



Norwest Energy NL
Interim Financial Report
Half-Year Ended 31 December 2014

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Directors' Report 31 December 2014

The directors present their report together with the consolidated financial report of Norwest Energy NL ("Norwest" or "the Company") and its controlled entities ("the Group") for the financial half-year ended 31 December 2014 and the review report thereon.

1. General Information

a Directors

The names of the directors in office at any time during, or since the end of, the half-year are:

Name	Period of Directorship
Mr Michael John Fry (Chairman)	Appointed 8 June 2009 and became Chairman 18 September 2009
Mr Peter Lawson Munachen (Chief Executive Officer)	Appointed 26 November 2003 and became CEO 3 December 2008
Mr Henry David Kennedy (Non-Executive Director)	Appointed 14 April 1997

b Principal Activities

The principal activity of the consolidated entity during the course of the half-year was exploration for hydrocarbon resources. Norwest is operator of the EP 413 joint venture.

There have been no significant changes in the nature of the Group's principal activities during the financial half-year.

2. Review of Operations

Operating Results

The Interim consolidated loss of the Group after providing for income tax amounted to \$2,023,014 (31 December 2013: \$1,702,571).

The main activities and highlights for the Group during the half-year comprised:

Operations

AUSTRALIA

EP 413

Arrowsmith-2

The evaluation programme for the Arrowsmith-2 well was finalised during the half year. Analysis and review of the resulting dataset continued to year end.

Arrowsmith-3

Norwest as operator of the EP 413 joint venture continued efforts in seeking regulatory approval for the planned 3D seismic survey within the permit. The 3D seismic survey results will provide the joint venture with valuable information on the optimal location and target formations when drilling. Preliminary planning for the proposed drilling in the 2015/2016 permit year were also a focus for Norwest during the half year.

Post calendar year end, Norwest announced that approval had been granted and preparations are currently underway for the seismic acquisition.

TP/15

Norwest had been planning a 2D seismic acquisition over the TP/15 permit, however after an independent review it was found that the results of the 2D survey would be difficult to acquire and would not be of material assistance in understanding the geology of the area. Therefore, with the approval of the Department of Mines and Petroleum, the permit work programme was modified and Norwest commenced preliminary planning for drilling. The timing of the proposed drilling will be dependent upon a number of factors such as the approvals process, rig availability and securing a joint venture partner.

EP 492

During the half year, Norwest was awarded permit EP 492. The permit covers an area of 860km² along the northern Perth Basin coastal region.

The EP 492 permit was granted for a period of 6 years with the initial work programme as follows:

- Permit Year 1 – Geological Studies;
- Permit Year 2 – 2D Seismic Survey.

SPA-16 AO

In November 2014, Norwest announced the acquisition of Finder No 5 Pty Ltd (now Norwest Perth Basin Pty Ltd). The newly acquired company holds Special Prospecting Authority SPA-16-AO which is located within the northern Perth Basin and is of similar size to EP 492 at 805km².

Norwest has applied to the Department of Mines and Petroleum to convert the SPA to an exploration permit and has submitted a proposed six year minimum work programme.

UNITED KINGDOM

Norwest's subsidiary NWE Mirrabooka (UK) Pty Ltd was provisionally awarded a Promote Licence over offshore blocks 98/7b, 98/8a and 98/12 in November 2014. The blocks formed part of the relinquished P1928 previously held by the company and joint venture partner Wessex Exploration PLC.

Once the licence is officially granted, the joint venture will have two years to reprocess the existing seismic data, select a drillable target and find a suitable joint venture partner. A commitment to drill will then apply after the initial two year licence period.

Corporate

- Issue of 2,000,000 shares at \$0.01 for the purchase of Norwest Perth Basin Pty Ltd.

3. Other items

a Significant Changes In State of Affairs

No significant changes in the Group's state of affairs occurred during the half-year.

b Subsequent Events

23 February 2015 – During February Norwest announced an underwritten share purchase plan to raise \$1,000,000. In March the Company announced an extension to the closing date for the fundraising.

5 March 2015 – Norwest and its EP 413 joint venture partners reported that they had received the required Federal and State government regulatory approvals to commence the seismic acquisition in permit EP 413. The results of the survey will assist in ascertaining the prime location and target formations for drilling as well as assist in defining the commercial potential of the Arrowsmith project.

6 March 2015 – The Company announced that its registered address and principal place of business had been changed to:

Level 2, 6 Thelma Street, West Perth
PO Box 1264, West Perth, 6872

All other details will remain the same.

c Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001

The lead auditor's independence declaration for the half-year ended 31 December 2014 is set out on page 6 and forms part of the Directors Report for the six months ended 31 December 2014.

Signed in accordance with a resolution of the Directors.



.....
Peter Lawson Munachen
Director

Perth
16 March, 2015

*R*OTHSAY

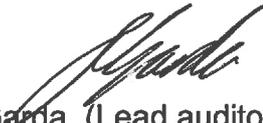
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The Directors
Norwest Energy NL
PO Box 8260
Perth Business Centre
Perth WA 6849

Dear Sirs

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 31 December 2014 interim financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.


Rolf Garda (Lead auditor)

Rothsay Chartered Accountants

Dated 16 / 3 / 15



Chartered Accountants

Directors' Declaration

In the opinion of the Directors of Norwest Energy NL (the Company):

1. the financial statements and notes, are in accordance with the Corporations Act 2001 including:
 - (a) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2014 and of its performance for the six month period ended on that date; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



.....
Peter Lawson Munachen
Director

Perth
16 March 2015

**Consolidated Interim Statement of Comprehensive Income
For the Half-Year Ended 31 December 2014**

	31 December 2014 \$	31 December 2013 \$
Continuing Operations		
Operating costs	(28,558)	(43,031)
Gross Profit/(Loss)	(28,558)	(43,031)
Other income/recharges	10,431	110,329
Exploration expenditure & write down	(940,860)	(535,999)
Depreciation expense	(8,387)	(9,340)
Director's remuneration	(253,000)	(277,000)
Personnel expenses	(501,603)	(344,086)
Personnel & overhead recovery	177,323	118,039
Administrative expenses	-	(164,100)
Professional fees	(136,647)	(121,957)
Other expenses	(385,143)	(425,221)
Results from Operating Activities	(2,066,444)	(1,692,366)
Financing income	19,619	34,605
Financing expense	-	(85,000)
Total Financing Activities	19,619	(50,395)
Profit/(Loss) before Income Tax Expense	(2,046,825)	(1,742,761)
Income Tax Expense	-	-
Profit/(Loss) for the Period	(2,046,825)	(1,742,761)
Other Comprehensive Income/(Loss)		
Foreign currency translation differences for foreign operations	25,144	38,856
Net change in fair value of available-for-sale financial assets transferred to profit or loss	(1,333)	1,334
Income tax relating to items of other comprehensive income/(loss)	-	-
Other Comprehensive Income/(Loss) for the Period, Net of Income Tax	23,811	40,190
Total Comprehensive Income/(Loss) for the Period	(2,023,014)	(1,702,571)
Basic loss per share (cents per share)	(0.20)	(0.20)
Diluted loss per share (cents per share)	(0.20)	(0.20)

The Consolidated Interim Statement of Comprehensive Income is to be read in conjunction with the notes to the interim financial statements set out on pages 12 to 17.

**Consolidated Interim Statement of Changes in Equity
For the Half-Year Ended 31 December 2014**

Consolidated	Share Capital	Retained Earnings	Option Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2013	49,717,027	(46,826,556)	2,032,797	4,923,268
Profit or loss	-	(1,742,761)	-	(1,742,761)
Other comprehensive income/(loss)	-	40,190	-	40,190
Equity-settled transactions net of tax	-	-	-	-
Shares issued (net of costs)	3,765,830	-	-	3,765,830
Option movements	-	-	85,000	85,000
Balance at 31 December 2013	53,482,857	(48,529,127)	2,117,797	7,071,527
Balance at 1 July 2014	53,482,856	(48,987,571)	2,024,347	6,519,632
Profit or loss	-	(2,046,825)	-	(2,046,825)
Other comprehensive income/(loss)	-	23,811	-	23,811
Equity-settled transactions net of tax	-	-	-	-
Shares issued (net of costs)	11,335	-	-	11,335
Option movements	-	351,997	(351,999)	(2)
Balance at 31 December 2014	53,494,191	(50,658,588)	1,672,348	4,507,951

The Consolidated Interim Statement of Changes in Equity is to be read in conjunction with the notes to the interim financial statements set out on pages 12 to 17.

**Consolidated Interim Statement of Financial Position
As at 31 December 2014**

	Note	31 December 2014 \$	30 June 2014 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,860,643	3,379,658
Trade and other receivables		106,543	138,129
Total current assets		<u>1,967,186</u>	<u>3,517,787</u>
Non-current assets			
Trade and other receivables		-	3,762
Property, plant and equipment		31,239	30,301
Financial assets		2,000	3,333
Deferred exploration, evaluation and development	3	3,908,907	3,781,514
Total non-current assets		<u>3,942,146</u>	<u>3,818,910</u>
TOTAL ASSETS		<u>5,909,332</u>	<u>7,336,697</u>
LIABILITIES			
Current liabilities			
Trade and other payables		419,903	377,102
Provisions		40,379	31,070
Total current liabilities		<u>460,282</u>	<u>408,172</u>
Non-current liabilities			
Loan		522,447	-
Provisions		418,652	408,893
Total non-current liabilities		<u>941,099</u>	<u>408,893</u>
TOTAL LIABILITIES		<u>1,401,381</u>	<u>817,065</u>
NET ASSETS		<u>4,507,951</u>	<u>6,519,632</u>
EQUITY			
Issued capital		53,494,191	53,482,856
Reserves		1,672,348	2,024,347
Accumulated losses		(50,658,588)	(48,987,571)
TOTAL EQUITY		<u>4,507,951</u>	<u>6,519,632</u>

The Consolidated Interim Statement of Financial Position is to be read in conjunction with the notes to the interim financial statements set out on pages 12 to 17.

**Consolidated Interim Statement of Cash Flows
For the Half-Year Ended 31 December 2014**

	31 December 2014 \$	31 December 2013 \$
Cash flows from operating activities:		
Cash receipts from customers	-	-
Cash payments to suppliers and employees	(902,035)	(1,165,630)
Interest received	19,619	34,605
Other	182,799	259,472
Net cash used in operating activities	(699,617)	(871,553)
Cash flows from investing activities:		
Purchase of property, plant & equipment	(14,505)	(5,490)
Expenditure on oil & gas interests	(828,619)	(1,539,411)
Proceeds from sale of projects	-	-
Net cash used in investing activities	(843,124)	(1,544,901)
Cash flows from financing activities:		
Proceeds from the issue of share capital	(1,614)	3,765,830
Net cash from financing activities	(1,614)	3,765,830
Net (decrease)/increase in cash and cash equivalents	(1,544,355)	1,349,376
Cash and cash equivalents at 1 July	3,379,658	2,672,143
Effect of exchange rates on cash held	25,340	36,989
Cash and cash equivalents at 31 December	1,860,643	4,058,508

The Consolidated Interim Statement of Cash Flows is to be read in conjunction with the notes to the interim financial statements set out on pages 12 to 17.

Notes to the Consolidated Interim Financial Statements For the Half-Year Ended 31 December 2014

1. Basis of Preparation of Half-Year Financial Statements

This general purpose financial report for the Half-Year ended 31 December 2014 has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting. This Half-Year Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2014 and public announcements made by Norwest Energy NL during the Half-Year in accordance with any continuous disclosure obligations arising under the Corporations Act, 2001.

The accounting policies have been consistently applied to all the periods presented, unless otherwise stated.

Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising Norwest Energy NL and the companies it controlled from time to time during the half-year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for that part of the reporting period during which the company had control. All intercompany balances and transactions, including unrealised profits arising from intra group transactions, have been eliminated in full.

Cash

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.

Taxation

The Company has not brought to account the estimated future income tax benefits attributable to tax losses and temporary differences as a deferred tax asset, as it is not yet considered probable that future taxable profit will be available for utilisation.

Impairment of Assets

The recoverable amount of an asset is determined as the higher of net selling price and value in use. Plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses (the cost method). The fair value of plant and equipment, as determined by reference to observable prices, is not materially different to the carrying amount.

Capitalisation of Exploration and Evaluation Costs

The Company complies with AASB 6 *Exploration for and Evaluation of Mineral Resources*. Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow reasonable assessment regarding the existence of economically recoverable reserves.

Costs carried forward in respect of an area that is abandoned are written off in the year which the decision to abandon is made.

Notes to the Financial Statements For the Half-Year ended 31 December 2014

1. Basis of Preparation of Half-Year Financial Statements Continued

Significant Accounting Policies & Changes in Accounting Policies

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2014.

In the half-year ended 31 December 2014, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2014.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

2 Segment Reporting

The economic entity operates predominately in the exploration industry in Australia and internal reporting is conducted on an entity wide basis. As such, segment information is presented on the same basis as that used for internal reporting purposes provided to the chief operating decision maker. The chief operating decision maker has been identified as the board of directors who make strategic decisions.

3 Deferred exploration, evaluation and development costs

	31 December 2014	31 December 2013
	\$	\$
Transactions for the six months to 31 December		
<i>Exploration and evaluation phase:</i>		
Balance at 1 July	3,781,514	2,926,613
Acquisition expenditure	522,447	-
Capitalised expenditure during the period	598,906	1,131,860
Write off	(917,322)	(517,347)
Recoveries	(76,638)	(15,000)
Balance at 31 December	<u>3,908,907</u>	<u>3,526,126</u>
<i>Production phase:</i>		
Balance at 1 July	-	-
Capitalised expenditure during the period	52,096	61,683
Write back of operating expenses capitalised	(28,558)	(43,031)
Write off	(23,538)	(18,652)
Depletion expense	-	-
Balance at 31 December	<u>-</u>	<u>-</u>
Total	<u>3,908,907</u>	<u>3,526,126</u>

**Notes to the Consolidated Interim Financial Statements
For the Half-Year Ended 31 December 2014**

4 Capital and reserves

**Reconciliation of movements in capital and reserves
Attributable to equity holders of the parent**

Consolidated	Share Capital \$	Retained Earnings \$	Option Reserve \$	Total Equity \$
Balance at 1 July 2013	49,717,027	(46,826,556)	2,032,797	4,923,268
Profit or loss	-	(1,742,761)	-	(1,742,761)
Other comprehensive income/(loss)	-	40,190	-	40,190
Equity-settled transactions net of tax	-	-	-	-
Shares issued (net of costs)	3,765,830	-	-	3,765,830
Option movements	-	-	85,000	85,000
Balance at 31 December 2013	53,482,857	(48,529,127)	2,117,797	7,071,527
Balance at 1 July 2014	53,482,856	(48,987,571)	2,024,347	6,519,632
Profit or loss	-	(2,046,825)	-	(2,046,825)
Other comprehensive income/(loss)	-	23,811	-	23,811
Equity-settled transactions net of tax	-	-	-	-
Shares issued (net of costs)	11,335	-	-	11,335
Option movements	-	351,997	(351,999)	(2)
Balance at 31 December 2014	53,494,191	(50,658,588)	1,672,348	4,507,951

Share capital

	Ordinary Shares	
	31 Dec 2014 No.	31 Dec 2013 No.
Opening shares on issue at beginning of half-year	1,103,140,782	974,347,449
Issued (i) 2014	2,000,000	-
Issued (ii) 2013	-	128,793,333
Closing shares on issue – fully paid	1,105,140,782	1,103,140,782

- i) 2,000,000 at \$0.01
- ii) 128,793,333 at \$0.03

**Notes to the Consolidated Interim Financial Statements
For the Half-Year Ended 31 December 2014**

4 Capital and reserves continued

Options - Unlisted

During the half-year ended 31 December 2014, no options were issued.

	Unlisted Options	
	31 Dec 2014	31 Dec 2013
	No.	No.
Balance at beginning of the half-year	52,650,000	51,150,000
Granted during the period to Directors	-	-
Granted during the period to Employees	-	5,000,000
Exercised during the period	-	-
Lapsed during the period	11,000,000	-
Balance at end of the half-year	41,650,000	56,150,000

5 Share-based payments

During the half-year ended 31 December 2014, no shares were issued upon exercise of unlisted options.

All options exercised are settled by physical delivery of shares.

For the six months ended 31 December 2014

	2014	2013
Fair value at issue date	N/A	\$0.017
Share price	N/A	\$0.038
Exercise price	N/A	\$0.1155
Expected volatility	N/A	90.00%
Option life	N/A	36 months
Expected dividends	N/A	-
Risk-free interest rate	N/A	2.85%

Unlisted share options are granted to Directors, key personnel, consultants and suppliers upon receiving shareholder approval subject to the Corporations Regulations 2001. There are no market conditions associated with the share option grants.

6 Related party transactions

Arrangements with Director controlled entities continue to be in place at 31 December 2014. The terms and conditions of these transactions with the related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

**Notes to the Consolidated Interim Financial Statements
For the Half-Year Ended 31 December 2014**

Key management personnel	Transaction value (6 months) \$AUD		Balance outstanding \$AUD	
	31 December 2014	31 December 2013	31 December 2014	30 June 2014
Company controlled by director U5 P/L (MJ Fry) <i>Director fees</i>	30,000	30,000	-	-
Company controlled by director Corraline P/L (PL Munachen) <i>Chief Executive Officer fees</i>	198,000	198,000	-	-
Company controlled by director Resource Services International Limited (HD Kennedy) <i>Director fees</i>	25,000	25,000	-	-
Company controlled by director and secretary Resource Services International (Aust) P/L (PL Munachen and EA Myers) <i>Administration, corporate, accounting & secretarial fees</i>	-	164,100	-	6,686

7 Commitments

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 when application is made and at other times. These obligations are not provided for in the financial report and are payable.

Within one year	2,435,803
One year or later and no later than five years	15,911,928
Later than five years	89,424
Total	18,437,155

8 Subsequent Events

23 February 2015 – During February Norwest announced an underwritten share purchase plan to raise \$1,000,000. In March the Company announced an extension to the closing date for the fundraising.

5 March 2015 – Norwest and its EP 413 joint venture partners reported that they had received the required Federal and State government regulatory approvals to commence the seismic acquisition in permit EP 413. The results of the survey will assist in ascertaining the prime location and target formations for drilling as well as assist in defining the commercial potential of the Arrowsmith project.

6 March 2015 – The Company announced that its registered address and principal place of business had been changed to:

Level 2, 6 Thelma Street, West Perth
PO Box 1264, West Perth, 6872

All other details will remain the same.

No matters or circumstances have arisen other than the above, since the end of the Half-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 Half-Year ended 31 December 2014.

ROTH SAY

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Phone (08) 9486 7094 www.rothsayresources.com.au

Independent Review Report to the Members of Norwest Energy NL

The financial report and directors' responsibility

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Norwest Energy NL for the half-year ended 31 December 2014.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2014 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Norwest Energy NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Norwest Energy NL is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 31 December 2014 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Rothsay



Rolf Garda
Partner

Dated 16/3/15



Chartered Accountants