

ASX Announcement

18 April 2023

Chairman's Letter to Shareholders

Dear Shareholder,

MinRes takeover offer - shareholder update

As you may be aware, the off-market takeover bid by Mineral Resources Limited (**MinRes**) to acquire all of the fully paid ordinary shares in Norwest Energy NL (**Norwest**) that it does not already own is scheduled to close at 7pm (Sydney time) on Saturday, 29 April 2023 (unless further extended or withdrawn).

The former board of directors of Norwest recommended shareholders **accept** MinRes' takeover offer following an improvement in the offer consideration announced by MinRes on 24 January 2023 (**Revised Offer**). The reasons for the recommendations of the former board are set out in detail in Norwest's supplementary target statement released to ASX on 31 January 2023.

Under the Revised Offer, accepting Norwest shareholders will receive one fully paid ordinary MinRes share for every 1,300 Norwest shares held. MinRes has stated that the Revised Offer will not be increased.

In recommending the Revised Offer to Norwest shareholders, the former Norwest board considered that the Revised Offer provided appropriate consideration to shareholders for their Norwest shares. One of the key reasons for reaching that position is their view that the Revised Offer provides Norwest shareholders with an opportunity to retain exposure to any upside from the Lockyer project (albeit at a reduced level) but with reduced exposure to the potential downside.

At the time of making that recommendation, the results of the Lockyer Deep-2 appraisal well were not known and the directors noted at the time of recommending the Revised Offer that there was no guarantee that the current two-well drilling program would ultimately be successful in confirming the presence of gas across the greater Lockyer structure.

Norwest released the results of the Lockyer Deep-2 appraisal well to ASX on 12 April 2023, noting that the potential resource area in the northern sector of the Greater Lockyer structure (i.e. above the interpreted freewater line) is now estimated by Norwest to be approximately 11 km² (being materially lower than the previously estimated success case for that well).

Whilst the Lockyer Deep-2 result does not, in Norwest's opinion, affect the Geological Chance of Success of the upcoming North Erregulla-Deep-1 exploration well, it is believed to materially downgrade the resource potential of the Greater Lockyer structure, and therefore the resource potential of the upcoming well.

MinRes has now acquired in excess of 80% of Norwest, and as such you should also be aware of the following:

- **Scrip-for-scrip Capital Gains Tax (CGT) rollover relief:** Norwest shareholders who accept the Revised Offer may now be eligible to choose scrip-for-scrip Capital Gains Tax (CGT) rollover relief in respect of the disposal of Norwest shares, so that any CGT payable on the disposal of their Norwest shares is deferred. Norwest shareholders should seek their own independent advice regarding the effect of choosing scrip-for-scrip CGT rollover relief to their individual circumstances. A general description of the Australian tax (including CGT) considerations for Norwest shareholders accepting the Revised Offer is set out in section 10 of MinRes' Bidders' Statement dated 16 December 2022.

- **Compulsory acquisition:** MinRes has indicated that it intends to proceed to compulsorily acquire any outstanding Norwest shares should it become entitled to do so. MinRes will be entitled to proceed to compulsorily acquire any Norwest shares which have not been accepted into the Revised Offer, on the same terms as the Revised Offer, if during or by the end of the offer period MinRes and its associates have a relevant interest in at least 90% of Norwest shares.

Whilst MinRes is not yet entitled to proceed to compulsory acquisition, there is a risk that MinRes may acquire sufficient Norwest shares so as to proceed to seek to compulsorily acquire your Norwest shares. If this occurs, the time by which you will receive the consideration for your Norwest shares is likely to be longer than if you had accepted the Revised Offer before it closes.

- **Risk of being a minority shareholder in an entity controlled by MinRes:** Even if MinRes does not acquire sufficient Norwest shares so as to become entitled to proceed to compulsory acquisition, MinRes' shareholding is now sufficient to control the outcome of special resolutions of Norwest shareholders. Further, with this level of concentrated share ownership, the trading liquidity of Norwest shares is likely to be significantly negatively affected.

While Norwest was well funded for its FY23/24 program prior to the MinRes takeover offer, the level of acceptances into the Revised Offer has resulted in significant transaction costs being incurred such that Norwest's cash balance as at 31 March 2023 was approximately \$8.9 million. As such, if MinRes does not acquire sufficient Norwest shares so as to proceed to compulsory acquisition, Norwest will need to raise additional capital in order to meet its net share of the ongoing program. In such circumstances, there is a risk that the interests of minority Norwest shareholders will be further diluted if they are not able to, or otherwise elect not to, participate in any such capital raising.

For all of the above reasons, and as the remaining independent director of Norwest, I believe that the merits of accepting into the Revised Offer are now even more compelling, and wish to reaffirm my recommendation that Norwest shareholders (other than MinRes) **accept** the Revised Offer without delay, and in any event before it closes.

Yours sincerely,



Ernie Myers
Chairman

Mr Ernie Myers, Independent Non-Executive Chairman has authorised this letter for release to ASX in accordance with the requirements of the ASX Listing Rules.

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