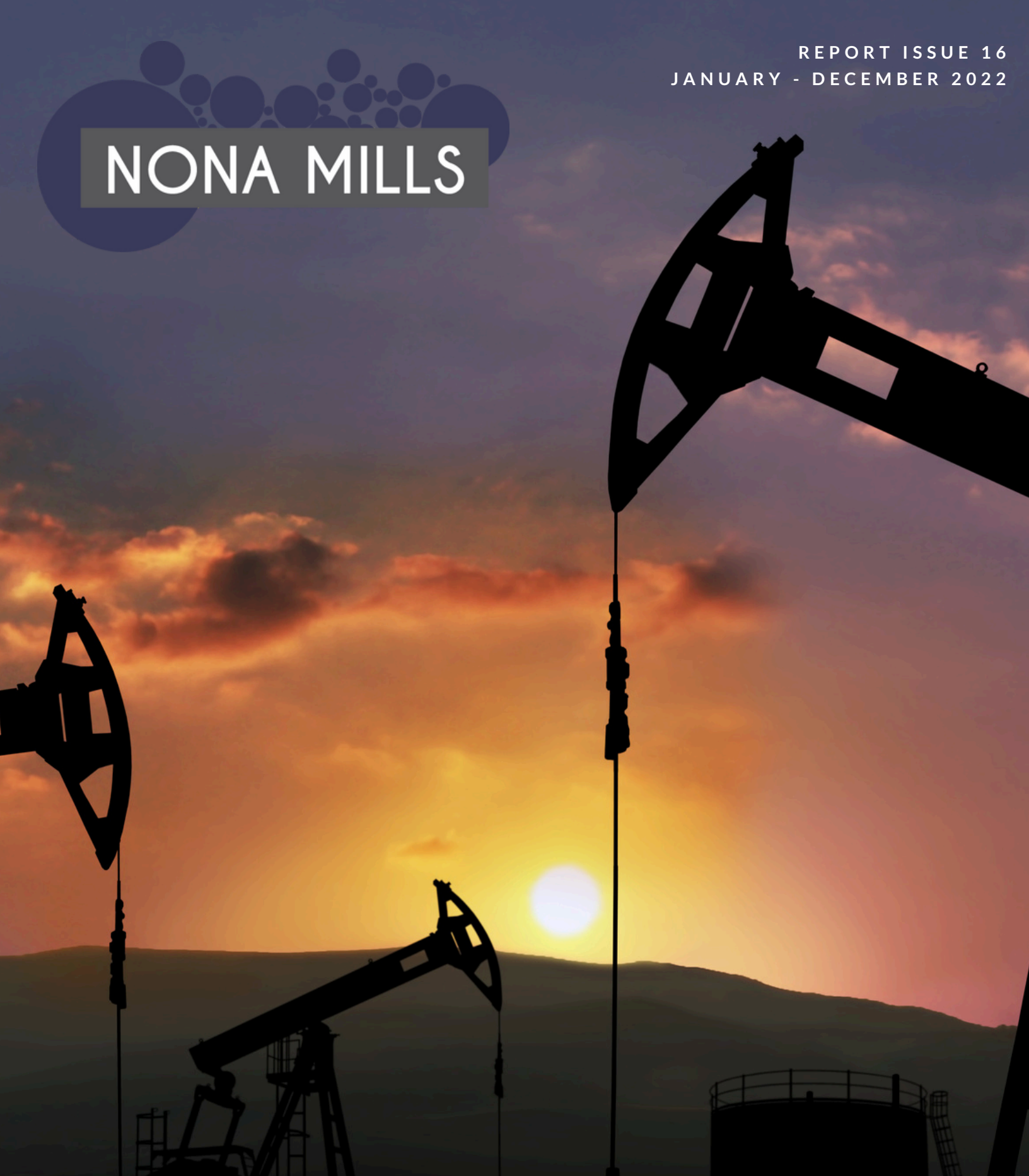


REPORT ISSUE 16  
JANUARY - DECEMBER 2022


# NONA MILLS



NONA MILLS PTY LTD | 08 9417 4727 | [INFO@NONAMILLS.COM.AU](mailto:INFO@NONAMILLS.COM.AU)

Formula for success: rise  
early, work hard, strike oil

- J. Paul Getty



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# LETTER FROM THE DIRECTOR

Welcome to the first of the new Annual Reports (Report Issue 16).

As mentioned in our last report we will be aiming to bringing all reporting up to date. We understand the frustration with information being delayed and out of date. However dealing with the Field Managers, Project and other Investors has proven very problematic. We do still endeavour to keep all the reporting periods fulfilled in these reports.

The news for this period is still not good with the field still not producing any oil.

We are currently pursuing details and information on a non producing oil field for a certain period of time, and what are the ramifications based on the US and Texas legislation are. This could impact an oil field by the lease being cancelled, repossessed or handed back.

We have been consulting other stakeholders, government agencies, land owners and the refinery in relation to this. We expect in our next report to provide some definitive information around these matters.

Regards

Wayne Blazejczyk

# OIL MARKET HIGHLIGHTS



## Crude Oil Twelve-Month Summary

Crude oil spot prices rose firmly in June 2022, continuing previous monthly gains, driven by a rally in futures markets as well as a strengthening global physical crude market, amid higher crude demand from refiners.

The OPEC Reference Basket (ORB) increased for the second-consecutive month in June 2022, reaching its highest monthly average since October 2018. The ORB value rose \$4.98 m-o-m, or 7.4%, to settle at an average of \$71.89/b. Year-to-date (y-t-d), the ORB averaged \$63.85/b, representing a gain of \$24.64, or 62.9%, compared to the same month last year.

Crude oil prices rebounded m-o-m in September, gaining about 5%, supported by robust oil market fundamentals amid a slow restart of US oil production, further recovery of oil demand and a drop in inventories, along with easing COVID-19-related mobility restrictions in several Asian countries.

Moreover, worries about natural gas and coal shortages in Europe and Asia boosted sentiment for higher oil demand. The OPEC Reference Basket (ORB) value rose by \$3.55 or 5.0% m-o-m in September to settle at \$73.88/b.

The ICE Brent front-month rose \$4.37, or 6.2%, m-o-m in

September to average \$74.88/b, while NYMEX WTI increased by \$3.83, or 5.7%, m-o-m to average \$71.54/b. Consequently, the Brent/WTI spread widened further in September to \$3.34/b, its highest point since last April.

Hedge funds and other money managers boosted bullish wagers in September as oil prices rose to multi-year highs, as the risk of a natural gas and coal shortage urged speculators to bet on higher oil prices.

Both crude oil spot and futures prices fell for the second-consecutive month in December 2022. Major physical crude benchmarks decreased about 9%, m-o-m, on growing concerns that the rapid spread of the Omicron COVID-19 variant may have an impact on the global economy and oil demand.

To close out the year, the OPEC Reference Basket fell \$5.99, or 7.5%, to settle at a three-month low of \$74.38/b. Crude oil futures prices extended losses in December, declining on both sides of the Atlantic, with the ICE Brent front month down \$6.05, or 7.5%, to average \$74.80/b and NYMEX WTI declining by \$6.96, or 8.8%, to average \$71.69/b.

# OIL MARKET HIGHLIGHTS

## World Economy

While the OPEC Monthly Oil Market Reports primarily focus on oil markets, they often touch upon broader economic trends impacting oil demand. In 2022, the global economy experienced a mix of challenges and opportunities, reflected in these reports.

At the outset of the year, hopes for a robust economic recovery from the COVID-19 pandemic were tempered by lingering uncertainties. Supply chain disruptions, inflationary pressures, and uneven vaccination rates across regions presented formidable obstacles to sustained growth.

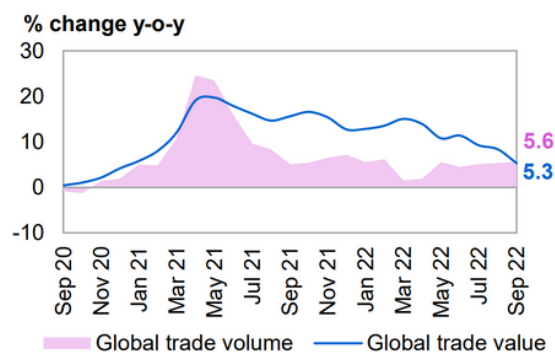
Throughout 2022, the world economy grappled with various headwinds, including geopolitical tensions, trade disputes, and shifting monetary policies. These factors contributed to volatility in financial markets and posed challenges to businesses and consumers alike.

Additionally, while some economies rebounded strongly, supported by fiscal stimulus measures and pent-up demand, others faced prolonged struggles due to structural weaknesses and external shocks.

In terms of oil demand, the economic outlook played a crucial role. Improvements in economic indicators often correlated with increased oil consumption, particularly in sectors like transportation and manufacturing. Conversely, economic downturns or slowdowns typically led to reduced oil demand, influencing OPEC's assessments and projections.

Overall, the OPEC Monthly Oil Market Reports likely provided comprehensive analyses of the complex interactions between the global economy and oil markets in 2022. By monitoring economic indicators and identifying emerging trends, these reports served as valuable resources for policymakers, investors, and industry stakeholders navigating the uncertainties of the post-pandemic world.

### Global Trade



Sources: Netherlands Bureau for Economic Policy Analysis, Haver Analytics and OPEC.

Reference: OPEC Monthly Oil Market Report - Dec 2022

# OIL MARKET HIGHLIGHTS

## World Oil Demand

In 2022, the global oil demand witnessed a fluctuating trajectory, as outlined in the OPEC Monthly Oil Market Reports. The year was characterized by a complex interplay of factors influencing oil consumption, including economic recovery post-pandemic, geopolitical tensions, and shifts in energy policies worldwide.

At the onset of 2022, oil demand showed signs of recovery from the pandemic-induced downturn, buoyed by easing COVID-19 restrictions and resumption of economic activities in many regions. However, this recovery was uneven across countries and sectors, with lingering uncertainties hindering a swift rebound.

Throughout the year, geopolitical events such as conflicts in key oil-producing regions and diplomatic tensions among major oil-consuming nations added volatility to the oil market. These events often led to fluctuations in oil prices and affected demand forecasts, underscoring the interconnectedness of global geopolitical dynamics and energy markets.

Furthermore, evolving energy policies and growing emphasis on sustainability and climate change mitigation strategies exerted a notable influence on oil demand patterns. Initiatives promoting renewable energy sources,

electric vehicles, and carbon emissions reduction measures gradually impacted the long-term outlook for oil consumption, prompting adjustments in demand projections.

Overall, the OPEC Monthly Oil Market Reports for 2022 highlighted the intricate interplay of economic, geopolitical, and environmental factors shaping global oil demand. Despite ongoing challenges and uncertainties, the reports provided valuable insights for policymakers, industry stakeholders, and analysts navigating the complexities of the oil market landscape.

**World Oil Demand 2022\* mb/d**  
Million Barrels Per Day

World oil demand	2021	1Q22	2Q22	3Q22	4Q22	2022	Change 2022/21	
							Growth	%
<b>Americas</b>	24.32	24.77	24.98	25.35	25.19	25.08	0.76	3.13
of which US	20.03	20.38	20.41	20.62	20.74	20.54	0.50	2.51
<b>Europe</b>	13.13	13.15	13.43	14.09	13.90	13.65	0.52	3.94
<b>Asia Pacific</b>	7.38	7.85	6.99	7.25	7.81	7.47	0.09	1.24
<b>Total OECD</b>	<b>44.83</b>	<b>45.77</b>	<b>45.40</b>	<b>46.69</b>	<b>46.91</b>	<b>46.20</b>	<b>1.37</b>	<b>3.06</b>
China	14.97	14.74	14.42	14.69	15.32	14.79	-0.18	-1.17
India	4.77	5.18	5.16	4.95	5.35	5.16	0.39	8.11
Other Asia	8.63	9.09	9.27	8.73	8.85	8.98	0.36	4.12
Latin America	6.23	6.32	6.36	6.55	6.40	6.41	0.18	2.91
Middle East	7.79	8.06	8.13	8.50	8.17	8.22	0.42	5.44
Africa	4.22	4.51	4.15	4.25	4.53	4.36	0.14	3.24
Russia	3.61	3.67	3.42	3.45	3.59	3.53	-0.08	-2.32
Other Eurasia	1.21	1.22	1.16	1.00	1.21	1.15	-0.06	-5.07
Other Europe	0.75	0.79	0.75	0.73	0.80	0.77	0.01	1.62
<b>Total Non-OECD</b>	<b>52.18</b>	<b>53.58</b>	<b>52.81</b>	<b>52.84</b>	<b>54.20</b>	<b>53.36</b>	<b>1.18</b>	<b>2.25</b>
<b>Total World</b>	<b>97.01</b>	<b>99.35</b>	<b>98.21</b>	<b>99.54</b>	<b>101.11</b>	<b>99.56</b>	<b>2.55</b>	<b>2.62</b>
Previous Estimate	97.03	99.36	98.35	99.32	101.25	99.57	2.55	2.62
Revision	-0.02	-0.01	-0.14	0.22	-0.14	-0.02	0.00	0.00

Note: \* 2022 = Forecast. Totals may not add up due to independent rounding. Source: OPEC.

Reference: OPEC Monthly Oil Market Report - Dec 2022

# OIL MARKET HIGHLIGHTS



## World Oil Supply

In 2022, the world oil supply landscape depicted a dynamic narrative, as detailed in the OPEC Monthly Oil Market Reports. The year was characterized by a delicate balance between supply-side dynamics, geopolitical developments, and shifting production patterns.

Key themes that likely emerged in the reports include:

**Production Recovery:** Following the disruptions caused by the COVID-19 pandemic and subsequent demand shock, oil-producing nations embarked on a path toward production recovery. OPEC and its allies, collectively known as OPEC+, implemented production adjustments to stabilize the market and respond to evolving demand conditions.

**Geopolitical Tensions:** Throughout 2022, geopolitical tensions in major oil-producing regions such as the Middle East and North Africa influenced oil supply dynamics. Conflicts, sanctions, and geopolitical rivalries often led to supply disruptions or uncertainties, contributing to market volatility.

**Non-OPEC Supply Dynamics:** Beyond OPEC, the global oil supply landscape saw notable developments among non-OPEC producers. Countries like the United States,

Canada, and Russia continued to play significant roles in shaping global oil supply, with developments in shale production, offshore drilling, and Arctic exploration influencing market dynamics.

**Investment Trends:** The reports likely assessed investment trends in the oil and gas sector, reflecting on the implications for future production capacity. Factors such as capital expenditure, technological advancements, and regulatory frameworks influenced investment decisions among oil companies and producing nations.

**Energy Transition Impacts:** Amid growing concerns about climate change and sustainability, the reports may have explored the impact of the energy transition on oil supply. Shifts towards renewable energy sources, electrification, and decarbonization initiatives posed long-term challenges and opportunities for oil-producing countries and companies.

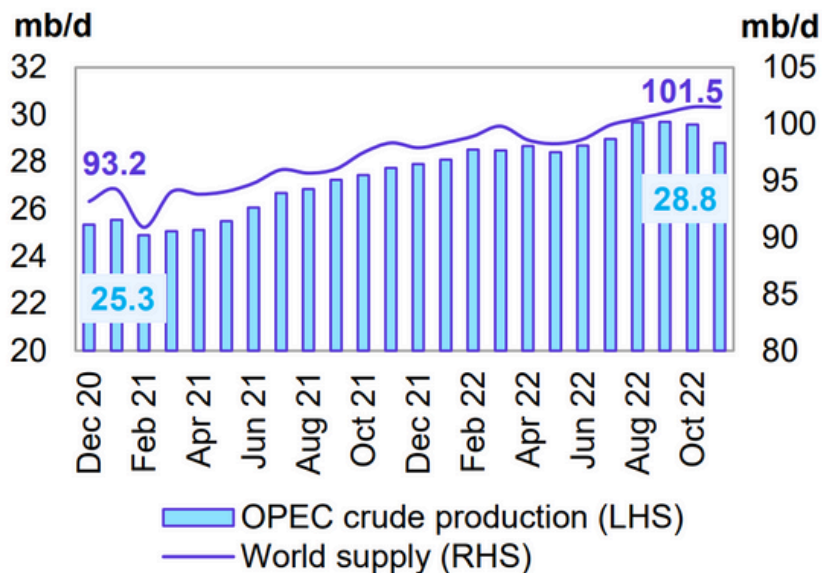
Overall, the OPEC Monthly Oil Market Reports likely provided comprehensive analyses of the world oil supply landscape in 2022, offering insights into production trends, geopolitical risks, and the evolving energy transition. These reports served as valuable resources for policymakers, industry stakeholders, and analysts seeking

# WORLD OIL SUPPLY CONT

to navigate the complexities of the global oil market.

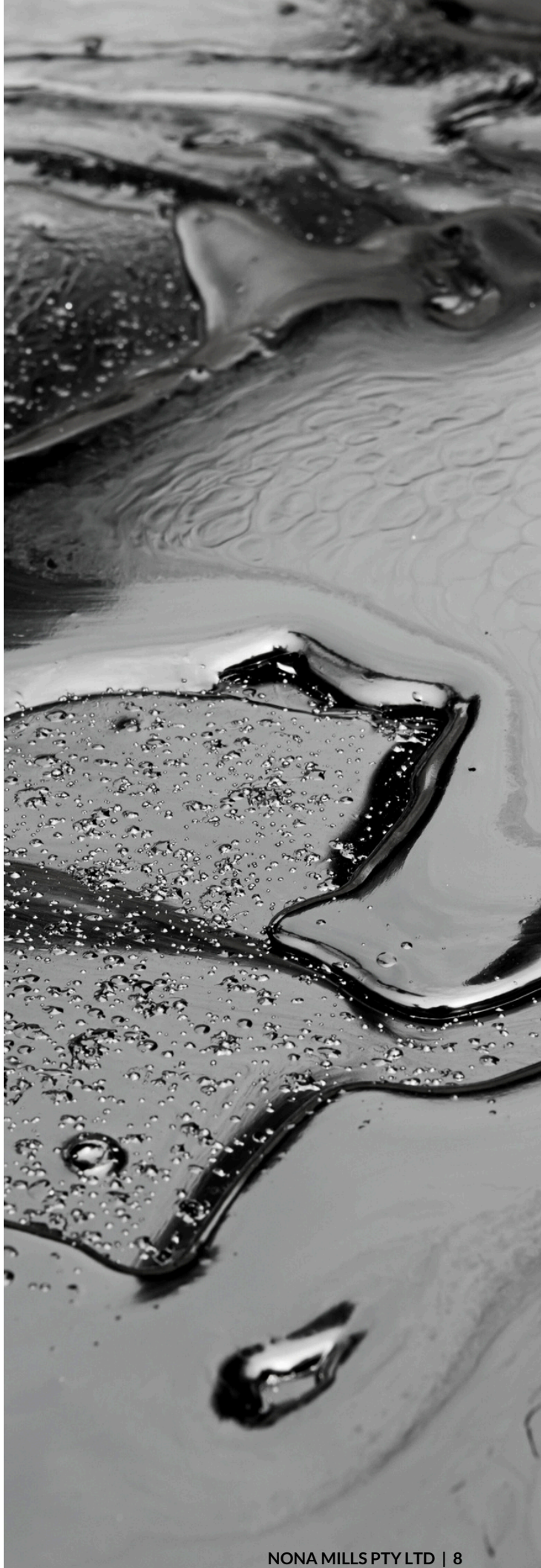
## OPEC Supply mb/d

Million Barrels Per Day



Source: OPEC.

Reference: OPEC Monthly Oil Market Report - Dec 2022





# OIL MARKET HIGHLIGHTS



## Balance of Supply and Demand

In 2022, the balance of supply and demand in the global oil market was closely monitored and analyzed through the lens of the OPEC Monthly Oil Market Reports. The year presented a nuanced picture, characterized by a delicate interplay between supply-side factors, demand recovery post-pandemic, and various geopolitical and economic influences.

**Demand Recovery:** At the outset of 2022, the global oil market continued its journey towards recovery from the unprecedented demand shock inflicted by the COVID-19 pandemic. As vaccination efforts progressed and economic activities resumed, demand for oil showed signs of improvement. However, the pace and trajectory of this recovery varied across regions and sectors, influenced by factors such as vaccination rates, economic growth prospects, and government policies.

**Supply Dynamics:** On the supply side, efforts to balance the market were led by OPEC and its allies, collectively known as OPEC+. Throughout the year, OPEC+ countries adjusted their production levels in response to evolving market conditions, aiming to prevent oversupply or shortage scenarios. Non-OPEC producers also played a significant role, with developments in shale production, offshore drilling, and investment trends shaping global

supply dynamics.

**Geopolitical Factors:** Geopolitical tensions and events in key oil-producing regions had notable impacts on the balance of supply and demand. Conflicts, sanctions, and geopolitical rivalries often led to supply disruptions or uncertainties, influencing market sentiment and prices.

**Energy Transition Considerations:** Against the backdrop of the global energy transition, the reports likely delved into the implications for the balance of supply and demand. Shifts towards renewable energy sources, electrification, and decarbonization initiatives posed both challenges and opportunities for the oil market, influencing long-term demand projections and investment decisions.

**Market Volatility:** Throughout 2022, the oil market experienced periods of volatility, reflecting uncertainties surrounding supply-demand dynamics, geopolitical developments, and macroeconomic factors. Fluctuations in oil prices and inventory levels underscored the intricate balancing act faced by market participants.

Overall, the OPEC Monthly Oil Market Reports provided in-depth analyses and insights into the evolving balance

# BALANCE OF SUPPLY AND DEMAND CONT

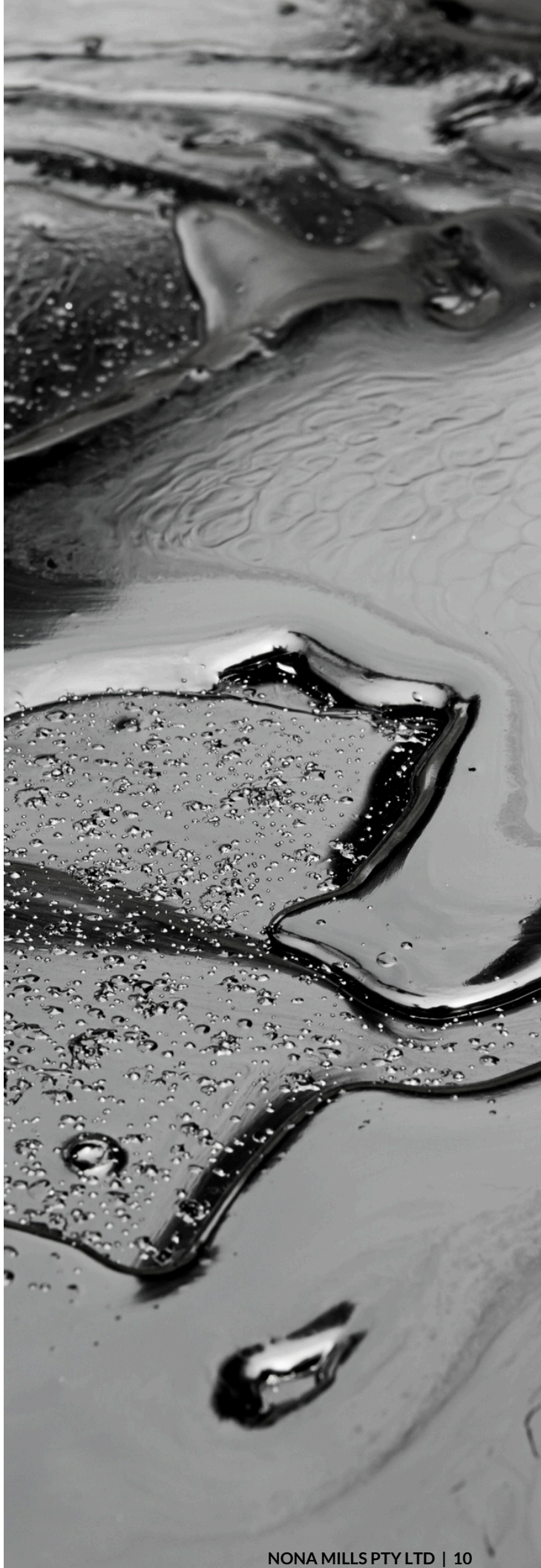
of supply and demand in the global oil market in 2022. By monitoring key indicators, assessing market fundamentals, and identifying emerging trends, these reports served as valuable resources for policymakers, industry stakeholders, and analysts navigating the complexities of the oil market landscape.

## Balance of Supply and Demand 2021 - 2022

	2021	1Q22	2Q22	3Q22	4Q22	2022	Change 2022/21
<b>(a) World oil demand</b>	<b>97.01</b>	<b>99.35</b>	<b>98.21</b>	<b>99.54</b>	<b>101.11</b>	<b>99.56</b>	<b>2.55</b>
Non-OPEC liquids production	63.68	65.33	64.54	65.61	66.79	65.57	1.89
OPEC NGL and non-conventionals	5.28	5.35	5.38	5.41	5.43	5.39	0.11
<b>(b) Total non-OPEC liquids production and OPEC NGLs</b>	<b>68.96</b>	<b>70.68</b>	<b>69.92</b>	<b>71.01</b>	<b>72.22</b>	<b>70.96</b>	<b>2.00</b>
Difference (a-b)	28.05	28.67	28.29	28.52	28.89	28.59	0.55
OPEC crude oil production	26.35	28.36	28.59	29.44			
Balance	-1.70	-0.31	0.30	0.92			

Note: \* 2022 = Forecast. Totals may not add up due to independent rounding. Source: OPEC.

Reference: OPEC Monthly Oil Market Report – Dec 2022



# OIL MARKET HIGHLIGHTS



## Crude Oil Price Movements

In 2022, crude oil price movements were a focal point of analysis within the OPEC Monthly Oil Market Reports, reflecting the complex interplay of supply and demand dynamics, geopolitical tensions, and macroeconomic factors.

**Volatility and Fluctuations:** The year witnessed periods of significant volatility in crude oil prices, driven by a multitude of factors. Geopolitical tensions, such as conflicts in key oil-producing regions or diplomatic disputes among major oil-consuming nations, often led to sudden price spikes or corrections. Additionally, uncertainties surrounding global economic recovery post-pandemic, inflationary pressures, and shifts in monetary policies contributed to fluctuations in oil prices.

**Supply-Demand Dynamics:** The balance between oil supply and demand remained a critical determinant of price movements. The OPEC Monthly Oil Market Reports likely analyzed changes in production levels among OPEC and non-OPEC countries, as well as shifts in demand patterns influenced by economic activity, transportation trends, and energy policies. Supply disruptions, whether due to geopolitical events or production outages, had immediate impacts on market sentiment and prices.

**OPEC+ Actions:** Throughout 2022, the actions and decisions of the OPEC+ alliance played a pivotal role in shaping crude oil prices. Adjustments to production quotas and adherence to agreed-upon output levels were closely monitored by market participants, as they directly impacted supply levels and market balances. OPEC's efforts to maintain stability in the market, while also responding to changing demand dynamics, were reflected in the reports.

**Energy Transition Considerations:** Against the backdrop of the global energy transition, the reports likely discussed the influence of sustainability initiatives, renewable energy adoption, and climate change policies on crude oil prices. Market participants closely followed developments related to alternative energy sources, electric vehicles, and carbon emissions regulations, as these factors had long-term implications for oil demand and price outlooks.

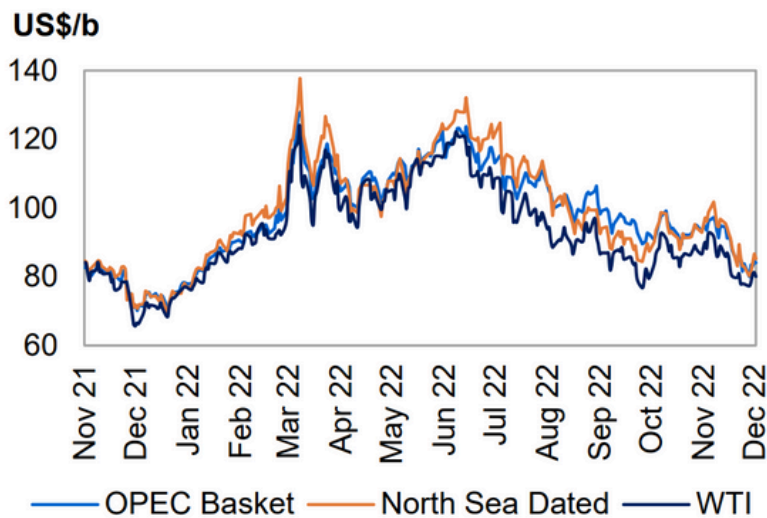
**Market Sentiment and Speculation:** Beyond fundamental supply-demand factors, market sentiment and speculative activities also influenced crude oil price movements. Investor perceptions of geopolitical risks, economic indicators, and future demand trends often drove short-term price fluctuations, amplifying volatility in the

# CRUDE OIL PRICE MOVEMENTS CONT

market.

Overall, the OPEC Monthly Oil Market Reports provided comprehensive analyses of crude oil price movements in 2022, offering insights into the multifaceted drivers behind price volatility and fluctuations. By examining supply-demand dynamics, geopolitical developments, energy transition trends, and market sentiment, these reports served as valuable resources for understanding and navigating the complexities of the global oil market.

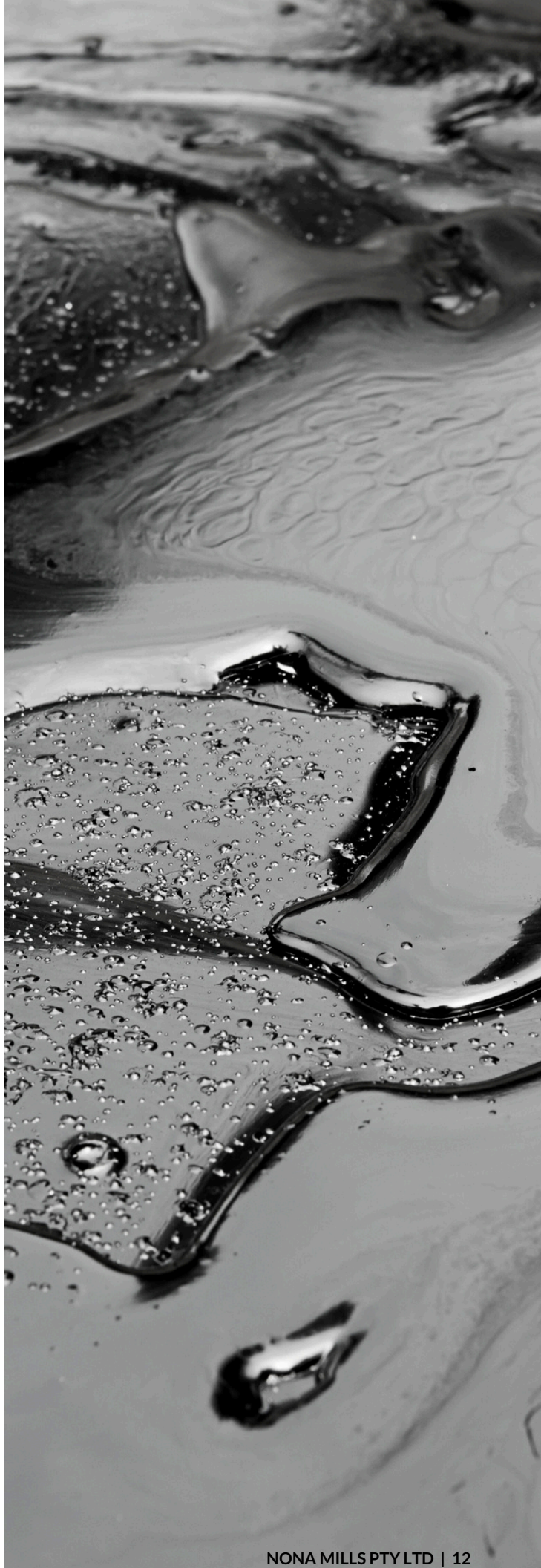
### Crude Oil Price Movement



Sources: Argus, OPEC and Platts.

Reference: OPEC Monthly Oil Market Report - December 2022

Reference: Avg. Crude Oil Spot Price - OPEC Basket Price. No Barrels were produced in this period at the Nona Mills Fields.



# OIL MARKET HIGHLIGHTS

## The Impact of the US Dollar (USD) and Inflation on Oil Prices

In 2022, the impact of the US dollar (USD) and inflation on oil prices was a prominent area of analysis within the OPEC Monthly Oil Market Reports, reflecting the intricate relationship between currency dynamics, inflationary pressures, and commodity pricing.

**USD Exchange Rates:** The strength or weakness of the US dollar relative to other currencies influenced oil prices, as crude oil is predominantly priced and traded in USD. Fluctuations in the value of the dollar, driven by factors such as monetary policy decisions, economic indicators, and geopolitical developments, had direct implications for the purchasing power of oil-importing countries and the competitiveness of oil-exporting nations.

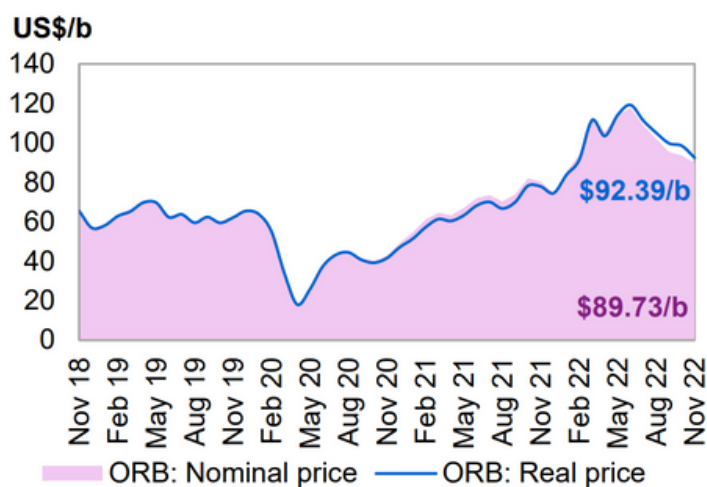
**Inflationary Pressures:** Inflationary trends, both globally and within individual economies, played a significant role in shaping oil prices. Rising inflation eroded the real value of currencies, potentially increasing the nominal price of oil as a hedge against currency depreciation. Additionally, inflationary pressures stemming from supply chain disruptions, labor shortages, and government stimulus measures impacted consumer spending, economic activity, and ultimately, oil demand.

OPEC's Response: The OPEC Monthly Oil Market Reports

likely examined how OPEC and its allies responded to fluctuations in the US dollar and inflationary pressures. OPEC's decisions on production levels and market interventions were influenced by considerations of currency dynamics and inflation, as they affected the purchasing power of oil revenues and the stability of member economies.

**Macroeconomic Indicators:** Analysis within the reports likely included assessments of key macroeconomic

**Impact of Inflation and Currency Fluctuations on the spot ORB Price**  
(Base June 2001 = 100)



Source: OPEC.

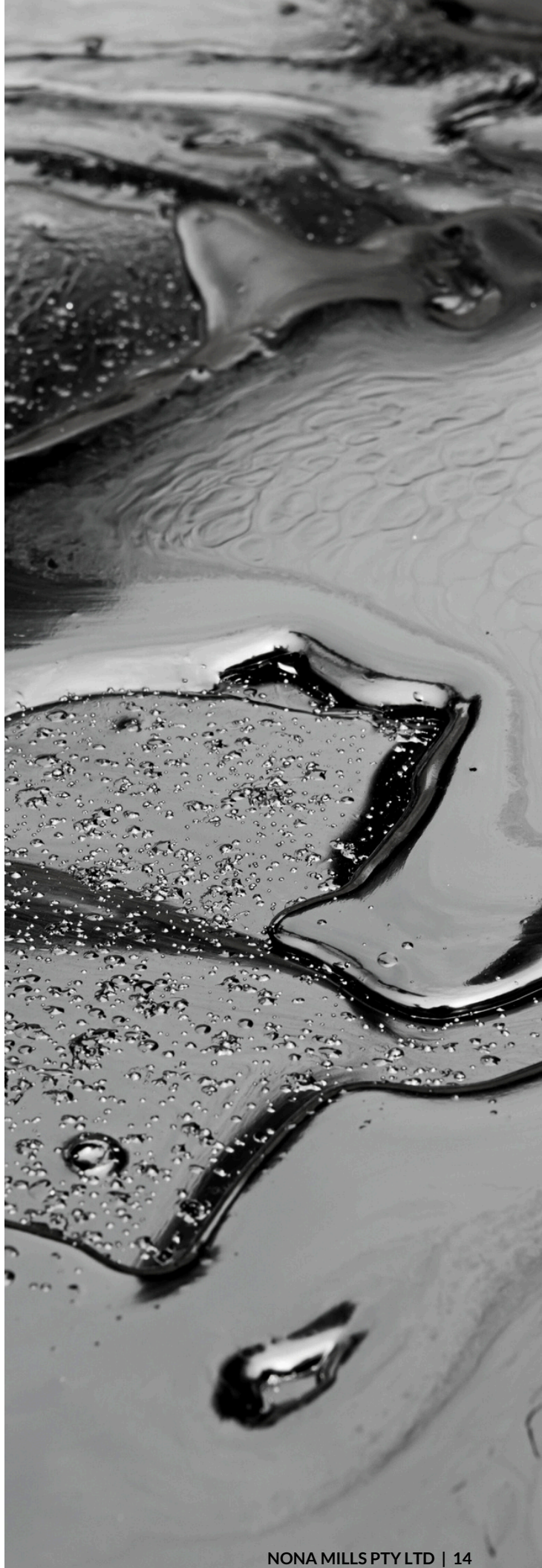
Reference: OPEC Monthly Oil Market Report - Dec 2022

# THE IMPACT OF THE US DOLLAR (USD) AND INFLATION ON OIL PRICES CONT

indicators, such as interest rates, GDP growth, and unemployment rates, which provided insights into the broader economic environment impacting oil prices. Changes in these indicators, influenced by factors including central bank policies and fiscal stimuli, contributed to fluctuations in the USD and inflation, thereby influencing oil price movements.

**Market Sentiment and Risk Perception:** Beyond fundamental economic factors, market sentiment and risk perception also influenced the relationship between the USD, inflation, and oil prices. Investor perceptions of geopolitical risks, economic uncertainties, and future monetary policy actions influenced trading strategies and speculative activities, amplifying volatility in the oil market.

Overall, the OPEC Monthly Oil Market Reports provided comprehensive analyses of the impact of the US dollar and inflation on oil prices in 2022, offering insights into the complex interactions between currency dynamics, macroeconomic trends, and commodity pricing. By examining these factors, the reports served as valuable resources for understanding and navigating the dynamics of the global oil market.



# Nona Mills Project Update



During the specified period, the Nona Mills field experienced a lack of oil production attributed to the inactivity of its wells.

Recognising the importance of revitalising operations at the field, efforts have been underway to engage the operator and push for the development of a comprehensive strategy and business case model for the field's future.

We have been trying to ascertain information and plans for the field going forward. This has tended to be impossible so we have engaged partners and legal means during 2022 to get some resolution.

To date at this state we have nothing further information to report to shareholders

We will be expecting further updates to be supplied in the next report with definitive information and hopefully conclusions.



The Nona Mills Project is located in Hardin County approx 60 miles northeast of Houston.

The field is comprised of 9 proven, productive intervals, 8 of the Yegua and one of the Crockett (Cook Mountain) ages. The formations in this field are typical to the Texas Gulf Coast and this is one of the premier East Texas oil and gas producing areas.

The field was discovered by General Crude, the predecessor to Mobil Oil. The first well, the Esther Hooks #1, came in on Christmas Eve 1949. Production was first established in the spring of 1950. Initial engineering studies on this field indicated a total reserve of 25+ million barrels of oil.

# American Mud Works Project Update



This project which has been marred in legal issues is still ongoing. The likely outcome seems to be the project will go into liquidation. If this occurs we see no payment to any shareholders.

As we held a very minor stake of 0.5% in the project we do not expect any value from this.

We will continue to monitor the situation but will not report on this going forward until or if something eventuates in our favour.

As we did not pay anything for this stake in AMW we have not directly suffered any losses.



Centrally located in Woodsfield, OH, the heart of the Northeast Marcellus and Utica Shale plays, American Mud Works is the only fully integrated mud and wastewater processing facility in the region, providing customers a turn-key solution to meet their disposal and drilling fluid needs.

AMW's state of the art facility includes a water treatment and mud processing plant. Our wastewater plant takes in wastewater, treats it, and recycles it into usable products; which include our line of proprietary drilling fluids. The mud processing plant recycles used drilling mud and customizes new mud to meet our customer's individual specifications.





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**NONA MILLS**

Nona Mills Pty Ltd  
(08) 9417 4727  
info@nonamills.com.au  
PO Box 5143  
South Lake WA 6964  
Australia