



29 August 2007

NZOG Surplus \$6.6 million for Year Ended 30 June 2007

New Zealand Oil & Gas Limited (“NZOG”) announces a surplus of \$6.6 million (after minority interests) for the year ended 30 June 2007 (2006 surplus \$2.3 million). The surplus was made after writing off exploration costs of \$3.7 million. Total revenue for the year was \$18.0 million (2006 \$7.5 million). This includes a \$4.6 million gain in respect of NZOG’s shareholding in Pike River Coal Limited (“PRCL”) and an \$8 million gain on the sale of NZOG’s interests in Pan Pacific Petroleum Pty Limited. It also includes interest income of \$2.3 million (2006 \$2.3 million) and a foreign exchange gain of \$2.7 million (2006 gain \$2.7 million).

During the year, NZOG group invested \$110 million in its three development projects: Kupe gas/condensate field, Tui oil, and Pike River coal.

As at 30 June 2007 NZOG held cash of \$35.4 million.

Subsequent to 30 June 2007 and therefore not reflected in the annual results, are the commencement of production of oil from the Tui area oil fields and the successful IPO of PRCL. The Tui area oil fields commenced production on 30 July 2007. The production rate currently is approximately 47,000 barrels of oil per day. Further minor improvements are being made to the facilities to achieve the full 50,000 barrels of oil per day design capacity of the Umuroa on a consistent basis. Oil marketing and shipping is proceeding well, with six 300,000 barrel shipments sold to date, two of which have already been shipped to market. The Tui project operator (AWE) has completed a preliminary post-drilling reserves review which indicates that proved and probable (“2P”) developed reserves for the Tui area oil fields are 32.0 million barrels. This is an increase of 15% over undeveloped reserves reported prior to drilling. In addition, potential for further undeveloped reserves has been identified in the Tui area. At current oil prices and exchange rates the increase in 2P reserves will deliver NZOG approximately \$50 million in additional revenues with only minor associated operating costs.

On 10 July 2007 the PRCL IPO, of which NZOG was promoter, successfully closed raising \$85 million to continue development of the coking coal mine. PRCL is now a separate listed company in which NZOG holds a stake of 62 million shares, 11 million options and 3.5 million convertible notes.

FOR FURTHER INFORMATION PLEASE CONTACT:

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NZOG stock symbols: NZX shares - NZO options - NZOOD
ASX shares - NZO options - NZOO