

Notice of Annual General Meeting

Norwest Energy NL

1 Notice

Notice is given that a general meeting of shareholders of Norwest Energy NL (ABN 65 078 301 505) (**Norwest** or **the Company**) will be held at:

| | |
|-----------------|---|
| Date | 28 November 2018 |
| Time | 2:00pm (Perth time) |
| Location | The Park Business Centre 45 Ventnor Avenue WEST PERTH WA 6005 |

2 Agenda

An agenda for the matters to be considered at the general meeting is set out below.

| Resolution | Description |
|--|--|
| Financial Reports | To receive and consider the Company's financial reports and the reports of the Directors and the Auditor for the financial year ended 30 June 2018. |
| Resolution 1 Remuneration Report | To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution, the following: <i>"That, pursuant to and in accordance with Section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum."</i> |
| Resolution 2 Re-election of Director Michael Fry | To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution, the following: <i>"That, pursuant to and in accordance with the Company's constitution and Listing Rule 14.4 and for all other purposes, Michael Fry who retires by rotation and being eligible is elected as a Director on the terms and conditions in the Explanatory Memorandum."</i> |
| Resolution 3 Approval of Incentive Option and Performance Rights Plan | To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution, the following: <i>"That, pursuant to and in accordance with Listing Rule 7.2 exception 9(b) and for all other purposes, Shareholders approve the adoption of the employee incentive scheme of the Company known as the "Norwest Incentive Option and Performance Rights Plan" and the issue of securities under that plan, on the terms and conditions in the Explanatory Memorandum."</i> |
| Resolution 4 Approval of 10% Placement Facility | To consider and, if thought fit, to pass with or without amendment, as a special resolution, the following: <i>"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."</i> |

3 Voting Exclusions

Norwest will, in accordance with ASX Listing Rule 14.11 and the Corporations Act, disregard any votes cast as set out below.

| Resolution | Description |
|---|--|
| <p>Resolution 1 Remuneration Report</p> | <p>A vote on this Resolution must not be cast:</p> <ul style="list-style-type: none"> - by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member, regardless of the capacity in which the vote is cast; or - by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such a member. <p>However, a vote may be cast by such persons if the vote is not cast on behalf of the person who is excluded from voting on this Resolution, and:</p> <ul style="list-style-type: none"> - the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or - the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel. |
| <p>Resolution 3 Approval of Employee Incentive Scheme</p> | <p>A vote on this Resolution must not be cast in favour of this resolution by or on behalf of the Directors (except one who is ineligible to participate in any employee incentive scheme in relation to the Company).</p> <p>However, the Company need not disregard any vote if it is cast:</p> <ul style="list-style-type: none"> - by a person as a proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form); or - by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides). <p>A vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such a member and the appointment does not specify how the proxy is to vote. However, the Company need not disregard any vote if it is not cast on behalf of a person who is otherwise excluded from voting, and:</p> <ul style="list-style-type: none"> - the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or - the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the Remuneration of a member of the Key Management Personnel. |
| <p>Resolution 4 Approval of Additional 10% Placement Capacity</p> | <p>A vote on this Resolution must not be cast by a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity). However, the Company need not disregard any vote if it is cast:</p> <ul style="list-style-type: none"> - by a person as a proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form); or - by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides). |

4 Voting Intentions of the Chairman

Shareholders should be aware the Chairman of the meeting intends to vote undirected proxies in favour of each item of business.

5 Other information

Norwest notes the following additional information:

- (a) A Shareholder entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (b) The proxy need not be a Shareholder of Norwest. A Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (c) Any Shareholder that wishes to appoint a proxy and is entitled to do so must complete and return the attached proxy in accordance with the instructions on the Proxy Form before 2:00pm (Perth time) 26 November 2018.
- (d) Where any KMP (or the Closely Related Party of any KMP) is appointed as a proxy and that proxy does not direct the KMP how to vote, the KMP must not vote on a resolution connected directly or indirectly with the remuneration of any KMP unless:
 - (i) the proxy is the person chairing the meeting; and
 - (ii) the proxy appointment expressly authorises the person chairing the meeting to vote undirected proxies on that resolution.
- (e) If the relevant proxy form specifies the way the proxy is to vote on a particular resolution, the proxy need not vote on a show of hands but if the proxy does so it must vote as specified in the proxy form.
- (f) If the proxy form appoints two or more individuals and specifies that each must vote differently on the resolutions, then the relevant proxies must not vote on a show of hands.
- (g) If the proxy is the chair of the meeting, the proxy must vote on a poll or must vote the way specified in the proxy form.
- (h) If the proxy is not the chair of the meeting, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote as specified in the proxy form.
- (i) If the proxy form specifies the way the proxy is to vote on a particular resolution and the proxy is not the chair of the meeting and a poll is demanded and either:
 - (i) the proxy is not recorded as attending; or
 - (ii) the proxy does not vote,the chair of the meeting is deemed to be the proxy for that resolution.
- (j) A corporation may elect to appoint a representative, rather than appoint a proxy, under the Corporations Act, in which case Norwest will require written proof of the representative's appointment, which must be lodged with or presented to Norwest before the meeting.
- (k) Norwest has determined under regulation 7.11.37 of the Corporations Regulations that for the purpose of voting at the Meeting or any adjourned meeting, securities are taken to be held by those persons recorded in Norwest's register of Shareholders as at 4.00pm (Perth time) 26 November 2018.

(l) Shareholders that have queries on how to cast their votes may contact Norwest's Company

Secretary, Bennett Greenhalgh, on +61 8 9227 3240 during business hours.

Dated 22 October 2018

By order of the Board



Michael Fry

Non-Executive Chairman

Explanatory Memorandum

Norwest Energy NL

This Explanatory Memorandum accompanies the notice of general meeting of Norwest to be held at The Park Business Centre, 45 Ventnor Ave, West Perth, on 28 November 2018 at 2:00pm (Perth time).

This Explanatory Memorandum has been prepared to assist Shareholders in determining how to vote on the resolutions proposed and ought to be read in conjunction with the Notice of Meeting.

Annual Report

The Corporations Act and the Constitution require the following reports in respect of the financial year ended 30 June 2018 to be laid before the Meeting:

- (a) the Financial Report (which includes the financial statements and the Directors' declaration); and
- (b) the Directors' Report and the Auditor's Report.

No resolution is required to be moved in respect of this item.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <http://www.norwestenergy.com.au>.

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on the Annual Report and on the business, operations and management of the Company.

Shareholders will also be given a reasonable opportunity to ask the Auditor questions relevant to the conduct of the audit, the preparation and content of the independent audit report, the accounting policies adopted by the Company in relation to the preparation of the accounts and the independence of the Auditor in relation to the conduct of the audit.

1 Resolution 1 – Remuneration Report

1.1 Summary

Resolution 1 is an ordinary resolution that seeks Shareholder approval of the Company's Remuneration Report. This resolution is advisory only and does not bind the Directors or the Company.

1.2 Section 250R

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report, which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors or the Company. A failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

1.3 Two Strikes Rule

Sections 250U and 250Y of the Corporations Act give Shareholders the opportunity to seek changes to the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive Annual General Meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive Annual General Meetings, the Company will be required to put to Shareholders at the second Annual General Meeting a resolution (**Spill Resolution**). If the Spill Resolution is passed by more than 50% of Shareholders, the Company must hold another meeting within 90 days, at which all Directors (other than the Managing Director) who

were in office at the date of the Second Strike must stand for re-election.

1.4 Norwest's status

It is noted that at the Company's most recent Annual General Meeting (i.e. the Annual General Meeting held by the Company last year), the number of votes cast against the remuneration report was less than 25% and, accordingly, a Spill Resolution is not required for this Annual General Meeting.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this year's Annual General Meeting and there is a 'no' vote of 25% or more at the next Annual General Meeting, Shareholders should be aware that the consequences are that it may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders to ask about, or make comments on, the Remuneration Report.

1.5 Proxies

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, you will be considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

2 Resolution 2 – Re-election of Director Michael Fry

2.1 Summary

Resolution 2 is an ordinary resolution that seeks Shareholder approval for the re-election of Michael Fry.

2.2 Background to Resolution

Michael Fry was appointed as a Director on 8 June 2009.

Michael Fry was appointed Chairman of the Company on 18 September 2009.

Michael 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).

Resolution 2 seeks approval from Shareholders for the re-election of Michael Fry.

2.3 Norwest Constitution

The Constitution provides that one-third of the Directors (excluding any Director required to retire by virtue of being appointed under a casual vacancy and the Managing Director (if any) must retire at each annual general meeting.

The Constitution provides that to select those Directors that must retire, the Company must identify those Directors that have held office for three or more years, or three or more annual general meetings, since last being elected.

Norwest has identified Michael Fry as being the Director that must retire from office pursuant to the Constitution.

The Norwest Constitution provides that the Directors that retire from office are eligible for re-election.

2.4 Proxies and Directors' recommendation

The Chairman intends to exercise all available proxies in favour of Resolution 2.

The Board (excluding Michael Fry) recommends that Shareholders vote in favour of Resolution 2.

3 Resolution 3 – Approval of Employee Incentive Scheme

3.1 Summary

Resolution 3 is an ordinary resolution that seeks Shareholder Approval for the implementation of an employee incentive scheme by the Company.

3.2 Background to Resolution 3

The Board has resolved to adopt the employee incentive scope titled Norwest Incentive Option and Performance Rights Plan (**Plan**) and now seeks Shareholder approval of the Plan in accordance with ASX Listing Rule 7.2, exception 9(b) as outlined further below.

The objective of the Plan is to attract, motivate and retain key Directors, Employees and contractors, and it is considered by the Company that the adoption of the Plan and the future issue of Equity Securities under the Plan will provide selected participants with the opportunity to participate in the future growth of the Company.

A summary of the key terms and conditions of the Plan is set out in Schedule 2. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

3.3 ASX Listing Rules 7.1 and 7.2, exception 9(b)

Under ASX Listing Rule 7.1, Norwest is generally not permitted to issue more than 15% of its issued share capital in any 12-month period unless the issue is approved by Shareholders or an exemption applies. At Norwest's last annual general meeting, however, Shareholders gave Norwest authority to issue a further 10% of its share capital under ASX Listing Rule 7.1A without the issue being approved by Shareholders.

Listing Rule 7.2, exception 9(b) provides an exception to Listing Rule 7.1 such that issues of Equity Securities under an employee incentive scheme are exempt for a period of three years from the date on which Shareholders approve the issue of Equity Securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to issue Options and Performance Rights (together, **Awards**) under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that this Plan has not previously been approved by Shareholders and no Awards have been previously issued under the plan.

Any future issues of Awards under the Plan to a related party or a person whose relationship with the Company or a related party is, in the ASX's opinion, such that Shareholder approval should be obtained, will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

4 Resolution 4 – Approval of 10% Placement Facility

4.1 Summary

Resolution 4 is a special resolution that seeks Shareholder Approval for the Company to issue up to an additional 10% of its issued share capital in the following 12 month period in accordance with ASX Listing Rule 7.1A.

4.2 ASX Listing Rule 7.1 and 7.1A

Under ASX Listing Rule 7.1, Norwest is generally not permitted to issue more than 15% of its issued share capital in any 12-month period unless the issue is approved by Shareholders or an exemption applies. At Norwest's last annual general meeting, however, Shareholders gave Norwest authority to issue a further 10% of its share capital under ASX Listing Rule 7.1A without the issue being approved by Shareholders.

Listing Rule 7.1A enables Eligible Entities to seek Shareholder approval to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after that approval (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

Any Equity Securities issued under Listing Rule 7.1A must be in an existing quoted class of the Company's Equity Securities and the issue price must be no less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

The Company is an eligible entity.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

4.3 Specific information required by ASX Listing Rule 7.3A

For the purposes of ASX Listing Rule 7.3A, Norwest provides the following particulars:

(a) Minimum issue price

The issue price of Equity Securities to be issued under the 10% Placement Facility must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph 4.3(a)(i), the date on which the Equity Securities are issued.

(b) Risk of economic and voting dilution

If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders voting power in the Company will be diluted as shown in the table set out in Schedule 3.

There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and

- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for Norwest's Equity Securities on the issue date or the date the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

(c) Date by when the Equity Securities may be issued

Shareholder approval of the 10% Placement Facility is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of Shareholder approval of a transaction under Listing Rules 11.1.2 (i.e. a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

(d) Purposes for which Equity Securities may be issued

The Company may seek to issue the Equity Securities for the following purposes:

- (i) non-cash consideration for the acquisition of new assets, for the purposes of refinancing and/or maintenance of working capital. In such circumstances, the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration.

In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets (including expenses associated with such acquisition), refinancing, continued expenditure on the Company's current assets and/or general working capital.

(e) Allocation policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the subscribers of Equity Securities will be determined on a case-by-case basis having regards to all the factors including but not limited to:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

(f) Previous 7.1A approvals

Shareholders previously approved the 10% Placement Facility under Listing Rule 7.1A at the following Annual General Meetings:

- (i) 29 November 2017; and
- (ii) 30 November 2016.

The Company has issued a total of 379,500,000 Equity Securities in the 12 months preceding the date of the Meeting, which represents 12.647% of the Shares that were on issue at the commencement of that 12 month period.

Details of the Equity Securities issued during the 12 month period preceding the date of the meeting have been set out in Schedule 3.

(g) Further disclosure

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon the issue of any Equity Securities.

4.4 Proxies

The Chairman intends to exercise all available proxies in favour of Resolution 4.

4.5 Directors' recommendation

The Directors believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Schedule 1 Defined Terms

1 Defined Terms

- 1.1 **10% Placement Facility** has the meaning given in section 4.
- 1.2 **10% Placement Period** has the meaning given in section 4
- 1.3 **Acquisition Date** means, in respect of an Award, the date the Board resolves to accept an Application Form from an Eligible Participant or Nominee (as applicable) and to issue the Award to the applicant.
- 1.4 **Annual Report** means the Directors' Report, the Financial Report and the Auditor's Report in respect of the financial year ended 30 June 2018.
- 1.5 **ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.
- 1.6 **Auditor's Report** means the auditor's report on the Financial Report.
- 1.7 **Board** means the board of Directors.
- 1.8 **Chairman** means the person appointed to chair the Meeting, or any part of the Meeting, convened by the Notice.
- 1.9 **Class Order** means ASIC Legislative Instrument 14/1000 as amended or replaced from time to time.
- 1.10 **Closely Related Party** means:
- (a) a spouse or child of the member; or
 - (b) has the meaning given in section 9 of the Corporations Act.
- 1.11 **Company** or **Norwest** means Norwest Energy NL (ABN 65 078 301 505).

- 1.12 **Constitution** means the constitution of the Company as at the commencement of the Meeting.
- 1.13 **Corporations Act** means the *Corporations Act 2001* (Cth).
- 1.14 **Director** means a director of the Company.
- 1.15 **Directors' Report** means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.
- 1.16 **Eligible Participants** means a Director (whether executive or non-executive), a full or part time employee of the company or any of its subsidiaries (Group Company), a casual employee or contractor of a Group Company (but, if the Class Order is being relied on, only to the extent permitted by the Class Order) and a prospective participant who has entered into an agreement to become an Eligible Participant.
- 1.17 **Equity Securities** has the same meaning as in the Listing Rules.
- 1.18 **Explanatory Memorandum** means the explanatory memorandum which forms part of the Notice.
- 1.19 **Financial Report** means the annual financial report prepared under chapter 2M of the Corporations Act of the Company and its controlled entities.
- 1.20 **Group** means the Company and its subsidiaries and Group Company means any one of them.
- 1.21 **Key Management Personnel** or **KMP** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
- 1.22 **Listing Rules** means the listing rules of ASX.

- 1.23 **Managing Director** means the managing director of the Company.
- 1.24 **Market Value** in respect of a Share means, where the Company is listed on ASX, the volume weighted average market price (as defined in the ASX Listing Rules) for a Share traded on the ASX during the 7 day period up to and including the day on which the Market Value is to be determined.
- 1.25 **Meeting** has the meaning in the introductory paragraph of the Notice.
- 1.26 **Nominee** means a nominee of an Eligible Participant that is one of the following:
- (a) an immediate family member of the Eligible Participant;
 - (b) a company whose members comprise no persons other than the Eligible Participant or immediate family members of the Eligible Participant; or
 - (c) subject to Board approval, a trustee of a trust, in respect of which the Eligible Participant, or an immediate family member of the Eligible Participant, is the trustee, or the Eligible Participant, or an immediate family member of the Eligible Participant, Controls a body corporate which is the trustee, but always excluding a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993*).
- 1.27 **Notice** means the notice of meeting which comprises of the notice, agenda, Explanatory Memorandum and Proxy Form.
- 1.28 **Option** means an option that entitles the holder to subscribe for one Share.
- 1.29 **Proxy Form** means the proxy form attached to the Notice.
- 1.30 **Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.
- 1.31 **Resolution** means a resolution contained in the Notice.
- 1.32 **Schedule** means a schedule to this Explanatory Memorandum.
- 1.33 **Section** means a section of this Explanatory Memorandum.
- 1.34 **Share** means a fully paid ordinary share in the capital of the Company.
- 1.35 **Shareholder** means a shareholder of the Company.
- 1.36 **Spill Resolution** has the meaning given in Section 1.
- 1.37 **Strike** has the meaning given in Section 1.
- 1.38 **Trading Day** has the same meaning as in the Listing Rules.
- 1.39 **Two Strikes Rule** has the meaning given in Section 1.
- 2 Interpretation**
- 2.1 In this Notice and this Explanatory Memorandum, except where the context otherwise requires:
- (a) the singular includes the plural and vice versa, and a gender includes other genders;
 - (b) another grammatical form of a defined word or expression has a corresponding meaning;
 - (c) a reference to time is to Perth time; and
 - (d) a reference to A\$, \$A, dollar or \$ is to Australian currency.

Schedule 2 Summary of Material Terms of Incentive Plan

1 Eligibility

The Board may, from time to time, in its absolute discretion, make a written invitation to any Eligible Participant to apply for Options or Performance Rights (together, **Awards**), upon the terms set out in the Incentive Plan and upon such additional terms and conditions as the Board determines.

2 Offer and Application Form

An invitation to apply for the issue of Awards under the Incentive Plan must be made by way of an offer document (**Offer Document**). At a minimum, the Offer Document must include the following information:

- (a) the maximum number of Awards that the Eligible Participant may apply for, or the formula for determining the number of Awards that may be applied for;
- (b) the maximum number of Shares that the Participant is entitled to be issued on the exercise of each Award or the formula for determining the maximum number of Shares;
- (c) the Option exercise price (**Exercise Price**) of any Options or the formula for determining the Option Exercise Price;
- (d) any applicable vesting conditions as determined by the Board in its discretion;
- (e) any restriction period the Board has resolved to apply to Shares issued on exercise of the Awards;
- (f) when Awards will expire (**Expiry Date**);
- (g) the date by which an Offer Document must be accepted (**Closing Date**);
- (h) any other terms and conditions applicable to the Awards; and
- (i) any other information required by law or the Corporations Act, the Class Order or the ASX Listing Rules or the considered by the Board to be relevant to the Awards or the Shares to be issued on the exercise of the Awards.

An Eligible Participant (or permitted Nominee) may apply for the Awards in whole or in part, by signing and returning an Application Form to the Company no later than the Closing Date. The Board may accept or reject any Application Form in its absolute discretion.

Where the Company needs to rely on the Class Order in respect of an Offer, the Company must have reasonable grounds to believe, when making an Offer, that the number of Shares to be received on exercise of Awards offered under an Offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive

scheme covered by the Class Order or under an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.

3 Terms of the Awards

- (a) An Award is non-transferable other than in special circumstances with the consent of the Board (which may be withheld in its discretion).
- (b) Unless quoted on the ASX, each Award will be issued to an Eligible Participant under the Incentive Plan for no more than nominal consideration.
- (c) Each Award will entitle its holder to subscribe for and be issued, one fully paid ordinary share in the capital of the Company (upon vesting and exercise of that Award) unless the Plan or an applicable Offer otherwise provides.
- (d) Awards will not be listed for quotation on the ASX, unless the Offer provides otherwise. The Company will apply for official quotation of the Shares issued upon the exercise of any vested Awards.
- (e) A participant is not entitled to participate in or receive any dividend or other Shareholder benefits until its Awards have vested and been exercised and Shares have been allocated to the participant as a result of the exercise of those Awards.
- (f) There are no participating rights or entitlements inherent in the Awards and participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of Awards without exercising the Options or Performance Rights, except to the extent an Offer otherwise provides where permitted by the ASX Listing Rules.
- (g) Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) applies to the Awards except to the extent an Offer provides otherwise.
- (h) There is no right to a change in the exercise price or in number of underlying Shares over which an Award can be exercised, except to the extent an Offer otherwise provides where permitted by the ASX Listing Rules.
- (i) In the event of a reorganisation of the capital of the Company, the Company may alter the rights of the holder of an Award to the extent necessary to comply with the ASX listing rules applying to reorganisations at the time of the reorganisation.
- (j) Following the issue of Shares following exercise of vested Awards, Participants will be entitled to exercise all rights of a Shareholder attaching to the Shares, subject to any disposal restrictions advised to the Participant.

4 Vesting and Exercise of Awards

- (a) **Vesting Conditions:** Subject to clause 4(b) below, an Award issued under the Plan will not vest and be exercisable unless the vesting conditions (if any) attaching to that Award have been satisfied and the Board has notified the Eligible Participant of that fact within 10 Business Days of becoming aware that any vesting condition has been satisfied.

- (b) **Vesting Condition Waiver:** Notwithstanding clause 4(a) above, the Board may, in its absolute discretion, by written notice to an Eligible Participant, resolve to waive any of the vesting conditions applying to an Award. For clarity, the Board may in its discretion waive or reduce any vesting conditions after the time specified for satisfaction of those vesting conditions has passed.
- (c) **Exercise on Vesting:** A Participant (or their personal legal representative where applicable) may, subject to the terms of any Offer, exercise any vested Award at any time after the Board notifies that the Award Right has vested and before it lapses.
- (d) **Cashless Exercise Facility:**
- (i) In respect of Options, the Board may, in its discretion, permit a Participant to exercise some or all of their Options by using the Cashless Exercise Facility. The Cashless Exercise Facility entitles a Participant to set-off the Option Exercise Price against the number of Shares which the Participant is entitled to receive upon exercise of the Participant's Options. By using the Cashless Exercise Facility, the Participant will receive Shares to the value of the surplus after the Option Exercise Price has been set-off.
- (ii) If a Participant elects to use the Cashless Exercise Facility, and its use is approved by the Board, the Participant will be issued or transferred that number of Shares (rounded up to the nearest whole number) equal to:
- (1) the aggregate total Market Value (as determined on the date the Options the subject of the Cashless Exercise Facility are exercised) of Shares that would otherwise be issued on exercise of the Options had all such Options been exercised for a cash Option Exercise Price;
 - (2) less the aggregate total Option Exercise Price otherwise payable in respect of the vested Options exercised; and
 - (3) divided by the Market Value of a Share as determined on the date the Options the subject of the Cashless Exercise Facility are exercised.
- (iii) If the Option Exercise Price otherwise payable in respect of the Options being exercised is the same or higher than the Market Value of Shares at the time of exercise, then a Participant will not be entitled to use the Cashless Exercise Facility.
- (e) **Cash Payment:** Subject to the Corporations Act, the ASX Listing Rules, the Plan and the terms of any Offer, where an Offer so provides, when all Vesting Conditions in respect of an Award have been satisfied or waived, the Board may, in its discretion, within 10 Business Days of receipt of a valid notice of exercise for vested Award, in lieu of issuing or transferring a Share to the Participant on exercise of the Award, pay the Participant or his or her personal representative (as the case may be) a cash payment for the Award exercised equal to the Market Value of a Share up to and including the date the Award was exercised, less, in respect of an Option, any Option Exercise Price. A vested Award automatically lapses upon payment of a Cash Payment in respect of the vested Award.

- (f) **Lapsing of Awards:** An Award will lapse upon the earlier of:
- (i) the Board, in its discretion, resolving an Award lapses as a result of an unauthorised disposal of, or hedging of, the Award;
 - (ii) a vesting condition not being satisfied or becoming incapable of satisfaction (and not being waived by the Board in its discretion);
 - (iii) in respect of an unvested Award, the holder ceases to be an Eligible Participant and the Board does not exercise its discretion to vest the Award or allow it to remain unvested;
 - (iv) in respect of a vested Award, a holder ceases to be an Eligible Participant and the Board, in its discretion, resolves that the Award must be exercised within one (1) month (or such later date as the Board determines) of the date the Relevant Person ceases to be an Eligible Participant, and the Award is not exercised within that period and the Board resolves, at its discretion, that the Award lapses as a result;
 - (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant under the rules of the Incentive Plan;
 - (vi) in respect of an unvested Award, a winding up resolution or order is made, and the Award does not vest in accordance with rules of the Incentive Plan; and
 - (vii) the Expiry Date of the Award.

5 Restrictions

- (a) The Board may, in its discretion, determine at any time up until exercise of an Award, that a restriction period will apply to some or all of the Shares issued or transferred to a Participant on exercise of the Award (**Restricted Shares**), up to a maximum of fifteen (15) years from the Acquisition Date of the Award (**Restriction Period**).
- (b) The Board may, in its sole discretion, having regard to the circumstances at the time, waive a Restriction Period (other than where imposed by the ASX Listing Rules).
- (c) The Company may implement any procedure it considers appropriate to restrict a Participant from dealing with any Shares for as long as those Shares are subject to a Restriction Period.
- (d) Shares are deemed to be subject to a Restriction Period to the extent necessary to comply with any escrow restrictions imposed by the ASX Listing Rules.
- (e) The Participant agrees to execute a restriction agreement in relation to the Restricted Shares reflecting any Restriction Period applying to the Restricted Shares under the Plan or any escrow imposed by the ASX Listing Rules.

- (f) No issue or allocation of Awards and/or Shares will be made to the extent that it would contravene the Constitution, Listing Rules, the Corporations Act or any other applicable law.

Schedule 3 7.1A Information

1 Voting Dilution Table

1.1 Voting Dilution

The table below shows the dilution of existing Shareholders on the basis of the current market price of Norwest’s Shares and the current number of ordinary securities for variable ‘A’ calculated in accordance with the formula in Listing Rule 7.1A(2) as at the Date of the Notice.

The table also shows:

- (a) two examples where Variable ‘A’ has increased by 50% and 100%. Variable “A” is based on the number of ordinary securities the Company has on issue as at the Date of the Notice. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro-rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- (b) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

| Voting Dilution Table Required by Listing Rule 7.3A.2 | | | | |
|--|---------------------|---|--------------------------------|--|
| Variable ‘A’ in Listing Rule 7.1A.2 | | Dilution | | |
| | | \$0.00125 50% decrease in Issue Price | \$0.0025 Issue Price | \$0.005 100% increase in Issue Price |
| Current Variable A 3,382,092,727 Shares | 10% Voting Dilution | 338,209,273 Shares | 338,209,273 Shares | 338,209,273 Shares |
| | Funds Raised | \$422,761.59 | \$845,523.18 | \$1,691,046.37 |
| 50% increase in current Variable A 5,073,139,091 Shares | 10% Voting Dilution | 507,313,910 Shares | 507,313,910 Shares | 507,313,910 Shares |
| | Funds Raised | \$634,142.39 | \$1,268,284.78 | \$2,536,569.55 |
| 100% increase in current Variable A 6,764,185,454 Shares | 10% Voting Dilution | 676,418,546 Shares | 676,418,546 Shares | 676,418,546 Shares |
| | Funds raised | \$845,523.18 | \$1,691,046.37 | \$3,382,092.73 |

1.2 Notes to Voting Dilution Table:

- (a) The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

- (b) The tables have been prepared on the following assumptions:
- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No convertible securities (including any issued under the 10% Facility) are exercised or converted into Shares before the date of the issue of the Equity Securities.
 - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 - (v) The table shows only the effect of issues under Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - (vii) The issue price is \$0.0025, being the closing price of the Shares on ASX on 10 October 2018.

2 Previous Issues of Equity Securities

2.1 Previous issues of Equity Securities

The table below shows details of all issues of Equity Securities by the Company during the 12 months preceding the date of the Meeting.

| Date | Recipient | Class | Number | Price | Discount | Consideration | Amount Spent |
|----------|--|---|-------------|----------|----------|--|--------------|
| 06/12/17 | Various Sophisticated and Professional Investors | fully paid ordinary shares | 250,000,000 | \$0.004 | 0% | \$1,000,000 | 30% |
| 02/02/18 | 3C Group IC Limited | fully paid ordinary shares | 60,000,000 | \$0.0024 | 40% | \$144,000 | 0% |
| 12/02/18 | 3C Group IC Limited | fully paid ordinary shares | 66,500,000 | \$0.0024 | 20% | \$159,600 | 0% |
| 08/05/18 | Employees of the Company | Options to acquire fully paid ordinary shares with an exercise price of \$0.02 and a term expiring 30/06/20 | 3,000,000 | Nil | N/A | Issued pursuant to an ESOP for no cash consideration | N/A |

| Date | Recipient | Class | Number | Price | Discount | Consideration | Amount Spent |
|------|-----------|-------|--------|-------|----------|---|--------------|
| | | | | | | Current value of Options is \$0.003 per Option. | |

2.2 Notes to previous issues of Equity Securities Table

- (a) Funds raised from the issue of Equity Securities totalled \$1,303,600.
- (b) The funds spent to date from each of the issued listed in the table above were used to meet the Company's expenditure commitments and advance the Company's exploration program, including costs associated with the Xanadu-1 Prospect, as well as corporate costs, overheads and working capital.
- (c) The funds remaining from each of the issues listed in the table above will contribute to meet the Company's expenditure commitments and advance the Company's exploration program, including costs associated with 3D seismic acquisition and potentially further drilling exploration in relation to the Xanadu-1 Prospect, potentially drilling in relation to the Lockyer-Deep Prospect, as well as corporate costs, overheads and working capital.
- (d) The current value of Options has been calculated using the binomial option valuation model incorporating the terms of those options, including their exercise price, term, the market price for Shares as at the date they were issued, the expected volatility in the market price of Shares, and the risk-free interest rate.