



Memorandum

To: Market Participants
From: NZX Client and Data Services
Date: 13 September 2016
Subject: Stand in the Market – On-market buyback in New Zealand Oil and Gas Limited (“NZO”) ordinary shares

Following the announcement made by New Zealand Oil and Gas Limited (“NZO”) on Tuesday, 30 August 2016, NZX Regulation (“NZXR”) advises that First NZ Capital Securities Limited (“FNZW”) has received instruction to conduct a stand in the market to acquire up to 40 million ordinary shares in NZO at a price of up to NZ\$0.55 cents per share on behalf of NZO.

The Special Order Facility will be provided to FNZW under Rule 13.7.4(r) of the NZX Participant Rules in order to undertake the acquisition. A separate market will be made available under the code NZOX.

This stand in the market will commence at 1.00pm on Friday, 16 September 2016. The settlement code will be NZOX. All sell orders must be submitted after 1.00pm and before 3.00pm on 16 September 2016.

NZOX will be in Enquiry until 1.00pm. At 1.00pm NZOX will be placed in Pre-open and sell orders may be submitted until a random time around 3.00pm when NZOX will be placed in Enquiry.

No bids will be accepted in NZOX other than by FNZW on behalf of NZO during this period.

Subject to no termination by NZO, as soon as practicable after 3.00pm FNZW will enter a purchase order for ordinary shares on behalf of NZO as follows:

- If fewer than 40 million shares have been offered at prices equal to or less than \$0.55 cents per share, FNZW will enter a purchase order equal to that volume of offered shares. All matched offers will receive the final price (being the highest price offered, but no more than \$0.55 cents per share).
- If more than 40 million shares have been offered at prices equal to or less than \$0.55 cents per share, FNZW will enter a purchase order equal to the volume of all shares offered at or below the final price (being the lowest price at which NZO can purchase 40 million shares, but no more than \$0.55 cents per share). All offers matched below the final price will receive the final price and be accepted in full. All offers matched at the final price will also receive the final price, but will be scaled on a pro-rata basis in proportion to the number of shares offered at that price. Fractions will be rounded down.



The following conditions apply to this bid:

- (a) NZO reserves the right to change the maximum price by NZX market announcement at any time before 10.00am (New Zealand time) on 16 September 2016;
- (b) Only NZX participants may submit offers, via the NZX's Special Order Facility;
- (c) Prices at which shares are offered must be in 0.5 cent increments (i.e. either a whole or whole and half cent price);
- (d) All offers must be submitted after 1.00pm on 16 September 2016 and before NZX closes the Special Order Facility for the buyback around 3.00pm on the same day;
- (e) NZO reserves the right to terminate or postpone the buyback prior to any offers being accepted;
- (f) In accordance with NZX Participant Rule 11.11.3, undisclosed orders are not permitted;
- (g) There are no price escalation terms or any other form of consideration payable;
- (h) NZX participants can amend and withdraw offers submitted by them until NZOX is placed in Enquiry around 3.00pm, but after that time offers are irrevocable;
- (i) NZO shareholders may tender shares at a range of prices;
- (j) NZO shareholders wishing to participate in the buyback should contact an NZX firm; and
- (k) NZO shareholders who participate in the buyback may be charged brokerage fees by the sell-side NZX firm.

NZX will conduct post-trade processing to convert trades in NZOX to NZO.

Trades will be settled on a T+2 basis (i.e. on 20 September 2016).

Trading in NZO ordinary shares on the NZX Main Board will be halted from 1.00pm on 16 September 2016 until after the announcement of the final price by NZO, at which time normal trading will resume.

Please contact Client and Data Services on +64 4 496 2853 or email cds@nzx.com with any queries.

ENDS