



31 July 2008

NZOG REPORTS 12 MONTH REVENUE OF NZ\$234.6 MILLION

New Zealand Oil & Gas Ltd (NZOG) is pleased to report that revenue for the three months to 30 June was \$80.9 million, taking revenue for the full 2007/08 financial year to \$234.6 million*.

NZOG has today released its June Quarterly Activities Report and Cash Flow Report.

The 12 month revenue figure of \$234.6m compares to revenue of \$4.2m[†] in the previous financial year.

The outstanding result is based around the highly successful Tui Area Oilfields off the Taranaki coast, in which NZOG holds a 12.5% stake.

NZOG's Tui revenue for the year ended 30 June 2008 was \$222.8m[‡]. There was also a gain recognised from the successful float of Pike River Coal Ltd and some other small non-Tui revenue items.

Tui began production almost exactly one year ago, on 30 July 2007. To date it has produced over 15.2 million barrels of oil. The initial proven and probable (2P) reserves were upgraded twice during the June Quarter; first to 47 million barrels and then to 50.1 million barrels.

Oil prices hit record levels during the June Quarter. Tui oil is generally sold against the regional Tapis benchmark crude. Tapis rose from US\$110 at the beginning of April, to US\$150 at the end of June. It has since eased back to US\$135. However, that has been somewhat offset by the fall in the NZ dollar.

Tui's expected production for the 2008/09 financial year has been upgraded from 6 to 9 million barrels of oil (NZOG's share 1.125 mmbbls), providing continuing strong revenue and cash flows ahead of commercial production starting in mid-2009 from the Kupe project.

NZOG completed the largest capital raising on the NZX this year during the June Quarter, through the exercise of June 2008 options. 91.8% of the options were converted to shares at \$1.50 per option, raising \$190.8m. Along with the Tui revenue, this has contributed to a very substantial cash balance.

Cash in hand at 30 June was \$256.5 million. With further option payments received in July, the current cash balance is approximately \$280m.

"NZOG is on a very sound financial footing and we are focused on maximising value from our existing assets, as well as identifying attractive new investments", Chief Executive David Salisbury said.

* Unaudited

[†] Restated for New Zealand International Financial Reporting Standards (NZ IFRS).

[‡] Unaudited

“This includes looking beyond New Zealand, as the opportunities currently available here are too few to confidently satisfy our growth targets”.

In the interim, the cash funds have been invested in short-term banking facilities with a number of S&P AA or better rated institutions.

“We are not in the business of financial speculation with shareholder funds,” David Salisbury said.

ENDS.

NB: The June Quarterly Activities Report and June Quarterly Cash Flow Report are both available on the NZOG website: www.nzog.com

The full Financial Statements for the 2007/08 Financial Year will be released at the end of August.

FOR FURTHER INFORMATION PLEASE CONTACT:

David Salisbury
CEO and Managing Director

or

Chris Roberts
Public Affairs Manager

Telephone: (04) 495 2424 Toll free 0800 000 594

NZOG stock symbols: NZX shares - NZO
ASX shares - NZO

For personal use only