THE EXPLORERS
NEW ZEALAND OIL & GAS

news release

27 August 2013

Cashflows fund growing exploration portfolio

New Zealand Oil & Gas Limited today announced a fully imputed final dividend of 3 cents per share.

The company today released financial results for the year to 30 June 2013.

Strong cash flows through the year funded increasing exploration and dividend distributions.

Exploration and evaluation expenditure for the year was up strongly to NZ$42.2 million, from NZ$9.5 million the previous year, as NZ Oil & Gas looks to replace its producing Taranaki assets.

Net profit after tax for the year was NZ$25.9 million, up 30 per cent from NZ$19.9m last year due to abnormal items.

Revenue, EBITDAX and underlying profit fell as the Tui oil field enters its decline phase and because the Kupe gas and oil field was shut down for part of the year for a planned maintenance outage.

Revenue for the year was NZ$99.3 million (NZ$116.4m last year). Earnings before interest, tax, depreciation and amortisation, and exploration expenses (EBITDAX) were NZ$67.8 million (NZ$70.5m last year).

Normalised after tax profits were NZ$16.7 million, compared to NZ$33.1 million the year before.

New Zealand Oil & Gas is in a sound financial position, with NZ$158 million in cash on hand at balance date and no debt after the company repaid all NZ$46.6 million of debt in the year (NZ$16.5 million last year).

The company says it's using its cash to fund more exploration and continue to pay a dividend.

During the year an interim dividend of 3 cps was paid after the half-year result. The final 3 cps dividend will be paid on 27 September to shareholders on record at 13 September 2013.

PRODUCING ASSETS

The company's two producing assets, Kupe and Tui, delivered 1.0 million barrels of oil equivalent. The average price achieved over the year for oil and light oil was US$108.8 per barrel (1.1 mmboe produced in 2012 at an average price of US$114.8 per barrel).

The Kupe field, in which NZ Oil & Gas holds a 15 per cent interest, produced revenue of NZ$68.8 million for the company, down from NZ$74.3 million the previous year, mainly due to planned maintenance outages.

The Tui field has entered its natural decline phase and earned NZ Oil & Gas NZ$30.4 million in the full year from its 12.5 per cent share (NZ$42 million in 2012).

The company also received a capital return of NZ$5.6 million from Pan Pacific Petroleum.

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)

EXPLORATION

The first overseas well the company has been involved in recently was drilled during the financial year in the Kisaran Production Sharing Contract in onshore Sumatra, Indonesia. While currently drilling is continuing at the Parit Minyak-3 well, oil was recovered to the surface in PM-2 where further testing is underway.

Preparations have advanced for drilling in offshore Taranaki, at Matuku in September, then at Pateke and Oi (Tui) following Matuku, and at Kaheru in early 2015.

Interests in four new exploration permits were acquired offshore from Taranaki: Matuku, Takapou, and Taranga were acquired by farming in, and Waru in the Government's 2012 New Zealand Block Offer, where the company also picked up an onshore permit, Manaia. In offshore Canterbury New Zealand Oil & Gas farmed into the Clipper permit.

Around a thousand square kilometres of seismic data was acquired: 595 km2 of 3D seismic at Takapou; 298 km2 of 3D seismic at Taranga; and 101 km2 of 3D seismic at Kanuka.

NZ$6.2 million was expensed for the company's interest in the Kakapo permit (PEP 51311), which was handed back to the Crown in July. In February the company announced its intention to withdraw from its Cosmos concession in Tunisia resulting in NZ$8.8 million being expensed over the year.

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