

4 November 2020

## CHAIR'S REMARKS, ANNUAL MEETING 2020

### New Zealand Oil & Gas Annual Meeting

Held online

10.00am Wednesday, 4 November 2020.

We have a busy agenda so I will keep my remarks brief.

As the year draws to its end, the world remains in the midst of a historic crisis. COVID 19 continues to leave its imprint on every corner of the world. As you well know in New Zealand, even those countries that have been most successful in battling the pandemic have suffered severe hardship. Most countries, of course, have not had nearly the success of New Zealand.

We look forward to the health crisis improving but we know that our lives will be changed for many years to come.

All of this means profound changes for our industry. Unprecedented demand destruction sent oil prices tumbling below US\$20 per barrel in March and while prices have stabilised, producers have taken drastic action to reshape their portfolios. Exploration and development budgets have been slashed across the board by most companies. Faced with the dual threat of the pandemic and the growing global awareness of climate issues, E&P companies are seeking to tightly focus their efforts – fewer projects, fewer geographies, less risk.

We are pleased to report that New Zealand Oil & Gas has to date weathered this storm better than many peers. With a portfolio weighted heavily towards gas sold on fixed price contracts, the company has been well insulated from the dramatic price pressures that have hit many competitors. The company's cash reserves provide it with the ability to not only ride out this downturn, but also to act opportunistically by investing in attractive assets in its area of geographic focus – Australia and New Zealand.

Despite the disruptions caused by COVID-19, the company has had an active and productive year. We re-established our dual listing on the Australian exchange, where many of our regional peer companies list their shares. We've had a material reserves upgrade at Kupe in New Zealand. Cue's Sampang asset continues to provide growth opportunities, most recently its Paus Biru discovery, where FID is being planned.

Most importantly, as we speak the bit is turning on the Ironbark-1 well – a truly transformational prospect. As I'm sure you are aware, Ironbark-1 spudded on October 31<sup>st</sup> and we are anxiously following its progress. When O.G. Oil & Gas invested in NZOG, we were excited about certain of the exploration prospects in the company's portfolio. We are pleased to have helped get the Ironbark joint venture assembled and to now see the well drilled. This is the highest impact well NZOG has ever drilled, making this a truly exciting time for all of us.

I want to touch on one other matter: the proposed Scheme of Arrangement, which was voted down at the end of last year. Many of the larger shareholders in the company were intensely opposed to

the scheme. And that position prevailed. The system worked as it was intended. Shareholders were given a choice. All the parties followed a very specific legal process, under court supervision and the regulatory oversight of the Takeovers Panel. The Scheme was defeated, and we have turned the page, fully focused on the company's future.

There has of course been criticism of the Scheme, and there has unfortunately been criticism of certain members of the Board personally. While we don't agree with that criticism, especially of the individuals, we have prioritised engaging with shareholders during the course of this year. We thought it was important that we as a Board hear your point of view directly where possible. That process, which included meetings with many of the largest shareholders, helped us reset our strategic priorities. It also helped us establish a dialogue with many of you. That is something we plan to continue.

That process has also demonstrated to us that we have a board full of diverse viewpoints and complementary skills. We have members with deep industry expertise and impressive technical credentials. We think the Board has a combined skill set that is uniquely positioned to lead the company forward.

So, with the Scheme behind us, with all shareholders aligned, we as a Board are focused on the future. A very difficult year is ending, but we are looking forward to 2021. It promises to be a year of opportunity.

I wish you all good health. I will now turn the meeting over to our CEO, Andrew Jeffries.