

The Explorer

INDONESIA UPDATE

Prospects in Sumatra are now at each stage of maturity with promising oil, gas and condensate targets.

Initial production in Kisaran is hoped for the last quarter of 2015 over a 1300 foot (400 metre) oil column in stacked reservoirs.



THE EXPLORERS
NEW ZEALAND OIL & GAS

PROGRESS IN INDONESIA

Indonesia is showing a full portfolio of activity, with prospects at each stage of maturity in the exploration cycle from early evaluation to near-development and targets balanced across oil, gas and condensate.

In Kisaran, a plan of development is being worked through with the regulator. 2D seismic data has been acquired in Bohorok, where a well is likely to be drilled late next year. Preparations are underway for seismic acquisition in Palmerah Baru, with the underlying unconventional plays to follow.

Development at Kisaran is expected to start with completion of the three suspended wells along with three new wells. Production is currently forecast for late 2015.

Kisaran would be expected to have a life of fifteen to twenty years, with a five to ten year development programme.

1300 FEET OF OIL IN STACKED SANDS

The Kisaran field has more than 1300 feet (about 400 metres) of gross oil column. The oil is in stacked sands and shales with uncertain reservoir continuity and varying reservoir quality. Drilling results are expected to be variable, with some productive wells balancing some less successful. New Zealand Oil & Gas does not yet have sufficient certainty about the asset to publish resource figures compliant with SPE guidelines. Its view of contingent reserves will be made available if a positive final investment decision is made.

We would expect to see wells coming into production at rates of hundreds of barrels a day for a year or two, then tapering off in the later years. The Indonesian fiscal regime is good for this model of development because a production sharing contract allows full cost recovery for exploration wells before reducing the company's revenue share to 20 per cent, so investment can be recovered even with modest production rates.

To the North at Bohorok, our strategic partner, Bukit Energy, identified an opportunity next to the Wampu gas field outside the city of Medan, where gas is an attractive commodity. Energy supplies are short and gas sells for around US\$10-12 per thousand cubic feet (compared to as little as US\$3.50 for East Coast shale gas) and it's easy to get to market.

A well is likely to be drilled late next year over a prospect around 3200 metres deep and costing perhaps US\$12 million. Because of its proximity to the Wampu field, which has produced 6-9 million cubic feet a day of gas in the past, the well is perceived as relatively low risk.

In Palmerah Baru several promising leads have been identified on the flank of a half-graben adjacent to producing oil and gas-condensate fields. Seismic acquisition is being planned to commence in late 2015 to firm up future drilling locations.

If the concept proves up, a well would be expected to be drilled in 2016. An unconventional PSC at MNK Kisaran has been added to the portfolio rounding out the Indonesia work programme.

MNK Kisaran
Early evaluation

Palmerah Baru
Seismic survey in 2015

Bohorok
Drilling 2015

Kisaran
Plan of Development
being finalised

Early evaluation

Seismic survey

Further Evaluation

Drilling

Development

INDONESIA

Kisaran Production Sharing Contract

Appraisal



22.5% New Zealand Oil & Gas

55% Pacific Oil & Gas [Operator]

22.5% Bukit Energy

The operator is preparing a plan of development for submission to the government regulator. Approval by the regulator and the final investment decision are targeted for late 2014/early 2015. The programme will commence with completion of the three suspended exploration/appraisal wells in addition to three new wells being drilled starting second half of 2015. The completion and new well drilling work will be done concurrently. Initial production is expected Q4 2015.

The operator's subsurface study work is ongoing as the plan of development is matured. Recovery will be highly dependent on well count, drainage area, geology and well completion practices.

Palmerah Baru Production Sharing Contract

Seismic survey



36% New Zealand Oil & Gas

54% Bukit Energy [Operator]

10% PT SNP Indonesia

The permit was awarded to the joint venture in February 2014. The Operator has commenced planning work for a 150 kilometre 2D survey and a 100 square kilometre 3D survey. Acquisition is targeted for the end of 2015 with processing and interpretation extending into 2016. A number of leads have already been identified and the seismic is designed to provide an enhanced view of their prospectivity. An exploration well is targeted for late 2016.



TUNISIA



Diodore Prospecting Permit

100% New Zealand Oil & Gas [Operator]

The company's interests in Tunisia came to an end in the quarter when its interest in this permit lapsed.

Bohorok Production Sharing Contract

Seismic survey completed



45% New Zealand Oil & Gas

45% Bukit Energy [Operator]

10% Surya Buana Lestarijaya Bohorok

In 2014 the operator successfully completed acquisition of a 205 kilometre 2D seismic survey.

It is expected that in the current quarter a decision will be made to drill a well in this block in late 2015 targeting primarily a gas-condensate prospect with an unrisksed best estimate of prospective resources of gross 6.1 million barrels of oil equivalent* (2.4 million barrels of oil equivalent net to New Zealand Oil & Gas.***) as defined by the recent 2D seismic survey and deterministic analysis. The well location is close to both gas infrastructure and to a robust gas market. New Zealand Oil & Gas expects to reduce its equity share ahead of drilling.

Cautionary statement: The estimated quantities of petroleum that may be recovered by the application of a future development project relates to the undiscovered accumulation. 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.

* gas to oil equivalent conversion factor 6000 scf/boe

*** Net to New Zealand Oil & Gas is based on 45 per cent share of the estimated contractor's entitlement under PSC terms.

MNK Kisaran Production Sharing Contract [Baruman]

Early evaluation



11.25% New Zealand Oil & Gas

33.75% Bukit Energy

55% Pacific Oil & Gas [Operator]

The JV has been advised by the government regulator that it has been granted the production sharing contract but the formal award has not yet taken place. The Indonesian presidential elections and the appointment of a new Energy Minister has delayed this process. We expect award before end 2014.

TARANAKI

Tui (PMP 38158)

Development



27.5% New Zealand Oil & Gas

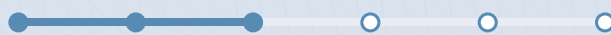
57.5% AWE (Operator)

15% Pan Pacific Petroleum

Preparations are being made for the Pateke-4H well to be connected to the Tui floating production vessel Umuroa with first production from Pateke-4H expected in the second quarter of 2015.

Matuku (PEP 51906)

Further evaluation



12.5% New Zealand Oil & Gas

65% OMV (Operator)

22.5% Octanex

The 400 square kilometre Kaka 3D seismic survey was acquired in the southeast of the permit last summer. The survey is currently being processed, with delivery of final data expected in October. The joint venture is required to relinquish up to 50 per cent of the permit area in November 2014.

Kaheru (PEP 52181)

Drilling 2015



35% New Zealand Oil & Gas (Operator)

40% TAG Oil

25% Beach Energy

Planning for an exploration well is continuing. Negotiations are ongoing to secure a jack-up drilling rig, which is not expected to be available until September 2015, depending on the progress of earlier wells. A change of conditions has been submitted to the regulator to extend the time available to drill.

Waru (PEP 54857)

Further evaluation

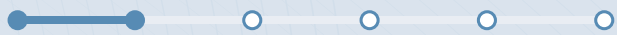


100% New Zealand Oil & Gas (Operator)

A 548 kilometre 2D seismic survey acquired earlier this year is currently being processed, with delivery of final data expected in November.

Vulcan (PEP 55793)

Seismic survey



30% New Zealand Oil & Gas

70% Woodside Energy (New Zealand) (Operator)

A 3D seismic survey of approximately 1100 square kilometres will be acquired by Dolphin Geophysical over the Vulcan permit in the first quarter of 2015.

Takapou (PEP 53473)

50% New Zealand Oil & Gas (Operator)

50% Octanex

The joint venture relinquished this permit in September after opting not to commit to drilling a well, which would have been required by March 2016. Market perceptions that linked prospectivity in the Takapou permit to the outcome of the unsuccessful Oi exploration well were an obstacle to reducing the company's equity. The company concluded a drill commitment at its 50 per cent equity level would not fit the balance of risk and reward it seeks in its New Zealand portfolio.

Taranga (PEP 52593)

50% New Zealand Oil & Gas (Operator)

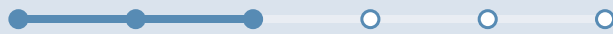
50% Octanex

The permit was relinquished at the end of September after opting not to commit to drilling a well in 2015. The company concluded a drill commitment at its 50 per cent equity level would not fit the balance of risk and reward it seeks in its New Zealand portfolio.

CANTERBURY GREAT SOUTH BASIN

Clipper [PEP 52717]

Further evaluation



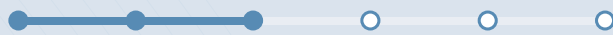
50% New Zealand Oil & Gas [Operator]

50% Beach Energy

A 658 square kilometre Endurance 3D seismic survey was acquired over the southeast of the permit last summer. The survey is currently being processed, with delivery of final data expected in November. Geoscientists are continuing to evaluate the prospectivity of the entire permit.

Galleon [PEP 55792]

Further evaluation

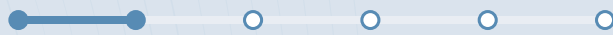


100% New Zealand Oil & Gas [Operator]

As part of the Endurance 3D seismic survey, 20 square kilometres of 3D data were acquired over this permit last summer. The processed seismic data is expected to be delivered in November.

Toroa [PEP 55794]

Seismic survey



30% New Zealand Oil & Gas

70% Woodside Energy [New Zealand 55794] [Operator]

A 3D seismic survey of approximately 1100 square kilometres will be acquired by Dolphin Geophysical over the Toroa permit in the first and/or second quarter 2015.

PROGRESS BAR KEY

Progress bars indicate stages of exploration indicated in this report.

Early exploration



Seismic



Further evaluation



Drilling



Appraisal



Development



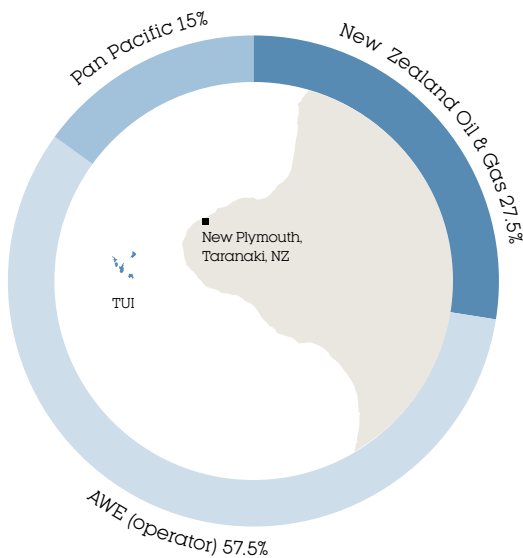
A balanced portfolio aims for prospects at each stage so that there are enough in progress to replace producing reserves as they decline.

A typical portfolio has more prospects at early stages and fewer close to development because each stage of evaluation will screen out some prospects - the most promising theories are tested in seismic surveys, then prospects are weighed to test whether they are economic to drill. Unsuccessful drilling removes more. The portfolio also aims to keep annual exploration spend around the target by balancing equity levels, the cost of activities, jurisdiction and play types.

PRODUCTION



NEW PLYMOUTH, NEW ZEALAND



TUI

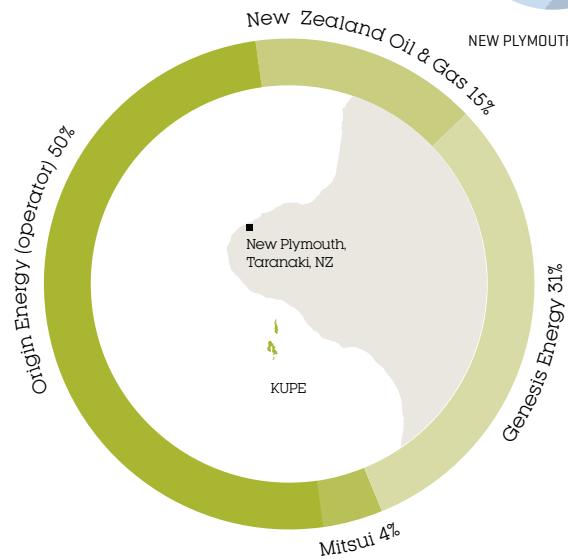
Tui area oil fields [PMP 38158]

27.5% New Zealand Oil & Gas interest

New Zealand Oil & Gas revenue from Tui in the quarter was NZ\$11.0 million.

Tui production was stable throughout the quarter with production exceeding target by around 11,000 barrels. There was one tanker shipment during the period of 324,511 barrels [New Zealand Oil & Gas share 89,241 barrels]. As at quarter end there were approximately 345,540 barrels of oil in stock [New Zealand Oil & Gas share 95,023 barrels]. Pateke 4H well (drilled in Q2) is suspended pending hook-up in Q2 2015.

Exploration well Oi-2 was drilled and abandoned in the quarter.



KUPE

Kupe oil and gas field [PML 38146]

15% New Zealand Oil & Gas interest

New Zealand Oil & Gas revenue from Kupe in the quarter was NZ\$15.8 million.

Gas production was stable at normal high winter level. There were two export shipments during the quarter totaling 300,336 barrels [New Zealand Oil & Gas share 45,050 barrels].

Due to timing of shipments, this was one fewer shipment than expected, with the result that there was an inventory of product at month end. The inventory and shipments are expected to reverse out in the next quarter.

Tui production	Total Field for quarter	New Zealand Oil & Gas share for quarter	New Zealand Oil & Gas share previous quarter	New Zealand Oil & Gas share for comparable quarter a year ago
Oil [bbls]	307,700	84,618	79,861	43,470
Revenue [NZ\$m]		11.0	0.5	5.1

Kupe production	Total Field for quarter	New Zealand Oil & Gas share for quarter	New Zealand Oil & Gas share previous quarter	New Zealand Oil & Gas share for comparable quarter a year ago
Gas [PJ]	6.10	0.92	0.99	1.0
LPG [tonnes]	27,549	4,132	4,074	4,230
Light Oil [bbls]	424,521	63,678	69,988	76,800
Revenue [NZ\$m]		15.8	29.2	23.4

YOU'RE INVITED

Dunedin Investor Briefing: January

Coinciding with the release of our next quarterly activities report, please join us for our Dunedin Investor Briefing.

12 Noon Friday, 30 January 2015.
Scenic Hotel, 123 Princes Street, Dunedin

PERFORMANCE

New Zealand Oil & Gas operating revenue for the quarter was NZ\$ 26.8 million.

This included revenue from the sale of Tui oil of NZ\$ 11.0 million and revenue from the sale of Kupe sales gas, LPG and light oil of NZ\$ 15.8 million.

As at 30 September 2014, the New Zealand Oil & Gas cash balance was NZ\$130.6 million, with cash holdings held in both NZ and US dollar accounts. New Zealand Oil & Gas had no outstanding debt at end of the period.

More financial information is contained in the 31 March 2014 Quarterly Cash Flows Report, which has been released to the NZX and ASX.

Financial Update	3 months to 30 Sept 2014	Previous Quarter	Comparable quarter a year ago
Revenue (NZ\$m)	26.8	29.7	28.5
Cash Balance (NZ\$m)	130.6	135.1	166.7

DIVIDEND 2014

New Zealand Oil & Gas paid a final dividend of 3 cents per share (un-imputed) on 26 September 2014 to all shareholders on the register at the record date of 12 September 2014.

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ERRATUM

The Independent Auditor's Report on page 63 of the New Zealand Oil & Gas 2014 Annual Report incorrectly states that the financial statements were contained on pages 2 to 40. This reference is to the stand alone financial statements rather than the Annual Report, which contains the financial statements on pages 24 to 62.

CONTACT THE INVESTOR CENTRE

To change your address or get help with your shareholding, CALL COMPUTERSHARE

New Zealand - 0800 467 335

[from outside New Zealand, use +64 9 488 8777]

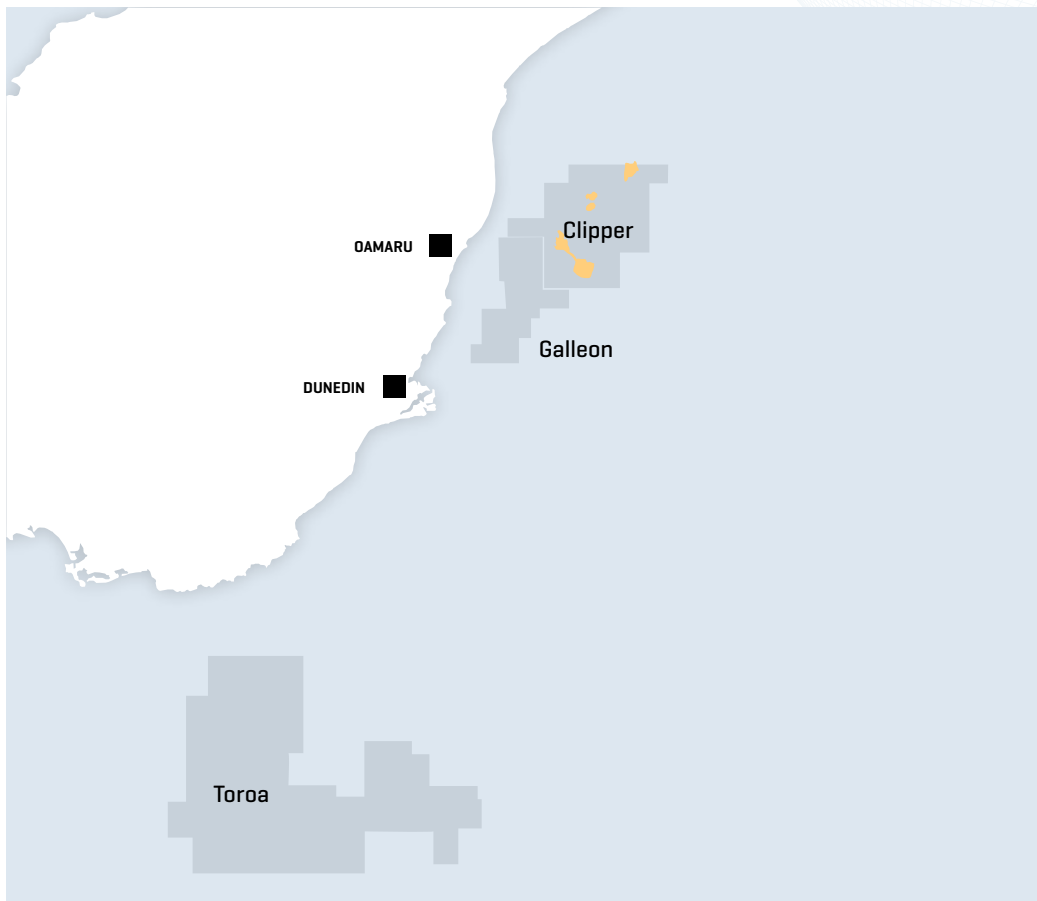
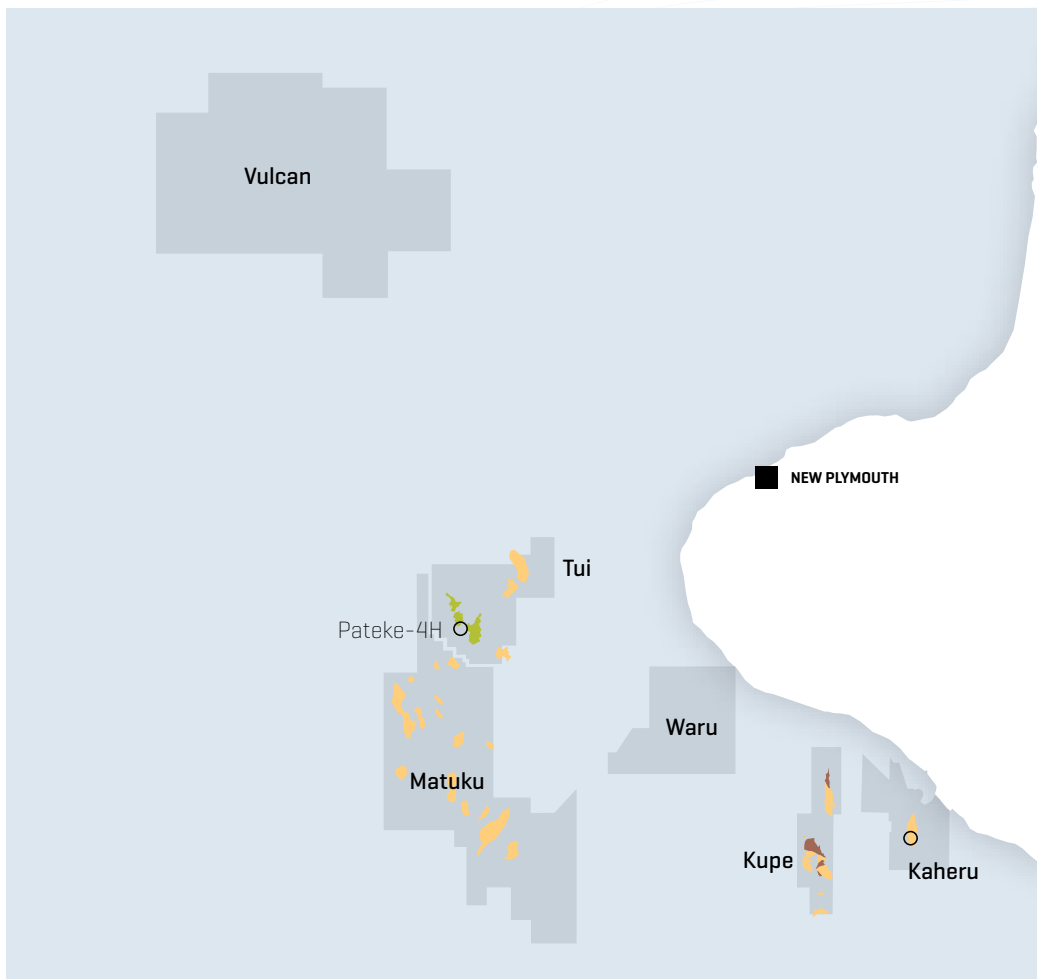
Australia - 1 800 501 366

[from outside Australia, use +61 3 9415 4083]

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NZX and ASX stock symbol: NZO

EXPLORATION MAPS_NEW ZEALAND





INDONESIA

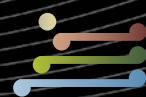
Palmerah Baru Production
Sharing Contract
36% New Zealand Oil & Gas

Kisaran Production
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22.5% New Zealand Oil & Gas

Bohorok Production
Sharing Contract
45% New Zealand Oil & Gas

MNK Kisaran
11.25% New Zealand Oil & Gas
33.75% Bulkit Energy [Operator]
55% Pacific Oil & Gas





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