New Zealand Oil & Gas Activities Report

For personal use only

IRONBARK WELL NEARS

Drilling is expected to start shortly in the Ironbark prospect in the Carnarvon Basin, 170 kilometres offshore from Karratha in Western Australia. The Ocean Apex rig intake process is continuing, but delayed by a few days due to some intake actions that require closing out prior to drilling commencing.

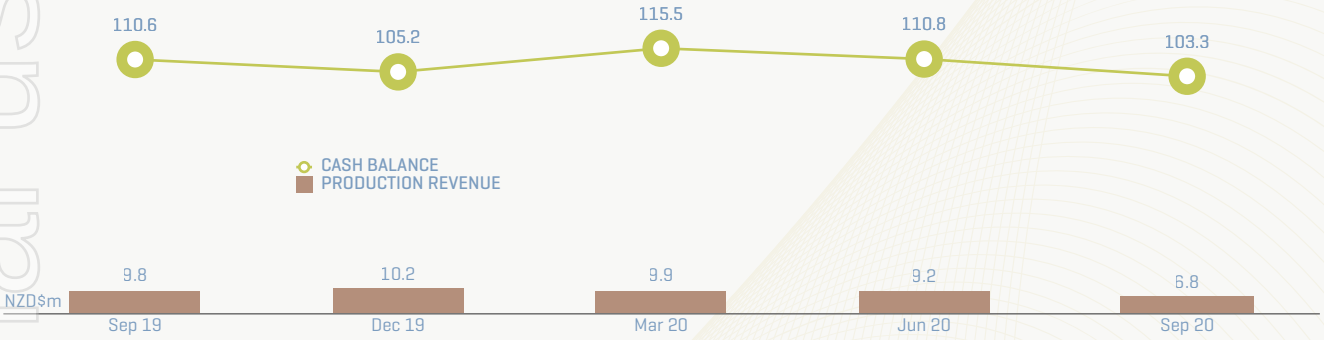
Weekly drilling updates will be published on the NZX and ASX.

The well will be drilled in water depths of ~300 metres, to a total depth of around 5500 metres, making Ironbark-1 one of the deepest wells ever drilled in Australia. The well is expected to take 70-90 days to drill and will be the first test of the Ironbark gas prospect.

The prospect is approximately 50 kilometres from the existing North West Shelf LNG infrastructure. New Zealand Oil & Gas has a 25.7 per cent interest in the well, comprising a 15% direct interest and its 50.04% holding in subsidiary Cue Energy, which holds 21.5%.

Read an interview with operator BP here: https://tinyurl.com/NZOGIronbark

FINANCIAL PERFORMANCE



Increased exploration costs for Ironbark and reduced revenue from operations drove the cash balance lower in the quarter.

At 30 September 2020 the cash balance was $103.3 million, down $7.5 million on the previous quarter balance of $110.8 million*. Operating cashflows decreased from the previous quarter by $6.4 million.

Exploration and development costs increased to $4.4 million. This was $1.8 million more than the prior period. Contributors to the increase included development costs relating to the Mahato field and preparations for the Ironbark well. The group is expecting to spend another $13.6 million on exploration in the coming quarter, as the accompanying cashflow report shows. Most of this expenditure is for the Ironbark well.

Production revenue was down. There were no oil liftings from Maari in the quarter. Receipts from other fields were impacted by timing. Along with the effect of half-yearly royalty payments that fell due during the period, the overall effect was a decline in net production revenue of $3.2 million compared to the previous quarter.

Administration expenses were $3.2 million, up by $1.0 million from the previous three months due to seasonal payments and costs associated with listing on the ASX as a foreign exempt entity.

The strengthening NZD against the USD resulted in an unrealised foreign exchange loss of $2.0 million during the quarter relating to revaluation of USD bank balances.

* The cash balance of $110.7m reported in the previous quarterly report was subsequently adjusted on the release of audited financial statements.

ASX TRADING

New Zealand Oil Gas began trading on the ASX later as a foreign exempt entity on Friday, 25 September 2020.

Shareholders may now trade their holdings on the NZX or the ASX. In order to trade on either exchange, shares will need to be registered on the share register for the particular jurisdiction. Shareholders wishing to move their shares to the ASX or NZX, should contact either their share broker or alternatively the company's share registry Computershare: (+64) (0) 9 488 8777 or enquiry@computershare.co.nz

Managing Director Andrew Jefferies says the company will benefit from access to the ASX. "Interest in upstream oil and gas remains strong on the ASX and the market tends to understand our activities, valuing them realistically," he said.

For personal use only

PRODUCTION SUMMARY FIELD		Total field this quarter (gross)	Our share previous quarter (net)	Our share Sep 2020 (net)
Kupe Taranaki, New Zealand	Oil Barrels	208,060	8,400	8,320
	Gas Petajoules	6.58	0.25	0.26
	LPG Tonnes	28,365	1,100	1,135
	Production revenue NZD$m		3.8	3.1
Maari* Taranaki New Zealand	Oil Barrels, Net		20,710	17,340
	Production revenue AUD$m.		1.0	0.0
Sampang* Java, Indonesia	Oil Barrels		636	684
	Gas Petajoules		0.37	0.51
	Production revenue AUD$m		4.0	3.4

TARANAKI PRODUCTION

Kupe oil and gas field (PML 38146)

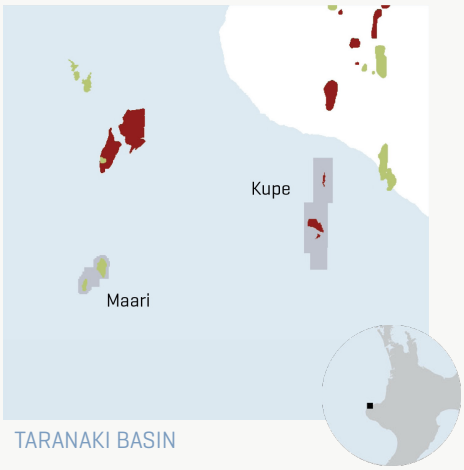
4% New Zealand Oil & Gas

50% Beach Energy (Operator)

46% Genesis Energy

During the quarter production at Kupe has once again started to decline from field maximum. This has been in line with previous guidance and expectations of field performance since the successful wireline campaign in early 2020. Higher nominations have helped to offset the decline during this quarter. It is expected that a single well will need to be taken offline in November and reinstated in Q4 FY21 to manage production in line with seasonal demand.

Further to announcements from the other joint venture participants, the first gas date from the new inlet compressor is expected in early FY22.



TARANAKI BASIN

Maari and Manaia oil field (PMP 38160)

5% Cue Energy*

69% OMV New Zealand (Operator)

26% Horizon Oil International

Oil production from the Maari and Manaia fields was lower than the previous quarter due to production disruptions in several wells.

MR7 and MR9 wells underwent workovers to replace electric submersible pumps. Both workovers were completed safely on time and to budget and the wells returned to production.

Level 1 Covid-19 Restrictions are having a minimal impact on operations.

On 25 September 2020, Jadestone Energy announced that it had agreed with OMV to amend the longstop date for its acquisition of OMV's interest in PMP 38160 to January 31 2021. New Zealand government regulatory approval of the transacation has not been received.

*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.

For personal use only

INDONESIA

Sampang PSC

15% Cue Energy*

Operator: Ophir Indonesia (Sampang) Pty Ltd

Gas Production from the Sampang PSC remained unaffected by Covid-19 restrictions in Indonesia during the quarter.

Production was 24% higher than the previous quarter, due to extra customer demand from commissioning activities.

The Plan of Development (POD) for the Paus Biru gas field, in the Sampang PSC, has been approved by SKK Migas, the Indonesian upstream regulator. The field was discovered by the Paus Biru-1 exploration well and announced as a gas discovery in December 2018. The approved POD consists of a single horizontal development well with an unmanned wellhead platform (WHP), connected by a subsea pipeline to the existing WHP at the Oyong field, approximately 27 kilometres away.



The joint venture will now proceed into the Front End Engineering and Design (FEED) phase and negotiation of gas sales agreements. At this point a Final Investment Decision (FID) for the development is targeted to be taken by the joint venture in 2021.



Mahakam Hilir PSC

100% Cue Energy* (Operator)

The Mahakam Hilir PSC contains the Naga Utara prospect and the Naga Utara-4 (NU-4) appraisal well opportunity.

An extension to the exploration period of the PSC has been granted by the Indonesian regulator, extending the end date to April 2021. As part of the extension, a condition was placed on the PSC, restricting title transfers during the extension period.



Cue is assessing the impact of this restriction and current Covid-19 restrictions on any future dealings and activities.

Mahato PSC

12.5% Cue Energy*

Texcal Mahato EP Ltd (Operator)

Cue has been issued with, and paid, a cash call relating to the development of the PB field for oil production. The initial development will comprise the existing two wells, PB1 and PB2, and further development wells.

Over the period since drilling PB-2, the operator has installed leased production facilities, gathering lines and an oil export pipeline, which is connected to existing infrastructure. Oil production is expected to commence from existing wells during the current quarter. Further development wells will be drilled over the remainder of the year and early 2021.

Cue Mahato's participation in the future wells or the development infrastructure is not disputed by the joint venture partners. Cue remains engaged with the joint venture over the previous claims relating to the PB-1 and PB-2 wells.



NEW ZEALAND

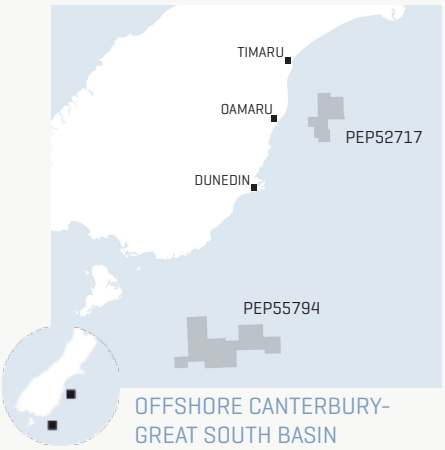
Clipper [PEP 52717]

50% New Zealand Oil & Gas [Operator]

50% Beach Energy

A well commitment decision needs to be made before 11 April 2022, or the permit must be surrendered. If the well commitment is made, the well will need to be drilled by June 2023.

No other activity occurred in the period.



OFFSHORE CANTERBURY-GREAT SOUTH BASIN

Toroa [PEP 55794]

100% New Zealand Oil & Gas

The well commitment decision [or surrender point] is due by 1 April 2022. If a well commitment is made, the well needs to be drilled by 1 April 2023.

No other activity occurred in the period.

AUSTRALIA

WA-359-P

15% New Zealand Oil & Gas

21.5% Cue Energy*

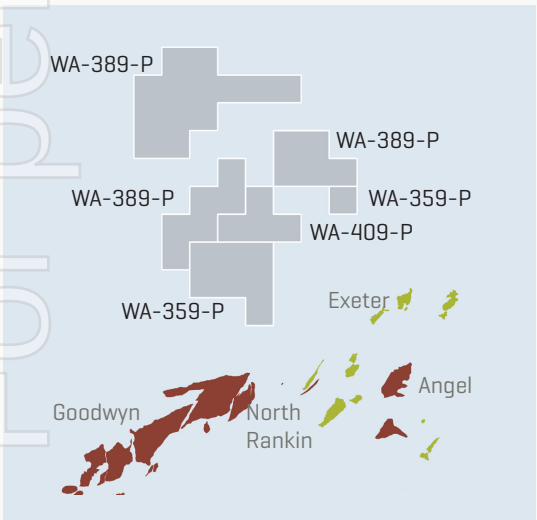
42.5% BP Developments Australia Pty Ltd [Operator]

21% Beach Energy

The Ocean Apex semi-submersible was mobilised to the site of the Ironbark-1 exploration well on 12 October 2020. Drilling is expected to start shortly.

All the required regulatory approvals were successfully gained during the quarter ahead of the Ocean Apex rig being handed over to the operator, BP.

Ironbark is a vertical well that will test the Triassic Mungaroo sands [T75 and T73].



AUSTRALIA



WA-409-P

20% Cue Energy*

80% BP Developments Australia Pty Ltd [Operator]

Quantitative seismic processing of the Ironbark structural extension in WA-409-P, including regional petrophysical and rock physics analysis, continued during the quarter.

WA-389-P

100% Cue Energy* [Operator]

Interpretation of 900km² of FWI PSDM reprocessed data has been initiated. The current focus is on analysing the relationship between the updip structural extension of the Ironbark prospect within WA-389-P and the Ironbark-1 downdip extension in WA-359-P. This is being undertaken in preparation for rapid integration of the results of Ironbark-1 drilling with the prospectivity assessment of the WA-389-P Deep Mungaroo prospect.

Interpretation of other independent prospects within the permit is also being initiated.

For personal use only

ANNUAL MEETING

The 2020 Annual Meeting of New Zealand Oil & Gas Limited will be held online this year at 10.00am (NZ Daylight Saving Time) on Wednesday, 4 November 2020.

All shareholders may attend and participate in the meeting online by visiting web.lumiagm.com or downloading Lumi AGM from the App Store or Google Play Store for free. You'll need the meeting ID, which is 361-450-019.

Shareholders should have been sent a Notice of Meeting and voting card with more details.

The deadline for online postal voting is 10.00AM on Monday, 2 November 2020.

MANAGE YOUR SHAREHOLDING

CALL COMPUTERSHARE New Zealand - 0800 467 335 or +64 9 488 8777.

Email your enquiry to enquiry@computershare.co.nz

In Australia +61 (0)3 9415 4000 or 1300 850 505 (within Australia)

For personal use only

New Zealand Oil & Gas Limited

36 Tennyson St, Wellington 6011, New Zealand

+64 4 495 2424

enquiries@nzog.com

www.nzog.com

NZX:NZO ASX:NZO

Authorised by Andrew Jefferies, Managing Director, 30 October 2020