

Discovering Our Energy Future

New Zealand Oil & Gas Limited

Forsyth Barr Briefing

September
2008



Disclaimer

- New Zealand Oil and Gas Limited has prepared this presentation to provide information about the company for investors and other stakeholders.
- The information presented here is of a general nature and includes forecasts and estimates based on current knowledge. It is possible that changes in circumstances after the date of publication may impact on the accuracy of the information.
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- New Zealand Oil and Gas Limited strongly advises you to seek independent professional advice before making any investment decisions.



New Zealand Oil & Gas Ltd

| | |
|---------------|--|
| Listed | NZX and ASX |
| Shares issued | 384m Shares |
| Shareholders | ~14,000 ~ 21% institutions |
| Market cap | ~\$610 million |
| Head Office | 125 The Terrace Wellington, New Zealand |

www.nzog.com



New Zealand Oil & Gas Ltd

Discovering Our Energy Future



Home About Us Investor Centre News & Views Activities

New Zealand Oil & Gas Ltd is listed on the NZX and ASX, with significant oil and gas holdings, exploration permits and investments. Find out more about us »

CURRENT SHARE PRICE

NZX

Code NZO
Last \$1.61
Change 0.03 ↑

ASX

Code NZO
Last \$1.30
Change 0 ↔

Last updated 01 Sep 2008 at 10:35am

WHAT'S NEW

Strong Result and Extra Dividend Declared

29 AUGUST 2008

NZOG has reported an annual net profit of NZ\$97.2 million and declared an extra dividend of 5 cents per share. [Read more »](#)

2008 Financial Statements

29 AUGUST 2008

NZOG's Audited Financial Statements for the year ended 30 June 2008 have been released.

[Read more »](#)

Research Updates

14 AUGUST 2008

A number of the analysts which follow NZOG have issued updated valuations [Read more »](#)

Company Profile

13 AUGUST 2008

NZOG's company profile presentation has been updated [Read more »](#)



Taranaki exploration

INVESTOR INFORMATION

- ▶ [Company Reports](#)
- ▶ [Analyst Coverage](#)
- ▶ [Investment Calculator](#)
- ▶ [Update Your Details](#)

[See More Investor Information »](#)

SITE HIGHLIGHTS

Tui Area Oil Fields

NZOG has a 12.5% stake in the producing Tui Oil Fields. ▶

Kupe Project

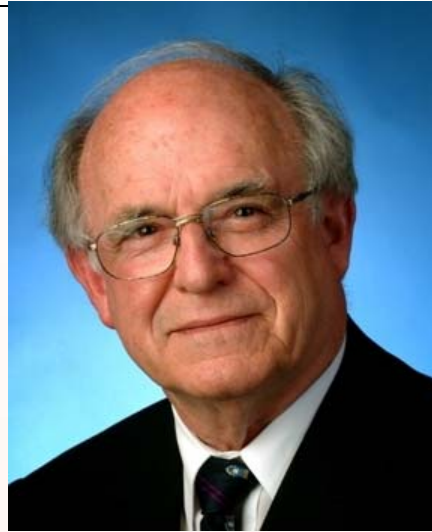
NZOG has a 15% stake in the Kupe gas and condensate project. ▶

The Board

Tony Radford Chairman



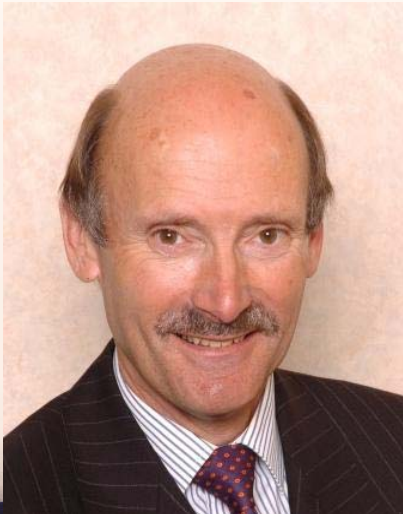
Ray Meyer Deputy Chairman



David Salisbury Manager Director



David Scoffham



Andrew Knight



Steve Rawson



Paul Foley



Management

Wellington based
Senior corporate
staff
Experienced
Technical team



Helen Mackay General Counsel



Markus Schuh
Reservoir Engineering Manager



Jonathan Salo Exploration Manager



Andrew Stewart CFO



Chris Roberts
Public Affairs Manager



Share Performance

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Share Performance

- Trading at significant discount to analyst valuations

| Company | Report Date | Valuation (NZ\$) | Recommendation |
|------------------------|----------------|------------------|----------------|
| Forsyth Barr | September 2008 | \$2.10 | Buy |
| ABN-AMRO | September 2008 | \$2.44 | Buy |
| Macquarie | September 2008 | \$1.97 | Outperform |
| Credit Suisse | August 2008 | \$2.13 | Buy |
| McDouall Stuart | August 2008 | \$2.50 | Buy |
| Aspect Huntley | July 2008 | \$1.83 | Accumulate |
| Hamilton Hindin Greene | June 2008 | \$2.18 | Buy |



FY 2008 – a transformational year

Operational Achievements:

- Successful staff recruitment
- Tui Oil Fields hugely successful
- Kupe Project well advanced
- Pike River Coal floated



FY 2008 – a transformational year

Financial Achievements:

- Revenue NZ\$234.1m (Tui NZ\$222.8m)
- EBITDAR: NZ\$187.7m
- Net Profit: NZ\$97.2m
- Tax \$41m (Current \$16m, deferred \$25m)
- Royalties \$26.4m
- Capital investment NZ\$105m
- Total debt \$64m
- Current Cash Balance: ~ NZ\$285m
- Two 5.0c dividends



NZOG Success Story 1- Tui

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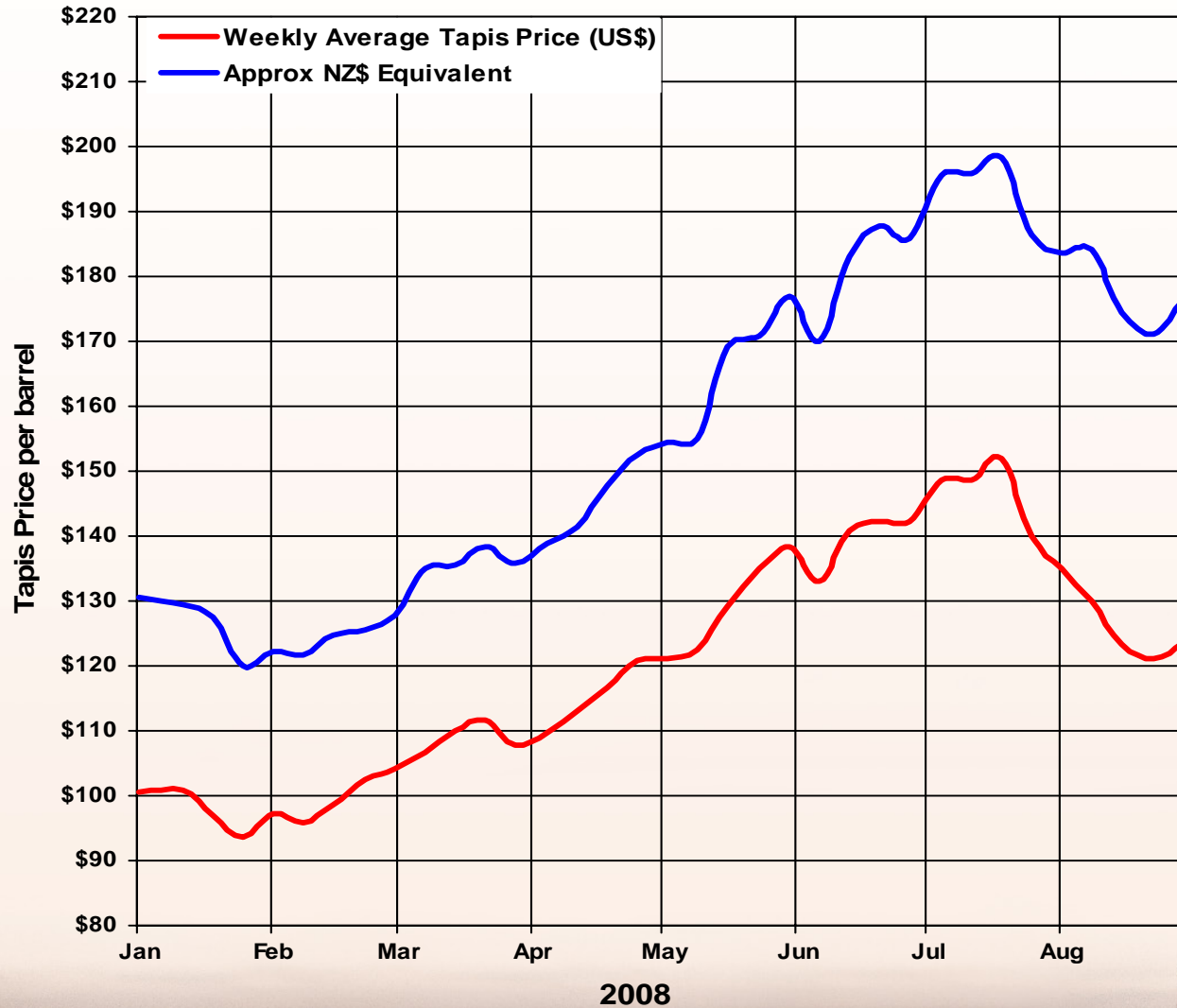


NZOG Success Story 1- Tui

- NZOG a 12.5% JV partner
- Production began 30 July 2007
- NZOG's total Exploration & Development costs: NZ\$52m
 - Project payback achieved in 4 and a half months
- Proved & probable (2P) reserves regularly upgraded
 - Initial 2P reserves now 50.1 mmbbls, NZOG 6.26 mmbbls
- Production rates significantly exceeded forecasts
 - 14.23 mmbbls produced in FY08 – NZOG's share 1.78 mmbbls
- Total Opex below US\$10 a barrel
- Average price per barrel in FY08 approx US\$100
 - Tui a quality product, with low or positive differential to Tapis



NZOG Success Story 1- Tui



- Oil Price climbed sharply until mid-July
- Decline since then has coincided with stronger US dollar
- Returns to NZOG in NZ dollars remain strong



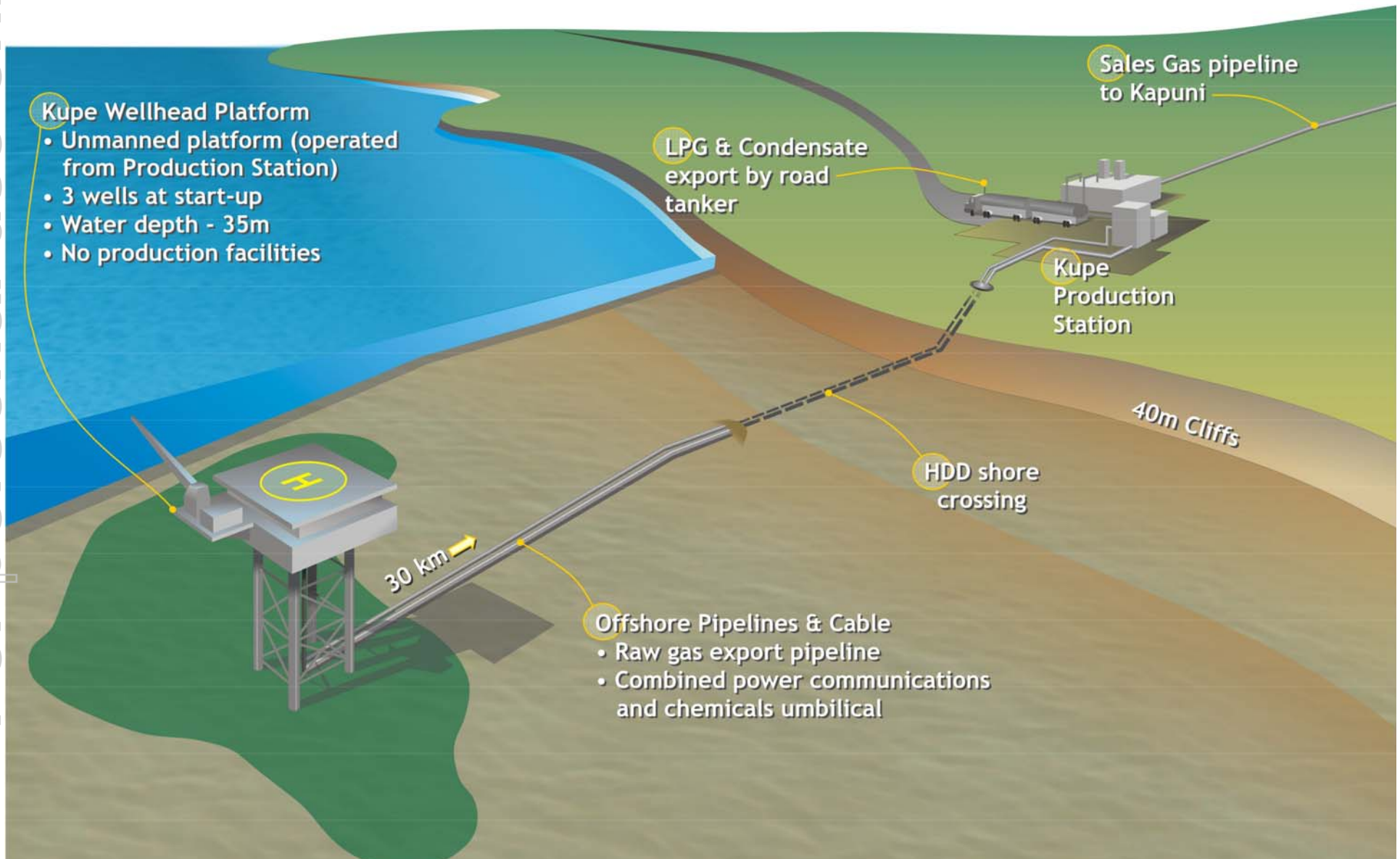
NZOG Success Story 1- Tui

- Updated Production Forecast for FY09 – 9 mmbbls
 - Production in July/August: 2.25 mmbbls
 - NZOG's share 280,000 barrels
- FPSO outperforming design capacity
 - Processing up to 145,000 barrel of fluid a day
 - Plans to upgrade the capacity to 180,000 barrels a day
- FPSO lease extended
 - Committed to end of 2015 plus 7 one-year rights of renewal
 - NZOG's share of Opex until 2015 estimated at US\$44m

Kupe Project Schematic

NZOG Success Story 2 - Kupe

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NZOG Success Story 2 - Kupe

- Kupe Project:
 - Discovered by NZOG in 1986
 - Not economic during Maui era
 - Investment decision June 2006
 - Commercial production mid-2009
- NZOG a 15% JV partner:
 - Share of 2P Reserves: 38PJ gas, 165,000 tonnes LPG, 2.2 mmbbls light oil



NZOG Success Story 2 - Kupe

- Project around 85% complete
- All offshore work completed
 - Offshore platform installed
 - 30km offshore pipeline and umbilical laid
 - Three development wells completed
 - Flow test results confirmed expectations, narrowed range
- Remaining focus onshore
 - Oil tanks at Omata (New Plymouth)
 - Production station near Hawera



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NZOG Success Story 2 - Kupe

- First Commercial Production due mid-2009
 - Commissioning period ahead of that
- Economics of Kupe have improved
 - Expected development cost 20% over FID
 - Expected revenues over 50% above FID
 - Three-quarters of current value in the liquids



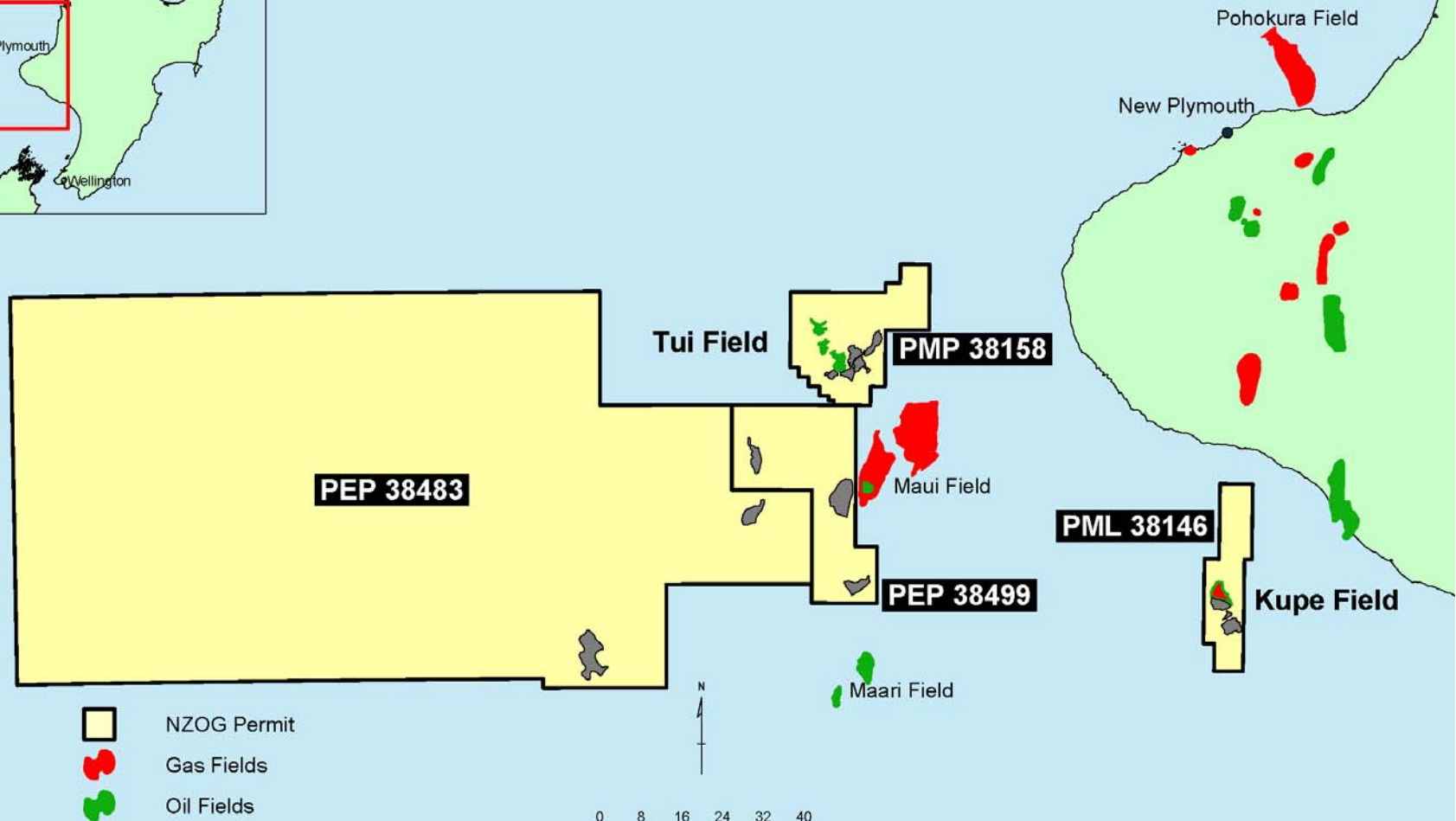
Exploration: Taranaki Basin

- Permit PMP38158 (Tui Area)
 - Drilling campaign being considered by Tui joint venture
 - Geological structures promising
 - Final decision dependent on economics and rig availability
- Permit PML38146 (Kupe area)
 - Momoho Well discovered sub-commercial gas condensate pool
Further assessment to be carried out
- Permit PEP38499
 - Between Tui and Maui fields. Contains possible leads.
- Permit PEP38483
 - Remodelling and reviewing a number of prospects and leads





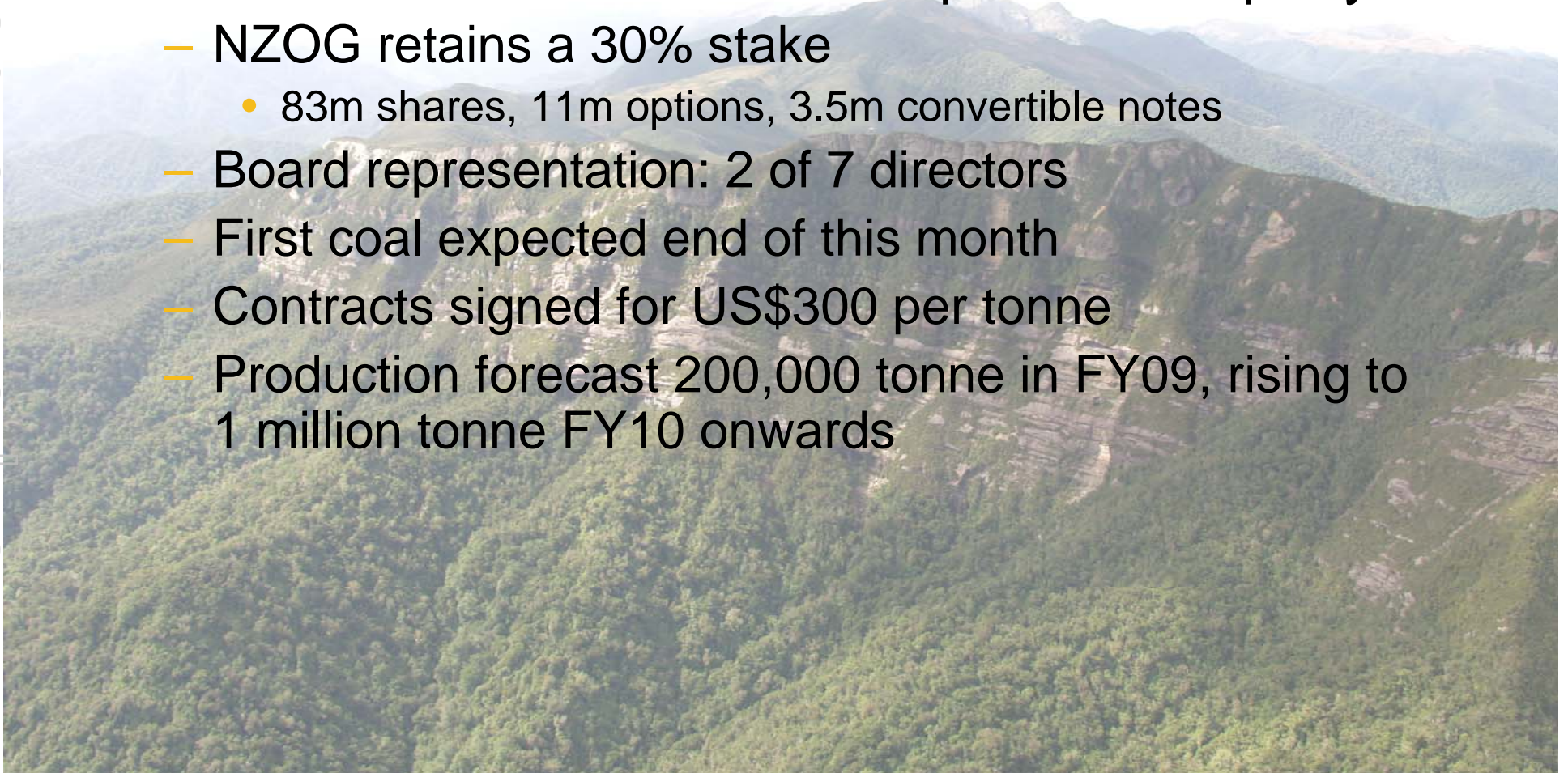
NZOG Taranaki Basin Permits



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Pike River Coal

- Coking Coal Mine on South Island's West Coast
- Floated in 2007 and now a separate company
 - NZOG retains a 30% stake
 - 83m shares, 11m options, 3.5m convertible notes
 - Board representation: 2 of 7 directors
 - First coal expected end of this month
 - Contracts signed for US\$300 per tonne
 - Production forecast 200,000 tonne in FY09, rising to 1 million tonne FY10 onwards

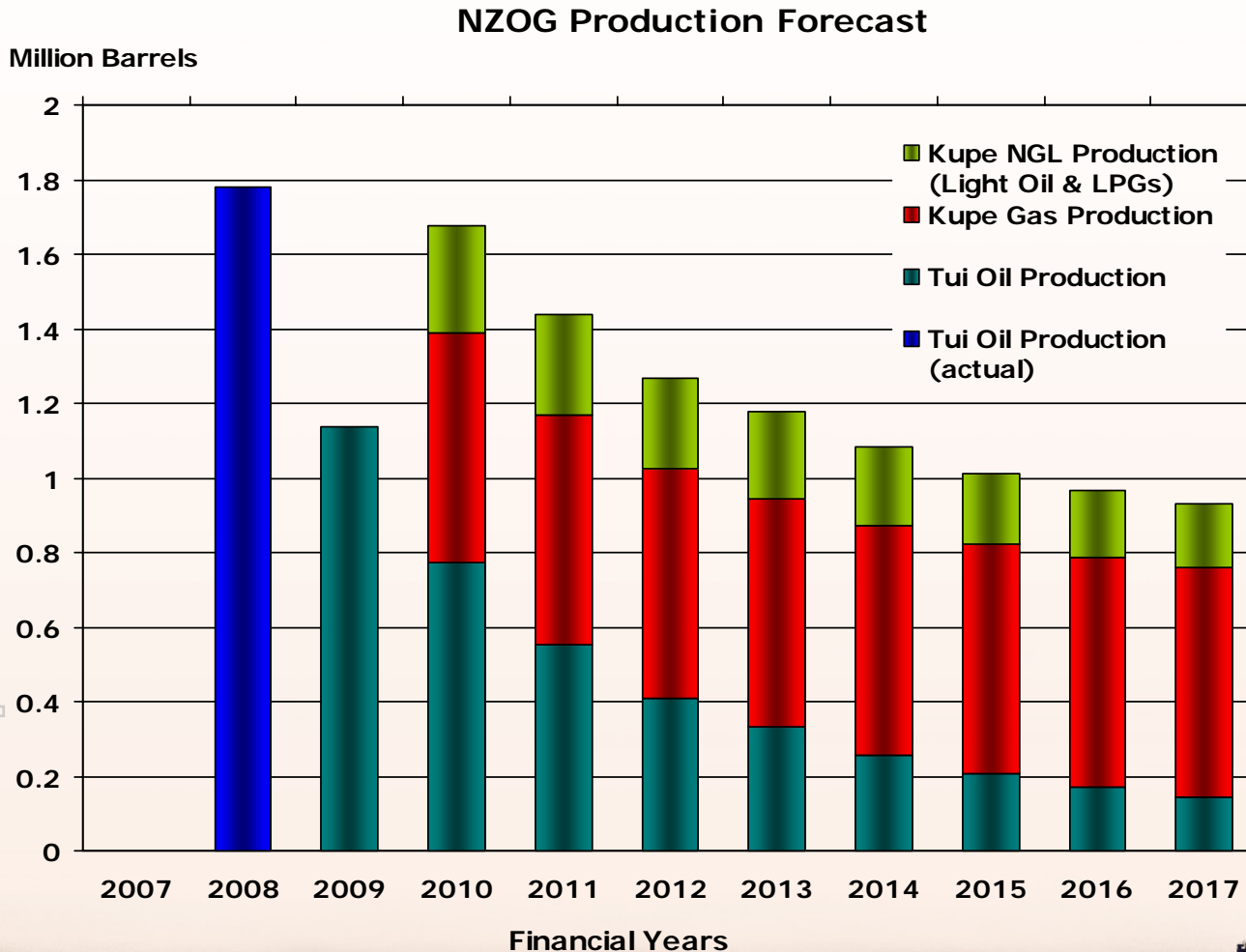


NZOG's Plans for the Future

- Staffed and funded for growth
- Board approved growth strategy
- Ambitious but achievable 2012 targets:
 - Increase reserves to at least 25 mmbob
 - Increase production output to at least 2 million barrels per year

NZOG Production Forecast

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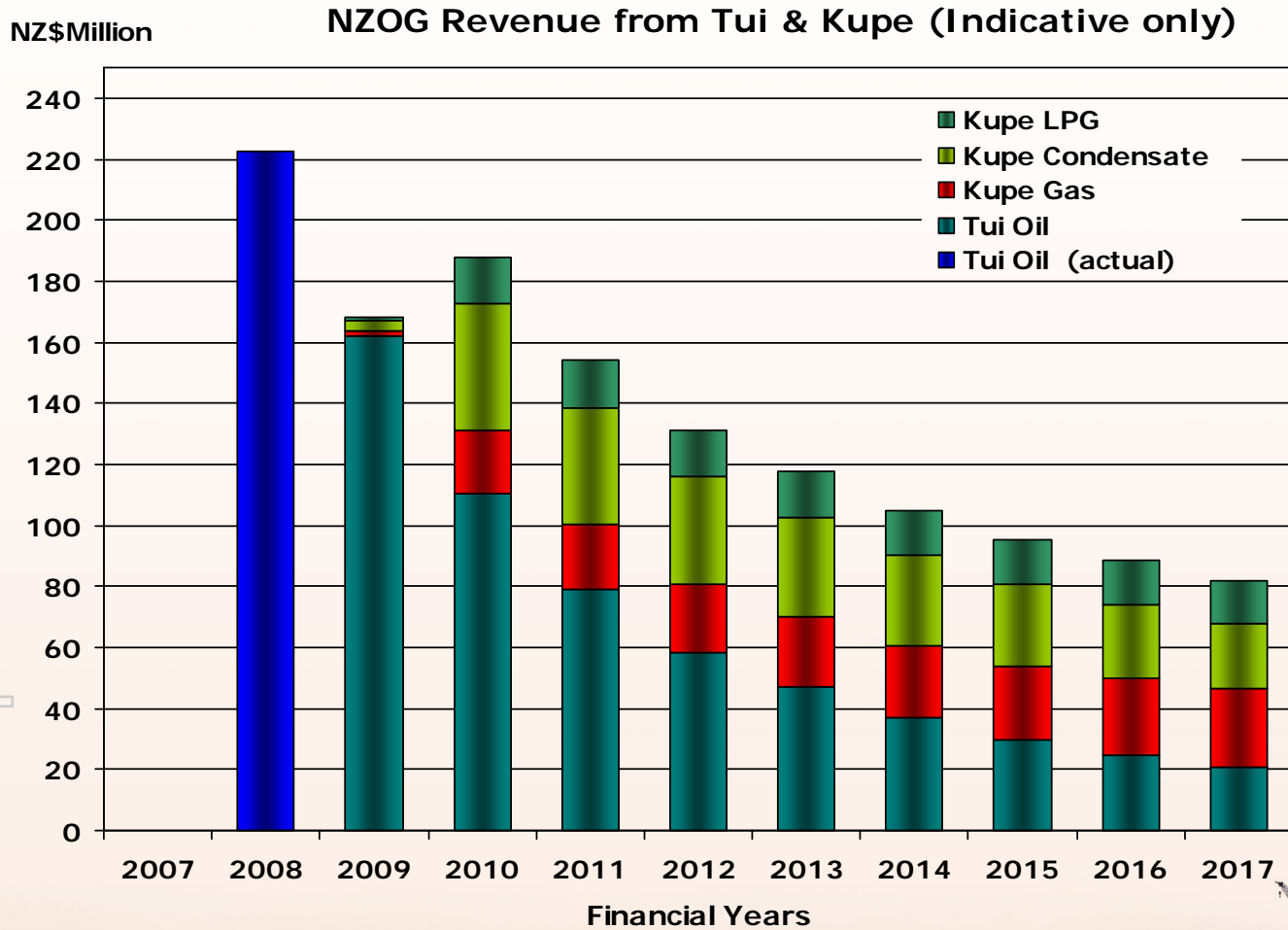
Based on production estimates provided by the Operators of Tui and Kupe

Production expected to at least 2025



NZOG Revenue Forecast

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Simplified pricing assumptions used:

.70 NZD/USD cross rate

Oil: US\$100 a barrel

LPG: US\$800 per tonne

Gas: NZ\$7 per GJ inflated



Current Reserves

NZOG Proved and Probable (2P) Reserves as at 01 July 2008

| | Oil & Condensate (million barrels) | Natural Gas (petajoules) | LPG (kilotonnes) | Million Barrels of Oil Equivalent* |
|--------------------|---------------------------------------|-----------------------------|---------------------|---------------------------------------|
| Tui (developed) | 4.5 | | | 4.5 |
| Kupe (undeveloped) | 2.2 | 38 | 159 | 9.9 |
| Total | | | | 14.4 |

*Million barrels of oil equivalent has been calculated as the total oil equivalent of the oil, condensate/light oil, natural gas and LPG figures

Proven reserves are the estimated quantities of oil and gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs, under existing economic and operating conditions. Probable reserves are defined as those which have a 50% chance or better of being technically and economically producible.



NZOG's Plans for the Future

- Focused on maximizing value from existing assets and identifying value-adding new investments
- Successful capital raising allows us to raise our sights
- Aggressively pursuing opportunities:
 - exploration
 - asset purchase
 - corporate acquisition
- Screened all opportunities in New Zealand
 - Some still under active consideration
 - But NZ opportunities too few to confidently satisfy our growth targets
- Actively looking overseas
 - Looking for quality assets, quality partners
- Staying in the E&P sector



Summary

- NZOG transformed and on a very sound footing
 - Tui a continuing success
 - Kupe an unrecognised gem
 - Intriguing exploration opportunities
 - Pike an excellent investment
- NZOG well resourced and actively pursuing a growth path
 - New Zealand and overseas opportunities currently being assessed



Questions?

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