

news release

7 April 2016

Prospective resources in Indonesia

New Zealand Oil & Gas are presenting at international farm-out conferences and will disclose prospective resources in its directly-held Indonesia interests.

The company's prospective resources in Indonesia have not previously been disclosed.

The resources are held across five production sharing contracts, three of which cover conventional reservoirs, while two are unconventional layers. The resources in this announcement do not include Indonesian prospective resources of Cue Energy, in which New Zealand Oil & Gas holds a 48.11 per cent interest.

Contingent resources are being introduced as the company markets its balanced portfolio in Indonesia. The company has a controlling interest in Cue Energy, whose Sampang asset in East Java is revenue-producing with further development potential to complement its producing reserves. New Zealand Oil & Gas has contingent resources from near term development options at Kisanan, and prospective resources in conventional and unconventional plays, including drill-ready prospects at Mahato and Bohorok.

With elevated energy demand and good fiscal terms, the outlook for Indonesia is positive. Indonesia is one of South East Asia's most energy-hungry economies. Sumatra is particularly attractive because it has a large, well-connected infrastructure network and an energy-hungry population.

In its Interim Report New Zealand Oil & Gas reported contingent resources in its interest in the Kisanan Production Sharing Contract in Sumatra, Indonesia.

Last year New Zealand Oil & Gas announced prospective resources for its 50 per cent share of its operated Barque prospect off the east coast of New Zealand's South Island.

The full disclosure is attached.

For further information please contact:

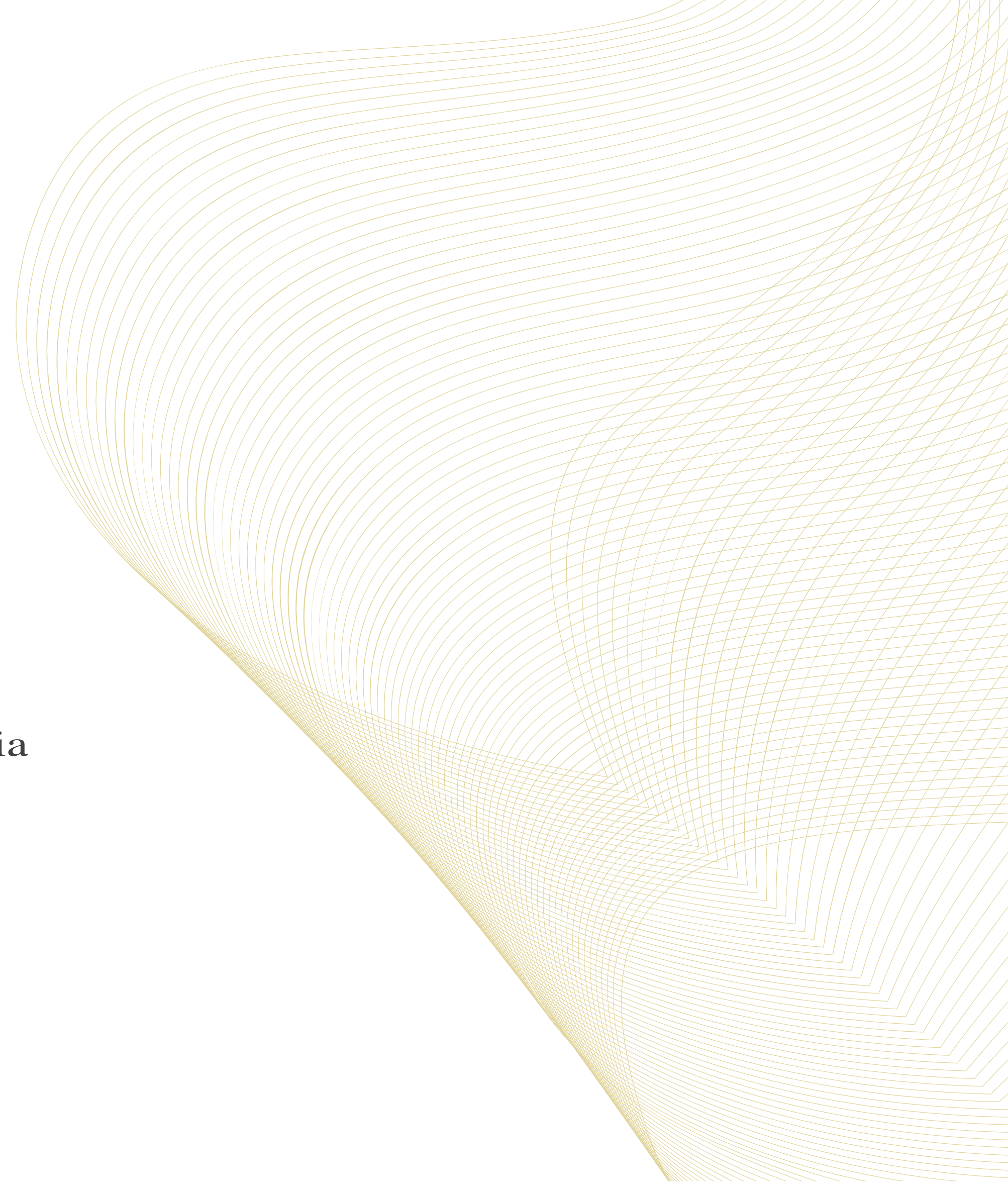
John Pagani, External Relations Manager, DDI: +64 4 471 8333, MOB: +64 21 570 872
Andrew Knight, CEO, PH: +64 4 495 2424, TOLL FREE: 0800 000 594 (NZ)

NZOG stock symbols:

NZX shares – NZO
ASX shares – NZO

Prospective Resources Currently Held in Indonesia

New Zealand Oil & Gas
7 April 2016



Overview

643 million barrels of Net, Unrisked oil equivalent Prospective Resources held across

3x Conventional PSCs (53 mmboe*)

2x Unconventional MNK PSCs (590 mmboe)

(a further Unconventional study permit is held and under evaluation)

Future development area for New Zealand Oil & Gas Ltd.

Increasing Indonesian domestic energy demand

Growing emphasis on natural gas

Held acreage is very proximal to existing markets & infrastructure

Further drilling across the permits is expected to yield additional resources

*mmboe = million barrels of oil equivalent

Summary

| Permit | Accumulation | Maturity Sub-Class | Equity | Gross Hydrocarbon Initially In Place | | Chance of Discovery (%) | Best Estimate of Net Prospective Resources | | |
|-----------------------------|--------------------|--------------------|--------|--------------------------------------|--------------|-------------------------|--|-------------|------------------------------|
| | | | | OGIP (Bcf) | OOIP (mmstb) | | Gas (Bcf) | Oil (mmstb) | Total Oil Equivalent (mmboe) |
| CONVENTIONAL: | | | | | | | | | |
| Kisaran PSC | Belongkut | Prospect | 22.5% | | 54 | 25% | | 1.8 | 1.76 |
| Kisaran PSC | Parepare Deep | Prospect | 22.5% | | 35 | 38% | | 1.1 | 1.15 |
| Kisaran PSC | Kualu | Prospect | 22.5% | | 52 | 25% | | 1.7 | 1.71 |
| Kisaran PSC | Parepare West | Prospect | 22.5% | | 21 | 25% | | 0.7 | 0.70 |
| Kisaran PSC | Prospect T | Prospect | 22.5% | | 6 | 36% | | 0.3 | 0.32 |
| Kisaran PSC | Gariangkopi | Lead | 22.5% | | 88 | 17% | | 2.9 | 2.88 |
| Kisaran PSC | Alurannaga | Lead | 22.5% | | 63 | 17% | | 2.1 | 2.07 |
| Kisaran PSC | Nabara | Lead | 22.5% | | 85 | 17% | | 2.8 | 2.79 |
| Kisaran PSC | Pangkatan | Lead | 22.5% | | 68 | 17% | | 2.3 | 2.25 |
| Bohorok PSC | | | | | | | | | |
| Bohorok PSC | Bukit Kaya | Prospect | 45.0% | 69 | 0 | 38% | 21.4 | 1.7 | 5.21 |
| Bohorok PSC | Bukit Kaya Barat | Prospect | 45.0% | 75 | 0 | 35% | 23.1 | 1.8 | 5.65 |
| Bohorok PSC | Bukit Kaya Utara | Prospect | 45.0% | 42 | 0 | 32% | 12.8 | 1.0 | 3.14 |
| Palmerah Baru PSC | | | | | | | | | |
| Palmerah Baru PSC | Lead A | Lead | 36.0% | 40 | 2 | 28% | 8.5 | 0.2 | 1.62 |
| Palmerah Baru PSC | Lead B | Lead | 36.0% | 214 | 61 | 27% | 57.8 | 5.7 | 15.31 |
| Palmerah Baru PSC | Lead C | Lead | 36.0% | 84 | 3 | 22% | 19.2 | 0.2 | 3.45 |
| Palmerah Baru PSC | Lead D | Lead | 36.0% | 14 | 1 | 21% | 3.8 | 0.1 | 0.70 |
| Palmerah Baru PSC | Lead E | Lead | 36.0% | 21 | 1 | 14% | 5.7 | 0.1 | 1.04 |
| Palmerah Baru PSC | Lead F | Lead | 36.0% | 11 | 0 | 19% | 2.9 | 0.0 | 0.52 |
| Palmerah Baru PSC | Lead G | Lead | 36.0% | | 7 | 30% | | 0.6 | 0.63 |
| Palmerah Baru PSC | Lead H | Lead | 36.0% | | 7 | 30% | | 0.6 | 0.62 |
| UN-CONVENTIONAL: | | | | | | | | | |
| MNK Kisaran PSC | Barumun Deep | Lead | 11.3% | 83,200 | 7,343 | 24% | 1,404 | 58 | 292 |
| MNK Palmerah PSC | East Ketaling Deep | Lead | 15.8% | 66,200 | 3,235 | 14% | 1,573 | 36 | 298 |
| Conventional Total | | | | | | | 155 | 28 | 53 |
| Unconventional Total | | | | | | | 2,977 | 94 | 590 |
| Indonesia Total | | | | | | | 3,132 | 121 | 643 |

Clarification and risking

For the following resources the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

All volumes presented are based on a best estimate, derived from a probabilistic methodology, are net of royalties and have not been adjusted for risk.

The chance of development for all of the following Conventional Prospective Resources is considered to be 100%, subject to the chance of discovery and later economic testing, as required to progress through Contingent Resources to Reserves categories.

The chance of development of the Unconventional Prospective Resources is assessed at 50% with positive influencing factors of increasing domestic energy demand, an improving regulatory regime and associated PSC terms in Indonesia, countered by the current low oil price environment, lack of producing unconventional analogues within Indonesia and (current) insufficient service company supply chain locally.

The further work required to progress these resources to Contingent or Reserves categories are likely to occur within the next 2-5 years for the Conventional PSCs and within 10 years for the Unconventional PSCs; subject to changes in the current & future industry environment.

Summations are performed arithmetically and may not visually add up due to rounding.

Conventional Kisaran PSC – Prospects

5.63 mmboe of Net, Unrisked Prospective Resources

A total of five prospects (Belongkut, Parepare Deep, Kualu, Parepare West and Prospect T) have been identified proximal to the Parit Minyak field, and within the area that is covered by good quality 3D seismic, acquired in 2002.

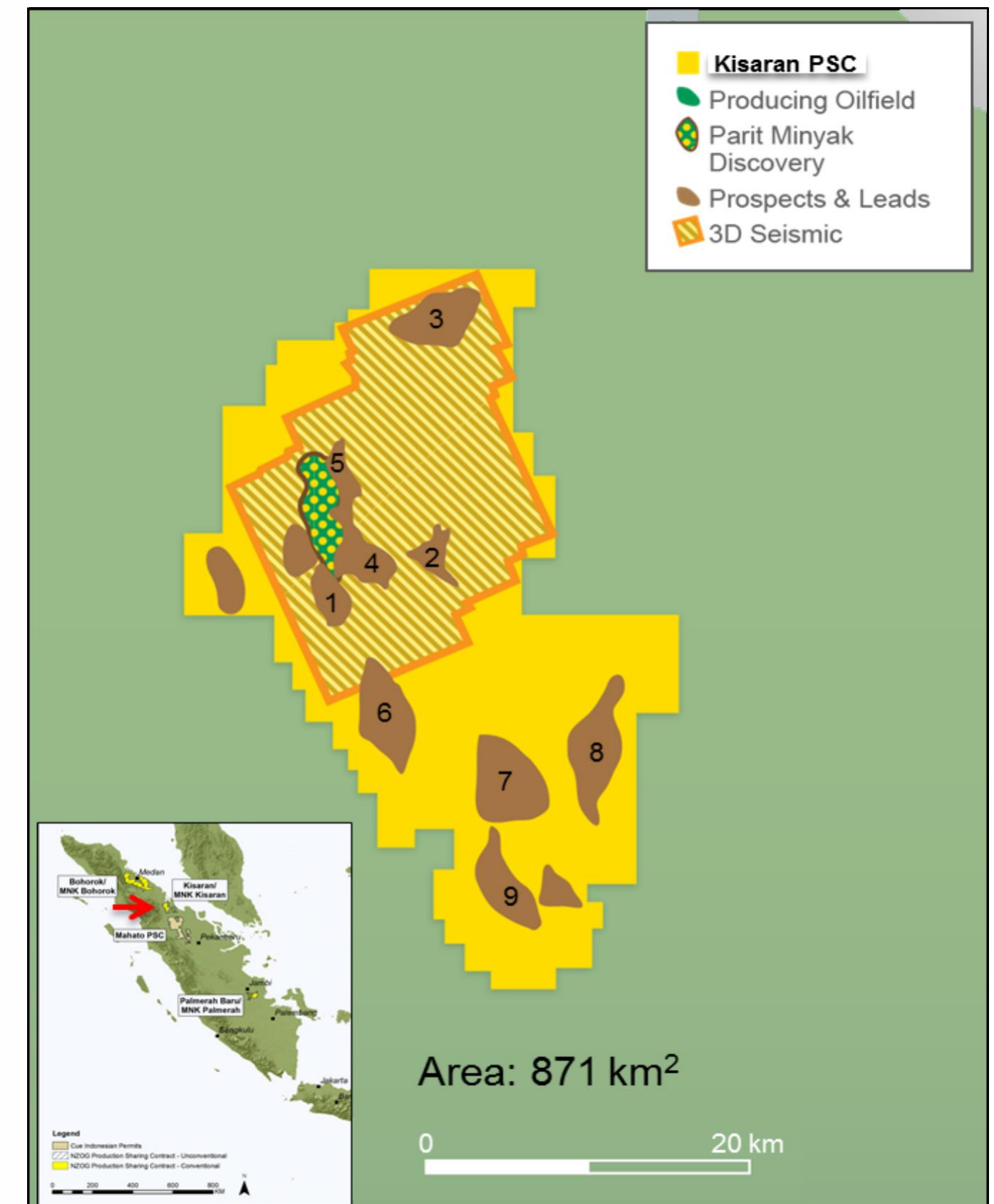
Evaluation method

Volumetric estimates were conducted based on the 3D seismic mapping of the Pematang layers, with analogue reservoir parameters from the existing Parit Minyak wells.

Further work required

Finalising the prospect maturation to determine the best well locations are required for each prospect, while proving-up the commerciality of the Parit Minyak field development to provide processing infrastructure to lower development costs.

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



Conventional Kisaran PSC – Leads

9.99 mmboe of Net, Unrisked Prospective Resources

Four leads (Gariangkopi, Alurannaga, Nabara and Pangkatan) were identified based on interpretation of the 2D seismic lines. These leads are located south and south-east of the Parit Minyak field.

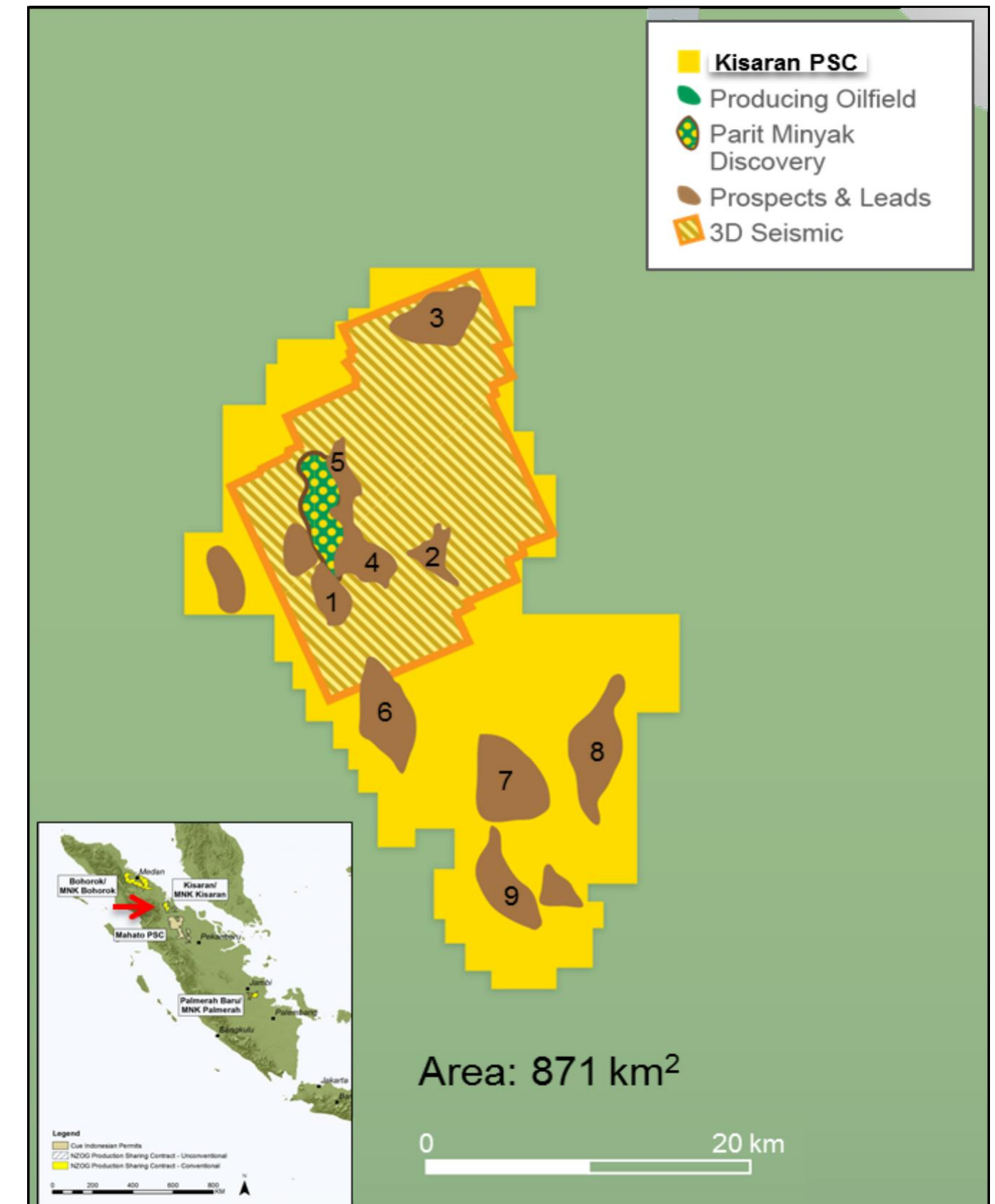
Evaluation method

The volumes were estimated based on the 2D maps of the Pematang layers, with analogue parameters from the Parit Minyak wells.

Further work required

A 3D seismic acquisition is required to better define the trap and further the evaluation of the leads. Conducting the seismic is likely contingent to the success of the Parit Minyak field development and discoveries at the additional existing prospect(s).

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



Conventional Bohorok PSC – Prospects

13.99 mmboe of Net, Unrisked Prospective Resources

The Bohorok PSC is located onshore in the North Sumatra Basin, one of the most prolific basins in Indonesia. Three prospects (Bukit Kaya, Bukit Kaya Barat and Bukit Kaya Utara) were initially identified on existing 2D seismic lines, gravity assessments and field work. These have then been further confirmed by the new, improved quality, 2D lines acquired in 2014. These prospects are located nearby and on trend with the Wampu gas condensate field as the main analogue (8km South East).

Evaluation method

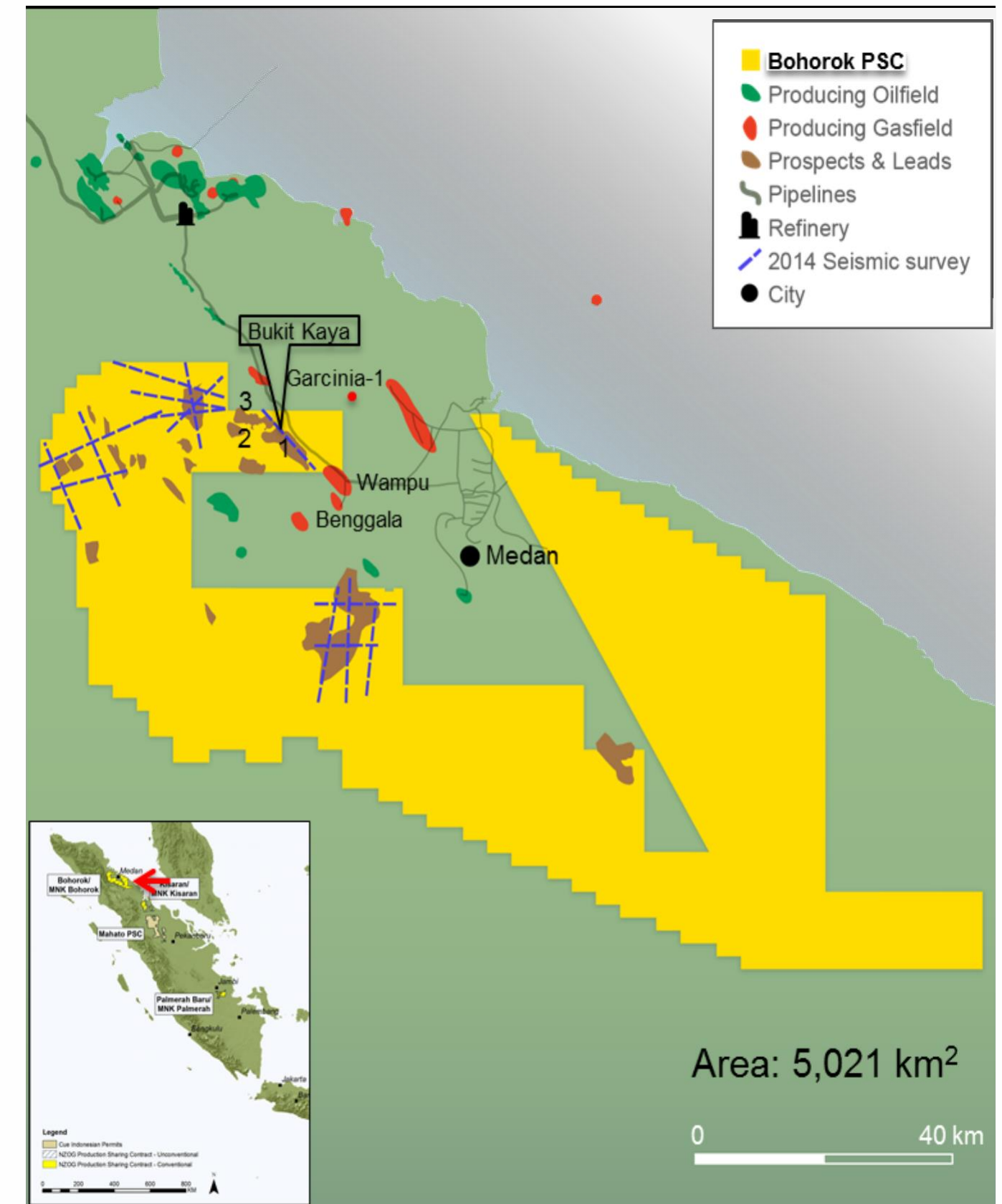
Volumetric estimates were conducted based on the 2D seismic mapping of the objective reservoirs, the Belumai Clastic and Basal Sandstone layers, with analogue reservoir parameters from the nearby existing wells.

Further work required

JV approval of a well targeting the main prospect (the Bukit Kaya-1 location) and to appraise and develop the adjacent prospects.

Several leads also identified. Located to the east and south of Bukit Kaya prospect, and are still under technical evaluation.

New Zealand Oil & Gas 45%, BukitEnergy 45% (Operator), Surya Buana Lestarijaya Bohorok 10%.



Unconventional MNK Kisaran PSC – Lead

292 mmboe of Net, Unrisked Prospective Resources

The MNK Kisaran PSC is located in the Central Sumatra Basin, underlying the existing conventional Kisaran PSC. It includes the entire Barumun deep source kitchen, which has been regionally proven as oil and gas bearing. To date the subsurface data from MNK leads have high quality critical success parameters for developable potential unconventional resources. The leads are in the early stages of exploration and appraisal.

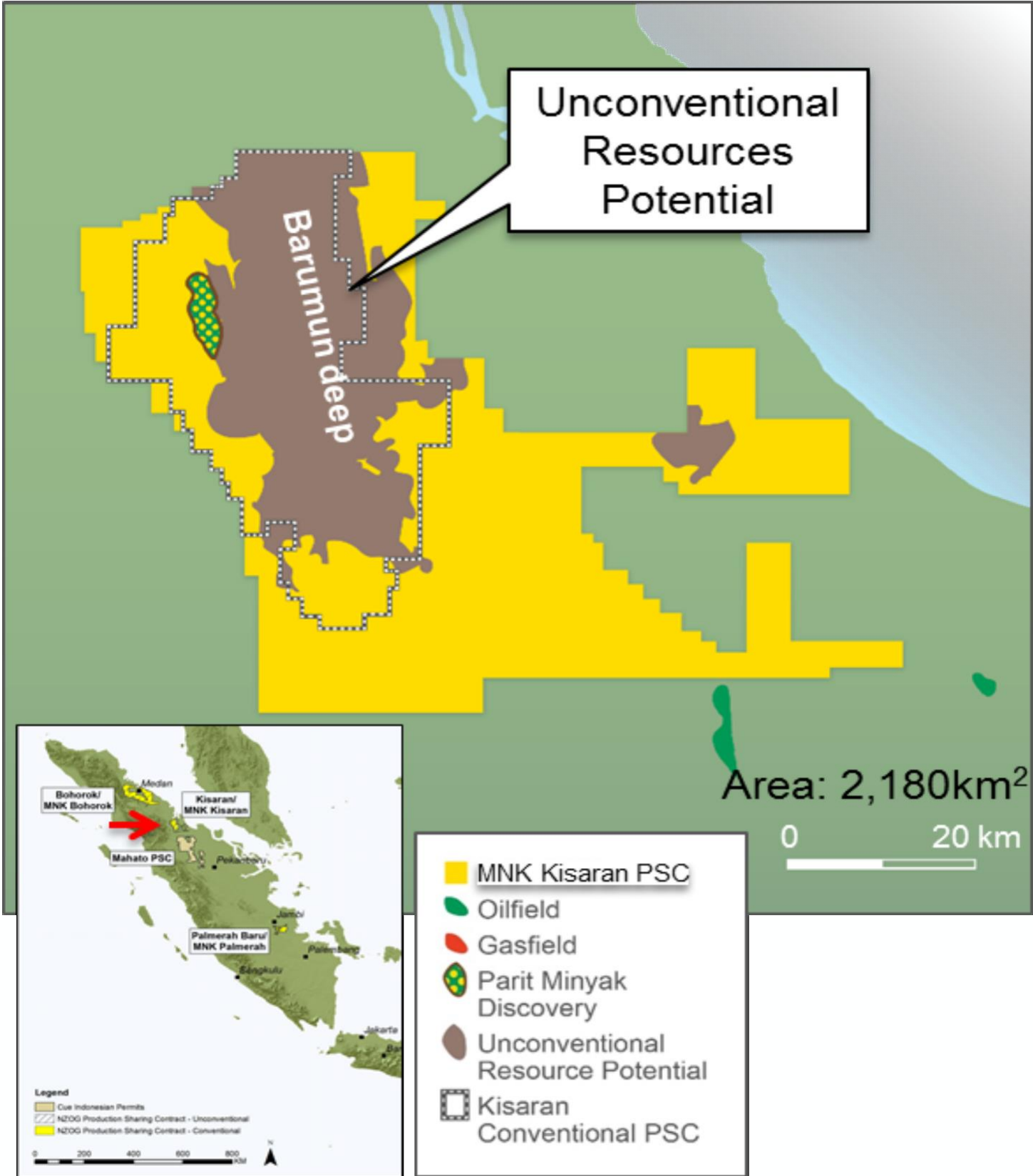
Evaluation method

Mapping, basin modelling, and probabilistic oil-in-place calculations using North American Shale Oil & Shale Gas analogues to estimate the volumes.

Further work required

Further exploration and appraisal wells, subsurface data acquisition including coring and well testing are required as well as a subsequent development plan.

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



Unconventional MNK Palmerah PSC – Lead

298 mmboe of Net, Unrisked Prospective Resources

The MNK Palmerah PSC is located in the South Sumatra Basin, underlying the existing conventional Palmerah Baru PSC. It's proximal to the producing fields on the Jambi Merang and Corridor PSCs. To date; the subsurface data from MNK leads have high quality critical success parameters for developable potential unconventional resources. The leads are in the early stages of exploration and appraisal.

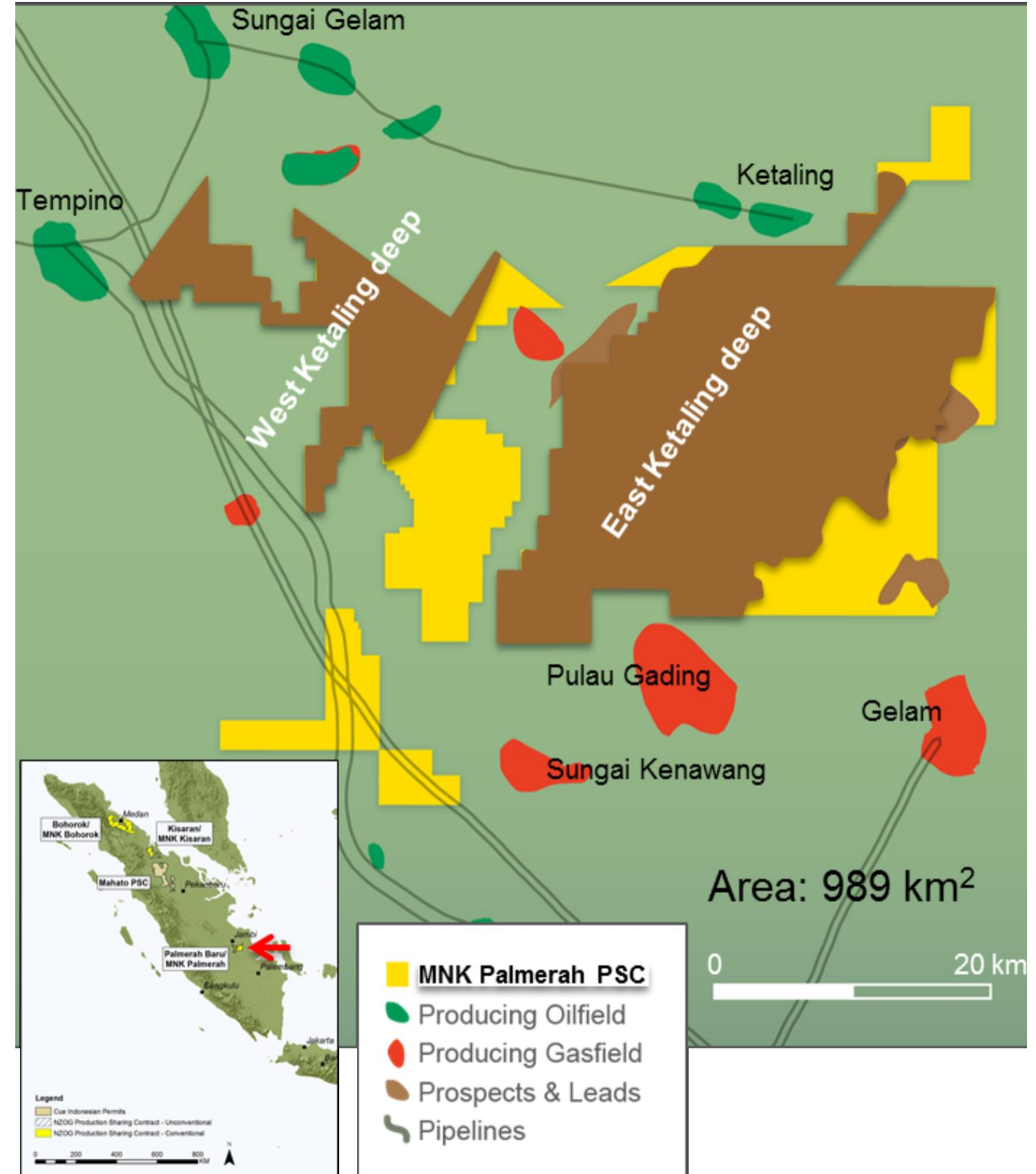
Evaluation method

Mapping, basin modelling, and probabilistic oil-in-place calculations using North American Shale Oil & Shale Gas analogues to estimate the volumes.

Further work required

Further appraisal wells and subsurface data acquisition are required and subsequent appraisal plan with development plan is required.

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



Further Resource Information

Oil and gas prospective resources reported in this statement are as at 1 January 2016 and follow the guidelines set out by Chapter 5 of the ASX listing rules (July 2014) and the PRMS Guidelines (2007).

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources.

A Known Accumulation is an accumulation is an individual body of petroleum-in-place. The key requirement to consider an accumulation as “known,” and hence containing Reserves or Contingent Resources, is that it must have been discovered, that is, penetrated by a well that has established through testing, sampling, or logging the existence of a significant quantity of recoverable hydrocarbons.

The term 2C denotes best estimate scenario of Contingent Resources.

Prospective Resources are those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.

With respect to resource categorisation, the term ‘Best Estimate’ is considered to be the best estimate of the quantity that will actually be recovered from the accumulation by the project. It is the most realistic assessment of recoverable quantities if only a single result were reported. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

A Prospect is defined as a project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target and a Lead as a project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation in order to be classified as a prospect.

For the conversion to equivalent units; standard industry factors have been used of 6Bcf:1mmboe and 1Bcf:1.05PJ.

This resources statement is approved by, based on, and fairly represents information and supporting documentation prepared by New Zealand Oil & Gas Vice President & General Manager Exploration & Production Andrew Jefferies, B Eng (Mech Hons), MSc Pet Eng, MBE, and SPE (Society of Petroleum Engineers) Certified Petroleum Engineer with over 23 years of industry experience.

New Zealand Oil & Gas
7 April 2016