

Announcement to ASX

27 April 2020

MARCH 2020 QUARTERLY ACTIVITIES REPORT

QUARTERLY HIGHLIGHTS

- Norwest continuing discussions with its JV Partner and other Perth Basin operators to secure a rig for drilling of the Lockyer Deep-1 exploration well
- Completion of sale of L14 with receipt of \$630,000 balance of proceeds
- Completion of Tranche 2 of placement, raising \$1,267,000
- Debt free after settlement of convertible note facility with Sundowner International Ltd
- Receipt of \$191,789 under the R&D Tax Incentive scheme

Perth Basin focused oil and gas exploration company Norwest Energy NL ("**Norwest Energy**" or the "**Company**") is pleased to report on its activities for the quarter ending 31 March 2020.

Exploration Permits EP368 & EP426 (20% & 22.22%)

During the reporting period Norwest Energy and Operator Energy Resources Limited progressed discussions with other Perth Basin operators with the aim of securing a rig for drilling of the Lockyer Deep-1 exploration well. Significant drilling activity is planned by a number of joint ventures that are progressing appraisal and development of gas discoveries in the Kingia/High Cliff play, with at least six wells planned for the next round of drilling. The joint ventures are working collaboratively in order to jointly secure rigs for multi-well programs, thereby reducing mobilisation costs on a per-well basis.

The rig contracting process has been impacted by restrictions and uncertainties resultant of the COVID-19 pandemic, and the Operator remains in discussions to secure a rig at the earliest opportunity - subject to the Joint Venture being satisfied that current constraints associated with the equipment and services supply chain have been mitigated. In the meantime, the Operator has applied to the Department of Mines, Industry Regulation & Safety (DMIRS) for a twelve-month suspension and extension to the EP368 work program commitments, given that the current permit year and associated commitment to drill Lockyer Deep-1 expires on 30 June 2020.

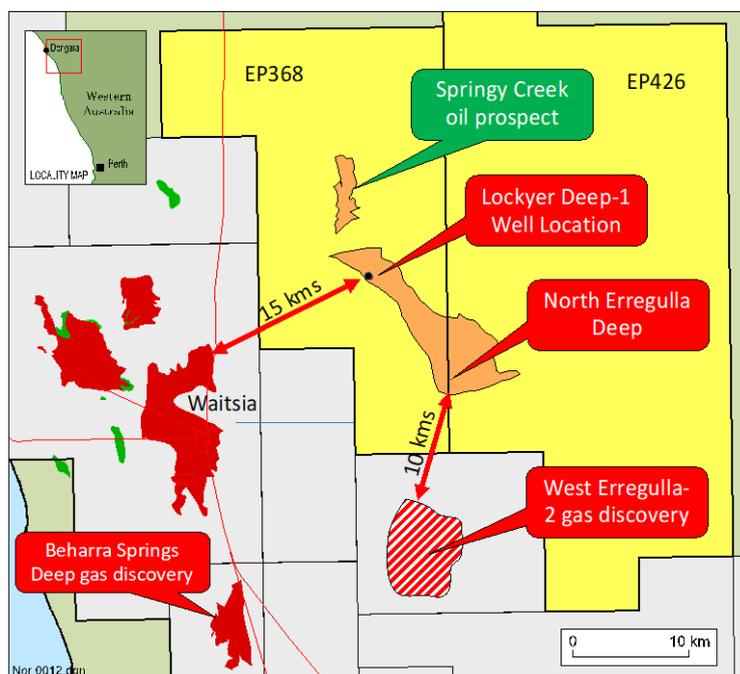


Figure 1: Proximity of Major Gas Discoveries to Norwest Energy's Lockyer Deep-1 Well Location

Norwest Energy's estimate of prospective resources for the Lockyer Deep/North Erregulla Deep prospect as announced on 28 October 2019 is summarised in Table 1 below for the Kingia and High Cliff targets combined:

	Gross Bcf (100%)			NWE Share Bcf (20%)		
	Low	Mid	High	Low	Mid	High
Lockyer Deep	36	459	1122	7	92	224
North Erregulla Deep	131			22		

Table 1: Lockyer Deep/North Erregulla Deep Prospective Resources

The Geological Chance of Success (GCoS) is estimated by Norwest Energy to be 38%. Additional potential may exist within the Wagina Formation as encountered at West Erregulla-2 and as produces at Beharra Springs, however Norwest Energy does not attribute prospective resources to the Wagina at this time, due to a lower GCoS.

The Operator has secured land access to the Lockyer Deep-1 well location for preparation and construction of the well pad, through a Drilling Land Access Agreement on standard terms with the landowner. The prognosed depth for the Top Kingia target is approximately 3,900 metres TVDSS, i.e. significantly shallower than at West Erregulla-2 and at a similar depth to Waitsia and Beharra Springs Deep.

TP/15 Xanadu Oil Appraisal (Operator, 25%)

During the reporting period Norwest Energy, as Operator of the TP/15 Joint Venture, progressed engineering and commercial studies focused on the Xanadu oil discovery - the aim of which is to determine whether further appraisal activity is justified. In addition to the remaining prospectivity previously mapped within and adjacent to the Xanadu 3D seismic area, a regional evaluation is underway that has resulted in the mapping of two large structural leads to the south of Xanadu. These leads offer potential for very significant accumulations of oil within the Permian High Cliff Sandstone, in addition to the Dongara and Irwin River Coal Measure Formations that have previously been the primary focus of exploration within the offshore Perth Basin.

A detailed update will be released in due course, upon completion of the evaluation.

EP413 Exploration Permit (Operator, 27.945%)

In December 2019 Norwest Energy received approval from DMIRS for a twelve-month suspension and extension of the permit work commitments, on the basis that the State's implementation plan to facilitate hydraulic fracture stimulation is yet to be finalised. This provides additional time to further evaluate the permit's prospectivity, particularly in light of the recent significant Permian gas discoveries to the east, and to continue discussions with a number of interested third parties.

L14 Production Permit (previously 6.278%)

The sale of Norwest Energy's interest in the L14 production permit was completed during the reporting period, with the Company receiving the \$630,000 balance of payment from purchaser RCMA Australia Pty Ltd.

Corporate

As announced on 27 March 2020, Mr. Dave Kennedy retired from the Company as a Non-Executive Director, effective 31 March 2020. The Norwest Energy team looks forward to a continued relationship with Mr. Kennedy as a major shareholder of the Company, and wishes him well in retirement.

Financial

Cash and cash equivalents at 31 March 2020 were \$3,057,000 – since supplemented by receipt of \$191,789 in April 2020 as a tax offset under the R&D Tax Incentive Scheme related to the 2019 Xanadu 3D Transition Zone seismic program. The Company anticipates receiving a further amount under the scheme in October 2020, related to eligible R&D expenditure associated with the seismic program incurred in FY 2020.

During the reporting period the Company received \$1,267,000 upon completion of Tranche 2 of the placement announced on 11 November 2019, and \$630,000 as the balance of proceeds upon completion of the sale of Norwest Energy's interest in the L14 production permit to RCMA Australia Pty Ltd.

As announced on 10 March 2020 and pursuant to shareholder approval at the General Meeting held on 28 February 2020, the Company discharged the convertible loan facility established in April 2019 with Sundowner International Limited (**Sundowner**) in accordance with the revised terms announced as part of the capital raising on 11 November 2019. Accordingly, the Company paid \$750,000 to Sundowner and issued 100,000,000 ordinary shares as full and final settlement of the convertible loan facility. As such Norwest Energy is free of debt while remaining fully funded to execute its ongoing work program, including participation in the Lockyer Deep-1 exploration well.

Notes Pertaining to Quarterly Cashflow Report (Appendix 5B)

Item 2.1(d): Capitalised exploration & evaluation costs of \$123,000 are comprised of evaluation and planning expenditure pertaining to EP368, EP426 and TP/15.

Item 6.1: The aggregate amount of payments to related parties and their associates of \$101,000 relates to payments to directors, comprised of remuneration to the Managing Director and fees to the Non Executive Directors.

ASX Listing Rule 5.3.3: Tenement Details

In accordance with ASX Listing Rule 5.3.3 the following table details Norwest Energy's interests in its oil and gas permits:

Tenement reference and location	Interest at beginning of quarter	Interest at end of quarter
TP/15 Western Australia	25%	25%
EP368 Western Australia	20%	20%
EP426 Western Australia	22.22%	22.22%
EP413 Western Australia	27.945%	27.945%
L14* Western Australia	6.278%	-

* During the reporting period Norwest Energy transferred its interest in L14 to RCMA Pty Ltd

Notes regarding prospective resources:

1. Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) and relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a chance of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
2. The estimates of Prospective Resources included in this announcement have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE). The PRMS defines prospective resources as those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.
3. Gross Prospective Resources are 100% of the on-block volumes estimated to be recoverable from the prospect in the event that a discovery is made and subsequently developed. The Prospective Resources have been estimated deterministically.
5. The volumes reported are "unrisked" in the sense that the Geological Chance of Success (GCoS) factor has not been applied to the designated volumes.
6. The Prospective Resources reported within this ASX announcement have been estimated by Mr Dean Powell of Powell Seismic Services. Mr Powell has over 40 years of experience as a Geoscientist within the Oil & Gas Industry and is a member of Society of Exploration Geophysicists, Society of Petroleum Engineers and the Petroleum Exploration Society of Australia. Mr Powell has consented to the contents of this announcement being released to the ASX.

Authorised for release to ASX by: Iain Smith, Managing Director.

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