

21 February 2018

Canterbury-Great South Basin - now with double the potential

- NEW ZEALAND OIL & GAS TO TAKE OVER TOROA PERMIT PEP 55794

New Zealand Oil & Gas is seeking to take 100% of the Toroa permit PEP 55794 in the Great South Basin and combine marketing of the prospect with its Clipper permit east of Oamaru.

New Zealand Oil & Gas chief executive Andrew Jefferies says Toroa complements Clipper, where the commitment date for a well has been extended to 2019.

"We intend to market these two potentially transformational prospects together. The economics of combining prospects are more attractive."

Toroa is a 9835-square kilometre exploration permit south east of Stewart Island. Two wells have previously been drilled in the permit and encountered non-commercial hydrocarbon shows. A 3D acoustic survey over 1100-square kilometres of the permit in the first quarter of 2015 identified potential prospectively.

New Zealand Oil & Gas has held a 30% interest in Toroa since it was awarded in the New Zealand Government's 2013 Block Offer. Subject to regulatory requirements and approvals, New Zealand Oil & Gas will take over the 70% interest currently held by Woodside Energy (New Zealand 55794) Limited, and become the permit operator.

"New Zealand has benefitted from the excellent technical, administrative and community work that Woodside undertook here," Andrew Jefferies said.

"We intend to complete a review of prospectivity in Toroa and finalise resource estimates. Committed work obligations in the permit have been concluded and a decision on whether to drill an exploration well or relinquish the permit is required by April 2020. The timetable aligns with the potential availability of drilling rigs suitable for working both the Clipper and Toroa permits."

Meanwhile the regulator has granted an extension for the decision to commit to a well in the Clipper permit to April 2019.

"The extension will allow more time for new geological information that has come to light during discussions with potential farm-in partners. A natural alignment exists in the timetable for Toroa and Clipper.

"With the backing of our new major shareholder, New Zealand Oil & Gas is moving ahead in our deepwater prospects off the South Island's east coast. We are excited about the potential for a transformational discovery. A discovery of ethically-produced gas from New Zealand could be transformational for the region and the wider economy, and help to reduce global carbon emissions by displacing higher carbon sources," Andrew Jefferies said.

Headquartered in Wellington, New Zealand Oil & Gas is an exploration and production company listed on the NZX since 1981. Known for our New Zealand values and emphasis on enduring relationships, New Zealand Oil & Gas has production interests in Taranaki, Indonesia and Australia. Our Barque prospect in the Clipper permit to the east of the South Island is New Zealand's largest announced hydrocarbon prospect.

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OFFSHORE CANTERBURY - GREAT SOUTH BASIN



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