

# Discovering Our Energy Future

New Zealand Oil & Gas Limited

Investor Presentation

18 June 2008

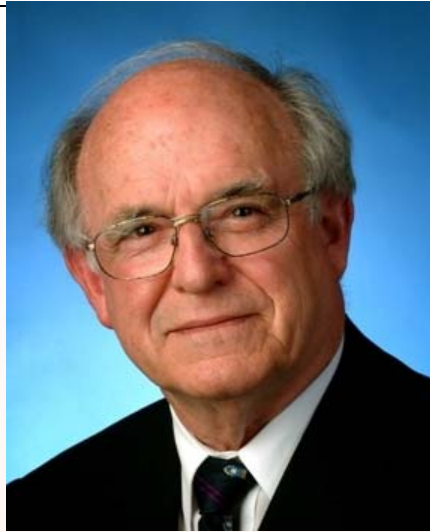


# The Board

Tony Radford Chairman



Ray Meyer Deputy Chairman



David Salisbury Manager Director



David Scoffham



Andrew Knight



Steve Rawson



Paul Foley



# The Team

Wellington based  
team:

Experienced  
Technical team

Senior corporate  
staff



# 2007/08 – a good year so far...

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## Operational Achievements:

- Staff recruitment successfully completed
- Tui Oil Fields exceeding production estimates
- Kupe Project well advanced
- Pike River Coal floated
  - IPO oversubscribed, rights issue oversubscribed
  - NZOG retains a 31% stake
    - 83m shares, 11m options, 3m convertible notes
  - Board representation: 2 of 7 directors



# 2007/08 – a good year so far...

## Financial Achievements:

- Revenue to 31 March 08: NZ\$153.7m
  - Tui \$141.8m
  - Gain from float of Pike River \$11.2m
- Capital investment NZ\$84m (mostly Kupe)
- All funding requirements in place
  - No exposure to sub-prime turmoil
- Approx \$85m of accumulated losses used
- 5.0c dividend per ordinary share



# Share Performance



# Share Performance

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- **60% rise in last 5 months**
  - Second best performing stock in NZ50 (behind Pike)
- **Increased trading volumes**
  - 730,000 per day average on NZX
  - 281,000 per day average on ASX
- **Increased analyst coverage – ABN Amro the latest**
  - Current valuations between \$1.73 - \$2.18 cps



# 30 June Options

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- 139m Options expire 30 June 2008
  - Exercise price \$1.50 per Option
- 4.2 million exercised so far
- Capital injection of up to \$208 million
- Has increased the scale of the opportunities NZOG can sensibly pursue



# NZOG Success Story 1- Tui

## Tui Area Oil Fields:

- 50 kms off the Taranaki Coast
- Discovered by NZOG and partners in 2003/04
- Investment decision Nov 2005
- NZOG a 12.5% JV partner
- Total development Capex US\$274 million
- Pre-production Proved and Probable (2P) Reserves estimate 27 mmbbls
- First production 30 July 2007





# Tui Area Oil Fields Development

Oil Tanker  
Transporting  
Oil to Markets

FPSO Production  
and Storage Vessel

Coastline 50km



Anchors

120 metres

Subsea Completions

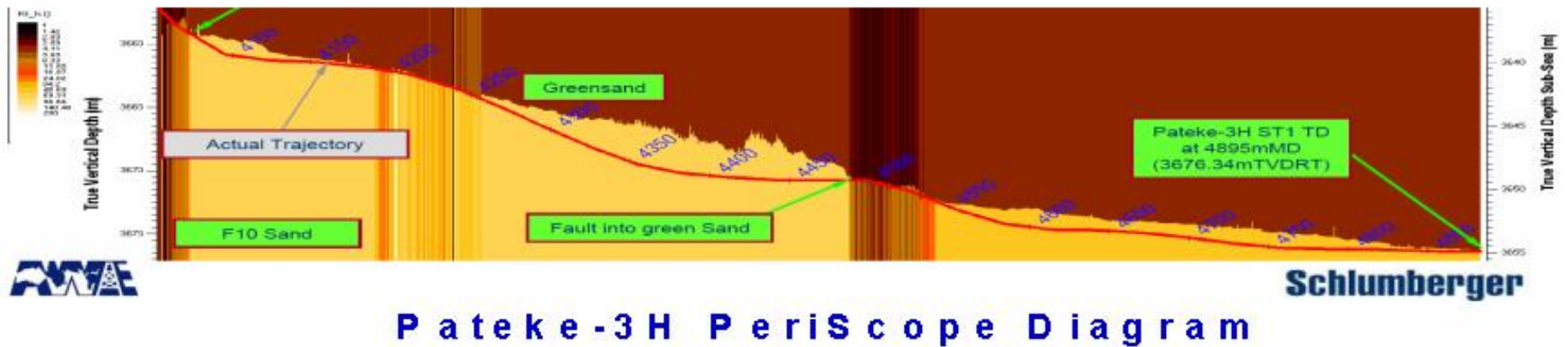
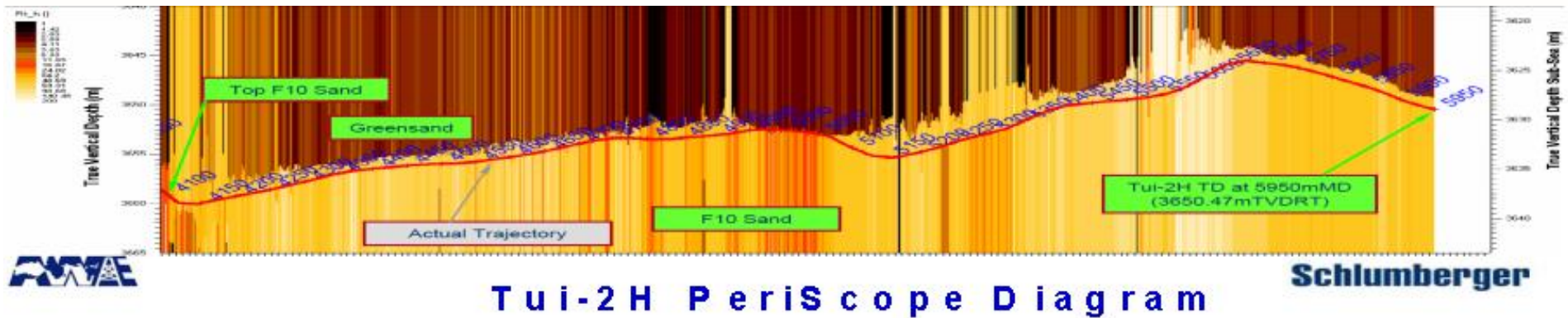
Development Wells

Pateke and Amokura Reservoirs

Tui Reservoir



# Tui – Horizontal Drilling



# Umuroa offloading

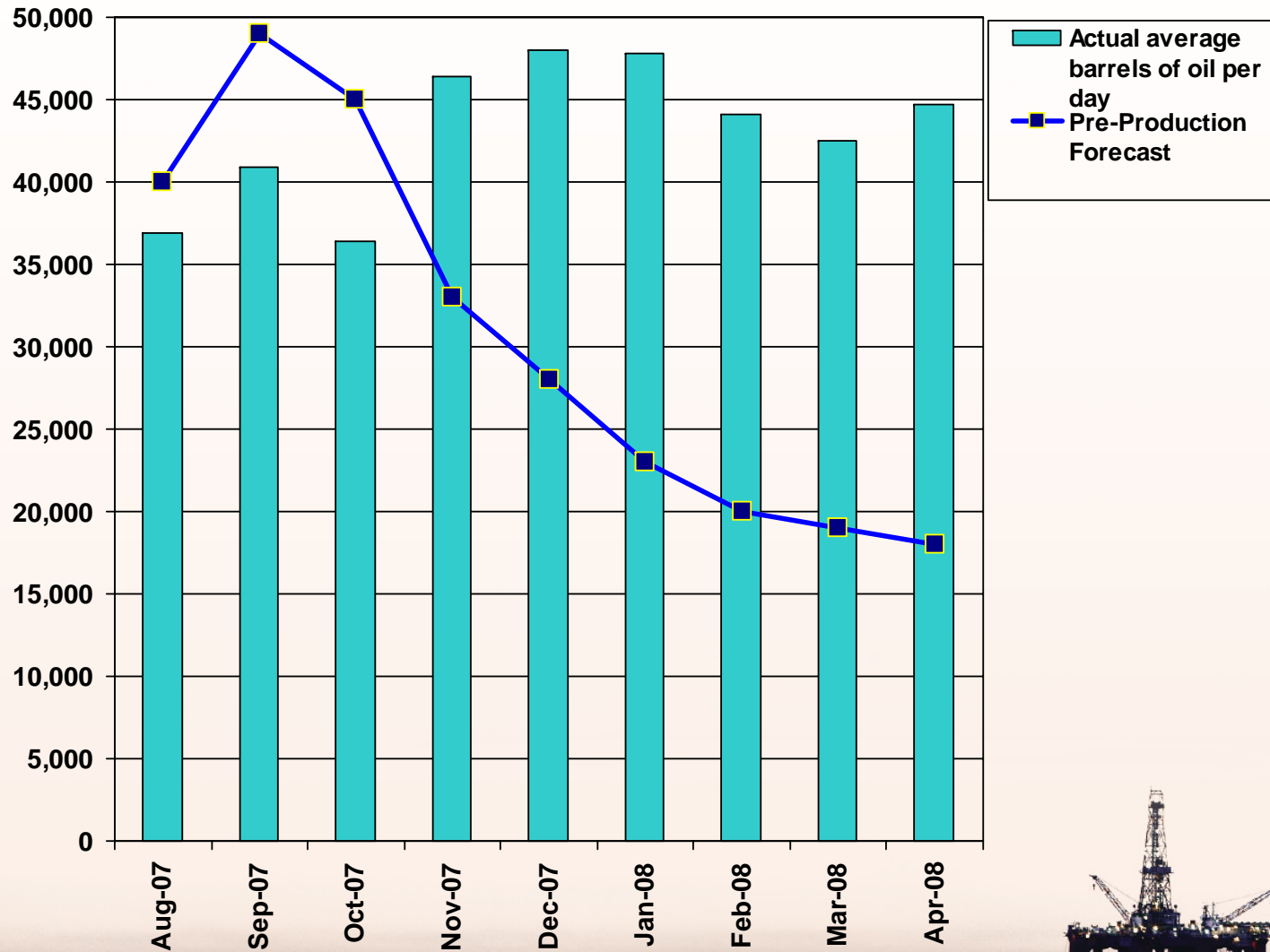


# NZOG Success Story 1- Tui

- NZOG's total Exploration & Development costs: \$52m
  - Project payback achieved in 4 and a half months
- Production rates significantly exceeded forecasts
  - 13.9 mmbbls produced so far
  - NZOG share of production to date – 1.75 million barrels
- Proved & probable (2P) reserves upgraded to 47 mmbbls
  - NZOG net interest 5.9 mmbbls
  - Another reserves review to be completed shortly
- Opex significantly below US\$10 a barrel budget
  - FPSO lease extended to 7 years with 7 one-year rights of renewal
- Average net price per barrel to date approx US\$96



# Production: Tui Area Oil Fields



# 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 development costs approx \$165m
  - Share of 2P Reserves: 38PJ gas, 165,000 tonnes LPG, 2.2 mmbbls light oil



# NZOG Success Story 2 - Kupe

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- Project around three-quarters complete
  - Offshore platform installed
  - 30km offshore pipeline and umbilical laid
  - Three development wells completed
    - Flow test results confirmed expectations
  - Onshore Production Station well advanced
- Economics of Kupe have improved
  - Around two-third of value in the liquids
  - Genesis Energy long-term gas sales contract



# Kupe Project Schematic

## Kupe Wellhead Platform

- Unmanned platform (operated from Production Station)
- 3 wells at start-up
- Water depth - 35m
- No production facilities

LPG & Condensate export by road tanker

Sales Gas pipeline to Kapuni

Kupe Production Station

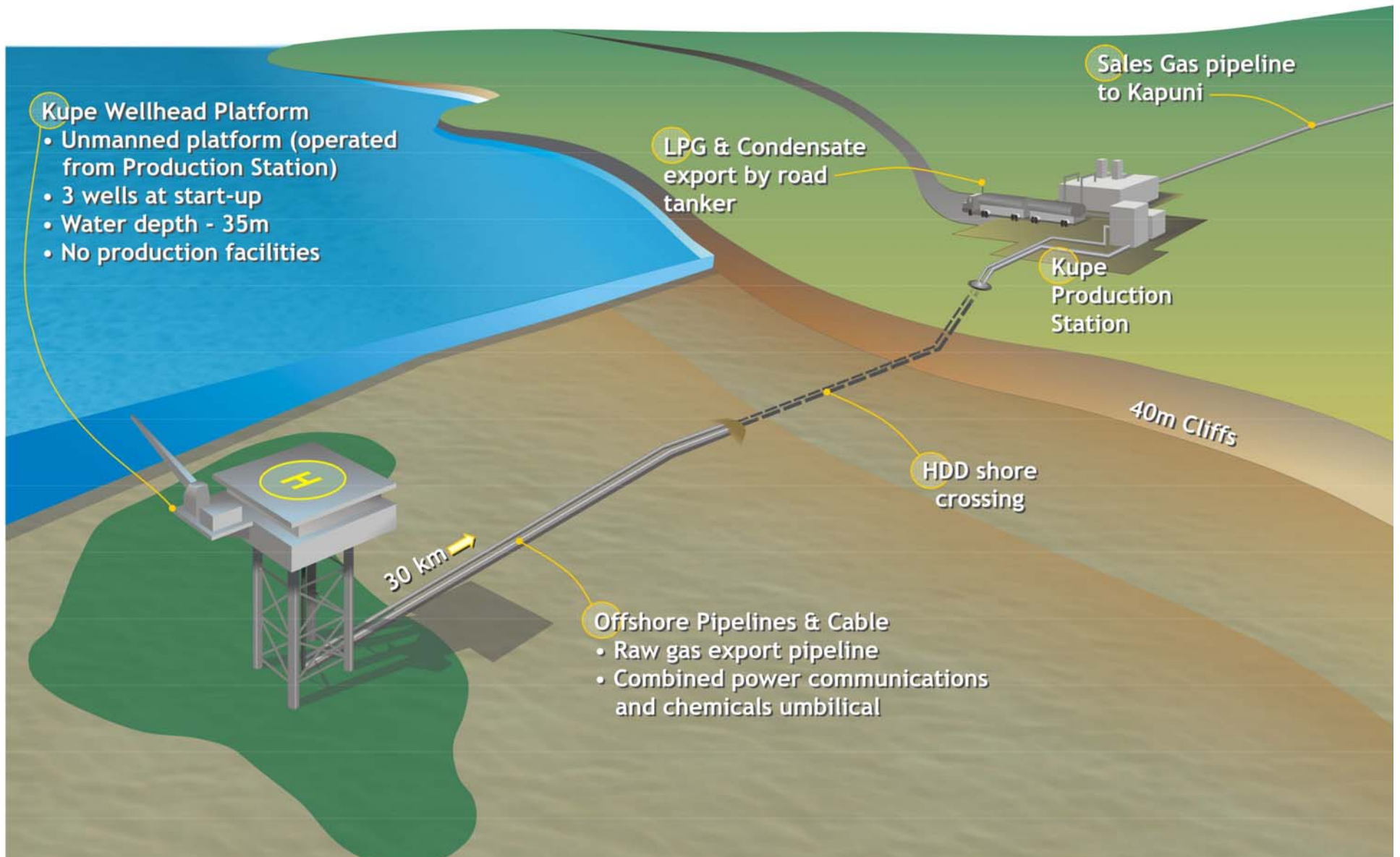
40m Cliffs

HDD shore crossing

30 km

## Offshore Pipelines & Cable

- Raw gas export pipeline
- Combined power communications and chemicals umbilical

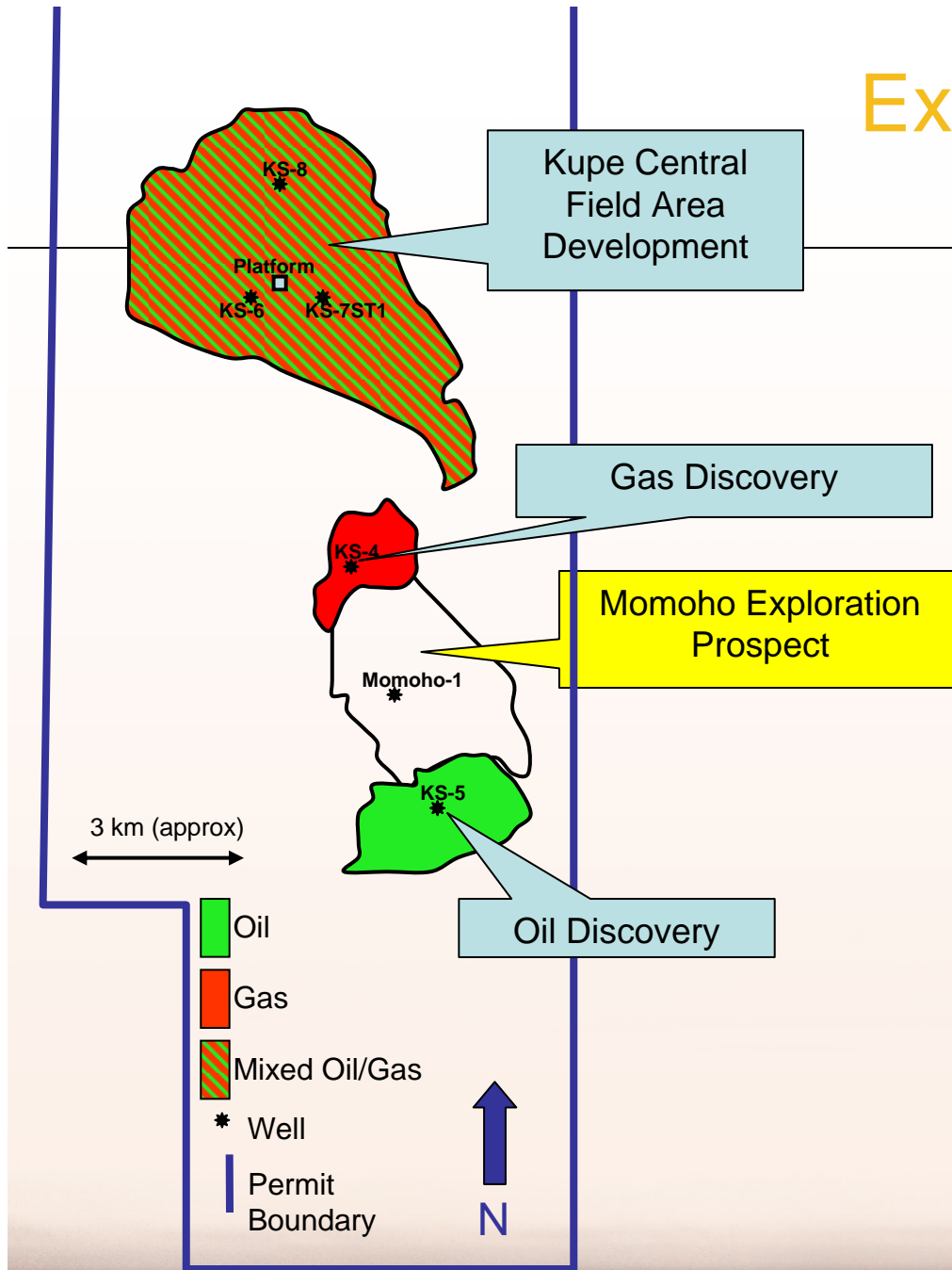








# Exploration: Taranaki Basin



- Permit PML38146
- Momoho lies between a gas and an oil discovery
- Only 6km from Kupe Central Field



# Exploration: Taranaki Basin

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- Permit PMP38158 (Tui Area)
  - Seismic data being remapped to better define leads. Drill-mature prospects could be targeted in 2009
- Permit PEP38499
  - Between Tui and Maui fields. Contains various leads. Seismic data currently being processed. Targeting Tui ‘look-alike’ opportunities
- Permit PEP38483
  - Remodelling and reviewing a number of prospects and leads

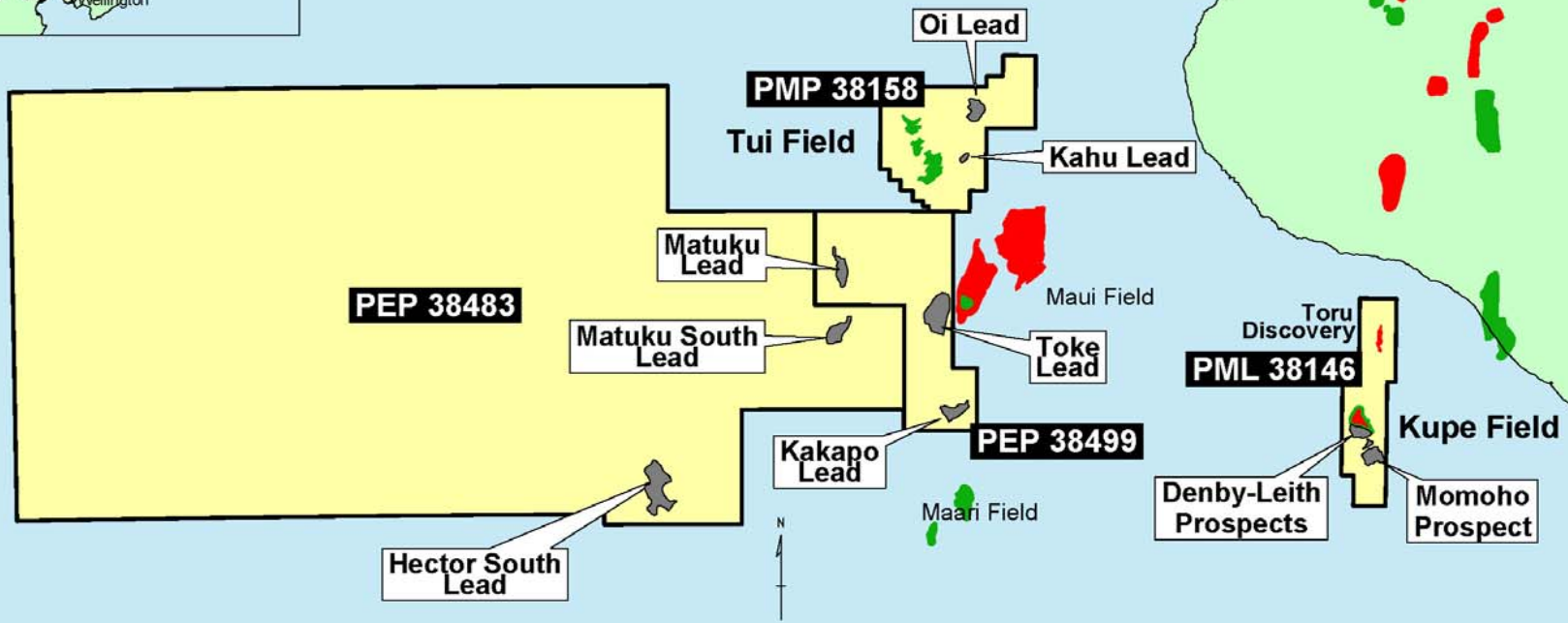




# NZOG Taranaki Basin Permits



- NZOG Permit
- Gas Fields
- Oil Fields
- Prospects and Leads

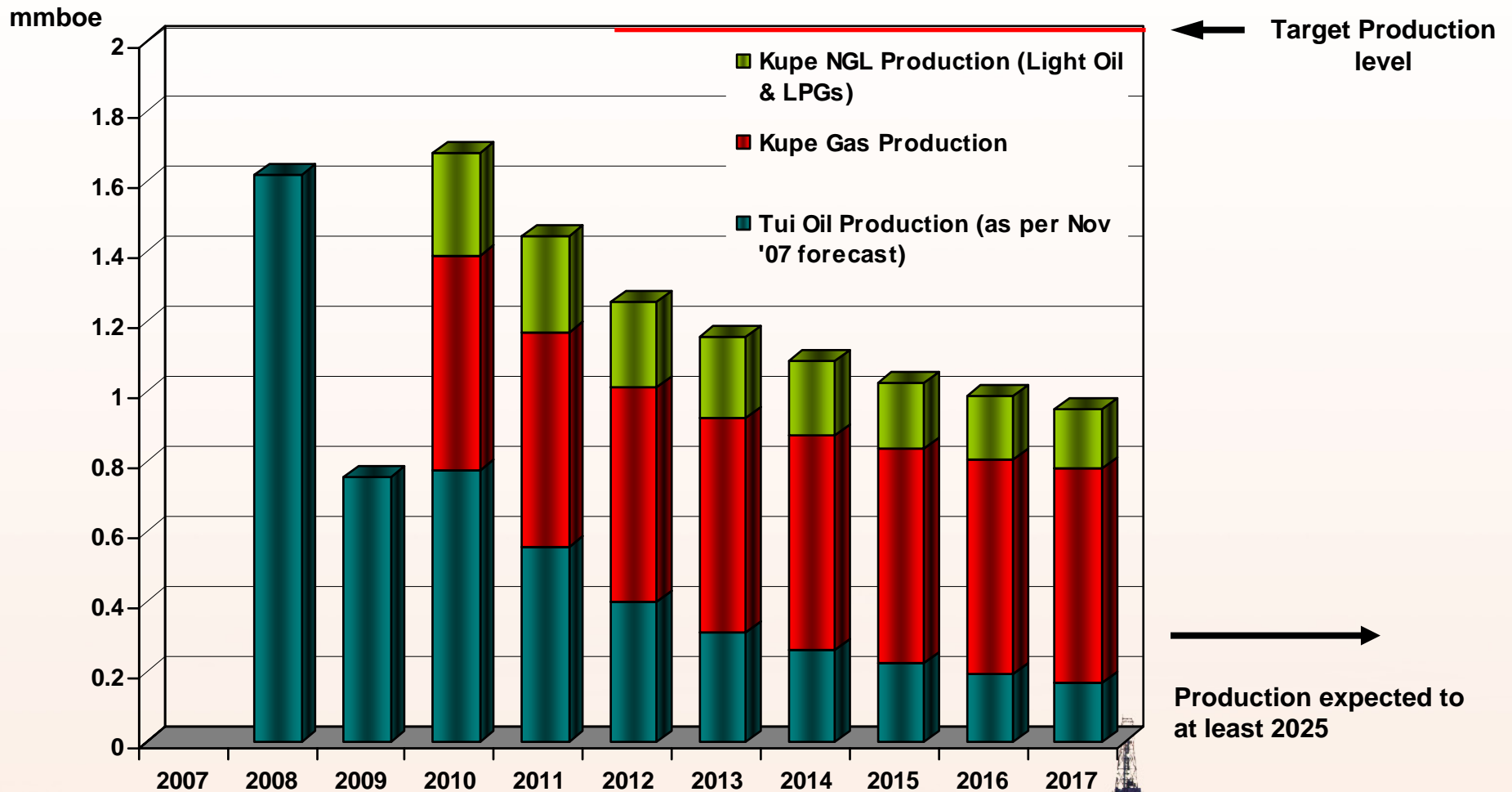


# NZOG's Plans for the Future

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- Board approved growth strategy
- Staffed and funded for growth
- Looking for opportunities:
  - exploration
  - asset purchase
  - corporate acquisition
- Ambitious but achievable 2012 targets:
  - Increase reserves to at least 25 mmboe
  - Increase production output to at least 2 million barrels per yr

# Production Forecast



# Current Reserves

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

	Oil & Condensate (million barrels)	Natural Gas (petajoules)	LPG (kilotonnes)	Million Barrels of Oil Equivalent*
Tui (developed)	4.2			4.2
Kupe (undeveloped)	2.2	38	159	9.9
Total				14.1

\*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.

# Summary

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- 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
  - Screening all New Zealand opportunities and also looking further afield
  - New investments will be announced in due course



# Questions?

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