

news release

6 January 2015

Pateke-4H reserves

New Zealand Oil & Gas and Pan Pacific Petroleum have completed a review of the increase in Tui reserves attributable to the Pateke-4H well, and estimate a total increase in 2P recoverable reserves of 2.4 million barrels gross, 660,000 barrels net to New Zealand Oil & Gas as at 1 January 2015. This comprises 1.9 million barrels from the Pateke-4H accumulation and an additional 0.5 million barrels from the other Tui area fields as a result of the extension of economic field life. This estimate excludes any additional oil which will be used as fuel.

The Pateke-4H estimate will be reviewed and updated when the well is on production and actual performance can be compared with the forecast from the current model. The well is scheduled to be tied into the FPSO Umuroa in the first quarter of 2015, with production in the second quarter. The effect of Pateke-4H on the extension of the economic field life of the Tui area fields is dependent on oil price, and includes an assumption of a return to higher oil prices during the field life.

New Zealand Oil & Gas has a 27.5 per cent interest in Tui. The other Tui joint venture partners are:

AWE Limited (via subsidiaries) (Operator) 57.5%

Pan Pacific Petroleum (via subsidiaries) 15.0%

Information on the Reserves and Resources in this release relating to the Pateke-4H well is based on an independent process review conducted by RISC Operations Pty Ltd (RISC), a leading independent oil and gas industry advisory firm, and fairly represents the information and supporting documentation reviewed. The review was carried out in accordance with the SPE Reserves Auditing Standards and the SPE-PRMS guidelines under the supervision of Mr. Geoffrey J Barker, a Partner of RISC. Mr. Barker is a member of the SPE and his qualifications include a Master of Engineering Science (Petroleum Engineering) from Sydney University and more than 30 years of relevant experience. Mr. Barker meets the requirements of qualified petroleum reserve and resource evaluator as defined in Chapter 19 of the ASX Listing Rules and consents to the inclusion of this information in this report.

This statement has been compiled by New Zealand Oil & Gas Vice-President Operations and Engineering Andrew Jefferies BEng (Mech Hons), Msc Pet Eng, MBA, an SPE (Society of Petroleum Engineers) Certified Petroleum Engineer with over 23 years of industry experience. The estimate is the result of probabilistic analysis.

Reserves are the quantities of petroleum anticipated to be commercially recoverable from known accumulations from a given date forward; that are judged to be discovered, recoverable, commercial and remaining. Probable (2P) reserves are those which have a 50% chance or better of being technically and economically producible.