

Announcement to ASX

29 April 2022

MARCH 2022 QUARTERLY ACTIVITIES REPORT

QUARTERLY HIGHLIGHTS

- Lockyer Deep-1 flows at 117 mmscfd on test, with condensate
- Progress with Lockyer Deep appraisal planning
- Completion of Ringneck 2D seismic survey
- Norwest fully funded with shareholder register strengthened by institutional participation in placement

LOCKYER DEEP-1 PRODUCTION TESTING (NORWEST 20%)

As announced on 1 April 2022 Operator Energy Resources Limited (ERL) completed production testing operations at the Lockyer Deep-1 gas discovery well, with a full test program to determine well deliverability, reservoir quality and gas composition across a 25 metre interval of the Kingia Sandstone (4041.5m to 4066.75m, MDRT). The initial main flow period ran for several hours, during which flow was increased through a number of increasing choke settings. A maximum sustained flow rate of 102 mmscfd (million standard cubic feet per day) was achieved through a 76/64" choke, with a maximum instantaneous gas flow rate of 117 mmscfd; one of the highest rates recorded onshore Australia.



Lockyer Deep-1 production test operations

With a well head pressure of 3,618 psi the well was capable of significantly higher rates of delivery, however the main flow period was stopped at this point due to indications of sand being produced to surface. Sand production is to be expected at such exceptionally high flow rates and the produced sand was captured by the installed sand filtration system. As with the Waitsia development wells, future Lockyer Deep production wells will be completed with appropriate sand control measures in place to maintain long term reservoir/well integrity and ultimate gas recovery per well.

Condensate was produced throughout the main flow period, with a preliminary CGR (Condensate-Gas Ratio) of between 3 to 6 barrels per mmscf gas. CO₂ is low, at 4%, and H₂S is just 3ppm to 7ppm. Further to completion of testing operations the well was shut in for a pressure build-up period, further to which the downhole pressure gauges were retrieved and the well suspended for future completion as a production well.

LOCKYER DEEP-1 APPRAISAL (NORWEST 20%)

Operator ERL has made significant progress with planning for appraisal of the Lockyer Deep-1 discovery during the reporting period. The discovery will be fully appraised via the Rococo 3D seismic survey (scheduled to commence December 2022) in parallel with three planned appraisal wells. The first well is expected to be at the North Erregulla Deep location (refer Figure 1), classified as an exploration well as it is situated some 8 kms to the southeast of Lockyer Deep-1. The location of the following wells will be designed to test the downdip extent of gas across the 92km² structure, down towards the indicative gas-water-contact.

ERL has ordered long lead items for drilling to commence in Q4 CY 2022 and is in discussions with other Perth Basin operators regarding long-term rig sharing arrangements.

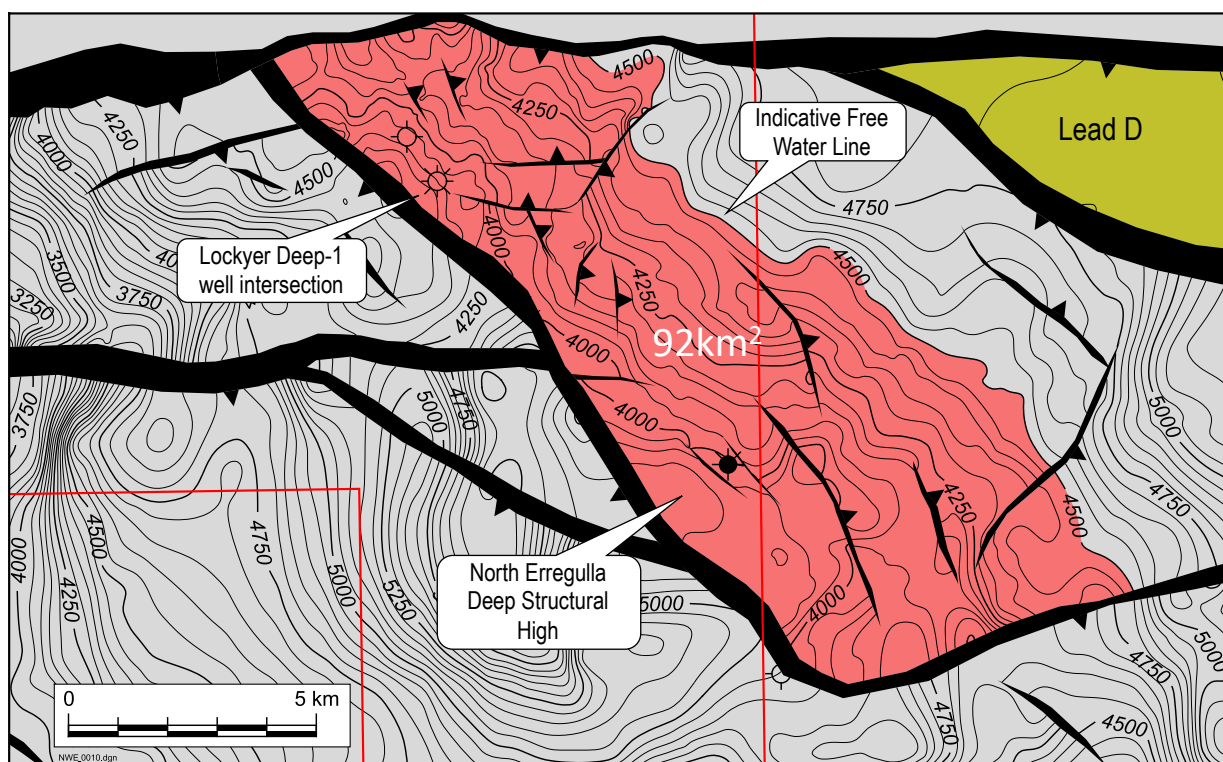


Figure 1: Lockyer Deep, Top Kingia Fm. Depth map

RINGNECK 2D SEISMIC SURVEY

Norwest Energy maps a variety of exploration leads across the EP368 and EP426 permits, having incorporated reprocessed 2D seismic data into the Company's subsurface interpretation. These leads offer significant follow-on potential to the Lockyer Deep-1 discovery. Operator ERL has recently completed acquisition of the Ringneck 2D seismic survey, with the successful acquisition of 148 line kms of seismic data focused primarily on the southeast area of the Lockyer Deep gas field. The purpose of the Ringneck survey is to improve structural definition of this area with the aim of confirming a drillable prospect, in addition to acquiring additional 2D data across the Lockyer Deep structure itself.

Of particular interest is Norwest Energy's "Lead E" (refer Figure 2). Existing data in the area is sparse and of relatively low quality, however a structural feature is mapped in the area independently by other operators in the basin, co-incident with a prominent gravity anomaly that is suggestive of basement-structuring that may set up a structural trap at the Permian target level. Preliminary processed seismic data is expected to become available within three months, whereupon the data will be incorporated into Norwest Energy's regional structural interpretation and the EP426 Joint Venture will consider whether valid targets for drilling are present in the area.

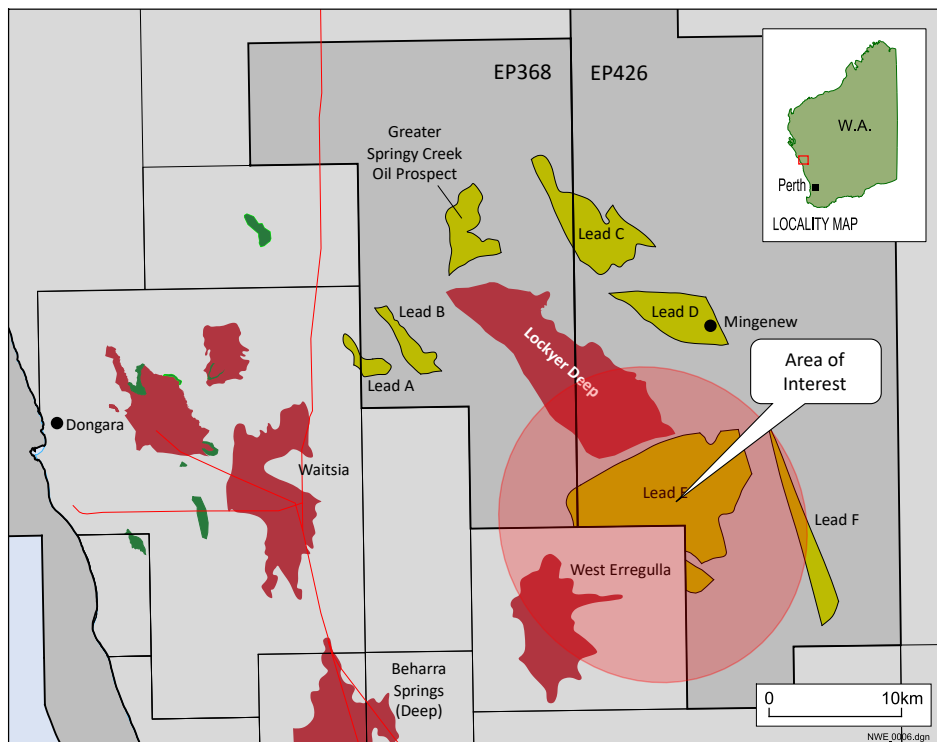


Figure 2: Ringneck Survey Area of Interest

FINANCIAL

Cash and cash equivalents at 31 March 2022 were \$5,502,000 further to receipt of funds totaling \$2,806,034 as a result of the exercise of listed options (ASX: NWEOB). The listed options expired on 24 January 2022.

Subsequent to the reporting period and as announced on 6 April 2022, the Company raised \$15.3 million through a placement of new fully paid ordinary shares (at \$0.033 per share), primarily to a range of domestic and international institutional investors. The Company has also offered a Share Purchase Plan to eligible shareholders to raise up to \$3 million, closing 29 April 2022.

Further to completion of the capital raising Norwest Energy is well funded to progress a comprehensive appraisal program for the Lockyer Deep gas discovery and to explore other identified leads within its permits.

CORPORATE

As announced on 1 April 2022 the Board of Directors has resolved to propose an award of Performance Rights to the Company's Managing Director. The proposed award is subject to approval at a General Meeting of Company shareholders to be convened in due course, and is as follows:

- 10 million Performance Rights to be granted upon achieving an independently verified 2C contingent resource that exceeds 1.6 Tcf recoverable gas (gross inc. any verified 2P reserves, inc. condensate energy equivalent) for the Lockyer Deep gas field;
- 10 million Performance Rights to be granted upon achieving a 30 day VWAP of the Company's share price of equal to or greater than 5.5 cents per share;
- 10 million Performance Rights to be granted upon achieving a 30 day VWAP of the Company's share price of equal to or greater than 7.0 cents per share.

The full terms and conditions of the award are to be included in the Explanatory Memorandum of the Notice of Meeting for the General Meeting.

NOTES PERTAINING TO QUARTERLY CASHFLOW REPORT (APPENDIX 5B)

Item 2.1(d): Capitalised exploration & evaluation costs of \$3,022,000 are comprised primarily of trailing costs associated with drilling/testing of the Lockyer Deep-1 discovery well and planning/acquisition of the Ringneck 2D seismic survey.

Item 6.1: The aggregate amount of payments to related parties and their associates of \$98,000 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.

For further information please contact/follow Norwest Energy at:

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Email: info@norwestenergy.com.au

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 MARCH 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(70)	(15)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(132)	(484)
	(e) administration and corporate costs	(196)	(589)
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	22	58
	(b) Recoveries	73	171
1.9	Net cash from / (used in) operating activities	(303)	(859)

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)	(2,952)	(4,142)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(2,952)	(4,042)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,083
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	2,985	2,985
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(5)	(189)
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	2,980	6,879

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,777	3,524
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(303)	(859)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,952)	(4,042)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,980	6,879
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,502	5,502

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	5,424	5,699
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)	5,502	5,777

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
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

98

-

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.</i>		
<i>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)	(303)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(2,952)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(3,255)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	5,502
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	5,502
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.69

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: No. During the reporting period the Company paid costs associated with drilling of the Lockyer Deep-1 exploration well. Net operating cash flows are anticipated to be reduced for subsequent reporting periods, until commencement of seismic and drilling appraisal activities in Q4 CY 2022.

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: Yes. The Company has completed a placement of \$15.3 million in early April and is currently undertaking a SPP to raise up to a further \$3 million.

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: Yes. The Company has raised sufficient capital to fund its anticipated work program until at least December 2023.

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: 27th April 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.