

news release

17 December 2014

Share Buy Back And Update On Scheme Of Arrangement

New Zealand Oil & Gas intends to put in place arrangements allowing it to buy back its shares. It will ask shareholders for approval to exempt its major shareholder from having to sell down its holding if the share buy-back goes ahead.

The company's board believes the company's share price does not reflect the underlying value of the company.

Share purchases would be on-market. The timing and quantity would be decided by the board from time to time after considering capital requirements and market prices.

If a buy back goes ahead then it's likely that the proportion of shares held by the company's major shareholder, Zeta Energy Pte Ltd, would increase above 20 per cent as a result of the acquired shares being cancelled. 20 per cent is the threshold set in the New Zealand Takeovers Code at which Zeta would be required to sell down its holding.

Zeta and its associates currently hold 19.87 per cent. At this time, Zeta is the only shareholder likely to be affected by the threshold.

The board believes it is not appropriate for a shareholder to be forced to sell down as a result of the share buy-back. Consequently the company plans to use procedures available under the Listing Rules and Takeovers Code that allow an exemption from the threshold. These procedures would allow other shareholders to approve an increase in Zeta's shareholding percentage (where the increase is a result of other shares being acquired by the company.)

Details of the proposal together with an independent appraisal report will be prepared and sent to shareholders in the new year prior to a shareholder meeting expected in the first quarter next year.

This proposal is distinct from the return of capital that will be voted on by New Zealand Oil & Gas shareholders at a Special General Meeting on Friday. When the deadline passed this morning for online and postal voting, and for appointing a proxy for the meeting, voting and proxy voting instructions indicated the resolution would be passed. Subsequent to Friday's meeting the capital return will still require a binding ruling on its tax effect, and final court approval.

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NZOG stock symbols:

NZX shares – NZO
ASX shares – NZO