news release

NEW ZEALAND OIL & GAS

28 February 2023

NEW ZEALAND OIL & GAS HALF YEAR RESULT– REVENUE UP 40%

- Net profit after tax of NZ$7.0 million, after exploration expense
- Net operating cashflows NZ$14.5 million, up 109%
- Revenue up 40% year-on-year to NZ$46.1 million
- Production up 14% year-on-year
- Palm Valley average daily production rate more than doubled
- Growth in oil production from Mahato development drilling
- Continued growth expected from Mahato and Amadeus developments

RESULTS

Strong production and commodity prices contributed to a net profit after tax (NPAT) of NZ$7.0 million for New Zealand Oil & Gas for the half year to 31 December 2022. This was down NZ$8.7 million driven by Palm Valley exploration expenditure of NZ$7.8 million. The NPAT for the year attributable to New Zealand Oil & Gas shareholders was NZ$3.3 million, or 1.4 NZ cents per share.

Exploration costs in the half year relate to the unsuccessful drilling of the Arumbera (deep section) and the Pacoota (P2/P3) targets at Palm Valley. Some of these costs were expensed in the prior year with NZ$7.8 million expensed in the current period.

Strong operating cash flows of NZ$14.5 million were up 109% on the December 2021 half year, reflecting the acquisition of the Amadeus assets and the growth, via development, of the Cue portfolio in Indonesia.

Results summary	HY22	HY21	Change
NPAT (NZ$ million)	**7.0**	15.7	(55%)
Net operating cashflows (NZ$ million)	**14.5**	6.9	109%
Revenue (NZ$ million)	**46.1**	33.0	40%
Production (mboe)	**625.4**	549.6	14%

The Group had NZ$27.7 million of cash at 31 December 2022, down NZ$36.9 million from 30 June 2022, due to drilling at Palm Valley and deferred payments relating to the Amadeus Basin acquisition. Of the AU$40 million deferred payment that was agreed as part of the Amadeus acquisition, only NZ$3.6 million remains outstanding at 31 December 2022. Another NZ$3.8 million is on term deposit and not included in the cash balance.

Sufficient cash is available, with future anticipated cash flows, to fund planned activities.

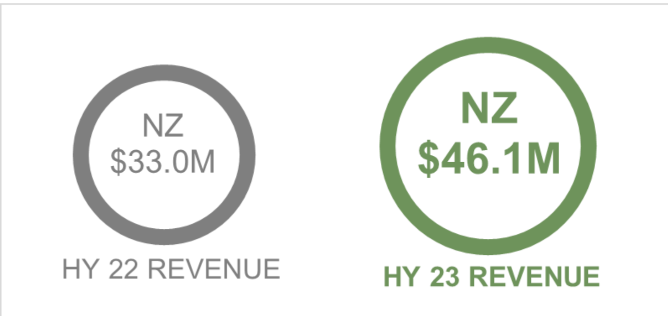
Revenue for the year increased 40% to NZ$46.1 million, up from NZ$33.0 million a year ago. The main contributors to the increase are the newly acquired interests in the Amadeus Basin in Australia's Northern Territory, and revenue growth from development drilling in the Mahato PSC in Indonesia which benefited from the continuation of high commodity prices.

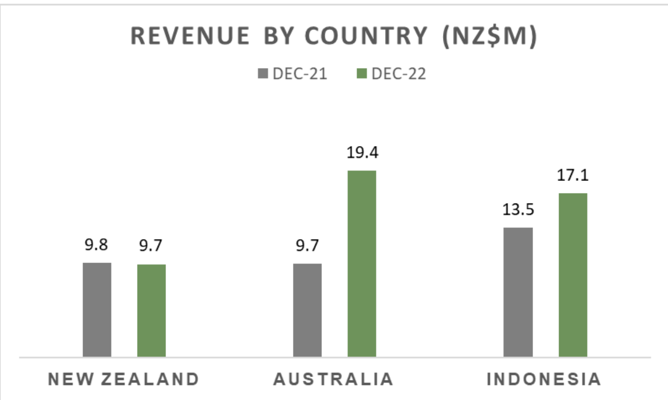
New Zealand Oil & Gas Chief Executive Andrew Jefferies says:

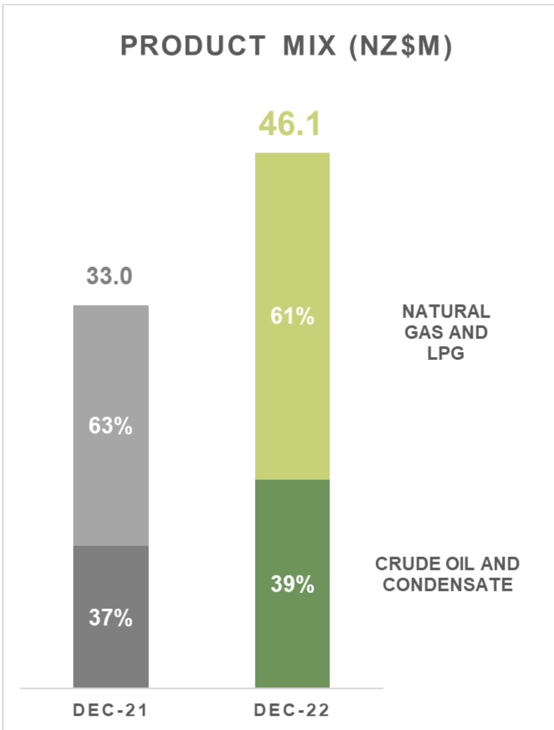
"Revenues are growing quickly, due to acquisition and development successes. Performance from producing assets is excellent and delivering expanding cash flows. Our revenues are funding a busy activities program of more development, exploration drilling, and an ongoing search for outstanding acquisition opportunities."

New Zealand Oil & Gas subsidiary, Cue Energy Resources (ASX:CUE), contributed NZ$26.4 million to revenue*. Cue's Indonesian assets Mahato PSC and Sampang PSC contributed NZ$17.1 million to revenue, an increase of 20%, as natural field decline from Sampang was offset by a 47% increase in Mahato revenue.

During the year, the Group derived 39% of revenue from oil and condensate sales, which benefitted from high Brent benchmark prices, and 61% from gas and LPG sales.



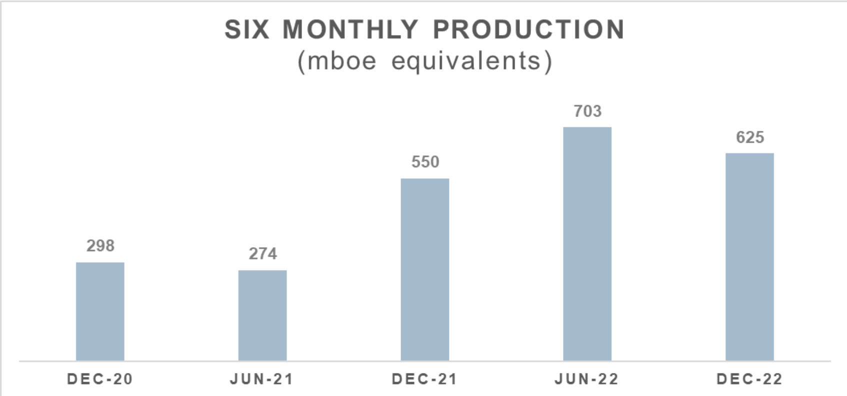




*New Zealand Oil & Gas has a 50.04% interest in Cue. Cue's full interest is shown.

PRODUCTION UP 14% YEAR-ON-YEAR

Production increased due to the contribution of Amadeus Basin assets and five additional Mahato production wells. A 21-day planned shut-down at Kupe and the temporary closure of the Northern Gas Pipeline in the Northern Territory resulted in reduced production in the last quarter.



SUCCESSFUL DRILLING ACTIVITIES

The Palm Valley drilling programme continued during the half year, providing success with the second sidetrack into the Pacoota (P1) sandstone, which is the current producing zone of the Palm Valley field. The well was swiftly tied-in and first gas delivered in late November 2022 with promising flow rates. Reserves will be assessed from flow rates and well pressure over the first few months of production.

Five Mahato production wells were completed.

Activities planned for the next two years are set out below.

	Expected Calendar Year 2023				Expected Calendar Year 2024			
Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Mereenie		Recompletes	Development wells					
Dingo				Compression Project				
Kupe			Development well					
Mahato PSC	Ongoing Development Drilling and Exploration well BA-01							
L7 proposed*					2x Exploration wells			
EP437 proposed*						Exploration well		

All subject to further approvals
*L7 and EP437 are further subject to execution and completion of the farm in agreement

Workovers are planned in existing wells at Mahato, Mereenie and Maari fields to increase production. The high impact BA-01 exploration well in the Mahato PSC is expected to be drilled soon, which could unlock a similar size resource to the successful PB field.

Andrew Jefferies says “Palm Valley drilling in the PV-12 Pacoota 1 well doubled average daily production with a maximum recorded rate of 14.6 TJ per day. We are seeing excellent flows from the new well, which are going straight to market, and we intend to update reserves when sufficient production data is gathered.

“The energy hungry east coast of Australia is a natural fit for this new supply of gas. The market has delivered high spot gas prices, while we have looked to secure medium term gas contracts to provide some security to our portfolio at prices that reflect the scarcity of long-term gas in the market. The Australian Government gas price cap has not affected our negotiations at this stage, and the spot market provides additional optionality.

“The business continues growing. This year we have farmed into highly prospective acreage in the onshore Perth Basin in Western Australia, where we plan to drill three exploration wells, giving shareholders access to the potential rewards that exploration activities can bring, funded from existing cash balance and future cash flows.

“Our ASX subsidiary, Cue, achieved a fantastic 38% increase in revenue compared to last year, contributing NZ$26.1 million to Group revenue. 50.04% this is attributable to NZO shareholders.

“We’re proud that the gas we produce across the portfolio plays an important part in our economies. It barbecues our barramundi; heats and cools our homes; lowers emissions by substituting for coal; provides back up energy security in a world of intermittent renewables; as well as powering mining operations producing vital minerals for the e-revolution. Gas is a three-letter word for transition.”

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