

New Zealand Oil & Gas Activities Report

ACTIVITIES UPDATE

Approvals received for farm-in to Ironbark, West Australia.

Extension in South Island, New Zealand permit.

REGULATORY DECISIONS IN NZ AND WA HAVE SIGNIFICANT IMPACT ON DEEPWATER EXPLORATION

Significant regulatory decisions have been made that keep momentum going in two of the company's deepwater exploration prospects.

In Western Australia, approval has been received for changes to the Ironbark work programme. This fulfils the final material condition required to form a joint venture to drill the prospect. Previously in the quarter, Cue shareholders voted to approve an agreement for New Zealand Oil & Gas to take a direct interest in the Ironbark well. Approval of Cue's minority shareholders was needed because New Zealand Oil & Gas has a controlling interest in Cue.

Work is progressing toward drilling the Ironbark-1 well late next year.

Ironbark is fully funded. BP is acting as operator under a coordination agreement between BP, Cue, Beach Energy and New Zealand Oil & Gas. The Ocean Apex drilling rig has been contracted and BP has commenced environmental planning for the well.

Ironbark is a very large prospect, close to existing LNG infrastructure on Western Australia's Northwest Shelf. New Zealand Oil & Gas will have an effective interest of 25.75% [including our 50.04% interest in Cue].

Meanwhile, in New Zealand, the deadline for a decision about whether to drill an exploration well in the Clipper permit has been extended by three years.

The extended work programme in Clipper will also allow a re-set of the marketing campaign to attract partners to drill the Barque prospect located about 60 kilometres east of Oamaru.

The future of Clipper and Barque will be influenced by progress in other exploration prospects in the Canterbury and Great South basins, where wells are due to be drilled before the new Clipper decision date.

While progress continues in deepwater exploration acreage, the company is advancing its plans to acquire production assets with development upside.

All directly held Indonesian permits have been effectively exited because the scale and profile of those projects no longer fit the company's strategy.

Current cashflows are sufficient to meet expenses and the company intends to use its balance sheet and technical capability to acquire new production.

PRODUCTION SUMMARY

FIELD		Total field for quarter [gross]	Our share previous quarter [net]	Our share Mar 2019 [net]
Kupe Taranaki, New Zealand	Oil Barrels	262,000	9,200	10,500
	Gas Petajoules	6.64	0.23	0.27
	LPG Tonnes	29,000	880	1,160
	Receipts NZD\$m		3.7	3.8
Maari* Taranaki New Zealand	Oil Barrels, Net		27,150	31,450
	Receipts AUD\$m.		2.5	1.6
Sampang* Java, Indonesia	Oil Barrels		680	790
	Gas Petajoules		0.35	0.38
	Receipts AUD\$m		4.6	3.2

*The New Zealand Oil & Gas interest in Maari and Sampang is held through Cue Energy. New Zealand Oil & Gas has a 50.04% interest in Cue. Table shows Cue's full interest.

TARANAKI

Kupe oil and gas field [PML 38146]

4% New Zealand Oil & Gas

50% Beach Energy [Operator]

46% Genesis Energy

Kupe production for this quarter was up on the previous quarter and in line with production in the same quarter a year ago. Gas sales were up, with high plant availability and high market demand.

LPG yields have also been sustained at high levels.

Work continues to progress on the capital project to install an onshore compressor at the Kupe production facility. The project is on track for a final investment decision in 2019.

Maari and Manaia oil field [PMP 38160]

5% Cue Energy*

69% OMV New Zealand [Operator]

26% Horizon Oil International

Oil production increased 16 per cent over the previous quarter due to all wells being back on line and because further production enhancements were implemented.

A larger capacity electric submersible pump [ESP] in the MR6a well and increased water injection were the primary contributors to the increase in daily production to approx 8,000 bopd [100%] at the end of the quarter.

Water injection volume tests are taking place to test the capacity of the water injection system and optimise the field production.

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Kohatukai [PEP 55768]

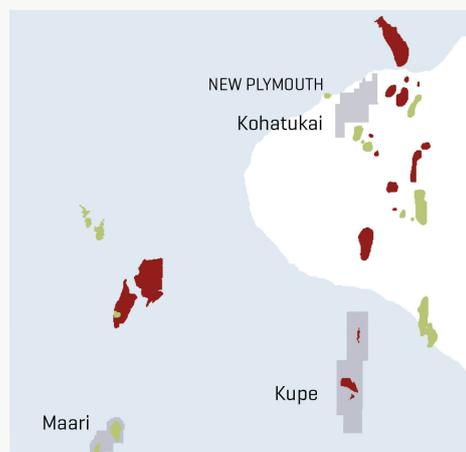
25% New Zealand Oil & Gas

25% O.G. Oil & Gas Limited

37.5% Mitsui E&P Australia Pty Ltd

12.5% AWE Holdings NZ Limited [Operator]

The joint venture is currently undertaking the required final post-well activities, with the intention to surrender the permit acreage once this work is completed.



TARANAKI BASIN

CANTERBURY-GREAT SOUTH

Clipper [PEP 52717]

50% New Zealand Oil & Gas [Operator]

50% Beach Energy

Shortly after quarter end, the Minister of Energy & Resources amended the permit work programme. A well commitment decision that was due to be made by 11 April 2019 now needs to be made before 11 April 2022. Other obligations have been extended correspondingly.

Work on the extension comprised most of the work programme in the permit during the quarter. The extended work programme in Clipper will allow a re-set of the marketing campaign to attract partners to the joint venture.

Clipper contains the multi-tcf Barque prospect located about 60 kilometres east of Oamaru.

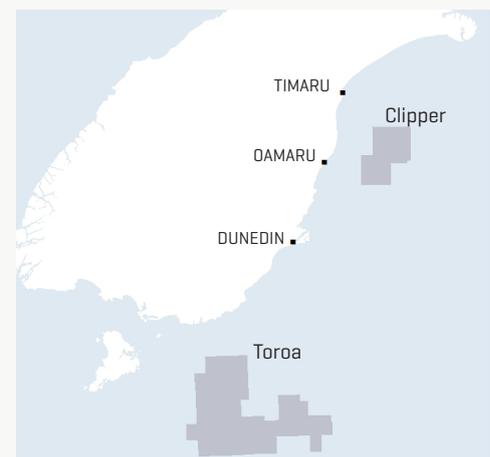
The joint venture expects other prospects in the Canterbury and Great South basins may be drilled ahead of Barque and progress in those permits will influence the future of the Barque prospect.

Toroa [PEP 55794]

100% New Zealand Oil & Gas

The government is considering an extension to the permit work programme to align with the extension in Clipper.

Although the Toroa well commitment date is another year away, due in 2020, it is expected that a potential farm-in arrangement would be aligned with the Clipper permit, and a well commitment would be influenced by progress in other prospects in the basin.



OFFSHORE CANTERBURY - GREAT SOUTH BASIN



INDONESIA

Bohorok

Production Sharing Contract

During the quarter, New Zealand Oil & Gas disposed of its remaining 25% interest.

Sampang

Production Sharing Contract

15% Cue Energy [Cue Sampang Pty Ltd]*

Operator: Santos [Sampang] Pty Ltd [an Ophir Energy Group Company]

At the beginning of the quarter, although the Grati onshore compressor was offline, production bypassing the compressor continued at average planned rates in Oyong and Wortel.

The compressor underwent repairs and was back online by 7 February 2019.

The Sampang joint venture is reviewing development concepts for the Paus Biru gas discovery to accelerate gas production from the field. The joint venture is discussing further opportunities for near term exploration drilling. The near term exploration drilling aims to take advantage of potential rig availability in the area in 2020.

Kisaran

Production Sharing Contract

New Zealand Oil & Gas has executed an agreement that will result in the company removing obligations to pay any further costs in the PSC, while retaining the opportunity to receive up to US\$1.75 million for its 22.5% equity in the PSC.



Mahato

Production Sharing Contract

12.5% Cue Energy [Cue Mahato Pty Ltd]*

Operator: Texcal Mahato EP Ltd

Following quarter end a joint operating agreement was finalised and signed by the partners in the Mahato PSC area.

Cue expects the 2019 work programme to include drilling two onshore exploration wells targeting high potential oil prospects.

A prospect within the southern portion of the PSC has drilling permits in place and is likely to be the first well drilled when exploration resumes.

Mahakam Hilir

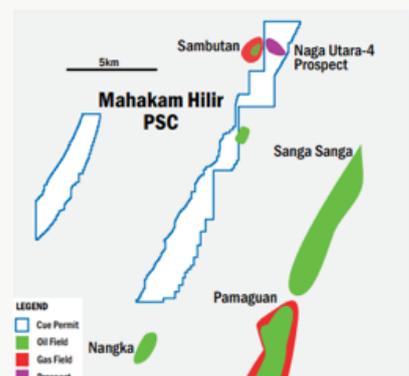
Kutei Basin Production Sharing Contract

100% Cue Energy [Cue Mahakam Hilir Pty Ltd and Cue Kalimantan Pte Ltd]*

Operator: Cue Kalimantan Pte Ltd

The Mahakam Hilir PSC contains the Naga Utara prospect and the Naga Utara-4 appraisal well.

Cue is proceeding with planning for drilling the Naga Utara-4 well and is currently seeking partners to participate in the Mahakam Hilir PSC and the well.



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

AUSTRALIA

WA-359-P

100% Cue Energy* (Operator)

In October 2018 Cue, BP Developments Australia Pty Ltd, Beach Energy and New Zealand Oil & Gas announced a co-ordination agreement.

It provides for BP to act as operator on behalf of Cue in planning the Ironbark-1 well prior to title transfers and creation of a formal joint venture. When title transfers are approved, the coordination agreement provides for BP to become operator.

During the quarter, several milestones were passed in progressing the agreements.

On 8 January 2019 Cue shareholders approved an agreement for New Zealand Oil & Gas to acquire a 15% interest in WA-359-P. New Zealand Oil & Gas will carry Cue for 2.85% of the costs of the Ironbark well and pay AUD\$642,600 in back costs on completion.

Also during the quarter, the Ocean Apex drilling rig was contracted by BP, acting on behalf of Cue, to drill the well. Drilling is expected to begin in late 2020.

Following quarter end the National Offshore Petroleum Titles Administrator notified Cue of the approval of a suspension of the work commitments for WA-359-P years 3 and 5 for 24 months until 25 April 2021 and an extension of the permit term until 25 April 2021.

When title transfers are approved, the coordination agreement provides for BP to become operator. The participating interests in the joint venture will then be:

BP [operator]	42.5%
Cue*	21.5%
Beach Energy	21%
New Zealand Oil & Gas	15%

An environmental plan for the Ironbark well-1 site survey has been submitted to the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA).

WA-409-P

20% Cue Energy (Cue Exploration Pty Ltd)*

80% BP Developments Australia Pty Ltd (Operator)

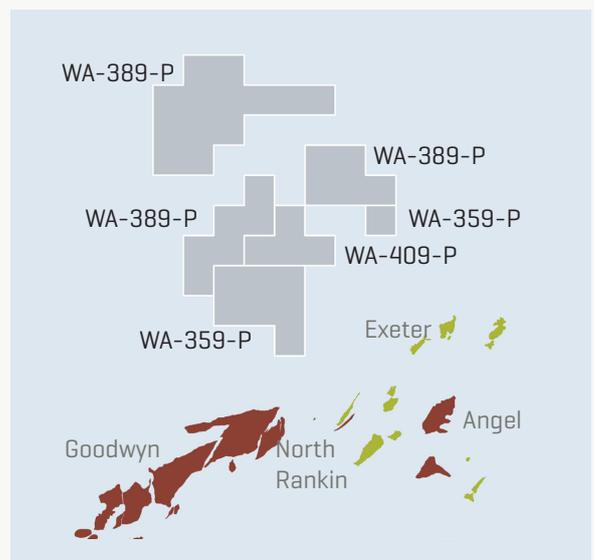
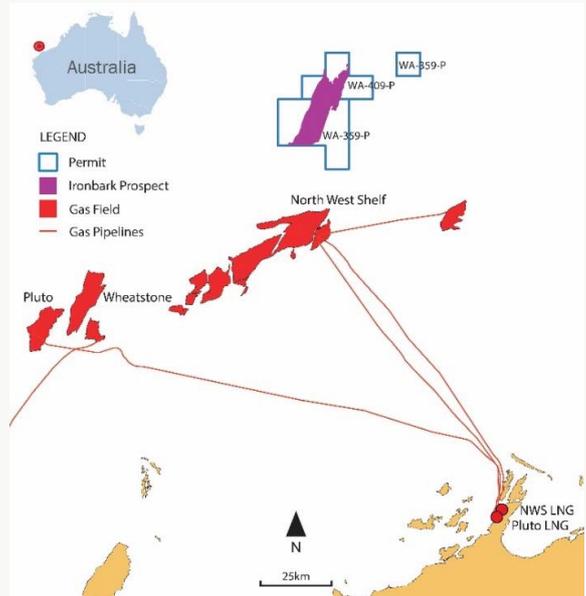
At a meeting held on 8 January 2019, Cue shareholders approved an agreement for New Zealand Oil & Gas to take an option to acquire a 5.36% interest.

If New Zealand Oil & Gas exercises the option, it will carry Cue for 5.36% of the costs of drilling a well in WA-409-P or pay the cash equivalent. Cue will also be entitled to a 10% royalty on revenue generated from the New Zealand Oil & Gas participating interest.

WA-389-P

100% Cue Energy (Cue Exploration Pty Ltd)* (Operator)

Mapping and evaluation of the permit leads and prospects is continuing.



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FINANCIAL UPDATE

PERFORMANCE STEADY IN THE QUARTER

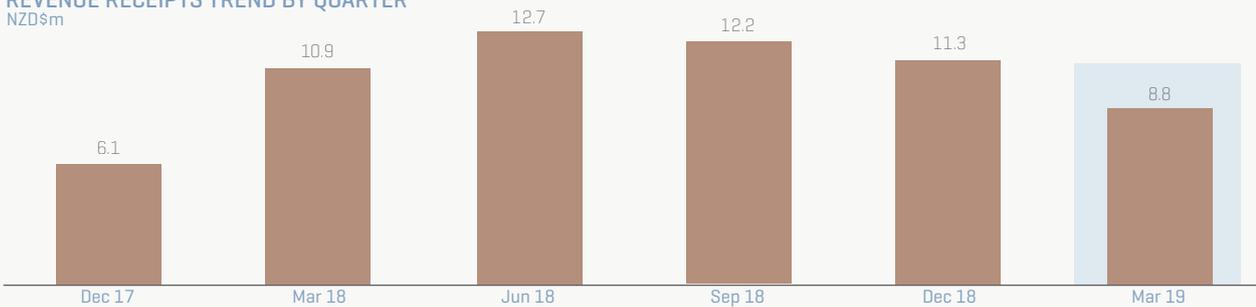
Sales receipts from Kupe were \$3.8 million, which was in line with the previous corresponding period. Receipts from Cue’s Maari and Sampang production assets were \$5.0m. This was \$2.8m less than the previous quarter due to the timing of oil liftings and receipts. Production related outgoings were \$3.8m.

Exploration payments totalling \$1.7 million included drilling costs relating to the Kohatukai and Sampang wells. Cash outflows for administration expenses across the group were \$2.7m. Cash balances held in USD-denominated accounts were impacted by a stronger New Zealand dollar, resulting in an unrealised FX loss of \$0.8 million.

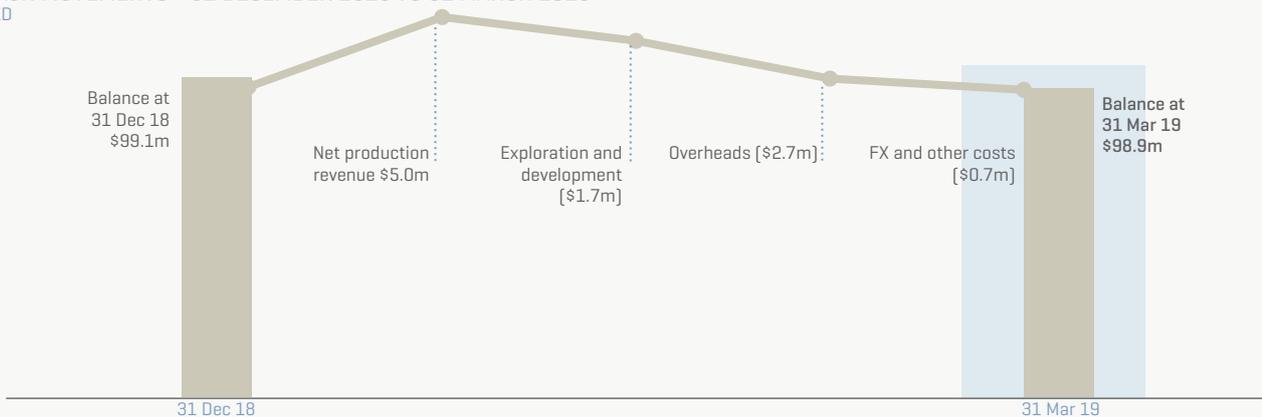
CASH BALANCE AT QUARTER END
NZD\$m



REVENUE RECEIPTS TREND BY QUARTER
NZD\$m



CASH MOVEMENTS - 31 DECEMBER 2018 TO 31 MARCH 2019
NZD



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