

27 April 2022

NEW ZEALAND OIL & GAS ANNOUNCES UP TO NZ\$25 MILLION EQUITY RAISE

- Multiple growth projects across New Zealand and Australia
- 1-for-2.7625 renounceable rights offer at NZ\$0.42 per share
- Pro rata to existing shareholders with opportunity to apply for unaccepted shares under oversubscription facility
- Cornerstone shareholder to take its full entitlement (subject to regulatory restrictions)
- Conversion to full ASX listing in progress

New Zealand Oil & Gas Limited (NZX: NZO, ASX: NZO) has announced an equity raising of up to NZ\$25 million through a 1-for-2.7625 renounceable rights offer.

The capital raise enables a cycle of investment in growth projects at producing assets in Australia and New Zealand as well as offering the opportunity to take part in exploration.

Growth projects include immediate and future activities, including:

- Investment into growing production at the Amadeus Basin in Australia's Northern Territory. The Amadeus assets were acquired in 2021, and are already performing ahead of expectations. Development activity in the assets was committed as part of the acquisition, while new exploration activity targets up to 62PJ (net 2U unrisks prospective resources) and has the potential to approximately double the reserves of NZO and its subsidiary Cue Energy Resources Limited (**Cue**) (ASX: CUE).
- A new well at the producing Kupe gas field in New Zealand, where potential new gas would be un-contracted (from 1 October 2023) and sold into what is expected to be a strong market.
- Potential support for Cue, 50.04% owned by New Zealand Oil & Gas if Cue decides to further develop its assets.

More detail about development projects and risks is contained in the investor presentation that accompanies this announcement.

New Zealand Oil & Gas chief executive Andrew Jefferies says the timing is right to invest in growth of the company's assets.

"Prices for oil and gas are very strong. In a time of global instability, in a world needing our energy, ethically-sourced oil and gas from Australia and New Zealand offers new opportunities for continued growth at an attractive balance of risk and return.

Funding will strengthen the New Zealand Oil & Gas balance sheet and provide cashflow to deliver for investors through development of producing assets with the chance of exploration upside.

While the development potential of our Amadeus assets was well-understood when we committed to investment as part of the acquisition, the strong oil & gas markets and excitement about the potential for further growth has enhanced our investment appetite.”

The cornerstone shareholder, O.G. Oil & Gas (Singapore) Pte. Ltd. (**OGOG**) is supportive of the strategy and has indicated it intends to take up 100% of its entitlement, subject to regulatory restrictions (i.e. in effect it cannot increase its shareholding by more than 5%). Subject to there being a shortfall in the rights offer, existing shareholders (other than OGOG) will have the opportunity to increase their holdings through an oversubscription facility, allowing them to purchase shares out of the shortfall.

After satisfying all demand from existing shareholders under the oversubscription facility, and any demand from approved new investors, OGOG will take up all or part of any shortfall in the rights offer to the extent it is able under the regulatory restrictions mentioned above.

There is a possibility that, even with OGOG’s commitments outlined above, the offer does not raise the full amount sought.

CONVERSION TO FULL ASX LISTING

In support of more activity in Australia, New Zealand Oil & Gas intends to convert to full listing status on the ASX, where the stock currently has foreign exempt status. At the same time, New Zealand Oil & Gas would move from a full listing to a foreign exempt listing on the NZX.

Chair Samuel Kellner says the ASX market has deep understanding of oil and gas stocks.

“The Company intends to convert its listing status after the close of the offer. It will then have full listing status on the ASX and a foreign exempt listing on the NZX”, Mr Kellner said.

The offer website will include an option for shareholders to elect to automatically transfer their shares from the NZX to the ASX.

After the change in listing status, shareholders will continue to be able to choose between trading on the NZX or ASX, as the shares will remain quoted on both exchanges. However, from the change in listing status taking effect, NZO will be exempt from the bulk of the NZX Listing Rules, and will be fully subject to the ASX Listing Rules (subject to any applicable waivers).

NZO is engaging with both NZX and ASX in relation to moving from a full listing to a foreign exempt listing on NZX, and moving from a foreign exempt to a full listing on ASX. Assuming that both NZX and ASX approve the change in listing status, NZO expects that the change in listing status will occur on the same day on both ASX and NZX. The change in listing status is expected to take place by mid-June 2022. NZO is not aware of any reasons why the change in listing status would not be approved. NZO will provide a further update on the timing of the change as the process progresses.

SUMMARY OF POTENTIAL DEVELOPMENT

Immediate Opportunities:

- Installation of flare gas compressor at Mereenie gas field adds net +0.2TJ/d and reduces Scope 1 CO₂e emissions by net 5kt/year
- Coiled Tubing work at Mereenie Gas field targeting increased sales rates by up to net 1TJ/d

- Palm Valley and Dingo infill drilling targeting 6.6PJ of 2P reserves (net to NZO) or converting 2C resources.
- Low-cost exploration in Palm Valley and Dingo targeting net 62 PJ of 2U unrisks prospective resources.
- Ongoing drilling at Mahato in Indonesia contributing to producing rates of 1,100 boepd (net to Cue, including Sampang).

Future Opportunities:

- Up to 3 Mereenie infill wells targeting 8.2PJ (net) of 2P undeveloped reserves.
- Stairway potential in Mereenie gas field targeting 27PJ (net) of 2C contingent resources.
- Kupe infill well targeting 1.8PJ (net) of 2P reserves to reinstate plateau.
- Sampang Paus Biru ~7PJ (net to Cue) of 2C contingent resources.

Further details are contained in the accompanying investor presentation.

THE OFFER

The up to NZ\$25 million equity raise is being undertaken as a pro-rata renounceable rights offer (**Offer**) of up to 59,522,432 new ordinary shares in New Zealand Oil & Gas (**New Shares**).

The Offer will be undertaken at a fixed price of NZ\$0.42 per New Share, which represents a discount of 19.2% to the last close price of \$0.52 per share on Friday, 22 April 2022, and a 14.9% discount to the theoretical ex-rights price (TERP) of \$0.49.

Eligible shareholders will also be permitted to take up the Offer in Australian dollars. The A\$ Offer price will be fixed by applying the NZ\$:A\$ exchange rate published by the Reserve Bank of New Zealand on its website for the Offer record date (5 May 2022) to the NZ dollar Offer price, and rounding to the nearest whole cent.

The Offer is expected to raise up to a total of NZ\$25 million at the application price of NZ\$0.42 per New Share. The New Shares will represent 27% of New Zealand Oil & Gas' shares on issue following completion of the Offer. The Offer is renounceable, and rights will be transferrable but will not be quoted on any exchange (i.e. any rights trading will be off market).

The equity raise is supported by New Zealand Oil & Gas' largest shareholder, which has committed to taking up its NZ\$17.465m share of the Offer and to take up any shortfall, subject to the regulatory restrictions described above. There is a possibility that, even with these commitments from OGOG, the Offer does not raise the full amount sought.

The Offer will be made to eligible shareholders, being shareholders as at 7.00pm (NZST) on 5 May 2022 (the record date) with a registered address in New Zealand or Australia (who are not in the United States and not acting for the account or benefit of a person in the United States), or as NZO may otherwise determine in compliance with applicable laws. The Offer will open on Monday 9 May 2022, and close on Monday 23 May 2022 (unless extended). Eligible shareholders who take up their entitlement in full will not have their percentage shareholding in New Zealand Oil & Gas reduced as a result of the Offer.

An oversubscription facility is also in place, under which existing shareholders who accept their full entitlement, excluding OGOG, will have the first opportunity to participate in any shortfall.

OGOG will only take up shortfall shares if there are New Shares remaining after applications under the oversubscription facility have been fully satisfied (and subscription commitments from any new approved investors have been satisfied).

The Offer Document, containing full details of the Offer, will be sent to Eligible Shareholders on Monday 9 May 2022. Eligible shareholders should go to www.shareoffer.co.nz/nzog from Monday 9 May 2022 to 5.00pm (NZST) on Monday 23 May 2022 if they wish to apply.

KEY DATES

The key dates* for the equity raise are:

EQUITY RAISE TIMETABLE

Record date for determining entitlements	7.00pm (NZST) on 5 May 2022
Offer opens and application forms sent to eligible shareholders	9 May 2022
Offer closes	5.00pm (NZST) on 23 May 2022
Allotment of New Shares issued under the Offer	27 May 2022

*These dates are subject to change and are indicative only.

GENERAL

Additional information regarding the equity raise is contained in the investor presentation accompanying this announcement. The investor presentation contains important information including key risks with respect to the equity raise.

Nothing contained in this announcement constitutes investment, legal, tax or other advice. Investors are encouraged to seek appropriate professional advice before making any investment decision.

For any questions on how to make an online application, please email nzog@computershare.co.nz or call Computershare Investor Services Limited on 0800 650 034 (NZ) between 8:30am and 5.00pm (NZST) Monday to Friday during the Offer period or in Australia, 1800 501 366 (freephone within Australia only) or +61 3 9415 4083 (AU). For other questions, investors should contact a professional adviser, an NZX Firm or an ASX broker.

For further information please contact the Company on:
email enquiries@nzog.com
phone +64 4 495 2424

OVERVIEW

New Zealand Oil & Gas is listed on NZX and ASX. It owns interests in the Kupe gas fields offshore South Taranaki, New Zealand, and the Amadeus Basin in Australia's Northern Territory. Through its 50.04% controlling interest in ASX-listed Cue Energy Resources, it has further interests in the Maari oil field offshore South Taranaki New Zealand, the Mahato oil and gas production sharing contract in Sumatra, Indonesia, and the Sampang oil and gas production sharing contract in East Java, Indonesia.

Wellington, New Zealand headquartered, New Zealand Oil & Gas was founded in 1981. It is the only New Zealand oil and gas company to have proudly achieved a Rainbow Tick, and offsets carbon emissions through Trees That Count.

DISCLAIMER

This announcement is not a product disclosure statement or offering document under New Zealand law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in New Zealand Oil & Gas in any jurisdiction.

This announcement does not constitute financial product advice or investment advice and does not and will not form part of any contract for the acquisition of New Zealand Oil & Gas securities.

This announcement has been prepared for release in New Zealand and Australia. This announcement may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States (or to, or for the account or benefit of, any person in the United States) or in any other jurisdiction in which such an offer would be unlawful.

The information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with New Zealand Oil & Gas' other market announcements lodged with NZX, which are available at www.nzx.com/companies/NZO.

RESERVES STATEMENT

Oil and gas reserves, and contingent and prospective resources, are reported as at 1 January 2022, unless otherwise stated, and follow the SPE PRMS Guidelines (2018). The volumes presented are net to New Zealand Oil & Gas, including Cue's reserves and resources at 100% (noting New Zealand Oil & Gas holds 50.04% of the shares in Cue).

In the Amadeus basin, all fields and prospects are non-operated by New Zealand Oil & Gas, with the operator being Central Petroleum Limited. New Zealand Oil & Gas holds 17.5% equity in Mereenie and Cue holds 7.5%. At Palm Valley and Dingo, New Zealand Oil & Gas holds 35% and Cue holds 15% equity.

In New Zealand, all fields and prospects are non-operated by New Zealand Oil & Gas. The operator at Kupe is Beach Energy and at Maari the operator is OMV.

Cue currently holds an equity position of 5%, 15% and 12.5% in the Maari, Sampang and Mahato assets respectively, though Production Sharing Contract (PSC) adjustments at the Sampang and Mahato fields affect the net equity differently across reserve categories.

The Paus Biru discovery, sits on the Sampang PSC where the field is operated by Medco and Cue holds 15% equity.

Mereenie, Palm Valley and Dingo reserves are based on historical field production data and various well intervention and drilling campaigns. This data has been combined with available seismic data and evaluated using analytical and numerical analysis methods, combined with a set of deterministic reservoir simulation and network models. In place volumes have been calculated using probabilistic methods, with deterministic workflows used for recoverable volumes. The reserves and resource volumes stated have not been adjusted for risk.

Kupe reserves are determined by deterministic reservoir simulation modelling conducted by the operator Beach Energy. At Maari, a combination of deterministic and analytical methods have been applied by New Zealand Oil & Gas in determining remaining reserves.

At Sampang deterministic methods are used to evaluate the reserves on the basis of historical production.

Mahato reserves and resources are based on the available historical field production data and drilling results in the first 8 wells in the field. This data has been combined with available seismic and petrophysical models along with a network reservoir model. In place volumes have been developed using probabilistic methods, with deterministic workflows used for recoverable volumes. The reserves and resource volumes stated have not been adjusted for risk. The Mahato volumes reflect the SKK Migas approved Plan of Development (PoD) and the approved 2022 work program and budget for 5 additional wells (taking the total producers to 13), as well as a view of further potential drilling opportunities beyond this which will require further evaluation and approvals prior to drilling and hence are placed in contingent resources (development pending). The extraction method for Mahato is via an export pipeline to local pipeline networks (ultimately through to the Dumai terminal).

Paus Biru contingent resources have been sub-classified as “Development Unclassified” under the PRMS Guidelines by Lemigas (who are the competent person for those resources), which represents a discovered accumulation where project activities are under evaluation, the potential for a commercial development is unknown based on available information and plans to develop are not yet considered near-term. As such, further work is required on the development and commercialisation options before bringing forward to reserves status. A deterministic methodology was used to categorise the contingent resources.

The Amadeus 2C contingent and 2U prospective resources (best estimate) included are as per the Amadeus notice of special meeting released to NZX on 25 May 2021. New Zealand Oil & Gas confirms it is not aware of any new information or data that materially affects the information included in that 25 May 2021 release and all the material assumptions and technical parameters underpinning the 2C contingent and 2U prospective resources continue to apply and have not materially changed.

For the Amadeus prospective resources, the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. These risks for discovery and development for the prospective resources are as stated in the 25 May 2021 announcement, they will be evaluated through the drilling of the upcoming Palm Valley-12 and Dingo-5 wells.

The Paus Biru 2C contingent resources are as per the market announcement made by Cue on 19 August 2020. New Zealand Oil & Gas confirms it is not aware of any new information or data that materially affects the information included in the 19 August 2020 release and all the material assumptions and technical parameters underpinning the 2C contingent resources continue to apply and have not materially changed.

Net reserves are net of equity portion, government take under all relevant agreements net of royalties, taxes, fuel and flare (as applicable).

All reserves and resources reported refer to hydrocarbon volumes post-processing, net of fuel, and immediately prior to point of sale. The volumes refer to standard conditions, defined as 14.7psia and 60°F.

Tables combining reserves have been calculated arithmetically and some differences may be present due to rounding.

At all fields, economic modelling has been conducted to determine the economically recoverable quantities. For the conversion to equivalent units, standard industry factors have been used of 6Bcf to 1mboe, 1Bcf to 1.05PJ, 1 tonne of LPG to 8.15 boe and 1TJ of gas to 163.4 boe.

This reserves and resources statement is approved by, based on, and fairly represents information and supporting documentation (for all fields other than Paus Biru) prepared by New Zealand Oil & Gas General Manager Assets & Engineering Daniel Leeman. Daniel is a Chartered Engineer with Engineering New Zealand and holds Master’s degrees in Petroleum and Mechanical Engineering as well as a Diploma in Business Management and has over 10 years of experience. Daniel is also an active professional member of the Society of Petroleum Engineers and the Royal Society of New Zealand. New Zealand Oil & Gas reviews reserves holdings at least twice a year by reviewing data supplied from the field operator and comparing assessments with this and other information supplied at scheduled meetings. Daniel is currently an employee of New Zealand Oil & Gas.