

1 March 2013

3 cent interim dividend in HY13

Shareholders in New Zealand Oil & Gas will receive a fully imputed interim dividend of 3 cents per share.

With its producing assets continuing to perform as expected, the company today announced net profit after tax of \$7.7 million for the six months to 31 December 2012, up from \$1.7 million in the corresponding previous six month period. [All figures in NZD].

A trading halt was requested on Thursday because NZOG recognised that decisions relating to expensing its Cosmos assets produced a result materially different to expectations.

The company's two producing assets, Kupe and Tui, contributed net operating cashflows of \$25.2 million for the six months, compared to net operating cashflows of \$26.5 million in the prior year.

The \$6.0 million increase in net profit after tax is largely a result of changes in two net finance cost items: The prior period included impairment losses relating to Pike River Coal Limited, while the strengthening New Zealand dollar resulted in a fall in the value of USD holdings.

The company has also fully expensed its investment in the Cosmos South development plan in Tunisia. NZOG's assessment of the current development plan for the project does not meet the company's investment criteria and on that basis NZOG would not proceed.

Earnings before interest, tax, depreciation, amortisation and exploration (EBITDAX) were \$27.9 million (\$33.0 million in the comparable six months to December 2011.)

New Zealand Oil & Gas ended the period with a net cash position at 31 December of \$171.0 million.

The half-year result was achieved despite a scheduled maintenance shutdown at the Kupe production facility in October, which reduced revenue for the period to \$47.9 million (\$54.6 million in the six months to 31 December 2011.) Revenue reductions were largely offset by savings in amortisation, which is based on the Kupe field's production profile.

The company has decided to move to paying its dividend in interim and final stages.

Shareholders at 15 March 2013 will receive a fully imputed interim dividend of 3 cents per share, which will be paid on 5 April 2013.

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**NZOG stock
symbols:**

NZX shares – NZO
ASX shares – NZO

Shareholders can reinvest dividends free of brokerage charges through the company's dividend reinvestment programme, but a discount previously offered through the plan will no longer be applied.

Operating Performance

New Zealand Oil & Gas has a 15 per cent interest in the Kupe gas and oil field. Kupe contributed \$31.2 million in revenue in the six month period. The company's share of Kupe production for the period was 1.3 PJ of sales gas; 5,323 tonnes of LPG; and 112,976 barrels of light oil.

The Tui area oil fields contributed revenue of \$16.6 million in the six month period for the 12.5 per cent stake held by New Zealand Oil & Gas. The company's share of Tui production for the period was just over 114,000 barrels of oil.

Portfolio development

During the half year, New Zealand Oil & Gas significantly stepped up activity.

It acquired interests in four new offshore Taranaki permits – one through the Government's 2012 Block Offer, and three in a deal with Octanex NL. Exploration drilling in one of those, the Matuku prospect offshore from Taranaki, will begin in the coming drill season. New Zealand Oil & Gas also acquired an onshore Taranaki prospect in the Block Offer.

In October New Zealand Oil & Gas farmed out the Kaheru permit it operates, where drilling will also begin in the coming 2013-14 drill season.

Drilling has begun in the Kisaran Production Sharing Contract in onshore Sumatra, Indonesia, where NZOG has a 22.5% interest.

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