

New Zealand Oil & Gas Activities Report

IN SHAPE FOR IMPACT OF COVID-19 AND GLOBAL OIL PRICE VOLATILITY

The covid-19 virus is having serious and tragic impacts all over the world. New Zealand Oil & Gas moved quickly to mitigate the business impact and protect our people. Based in Wellington, where disruption is an ever-present threat because of earthquake risk, head office was already prepared with IT systems, hardware and processes to begin working remotely.

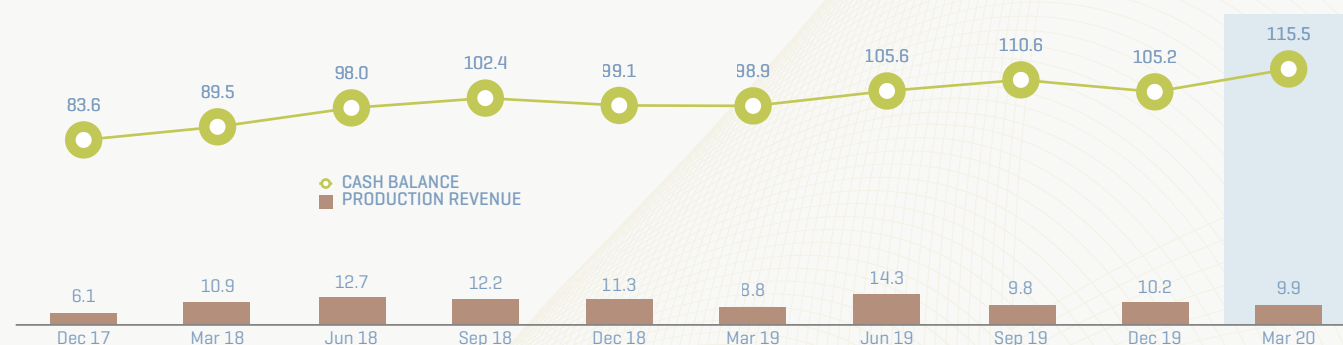
Even with the steep fall in oil prices and global share markets, New Zealand Oil & Gas has balance sheet strength and reliable cashflows. Gas from the Kupe gas fields is supplied under long term contracts where prices are not directly exposed to oil prices. Kupe is currently producing back at plateau rates, providing security to the electricity sector and gas for industry, which will help the economy to get back on its feet.

The global oil price is highly volatile as a result of geopolitical events and weak global demand. Low oil prices affect the economics of exploration, and we will adjust our strategy as a result. We will continue to look for opportunities to buy gas assets with supply into quality markets in our region. We see opportunities coming to market as peers with weaker balance sheets exit. The board is reviewing our acquisition strategy and we are currently looking for producing assets that fit the cash available on our balance sheet.

FINANCIAL PERFORMANCE

At quarter end the company had a cash balance of \$115.5 million, up from last quarter's balance of \$105.2 million. A foreign exchange gain of \$8.9 million contributed to the increased balance. It arose from re-valuation of balances held in USD-denominated accounts impacted by a weaker New Zealand dollar. Operating cashflows were \$1.1 million higher than last quarter with lower exploration costs paid out. Revenue was down by \$0.3 million compared to the previous quarter, but up by \$1.1 million compared to the corresponding period a year ago representing timing of oil receipts.

During the quarter the company issued 2,832,048 share options to staff to assist in retaining and motivating our talented employees, and to align the interests of employees with shareholders in order to encourage shareholder value creation. Option holders will be able to exercise the options in the period from 30 June 2022 until 30 June 2025. The exercise price is \$0.61 per option.



PRODUCTION SUMMARY		Total field this quarter [gross]	Our share previous quarter [net]	Our share Mar 2020 [net]
FIELD				
Kupe Taranaki, New Zealand	Oil Barrels	220,070	5,760	8,800
	Gas Petajoules	6.24	0.16	0.25
	LPG Tonnes	27,200	700	1,090
	Production revenue NZD\$m		2.9	3.7
Maari* Taranaki New Zealand	Oil Barrels, Net		28,150	28,820
	Production revenue AUD\$m.		3.5	3.4
Sampang* Java, Indonesia	Oil Barrels		640	630
	Gas Petajoules		0.30	0.35
	Production revenue AUD\$m		3.3	2.6

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

TARANAKI PRODUCTION

Kupe oil and gas field [PML 38146]

4% New Zealand Oil & Gas

50% Beach Energy [Operator]

46% Genesis Energy

Kupe production was up on prior quarter as the plant was shut down for maintenance in November 2019.

Production rates were strong for the quarter, aside from periods affected by the successful wireline campaign in February.

During the wireline campaign all three wells were logged with selective additional perforations added. Preliminary flowback performance has been strong with a reinstatement of production capacity to 77 terajoules per day from 8 March. This capacity has been sustained and further work is ongoing by the field operator, Beach Energy, to assess long term expectations.

Work to procure the compressor for the next phase of development on the field has continued to schedule, with first gas from that development currently expected in the second half of the 2021 financial year.

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 was 2% higher than the previous quarter as production optimisation and water injection in the field continue.

Production has continued through the nationwide covid-19 lockdown which took effect in New Zealand at midnight on 25 March 2020. Offshore staffing was reduced to minimum levels in order to maintain health, safety and environment obligations.

The MR6A and MR2 wells were shut-in during March due to technical issues and due to reduced staffing levels under covid-19 restrictions. The timing of repairs to these wells is uncertain.

Current production rates are approximately 5000 bopd [100%].

NEW ZEALAND EXPLORATION

Clipper [PEP 52717]

50% New Zealand Oil & Gas [Operator]

50% Beach Energy

A well commitment decision needs to be made before 11 April 2022, or the permit must be surrendered. If the well commitment is made, the well will need to be drilled by June 2023.

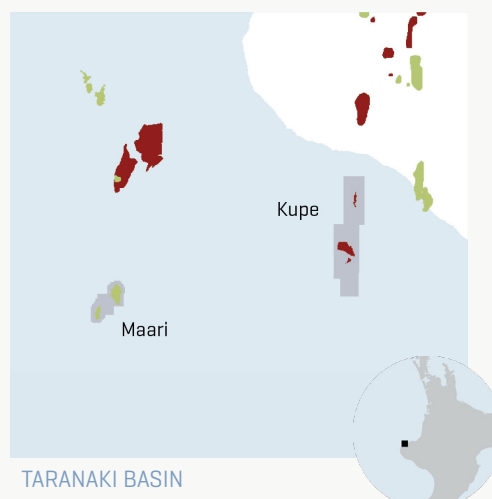
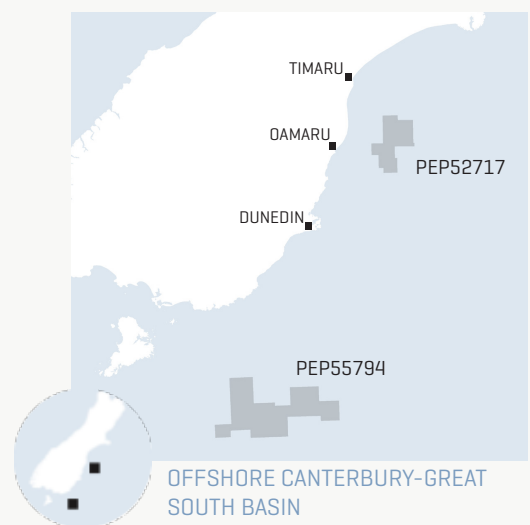
No other activity occurred in the period.

Toroa [PEP 55794]

100% New Zealand Oil & Gas

50% of the permit boundary was relinquished at the end of March as part of the work program commitments.

The well commitment decision [or surrender point] is due by 1 April 2022. If a well commitment is made, the well needs to be drilled by 1 April 2023.



INDONESIA

Sampang PSC

15% Cue Energy

Operator: Ophir Indonesia (Sampang) Pty Ltd

Production from the Sampang PSC was 10 per cent higher than the previous quarter, primarily due to increased production capacity following completion of the compressor pressure lowering upgrade at the Grati onshore gas processing plant. The upgrade was completed during January, on time and budget, with 13 days of scheduled production interruption during final installation.



The Oyong and Wortel fields continue to produce gas at normal levels during current Indonesian covid-19 restrictions. However, production could be impacted by any further restriction which impact electricity demand. These fields provide gas to the Indonesia Power power station at Grati through long-term, fixed price contracts.

Paus Biru development planning is continuing with resource certification completed and pre-FEED activities more than 60% complete at the end of the quarter. These activities are expected to be completed in the current quarter with Plan of Development (POD) approval targeted for July 2020.

An appeal to the Indonesian Supreme Court has been lodged by the Indonesian Tax department over a previously awarded \$650,000 tax over-payment refund to Cue Sampang Pty Ltd. Cue has provided a submission to the appeal and the matter is currently with the Court. The timing of any decision is uncertain.

Mahakam Hilir PSC

100% Cue Energy* (Operator)

The Mahakam Hilir PSC contains the Naga Utara prospect and the Naga Utara-4 appraisal well opportunity. During the quarter, Cue was in discussions with a potential farm-in partner, and preparing plans to mobilise equipment to drill the Naga-Utara 4 well prior to the permit expiry on 12 May 2020. Positive discussions were held with the Indonesian regulator to extend the permit expiry date to allow for the mobilisation of equipment and drilling of the well. With the implementation of covid-19 restrictions in Indonesia, planning and execution of drilling operations has been delayed indefinitely and Cue remains in discussions with the regulator and potential partner to work out a practical way forward.

Mahato PSC

12.5% Cue Energy*

Texcal Mahato EP Ltd (Operator)

The Operator, Texcal Mahato EP Ltd, and other joint venture participants, are continuing to claim to have excluded Cue from participation in recent drilling operations, based on an issued default notice and claimed decisions made around the time. These claims are disputed by Cue as having no basis under the Joint Operating Agreement (JOA). Discussions have been conducted in an attempt to solve these issues. Cue is evaluating all available options and is asserting all its legal rights under the JOA.

During the quarter, Cue announced that the PB-2 well had been drilled, in addition to the PB-1 well, which was drilled in late 2019. On 21 February 2020, a public tender was released by Texcal for rental of production equipment with a capacity of 5000 bfpd for the Mahato PSC.

On 16 April 2020, the Indonesia regulator, SKKMigas made a public announcement of a 61.8 million barrel oil discovery in the Mahato PSC.

Cue is not receiving information from the Operator, as required under the JOA, in order to be able to fully assess the announcement by SKKMigas or the status of any current operations.



AUSTRALIA

WA-359-P

15% New Zealand Oil & Gas

21.5% Cue Energy*

42.5% BP Developments Australia Pty Ltd (Operator)

21% Beach Energy

Permitting, planning and long lead item procurement is continuing toward drilling the Ironbark-1 exploration well. The Ocean Apex drilling rig, contracted to drill Ironbark-1, is currently operating in Australia for another operator on a multi-well campaign. The operator, BP is continuing to assess any effects of the current covid-19 restrictions on the timing of drilling operations.

WA-409-P

20% Cue Energy*

80% BP Developments Australia Pty Ltd (Operator)

Cue has executed agreements to extend option periods for Beach Energy and New Zealand Oil & Gas until 90 days prior to the expiry of Permit Year 4, in line with the suspension, extension and variation to the drilling commitment in the permit, approved in October 2019.

Beach Energy and New Zealand Oil & Gas have each paid Cue an upfront fee equal to the estimated work program costs of each company's option interests until the end of Permit Year 4.

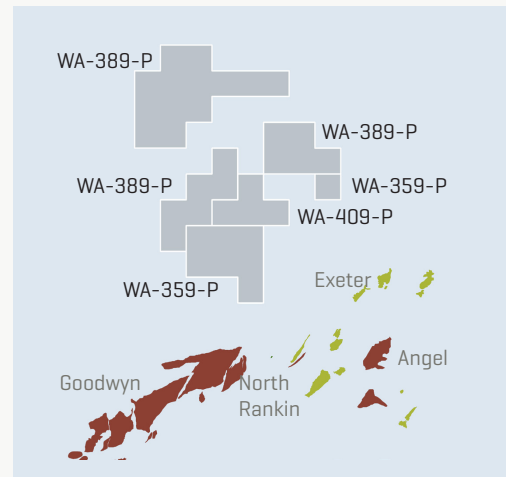
WA-389-P

100% Cue Energy* (Operator)

Cue is continuing with the PSDM reprocessing of 900 square kilometres of existing seismic data to better define the Deep Mungaroo prospect within the permit, which is updip, contiguous, and part of the same structural trend as the Ironbark Prospect in WA-359-P.

In parallel, quantitative seismic interpretation is ongoing to define seismic amplitude related leads.

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



AUSTRALIA



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NEW ZEALAND OIL & GAS LIMITED

Level 1, 36 Tennyson St, Wellington 6011, New Zealand

+64 4 495 2424 enquiries@nzog.comwww.nzog.com

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