

news release

25 May 2021

PROPOSED ACQUISITION OF CENTRAL PETROLEUM AMADEUS BASIN ASSETS

New Zealand Oil & Gas Group agrees to purchase interests in 3 producing Northern Territory assets from Central Petroleum.

Agreement is subject to conditions, including shareholder approval.

14.5mboe increase in 2P reserves; a near 5 times increase.*

Cash payment of A\$29m, adjusted for revenues and costs from 1 July 2020, and development carry capped at A\$40m.

New Zealand Oil & Gas to acquire 70%, Cue Energy (New Zealand Oil & Gas 50.04% owned subsidiary) to acquire 30%.

The New Zealand Oil & Gas Group has agreed to acquire interests in three gas producing projects located in Australia's Northern Territory. The agreement is subject to shareholder approval, amongst other conditions.

The assets, in the Amadeus basin, are currently held by ASX-listed Central Petroleum.

The acquisition would increase the New Zealand Oil & Gas Group's 2P (proved and probable) reserves by 14.5 million barrels of oil equivalent – a near five-fold increase, with further exploration upside potential.

The proposed transaction comprises a 25% interest in the Mereenie oil and gas fields, a 50% interest in the Palm Valley gas field and a 50% interest in the Dingo gas field.

New Zealand Oil & Gas will acquire 70% and Cue Energy Resources (New Zealand Oil & Gas' 50.04% owned subsidiary) will acquire 30%, of assets sold by Central Petroleum. If the agreement is approved, Central Petroleum will receive a cash payment of A\$29 million (New Zealand Oil & Gas will pay A\$20.3 million, and Cue will pay A\$8.7 million). The effective date is 1 July 2020, so the cash payment will be adjusted for revenues earned and costs incurred following that date.

New Zealand Oil & Gas and Cue Energy will also fund Central Petroleum's share of the costs of exploration, appraisal and development up to a capped total of A\$40 million. New Zealand Oil & Gas and Cue Energy will also be required to pay their own share of the costs. Development is expected to include four well recompletions and up to 10 wells.

Central Petroleum will remain as operator and manage the gas sales function on behalf of New Zealand Oil & Gas and Cue Energy under a joint marketing agreement.

New Zealand Oil & Gas Chief Executive Andrew Jefferies says the acquisition fits the company's strategy for growing the business by acquiring production.

"The acquisition utilises New Zealand Oil & Gas cash and balance sheet strength. The assets have multiple development and exploration pathways to growth, which this deal will

unlock. It also helps achieve value for Cue shareholders, including New Zealand Oil & Gas, and puts our business on a growth trajectory,”

“Management and the board feel that this deal delivers what we promised in our revised strategy released June 2020 providing shareholders with a highly attractive, value adding, opportunity:

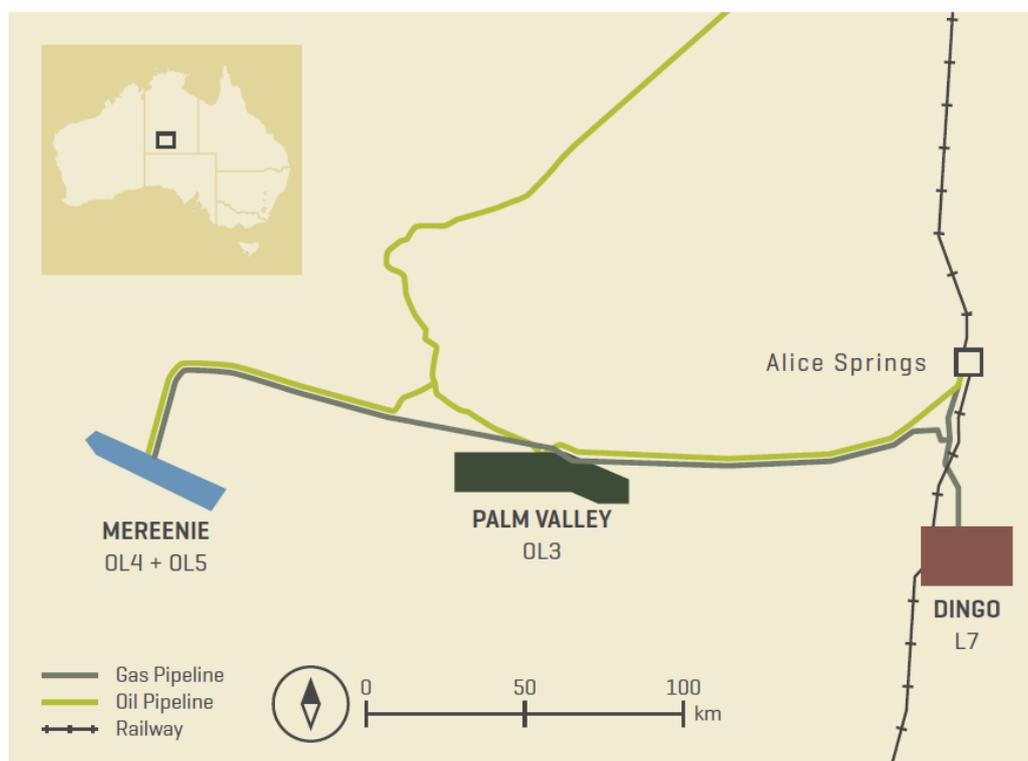
- based on solid production, with development and exploration upside;
- gas connected into an excellent market;
- in an area we understand; and
- sized to fit our balance sheet.

The board is pleased to unanimously recommend the transaction to our shareholders. It requires approval by a simple majority and the 69.9% shareholder O.G. Oil and Gas (Singapore) Pte. Ltd. has already confirmed it will vote in favour”.

“The fields are in Australia, where we are already listed, and produce gas for markets where prices are strong. They have an excellent seasoned operator in Central Petroleum with scale, culture, values, and technical skillsets that are an ideal fit with ours. Like NZOG, Australia values clean burning locally produced natural gas as a key part of the transition to a low carbon future.”

A special meeting of shareholders to vote on the transaction is expected in June and a Notice of Meeting will be sent to all shareholders shortly. It will contain further details of the transaction.

*See Reserves Statement below



For further information please contact the Company on:
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RESOURCES AND RESERVES STATEMENT

Reserves and resources reported in this statement are consistent with reserves and resources disclosed by Central Petroleum in its most recent annual report.

Equity percentages in the following tables include Cue's full share. New Zealand Oil & Gas has a 50.04% interest in Cue.

ASSET, PROSPECT AND PERMIT TYPE TABLE (SUMMARY TABLE)

| Entity | Net Equity* | Permit # & Type | Production Level | Net 2P Total Reserves mmboe* | Contingent Resources Level | Net 2C Resources mmboe* | Prospective Resources Level | Net 2U Unrisked Prospective mmboe* |
|-----------------------|-------------|-------------------------------|------------------|------------------------------|----------------------------|-------------------------|-----------------------------|------------------------------------|
| Mereenie | 25% | OL4 & OL5 Production Licences | Pacoota | 9.2 | Pacoota & Stairway | 7.5 | - | - |
| Palm Valley | 50% | OL3 Production Licence | Pacoota | 2.4 | Pacoota | 1.1 | Arumbera | 6.1 |
| Dingo | 50% | L7 Production Licence | Arumbera | 2.9 | - | 0.0 | Pinoeer + Areyonga | 4.0 |
| Arithmetic Sum | | | | 14.5 | | 8.6 | | 10.1 |

*Including Cue Energy share

SUMMARY RESERVES TABLES

Net 1P Developed, Undeveloped and Total

| | | 1P Developed | | | 1P Undeveloped | | | 1P Total | | |
|--------------|--------|--------------|------------|------------------|----------------|------------|------------------|-------------|------------|------------------|
| Field | Equity | Gas PJ | Oil mmstb | Equivalent mmboe | Gas PJ | Oil mmstb | Equivalent mmboe | Gas PJ | Oil mmstb | Equivalent mmboe |
| Mereenie | 25% | 24.6 | 0.3 | 4.3 | 16.2 | 0.1 | 2.8 | 40.9 | 0.4 | 7.1 |
| Palm Valley | 50% | 12.9 | 0.0 | 2.1 | 0.0 | 0.0 | 0.0 | 12.9 | 0.0 | 2.1 |
| Dingo | 50% | 7.2 | 0.0 | 1.2 | 7.5 | 0.0 | 1.2 | 14.7 | 0.0 | 2.4 |
| Total | | 44.7 | 0.3 | 7.6 | 23.7 | 0.1 | 4.0 | 68.4 | 0.4 | 11.6 |

Net 2P Developed, Undeveloped and Total

| | | 2P Developed | | | 2P Undeveloped | | | 2P Total | | |
|--------------|--------|--------------|------------|------------------|----------------|------------|------------------|-------------|------------|------------------|
| Field | Equity | Gas PJ | Oil mmstb | Equivalent mmboe | Gas PJ | Oil mmstb | Equivalent mmboe | Gas PJ | Oil mmstb | Equivalent mmboe |
| Mereenie | 25% | 37.9 | 0.4 | 6.6 | 15.5 | 0.1 | 2.6 | 53.4 | 0.5 | 9.2 |
| Palm Valley | 50% | 14.4 | 0.0 | 2.4 | 0.0 | 0.0 | 0.0 | 14.4 | 0.0 | 2.4 |
| Dingo | 50% | 10.0 | 0.0 | 1.6 | 8.0 | 0.0 | 1.3 | 18.1 | 0.0 | 2.9 |
| Total | | 62.3 | 0.4 | 10.6 | 23.5 | 0.1 | 3.9 | 85.8 | 0.5 | 14.5 |

Net 3P Developed, Undeveloped and Total

| Field | Equity | 3P Developed | | | 3P Undeveloped | | | 3P Total | | |
|--------------|--------|-----------------|------------|-------------|-------------------|------------|------------|--------------|------------|-------------|
| | | Gas | Oil | Equivalent | Gas | Oil | Equivalent | Gas | Oil | Equivalent |
| | | PJ | mmstb | mmboe | PJ | mmstb | mmboe | PJ | mmstb | mmboe |
| Mereenie | 25% | 40.3 | 0.5 | 7.1 | 28.0 | 0.1 | 4.7 | 68.3 | 0.6 | 11.8 |
| Palm Valley | 50% | 17.3 | 0.0 | 2.8 | 0.0 | 0.0 | 0.0 | 17.3 | 0.0 | 2.8 |
| Dingo | 50% | 13.3 | 0.0 | 2.2 | 9.8 | 0.0 | 1.6 | 23.1 | 0.0 | 3.8 |
| Total | | 70.8 | 0.5 | 12.1 | 37.8 | 0.1 | 6.3 | 108.7 | 0.6 | 18.4 |

SUMMARY CONTINGENT RESOURCES TABLE

Net 2C

| Field | Equity | 2C Contingent | | |
|--------------|--------|------------------|------------|------------|
| | | Gas | Oil | Equivalent |
| | | PJ | mmstb | mmboe |
| Mereenie | 25% | 45.6 | 0.1 | 7.5 |
| Palm Valley | 50% | 6.9 | 0.0 | 1.1 |
| Dingo | 50% | 0.0 | 0.0 | 0.0 |
| Total | | 52.5 | 0.1 | 8.6 |

SUMMARY UNRISKED PROSPECTIVE RESOURCES TABLE

Net Unrisked Prospective Resources- Best Estimate

| Project | Level | Geological Chance of Success | Chance of Development Success | Equity | 2U Prospective Unrisked | | |
|------------------|----------|------------------------------------|-------------------------------------|--------|----------------------------|------------|-------------|
| | | | | | Gas | Oil | Equivalent |
| | | | | | PJ | mmstb | mmboe |
| Palm Valley Deep | Arumbera | 24% | 90% | 50% | 37.5 | 0.0 | 6.1 |
| Dingo Deep | Areyonga | 19% | 90% | 50% | 16.0 | 0.0 | 2.6 |
| Dingo Deep | Pioneer | 19% | 90% | 50% | 8.5 | 0.0 | 1.4 |
| Total | | | | | 62.0 | 0.0 | 10.1 |

The subsequent sections detail the field and reserves/ resources information for compliance with ASX listing rules pertaining to the first announcement of material oil and gas projects.

MEREENIE

Mereenie, Re-completes and infill wells [developed and undeveloped reserves]

Mereenie developed and undeveloped reserves are established using a deterministic simulation model representing both the current production wells, as well as the wells to be re-completed and drilled.

The undeveloped quantities associated with the four re-completes and first two infill wells have been approved by the current joint venture and are in-line for imminent execution with volumes sold under existing agreements, or future contracts materially consistent with existing terms.

The further three infill wells are subject to further joint venture and regulatory approvals but are anticipated to be drilled within the next three to five years.

Mereenie Stairway [contingent resources, development on hold]

The Stairway formation is shallower than the main production interval in the Pacoota sandstone at Mereenie. It has been penetrated multiple times as a result, with two wells achieving commercial rates of gas to surface. Further work is ongoing to identify the optimal economic development plan.

The resources released here are mid case (2C) resources and placed in the Development On Hold sub-category. Further studies, joint venture approvals and appraisal drilling/ flow testing will be required to advance to reserves.

PALM VALLEY

Palm Valley Production, Appraisal and Development Drilling [developed and undeveloped reserves, contingent resources]

Palm Valley developed reserves in the Pacoota sandstone are established using analytical methods calibrated to the current production wells.

The subsequent three appraisal and success development wells (PV-12, -14 and -15) have been analytically assessed and forecasts are based on decline curves. These wells form a critical part of the farm-in process, the initial approvals for which are deemed approved via the sale and purchase agreement, with some future approvals required (including regulatory), all within a reasonable timeframe with volumes sold under agreements materially consistent with current contracts. The timing of the PV-12 is intimately related to the drilling and results of the Palm Valley Deep exploration well, expected to occur within FY22.

Palm Valley Deep Exploration [Prospective Resources]

Volumes potentially in place and recoverable at the Arumbera level in Palm Valley have been estimated using probabilistic methods incorporating available seismic and offset geological data. The unrisks resources have then been assessed economically on decline curve forecasts.

An exploration well and evaluation thereof is required to advance this prospect, the drilling of which forms part of the acquisition and is expected to occur in FY22.

DINGO

Dingo Production and Development Drilling [developed and undeveloped reserves]

Dingo developed reserves in the Arumbera sandstone are established using analytical methods and forecasts generated using decline curves.

Subsequent development at Dingo has been analytically assessed and forecasts are based on decline curves. This forms a part of the farm-in process, the initial approvals for which are conducted concurrently, with future approval required for the completion and tie-in. Volumes are to be sold under existing agreements. The timing of the Dingo-5 completion is intimately related to the drilling and results of the Dingo Deep exploration well, expected to occur shortly after.

Dingo Deep Exploration [Prospective Resources]

Volumes potentially in place and recoverable at the Pioneer and Areyonga levels at Dingo have been estimated using probabilistic methods incorporating available seismic and offset geological data. The unrisks resources have then been assessed economically on decline curve forecasts.

An exploration well and evaluation is required to advance this prospect, the drilling of which forms part of the acquisition and is expected to occur in FY22.

RESERVES COMPLIANCE STATEMENTS

Oil and gas reserves, and contingent and prospective resources, are reported as at 30 June 2020 and follow the SPE PRMS Guidelines (2018). The volumes presented are net to New Zealand Oil & Gas, including Cue Energy's full share (New Zealand Oil & Gas has a 50.04% interest in Cue), i.e., net 25% in Mereenie, net 50% in Palm Valley and net 50% Dingo and their associated exploration prospects. All fields and prospects are non-operated, with the operator being Central Petroleum Limited.

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, analytical and numerical analysis methods and sets of deterministic reservoir simulation and network models. 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.

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.

1P or Proven Reserves are those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations. Typically considered as 90% or more likely.

Probable 2P reserves are those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves. Typically considered as 50% likely.

Known accumulations are reserves or contingent resources that have been discovered by drilling a well and testing, sampling or logging a significant quantity of recoverable hydrocarbons.

Developed reserves are expected to be recoverable from existing wells and facilities. Undeveloped reserves will be recovered through future investments (e.g. through installation of compression, new wells into different but known reservoirs, or infill wells that will increase recovery). Total reserves are the sum of developed and undeveloped reserves at a given level of certainty.

Contingent Resources (2C) are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.

Prospective Resources are those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.

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.

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. The extraction method is via the Mereenie and Palm Valley Gas Plants which includes compression and dehydration.

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

This resources statement is approved by, based on, and fairly represents information and supporting documentation prepared by New Zealand Oil & Gas Assets & Engineering Manager 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 twice a year by reviewing data supplied from the field operator and comparing assessments with this and other information supplied at scheduled meetings.