

New Zealand Oil & Gas Activities Report

- December financial performance consistent with expectations
- Production begins at Mahato PSC
- Kupe compression project continues
- Ocean Apex leaves Ironbark well site

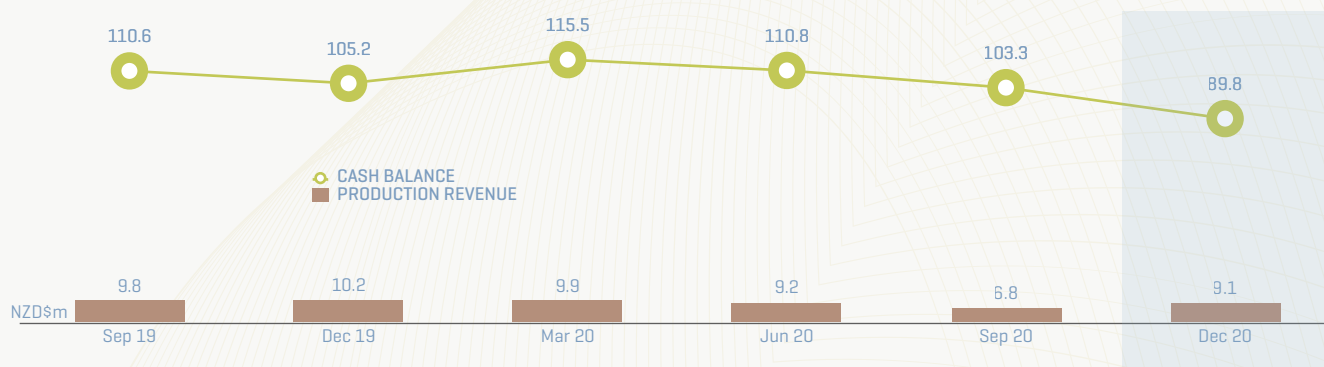
The company's financial position at the end of the calendar year was in line with expectations, with continued revenues inflowing from Kupe and subsidiary Cue Energy Resources, and cash outflows for exploration and the Kupe compression project. Exploration costs of the Ironbark well will be expensed in the current quarter.

After quarter end, Cue announced that oil production has commenced from the Mahato PSC in Indonesia and the dispute between Cue and other joint venture partners has been settled.

The major exploration activity in the quarter was drilling the Ironbark prospect off Western Australia, which began on 31 October 2020. The well did not encounter significant hydrocarbon shows. The well has been plugged and abandoned, and the Diamond Ocean Apex rig has departed the well location. CEO Andrew Jefferies commented, "This was a very disappointing result for us all. Ironbark was a world scale prospect in a highly prospective address, and it needed drilling. I would like to thank the operator, BP, who managed to safely deliver a challenging well, in challenging times. While Ironbark was unsuccessful, the world remains in need of hydrocarbons, particularly gas. We look forward to continuing our quest to find, produce and deliver the energy that keeps showers hot, homes warm, and cooks the sausages on the summer BBQ."

One example of meeting that need is the continuing progress of installation of compression at the Kupe wells. Compression has the effect of pushing gas out of the well at a faster rate. Completion is on schedule for mid-year, when production is expected to return to plateau levels of around 77TJ per day.

FINANCIAL PERFORMANCE



\$10.1 million was paid towards the cost of drilling the Ironbark well, resulting in a cash balance at 31 December 2020 of \$89.8 million, down \$13.5 million on the previous quarter balance of \$103.3 million. Further payments for Ironbark will fall due in the current quarter and will significantly impact the cash balance.

Operating cashflows decreased from the previous quarter by \$2.2 million.

Production revenue increased by \$2.3 million because of the contribution of Cue assets, however Kupe production fell due to natural field decline.

There is an unrealised foreign exchange loss of \$5.7 million this quarter, due to the strengthening New Zealand dollar, reducing US dollar-denominated cash balances when translated to NZ dollars.

\$27.4 million of the cash balance was held by Cue.

PRODUCTION SUMMARY		Total field this quarter [gross]	Our share previous quarter [net]	Our share Sep 2020 [net]
FIELD				
Kupe Taranaki, New Zealand	Oil Barrels	179,450	8,320	7,180.0
	Gas Petajoules	5.75	0.26	0.2
	LPG Tonnes	24,768	1,135	991.0
	Production revenue NZD\$m		3.1	3.3
Maari* Taranaki New Zealand	Oil Barrels, Net		17,340	22,605.0
	Production revenue AUD\$m.		0.0	1.4
Sampang* Java, Indonesia	Oil Barrels		680	406.0
	Gas Petajoules		0.51	0.4
	Production revenue AUD\$m		3.4	4.1

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 has been in line with previous guidance and expectations of field performance with some minor additional unplanned downtime in the quarter.

The compression project continues to progress with the main compressor unit due on site in early 2021. 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*

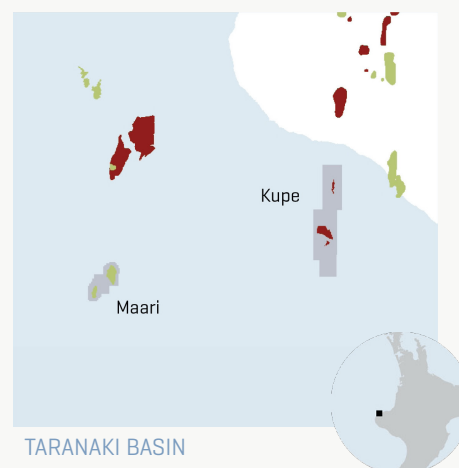
69% OMV New Zealand [Operator]

26% Horizon Oil International

Oil production from Maari and Manaia fields was higher than the previous quarter due to wells returning to production after workovers and operator focus on production optimisation.

Planning for the repair of the MR6a well advanced during the quarter with operations planned to commence during Q3 FY21.

Jadestone Energy and OMV have amended the longstop date for Jadestone's acquisition of 69% operated working interest in Maari until April 30, 2021 to allow time for New Zealand 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, but was 8 per cent lower than the previous quarter due to variations in demand.

The joint venture is progressing early stages of the Front End Engineering and Design (FEED) phase for the Paus Biru development. Significant FEED activities and a Final Investment Decision (FID) for the development are expected to be delayed due to current COVID-19 demand changes affecting buyer's abilities to contract future gas.

Mahakam Hilir PSC

100% Cue Energy* (Operator)

The exploration period of the PSC is due to end in April 2021. Under the current permit terms, title transfers are not permitted.

Cue is assessing the impact of this restriction and current COVID-19 restrictions on any future activities in the PSC.



Mahato PSC

12.5% Cue Mahato Pty Ltd*

Texcal Mahato EP Ltd (Operator)

Commercial production of oil has commenced from the PB field in the Mahato PSC in Indonesia and the dispute between Cue and the Joint Venture partners has been settled.



The PB-1 well is producing at approximately 600 barrels of oil per day (gross), with the oil processed and exported through existing third party facilities. A workover of exploration well PB-2 to bring it into production and the drilling of three further development wells is expected to commence during the current quarter. The PB-1 and PB-2 wells were drilled as exploration wells in late 2019 and early 2020.

Cue and the Mahato PSC joint venture partners have agreed on a settlement to the dispute relating to the PB-1 and PB-2 wells.

As part of the settlement, the Operator has issued Cue with a cash call for approximately US\$300,000 for the PB-2 exploration well, which has been paid.

Additionally, Cue has paid US\$380,000 to the joint venture partners, of which US\$111,000 was paid from Cue's cash reserves, with the remainder paid from Cue's share of the PSC performance bond, which was being held by the Operator.

Cue has previously paid for its participating interest in the field infrastructure, the PB-2 well workover and three upcoming development 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.

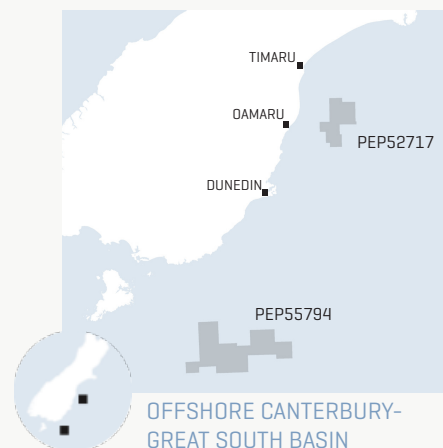
No other activity occurred in the period.

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.



OFFSHORE CANTERBURY-
GREAT SOUTH BASIN

AUSTRALIA

WA-359-P

15% New Zealand Oil & Gas

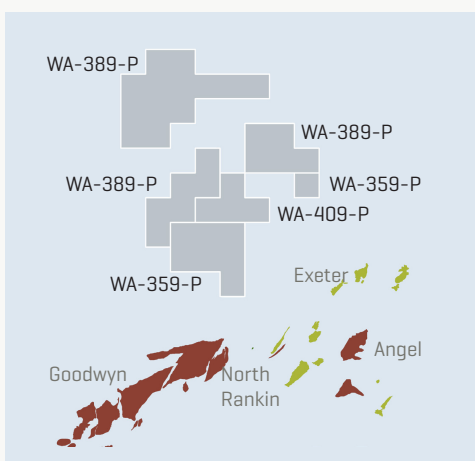
21.5% Cue Energy*

42.5% BP Developments Australia Pty Ltd [Operator]

21% Beach Energy

On 29 December 2020 the joint venture announced that the Ocean Apex semi-submersible drilling rig had intersected the primary target interval in the Ironbark prospect at a depth of 5275 metres without encountering significant hydrocarbon shows. The well continued drilling through the remaining target sands to a depth of 5618 metres, without success. The well has been plugged and abandoned. The drilling rig departed the well location after quarter end, at mid-night Monday, 11 January 2021 [AWST].

Analysis of the well data and results will be undertaken to understand the implications for the Deep Mungaroo play.



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.

AUSTRALIA



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NZX:NZO ASX:NZO Quarterly Activities report authorised by Andrew Jefferies, Managing Director, 29 January 2021.