

Announcement to ASX

29 January 2021

DECEMBER 2020 QUARTERLY ACTIVITIES REPORT

QUARTERLY HIGHLIGHTS

- Lockyer Deep-1 environmental plan approval and long lead items in place
- Strike Energy's West Erregulla-3 well confirms presence of gas in Erregulla Graben
- Received \$174,278 R&D tax offset related to Xanadu 3D seismic program
- 12 month extension approved for EP413 by DMIRS
- Completion of \$2 million capital raising in January 2021

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 December 2020.

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

During the reporting period Operator Energy Resources Limited (ERL) continued preparations for drilling of the high impact Lockyer Deep-1 gas exploration well. The Environmental Plan has been approved by the Department of Mines, Industry Regulation & Safety (DMIRS) and all long lead items are in place. ERL is presently negotiating a Rig Sharing Agreement with another Perth Basin operator to secure a drilling slot on their long-term contracted rig, which is suitable for the drilling of Lockyer Deep-1. Recent discussions indicate that a slot will become available between September and November 2021, subject to finalisation of a Rig Sharing Agreement. ERL has also commenced negotiating a Drilling Services Agreement with a rig operating company.

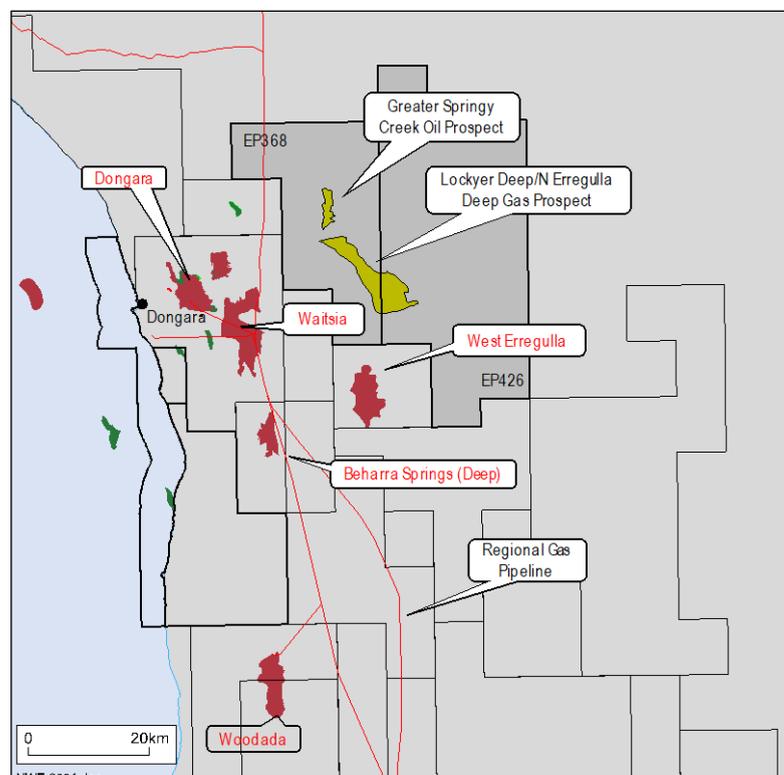


Figure 1: EP368/426 Location Map

Strike Energy recently suspended drilling of the West Erregulla-3 well, due to encountering over-pressured gas in the Caryginia Formation. West Erregulla-3 is located between the West Erregulla-2 discovery well and Norwest's Lockyer Deep/North Erregulla Deep structure, and the confirmed presence of gas that is thought to

be sourced from the Erregulla Graben bodes well for the Lockyer Deep-1 drilling program. Norwest is presently working to determine the effect of this result on the Geological Chance of Success and Prospective Resources for Lockyer Deep/North Erregulla Deep, and will provide further information at the appropriate time.

In addition to the Lockyer Deep/North Erregulla Deep prospect, ERL has continued a seismic data reprocessing program in order to mature the wider gas and oil prospect portfolio and inform the forward work program across the permits. The leads include the Greater Springy Creek oil prospect which, as announced on 8 July 2019, has Prospective Resources of up to 61 MMbbls oil. Norwest looks forward to providing an update when results become available.

TP/15 Exploration Permit (Operator, 25%)

Significant exploration potential exists in TP/15 in the Texel oil prospect, the crest of which is mapped as being located approx. 10km to the southwest of the 2017 Xanadu oil discovery. Texel is a Permian oil play, targeting the Kingia and High Cliff Sandstones which host the prolific gas discoveries onshore, on the other side of the Beagle Ridge. Additional oil potential exists in the Dongara Sandstone and Irwin River Coal Measures, the latter being the primary reservoir of the Cliff Head oil field. Two smaller prospects are also present between Xanadu and Texel, at Xanadu West (North & South).

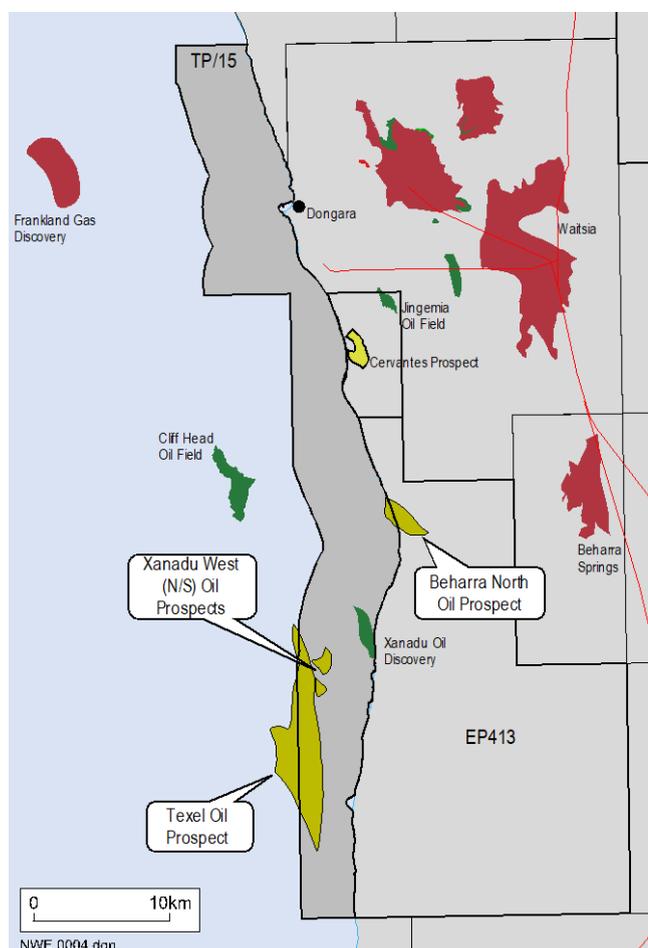


Figure 4: TP/15 Location Map

Additional seismic coverage is required to progress these prospects to drillable status, and as Operator of the TP/15 Joint Venture Norwest is commencing seismic feasibility studies in order to determine a cost-efficient solution to acquire 100 kms of 2D seismic in the following permit year 4.

EP413 Exploration Permit (Operator, 27.945%)

Norwest Energy is in continued 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 may be fulfilled within H1 2021. A twelve month suspension & extension for the permit was approved by DMIRS during the reporting period.

Financial

Cash and cash equivalents at 31 December 2020 were \$2,629,000. The Company received a cash sum as a tax offset of \$174,278 during the reporting period under the R&D Tax Incentive Scheme, related to eligible R&D expenditure associated with the Xanadu 3D TZ seismic program in FY 2020.

Subsequent to the reporting period the Company completed a \$2 million capital raising via a placement to sophisticated and institutional investors, including Norwest Energy's major shareholders. The proceeds of the placement, together with the Company's existing cash reserves, will be used to fund drilling costs associated with Norwest's 20% interest in the Lockyer Deep-1 exploration well, planning and preparation for a 3D seismic survey across EP368 and EP426 (post drilling of Lockyer Deep-1), desktop studies on exploration permit TP/15, and general working capital.

Notes Pertaining to Quarterly Cashflow Report (Appendix 5B)

Item 2.1(d): Capitalised exploration & evaluation costs of \$132,000 are principally comprised of evaluation and planning expenditure pertaining to EP368 and EP426.

Item 6.1: The aggregate amount of payments to related parties and their associates of \$120,000 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.

For further information please contact/follow Norwest Energy at:

Web: www.norwestenergy.com.au

Phone: +61 8 9227 3240

Email: info@norwestenergy.com.au



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