

11 MAY 2022

AMADEUS OPERATIONS UPDATE

New Zealand Oil & Gas has received new information from the Operator (Central Petroleum, ASX: CTP; **Operator**) of the Palm Valley and Dingo permits. Given the Company's renounceable rights issue offer is currently open, we are sharing this information now, before matters have developed and before any decisions have been made.¹

Key elements of the information received from Operator and known at present are as follows.

A further near-term appraisal opportunity in the Pacoota P3

- The Operator has advised that, following new insights from a technical review, it has identified a potentially attractive additional appraisal opportunity in the Palm Valley Pacoota P3 formation which may warrant further assessment.
- The Joint Venture (**JV**) will undertake the required joint work to properly understand the options available and will pursue those that optimise the JV's position.
- Subject to JV approval, the P3 appraisal opportunity could be integrated into the current PV-12 drilling programme which in turn could result in changes to the timing, sequence, duration, and potential costs of the remaining drilling programme.
- The PV-12 well is expected to intersect the P3 formation in circa 2 – 3 weeks as it drills to the PV Deep prospect (the Arumbera formation). The JV is currently considering activities to log the Pacoota P3 during this time.
- Any decisions regarding an addition to the appraisal targets of the PV-12 drilling programme are expected to be made once the total depth of the current Palm Valley well has been reached and the Arumbera formation has been evaluated.
- The purchase of certain long-lead equipment necessary to preserve the opportunity to appraise the P3 formation is currently being considered by the JV. An indicative diagram is included below.
- One of the key drivers for appraising the P3 formation as part of the PV-12 well is the context of the current East Coast gas demand and spot pricing. Evidence of this is seen in our announcement of 5 May 2022 and there are positive indications of this continuing.

Further updates will be provided on the full extent of the Pacoota P3 opportunity and any associated changes as they become available.

Cost Information

- The latest cost information received from the Operator has confirmed increased costs have been incurred to date and that such pressures may continue. The Operator is presently pursuing several potential mitigations to address these cost pressures.

¹ See New Zealand Oil & Gas' announcement of 27 April 2022 regarding an equity raising of up to NZ\$25 million through a 1-for-2.7625 renounceable rights offer.

- The Operator has advised that as at 30 April, approximately \$3.1 million of additional costs have been incurred on the drilling programme.
- These cost increases are, in part, driven by increasing fuel & freight costs which are particularly material given the remote location, increased cost of civil works and equipment costs, and delays in rig logistics.
- From the information that the Operator has shared with us to date, it is our expectation that the current well programme costs will continue to increase. At this point, we do not have any firm forecast numbers and we understand that Operator will attempt to mitigate any future cost increases. As above, we will advise the market of any developments as and when we can.
- These impact the total costs to New Zealand Oil & Gas via payment of its share of the operations and the application of Operator's carry as required under Amadeus Acquisition Sale and Purchase Agreement from the original acquisition.²

Andrew Jefferies CEO of New Zealand Oil & Gas says "Whilst the cost pressures currently being observed within the drilling campaign are not ideal, inflation is hitting everyone's hip pocket at this point. I am pleased that we are being agile in evaluating the newly recognised P3 opportunity and preserving the option to exploit it in this campaign, which could achieve significant cost efficiencies compared to returning to appraise it separately. The gas markets continue to provide short term opportunities and we expect this to continue, so more production in the short term is very attractive at this point. It is a moving feast and I look forward to keeping shareholders updated as decisions are made, particularly while our equity raising offer is open."

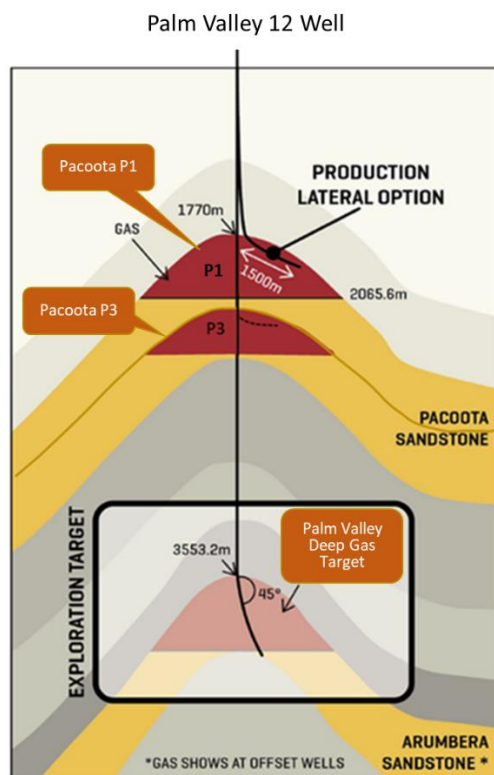


Fig 1 Palm Valley-12 Schematic indicating the current target horizons and the potential addition of the Pacoota P3 formation.

Participants in Permit OL3 are Central Petroleum (NT) Pty Ltd (Operator, 50%), NZOG Palm Valley Pty Ltd (35%) and Cue Palm Valley Pty Ltd (15%).

² See Notice of Special Meeting dated 25 May 2021 regarding the acquisition of the Amadeus Assets.