

Announcement to ASX

31 October 2019

SEPTEMBER 2019 QUARTERLY ACTIVITIES REPORT

QUARTERLY HIGHLIGHTS

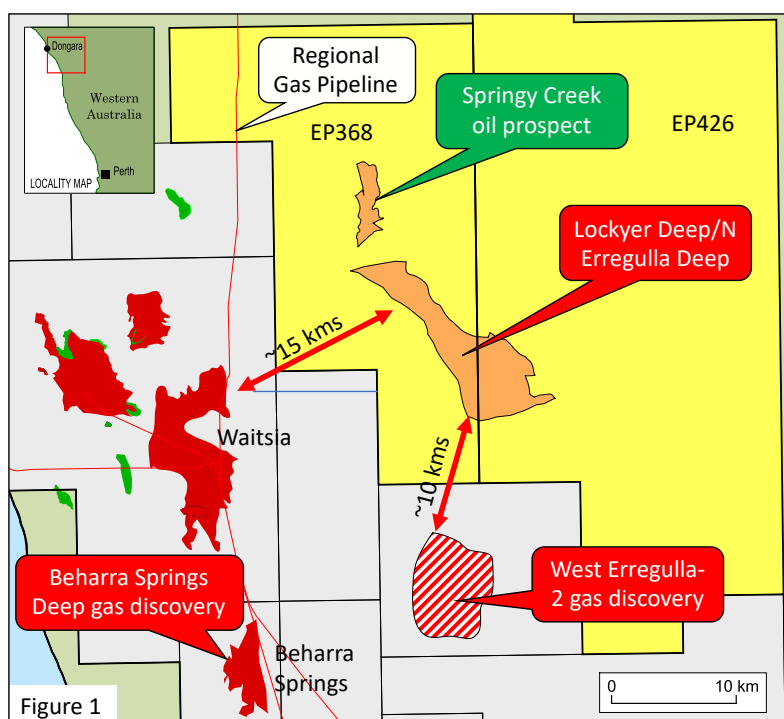
- Recent Perth Basin exploration success at West Erregulla-2 and Beharra Springs Deep greatly enhances Norwest Energy's adjacent prospects
- Lockyer Deep/North Erregulla Deep structural feature has upgraded potential for 1.1 Tcf gas
- Exciting new oil prospect delineated in EP 368, up to 61 MMbbls oil
- Three drillable well locations now under consideration for drilling in H1 2020.
- Sale of interest in L14 production permit

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 2019.

Exploration Permits EP 368 & EP 426 (20% & 22.22%)

The reporting period saw very significant exploration success adjacent to Norwest Energy's EP 368 and EP 426 exploration permits, with Strike Energy's "staggering" West Erregulla-2 gas discovery in the Wagina/Kingia/High Cliff Formations, and more recently Beach Energy's discovery of a thick gas column within the Kingia Formation at Beharra Springs Deep (refer Figure 1 for locations).

These exciting exploration outcomes, including Strike Energy's recently reported flow test rate of 69 mmscfd gas from the Kingia Formation, have resulted in a major upgrade in Norwest Energy's assessment of the prospectivity within its permits. In particular the West Erregulla-2 result is important, as it confirms that thick, good quality sandstone reservoirs are present to the east of the Waitsia gas field and are likely to be present across Norwest Energy's acreage. Based on this newly available information, and as announced by the Company on 28 October 2019, the prospective resources and Geological Chance of Success (**GCoS**) for the Lockyer Deep and North Erregulla Deep conventional gas prospects have been increased.



Norwest Energy has incorporated the new data (e.g. porosity, column height and net pay) into its subsurface model for the Lockyer Deep and North Erregulla Deep prospects, resulting in a major increase to Norwest Energy's estimate of prospective resources within the Kingia/High Cliff reservoirs, and an upgrade of North Erregulla Deep to drillable status. The prospects are separate structural culminations upon a much broader structure that extends across some 63 km², and

therefore the prospective resources for the Mid and High cases are based upon common closing contours that surround both prospects, as shown in Figure 2. The upgraded prospective gas resources (recoverable) for the Kingia and High Cliff Formations at Lockyer Deep and North Erregulla Deep are as follows

	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		

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 this level at this time, due to the lower GCoS.

Norwest Energy's estimate of the GCoS for Lockyer Deep and North Erregulla Deep is 29% and 21% respectively. Target depths for the Lockyer Deep and North Erregulla Deep locations are approximately 3,700 metres and 3,600 metres, i.e. shallower than at West Erregulla-2 and comparable to reservoir depths as seen at Waitsia.

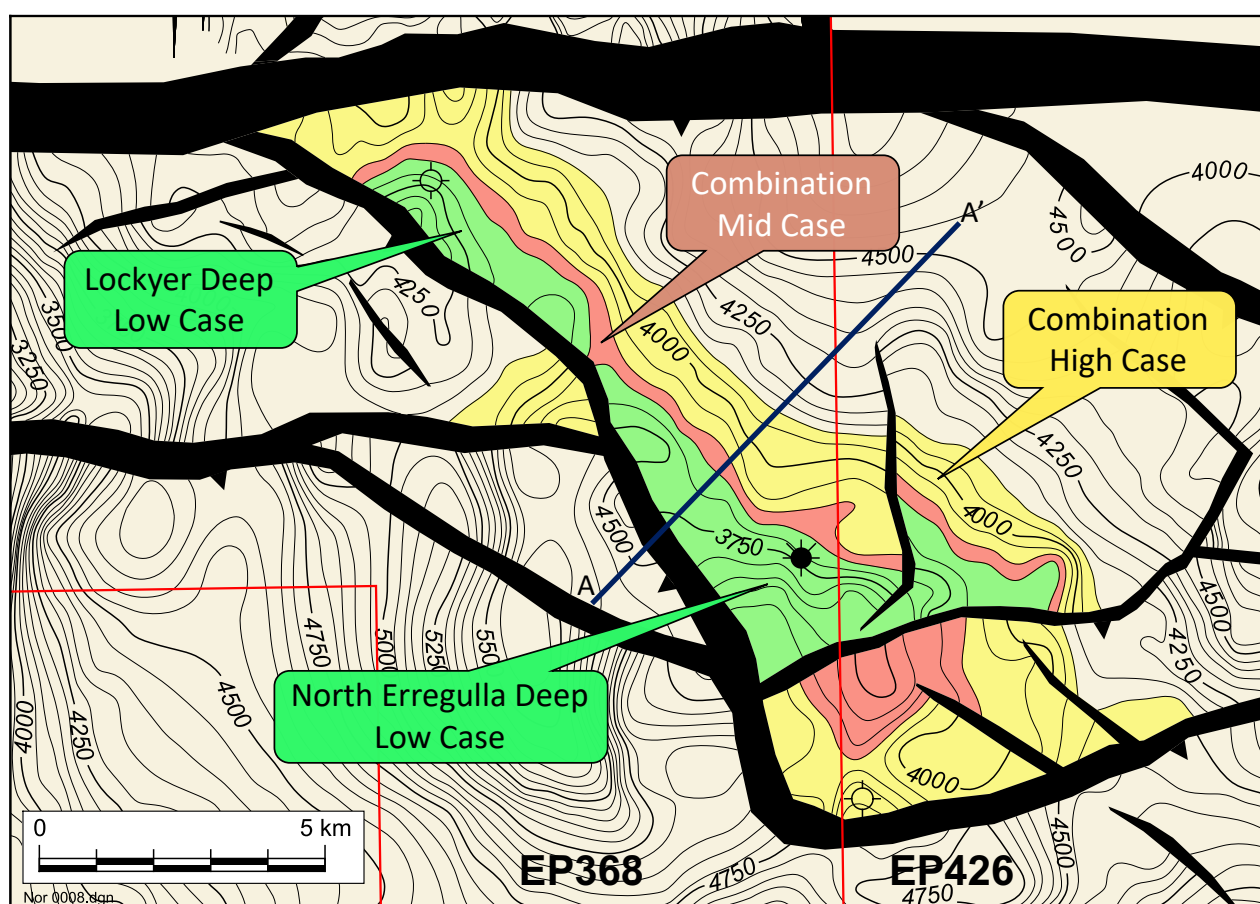


Figure 2: Top Kingia Fm Depth Structure Map Showing Prospective Resource Low/Mid/High Cases

A number of seismic lines exhibit increased up-dip seismic amplitudes within the target sequence, which are commonly associated with the presence of hydrocarbons - particularly gas, as is seen at West Erregulla-2. Figure 3 is a representative seismic line across the Lockyer Deep/North Erregulla Deep greater structure (refer to Figure 2 for line location) that exhibits clear amplitude "brightening" below the Top Kingia Formation seismic marker. This particular example supports the High Case prospective resource for a combined Lockyer Deep-North Erregulla Deep structure, with amplitudes evident to a depth of approximately 4,100 metres.

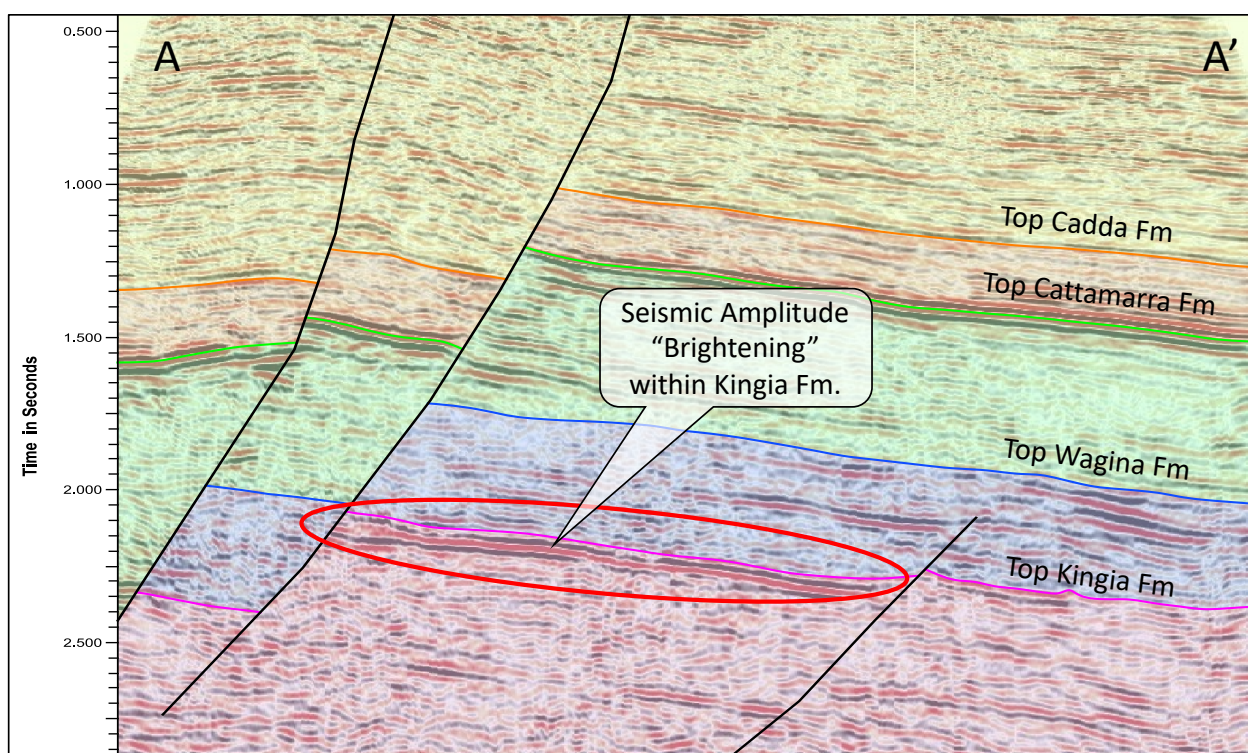


Figure 3: Representative Seismic Line A-A'

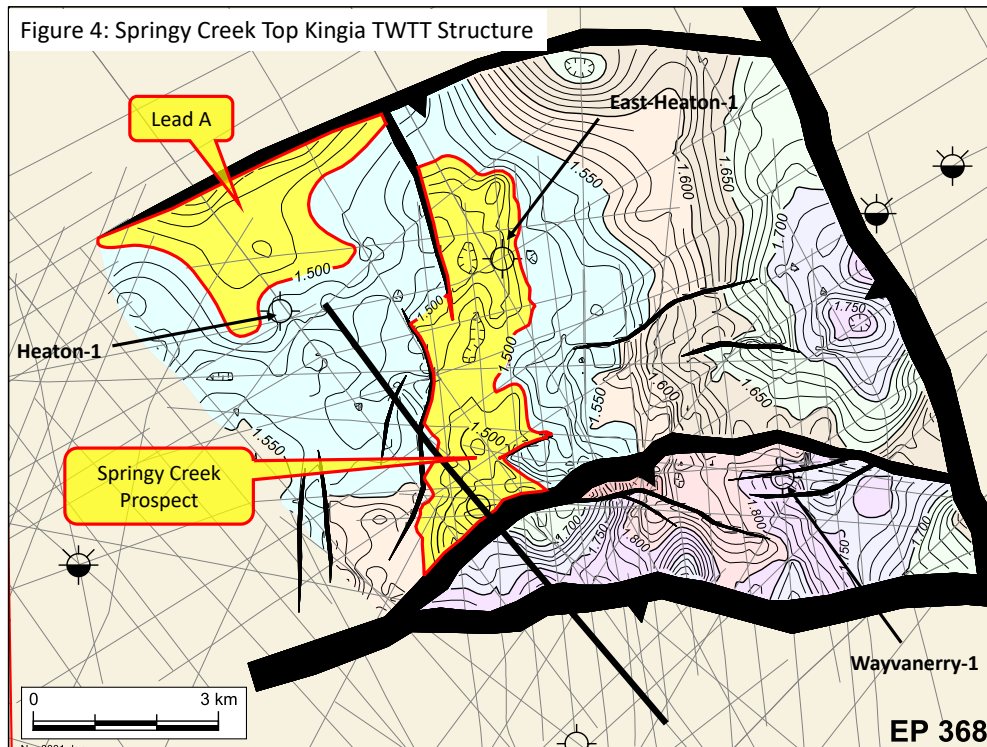
Additional prospectivity exists within EP 368, as announced by the Company on 8 July 2019. The Springy Creek conventional oil prospect was until recently a structural lead, and has been upgraded to a drillable prospect following 2D seismic reprocessing undertaken by Norwest Energy. The structure has been mapped with a southern culmination, abutting the Allanooka Fault, and a northern culmination in the vicinity of the East Heaton-1 well, which was drilled in 1985 and terminated above the Kingia Formation. The prospect offers significant potential for sizeable oil accumulations within both the Kingia and the High Cliff formations at target depths of 2,470 metres and 2,570 metres respectively.

Norwest Energy's estimate of the Prospective Resources for the prospect is summarised below:

Risking scenario	Trapping Structure	Reservoir formation	Gross Resource MMbbls	Gross Recoverable Resource MMbbls	NWE Interest (20%) Recoverable MMbbls
Low case	South culmination	Kingia + High Cliff	21.4	8.6	1.7
Mid case	South & north culminations	Kingia only	71.8	28.7	5.7
High case	South & north culminations	Kingia + High Cliff	152.6	61.1	12.2

The Springy Creek structure, encompassing the southern and northern culminations, covers an area of 10.1 km² and is an elongate N/S trending three-way dip closure, with fault closure to the south. Reservoirs within this robust structural feature are predicted to be sourced by oil migrating from the proven Kockatea Shale oil kitchen to the south. The prospect is situated within a structural setting comparable to that of the Mt. Horner oil field, located some 15kms to the west, which similarly was sourced by oil migrating from the south.

Norwest Energy NL's estimate of GCoS for the prospect is 25%. In the event of exploration success, significant upside potential is evident in Lead A, located some 2 kms to the northwest of Springy Creek and covering an area of some 5.7 km².



The EP368 Joint Venture is required to drill a commitment exploration well during H1 2020, and a decision on the well location will be made in the coming weeks. Norwest Energy looks forward to providing a further update once the well location selection has been confirmed.

L14, Jingemia Oil Field (6.278%)

As announced by the Company on 2 September 2019, Norwest Energy executed a Sale & Purchase Agreement with Operator RCMA Australia (RCMA), to sell its minority interest in the L14 production permit for a cash consideration of \$700,000. A \$70,000 cash deposit was received by the Company, and RCMA subsequently received the approval of the Foreign Investment Review Board to proceed with the acquisition. The parties have now applied to the WA Dept. of Mines, Industry Regulation and Safety (DMIRS) for approval of the transfer of title, and the transaction will complete once that approval is granted.

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

Subsequent to the reporting period Norwest Energy received the final, processed Xanadu 3D TZ seismic volume from processing contractor Earth Signal Processing, and completed preliminary interpretation and integration of the data into the Xanadu subsurface model.

The 40km² Xanadu 3D Transition Zone seismic survey was completed in July 2019, and was designed to fully delineate the 2017 Xanadu-1 oil discovery, focusing on the northern updip region, and the southern downdip region extending out to the western flank of the structure. Xanadu was drilled based on very limited 2D seismic coverage, insufficient to provide the high-resolution subsurface model required to guide future appraisal drilling.

The Xanadu structural model has been substantially revised based upon the 3D seismic data. In particular the fault geometry that defines the updip structure has changed such that the updip area to the north of the Xanadu-1 well intersection is reduced and commerciality of the updip resource is therefore likely to be marginal (refer to Figure 5). Appraisal and commercialisation of the updip area is challenged by possible distribution across three reservoirs, each of limited thickness and each likely requiring a horizontal well completion. Further engineering and commercial studies are required in this regard, before Contingent Resources can be determined and a decision made on whether future appraisal can be justified.

The area downdip of the Xanadu-1 well offers greater resource potential, however this resides in the "A" sand only and is presently regarded as being relatively high risk, based on an interpretation of

downhole pressure data. In order to assess whether appraisal drilling of the downdip area is warranted, Norwest Energy will undertake further analysis to integrate the revised structural model with downhole data acquired from Xanadu-1 to determine whether the chance of success for downdip appraisal drilling might be increased. This analysis may include integration of seismic data properties with petrophysical and pressure data, leading to estimation of Contingent Resources

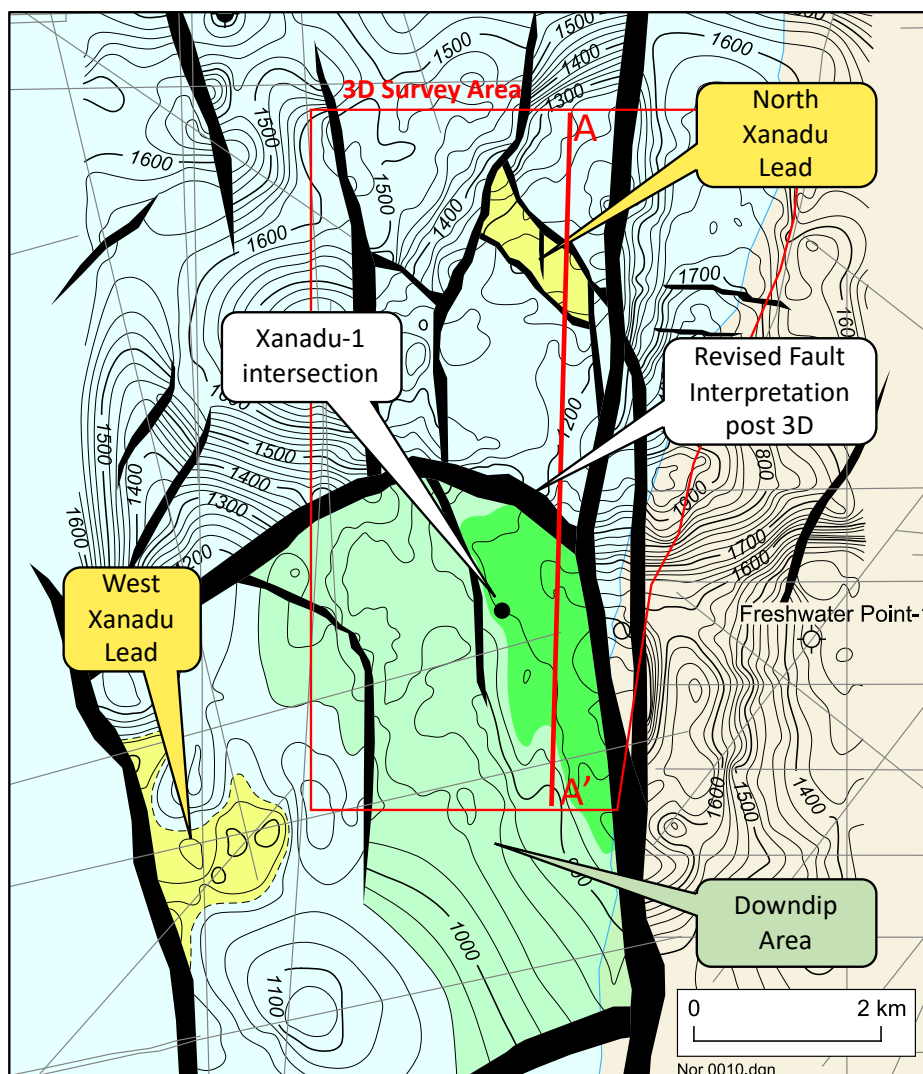


Figure 5: Revised Xanadu Top IRCM Depth Structure Map

Further untapped prospective resource potential lies within and adjacent to the 3D seismic area, to the north of the Xanadu horst and in a structural culmination situated to the west of the downdip area (West Xanadu), on the edge of the 3D survey area. Acquisition of low cost 2D seismic data to mature this feature for drilling will be considered by the Joint Venture. Additional prospective resource potential is also evident within the deeper Kinga/High Cliff Formations. Further work is required to quantify the prospective resources.

The good quality and coverage of the new 3D seismic data (refer to Figure 6, sample line A-A') has provided a far clearer understanding of the structuring surrounding the Xanadu-1 well, and supports the Joint Venture decision to acquire the survey before commencing with any further drilling. The recovery of oil from Xanadu-1 remains of significance and attests to the prospectivity of TP/15 within the vicinity of Xanadu.

The Company will provide a further update in due course, once the scope and timing of the required additional studies is defined.

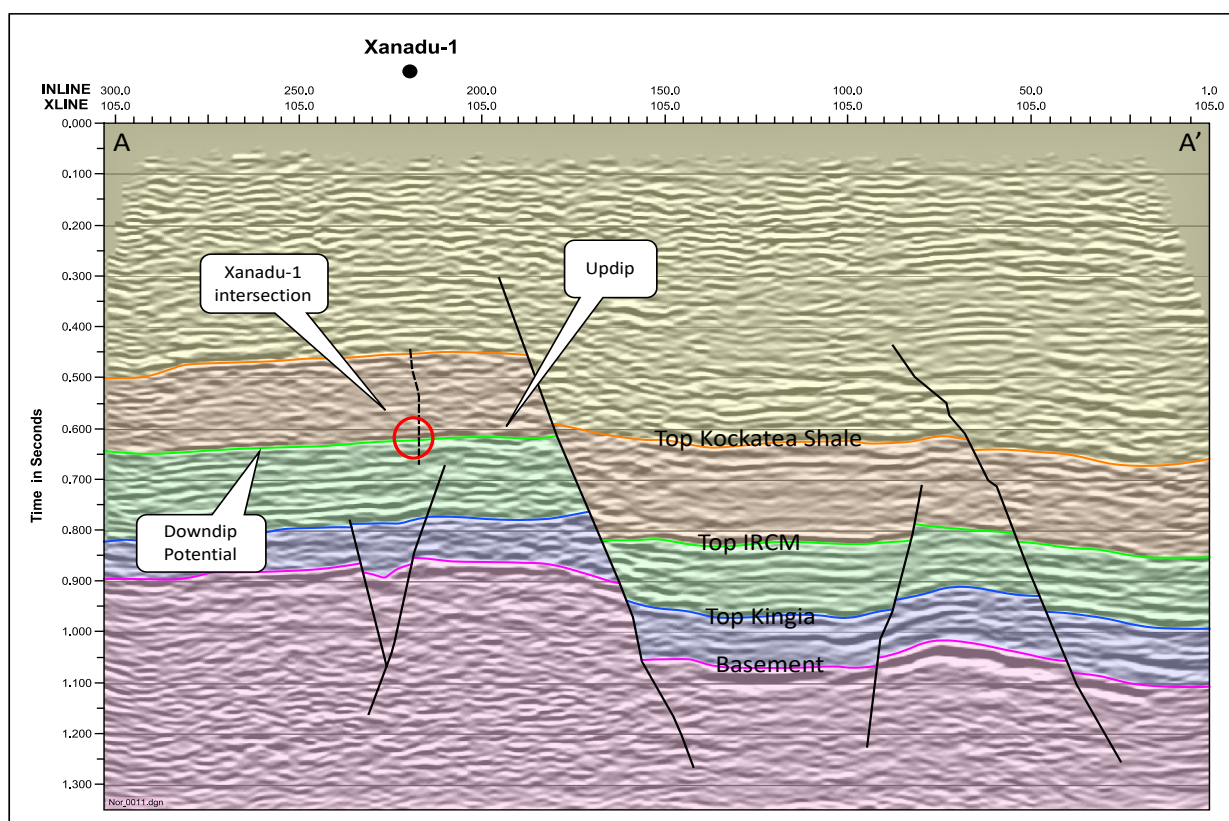


Figure 6: Xanadu 3D Seismic Line A-A'

Exploration Permit EP413 (Operator, 27.945%)

Work is currently on hold within EP413, due to the state government moratorium on fracture simulation. The independent scientific panel inquiry into hydraulic fracture stimulation handed its findings to the State Government in September 2018 and the State Government recently released its implementation plan and lifted the moratorium on hydraulic fracturing. Norwest Energy has recently applied for a 12 month Suspension & Extension on EP 413, on the basis that the implementation plan remains subject to legislation.

In the meantime Norwest Energy continues to hold discussions with a number of parties regarding its interest in EP413.

Financial

Cash and cash equivalents at 30 September 2019 were \$175,000. Forecast expenditure for the following quarter is \$434,000. The Company anticipates receiving the \$630,000 balance of funds pertaining to the L14 Sale & Purchase Agreement within the coming weeks.

As announced on 3 April 2019, Norwest Energy entered into an agreement with Sundowner International Limited (**Sundowner**) for a convertible loan facility of up to \$500,000, with an option, at Sundowner's election, to extend that amount to up to \$1,500,000. To date the Company has drawn down on the facility for an amount of \$1,000,000, principally to cover costs associated with the Xanadu 3D TZ Seismic Program.

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%
L14* Western Australia	6,278%	6.278%
EP413 Western Australia	27.945%	27.945%

* Subject to sale

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.

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