Shareholder Report
2009

Kupe Production Station

Contents

CEO's review

Growing Our Portfolio from a Solid Base

The past year was a busy, challenging and rewarding period for NZOG. Financially, we had a solid performance against a backdrop of unprecedented international turmoil.

NZ$53.2 million

after tax profit was achieved from revenue of NZ$138.7 million - the second best profit result in the company's history.

There were two principal areas of focus for the company in the past year – securing new investments and optimising the value of our existing business.

SOLID BASE

As anticipated, Tui's daily production has slowly declined, with associated lower revenue. However, positive operating cash flow was retained throughout the year and our strong balance sheet protected NZOG from the global financial crisis. Very suddenly in late 2008, debt became a dirty word and cash was king. With no debt and a large cash balance, NZOG was in an enviable position.

There has been careful management of our existing portfolio to ensure that we maximise its value. It is this solid base that provides the platform for growth.

The Tui area oil fields have already been a spectacular success and there is considerable upside potential. There are a number of attractive near-field prospects and at least two of them will be drilled this summer. If the drilling is successful, any new discoveries could potentially be quickly developed through the existing facilities.

In April 2009, NZOG invested an additional NZ$12 million to support the Pike River Coal Ltd rights issue. While there have been some disappointing delays Pike is now producing coal, which is being stockpiled ahead of a first shipment scheduled for the first quarter of 2010.

Considerable effort has gone into completing the commercial and legal arrangements needed to support production from the Kupe project, which is expected to begin production in late 2009. In particular, we were pleased to sign a long term sale agreement with Vector to take our share of the LPG production from Kupe.

We have also entered into a new, more flexible debt facility secured by the Kupe project. The NZ$75 million facility with

Westpac will be drawn down to increase our capacity to fund new investments.

NEW INVESTMENTS

In December 2008, for an outlay of just over NZ$30 million, we took a strategic 14.9% stake in Pan Pacific Petroleum (PPP), one of our Tui joint venture partners. This investment was made because we considered PPP to be undervalued by the market. Subsequently, there has been a substantial increase in the value of our stake.

It has been very pleasing that we have been able to significantly expand our exploration portfolio. NZOG is now involved in eight permits and will participate in the drilling of at least four wells this summer.

New exploration opportunities secured in the past year include:

- 40% stake in the Albacore permit (Taranaki Basin)
- 40% stake in the Barque permit (Canterbury Basin)
- 18.9% stake in the Kahurangi permit (Taranaki Basin)
- 10% stake in the Hoki permit (Taranaki Basin)
- 100% of the new Gamma permit (Taranaki Basin)

A Priority in Time (PIT) application has also been made for acreage immediately to the north of Albacore.

New Zealand remains an attractive investment destination. However, the available opportunities going forward may not provide sufficient depth and breadth for a company of our size to be confident we can meet our growth objectives from New Zealand alone.

During the year NZOG demonstrated that it is prepared to look further afield by making a low cost investment in a consortium that is reviewing opportunities in Romania. Promising areas have been identified and further study work will put the consortium into a good position to consider bidding for acreage in an upcoming permit round.

DIVIDEND

Given the company's strong performance, the NZOG Board was pleased to announce a dividend for 2009 of 5 cents per ordinary share. The dividend will be paid on 2 October.

A Dividend Reinvestment Plan has been offered so that shareholders can choose to reinvest all or part of their dividend in additional NZOG shares.

BRANDING

With this Shareholder Report we have introduced a new company logo. It's strong, modern, and incorporates the concept of three interlocking aspects to our business, representing exploration, development and production. "En-zog" is how we are commonly referred to, so we have used NZOG for our logo and we will gradually move away from using our full legal name of New Zealand Oil & Gas Ltd.

EMISSIONS TRADING SCHEME

NZOG is closely monitoring progress on the New Zealand Emissions Trading Scheme (ETS) to ensure we can comply with the minimum cost impact for the company. The Government intends to amend the legislation and has signaled that a delay to the implementation of the ETS is likely. Accordingly, there is still some uncertainty over both the timing and the extent of the obligations that will be imposed on exploration and production companies.

OUTLOOK

Over the past year we have further strengthened our technical and commercial capabilities. Having quality people allows us to actively and systematically look for sensible value-adding investments across the spectrum from exploration, to development assets, producing fields and corporate acquisitions.

NZOG is pursuing growth from a solid base – optimising our existing assets and pursuing new opportunities.

We have a continuous screening process that is working well. There have been a lot of opportunities thrown up by the global financial crisis – but most do not stack up on close inspection. Several large investments were contemplated during the past year but were found after detailed evaluation to be technically deficient or financially unattractive. NZOG has taken a careful, prudent approach, and will continue to do so.

We are targeting opportunities that are robust and comfortably fit within our financial capability. Our criteria for investment include:

- Proven hydrocarbon systems
- Quality business partners
- Suitably attractive fiscal regime
- Access to markets and infrastructure
- Manageable regulatory and political risk
- Manageable financial exposure
- Near term payback as opposed to long term horizons
- Establishing one or two new core areas (in addition to offshore Taranaki).

Within these criteria we continue to identify a range of potential investments and we are working hard to secure the best of them.

In our existing portfolio, we will soon have three new revenue streams from Kupe – gas, LPG and light oil - to supplement the oil revenue from Tui. In our expanded exploration portfolio, the summer drilling programme offers some exciting possibilities.

We are building on the success of the past two years as we pursue growth opportunities to enhance shareholder value.

David Salisbury CEO
11 September 2009

Highlights

$138.7M

Operating Revenue (NZ$)

$53.2M

Second best net profit result in company's 28 year history (NZ$)

5 Cent Dividend Per Share

Dividend Reinvestment Plan offered

Expanded Exploration Portfolio

8 permits, plus one under application

$122

Average price per barrel of oil (NZ$)

$174.8M

Cash on Hand as at 30 June 2009 (NZ$)

Drilling Programme

At least 4 wells to be drilled in 2009/10

Strengthened Team

19 Wellington-based staff

Tui keeps singing

The Tui area oil fields, 50 kms off the Taranaki coast of New Zealand, have been an ongoing success story for NZOG and our joint venture partners.

In the financial year to the end of June 2009, Tui produced 9.12 million barrels of oil (mmbbls), against a forecast of 9 mmbbls.

NZOG's share of this annual production was 1.14 mmbbls.

The FPSO 'Umuroa'

Tui

NZOG has a 12.5% share in the Tui joint venture. The other partners are AWE (42.5%), Mitsui (35%) and Pan Pacific Petroleum (10%).

Tui is actually three separate oil accumulations: Tui, Amokura and Pateke, which lie at a depth of over 3,500m.

Tui began production in July 2007, with estimated proven and probable (2P) reserves at the time of 27.9 mmbbls.

The most recent assessment puts initial 2P reserves at 50.5 mmbbls.

The sweet light crude from Tui has become highly regarded by refineries throughout the Asia-Pacific region. It is shipped by tanker directly to refineries in Australia, South-east Asia and Hawaii, with one trial shipment going to Marsden Point Refinery near Whangarei.

NZOG's sales revenue for the year from Tui was NZ$138.7m. Prices fluctuated widely during the year between NZ$65 a barrel and NZ$190 a barrel, but overall the average net price achieved was NZ$122 a barrel. That was little changed from the previous year, when our average return was NZ$125 a barrel.

As is in the nature of these types of oil fields, production rates are gradually declining, as more water and less oil is processed. However, Tui is still forecast to produce a significant 5.1mmbbls in the current financial year and is expected to be producing oil out to 2020 and even beyond.

The joint venture partners have reviewed an annual reserves reassessment by the Operator, and have agreed that the initial proven and probable (2P) reserves number should be adjusted up slightly from 50.1 to 50.5 mmbbls. At 30 June 2008, 23.8 mmbbls had been recovered, with 26.7 mmbbls remaining.

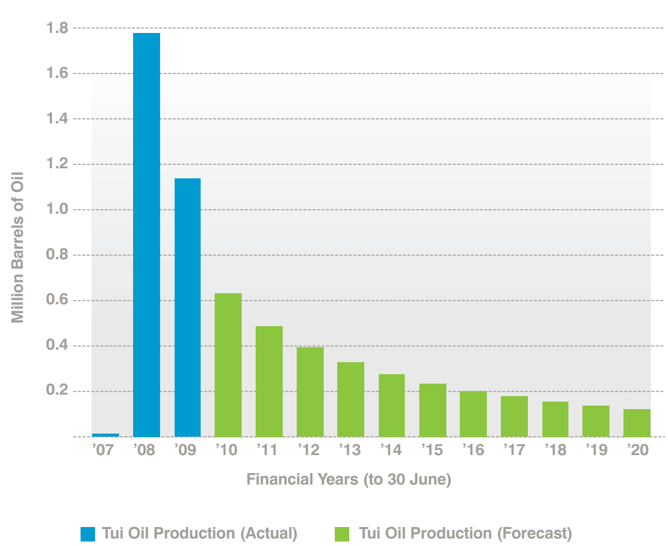
The facilities at Tui – four subsea well completions and a Floating Production, Storage and Offtake (FPSO) vessel, the *Umuroa* – are performing well, with an excellent safety and operating performance.

The weather off the Taranaki coast is not always kind and waves of up to 14 metres high have been recorded at the *Umuroa*. Not surprisingly, these sorts of conditions pose challenges for a processing facility. However, apart from a scheduled 6 day maintenance shutdown in December 2008, Tui has produced oil every day since production began in July 2007. There is a continued ongoing process to optimise the performance of the facilities and to manage weather-related issues.

EXPLORATION UPSIDE

Drilling prospects alongside the existing Tui area oil fields offer considerable upside potential. The semi-submersible rig Kan Tan IV has been contracted for a drilling programme this summer. The joint venture will drill the Tui North East prospect, followed by either Tui South West or Tui South East, depending upon the results of the first well. In addition, other near field prospects remain under review.

NZOG SHARE OF TUI PRODUCTION: ACTUAL AND FORECAST



production

Kupe ready to deliver

The Kupe project is developing a field that lies 30kms off the south Taranaki coast of New Zealand, and will produce sales gas, LPG and light oil/condensate.

Kupe Production Station

Kupe

The Kupe development comprises three production wells, a normally unmanned offshore platform, a 30km pipeline and associated umbilical to shore, an onshore production facility near Hawera, and oil storage facilities at New Plymouth.

The offshore facilities were largely completed in 2008, with the focus turning to the completion of the onshore facilities. There has been some schedule slippage in the final stages of the project, mostly to do with the pre-commissioning checks and certification process that needs to be carried out at the production facility. Consequently, the first raw gas from the Kupe field is now expected to be brought ashore in the last quarter of the 2009 calendar year. That will effectively signal the start of production. After a commissioning period, Kupe will go into permanent production and will provide NZOG with three revenue streams for the next 10-15 years.

During the year NZOG's share of the LPG was contracted to Vector for a minimum of 10 years. NZOG's share of the sales gas is contracted to Genesis in a take or pay arrangement. The light oil/condensate will be exported from Port Taranaki.

NZOG's team has put a great deal of effort into completing the various complex commercial and legal arrangements that are needed to support production from Kupe. Arrangements in place provide a robust framework to capture the value of the Kupe investment.

The Operator is completing a detailed reserves reassessment which is expected to be provided to the joint venture before Kupe goes into production.

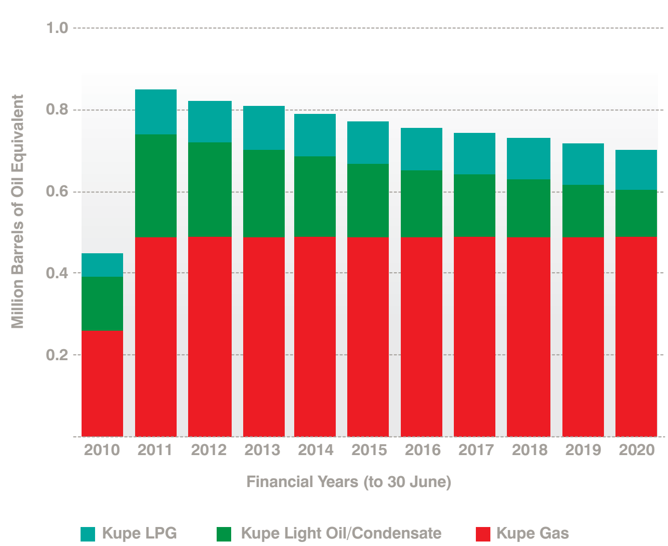
Kupe was discovered by NZOG and its partners way back in 1986 but for a long period it was uneconomic to develop. This was due to the availability of cheap Maui gas, development costs and low oil prices. 23 years later, NZOG and its shareholders are about to be rewarded for their perseverance.

NZOG has a 15% share in the Kupe project. The other partners are Origin Energy (50%), Genesis Energy (31%), and Mitsui (4%).

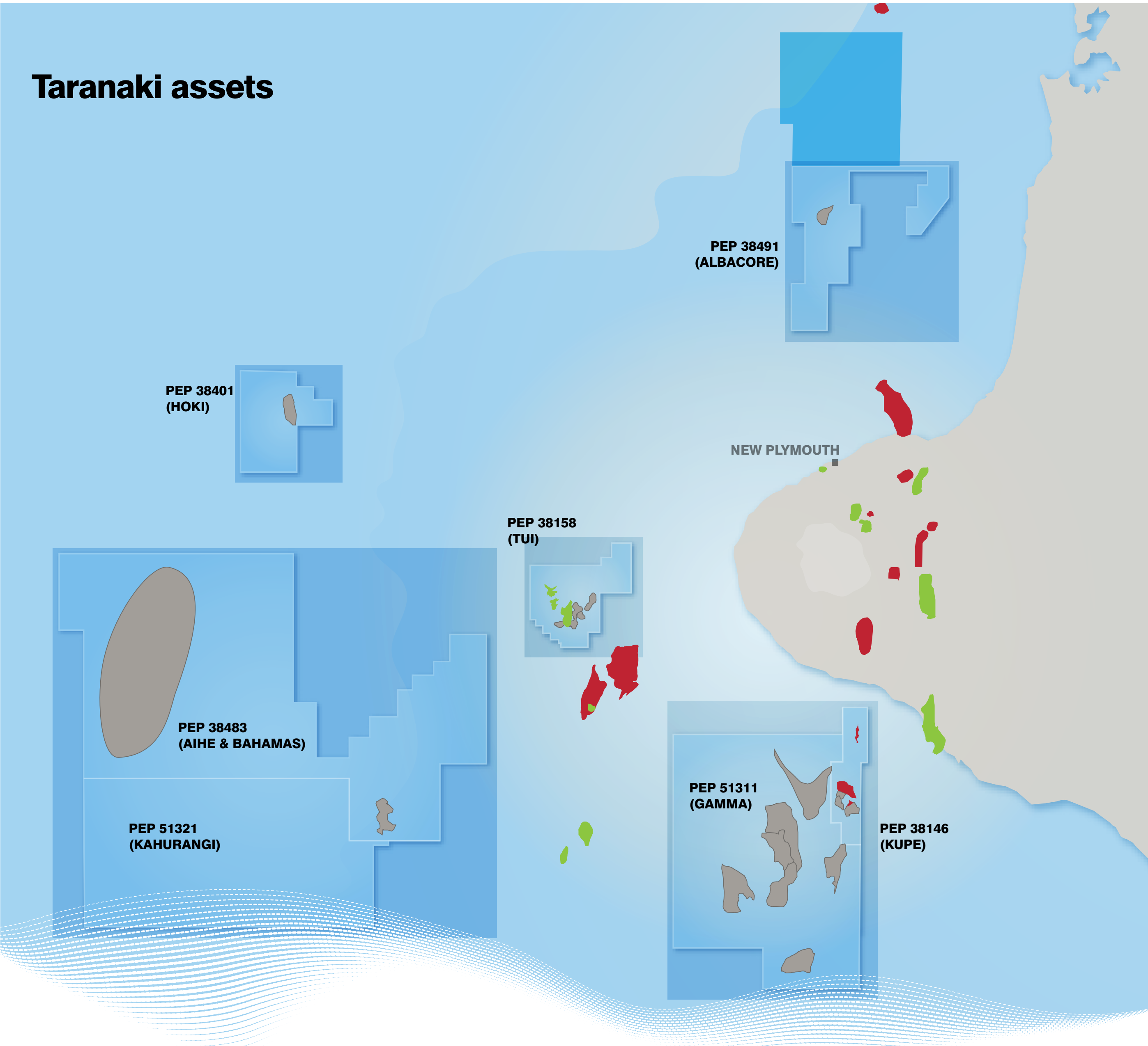
The proven and probable (2P) reserves of the central field area are estimated to be:

- **254 petajoules of sales gas (NZOG's share 38 PJ).**
- **14.7 million barrels of light oil/condensate (NZOG's share 2.2 mmbbls).**
- **1.1 million tonnes of LPG (NZOG's share 159,000 tonnes).**

NZOG SHARE OF FORECAST KUPE PRODUCTION



development



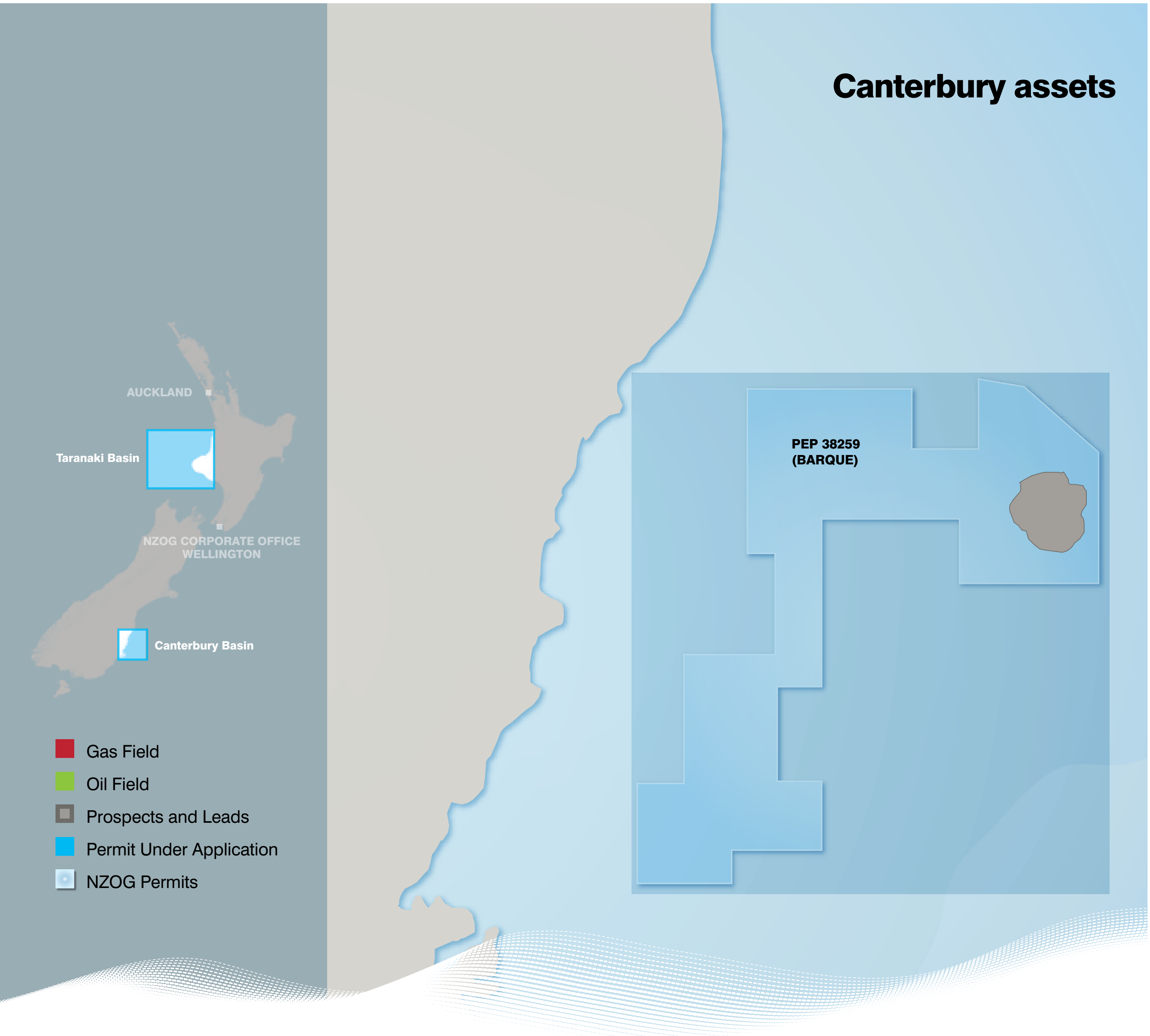
NZOG assets

Oil and Gas Reserves

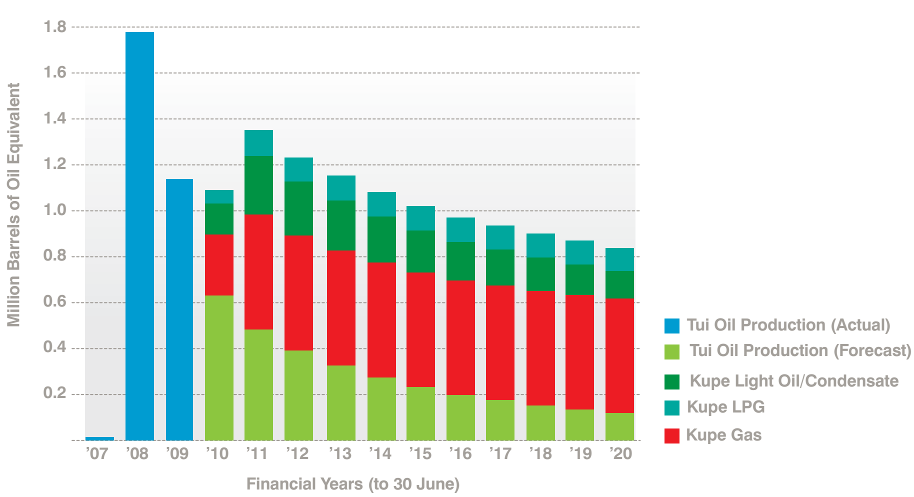
Proven and Probable (2P) Oil & Gas Reserves as at 30 June 2009	Oil & Condensate (million barrels)	Natural Gas (petajoules)	LPG (kilotonnes)	Million Barrels of Oil Equivalent*
Tui	3.3			3.3
Kupe	2.2	38	159	9.6
Total				12.9

*Million barrels of oil equivalent (mmboe) has been calculated as the total oil equivalent of the oil, condensate/light oil, natural gas and LPG figures. There is no change to the Kupe reserve numbers used previously but slightly different conversion factors into mmboe have been adopted to align with the conversion factors used by the operator.

Canterbury assets



NZOG PRODUCTION: ACTUAL AND FORECAST



Management Team

Chris Roberts Public Affairs Manager

With a degree in politics and history from University of Waikato, Chris Roberts worked as a journalist for more than a decade and then at parliament, before moving into corporate communications. Chris joined NZOG in September 2007 and is on the Executive Committee of the Petroleum Exploration and Production Association of New Zealand (PEPANZ).

Hugh Steed New Ventures Manager

Hugh Steed has a joint honours degree in physics and geology from Manchester University, and a PhD in geophysics from Cambridge University. He has 30 years of international experience covering exploration, production, business development and strategic planning with BP, Fletcher Challenge Energy, Shell and Transpower. Hugh joined NZOG in August 2008.

Craig Jones Chief Financial Officer and Company Secretary

Craig Jones has 20 years broad experience in the corporate and financial management of listed companies. He is a Fellow of both the Australian Society of CPAs and the Institute of Chartered Secretaries. He has a business degree from the University of Southern Queensland. Craig joined NZOG in April 2009.

David Salisbury Chief Executive and Managing Director

David Salisbury is the boss. He's also on the Board. (For more details, see the Directors, pages 24/25).

Markus Schuh Reservoir Engineering Manager

Markus Schuh started his career with ExxonMobil in Germany. Markus subsequently joined OMV and was responsible for OMV's assets in Pakistan as Chief Reservoir Engineer. Before joining NZOG in November 2007 he was working for Shell Todd Oil Services in New Plymouth. Markus has a degree in reservoir engineering from Mining University Leoben, Austria.

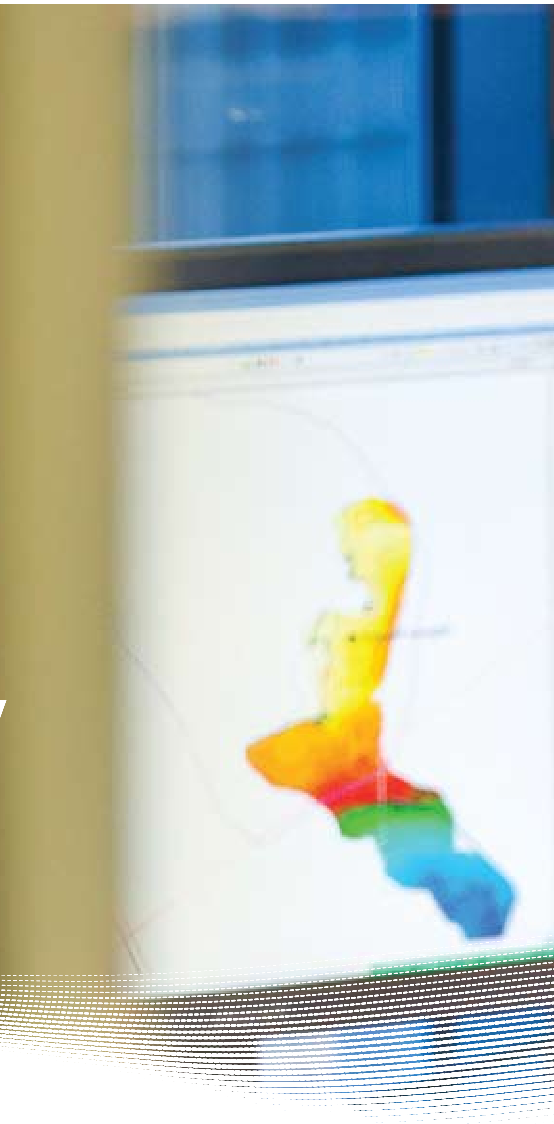
Mac Beggs Acting Exploration Manager

Mac Beggs is Managing Director of GeoSphere Ltd, an exploration geoscience consultancy. Prior to founding GeoSphere he held senior positions with GNS Science and DSIR. Mac has BSc and MSc degrees in geology from the University of Otago and a PhD from the University of California. He joined NZOG as Acting Exploration Manager in May 2009.

An expanded portfolio

Two years ago, NZOG was by necessity focussed on three major development projects – Tui, Kupe and Pike River. As a result, the exploration portfolio – which may provide the next Tui or Kupe – had become a little light.

It is very pleasing that over the past 12 months that portfolio has been significantly expanded. NZOG now has participation in eight permits, with at least four wells to be drilled over summer.



Our technical team is experienced, highly capable and NZOG is an active participant in the scientific analysis of all of the permit areas. Our team is also actively assessing further opportunities.

TARANAKI BASIN

PEP 38491 (Albacore)
NZOG Interest 40%

In August 2009, NZOG agreed to acquire a 40% stake in this permit in the northern offshore Taranaki Basin. It contains a number of identified oil and gas prospects, with one of those, Albacore, to be drilled this summer by the jack-up drilling rig, ENSCO-107. Albacore has three separate target zones. NZOG's internal analysis suggests Albacore is more likely to contain oil than gas and, if successful, could support an offshore development similar to Tui.

NZOG has also submitted a Priority in Time (PIT) application for acreage immediately to the north of PEP 38491.

PMP 38158 (Tui)
NZOG Interest 12.5%

This permit includes the producing Tui area oil fields. The semi-submersible drilling rig Kan Tan IV will be used to drill at least two near field prospects this summer. The joint venture will drill the Tui North East prospect, followed by either the Tui South West prospect or the Tui South East prospect, depending upon the results of the first well.

PML 38146 (Kupe)
NZOG Interest 15%

This permit includes the Kupe Central Field but also contains a number of other prospects. The joint venture has agreed to an exploration work programme over the next year which involves further desktop assessment of those prospects.

PEP 51311 (Gamma)
NZOG Interest 100%

In January 2009, NZOG was awarded a new five year exploration permit which lies to the west and south of the Kupe field. 500km of new 2D seismic was shot in February 2009. The permit area contains a fairway of structures that NZOG has labeled the Gamma prospects. The permit conditions allow two years for seismic data acquisition and analysis with a decision on drilling an exploration well to be made by January 2011.

PEP 38483 (Aihe and Bahamas)
NZOG Interest 18.9%

New 2D seismic was shot over part of this permit in late 2008. This has been processed and is being evaluated. The permit contains the Aihe prospect and a newly identified biogenic gas prospect, which has been named Bahamas. Assessment is ongoing. The permit conditions require a decision on drilling an exploration well to be made by December 2009.

PEP 51321 (Kahurangi)
NZOG Interest 18.9%
In March 2009, NZOG and its Tui joint venture partners were awarded a new five year exploration permit covering 3000 sq km immediately to the south of PEP 38483. Historic seismic data is now being reprocessed using modern analysis techniques. The permit conditions require 200km of new 2D seismic data to be acquired by March 2011.

PEP 38401 (Hoki)
NZOG Interest 10%
In July 2009, NZOG reached agreement to acquire a 10% stake in this permit, which lies approximately 150km northwest of New Plymouth. It contains the Hoki oil prospect, which is to be the first well drilled in this summer's programme by the semi-submersible rig Kan Tan IV. The rig is expected to arrive in New Zealand in December. The Hoki-1 well will test a sizable prospect on the western margin of the Taranaki basin that has the potential to be a large oil-bearing reservoir.

CANTERBURY BASIN

PEP 38259 (Barque)
NZOG Interest 40%
In October 2008, NZOG agreed to acquire 40% of this permit, which lies in the offshore Canterbury Basin and contains the promising Barque prospect. NZOG's technical team has independently assessed the Barque prospect as having potential for P50 (best estimate) recoverable resources of 600 billion cubic feet (BCF) of dry gas and 58 mmbbls of light oil/condensate.

A marine seismic survey was undertaken in February 2009. Crown Minerals has granted an extension to the permit conditions, which will allow time for the results of this survey to be fully evaluated. A decision on drilling an exploration well now has to be made by August 2010.

ROMANIA

In March 2009, NZOG took a 33% stake in a consortium, which for the past two years has been gathering data and research on Romania. The consortium partners are AuDAX and Nexus, both ASX-listed E&P companies. This is a low cost entry to a potentially lucrative opportunity.

Romania is a significant oil producing region but remains under-explored using modern techniques. The Romanian Government is expected to release over 25,000 sq km for new permit applications. The consortium has identified attractive areas and will consider making bids once the permitting round opens.

This is an interesting, low cost and low commitment investment for NZOG. However, it also signals a clear intention to expand beyond New Zealand as we pursue sensible, value-adding investment opportunities.

Investments

Pike River Coal Ltd

Pike River is on the South Island's West Coast, 45km northeast of Greymouth. The coal mine holds New Zealand's largest deposit of high quality coking coal.

With the completion of the access tunnel in October 2008, Pike River became an operating coal mine. However, Pike River suffered a setback when a ventilation shaft partially collapsed, delaying production.

As a result, Pike River Coal Limited (PRC) went to the market with a Rights Issue and share placement to raise additional funds to fix the ventilation shaft, meet the remaining capital costs of the project and provide working capital.

As the largest shareholder in PRC, NZOG partly underwrote the Rights Issue, reflecting our confidence in the project.

NZOG paid $11.8m for an additional 17.3 million PRC shares and associated options. The options expire in April 2011 with an exercise price of $1.25.

In June 2009, PRC shareholders voted overwhelmingly to give NZOG the same rights as other option holders to exercise its

2011 options, if it chooses. This approval was required under the Takeovers Code. No decision has been taken at this point by NZOG whether or not to exercise the options.

On 30 June 2009, 11 million unlisted options held by NZOG that were 'out of the money' were allowed to lapse.

The exercise price was $1.30 and the PRC share price at the time was below $1.20.

In August 2009, PRC announced that initial production from the mine was at lower rates than envisaged, delaying the first shipment until the first quarter of 2010. The mine is still forecast to build to annual production of approximately 1 million tonnes.

NZOG retains a stake of just under 30% in PRC. It is not a core asset and lies outside of our primary business of oil and gas exploration and production. However, there are no current intentions to sell.

Pan Pacific Petroleum

In December 2008, NZOG acquired on market a strategic stake of just under 15% in Pan Pacific Petroleum (PPP), one of NZOG's partners in the Tui area oil fields.

The stake was acquired for just over NZ$30 million, at an average price per share of NZ35c.

NZOG identified a value creating opportunity to acquire a cornerstone stake in a successful business, whose main asset is well understood by NZOG.

The share price at the time we invested roughly equaled PPP's cash backing; essentially valuing its 10% stake in the Tui area oil fields at zero. Since then, following PPP's involvement in drilling activities in Vietnam, the PPP share price has risen strongly.

At 30 June 2009, NZOG's shareholding in PPP had a market value of NZ$48.4 million. In June 2009 NZOG received a dividend payment of NZ$3.3m.

Supporting the community

SARINZ - NZOG is delighted to have established a new community partnership with SARINZ – the Search and Rescue Institute of New Zealand.

SARINZ is a not-for-profit charitable organisation based in Christchurch that identifies itself as “New Zealand’s international training centre of search and rescue excellence.”

Its primary objective is to develop the skills and knowledge of search and rescue personnel so they are better able to save lives in search and rescue situations. SARINZ provided technical advice and its personnel had prominent roles in the recent TV series “The Missing”.

Since 2002, SARINZ has provided training to more than 8,000 search and rescue volunteers, primarily around New Zealand but also in Australia, Antarctica, USA, Canada and Iceland. Like NZOG, SARINZ has built up its expertise here in New Zealand and is now increasingly looking to new opportunities overseas.

As well as training, SARINZ is also keen to undertake vital research and development, to better understand how people get lost and how best to find them. NZOG has been recognised by SARINZ as their Research & Development partner and our funding support will be tagged for R&D projects.

The SARINZ motto is *“Helping Others Save Lives”* and NZOG is very pleased to be associated with such an important community organisation.

TUI

The Tui joint venture looks to support projects that meet community needs, have a measurable positive impact and that deliver sustainable long-term benefits.

In the past year, 20 community projects were supported, receiving grants of between $1,000 and $100,000. The supported projects included safety equipment for Taranaki Surf Lifesaving Clubs, the Waikirikiri Lagoon and Beach Restoration project and the annual Taranaki Festival of Lights.

The Tui joint venture also continues to support the Big Brothers Big Sisters of Taranaki project. BBBST is managed by NZ Police’s Youth Development section and was launched in 2007 as a result of Tui’s sponsorship. To date, more than 50 young people from disadvantaged backgrounds have been matched with adult mentors. A new three year funding commitment of $100,000 per year has been made by the Tui JV partners.

KUPE

The Kupe project has a Community Grants Programme which supports projects or activities that benefit or support the long term wellbeing of the South Taranaki community. In the past year 21 grants were approved. The grants, totalling $50,000, are assisting organisations including schools, early childhood education centres, emergency services, youth organisations, service groups and iwi groups.

SARINZ - Helping others save lives

NZOG CEO David Sailsbury and SARINZ Chairman Mike Sheridan discuss the new partnership

Directors

David R Scoffham
Independent Director

David is a geophysicist with more than 40 years international experience in the upstream oil and gas industry, including Egypt, Gabon, Oman and Venezuela with Shell; and in exploration management with both Shell International and UK independent Enterprise Oil plc. David Scoffham joined the Board of NZOG in June 2003.

Prof Ray F Meyer ONZM
Deputy Chairman

Ray Meyer's distinguished career includes Professor of Mechanical Engineering and Dean of Engineering at the University of Auckland. He is a past president of the Institution of Professional Engineers New Zealand and a former director of ECNZ, Transpower, Watercare Services Ltd and Auckland UniServices Ltd. He is currently a director of Pike River Coal Ltd. Ray joined the NZOG Board in 2000 as Deputy Chairman. He heads the Executive Appointments and Remuneration committee.

R A (Tony) Radford
Chairman

Tony Radford, CA, FAICD, is a founding director of the company. He used his accounting background to build a career in the petroleum and mining industries focussed on New Zealand and Australia and was CEO of NZOG during the acquisition of the Tui permit and the initial phases of the company's other development projects. Since retiring as NZOG's CEO in March 2007, he has continued as Chairman in a non-executive capacity. He is also a director of Pike River Coal and Pan Pacific Petroleum. Tony is a fellow of the Australian Institute of Company Directors.

David J Salisbury
CEO and Managing Director

David Salisbury worked as a commercial solicitor before joining Petrocorp Exploration (later Fletcher Challenge Energy) as a business analyst. His career includes senior positions with Preussag Energie and OMV. Before joining NZOG in April 2007 he was Vice President Business Development for OMV based in Vienna, with responsibility for OMV's worldwide business development activities.

Paul G Foley
Independent Director

Paul Foley is a senior corporate/commercial lawyer based in Wellington, where he is a partner at Minter Ellison Rudd Watts. He has over 20 years experience working with companies in the financial services, manufacturing and energy fields, with significant involvement with major petroleum exploration and production companies. Paul was appointed as a member of the Board of the National Provident Fund in August 2008. He became a director of NZOG in 2000 and is chair of the Audit committee and the Corporate Governance and Public Affairs committee.

Andrew T N Knight
Independent Director

Andrew Knight has his own consultancy business and previously held executive management roles with Vector and NGC. He has worked in New Zealand and Australia with The Australian Gas Light Company, Fletcher Challenge Energy and Coopers & Lybrand. Andrew joined the Board of NZOG in January 2008.

Steve J Rawson (absent)
Independent Director

Steve Rawson's career started in petroleum geophysics, later followed by managerial positions with Fletcher Energy in trading, logistics and supply. Steve is a senior executive at Mighty River Power. He joined the Board of NZOG in 2000.

Shareholder information

STOCK EXCHANGE LISTING

The company's securities are listed on the New Zealand Stock Exchange (NZX) and the Australian Stock Exchange (ASX).

SECURITIES ON ISSUE

At 31 July 2009 New Zealand Oil & Gas Ltd had the following securities:

Listed Ordinary Shares

384,930,859

Unlisted Partly Paid Shares

3,777,500

TOP 20 SHAREHOLDERS

Top 20 registered holders of Ordinary Shares as at 31 July 2009:

NAME OF REGISTERED SHAREHOLDER	SHAREHOLDING	% OF ISSUED CAPITAL
NATIONAL NOMINEES NEW ZEALAND LIMITED	22,452,942	5.83
ACCIDENT COMPENSATION CORPORATION	17,724,261	4.60
RESOURCES TRUST LIMITED	10,130,170	2.63
HSBC NOMINEES (NEW ZEALAND) LIMITED	9,125,372	2.37
NEW ZEALAND SUPERANNUATION FUND	8,015,945	2.08
CITIBANK NOMINEES (NEW ZEALAND) LIMITED	6,333,067	1.65
LEVERAGED EQUITIES FINANCE LIMITED	5,960,202	1.55
SIK-ON CHOW	5,662,672	1.47
TEA CUSTODIANS LIMITED	5,381,633	1.40
EXPLORATION NOMINEES LIMITED	4,443,867	1.15
NZ GUARDIAN TRUST INVESTMENT NOMINEES LIMITED	4,416,917	1.15
HUBBARD CHURCHER TRUST MANAGEMENT LIMITED	4,355,063	1.13
ASTERON LIFE LIMITED	4,286,665	1.11
AMP INVESTMENTS STRATEGIC EQUITY GROWTH FUND	4,244,268	1.10
KEVIN GLEN DOUGLAS and MICHELLE MCKENNEY DOUGLAS	3,707,000	0.96
RIUO HAURAKI LIMITED	3,518,500	0.91
ANZ NOMINEES LIMITED	3,230,885	0.84
CUSTODIAL SERVICES LIMITED	3,018,554	0.78
FNZ CUSTODIANS LIMITED	2,937,418	0.76
NATIONAL NOMINEES (AUSTRALIA) LIMITED	2,850,474	0.74

In the above table the holdings of New Zealand Central Securities Depository Limited have been reallocated to its applicable members.

VOTING RIGHTS

Article 22 of the Company's Constitution provides that on a show of hands at a general meeting, every shareholder present in person or by representative shall have one vote, and upon a poll, shall have one vote for each ordinary share held. The Board may determine ahead of a shareholder meeting that postal voting will be allowed.

SHARE PERFORMANCE

NZOG's share performance on the NZX in the year ended 30 June 2009.

FOR THE 12 MONTHS ENDED 30 JUNE 2009	HIGH	LOW
NZX (Trading Code NZO)	NZ$1.86 on 01/7/08	NZ$1.08 on 17/10/08
ASX (Trading Code NZO)	A$1.47 on 01/7/08	A$0.92 on 3/3/09

Combined Volume of Shares Traded: 217,140,912

DIVIDEND

On 26 August 2009, the Board of NZOG declared that a fully imputed annual dividend of 5c per share would be paid to shareholders. The record date for the dividend was announced as 18 September 2009, with dividend payments to be made on 2 October 2009.

A Dividend Reinvestment Plan has been introduced, providing shareholders with the option of choosing additional shares instead of a cash dividend. The shares are issued at a discount of 2.5% and with no brokerage costs.

NZOG's dividend policy is that each year a reasonable proportion of profit will be distributed by way of an annual dividend, subject to the need to retain sufficient capital to meet investment requirements. It is likely that annual dividend announcements will be made in conjunction with the release of annual results each August.

Financial summary

For the Year Ended 30 June 2009

All numbers are quoted in NZ dollars and millions

SUMMARY OF FINANCIAL PERFORMANCE	FYE09	FYE08	FYE07
Revenue from continuing operations	138.9	234.1	4.2
Royalties expense	(23.8)	(26.4)	0.0
Earnings before tax, interest, depreciation and amortisation	**88.8**	**162.0**	**0.9**
Depreciation and amortisation	(13.6)	(23.1)	(0.2)
Earnings before tax and interest	**75.2**	**138.9**	**0.7**
Net interest (expense)	9.1	(0.8)	2.3
Net profit before tax	**84.3**	**138.1**	**3.0**
Tax	(31.1)	(40.9)	3.7
Net Profit after tax	**53.2**	**97.2**	**6.7**

SUMMARY OF FINANCIAL POSITION	FYE09	FYE08	FYE07
Assets			
Cash and cash equivalents	174.8	256.5	35.4
Other current assets	11.7	58.4	7.1
Investments in associates	74.8	68.7	2.3
Exploration and evaluation assets	5.2	0.2	2.6
Oil and gas assets	242.2	204.5	219.1
Fixed Assets, including intangibles	0.3	0.6	0.5
Deferred tax asset	2.5	3.8	27.5
Available for sale assets	48.8	0.0	0.0
Other non-current assets	0.1	3.5	5.5
Total Assets	**560.4**	**596.2**	**300.0**
Liabilities			
Current liabilities	29.8	73.9	27.1
Borrowings	**0.0**	**64.0**	**55.5**
Restoration and rehabilitation provision	8.1	11.3	13.9
Deferred tax liability	25.7	16.0	14.5
Total Liabilities	**63.6**	**165.2**	**111.0**
Equity			
Share capital	347.2	346.0	154.5
Reserves and retained earnings	149.6	85.0	0.4
Minority interest	0.0	0.0	34.1
Total Equity	**496.8**	**431.0**	**189.0**

STATEMENT OF CASH FLOW	FYE09	FYE08	FYE07
Net cash inflow/(outflow) from operating activities	93.0	153.9	(4.2)
Net cash inflow/(outflow) from investing activities	(116.9)	(106.3)	(114.3)
Net cash inflow/(outflow) from financing activities	(74.2)	179.9	114.9
Net increase/(decrease) in cash and cash equivalents	**(98.1)**	**227.5**	**(3.6)**
Cash and cash equivalents at the beginning of the year	256.5	35.4	41.7
Cash increase/(decrease) with exchange rate change	16.4	1.0	(2.7)
Cash decrease with deconsolidation of subsidiary	0.0	(7.4)	0.0
Cash and cash equivalents at the end of the year	**174.8**	**256.5**	**35.4**

FYE = Financial Year End

NZOG's full financial results are published in the 2009 Annual Report.

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