

news release

17 January 2023

NEW ZEALAND OIL & GAS EXECUTES PERTH BASIN FARM IN AGREEMENT WITH TRIANGLE ENERGY

- **New Zealand Oil & Gas executes binding Term Sheet with Triangle Energy**
- **Acquiring a 25% interest in Triangle's L7 and EP 437 northern Perth Basin permits**
- **Low upfront entry cost, with 3 exploration wells aimed to be drilled in 2024**
- **Recently acquired 3D seismic survey covers highly prospective Early Permian gas trend**
- **Agreement subject to conditions, including final due diligence and regulatory approvals**

New Zealand Oil & Gas Limited (NZO or the Company) is pleased to announce that it has executed a binding Term Sheet with ASX listed energy company, Triangle Energy (Global) Ltd (Triangle) (ASX: TEG), to farm into a 25% participating interest in Western Australian onshore Production License L7 (L7) and Exploration Permit EP 437 (EP 437) (together, the Permits).

After completion the Permits' joint ventures will comprise Triangle (50% and Operator); NZO (25%) and, subject to completion of their own farm in agreement, Talon Energy Ltd (Talon, ASX: TPD: 25%).

As consideration for its 25% interest in L7 and EP 437, NZO will contribute A\$1.9 million towards past expenditure on the recently acquired Bookara 3D seismic data, upon satisfaction of a number of conditions precedent customary for transactions of this type, including final due diligence and the execution of formal farm in and joint operating agreements. The payment is to be made prior to 17th March 2023 (upfront costs).

In addition to the upfront costs, NZO will fund the following exploration activities as part of its farm in obligations:

In respect of the 1st well on L7 (forecast to be drilled in 2024, at an estimated cost of A\$7.5 million):

- 50% of well costs, up to A\$3.75 million; and
- Should total well costs exceed A\$7.5 million, NZO to fund 25% of the excess (being NZO's working interest)

In respect of the 2nd well drilled on L7 (forecast to be drilled in 2024, at an estimated cost of A\$7.50 million):

- 37.5% of well costs, up to A\$2.81 million; and
- Should total well costs exceed A\$7.50 million, NZO to fund 25% of the excess (being NZO's working interest)

In respect of the well to be drilled on EP 437 (forecast to be drilled in 2024, at an estimated cost of A\$3.0 million)

- 50% of well costs, up to A\$1.5 million; and
- Should total well costs exceed A\$3 million, NZO to fund 25% of the excess (being NZO's working interest)

The exploration wells will target the highly prospective Early Permian-aged reservoirs identified by the Bookara 3D seismic survey, which are analogous to recent discoveries in adjacent permits, including Lockyer Deep, Waitsia, West Erregulla and South Erregulla.

The cost of all existing rehabilitation and restoration obligations for L7 and EP 437 are to be borne exclusively by Triangle.

Chief Executive Andrew Jefferies says entry to the Perth Basin via farm in to L7 and EP 437 provides low-cost exposure to onshore prospects in an exciting area with joint venture partners the Company knows well.

"We have been looking to make an entry to the Perth Basin for some time. It is an exciting province with many large gas discoveries and new production coming on into a growing market. Our technical team identified L7 and EP 437 as high-potential areas for hosting significant gas fields and the new 3D seismic is the right tool to de-risk the deeper Early Permian gas reservoirs. We look forward to working closely with the joint venture to unlock the potential of these two permits which have the potential to drive meaningful shareholder value."

"The exploration opportunities are in Australia, where we have production from our Mereenie, Palm Valley and Dingo fields, supplying gas into the East Coast gas market where prices are strong. Triangle are Perth Basin experts whose scale, culture, values, and technical skillsets are an ideal fit with ours. Like New Zealand Oil & Gas, Triangle values clean burning locally produced natural gas as a key part of the transition to a low carbon future in Western Australia; providing energy to the mining operations that will power the world's e-future as well as cooking those West Australian lobsters on the barby."

New Zealand Oil & Gas Chief Executive Andrew Jefferies says the farm in fits the company's strategy.

"With this farm in we are continuing to execute our [Board's strategy](#). It utilises our cash and balance sheet strength, in one of our target geographies areas and in acreage with an excellent technical risk reward balance. With exploration success, there would be multiple development and production pathways to growth."

NZO will fund the upfront costs and future farm in costs from current cashflows. Triangle will be appointed Operator of the joint venture once established.

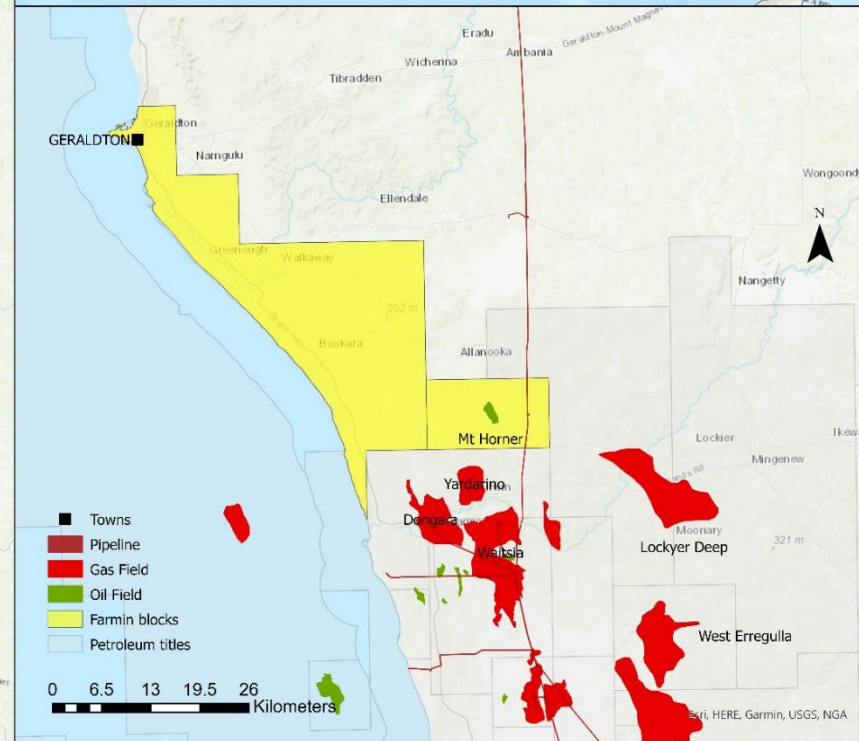
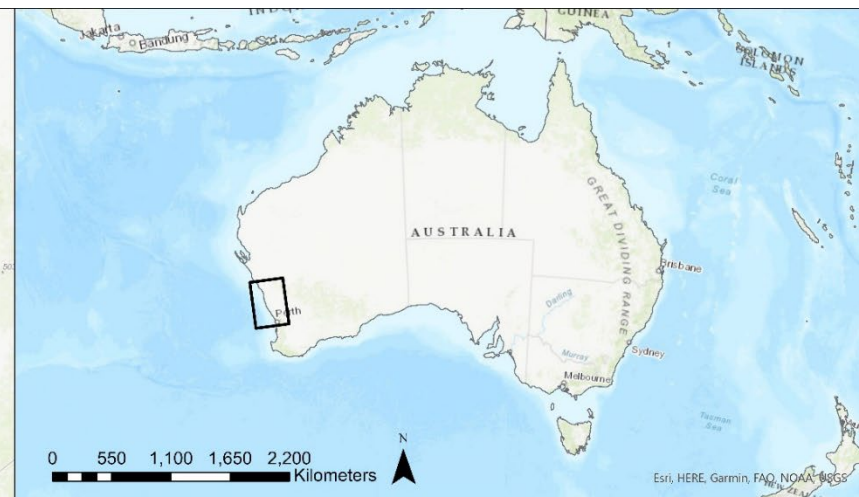
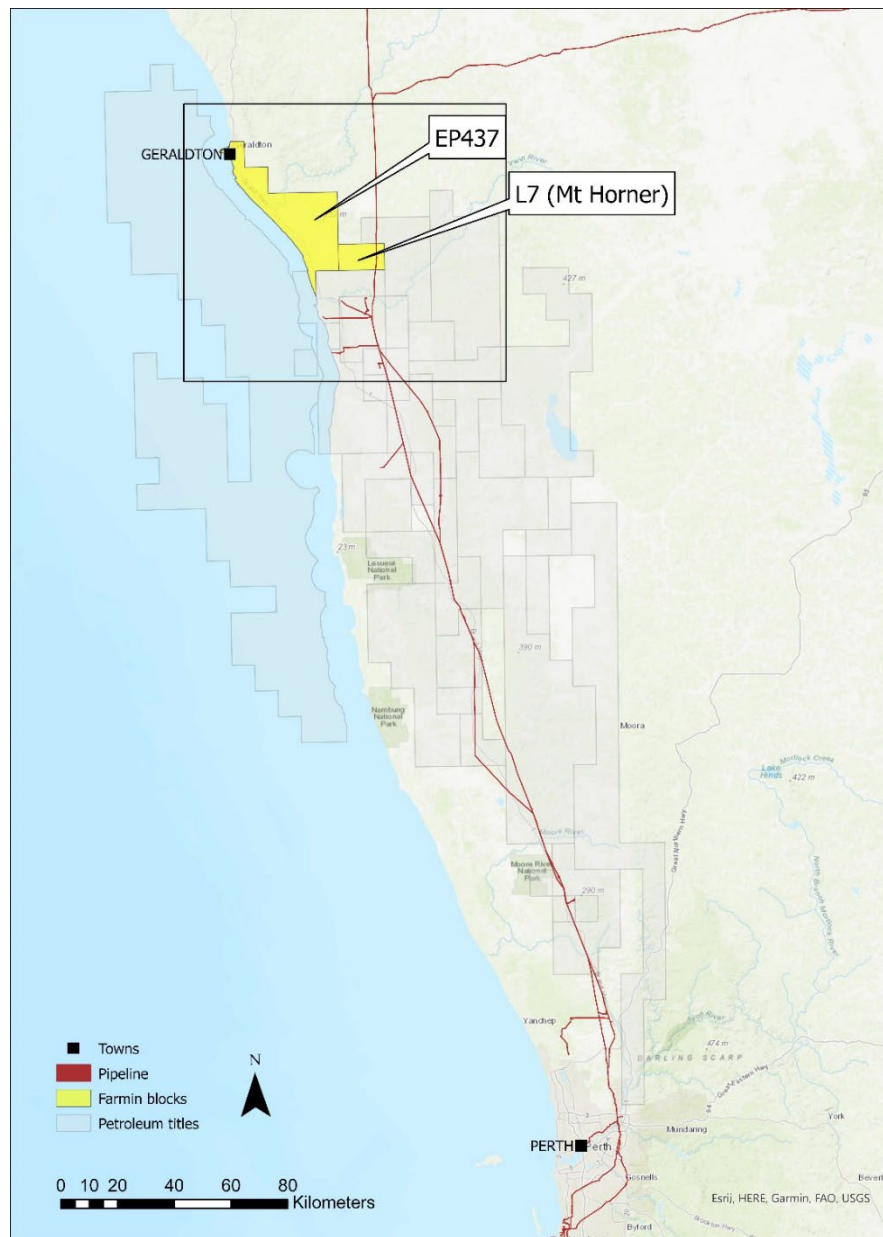
Details of the farm in terms and prospectivity of the permits are provided in the attached investor presentation.

This announcement was authorised for release by the Managing Director. For further information, please contact:

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*** About Triangle Energy (Global) Ltd**

Triangle Energy (Global) Ltd is an ASX listed (ASX:TEG) oil producer and explorer based in Perth, Western Australia. The Company has a 78.75% interest in, and is Operator of, the producing Cliff Head Oil Field, which includes the Arrowsmith Stabilisation Plant. Triangle also has a 100% share of the Mt Horner L7 production licence and a 100% interest in EP 437. Triangle also has an interest in State Gas Ltd (ASX:GAS), which has a 100% operating interest in the Reids Dome production licence (PL 231) in Queensland.





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Mount Horner (223 metres) on the L7 block Western Australia

Investor Update L7 & EP 437 Farm in

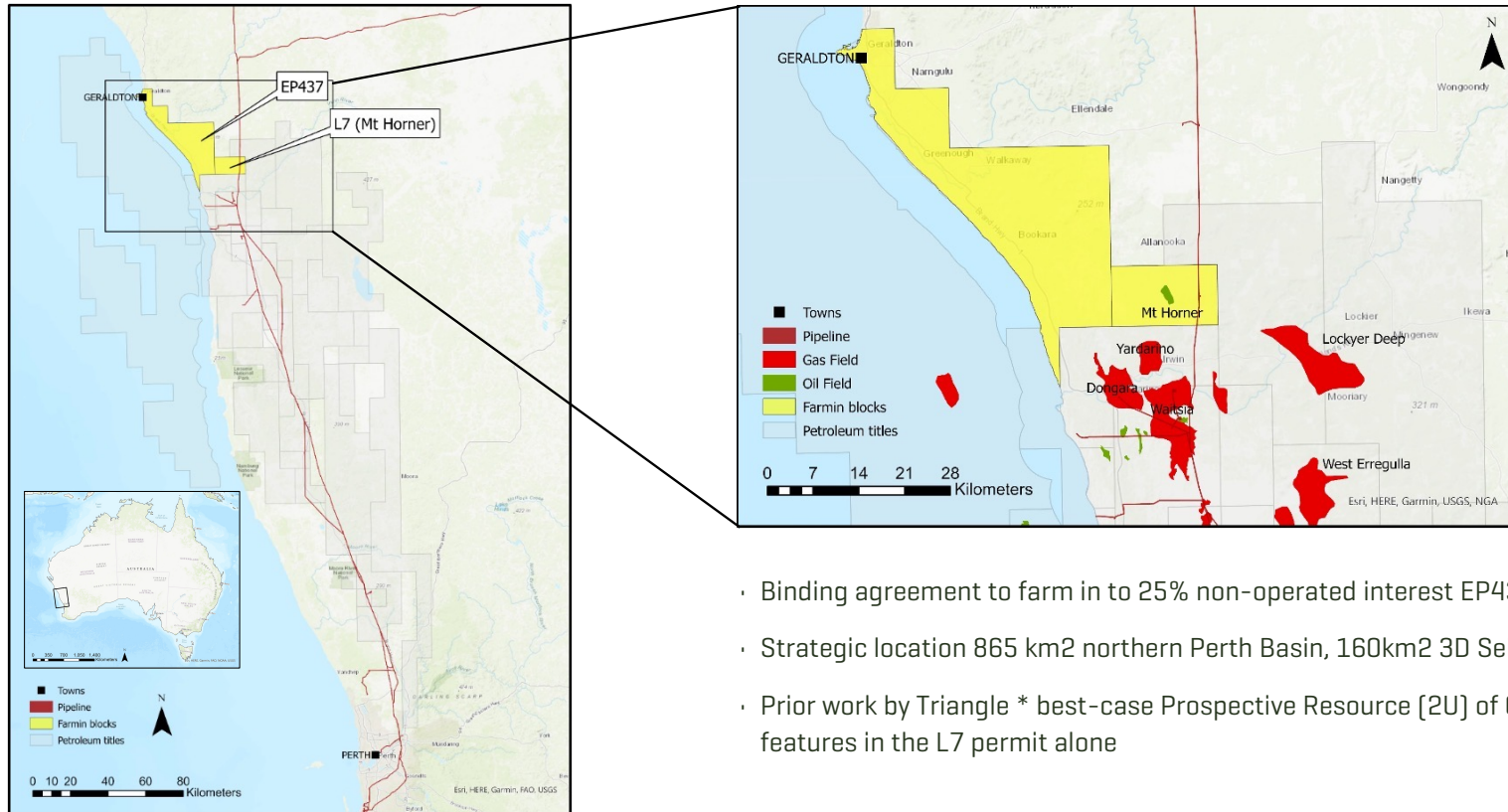
Andrew Jefferies– Managing Director & CEO

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Farm in terms agreed - Perth basin onshore exploration block

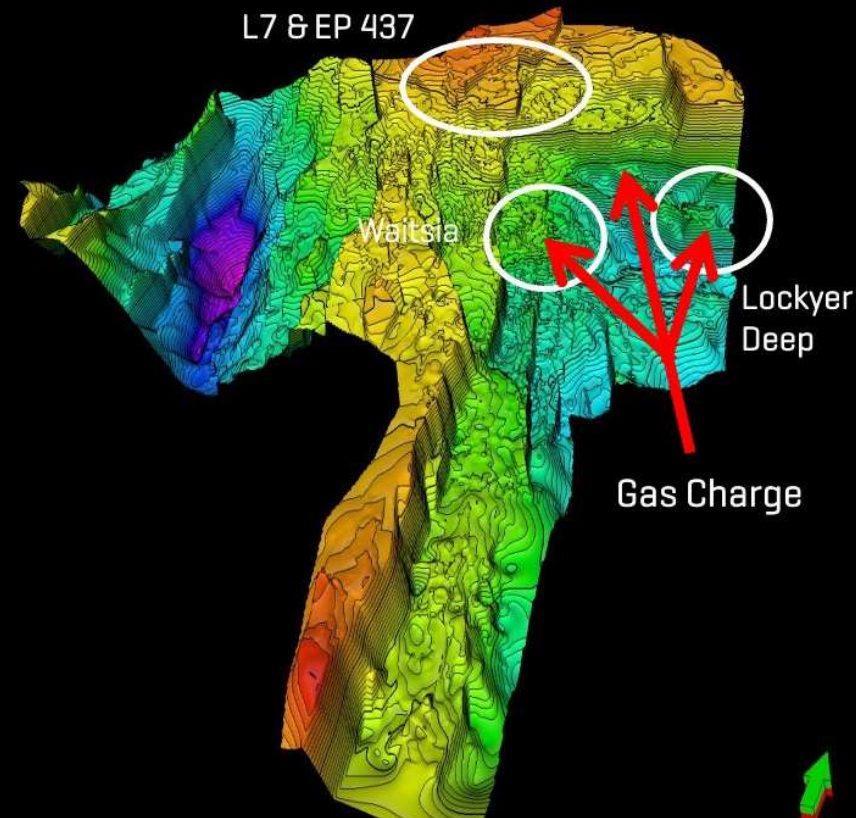


- Binding agreement to farm in to 25% non-operated interest EP437 and L7
- Strategic location 865 km² northern Perth Basin, 160km² 3D Seismic acquired 2022
- Prior work by Triangle * best-case Prospective Resource [2U] of 617 Bcf [gross, unrisks] for five features in the L7 permit alone

* Refer TEG Investor Presentation to ASX: 24 October 2022

What's to like? A whole lot.

- Potential in large structures with stacked pay Material value uplift from discoveries
 - Perth Basin is gas prone deeper We prefer gas
 - New 3D seismic De-risks prospects
- Surrounded by recent discoveries [Lockyer/Waitsia/West Erregulla] Working petroleum systems and excellent Permian reservoir
- Low-cost entry at \$1.9 million and reasonable well costs [onshore relatively shallow in active basin] Funded by cash from our existing operations
- JV Partners Triangle [ASX:TEG] and Talon [ASX:TPD] active in the Perth Basin On the ground experience drilling, developing and operating
 - L7 Production License Provides the JV control of the drilling schedule
- Recent takeover activity on blocks next door [MinRes-Norwest/ Hancock-Warrego] Premiums offered [33%/260%] confirm area potential



3D visualisation of northern Perth Basin showing potential gas charge into L7 area
[source: Talon Energy press release 19th December 2022]

• Fits with strategy? Why yes it does.



Focus Areas: “We will look to grow regionally. Our focus remains oil and gas assets in geographies where we have a clear advantage, primarily Australia and New Zealand”

Actively Pursuing Investments: We will look to acquire high quality assets using our well-developed expertise in oil and gas and leveraging the capabilities of the wider group, as we consider opportunities to acquire producing assets and development projects, as well as exploration prospects”

Prudent Financial Management: “While we work to identify compelling investment opportunities and have access to a significant cash balance, we realise accessing additional capital is a challenge in today’s market. While we cannot tell what the future might bring, acquisitions of a transformative scale cannot be our sole focus. Instead working within our means, we will pursue investment opportunities of a size and scale that the company’s current balance sheet can support, without having to raise significant additional capital”



Western Australia – well developed, growing, gas market.



Material and technically highly attractive in terms of risk reward.



Fits with our cash flow.

NZX release "[New Zealand Oil Gas Strategic Review](#)" dated 4th June 2020

Farm in terms

NZO pays:

- 2:1 promote on 3D seismic acquisition (back costs) of \$3.8 million
 - NZO cost \$1.9 million (by 17th March 2023 *)
- 2:1 promote on the 1st L7 exploration well (est. \$7.5 million)
 - NZO cost est. \$3.75 million (NZO to fund 25% of costs > \$7.5 million)
- 1.5:1 promote on the 2nd L7 exploration well (est. \$7.5 million)
 - NZO cost est. \$2.81 million (NZO to fund 25% of costs > \$7.5 million)
- 2:1 on one exploration well in EP437 (est. \$3.0 million)
 - NZO cost A\$1.5 million

Estimated NZO cost of A\$9.96 million for 25% interest in L7 and EP 437

- Ground floor cost equivalent is A\$5.45 million
- Farm-in uplift cost of A\$4.51 million

	Base Cost [A\$ Million, @ 100% equity]	NZO Farm in [A\$ Million, @ 25% equity]
Seismic	\$3.8	\$1.9 [2:1]
L7 Well #1	\$7.5	\$3.75 [2:1]
L7 Well #2	\$7.5	\$2.81 [1.5:1]
EP 437 Well	\$3	\$1.50 [2:1]
Total	\$21.8 for 100%	\$9.96 for 25% [1.8 : 1 ratio]

* Subject to satisfaction of conditions precedent customary for transactions of this type, including final due diligence and the execution of formal farm in and joint operating agreements.

Complementary Portfolio Fit

Low-cost entry with NZO's exploration programme funded from operational cashflows

- Farm in payment of A\$1.9 million payment in 2023
- Some drilling planning costs in 2023, majority of spend in 2024
- Provides NZO with diverse exploration over the next three years in addition to development work in Kupe, Mereenie & Dingo

