Company to the following executives as part of their remuneration.

	Number granted	Grant date	Fair value per option at grant date ($)	Exercise price per option ($)	Expiry date	Number of options vested and exercised during 2018
Emma Curnow	4,800,000	12 May 17	$0.002	$0.006	30 June 2020	4,800,000
Shelley Robertson	6,000,000	19 Sep 17 7 May 18	$0.003-$0.004	$0.01-$0.04	30 June 2020	6,000,000

The options granted to Shelley Robertson only vest upon the Company achieving certain milestones which are fully detailed in note 13.

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Details of the values of options granted, exercised or lapsed for each KMP of the Group during the past two financial years are as follows:

	Value of Options granted (A) $	Value of Options exercised (B) $	Value of Options lapsed (C) $	Value of Options included in remuneration report $	Remuneration that consists of Options %
2018					
Emma Curnow	-	28,800	-	-	-
Shelley Robertson	-	-	-	-	-
2017					
Emma Curnow	9,600	-	-	9,600	8.7
Shelley Robertson	39,000	-	-	39,000	14.18

A. The value of options granted is the fair value of the options calculated at grant date using an appropriate option pricing model.
B. The value of options exercised during the year (if any) is calculated as the market price of the shares of the Company on the ASX at the close of trading on the date the options were exercised after deducting the price paid to exercise the option.
C. The value of options that lapsed during the year (if any) represents the benefit forgone and is calculated at the date of option issue using option pricing model.
For details on the valuation of the options, including models and assumptions used, please refer to Note 13 to the financial statements.

Option holdings of Key Management Personnel

	Held at 1 July	Granted as Remuneration	Exercised	Net Other Change	Vested and exercisable at 30 June
2018					
Shelley Robertson	10,000,000	6,000,000	-	-	16,000,000
Emma Curnow	4,800,000	-	4,800,000	-	-
2017					
Michael J Fry	4,000,000	-	-	(4,000,000) (#)	-
Henry D Kennedy	4,000,000	-	-	(4,000,000) (#)	-
Shelley Robertson	10,000,000	-	-	-	10,000,000
Emma Curnow	-	4,800,000	-	-	4,800,000

(#): These options lapsed on 28 November 2016.

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Shareholdings of Key Management Personnel

	Held at 1 July	Purchases	Sales	Net Other Change	Held at 30 June
2018					
Michael J Fry	12,457,592	10,722,193	-	-	23,179,785
Henry D Kennedy	162,806,630	4,687,500	-	-	167,494,130
Ronald G Currie (*)	190,000,000	-	174,400,004	-	15,599,996
Shelley Robertson	182,000	710,357	-	-	892,357
Emma Curnow	-	4,800,000	4,800,000	-	-
2017					
Michael J Fry	12,457,592	-	-	-	12,457,592
Henry D Kennedy	62,806,630	100,000,000	-	-	162,806,630
Ronald G Currie	90,000,000	100,000,000	-	-	190,000,000
Shelley Robertson	57,000	125,000	-	-	182,000
Emma Curnow	-	-	-	-	-

(*): 140,000,000 shares held in the name of Kemprust Pty Ltd which is a company which Ronald Currie's father is a Director.

Loans with KMP

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2018 (2017: nil).

Other Transactions with KMP

Nil.

End of Remuneration Report.

13. SHARE OPTIONS

At 30 June 2018 unissued ordinary shares under options were:

Expiry date	Exercise price	Number of options
30 June 2020	$0.006	15,200,000
30 June 2020	$0.01	3,000,000
30 June 2020	$0.02	3,000,000
Total outstanding as at 30 June 2018		**21,200,000**

14. DIRECTORS' MEETINGS

The number of Board meetings held during the year and the number of meetings attended by each Director was as follows:

		Number eligible to attend	Number attended
Mr Michael John Fry	(Non-Executive Chairman)	4	4
Mr Henry David Kennedy	(Non-Executive Director)	4	4
Mr Ronald Gordon Currie	(Non-Executive Director)	2	2
Shelley Robertson	(Executive Director)	2	2

The Board also dealt with various matters by circular resolution, as such eight circular resolutions were signed.

COMMITTEE MEMBERSHIP

As at the date of this report, the Company did not have any formal committees.

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15. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 15 and forms part of the Directors' Report for the year ended 30 June 2018.

16. NON-AUDIT SERVICES

The Company's auditor, Rothsay Chartered Accountants, did not provide any non-audit services during the year (2017: nil).

Dated this 28th day of September 2018 in accordance with a resolution of the Directors and signed for and behalf of the Board by Mr Michael John Fry



Michael John Fry

Non-Executive Director and Chairman

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The Directors
Norwest Energy NL
PO Box 1264
Perth WA 6872

Directors

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2018 financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan FCA (Lead auditor)

Rothsay Auditing

Dated 28th September 2018

Chartered Accountants

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Corporate Governance Statement

This Corporate Governance Statement has been prepared on the basis of disclosure under the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("ASX Principles and Recommendations").

The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the ASX Principles and Recommendations, the Board has offered full disclosure of the nature of and reason for the departure.

The Company's website www.norwestenergy.com.au contains a corporate governance section that includes copies of the Company's corporate governance policies and practices mentioned in this statement.

	Recommendation	**Comply Yes/No**
	Principle 1 – Lay solid foundations for management and oversight	
1.1	Disclose the respective roles and responsibilities of the Board and management and disclose those matters expressly reserved to the Board and those delegated to management.	Yes
1.2	Undertake appropriate checks before appointing a Director or putting forward for their election and provide security holders with all material information in its possession relevant to their election or re-election as a director.	Yes
1.3	Written agreement with each director and senior executive setting out the terms of their appointment.	Yes
1.4	The Company Secretary should be accountable to the Board through the Chair, on all matters to do with the proper functioning of the Board.	Yes
1.5	Have a diversity policy with the measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them. The proportion of men and woman on the Board, Senior Management and the whole organisation should be disclosed.	Yes
1.6	Disclose a process for periodically evaluating the performance of the Board, its committees and individual directors and disclose whether a performance evaluation was undertaken during the reporting period.	Yes
1.7	Disclose a process for periodically evaluating the performance of the senior executives and disclose in relation to each reporting period whether an evaluation took place during the reporting period.	Yes
	Principle 2 – Structure the Board to add value	
2.1	If the entity does not have a Nomination Committee disclose that fact and the processes it employs to address board succession issues and to ensure the Board has the correct mix of directors to enable it to discharge its duties and responsibilities effectively.	Yes
2.2	Disclose a Board skills matrix setting out the mix of skills and diversity that the Board has or would like to achieve.	Yes
2.3	Disclose the names of the independent Directors, along with the length of service of each director.	Yes
2.4	A majority of the Board should be independent.	No
2.5	The Chair of a Board should be an independent director, and should not be the same person as the CEO.	Yes
2.6	Have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes
	Principle 3 – Act ethically and responsibly	
3.1	Establish a code of conduct for its directors, senior executives and employees.	Yes

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Principle 4 – Safeguard integrity in corporate reporting

4.1	If the entity does not have an Audit Committee disclose that fact and the processes it employs that independently safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Yes
4.2	Before the Board approves its' financial statements, it should receive from its CFO and CEO a declaration that in their opinion the financial records have been maintained properly and that the financial records comply with the appropriate accounting standards and the opinion has been formed on the basis of a sound system of risk management and internal control.	Yes
4.3	Ensure that its external auditor attends its AGM and is able to answer questions from security holders relevant to the audit.	Yes

Principle 5 – Make timely and balanced disclosure

5.1	The entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rules.	Yes

Principle 6 – Respect the rights of the shareholders

6.1	Provide information about the entity and its governance to investors via its website.	Yes
6.2	Design and implement an investor relations program to facilitate effective two-way communication.	
6.3	Disclose the policies and processes to facilitate and encourage participation at meetings of shareholders.	Yes
6.4	Give shareholders the option to receive and send communications to the entity and it share registry electronically.	Yes

Principle 7 – Recognise and manage risk

7.1	If the entity does not have a Risk Committee disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Yes
7.2	The Board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose when the review is undertaken.	Yes
7.3	If the entity does not have an internal audit function, disclose that fact and the processes it employs for evaluating and improving the effectiveness of its risk management and internal control processes.	Yes
7.4	Disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does, how it manages or intends to manage those risks.	Yes

Principle 8 – Remunerate fairly and responsibly

8.1	If the entity does not have a Remuneration Committee disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior management and ensuring that such remuneration is appropriate.	Yes
8.2	Separately disclose its policies and practices regarding the remuneration of non-executive directors, executive directors and other senior executives.	Yes
8.3	If the entity has an equity based remuneration scheme, it should have a policy on whether participants are permitted to enter into derivative or other transactions to limit their risk.	Yes

Further information required and non-compliance explanations

Recommendation 1. 5 - Diversity Policy with measurable objectives

The Company's primary objectives with regard to diversity are as follows:

- the Company's composition of the Board, executive, management and employees to be as diverse as practicable;
  and
- to provide equal opportunities for all positions within the Company and continue the Company's commitment to employment based on merit.

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and

- to provide equal opportunities for all positions within the Company and continue the Company's commitment to employment based on merit.

The measurable objectives set by the Company with regard to diversity have been met, as described below:

- blend of skills – wide range of backgrounds; geology, engineering, finance and corporate experience;
- cultural backgrounds – Australian, American and South African;
- gender – both male and female members; and
- age – the age range spans over 25 years.

The above points relate to the composition of the Board and full time employees.

The Company's annual reporting on the percentage of females in the organisation is as follows:

	% Female	
	2018	2017
Full Time Employees	100%	100%
Executive Employees & Board Members	50%	40%

Recommendation 1.6 and 1.7 – Performance evaluation

During the year an evaluation of the Board and its individual directors was not carried out. The Board and management's suitability, overall structure and composition to carry out the Company's objectives is however, discussed and reviewed on an as-required basis.

Performance evaluation of the CEO, senior executives and employees is undertaken annually through a performance appraisal process which involves reviewing and assessment of performance against agreed corporate, industry and individual key performance indicators.

Recommendation 2.1 – Nomination Committee

The Board does not have a separate Nomination Committee, rather the full Board considers those matters that would usually be the responsibility of a Nomination Committee. Given the size and composition of the Board, it is not practicable for a separate committee to be formed.

Recommendation 2.2 – Board skills matrix – composition of the Board

The names of the Directors of the Company in office at the date of this statement and information regarding Director's skills, experience and expertise are set out in the Directors' Report. The Company seeks to maintain a Board which brings together a diverse range of skills, experience, and perspectives to support the strategic direction of the Company and enable effective management oversight and governance.

The below is the preferred combination of capabilities, skills and experience for the Board:

- technical disciplines of upstream oil and gas exploration, development and production;
- finance, taxation, treasury and accounting;
- company strategy and business planning;
- risk and governance knowledge;
- business growth and corporate development;
- corporate social responsibility including sustainability and community stakeholder;
- local and international experience; and
- ASX listed public company administration.

Each of these skills are currently represented on the Board and the Board considers that collectively it has the appropriate range of skills and experience to direct the Company.

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Recommendation 2.3– Name of independent Directors and length of service of each Director

In considering the independence of a director, the "Factors relevant to assessing the independence of a director" in Box 2.3 of the ASX Principles and Recommendations ("Independence Criteria") have been applied. Mr Fry has been considered an independent Director, whilst Mr Kennedy is a substantial shareholder and he is not considered independent.

The length of service of Messrs Fry and Kennedy are nine and twenty one years respectively.

Recommendation 2.4 – Majority of the Board should be independent

As at 30 June 2018, only one of the three Directors are considered to be independent.

Given the size and scope of the Company's operations the Board considers that it is appropriately structured to discharge its duties in a manner that is in the best interests of the Company. Further, mechanisms are in place so that if a director considers it necessary, they may obtain independent professional advice.

Recommendation 4.1 – Audit Committee

The Board does not have a separate Audit Committee, rather the full board fulfils the function of an audit committee and therefore no separate audit committee has been formed in accordance with the compositional recommendation. Given the size and composition of the Board, it is not practicable that a separate audit committee be formed.

To assist the Board in carrying out its function in relation to audit matters, the Company has adopted an Audit Committee Charter, which includes the following responsibilities:

- monitor and review the integrity of the financial reporting of the Company;
- review the Company's internal financial control system; and
- monitor, review and oversee the external audit function including matters concerning appointment, remuneration, independence and non-audit services.

The Charter provides that independent directors may meet with the external auditor.

Recommendation 7.1 – Risk Committee

The Company believes that it is crucial for all Board members to be a part of overseeing the risk management process, and as such the Board has not established a separate committee to oversee risk. This along with the size and composition of the Board has meant that the full Board fulfils the function of a risk committee. The Board is responsible for reviewing the Company's policies on risk oversight and management and satisfying itself that management has developed a sound system of risk management and internal control.

Recommendation 7.2 – Risk Management Framework review

The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks and opportunities are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board. The Company has a risk management policy in place.

The Board is ultimately responsible for risk management, however implementation of the risk management system and day-to-day management of risk is the responsibility of the CEO, with the assistance of senior management. Management reports to the Board annually, or more frequently as required, on the Company's key risks and the extent to which it believes these risks are being managed. During 2018, the Board reviewed the overall risk profile for the Company and received input from management on the effectiveness of the Company's management of its material business risks.

The Board has a number of active mechanisms in place to ensure that management's objectives and activities are aligned with the business risks identified. These include the following:

- Implementation of approved operating plans and cash flow forecasts and Board monitoring of progress against these plans and forecasts;
- Management reporting on specific business risks, including matters such as environmental issues and occupational health and safety concerns.

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- The Company has advised each director, manager and employee that they must comply with a set of ethical standards maintaining appropriate core company values and objectives. Such standards ensure shareholder value is maintained and developed. Standards cover legal compliance, conflict resolution, employment best practices, privileged information and fair dealing.

Recommendation 7.3 – Internal Audit function or process for reviewing internal controls

The Company does not have a dedicated internal audit function, however strong internal control policies and procedures are in place to effectively manage potential risks and detect any control breakdowns. These are reviewed (and if necessary improved) on an annual basis, as well as when any new risks are identified or changes occur in the business or industry.
The processes for the review are as follows:

- External auditors independently evaluating the Company's internal control environment and its compliance with the International Financial Reporting Standards on an annual basis;
- Ongoing oversight of strategic matters by executive management and of operational matters ensuring that risks identified are assessed and proactively managed;
- Written internal control assurance from the CEO and CFO prior to sign off of financial statements by the Board; and
- Monthly reporting and review of financial and budgetary information.

Recommendation 7.4 – Material exposure to economic, environmental and social sustainability risks

The Company has identified a series of business risks (economic, environmental and social sustainability risks) which the Group believes to be inherent in the industry.

Economic risks

- *Ability to gain additional funding or a farm-out partner*

The Company is not in production as yet and the development of its permits will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and any development or a loss of interest. However, the Board is experienced in capital markets and financing resource projects as well as having an extensive reach for potential farm-in partners (as evidenced during the previous financial year by successfully farming out 75% of TP/15 and being free carried for the costs associated with drilling the Xanadu-1 well).

There are various other economic risks including; commodity risk, exchange rate risk and market risk (these risks are examined in Note 7).

Environmental and social sustainability risks

- *Impact on the environment and community from Company activities*

The Board and management are committed to developing and building a sustainable business, ensuring the Company is an active and responsible member of the communities in which we operate. Corporate environmental policies and procedures are in place and communicated to and adhered to by all employees.

External impact-assessment surveys and audits are conducted using third-party consultants who are specialists in their field.

- *Native title risk in relation to claims over the permits held by the Company*

Norwest works closely with the respective parties associated with any claim to come to a mutually beneficial agreement.

Recommendation 8.1 – Remuneration Committee

The Board does not have a separate Remuneration Committee, rather the full Board fulfils the function of a remuneration committee and therefore no remuneration committee has been formed in accordance with the compositional recommendation. Given the size and composition of the Board, it is not practicable that a separate remuneration committee be formed.

To assist it in carrying out its function in relation to remuneration matters, the Company has adopted a Remuneration Committee Charter to assist it to fulfil its role as the Remuneration Committee, which states the function of the committee is to assist the Board in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations on:

- Remuneration packages of directors and senior executives; and

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- Employee incentive and equity-based plans.

Recommendation 8.2 – Remuneration policies and practices

The Company's remuneration policy has been developed by taking into account the size of the management team, the nature and stage of development of the current operations and market conditions and comparable salary levels for companies of a similar size and operating in a similar sector.

For details of the Company's policies and practices regarding the remuneration of directors and senior executives refer to the Remuneration Committee Charter on the Company's website as well as the Remuneration Report included within the Directors' Report which includes the remuneration paid to Key Management Personnel and other relevant information.

Recommendation 8.3 – Transactions to limit exposure to economic risk from participating in equity-based remuneration schemes

The Company prohibits executives entering into arrangements to limit their exposure to Incentive Options granted as part of their remuneration package.

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF NORWEST ENERGY NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Norwest Energy NL ("the Company") and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration of the Company.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Exploration and evaluation expenditure

The group has incurred significant exploration and evaluation expenditure which has been capitalised. As the carrying value of exploration and evaluation expenditure represents a significant asset of the Group we

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considered it necessary to assess whether facts and circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.

In doing so we carried out the following work in accordance with the guidelines set out in AASB 6 *Exploration for and Evaluation of Mineral Resources.* Our procedures included but were not limited to the following:

- We obtained evidence that the Group has valid rights to explore in the licence areas represented by the capitalised exploration and evaluation expenditure;
- We enquired of management and reviewed work programs to ensure that further expenditure on the licence areas in the Group's areas of interest was planned and cross referenced these discussions to ASX announcements and minutes of directors' meetings;
- We tested a sample of current year expenditure to source documents on the exploration licence areas;
- We obtained an understanding of the key processes associated with management's review of the carrying values of capitalised exploration and evaluation expenditure and challenged management's assertion that the carrying amount of the capitalised expenditure was likely to be recovered in full from successful development or sale.

We have also assessed the appropriateness of the disclosures included in Notes 9, 21 and 22 to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Chartered Accountants

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Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2018.

In our opinion the remuneration report of Norwest Energy NL for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Rothsay

Rothsay Auditing

Dated 28th September 2018

Graham Swan FCA
Partner

Chartered Accountants

Liability Limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

Directors' Declaration

The Directors of the Company declare that, in the opinion of the Directors:

(a) The attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position and performance of the consolidated entity; and

(ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements.

(b) The financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1 and other mandatory professional reporting requirements.

(c) The Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

(d) There are reasonable grounds to believe that Norwest Energy NL will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

Dated in Perth on this 28th day of September 2018



Michael John Fry

Non-Executive Director and Chairman

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Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

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	Note	Consolidated Entity	
		2018 $	2017 $
Continuing Operations			
Interest income	2	**5,543**	3,039
Oil Sales	2	**44,657**	139,742
Other Income	2	**265,328**	
		315,528	142,781
Depreciation		**(13,532)**	(15,850)
Audit fees	18	**(21,500)**	(21,500)
Legal expense		**(20,117)**	(29,790)
Exploration expenditure impairment	9	**-**	(415,878)
Amortisation of producing assets	9	**(53,067)**	-
Operating costs to P & L	9	**-**	(66,402)
Reversal of site restoration provision		**-**	396,895
Reversal of provision – SPA16		**-**	538,000
Employee, consulting and administration expenses		**(460,321)**	(623,694)
Share based payment expense	12(b)	**-**	(101,000)
(Loss) from continuing operations before income tax		**(253,009)**	(196,438)
Income tax benefit	4	**-**	-
(Loss) from continuing operations for the year		**(253,009)**	(196,438)
Other Comprehensive Income			
Exchange differences on translation of foreign operations		**-**	-
Net change in fair value of available for sale financial assets transferred to profit and loss		**-**	(1,867)
Total Comprehensive (Loss) attributable to Members of Norwest Energy NL		**(253,009)**	(198,305)
Profit/(Loss) per share attributable to the ordinary equity holders of the company:			
Basic and diluted earnings/(loss) per share	5	**(0.00)**	(0.01)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 30 June 2018

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	Note	Consolidated Entity	
		2018 $	2017 $
Current Assets			
Cash and cash equivalents	6	**1,630,711**	541,919
Trade and other receivables	8	**24,424**	71,255
Other financial assets		**9,266**	25,000
Total Current Assets		**1,664,401**	638,174
Non-Current Assets			
Property, plant and equipment		**9,884**	17,732
Exploration and evaluation expenditure	9	**5,772,741**	4,950,269
Investments		**-**	133
Total Non-Current Assets		**5,782,625**	4,968,134
Total Assets		**7,447,026**	5,606,308
Current Liabilities			
Trade and other payables	10	**38,757**	228,359
Provision for Annual Leave		**18,028**	31,675
Total Current Liabilities		**56,785**	260,034
Non-Current Liabilities			
Provision for Long Service Leave		**43,374**	36,544
Total Non-Current Liabilities		**43,374**	36,544
Total Liabilities		**100,159**	296,578
Net Assets		**7,346,867**	5,309,730
Equity			
Contributed equity	11	**59,645,137**	57,345,391
Reserves	12(b)	**91,400**	101,000
Accumulated losses	12(a)	**(52,389,670)**	(52,136,661)
Total Equity		**7,346,867**	5,309,730

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 30 June 2018

Consolidated Entity	Contributed Equity $	Share-Based Payment Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2017	**57,345,391**	**101,000**	**(52,136,661)**	**5,309,730**
Comprehensive income for the year				
Profit/(Loss) for the year	-	-	(253,009)	(253,009)
Total Comprehensive Income for the Year	**-**	**-**	(253,009)	(253,009)
Transactions with owners in their capacity as owners:				
Share issue (net of costs)	2,299,746	-	-	2,299,746
Share options expired/exercised(1)	-	(9,600)	-	(9,600)
Share based payments expense	-	-	-	-
Balance at 30 June 2018	**59,645,137**	**91,400**	**(52,389,670)**	**7,346,867**
Balance at 1 July 2016	**56,076,464**	**1,409,600**	**(53,347,956)**	**4,138,108**
Comprehensive income for the year				
Profit/(Loss) for the year	-	-	(198,305)	(198,305)
Total Comprehensive Income for the Year	**-**	**-**	(198,305)	(198,305)
Transactions with owners in their capacity as owners:				
Share issue (net of costs)	1,268,927	-	-	1,268,927
Share options expired/exercised	-	(1,409,600)	1,409,600	-
Share based payments expense	-	101,000	-	101,000
Balance at 30 June 2017	**57,345,391**	**101,000**	**(52,136,661)**	**5,309,730**

(1) During the financial year ended 30 June 2017 Ms Curnow was granted options valued at $9,600 as part of her remuneration package and included as part of the Share Payments Reserve. On exercising the options in the financial year ended 30 June 2018 Ms Curnow paid $28,800 to the company. The Share Payments Reserve was adjusted by $9,600 to reflect the value of the transaction.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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Statement of Cash Flows
for the year ended 30 June 2018

	Note	Consolidated Entity 2018 $	Consolidated Entity 2017 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		**(325,672)**	(596,356)
Interest received		**5,543**	3,039
Net Cash Used In Operating Activities	6(b)	**(320,129)**	(593,317)
Cash Flows from Investing Activities			
Payments for property, plant and equipment		**(5,685)**	(383)
Payments for exploration and evaluation expenditure		**(875,539)**	(468,451)
Net Cash Used In Investing Activities		**(881,224)**	(468,834)
Cash Flows from Financing Activities			
Proceeds from share issue		**2,378,451**	1,330,000
Share issue costs		**(88,306)**	(61,073)
Net Cash Provided by Financing Activities		**2,290,145**	1,268,927
Net Increase/ (Decrease) in Cash Held		**1,088,792**	206,776
Cash and Cash Equivalent at the Beginning of the Financial Year		**541,919**	335,143
Effects of exchange rate changes on cash held		**-**	-
Cash and Cash Equivalents at 30 June	6(a)	**1,630,711**	541,919

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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Notes to the Financial Statements

1 ABOUT THIS FINANCIAL REPORT

Reporting Entity

This financial report of Norwest Energy NL ('the Company') for the year ended 30 June 2018 comprises the Company and its subsidiary (collectively referred to as 'the consolidated entity' or 'Group'). Norwest Energy NL is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The notes to the financial statements are organised into the following sections:

(a) Key Performance: Provides a breakdown of the key individual line items in the statement of comprehensive income that is most relevant to understanding performance and shareholder returns for the year:

Notes

2 Revenue from continuing operations
3 Segment information
4 Income tax expense
5 Profit/(Loss) per share

(b) Financial Risk Management: Provides information about the Consolidated Entity's exposure and management of various financial risks and explains how these affect the Consolidated Entity's financial position and performance:

Notes

6 Cash and cash equivalents
7 Financial risk management

(c) Other Assets and Liabilities: Provides information on other balance sheet assets and liabilities that do not materially affect performance or give rise to material financial risk:

Notes

8 Trade and other receivables
9 Exploration and evaluation expenditure
10 Trade and other payables

(d) Capital Structure: This section outlines how the Consolidated Entity manages its capital structure and related financing costs (where applicable), as well as capital adequacy and reserves. It also provides details on the dividends paid by the Company:

Notes

11 Contributed equity
12 Reserves and accumulated losses
13 Share-based payments

(e) Consolidated Entity Structure: Provides details and disclosures relating to the parent entity of the Consolidated Entity, controlled entities, investments in associates and any acquisitions and/or disposals of businesses in the year. Disclosure on related parties is also provided in the section:

Notes

14 Parent entity information
15 Investment in controlled entities
16 Key Management Personnel Disclosures & Related party transactions

(f) Other: Provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered significant in understanding the financial performance or position of the Consolidated Entity:

Notes

17 Remuneration of Auditors
18 Commitments for expenditure
19 Contingencies
20 Events occurring after reporting period

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1a Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. Norwest Energy NL is a for-profit entity for the purposes of preparing the financial statements.

Compliance with IFRSs

The financial statements of Norwest Energy NL also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Consolidated Entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Company will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal on the Company.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative

disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Company will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal on the Company.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Company will adopt this standard from 1 July 2019. but the impact of its adoption is expected to be minimal on the Company because, at the date of this report, there are no lease agreements with a term of more than 12 months.

1b Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company as at 30 June 2018 and the results of its subsidiaries for the year then ended. The Company and its subsidiaries are referred to in this financial report as Reward or the Consolidated Entity.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

1c GST

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated as inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

	2018 $	2017 $
2 REVENUE FROM CONTINUING OPERATIONS		
Interest income	5,543	3,039
Oil sales	44,657	-
JV Operator fees and other recoveries	265,328	108,314
Research and development tax rebate received	-	31,428
	315,528	**142,781**

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3 SEGMENT INFORMATION

The Group has adopted AASB 8 Operating Segments which requires operating segments to be identified on the basis of internal reports of the Group that are reviewed by the chief operating decision-maker in order to allocate resources to the segment and to assess its performance.

The Board of Norwest reviews internal reports prepared as Consolidated financial statements and strategic decisions of the Group are determined upon analysis of these internal reports. During the period the Group operated in one business segment, being the oil and gas sector. Accordingly under the management approach outlined only one operating sector has been identified and no further disclosures are required in the notes to the Consolidated financial statements.

	2018 $	2017 $
4 INCOME TAX EXPENSE		
(a) The major components of income tax expense are		
Income statement		
Current income tax:		
Current income tax benefit	362,977	489,503
Deferred income tax:		
Relating to origination and reversal of temporary differences	(293,650)	(123,869)
Unused tax losses not recognised as a DTA	(69,327)	(365,634)
Income tax (expense)/income reported in the income statement	-	-

The aggregate amount of income tax attributable to the financial period differs from the amount calculated on the operating loss.

The differences are recorded as follows:

	2018 $	2017 $
Accounting loss	(253,009)	(198,305)
Prima facie tax payable at 27.5%	(69,577)	(54,534)
Add tax effect of items not brought to account:		
Non-deductible and non-assessable permanent items	250	(311,099)
Tax losses not bought to account	69,327	365,635
	-	-

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	2018 $	2017 $
(b) Deferred income tax		
Deferred income tax at 30 June relates to the following:		
Deferred tax liabilities		
Tax effect of exploration expenses	1,564,974	1,331,998
Set-off against carry forward losses	(1,564,974)	(1,331,998)
Deferred tax liability balance	-	-
Deferred tax assets		
Tax value of carry forward losses		
Set off against deferred tax liability	11,645,594	11,248,224
Non-recognition of deferred tax asset	(1,564,974)	(1,331,998)
Deferred tax assets	(10,080,620)	(9,916,226)
Deferred tax asset balance	-	-
(c) Tax losses		
Deferred tax assets		
Tax losses – revenue	9,334,838	9,156,764
Tax losses – capital	1,947,779	1,947,779
	11,282,617	11,104,543

At 30 June 2018, the Consolidated entity has $42,347,614 (2017: $40,380,155) of tax losses that are available indefinitely for offset against future taxable profits of the Company. A net deferred tax asset balance has not been recognised on the Statement of Financial Position in respect of the amount of these losses.

The recognition and utilisation of losses is subject to the loss recoupment rules being satisfied. The potential deferred tax asset will only be obtained if:
- assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised or the benefit can be utilised by the Company and/or the Consolidated entity providing that;
- the conditions for deductibility imposed by the law are complied with; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

(d) Tax consolidation legislation

The Company had not elected to consolidate for tax purposes at balance date.

5 PROFIT/(LOSS) PER SHARE	2018 Cents Per Share	2017 Cents Per Share
Basic loss per share	(0.00)	(0.01)

	2018 $	2017 $
The profit/(loss) for the year and the weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:		
Loss for the year after income tax	(253,009)	(198,305)

	2018 No.	2017 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	3,162,238,617	2,499,176,700

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	2018 $	2017 $
6 CASH AND CASH EQUIVALENTS		
6a Reconciliation of Cash		
For the purposes of the Statements of Cash Flows, cash includes cash on hand and in banks. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and short term deposits	1,630,711	541,919
6b Reconciliation of Net Cash used In Operating Activities to Operating Profit/(Loss) after Income Tax		
Profit/(Loss) for the year	(253,009)	(198,305)
Depreciation	13,532	15,850
Exploration costs expensed included in investing activities	-	415,879
Equity settled share-based payment	-	101,000
Change in assets and liabilities during the financial year:		
Trade and other receivables	46,831	2,529
Investments and assets	15,867	1,867
Provisions	46,252	(934,118)
Trade and other payables	(189,602)	1,981
Net cash inflow/(outflow) from operating activities	**(320,129)**	**(593,317)**

7 FINANCIAL RISK MANAGEMENT

The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2018 $	2017 $
Financial Assets			
Cash and cash equivalents	6a	1,630,711	541,919
Loans and receivables	8	24,424	71,255
Total Financial Assets		**1,655,135**	**613,174**
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	10	38,757	228,359
Total Financial Liabilities		**38,757**	**228,359**

Risk management is carried out by the Board of Directors, who identify, evaluate and manage financial risks as they consider appropriate.

7a Market Risk

(i) Cash Flow Interest Rate Risk

Refer to (d) below.

7b Credit Risk

The Group does not have any significant concentrations of credit risk. Credit risk is managed by the Board and arises from cash and cash equivalents as well as credit exposure including outstanding receivables and committed transactions.

All cash balances held at banks are held at internationally recognised institutions. The majority of receivables are immaterial to the Group. Given this, the credit quality of financial assets that are neither past due or impaired can be assessed by reference to historical information about default rates. The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised at the start of this note.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Financial assets that are neither past due and not impaired are as follows:

	2018 $	2017 $
Cash and cash equivalents		
'AA' S&P rating	1,630,711	541,919

7c Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and, the availability of funding through the ability to raise further equity or through related party entities. Due to the dynamic nature of the underlying businesses, the Board aims at maintaining flexibility in funding through management of its cash resources. The Group has no financial liabilities at the year-end other than normal trade and other payables incurred in the general course of business. All financial liabilities mature in less than 6 months.

7d Cash Flow Risk

As the Group has significant interest-bearing assets in the form of cash, the Group's income and operating cash flows are exposed to changes in market interest rates.

Based on the year-end balances, a 1% increase in interest rates would have decreased the consolidated loss by $16,300 (2017: Profit $49,570) and increased the cash balances by a corresponding amount. There were no other amounts included in Net Assets subject to material interest rate risks.

	2018 $	2017 $
8 TRADE AND OTHER RECEIVABLES		
GST receivable	1,235	6,414
Trade and other receivables	23,189	64,841
	24,424	**71,255**

No receivables are impaired or past due but not impaired. Refer to Note 7 for Financial Risk considerations. The carrying value of all receivables approximates their fair value.

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9 EXPLORATION AND EVALUTION EXPENDITURE

	2018 $	2017 $
	5,772,741	**4,950,269**
Exploration and evaluation phase:		
Carrying amount at the beginning of the year	**4,950,269**	4,897,697
Additions	610,204	259,799
Exploration expenditure impairment	-	(207,227)
Carrying amount at the end of the year	**5,560,473**	**4,950,269**
Production phase:		
Carrying amount at the beginning of the year	-	-
Additions	265,335	275,053
Operating costs to P & L	-	(66,402)
Amortisation of production costs	(53,067)	-
Production expenditure impairment	-	(208,651)
Balance at 30 June 2018	**212,268**	**-**

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest. This is assessed at balance date on an annual basis. During the year the Jingemia field began producing oil. The carrying cost of the asset will be amortised over the life of the producing field, which is considered to be 5 years.

10 TRADE AND OTHER PAYABLES

	2018 $	2017 $
Trade Payables	2,043	47,491
Accrued Expenses	23,525	163,500
Other payable	13,189	17,368
	38,757	**228,359**

	2018 $	2017 $
11 CONTRIBUTED EQUITY		
11a Issued capital		
3,382,092,727 fully paid ordinary shares (30 June 2017: 2,673,902,727)	**59,645,137**	57,345,391

11b Movements in Ordinary Shares during the past two years

Date	Details	No. of Ordinary Shares	Issue price $	$
01-Jul-17	**Opening balance**	**2,673,902,727**	**-**	**57,345,391**
04-Aug-17	Share placement	159,390,000	0.0032	510,048
04-Aug-17	Share placement	167,500,000	0.0032	536,000
17-Sep-17	Share Issue	4,800,000	0.008	38,400
06-Dec-17	Share placement	250,000,000	0.004	1,000,000
10-Feb-18	Share issue	60,000,000	0.0024	144,000
13-Feb-18	Share Issue	66,500,000	0.0024	159,600
30 Jun-18	Share issue costs	-	-	(88,302)
30 Jun-18	**Closing balance**	**3,382,092,727**		**59,645,137**
01-Jul-16	**Opening balance**	**2,050,569,394**	**-**	**56,076,464**
20-Jul-16	Share placement	215,000,000	0.002	430,000
01-Sep-16	Share placement	200,000,000	0.002	400,000
10-Feb-17	Share placement	208,333,333	0.0024	500,000
30 Jun-17	Share issue costs	-	-	(61,073)
30 Jun-17	**Closing balance**	**2,673,902,727**		**57,345,391**

11c Terms of Conditions of Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

11d Unissued Capital - Options

There are no unissued Options at 30 June 2018. Incentive Options are described in detail in note 13.

11e Capital Risk Management

The Group defines its Capital as total equity of the Group, being $7,346,867 for the year ended 30 June 2018 (2017: $5,309,730). The Group manages its capital to ensure that it is able to continue as a going concern while financing the development of it projects through primarily equity-based financing. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Group, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares.

There were no changes in the Consolidated entity's approach to capital management during the year. During the next 12 months, the Group will continue to explore farm-out opportunities and additional issues of equity.

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	2018 $	2017 $
12 RESERVES AND ACCUMULATED LOSSES		
12a Accumulated Losses		
Accumulated losses at the beginning of the year	(52,136,661)	(53,347,956)
Net loss for the year	(253,009)	(196,438)
Other comprehensive income	-	(1,867)
Transfer of reserves due to cancelled incentive options	-	1,409,600
Accumulated Losses at the end of the year	**(52,389,670)**	**(52,136,661)**
12b Reserves		
Share based payments reserve (i)	91,400	101,000
	91,400	**101,000**
(i) Share-Based Payments Reserve		
The share-based payments reserve is used to recognise the fair value of incentive options issued by the Group.		
Balance at beginning of the year	101,000	1,409,600
Expired during the year	-	(1,409,600)
Exercised during the period	(9,600)	-
Granted during the period	-	101,000
Balance at the End of the Year	**91,400**	**101,000**

13 SHARE-BASED PAYMENTS

(a) Recognised Share-based Payments Expense

The Group provides Incentive Options to officers, employees and consultants as part of remuneration and incentive arrangements from time to time. The number of options granted and the terms of the options are determined by the Board. Shareholder approval is sought where required. During the past two years, the following equity settled share-based payments have been recognised:

(b) Summary of Incentive options granted as Share-based payments

The following table illustrates the number and weighted average exercise prices ("WAEP") of Incentive Options granted as share-based payments at the beginning and end of the financial year.

	Number 2018	WAEP 2018	Number 2017	WAEP 2017
Outstanding at the beginning of year	20,000,000	0.1111	54,150,000	0.1111
Expired/lapsed during the year	-	-	(44,150,000)	0.1111
Exercised during the year	(4,800,000)	0.006	-	-
Granted during the year	6,000,000		10,000,000	0.006
Outstanding and exercisable at end of year	**21,200,000**		**20,000,000**	

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(c) Valuation models and key assumptions used

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Binomial option valuation model taking into account the terms and conditions upon which the options were granted.

The table below lists the inputs to the valuation model used for the share options granted by the Group that are currently on issue and outstanding at the end of year:

	May 2017	Nov 2015	July 2015	July 2015 (*)
Number of options	5,200,000	6,000,000	4,000,000	6,000,000
Fair value at grant date	$0.002	$0.003	$0.006	Various - see below
Share price at grant date	$0.003	$0.004	$0.007	$0.005
Exercise price	$0.006	$0.006	$0.006	Various - see below
Expected volatility[1]	150%	110%	110%	120%
Expected life[2]	3.13 years	4.62 years	4.98 years	4.98
Dividend yield (%) [3]	Nil	Nil	Nil	Nil
Risk-free interest rate	1.79%	2.32%	2.22%	2.06%

(*): 3 million options will vest when each of the following milestones are achieved and each milestone has a specific exercise price, however the expiry date is the same of 30 June 2020:

1. first oil from the re-start of the Jingemia Oil Field (Scheme Milestone 1) with an exercise price of $0.01 (vested);
2. the spudding of Xanadu-1 (Scheme Milestone 2) with an exercise price of $0.02 (vested);
3. the spudding of Arrowsmith-3 (Scheme Milestone 3) with an exercise price of $0.03; and
4. the spudding of the first well within either EP368 or EP426 (Scheme Milestone 4) with an exercise price of $0.04.

The fair value of the options granted under Milestone 1 was $0.004 and the fair value of the remaining options granted under Milestone 2, 3 and 4 was $0.003 each.

[1]: The expected volatility is indicative of future trends, which may not necessarily be the actual outcome.
[2]: The dividend yield reflects the assumption that the current dividend pay-out will remain unchanged.
[3]: The expected life of the options is based on the expiry date of the options as there is limited track record of early exercise of options.

(d) Weighted Average Remaining Contractual Life

As 30 June 2018, the weighted average remaining contractual life of Incentive Options on issue that had been granted as share-based payments was 2 years (2017: 3 years).

(e) Range of Exercise Prices

At 30 June 2018, the range of exercise prices of Incentive Options granted as share-based payments is $0.006 to $0.04 (2017: $0.006 to $0.04).

(f) Weighted average Fair Value

The weighted average fair value of Incentive Options granted as share-based payments by the Group is $0.006 (2017: $0.06).

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	Parent 2018 $	Parent 2017 $
14 PARENT ENTITY INFORMATION		
14a Summary Financial Information		
Financial Position		
Assets		
Current assets	1,445,772	506,084
Non-current assets	5,675,362	5,081,020
Total assets	**7,121,134**	5,587,104
Liabilities		
Current liabilities	56,353	240,730
Non-current liabilities	43,378	36,543
Total liabilities	**99,731**	277,273
Equity		
Issued capital	59,645,137	57,345,391
Reserves	91,400	101,000
Accumulated losses	(52,715,140)	(52,136,560)
Total equity	**7,021,403**	5,309,831
Financial Performance		
Profit/(Loss) for the year	578,569	745,179
Other comprehensive income	-	-
Total comprehensive profit/ (loss) for the year	**578,569**	745,179

14b Guarantees

Norwest Energy NL has not entered into any guarantees in relation to the debts of its subsidiary.

14c Other Commitments and Contingencies

Norwest Energy NL has no commitments to acquire property, plant and equipment. Refer to Note 20 for the Company's contingent liabilities.

15 INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2018 %	Equity Holding 2017 %
Westranch Holdings Pty Ltd	Australia	Ordinary	100	100

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	2018 $	2017 $
16 KEY MANAGEMENT PERSONNEL DISCLOSURES & RELATED PARTY TRANSACTIONS		
16a Details of Remuneration of Key Management Personnel		
Short-term salary and fees	428,477	500,391
Post-employment benefits	26,482	28,900
Share-based payments	-	48,600
	454,959	577,891

Detailed remuneration disclosures are provided in the remuneration report on pages 8 - 14.

	2018 $	2017 $
17 REMUNERATION OF AUDITORS		
Australia – Rothsay Chartered Accountants	21,500	21,500
	21,500	**21,500**

No non-audit services have been provided to the Group by the auditor.

18 COMMITMENTS FOR EXPENDITURE

18a Exploration expenditure commitments

	2018 $	2017 $
Within one year	30,000	1,738,090
One year or later and no later than five years	13,115,550	10,496,780
Later than five years	-	-
	13,145,550	**12,234,870**

In order to maintain current rights of tenure to exploration permits, the Consolidated entity is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various Governments. These obligations are subject to renegotiation. These obligations are not provided for in the financial report.

The permit commitments above will be met through either capital raisings, free carry from farm-in partners, or asset sales. In order to ensure that the Group's permits remain in good order, discussions and negotiations with the relevant regulatory bodies take place on an as required basis to amend the timing of permit commitments where possible so as to align the permit commitments with the financial capacity of the Group. Should the Group not be permitted to amend the timing of the permit commitments, or have sufficient funds to satisfy those commitments, the Group risks having to relinquish title to those permits and return the permit(s) to the relevant regulatory body.

18b Other commitments

Management have identified the operating lease for the registered office as a commitment (other than the exploration commitments disclosed above):

	2018 $	2017 $
Within one year	43,380	68,517
One year or later and no later than five years	-	-
Later than five years	-	-
	43,380	**68,517**

19 CONTINGENCIES

19a Contingent Assets

There are no other contingent liabilities at reporting date.

19b Contingent Liabilities

There are no contingent liabilities at this reporting date.

20 EVENTS OCCURRING AFTER REPORTING DATE

No matters or circumstances have arisen other than the above, since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of the Consolidated Entity, or the state of affairs of the Consolidated Entity as reported to the year ended 30 June 2018.

21 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

21a Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 23.

21b Income Tax

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

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21c Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for major business activities as follows:

(i) Interest Income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(ii) Other Services

Other debtors are recognised at the amount receivable and are due for settlement within 30 days from the end of the month in which services were provided.

21d Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against operating results in the year in which the decision to abandon the area is made. When production commences the accumulated costs for the relevant area of interest are classified as development costs and amortised over the life of the project area according to the rate of depletion of the economically recoverable reserves.

Where independent valuations of areas of interest have been obtained, these are brought to account. Subsequent expenditure on re-valued areas of interest is accounted for in accordance with the above principles. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

At 30 June 2018 the Directors considered that the carrying value of the mineral tenement interests of the consolidated entity was as shown in the Statement of Financial Position and no further impairments arises other than that already recognised.

21e Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a diminishing value over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	27%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

21f Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. An allowance for bad debts is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the Statement of Comprehensive Income. They are recognised initially at fair value and subsequently at amortised cost.

Deposits with maturity periods in excess of three months but less than twelve months are included in receivables and not discounted if the effect of discounting is immaterial.

21g Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid, together with assets ordered before the end of the financial year. The amounts are unsecured and are usually paid within 30 days of recognition.

21h Employee Entitlements

(i) Wages, salaries and annual and sick leave

A liability for wages, salaries and annual leave expected to be settled within 12 months of the reporting date is recognised in other payables and is measured as the amount unpaid at balance date at current pay rates in respect of employees' services up to that date. No liability exists for sick leave.

(ii) Long service leave

A liability for long service leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees' up to balance date.

21i Equity-Based Payments

Equity-based compensation benefits are provided to Directors and executives.

The fair value of options granted to Directors and executives is recognised as an employee benefit expense with a corresponding increase in contributed equity. The fair value is measured at grant date and recognised over the period during which the Directors and/or executives becomes unconditionally entitled to the options. Where options are issued to consultants the fair value of the options given is valued by the market value of the service being provided.

The fair value at grant date is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected divided yield and the risk-free interest rate for the term of the option.

21j Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

21k Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the steering committee that makes strategic decisions.

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The standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

21l Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

23m Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

21n Provisions

Provisions are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

21o Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the Statement of Comprehensive Income and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

21p Comparative Figure

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

21q Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group satisfies all attached conditions.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

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When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the Consolidated Statement of Profit or Loss and other Comprehensive Income over the expected useful life of the relevant asset by equal annual instalments.

Where a grant is received in relation to the tax benefit of research and development costs, the grant shall be credited to other income in the Consolidated Statement of Profit or Loss and other Comprehensive Income in the year of receipt.

22 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

i) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of exploration and evaluation expenditure

The Group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the Areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped. As at 30 June 2018, the carrying value of capitalised exploration expenditure is $5,772,741

ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Valuation of share based payments

The Group measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

Where options are issued to consultants, the Group values the service provided based on market rates. In the absence of market rates the share based payments are valued as above.

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1 ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is accurate as at 16 October 2018.

1.1 SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act are set out in the table below.

No.	Shareholder	Number of Shares Held	% of All Shares
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	375,968,179	11.12
2.	TAMARIND RESOURCES PTE LTD	389,000,000	11.5

1.2 SHARES ON ISSUE

The total number of shares on issue is 3,382,092,727 and these shares are held by a total of 4,042 registered shareholders.

1.3 DISTRIBUTION OF SHAREHOLDERS

The distribution of all shareholders is set out in the table below.

Range	Total Holders	Shares	% of All Shares
1 – 1,000	171	35,457	0.00
1,001 – 5,000	232	777,722	0.02
5,001 – 10,000	346	2,915,707	0.09
10,001 – 100,000	1,512	68,927,776	2.04
101,000 and over	1,781	3,309,436,065	97.85
Total	**4,042**	**3,382,092,727**	**100**

1.4 UNMARKETABLE PARCELS

The minimum parcel size at 16 October 2018 per unit is 166,667 shares.

There are 2,542 shareholders that hold unmarketable parcels.

1.5 TOP 20 SHAREHOLDERS

The top twenty registered shareholders of the Company are set out in the table below.

No.	Shareholder	Shares	% of All Shares
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	375,968,179	11.12
2	TAMARIND RESOURCES PTE LTD	240,562,500	7.11
3	TAMARIND CLASSIC RESOURCES PTE LTD	148,437,500	4.39
4	SUNDOWNER INTERNATIONAL LIMITED	131,862,205	3.90
5	MR VERNON REGINALD PARROTT	55,625,004	1.64
6	REY CATTAMARRA PTY LTD	53,056,027	1.57
7	MR ROBERT ANTHONY HUTCHFIELD	34,987,500	1.03
8	BUCEPHALUS PTY LTD <HENGROEN A/C>	30,000,000	0.89
9	WALKER I P G PTY LTD <THE CRAIG WALKER FAMILY A/C>	30,000,000	0.89
1(	MR ANDREW TROTT HOPKINS + MRS ADRIENNE JANET HOPKINS	29,687,501	0.88
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	28,616,503	0.85
1	MR JOHN DOUGLAS ANNAND	28,000,001	0.83

No.	Shareholder	Shares	% of All Shares
1	BSG SERVICES PTY LTD <THE BAILEY INVESTMENT A/C>	23,665,848	0.70
1	MR MICHAEL STOKES	23,022,472	0.68
1	CRESCENT NOMINEES LIMITED	22,870,862	0.68
1	MR ANTHONY JOHN WYETH	21,640,000	0.64
1	CITICORP NOMINEES PTY LIMITED	20,866,117	0.62
1	MR ROBERT DUNN + MR NOEL BRUCE HOSKING <R G D SUPERFUND A/C>	20,000,000	0.59
1	MR JASON MCLENNAN	20,000,000	0.59
2	MORAY HOLDINGS (QLD) PTY LTD <THE PAUL BYRNE FAMILY A/C>	20,000,000	0.59
TOTAL		**1,358,868,219**	**40.18**
TOTAL REMAINING HOLDERS BALANCE		**2,023,224,508**	**59.82**

1.6 OPTIONS ON ISSUE

The total number of Options on issue is 21,200,000 and these Options are held by a total of 4 registered Option holders.

1.7 DISTRIBUTION OF OPTIONS ON ISSUE

The distribution of all Option holders is set out in the table below.

Range	Total Holders	Options	% of all Options on Issue
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
101,000 and over	4	21,200,000	100
Total	**4**	**21,200,000**	**100**

1.8 VOTING RIGHTS

All ordinary shares (whether fully paid or not) carry one vote per share without restriction. There are no voting rights attaching to any option. There is no other class of security in the Company.

1.9 RESTRICTED SECURITIES

The Company has no restricted securities on issue.

1.10 ON-MARKET BUY-BACK

There is no current on-market buy-back.

1.11 CORPORATE GOVERNANCE STATEMENT

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the period is contained on the Company's website.

1.12 Anti-Dilution Rights

On 5 June 2018, ASX Limited (ASX) granted the Company a waiver from ASX Listing Rule 6.18. This waiver was given to the extent necessary to permit 3C Group IC Limited (3C Group) to maintain, by way of a right to participate in any issue of securities or to subscribe for securities, its percentage interest in the issued share capital of the Company (Anti-Dilution Right) in respect of a diluting event which occurs.

The Anti-Dilution Right lapses on the earlier of:

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(a) The date on which 3C Group ceases to hold in aggregate at least 5% voting power in the Company (other than as a result of shares (or equity securities) to which the Anti-Dilution right applies and in respect of which 3C Group is still entitled to exercise, or has exercised, the Anti-Dilution Right);

(b) The date on which 3C Group's voting power in the Company exceeds 25%; or

(c) The strategic relationship between the Company and 3C Group ceasing or changing in such a way that it effectively ceases.

The Anti-Dilution Right may only be transferred to a related body corporate of 3C Group.

Any securities issued under the Anti-Dilution Right that are offered to 3C Group must be issued to 3C Group for cash consideration that is:

(d) No more favourable than cash consideration paid by third parties (in the case of issues of securities to third parties for cash consideration) or

(e) Equivalent in value to non-cash consideration offered by third parties (in the case of issues of securities to third parties for non-cash consideration).

The number of securities that may be issued to 3C Group under the Anti-Dilution Right in the case of any diluting event must not be greater than the number required in order for 3C Group to maintain its percentage holding in the issued share capital of the Company immediately before that diluting event.

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Company Secretary

The name of the Company Secretary is Mr Bennett Greenhalgh.

Registered Office

The address and telephone details of the registered and administrative office:

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Telephone: + (61) 8 9227 3240
Facsimile: + (61) 8 9227 3211

Securities Register

The address and telephone number of the office at which a registry of securities is kept:

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth, Western Australia 6000

Telephone: +61 (8) 9323 2000
Free line: 1300 850 505
Facsimile: +61 (8) 9323 2033

Securities Exchange

The Company's listed equity securities are quoted on the Australian Securities Exchange.

Restricted Securities

The Company has no restricted securities at the current date.

For personal use only

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Registered Office
Level 2, 30 Richardson Street
West Perth Western Australia 6005
Telephone: +61 8 9227 3240
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