

news release

26 August 2014

Investor briefing, Chairman's Address

Peter Griffiths,
Chairman, New Zealand Oil & Gas
Auckland Investor Briefing
Great Northern Room, Ellerslie Auckland Racing Club, 80 Ascot Ave
12 Noon Tuesday, 26 August 2014.

This Auckland Investor Briefing represents a departure from our practice in the past. Previously we have always held the briefing on the same day as the Annual General Meeting in Auckland.

But this morning we released our Annual Results for the financial year just completed. It seems appropriate to discuss your company's performance and our strategies while the data is fresh.

The strategic decision that underlies everything we do is that our role as a company is to be New Zealand's oil and gas explorers.

What makes us New Zealand? There's our name, the location of our head office, our ownership by 14,000 New Zealanders. But what really being a New Zealand company means is our set of New Zealand values.

We want to be seen as a dependable, capable and sought-after partner, both for commercial partners and for the communities where we work.

The way we achieve that in practice is to work with integrity, being open, transparent and constructive, and seeking relationships that are mutually beneficial.

This strategy gives us a unique position in the marketplace - the company that commercial partners want on their team and the partner that communities welcome and trust.

In the past year our role in the New Zealand exploration sector resulted in Woodside's decision to partner with us for a New Zealand country-entry. That was a vote of confidence by a very large and significant player. It provides us with the opportunity to participate in the exciting frontier stories that are bringing global majors to New Zealand. So it's an example of how our strategy of being partner of choice allows us to build the strongest exploration portfolio we can, while maintaining a focus on the efficient operation of our asset base

Looking ahead, the strategy will need to achieve balance between further exploration and dividends that provide an immediate return to shareholders.

The Board has made a decision to fix the dividend for the half year at 3 cents per share, maintaining the full year dividend at 6 cents per share.

For further information please contact:

John Pagani, External Relations Manager, DDI: +64 4 471 8333, MOB: +64 21 570 872
Andrew Knight, CEO, PH: +64 4 495 2424, TOLL FREE: 0800 000 594 (NZ)

NZOG stock symbols:
NZX shares – NZO
ASX shares – NZO

This return will allow us to maintain a targeted exploration spend in the coming year of around US\$35 million.

We need to invest to grow shareholder value in future. The opportunities that come from partnering with a company like Woodside in deepwater prospects off Taranaki and in the Great South Basin are exciting - but they are also demanding. It takes considerable resource to explore in deepwater frontier plays.

We manage that by balancing the portfolio across geology, geography, markets, regulatory regimes, and maturity.

Our onshore successes in Kisanan are an example, where wells are cheaper to drill, with the other side of the coin being smaller target resources. A final investment decision at Kisanan is still to be made, but if it goes ahead, the production from there would add a new strand of revenue.

We can continue to pursue our strategic options because of the strong operating cash-flow we have achieved in our producing fields this year.

A couple of achievements stand out for special mention.

We have announced today that the cost of purchasing a greater share of Tui has already been recovered. This is remarkable.

Tui is a declining asset, and even with our extra share of it, returns from the field are lower than last year's. Next year we will have production from Pateke to boost Tui production some more.

Revenue from Kupe was also up, with contributions from accelerated gas sales and from the settlement of negotiations around over-riding royalties.

It all added up to strong operating cash flows that will fund further growth, allows us to maintain a dividend this year, and preserves the balance sheet strength for future growth.

This is a sound story that I am proud to commend to you as shareholders.

I would now like to invite Andrew Knight to discuss more of the specifics of this year's result.

For further information please contact:

John Pagani, External Relations Manager, DDI: +64 4 471 8333, MOB: +64 21 570 872
Andrew Knight, CEO, PH: +64 4 495 2424, TOLL FREE: 0800 000 594 (NZ)

NZOG stock symbols:

NZX shares – NZO
ASX shares – NZO