

Announcement to ASX

27 October 2021

## SEPTEMBER 2021 QUARTERLY ACTIVITIES REPORT

### QUARTERLY HIGHLIGHTS

- Significant gas discovery at Lockyer Deep-1 conventional gas exploration well
- Discovered gas resources have potential to exceed pre-drill High Case prospective resources
- Lockyer Deep-1 being completed for production testing of exceptional quality Kingia reservoir
- Follow-on Permian exploration potential identified and upgraded by Lockyer Deep-1 result
- Preparing for 2D and 3D seismic campaign across Lockyer Deep and adjacent exploration leads
- Norwest Energy well funded to progress future work program

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 September 2021.

### Lockyer Deep-1 Gas Discovery (Norwest 20%)

As announced on 8 September 2021 the Ensign 970 rig completed drilling the Lockyer Deep-1 conventional gas exploration well at 24:00 hrs on 6 September 2021.

Further to the Company's announcement of 18 October 2021, cementing of the 5-1/2" casing string has been successfully completed. The wellbore is currently being conditioned in preparation for the well to be suspended for future production testing (to be conducted by Q1 CY2022) and the Ensign 970 rig will be released shortly to the next operator. The Company will provide its final operational update once release of the rig has been confirmed.

Upon completion of a successful production test it is the joint venture's intention that the Lockyer Deep-1 well be retained as a future production well.

Wireline log analysis confirms a 34 metre (TVD) gross pay interval at the top of the Kingia Sandstone, between 3,888 metres and 3,922 metres (TVDSS), with gas interpreted down to low permeability or tight rock (i.e. no gas water contact). Based on an 8% porosity cutoff, net gas pay within this interval is 20.2 metres (TVD), predominantly within the upper section. This net pay zone is of exceptional quality, with average porosity of 16% and average permeability estimated at 500 Millidarcies. The maximum measured porosity is 28%.

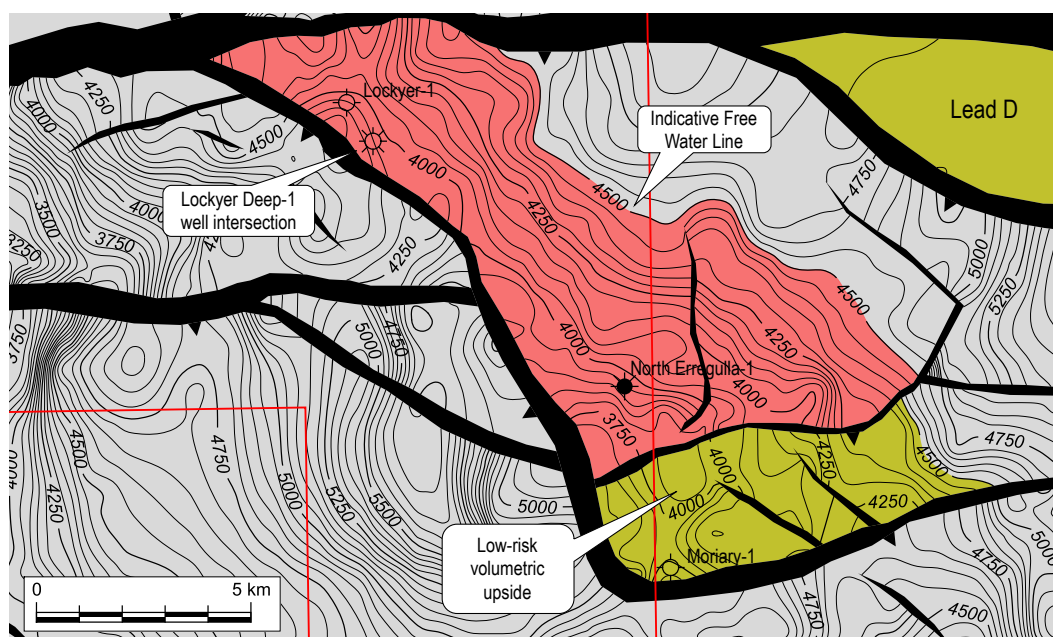


Figure 1: Top Kingia Sandstone Depth Map (TVDSS)

Reservoir pressure at the top of the pay interval was measured at 6,514 psi. A well-defined gas gradient has been established through the pay interval which, when considered against a regional water gradient, indicates the presence of a significant gas column down to a Free Water Line at approximately 4,500 metres (TVDSS). While an appraisal program is necessary to confirm this result, Norwest regards the apparent thickness of the gas column as notable, given that it confirms the fault-seal integrity of the structure's main bounding faults (regardless of orientation). This outcome substantially upgrades the additional prospectivity identified within EP368 and EP426.

Assuming a Free Water Line at approximately 4,500 metres (TVDSS) the indicative areal extent of the discovery is estimated at 66 km<sup>2</sup>, with an additional 22 km<sup>2</sup> of low-risk upside in the downthrown fault block to the south of the North Erregulla culmination (refer Figure 1). The Company's preliminary estimate of gas resources within the Kingia 66 km<sup>2</sup> area alone may exceed the Company's pre-drill High Case prospective resources for the Kingia and High Cliff combined (refer ASX Announcement of 28 October 2019). The remaining 13.8 metres within the gross Kingia pay interval includes sandstones with porosity less than the 8% cutoff. While these sandstones are not regarded as conventional pay, the Company believes they may well provide incremental recoverable gas resources through secondary charge of the overlying high quality pay zone (informally referred to within the industry as a "gasifer").

Norwest is presently updating its structural interpretation of the discovery, incorporating the new well data and reprocessed 2D seismic data sets as received prior to drilling. The results of this work will be announced during November 2021.

In parallel with preparations for production testing of the Kingia reservoir at Lockyer Deep-1, operator Energy Resources Limited has submitted applications for regulatory approval to conduct a 3D seismic survey over the Lockyer Deep-1 discovery during the coming acquisition season. The purpose of the survey is to provide a high resolution subsurface view of the structure, and to support "quantitative interpretation" that may increase the joint venture's understanding of the nature and extent of the Kingia gas pay. Seismic acquisition is anticipated to commence in early Q1 CY 2022, subject to regulatory approvals, and additional information will be released during November 2021.

Lockyer Deep-1 is located within Exploration Permit EP368, a joint venture between Norwest (20%) and Energy Resources Limited (80% and Operator). Energy Resources Limited is a wholly owned subsidiary of Mineral Resources Limited.

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

As announced on 18 August 2021 Norwest has mapped six new exploration leads across the EP368 and EP426 permits, having incorporated newly reprocessed 2D seismic data into the Company's subsurface interpretation. These leads offer significant follow-on potential to the Lockyer Deep-1 discovery and Operator Energy Resources Limited has submitted applications for regulatory approval to conduct a 2D and 3D seismic program across the permits, the aim of which is to mature a number of leads towards drillable status. The 2D seismic program is planned to be acquired contemporaneously with the 3D seismic program, and additional information on both will be released during November.

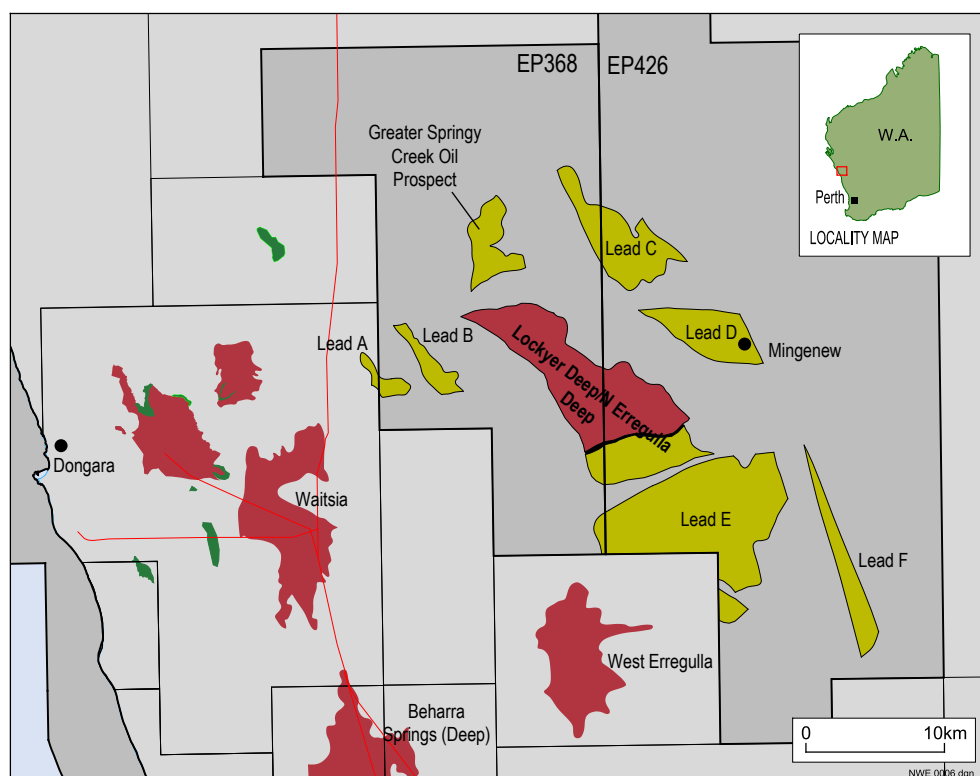


Figure 2: EP368 & EP426 Discovery and Exploration Leads Location Map

### TP/15 Exploration Permit (Norwest Operator & 25%)

Subsequent to the reporting period Norwest Energy provided notice to the TP/15 Joint Venture participants of its intention to withdraw from the permit at the end of the current permit year, being 6 December 2021. In the meantime the Company is in the process of transferring operatorship to Triangle Energy (Global) Ltd, to facilitate a smooth transition into the next permit year for the remaining joint venture participants. The next permit year incorporates a work commitment to acquire 100 line kms of offshore 2D seismic data.

The Company's exit from TP/15 will better enable the Company to focus its efforts and resources on the high-impact onshore Permian potential across the EP368 and EP426 exploration permits.

### EP413 Exploration Permit (Operator, 27.945%)

Further to the Company's announcement of 30 April 2021, Norwest has completed its transaction with AWE Perth Pty Ltd ("AWE", part of the Mitsui E&P Australia group of companies) to assign Norwest's 27.945% interest in the EP413 exploration permit to AWE. Completion occurred subsequent to the reporting period, with AWE paying \$154,534; comprised of the purchase price plus adjustment pertaining to costs incurred post the effective date of 23 February 2021.

### Financial

As announced on 30 August 2021 Norwest completed a share placement to a range of sophisticated and professional investors, including participation by the Company's major shareholders to raise \$2.75 million. The funds raised will be allocated towards production testing of the Lockyer Deep-1 gas discovery, 2D/3D seismic surveying across the EP368 and EP426 exploration permits, and general working capital.

Cash and cash equivalents at 30 September 2021 were \$6,040,000. In addition, and subsequent to the end of the reporting period, the Company received funds totalling \$154,534 as a result of completing the EP413 transaction, and a further \$377,738 as a result of the exercise of options (both listed options and employee incentive options). The Company has been cash-called for approximately \$750,000 for EP368 and EP426 costs pertaining to July/August 2021 (principally for drilling of Lockyer Deep-1), due for payment early November 2021.

The listed options (ASX: NWE0B) have an expiry date of 24 January 2022, and an exercise price of 0.6 cents. Norwest anticipates that the remaining listed options will be exercised prior to their expiry, thereby further strengthening the Company's balance sheet by up to an additional \$3,840,000.

### Notes Pertaining to Quarterly Cashflow Report (Appendix 5B)

Item 2.1(d): Capitalised exploration & evaluation costs of \$369,000 are primarily comprised of costs associated with drilling of the Lockyer Deep-1 exploration well.

Item 6.1: The aggregate amount of payments to related parties and their associates of \$147,000 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%*

**Authorised for release to ASX by the Board of Directors.**

**For further information please contact/follow Norwest Energy at:**

**Web: [www.norwestenergy.com.au](http://www.norwestenergy.com.au)**

**Phone: +61 8 9227 3240**

**Email: [info@norwestenergy.com.au](mailto:info@norwestenergy.com.au)**



**@Norwest\_Energy**

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

NORWEST ENERGY NL

ABN

65 078 301 505

Quarter ended ("current quarter")

30 SEPTEMBER 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	55	55
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(191)	(191)
	(e) administration and corporate costs	(202)	(202)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)		
	(a) Operator Management Fees	24	24
	(b) Recoveries	51	51
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(264)</b>	<b>(264)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(369)	(369)

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	100	100
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(269)</b>	<b>(269)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,232	3,232
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(184)	(184)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3048</b>	<b>3048</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>	<b>2,516</b>	<b>2,516</b>
4.1	Cash and cash equivalents at beginning of period	3,524	3,524
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(264)	(264)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(269)	(269)

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,048	3,048
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>6,040</b>	<b>6,040</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	5,962	3,446
5.2	Call deposits	20	20
5.3	Bank overdrafts	-	-
5.4	Other (provide details) Bank Guarantee Office Lease	58	58
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,040</b>	<b>3,524</b>

**6. Payments to related parties of the entity and their associates**

6.1	Aggregate amount of payments to related parties and their associates included in item 1 Directors Remuneration and Managing Director Remuneration and STIP	147
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

**Current quarter  
\$A'000**

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(264)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(369)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(633)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	6,040
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	6,040
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	9.54

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 22<sup>nd</sup> October 2021



Authorised by: Jo-Ann Long, Company Secretary

Authorised for release by: The Board of Directors – Norwest Energy NL

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.