

Announcement to ASX

27 July 2020

JUNE 2020 QUARTERLY ACTIVITIES REPORT

QUARTERLY HIGHLIGHTS

- Environmental Plan submitted, and long lead items ordered for Lockyer Deep-1 exploration well
- EP368/426 seismic reprocessing commenced in order to further develop prospect portfolio
- 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 30 June 2020.

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

During the reporting period Operator Energy Resources Limited (ERL) progressed preparations for drilling of the high impact Lockyer Deep-1 exploration well, located within permit EP368. The Environmental Plan application has been submitted to the Department of Mines, Industry Regulation & Safety (DMIRS), and long lead items are on order. Land access for the well location has been secured via a Drilling Land Access Agreement on standard terms with the landowner.

As announced by the Company on 21 July 2020, ERL is in discussions with a number of parties to secure a rig slot during the forthcoming Perth Basin drilling campaign, which may see up to eight wells drilled within the next twelve months, in the event that two rigs are brought in to the basin.

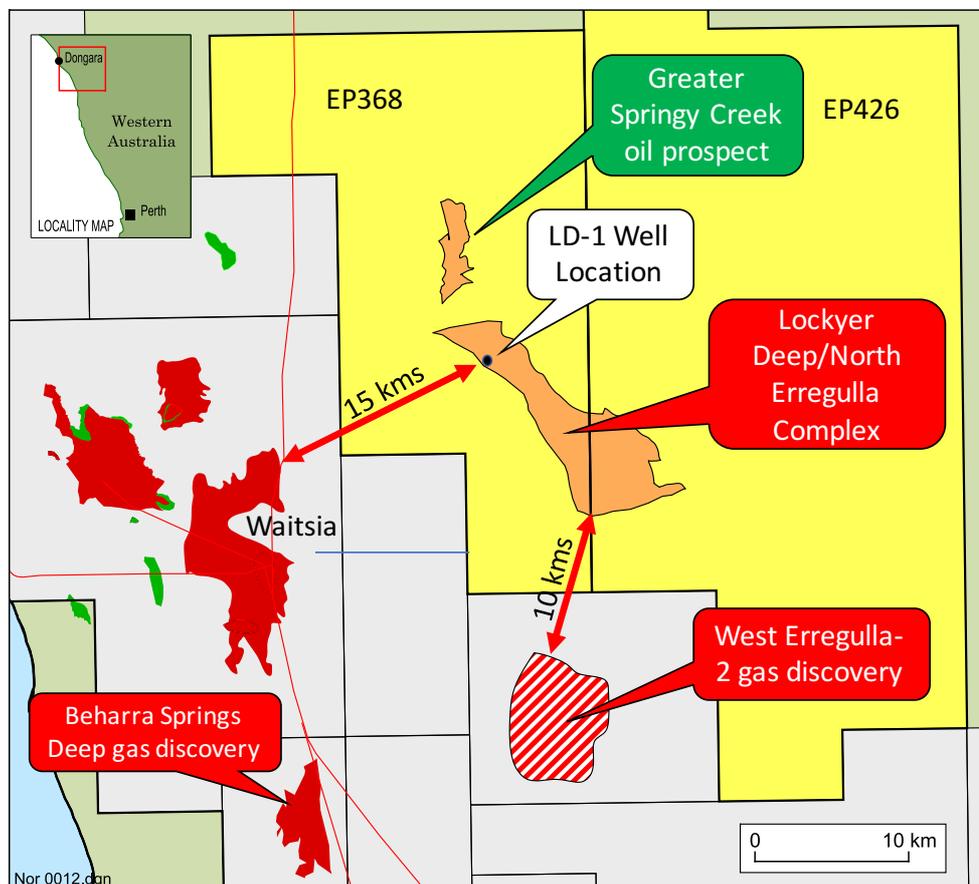


Figure 1: Proximity of Major Gas Discoveries to Norwest Energy's Lockyer Deep-1 Well Location

During the reporting period the EP368/426 Joint Ventures approved work program and budgets through to June 2021, with the work program incorporating reprocessing of legacy seismic data; a low cost exercise designed to better delineate a number of oil and gas leads and prospects within the permits, in addition to the Lockyer Deep/North Erregulla Deep complex. Earth Signal Processing Ltd have commenced the data reprocessing, which will have a particular focus on an area of interest located in the south of EP426, adjacent to Strike Energy's EP469 permit. A subsequent focus area may be included in the program to improve structural definition of the Allanooka Terrace oil play, located in the northern half of EP368 and including the Greater Springy Creek prospect which, as announced on 8 July 2019, has prospective resources of up to 61 MMbbls oil.

Updates regarding the emerging broader prospect portfolio of EP368/426 will be provided as interpreted results become available.

TP/15 Exploration Permit (Operator, 25%)

Norwest Energy, as Operator of the TP/15 Joint Venture, is nearing completion of engineering and commercial studies focused on the Xanadu oil discovery - the aim of which is to determine whether further appraisal activity is justified. In parallel the Company has recently undertaken a regional technical review of the permit, leading to an upgrade 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.

The TP/15 Joint Venture will convene within the next month in order to review both the Xanadu oil discovery and the additional prospectivity, and agree a forward work program for the permit.

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. Norwest Energy remains in discussions with third parties regarding its interest in the permit, and in the meantime as Operator is managing the Joint Venture's ongoing rehabilitation commitment relating to the 2015 Arrowsmith 3D seismic survey. It is anticipated that this commitment will be fulfilled within the coming months.

Financial

Cash and cash equivalents at 30 June 2020 were \$3,055,000 – including \$191,789 received 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.

Notes Pertaining to Quarterly Cashflow Report (Appendix 5B)

Item 2.1(d): Capitalised exploration & evaluation costs of \$18,000 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 \$93,000 relates to payments to directors, comprised of remuneration of 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%

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 the Board of Directors.

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