THE EXPLORERS
NEW ZEALAND OIL & GAS

news release

26 August 2014

Annual Result and Dividend

- **Revenue up; operating cashflow up 62% to NZ$88 million**
- **Production up 26%**
- **NPAT NZ$10.1 million after exploration expenses and FX**
- **Cash of $135 million, no debt**
- **Dividend maintained at six cents per share for the full year**
- **Fully funded exploration program in prime acreage**
- **Successful oil intersection in the Pateke-4H well adds to Tui production**

New Zealand Oil & Gas annual accounts show revenue for the financial year ended 30 June 2014 was up 4.7 percent to NZ$104 million, reflecting a strong operating performance from the company's key assets.

Cashflows from operations were up 62 per cent to $88 million for the financial year.

Earnings before interest, tax, depreciation and amortisation, and exploration expenses (EBITDAX) were up 12.4 per cent to NZ$76 million from NZ$68 million last year.

Net profit after tax was NZ$10.1 million for the 2013-14 year, down from NZ$26 million last year mainly because of a sharp increase in exploration expenses and some FX losses on USD cash holdings.

The company will pay a final unimputed dividend of 3 cents per share, bringing the total for the year to 6 cents per share. The final 3 cents per share dividend will be paid on 26 September to shareholders on record at 12 September 2013.

Chief Executive Andrew Knight said, "Operational performance over the last year has been excellent and this is reflected in the strong production and operating cashflow results."

Production was up 26 per cent on a barrel of oil equivalent basis as a result of a return to full production at Kupe following a planned maintenance outage last year, and the company taking a larger stake in the producing Tui asset. The company's share of the Tui asset from 12.5 percent to 27.5 percent effective from 1 October 2013. The cost of the acquisition has already been recovered from additional production and associated net operating earnings.

Further commercial success was achieved through the settlement of negotiations with Genesis Energy regarding overriding royalty revenue from Kupe. This delivered an additional NZ$7 million revenue for the year. The settlement relates to 20 per cent of Genesis Energy's 31 per cent interest in the Kupe asset. Negotiations with Origin Energy (relating to 10 per cent out of its 50 per cent equity share) have reached an advanced stage, resulting in the recognition of additional revenue.

During the year the company made a significant investment in exploration and evaluation with an active programme of drilling and seismic surveys. Exploration and evaluation investment was up 77 per cent, to NZ$75 million, compared to NZ$42 million the previous year. Looking forward, exploration expenditure is expected to be around US$35 million per year.

Two successful wells were drilled during the year at Pateke-4H and Kisaran in Sumatra, Indonesia, adding to the future production profile for the company. A further two wells were plugged and abandoned.

The Pateke-4H well intersected an oil-bearing reservoir adjacent to existing operations at the Tui field. Pateke-4H has been suspended and planning is underway to install subsea infrastructure and a tie-line back to the Tui FPSO, Umuroa, with production expected in the current financial year.

New seismic surveys were completed in the Clipper and Galleon permits in the Canterbury Basin, in the Waru and Matuku permits off Taranaki, and one commenced at Bohorok in Sumatra, Indonesia. Processing and interpretation of the resulting seismic data will continue into 2015.

A plan of development is being finalised for the Kisaran wells in onshore Sumatra, Indonesia, with a final investment decision expected before the end of 2014.

High grading of the exploration portfolio continued with the acquisition of four new permits during the year, two in deep water through the New Zealand 2013 Block Offer and a further two in Indonesia. Permits were relinquished during the year at Kanuka, Kakapo, onshore Manaia and Diodore in Tunisia.

“It is pleasing to see our commitment to New Zealand values along with our knowledge and experience in the local petroleum industry is attracting partners such as Woodside,” Andrew Knight said.

“The company will continue to use its strong cash generation capability and enduring community partnerships to deliver growth through exploration investment while delivering value to shareholders.”

For further information please contact:

John Pagani, External Relations Manager, DDI: +64 4 471 8333, MOB: +64 21 570 872

Andrew Knight, CEO, PH: +64 4 495 2424, TOLL FREE: 0800 000 594 (NZ)