

13 April 2017

Inland Revenue binding ruling on Scheme of Arrangement

A favourable ruling has been received from Inland Revenue on a scheme of arrangement that, if approved by the court, will return \$100 million of capital to ordinary shareholders of New Zealand Oil & Gas.

The binding ruling means that the return of capital under the scheme will not be treated for New Zealand tax purposes as being in lieu of a dividend.

Under the scheme, half the ordinary shares in New Zealand Oil & Gas will be cancelled and holders will receive approximately 62.7 cents per cancelled share. Shareholders approved the scheme at a special meeting on 12 April 2017.

The scheme is now only conditional on receipt of a final court order approving the scheme. The company will be submitting an application for this court order shortly, with a view to implementing the scheme and making payments to shareholders before the end of May.

Advice received by directors is that the ruling confirms that the sums paid to shareholders under the scheme should not be treated as a dividend. Any profit (or loss) realised on the cancellation of shares should be tax free if the shares are held on capital account. This advice is a non-exhaustive guide and shareholders are advised to obtain professional tax advice applicable to their own circumstances.

Further details of the scheme of arrangement are available at www.nzog.com/capitalreturn.