

Discovering Our Energy Future

New Zealand Oil & Gas Limited
Annual Meeting 29 October 2008

**Chief Executive/Managing Director's
Presentation**
David Salisbury



A Position of Strength

- Secure financial position
- Debt free
 - Retained debt facility of \$125m
- Cash reserves of approx NZ\$245m
 - US\$81m
 - NZ\$96m
- Revenue stream from Tui, and next year, from Kupe
- Pursuing a prudent growth strategy



Approach to Growth

- Carefully identify and evaluate potential new investments – here and overseas
- Screen out less attractive opportunities
- Target only those opportunities that are robust and comfortably within NZOG's financial capacity
- Only proceed if:
 - we fully understand the opportunity
 - the partners are reliable and capable
 - the investment is value-adding

Opportunities exist

- NZOG's strong position well recognised
- Constantly presented with opportunities
- A number under active consideration
- Opportunities likely to become available as other companies get under stress
- A time to create greater wealth for shareholders

Tui Area Oil Fields

- Proved and probable (2P) oil reserves upgraded to 50.1 million barrels
- Total production to date 18.1 mmbbls
 - NZOG's share 2.25 mmbbls
- Investigating an increase to the fluid handling capacity of the FPSO
- Considering a significant drilling campaign
- NZOG's Tui revenue to date approx NZ\$300m



Kupe Field

- More than 85% complete
- All of the offshore facilities in place
- Construction of condensate storage tanks underway
- Production Station progress slowed by harsh weather, equipment delivery and quality issues
- First commercial gas sales now expected 3rd Quarter 2009



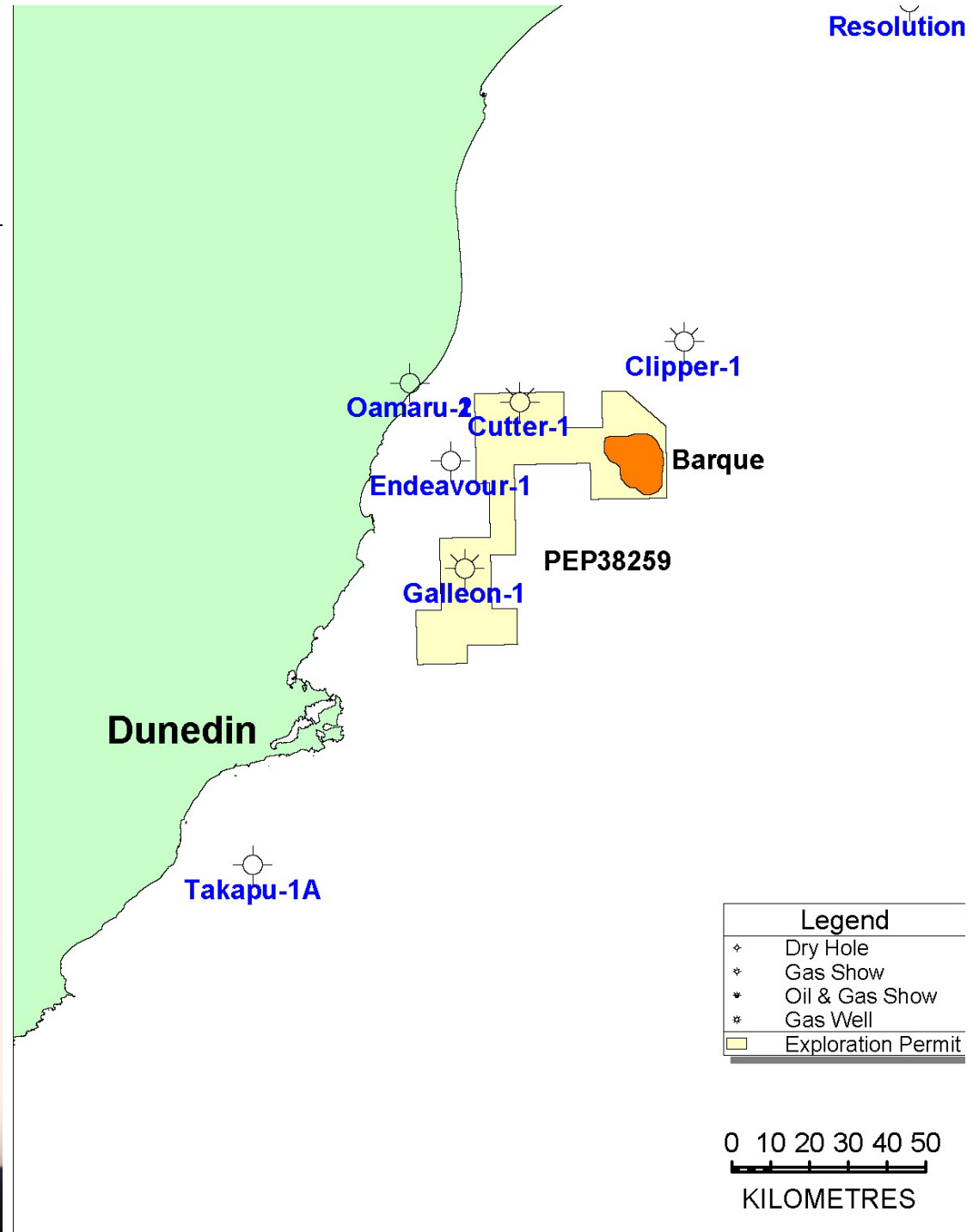
Kupe Field

- Development costs have risen by approx 20% since final investment decision in 2006
- Expected revenues have increased by more
- Economics of Kupe have improved since project sanction



Exploration

- 40% stake taken in Canterbury Basin permit
- Barque has potential for P50 recoverable resources of 600 BCF gas, 58 mmbbls light oil
- Evaluation work remains to be done
- Seismic survey to be undertaken in 2009

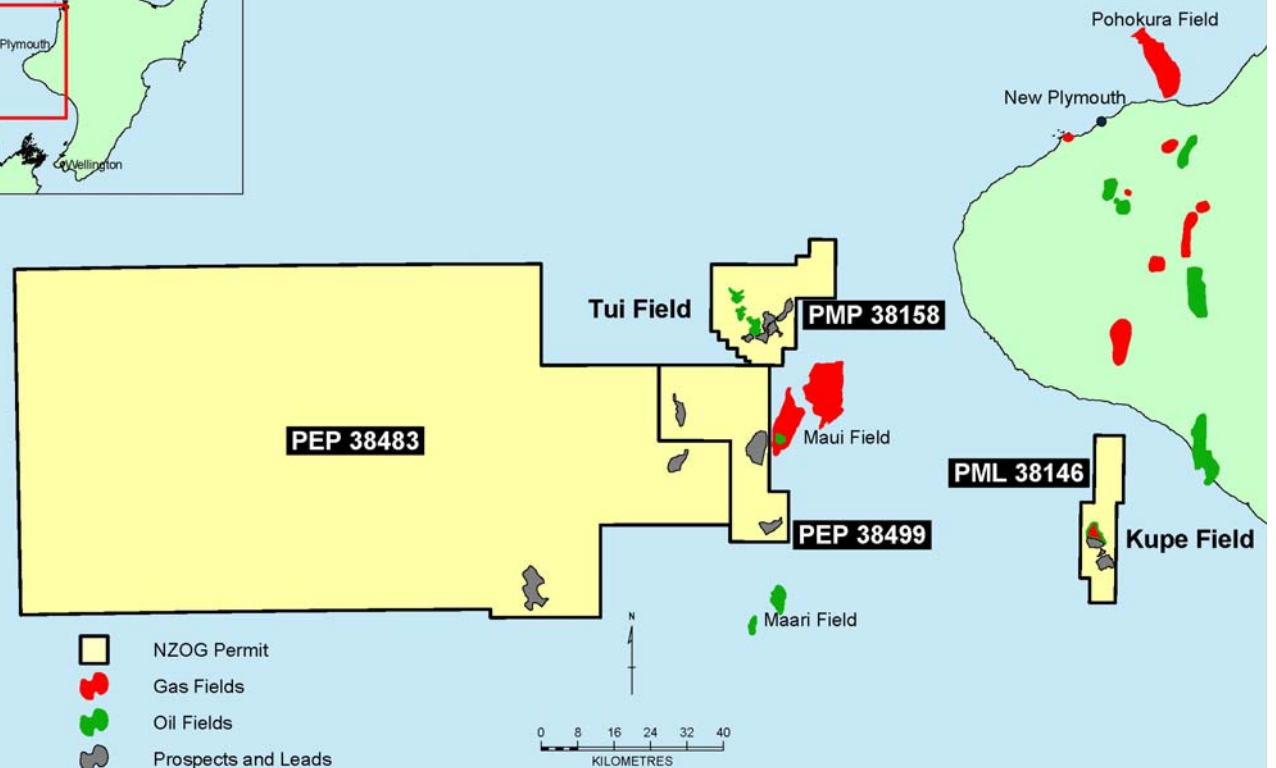


Exploration: Taranaki

- Possible Tui permit drilling campaign
- Permit PEP38499 relinquished
- 5yr extension sought for permit PEP38483
- Further studies into potential within Kupe permit



NZOG Taranaki Basin Permits

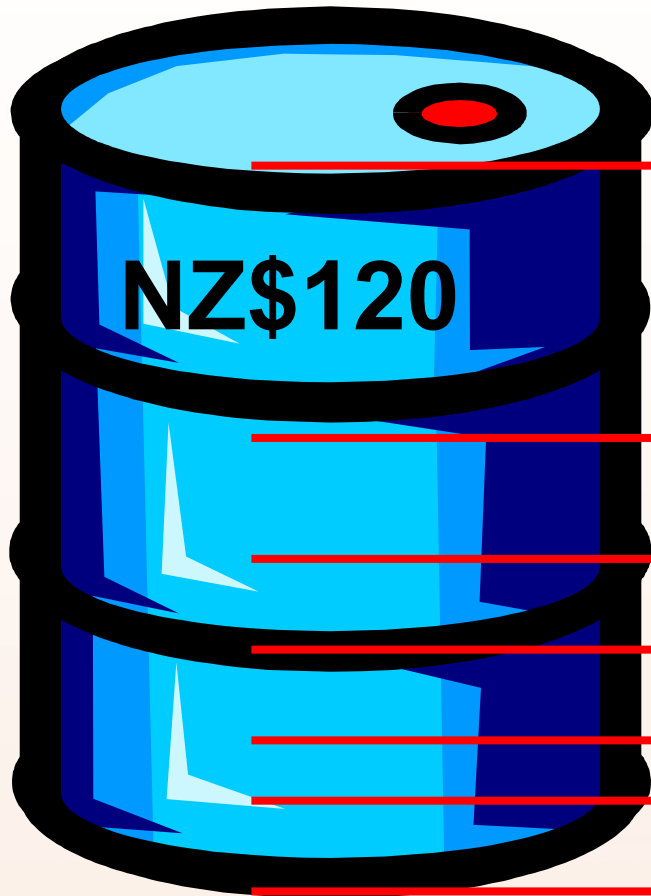


Outlook for Oil

- Unprecedented volatility in international oil prices in 2008
- Prices still relatively high
 - When Tui sanctioned in 2006 - \$US50 a barrel
 - Past three months, average sales price for Tui oil approx \$US120 a barrel.
- Tui remains very profitable at lower prices



A barrel of Tui oil



NZ\$45 Profit

NZ\$19 Tax

NZ\$16 Royalties

NZ\$16 Depreciation & Amortisation

NZ\$7 Marketing

NZ\$17 Production Expenses



Outlook for Oil

- Extremely difficult to predict future returns
 - Some clear longer term influences
- Demand for oil will increase
 - Driven by growth in developing countries
- Growing supply uncertainties
- Moving from a demand-driven to a supply-constrained system
 - Therefore strong upward pressures on oil prices



Conclusion

- 2008 financial year a seminal year for NZOG
- In a position of strength to come through the current period of uncertainty
- Positioned for growth and firmly focused on enhancing shareholder value