

ASX Announcement

24 October 2022

## SEPTEMBER 2022 QUARTERLY ACTIVITIES REPORT

### QUARTERLY HIGHLIGHTS

- Ringneck 2D seismic confirms significant new gas lead, covering 74 km<sup>2</sup>
- Preparations for drilling North Erregulla Deep-1 and Lockyer-2, targeting first spud December 2022
- Planning for 385 km<sup>2</sup> Rococo 3D seismic survey, targeting commencement December 2022
- Partnership with Pilbara Clean Fuels Pty Ltd to pursue mid-scale eLNG plant in Port Hedland
- Fully funded for forthcoming appraisal program, with quarter-end cash balance of \$21 million

Perth Basin energy company Norwest Energy NL (ASX: NWE) ("**Norwest**" or the "**Company**") is pleased to present its Quarterly Activities Report for the period ending 30 September 2022.

### LOCKYER PROJECT

Further to the Company's project update of 20 June 2022 Norwest has updated its interpretation of the Kingia Formation depth structure for the Lockyer Deep/North Erregulla Deep structure, having incorporated two additional seismic lines from the recently processed Ringneck 2D seismic survey. The revised interpretation results in an increase in the area above the estimated 4,560 metres Free Water Line, from 100 km<sup>2</sup> to 102 km<sup>2</sup> (see Figure 1).

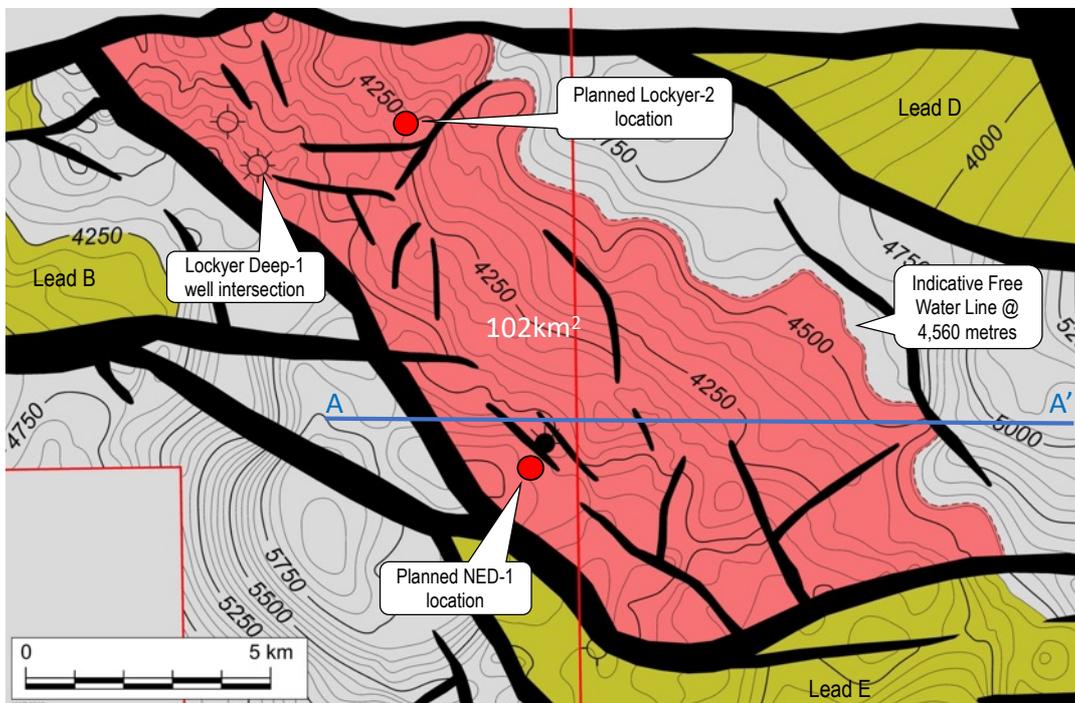


Figure 1: Norwest Energy Top Kingia Fm. Depth Map

An example of the new Ringneck data is provided as Figure 2 with east-west line A-A', which shows the approximate well trajectory for the North Erregulla Deep-1 well (NED-1, situated approximately 1 km to the south). During the reporting period Operator Energy Resources Limited (EnRes) progressed preparations to drill the NED-1 and Lockyer-2 wells in a back-to-back drilling campaign targeted to

commence in December 2022 subject to execution of a rig contract and associated regulatory approvals being in place. Land access and environmental approvals are now secured for both wells. EnRes is currently undertaking civil construction of the Lockyer-2 well pad and will move to complete the NED-1 well pad immediately thereafter. The drilling order for the two wells is yet to be determined and is dependent upon the best fit for landholder harvesting schedules.

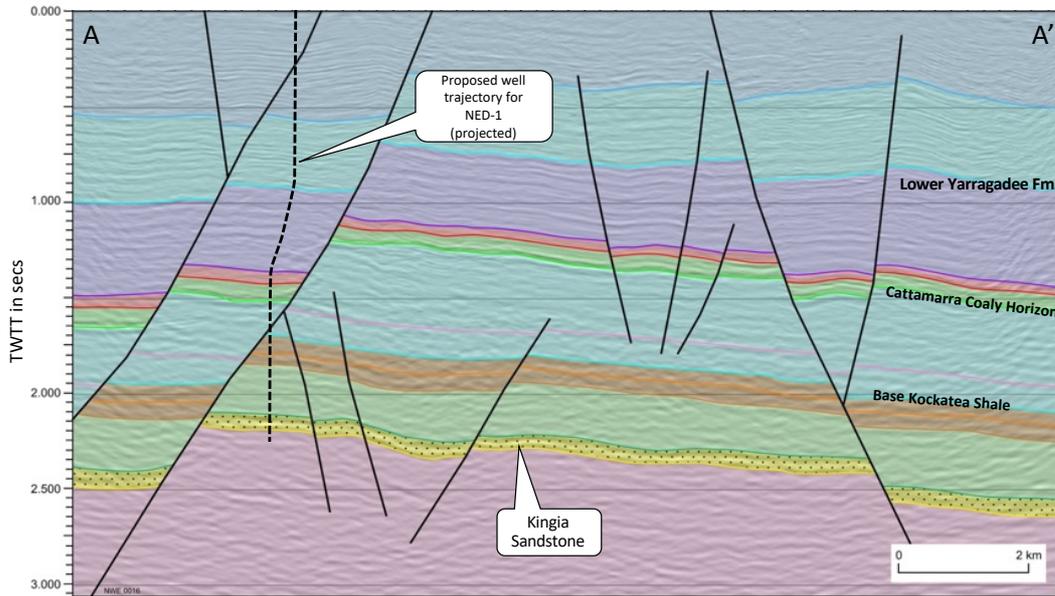


Figure 2: New Ringneck 2D Seismic Line A-A' (refer Figure 1 for line location)

NED-1 is regarded as an exploration well due to the approximate 9 kms offset from the Lockyer Deep-1 well location, and the possibility for fault compartmentalisation between the two locations (as is seen within the Waitsia gas field). The well is designed to confirm the presence of gas within the Kingia/High Cliff Sandstones, and to confirm that the apparent 800 metre gas column (as interpreted at Lockyer Deep-1) extends across the greater Lockyer structure. NED-1 will also test for oil potential within the Arranoo/Dongara/Wagina Formations, the North Erregulla-1 well (drilled in 1967) having recovered 38°API oil on test from low poro-perm sandstones. There is the possibility for improved reservoir development within an estimated 20 km<sup>2</sup> structural closure updip of the North Erregulla-1 location.

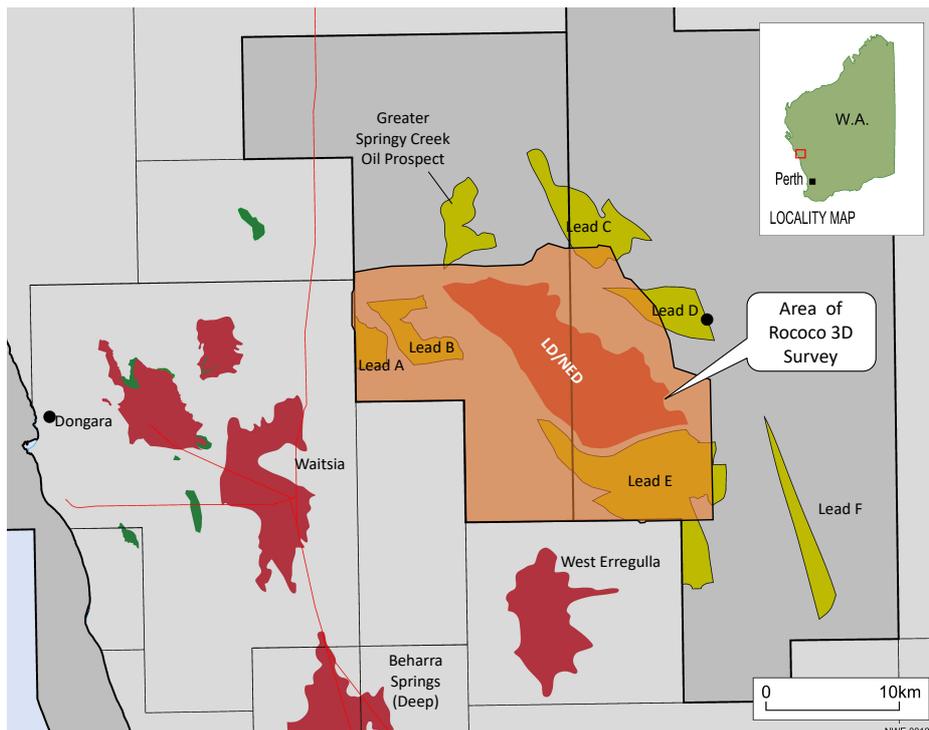


Figure 3: Rococo 3D Seismic Survey Area

The Lockyer-2 well will be located some 3 kms ENE of Lockyer Deep-1 and is designed to confirm the downdip presence of gas within the Kingia Sandstone. Both wells will be tested and completed as future production wells in the event of success. The Lockyer-3 and Lockyer-4 appraisal wells are also in the planning stage, with final locations and timing to be confirmed based on the results of the first two wells.

The 385 km<sup>2</sup> Rococo 3D seismic survey (refer Figure 3) is targeted to commence in December 2022 and is estimated to take up to four months to complete. The purpose of the survey is to provide a high resolution and high quality subsurface view of the greater Lockyer structure and surrounding exploration leads, providing valuable insight into the detailed subsurface form of the discovery to guide later appraisal/development drilling, reserves definition, reservoir modelling and development planning.

## EXPLORATION

The Ringneck 2D seismic survey was completed in late March 2022 by Operator EnRes, focused primarily on an area to the southeast of the greater Lockyer structure. The new data complements the existing 2D seismic dataset across permits EP426 and EP368, and the updated interpretation reveals a series of faulted structural highs, collectively referred to as Lead E, that are located immediately northeast of the West Erregulla gas field and that about the southern end of the greater Lockyer structure (refer Figure 4).

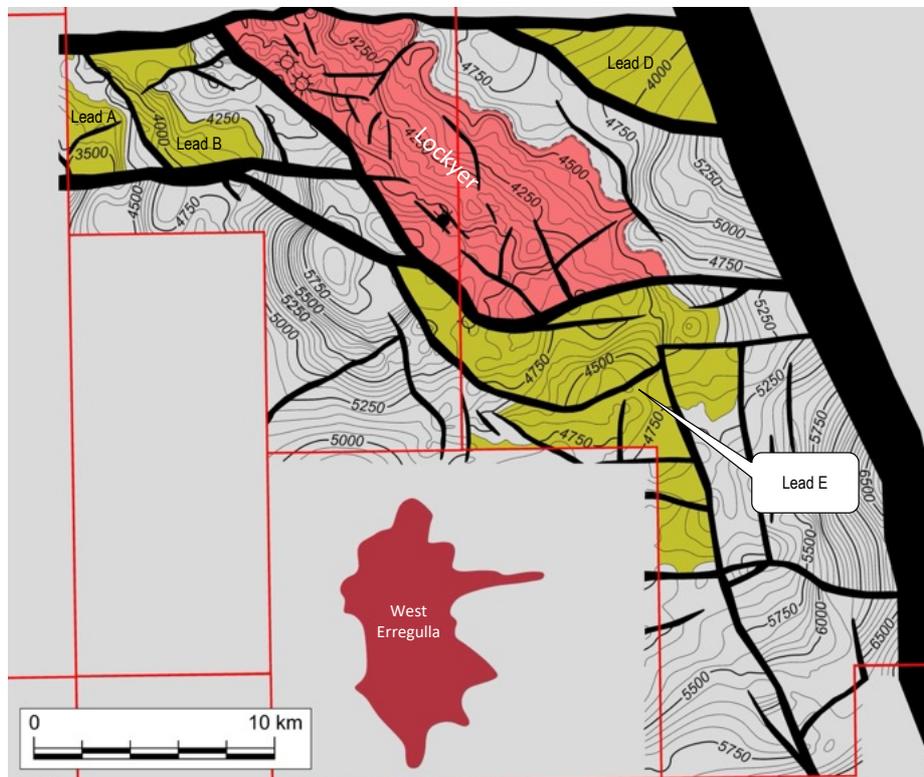


Figure 4: Lead E Top Kingia Depth Map

Lead E is favourably located on the likely gas migration path between the gas "kitchen" to the southeast, and the Lockyer Deep-1 discovery approximately 15 kms to the northwest. Based on a closing contour estimated at 4,950 metres depth, Lead E covers an area of approximately 74 km<sup>2</sup> within permits EP426 and EP368 (primarily in EP426), representing a very significant gas lead. At this stage further geological studies are required to mature Lead E to a drillable prospect, supported by additional data that will be acquired over the northern part of the lead by the Rococo 3D seismic survey (refer Figure 3).

## PARTNERSHIP WITH PILBARA CLEAN FUELS

As announced on 20 September 2022 the Company has acquired a 20% equity interest in Pilbara Clean Fuels Pty Ltd ("PCF"). PCF is progressing a development concept for a new, low carbon footprint eLNG plant to be located at Port Hedland in Western Australia; the world's largest iron ore export facility. The principal purpose of the plant will be the conversion of pipeline natural gas to liquefied natural gas (LNG) on a tolling basis, with the LNG to be marketed as marine bunker fuel for bulk iron ore carriers operating out of Port Hedland. A key feature of the concept is a fully electrified plant with capacity of up to 1.5 MTpa

LNG. An outsourced power supply from predominantly renewable sources will significantly reduce Scope-1 and Scope-2 emissions.



Image: Port Hedland Iron Ore Export Facilities

Norwest has invested \$300,000 in PCF to fund an initial six-month *Assess* stage work program that is designed to progress the project towards the *Select* stage, at which point the technical and commercial options for the project can be defined to attract further investment. PCF has selected Air Products Inc. as the liquefaction technology licensor and core equipment supplier for the project and is partnering with Technip Energies and other specialist consulting groups to implement the initial work program.

A similar eLNG plant that has been producing 0.5 MTPa LNG since 2015 in Yangling, China, was developed by Air Products Inc. in partnership with the Shaanxi LNG Investment Development Co. Ltd.

Norwest does not envisage becoming a significant owner of the eLNG facility, and has no obligation to provide further funding, but instead holds preferential rights to utilise a portion of the eLNG plant's capacity on a tolling basis under pre-agreed commercial principles. This potentially provides a market for some of Norwest's equity share of gas from the Lockyer Project, with a linkage to international LNG pricing.

## **CORPORATE**

### **Financial**

With cash and cash equivalents at 30 September 2022 of \$20,927,000 the Company is fully funded for its net share of the comprehensive appraisal program across the Lockyer Project and adjacent leads/prospects.

### **Unmarketable Parcel Facility**

The Company completed an Unmarketable Parcel Share Sale Facility for shareholders who held less than \$500 worth of shares at close of trading on 29 August 2022. Refer to the Company's announcement of 2 September 2022 for further information.

### **NOTES PERTAINING TO QUARTERLY CASHFLOW REPORT (APPENDIX 5B)**

Item 2.1(d): Capitalised exploration & evaluation costs of \$978,000 are associated primarily with costs associated with production testing the Lockyer Deep discovery and completion of the Ringneck 2D seismic survey.

Item 6.1: The aggregate amount of payments to related parties and their associates of \$282,000 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
EP368 Western Australia	20%	20%
EP426 Western Australia	22.22%	22.22%
TP/15 Western Australia	25%	25%*

\* Pending permit surrender

The EP368 and EP426 Joint Ventures are comprised of the following participants:

**EP368**

Norwest Energy Limited                    20%  
Energy Resources Limited                80% (Operator)

**EP426**

Norwest Energy Limited                    22.22%  
Energy Resources Limited                77.78% (Operator)

Energy Resources Limited is a wholly-owned subsidiary of Mineral Resources Limited (**ASX: MIN**).

**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)

Investor Relations: [Luke Forrestal](#), [GRA Partners](#), [Mobile 0411 479144](#)

## 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 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(23)	(23)
(b) development	-	-
(c) production	-	-
(d) staff costs	(288)	(288)
(e) administration and corporate costs	(362)	(362)
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	17	17
(b) Recoveries	36	36
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(621)</b>	<b>(621)</b>
<b>2. 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)	(978)	(978)
(e) investments	(300)	(300)

## 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 (3 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(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>(1,278)</b>	<b>(1,278)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	18	18
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	-	-
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>18</b>	<b>18</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	22,808	22,808
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(621)	(621)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,278)	(1,278)

## 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)	18	18
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>20,927</b>	<b>20,927</b>

<b>5. 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	2,349	22,730
5.2 Call deposits	18,520	20
5.3 Bank overdrafts	-	-
5.4 Other (provide details) Bank Guarantee Office Lease	58	58
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>20,927</b>	<b>22,808</b>

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

	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to related parties and their associates included in item 1 Directors Remuneration and Managing Director Remuneration and STIP	282
6.2 Aggregate amount of payments to related parties and their associates included in item 2	0

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)	(621)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(978)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,599)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	20,927
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	20,927
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	13.09

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: 19<sup>th</sup> October 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.