

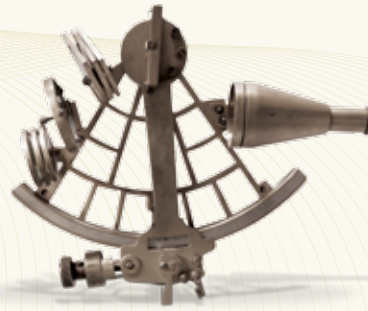
The Explorer

WE CHOOSE TO SEARCH

New Zealand is remote, and therefore much of it is unexplored. There are vast reserves waiting to be found if we are brave enough to seek them.



THE EXPLORERS
NEW ZEALAND OIL & GAS



KISARAN, WHAT HAPPENS NOW



Gas flaring at PM-3 Kisaran

Analysis is underway into the results of both the wells drilled at the Kisaran Production Sharing Contract in Indonesia (Parit Minyak-2 and -3).



3 million

Scf/day (gas flow rate tested at PM-3, along with 90 barrels/day condensate)

New Zealand Oil & Gas took a 22.5% interest in the Central Sumatra Basin project to diversify its portfolio with onshore projects that, compared to our New Zealand activity, have a higher probability of success albeit with less potential return.

The most promising zone in the Parit Minyak-2 well flowed at a rate of 200-400 barrels a day, proving a concept developed from an earlier, 2006, oil discovery in Parit Minyak-1.

Geologists hoped to find a substantial reservoir up-dip in PM-3. The main target concept in that well was found, however oil appears to have passed through the area. A secondary zone was discovered where gas and condensate were found.

Both wells have now been suspended while reservoir engineers analyse drill stem tests.

To understand their calculation, imagine a garden hose draining a pool. Engineers can adjust the size of the hose and then use changes in the rate at which fluid comes out of it to calculate the size of the pool and how long it would take to empty.

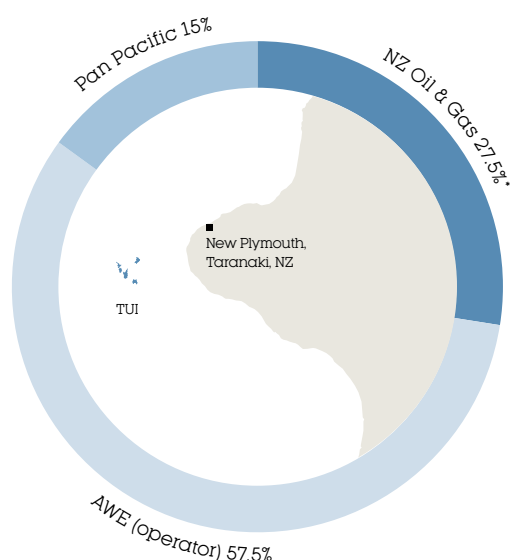
If commercial these models will then be used to prepare a preliminary plan of development. The economics of different capital configurations need to be analysed to determine the best way to market the resource. A smaller reserve might be trucked out, while a larger one might use nearby pipelines.

The first phase of analysis and plan of development will each take up to six months, and then must be negotiated with the Indonesian regulator. If a positive final investment decision were made, achieving production would likely take a year more.

Meanwhile exploration in Sumatra is continuing for the company to the north in the Bohorok PSC, where plans are being made to shoot seismic in the first half of 2014.



NEW PLYMOUTH, NEW ZEALAND



Tui

NZOG's revenue from Tui in the quarter was NZ\$5.1m

Tui area oil fields [PMP 38158]. NZOG interest 12.5% in the quarter ended 30 Sept 2013

Total oil production at Tui for the three months to the end of 30 September 2013 was approximately:

- 347,800 barrels of oil, at an average rate of 3,780 barrels per day. NZOG's share was 43,470 barrels

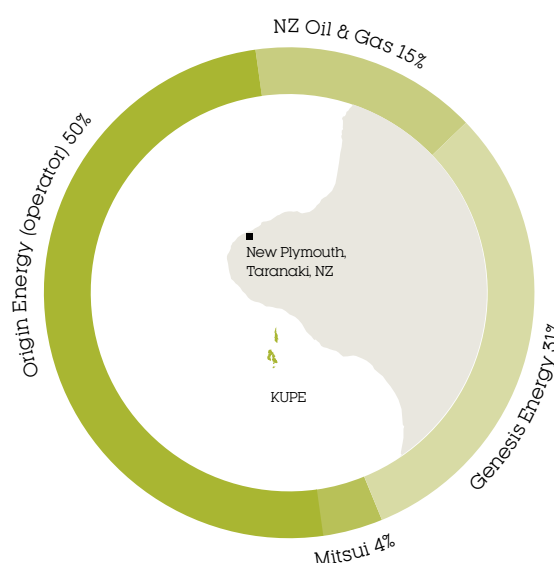
There was a tanker shipment of 299,771 barrels in the September quarter [NZOG share 37,471 barrels]. As at 30 September there were approximately 114,840 barrels of oil in stock [NZOG share 14,355 barrels].

In September the Tui field operations celebrated a year free of Lost Time Injuries. This is an important HSE outcome that reflects a strong on-going commitment by the staff, Operator and Joint Venture.

A four day unplanned shutdown occurred in July, and another of two days in September. Both were the result of pin hole leaks from a production header, which were repaired temporarily. No oil escaped the production facility. The production header had been identified as requiring replacement, and is monitored. It remains scheduled for replacement in the upcoming November shutdown.

A three day planned shutdown was taken in September to hook up and commission the crude oil burning project. This will allow the Umuroa to run on lower cost crude oil, rather than more expensive diesel, when fuel gas is not available.

*Interests shown are effective at publication date, after the quarter end.



Kupe

NZOG's revenue from Kupe in the quarter was NZ\$23.4m

Kupe oil and gas field [PML 38146]. NZOG interest 15%

In the three months to the end of 30 September 2013, Kupe produced approximately:

- 6.6 PJ of gas [NZOG's allocation 1.0 PJ]
- 28,250 tonnes of LPG [NZOG's share 4,230 tonnes]
- 512,100 barrels of light oil [NZOG's share 76,800 barrels]

Production during July was a record for the facilities since commissioning in December 2009. Production remained stable over the period.

NZOG Production

Product	July - September 2013
Kupe	
Gas	1.0 petajoules
LPG	4,230 tonnes
Light oil	76,800 barrels
Tui	
Tui oil	43,470 barrels

OFFSHORE TARANAKI BASIN

Matuku [PEP 51906]

NZOG 12.5%, OMV 65% [Operator],
Octanex 22.5%

All preparations are in place for drilling Matuku-1 as the second well in the offshore Taranaki drilling campaign being undertaken with the Kan Tan IV, which mobilised to New Zealand in August. The well will be drilled when the rig has finished its prior commitment. At time of publication this was expected within a month.

This well will complete all of the committed exploration work for the first term of the permit. The joint venture will drill a second well on a separate part of the Matuku structure if the first well meets specified success criteria. Under the terms of NZOG's farm out agreement with Octanex, subject to a put and call option NZOG would bear 35% of the cost of the second Matuku well and thereby earn a further 5% interest in the permit from Octanex.

Kaheru [PEP 52181]

NZOG 35% [Operator], TAG Oil 40%,
Beach Energy 25%

Ministerial consent for the farm out of a 25% interest to Beach was granted on 24 September 2013. Kaheru well planning continues with work being undertaken to obtain government consents for drilling expected to commence in the summer of 2014/2015. Discussions are being held with rig contractors, and long lead item requirements are being finalised.

Tui [PMP 38158]

NZOG 12.5%, AWE 42.5% [Operator],
Mitsui 35%*, Pan Pacific Petroleum 10%

Oi-1** and Pateke-4H wells are scheduled to be drilled with the Kan Tan IV immediately following Matuku-1, and all key arrangements are in place.

* As announced after the September quarter end Mitsui divested its entire share of the project to the remaining Joint Venture partners. The partners' interests are now: NZOG 27.5%, AWE 57.5%, Pan Pacific Petroleum 15%.

**Pan Pacific Petroleum will increase its participation in the Oi well to 50% under the sole risk provisions of the Tui Joint Venture Operating Agreement. AWE and NZOG will participate in the Oi exploration well at reduced equities of 31.25% and 18.75% respectively, with the option to restore their full equities in any development subject to their reimbursement of pro-rata costs and payment of a buy back premium.

Kanuka [PEP 51558]

NZOG 50%, Todd Energy 50% [Operator]

The joint venture has continued to evaluate the Mensa prospect which has estimated mean prospective resources of between 44 and 74 million barrels of oil at each of four Pliocene stratigraphic levels in addition to a slightly shallower gas prospect.

Kakapo [PEP 51311]

NZOG 100% [Operator]

PEP 51311 was surrendered on 25 July. With a full pipeline of work, and no farm in partner for Kakapo, the 100% exposure to Kakapo drilling costs fell outside the risk profile of NZOG's portfolio.

Taranga [PEP 52593]

NZOG 50% [Operator], Octanex 50%

The Karoro 3D seismic survey acquired in April-May 2013 [covering 298km²] has been processed and its interpretation initiated, it confirms a robust structural closure, the Karoro prospect, up to about 21 km² in area. Geological studies have been directed at establishing the presence of late Cretaceous reservoir-quality sands in this prospect.

Takapou [PEP 53473]

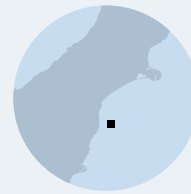
NZOG 50% [Operator], Octanex 50%

The Kokako 3D seismic survey acquired in March-April 2013 [covering 595km²] has been processed and its interpretation initiated, to refine the mapping and evaluation of prospects identified from existing 2D seismic data. The Kokako prospect is immediately adjacent to the Tui mining permit and closely analogous to the Oi prospect there, hence the results of the Oi-1 well will have significant bearing on the evaluation of Kokako. The permit also contains a non-dependent prospect, Toutouwai, in the western part of the 3D survey coverage.

Waru [PEP 54857]

NZOG 100% [Operator]

Existing seismic data has been interpreted and plans are in progress for reprocessing of selected lines. Tenders for the acquisition of new data to delineate prospects are being evaluated.



CANTERBURY



NEW PLYMOUTH

ONSHORE TARANAKI

Manaia [PEP 54867]

NZOG 40%, New Zealand Energy Corp.
60% [Operator]

Plans are advanced for reprocessing existing seismic lines and acquiring further 2D seismic coverage to delineate prospects.

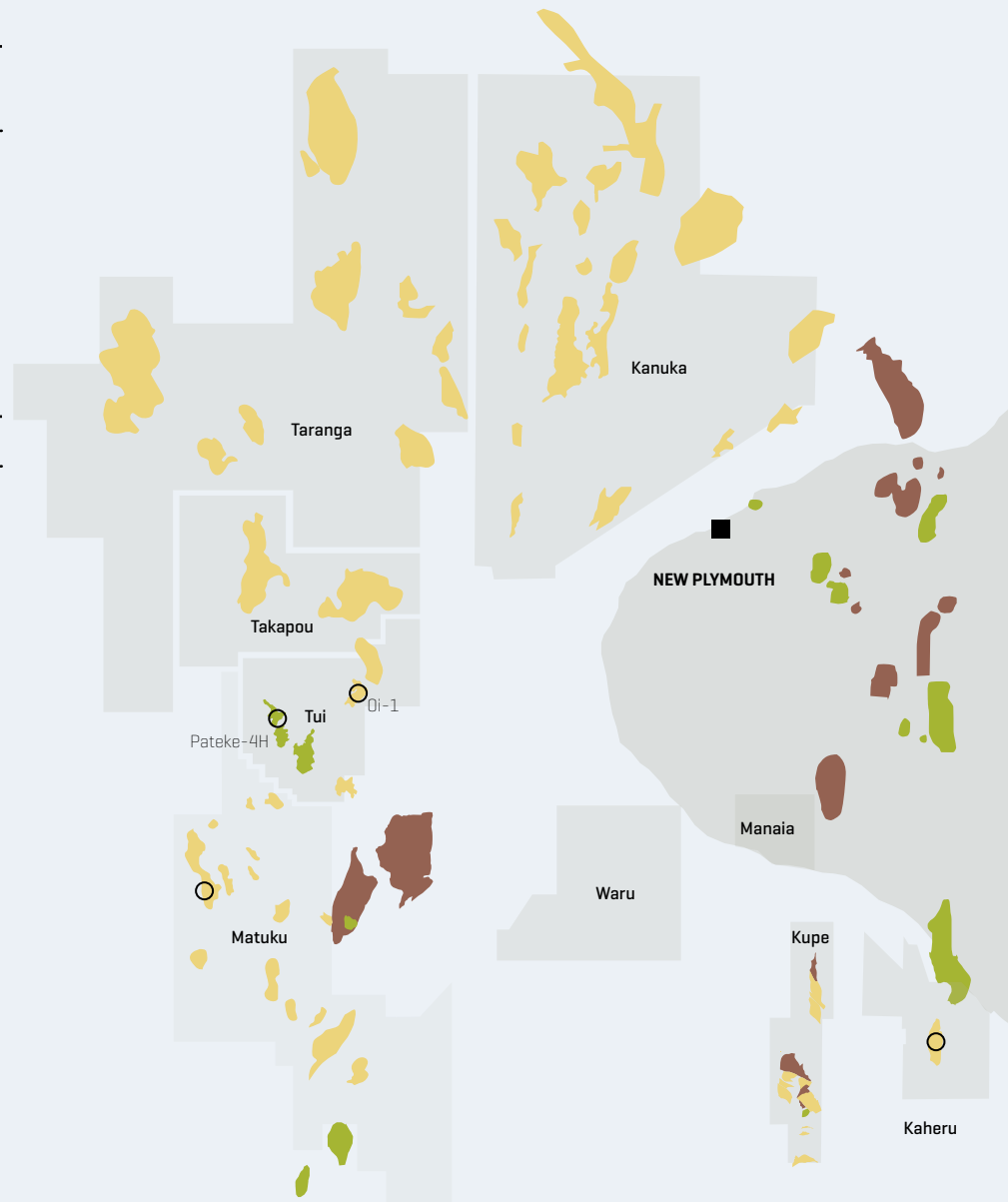
OFFSHORE CANTERBURY BASIN

Clipper [PEP 52717]

NZOG 50% [Operator]*, Beach Energy 50%

* Subject to Ministerial consent- granted
3 October 2013

Reprocessing of existing 2D seismic data has been completed. Acquisition of a 3D survey is being planned for early 2014. Tenders for this survey have been solicited and stakeholder consultation has been initiated.



- Gas
- Oil
- Prospects & Leads
- NZOG Permits
- Wells



INDONESIA



TUNISIA

INDONESIA

Kisaran Production Sharing Contract

NZOG 22.5%, Pacific Oil & Gas 55% [Operator], Bukit Energy 22.5%

Drilling operations transferred from Parit Minyak-2 to Parit Minyak-3 in early July, with subsequent fracture stimulation of the former well undertaken in early August. Parit Minyak-3 spudded on 3 August and drilled to a total depth of 2,670m at the end of September, following which testing has been undertaken.

Bohorok Production Sharing Contract

NZOG 45%, Bukit Energy 45% [Operator], Surya Buana Lestarijaya Bohorok 10%

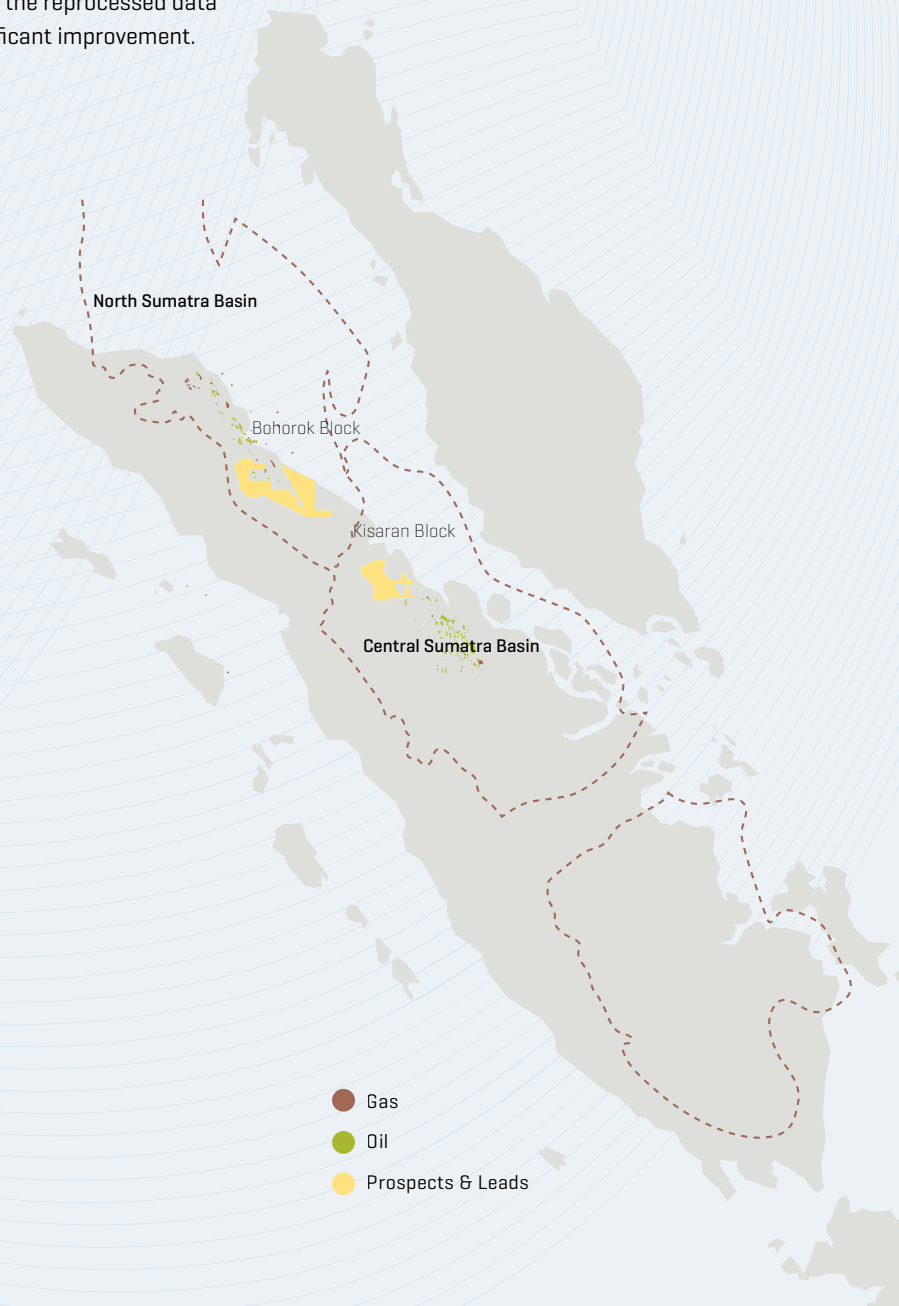
Planning is advanced for acquisition of about 15 2D seismic lines, and soil geochemical sampling in conjunction early in 2014, with tenders under evaluation.

TUNISIA

Diodore Prospecting Permit

NZOG 100% [Operator]

Pre-existing 3D and 2D seismic data has been reprocessed for re-interpretation integrating geological study results to delineate undrilled prospects along the oil production fairway within the Gulf of Gabes. The quality of the reprocessed data is a significant improvement.



2670m

total depth drilled at
PM-3, Kisaran

A BIGGER SHARE OF TUI

New Zealand Oil & Gas has more than doubled our share of the producing Tui oil fields, from 12.5 per cent to 27.5 per cent, by acquiring a 15 per cent share from Mitsui E&P Australia Pty Limited.

The deal increases returns by converting some of the company's cash to reserves at a price that is expected to be recovered in under a year. It comes with the potential for still more upside by increasing our exposure to two wells about to be drilled.

Tui has been fruitful since production began on 30 July 2007. Last year New Zealand Oil & Gas earned revenue of \$30.4 million for its then 12.5 per cent interest in Tui.

The purchase also strengthens the portfolio: It increases exposure to potential new discoveries at Pateke-4H and Oi. New Zealand Oil & Gas is participating in both wells because the economics stack up positively (meaning the assessed probability of success, multiplied by the potential size of success, comfortably exceeds the cost).

Pateke

Pateke-4H will test a northern extension of the Pateke field that is not being fully exploited by the current producing well,

Pateke-3H. As a development well it comes with a higher probability of success than Oi, and a smaller potential upside.

Pateke-4H is scheduled to be drilled immediately following Oi, in early 2014.

Oi

Oi-1 will be drilled by the Kan Tan IV semi submersible rig as soon as it finishes drilling Matuku-1, where New Zealand Oil & Gas also has an interest. The well, in 120 metres of water, will test an independent structural closure 12 kilometres to the northeast of the Tui, Amokura and Pateke fields.

As an exploration well, Oi-1 comes with a lower probability of success and higher upside than Pateke-4H. The prospective resource is estimated at 11 million barrels of recoverable oil (gross, unrisks P50 estimate). New Zealand Oil & Gas has increased its exposure to Oi from 12.5 per cent to 18.75 per cent, still within the company's risk appetite, with the potential to increase its share to 27.5 per cent in the event of a success.

If a commercial discovery is made existing excess FPSO production capacity at Tui will enable the Oi Field to be tied-in relatively quickly and with low incremental operating costs.

FINANCIAL UPDATE

Operating revenue for the quarter was NZ\$28.5 million. This included revenue from the sale of Tui oil of NZ\$5.1 million and revenue from the sale of Kupe sales gas, LPG and light oil of NZ\$23.4 million.

As at 30 September 2013, New Zealand Oil & Gas's cash balance was NZ\$166.7 million, with cash holdings held in both NZ and US dollar accounts. New Zealand Oil & Gas had no outstanding debt at end of the period.

More financial information is contained in the 30 September 2013 Quarterly Cash Flows Report, which has been released to the NZX and ASX.

DIVIDEND 2013

New Zealand Oil & Gas declared a fully imputed final dividend for the year of 3 cents per share, which was paid 27 September 2013 to shareholders on record as at 13 September 2013.

Shareholders resident in New Zealand or Australia are able to choose to invest all or part of their future dividends in taking up additional New Zealand Oil & Gas shares instead of receiving cash. The plan is a convenient way to reinvest dividends in shares without incurring brokerage charges.

Shareholders can join or leave the plan by contacting the share registry Computershare at 0800 467 335 [NZ] or 1800 501 366 [Australia].

SUPPORTING SCIENCE EDUCATION

"You don't need to teach a child curiosity. Curiosity is innate. You just have to be careful not to squash it. This is the challenge for the teacher — to foster and guide that curiosity."

– Sir Paul Callaghan

New Zealand Oil & Gas is a science-based business. We depend on sophisticated geoscience to discover and analyse underground resources. Engineering sciences are used to extract and process them.

So we are supporting science teaching in New Zealand schools by sponsoring teachers to attend the Sir Paul Callaghan Science Academy, and supporting the national Science Roadshow.

We want New Zealanders to understand how our communities benefit from science. As awareness and understanding of science grows, community trust and support for our activities grows as well.

A teacher we supported to attend the Science Academy is working to incorporate more science teaching across her school. "I found the Academy to be inspirational and enjoyed the chance to work with other teachers who are passionate about science," she reported.

Another teacher told organisers, "The academy was life-changing. I go back to my job seeing it through new eyes, seeing it as a career. I now feel like I have a new focus, enthusiasm and valuable skills I can share with colleagues."

Soon we will introduce a campaign aimed at directly inspiring young New Zealanders with the opportunities that a career in science can provide. Called "What Lives Down Under?", the campaign will challenge students to imagine



creatures that existed tens of millions of years ago and became the material that evolved into oil and gas thousands of metres beneath their feet today.

Sir Paul Callaghan was one of New Zealand's most high profile scientists. He was a passionate advocate for the role of science and technology in making a difference for our economy and community.

He had a vision that the way science was taught in primary schools could foster young students' natural curiosity and excitement. Before he died in 2012 the Sir Paul Callaghan Science Academy, named after him, was established alongside the National Science Technology Roadshow Trust.

The Academy runs intensive, live-in four day professional development programmes. Teachers at the Academy develop their skills in celebrating science and inspiring their students to explore and engage with the world through science.

Find Out More:

<http://www.scienceacademy.co.nz/>
<http://www.roadshow.org/>

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For information about your share holding or to change your address please contact the share registrars as follows:

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