

28 August 2020

FY2019-20: UPGRADED RESERVES AND STEADY FINANCIAL RESULT

- **Reserves upgraded**
- **Revenue \$37.3m (down from \$43.3m last year)**
- **Group NPAT improvement: \$0.8m loss (loss of \$2.9m last year)**
- **Cash balance \$110.8m (up from \$105.6m)**

New Zealand Oil & Gas has today announced steady financial performance, an increased cash balance, and significant reserves upgrades.

2P (proved and probable) reserves were upgraded across the portfolio from a production adjusted 1.84 million barrels of oil equivalent (mmboe) to 2.26 mmboe* at Kupe in New Zealand, and from production adjusted 1.04 mmboe to 1.09 mmboe* at Sampang in Indonesia. New contingent resources in Indonesia have also been announced.

For the 12 months to 30 June 2020, New Zealand Oil & Gas announced a net loss for the group of \$0.8 million, up from a net loss last year of \$2.9 million. The NPAT attributable to New Zealand Oil & Gas shareholders was a loss of \$1.4m, compared to a loss of \$7.5 million in the previous financial year.

Revenue for the year was \$37.3 million, down from \$43.3 million for the year before. Cue contributed \$25.2 million to revenue (\$27.5m last year). Revenue from Kupe production was \$12.0 million (\$15.9m last year).

The cash balance increased to \$110.8 million at 30 June 2020, up from \$105.6 million.

The cash balance will reduce later this year as the company contributes to the cost of drilling the Ironbark well off Western Australia, currently anticipated to be drilled in the fourth quarter of calendar year 2020. Cue has estimated that the Ironbark prospect holds 15 trillion cubic feet of prospective recoverable gas.**

No dividend has been declared.

Chief executive Andrew Jefferies commented on the steady financial result and increased reserves in a year of unprecedented turmoil in the industry.

"The pandemic disrupted global markets but our production facilities were able to keep operating. Our revenues remained strong as our portfolio is dominated by gas, connected to pipeline markets with long term contracts.

"It is very exciting to be involved in a frontier well like Ironbark. Though drilling this prospect will reduce our cash balances, we will still have a significant war chest available to deploy if suitable assets become available in Australia and New Zealand. We expect steady revenue from our producing assets and costs have been reduced.

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"Our strategy was updated following the outcome of the scheme of arrangement. The company continues to review opportunities to acquire assets in Australia and New Zealand that are a potential match for our strong cash balance.

"At this time of global turmoil, New Zealand Oil & Gas is proud to be part of assets that continue to outperform. In Indonesia, a country dominated by coal fired power production, our gas is piped directly into a gas fired power station. In New Zealand, where coal still plays a significant role in our energy mix, Kupe provides gas, LPG and light oil that is safe, reliable and essential as the country pursues its ambitious CO2 reduction targets. Energy transition writ large."

Reserves

Reserves upgrades were announced on 17 August 2020. The table below shows the New Zealand Oil & Gas share of the relevant changes in reserves.

| Asset | | Production Adjusted Reserves at end of financial year 2019 (mmboe) | Reserves at end of financial year 2020 (mmboe) |
|----------------|----|---|---|
| Kupe | 1P | 1.02 | 1.65 |
| | 2P | 1.84 | 2.26 |
| Sampang | 1P | 0.48 | 0.65 |
| | 2P | 1.04 | 1.09 |

For the conversion to equivalent units, standard industry factors have been used, 1Bcf to 1.05PJ, 1 tonne of LPG to 8.15 barrel of oil equivalent (boe) and 1TJ of gas to 163.4 boe.

Following a discovery in the Paus Biru well in the Sampang licence, Cue has also announced new contingent resources of 6.7Bcf net to Cue. Contingent resources are discovered but require development to be producible.

*2P proved and probable, developed plus undeveloped. 2P reserves have a 50% chance or better of being technically and economically producible. Resources figures in this announcement have been previously announced.

** The estimated quantities of petroleum that may potentially be recoverable by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Resources figures in this announcement have been previously announced. This resources statement is approved by, based on, and fairly represents information and supporting documentation prepared by New Zealand Oil & Gas Assets & Engineering Manager Daniel Leeman. Daniel is a Chartered Engineer with Engineering New Zealand and holds Master's degrees in Petroleum and Mechanical Engineering as well as a Diploma in Business

Management and has over 10 years of experience. Daniel is also an active professional member of the Society of Petroleum Engineers and the Royal Society of New Zealand. New Zealand Oil & Gas reviews reserves holdings annually by reviewing data supplied from the field operator and comparing assessments with this and other information supplied at scheduled Technical Committee Meetings.