

20 March 2020

SHAREHOLDER UPDATE ON COVID-19

Dear shareholders,

You will have all seen the dramatic global response to the spread of the COVID-19 virus and the fall in oil prices and global share markets. These events are serious, almost unprecedented, matters and naturally your Board and management have taken steps to mitigate their impact on the business. I thought it timely to provide a quick update for you on this and how we expect our business to be affected.

In terms of COVID-19, management are closely monitoring the threat in Wellington. We are adopting a “best practice” approach from a health and safety and business continuity perspective and taking the necessary precautions to look after the wellbeing of our people and those we interact with. This includes strictly following all Government directives and suggestions. We are taking a proactive and staged approach to being ready to work from home. As we are headquartered in Wellington, with particular earthquake risks, we are already fully prepared to have our team working from home, with IT systems, hardware and processes all geared to providing remote working flexibility. We will also be taking steps to enable the individuals in our company to assist their communities during the pandemic, to contribute to the resilience of our treasured piece of Aotearoa.

Our main revenue stream is the Kupe gas field. The well intervention campaign, which was carried out in February, went very well in terms of HSE, cost and time. Preliminary results are positive and we look forward to the Operator’s assessment of the results after prolonged production. The field is currently producing back at plateau rates of 77 TJs per day, and while it is early days this is a gratifying result and aids in providing energy security to New Zealand in this time of uncertainty in other areas. Revenues from Kupe are dominated by long term contracted gas, and there is little impact from the change in oil price.

Smooth progress is being made on our exciting Ironbark gas prospect in Western Australia. The well remains on budget and is targeted to drill end 2020/early 2021. The contracted rig, the Ocean Apex, is currently working on a multi-well campaign and its availability will determine when we can start drilling.

The Operators of both Kupe and Ironbark ventures have well developed plans in place for dealing with the challenges of the COVID-19 virus pandemic.

As we announced in December, the Board has undertaken a strategic review following the completion of the scheme of arrangement process at the end of the year. When that

is complete, we are well placed with no debt, cash on the balance sheet, solid cash flow from gas into an excellent market and an outstanding team. We are ready to take advantage of opportunities that this market is likely to produce. I should note that our current cash balance is held in a mixture of US dollars and NZ dollars with large AA-rated banks. Although it is not collecting high interest in the current rate environment, it is secure and ready to be deployed.

Stay safe,



Andrew Jefferies
CEO & Managing Director