

APPENDIX 1 (Rule 10.4)

PRELIMINARY FULL YEAR REPORT ANNOUNCEMENT

NEW ZEALAND OIL & GAS LIMITED

FOR THE YEAR ENDED 30 JUNE 2005

Preliminary full year report on consolidated results (including results for the previous corresponding full year) in accordance with Listing Rule 10.4.2
 This report has been prepared in accordance with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates and is based on audited financial statements and reviewed by the company's auditors.
 New Zealand Oil & Gas Limited has a formally constituted Audit Committee of the Board of Directors.

1 CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

1.1 OPERATING REVENUE

- (a) Sales revenue
- (b) Other revenue
- (c) Total operating revenue

1.2 OPERATING SURPLUS/(DEFICIT) BEFORE UNUSUAL ITEMS AND TAX

- (a) Plus/(less) tax (i) - on operating profit

1.3 OPERATING SURPLUS/(DEFICIT) AFTER TAX

- (a) Extraordinary items after tax
- (b) Unrealised net change in value of investment properties

1.4 OPERATING SURPLUS/(DEFICIT) AFTER TAX

- (a) Minority interests

1.5 NET SURPLUS/(DEFICIT) AFTER TAX ATTRIBUTABLE TO MEMBERS OF LISTED ISSUER

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE		
2005 Current Full year \$NZ'000	Up/ (Down) %	2004 Previous corresponding Full year \$NZ'000
-	-100%	1,113
584		13,348
584		14,461
(2,463)		7,772
(103)		34
(2,566)		7,806
-		-
-		-
(2,566)	133%	7,806
11		155
(2,555)	132%	7,941

2. DETAILS OF SPECIFIC RECEIPTS/OUTLAYS REVENUES/EXPENSES FOR full YEAR

2.1 INCLUDED IN CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR full YEAR

- (a) Interest revenue included in Item 1.1(b) above
- (b) Unusual items for separate disclosure
- (c) Equity earnings
- (d) Interest expenses included in Item 1.2 above (include all forms of interest, lease, finance charges etc.)
- (e) Leasing and renting expenses
- (f) Depreciation
- (g) Diminution in the value of assets (other than depreciation)
 - Write off / (back) of former provision for impairment of investment
 - Write off of capitalised exploration expenditure
- (h) Amortisation of goodwill
- (i) Amortisation of other intangibles
- (j) Amortisation of other intangibles
- (k) Amortisation of other intangibles

2.2 SUPPLEMENTARY ITEMS

- (a) Interest costs excluded from 2.1(d) and capitalised
- (b) Outlays capitalised in intangibles
- (c) Unrecognised differences between carrying value and market value of publicly traded investments (underlying asset recorded in Statement of Financial Position. Ref 9.1(b) below)

GROUP	
2005 Current full year NZ\$'000	2004 Previous Corresponding full year NZ\$'000
538	335
-	-
-	-
-	9
150	187
66	54
(1,031)	-
1,030	3,791
-	-
-	-
-	-
-	-
-	-
-	-
-	-
652	653

3 DISCONTINUED UNUSUAL & EXTRAORDINARY ITEMS OF THE GROUP

Details & Comments

- Discontinued Activities
- Material unusual included in 1.2
- Extraordinary items (ref 1.3(1))
- Total Extraordinary Items

GROUP - CURRENT full YEAR		
2005 Before Tax \$NZ'000	2005 Related Income tax \$NZ'000	2005 After Tax \$NZ'000
-	-	-
-	-	-
-	-	-
-	-	-

4 STATEMENT OF MOVEMENTS IN EQUITY

4.1 NET SURPLUS/(DEFICIT) ATTRIBUTABLE TO MEMBERS

(a) Net Surplus/(Deficit) attributable to minority interest

4.2 OTHER RECOGNISED REVENUE AND EXPENSES

(a) Increases/(decreases) in revaluation reserves

(b) Currency translation differences

(c) Minority interest in other recognised revenue and expenses

4.3 TOTAL RECOGNISED REVENUE AND EXPENSES

4.4 OTHER MOVEMENTS

(a) Contributions by owners

(b) Distributions to owners

(c) Other - Shares issued by subsidiary to minority interests

4.5 EQUITY AT BEGINNING OF THE full YEAR

4.6 EQUITY AT END OF THE full YEAR

STATEMENT OF MOVEMENTS IN EQUITY	
2005	2004
Current full year NZ\$'000	Previous Corresponding full year NZ\$'000
(2,555)	7,941
(11)	(135)
(2,566)	7,806
42,827	448
1,099	
49,556	41,302
90,916	49,558

5 EARNINGS PER SECURITY

Calculation of basic and diluted EPS in accordance with IAS33: Earnings per security

(a) Basic EPS

(b) Diluted EPS

EARNINGS PER SECURITY	
2005	2004
Current full year NZ cents per security	Current full year NZ cents per security
(1.89)	5.93
0.18	5.06

6 MATERIAL ACQUISITIONS OF SUBSIDIARIES

N/A

- (a) Name of subsidiary or group of subsidiary
 (b) Percentage of ownership acquired
 (c) Contribution to consolidated net surplus/(deficit)
 (d) Date from which such contribution has been calculated

7 MATERIAL DISPOSALS OF SUBSIDIARIES

N/A

- (a) Name of subsidiary or group of subsidiary
 (b) Contribution of subsidiaries to consolidated net surplus/(deficit)
 (c) Date from which such contribution has been calculated
 (d) Contribution to consolidated net surplus/(deficit) for the previous corresponding year
 (e) Contribution to consolidated net surplus/(deficit) from sale of subsidiary

8. REPORTS FOR INDUSTRY AND GEOGRAPHICAL SEGMENTS**SEGMENTS**

Operating revenue

Sales to customers outside the group
 Interest and other revenue
 Total revenue (consolidated total equal to 1.1(c))

Segment result – surplus
 Unallocated expenses

Operating surplus/deficit after tax (item 1.3)

Segment assets
 Unallocated assets
 Total assets (equal to 9.3)

Geographic NZ	Industry Petroleum and coal exploration and production
2005 Current full year \$NZ'000	2005 Current full year \$NZ'000
-	-
584	584
584	584
(2,566)	(2,566)
-	-
(2,566)	(2,566)
93,910	93,910
-	-
93,910	93,910

Notes:

- (i) The Company operates in one geographical segment – New Zealand
 (ii) The Company operates in the petroleum and coal production and exploration industry.

9 CURRENT ASSETS

- (a) Cash
- (b) Receivables
- (c) Investments
- (d) Inventories
- (e) Other – advances to associate company

TOTAL CURRENT ASSETS**9.1 NON-CURRENT ASSETS**

- (a) Receivables
- (b) Investments
- (c) Inventories
- (d) Property, plant and equipment
- (e) Goodwill
- (f) Deferred taxation asset
- (g) Other intangible assets
- (h) Other Non current assets
 - Other
 - Petroleum and Coal interests

9.2 TOTAL NON-CURRENT ASSETS**9.3 TOTAL ASSETS****9.4 CURRENT LIABILITIES**

- (a) Accounts payable
- (b) Income in advance
- (c) Secured loans
- (d) Unsecured loans
- (e) Provisions - current
- (d) Other current liabilities

TOTAL CURRENT LIABILITIES**9.5 NON-CURRENT LIABILITIES**

- (a) Accounts payable
- (b) Secured loans
- (c) Unsecured loans
- (d) Provisions - non current
- (e) Deferred taxation liability
- (f) Other non current liabilities

9.6 TOTAL NON-CURRENT LIABILITIES**9.7 TOTAL LIABILITIES****9.8 NET ASSETS****9.9 SHAREHOLDERS' EQUITY**

- (a) Share capital (reported paid in)
- (b) Reserves:
 - (i) Revaluation reserve
 - (ii) Other reserves
- (c) Retained surplus (accumulated deficit)

9.10 SHAREHOLDERS – EQUITY ATTRIBUTABLE TO MEMBERS OF THE COMPANY

- (a) Minority equity interests in subsidiaries

9.11 TOTAL SHAREHOLDERS – EQUITY

- (a) Return on assets
- (b) Return on equity
- (c) Debt to equity ratio

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
	At end of 30-Jun-05 Current full year report \$NZ'000	As Shown in 30-Jun-04 Last Annual Report \$NZ'000	At end of 31-Dec-04 Previous half year report \$NZ'000
	49,665	17,895	11,805
	1,739	635	256
	-	-	-
	116	100	150
	-	-	-
	51,518	18,430	12,213
	-	-	-
	4,066	4,182	5,213
	-	-	-
	277	188	252
	-	-	-
	-	100	-
	-	-	-
	55	88	85
	37,994	29,308	33,284
	42,392	33,866	38,834
	93,910	52,296	51,047
	2,891	2,352	1,506
	-	-	-
	-	-	-
	-	-	-
	103	346	183
	-	-	-
	2,994	2,698	1,689
	-	-	-
	-	-	-
	-	-	-
	-	42	-
	-	-	-
	-	-	-
	2,994	2,740	1,689
	90,916	49,556	49,358
	100,041	57,213	57,317
	2,891	2,891	2,891
	-	-	-
	(16,392)	(13,838)	(15,243)
	86,540	46,266	44,965
	4,376	3,290	4,393
	90,916	49,556	49,358
	-3%	14%	-3%
	-3%	17%	-3%
	3%	6%	4%

10. CASH FLOWS RELATED TO OPERATING ACTIVITIES

- (a) Receipts from customers
- (b) Interest received
- (c) Dividends received
- (d) Payments to suppliers and employees
- (e) Interest paid
- (f) Income taxes paid
- (g) Other operating cash flows

NET OPERATING CASH FLOWS

11. CASH FLOWS RELATED TO INVESTING ACTIVITIES

- (a) Cash proceeds from sale of property, plant and equipment
- (b) Cash proceeds from sale of equity investments (including licence interests)
- (c) Loans repaid by other entities
- (d) Cash paid for purchases of property, plant and equipment
- (e) Interest paid – capitalised
- (f) Cash paid for purchase of equity investments (Listed Resource Company)
- (g) Loans to other entities
- (h) Other expenditure:
 - production, development & exploration permits

NET INVESTING CASH FLOWS

12. CASH FLOWS RELATED TO FINANCE ACTIVITIES

- (a) Cash proceeds/(outlays) from sale, buy back of shares, options etc
- (b) Borrowings
- (c) Repayment of borrowings
- (d) Dividends paid
- (e) Other - Shares issued by subsidiary to minority interests

NET FINANCING CASH FLOWS

13. NET INCREASE (DECREASE) IN CASH HELD

- (a) Cash at beginning of full year
- (b) Exchange rate adjustments to Item 16(a) above
- (c) CASH AT END OF full YEAR

14. NON CASH FINANCING AND INVESTING ACTIVITIES

15. RECONCILIATION OF CASH

- Cash on hand and at bank
- Deposits at call
- Bank Overdraft
- Other:
 - Cash held by joint ventures

TOTAL = "CASH" AT END OF full YEAR [Item 13(c) above]

16. MATERIAL INTEREST IN CORPORATIONS NOT BEING SUBSIDIARIES

17. ISSUED AND QUOTED SECURITIES AT END OF CURRENT full YEAR

2005 Current full Year \$NZ'000	2004 Previous Corresponding full Year \$NZ'000
-	1,467
537	325
-	-
(2,437)	(3,428)
-	-
-	-
-	-
(1,900)	(1,638)
-	-
996	17,535
-	-
(261)	(12)
-	-
-	(501)
-	-
(9,253)	(6,524)
(8,518)	10,498
41,520	500
150	172
-	(360)
-	-
1,093	19
42,763	331
32,345	9,193
17,695	7,904
(377)	598
49,663	17,695

n/a n/a

As at 30-Jun-05 Current full year \$NZ'000	As at 29-Jun-04 Previous full year \$NZ'000
12,158	202
36,110	16,397
-	-
1,395	1,096
49,663	17,695

n/a n/a

Category	Issued	Quoted
Ordinary shares	133,964,238	
less treasury stock	(5,864,515)	
Issued during the current full year	71,408,045	
Total	199,507,768	199,507,768

Options	Issued	Quoted	Exercise Price	Expiry date
Converted to ordinary shares during the current full year	72,164,846			
Lapsed on expiry date	(71,258,045)			
Total	-	-	0.6	30/06/2005

18. COMMENTS BY DIRECTORS

- (a) Material factors affecting the revenue and expenses of the group for the current full year
- i) Exploration write offs of \$1,030,000 for the current period include \$836,000 in relation to the unsuccessful Kiwi-1 well in PEP98460.
 - ii) Net deficit for the year includes writing back \$1,031,000 of a former provision for impairment of investment.

(b) Significant trends or events since the end of the current full year

(c) Changes in accounting policies since the last Annual Report and / or last full year report.
Nil

(d) Critical accounting policies

Production, Development, Exploration and Evaluation Expenditure

Expenditure incurred on petroleum and coal 'areas of interest' is accounted for using the successful efforts method. An area of interest is defined by the group as a licence or permit area. Exploration and evaluation expenditure (together with certain inter-group advances relative to these expenditures), is written off in the statement of financial performance under the successful efforts method of accounting in the period that exploration work demonstrates that an area of interest or any part thereof, is no longer prospective for economically recoverable reserves or when the decision to abandon an area of interest is made.

Where expenditure carried forward in an area of interest or any part thereof, exceeds the directors' valuation of that area of interest the costs are written down to the directors' valuation.

Directors' valuations of areas of interest, especially projects at a pre-development stage, are dependent upon a number of factors that are uncertain or tentative at the time of valuation and which may be subject to change. Such factors include the ability to secure sales contracts, levels of reserves, production profiles, estimates of future product sales prices, operating costs, capital expenditures, availability of financing and tax losses and legislative changes.

(i) Production interests

Production interests comprise exploration, evaluation and development costs (excluding fixed asset expenditure) incurred in relation to areas of interest in which petroleum production has commenced. Expenditure on production interests is amortised using the production output method resulting in an amortisation charge proportional to the depletion of economically recoverable proven reserves. Where such costs are considered not to be fully recoverable under existing conditions, an amount is provided to cover the shortfall.

(ii) Development interests

Development interests comprise costs incurred on areas of interest which are being developed for production.

No amortisation is provided in respect of development areas of interest until they are reclassified as production areas following commencement of petroleum production.

(iii) Exploration and Evaluation interests

Exploration and evaluation interests comprise costs incurred in areas of interest for which rights of tenure are current and:

(a) such costs are expected to be recouped through successful development and exploitation of the area, or alternatively, by its sale; or

(b) exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment and/or evaluation of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, these areas are continuing.

The ultimate value of areas of interest is contingent upon the results of further exploration and agreements entered into with other parties and also upon meeting commitments under the terms of permits granted and joint venture agreements.

Sales of prospecting and mining permit rights are shown as revenue in the period earned.

Restoration and Rehabilitation Expenditure

Significant restoration and rehabilitation expenditure to be incurred subsequent to the cessation of production from production areas of interest is provided for and expensed in the statement of financial performance based on best estimates of the expenditure required to settle the present obligation at balance date.

Joint Ventures

Where material the group consolidates its interest in the assets, liabilities, revenues and expenses of unincorporated joint ventures under appropriate headings in the financial statements using the proportionate method of consolidation.

(e) Managements discussion and analysis of financial condition, result and/or operations

New Zealand Oil & Gas Limited reports a loss of \$2.6 million for the year ended 30 June 2005, compared to a \$8 million profit for the same period last year. The loss included a write-off of \$836,000 expensed on the Kiwi exploration well and reversal of a \$1.1 million former provision for impairment against investments.

The Company is simultaneously progressing three major developments: Kupe gas/oil, Tui oil and Pike River coal. During the year ended 30 June 2005 \$9.2 million (2004: \$5.5m) was invested in these projects, which are expected to provide substantial, long-term revenue and cash flow streams for the company.

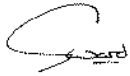
(f) Other comments

19. DIVIDEND

(a) Dividend yield as at balance date	0%	0%
(b) Tax adjusted dividend yield as at balance date	0%	0%

20. ANNUAL GENERAL MEETING

(a) To be held at	Crowne Plaza, 128 Albert St., Auckland
(b) Date and time	10:00 a.m. Friday 28 October 2005
(c) Approximated date of Annual report availability	29 September 2005
Date that this full year report was approved by resolution of the Board of Directors	26 August 2005



Gordon Ward
General Manager