news release

NEW ZEALAND OIL & GAS

26 February 2021

EXPLORATION EXPENSE IMPACTS HALF-YEAR OUTCOME

Interim financial results released today show lower revenues in the first half of FY2021 and the impact of exploration results on cash reserves and profits.

The costs of the unsuccessful drilling of Ironbark have been expensed at a cost to the group of $31.4 million.

The combined Ironbark exploration expenditure, the substantially unrealised foreign exchange loss and lower production revenue resulted in a loss after tax of $42.3 million, compared to a loss of $1.5 million in the prior corresponding period. The loss attributable to shareholders of New Zealand Oil & Gas was $34.3 million, equivalent to a loss per share of 20.5 cents.

Net cash flow from operating activities across the group was $2.3 million, down from $4.4 million in the same period a year ago.

The cash balance at 31 December 2020 was $89.8 million, down from $105.2 million a year ago, mainly due to the costs of drilling the Ironbark exploration well off Western Australia and foreign exchange losses of $7.7 million.

Revenue for the period was $16.0 million, compared to $20.3 million in the prior corresponding period.

The Kupe field contributed revenue of $5.9 million, compared to $5.6 million in the prior corresponding period when revenue was impacted by a planned one-month shut down for maintenance.

New Zealand Oil & Gas managing director Andrew Jefferies expects revenue from Kupe to increase in the next financial year when the fruits of a compression project at Kupe will deliver.

“Production revenues will increase as the performance of the Kupe field returns to prior levels and production commences at the Mahato field in Indonesia following successful development there.

“The New Zealand Oil & Gas strategy is focused on adding production revenue with development upside.

“In the first half of this financial year we reported disappointing results from Ironbark. The financial results reflect that outcome, as expected.

“Overhead costs remain restrained. We have exited low priority Indonesian assets that were directly held a year ago. We continue to explore opportunities for growth in markets we understand.

“Neighbouring permits offshore in the Canterbury & Great South basins have been relinquished by the holders; reviewing our activity has now resulted in the relinquishment of the Clipper permit. It’s fair to say that the future of exploration is outside New Zealand, in jurisdictions where oil and gas remains an important source of energy, including for many products that are imported into New Zealand,” Mr Jefferies said.

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