

news release

2 November 2022

CEO ADDRESS TO ANNUAL MEETING OF SHAREHOLDERS

10am Wednesday, 2 November 2022, Front + Centre, Corner Tory & Tennyson Streets,
Wellington NZ, and online / virtually

Andrew Jefferies - Chief Executive

*Tena koutou, Tena koutou, Tena koutou katoa.
Greetings and G'day.
Welcome all joining both in person, and virtually.*

Introduction

It's great to address you all after a year of solid progress. First up I would like to set out how we have been able to grow the business and take a look at some of the projects we have ahead of us and why we are doing them. Finally, I'll ruminate on the energy market and talk about what we have been doing in the sustainability space.

Weaving through the story this year are some red threads:

- You, our shareholders, have supported our strategy and now we are seeing it come to fruition and given time we should see this reflected in our share price.
- It is exciting for us that our growth strategy has been validated through increased production.
- Demand is high for our products and supply is limited so the market has responded and prices are up. This has exceeded our expectations. The Joint Ventures we are in made good investments in their respective development projects in both New Zealand and Indonesia.

Our current good fortune reminds me of a story once told by the great golfer, Gary Player:

"I was practicing in a bunker down in Texas and this good old boy with a big hat stopped to watch. The first shot he saw me hit went in the hole. He said, "You got 50 bucks if you knock the next one in." I holed the next one. Then he said, "Double or nothing if you hole the next one." In it went. As he peeled off the bills he said, "Boy, I've never seen anyone so lucky in my life."

And Gary Player shot back, "Well, the harder I practice, the luckier I get."

The moral of the story for us is making good strategy decisions, and relentlessly focusing on executing that strategy, brings good fortune.

AUSTRALIA

In Australia, gas prices are considerably higher than our conservative assumptions when we invested in the Amadeus Basin. We have taken advantage of short-term spot sales, where we could. A key element that attracted us to the Amadeus assets, when we acquired the interest, was the connection into markets that we saw needing gas. The Australian regulators agree as this graph shows, already some of the LNG plants at Gladstone are under-utilised and gas prices are rising. This is set to continue. So, with this in mind, we are actively entering certain sales agreements the locking in good prices. In addition, we liked the quality of the asset, and our alignment with Central Petroleum, the Operator.

An example of the Joint Venture working well together is deciding to defer the Dingo-5 Deep exploration well. That prospect is still there, we can come back to it anytime. With the high gas prices, we are getting, it makes more sense to bring forward activities that produce gas in the short to mid-term. While it's exciting to explore, as we all know, it can disappoint as well. While ultimately successful, the Palm Valley 12 well certainly gave us a taste of that in the two exploration prospects that were targeted.

Initially our progress to the deep Arumbera prospect was frustrated by the very hard Pacoota 4 formation, the Joint Venture assessed the data to hand and agreed to stop drilling deeper. We decided to side-track into the Pacoota 3 formation where we saw indications of gas in the original vertical wellbore. This side-track did not encounter meaningful natural fractures or gas. This left us the attractive backup of lateral drilling into the already producing Pacoota 1 formation. This part has proven successful and initial rates are higher than we expected. It is that Gary Player effect coming into play.

The gas is the same excellent quality as that in the rest of the field. The well will be tied into the Palm Valley plant, which has spare capacity, and from there it goes direct to market in time to cook our customers' Christmas turkeys. You have got to love the sight of a test flare at sunrise.

We also have activity underway in our Mereenie project. We are installing a compressor to take gas that was previously flared and put it into the market. This is good for shareholders, customers and emissions. A multi-well re-completion program is-planned and we are working up two new development wells, to boost production from the Mereenie fields. If possible, we will be able to undertake this work this financial year

In our Dingo field we are looking to install a compressor to maintain production capacity in the short term while retaining the option of infill drilling later.

INDONESIA

There is also a lot of activity underway in our Indonesia production sharing contracts through Cue Energy. There have now been 11 production wells drilled at Mahato. Future development includes another 9 production wells and two injection wells. Those should drill at the rate of one per month. The good news is that production is up and oil processing and pipeline capacity is in place to enable immediate sales of new oil production.

The Sampang project in East Java is home to the Paus Biru prospect, where we had a discovery. We have completed front end engineering and design (FEED) studies, and these are with the government for approval. The development plan consists of a single well and wellhead platform, a 27 kilometre subsea pipeline connecting to the Oyong field, which feeds a dedicated power plant at Grati. We hope to commence production by 2025 at a rate of 20-25 mmcf.

NEW ZEALAND

In New Zealand, production from the Maari field has benefitted from the very strong global oil prices that we are all experiencing at the petrol pump.

The Kupe field got a lift from the compression project. This put us back to plateau production, which was swiftly taken up by a gas hungry market. Over the last while it has recommenced its natural decline as expected. Looking ahead, planning and regulatory activity is under way towards drilling the KS-9 development well. In a success case it will reinstate plateau production levels. The Joint Venture is targeting a final investment decision soon with the well online in FY24.

Meanwhile, our Kupe gas will be available to re-contract from 1st October 2023.

Due to a lack of exploration and new production, New Zealand's gas market will remain constrained: demand is high, supply is falling. It's a good time to offer our gas to market.

All that adds up to a solid year for the Company and an exciting year to come. I'd like to thank our shareholders for supporting this platform for growth through the capital raising. I hope you see that those funds being carefully deployed to activities that matter adding to the Company's bottom line.

So that was a lot of words, let's look back at how revenue and production volumes have moved in a picture. This is a picture I like a lot!

It shows where we have come from, and where our execution of the growth strategy over the last wee while has got us. There is a lot to like there and I'm going to give you a moment or two to contemplate this.

ENERGY MARKET

I am a Petroleum Engineer and the CEO of an oil and gas company. The fireside BBQ conversation I get lately can be summed up as "how long will you have a job?" ...so I thought I'd provide you with my view on your company and our industry as we transition to a lower carbon emission economy.

On the screen now is a graphic showing how humanity has derived its energy over the past couple of centuries. The advent of fossil fuels led to an energy revolution dramatically improving quality of life for humankind. If we want to maintain that quality of life it says to me that we cannot switch off fossil fuels over-night. Today unreliable renewables cannot substitute for reliable base load power without using fossil fuel powered backup or developing cheap large scale energy storage, which has proven elusive.

My belief is that transitioning will take time, and for reliable base load power it will involve "all of the above" by initially switching from coal to gas, particularly as backup to solar and wind, employing more nuclear, offsetting emissions using a global emissions trading mechanism, and mitigating emissions through techniques like carbon capture and storage, which the latest IPCC report says is one of the most suitable technologies. All of this takes time if we don't want to destroy demand such as shutting down factories and turning off heating. Have a look at Europe this winter to how that feels, unpleasant, painful and potentially deadly.

Coming to our markets in the medium term my thoughts are:

- Oil is a global market, and the industry has invested only 50% of its normal capital spend over the last 5 years, due initially to low oil prices, now development roadblocks, and investor sentiment. A structural supply shortage has developed masked by COVID. But now we see demand increasing and prices will respond.
- I predict ongoing energy shortages in Indonesia with its reliance on coal, and growing population; gas will be in demand and prices will be high.
- We will see high prices in New Zealand where gas production is about to fall off a cliff, due to short sighted Government policy settings. Gas prices will rise, coal imports too and in consequence Kiwis' electricity bills also.
- We will see high gas prices in Australia where certain states that rely on coal for reliable power have banned or constrained onshore drilling, while others are exporting much needed gas to a desperate world.

All this means I am optimistic about the prospects for the industry and your business for the next decade or two, the world needs us.

CONCLUSION

I am proud that our work helps to provide essential, affordable energy for families, and businesses. Providing high paying jobs, producing products we all use, heating homes and cooking our venison sausages. I want to close today by telling you, I am also proud of the way we work. In addition to our commercial activities, we are a good corporate citizen. We are the only company in our sector to have a Rainbow Tick, reflecting our welcoming and inclusive culture. We support the energy needs of our community - not just by selling gas, but also by providing help to the vulnerable.

Last year we assisted the provision of quality curtains for 140 homes in Dunedin. The curtains go into homes that can't afford them. It saves each family around \$170 a year off their energy bills. Over the past few years of supporting the Dunedin Curtain Bank via curtains for homes, we have saved those families about \$23,000 a year in energy bills. This is good for carbon emissions, too. Our curtains last year reduced energy consumption hence 8.4 tonnes of carbon emissions.

We are responsible about how we use resources, we monitor our energy usage, and have moved the business to "As Paperless As Possible" moving files into the cloud and many business processes online. We helped plant 545 trees during the year, and since we have been participating in Trees That Count we have contributed to planting a total of 4,559 trees. We supported the Salk Institute Harnessing Plants Initiative, which is looking to create crops that sequester CO₂, allowing farmers to produce CO₂ credits while also producing the food we all need. We manage our own emissions. Our production more than doubled last year, but our emissions intensity reduced - this is a measure of the carbon emitted for each unit of energy we produced. Our carbon emissions intensity fell by 10.8 per cent, from 6.23 tonnes of carbon per terajoule of energy to 5.56.

In all the countries we produce gas, the marginal electron comes from coal. By displacing coal our gas has the same effect on emissions as replacing over 11% of New Zealand's car fleet with EVs. And don't forget our Dingo gas field in Australia enables Alice Springs to run at over 40% solar through dedicated fast start gas generators and a 5 MW battery. That right there is the transition at work.

Looking ahead, we will continue to look for opportunities to improve our business processes and we will continue to look for more opportunities to efficiently deliver the cleaner reliable energy that our communities desperately need.