

# Discovering Our Energy Future

New Zealand Oil & Gas Limited

Company Profile

August 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.
- The company accepts no responsibility or liability for the public's subsequent use or misuse of the information provided.
- 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 ~ 60% shares held by retail investors
Market cap	~A\$470 million
Head Office	125 The Terrace Wellington, New Zealand

[www.nzog.com](http://www.nzog.com)

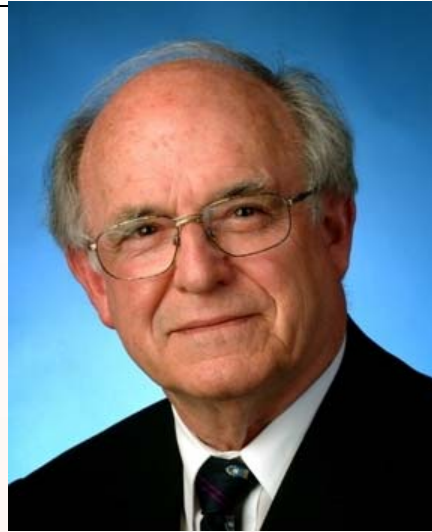


# The Board

Tony Radford Chairman



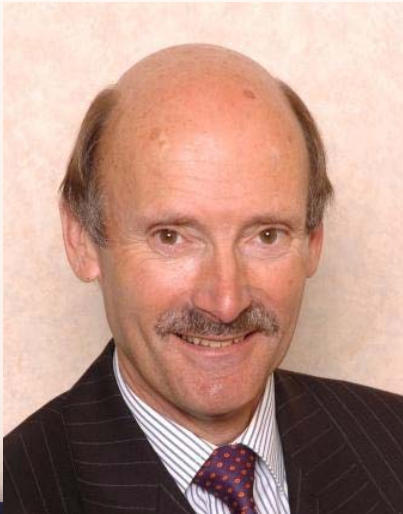
Ray Meyer Deputy Chairman



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 transformational year

---

## Operational Achievements:

- Successful staff recruitment
- Tui Oil Fields exceeding production estimates
- Kupe Project well advanced
- Pike River Coal floated



# 2007/08 – a transformational year

---

## Financial Achievements:

- Revenue for FY08: NZ\$234.6m
  - Tui NZ\$222.8m
  - Gain from float of Pike River NZ\$11.2m
- Capital investment over NZ\$100m (mostly Kupe)
- All funding requirements in place
  - No exposure to financial turmoil
- Current Cash Balance: NZ\$280m
- 5.0c dividend per ordinary share paid out in April

# Share Performance



# Share Performance

- Trading at significant discount to analyst valuations

Company	Report Date	Valuation (NZ\$)	Recommendation
McDouall Stuart	August 2008	\$2.50	Buy
ABN-AMRO	August 2008	\$2.27	Buy
Credit Suisse	August 2008	\$2.15	Buy
Forsyth Barr	August 2008	\$2.14	Buy
Aspect Huntley	July 2008	\$1.83	Accumulate
Macquarie	June 2008	\$2.24	Buy
Hamilton Hindin Greene	June 2008	\$2.18	Buy

# Options Exercise

---

- Options issued in 2005 expired 30 June 2008
  - Exercise price \$1.50 per Option
- 92% exercised
- Capital injection of over \$190 million
- Market Cap now ranks NZOG around 15<sup>th</sup> in NZX index
- Combined with Tui cash flows 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

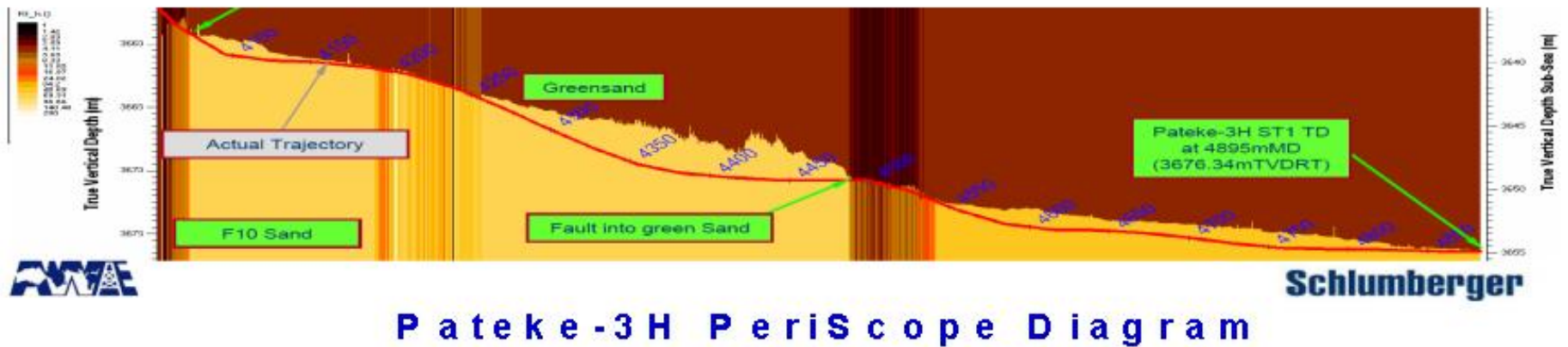
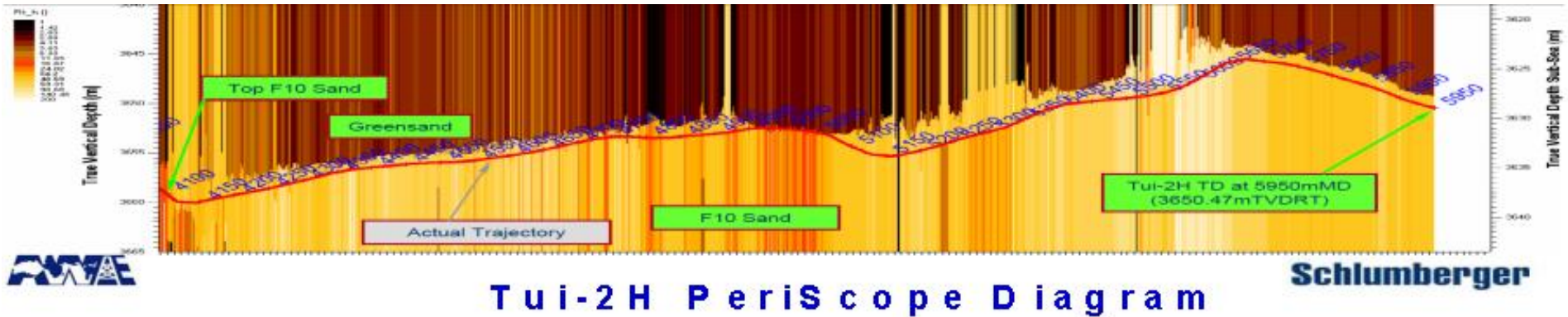


# Umuroa offloading



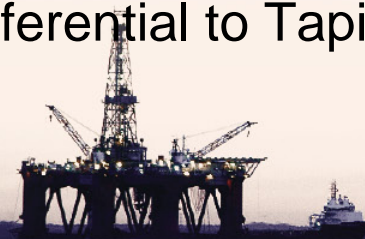


# Tui – Horizontal Drilling

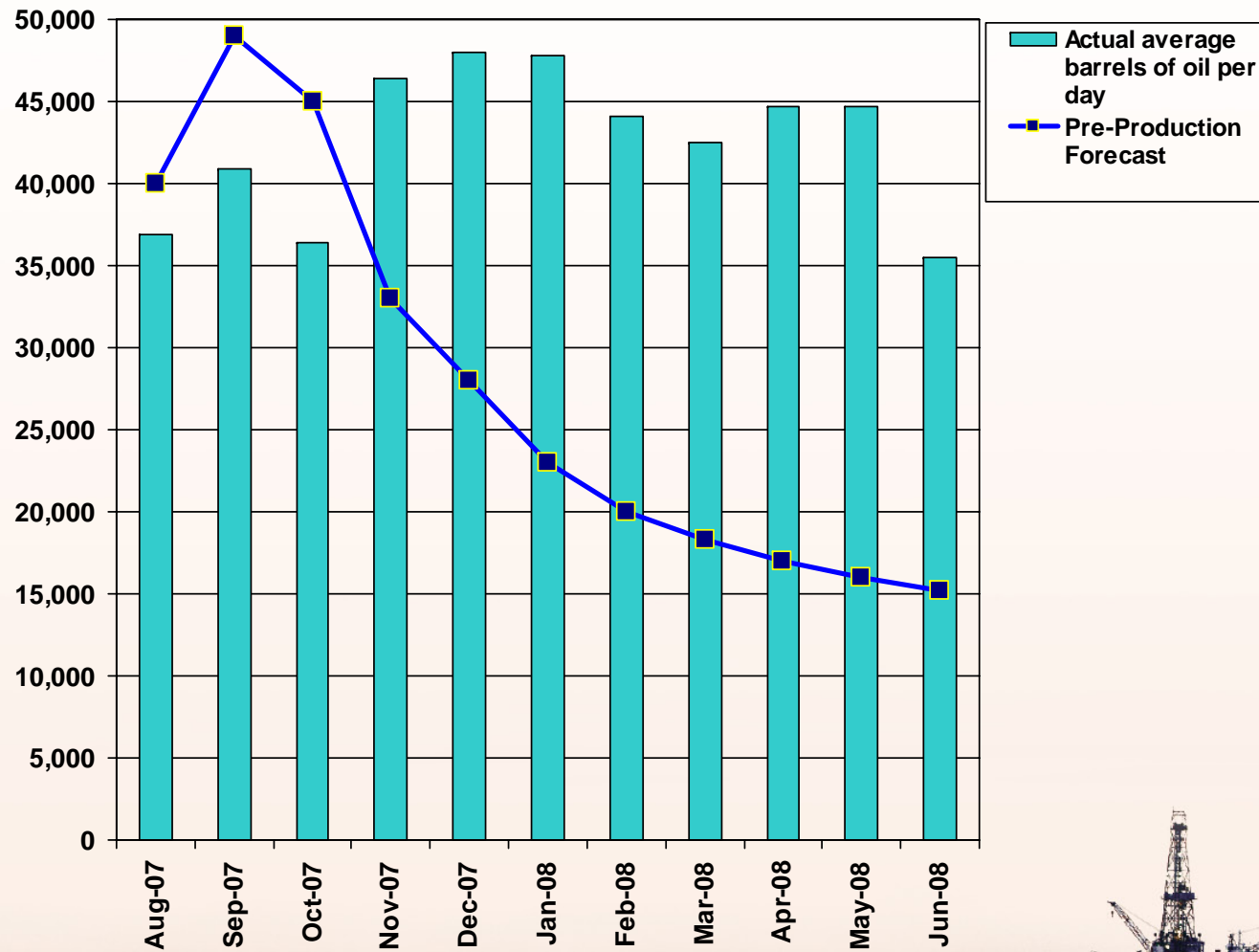


# NZOG Success Story 1- Tui

- NZOG's total Exploration & Development costs: NZ\$52m
  - Project payback achieved in 4 and a half months
- Proved & probable (2P) reserves regularly upgraded
  - 2P reserves now 50.1 mmbbls, NZOG net interest 6.26 mmbbls
- Production rates significantly exceeded forecasts
  - 14.23 mmbbls produced in FY08 – NZOG's share 1.78 mmbbls
  - Another 1.1mmbbls produced in July
- Total Opex below US\$10 a barrel
  - FPSO lease extended to 7 years with 7 one-year rights of renewal
- Average price per barrel in FY08 approx US\$100
  - Tui a quality product, with low or positive differential to Tapis



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



# NZOG Success Story 2 - Kupe

- Project around 80% 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
      - Reserves reassessment expected later in 2008
  - Onshore Production Station well advanced
- Economics of Kupe have improved
  - Approx 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

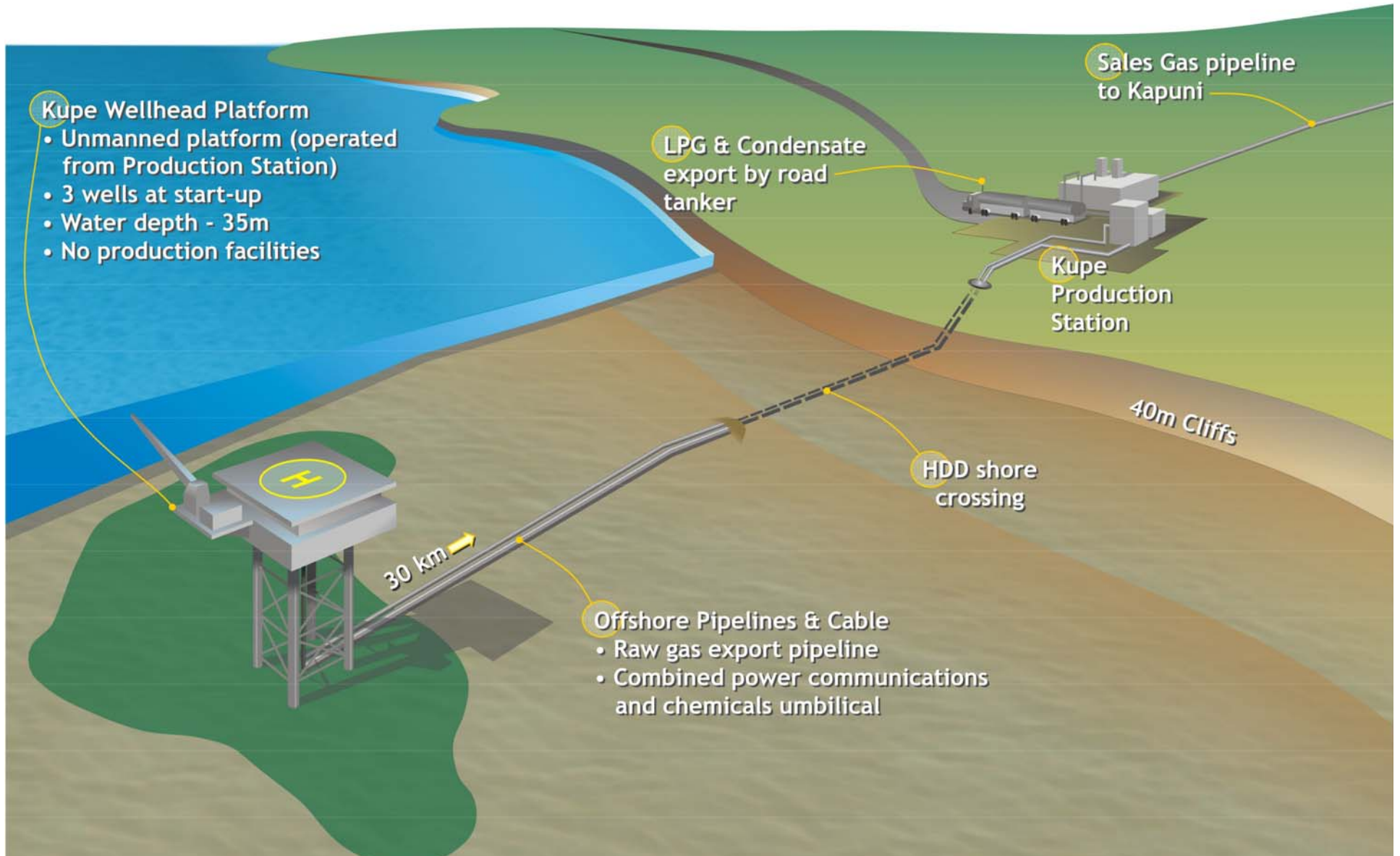
40m Cliffs

HDD shore crossing

30 km

## Offshore Pipelines & Cable

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





# Exploration: Taranaki Basin

---

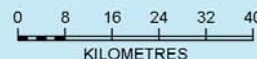
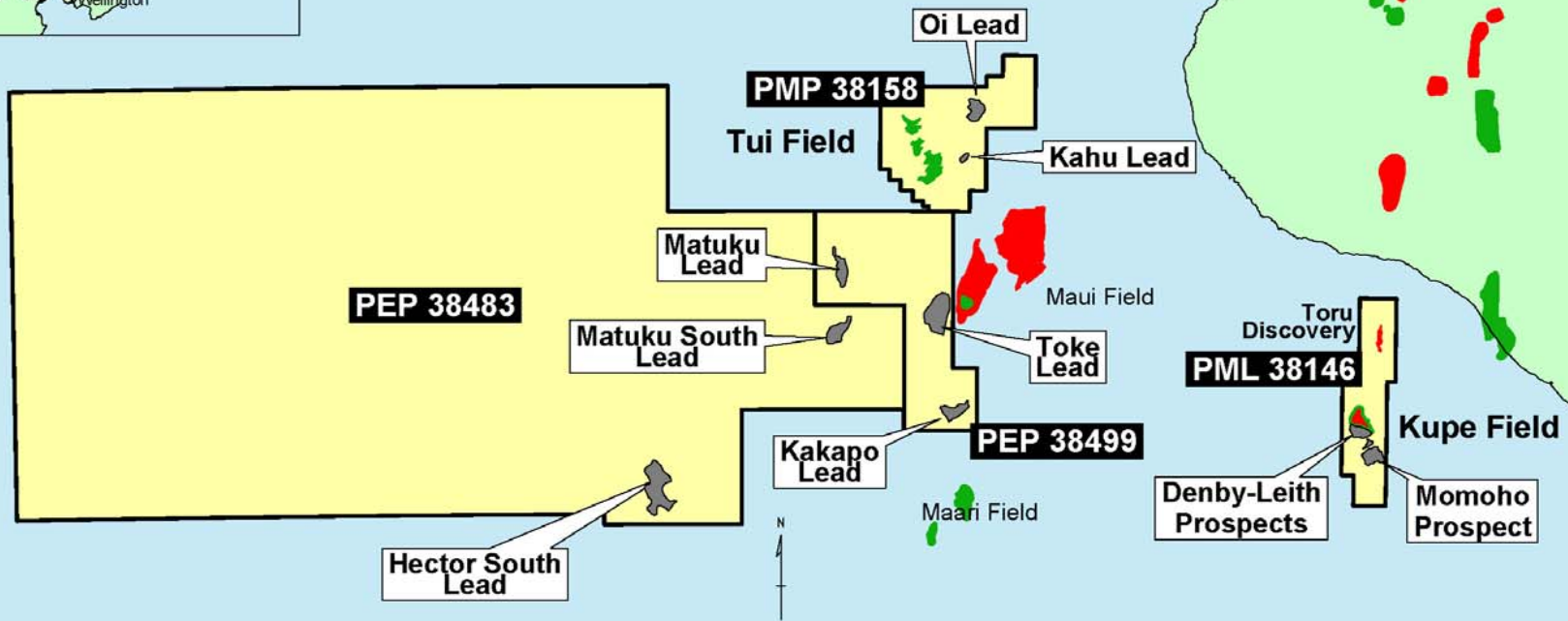
- Permit PML38146 (Kupe area)
  - Momoho Well discovered sub-commercial gas condensate pool  
Further assessment to be carried out
- Permit PMP38158 (Tui Area)
  - Seismic data being remapped to better define leads. Drill-mature prospects could be targeted in early 2010
- Permit PEP38499
  - Between 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



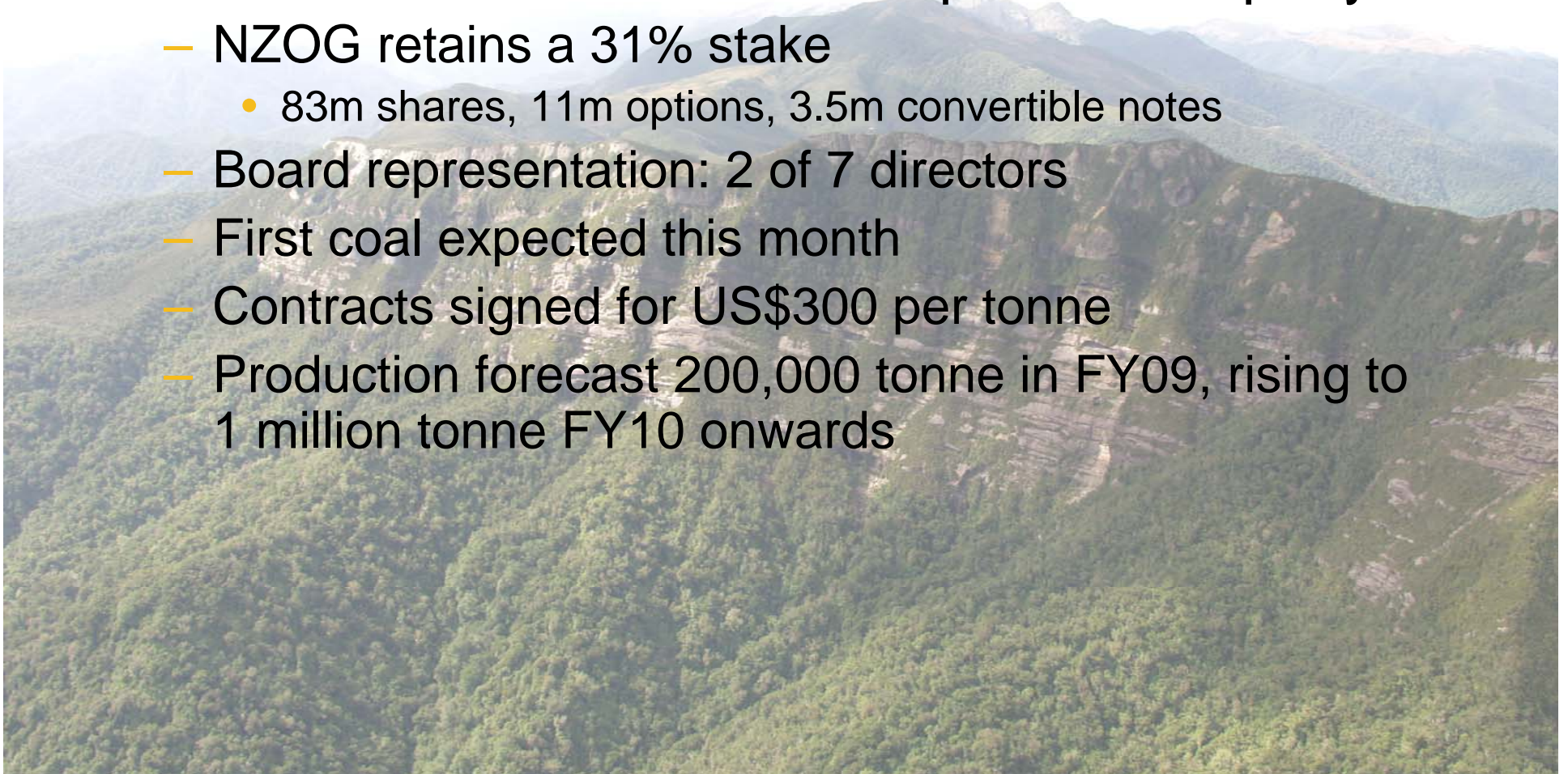
- NZOG Permit
- Gas Fields
- Oil Fields
- Prospects and Leads



# Pike River Coal

---

- Coking Coal Mine on South Island's West Coast
- Floated in 2007 and now a separate company
  - NZOG retains a 31% stake
    - 83m shares, 11m options, 3.5m convertible notes
  - Board representation: 2 of 7 directors
  - First coal expected 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

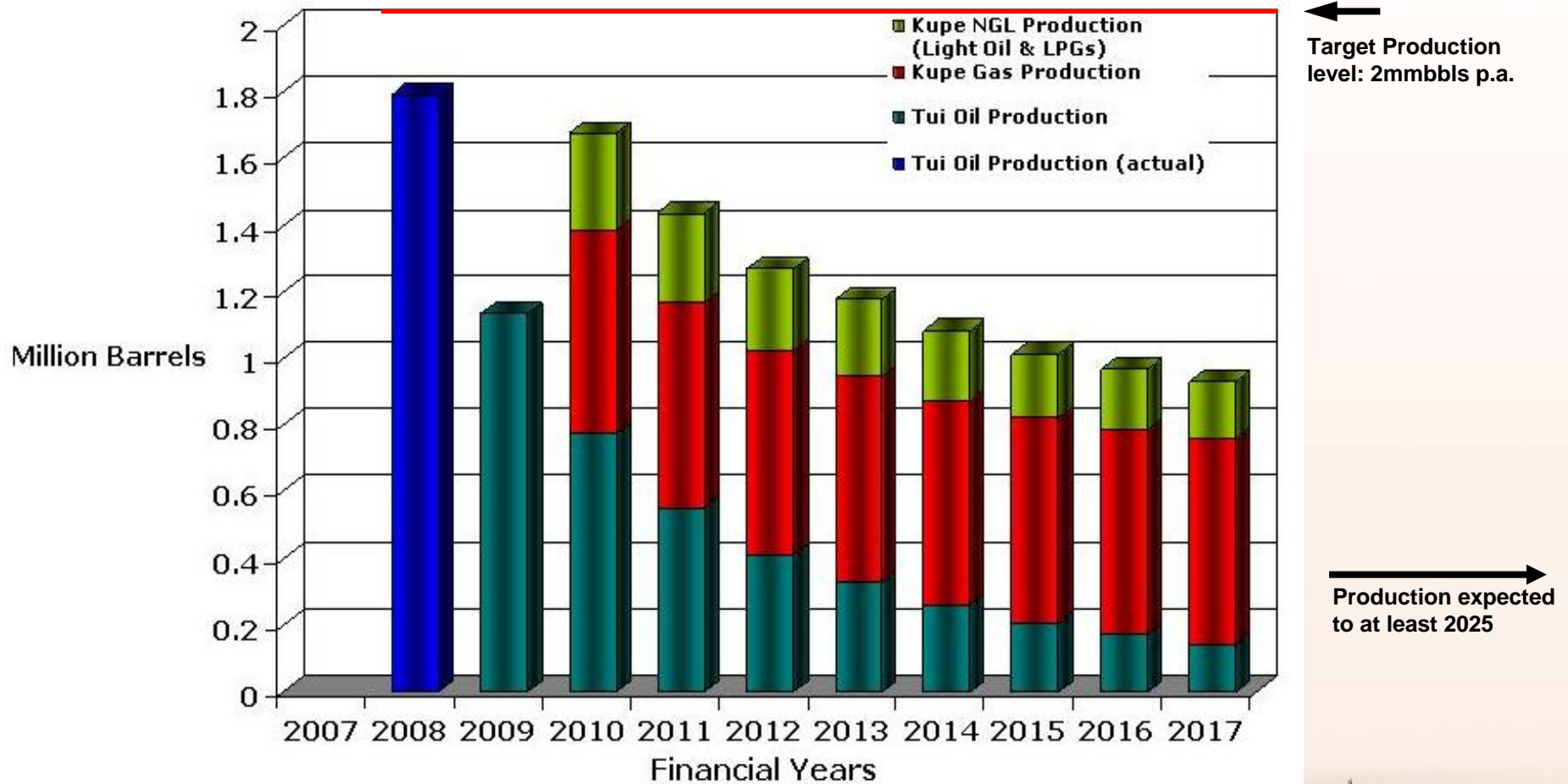
---

- 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



# Production Forecast

## NZOG Production Forecast



# 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?

---

