

1 December 2016

### Independent appraisal report on Kupe transaction

New Zealand Oil & Gas is today mailing to shareholders an independent appraisal report on its sale to Genesis Energy of its 15 per cent interest in the Kupe gas field. The report is being mailed along with a notice of a special shareholder meeting to be held on 16 December.

The independent Northington Partners report values New Zealand Oil & Gas's Kupe interest at between \$130 million and \$160 million. The sale price, \$168 million, is 16 per cent above the mid point of the Northington valuation range.

"The Proposed Transaction provides NZO shareholders with a significant premium over the standalone value of the Company's interests in Kupe," the report states.

New Zealand Oil & Gas acting CEO Andrew Jefferies says the report demonstrates the proposed sale price is very fair to shareholders.

"As at 30 June 2016 New Zealand Oil & Gas held its Kupe interests in its books at \$133 million, with a net carrying value of approximately \$83 million. If the transaction had occurred then, it would have resulted in a gain on sale estimated at around NZ\$89 million.

"As Kupe is our major asset we needed to achieve a significant premium price.

"The value Genesis is offering is more than our entire market capitalisation the day before the sale was announced, and the share price has since increased from around 50 cents to trade as high as 62 to 63 cents per share. If the sale did not proceed these share price gains would likely be reversed.

"The Board recommends shareholders vote to support the sale. Directors intend to vote any shares they control in favour of the transaction.

"If the sale is completed, the Board intends to return \$100 million of capital to shareholders in 2017.

"The remaining strong cash position will allow the company to diversify away from a significant exposure to a single asset. We believe Kupe is a quality asset but, as our other major asset, Tui, ends its production, our future cashflow would be highly dependent on Kupe's single umbilical line to shore. It makes business sense to seek more diversification in our portfolio."

New Zealand Oil & Gas shareholders are being asked to support the transaction by voting on line, by postal ballot, which is being mailed today, or in person or by proxy at the special meeting in Wellington on 16 December.