

The Explorer

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at Pateke-4H

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Takeover offer for
Cue concludes





PRODUCTION BEGINS AT PATEKE-4H

Oil is flowing at Pateke-4H, boosting production from the Tui fields. The Pateke-4H extension of the existing Tui area oil fields was successfully drilled last year with the aim of accessing resources that were not being reached by the producing well in the Pateke structure.

Work began in water depths of about 124 metres on 5 March to install equipment including 1,312 metres of flexible flow line and a gas lift umbilical and production manifold. Production began in early April.

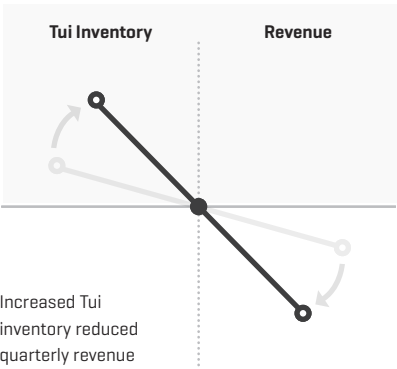
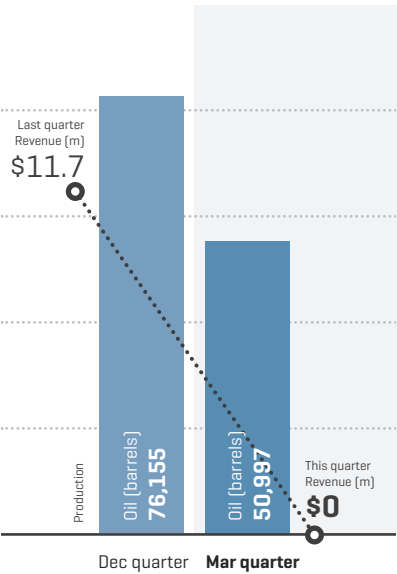
Initial flow rates from the well were at least as good as expected. In the first phase the operator will test the facility to establish a stabilised flow rate for long-term production.

An initial unstabilised flow rate of 34,000 barrels per day was recorded at 67 per cent choke with a 48 per cent water cut, which is in line with field modelling. Looking ahead, oil production is forecast to decline relative to the increasing water cut in the well.

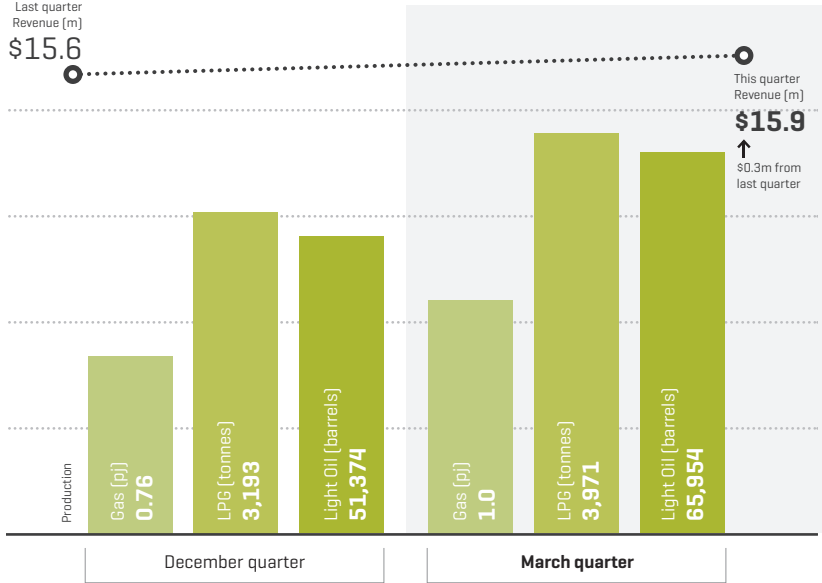
TUI & KUPE PRODUCTION

Tui production	Total Field for quarter	New Zealand Oil & Gas share for quarter	New Zealand Oil & Gas share previous quarter	New Zealand Oil & Gas share for comparable quarter a year ago
Oil [bbls]	185,444	50,997	76,155	93,330
Revenue [NZ\$m]		0	11.7	13.7
Kupe production	Total Field for quarter	New Zealand Oil & Gas share for quarter	New Zealand Oil & Gas share previous quarter	New Zealand Oil & Gas share for comparable quarter a year ago
Gas [PJ]	6.68	1.00	0.76	0.76
LPG [tonnes]	26,473	3,971	3,193	3,013
Light Oil [bbls]	439,693	65,954	51,374	55,667
Revenue [NZ\$m]		15.9	15.6	15.8

TUI



KUPE



Average realised Brent Oil Price

NZ\$83.95

December quarter

NZ\$62.02

March quarter

Down NZ\$21.93



No revenue in the quarter due to timing.

Tui area oil fields (PMP 38158)

27.5% New Zealand Oil & Gas
57.5% AWE (Operator)
15% Pan Pacific Petroleum

There were no tanker shipments during the period.

Tui production was down in the quarter in line with expectations for the depletion of resources in the field and because, in March, production was shut in for 26 days during the tie-back of Pateke-4H, when additional planned maintenance was carried out.

As at quarter end there were about 306,000 barrels of oil in stock (New Zealand Oil & Gas share 84,150 barrels).

New Zealand Oil & Gas revenue from Kupe in the quarter was NZ\$15.9 million.

Kupe oil and gas field (PML 38146)

15% New Zealand Oil & Gas
50% Origin Energy (Operator)
31% Genesis Energy
4% Mitsui

There were two export shipments during the quarter totaling 456,893 barrels (New Zealand Oil & Gas share 68,534 barrels). Inventory and shipments met expectations in the quarter, marginally reducing the inventory surplus from last quarter.

In the first quarter of 2015, following the successful execution of an accelerated gas sales agreement, Kupe averaged 74 terajoules per day of sales gas. This included a period of restricted production due to an in-well intervention programme. The simultaneous activity was executed with no incidents and has shown early positive signs of well performance improvement. Since the conclusion of this work in late January Kupe has averaged 76.6 terajoules per day of sales gas.

TARANAKI

Kupe [PML 38146]

Producing



15%	New Zealand Oil & Gas
50%	Origin Energy [Operator]
31%	Genesis Energy
4%	Mitsui

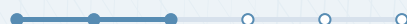
The joint venture is continuing its review of the Kupe field development plan to determine the most efficient means to maintain and optimise recovery, and to assess whether opportunities in the permit have potential to be developed.

The field development plan will include the timing of infill wells and compression to optimise recovery, plus an evaluation of a number of near-field exploration prospects, and facility upgrade programmes to add or extend production.

This work should be completed by the end of the current financial year.

Matuku [PEP 51906]

Further Evaluation



12.5%	New Zealand Oil & Gas
65%	OMV [Operator]
22.5%	Octanex

The 400-square kilometre Kaka 3D seismic survey was acquired in the southeast of the permit in 2014.

The survey is currently being processed, with delivery of final data expected in May 2015.

The joint venture relinquished 50 per cent of the permit area on 20 March 2015.

Vulcan [PEP 55793]

Seismic processing



30%	New Zealand Oil & Gas
70%	Woodside Energy
	[New Zealand] [Operator]

A 3D seismic survey of approximately 1100-square kilometres was acquired by Dolphin Geophysical over the Vulcan permit in the first quarter of 2015. Processing is underway.

Kaheru [PEP 52181]

Drill preparation

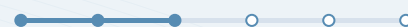


35%	New Zealand Oil & Gas [Operator]
40%	TAG Oil
25%	Beach Energy

The joint venture have decided not to use the Ensco 107 in mid-winter, when the rig is available, and continue in negotiations to utilize another rig during a more favorable weather window. The joint venture has until May 2016 to drill an exploration well.

Waru [PEP 54857]

Decision in second quarter



100%	New Zealand Oil & Gas [Operator]
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Processing of the 548 kilometre 2D seismic survey acquired in April 2014 was completed in late December 2014. This processed data, along with the reprocessing of older seismic data, is currently being interpreted to determine the hydrocarbon potential of the area.

A 6-month extension was granted by New Zealand Petroleum & Minerals to complete this work. A decision to either acquire a 3D seismic survey or to surrender the permit will be made during the second quarter of 2015.

PROGRESS BAR KEY

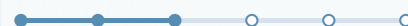
Early exploration



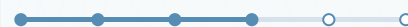
Seismic



Further evaluation



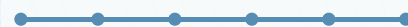
Drilling



Appraisal



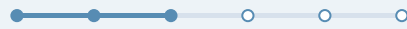
Development



CANTERBURY

Clipper [PEP 52717]

Further Evaluation



50% New Zealand Oil & Gas (Operator)
50% Beach Energy

The Endurance 3D has completed processing and interpretation is now under way. Probabilistic resource evaluations are expected in the fourth quarter of 2015. Geoscientists are continuing to evaluate the prospectivity of the entire permit.

Galleon [PEP 55792]

Further Evaluation

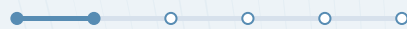


100% New Zealand Oil & Gas

Endurance 3D seismic survey data is now being interpreted. New Zealand Oil & Gas has successfully completed year one work commitments. Geoscientists are working towards completing year two work commitments, which require a decision by the fourth quarter 2015 whether to acquire more seismic data.

Toroa [PEP 55794]

Seismic survey



30% New Zealand Oil & Gas
70% Woodside Energy
(New Zealand 55794) [Operator]

A 3D seismic survey of approximately 1100-square kilometres was successfully acquired by Dolphin Geophysical. Acquisition was completed without incident shortly before publication.

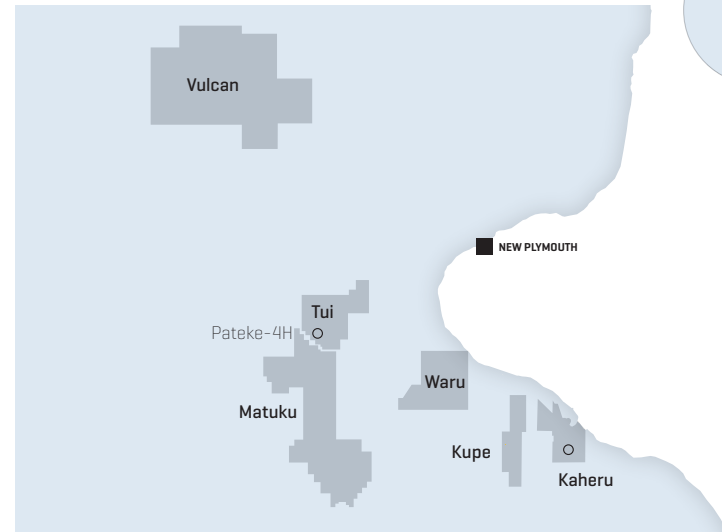
MAP LEGEND

- New Zealand Oil & Gas Permits
- Wells

EXPLORATION PERMIT MAPS

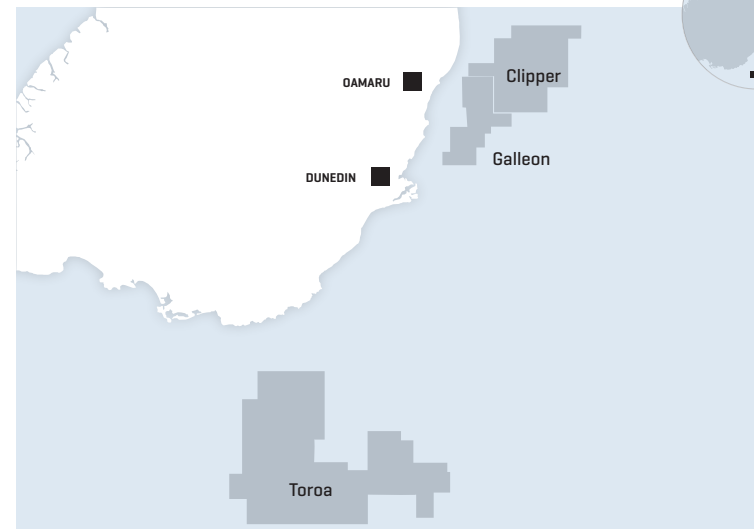
OFFSHORE TARANAKI BASIN

NEW PLYMOUTH



OFFSHORE CANTERBURY - GREAT SOUTH BASIN

CANTERBURY



INDONESIA



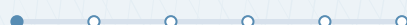
INDONESIA

Kisaran Production Sharing Contract**Plan of Development**

22.5%	New Zealand Oil & Gas
55%	Pacific Oil & Gas (Operator)
22.5%	Bukit Energy

The operator has submitted the plan of development to the government regulator. Approval by the regulator is targeted for mid-2015, with the final investment decision following. The development programme is likely to include the completion of up to three suspended exploration and appraisal wells in addition to up to four new wells being drilled.

The current plan is for new well drilling and workover of existing wells to be performed in the second half of 2015, with initial production expected late 2015/early 2016. Recovery will be highly dependent on well count, drainage area, geology and well completion practices.

MNK Kisaran Production Sharing Contract (Barumun)**Early evaluation**

11.25%	New Zealand Oil & Gas
33.75%	Bukit Energy
55%	Pacific Oil & Gas (Operator)

The joint venture was awarded the MNK Kisaran block by the government regulator. The Production Sharing Contract relates to an unconventional resource in the Kisaran PSC area. New Zealand Oil & Gas believes that the MNK Kisaran part of the Central Sumatra Basin holds some of the best potential for unconventional oil and gas resource in Indonesia.

The signing of the production sharing contract is expected in the second quarter of 2015.

Palmerah Baru Production**Sharing Contract****Seismic survey**

36%	New Zealand Oil & Gas
54%	Bukit Energy Palmerah Baru (Operator)
10%	PT SNP Indonesia

Scoping data interpretation has high-graded eight promising leads. These will be analysed in more detail via new 3D and 2D seismic data which will be acquired in conjunction with a micro-seepage geochemical survey which is designed to provide an enhanced view of prospectivity. Planning is underway for a 220-sample geochemical survey with acquisition expected in the first quarter of 2016.

Acquisition of the 100-square kilometre 3D survey in the north east of the permit, and the 150 kilometre 2D survey in the south and west of the permit, is targeted for 2016. An exploration well is targeted for late 2016 or in 2017.

MNK Palmerah Production Sharing Contract**Early evaluation**

15.84%	New Zealand Oil & Gas
69.36%	Bukit Energy Resources Palmerah Deep Pte Ltd (Operator)
8.8 %	PT SNP Indonesia – Bumi Perdana Energy Limited
3%	Bumi Perdana Energy Limited
3%	Glory Wealth Pacific Limited

The joint venture was awarded the MNK Palmerah block by the government regulator. The Production Sharing Contract relates to an unconventional resource in the Palmerah Baru PSC area. The work programme includes technical studies in year one, 2D seismic in year two and a well in year three.

The signing of the production sharing contract is expected in the second quarter of 2015.

Bohorok Production Sharing Contract**Further Evaluation**

45%	New Zealand Oil & Gas
45%	Bukit Energy (Operator)
10%	Surya Buana Lestarijaya Bohorok

A 205-square kilometre seismic survey over the PSC was completed in 2014 and the joint venture has high-graded a gas condensate prospect to drillable status.

Lion Energy have chosen not to exercise their option to acquire a 15 per cent interest in the conventional Bohorok Production Sharing Contract (PSC).

Well planning is underway with an exploration well planned for the first quarter of 2016. Farmout discussions are underway in parallel with interested parties. The proposed drill location is close to both gas infrastructure and to a robust gas market.

MNK Bohorok Joint Study Agreement

20.25%	New Zealand Oil & Gas
55%	Lion Energy (Operator)
20.25%	Bukit Energy
4.5%	Surya Buana Lestarijaya Bohorok

The government regulator has approved the Joint Study Agreement over Bohorok Deep. Under the terms of the agreement with Lion, the Bohorok partners will reimburse Lion for back costs and contribute 45 per cent of third party costs of conducting the unconventional joint study.

Cue interest boosts producing assets

New Zealand Oil & Gas has taken a 48.11 per cent interest in ASX-listed Cue Energy.

Our previous Quarterly Report advised we had acquired a 19.99 per cent interest from Todd Petroleum Mining. Subsequently a full takeover offer was made and closed at the end of March.

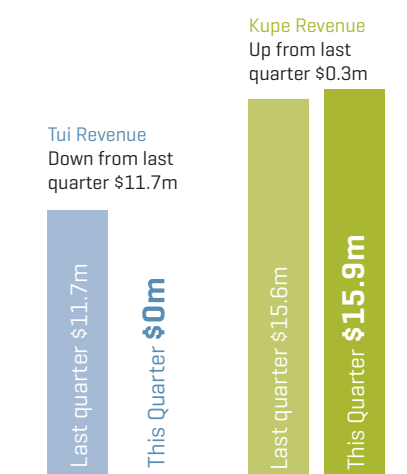
The takeover offer noted Cue has producing assets in Indonesia and New Zealand, including a 5 per cent interest in the producing Maari oil field offshore from Taranaki. [Cue also has exploration interests in New Zealand, Australia and Indonesia].

New Zealand Oil & Gas believes Cue's interests fit its portfolio well and, by acquiring an interest in Cue, it reduces overall portfolio risk in the current oil price environment by increasing the proportion of producing assets to exploration.

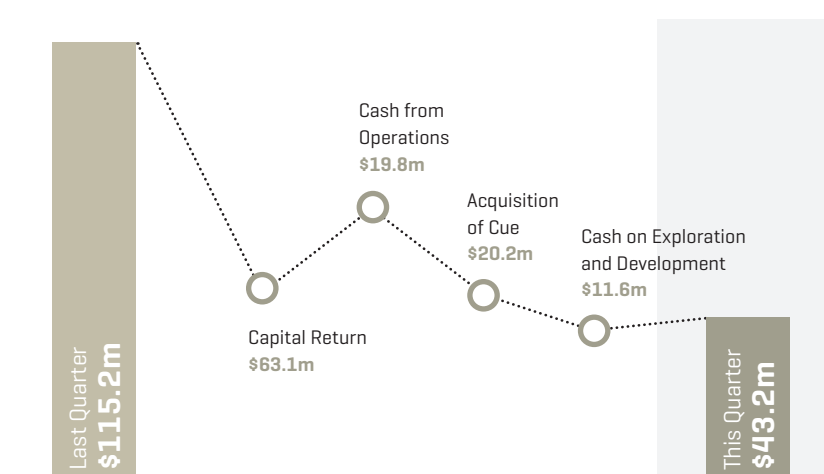
Changes to the Cue Board have been announced subsequently, with three new directors joining the board. New Zealand Oil & Gas is seeking a review of potential synergies between the companies with a view to achieving some of the gains for shareholders outlined in its takeover Bidder's Statement.

New Zealand Oil & Gas operating revenue for the quarter was NZ\$15.9 million

Production Revenue



Cash Balance



This included revenue from the sale of Kupe sales gas, LPG and light oil NZ\$15.9 million.

As at 31 March 2015, the New Zealand Oil & Gas cash balance was NZ\$43.2 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 31 March 2015 Quarterly Cash Flows Report, which has been released to the NZX and ASX.

Financial Update	3 months to 31 March 2015	Previous Quarter	Comparable quarter a year ago
Revenue [NZ\$m]	15.9	27.3	29.5
Cash Balance [NZ\$m]	43.2	115.2	138.4

SPECIAL MEETING

A Special Meeting is planned on 21 May so that shareholders can consider a share buyback.

The proposed resolution authorises the Board to buy up to 64 million of the company's shares.

The approval would last for four years, providing the flexibility to respond when the Board views the share price as low compared to the value of underlying assets.

Shareholder approval is needed because the Board does not want the buyback programme to affect shareholders who do not participate.

You can find out about details in the Notice of Meeting and accompanying Independent Adviser's Report and Appraisal Report which has been sent separately to this activities report.

You can also find information and links online at nzog.today

- If you are not coming to the Special Meeting you can vote by post, online, by fax or email.
- A vote sent that way needs to be received by Computershare Investor Services Ltd no later than 10.30am on Tuesday, 19 May 2015.
- Alternatively, you can appoint a proxy [or representative] to attend and vote in your place.

When: 10.30am
Thursday, 21 May 2015

Where: The offices of
Minter Ellison Rudd Watts,
Level 18, 125 The Terrace,
Wellington

HAWKES BAY INVESTOR BRIEFING: JULY

Coinciding with the release of our next quarterly activities report please join us for our quarterly investor briefing.

When: 12 Noon Wednesday,
29 July 2015

Where: Napier War Memorial
Conference Centre,
48 Marine Parade,
Bluff Hill, Napier

DINOSAUR FOOTPRINTS NOW IN PALMERSTON NORTH

See footprints left by perhaps the largest animal ever to walk on Earth. Proudly sponsored by New Zealand Oil & Gas.

When: 4 April – 21 June 2015

Where: Showcasing at Te Manawa,
Palmerston North

More about the dinosaur footprints tour can be found on the New Zealand Oil & Gas website at www.nzog.com



DINOSAUR FOOTPRINTS
A Story of Discovery

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