

New Zealand Oil & Gas Activities Report

NZX:NZO | ASX:NZO

- Revenue up on last quarter by NZD\$1.5m
- Special Shareholder Meeting approves Amadeus transaction
- Amadeus transaction expected completion in current quarter
- Cue oil production up 47% on prior quarter.

During the quarter, New Zealand Oil & Gas announced an agreement to purchase interests in three producing Northern Territory Amadeus Basin assets from the operator, Central Petroleum. Shareholders approved the acquisition at a special meeting on 24 June. 99.99% of votes were cast in favour.

On 2 July 2021, Australia’s Foreign Investment Review Board provided a no-objections letter for the acquisition. Certain customary conditions remain to be satisfied, with the process on track for completion in the current quarter.

The operator is progressing work in the basin. The Mereenie program of four well re-completions, along with the WM27 and WM28 new development wells, are expected to elevate production to its 45 terajoule per day capacity, and add at least 40 petajoules of production over the lifetime of the field (10PJ net to New Zealand Oil & Gas and Cue). To put that performance in perspective, the Kupe field has been producing this year at around 60TJ/day and New Zealand Oil & Gas earned 0.92PJ of its production for our 4% share last year, so Mereenie will add significantly to production performance.

Improved oil production from subsidiary Cue also contributed to a positive quarter, with a 47% increase in oil production over the previous quarter. Three development wells were successfully completed and put into production during the quarter. There are now five production wells as planned in phase 1 of the plan of development.

FINANCIAL PERFORMANCE



Cash balance of NZ\$70.8 million at 30 June 2021 was down \$0.7 million on the prior quarter balance of \$71.5 million. NZ\$19.0 million of the cash balance was held by Cue.

Production revenue increased by \$1.5 million quarter on quarter due to increases in oil production and the timing of liftings. For indicative purposes, if production revenues from the Amadeus assets are included, then revenue for the quarter would be \$7.0m higher at \$16 million. Production revenue and volumes include pre-sale gas deliveries totalling 216 terajoules. Revenue earned on Amadeus assets up to completion will be included as an adjustment to the completion payment.

Kupe production volumes were higher in the quarter compared to the previous quarter. LPG price increases have boosted Kupe’s revenue, which is impacted by gas production falling due to natural field decline and timing of condensate liftings.

Cue earned revenue of AU\$5.7 million during the quarter, including approximately \$1 million from March and April oil sales in the Mahato PSC when production was approximately 1,600 barrels per day. Revenues from Mahato are received approximately six weeks after the end of the production month. The average price received for all oil sales during the quarter was AU\$84.41 per barrel.

A foreign exchange loss of \$0.7 million was incurred during the quarter.

PRODUCTION SUMMARY

FIELD		Total field this quarter [gross]	Our share previous quarter [net]	Our share June 2021 [net]
Kupe Taranaki, New Zealand	Oil Barrels	160,884	6,308	6,435
	Gas Petajoules	5.4	0.2	0.22
	LPG Tonnes	24,048	912	962
	Production revenue NZD\$m		3.2	2.8
Maari* Taranaki New Zealand	Oil Barrels, Net	477,670	23,759	24,020
	Production revenue AUD\$m		1.4	1.9
Sampang* Java, Indonesia	Oil Barrels		636	565
	Gas Petajoules		0.3	0.37
	Production revenue AUD\$m		2.6	2.9
Mahato* Sumatra, Indonesia	Oil Barrels		7,690	22,119
	Production revenue AUD\$m		0	1.0
Total Revenue NZD\$m equivalent			7.5	9.0
Mereenie** Amadeus, NT, Australia	Oil Barrels	37,570		9,392
	Gas Petajoules	2.7		0.68
Palm Valley** Amadeus, NT, Australia	Gas Petajoules	0.72		0.36
Dingo** Amadeus, NT, Australia	Gas Petajoules	0.34		0.17
Amadeus Basin*	Production revenue AUD\$m			6.5
Indicative total revenue NZD\$m equivalent. Includes Amadeus				16.0

* Interest held by Cue Energy. New Zealand Oil & Gas has a 50.04% interest in Cue. Cue's full interest is shown.

** Amadeus Basin assets: On 25 May 2021, New Zealand Oil & Gas announced it had agreed to acquire Amadeus Basin assets, subject to certain conditions including shareholder and regulatory approvals, with an effective economic date of 1 July 2020. Shareholders approved the transaction on 24 June 2021. Australian Foreign Investment Review Board no objection notice was received on 2 July 2021. Completion is expected in the current quarter, with the economic value shown in the table attributable to the New Zealand Oil & Gas group at that point as an adjustment to the completion payment. Share indicated includes Cue's full interest.

TARANAKI

Kupe oil and gas field (PML 38146)

4% New Zealand Oil & Gas

50% Beach Energy (Operator)

46% Genesis Energy

Production from the field has remained on a steady decline.

Kupe production was up 4.6% on the prior quarter, due to increased demand, supported by tightness in the New Zealand gas market, and reduced downtime.

During FY21, the Kupe facility operated at a reliability of 98.5%.

Through the quarter, the Kupe compression project was progressed and is nearing completion. Start-up is scheduled for H1 FY22 with the aim of supporting plateau production rates.

Maari and Manaia oil field (PMP 38160)

5% Cue Energy*

69% OMV New Zealand (Operator)

26% Horizon Oil International

Oil production from Maari and Manaia fields averaged approximately 5,300 bopd during the quarter. All wells, other than MR6a, were in production.

Repairs to the MR6a well were completed during May 2021. For the remainder of the quarter, the well was flowing clean up fluids, with no increasing hydrocarbon production, as expected. In late June 2021, low levels of sand were detected in the clean-up flows and the well was shut-in as a precautionary measure. The operator is considering options, which may include the installation of temporary de-sanding equipment.

Jadestone Energy and OMV have amended the long-stop date for Jadestone's acquisition of 69% operated working interest in Maari until 31 August 2021.



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Sampang PSC

15% Cue Energy*

Medco Energi Sampang Pty Ltd [Operator]

Gas production from the Sampang PSC continued to perform well, although production was lower than the previous quarter due to variations in demand.

Paus Biru gas commercialisation and preliminary FEED and permitting activities are ongoing.

The joint venture has been notified by the Indonesian regulator that Paus Biru gas has been allocated to the market from 2023. This notification is a significant step in the commercialisation of Paus Biru and customer discussions will now take place.

FID is currently targeted for 2022, with first gas in 2023.



Mahato PSC

12.5% Cue Mahato Pty Ltd*

Texcal Mahato EP Ltd [Operator]

Oil production from the PB field was approximately 3,400 barrels of oil per day [gross] at the end of June, increasing to 3,600 bopd [405 bopd net to Cue] in early July 2021.

Cue’s share of revenue from March and April sales was approximately \$1 million. During these months, production was approximately 1,600 bopd and future revenues are expected to be higher in line with increased production and increasing oil price.

Three development wells PB-3, PB-4 and PB-5 were successfully completed and put into production during the quarter. There are now five production wells as planned in phase 1 of the plan of development.

All five wells encountered oil in the main Bekasap A, B and C reservoirs as anticipated. The Bekasap B and C reservoirs are currently producing with PB-1 producing oil from the Bekasap B and PB-2, PB-3 and PB-5 producing from Bekasap C. PB-4 has commingled production from both Bekasap B and C reservoirs. The unperfored reservoirs in all wells are candidates for future production.

Results of the five wells drilled to date indicate further development potential in the field, which is currently under review. The operator has indicated the potential for further development wells to be drilled during the second half of the 2021 calendar year.

On 17 July 2021, the PBE-1 inter-field well commenced in the PB field. The well is targeting a structure to the east of the existing PB field, which, if successful, could be a stand-alone discovery or part of a larger PB field. The well is expected to take up to four weeks to drill.

Three further development wells are being planned for the PB field in the coming months.



Mahakam Hilir PSC

100% Cue Energy* [Operator]

Processes are underway for surrendering the permit, which expired in April 2021. These processes could take until the end of the calendar year.

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NORTHERN TERRITORY, AMADEUS BASIN

Mereenie [OL4 & OL5]

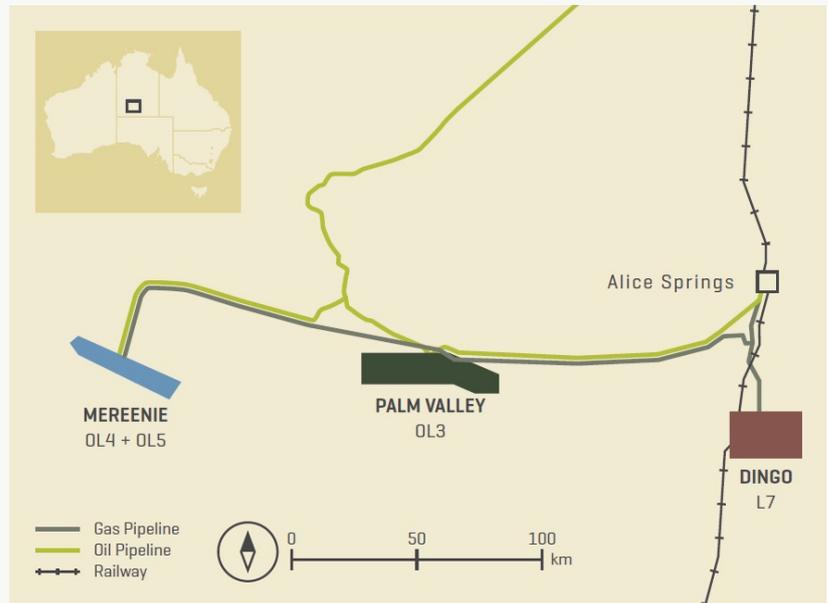
17.5% New Zealand Oil & Gas*
 7.5% Cue Energy Resources*
 50% Macquarie
 25% Central Petroleum [Operator]

Palm Valley [OL3]

35% New Zealand Oil & Gas*
 15% Cue Energy Resources*
 50% Central Petroleum [Operator]

Dingo [L7]

35% New Zealand Oil & Gas*
 15% Cue Energy Resources*
 50% Central Petroleum [Operator]



Production from the fields was steady through the quarter with the fields' decline in line with operator's modelling.

In addition to base production, the Mereenie rig program commenced with four well re-completions conducted and drilling on the WM-27 well commenced. The re-completes have added incremental production. Long term performance is still undergoing review.

The Mereenie and Palm Valley fields were producing at close to capacity through the quarter and nominations for Dingo also remained strong.

Preparation for the potential exploration and appraisal drilling at the Palm Valley and Dingo fields in FY22 continues.

* Shareholders in New Zealand Oil & Gas approved the acquisition of Amadeus basin assets at a special meeting on 24 June 2021. Certain further conditions must be satisfied before the transaction completes. Completion is expected in the current quarter. The transaction has an effective economic date of 1 July 2020. New Zealand Oil & Gas has a 50.04% interest in Cue Energy Resources. Cue's full interest is shown.

WESTERN AUSTRALIA

WA-409-P

20% Cue Energy*
 80% BP Developments Australia Pty Ltd [Operator]

During the quarter the operator completed a review of the prospectivity of the permit and recommended surrendering the permit. The joint venture is initiating the surrender process with all work commitments completed.

WA-389-P

100% Cue Energy* [Operator]
 NOPTA granted a 12 month suspension and extension until 8 April 2022 and Cue is continuing prospectivity assessment of the permit.

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New Zealand Oil & Gas Limited

36 Tennyson St, Wellington 6011, New Zealand | +64 4 495 2424 | enquiries@nzog.com | www.nzog.com

NZX:NZO | ASX:NZO Quarterly Activities Report authorised by Andrew Jefferies, Managing Director, 30 June 2021.