

# New Zealand Oil & Gas Activities Report

NZX:NZO | ASX:NZO

- Financial performance impacted by costs of summer drilling
- Increase in Cue subsidiary net oil production
- Exit from New Zealand South Island and WA Ironbark offshore exploration permits
- Oil production from Mahato PSC currently 1500 bpd [gross] from 2 wells

New Zealand Oil & Gas continues to screen growth opportunities that are suitable for its balance sheet. It is seeking non-operated production assets, with a preference for gas into good markets in our own region.

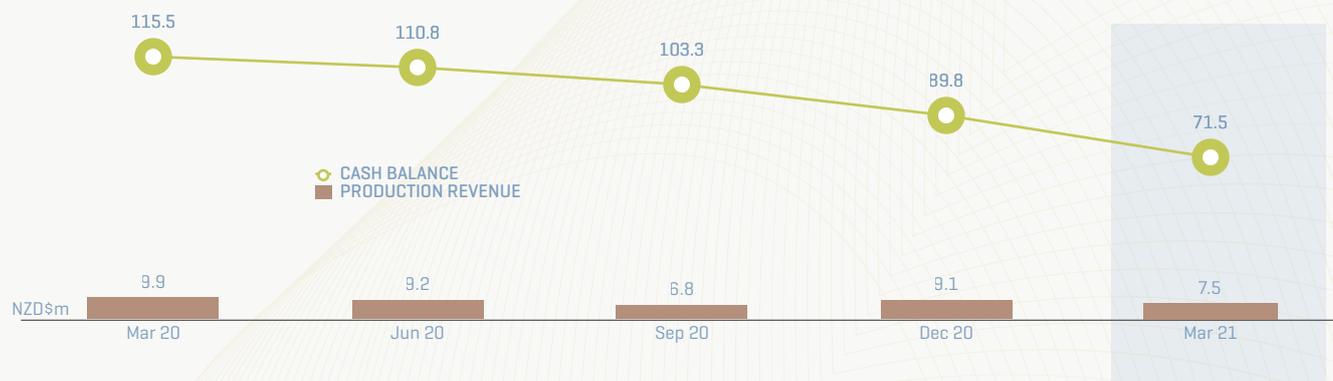
Subsidiary Cue Energy Resources reported oil production 35% higher during the quarter, following increased production from Maari and the inclusion of Mahato oil production in reporting. Revenue from the first Mahato oil sales is expected in the June quarter.

Two New Zealand exploration permits were relinquished in the period, ending New Zealand Oil & Gas involvement in offshore exploration in New Zealand, and all offshore exploration off the highly prospective east coast of the South Island. In February 2021, an application was lodged alongside partner Beach Energy to surrender PEP52717 (Clipper), containing the Barque prospect. The following month New Zealand Oil & Gas applied to surrender PEP55794 (Toroa), which contains the Kaipatiki prospect.

Chief executive Andrew Jefferies said the exits from the permits were a result of several events, including adverse New Zealand government policy on offshore exploration, the unsuccessful well at Tawhaki in the Great South basin, and the effects of covid-19 on drill rig availability and costs.

In Western Australia, permit WA-359-P, which contained the Ironbark prospect, was relinquished following the outcome of drilling over summer.

## FINANCIAL PERFORMANCE



A further \$19.9 million was paid in the quarter towards the cost of drilling the Ironbark well, resulting in a cash balance at 31 March 2021 of \$71.5 million, down \$18.3 million on the previous quarter balance of \$89.8 million. Payments for Ironbark will continue in the June quarter as the joint venture finalises costs, however the majority of costs have now been paid.

Production revenue decreased by \$1.6 million due to the timing of liftings. Revenue does not yet include sales figures from Cue’s Mahato fields. LPG price increases have boosted Kupe revenue, which is otherwise impacted by production falling due to natural field decline.

A strengthening of the US dollar against the NZ dollar resulted in an unrealised foreign exchange gain of \$1.4 million this quarter, increasing US dollar-denominated cash balances when translated to NZ dollars. \$18.9 million of the cash balance was held by Cue.

PRODUCTION SUMMARY		Total field this quarter [gross]	Our share previous quarter [net]	Our share Mar 2021 [net]
FIELD				
Kupe <i>Taranaki, New Zealand</i>	Oil Barrels	157,690	7,180	6,308
	Gas Petajoules	5.2	0.2	0.2
	LPG Tonnes	22,788	991	912
	Production revenue NZD\$m		3.3	3.2
Maari* <i>Taranaki New Zealand</i>	Oil Barrels, Net		22,605	23,759
	Production revenue AUD\$m		1.4	1.4
Sampang* <i>Java, Indonesia</i>	Oil Barrels		406	636
	Gas Petajoules		0.4	0.3
	Production revenue AUD\$m		4.1	2.6
Mahato* <i>Sumatra, Indonesia</i>	Oil Barrels		-	7,690
	Production revenue AUD\$m		0	0

## TARANAKI PRODUCTION

### Kupe oil and gas field [PML 38146]

4% New Zealand Oil & Gas

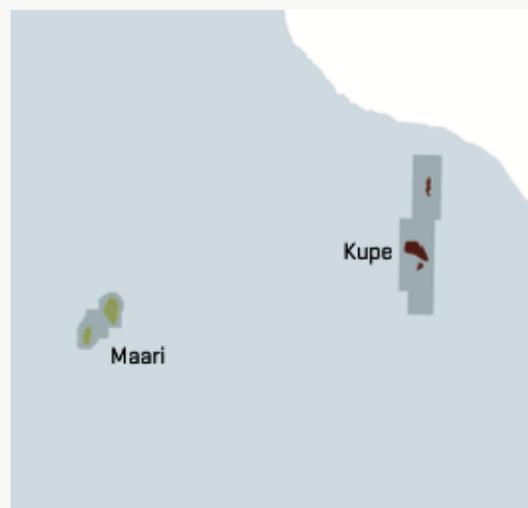
50% Beach Energy [Operator]

46% Genesis Energy

During the quarter, production at Kupe continued to decline from field maximum. This decline has been in line with expectations of field performance.

A wireline campaign in February 2021 was concluded safely, on time, and within budget.

The compression project continues to progress with the main compressor unit on site. The target for first gas from the project remains the first quarter of next financial year.



### Maari and Manaia oil field [PMP 38160]

5% Cue Energy\*

69% OMV New Zealand [Operator]

26% Horizon Oil International

Oil production from Maari and Manaia fields was increased compared to the the previous quarter. All wells, other than MR6a, were in production.

Repairs to the MR6a well were started after the end of the quarter. They are expected to be completed, and production re-started, by the end of April 2021.

Jadestone Energy and OMV have amended until June 30, 2021 the long-stop date for Jadestone's acquisition of a 69% operated working interest in Maari. The extension is to allow time for regulatory approvals.



\*Cue Energy interests held through subsidiaries. New Zealand Oil & Gas has a 50.04% interest in Cue. Cue's full interest is shown throughout this document.

INDONESIA

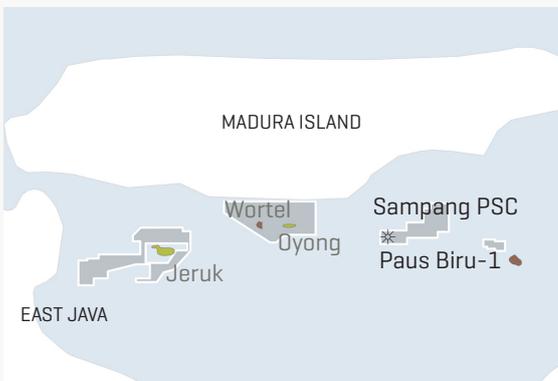
**Sampang PSC**

15% Cue Energy\*

Operator: Ophir Indonesia (Sampang) Pty Ltd

Gas production from the Sampang PSC continued to perform well, although 9 per cent lower than the previous quarter due to variations in demand.

Paus Biru gas commercialisation and preliminary FEED and permitting activities are ongoing. Covid-19-related market demand has impacted finalisation of the gas sales agreement, which is on the critical path to a Final Investment Decision (FID). The joint venture is targeting FID for early 2022.



**Mahakam Hilir PSC**

100% Cue Energy\* (Operator)

Cue has informed the Indonesian regulator that it intends to relinquish the Mahakam Hilir PSC when the permit expires during April 2021.



**Mahato PSC**

12.5% Cue Mahato Pty Ltd\*

Texcal Mahato EP Ltd (Operator)

Production and development progressed well during and subsequent to the quarter with first oil sales achieved, PB-2 well production work-over completed, the PB-5 well drilled and production tested at approximately 1000 barrels of oil per day, and the PB-4 well drilled and ready for completion

At the end of the quarter, the PB-1 and PB-2 wells were in production with a gross rate of 1500 barrels of oil per day.

During April, the PB-5 development well was drilled to a depth of 5873 feet MD. Wireline logging results showed that the same oil bearing Bekasap A, B and C reservoirs were encountered in the well that are present in the PB-1 and PB-2 production wells. A production test of the Bekasap C reservoir produced approximately 1000 barrels of oil per day. The well is currently on production.

During the quarter, production from PB-2 was successfully started after a work-over to perforate reservoir zones and convert the well from an exploration well to a production well.

The PB-4 development well was drilled to a depth of 6178 feet MD. Wireline logging results indicate that the same oil bearing Bekasap A, B and C reservoirs are present in the well that present in other wells in the PB field.

Due to operational issues, the PB-4 well could not be completed at the time of drilling and the operator made the decision to move to the next well, PB-5, while extra equipment was mobilised. The rig will now return to PB-4 to undertake testing and completion activities, which are expected to be completed during the first half of May.

The final well in this program will be the PB-3 development well, which will be started after PB-4. All wells are being drilled from the same well pad, with limited rig movement required between wells.

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An independent reserves assessment of the PB field is expected to be released by Cue shortly, after approvals are received from the Indonesian regulator.

Cue is expecting to receive first cash receipts during the June quarter.



## NEW ZEALAND

### Clipper [PEP 52717]

50% New Zealand Oil & Gas [Operator]

50% Beach Energy

In February 2021, the joint venture applied to surrender the permit. The full surrender of this permit was granted on 18 March 2021.

### Toroa [PEP 55794]

100% New Zealand Oil & Gas

In March 2021, New Zealand Oil & Gas applied to surrender the permit.

## AUSTRALIA

### WA-359-P

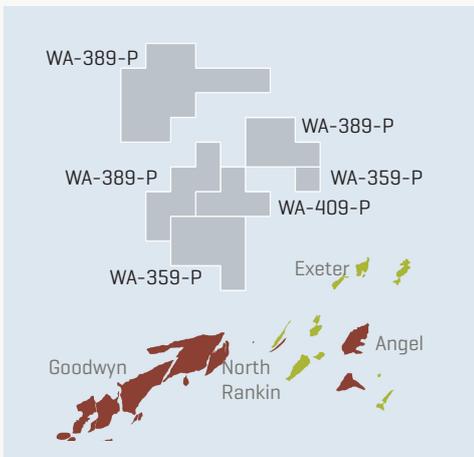
15% New Zealand Oil & Gas

21.5% Cue Energy\*

42.5% BP Developments Australia Pty Ltd [Operator]

21% Beach Energy

Following the unsuccessful drilling of the Ironbark-1 well, the well was plugged and abandoned with the drilling rig departing the well location at mid-night Monday, 11 January 2021 [AWST]. The permit term ended on 25 April 2021 and the permit was relinquished.



### WA-409-P

20% Cue Energy\*

80% BP Developments Australia Pty Ltd [Operator]

The joint venture is assessing the prospectivity of the permit following the Ironbark-1 well results.

### WA-389-P

100% Cue Energy\* [Operator]

Cue is assessing the prospectivity of the permit following the Ironbark-1 well results. An application for a 12-month suspension and extension to the permit term was submitted to the National Offshore Petroleum Titles Administrator [NOPTA] during the quarter.

AUSTRALIA



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NZX:NZO | ASX:NZO Quarterly Activities Report authorised by Andrew Jefferies, Managing Director, 30 April 2021.