

10 July 2019

NEW ZEALAND OIL & GAS RECOMMENDS SCHEME OF ARRANGEMENT WITH O.G. OIL & GAS AT \$0.62 CASH PER SHARE

- Scheme price agreed at \$0.62 per share in cash for all of the approximately 30 per cent of New Zealand Oil & Gas fully paid ordinary shares that O.G. Oil & Gas does not already own.
- Price is a 25% premium to Tuesday's closing price.
- Independent directors unanimously recommend shareholders vote in favour of the scheme, subject to the independent adviser's report concluding that \$0.62 per share is within or above its valuation range.
- Scheme is subject to customary conditions, including shareholder approval, court approval and Overseas Investment Office consent. Shareholders to vote on the transaction at a special meeting expected in September 2019.

New Zealand Oil & Gas and O.G. Oil & Gas [Singapore] Pte. Ltd. ["OGOG"] have entered into a scheme implementation agreement under which OGOG will acquire all of the fully paid ordinary shares of New Zealand Oil & Gas that it does not already own for NZ\$0.62 per share.

The board of New Zealand Oil & Gas has formed a committee of the independent directors, Dr Rosalind Archer and Rod Ritchie, to consider OGOG's proposal.

The independent directors unanimously recommend shareholders vote in favour of the transaction, subject to the scheme price being within or above the valuation range specified by an independent adviser, and in the absence of a superior proposal.

The independent directors have commissioned Northington Partners to prepare the independent adviser's report.

The price of \$0.62 cents per share is:

- a 25.3% premium to the closing price on 9 July 2019, the last trading day before the scheme implementation agreement was announced;
- a 27.3% premium to the volume-weighted average price over 6 months up to and including 9 July 2019;
- a 23.7% premium to the VWAP over the month up to and including 9 July 2019; and
- a 28.0% premium to the VWAP from the date the company most recently released results, 27 February 2019, up to and including 9 July 2019.

In agreeing to recommend the transaction, the independent directors of New Zealand Oil & Gas have taken into account:

- The compelling premium offered to New Zealand Oil & Gas shareholders;
- The changed operating environment for oil and gas investment in New Zealand following the government's decision in April 2018 to not award new offshore exploration acreage;

- The difficulty raising equity capital as a publicly listed oil and gas company on the NZX, especially given the above factors; and
- The significant price decline in New Zealand Oil & Gas shares following the government's announcement in April 2018.

The independent directors believe recent policy changes have had a dramatic impact on the perception of New Zealand as an appealing place to invest in the oil and gas industry.

“The attractive premium offered by OGOG comes despite an uncertain future for oil and gas investment in New Zealand. Departures by major international players continue, with recent decisions by international companies to surrender exploration acreage being the latest examples.

“All New Zealand Oil & Gas shareholders, including OGOG, have had to deal with an uncertain and changing environment. Nevertheless, OGOG is willing to increase its investment in New Zealand Oil & Gas and in doing so will allow other shareholders to realise significant value given the current market conditions, policy environment and share trading history,” the independent directors said.

The transaction will be implemented by way of a scheme of arrangement, which is a court-supervised process under which a meeting of shareholders will be called and the transaction will be voted on.

New Zealand Oil & Gas shareholders do not need to take any action at this time.

Shareholders will be given the opportunity to vote on the scheme at a special shareholders' meeting. No date has yet been set for that meeting, but New Zealand Oil & Gas anticipates it will be held in September 2019. A scheme booklet containing information about the scheme will be sent to shareholders with details of the special meeting of shareholders and a copy of the independent adviser's report.

Subject to shareholder approval, and satisfaction of other conditions, the scheme is expected to be implemented by the end of November 2019. An indicative timetable will be released in due course.

Alastair McGregor, Chief Executive Officer of OGOG, said, “We are offering shareholders certainty and a substantial premium for their shares in a challenging new environment for New Zealand Oil & Gas. We want to increase our investment in the company and believe that acquiring it 100% is the best option for New Zealand Oil & Gas, providing shareholders with an opportunity to realise substantial value for their shares.”

New Zealand Oil & Gas is being advised by Clare Capital as financial advisor and Simpson Grierson as legal advisor.

The scheme implementation agreement is attached. Along with future shareholder communications related to the scheme, including any updates to the timetable, it will be available on the New Zealand Oil & Gas website at www.nzog.com.

For further information please contact:

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