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NEW ZEALAND OIL & GAS - HALF YEAR NET PROFIT AFTER TAX NZ\$15.7M

- Net profit after tax improved by \$58m on prior comparative period
- Revenue up 106% on prior comparative period
- More growth projects to come

Investment in growing production has delivered a net profit after tax of NZ\$15.7 million in the six months to 31 December 2021 for New Zealand Oil & Gas (NZX: NZO; ASX:NZO). The result is a \$58.0 million improvement on the loss of \$42.3 million in the corresponding period last year.

The result reflects deferred tax asset recognition (\$10.1 million); an increased contribution from NZO's Cue Energy Resources (ASX:CUE); three months contribution from Amadeus Basin assets; and lower exploration expenses.

The Group cash balance at 31 December 2021 was \$33.4 million (\$89.8 million a year prior). Net cashflow from operations was \$6.9 million, an increase from \$2.3 million a year earlier.

To take advantage of the growth opportunities in the portfolio, the business expects to need further cash in the near term and is reviewing funding options.

Revenue of \$33.0 million was up 106% this period, compared to \$16 million a year ago. Exploration expenses were \$32.0 million lower than the prior comparative period.

The Group's Amadeus Basin assets contributed revenues of \$9.8 million for the period from acquisition, on 1 October 2021, to 31 December 2021. If the Amadeus Basin assets were included for the full six months, the Group pro forma revenues would have been \$41.2 million and net profit before tax would have been \$3.1 million higher.

Kupe contributed revenues of \$7.3 million, an increase of \$1.4 million from revenues in the prior year as our compression project restored production to plateau levels of up to 77TJs per day.

Cue recorded a net profit after tax of \$8.4 million for the period, up from a loss of \$15.9 million a year ago. Cue's result included strong contributions from Amadeus Basin and production at Mahato in Indonesia.

The net profit after tax attributable to shareholders was \$11.5 million, with resulting earnings per share up significantly. Earnings in the six months were 6.8 cents per share, compared to a loss of 20.5 cents per share in the corresponding period last year. Net asset backing was 73.0 cents per share, up from 61.9 cents, and net tangible asset backing was 67.0 cents per share, up from 60.8 cents.

Managing director Andrew Jefferies says, "Great to be in the black again. At New Zealand Oil & Gas we invest carefully in assets that have strong revenues, in good markets, with development opportunities."

"In the past six months we completed the acquisition of Amadeus Basin assets. Development of the Kupe field is squeezing more gas out. Our Cue asset benefitted from bringing new production online in Indonesia, as well as participating in the acquisition of the Amadeus Basin assets. These activities are already rewarding our investment.

"Looking ahead, there are further opportunities for development in the Kupe field, in the Amadeus Basin, and in Indonesia. These assets are supplying hydrocarbons into strengthening markets. Prices for gas in New Zealand are near record levels. Australian production is connected into markets where gas is being sought to replace coal. In Indonesia the energy market is constrained and the government is keen to see further development to support the recovery from COVID.

"We will require more cash to fund the business through this period of growth. The Board is reviewing funding options, including debt and equity. An action plan will be formulated and executed before year end."

Figures are in New Zealand Dollars and include 100% of Cue Energy Resources.

New Zealand Oil & Gas is listed on the NZX and ASX. It owns interests in the Kupe gas fields offshore S. Taranaki, New Zealand, and the Amadeus Basin in Australia's Northern Territory. Through its 50.04% controlling interest in ASX-listed Cue Energy Resources, it has further interests in the Maari oil field offshore S. Taranaki New Zealand, the Mahato oil and gas production sharing contract in Sumatra, and the Sampang oil and gas PSC in East Java, Indonesia.

Wellington, New Zealand headquartered, New Zealand Oil & Gas was founded in 1981. It is the only New Zealand Oil & Gas company to have proudly achieved a Rainbow Tick, and offsets carbon emissions through Trees That Count.

New Zealand Oil & Gas | NZX:NZO. ASX:NZO

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