

Announcement to ASX

31 January 2022

DECEMBER 2021 QUARTERLY ACTIVITIES REPORT

QUARTERLY HIGHLIGHTS

- Lockyer Deep-1 conventional gas discovery well suspended for production testing
- Joint Venture targeting mid-March 2022 for testing
- Increase in Lockyer Deep potential resource area to approximately 92km²
- Recent exercise of listed options bolsters cash reserves by an additional \$2.8 million
- Ringneck 2D seismic survey to mature identified exploration potential, commencing March 2022

Perth Basin focused oil and gas exploration company Norwest Energy NL ("Norwest" or the "Company") is pleased to report on its activities for the quarter ending 31 December 2021.

LOCKYER DEEP-1 GAS DISCOVERY (NORWEST 20%)

As announced on 2 November 2021 the Ensign 970 rig was released from Lockyer Deep-1 with the well suspended for production testing, having confirmed a very significant conventional gas discovery. Subsequent to the reporting period a Cement Bond Log was acquired, which confirmed a satisfactory cement job has been achieved in line with expectations. The test tree has now been installed and perforating guns have been procured in readiness for production testing, the purpose of which is to confirm gas flow rates and gas composition for what is anticipated to be a high deliverability reservoir.

Further to the recent extension of WA's "hard border" beyond 5 February 2022, Operator Energy Resources Limited (ERL) is now targeting commencement of testing operations by mid-March 2022. ERL is in the process of finalising terms with specialist testing services company SGS to conduct production testing operations. SGS specialist personnel are now required to quarantine for 14 days upon arrival in WA from their operational bases in Queensland and South Australia. The SGS crew will then undertake Buru Energy's Rafael-1 testing operation in the Canning Basin, before mobilising to the Lockyer Deep-1 location. Upon completion of a successful production test it is the joint venture's intention that the Lockyer Deep-1 well be completed as a future producer.

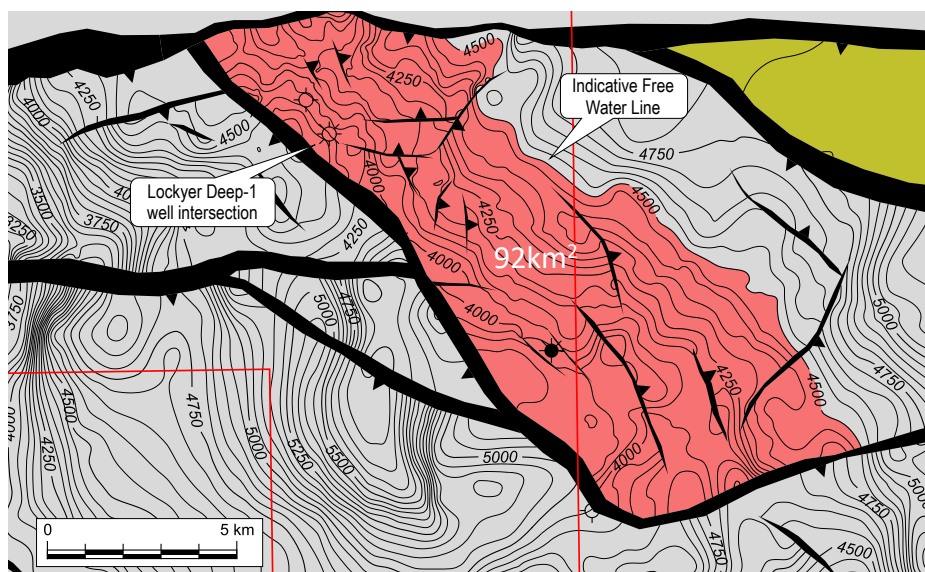


Figure 1: Revised Mapping, Top Kingia Fm. Depth

During the reporting period Norwest updated its structural mapping of the Lockyer Deep/North Erregulla Deep structure, incorporating reprocessed seismic data as received prior to drilling. The revised structural interpretation has increased the potential resource area significantly so that it now covers approximately 92km² based upon an indicative Free Water Line at 4,500 metres (TVDS).

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%)

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 ERL is preparing to acquire the Ringneck 2D seismic survey commencing in March 2022. The purpose of the Ringneck survey is to improve structural definition of the area to the southeast of the Lockyer Deep discovery with a view to confirming a drillable prospect, in addition to acquiring modern data across the Lockyer Deep structure itself.

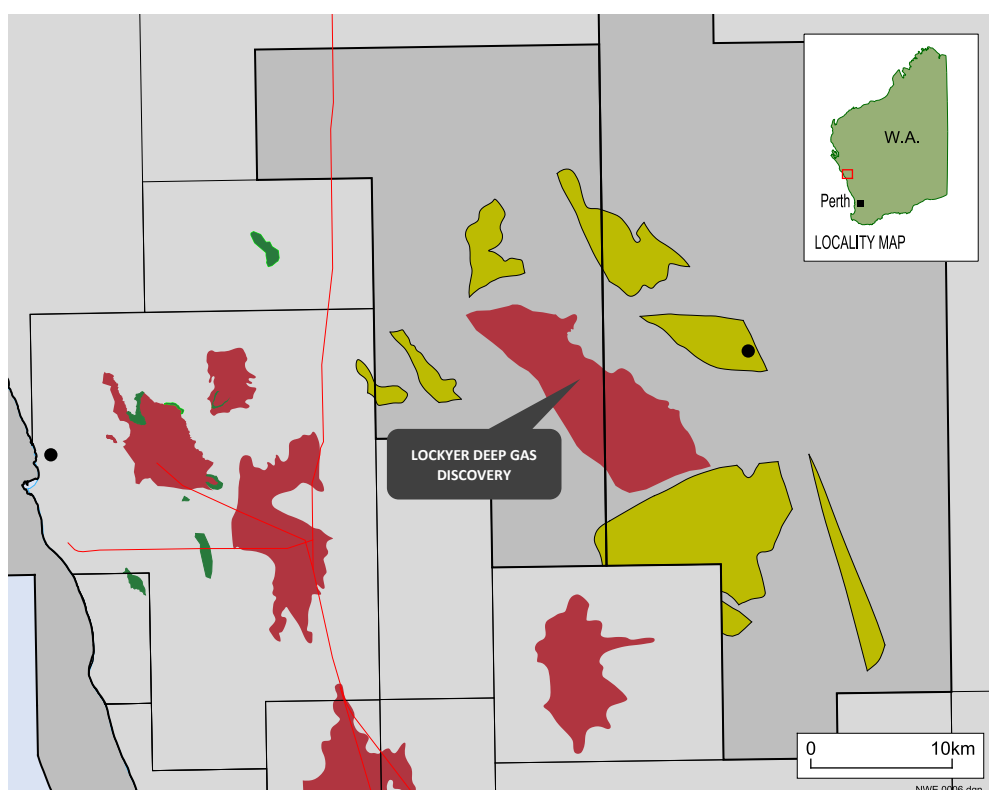


Figure 2: EP368/426 Discovery Location and Exploration Leads

The Rococo 3D seismic survey originally planned for the current quarter has been postponed to December 2022, due to the seismic contractor being unable to commence operations sufficiently early to guarantee completion of the program during the limited seismic acquisition "season" between harvesting and seeding. The Rococo survey is designed to provide a high quality 3D dataset for improved structural definition of the Lockyer Deep potential resource area and the analogous structural leads identified immediately to the west of the Lockyer Deep-1 well location.

In the meantime the EP368/426 Joint Venture is sufficiently encouraged by the success of Lockyer Deep-1 to progress an appraisal drilling program to commence in Q4 CY 2022. ERL is in the process of ordering long lead items for up to three appraisal/exploration wells, and is in discussion with other Operators to secure a suitable drilling rig. It is anticipated that the first well will be at the North Erregulla Deep location, some 8 kms to the southeast of Lockyer Deep-1.

FINANCIAL

Cash and cash equivalents at 31 December 2021 were \$5,777,000. In addition, and subsequent to the end of the reporting period, the Company received funds totaling \$2,806,034 as a result of the exercise of listed options (ASX: NWEOB), placing Norwest in a strong financial position. The listed options expired on 24 January 2022.

NOTES PERTAINING TO QUARTERLY CASHFLOW REPOT (APPENDIX 5B)

Item 2.1(d): Capitalised exploration & evaluation costs of \$821,000 are comprised of costs associated with drilling of the Lockyer Deep-1 discovery well.

Item 6.1: The aggregate amount of payments to related parties and their associates of \$99,000 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%

* Pending assignment to Triangle Energy and 3C Group

Authorised for release to ASX by the Board of Directors.

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")

31 DECEMBER 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	55
(b) development	-	-
(c) production	-	-
(d) staff costs	(161)	(352)
(e) administration and corporate costs	(191)	(393)
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	12	36
(b) Recoveries	47	98
1.9 Net cash from / (used in) operating activities	(293)	(556)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(821)	(1190)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	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)	-	-
2.6	Net cash from / (used in) investing activities	(821)	(1090)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	851	4,083
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)
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)	-	-
3.10	Net cash from / (used in) financing activities	851	3,899
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,040	3,524
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(293)	(556)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(821)	(1,090)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	851	3,899
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,777	5,777

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,699	5,962
5.2	Call deposits	20	20
5.3	Bank overdrafts	-	-
5.4	Other (provide details) Bank Guarantee Office Lease	58	58
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,777	6,040

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	99
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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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 Total financing facilities		
7.5 Unused financing facilities available at quarter end		
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(293)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(821)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,114)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	5,777
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	5,777
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	5.19

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: 31st January 2022



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.