

# news release

10 March 2016

## Share Buyback

New Zealand Oil & Gas Limited today announces, pursuant to NZX Main Board Listing Rule 7.6.2, the intention to buy back up to 64 million fully paid ordinary shares under section 63 of the Companies Act and pursuant to the approval of shareholders received at the special meeting of shareholders held on 28 August 2015.

The Board considers that the market price of the company's shares is lower than is justified by the underlying value of the company's assets and therefore that all shareholders would benefit if shares are bought and cancelled by the company.

The company has 338,180,618 listed ordinary shares. While the maximum number of shares that may be acquired in the buyback is 64 million, whether shares are bought back at all will depend on the market conditions and other factors prevailing at the relevant time. The company will regularly reassess the situation and seek to purchase shares at prices that in its view represent the best value for shareholders.

A disclosure notice, required by the NZ Companies Act, is attached and will be sent to all shareholders as soon as possible.

Purchases under the buyback may occur no earlier than 10 working days after the date that the disclosure notice has been sent to all shareholders and may continue up until 9 March 2017, following which further notice will be provided to NZX and a refreshed disclosure notice will be issued prior to continuing under the approved buyback.

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**For further information please contact:**

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**NZOG stock symbols:**

NZX shares – NZO  
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THE EXPLORERS  
NEW ZEALAND OIL & GAS

### Disclosure Notice for Shareholders in Relation to On-Market Buyback

Shareholders will recall that, at a Special Meeting held on 28 August 2015 (**Shareholders' meeting**), they approved a programme for New Zealand Oil & Gas Limited (**NZOG** or the **Company**) to buy back up to 64 million of its shares by on-market transactions over a four year period (**On-Market Buyback**).

The Board has resolved to initiate the On-Market Buyback, as the Board considers that the market price of the Company's shares is lower than is justified by the underlying value of the Company's assets. The Board therefore considers that all shareholders would benefit if shares are bought and cancelled by the Company.

The following information must be disclosed to shareholders before purchases under the On-Market Buyback may proceed.

**Maximum number of shares:** The maximum number of shares that the Board has resolved to acquire under the On-Market Buyback is 64,000,000 shares. This represents approximately 19% of the ordinary shares currently on issue.

**Nature and terms of the offer:** The terms of the On-Market Buyback (which were set out in the Explanatory Notes attached to the notice of the Shareholders' meeting dated 29 July 2015) are as follows:

- Offers under the On-Market Buyback will be made through NZX's order matching market.
- Offers under the On-Market Buyback may be made in the period of forty-eight months following 28 August 2015, being the date of the Shareholders' meeting. Note that:
  - under the New Zealand Companies Act 1993 (**Act**), offers may only be made not less than 10 days and not more than 12 months after a disclosure notice such as this is sent to all shareholders; and

- under the NZX Listing Rules, offers may only be made in a period of 12 months after a notice of the On-Market Buyback (or the continuation of the On-Market Buyback) is given to NZX.

Accordingly, there may be a number of disclosure notices sent to shareholders and notices provided to NZX relating to the On-Market Buyback or its continuation.

- NZOG will pay the prevailing market price for the shares at the time of purchase.
- Shares acquired under the On-Market Buyback will be cancelled.
- NZOG is not obliged to make offers under the On-Market Buyback, and reserves the right to cease making offers at any time.
- Whether shares are brought back at all will depend on market conditions and other factors prevailing at the relevant time.
- NZOG will regularly reassess the situation and seek to purchase shares at prices that in its view represent the best value for shareholders.
- NZOG will disclose the number of shares, and the price at which it bought them, before 9:30am on the business day following the purchase being made.
- NZOG will not purchase any shares while it possesses information which is not generally available to the market and which, if it were so available, would have a material effect on the price of NZOG's shares. If NZOG acquires such sensitive information, it will cease acquiring shares until the information is publically disclosed.

#### **Nature and extent of any relevant interest of any director of NZOG:**

The nature and extent of any relevant interest of any director of NZOG in shares that may be acquired under the On-Market Buyback is set out over page:

### **Duncan Saville**

Mr Saville has an indirect relevant interest in 67,605,896 ordinary shares in NZOG, in the following capacities:

- as a director of Zeta Energy Pte Limited. Zeta Energy Pte Limited holds 54,207,553 ordinary shares in NZOG [8,971,860 through Leveraged Equities Finance Limited and 45,235,693 through New Zealand Central Securities Depository Limited]. Zeta Energy Pte Limited is also a related company of Pan Pacific Petroleum NL, a holder of 1,454,691 ordinary shares in NZOG.
- as a director and shareholder of ICM Limited. ICM Limited is the investment portfolio manager of UIL Limited [previously named Utilico Investments Limited], a holder of 6,915,152 ordinary shares in NZOG [through New Zealand Central Securities Depository Limited]. ICM Limited is also the investment advisor of Bermuda Commercial Bank Limited, a holder of 5,028,500 ordinary shares in NZOG [through New Zealand Central Securities Depository Limited].

### **Rodger Finlay**

Mr Finlay is the sole director and a shareholder of RGH Holdings Limited. RGH Holdings Limited holds 1,672,503 ordinary shares in NZOG and Mr Finlay has an indirect relevant interest in those shares.

### **Text of the resolution required by section 63(1):**

The text of the Board resolution passed in relation to the On-Market Buyback is as follows:

1. That, in compliance with section 63(1) of the Act:
  - a) the CEO [together with the CFO as instructed by the CEO] is authorised to make offers to all shareholders under the On-Market Buyback programme on the NZX, to acquire up to 64,000,000 shares in the Company in the period commencing after initial notice is given to NZX [following the Shareholders' meeting] and ending within 48 months of that date;
  - b) the On-Market Buyback is in the best interests of the Company and its shareholders;
  - c) the terms of and consideration for the On-Market Buyback are fair and reasonable to the Company and its shareholders;
  - d) the Board is not aware of any information which is material to an assessment of the value of shares and as a result of which the terms and

consideration for the On-Market Buyback are unfair to shareholders from whom shares may be acquired under the On-Market Buyback.

2. That the reasons for the Board's conclusions in resolution 1 are:

- a) the Board believes that the Company's shares are currently undervalued; and
- b) the Company currently has more funds than are needed for current commitments.

### **Other information**

NZOG plans to fund acquisitions under the On-Market Buyback from available cash reserves. Shareholders who sell shares in the On-Market Buyback will have their relative percentage shareholdings in the Company reduced. Also, because shares acquired under the On-Market Buyback will be cancelled, shareholders who do not participate in the On-Market Buyback will have their relative percentage shareholdings increased. These effects were described, in relation to certain major shareholders in the Company, in the Explanatory Notes attached to the notice of the Shareholders' meeting dated 29 July 2015.

Please contact us if you have any questions regarding the On-Market Buyback.

Note: The information in this disclosure notice is not intended to be financial product advice under the Australian Corporations Act 2001 and does not take into account the objectives, financial situation or needs of any NZOG shareholder. NZOG is not licensed to provide financial product advice in Australia in relation to NZOG shares and there is no cooling-off regime in Australia that will apply in respect of the On-Market Buyback offers.

### **Notice of Effective Date Under the Financial Markets Conduct Act 2013**

NZOG also takes this opportunity to notify all shareholders that it has elected an effective date for transition to the Financial Markets Conduct Act 2013 [FMCA], in respect of its existing allotted shares, of 30 June 2016. The applicable requirements of the FMCA in respect of your shares will apply after that date. The full name of the issuer of the existing allotted shares is New Zealand Oil & Gas Limited and its address is Level 20, 125 The Terrace, Wellington. This notice is for your information only and no further action is required on your part.