

NEW ZEALAND OIL & GAS LIMITED

NZ Reg. Coy. No. 037842
ARBN 003 064 962
www.nzog.com

Results for announcement to the market

Reporting Period	6 months to 31 December 2015
Previous Reporting Period	12 months to 30 June 2015
Comparative Reporting Period	6 months to 31 December 2014

	Amount (NZ\$ 000s)		Increase / (decrease)
	6 months to 31 December 2015	6 months to 31 December 2014	%
Revenue from ordinary activities	65,402	54,092	21%
Deficit from ordinary activities after tax attributable to security holders	(27,588)	(7,710)	(258%)
Net loss attributable to security holders	(27,588)	(7,710)	(258%)
	NZ\$	NZ\$	%
Net Tangible Assets per share	0.62	0.65	(5%)

Comments: The net loss shown in the table above is the portion of the Group's total losses that is attributable to the shareholders of New Zealand Oil & Gas Ltd only.

Accompanying this announcement are the company's unaudited interim consolidated financial statements, for the half year ended 31 December 2015, that have been prepared in accordance with generally accepted accounting practice and give a true and fair view of the matters to which the statements relate.

These financial statements provide the balance of information required in accordance with Listing Rule 10.4.2, Appendix 1.

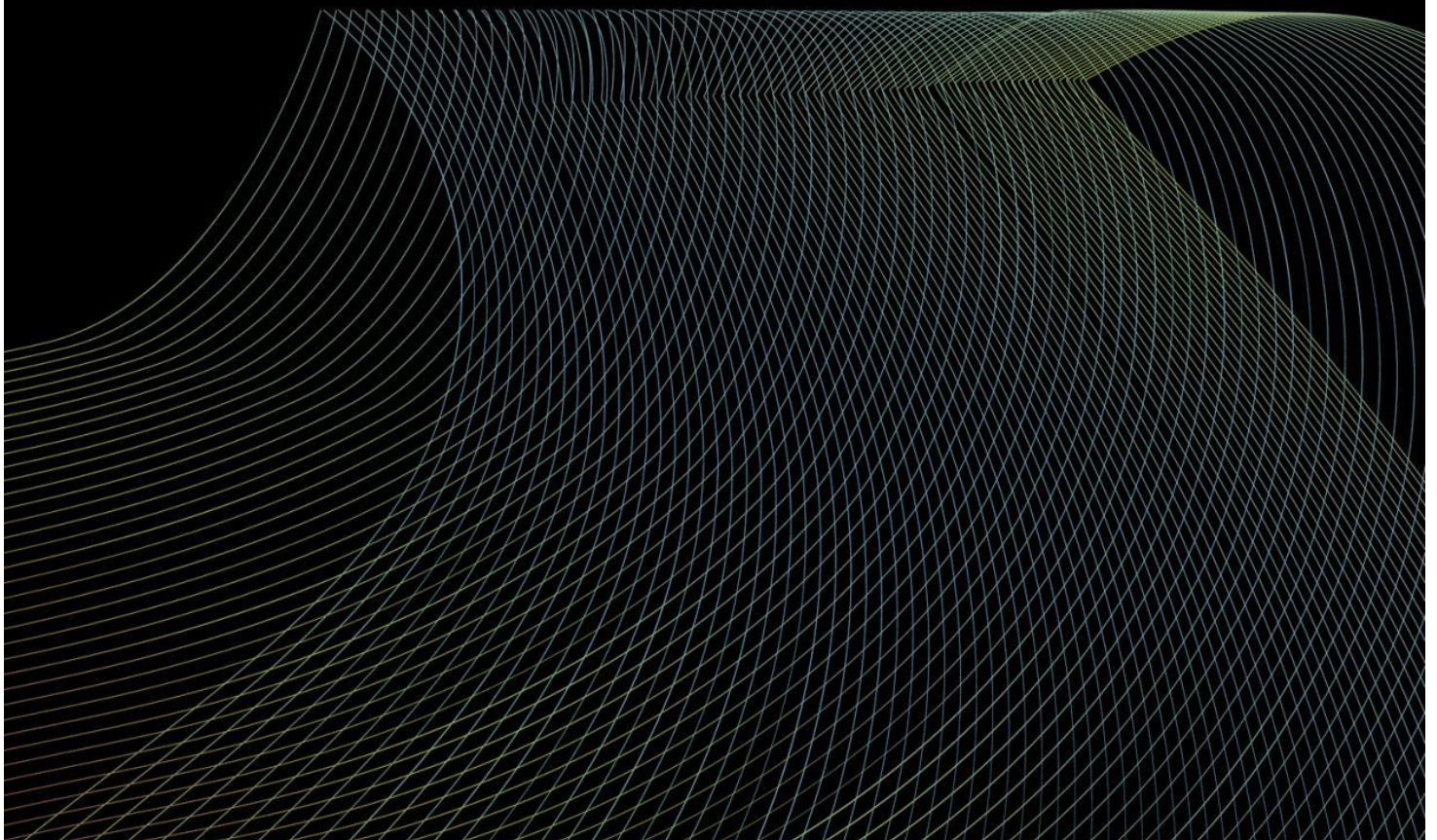
The Directors propose that no interim dividend will be paid this period.



THE EXPLORERS
NEW ZEALAND OIL & GAS

Condensed Interim Financial Statements

For the half year ended 31 December 2015



New Zealand Oil & Gas Limited
Condensed Statement of Comprehensive Income
For the half year ended 31 December 2015

		Unaudited Half Year 31 December 2015 \$000	Unaudited Half Year 31 December 2014* \$000	Audited Full Year 30 June 2015* \$000
	Notes			
Revenue	3	65,402	54,092	116,235
Operating costs	4	(31,490)	(17,503)	(36,884)
Amortisation of production assets		(28,764)	(15,692)	(39,639)
Gross profit		5,148	20,897	39,712
Other income		5,389	1,316	17,862
Exploration and evaluation costs expensed	6	(10,948)	(7,799)	(24,083)
Asset impairment	7	(35,465)	(13,116)	(36,300)
Other expenses		(10,151)	(6,639)	(13,934)
Results from operating activities		(46,027)	(5,341)	(16,743)
Finance costs		(121)	(980)	(2,951)
Finance income		652	3,824	5,846
Net finance income		531	2,844	2,895
Loss before income tax and royalties		(45,496)	(2,497)	(13,848)
Income tax credit/(expense)	8	2,906	(1,929)	5,032
Royalties expense		(2,626)	(3,284)	(6,658)
Net loss for the period		(45,216)	(7,710)	(15,474)
Loss for the year attributable to				
Shareholders of the Group		(27,588)	(7,710)	(14,394)
Non-controlling interest		(17,628)	-	(1,080)
Loss for the year		(45,216)	(7,710)	(15,474)
Other comprehensive income				
Items that will not be reclassified to profit and loss				
Fair value loss through other comprehensive income		-	(5,172)	(3,652)
Items that may be classified to profit and loss				
Foreign currency translation differences		(4,621)	9,694	26,695
Total comprehensive (loss)/income for the period, net of tax		(49,837)	(3,188)	7,569
Total comprehensive income for the year is attributable to				
Shareholders of the Group		(32,209)	(3,188)	8,649
Non-controlling interest		(17,628)	-	(1,080)
Total comprehensive (loss)/income for the year		(49,837)	(3,188)	7,569
Basic earnings per share attributable to shareholders (cents per share)		(7.9)	(1.8)	(3.5)

* Comparative numbers have been restated due to a voluntary change in accounting policy. Refer to note 2.

The above consolidated statement should be read in conjunction with the accompanying notes on pages 7 to 11.

New Zealand Oil & Gas Limited
Condensed Statement of Financial Position
As at 31 December 2015

	Notes	Unaudited Half Year 31 December 2015 \$000	Audited Full Year 30 June 2015* \$000	Audited Full Year 30 June 2014* \$000
Assets				
Current assets				
Cash and cash equivalents		96,487	83,659	135,075
Receivables and prepayments		21,288	29,579	27,102
Inventories		4,501	8,842	6,930
Current tax receivables		-	-	1,752
Total current assets		122,276	122,080	170,859
Non-current assets				
Evaluation and exploration	6	15,145	15,258	11,843
Oil and gas	7	224,080	289,356	223,801
Plant, property and equipment		452	277	1,095
Intangible		1,245	1,449	724
Other financial		326	1,960	9,842
Total non-current assets		241,248	308,300	247,305
Total assets		363,524	430,380	418,164
Liabilities				
Current liabilities				
Payables		24,018	31,415	32,349
Current tax		29	3,625	-
Other current		-	-	304
Total current liabilities		24,047	35,040	32,653
Non-current liabilities				
Borrowings		993	1,001	776
Rehabilitation provision		79,346	78,930	41,173
Other provisions		6,476	6,864	-
Deferred tax	8	20,558	26,706	34,822
Total non-current liabilities		107,373	113,501	76,771
Total liabilities		131,420	148,541	109,424
Net assets		232,104	281,839	308,740
Equity				
Share capital		319,135	319,060	377,662
Reserves		4,324	(1,563)	(24,620)
Retained earnings		(109,200)	(71,131)	(44,302)
Attributable to shareholders of the Group		214,259	246,366	308,740
Non-controlling interest in subsidiaries		17,845	35,473	-
Total equity		232,104	281,839	308,740
Net asset backing per share (cents per share)		67	82	73
Net tangible asset backing per share (cents per share)		62	76	70

* Comparative numbers have been restated due to a voluntary change in accounting policy. Refer to note 2.

The condensed interim financial statements of New Zealand Oil & Gas Limited, presented on pages 2 to 11, are approved for and on behalf of the New Zealand Oil & Gas Limited Board of Directors on 28 February 2016:



Rodger Finlay
Chairman



Mark Tume
Director

The above consolidated statement should be read in conjunction with the accompanying notes on pages 7 to 11.

New Zealand Oil & Gas Limited
Condensed Statement of Changes in Equity
For the half year ended 31 December 2015

	Attributable to equity holders of New Zealand Oil & Gas Limited					
	Issued capital	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 1 July 2014*	377,662	(24,620)	(44,302)	308,740	-	308,740
Comprehensive income						
Loss for the period	-	-	(14,394)	(14,394)	(1,080)	(15,474)
Other comprehensive income, net of tax						
Fair value loss through other comprehensive income	-	(3,652)	-	(3,652)	-	(3,652)
Foreign currency translation differences	-	26,695	-	26,695	-	26,695
Total comprehensive income/(loss)	-	23,043	(14,394)	8,649	(1,080)	7,569
Transactions with owners						
Non-controlling interest on acquisition of subsidiary	-	-	-	-	36,553	36,553
Shares issued	4,560	-	-	4,560	-	4,560
Buy back of issued shares	(63,163)	-	-	(63,163)	-	(63,163)
Partly paid shares issued	1	-	-	1	-	1
Share based payment	-	72	-	72	-	72
Transfer of expired share based payments	-	(58)	58	-	-	-
Dividends paid (3 cents per ordinary share)	-	-	(12,493)	(12,493)	-	(12,493)
Audited balance as at 30 June 2015	319,060	(1,563)	(71,131)	246,366	35,473	281,839
Balance as at 1 July 2015*	319,060	(1,563)	(71,131)	246,366	35,473	281,839
Comprehensive income						
Loss for the period	-	-	(27,588)	(27,588)	(17,628)	(45,216)
Other comprehensive income, net of tax						
Foreign currency translation differences	-	(4,621)	-	(4,621)	-	(4,621)
Total comprehensive income	-	(4,621)	(27,588)	(32,209)	(17,628)	(49,837)
Transactions with owners						
Shares issued	67	-	-	67	-	67
Partly paid shares issued	8	-	-	8	-	8
Share based payment	-	27	-	27	-	27
Transfer of expired share based payments	-	(53)	53	-	-	-
Asset revaluation reserve transferred to retained earnings	-	10,534	(10,534)	-	-	-
Unaudited balance as at 31 December 2015	319,135	4,324	(109,200)	214,259	17,845	232,104

* Comparative numbers have been restated due to a voluntary change in accounting policy. Refer to note 2.

The above consolidated statement should be read in conjunction with the accompanying notes on pages 7 to 11.

New Zealand Oil & Gas Limited
Condensed Statement of Cash Flows
For the half year ended 31 December 2015

	Unaudited Half Year 31 December 2015 \$000	Unaudited Half Year 31 December 2014 \$000	Audited Full Year 30 June 2015 \$000
Cash flows from operating activities			
Receipts from customers	75,133	53,490	120,578
Interest earned	475	2,140	3,346
Production and marketing expenditure	(23,423)	(13,642)	(31,925)
Supplier and employee payments (inclusive of GST)	(10,591)	(8,968)	(19,792)
Interest paid	-	(10)	(10)
Income tax paid	(5,934)	(6,535)	(5,982)
Royalties paid	(3,938)	(3,764)	(6,944)
Net cash inflow from operating activities	31,722	22,711	59,271
Cash flows from investing activities			
Sale of shares in Pan Pacific Petroleum NL	-	-	4,708
Exploration and evaluation assets	(9,413)	(18,359)	(31,870)
Oil and gas assets	(7,667)	(5,343)	(19,256)
Acquisition of subsidiary, net of cash acquired	-	-	(4,229)
Purchase of oil and gas interest	-	-	(2,759)
Property, plant and equipment	-	(448)	(609)
Available for sale investments	-	(14,718)	-
Loan repayment from related entity	-	-	1,446
Other	-	(159)	-
Net cash outflow from investing activities	(17,080)	(39,027)	(86,583)
Cash flows from financing activities			
Issue of shares	78	37	-
Repayment of capital/cancellation of shares	-	-	(63,163)
Sale of forfeited shares	-	274	927
Dividends paid	-	(8,894)	(8,895)
Other	(51)	-	(71)
Net cash inflow/(outflow) from financing activities	27	(8,583)	(71,202)
Net increase/(decrease) in cash and cash equivalents	14,669	(24,899)	(64,500)
Cash and cash equivalents at the beginning of period	83,659	135,075	135,075
Exchange rate effects on cash and cash equivalents	(1,841)	5,001	13,084
Cash and cash equivalents at end of the period	96,487	115,177	83,659

The above consolidated statement should be read in conjunction with the accompanying notes on pages 7 to 11.

1. General information

New Zealand Oil & Gas Limited (the Company) is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX) and Australian Stock Exchange (ASX). The Group is an FMC reporting entity for the purposes of the Financial Reporting Act 2013 and Financial Markets Conduct Act 2013.

The condensed interim financial statements ("financial statements") presented as at and for the half year ended 31 December 2015 are for New Zealand Oil & Gas Limited, its subsidiaries and the interest in associates and jointly controlled operations (together referred to as the "Group").

These financial statements do not include all the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015.

2. Summary of significant accounting policies

The financial statements for the half year ended 31 December 2015 have been prepared in accordance with New Zealand Generally Accepted Accounting Practices (NZ GAAP) and the NZ IAS 34 *Interim Financial Reporting*, as appropriate for profit oriented entities.

Foreign currency translation reserve

Some subsidiaries of the Group have functional currencies that are different to the presentation currency, which on translation give rise to foreign exchange differences that are recognised as a component of equity.

Changes in accounting policies

The Group elected to switch from full cost to successful efforts method of accounting for its investments in oil and gas exploration assets. The successful efforts method is an alternative method of accounting for exploration and evaluation costs in the energy industry. Under the successful efforts method, all general exploration and evaluation costs are expensed as incurred, except the direct costs of acquiring the right to explore, drilling exploratory wells and evaluating the results of drilling. Only the costs of successful exploration wells are capitalised as exploration and evaluation assets pending the determination of the success of the well. If a well does not result in a successful discovery, the previously capitalised costs are immediately expensed.

The Group believes that, with its increased focus on development and production activities and post the Cue Energy Resources Limited ("Cue") acquisition, the successful efforts method of accounting provides transparency of costs in the profit or loss for the period in which exploration activities are undertaken or subsequently the realisation of assets post any discovery. As a result, the Group believes that the change in accounting method was appropriate.

The change in accounting method constituted a "Change in Accounting Principle," which required that prior period financial statements be restated to reflect the results and balances that would have been reported had the Company been following the successful efforts method of accounting from its inception. The cumulative effect of the change in accounting method since 30 June 2014 is set out in the tables below:

	Half Year 31 December 2015	Full Year 30 June 2015	Half Year 31 December 2014	Full Year 30 June 2014
Increase/(decrease) in exploration and evaluation costs expensed	4,482	8,521	(5,662)	-
Increase in income tax expense	1,127	791	2,904	-
Increase/(decrease) in loss for the year	5,609	9,312	(2,758)	-
Decrease in exploration asset	(59,166)	(54,956)	(38,496)	(43,084)
Decrease in deferred tax liability	7,767	8,894	6,781	9,685
Decrease/(increase) in FCTR	2,133	2,405	128	(946)
Decrease in retained earnings	44,007	42,644	31,587	34,345
Decrease in non-controlling interest	5,259	1,013	-	-
cents per share				
Decrease in earnings per share	(0.4)	(1.0)	(0.3)	(4.2)
Decrease in net asset per share	(15)	(13)	(7)	(8)
Increase in net tangible asset per share	2	2	1	2

The above consolidated statement should be read in conjunction with the accompanying notes on pages 7 to 11.

New Zealand Oil & Gas Limited
Notes to the Condensed Interim Financial Statements
For the half year ended 31 December 2015

3 Segment information

Unaudited Half year to 31 December 2015*	Tui oil	Kupe oil & gas	Oil & gas exploration	Other & unallocated	Cue Energy Resources Ltd	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Sales to external customers – NZ	7,197	19,427	-	-	-	26,624
Sales to external customers – other countries	5,743	4,490	-	-	28,545	38,778
Total sales revenue	12,940	23,917	-	-	28,545	65,402
Other income	-	1,217	-	93	4,080	5,389
Total revenue and other income	12,940	25,134	-	93	32,625	70,791
Impairment of oil and gas assets	(8,694)	-	-	-	(26,771)	(35,465)
Segment result	(15,307)	7,993	(1,010)	(4,424)	(33,279)	(46,027)
Other net finance costs	54	(372)	864	(440)	425	531
Loss before income tax and royalties						(45,496)
Income tax and royalties expense						280
Loss for the period						(45,216)
Segment assets	27,443	142,158	15,145	-	54,479	239,225
Unallocated assets						124,299
Total assets						363,524
Included in segment results						
Depreciation and amortisation expense	9,120	10,859	-	237	8,802	29,018

Unaudited Half year to 31 December 2014*	Tui oil	Kupe oil & gas	Oil & Gas Exploration	Other & Unallocated	Cue Energy Resources Ltd	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Sales to external customers - NZ	-	20,963	-	-	-	20,963
Sales to external customers - other countries	22,659	10,470	-	-	-	33,129
Total sales revenue	22,659	31,433	-	-	-	54,092
Other income	-	1,179	-	137	-	1,316
Total revenue and other income	22,659	32,612	-	137	-	55,408
Impairment of oil and gas assets	(13,116)	-	-	-	-	(13,116)
Segment result	(7,193)	15,241	(7,502)	(5,887)	-	(5,341)
Reversal of impairment on other financial assets	-	-	-	1,700	-	1,700
Other net finance costs						1,144
Loss before income tax and royalties						(2,497)
Income tax and royalties expense						(5,213)
Loss for the period						(7,710)
Segment assets	58,016	152,127	13,248	17,722	-	241,113
Unallocated assets						161,493
Total assets						402,606
Included in segment results					-	
Depreciation and amortisation expense	5,362	10,330	-	208		15,900

The above consolidated statement should be read in conjunction with the accompanying notes on pages 7 to 11.

New Zealand Oil & Gas Limited
Notes to the Condensed Interim Financial Statements
For the half year ended 31 December 2015

3. Segment information (continued)

Audited Full year to 30 June 2015*	Tui oil	Kupe oil & gas	Oil & gas exploration	Other & unallocated	Cue Energy Resources Ltd	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Sales to external customers - NZ	-	42,903	-	-	-	42,903
Sales to external customers - other countries	42,655	19,582	-	-	11,095	73,332
Total sales revenue	<u>42,655</u>	<u>62,485</u>	<u>-</u>	<u>-</u>	<u>11,095</u>	<u>116,235</u>
Gain on purchase of subsidiary	-	-	-	15,357	-	15,357
Other income	-	2,183	-	322	-	2,505
Total revenue and other income	<u>42,655</u>	<u>64,668</u>	<u>-</u>	<u>15,679</u>	<u>11,095</u>	<u>134,097</u>
Impairment of oil and gas assets	(36,300)	-	-	-	-	(51,862)
Segment result	(28,860)	29,881	(24,083)	3,956	2,363	<u>(16,743)</u>
Other net finance costs						2,895
Loss before income tax and royalties						<u>(13,848)</u>
Income tax and royalties expense						(1,626)
Loss for the year						<u>(15,474)</u>
Segment assets	<u>46,330</u>	<u>151,330</u>	<u>15,258</u>	<u>-</u>	<u>91,696</u>	<u>304,614</u>
Unallocated assets						125,766
Total assets						<u>430,380</u>
Included in segment results						
Depreciation and amortisation expense	<u>14,207</u>	<u>22,570</u>	<u>-</u>	<u>451</u>	<u>2,867</u>	<u>40,095</u>

4. Operating Costs

	Unaudited Half Year 31 December 2015 \$000	Unaudited Half Year 31 December 2014 \$000	Audited Full Year 30 June 2015 \$000
Production expenditure	26,380	12,721	32,903
Carbon emission expenditure	385	13	465
Insurance expenditure	920	1,081	1,979
Movement in inventory	3,753	3,357	2,322
Movement in stock over/(under) lift	52	329	(785)
Total operating costs	<u>31,490</u>	<u>17,503</u>	<u>36,884</u>

The above consolidated statement should be read in conjunction with the accompanying notes on pages 7 to 11.

5. Oil and gas interests

	Unaudited Half Year 31 December 2015 \$000	Unaudited Half Year 31 December 2014 \$000	Audited Full Year 30 June 2015 \$000
Share of oil and gas interests' assets and liabilities			
Current assets			
Cash and cash equivalents	8,603	9,370	11,536
Trade receivables *	7,551	2,082	7,034
Inventory	1,604	465	4,834
Non-current assets			
Petroleum interests **	542,425	431,005	594,419
Total assets	<u>560,183</u>	<u>442,922</u>	<u>617,823</u>
Current liabilities			
Short-term	20,396	8,760	20,168
Total	<u>20,396</u>	<u>8,760</u>	<u>20,168</u>
Net assets	<u>539,787</u>	<u>434,162</u>	<u>597,655</u>
Share of oil and gas interests' revenue, expenses and results			
Revenues *	28,175	179	548
Expenses	(23,957)	(11,706)	(35,292)
Profit/(loss) before income tax	<u>4,218</u>	<u>(11,527)</u>	<u>(34,744)</u>

* Trade receivables and revenues above do not include petroleum sales in relation to the Tui, Kupe and Maari fields, as the Group's share of production volumes are transferred from the Joint Venture to wholly owned subsidiaries and invoiced directly by the subsidiaries to third parties.

** Prior to amortisation of production assets, borrowings and impairment adjustments in the Group's own account.

6. Exploration and evaluation assets

The Group uses the successful efforts method of accounting for oil and gas exploration costs. All general exploration and evaluation costs are expensed as incurred except the direct costs of acquiring the rights to explore, drilling exploratory wells and evaluating the results of drilling. These direct costs are capitalised as exploration and evaluation assets pending the determination of the success of the well. If a well does not result in a successful discovery, the previously capitalised costs are immediately expensed.

Key judgement: recoverability of exploration and evaluation assets

Assessment of the recoverability of capitalised exploration and evaluation expenditure requires certain estimates and assumptions to be made as to future events and circumstances, particularly in relation to whether economic quantities of reserves have been discovered. Such estimates and assumptions may change as new information becomes available. If it is concluded that the carrying value of an exploration and evaluation asset is unlikely to be recovered by future development or sale, the relevant amount will be expensed in the profit and loss.

Capitalised exploration and evaluation assets, including expenditure to acquire mineral interests in oil and gas properties, related to wells that find proven reserves are classified as development assets within oil and gas assets at the time of sanctioning of the development project.

	Unaudited Half Year 31 December 2015 \$000	Audited Full Year 30 June 2015* \$000
Opening balance	15,258	11,843
Revaluation of USD exploration and evaluation assets	(113)	3,415
Closing balance	15,145	15,258

* Comparative numbers have been restated due to a voluntary change in accounting policy. Refer to note 2.

7. Oil and gas assets

	Unaudited Half Year 31 December 2015 \$000	Audited Full Year 30 June 2015 \$000
Opening balance	289,356	223,801
Oil and Gas asset on acquisition (i)	-	78,014
Expenditure capitalised	3,022	22,628
Impairment	(35,465)	(36,300)
Amortisation	(27,838)	(38,874)
Depreciation	(15)	(35)
Revaluation of foreign currency production assets	(5,675)	37,289
Abandonment provision	695	2,833
Closing balance	224,080	289,356

(i) The Group acquired a controlling interest in Cue on 27 March 2015 and recognised the fair value of the oil and gas assets acquired as at 31 March 2015 (refer to note 13 of Annual Report).

(ii) At 31 December 2015 the Group assessed each asset to determine whether an indicator of impairment existed. Indicators of impairment include changes in future selling prices, future costs and reserves. The recoverable amount of each oil and gas asset was estimated and compared to its carrying amount, which resulted in an impairment loss of \$35.5 million (31 December 2014: \$13.1 million, 30 June 2015: \$36.3 million) being recognised. The Tui oil and gas asset was impaired by \$8.7 million (31 December 2014: \$13.1 million, 30 June 2015: \$36.3 million) and the Maari oil and gas asset was impaired by \$26.8 million (31 December 2014: nil, 30 June 2015: nil). The impairment is included in Asset impairment in the profit and loss.

Estimates of recoverable amounts of oil and gas assets are based on their value in use with a discount rate of 10% applied. The oil price assumptions used are based on forward prices, rising to the consensus mean over 3 years, as taken from Bloomberg (adjusted for the last 60 days of consensus) around the reporting date. Gas and LPG prices are based on contracted terms.

The above consolidated statement should be read in conjunction with the accompanying notes on pages 7 to 11.

8. Taxation – Deferred taxation

Deferred taxation is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and future tax benefits are recognised where realisation of the asset is probable. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable the related tax benefit will be realised. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse.

The utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of the existing temporary timing differences. As at 31 December 2015 Cue Energy Resources Ltd (Cue) have accumulated tax losses in New Zealand of \$14.3 million (30 June 2015: \$21.0 million), together with unclaimed tax deductions for production development expenditure incurred previously. The Group has not recognised a New Zealand deferred tax asset as under current oil price assumptions it is not expected that sufficient future taxable profits will be generated. The future availability of accumulated tax losses in New Zealand remains subject to Cue satisfying the shareholder continuity requirements.

9. Related parties

All transactions and outstanding balances with related parties are in the ordinary course of business on normal trading terms. There have been no material transactions with related parties during the year.

Certain directors have relevant interests in a number of companies that the Group has transactions in the normal course of business. A number of directors are also non-executive directors of other companies. Any transactions undertaken with these entities have been entered into as part of the ordinary business of the Group.

10. Commitments and contingent assets and liabilities

(a) Evaluation and Exploration expenditure commitments

In order to maintain the various permits in which the Group is involved the Group has ongoing operational expenditure as part of its normal operations. The actual costs will be dependent on a number of factors such as joint venture decisions including final scope and timing of operations.

(b) Production commitments

The Company is committed to certain operational commitments in respect of the Tui Joint Venture. These operational commitments relate to costs that are integral parts of the Floating Production Storage and Offtake (FPSO) vessel until 31 December 2017 with optional one year renewal terms. The total committed by the Group to the FPSO charter and operating and maintenance contracts for the period to 31 December 2017 is currently estimated to be US\$ 8.6 million.

11. Subsequent events

There have been no significant subsequent events since balance date.



Independent review report

To the shareholders of New Zealand Oil & Gas Limited

We have completed a review of the condensed interim financial statements (the “financial statements”) of New Zealand Oil & Gas Limited (“the Group”) on pages 2 to 11 which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the Group’s shareholders those matters we are required to state to them in the independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group’s shareholders as a body, for our review work, this report or any of the conclusions we have formed.

Directors’ responsibilities

The Directors of the Group are responsible for the preparation and fair presentation of interim financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibilities

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity*. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting*. As the auditor of the Group, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

Our firm has also provided other services to the Group in relation to taxation, general accounting and advisory services. These matters have not impaired our independence as auditors of the Group. The firm has no other relationship with, or interest in, the Group.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and of its financial performance and its cash flows for the period ended on that date, in accordance with NZ IAS 34 *Interim Financial Reporting*.

29 February 2016
Wellington