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Norwest Energy NL

Interim Financial Report

Half-Year Ended 31 December 2022

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For the Half-Year Ended 31 December 2022

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Directors' Report
31 December 2022

The Directors present their report together with the consolidated financial report of Norwest Energy NL ("Norwest" or "the Company") and its controlled entities ("Consolidated Entity" or "the Group") for the financial half-year ended 31 December 2022 and the independent review report thereon.

1. General Information

Directors
The names of the Company's Directors in office at any time during, or since the end of, the half-year are:

Ernest Anthony Myers (Non-Executive Chairman)
Iain Peter Smith (Managing Director)
Bruce Frederick William Clement (Non-Executive Director)

Principal Activities
The principal activity of the Consolidated Entity during the course of the half-year was 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 net loss of the Group for the half-year ended 31 December 2022 was $928,056; 31 December 2021: $926,512.

Operations
As at the date of this report, the Company holds interests in the following North Perth Basin exploration permits:

- 20% working interest in EP368
- 22.22% working interest in EP426
- 25% working interest in TP/15 (pending approval of application to surrender)

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Exploration Permits EP368 and EP426

During the reporting period the Company updated its interpretation of the Kingia Formation depth structure for the greater Lockyer structure, incorporating two additional seismic lines from the newly acquired Ringneck 2D seismic survey. The revised interpretation results in an increase in the area above the estimated 4,560 metres Free Water Line, from 100 km^2 to 102 km^2 (see Figure 1).

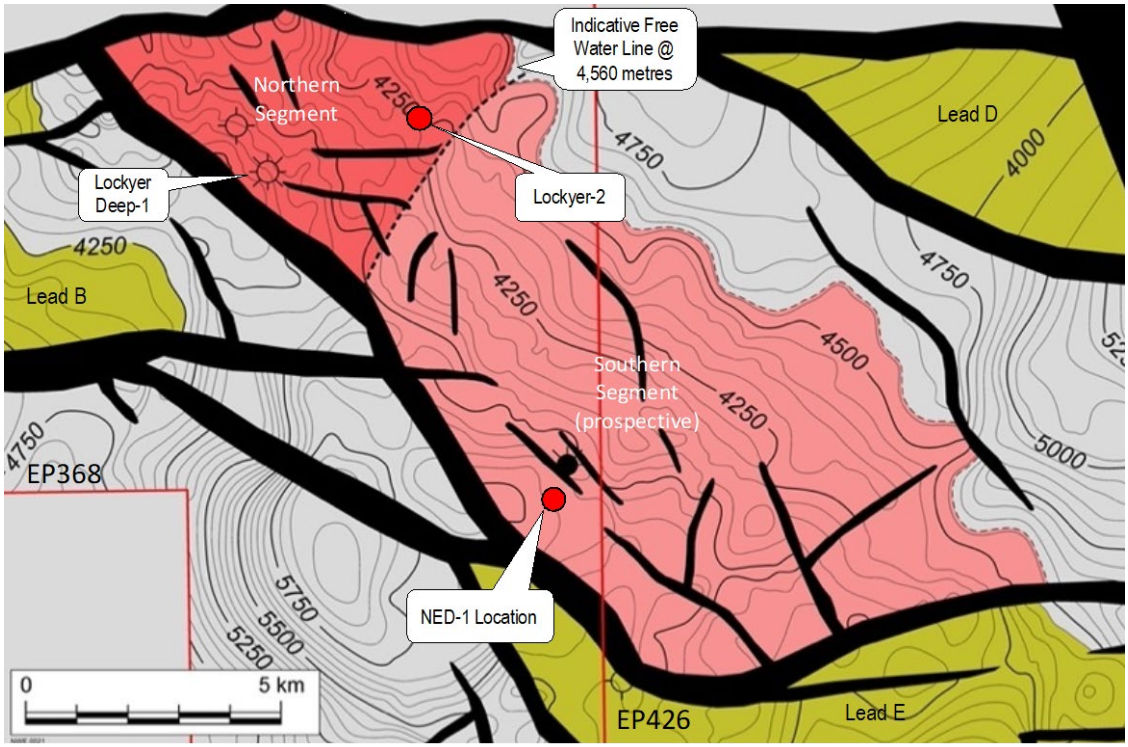

Figure 1: Norwest Energy Top Kingia Fm. Depth Map

During the reporting period Operator, Energy Resources Limited (EnRes) progressed preparations to drill the Lockyer-2 gas appraisal well, and the North Erregulla Deep-1 (NED-1) gas exploration well in a back-to-back drilling campaign targeted to commence in March 2023. These preparations included securing land access, rig procurement and environmental and other regulatory approvals. Early preparations are also in progress for gas appraisal wells at the Lockyer-3 and Lockyer-4 locations, to be drilled contingent upon success at Lockyer-2 and NED-1 respectively and targeting commencement during H2 CY 2023.

The Ringneck 2D seismic survey was completed in late March 2022 with processing results becoming available during the reporting period. The survey was focused primarily on an area to the southeast of the greater Lockyer structure, with the new data complementing existing 2D seismic across permits EP426 and EP368. The updated interpretation reveals a series of faulted structural highs, collectively referred to as Lead E, that are located immediately northeast of the West Erregulla gas field and that abut the southern end of the greater Lockyer structure (refer Figure 2).

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Figure 2: Lead E Top Kingia Depth Map

Lead E covers an area of approximately 74 km^2, primarily within permit EP426, representing a significant gas lead. At this stage further geological studies are required to mature Lead E to a drillable prospect, supported by additional data that will be acquired over the northern part of the lead by the Rococo 3D seismic survey.

The 385 km^2 Rococo 3D seismic survey (refer Figure 3) commenced in early December 2022 and was completed in early March 2023. The survey is designed to provide a high resolution and high quality subsurface view of the greater Lockyer structure, providing valuable insight into the detailed subsurface form of the Lockyer gas discovery. Final processed seismic products are expected to be available in Q4 CY 2023.

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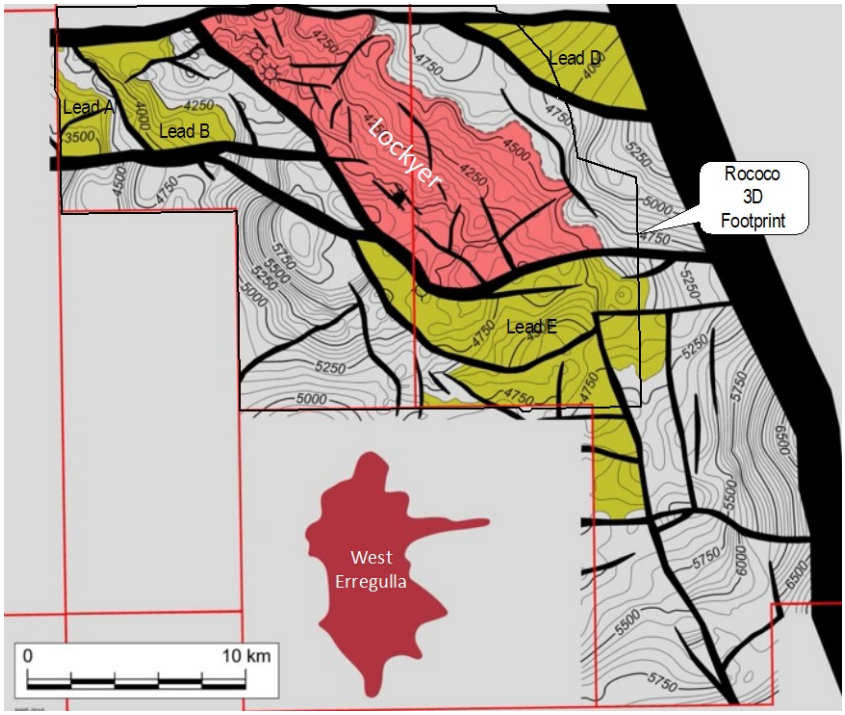

Figure 3: Rococo 3D Seismic Survey Footprint

EP368 JV Participants		
Westranch Holdings Pty Ltd[1]	20%	
Energy Resources Ltd[2]	80%	(Operator)

EP426 JV Participants		
Westranch Holdings Pty[1] Ltd	22.22%	
Energy Resources Ltd[2]	77.78%	(Operator)

[1] Westranch Holdings Pty Ltd is a wholly owned subsidiary of Norwest Energy NL.
[2] Energy Resources Ltd is a wholly owned subsidiary of Mineral Resources Ltd.

Exploration Permit TP/15

During the reporting period the Company, on behalf of the TP/15 Joint Venture, submitted an application to the Department of Mines, Industry Regulation & Safety to surrender exploration permit TP/15. As Operator, during the reporting period the Company completed all required abandonment and restoration works at the Xanadu-1 well site, and awaits receipt of DMIRS confirmation that the permit has been surrendered.

TP/15 JV Participants		
Westranch Holdings Pty Ltd	25%	(Operator)
3C Group	30%	
Triangle Xanadu Pty Ltd[3]	45%	

[3] Triangle Xanadu Pty Ltd is a wholly owned subsidiary of Triangle Energy (Global) Ltd

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Corporate

Issued Capital

Issued capital at 31 December 2022:

- Ordinary shares 6,713,571,592 shares
- Unlisted Options 350,546,657 options
- Performance Rights 30,000,000 rights

Risk Management

The Board takes a pro-active approach to risk management and is responsible for ensuring that both risks and opportunities are identified in a timely manner so that the Company's activities are focused on mitigating risks to the fullest extent possible while taking maximum advantage of opportunities.

Risk	Description
Exploration and Appraisal	Exploration, and to a lesser degree appraisal, are speculative activities with a risk of discovery of hydrocarbons in commercial quantities and an associated risk of development. If Norwest Energy is unsuccessful in locating and developing additional reserves and resources, that are commercially viable, this may have a material adverse effect on the Company's state of affairs. Norwest Energy utilises established methodologies and experienced personnel to mitigate these risks and maximise the chances of success for exploration and appraisal activities. There are a variety of physical risks associated with operating in the hydrocarbon industry. The occurrence of any event associated with these risks could result in significant losses to Norwest Energy that may have a material adverse effect on the Company's financial position. To the extent that it is reasonable and possible to do so, Norwest Energy mitigates the risk of loss associated with operating events by being insured appropriately.
Development and Production	Development and production of hydrocarbon projects may be subject to downside resource outcomes, budget overruns, and interruptions to production. Norwest Energy will undertake technical, financial, and commercial analysis in order to determine a project's readiness to proceed.
Financing	Subject to successfully appraising the discovery the Joint Venture intends to proceed with development and the Company will be required to fund its net share of the cost of development funding, which may be derived from a variety of sources. The Norwest Energy Board of Directors is planning for the potential requirement to fund development activities for Lockyer Deep, and is considering a strategic process to identify funding options available to the Company. While Norwest Energy is presently debt free it is possible that the Company may need to take on debt as the Lockyer gas project progresses from appraisal through to development. Norwest Energy may at that time become more exposed to risks associated with gearing and leverage, including interest rate movements.

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Climate and Sustainability	Norwest Energy recognises that the impacts of climate change may affect our operations and the markets into which the Company intends to sell its products. Direct risks include those arising from increased severe weather events and indirect risks arise from various governmental and market responses to the challenges that climate change poses during the transition to a lower emissions future. These risks may impact demand for the Company's products, the cost to produce those products, the Company's social license and the attractiveness of the Company to both the investment and financing communities. Mitigation of these risks is managed by continual assessment of the risks posed by direct physical impacts and the market risk, and identification of the manner in which the Company can minimise its future emissions impact. Consideration is given to the likely requirements of future funding partners with respect to the Company's Environmental, Social & Governance performance. With regards to market risk, the Board of Directors regards the Company's gas resources as facing a near term low risk to reduced demand due to climate change, particularly given that natural gas is increasingly regarded as a low emissions energy source that can provide much needed "firming" capacity to assist in the transition to a fully renewable-based economy.
Government, Regulatory and policy	Norwest Energy operates in a highly regulated environment and there is a risk that regulatory approvals to undertake activities are withheld or take longer than expected, causing project delays. Changes in Government policy and/or law (both State and Federal) may impact Norwest Energy's operations. However, the Board of Directors considers Western Australia as a jurisdiction that provides a stable environment for investment.
Market	The West Australian domestic gas market and the international LNG market are subject to fluctuations in demand, supply, and consequently price. There are risks of a reduction to the level of demand for the Company's products, attributable to (for example) changes in energy consumption preferences and the effect of the local and global economies on demand. If this occurs, it may result in reduced revenues with a consequent effect on the Company's financial position. Norwest Energy monitors developments in both the WA domestic and international gas markets as preparation for future contracting of its gas resources once the available sales volumes are well defined.
Environment	Norwest Energy's operations inherently present certain risks to the environment. The Company actively manages these risks, working with joint Venture partners to ensure compliance with regulatory and government requirements. Norwest Energy is not able to predict the effect of additional environmental laws and regulations which may be legislated in future. Further, there can be no guarantee that new laws, regulations or enforcement policies will not impede the Company's proposed activities and/or result in additional costs to the business.
COVID-19	Norwest Energy has maintained its response to the COVID-19 pandemic in line with its focus on prioritising the safety and welfare of its employees, suppliers and the community within which it operates. Minor operational delays were experienced during the drilling and testing of the Lockyer Deep-1 exploration well, and the acquisition of the Ringneck 2D seismic survey. The Company continues to monitor ongoing potential COVID-19-related threats to the business and to consider appropriate preventative actions and responses.

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3. Other items

Subsequent Events

Takeover Offer
On 13 March 2023, Mineral Resources Ltd (MinRes) had acquired ownership of approximately 72.84% of the fully paid ordinary shares on issue in Norwest Energy NL (Norwest).

By way of background on 16 December 2022, Norwest received notification that MinRes intended to make an off-market takeover bid to acquire all the fully paid ordinary shares in Norwest that it did not already own (the Offer).

Under the Offer, MinRes initially offered 1 (One) Mineral Resources share for every 1,367 Norwest Shares held.

The Board of Norwest initially rejected that Offer for the reasons set out in a target's statement released by Norwest to ASX on 10 January 2023.

Subsequently, MinRes agreed to increase its Offer to 1 (One) Mineral Resources Share for every 1,300 Norwest Shares, to waive the defeating conditions to its Offer, to shorten the payment terms for Norwest shareholders who accept into the Offer and to extend the Offer period, on the condition that Norwest directors agree to recommend the revised Offer to Norwest shareholders. The Board subsequently unanimously recommended shareholders accept the revised Offer, for the reasons more fully set out in its supplementary target's statement released on 31 January 2023.

Transaction costs with respect to the takeover amount to approximately $7.2 ml to date. This has been an unexpected cost for the Company and has reduced available cash to fund the current budgeted exploration and appraisal activities. In addition to these costs, Norwest has paid Joint Venture cash calls in the amount of $1.5ml. At the date of this report there is cash at bank of $10.9ml.

Exercise of Unlisted Options and Performance Rights
On 2 February 2023, the Board, management and employees exercised their outstanding unlisted options using the cashless exercise option available under the Terms and Conditions of the Norwest Incentive Options and Performance Rights Plan 2018. This action resulted in the issue of 206,291,427 fully paid ordinary shares.

As a result of utilizing the cashless exercise facility, a Notice of Cessation of Securities was lodged on 1 March 2023 to cancel the remaining 115,266,594 Unlisted Options for no additional consideration.

On 6 February 2023, 10,000,000 Performance Rights vested to the Company's Managing Director in accordance with their terms due to the 30-day VWAP of Norwest shares being equal to or greater than 5.5 cents per share, resulting in the issue of 10,000,000 fully paid ordinary shares to the Company's Managing Director.

On 14 February 2023, as a result of MinRes acquiring more than 50.1% of the fully paid ordinary shares on issue in Norwest, a further 20,000,000 Performance Rights vested to the Managing Director due to a change of control of the company in accordance with the Terms and Conditions of the Norwest Incentive Options and Performance Rights Plan 2018. This resulted in an additional 20,000,000 fully paid ordinary shares being issued to the Managing Director.

Norwest now has 6,949,863,019 fully paid ordinary shares on issue. All Directors, Management and Employees have accepted into the Offer from MinRes.

Lead Auditors' Independence Declaration under section 307C of the Corporations Act 2001

The lead auditors' independence declaration for the half-year ended 31 December 2022 is set out on page 11 and forms part of the Directors Report for the six months ended 31 December 2022.

Signed in accordance with a resolution of the Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

…….
Ernest Anthony Myers
Chairman
Perth
14h March 2023

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ROTHSAY
AUDIT & ASSURANCE PTY LTD

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

As lead auditor of the review of Norwest Energy NL for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Norwest Energy NL and the entities it controlled during the half-year.

Rothsay Audit & Assurance Pty Ltd

Graham Webb
Director

14 March 2023

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CHARTERED ACCOUNTANTS
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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 2022 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.

……
Ernest Anthony Myers
Chairman
Perth
14th March 2023

Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2022

	Note	31 December 2022 $	31 December 2021 $
Financing Income		244	219
Joint Venture Operator Overhead fees		15,000	33,181
Personnel & Operator Cost Recovery		19,412	55,206
Depreciation expense		(39,552)	(39,986)
Directors' remuneration (Non-Executive)		(100,227)	(42,082)
Share Based Payments		-	(175,200)
Personnel expenses		(466,212)	(523,533)
Professional fees		(99,298)	(17,535)
Other expenses		(257,423)	(167,060)
Provision for Abandonment and Restoration		-	(36,320)
Write down of Exploration and Development		-	(13,402)
Net loss for the period		**(928,056)**	**(926,512)**
Income Tax Expense		-	-
Net Loss after Tax		**(928,056)**	**(926,512)**
Total Comprehensive Income for the Period		**(928,056)**	**(926,512)**
Basic loss per share (cents per share)		(0.01)	(0.02)
Diluted loss per share (cents per share)		(0.01)	(0.02)

The Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the interim financial statements set out on pages 17 to 21.

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Consolidated Interim Statement of Changes in Equity
For the Half-Year Ended 31 December 2022

Consolidated	Contributed Equity	Share Based Payment Reserve	Accumulated Losses	Total Equity
	$	$	$	$
Balance at 1 July 2022	**90,678,445**	**509,899**	**(63,552,345)**	**27,635,999**
Loss for the period			(928,056)	(928,056)
Shares issued (net of costs)	33,755	-	-	33,755
Share options granted/expired	-	(44,000)	28,045	(15,955)
Balance at 31 December 2022	**90,712,200**	**465,899**	**(64,452,356)**	**26,725,743**
Balance at 1 July 2021	**65,822,236**	**320,000**	**(61,558,451)**	**4,583,785**
Loss for the period			(926,512)	(926,512)
Shares issued (net of costs)	4,053,386	-	-	4,053,386
Share options granted	-	175,200	-	175,200
Balance at 31 December 2021	**69,875,622**	**495,200**	**(62,484,963)**	**7,885,859**

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 17 to 21.

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Consolidated Interim Statement of Financial Position
As at 31 December 2022

	Note	31 December 2022 $	30 June 2022 $
ASSETS			
Current assets			
Cash and cash equivalents		20,499,075	22,807,806
Trade and other receivables		33,507	22,221
Total current assets		**20,532,582**	**22,830,027**
Non-current assets			
Plant and Equipment		-	384
Financial Assets		300,000	-
Deferred Exploration, Evaluation and Development	3	9,435,831	6,171,672
Right of use asset		195,842	235,010
Total non-current assets		**9,931,673**	**6,407,066**
TOTAL ASSETS		**30,464,255**	**29,237,093**
LIABILITIES			
Current liabilities			
Trade and other payables	4	3,481,476	1,301,786
Employee entitlements		10,702	16,798
Lease liabilities		75,613	73,029
Total current liabilities		**3,567,791**	**1,391,613**
Non-current liabilities			
Provision for restoration	3	47,500	47,500
Lease Liabilities		123,221	161,981
Total non-current liabilities		**170,721**	**209,481**
TOTAL LIABILITIES		**3,738,512**	**1,601,094**
NET ASSETS		**26,725,743**	**27,635,999**
EQUITY			
Issued capital	5	90,712,200	90,678,445
Reserves	6	465,899	509,899
Accumulated losses		(64,452,356)	(63,552,345)
TOTAL EQUITY		**26,725,743**	**27,635,999**

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 17 to 21.

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Consolidated Interim Statement of Cash Flows
For the Half-Year Ended 31 December 2022

	31 December 2022 $	31 December 2021 $
Cash flows from operating activities:		
Cash payments to suppliers and employees	(1,040,060)	(687,668)
Interest received	244	219
Joint Venture overhead fees	20,000	35,875
Net cash from operating activities	**(1,019,816)**	**(651,574)**
Cash flows from investing activities:		
Proceeds from Sale of Exploration Assets	-	100,000
Payment for Investment in Pilbara Clean Fuels Pty Ltd	(300,000)	-
Expenditure on oil & gas interests	(1,006,715)	(1,121,091)
Net cash used in investing activities	**(1,306,715)**	**(1,021,091)**
Cash flows from financing activities:		
Proceeds from the issue of share capital	17,800	4,082,215
Costs of issue of Share Capital	-	(157,405)
Net cash from financing activities	**17,800**	**3,924,810**
Net (decrease)/increase in cash and cash equivalents	**(2,308,731)**	**2,252,145**
Cash and cash equivalents at 1 July	22,807,806	3,524,952
Cash and cash equivalents at 31 December	**20,499,075**	**5,777,097**

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 17 to 21.

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Notes to the Consolidated Interim Financial Statements
For the Half-Year Ended 31 December 2022

1. Basis of Preparation

This general purpose financial report for the half-year ended 31 December 2022 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

The financial statements have been prepared on an accruals basis and are based on historical cost except for share based payments, which have been measured at fair value. All amounts are presented in Australian dollars.

This half-year financial 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 of Norwest Energy NL for the year ended 30 June 2022 and public announcements made by Norwest Energy NL and its controlled entities during the half-year period in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies and methods of computation adopted in the preparation of the consolidated half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2022.

New Standards, Interpretations and Amendments

In the half-year ended 31 December 2022, 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 2022.

It has been determined that there is no material impact of the new and revised Standards and Interpretations on the financial position or performance of the Group.

Impact of standards issued but not yet applied by the Group

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 2022. 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.

Going Concern

As at 31 December 2022, the Group had cash available of $20,499,075.

The off-market takeover bid initiated by Mineral Resources Ltd was unforeseen and has required the Company to incur costs that were not anticipated. As a result the Company's available cash has been reduced by the amount of $7.2 million, being costs associated with legal, registry and adviser fees.

The ability of the Consolidated Entity to continue as a going concern is dependent on it being able to raise the additional funds required in order to meet its ongoing commitments in the Perth Basin and for working capital.

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The development of the EP368 and EP426 gas projects will require ongoing funding in order to appraise and develop to production. This will require either debt or equity raisings or possibly a combination of both. The Company's past history of capital raisings and the support of shareholders provide grounds for believing Norwest will be able to raise sufficient funds from these sources. As such the Directors believe that the Consolidated Entity will continue as a going concern. As a result, the financial statements have been prepared on a going concern basis of accounting, which contemplates the continuity of normal business activity and the Group being able to settle its liabilities in the ordinary course of business.

No adjustments have been made as to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

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 2022 $	30 June 2022 $
Transactions for the six months to 31 December		
Exploration and evaluation phase:		
Balance at 1 July	6,171,672	1,394,380
Additions	3,264,159	4,861,346
Exploration expenditure impairment	-	(84,054)
Balance at 31 December	**9,435,831**	**6,171,672**
Provision for restoration[1]		
Balance at 1 July	47,500	11,180
Additions	-	36,320
Balance at 31 December 2022	**47,500**	**47,500**

Note 1 Restoration provision is the estimate of costs for the remediation of the Xanadu-1 well site in the TP15 Permit. Subsequent to 31 December 2022 the Xandu-1 restoration was completed.

4. Trade and Other Payables

	31 December 2022 $	30 June 2022 $
Trade Payables	149,297	56,963
Accrued Expenses[1]	3,319,425	1,232,548
Other Payables	12,754	12,275
	3,481,477	**1,301,786**

Note 1 Accrued Expenses includes cash calls received for costs incurred on the Permits EP368 and EP426 but not paid at 31 December 2022

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5. Contributed Equity

(a) Issued capital

	31 December 2022 $	30 June 2022 $
6,713,571,592 fully paid ordinary shares (30 June 2022: 6,707,582,956)	**90,712,200**	**90,678,445**

(b) Movements in Ordinary Shares

Date	Details	No. of Ordinary Shares		$
01-Jul-22	**Opening Balance**	**6,707,582,956**		**90,678,445**
31-Dec-22	**Closing balance**	**6,713,571,592**		**90,712,200**

01-Jul-22	**Opening Balance**	**6,707,582,956**	**$**	**90,678,445**
08-07-22	Exercise of Unlisted Options	2,000,000	0.0089	17,800
08-07-22	Exercise of Unlisted Options [(1)]	3,988,636	0.0040	15,955
31-Dec-22	**Closing balance**	**6,713,571,592**		**90,712,200**

Note 1 Being the exercise price at grant date under a cashless exercise facility

6. Reserves

	31 December 2022 $	30 June 2022 $
Share based payment reserve	465,899	509,899
	465,899	**509,899**

(a) Nature and purpose

The share-based payment reserve is used to record the fair value of Incentive Options issued by the Group. The unlisted options granted to personnel have been valued at $465,899 (Non- Executive Directors $146,000).

(b) Movements in share-based payments reserve during the past two years

	Number of options/rights 31 December 2022	Number of options/rights 30 June 2022	$ 31 December 2022	$ 30 June 2022
Opening balance	**357,546,657**	**156,000,000**	**509,899**	**320,000**
Expired during the period	(1,011,364)	-	(4,045)	(56,000)
Exercised during the period	(5,988,636)	(19,453,343)	(39,955)	-
Granted during the period	-	221,000,000	-	245,899
Closing balance	**350,546,657**	**357,546,657**	**465,899**	**509,899**

7. Commitments

In order to maintain current rights of tenure to exploration permits, the Consolidated Entity is required to perform minimum exploration work commitments specified by DMIRS. Each of these work commitments has an associated indicative expenditure associated with it. The Group also has commitments with respect to its lease of office space.

The Group also has Work Program and Budget commitments that will fall due during the next 12 months that include or are in addition to the DMIRS requirements.

These obligations are not provided for in the financial report and are due as follows:

	$
Within one year	9,285,246
One year or later and no later than five years	1,463,509
Later than five years	-
Total	**10,748,755**

In order to ensure that the Group's permits remain in good order, discussions and negotiations with the relevant regulatory bodies take place on an as required basis to amend the timing and nature of permit work commitments where technically justified. Should the Group not be permitted to amend the timing or nature of permit work commitments, or have insufficient funds to satisfy those commitments, the Group risks having to relinquish title to those permit(s).

8. Subsequent Events

Takeover Offer

On 13 March 2023, Mineral Resources Ltd (MinRes) had acquired ownership of approximately 72.84% of the fully paid ordinary shares on issue in Norwest Energy NL (Norwest).

By way of background on 16 December 2022, Norwest received notification that MinRes intended to make an off-market takeover bid to acquire all the fully paid ordinary shares in Norwest that it did not already own (the Offer).

Under the Offer, MinRes initially offered 1 (One) Mineral Resources share for every 1,367 Norwest Shares held.

The Board of Norwest initially rejected that Offer for the reasons set out in a target's statement released by Norwest to ASX on 10 January 2023.

Subsequently, MinRes agreed to increase its Offer to 1 (One) Mineral Resources Share for every 1,300 Norwest Shares, to waive the defeating conditions to its Offer, to shorten the payment terms for Norwest shareholders who accept into the Offer and to extend the Offer period, on the condition that Norwest directors agree to recommend the revised Offer to Norwest shareholders. The Board subsequently unanimously recommended shareholders accept the revised Offer, for the reasons more fully set out in its supplementary target's statement released on 31 January 2023.

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Transaction costs with respect to the takeover amount to approximately $7.2 ml to date. This has been an unexpected cost for the Company and has reduced available cash to fund the current budgeted exploration and appraisal activities. In addition to these costs, Norwest has paid Joint Venture cash calls in the amount of $1.5ml. At the date of this report there is cash at bank of $10.9ml.

Exercise of Unlisted Options and Performance Rights

On 2 February 2023, the Board, management and employees exercised their outstanding unlisted options using the cashless exercise option available under the Terms and Conditions of the Norwest Incentive Options and Performance Rights Plan 2018. This action resulted in the issue of 206,291,427 fully paid ordinary shares.

As a result of utilizing the cashless exercise facility, a Notice of Cessation of Securities was lodged on 1 March 2023 to cancel the remaining 115,266,594 Unlisted Options for no additional consideration.

On 6 February 2023, 10,000,000 Performance Rights vested to the Company's Managing Director in accordance with their terms due to the 30-day VWAP of Norwest shares being equal to or greater than 5.5 cents per share, resulting in the issue of 10,000,000 fully paid ordinary shares to the Company's Managing Director.

On 14 February 2023, as a result of MinRes acquiring more than 50.1% of the fully paid ordinary shares on issue in Norwest, a further 20,000,000 Performance Rights vested to the Managing Director due to a change of control of the company in accordance with the Terms and Conditions of the Norwest Incentive Options and Performance Rights Plan 2018. This resulted in an additional 20,000,000 fully paid ordinary shares being issued to the Managing Director.

Norwest now has 6,949,863,019 fully paid ordinary shares on issue. All Directors, Management and Employees have accepted into the Offer from MinRes.

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF

NORWEST ENERGY NL

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Norwest Energy NL ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial report, which outlines the off market takeover bid by Mineral Resources Limited. As stated in Note 1 these events or conditions along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF

NORWEST ENERGY NL (continued)

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year 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.

Rothsay Audit & Assurance Pty Ltd

Graham Webb
Director

Dated 14 March 2023