

Norwest Energy NL
Interim Financial Report
Half-Year Ended 31 December 2009

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Interim Financial Report For the Half-Year Ended 31 December 2009

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Directors' Report 31 December 2009

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 2009 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 activities of the Group during the financial half-year were:

Exploration for hydrocarbon resources.

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 \$1,162,105 (31 December 2008: \$10,323,490).

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

In January 2010, the Company announced that it had entered into an agreement to acquire the 49.189% interest of Origin Energy Developments Pty Ltd in Northern Perth Basin exploration permit EP413 for a consideration of AU \$87,500. The transaction is subject to the agreement and relevant documents being approved and registered by the Minister for Mines and Energy by 30 June 2010. It is also subject to the continuing parties holding interests in that exploration permit and the Minister agreeing to certain variations of the permit conditions, one of which requires those parties to agree to the drilling of a well on the permit by 1 February 2011.

**Directors' Report
31 December 2009**

b Subsequent Events continued

During February 2010, Norwest announced that it had reached agreement with Victoria Petroleum Offshore Pty Ltd, the wholly owned subsidiary of Victoria Petroleum NL to acquire its Northern Perth Basin interests for a consideration of AU \$500,000. The transaction will result in Norwest increasing its equity in:

- L14 the Jingemia production licence from 1.278% to 6.278% for AU \$491,250; and
- Exploration permit EP413 from 50.593% to 55.606% for AU \$8,750.

Also in February 2010, the Company announced that it has entered into an agreement with Patersons Securities Limited to act as lead manager in arranging a placement of up to 56,575,000 shares at an issue price of 2.3c to raise up to \$1,300,075.

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 2009 is set out on page 5 and forms part of the Directors Report for the six months ended 31 December 2009.

Signed in accordance with a resolution of the Directors.

.....
Peter Lawson Munachen
Director

Perth
12 March, 2010

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

To: the Directors of Norwest Energy NL

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Rothsay

G Swan
Partner

Perth

12 March 2010

Directors' Declaration

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

1. the financial statements and notes, as set out on pages 7 to 17, 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 2009 and of its performance for the six month period ended on that date; and
2. for the reasons set out in note 3, 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
12 March, 2010

**Consolidated Interim Statement of Comprehensive Income
For the Half-Year Ended 31 December 2009**

| | 31 December 2009 | 31 December 2008 |
|---|-----------------------------|-----------------------------|
| | \$ | \$ |
| Continuing Operations | | |
| Revenue | 106,767 | 832,147 |
| Depletion expense | (76,336) | (39,046) |
| Operating costs | (53,185) | (59,570) |
| Gross Profit/(Loss) | (22,754) | 733,531 |
| Other income | 252,165 | 97,200 |
| Amortisation expense | - | (13,661) |
| Exploration expenditure written off | (167,096) | (9,258,261) |
| Depreciation expense | (10,811) | (18,431) |
| Director's remuneration | (171,500) | (114,871) |
| Personnel expenses | (38,583) | (433,729) |
| Administrative expenses | (108,000) | (138,000) |
| Professional fees | (97,141) | (416,252) |
| Other expenses | (428,827) | (436,082) |
| Results from Operating Activities | (792,547) | (9,998,556) |
| Financing income | 649 | 8,133 |
| Financing expense | (351,999) | (300,796) |
| Total Financing Activities | (351,350) | (292,663) |
| Profit/(Loss) before Income Tax Expense | (1,143,897) | (10,291,219) |
| Income Tax Expense | - | - |
| Profit/(Loss) for the Period | (1,143,897) | (10,291,219) |
| Other Comprehensive Income/(Loss) | | |
| Foreign currency translation differences for foreign operations | (21,541) | (5,604) |
| Net change in fair value of available-for-sale financial assets transferred to profit or loss | 3,333 | (26,667) |
| Income tax relating to items of other comprehensive income/(loss) | - | - |
| Other Comprehensive Income/(Loss) for the Period, Net of Income Tax | (18,208) | (32,271) |
| Total Comprehensive Income/(Loss) for the Period | (1,162,105) | (10,323,490) |
| Basic loss per share (cents per share) | (0.30) | (4.75) |
| Diluted loss per share (cents per share) | (0.30) | (4.75) |

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 11 to 17.

**Consolidated Interim Statement of Changes in Equity
For the Half-Year Ended 31 December 2009**

| Consolidated | Share Capital | Retained Earnings | Option Reserve | Total Equity |
|--|--------------------------|------------------------------|---------------------------|-------------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2008 | 29,743,407 | (20,829,737) | 1,774,332 | 10,688,002 |
| Profit or loss | - | (10,291,219) | - | (10,291,219) |
| Other comprehensive income/(loss) | - | (32,271) | - | (32,271) |
| Equity-settled transactions net of tax | - | - | 325,442 | 325,442 |
| Shares issued (net of costs) | 1,581,525 | - | - | 1,581,525 |
| Share options expired | - | 388,540 | (388,540) | - |
| Balance at 31 December 2008 | 31,324,932 | (30,764,687) | 1,711,234 | 2,271,479 |
| Balance at 1 July 2009 | 32,382,149 | (32,392,684) | 1,804,684 | 1,794,149 |
| Profit or loss | - | (1,143,897) | - | (1,143,897) |
| Other comprehensive income/(loss) | - | (18,208) | - | (18,208) |
| Equity-settled transactions net of tax | - | - | 351,999 | 351,999 |
| Shares issued (net of costs) | 2,431,282 | - | - | 2,431,282 |
| Share options expired | - | 121,224 | (121,223) | 1 |
| Balance at 31 December 2009 | 34,813,431 | (33,433,565) | 2,035,460 | 3,415,326 |

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 11 to 17.

**Consolidated Interim Statement of Financial Position
As at 31 December 2009**

| | Note | 31 December 2009 \$ | 30 June 2009 \$ |
|--|------|---------------------------|-----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 1,377,393 | 1,152,408 |
| Trade and other receivables | | 137,440 | 141,439 |
| Total current assets | | 1,514,833 | 1,293,847 |
| Non-current assets | | | |
| Trade and other receivables | | 37,987 | 37,987 |
| Property, plant and equipment | | 20,224 | 31,035 |
| Financial assets | | 8,000 | 4,667 |
| Deferred exploration, evaluation and development | 7 | 2,065,554 | 1,213,841 |
| Total non-current assets | | 2,131,765 | 1,287,530 |
| TOTAL ASSETS | | 3,646,598 | 2,581,377 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 183,934 | 736,703 |
| Employee benefits | | - | 6,318 |
| Total current liabilities | | 183,934 | 743,021 |
| Non-current liabilities | | | |
| Employee benefits | | - | 2,097 |
| Provisions | | 47,338 | 42,110 |
| Total non-current liabilities | | 47,338 | 44,207 |
| TOTAL LIABILITIES | | 231,272 | 787,228 |
| NET ASSETS | | 3,415,326 | 1,794,149 |
| EQUITY | | | |
| Issued capital | | 34,813,431 | 32,382,149 |
| Reserves | | 2,035,460 | 1,804,684 |
| Accumulated losses | | (33,433,565) | (32,392,684) |
| TOTAL EQUITY | | 3,415,326 | 1,794,149 |

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 11 to 17.

**Consolidated Interim Statement of Cash Flows
For the Half-Year Ended 31 December 2009**

| | 31 December 2009 | 31 December 2008 |
|--|-----------------------------|-----------------------------|
| | \$ | \$ |
| Cash flows from operating activities: | | |
| Cash receipts from customers | 101,191 | 1,222,175 |
| Cash payments to suppliers and employees | (898,839) | (1,213,780) |
| Interest received | 649 | 8,133 |
| Borrowing costs | - | (189,840) |
| Net cash used in operating activities | (796,999) | (173,312) |
| Cash flows from investing activities: | | |
| Purchase of property, plant & equipment | - | (8,222) |
| Expenditure on oil & gas interests | (1,301,630) | (4,290,312) |
| Proceeds from sale of property, plant & equipment | 127 | - |
| Proceeds from sale of projects | - | 26,667 |
| Net cash used in investing activities | (1,301,503) | (4,271,867) |
| Cash flows from financing activities: | | |
| Proceeds from the issue of share capital | 2,353,337 | 1,581,525 |
| Proceeds from borrowings | - | 2,000,000 |
| Net cash from financing activities | 2,353,337 | 3,581,525 |
| Net (decrease)/increase in cash and cash equivalents | 254,835 | (863,654) |
| Cash and cash equivalents at 1 July 2009 | 1,152,408 | 1,607,148 |
| Effect of exchange rates on cash held | (29,850) | 58,071 |
| Cash and cash equivalents at 31 December 2009 | 1,377,393 | 801,565 |

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 11 to 17.

Notes to the Consolidated Interim Financial Statements For the Half-Year Ended 31 December 2009

1 Reporting entity

Norwest Energy NL (the “Company”) is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2009, comprises the Company and its subsidiaries (together referred to as the “consolidated entity”).

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2009 is available upon request from the Company’s registered office at 288 Stirling Street Perth, Western Australia 6000.

The consolidated interim financial report was authorised for issue by the directors on 12 March, 2010.

2 Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the most recent annual financial report of the consolidated entity as at and for the year ended 30 June 2009. This report must also be read in conjunction with any public announcements made by Norwest Energy NL during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

3 Going Concern

The financial statements have been prepared on a going concern basis. When making this assessment management took into account the forecast budget for the next twelve months and all available relevant information. It was also noted that the Group has a history of being able to raise funds and also has the option of farming out exploration commitments to more manageable levels should the circumstances arise.

4 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 2009.

Since 1 July 2009 the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2009. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

The following amending standards have been adopted from 1 July 2009:

- AASB 8 – *Operating Segments*
- AASB 101 – Revised *Presentation of Financial Statements*

The Group has applied AASB 8 *Operating Segments* from 1 July 2009. AASB 8 requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the board of directors that makes strategic decisions.

Notes to the Consolidated Interim Financial Statements For the Half-Year Ended 31 December 2009

4 Significant Accounting Policies & Changes in Accounting Policies continued

The following amending standards have also been adopted from 1 July 2009:

- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8.
- AASB 2007-8 Amendment to Australian Accounting Standards arising from AASB 101.
- AASB 2008-1 Amendment to Australian Accounting Standards Share-based Payments: Vesting Conditions and Cancellations.
- AASB 2008-5 Amendment to Australian Accounting Standards arising from the Annual Improvements Project.
- AASB 2008-6 Amendment to Australian Accounting Standards arising from the Annual Improvements Project.
- AASB 2008-7 Amendment to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.
- AASB 2009-2 Amendments to Australian Accounting Standards arising from AASB 4, AASB 7, AASB 1023 and AASB 1038.

5 Estimates

The preparation of the interim financial report requires management to make key judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgments made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were same as those applied in the consolidated financial report as at and for the year ended 30 June 2009.

6 Segment Reporting

Segment information is presented in the consolidated interim financial statements in respect of the consolidated entity's geographical segments, which are the primary basis of segment reporting. The geographical segment reporting format reflects the consolidated entity's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

(i) Geographical segments

The segments are managed on a worldwide basis, but operated in two principal geographical areas in 2009, Australia and the UK.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

**Notes to the Consolidated Interim Financial Statements
For the Half-Year Ended 31 December 2009**

6 Segment Reporting continued

For the six months ended 31 December 2008 and 2009

| | UK | | Australia | | Consolidated | |
|--|-------------|-------------|------------------|-------------|---------------------|--------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Segment revenue | - | - | 106,767 | 832,147 | 106,767 | 832,147 |
| Other segment income | 244,797 | 2,035 | 7,368 | 89,561 | 252,165 | 91,596 |
| Segment result | 32,280 | (2,458,529) | (824,827) | (7,179,416) | (792,547) | (9,637,945) |
| Unallocated expenses | | | | | - | (360,611) |
| Results from operating activities | | | | | (792,547) | (9,998,556) |

7 Deferred exploration, evaluation and development costs

| | 31 December 2009 \$ | 31 December 2008 \$ |
|---|------------------------------------|------------------------------------|
| Transactions for the six months to 31 December | | |
| <i>Exploration and evaluation phase:</i> | | |
| Balance at 1 July | 1,144,324 | 10,411,362 |
| Capitalised expenditure during the period | 943,686 | 2,022,880 |
| Exploration expenditure written off | (167,096) | (9,224,574) |
| Projects sold | - | - |
| Balance at 31 December | 1,920,914 | 3,209,668 |
| <i>Production phase:</i> | | |
| Balance at 1 July | 69,517 | 437,344 |
| Addition of production interests | 151,459 | 192,440 |
| Adjustments | - | (409,914) |
| Depletion expense | (76,336) | (39,046) |
| Balance at 31 December | 144,640 | 180,824 |
| Total | 2,065,554 | 3,390,492 |

**Notes to the Consolidated Interim Financial Statements
For the Half-Year Ended 31 December 2009**

8 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 2008 | 29,743,407 | (20,829,737) | 1,774,332 | 10,688,002 |
| Profit or loss | - | (10,291,219) | - | (10,291,219) |
| Other comprehensive income/(loss) | - | (32,271) | - | (32,271) |
| Equity-settled transactions net of tax | - | - | 325,442 | 325,442 |
| Shares issued (net of costs) | 1,581,525 | - | - | 1,581,525 |
| Share options expired | - | 388,540 | (388,540) | - |
| Balance at 31 December 2008 | 31,324,932 | (30,764,687) | 1,711,234 | 2,271,479 |
| Balance at 1 July 2009 | 32,382,149 | (32,392,684) | 1,804,684 | 1,794,149 |
| Profit or loss | - | (1,143,897) | - | (1,143,897) |
| Other comprehensive income/(loss) | - | (18,208) | - | (18,208) |
| Equity-settled transactions net of tax | - | - | 351,999 | 351,999 |
| Shares issued (net of costs) | 2,431,282 | - | - | 2,431,282 |
| Share options expired | - | 121,224 | (121,223) | 1 |
| Balance at 31 December 2009 | 34,813,431 | (33,433,565) | 2,035,460 | 3,415,326 |

Share capital

| | Ordinary Shares | |
|---|------------------------|--------------------|
| | 31 Dec 2009 | 31 Dec 2008 |
| | No. | No. |
| Opening shares on issue at beginning of half-year | 316,052,149 | 205,117,038 |
| Issued for cash (i) | 214,701,433 | 13,000,000 |
| Closing shares on issue – fully paid | 530,753,582 | 218,117,038 |

i) 214,701,433 at \$0.0125 cash

Options

During the half-year ended 31 December 2009, 11,000,000 options were issued to Directors under the director and employee incentive scheme

| | Options | |
|--|--------------------|--------------------|
| | 31 Dec 2009 | 31 Dec 2008 |
| | No. | No. |
| Balance at beginning of the half-year | 26,419,737 | 19,225,000 |
| Granted during the period to Directors | 11,000,000 | - |
| Granted during the period (Investec Bank Ltd.) | - | 7,894,737 |
| Exercised during the period | - | - |
| Lapsed during the period | (1,850,000) | (6,200,000) |
| Balance at end of the half-year | 35,569,737 | 20,919,737 |

**Notes to the Consolidated Interim Financial Statements
For the Half-Year Ended 31 December 2009**

9 Share-based payments

During the half-year ended 31 December 2009 11,000,000 shares were issued to Directors.

All options exercised are settled by physical delivery of shares. The terms and conditions of the grants made during the six months ended 31 December 2009 are as follows:

| Grant date / to entitled | Number of Instrument | Vesting conditions | Contractual life of options | Exercise price \$ |
|---------------------------------|-----------------------------|---------------------------|------------------------------------|--------------------------|
| Options granted to MJ Fry | 3,000,000 | vesting immediately | 5 years | \$0.0554 |
| Options granted to PL Munachen | 5,000,000 | vesting immediately | 5 years | \$0.0554 |
| Options granted to HD Kennedy | 3,000,000 | vesting immediately | 5 years | \$0.0554 |

The fair value received in return for share options granted is measured by reference to the fair value of share options granted. The estimated of the fair value of the services received is measured based on the Black Scholes formula. The contractual life of the option is used as an input into this formula.

For the six months ended 31 December 2009

| | 2009 | 2008 |
|---|-------------|-------------|
| Fair value at grant date | \$0.032 | \$0.04 |
| Share price | \$0.032 | \$0.09 |
| Exercise price | \$0.0554 | \$0.19 |
| Expected volatility (expressed as annualized weighted average) | 121.00% | 88.52% |
| Option life (expressed as weighted average life used in modeling under the Black Scholes) | 5 years | 3 years |
| Expected dividends | - | - |
| Risk-free interest rate (based on national government bonds) | 4.91% | 5.91% |

The expected volatility is based on the historic annualized volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

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.

**Notes to the Consolidated Interim Financial Statements
For the Half-Year Ended 31 December 2009**

10 Related party transactions

Arrangements with Director controlled entities continue to be in place at 31 December 2009. Two of the Directors hold positions in another entity that results in them having control or significant influence over the financial and/or operating policies of these entities. 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.

| Key management personnel | Transaction value (6 months) \$AUD | | Balance outstanding \$AUD | |
|--|--|------------------------|------------------------------|--------------------|
| | 31 December 2009 | 31 December 2008 | 31 December 2009 | 30 June 2009 |
| Company controlled by director Corraline PL (PL Munachen) <i>Finance director fees</i> | 135,000 | 25,000 | 25,000 | 80,000 |
| Company controlled by director Rockfield Group Ltd (HD Kennedy) <i>Director fees</i> | 6,500 | 24,996 | 4,167 | 4,167 |
| Company controlled by directors Resource Services International (Aust) PL (PL Munachen and EA Myers) <i>Administration & secretarial fees</i> | 108,000 | 138,000 | - | - |

The company continued to use the services of Resources Services International (Aust) Pty Ltd, of which Messrs Munachen and Myers are directors, in relation to the provision of corporate secretarial, accounting and administration services. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms. All outstanding balances with related parties were settled in cash within one month of statement of financial position date. The balances owing to the related parties are unsecured.

11 Commitments

TP/15. Norwest holds a 100% interest in this permit that has a well commitment under the permit conditions which is required to be drilled by 26 October 2010. The permit condition is for a well at a cost of A\$3,000,000, whilst the estimated costs is A\$7,000,000. Norwest is negotiating to fund the cost of the well by farming out to a third party. Alternatively it would seek to fund the cost by the issue of further shares in the capital of the Company.

Notes to the Consolidated Interim Financial Statements For the Half-Year Ended 31 December 2009

11 Commitments continued

EP413 Norwest currently has a 1.278% interest in this permit, increasing to a possible 55.606% interest subject to the renewal of the permit and execution by the continuing parties of the relevant documentation and registration with DMP (Department of Mines & Petroleum). One of the conditions of renewal is that the parties, including Norwest will commit to drill a well on the permit by 1 February 2011. The permit condition is for a well at a cost of A\$1,500,000. Norwest's share when all documentation is completed will be 55.606%=A\$834,900. Norwest is negotiating to fund the cost of the well by farming out to a third party. Alternatively it would seek to fund the cost by the issue of further shares in the capital of the Company.

EP368/426 Norwest holds a 20% interest in each of these permits that have the following well obligations pursuant to the permit conditions:

EP368 a well at a cost of A\$7m by 9 Sept 2011;

EP426 a well at a cost of A\$1.5m by 15 July 2010.

It is proposed by Empire, the operator to seek approval from DMP to combine both well obligations and drill one well by September 2011 as the wells on each permit would be targeting the same drill objective, North Errugulla that straddles both permits.

UK. Licence commitments for the UK permits total A \$7,100.

12 Subsequent Events

In January 2010, the Company announced that it had entered into an agreement to acquire the 49.189% interest of Origin Energy Developments Pty Ltd in Northern Perth Basin exploration permit EP413 for a consideration of AU \$87,500. The transaction is subject to the agreement and relevant documents being approved and registered by the Minister for Mines and Energy by 30 June 2010. It is also subject to the continuing parties holding interests in that exploration permit and the Minister agreeing to certain variations of the permit conditions, one of which requires those parties to agree to the drilling of a well on the permit by 1 February 2011.

During February 2010, Norwest announced that it had reached agreement with Victoria Petroleum Offshore Pty Ltd, the wholly owned subsidiary of Victoria Petroleum NL to acquire its Northern Perth Basin interests for a consideration of AU \$500,000. The transaction will result in Norwest increasing its equity in:

- L14 the Jingemia production licence from 1.278% to 6.278% for AU \$491,250; and
- Exploration permit EP413 from 50.593% to 55.606% for AU \$8,750.

Also in February 2010, the Company announced that it has entered into an agreement with Patersons Securities Limited to act as lead manager in arranging a placement of up to 56,575,000 shares at an issue price of 2.3c to raise up to \$1,300,075.

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 2009.

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 2009 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 2009 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

Graham R Swan

Partner

Dated

12 March 2010