

# Norwest Energy NL

ACN 078 301 505

## Notice of Annual Meeting Explanatory Statement Proxy Form

To assist Shareholders in their consideration of resolutions to be put to the Annual General Meeting of Shareholders of the Company to be held at the Holiday Inn City Centre, 788 Hay Street, Perth, Western Australia on Thursday, 29 November 2006 at 2.00pm (WDT).

## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Shareholders will be held at the Holiday Inn City Centre, 788 Hay Street, Perth, Western Australia on Thursday, 29 November 2007 at 2.00pm (WDT).

### AGENDA

#### ORDINARY BUSINESS

##### Annual Financial Statements

To receive and consider the Annual Financial Statements, the Directors' Report and Auditor's Reports of the Company for the year ended 30 June 2007.

#### BY ORDINARY RESOLUTION

To consider, and if thought fit, to pass the following resolutions as ordinary resolutions:

**1. Resolution 1 – Remuneration Report**

To receive and adopt the Remuneration report for the year ended 30 June 2007.

*Note that the vote on this item is advisory only and does not bind the Directors or the Company.*

**2. Resolution 2 – Re-election of Director – Mr Jonathan Arnold Salomon**

To re-elect Mr Jonathan Arnold Salomon, who retires by rotation in accordance with the Constitution and, being eligible, offers himself for re-election as a Director.

**3. Resolution 3 – Re-election of Director – Mr Andrejs Karlis Svalbe**

To re-elect Mr Andrejs Karlis Svalbe, who retires by rotation in accordance with the Constitution and, being eligible, offers himself for re-election as a Director.

**4. Resolution 4 – Election of Director – Mr William Frederick Bloking**

To elect Mr William Frederick Bloking, who, having been appointed since the last Annual General Meeting, retires in accordance with the Constitution and, being eligible, offers himself for election as a Director.

**5. Resolution 5 – Issue of Options to Director – WF Bloking**

That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to issue, for no consideration, the following Options to William Frederick Bloking or his nominee:

- a) 1,000,000 Options at an exercise price of \$0.225 each expiring on 30 June 2012;
- b) 1,000,000 Options at an exercise price of \$0.275 each expiring on 30 June 2012; and
- c) 1,000,000 Options at an exercise price of \$0.325 each expiring on 30 June 2012,

in each case on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting (including section 2 of the Explanatory Statement).

The Company will in accordance with section 224 of the Corporations Act 2001 (Cth) disregard any votes cast on Resolution 5 by Mr Bloking and any associate of Mr Bloking. However, the Company need not disregard a vote if it is

cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Bloking or an associate of Mr Bloking.

**6. Resolution 6 - Approval of Non-Executive Directors' Fees**

That, pursuant to Listing Rule 10.17 and clause 15.8 of the Company's Constitution, and for all other purposes, the fees payable in aggregate to the non-executive Directors be increased from a maximum of \$200,000 per annum to a maximum of \$400,000 per annum with the distribution to be at the discretion of the Board.

The Company will disregard any votes cast on Resolution 6 by Directors and any associates of Directors. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast 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.

Dated at Perth this 17<sup>th</sup> day of October 2007  
By Order of the Board

E A Myers  
Company Secretary

## NOTES

These notes form part of the Notice of Annual General Meeting. The Notice of Annual General Meeting should be read in conjunction with the accompanying Explanatory Statement.

Defined words and phrases used in this Notice of Annual General Meeting are defined in section 3 of the accompanying Explanatory Statement.

### Voting Entitlements

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that Shares held as at 5.00pm (WDT) on 27 November 2007 will be taken, for the purposes of the annual general meeting, to be held by the persons who held them at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

### Proxies

A proxy form is attached to the end of the Explanatory Statement.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be himself or herself be a member of the Company;
- a member who is 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. If no proportion or number is specified, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise half of the votes.

In accordance with section 250BA of the Corporations Act, the Company specifies the following information for the purposes of receipt of proxy appointments:

By mail and by hand during office hours.	288 Stirling Street, Perth, Western Australia 6000	By Facsimile:	+ 61 8 9227 3211
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Each member entitled to vote at the annual general meeting has the right to appoint a proxy to attend and vote at the meeting on his behalf. The member may specify the way in which the proxy is to vote on each resolution or may allow the proxy to vote at his discretion. The instrument appointing the proxy must be received by the Company at the address specified above at least 48 hours before the time notified for the meeting (proxy forms can be lodged by facsimile). If signing under a power of attorney, the power of attorney must be deposited at the Company's registered office for inspection and return, when the proxy is lodged.

### Bodies corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

# Norwest Energy NL

ACN 078 301 505

## Explanatory Statement to Shareholders to Accompany Notice of Annual General Meeting

This Explanatory Statement has been prepared for the information of Shareholders in Norwest Energy NL in connection with the resolutions to be put to Shareholders at the Annual General Meeting of the Company to be held at the Holiday Inn City Centre, 788 Hay Street, Perth, Western Australia, on 29 November 2007 at 2.00pm (WDT) other than those relating to the ordinary business of receiving accounts and election of Directors.

### **Section 1: The Resolutions**

#### **Financial Statements and Reports**

The Corporations Act 2001(Cth) and the Company's Constitution require the following reports in respect of the year ended 30 June 2007 to be laid before the meeting:

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

In accordance with the Corporations Act, Shareholders as a whole will be given a reasonable opportunity at the Annual General Meeting to ask questions.

The Corporations Act and the Company's Constitution do not require shareholder approval of these reports.

#### **Resolution 1. Remuneration Report**

Section 250R(2) of the Corporations Act requires the Company to propose a resolution that the Remuneration Report be adopted. Section 250R(3) provides that the vote on this resolution is advisory only and does not bind the Company or the Directors. In accordance with the Corporations Act, Shareholders as a whole will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. The Remuneration Report can be found in the Company's Annual Report 2007.

The Directors unanimously recommend that Shareholders vote in favour of this resolution.

#### **Resolution 2. Re-election of Mr J A Salomon as a Director**

Pursuant to clause 15.2 of the Company's Constitution, Mr Salomon, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr Salomon has over 20 years experience in both large and small exploration and production companies. After an initial period in the coal and minerals sector, he moved to the oil and gas sector with LASMO in Brisbane and then Ampolex in Sydney, where he was tasked with the development of Australian and international oil and gas projects. Following the Mobil takeover of Ampolex in the late 1990's, he worked in the USA and headed up a team developing new projects in South Asia. This provided him with an extensive knowledge of the Asian region, as well as establishing many regional contacts.

#### **Resolution 3. Re-election of Mr A K Svalbe as a Director**

Pursuant to clause 15.2 of the Company's Constitution, Mr Svalbe, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr Svalbe has in excess of 25 years experience in the oil industry working in Australia and overseas. During this period he has been involved with a diverse range of exploration, development and production projects, particularly with Exxon and Pancontinental Petroleum. Mr Svalbe was formerly the chief executive officer and director of Pancontinental Oil & Gas NL (since 1998 to 6 July 2007).

#### **Resolution 4. Election of Mr W F Bloking**

Pursuant to clause 15.2 of the Company's Constitution, Mr Bloking, being a Director appointed to the Board in March 2007, retires and, being eligible, offers himself for election as a Director.

Mr Bloking recently retired as President, Australia/Asia Gas, BHP Billiton Petroleum. Mr Bloking brings a wealth of knowledge to Norwest having held senior positions in Australia, Asia, North and South America for 20 of the last 32 years working within the energy sector for companies such as ExxonMobil and BHP Billiton Group. As CEO of BHP Billiton Petroleum (North West Shelf) Pty Ltd, Mr Bloking was accountable for developing and implementing strategic and commercial plans for assets exceeding \$3 billion.

#### **Resolution 5. Issue of Options to Director – William Frederick Bloking**

Shareholders will be asked at the meeting to approve the issue to William Frederick Bloking, or his nominee, of a total of 3,000,000 Options. The Options expire on 30 June 2012 and have the following exercise prices:

- (a) 1,000,000 Options have an exercise price of \$0.225 each;
- (b) 1,000,000 Options have an exercise price of \$0.275 each; and
- (c) 1,000,000 Options have an exercise price of \$0.325 each.

The Options have the following vesting conditions:

- 50% of each tranche of the Options cannot be converted to Shares until after a period of 6 months from date of issue; and
- 100% of each tranche of the Options cannot be converted to Shares until after a period of 12 months from date of issue.

The full terms and conditions of the Options are set out in section 2 of this Explanatory Statement.

The Options are to be issued to the William Frederick Bloking as an incentive for future performance. The issue of the Options, and their exercise prices, was contemplated at the time of Mr Bloking's appointment as a Director, being 6 March 2007. On that date, the Company announced to the market that the Options were to form the incentive component of Mr Bloking's terms of appointment and part of his remuneration package.

The issue of the Options is designed to encourage Mr Bloking to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. Under the Company's current circumstances the Directors consider that the incentives intended for Mr Bloking represented by the issue of these Options are a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

The number of Options to be issued to Mr Bloking has been determined based upon a consideration of:

- his remuneration;
- the Directors' wish to ensure that the remuneration offered is competitive with market standards. The Directors have considered the proposed number of Options to be issued will ensure that Mr Bloking's overall remunerations is in line with market standards; and
- incentives to attract and ensure continuity of service of directors who have appropriate knowledge and expertise.

As noted above, the exercise prices of the Options were determined at the time Mr Bloking was appointed as a Director, being 6 March 2007. The closing market price of Shares on that date was \$0.155 and accordingly, the exercise prices for all three tranches of Options represented at that time what the Directors considered to be an appropriate premium over the market price of Shares.

The Company acknowledges the issue of Options to a non-executive Director is contrary to recommendation 9.3 of the ASX Principles of Good Corporate Governance and Best Practice Recommendations. However, the Board considers the issue of the Options pursuant to Resolution 5 to be reasonable in the circumstances given the Company's size and stage of development and the necessity to attract and retain the highest calibre of professionals to the role, whilst maintaining the Company's cash reserves.

The 3,000,000 Options proposed to be issued to Mr Bloking, or his nominee, will not be listed on the ASX and as such will not be tradeable.

The 3,000,000 Options may be converted to Shares by payment of the relevant exercise price and may not have a present value at the date of issue. The Options may acquire future value dependent upon the extent to which the value of the Shares exceed the exercise price during the term of the Options.

### **Related Party Transactions generally**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

1. the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
2. shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, Mr Bloking is considered to be a related party of the Company.

Resolution 5 provide for the issue of Options to Mr Bloking which is a financial benefit which requires shareholder approval.

### **Current Holdings**

As at the date of this Notice of Annual General Meeting, Mr Bloking does not have any relevant interests in the securities of the Company.

### **Information Requirements**

For the purposes of Chapter 2E of the Corporations Act, the following information is provided.

#### ***The related party to whom the proposed resolution would permit the financial benefit to be given:***

Subject to shareholder approval, a maximum of 3,000,000 Options will be issued to Mr William Frederick Bloking or his nominee.

#### ***The nature of the financial benefit***

The proposed financial benefit to be given is the issue of 3,000,000 Options for no consideration to Mr Bloking, or his nominee, as noted above. The terms and conditions of the Options to be issued are set out in section 2 to this Explanatory Statement.

#### ***Directors' recommendation***

All the Directors were available to make a recommendation. For the reasons noted above:

Messrs Jonathan Salomon, Andrew Svalbe, Peter Munachen and Henry Kennedy (who have no interest in the outcome of Resolution 5) recommend that Shareholders vote in favour of Resolution 5. Mr Bloking declines to make a recommendation about Resolution 5 as he has a material personal interest in the outcome of that particular resolution as it relates to the proposed issue of Options to him or his nominee.

#### ***Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors.***

The proposed ordinary Resolution 5 would have the effect of giving power to the Directors to issue a total of 3,000,000 Options on the terms and conditions as set out in section 2 to this Explanatory Statement and as otherwise mentioned above.

The Company currently has 202,217,038 Shares on issue and the following unlisted options on issue:

Number of options	Exercise price	Expiry
3,250,000	\$0.20	28 November 2007
500,000	\$0.10	30 June 2008
500,000	\$0.15	30 June 2008
200,000	\$0.15	21 November 2008
6,200,000	\$0.20	27 November 2008
100,000	\$0.13	8 August 2009
2,500,000	\$0.15	25 November 2009
500,000	\$0.13	9 March 2010
500,000	\$0.18	9 March 2010
250,000	\$0.20	9 June 2010
250,000	\$0.25	9 June 2010
250,000	\$0.11875	17 April 2011
7,025,000	\$0.15	27 November 2011
1,000,000	\$0.20	30 April 2012
500,000	\$0.25	30 April 2012
<b>23,525,000</b>		

If all Options issued as proposed above are exercised, and assuming no existing options on issue have been exercised, the effect would be to dilute the share holding of existing Shareholders by approximately 10.4%. The market price of the Company's Shares during the period of the Options will normally determine whether or not the Option holder exercises the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Options.

Mr Bloking's total remuneration package and the total financial benefit to be received by him in this current period as a result of the issue of the Options the subject of Resolution 5 are as follows:

Director	Base Fees	Value of Director Options	Total Financial Benefit
WF Bloking	\$75,000	\$802,488	\$877,488

The above range of valuations is based on the share price of the Company of \$0.325, which is the price of Shares as at the date of the valuation, being 9 October 2007. A further valuation will be undertaken at the date of the actual issue of the Options to Mr Bloking or his nominee.

### Valuation of the Options

The Black-Scholes Option Pricing Model (BSOPM) for valuing options has been adopted assuming a market value of Shares of 32.5 cents (\$0.325) with a risk-free rate of 6.42%, volatility of 113% and exercise prices of \$0.225 for 1 million Options, \$0.275 for 1 million Options and \$0.325 for the remaining 1 million Options. The BSOPM values the Options as follows:

Number of Options	Exercise price per Option	Value of each Option	Total value
1,000,000	\$0.225	\$0.273370	\$273,370
1,000,000	\$0.275	\$0.267273	\$267,273
1,000,000	\$0.325	\$0.261845	\$261,845
			<b>\$802,488</b>

Under the Australian Equivalent of IFRS, the Company is required to expense the value of the Options in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Statement, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the Options pursuant to Resolution 5.

Neither the Directors nor the Company are aware of other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed resolution.

### ***Listing Rule 10.11***

Listing Rule 10.11 requires shareholder approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the issue of Options to Mr Bloking, or his nominee.

### ***Additional Information***

The following information in relation to the Options to be issued pursuant to Resolution 5 is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) the Options will be issued to Mr William Frederick Bloking, or his nominee, as noted above;
- (b) the maximum number of Options to be issued is 3,000,000;
- (c) the Options will be allotted and issued on a date which will be no later than 1 month after the date of this meeting, unless otherwise extended by way of ASX granting a waiver to Listing Rule 7.3.2;
- (d) the Options will be issued for no consideration;
- (e) no funds will be raised by the issue of the Options; and
- (f) the terms and conditions of the Options are set out in section 2 to this Explanatory Statement.

If approval is given for the issue of the Options under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

### **Resolution 6 Approval of Non-Executive Directors' Fees**

Under clause 15.8 of the Company's Constitution and the Listing Rule 10.17, the fees payable to non-executive Directors for their services as Directors are determined by the Board within a maximum annual aggregate limit approved by Shareholders.

The present maximum annual aggregate of \$200,000 was approved by Shareholders at the Annual General Meeting of the Company on 29 November 2004. The Board consider this amount is now inadequate.

A review of fees paid to Directors was conducted in early 2007 to ensure that the fees paid by the Company are comparable to fees paid by similar sized companies in the industry and to allow it to attract and retain high calibre directors.

In consideration of the factors noted above, it is proposed to increase the amount of the funds available for payment of fees to non-executive Directors from a maximum aggregate amount of \$200,000 per annum to an amount of \$400,000 per annum.

It is not intended that, should Resolution 6 be passed, the maximum annual aggregate of fees payable to non-executive Directors will be utilised immediately. The proportion remaining unused at present will provide the Company with the ability to attract and retain high quality directors in the future, to make any appropriate increases to the size of the Board and to increase fees in the future in line with market conditions.

The Directors make no recommendation to Shareholders regarding Resolution 6 as they are excluded from voting on the resolution.

## Section 2: Terms and Conditions of the Options proposed to be issued to W F Bloking

### Tranche 1 - \$0.225 Options

- a) No monies are payable for the issue of the Options.
- b) Each Option carries the right in favour of the Option holder to subscribe for one Share.
- c) Subject to the Listing Rules, Shares subscribed for on exercise of the Options are issued at the Exercise Price of an amount equal to \$0.225 each.
- d) Unless otherwise approved by resolution of Shareholders the Options are exercisable as follows:
  - i. 50% may be converted to Shares after a period of six months has elapsed from the date of issue;
  - ii. 100% may be converted to Shares after a period of twelve months has elapsed from the date of issue;
- e) The Options issued must be exercised on or before 30 June 2012.
- f) Notwithstanding paragraph (d) an Option holder may exercise any of the Options during a Takeover Period.
- g) Subject to the Listing Rules, an Option holder may not sell, transfer, assign, give or otherwise dispose of, in equity or in law, the benefit of the Options, other than to an Eligible Nominee of that Option holder.
- h) The Options cannot be listed for official quotation on ASX nor on any other official stock exchange in any other country.
- i) The Options are exercisable by the delivery to the Company of the Option exercise form appearing on the reverse of the option certificate stating the intention of the Option holder to exercise all or a specified number of the Options held by the Option holder accompanied by the option certificate and a cheque made payable to the Company for the Exercise Price for each of the Options to be exercised. An exercise of only some of the Options does not affect the rights of the Option holder to the balance of the Options held by the Option holder.
- j) The Company must allot the resultant Shares and dispatch the holding statements within five business days of the exercise of the Options.
- k) Shares allotted pursuant to an exercise of Options rank, from the date of allotment, equally with existing Shares of the Company in all respects.
- l) The Company must within 3 business days of allotment make application to have Shares allotted pursuant to an exercise of the Options listed for official quotation by ASX and any other stock exchange on which the Shares are quoted from time to time.
- m) There are no participating rights or entitlements inherent in the Options and holders are not entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 business days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- n) There will be no change to the exercise price of the Option or the number of Shares over which the Option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares (other than a bonus issue).
- o) If there is a bonus share issue (**Bonus Issue**) to the holders of Shares, the number of Shares over which the Options are exercisable will be increased by the number of Shares which the Option holder would have received if the Options had been exercised before the record date for the bonus issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.
- p) In the event of a re-organisation of the issued capital of the Company the Options must be re-organised in accordance with the Listing Rules.

## Tranche 2 - \$0.275 Options

- a) No monies are payable for the issue of the Options.
- b) Each Option carries the right in favour of the Option holder to subscribe for one Share.
- c) Subject to the Listing Rules, Shares subscribed for on exercise of the Options are issued at the Exercise Price of an amount equal to \$0.275 each.
- d) Unless otherwise approved by resolution of Shareholders the Options are exercisable as follows:
  - i. 50% may be converted to Shares after a period of six months has elapsed from the date of issue;
  - ii. 100% may be converted to Shares after a period of twelve months has elapsed from the date of issue;
- e) The Options issued must be exercised on or before 30 June 2012.
- f) Notwithstanding paragraph (d) an Option holder may exercise any of the Options during a Takeover Period.
- g) Subject to the Listing Rules, an Option holder may not sell, transfer, assign, give or otherwise dispose of, in equity or in law, the benefit of the Options, other than to an Eligible Nominee of that Option holder.
- h) The Options cannot be listed for official quotation on ASX nor on any other official stock exchange in any other country.
- i) The Options are exercisable by the delivery to the Company of the Option exercise form appearing on the reverse of the option certificate stating the intention of the Option holder to exercise all or a specified number of the Options held by the Option holder accompanied by the option certificate and a cheque made payable to the Company for the Exercise Price for each of the Options to be exercised. An exercise of only some of the Options does not affect the rights of the Option holder to the balance of the Options held by the Option holder.
- j) The Company must allot the resultant Shares and dispatch the holding statements within five business days of the exercise of the Options.
- k) Shares allotted pursuant to an exercise of Options rank, from the date of allotment, equally with existing Shares of the Company in all respects.
- l) The Company must within 3 business days of allotment make application to have Shares allotted pursuant to an exercise of the Options listed for official quotation by ASX and any other stock exchange on which the Shares are quoted from time to time.
- m) There are no participating rights or entitlements inherent in the Options and holders are not entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 business days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- n) There will be no change to the exercise price of the Option or the number of Shares over which the Option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares (other than a bonus issue).
- o) If there is a bonus share issue (**Bonus Issue**) to the holders of Shares, the number of Shares over which the Options are exercisable will be increased by the number of Shares which the Option holder would have received if the Options had been exercised before the record date for the bonus issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.
- p) In the event of a re-organisation of the issued capital of the Company the Options must be re-organised in accordance with the Listing Rules.

### Tranche 3 - \$0.325 Options

- a) No monies are payable for the issue of the Options.
- b) Each Option carries the right in favour of the Option holder to subscribe for one Share.
- c) Subject to the Listing Rules, Shares subscribed for on exercise of the Options are issued at the Exercise Price of an amount equal to \$0.325 each.
- d) Unless otherwise approved by resolution of Shareholders the Options are exercisable as follows:
  - i. 50% may be converted to Shares after a period of six months has elapsed from the date of issue;
  - ii. 100% may be converted to Shares after a period of twelve months has elapsed from the date of issue;
- e) The Options issued must be exercised on or before 30 June 2012.
- f) Notwithstanding paragraph (d) an Option holder may exercise any of the Options during a Takeover Period.
- g) Subject to the Listing Rules, an Option holder may not sell, transfer, assign, give or otherwise dispose of, in equity or in law, the benefit of the Options, other than to an Eligible Nominee of that Option holder.
- h) The Options cannot be listed for official quotation on ASX nor on any other official stock exchange in any other country.
- i) The Options are exercisable by the delivery to the Company of the Option exercise form appearing on the reverse of the option certificate stating the intention of the Option holder to exercise all or a specified number of the Options held by the Option holder accompanied by the option certificate and a cheque made payable to the Company for the Exercise Price for each of the Options to be exercised. An exercise of only some of the Options does not affect the rights of the Option holder to the balance of the Options held by the Option holder.
- j) The Company must allot the resultant Shares and dispatch the holding statements within five business days of the exercise of the Options.
- k) Shares allotted pursuant to an exercise of Options rank, from the date of allotment, equally with existing Shares of the Company in all respects.
- l) The Company must within 3 business days of allotment make application to have Shares allotted pursuant to an exercise of the Options listed for official quotation by ASX and any other stock exchange on which the Shares are quoted from time to time.
- m) There are no participating rights or entitlements inherent in the Options and holders are not entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 business days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- n) There will be no change to the exercise price of the Option or the number of Shares over which the Option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares (other than a bonus issue).
- o) If there is a bonus share issue (**Bonus Issue**) to the holders of Shares, the number of Shares over which the Options are exercisable will be increased by the number of Shares which the Option holder would have received if the Options had been exercised before the record date for the bonus issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.
- p) In the event of a re-organisation of the issued capital of the Company the Options must be re-organised in accordance with the Listing Rules.

# Norwest Energy NL

ACN 078 301 505

## Section 3: Glossary of Defined Terms

The following terms and abbreviations used in this Explanatory Statement and Notice of Meeting have the following meanings:

**ASX** means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Board** means the board of Directors.

**Business Day** means a day on which trading takes place on the stock market of the ASX.

**Company** or **Norwest** means Norwest Energy NL (ABN 95 078 310 505).

**Constitution** means the Company's Constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the directors of the Company.

**Dollar or \$** means Australian dollars unless otherwise indicated.

**Eligible Nominee** means a spouse of a Director, a body corporate in which a Director is beneficially entitled to not less than 50% of the issued voting share capital, or a trustee of a family trust established for the benefit of the family of the Director, in their capacity as trustee.

**Listing Rules** means the official Listing Rules of the ASX.

**Options** means the options to acquire Shares proposed to be issued pursuant to Resolution 5, the terms and conditions of which are set out in section 2 of this Explanatory Statement.

**Share** means an ordinary fully paid share in the Company.

**Shareholder** means the holder of one or more Shares.

**Takeover Period**, in relation to a takeover bid in respect of shares in the Company, means the period referred to in section 624 of the Corporations Act as extended under the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a Part A Statement on the Company in relation to that takeover bid, the Takeover Period is deemed to have commenced at the time of that announcement.

**WDT** means Australian Western Daylight Time.

# Norwest Energy NL

ACN 078 301 505

## Norwest Energy NL PROXY FORM

I ..... of .....  
being a member of Norwest Energy NL hereby appoint

..... of .....  
or failing him

..... of .....

or failing them, the Chairman of the meeting as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held at the Holiday Inn City Centre, 788 Hay Street, Perth, Western Australia, on Thursday 29<sup>th</sup> November 2007 at 2.00pm WDT and at any adjournment thereof.

If no person is named above or if the person named does not attend the meeting or is not a legally effective choice the Chairman of the meeting will be my/our proxy to vote for me/us on my/our behalf at the meeting or any adjournment of the meeting. I/we understand that the Chairman intends to vote undirected proxies in favour of Resolutions 1 to 6.

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of Resolutions 5 and 6, please place a mark in the box.

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 5 and 6 and that votes cast by the Chairman of the meeting other than as a proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the meeting will not cast your votes on Resolutions 5 and 6 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 5 and 6.

**I/we understand that if I/we have not directed my/our proxy how to vote, my/our proxy may vote or abstain from voting as he or she thinks fit.**

### RESOLUTIONS

	FOR	AGAINST	ABSTAIN
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director - Mr J A Salomon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Director - Mr A K Svalbe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Election of Director - Mr W F Bloking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of Options to Mr W F Bloking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of Non-Executive Directors' Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dated this.....day of.....2007

# Norwest Energy NL

ACN 078 301 505

Proxy Form Page 2

**If the member is a company, it must affix its Common Seal or sign by a duly authorised officer.**

**Please sign on the reverse of this form**

Proxy forms (and power of attorney, if any, under which the proxy form is signed) must be:  
sent by mail or delivered to 288 Stirling Street ,Perth, Western Australia, 6000 or  
by fax to: +61 8 9227 3211

If the member is a company;

EXECUTED by )

)

ACN )

in accordance with section 127 of the )

Corporations Law )

.....  
Director/Company Secretary\*

.....  
Director/Sole Director and Sole Company Secretary\*

.....  
Name of Director/Company Secretary\*  
(BLOCK LETTERS)

.....  
Name of Director/Sole Director and Sole Company  
Secretary\* (BLOCK LETTERS)

\*Delete whichever is not applicable

**OR**

.....  
Signature

.....  
(Insert capacity in which duly authorised officer is  
signing for a member which is a company)

**If the member is an individual or joint holders:**

.....  
Signature

.....  
Signature

## Instructions for appointment of proxy

1. A member entitled to attend and vote at the Annual General Meeting convened by the above Notice of Annual General Meeting is entitled to appoint not more than 2 proxies to vote on the member's behalf.
2. Where 2 proxies are appointed and the appointment does not specify the proportion or number of the member's votes each proxy may exercise half of the member's voting rights.
3. A proxy need not be a member.
4. Proxy forms (and the power of attorney, if any, under which the proxy form is signed) must be received at 288 Stirling Street, Perth, Western Australia, fax number (08) 9227 3211 no later than 48 hours before the time fixed for holding the meeting.
5. Appointment of a proxy by a member being a natural person must be under the hand of the member or of an attorney appointed in writing by the member.
6. Appointment of a proxy by a member being a body corporate must be under the common seal of the body corporate or under the hand of an attorney appointed in writing by the body corporate.
7. If signing under a power of attorney, the power of attorney must be deposited at the Company's registered office for inspection and return, when the proxy is lodged.
8. The proxy appointment may be a standing appointment for all general meetings until it is revoked.

# Norwest Energy NL

ACN 078 301 505

Proxy Form Page 2

As permitted by the Corporations Act, the Company has determined that all securities of the Company registered as at 5.00pm WDT on 27 November 2007 will be taken for purposes of the meeting, to be held by the persons who are the registered holders. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Proxy forms (and power of attorney, if any, under which the proxy form is signed) must be:  
sent by mail or delivered to 288 Stirling Street, Perth, Western Australia, 6000 or by fax to: +61 8 9227 3211