

# DISCLOSURE DOCUMENT REQUIRED BY SECTION 62 OF THE COMPANIES ACT 1993

## Employee Share Ownership Plan: Buy Back Offers

From time to time employees of New Zealand Oil & Gas Limited (**NZOG**) [or a company within the NZOG group] are offered partly paid shares in NZOG pursuant to an Employee Share Ownership Plan (**ESOP**).

The Trustee of the ESOP, NZOG Services Limited, holds those shares on trust until such time as the employee is transferred legal ownership of the shares in accordance with the rules of the ESOP.

The Trustee is required to sell the shares held for an employee if the employee's interest in the shares is forfeited. This may happen, for example, where the employee's employment is terminated or they do not pay the balance of the issue price due for the shares under the rules of the ESOP. The Trustee's previous practice was to sell these forfeited shares on-market, however this can have a negative effect on the market price of NZOG shares.

As an alternative option, the Board of NZOG has resolved that NZOG may buy back some or all of the ESOP shares required to be sold by the Trustee (**Targeted Shares**), off-market (**Buy Back Offers**). The consideration to be paid for the Targeted Shares under the Buy Back Offers will be a price within the buy and sell quotes of NZOG shares trading on the NZX Main Board at any time on the date of acquisition. The maximum number of shares that may be acquired by NZOG under the Buy Back Offers in the period from 12 October 2016 to 26 September 2017 is 5,000,000.

The text of the Board resolution enabling NZOG to make the targeted Buy Back Offers is as follows:

- [a] **Benefit to remaining shareholders:** The Buy Back Offers are of benefit to the remaining shareholders of NZOG.
- [b] **Fair and reasonable to remaining shareholders:** The terms of the Buy Back Offers and the consideration to be offered for the relevant Targeted Shares under the Buy Back Offers are fair and reasonable to the remaining shareholders of NZOG.

The Board's conclusions are based on the following reasoning:

- [a] the sale of shares by the Trustee on-market reduces the overall share price due to the volume of shares being sold;
- [b] off-market acquisitions of the shares and subsequent cancellation by way of the Buy Back Offers will not have the same adverse effects on the remaining shareholders;
- [c] the consideration to be paid for any Targeted Shares under a Buy Back Offer will be determined by reference to market prices on the date of the acquisition of the relevant Targeted Shares; and
- [d] the remaining shareholders will have a greater interest in NZOG.

Please contact us if you have any questions regarding the Buy Back Offers.

Note: The information in this document is not intended to be financial product advice under the Australian Corporations Act 2001 and does not take into account the objectives, financial situation or needs of any NZOG shareholder. NZOG is not licensed to provide financial product advice in Australia in relation to NZOG shares and there is no cooling-off regime in Australia that will apply in respect of the Buy Back Offers.