

27 February 2019

NEW ZEALAND OIL & GAS HALF-YEAR RESULT

Write-downs of the Kisaran development asset in Indonesia and the Kohatukai well in Taranaki were the main components in a net loss for New Zealand Oil & Gas of \$4.8 million for the six months to 31 December 2018. A net loss of \$0.7 million was recorded in the prior corresponding period.

Revenue was up 41.8 per cent to \$21.8 million compared to \$15.4 million in the pcp, due to the inclusion of the group's 4 per cent interest in Kupe across the full six months.

The Group had a cash balance of \$99.1 million, up from \$83.6 million a year earlier.

The value of exploration and evaluation assets was \$2.6 million, down from \$7.2 million a year earlier, because the value of Kisaran has been written down by \$7.2 million. Cue's Paus Biru-1 drilling costs are held on the balance sheet as exploration assets following a gas discovery during the period. Drilling costs are only expensed if exploration is unsuccessful.

Exploration costs of \$5.0 million were up from \$3.5 million in the pcp as the costs of the unsuccessful Kohatukai well were expensed.

New Zealand Oil & Gas chief executive Andrew Jefferies says the company is focused on growth.

"We have farmed into the world class Ironbark asset during the period, and with our 50.04 per cent interest in Cue Energy we have exposure to more than 25 per cent of Ironbark. At a best estimate of 15 trillion feet of gas, and located near existing gas infrastructure, Ironbark is a very large potential prospect at a great address. A rig contract has been signed and we are expecting a well will be drilled in late 2020.

"Deepwater potential off the South Island of New Zealand remains a focus area. A discovery there would transform regional economies and provide gas at scale for New Zealand to substitute clean natural gas for higher-carbon energy.

"We are continuing to screen opportunities to enter production and development opportunities internationally. Our focus is in markets we understand where our involvement can add value. Cue Energy is profitable and we are exiting low priority positions, including our directly-held Indonesian assets," Andrew Jefferies said.