

4 June 2020

## NEW ZEALAND OIL & GAS STRATEGIC REVIEW

Following the conclusion of the Scheme of Arrangement, the New Zealand Oil & Gas Board undertook a strategic review of the future direction of the company.

Beginning in early 2020, board members conducted a series of meetings, in person and over the phone, with certain of New Zealand Oil & Gas' largest shareholders. These meetings provided us with a better understanding of the preferences of those shareholders and their thoughts about where the company should head. At the same time, management conducted an extensive review of assets in the Australia / New Zealand region that are of a size that the company can afford. Finally, we convened a series of strategy sessions during which this information has been distilled and debated.

During this period, the world has been turned on its head because of the COVID-19 pandemic and the unprecedented global response. The impact on energy markets worldwide has been profound, with US oil prices recently going negative for the first time in history. With a portfolio weighted heavily towards gas and a strong balance sheet, New Zealand Oil & Gas has weathered this storm admirably. New Zealand Oil & Gas' stock price is up 13% over the past 12 months (as of 3 June 2020), performance that few of its peers can match.

We are optimistic that distress in energy markets will provide NZOG with growth opportunities. In identifying these, New Zealand Oil & Gas will be guided by the following key principles:

**Focus Areas:** We will look to grow regionally. Our focus remains oil and gas assets in geographies where we have a clear advantage, primarily Australia and New Zealand.

**Actively Pursuing Investments:** We are not content to sit and wait for the results of Ironbark. We will look to acquire high quality assets, using our well-developed expertise in oil and gas and leveraging the capabilities of the wider group, as we consider opportunities to acquire producing assets and development projects, as well as exploration prospects.

**Prudent Financial Management:** While we work to identify compelling investment opportunities and have access to a significant cash balance, we realise accessing additional capital is a challenge in today's market. While we cannot tell what the future might bring, acquisitions of a transformative scale cannot be our sole focus. Instead, working within our means, we will pursue investment opportunities of a size and scale that the company's current balance sheet can support, without having to raise significant additional capital.

New Zealand Oil & Gas has recently signed several confidentiality agreements and is actively evaluating opportunities that fit within the above parameters. While it is too soon to tell if this will lead to attractive investment opportunities, we are optimistic that assets at value will emerge in this time of intense dislocation for our industry.

We intend to reassess the situation at year end. In the meantime, the team is hard at work: preparing for the drilling of Ironbark, currently on schedule for the end of this year despite the COVID crisis; moving forward Kupe compression; and considering new investments.