

NEW ZEALAND OIL & GAS LIMITED

NZ Reg. Coy. No. 037842
ARBN 003 064 962
www.nzog.com

Results for announcement to the market

Reporting Period	6 months to 31 December 2011
Previous Reporting Period	12 months to 30 June 2011
Comparative Reporting Period	6 months to 31 December 2010

	Amount (NZ\$ 000s)		Increase / (decrease)
	6 months to 31 Dec 2011	6 months to 31 Dec 2010	%
Revenue from ordinary activities	54,639	40,482	35%
Surplus / (deficit) from ordinary activities after tax attributable to security holders	2,267	(98,896)	(102%)
Net profit / (loss) attributable to security holders	2,267	(98,896)	(102%)
	NZ\$	NZ\$	%
Net Tangible Assets per share	0.86	0.82	5%

Interim/Final Dividend	Amount per security	Imputed amount per security
N/A	N/A	N/A

Record Date	N/A
Dividend Payment Date	N/A

Comments:	Accompanying this announcement are the company's unaudited condensed interim financial statements that have been prepared in accordance with generally accepted accounting practice and give a true and fair view of the matters to which the statements relate. These financial statements provide the balance of information required in accordance with Listing Rule 10.4.2, Appendix 1.
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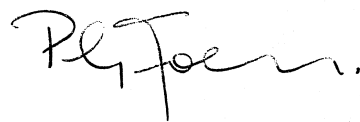
New Zealand Oil & Gas Limited Condensed Interim Financial Statements for the half-year ended 31 December 2011

The condensed interim financial statement of New Zealand Oil & Gas Limited, presented on pages 2 to 26, is approved for and on behalf of the Board:



A R Radford
Director

22 February 2012



P G Foley
Director

22 February 2012

New Zealand Oil & Gas Limited
Condensed Statement of Income
For the half-year ended 31 December 2011

		Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
	Notes			
Revenue	4	54,639	40,482	106,473
Operating costs	5	(26,317)	(30,294)	(53,805)
Gross profit		<u>28,322</u>	<u>10,188</u>	<u>52,668</u>
Other Income	4	549	1,559	2,430
Exploration and evaluation costs expensed	15	(579)	(2,618)	(3,434)
Other expenses	6	(4,033)	(5,686)	(11,058)
Results from operating activities		<u>24,259</u>	<u>3,443</u>	<u>40,606</u>
Finance costs		(24,191)	(107,558)	(113,861)
Finance income		<u>12,425</u>	<u>5,187</u>	<u>10,628</u>
Net finance income/(costs)	7	<u>(11,766)</u>	<u>(102,371)</u>	<u>(103,233)</u>
Profit/(loss) before income tax and royalties		12,493	(98,928)	(62,627)
Royalties expense	8	(5,084)	(2,201)	(7,981)
Income tax (expense)/benefit		<u>(5,142)</u>	<u>2,179</u>	<u>(5,279)</u>
Profit/(loss) for the period		<u>2,267</u>	<u>(98,950)</u>	<u>(75,887)</u>
Profit/(loss) for the period attributable to:				
Equity holders of Parent		<u>2,267</u>	<u>(98,950)</u>	<u>(75,887)</u>
		<u>2,267</u>	<u>(98,950)</u>	<u>(75,887)</u>
Earnings per share attributable to shareholders:		Cents	Cents	Cents
Basic earnings per share	22	0.6	(25.0)	(19.1)
Diluted earnings per share	22	0.6	(25.0)	(19.1)
Net Tangible Asset Backing per share		Cents	Cents	Cents
		86	82	87

The above condensed statement of income should be read in conjunction with the accompanying notes on pages 8 to 26.

New Zealand Oil & Gas Limited
Condensed Statement of Comprehensive Income
For the half-year ended 31 December 2011

		Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
	Notes			
Profit/(loss) for the period		2,267	(98,950)	(75,887)
Fair value loss through other comprehensive income				
Attributable to equity holders of the Parent	21	(969)	(3)	(150)
Foreign currency translation differences	21	2,834	(5,423)	(9,252)
Other comprehensive income for the period		<u>1,865</u>	<u>(5,426)</u>	<u>(9,402)</u>
Total comprehensive income for the period		<u>4,132</u>	<u>(104,376)</u>	<u>(85,289)</u>

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes on pages 8 to 26.

New Zealand Oil & Gas Limited
Condensed Statement of Financial Position
As at 31 December 2011

		Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
	Notes			
ASSETS				
Current assets				
Cash and cash equivalents	9	191,456	111,832	149,360
Receivables and prepayments	10	11,399	19,918	23,733
Inventories		2,878	1,516	869
Current tax receivables		4,910	1,582	1,980
Convertible bond	11	-	-	35,103
Total current assets		<u>210,643</u>	<u>134,848</u>	<u>211,045</u>
Non-current assets				
Convertible bond	11	-	33,968	-
Evaluation and exploration assets	15	12,470	7,075	7,322
Oil and gas assets	16	221,050	240,645	232,579
Plant, property and equipment		250	308	281
Intangible assets		38	102	41
Other financial assets	17	17,116	17,097	15,705
Total non-current assets		<u>250,924</u>	<u>299,195</u>	<u>255,928</u>
Total assets		<u>461,567</u>	<u>434,043</u>	<u>466,973</u>
LIABILITIES				
Current liabilities				
Payables	18	14,277	12,619	15,319
Borrowings	19	18,580	2,150	14,644
Total current liabilities		<u>32,857</u>	<u>14,769</u>	<u>29,963</u>
Non-current liabilities				
Borrowings	19	36,220	60,945	48,680
Restoration and rehabilitation provision		17,070	11,712	15,715
Net deferred tax liability		33,289	20,046	28,176
Total non-current liabilities		<u>86,579</u>	<u>92,703</u>	<u>92,571</u>
Total liabilities		<u>119,436</u>	<u>107,472</u>	<u>122,534</u>
Net assets		<u>342,131</u>	<u>326,571</u>	<u>344,439</u>
EQUITY				
Share capital	20	359,484	359,675	358,233
Reserves	21	(16,341)	(13,988)	(17,766)
Retained earnings		(1,012)	(19,116)	3,972
Total equity		<u>342,131</u>	<u>326,571</u>	<u>344,439</u>

The above condensed statement of financial position should be read in conjunction with the accompanying notes on pages 8 to 26.

New Zealand Oil & Gas Limited
Condensed Statement of Changes in Equity
For the half-year ended 31 December 2011

Attributable to equity holders of New Zealand Oil & Gas Limited				
Notes	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
UNAUDITED				
Balance as at 1 July 2011	358,233	(17,766)	3,972	344,439
Comprehensive income				
Profit/(loss) for the period	-	-	2,267	2,267
Other comprehensive income				
Fair value gain/(loss) on financial assets	-	(969)	-	(969)
Foreign currency translation differences	-	2,834	-	2,834
Total comprehensive income	-	1,865	2,267	4,132
Transactions with owners				
Shares issued	2,399	-	-	2,399
Buy back of issued shares	(1,148)	-	-	(1,148)
Share based payment	-	153	-	153
Transfer of expired share based payments during the period	-	(593)	593	-
Dividend declared (2 cents per ordinary share)	-	-	(7,844)	(7,844)
Supplementary dividend	-	-	(240)	(240)
Foreign investor tax credit	-	-	240	240
Balance as at 31 December 2011	359,484	(16,341)	(1,012)	342,131
	Issued capital	Reserves	Retained earnings	Total equity
Notes	\$'000	\$'000	\$'000	\$'000
UNAUDITED				
Balance as at 1 July 2010	353,741	(8,697)	99,164	444,208
Comprehensive income				
Profit/(loss) for the period	-	-	(98,950)	(98,950)
Other comprehensive income				
Fair value loss through other comprehensive income	-	(3)	-	(3)
Foreign currency translation differences	-	(5,423)	-	(5,423)
Total comprehensive income	-	(5,426)	(98,950)	(104,376)
Transactions with owners				
Shares issued	6,808	-	-	6,808
Buy back of issued shares	(874)	-	-	(874)
Share based payment	-	266	-	266
Transfer of expired share based payments during the period	-	(131)	131	-
Dividend declared (5 cents per Ordinary share)	-	-	(19,461)	(19,461)
Supplementary dividend	-	-	(665)	(665)
Foreign investor tax credit	-	-	665	665
Balance as at 31 December 2010	359,675	(13,988)	(19,116)	326,571

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes on pages 8 to 26.

New Zealand Oil & Gas Limited
Condensed Statement of Changes in Equity
For the half-year ended 31 December 2011
(continued)

	Notes	Attributable to equity holders of New Zealand Oil & Gas Limited			Total equity \$'000
		Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	
AUDITED					
Balance as at 1 July 2010		353,741	(8,697)	99,164	444,208
Comprehensive income					
Profit/(loss) for the year		-	-	(75,887)	(75,887)
Other comprehensive income					
Fair value loss through other comprehensive income		-	(150)	-	(150)
Foreign currency translation differences		-	(9,252)	-	(9,252)
Total comprehensive income		-	(9,402)	(75,887)	(85,289)
Transactions with owners					
Shares issued		7,009	-	-	7,009
Buy back of issued shares		(2,517)	-	-	(2,517)
Share based payment		-	488	-	488
Transfer of expired share based payments during the year		-	(155)	155	-
Dividend declared (5 cents per ordinary share)		-	-	(19,460)	(19,460)
Supplementary dividend		-	-	(663)	(663)
Foreign investor tax credit		-	-	663	663
Balance as at 30 June 2011		358,233	(17,766)	3,972	344,439

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes on pages 8 to 26.

New Zealand Oil & Gas Limited
Condensed Statement of Cash Flows
For the half-year ended 31 December 2011

		Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
	Notes			
Cash flows from operating activities				
Receipts from customers		52,241	55,719	119,353
Interest received		4,931	2,370	3,196
Other revenue		25	1,303	1,490
Production and marketing expenditure		(14,948)	(20,739)	(31,829)
Payments to suppliers and employees (inclusive of Goods and Services Tax)		(4,936)	(7,729)	(12,783)
Royalties		(6,656)	(6,778)	(8,265)
Interest paid		(1,506)	(1,054)	(2,557)
Income taxes paid		(2,690)	(2)	(3)
Net cash inflow / (outflow) from operating activities	24	<u>26,461</u>	<u>23,090</u>	<u>68,602</u>
Cash flows from investing activities				
Repayment of loans to related party	23	36,305	-	-
Exploration and evaluation expenditure		(4,816)	(2,514)	(3,768)
Oil & gas asset expenditure		(246)	(3,212)	(4,106)
Refundable bonds		(1,255)	-	-
Purchase of property, plant and equipment		(51)	(29)	(48)
Loan to related party	23	(4,593)	(25,000)	(25,000)
Net cash inflow / (outflow) from investing activities		<u>25,344</u>	<u>(30,755)</u>	<u>(32,922)</u>
Cash flows from financing activities				
Issues of shares		2	188	387
Borrowings		-	-	182
Buyback of issued shares		(1,103)	(874)	(2,517)
Repayment of borrowings		(8,525)	-	-
Dividend paid		(5,685)	(13,503)	(13,503)
Net cash inflow / (outflow) from financing activities		<u>(15,311)</u>	<u>(14,189)</u>	<u>(15,451)</u>
Net increase (decrease) in cash and cash equivalents		36,494	(21,854)	20,229
Cash and cash equivalents at the beginning of the period		149,360	142,404	142,404
Effects of exchange rate changes on cash and cash equivalents		5,602	(8,718)	(13,273)
Cash and cash equivalents at end of the half-year	9	<u>191,456</u>	<u>111,832</u>	<u>149,360</u>

The above condensed statement of cash flows should be read in conjunction with the accompanying notes on pages 8 to 26.

1 General information

New Zealand Oil & Gas Limited (the "Company") is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX") and Australian Stock Exchange ("ASX"). The Company is an issuer in terms of the Financial Reporting Act 1993.

The condensed interim financial statements (hereafter referred to as the "financial statements") presented herewith as at and for the half year ended 31 December 2011 comprise the Company and its subsidiaries and the Group's interest in associates and jointly controlled entities (together referred to as the "Group").

These financial statements have been approved for issue by the Board of Directors on 22 February 2012.

2 Summary of significant accounting policies

This condensed interim financial information for the half year ended 31 December 2011 has been prepared in accordance with Accounting Standard NZ IAS 34 *Interim Financial Reporting*.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011.

(a) Standards, amendments, and interpretations effective in 2011

The Group has adopted the following new and amended International Financial Reporting Standards:

- NZ IAS 1, Presentation of Financial Statements (Improvements to IFRSs 2010) (effective from annual periods beginning on or after 1 January 2011)
- NZ IAS 24, Related Party Disclosures (revised 2009) (effective from annual periods beginning on or after 1 January 2011)
- NZ IAS 34, Interim Financial Reporting (Improvements to IFRSs 2010) (effective from annual periods beginning on or after 1 January 2011)
- NZ IFRS 7, Financial Instruments: Disclosures (Improvements to IFRSs 2010) (effective from annual periods beginning on or after 1 January 2011)
- NZ IFRS 7, Financial Instruments: Disclosures – Transfer of financial assets (Amendments) (effective from annual periods beginning on or after 1 July 2011)

(b) Standards, amendments and interpretations to existing standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 July 2012 or later periods but which the Company has not early adopted:

- NZ IFRS 9, Financial Instruments (2010) (effective from annual periods beginning on or after 1 January 2015)
- NZ IFRS 10, Consolidated Financial Statements (effective from annual periods beginning on or after 1 January 2013)
- NZ IFRS 11, Joint Arrangements (effective from annual periods beginning on or after 1 January 2013)
- NZ IFRS 12, Disclosure of Interests in Other Entities (effective from annual periods beginning on or after 1 January 2013)
- NZ IFRS 13, Fair Value Measurement (effective from annual periods beginning on or after 1 January 2013)
- NZ IAS 1, Presentation of Financial Statements (Amendments) - Presentation of Items of Other Comprehensive Income (effective from annual periods beginning on or after 1 July 2012)
- NZ IAS 12, Income Taxes (Amendment) - Deferred Tax: Recovery of Underlying Assets (effective from annual periods beginning on or after 1 January 2012)
- NZ IAS 19, Employee Benefits (Amended 2011) (effective from annual periods beginning on or after 1 January 2013)

2 Summary of significant accounting policies (continued)

- NZ IAS 27, Separate Financial Statements (2011) (effective from annual periods beginning on or after 1 January 2013)
- NZ IAS 28, Investments in Associates and Joint Ventures (2011) (effective from annual periods beginning on or after 1 January 2013)

(c) Changes in accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2011.

3 Segment information

For management purposes, the Group's activities are organised into a number of different segments based on the nature of the venture or investment.

Management monitors operating results and technical data associated with these segments separately for the purposes of making decisions about resource allocation and performance assessment. The financial performance of each segment is evaluated based on profit before tax and net finance costs (profit before tax and interest) and is measured in accordance with the Group's accounting policies. The Group's financing requirements, finance income, finance costs, taxes and other corporate activities are managed at a Group level.

The following summaries describe the activities within each of the reportable operating segments:

Oil and gas

Tui

Development, production and sale of crude oil in the petroleum mining permit area of PMP 38158 located in the offshore Taranaki basin, New Zealand.

Kupe

Development, production, sale of natural gas, liquefied petroleum gas (LPG) and condensate (light oil) in the petroleum mining permit area of PML 38146 located in the offshore Taranaki basin, New Zealand.

Exploration

Exploration and evaluation of hydrocarbons in the Taranaki basin and Canterbury basin, New Zealand, Indonesia and Tunisia.

Investments

Investments held by the Group are in resource companies listed on the New Zealand and Australian stock exchanges. At balance date the investments held were in Pike River Coal Limited (In Receivership) and Pan Pacific Petroleum NL.

No operating segments have been aggregated to form the above reportable segments.

Segment revenues are allocated based on whether the customer is located in New Zealand or overseas. All segment assets are based in New Zealand with the exception of the investment in Pan Pacific Petroleum NL, which is an Australian listed company, investment in prospecting permit in Tunisia and exploration permit in Indonesia.

3 Segment information (continued)

Unaudited
Half year to 31 December 2011

	Oil & Gas assets – Tui \$'000	Oil & Gas assets – Kupe \$'000	Oil & Gas assets – Exploration \$'000	Investments \$'000	Other and unallocated \$'000	Total \$'000
Sales to external customers - NZ	-	17,845	-	-	-	17,845
Sales to external customers - other countries	17,530	19,264	-	-	-	36,794
Total sales revenue	17,530	37,109	-	-	-	54,639
Other income	-	524	-	-	25	549
Total revenue and other income	17,530	37,633	-	-	1,135	55,188
Segment result	9,370	14,392	(579)	(18,079)	(4,008)	1,096
Other reconciling items - other net finance income/(costs)						6,313
Profit before income tax						7,409
Income tax expense						(5,142)
Profit for the year						2,267
Segment assets	22,387	198,663	12,470	15,750	-	249,270
Other reconciling items						212,297
Total assets						461,567
Included in segment results:						
Depreciation and amortisation expense	2,844	10,326	-	-	127	13,297
Impairment of loan to related party	-	-	-	(18,079)	-	(18,079)

Unaudited
Half year to 31 December 2010

	Oil & Gas assets – Tui \$'000	Oil & Gas assets – Kupe \$'000	Oil & Gas assets – Exploration \$'000	Investments \$'000	Other and unallocated \$'000	Total \$'000
Sales to external customers - NZ	-	15,657	-	-	-	15,657
Sales to external customers - other countries	13,080	11,745	-	-	-	24,825
Total sales revenue	13,080	27,402	-	-	-	40,482
Other income	-	-	-	-	1,559	1,559
Total revenue and other income	13,080	27,402	-	-	1,559	46,718
Segment result	(1,190)	10,042	(2,618)	(91,158)	(4,992)	(89,916)
Other reconciling items - other net finance income/(costs)						(11,213)
Profit before income tax						(101,129)
Income tax expense						2,179
Profit for the year						(98,950)
Segment assets	24,462	216,183	7,075	63,022	-	310,742
Other reconciling items						123,301
Total assets						434,043
Included in segment assets:						
Investments in associates accounted for using the equity method	-	-	-	-	-	-
Included in segment results:						
Depreciation and amortisation expense	1,701	10,049	-	-	136	11,886
Impairment of loan to related party	-	-	-	(13,329)	-	(13,329)
Impairment of investment in associate	-	-	-	(77,088)	-	(77,088)

3 Segment information (continued)

Audited Full year to 30 June 2011	Oil & Gas assets – Tui \$'000	Oil & Gas assets – Kupe \$'000	Oil & Gas assets – Exploration \$'000	Investments \$'000	Other and unallocated \$'000	Total \$'000
Sales to external customers - NZ	-	32,504	-	-	-	32,504
Sales to external customers - other countries	40,140	33,829	-	-	-	73,969
Total sales revenue	40,140	66,333	-	-	-	106,473
Other income	-	1,353	-	-	1,077	2,430
Total revenue and other income	40,140	67,686	-	-	1,077	108,903
Segment result	16,433	29,607	(3,434)	(92,379)	(9,981)	(59,754)
Other reconciling items - other net finance income/(costs)						(10,854)
Profit before income tax						(70,608)
Income tax expense						(5,279)
Profit for the year						(75,887)
Segment assets	23,689	208,890	7,322	62,765	-	302,666
Other reconciling items						164,307
Total assets						466,973
Included in segment assets:						
Investments in associates accounted for using the equity method	-	-	-	-	-	-
Included in segment results:						
Depreciation and amortisation expense	3,335	18,839	-	-	228	22,402
Impairment of loan to related party	-	-	-	(14,550)	-	(14,550)
Impairment of investment in associate	-	-	-	(77,088)	-	(77,088)

4 Income

	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
<i>Revenue</i>			
Petroleum sales	<u>54,639</u>	40,482	106,473
<i>Other income</i>			
Rental income	25	72	137
Carbon emission expenditure recovered	524	796	1,353
Other income	-	691	940
Total other income	<u>549</u>	1,559	2,430
Total Income	<u>55,188</u>	42,041	108,903

5 Operating costs

	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
Production and sales marketing costs	11,080	10,164	20,875
Amortisation of production asset	13,170	11,750	22,175
Repairs and maintenance	1,969	8,454	8,352
Carbon emission expenditure	578	1,152	1,983
Insurance expenditure	776	866	1,608
Movement in inventory	(1,337)	(1,159)	(603)
Movement in stock over/(under) lift	81	(933)	(585)
Total operating costs	<u>26,317</u>	<u>30,294</u>	<u>53,805</u>

6 Other Expenses

	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
Classification of other expenses by nature			
Classification of other expenses by nature			
Audit fees	44	82	139
Director fees	235	254	487
Legal fees	229	248	244
Consultants' fees	393	811	1,523
Employee expenses	1,648	2,137	4,674
Depreciation	80	54	100
Amortisation of Intangible assets	47	67	128
Share based payment expense	153	265	488
Donations	-	500	500
Other	1,204	1,268	2,775
Total other expenses	<u>4,033</u>	<u>5,686</u>	<u>11,058</u>

Donations during the half year 31 December 2010 represented a \$500,000 contribution to the Pike River Disaster Relief Trust.

7 Net finance costs/ (income)

	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
Finance costs			
Interest and finance charges	(2,021)	(1,467)	(4,077)
Exchange losses on foreign currency balances	-	(7,398)	(11,005)
Impairment of loan to related party-principal*(note 10)	(13,943)	(13,000)	(13,000)
Impairment of loan to related party-interest*(note 10)	(4,136)	(329)	(1,550)
Fair value adjustment of financial asset* (note 17)	-	(742)	(742)
Impairment of investment in associate* (note 13)	-	(77,088)	(77,088)
Net fair value loss on convertible bond* (note 11)	(4,091)	(7,534)	(6,399)
Total finance costs	<u>(24,191)</u>	<u>(107,558)</u>	<u>(113,861)</u>
Finance income			
Interest income	5,797	5,187	10,614
Net exchange gains on foreign currency balances	6,628	-	14
Total finance income	<u>12,425</u>	<u>5,187</u>	<u>10,628</u>
Net finance costs	<u>(11,766)</u>	<u>(102,371)</u>	<u>(103,233)</u>

* These items relate to the Group's investment in and loans to Pike River Coal Limited (PRCL) which was placed into receivership on 13 December 2010 at the request of its directors. This followed the tragic events triggered by the explosion at the mine on 19 November 2010. Further details on the Group's investment in and loans to PRCL are contained in notes 10, 11, 13, 17, 23 and 25(d).

8 Royalties expense

Royalty expenses incurred by the Group relate to payments to the New Zealand Government in respect of the Tui area oil fields and Kupe gas and oil field.

9 Cash and cash equivalents

	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
Cash at bank and in hand	30,104	50,920	24,167
Deposits at call	12,932	21,860	25,452
Short term deposits	148,420	39,052	99,741
Total cash and cash equivalents	<u>191,456</u>	<u>111,832</u>	<u>149,360</u>

10 Receivables and prepayments

	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
Net trade receivables			
Trade receivables	9,025	4,473	6,371
Interest receivable	<u>579</u>	<u>12</u>	<u>187</u>
	9,604	4,485	6,558
Net receivables from related parties			
Short term facility loan to related party - principal	26,943	25,000	25,000
Interest receivable on short term loan to related party	5,583	510	2,848
Interest receivable on convertible bond issued to related party	104	976	3,062
Less: Provision for impairment of related party receivables	<u>(32,630)</u>	<u>(13,329)</u>	<u>(14,550)</u>
	-	13,157	16,360
Other			
Prepayments	1,795	1,576	714
Stock under lift	-	336	-
Other	<u>-</u>	<u>364</u>	<u>101</u>
Total receivables and prepayments	11,399	19,918	23,733

(a) Provision for impairment of receivables to related party

On 13 December 2010 Pike River Coal Limited ("PRCL") was placed into receivership at the request of its directors. This follows the tragic events triggered by the explosion at the mine on 19 November 2010. At the time of the explosion, \$13.0 million was drawn, on an unsecured basis, under a \$25.0 million short term loan facility to PRCL. The remaining \$12.0 million was advanced to PRCL on a secured basis shortly after the explosion, and a further payment of \$4.9 million was advanced in the half year to 31 December 2011.

During the period the Group recovered \$2.7 million of unsecured debt and \$38.3 million of secured debt (Convertible Bond). These funds were received from the Receivers following a settlement with PRCL's insurers. An impairment provision has been taken in respect of all remaining PRCL debt and accrued interest.

The impairment position was reached after discussions with the Receivers, review of a range of scenarios of potential outcomes from the PRCL Receivership and consideration of a best estimate of the likely recoverable value by applying a range of probabilities to the estimated future cash flows from the sale of mine assets. The outcome of the Receivers efforts to sell PRCL assets is highly uncertain, and it is now expected that any transaction would be on highly conditional terms, with considerable uncertainty as to the timing and quantum of any further return to NZOG.

The impairment loss recognised on the outstanding principal and interest receivable with PRCL has been included in 'net finance income/(expense)' in the income statement.

11 Convertible bond

	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
Current			
Convertible Bond - recoverable fair value	-	-	35,103
Non Current			
Convertible Bond - fixed interest (amortised cost)	-	33,968	-
Convertible Bond - equity option	-	-	-
Total convertible bond	<u>-</u>	<u>33,968</u>	<u>35,103</u>

During the period the Group recovered \$2.7 million of unsecured debt and \$38.3 million of secured debt (Convertible Bond). These funds were received from the Receivers following a settlement with PRCL insurers. An impairment provision has been taken in respect of all remaining debt and accrued interest.

The impairment position was reached after discussions with the Receivers, review of a range of scenarios of potential outcomes from the PRCL Receivership and consideration of a best estimate of the likely recoverable value by applying a range of probabilities to the estimated future cash flows from the sale of mine assets. The outcome of the Receivers efforts to sell PRCL assets highly uncertain, and it is now expected that any transaction would be on highly conditional terms, with considerable uncertainty as to the timing and quantum of any further return to NZOG.

12 Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following entities:

Name of entity	Country of incorporation	Classes of shares	Equity holding	
			December 2011 %	June 2011 %
ANZ Resources Pty Limited	Australia	Ordinary	100	100
Australia and New Zealand Petroleum Limited	New Zealand	Ordinary	100	100
Kupe Royalties Limited	New Zealand	Ordinary	100	100
National Petroleum Limited	New Zealand	Ordinary	100	100
Nephrite Enterprises Limited	New Zealand	Ordinary	100	100
NZOG 38259 Limited	New Zealand	Ordinary	100	100
NZOG 38483 Limited	New Zealand	Ordinary	100	100
NZOG 38494 Limited	New Zealand	Ordinary	100	100
NZOG Asia Pty Limited	Australia	Ordinary	100	-
NZOG Canterbury Limited	New Zealand	Ordinary	100	100
NZOG Developments Limited	New Zealand	Ordinary	100	100
NZOG Devon Limited	New Zealand	Ordinary	100	100
NZOG Egmont Limited	New Zealand	Ordinary	100	100
NZOG Energy Limited	New Zealand	Ordinary	100	100
NZOG Hammamet Pty Limited	Australia	Ordinary	100	-
NZOG Offshore Limited	New Zealand	Ordinary	100	100
NZOG Pacific Limited	New Zealand	Ordinary	100	100
NZOG Pacific Holdings Pty Limited	Australia	Ordinary	100	-
NZOG Services Limited	New Zealand	Ordinary	100	100
NZOG Taranaki Limited	New Zealand	Ordinary	100	100
NZOG Tunisia Pty Ltd	Australia	Ordinary	100	100
Oil Holdings Limited	New Zealand	Ordinary	100	100
Pacific Oil & Gas (North Sumatera) Limited *	Bermuda	Ordinary	90	-
Petroleum Resources Limited	New Zealand	Ordinary	100	100
Petroleum Equities Limited	New Zealand	Ordinary	100	100
Resource Equities Limited	New Zealand	Ordinary	100	100
Stewart Petroleum Company Limited	New Zealand	Ordinary	100	100
New Zealand Oil & Gas Employee Benefit Trust	New Zealand	Trustee	-	-

All subsidiary companies have a balance date of 30 June with the exception of Pacific Oil & Gas (North Sumatera) Limited which has a 31 December balance date. All wholly owned subsidiaries are predominantly involved in the petroleum exploration industry.

All subsidiaries within the Group have a functional currency of New Zealand dollars, with exception to the following:

United States dollar functional currency companies:

- Stewart Petroleum Company Limited
- NZOG Tunisia Pty Limited
- NZOG Asia Pty Limited
- NZOG Hammamet Pty Limited
- NZOG Pacific Holding Pty Limited
- Pacific Oil & Gas (North Sumatera) Limited

Australian dollar functional currency company:

- ANZ Resources Pty Limited - Australian dollars (AUD)

* In December 2011 the Group acquired an interest in the Kisanan production sharing contract in Indonesia with the purchase of a 90% shareholding in Pacific Oil & Gas (North Sumatera) Limited.

13 Investments in associates

(a) Carrying amounts

Information relating to associates is set out below.

Name of company	Principal activity	Ownership interest			Group carrying amount		
		31 Dec 2010	31 Dec 2010	30 Jun 2011	Unaudited Half Year 31 Dec 2011 \$'000	Unaudited Half Year 31 Dec 2010 \$'000	Audited Full Year 30 Jun 2011 \$'000
Pike River Coal Limited (In Receivership)	Coal mining	29.4	29.4	29.4	-	-	-

On 13 December 2010 Pike River Coal Limited ("PRCL") was placed into receivership at the request of its directors. The investment in PRCL was carried at the equity accounted value recognised by the Group at 30 June 2010 and based on a review of the available information, as previously referred to, has been impaired down to a nil value.

From the date of receivership the Group recognised that PRCL is no longer an associate investment and reclassified the investment as an investment asset carried at fair value. Due to the receivership there are no financial statements of the performance of PRCL to the date of receivership and as such no share of results has been taken up for the period.

The Group's holding in PRCL comprises 119.0 million ordinary shares.

Unaudited Half Year 31 December 2011 \$'000	Unaudited Full Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
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(b) Movements in carrying amounts

Carrying amount at the beginning of the period	-	77,088	77,088
Impairment of investment in associate	-	(77,088)	(77,088)
Carrying value at the end of the period	-	-	-

14 Oil and gas interests

The NZOG Group held the following oil and gas production, exploration, evaluation and appraisal interests at period end:

Name	Country	Type	Interests held by the group		
			Unaudited Half Year 31 December 2011 %	Unaudited Half Year 31 December 2010 %	Audited Full Year 30 June 2011 %
PML 38146 - Kupe	New Zealand	Mining Licence	15.0%	15.0%	15.0%
PMP 38158 - Tui	New Zealand	Mining Permit	12.5%	12.5%	12.5%
PEP 38483 - Bahamas	New Zealand	Exploration Permit	- %	18.9%	- %
PEP 38491 - Albacore *	New Zealand	Exploration Permit	100.0%	44.4%	100.0%
PEP 38259 - Barque	New Zealand	Exploration Permit	40.0%	40.0%	40.0%
PEP 51311 - Kakapo (formerly Kaupokonui)	New Zealand	Exploration Permit	100.0%	100.0%	100.0%
PEP 51321 - Kahurangi	New Zealand	Exploration Permit	- %	18.9%	18.9%
PEP 51988 - Mangaa *	New Zealand	Exploration Permit	100.0%	100.0%	100.0%
PEP 51558 - Kanuka	New Zealand	Exploration Permit	50.0%	20.0%	20.0%
Diodore	Tunisia	Prospecting Permit	100.0%	- %	100.0%
Kisaran	Indonesia	Production Sharing Contract	22.5%	- %	- %
Cosmos	Tunisia	Concession	40.0%	- %	- %

* PEP 38491 (Albacore) and PEP 51988 (Mangaa) were relinquished to the Crown on 20 January 2012.

	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
Share of oil and gas interests' assets and liabilities			
Cash and cash equivalents	3,933	6,193	3,635
Trade receivables *	520	618	738
Inventory	2,681	1,515	868
Prepayments	28	-	-
Petroleum interests **	301,719	296,551	299,500
Total assets	<u>308,881</u>	<u>304,877</u>	<u>304,741</u>
Current liabilities	5,594	6,373	5,510
Non-current liabilities	-	-	-
Total liabilities	<u>5,594</u>	<u>6,373</u>	<u>5,510</u>
Net assets	<u>303,287</u>	<u>298,504</u>	<u>299,231</u>

Share of oil and gas interests' revenue, expenses and results

Revenues *	381	46	94
Expenses	(9,680)	(11,622)	(21,926)
Profit before income tax	<u>(9,299)</u>	<u>(11,576)</u>	<u>(21,832)</u>

* Revenue receivable from Tui & Kupe petroleum sales (see Note 4) is not included as it is earned directly by wholly owned subsidiaries that hold the permit interests.

** Prior to amortisation of production assets.

15 Exploration and evaluation assets

	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
Opening balance	7,322	6,641	6,641
Expenditure capitalised	5,757	3,178	4,334
Revaluation of USD exploration and evaluation assets	(30)	(126)	(219)
Expenditure written off	(579)	(2,618)	(3,434)
Closing balance	<u>12,470</u>	<u>7,075</u>	<u>7,322</u>

16 Oil and gas assets

Production assets

	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
Opening balance	232,579	253,917	253,917
Expenditure capitalised	179	991	1,622
Amortisation for the period	(13,170)	(11,750)	(22,175)
Revaluation of USD production assets	1,462	(2,854)	(4,217)
Abandonment provision	-	341	3,432
Closing balance	<u>221,050</u>	<u>240,645</u>	<u>232,579</u>

Includes borrowing costs capitalised of \$10.0 million at 31 December 2011 (30 June 2011: \$10.5 million and 31 December 2010: \$11.1 million).

17 Other financial assets

	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
Pan Pacific Petroleum NL - Shares:			
Investment assets (fair value through other comprehensive income)	15,750	17,054	15,662
Pike River Coal Limited (In Receivership) :			
Shares	-	-	-
Coal Contract Option	-	742	-
Less: Provision for impairment of available for sale financial assets	-	(742)	-
	-	-	-
Other			
Performance bonds	1,323	-	-
Refundable security deposits	43	43	43
Total other financial assets	17,116	17,097	15,705

(a) Available for sale financial assets

Shares held in Pan Pacific Petroleum NL

The investment of 87.5 million shares in Pan Pacific Petroleum NL is measured at fair value at reporting date of \$15.7 million and is classified as an investment asset at fair value in accordance with NZ IFRS 9 (2009) (previously classified as available for sale financial asset). The Group has designated the investment asset as fair value with movements through other comprehensive income as this best matches the Group's holding intention for this investment. Under the previous standard, NZ IAS 39, the Group was required to determine whether investments were impaired, with any impairment being recognised through profit or loss. No such impairment existed at the date of initial application of NZ IFRS 9 (2009). Under NZ IFRS 9 (2009) there is no requirement to determine if investments are impaired, with all gains and losses being recognised in other comprehensive income.

Shares held in Pike River Coal Limited (In Receivership)

On 13 December 2010 Pike River Coal Limited ("PRCL") was placed into receivership at the request of its directors. This followed the tragic events triggered by the explosion at the Pike mine on 19 November 2010. From the date of receivership the Group recognised that PRCL is no longer an associate investment and reclassified the investment as a financial asset at fair value through profit or loss. This transfer occurred at the estimated fair value which was nil. The Group's holding in PRCL comprises 119.0 million ordinary shares.

(b) Refundable security deposits

Security deposits include amounts held by key suppliers as bonds for work to be undertaken and deposits with government agencies subject to license work programme commitments being met.

(c) Performance bonds

Performance bonds include amounts held as a bond under the terms of entering a joint study agreement in Indonesia. The performance bond is refundable at the completion of the evaluation as set out under the terms of the joint study agreement.

18 Payables

	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
Trade payables	7,364	6,904	6,372
Employee entitlements	240	328	284
Accrued expenses	1,674	1,258	1,647
Interest payable	180	610	413
Royalties payable	4,641	1,920	6,211
Stock overlift liability	94	-	13
Other payables	84	1,599	379
Total payables	<u>14,277</u>	<u>12,619</u>	<u>15,319</u>

19 Borrowings

	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
Secured - Current			
Bank loans	18,580	2,150	14,644
Secured - Non-current			
Bank loans	<u>36,220</u>	<u>60,945</u>	<u>48,680</u>
Total borrowings	<u>54,800</u>	<u>63,095</u>	<u>63,324</u>

Assets pledged as security

At period end the Group has a Letter of Credit facility in respect of the Tui Area Oil Fields. At 31 December 2011 the Letter of Credit facility was US\$4.0 million (31 December 2010: US\$5.5 million). The Letter of Credit facility expires on 31 December 2015.

The Letter of Credit facility for the Tui Area Oil Fields is secured over the Group's assets other than those primarily relating to the Kupe, investments in Pike River Coal Limited (In Receivership), and a number of exploration assets.

At 31 December 2011 the Group has a project facility in respect of Kupe of NZ\$55 million with Westpac Banking Corporation that was fully drawn.

The Kupe project facility is secured over the Group's Kupe assets. The facility is repaid progressively over the life until the facility is fully repaid by 31 March 2015.

20 Contributed equity of the Group and Parent

	Unaudited Half Year 31 December 2011 Shares 000s	Unaudited Half Year 31 December 2010 Shares 000s	Audited Full Year 30 June 2011 Shares 000s	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
(a) Share capital						
Ordinary shares						
Fully paid shares	394,045	393,713	392,114	359,427	359,620	358,178
Partly paid shares	5,670	5,540	5,470	57	55	55
	<u>399,715</u>	<u>399,253</u>	<u>397,584</u>	<u>359,484</u>	<u>359,675</u>	<u>358,233</u>

(b) Movements in ordinary share capital:

	Unaudited Half Year 31 December 2011 Shares 000s	Unaudited Half Year 31 December 2010 Shares 000s	Audited Full Year 30 June 2011 Shares 000s	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
Opening	397,584	393,508	393,508	358,234	353,741	353,741
Issues of ordinary shares during the period						
Shares issued	3,561	5,236	5,236	2,397	6,620	6,622
Buy back of issued shares	(1,630)	(766)	(2,585)	(1,148)	(874)	(2,517)
Partly paid shares issued	200	1,275	1,425	2	188	387
Closing balance of ordinary shares issued	<u>399,715</u>	<u>399,253</u>	<u>397,584</u>	<u>359,485</u>	<u>359,675</u>	<u>358,233</u>

(c) Ordinary shares

Apart from the partly paid shares issued, all shares issued are fully paid. Each fully paid share issued is entitled to one vote.

(d) Partly paid shares

Partly paid shares issued by the company to participants of the ESOP are paid up to NZ\$0.01 per share on issue. Partly paid shares are entitled to a vote in proportion to the amount paid up.

21 Reserves

	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
Reserves			
Revaluation Reserve	(5,236)	(4,120)	(4,267)
Share based payments reserve	259	501	699
Foreign currency translation reserve	<u>(11,364)</u>	<u>(10,369)</u>	<u>(14,198)</u>
Total reserves	<u>(16,341)</u>	<u>(13,988)</u>	<u>(17,766)</u>
	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
Movements:			
<i>Revaluation reserve</i>			
Balance 1 July	(4,267)	-	-
Transferred available for sale reserve to revaluation reserve on 1 July 2010	-	(4,117)	(4,117)
Fair value gain/(loss) on available for sale financial asset for the period	<u>(969)</u>	<u>(3)</u>	<u>(150)</u>
Balance at period end	<u>(5,236)</u>	<u>(4,120)</u>	<u>(4,267)</u>
<i>Available for sale financial asset reserve</i>			
Balance 1 July	-	(4,117)	(4,117)
Transferred available for sale reserve to revaluation reserve on 1 July 2010	-	4,117	4,117
Balance at period end	<u>-</u>	<u>-</u>	<u>-</u>
<i>Share based payments reserve</i>			
Balance 1 July	699	366	366
Share based payment expense for the period	153	266	488
Transfer of expired share based payments during the period	<u>(593)</u>	<u>(131)</u>	<u>(155)</u>
Balance at period end	<u>259</u>	<u>501</u>	<u>699</u>
<i>Foreign currency translation reserve</i>			
Balance 1 July	(14,198)	(4,946)	(4,946)
Foreign currency translation differences for the period	<u>2,834</u>	<u>(5,423)</u>	<u>(9,252)</u>
Balance at period end	<u>(11,364)</u>	<u>(10,369)</u>	<u>(14,198)</u>

22 Earnings per share

	Unaudited Half Year 31 December 2011 Cents	Unaudited Half Year 31 December 2010 Cents	Audited Full Year 30 June 2011 Cents
(a) Basic earnings per share			
Basic earnings per share	0.6	(25.0)	(19.1)
(b) Diluted earnings per share			
Diluted earnings per share	0.6	(25.0)	(19.1)
(c) Reconciliations of earnings used in calculating earnings per share			
	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
Profit/(loss) for the period	2,267	(98,950)	(75,887)
Profit attributed to non-controlling interest	-	-	-
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic earnings per share	2,267	(98,950)	(75,887)
(d) Weighted average number of shares used as the denominator			
	Unaudited Half Year 31 December 2011 Number 000s	Unaudited Half Year 31 December 2010 Number 000s	Audited Full Year 30 June 2011 Number 000s
Weighted average number of ordinary shares used in calculating basic earnings per share	399,115	396,627	397,451
Adjustments for calculation of diluted earnings per share:			
Options	-	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	399,115	396,627	397,451

23 Related party transactions

During the half year to 31 December 2011 the Group had the following transactions with related party Pike River Coal Limited (In Receivership) ("PRCL"):

Short Term Funding

The Group advanced PRCL NZ\$4.9 million under the short term funding arrangement and received NZ\$2.7 million for part repayment of outstanding debt. The advance of short term funds during the period was secured debt and on commercial terms.

At 31 December 2011 the outstanding balance of the short term facility with PRCL was NZ\$26.9 million of principal and NZ\$5.6 million of accrued interest. The Group earned NZ\$2.7 million during the period from interest on the short term facility.

At 31 December 2011 a provision has been made against the balance of the outstanding short term debt principal and accrued interest. Refer to notes 7 and 11 for details of impairment of the short term debt and interest accrued.

Convertible Bond

During the period PRCL repaid the Group US\$29.3 million of the outstanding principal and interest on the convertible bond facility. The Group earned US\$1.1 million interest income during the period from the convertible bond facility. At 31 December 2011, US\$3.2 million of principal and accrued interest were outstanding. Refer to notes 7 and 11 for details of impairment of the short term debt and interest accrued.

There have been no other material transactions with related parties during the year.

24 Reconciliation of profit(loss) after income tax and royalties to net cash inflow from operating activities

	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
Profit/(loss) for the period	2,267	(98,950)	(75,887)
Depreciation and amortisation	13,297	11,871	22,403
Deferred Tax	5,113	(3,092)	4,751
Net fair value loss on convertible bond	4,091	7,534	6,399
Fair value adjustment of financial asset	-	742	742
Impairment of loans to related party - principal	13,943	13,000	13,000
Impairment of loans to related party - interest	4,136	-	1,550
Impairment of investment in associate	-	77,088	77,088
Exploration and evaluation costs expensed	579	2,618	3,434
Share based payment expense	153	265	488
Net foreign exchange differences	(6,628)	7,398	11,005
Other	79	(1,570)	249
Change in operating assets and liabilities			
(Increase)/decrease in trade debtors	(8,988)	11,445	9,270
Increase/(decrease) in trade creditors	(1,581)	(5,259)	(5,890)
Net cash inflow from operating activities	26,461	23,090	68,602

25 Commitments and contingent assets & liabilities

(a) Evaluation and Exploration expenditure commitments

In order to maintain the various permits and concessions in which the Group is involved the Group has ongoing operational expenditure as part of its normal operations.

(b) Operating leases and commitments

Operating leases held over premises give the Group the right to renew the lease subject to a redetermination of the lease rental by the lessor.

	Unaudited Half Year 31 December 2011 \$'000	Unaudited Half Year 31 December 2010 \$'000	Audited Full Year 30 June 2011 \$'000
Within one year	339	174	339
Later than one year and not later than five years	1,355	-	1,355
Later than five years	137	-	308
	<u>1,831</u>	<u>174</u>	<u>2,002</u>

During the period ended 31 December 2011 \$171,000 was recognised as an expense in the income statement in respect of operating leases (31 December 2010: \$220,000).

Production commitments

The Company is committed to certain operational commitments in respect of the Tui Joint Venture. These operational commitments relate to costs that are integral parts of the FPSO lease until 31 December 2015 with an option to extend to 31 December 2022 via one year renewal terms. The total committed by NZOG to the FPSO charter and operating and maintenance contracts for the initial period to 31 December 2015 is currently estimated to be US\$12.1 million.

(c) Kupe overriding royalty interest

The Group has an overriding royalty in relation to production from the Kupe field. As at balance date the Group was in dispute with the parties that have an obligation to pay the overriding royalty with respect to the basis of the calculation. At balance date the Kupe overriding royalty interest was a contingent asset as a reliable estimate of the economic inflow from the overriding royalties was not able to be determined.

(d) Pike River Coal Limited (In Receivership) (PRCL)

NZOG wholly owned subsidiary NZOG 38483 Limited has provided two indemnities in favour of the receivers in connection with the receivership of PRCL. The first indemnity, given on appointment, essentially covers liability suffered by the receivers due to any defect in their appointment. The second indemnity, given at the time of handover of the PRCL mine by NZ Police to the receivers, indemnifies the receivers in respect of all costs and liability incurred in implementation of the PRCL mine stabilisation plan. The receivers also have a priority entitlement to claim their costs and liabilities against the assets of PRCL. At balance date the indemnities provided to the receivers of PRCL are contingent liabilities.

(e) Other contingent liabilities

As at 31 December 2011 the Company had no contingent liabilities (30 June 2011:\$Nil).



Auditors' review report

To the shareholders of New Zealand Oil & Gas Limited ("the Group")

We have reviewed the attached condensed interim financial statements (the 'financial statements') in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand. The financial statements provide information about the past financial performance of the Group and its financial position as at 31 December 2011.

Directors' responsibilities

The Directors of the Group are responsible for the preparation of financial statements which give a true and fair view of the financial position of the company as at 31 December 2011 and the results of its operations and cash flows for the six month period ended on that date.

Reviewers' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of opinion

A review is limited primarily to enquiries of Group personnel and analytical review procedures applied to the financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our firm has also provided other services to the Group in relation to taxation and general accounting services. These matters have not impaired our independence as auditors of the Group. The firm has no other relationship with, or interest in, the Group.

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the attached financial statements do not give a true and fair view of the financial position of the Group as at 31 December 2011, the results of its operations and cash flows for the six month period ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting*.

Our review was completed on 22 February 2012 and our opinion is expressed as at that date.

A handwritten signature in blue ink that reads 'KPMG' with a horizontal line underneath.

Wellington