Norwest Minerals (ASX:NWM)

Research Note - 20 July 2025

COMPANY OVERVIEW

Norwest Minerals Limited (ASX:NWM) is an Australian mineral exploration company, incorporated in 2017 and listed on the ASX on 29 November 2018. Headquartered in West Perth, Western Australia, the company is focused on the exploration and development of gold, copper, nickel, rare earth elements, and other base metals across Western Australia. Its flagship asset, the Bulgera Gold Project, is located in the Plutonic Well greenstone belt approximately 200 km north of Meekatharra and hosts a JORC-compliant Mineral Resource Estimate (MRE) of 8.39 Mt at 1.07 g/t Au for approximately 288,400 ounces of gold. Other projects include the Arunta West rare earths project, the Bali Copper Project, the Marriott Nickel Project, and the Marymia East gold project.

PROJECTS

Overview

NWM holds a diversified portfolio of exploration projects across Western Australia. Core projects include the Bulgera Gold Project, located in the Plutonic Well greenstone belt and prospective for gold, and the Arunta West Project, located over 600 km west of Alice Springs and prospective for rare earth elements, titanium, and lithium. Non-core projects include the Bali Copper Project (36 km², west of Paraburdoo), the Marriott Nickel Project (400 km², southeast of Leinster), and the Marymia East gold project (84% JV interest in the Baumgarten Greenstone Belt). Over the past 18 months, NWM has pivoted its focus towards the Bulgera Gold Project, driven by the rising gold price environment and a recent 33% increase in the gold resource.

Bulgera Gold Project

Project Overview. The Bulgera Gold Project is 100% owned by NWM and is located approximately 200 km north of Meekatharra in the Plutonic Well greenstone belt, a proven gold province hosting over 7 Moz of historical gold production. NWM acquired the Bulgera project in July 2020. The project is targeting near-surface oxide mineralisation and areas beneath shallow open cuts last mined in 2004, which left behind an estimated 2 million tonnes of waste. Historic stockpiles may hold untapped value, as pre-2004 operations discarded material grading less than 1 g/t Au. Drilling efforts to date have been substantial, with 54 RC holes totalling 33,731 metres and 7 diamond holes for 2,359 metres completed.

JORC. On 10 July 2025, NWM announced a 33% increase in the Mineral Resource Estimate (MRE) for Bulgera to 8.39 Mt at 1.07 g/t Au for approximately 288,400 ounces of gold. The upgrade was achieved through a reinterpretation of the project's 3D geological model and the inclusion of newly identified gold zones within the Bulgera Mining Lease. The previous MRE (March 2022) was based on a higher cutoff grade of 0.6 g/t Au, which has since been reduced to 0.3 g/t Au in response to higher gold prices, enabling the inclusion of additional mineralised material. A breakdown by resource category is presented below.

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Cut-off Grade: 0.3 g/t	Tonnes (Mt)	Grade (g/t)	Contained Au (oz)
Inferred	4.96	1.15	183,400
Indicated	3.43	0.95	105,200
Total	8.39	1.07	288,400
Adjusted Ounces			170,460

Exploration Activities. NWM's most recent drilling program at Bulgera involved 54 RC holes totalling 33,731 metres and 7 diamond holes for 2,359 metres. The results of this drilling, combined with a reinterpretation of the geological model, contributed to the 33% resource upgrade announced on 10 July 2025. The company is targeting mineralisation down-dip of known and recently modelled shear zones, with mineralisation remaining open in multiple directions.

Planned Exploration Activities. RC drilling recommenced on 17 July 2025, targeting mineralisation down-dip of known and recently modelled shear zones within the Bulgera Mining Lease. NWM's CEO has indicated that upon completion of the current drilling program, another revision of the MRE is expected, signaling continued upside potential. The company's strategy is to advance Bulgera towards near-term gold production through a low-cost heap leach operation.

Arunta West Project

The Arunta West Project is 100% owned by NWM and covers approximately 1,600 km² along the Arunta Belt, located over 600 km west of Alice Springs. The project is prospective for rare earth elements (REEs), titanium, lithium, and gold. Recent drilling at the Malibu prospect uncovered broad zones of shallow titanium mineralisation, with standout results including 33 m at 2.0% TiO_2 from 39 m (including 12 m at 3.2% TiO_2) and 21 m at 3.0% TiO_2 from surface. At the Dales Gossan prospect, significant silver, lead, zinc, and copper mineralisation was reported. The project does not currently have a JORC-compliant resource estimate. NWM plans further drilling to expand on these early successes.

Other Projects

NWM's non-core projects include the Bali Copper Project (100% owned, 36 km², west of Paraburdoo, with historical small-scale copper mining and multiple zones of copper mineralisation along the Main Bali shear zone), the Marriott Nickel Project (100% owned, 400 km², southeast of Leinster, with a small resource of 584,000 t at 1.18% Ni), and the Marymia East Project (84% JV interest, with planned drilling to test copper-zinc targets in the Baumgarten Greenstone Belt). No material work has been conducted on these non-core projects in recent quarters, and the company is considering potential divestment to refocus capital on Bulgera.

FINANCIALS

Cash Position and Debt Owed

In its most recent quarter (Q3 FY25, ending 31 March 2025), NWM reported a cash balance of $275,000. According to the 2024 Annual Report, total outstanding debt comprises a portion of a directors' loan at a 6% daily interest rate, with approximately $375,000 remaining. However, on 19 May 2025, NWM raised $4.85m through a share placement, materially improving the cash position. Given the company's typical quarterly burn rate and the fact that drilling only recommenced on 17 July, the majority of the raised capital is estimated to remain available, resulting in an estimated cash position of approximately $2.6m as at the date of this note.

Cash Burn and Runway

NWM's quarterly cash burn has fluctuated between $495,000 and $1.67m over the past four quarters, with a four-quarter average of approximately $861,000 (including periods with capital raise inflows). Using Q1 FY25 as a benchmark (when NWM raised $2.5m under similar conditions) and scaling proportionally to the $4.85m raise, NWM's estimated runway is approximately 5.4 quarters. This provides a meaningful buffer to carry out the current drilling program, though additional capital will likely be required to advance towards production.

Exploration Expenditure

NWM spent $317,000 on exploration and evaluation activities in Q3 FY25, down from the $737,000 spent in Q2 FY25. Expenditure is expected to increase materially in Q4 FY25 and beyond as the company recommences RC drilling at Bulgera.

In '000s of AUD	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25
Exploration and Evaluation Expenditure	351	424	737	317

Capital Structure

Following the $4.85 million placement on 19 May 2025 (which issued approximately 483 million new shares), NWM has approximately 871 million ordinary shares on issue. The company also has approximately 264 million options outstanding, resulting in a fully diluted share count of approximately 1.136 billion. The share count is above the 1 billion threshold, which is generally considered unfavourable as it dilutes the impact of positive catalysts. All options are deep out of the money relative to the current share price of $0.014 and do not present an immediate dilution risk. However, if the share price were to materially appreciate, the large option overhang could cap price gains.

Share Price	$0.014
Ordinary Shares Outstanding	871,358,562
Market Capitalisation	$12.20m
Debt	$375,000
Cash	$2.6m
Enterprise Value	$9.93m
Options and Performance Rights Outstanding	264,144,598
Diluted Shares Outstanding	1,135,503,160

Capital Raise

On 19 May 2025, NWM raised $4.85m through a share placement, issuing approximately 483 million new shares. The funds were raised to recommence drilling at the Bulgera Gold Project, which resulted in a 33% increase in the MRE just two months later. Prior to this, NWM raised $2.5m in Q1 FY25 (September 2024) under similar conditions.

Shareholder Analysis

	Percentage Ownership
Fortress Minerals Limited	13.6%
Citicorp Nominees Pty Ltd	8.8%
Perth Select Seafoods Pty Ltd	8.0%
Kyriaco Barber Pty Ltd	7.1%
YF Chee Holdings SDN BHD	6.0%
Merit Grace Global Limited	3.7%
Malaco Mining SDN BHD	3.4%
Chaleyer Holdings Pty Ltd	3.2%
May Lee Yeow	2.9%
Catherine Chee	2.8%
Total	45.9%

Insider Ownership

Insider ownership at NWM totals approximately 12.1%, which is a moderately positive indicator of alignment between management and shareholders. The majority of directors have been significantly tenured at NWM (up to 6+ years), which has allowed them to accumulate their positions over time.

	Position Held	Percentage Ownership
Yew Fei Chee	Non-Executive Director	3.9%
Kok Hou Leong	Non-Executive Director	2.6%
Sia Hok Kiang	Non-Executive Director	2.4%
Ching Hong Loong	Non-Executive Director	1.9%
Charles Schaus	CEO, Director & Acting Chairman	1.0%
Total		11.8%

Relative Valuation

Given its adjusted ounces of approximately 170,460 and an enterprise value of approximately $9.93m, NWM is currently trading at an EV/Ounce of approximately $58 per ounce. This is below the sector average of approximately $150/oz, indicating a potential disconnect between the market valuation and the underlying resource. However, a discount is warranted given the absence of a measured resource category, the early stage of the project (no scoping study completed), and the large number of shares and options outstanding.

	Metric
Adjusted Ounces	170,460
Adjusted Grade (g/t)	1.07
Market Value of Adjusted Ounces (at $5,200/oz)	$886m
EV/Ounce ($)	$58
Peer Median EV/Ounce ($)	$150

MANAGEMENT

Management Biographies

Charles Schaus — CEO, Director & Acting Chairman (Since 2021). Charles Schaus is an experienced mining executive leading NWM's strategic direction and operational oversight. He previously founded Aurox Resources, serving as Managing Director, and in 2010 successfully merged the company with Atlas Iron in a scheme of arrangement valuing Aurox at over $130 million. Charles subsequently spent five years as Chairman of Plymouth Minerals (now Infinity Lithium). He has approximately 4 years and 4 months of tenure at NWM.

Ching Hong Loong — Non-Executive Director (Since 2019). Ching Hong Loong provides governance and regional insight to the board, with extensive board-level experience. He has approximately 6 years and 8 months of tenure at NWM.

Kok Hou Leong — Non-Executive Director (Since 2019). Kok Hou Leong brings senior mining and corporate strategy expertise to the board. He has approximately 6 years and 8 months of tenure at NWM.

Yew Fei Chee — Non-Executive Director (Since 2019). Yew Fei Chee is a veteran geologist and resource-sector executive, contributing deep technical and leadership skills. He has extensive experience in the iron ore mining industry in Malaysia and is the controlling shareholder and CEO of Fortress Mining Sdn Bhd, which is a top 10 shareholder of NWM. He has approximately 6 years and 9 months of tenure at NWM and is the largest insider shareholder at approximately 3.9%.

Sia Hok Kiang — Non-Executive Director (Since 2022). Sia Hok Kiang has board-level experience in geology, exploration, and mineral development. He is actively advising the Department of Mineral and Geosciences of the Malaysian Ministry of Land and Natural Resources and is Executive Chairman of Malaco Mining Sdn Bhd, a top 10 shareholder of NWM. He has approximately 3 years and 8 months of tenure at NWM.

Management Compensation

In AUD	Salary and Benefits	Superannuation	Cash Bonus	Share-Based Compensation	Total Compensation
FY25	588,795	20,531	-	-	609,326
FY24	574,093	20,531	-	90,000	684,624
FY23	559,503	20,531	-	60,102	640,136

Related Party Transactions

During FY24, NWM raised $950,000 from directors and shareholders, of which $575,000 was repaid through the issuance of shares and options. The shareholder loan has been fully settled, while a portion of the directors' loan remains outstanding at a 6% interest rate calculated daily. The 6% interest rate is within the range considered reasonable under our guidelines and does not raise immediate red flags. The use of director loans to fund working capital is a positive indicator of insider confidence, though the conversion of loan repayments into shares and options introduces additional dilution.

INVESTMENT ANALYSIS

Investment Thesis

Undervalued on an EV/Ounce Basis. NWM appears undervalued on an EV/oz basis. At approximately $58/oz, NWM trades at a material discount to the sector average of approximately $150/oz. While some discount is warranted given the early stage of the project and the absence of a measured resource category, the magnitude of the discount suggests the market is not fully pricing in the scale of the Bulgera resource and its near-term growth potential.

Near-Term Drilling Catalyst. RC drilling was recommended on 17 July 2025, targeting mineralisation down-dip of known and recently modelled shear zones. This program represents a clear near-term catalyst that could materially expand the resource base beyond the current 288,400 ounces. The CEO has indicated that upon completion of the current program, another MRE revision is expected. If drilling results are positive, this could drive a re-rating of the share price.

Recent 33% Resource Upgrade. The 10 July 2025 MRE upgrade to 8.39 Mt at 1.07 g/t Au for 288,400 oz represents a 33% increase from the previous estimate, achieved through geological reinterpretation and inclusion of newly identified gold zones. This demonstrates the potential for continued resource growth from the existing tenement package without the need for extensive additional drilling.

Favourable Gold Price Environment. The rising gold price has enabled a reduction in the cutoff grade from 0.6 g/t to 0.3 g/t, which contributed to the resource upgrade. If gold prices remain elevated, additional low-grade material may become economically viable, further expanding the resource and improving project economics.

Investment Risks

Large Number of Shares and Options Outstanding. With approximately 871 million shares and 264 million options outstanding (1.136 billion fully diluted), NWM's capital structure is a material concern. A high share count dilutes the impact of positive catalysts, as any increase in company value is distributed across a very large shareholder base. While options are currently deep out of the money ($0.07–$0.105 exercise price versus $0.014 share price), a material share price recovery would bring them closer to being exercisable, creating significant overhang.

Project Volume and Diversification Risk. NWM currently holds interests in at least five major projects spanning gold, copper, nickel, rare earths, and titanium. Managing exploration across this many assets with a market capitalisation of approximately $12m and annual exploration spend typically ranging between $2–3m increases the risk that no single project receives enough funding or focus to reach a value-creating milestone. The company could mitigate this risk by divesting non-core assets to refocus capital on Bulgera.

No Scoping Study or Development Pathway. Bulgera does not yet have a scoping study, pre-feasibility study, or defined development pathway. While the company has indicated an intention to advance towards a low-cost heap leach operation, there is currently limited visibility on project economics, capital requirements, or timeline to production. This introduces significant uncertainty around the project's viability and valuation.

Low Insider Ownership Relative to Peers. Insider ownership of approximately 12.1% (with the CEO holding only ~1.0%) is moderate but not particularly strong for a micro-cap explorer. The CEO's small personal stake may reduce alignment with shareholders relative to companies where management holds more meaningful positions.

INVESTMENT RECOMMENDATION

NWM's Bulgera Gold Project offers a compelling resource base of 288,400 ounces (170,460 adjusted) at a significant discount to the sector average on an EV/oz basis. The recent 33% resource upgrade and the recommencement of RC drilling on 17 July 2025 provide clear near-term catalysts. However, the absence of any study-level outputs, the large number of shares and options outstanding, the diversification across five projects with limited capital, and the lack of a defined pathway to production temper the investment case. Accordingly, we recommend NWM as a **Watch**, pending drilling results from the current program and progress towards a scoping study or further resource upgrades at Bulgera.

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