

ASX ANNOUNCEMENT
ASX: NWE

28 November 2018



ABN: 65 078 301 505
Level 2, 30 Richardson Street
West Perth WA 6005
PO Box 1264 West Perth WA 6872
Tel: +61 8 9227 3240
Fax: +61 8 9227 3211
www.norwestenergy.com.au

Managing Director's Address at 2018 AGM

Norwest Energy NL (**Norwest** or the **Company**) releases the address to be presented by the Managing Director at the Company's Annual General Meeting today at the Park Business Centre, 45 Ventnor Avenue, West Perth.

For further information:

Investors

Shelley Robertson
Managing Director and CEO
Phone: +61 8 9227 3240
Email: info@norwestenergy.com.au

Managing Director's Address at 2018 AGM

Good afternoon ladies and gentlemen.

Thank you for attending the Norwest Annual General Meeting for 2018. Today I will provide you with a short update on the Company's activities over the past 12 months and provide an outlook on what is ahead of us in 2019.

Before I start, however, I would like to advise that today Michael Fry has informed the Board he does not intend to seek re-election at this meeting. As you would have read in the Company's Notice of Annual General Meeting, our Constitution requires approximately one third of the Board to retire at each annual general meeting, and this year it was Mike's turn to retire by rotation.

This year our Board identified the need to put a plan in place for renewal at the Board level. Over the past few weeks, the Board has received comments from shareholders also asking for Board renewal. Although the proxies received by the Company show that Resolution 2, the resolution to re-elect Mike as a director, would likely have been passed by shareholders, Mike has noted that due to personal commitments together with the desire to refresh the Board composition, he has decided not to nominate for re-election.

As a result, Michael Fry shall resign as a director of the Company at this Annual General Meeting and shall not be re-elected. Resolution 2 shall be withdrawn from the meeting.

I would like to acknowledge the significant contribution Mike has made to this Company since he joined the Board in 2009. We will miss his calm, stable leadership. On behalf of the Norwest Board and staff, I thank him for his enormous contribution over the last nine and a half years and wish him well in his future endeavors.

The keen mathematical minds in the audience may have been able to spot that with Mike not seeking re-election, the Board is one director short of its three-person-minimum.

I am pleased to advise that Mr. Ernie Myers will be appointed as a director at the conclusion of this Meeting. Ernie has more than 40 years' experience in the natural resources sector, and has held senior, executive and non-executive roles with oil and gas and other ASX-listed companies throughout his career. Ernie will serve as the Company's Non-Executive Chairman and we look forward to working with him in the future.

Now, it would be fair to say that 2018 has been a mixed year for the Company. We have had some successes and also a few disappointments, however in my view Norwest has never been in a better position for rapid progress than today.

Our successes have been steady and important, though not necessarily the kind of developments that grab headlines.

The Jingemia Oil Field in L14 has now been successfully brought back online, and each week we work closely with Operator RCMA to expand the field from the currently two operating wells to what we hope will be four operating wells, with the two additional well workovers commencing this week. The cash flow from this project is not huge, but certainly contributes to our business running costs. The restart of the project itself is an impressive achievement and shows the potential that can be achieved through our strong, positive relationship with RCMA, who are proving to be a very impressive organisation and joint venture partner.

We hope the strong working relationship we have built with RCMA will continue to outperform expectations as we commence exploration in the broader production licence.

Similarly, we are pleased at the positive relationship we have built with Mineral Resources, the Operator of EP368 and EP426. There is no doubt MinRes are building an extensive footprint throughout Western

Australia, and we believe they are capable and motivated to utilise their recently acquired gas assets from Empire Oil & Gas to power their operations for years to come.

The Lockyer Deep prospect in particular has me excited and we are very pleased that MinRes shares our optimism for moving forward on that project.

One of our biggest wins however has also been the most recent. As I'm sure most of you already know, yesterday the State Government released its findings following the scientific panel inquiry into hydraulic fracture stimulation. I was personally involved in this process, being a committee member on the industry-led steering committee to represent the onshore oil and gas operators, providing information to the Inquiry Panel on behalf of our industry. Although it will take us some time to read and fully digest the panel's findings and recommendations, we are very pleased to learn the State Government has resolved to lift the current moratorium on fracking.

This is an extremely positive development for our Company, and our EP413 'Arrowsmith' permit in particular. In 2015 we completed 3D seismic acquisition on this permit and have used that information to form an understanding of the relevant structural definition, however all progress had been put on hold due to the moratorium.

Let me pause here to note however that there is much work to be done on understanding what we have at EP413, and we will take a measured approach to any future work programs that may include fracking. We take our social license to operate very seriously and believe the reputation we have built and the relationships we have developed both with the Government and Regulators but also within the Community are perhaps the biggest assets within the Company, albeit not one that shows on our balance sheet.

The scientific inquiry involved extensive research into the industry and the Perth Basin in particular. We intend to read, digest and comprehend that report very carefully before moving forward. However, we truly do believe we can continue to progress our assets using fracking where appropriate in a manner that will prove to our community the process can be done safely and in a way that benefits Western Australia as a whole, as well as our shareholders. Norwest was one of the earliest movers in the onshore shale and tight gas plays in Western Australia. You may recall that the Arrowsmith-2 well was fraced in 2012, with ongoing baseline monitoring demonstrating the effectiveness and safety of that process.

I mentioned there had been some disappointments too.

Perhaps the biggest disappointment for me personally has been the delay to our approvals for acquisition of 3D seismic acquisition over the TP/15 Xanadu prospect. I understand shareholders are frustrated about these delays. I do not blame them. I do not hide either from my responsibility as CEO – it is my job to get the 3D seismic underway within a reasonable timeframe, and I was bitterly disappointed to have to accept the most recent delays.

While I do not offer this as an excuse, because ultimately the responsibility lies with me, I note that although aspects of the permitting process are described publicly through Government Department websites, I urge all shareholders to treat those notifications with some caution. It is not true, for example, to suggest that the Company's application has been rejected multiple times. The truth is simply that the State Government processes are not clearly defined, and a number of times the Regulator has unexpectedly asked us to provide further information and additional consultation with various interested parties before re-submitting our application. This, together with the limited windows of opportunity throughout the year to acquire useful data, means that our application for 3D Seismic approvals has taken us much longer than we had hoped it would.

The next window of opportunity is currently March 2019. I understand some shareholders are frustrated by our decision to restrict ourselves to these windows, however we take this approach to ensure we receive the best data available as fast as possible. For example, we wait until the whale migration is complete to avoid lengthy EPA and Commonwealth Government approvals via the EPBC Act. We avoid the December to February period due to the increased number of tourists, recreational and commercial lobster fishermen, which significantly increases the water traffic, and which can adversely affect the data. I understand that

to outsiders it may seem strange that these seemingly innocuous factors might stand in the way of our progress, however we take this approach to ensure we get the most benefit from the seismic acquisition that we can.

I also note the technique of using divers to hand place nodes on the seabed is new to Australia, and therefore requires additional information be put to the Regulator to ensure diver safety. Norwest prides itself on its impeccable management of environment and safety risks, and this survey will be testament to this.

As I mentioned earlier, I place huge importance on our reputation and relationships within the industry. I believe our success at TP/15 and elsewhere means our Company had been developing a reputation for being a shrewd operator, capable of progressing projects on time and under budget. I am motivated and driven to ensure this 3D Seismic delay does not harm our reputation any further and we are able to acquire seismic in the next available window.

The Regulator sees the Xanadu project as a very exciting project and has applauded us for the excellent manner in which Xanadu-1 was drilled. In fact, Norwest was held up as an example to industry for our excellence in the delivery of the Xanadu drilling program and invited to apply for the Government's Golden Gecko Award for excellence in environmental management. This makes me very proud of what the small team at Norwest can achieve on behalf of our shareholders.

I now look to the next twelve months.

In my view, the industry is increasingly waking up to the vast potential available within the Perth Basin. Corporate activity is clearly increasing.

It began early in the year with the bidding war over AWE Limited, which ultimately ended in Mitsui acquiring the company for a transaction value of \$602 million. More recently, however, we have seen the AWE Transaction followed by a flurry of follow-on activity.

I note the recent acquisition of Whitebark Energy's 15% interest in TP/15 by Triangle Energy (Global) Limited, for an aggregate purchase price of \$5 million. As shareholders will no doubt be aware, Triangle Energy is our Joint Venture Partner on TP/15, and will, after completion of that deal, hold a total interest of 45% in that permit.

I note the recent merger by way of scheme of arrangement between Strike Energy and UIL Energy, valuing UIL at approximately \$16 million. We think that transaction shows the strategic value a strong portfolio of assets within the Perth Basin can bring to the right acquirer.

We are pleased also to see Petrel Energy's recent announcement of its proposed acquisition of Warrego Energy Limited by reverse takeover, which I understand is to form the basis for an AIM-listing of that combined entity.

This recent activity within the Perth Basin is encouraging, but we do not intend to let it be a distraction. We plan to continue to progress our portfolio of Perth Basin assets and trust that the market will soon wake up to the real value in what we have. It is in fact my belief that Norwest Energy has one of the best portfolio's in the Perth Basin, particularly amongst the juniors, and I look forward to being able to see that value realised as soon as possible.

To summarise where that portfolio is at:

- The well workovers at Jingemina are currently underway, and we expect to have four wells online by the first quarter of next year.
- The next priority for us at Xanadu is seismic acquisition, which we believe will commence in March 2019. Then, assuming a positive interpretation of that data, the Company has already received the necessary approvals for further drilling from the existing Xanadu-1 wellbore, and we are optimistic that a drilling rig will be available in the second half of 2019.

- We are working closely with MinRes on the potential for further activity at Lockyer Deep. A budget for FY2018/19 has been approved and covers well planning, community engagement and obtaining approvals. We hope to finalise plans to drill a well in the near future.

So, as I mentioned, our Company is standing on the edge of a very exciting time. There is renewed activity and interest in the Perth Basin, and this comes at exactly the moment our State Government has lifted its moratorium on hydraulic fracture stimulation for existing permit holders.

We believe we have an exciting asset portfolio in a popular basin with Joint Venture Partners that are keen to roll up their sleeves and make things happen. We remain operator of the Xanadu and Arrowsmith projects, prospects with strong potential, and have excellent working relationships with the Operators of our other permits, and other Operators active in the Perth Basin.

Our Company has a trusted and respected reputation with industry and regulators alike, which is something that will become increasingly important as we seek to navigate a new regulatory landscape with world-class fracking guidelines and regulations.

We will continue to identify and pursue opportunities in the market that can be leveraged by our core skills and strengths, aligned with our vision of becoming a premiere investment vehicle for exposure to assets within the Perth Basin.

Lastly, I wish to thank our shareholders, staff, suppliers, and other stakeholders for the support shown throughout this year. Many of you will appreciate that the life of a junior oil and gas explorer involves significant pressures, challenges, and stresses, and I am sincerely grateful for your contributions and support going forward into 2019.

Thank you.