

The Explorer

IN THIS ISSUE

Kupe Reserves Upgraded

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KUPE RESERVES UPGRADED

34.7% increase in Kupe Developed Reserves

Developed reserves in the Kupe gas and light oil field have been upgraded. Following a review by New Zealand Oil & Gas, the company's share of 2P developed reserves have increased by 34.7 per cent above those carried at 30 June 2015, from 4.2 million barrels of oil equivalent to 5.6 today.

This reserves increase not only provides additional volume from within the existing development but it's likely that contracted volumes can be met without the need for significant additional capital spending that had been anticipated in previous calculations of Kupe reserves.

Undeveloped reserves of 3.2 million barrels, which were included in the company's total Kupe 2P reserves at 30 June 2015, are the subject of further work to assess options for developing potential additional reserves. New Zealand Oil & Gas believes the undeveloped reserves will remain in line with this estimate, if the existing development plans are carried forward. The additional work may provide material additional reserves if economic assessments support development. An update of the total developed and undeveloped reserves will be provided on completion of this work, which is expected in the second quarter of 2016.

New Zealand Oil & Gas share	Previous 2P Developed Reserves at 30 June 2015	Previous 2P Developed Reserves less production since 1 July	2P Developed Reserves at 1 Oct 2015	Change	%
Sales Gas [PJ]	18.4	17.4	23.3	5.9	34.0%
LPG - Kilotonnes	79.9	75.7	97.4	21.7	28.7%
Light oil - million barrels	0.8	0.7	1.0	0.3	43.2%
Millions of barrels of oil equivalent	4.4	4.2	5.6	1.4	34.7%

Reserves are quantities of petroleum anticipated to be commercially recoverable from known accumulations from a given date forward; that are judged to be discovered, recoverable, commercial and remaining. Probable (2P) reserves have a 50 per cent chance or better of being technically and economically producible.

Developed reserves are expected to be recovered from existing wells and facilities. Undeveloped reserves are quantities expected to be recovered through future investments [e.g. new wells, compressors, and other facilities]. Total reserves are the sum of developed and undeveloped reserves at a given level of certainty.

Oil and gas reserves reported in this statement are as at 1 October 2015.

The Kupe estimate is based on production data and compositional simulation models provided by the field operator. It is the result of deterministic reservoir simulation modelling, matched with full production history on a well-by-well basis, in addition to decline curve analysis,

supported by rate transient analysis, and both flowing and static material balance.

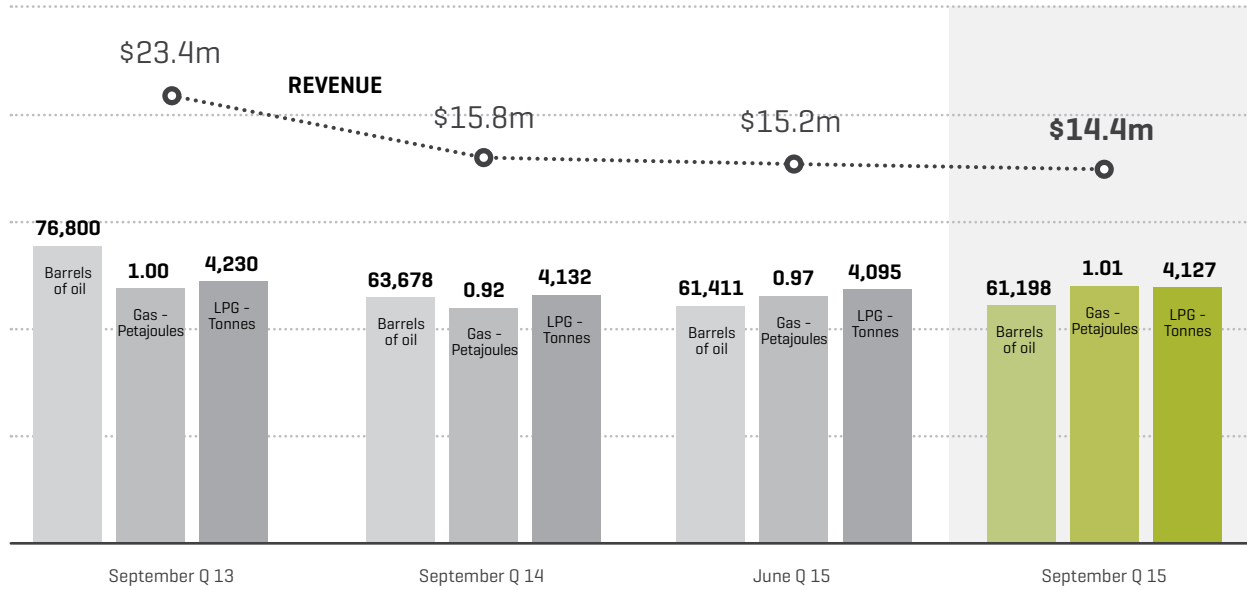
Estimates of reserves are based on their value in use with a discount rate of 10% applied. The oil price assumptions are based on the Bloomberg consensus mean, with contracted volumes of gas and LPG sold on current contract terms. For volumes in excess of current contracts, a future base market price of NZD\$6/gigajoule [real] is assumed for gas sales and LPG prices are linked to the Bloomberg consensus mean forecast for oil.

This reserves statement is approved by, based on, and fairly represents information and supporting documentation prepared by New Zealand Oil & Gas Vice President & General Manager, Exploration & Production Andrew Jefferies, B Eng [Mech Hons], MSc Pet Eng, MBE, an SPE [Society of Petroleum Engineers] Certified Petroleum Engineer with over 23 years of industry experience.

New Zealand Oil & Gas has a 15% interest in Kupe. The other Kupe partners are Origin Energy, 50% [Operator]; Genesis Energy, 31%; and Mitsui, 4%.

KUPE

PRODUCTION



Kupe revenue for the quarter was NZ\$14.4 million.

Kupe oil and gas field [PML 38146]

Percentage	Shareholder
15%	New Zealand Oil & Gas
50%	Origin Energy (Operator)
31%	Genesis Energy
4%	Mitsui

There were two liftings during the quarter totaling 328,680 barrels (New Zealand Oil & Gas share 49,302 barrels). Inventory and shipments met expectations in the quarter.

Kupe has averaged 73.2 terajoules per day of sales gas during the quarter.

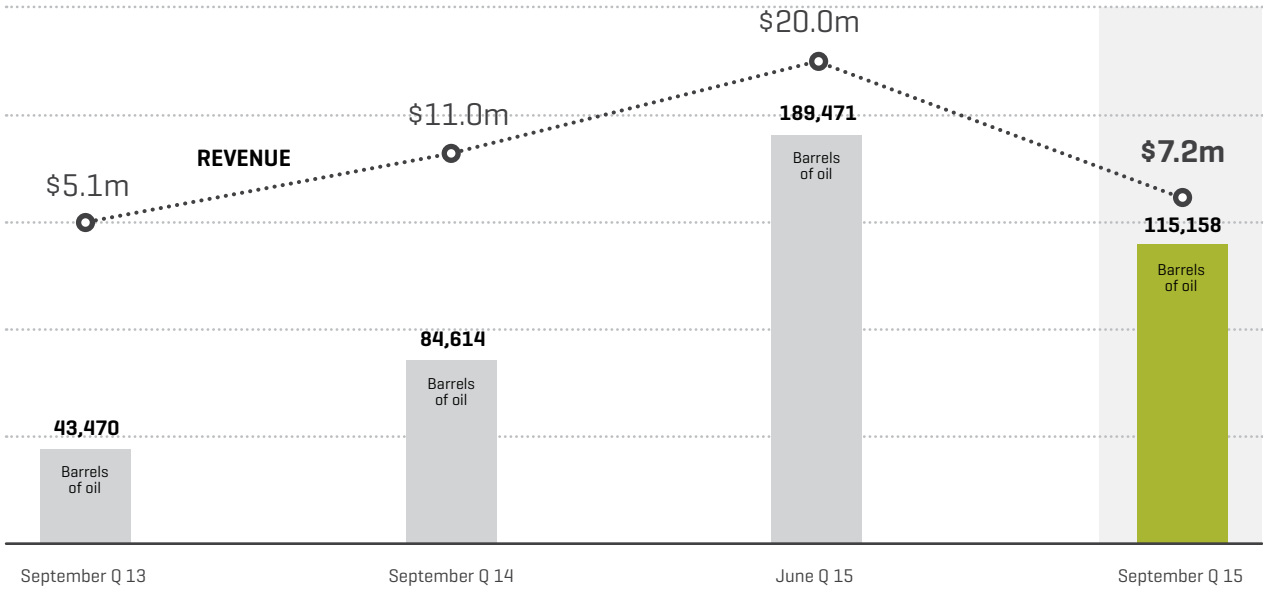
Gas production was slightly up over the quarter due to higher rates of production under the accelerated gas sales agreement.

	Kupe production	Total field for quarter	New Zealand Oil & Gas share for quarter	New Zealand Oil & Gas share previous quarter	New Zealand Oil & Gas share for comparable quarter a year ago
Gas [Petajoules]		6.73	1.01	0.97	0.92
LPG [Tonnes]		27,514	4,127	4,095	4,132
Light Oil [Barrels]		407,986	61,198	61,411	63,678
Revenue [NZ\$m]			14.4	15.2	15.8

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TUI

PRODUCTION



Tui revenue for the quarter was NZ\$7.2 million

Tui area oil fields [PMP 38158]

Percentage	Operator
27.5%	New Zealand Oil & Gas
57.5%	AWE (Operator)
15%	Pan Pacific Petroleum

There was one shipment during the period of 377,053 barrels of oil (New Zealand Oil & Gas share 103,690 barrels).

As at 30 September there were 163,624 barrels of oil in inventory (New Zealand Oil & Gas share 44,997).

Tui production was down in the quarter in-line with natural field decline, however Pateke-4H well performance continues to exceed expectations.

Tui production	Total field for quarter	New Zealand Oil & Gas share for quarter	New Zealand Oil & Gas share previous quarter	New Zealand Oil & Gas share for comparable quarter a year ago
Oil [Barrels]	418,756	115,158	189,471	84,614
Revenue [NZ\$m]		7.2	20.0	11.0

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MAARI

Maari production	Total field for quarter	Cue share for quarter
Oil (Barrels)	1,354,040	67,702
Revenue (NZ\$m)		5.0

Cue's net share of oil sales in the quarter from the Maari and Manaia fields (PMP38160) was 62,558 barrels which generated NZ\$5.0 million in revenue received.

The average oil production rate in the quarter was approximately 14,718 gross barrels of oil per day [Cue share 736 barrels of oil per day].

The Maari development drilling programme is now complete. The field is now averaging about 16,000 barrels of oil per day from nine Maari field producers and one Manaia producer.

The joint venture is planning to further increase the field's production rate up to 20,000 barrels of oil per day with the optimisation of production and an upcoming 2015/2016 work-over campaign which is being finalised by the operator.

SAMPANG

Sampang production	Total field for quarter	Cue share for quarter
Gas (Petajoules)	5,755	0.76
Oil (Barrels)	115,560	15,095
Revenue (NZ\$m)		6.47

The Oyong average daily oil production rate for the quarter was 1,256 barrels of oil per day (gross) and the average daily gas average rate was 24.37 million cubic feet (gross) [Cue share 162 barrels of oil per day and 2.99 million cubic feet of gas per day - both net of government take under the PSC].

The Oyong field maintains an average daily rate of 30 million cubic feet of gas primarily produced as associated gas from the oil producing wells.

Wortel-3 and Wortel-4 flowed gas at a combined average daily rate of 38.27 million cubic feet (gross) during the quarter [Cue share 5.31 million cubic feet of gas per day net of government take under the PSC].

PINE MILLS

Pine Mills production	Total field for quarter	Cue share for quarter
Oil (Barrels)	6,456	4,002
Revenue (NZ\$m)		0.24

Oil sales in the quarter from the Pine Mills field were 3,495 barrels which generated NZ\$0.24 million in revenue received. The average oil production rate for the quarter was approximately 70 barrels of oil per day (gross) [Cue share 44 barrels of oil per day].

New Zealand Oil & Gas has a 48.11 per cent interest in Cue's share of production and financials.

TARANAKI

The company aims for a prudent spend on exploration, reduced from previous levels in response to market conditions, while maintaining our contractual commitments.

PROGRESS BAR KEY



Kupe (PML 38146)

Producing

15%	New Zealand Oil & Gas
50%	Origin Energy (Operator)
31%	Genesis Energy
4%	Mitsui

The joint venture is continuing its review of the Kupe field development plan to determine the most efficient means to maintain and optimise recovery, and to assess whether opportunities in the permit have potential to be developed.

Aihe (PEP 54865)

Seismic Survey

20%	Cue Energy*
80%	Todd Exploration Ltd (Operator)

The permit carries a minimum work programme of 285 square-kilometres of 3D seismic to be acquired, processed and interpreted prior to June 2016. The joint venture may elect to commit to a well before December 2016 or surrender the permit.

Planning for the 3D seismic survey has commenced and is planned for early 2016 subject to vessel availability.

The joint venture is seeking to fund the seismic programme by farming out.

Matuku (PEP 51906)

Further Evaluation

12.5%	New Zealand Oil & Gas
65%	OMV (Operator)
22.5%	Octanex

The 400 square-kilometre Kaka 3D seismic survey was acquired in the southeast of the permit in 2014. Initial processing of the data was completed in the second quarter of 2015. Interpretation is progressing.

Final pre-stack depth migration processing is expected before the end of 2015.

Kaheru (PEP 52181)

Drill preparation

35%	New Zealand Oil & Gas (Operator)
40%	TAG Oil
25%	Beach Energy

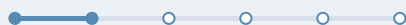
Work continued during the quarter on arrangements for drilling the Kaheru prospect in 2016. Given the prevailing economic conditions, the joint venture is considering more economic drilling options and it is unlikely to drill using a jack up rig before May 2016. In the coming quarter, the joint venture will investigate options to defer or amend work obligations under the permit.

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CANTERBURY GREAT SOUTH BASIN

Vulcan [PEP 55793]

Seismic survey

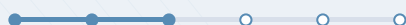


30% **New Zealand Oil & Gas**
70% Woodside Energy
[New Zealand] [Operator]

A 3D seismic survey of approximately 1100 square-kilometres was successfully acquired by Dolphin Geophysical in the first quarter of 2015. Interpretation is underway. An updated data set is expected before the end of the year.

Whio [PEP 51313]

Further Evaluation



14% **Cue Energy***
30% OMV New Zealand Ltd. [Operator]
35% Todd Exploration Ltd
21% Horizon Oil [New Zealand] Ltd

The joint venture is assessing the remaining potential associated with the Matariki trend up-dip of the Maari field. Studies are being completed by the operator to determine the feasibility of acquiring additional 3D seismic data to reduce the geological risk of the remaining prospects.

Te Kiri [PEP 51149]

Drilling



20% **Cue Energy***
80% Todd Exploration Ltd. [Operator]

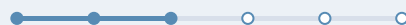
Well design and drilling programme work for the Te Kiri North-1 well is continuing with drilling now expected for late 2015 or early 2016. The operator has proposed a well which will be deviated from the surface location to intersect a potentially oil-bearing objective in the Miocene-age Mount Messenger Formation and a deeper Eocene-age gas-bearing objective.

Existing infrastructure nearby will facilitate early commercialisation in a success case.

* New Zealand Oil & Gas has a 48.11 per cent interest in Cue Energy.

Clipper [PEP 52717]

Further Evaluation

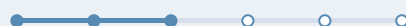


50% **New Zealand Oil & Gas [Operator]**
50% Beach Energy

Talks are advanced with potential farm in partners to drill the Barque prospect located within the Clipper Graben. The size of the Barque prospect was announced in the June quarterly report as having a best estimate of unrisks prospective resource of 530 million barrels of oil equivalent. A decision on whether to commit to a well in the permit is required by April 2016.

Galleon [PEP 55792]

Further Evaluation

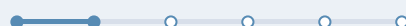


100% **New Zealand Oil & Gas [Operator]**

A change of conditions was granted during the quarter deferring the date when a decision must be made to acquire 3D seismic data over the permit.

Toroa [PEP 55794]

Seismic Survey



30% **New Zealand Oil & Gas**
70% Woodside Energy
[New Zealand 55794] [Operator]

A 3D seismic survey of approximately 1100 square-kilometres was successfully acquired by Dolphin Geophysical in the first quarter of 2015. Interpretation is underway. An updated data set is expected in before the end of the year.

INDONESIA

Sampang

Production Sharing Contract

Production



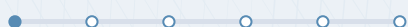
15%	Cue Energy*
45%	Santos Sampang Pte Ltd. (Operator)
40%	Singapore Petroleum Company

The Sampang PSC well workover programme to increase production and extend field life has concluded. Work to install onshore gas compression at the Grati gas plant has been completed and all three compressors are fully functional. Compression capacity has resulted in increased deliverability from Wortel. The Oyong oil and gas field is also now benefitting from an amendment to the existing gas contract, which included a significant price increase and became effective in July.

MNK Kisaran

Production Sharing Contract

Early Evaluation



11.25%	New Zealand Oil & Gas
33.75%	Bukit Energy
55%	Pacific Oil & Gas (Operator)

The Production Sharing Contract relates to an unconventional resource in the Kisaran PSC area.

Technical work including preliminary data analysis, geological and geophysical studies is underway.

Palmerah Baru

Production Sharing Contract

Seismic survey



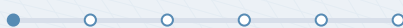
36%	New Zealand Oil & Gas
54%	Bukit Energy Palmerah Baru (Operator)
10%	PT SNP Indonesia

Data interpretation has high-graded eight promising leads. The operator is targeting a seismic programme for late 2016 to analyse these leads in more detail.

MNK Palmerah

Production Sharing Contract

Early Evaluation



15.84%	New Zealand Oil & Gas
69.36%	Bukit Energy Resources Palmerah Deep Pte. Ltd. (Operator)
8.8%	PT SNP Indonesia - Bumi Perdana Energy Limited
3%	Bumi Perdana Energy Limited
3%	Glory Wealth Pacific Limited

The Production Sharing Contract relates to an unconventional resource in the Palmerah Baru PSC area. Planning is underway to progress the technical work programme.

Bohorok

Production Sharing Contract

Drilling



45%	New Zealand Oil & Gas
45%	Bukit Energy (Operator)
10%	Surya Buana Lestarijaya Bohorok

A 205 square-kilometre seismic survey over the PSC was completed in 2014 and the joint venture has high-graded a gas condensate prospect to drillable status.

The joint venture is in farm out discussions with interested parties.

MNK Bohorok

Joint Study Agreement

Early Evaluation



20.25%	New Zealand Oil & Gas
55%	Lion Energy (Operator)
20.25%	Bukit Energy
4.5%	Surya Buana Lestarijaya Bohorok

The joint study of the unconventional resource potential in the Bohorok PSC is progressing well. The study is expected to be completed in late 2015.

Kisaran

Production Sharing Contract

Plan of Development



22.5%	New Zealand Oil & Gas
55%	Pacific Oil & Gas (Operator)
22.5%	Bukit Energy

The joint venture is continuing to assess development options.

Mahato

Production Sharing Contract

Drilling



12.5%	Cue Energy*
62.5%	Texcal Mahato EP Ltd. (Operator)
25%	Bukit Energy Central Sumatra (Mahato) Pte Ltd

Multiple appraisal and exploration opportunities have been mapped and two wells are currently planned for 2016.

A 2D seismic programme to high-grade further exploration prospects is also planned for late 2015 or early 2016.

Mahakam Hilir

Production Sharing Contract

Drilling



100%	Cue Energy*
SPC	Mahakam Hilir Pte Ltd. (Operator)

Extensive field mapping in the block has helped identify a final location for the Naga Selatan-2 well. Well planning is progressing, with the construction of the drilling pad and access roads now underway.

A final well proposal will be submitted to SKKMIGAS for approval to drill in early January 2016.

* New Zealand Oil & Gas has a 48.11 per cent interest in Cue Energy.

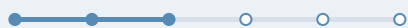
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AUSTRALIA

UNITED STATES

WA-359-P

Further Evaluation



100% Cue Energy (Operator)*

Cue has evaluated a new play type associated with the prolific gas-bearing Mungaroo formation.

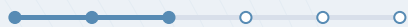
The play fairway extends across several adjacent permits including WA-359-P and WA-409-P.

The "Ironbark" prospect has been identified as the primary candidate for drilling. Cue has received regulatory approval to extend its year 3 well commitment date until October 2016.

Cue has commenced its farm-out process.

WA-360-P

Further Evaluation



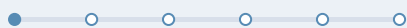
37.5% Cue Energy*
62.5% MEO Australia Ltd. (Operator)

Reprocessing of approximately 650 square-kilometres of existing 3D seismic data over the Maxwell prospect is continuing.

There is no well commitment in the near term.

WA-361-P

Early Evaluation

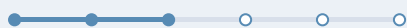


15% Cue Energy (Operator)*
50% North West Shelf Exploration Pty Ltd (Operator)
35% Mineralogy Pty Ltd

The regulator has approved an application for a work programme variation to allow geotechnical studies to be completed. The work programme term concludes on 30 January 2016.

WA-389-P

Further Evaluation

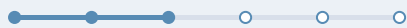


40% Cue Energy (Operator)*
60% BHP Billiton Petroleum (Australia) Pty Ltd (Operator)

Reprocessing of existing 2D and 3D seismic data is underway.

WA-409-P

Further Evaluation



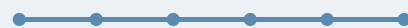
100% Cue Energy (Operator)*

A 12 month extension to year 6 of the permit has been granted to allow completion of technical work associated with the Ironbark prospect.

Cue plans to farm down its 100 per cent working interest.

Pine Mills

Producing



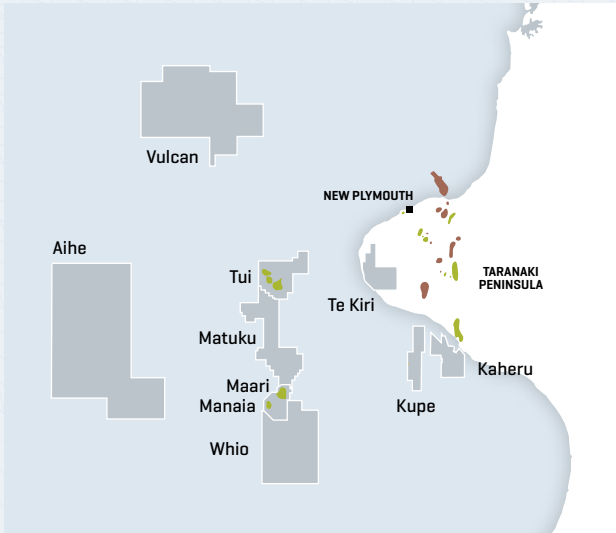
80% Cue Energy (Operator)*
20% Gale Force Petroleum Inc.

Cue acquired an 80 per cent interest in the producing Pine Mills area oil fields in East Texas, USA in June 2015. Cue is now implementing a plan to stabilise and grow production over the coming months by working over and reactivating existing wells.

* New Zealand Oil & Gas has a 48.11 per cent interest in Cue Energy.

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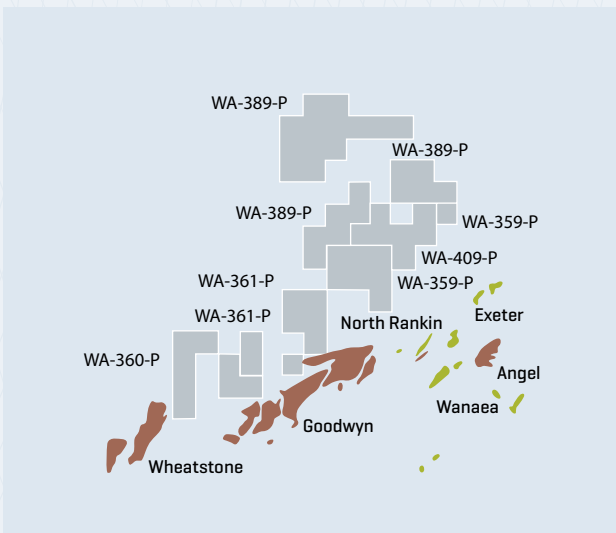
EXPLORATION PERMIT MAPS



OFFSHORE TARANAKI BASIN
NEW PLYMOUTH



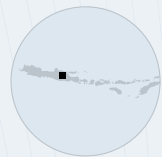
OFFSHORE CANTERBURY - GREAT SOUTH BASIN
CANTERBURY



AUSTRALIA



JAVA



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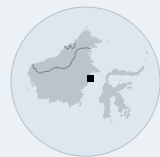
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SUMATRA






KALIMANTAN



TEXAS

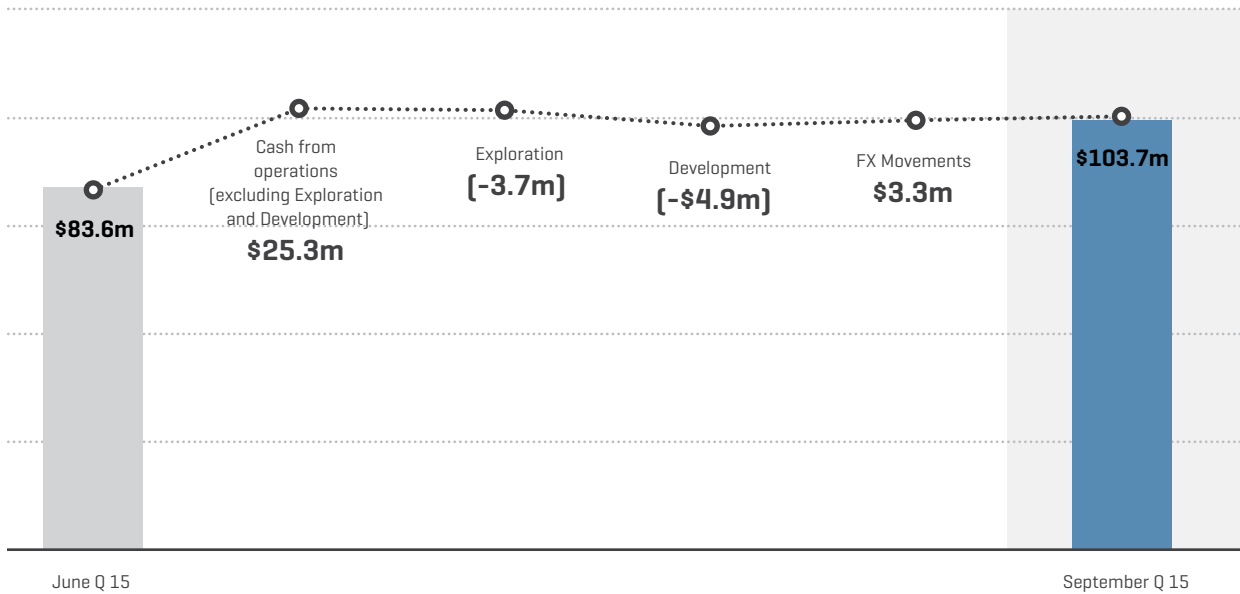


MAP LEGEND

-  Permits
-  Oil Field
-  Gas Field

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CASH BALANCE



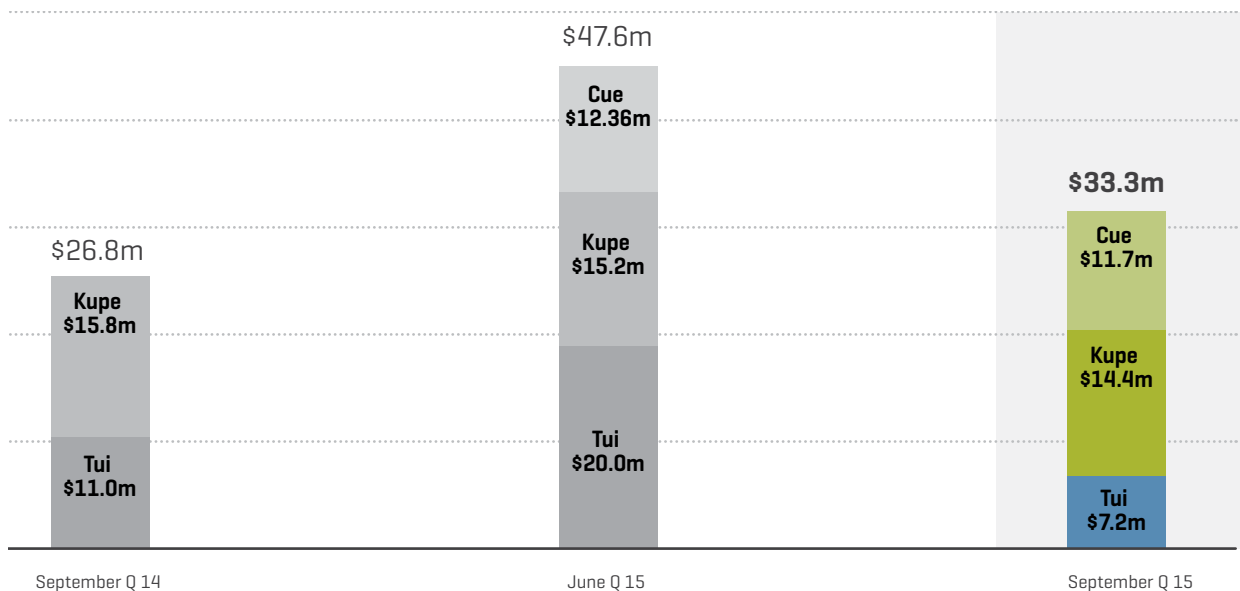
FINANCIAL PERFORMANCE

New Zealand Oil & Gas has performed strongly in the quarter, with receipts boosted by substantial sales late in the June quarter, while other costs ran at normal levels.

Exploration costs show Cue's preparations for drilling in Indonesia, and development expenditure includes completion of drilling at Maari.

The weaker New Zealand dollar has resulted in a positive impact on US dollar balances for both New Zealand Oil & Gas and Cue.

REVENUE



New Zealand Oil & Gas operating revenue for the quarter was NZ\$33.3 million.

Revenue was down compared to last quarter mainly because of the timing of shipments from the Tui field.

This included revenue from the sale of Tui oil NZ\$7.2 million, revenue from the sale of Kupe sales gas, LPG and light oil of

NZ\$14.4 million and the recognition of Cue's revenue for the quarter of NZ\$11.7 million.

As at September 2015, the New Zealand Oil & Gas cash balance was NZ\$103.7 million, with cash holdings held in both NZ and US dollar accounts. NZ\$29.3 million is held by Cue. New Zealand Oil & Gas had no outstanding debt at end of the period.

More financial information is contained in the 30 September 2015 Quarterly Cash Flows Report, which has been released to the NZX and ASX.

	3 months to 30 September 2015*	Previous quarter*	Comparable quarter a year ago**
Revenue	33.3	47.6	26.8
Cash balance	103.7	83.6	130.6

Revenue from Cue's sales is recognised on a cash basis.

*Financial update includes 100 per cent of Cue's revenue and cash balance with no adjustment for the 51.89 per cent non-controlling interest

** Cue's revenue and cash balance are not included in comparative figures as the effective date for control was 31 March 2015.

Update to Annual Report – Disclosure of NZX Waiver

New Zealand Oil & Gas omitted to include a summary of a waiver it received from NZX Regulation in its annual report as required by Listing Rule 10.4.5(f). That waiver was issued on 3 February 2015 in connection with NZOG's on-market offer to acquire all of the ordinary shares in Cue Energy Resources Ltd. A summary of the waiver is available nzog.com/waiver

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NEW ZEALAND OIL & GAS