

New Zealand Oil & Gas Activities Report

NZX:NZO | ASX:NZO

GROWTH IN PRODUCTION AND REVENUE

- Revenue up 123% on same quarter a year ago
- Completion of Amadeus Basin assets acquisition and growth activities underway
- Success at Mahato
- Kupe production increases 22%

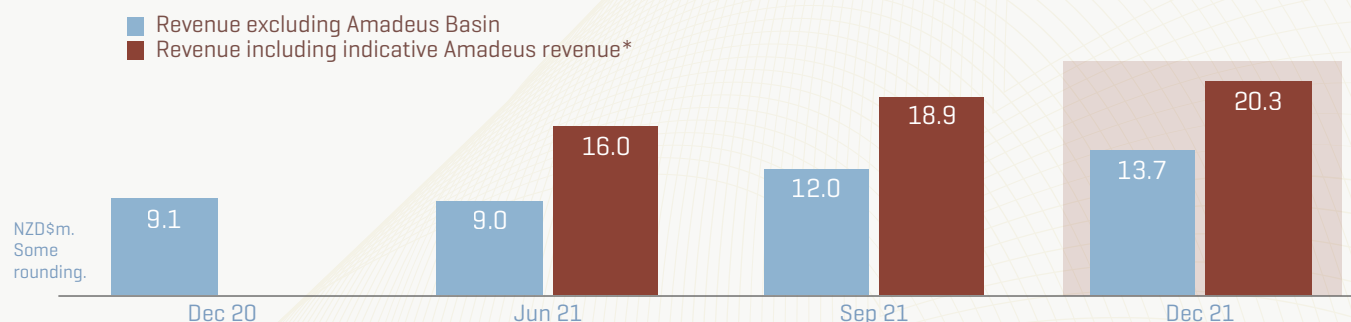
The final three months of 2021 were defined by significantly increased revenue and production compared to the same quarter a year before. Factors contributing to growth included the Amadeus assets purchased in 2021, growth in the Indonesian assets held by our Cue subsidiary, and a successful project at Kupe allowing the field to return to plateau production.

After quarter end, in January 2022, a coil tubing unit will be mobilised to the Mereenie site, which is expected to further improve production from several wells. A rig, Ensign 963, has been contracted to drill exploration wells in the Palm Valley and Dingo fields, with mobilisation to the Palm Valley location now expected in late February, with spud of the first well in March 2022. The Dingo-5 well is expected to be drilled back-to-back with the Palm Valley well.

Offshore South Taranaki, New Zealand, the Kupe well compression project was completed in the second half of 2021, with the wells producing at or near plateau during the third and fourth quarters. Up to 77TJ a day is being produced and sold into a market hungry for more gas. New Zealand gas conditions are constrained and the ban on new exploration makes existing acreage valuable, as few options exist to meet energy needs.

In Indonesia, energy conditions are so constrained that the government announced a ban on exports of coal. Consequently conditions are very favourable for oil and gas assets. During the quarter, oil production well PB-07 was successfully drilled at Mahato PSC and brought into production at 650 barrels of oil per day gross. Total production from the PB field, where our Cue subsidiary has a 12.5% interest, is approximately 4,700 barrels per day and the price tracks the Dated Brent price.

FINANCIAL PERFORMANCE



Cash of NZ\$33.4 million at 31 December 2021 was down \$33.0 million on the prior quarter, primarily as a result of cash paid to acquire the Amadeus assets. That completion payment included A\$9.2 million towards a deferred payment totalling A\$40 million under the terms of the sale and purchase agreement. During the quarter, a further A\$2.2 million was paid towards that liability.

Revenue of \$20.3 million was received in the quarter, including \$2.0 million received as part of the Amadeus completion payment relating to October production receipts. Group revenue was up 123 per cent on revenue in the same period last year.

Kupe revenue was up 19 per cent quarter-on-quarter, as a result of increased gas production following successful completion of the inlet compression project and increased product prices for LPG and condensate. Kupe production volumes increased by 22 per cent based on average daily volumes between the two quarters.

Mahato revenue was \$4.0 million, 46 per cent higher than the previous quarter due to increased production, higher product prices, and current high cost recovery under the Production Sharing Contract.

Administration costs for the quarter include acquisition-related costs such as stamp duty. Due diligence, legal, and tax consultancy costs related to the acquisition have been disclosed as administration costs when incurred over the past 18 months.

* December 2021 Amadeus revenue includes November and December receipts post-completion of the acquisition transaction, and indicative October receipts of \$2.0m received as part of the completion adjustment on 1 Oct 2021. The June and September quarters include indicative Amadeus revenues. These revenues were passed to the New Zealand Oil & Gas Group as part of the completion adjustment on 1 October 2021.

FIELD		Total field this quarter [gross]	Our share previous quarter [net]	Our share December 2021 [net]
Kupe Taranaki, New Zealand	Oil Barrels	178,144	6,129	7,126
	Gas Petajoules	6.4	0.21	0.26
	LPG Tonnes	27,641	923	1,106
	Production revenue NZ\$m		3.3	4.0
Maari* Taranaki New Zealand	Oil Barrels	395,706	21,764	19,785
	Production revenue AUD\$m		2.3	2.4
Sampang* Java, Indonesia	Oil Barrels		676	660
	Gas Petajoules		0.37	0.37
	Production revenue AU\$m		3.2	3.2
Mahato* Sumatra, Indonesia	Oil Barrels		36,577	42,820
	Production revenue AU\$m		2.6	3.8
Mereenie** Amadeus, NT, Australia	Oil Barrels	40,731	9,924	10,183
	Gas Petajoules	2.95	0.72	0.74
Palm Valley** Amadeus, NT, Australia	Gas Petajoules	0.58	0.34	0.29
Dingo** Amadeus, NT, Australia	Gas Petajoules	0.27	0.18	0.13
Amadeus Basin**	Production revenue AU\$m. net, indicative		6.7	6.4
Total revenue NZ\$m equivalent including indicative Amadeus contribution.			18.9**	20.3**

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

** Amadeus Basin New Zealand Oil & Gas acquired the Amadeus Basin assets on 1 October 2021, with an effective economic date of 1 July 2020. The values shown in the table include indicative figures attributable to the New Zealand Oil & Gas group for July 2021 to October 2021 that were received as an adjustment to the completion payment. The share indicated is for New Zealand Oil & Gas Group including Cue's full interest.

NORTHERN TERRITORY, AMADEUS BASIN

Mereenie [OL4 & OL5]

17.5% New Zealand Oil & Gas

7.5% Cue Energy Resources*

50% Macquarie Mereenie

25% Central Petroleum [Operator]

Palm Valley [OL3]

35% New Zealand Oil & Gas

15% Cue Energy Resources*

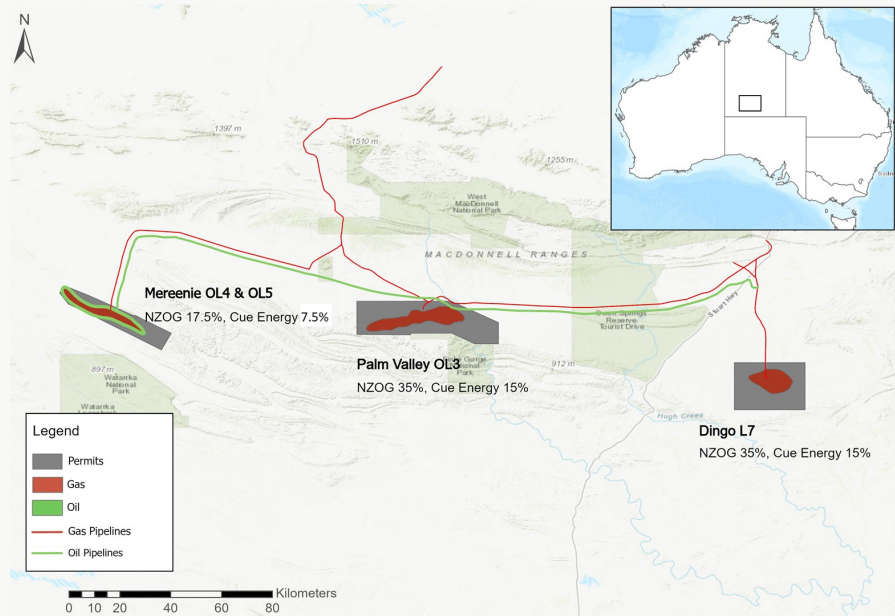
50% Central Petroleum [Operator]

Dingo [L7]

35% New Zealand Oil & Gas

15% Cue Energy Resources*

50% Central Petroleum [Operator]



A coil tubing unit was mobilised to site after quarter end to further improve production from a number of wells including some of the previous development campaign wells. The planned programme is aimed at improving downhole well conditions with post intervention sales capacity expected to be approximately 37TJ per day [gross], up from approximately 35 TJ per day currently at Mereenie.

The Mereenie and Palm Valley fields produced at close to capacity through the quarter. Nominations for Dingo also remained strong.

Preparations are being made for exploration drilling at Palm Valley. Spudding of the Palm Valley well is now expected in mid-March, with the Ensign 963 rig now expected to mobilise to location in late February. The Dingo-5 well is expected to follow immediately after the Palm Valley 12 well.

WESTERN AUSTRALIA

WA-409-P

20% Cue Energy Resources*

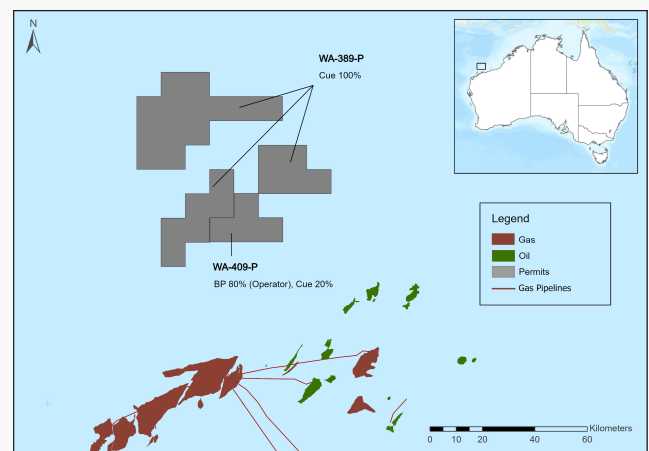
80% BP Developments Australia Pty Ltd [Operator]

The surrender of WA-409-P has been accepted by the National Offshore Petroleum Titles Administrator (NOPATA) and Cue is no longer a titleholder.

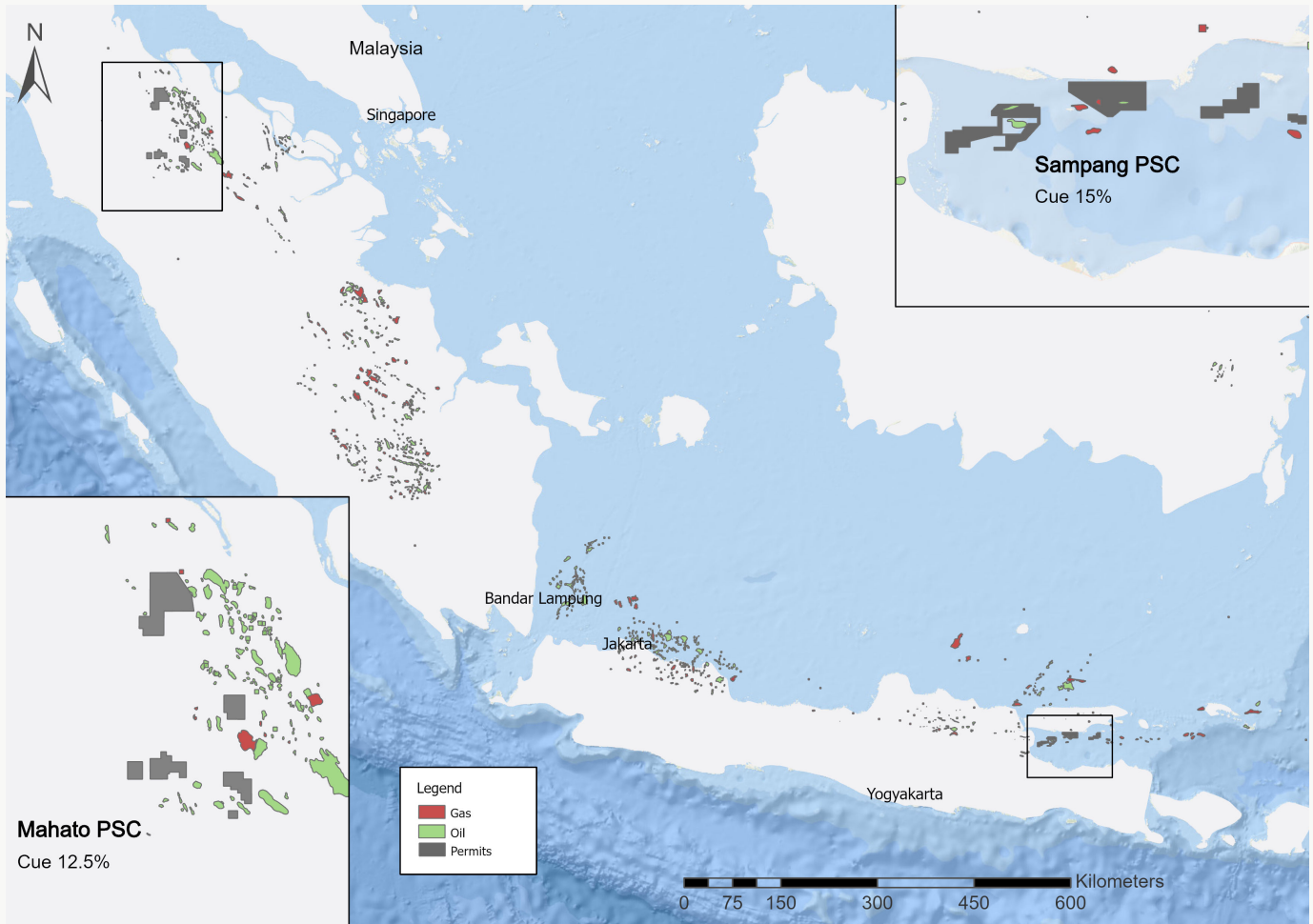
WA-389-P

100% Cue Energy Resources* [Operator]

Cue is continuing prospectivity assessment of the permit incorporating data from the Ironbark-1 well.



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Sampang PSC

15% Cue Energy Resources*

Medco Energi Sampang Pty Ltd [Operator]

Gas production from the Sampang PSC continued to perform well, in line with the previous quarter.

Progress is being made on the commercial agreements and approvals required prior to the joint venture making a Final Investment Decision (FID) on the Paus Biru gas development. These activities are expected to be complete by mid 2022, with FID to follow.

The joint venture continues to review other opportunities within the PSC, including the historical Jeruk oil discovery.

Mahakam Hilir PSC

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

Processes are underway for surrendering the permit, which expired in April 2021. The timing of finalisation of the PSC surrender relies on Indonesian Government processes and is uncertain.

Mahato PSC

12.5% Cue Energy Resources*

Texcal Mahato EP Ltd [Operator]

At the end of the quarter PB field production was approximately 4,700 barrels per day. During the quarter, PB-07 well was drilled and started producing oil at a rate of approximately 650 bopd.

Cue's revenue received during the quarter was AU\$3.8 million, a 44 per cent increase over the previous quarter due to increased production, high oil prices and high cost recovery under the PSC.

PB-07, the seventh production well drilled in the PB field, was completed as an oil producer in the Bekasap B sand during December.

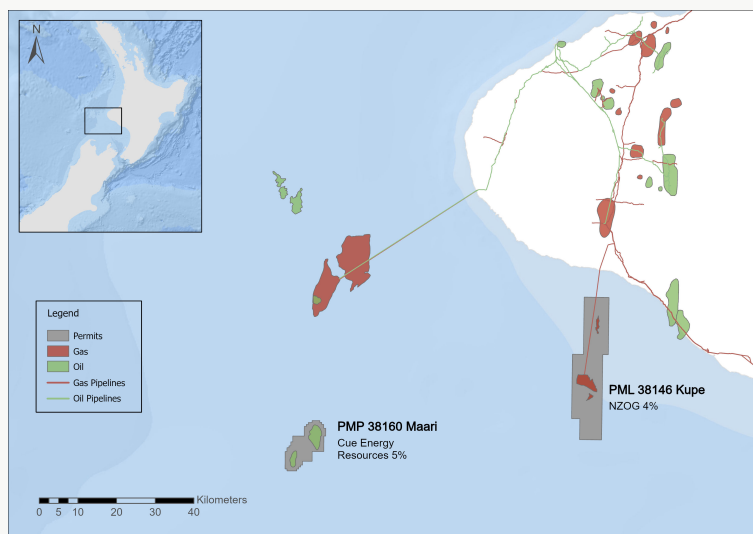
PB-08, the final well planned in this drilling campaign, commenced late December.

The operator has indicated that 5 further production wells are being planned to start drilling in the northern section of the PB field during Q4 FY22 to further develop and increase production from the PB field.

Post development this year, exploration is expected to recommence in the permit, with an exploration well planned outside of the PB field area.

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TARANAKI

**Kupe oil and gas field [PML 38146]**

4% New Zealand Oil & Gas

50% Beach Energy [Operator]

46% Genesis Energy

Kupe gas production was up 22 per cent on the previous quarter because of the compressor being online.

The Kupe compression project was handed over to operations in October 2021, allowing for the field to return to plateau production.

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

The joint venture is progressing with a feasibility study assessing the potential for a future development well within the field, in keeping with the development of our full 2P total reserves.

Maari and Manaia oil field [PMP 38160]

5% Cue Energy Resources*

69% OMV New Zealand [Operator]

26% Horizon Oil International

The MR8 production well underwent a workover that successfully replaced the failed Electric Submersible Pump (ESP) and returned the well to production.

MR6a remained shut in for the quarter. The operator progressed plans for the installation of temporary de-sanding equipment to allow the well to flow and assess the cause of the detected sand.

During the quarter, the New Zealand Government passed the Crown Minerals [Decommissioning and Other Matters] Amendment Bill which, among other things, changes the decommissioning obligations of Permit holders. Cue is reviewing the new requirements and the associated regulations, which are yet to be finalised.

Regulatory approval processes for Jadestone Energy to acquire 69% operated working interest in Maari from OMV are continuing.

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Quarterly Activities Report, for quarter ended 31 December 2021.

Authorised by Andrew Jefferies, Managing Director.

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