

Announcement to ASX

24 October 2019

XANADU 3D SEISMIC RESULTS

Norwest Energy NL (ASX: NWE) advises that, further to recent receipt of the final, processed 3D seismic volume from processing contractor Earth Signal Processing, the Company has 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-1 well intersected three sandstone reservoir units within the Irwin River Coal Measures Fm, from a depth of 854 metres TVDSS. The upper sand "A" has 4.6 metres of interpreted net oil pay, and oil was recovered from this interval using Schlumberger's Saturn Probe wireline tool. The lower two sands - "B" and "C" - were not interpreted to host oil pay however may do so in an updip location. Thickening of the reservoir sequence across the Xanadu structure, away from the Xanadu-1 intersection, is not evident on the new seismic data.

Downdip potential exists in the "A" sand only, based on an interpretation of pressure data, although at the present time the TP/15 Joint Venture regards this potential as having a lower chance of geological success for any future appraisal drilling.

Updip Volume

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. 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.

Downdip Volume

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. 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.

Remaining Prospectivity

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 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 is of significance and attests to the prospectivity of TP/15 within the vicinity of Xanadu.

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

The TP/15 Joint Venture Partners are Norwest Energy, via its wholly owned subsidiary Westranch Holdings Pty Ltd (Operator, 25%), Triangle Xanadu Pty Ltd (45%) and 3C Group (30%).

For further information please contact/follow Norwest Energy at:

Web: www.norwestenergy.com.au
Phone: +61 8 9227 3240
Email: info@norwestenergy.com.au
 [@Norwest_Energy](https://twitter.com/Norwest_Energy)