

# Discovering Our Energy Future

**New Zealand Oil & Gas Limited**

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**Christchurch Businessmen's Club**

**9 March 2009**



# New Zealand Oil & Gas Ltd

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- Listed NZX and ASX
- Market cap ~\$500million (NZX Top15 index)
- Diversified upstream energy player:
  - Production - Tui area oil fields
  - Development - Kupe Field
  - Exploration - Taranaki and Canterbury permits
  - Investments - Pike River Coal, Pan Pacific Petroleum
- ~ \$210m in cash, strong cash flow, no debt



# Financial Performance

	<b>Six months to 31 Dec 08</b>	<b>Six months to 31 Dec 07</b>	<b>Increase</b>
	NZ\$ 000s		
<b>Revenue</b>	103,248	95,490	8%
<b>NPAT</b>	53,969	41,406	30%

	<b>Six months to 31 Dec 08</b>
<b>Royalties</b>	NZ\$18.4m
<b>Corporate Tax</b>	NZ\$32.4m
	<b>At 31 Dec 08</b>
<b>Cash on Hand</b>	NZ\$211.9m
<b>Debt</b>	zero



# Share Performance – last 12 months

- NZOG has remained in positive territory despite market decline
- Good liquidity – average daily volume approx 900,000 shares



# Analysts coverage

- NZOG now widely covered
- Trading at significant discount to analyst valuations

<b>Company</b>	<b>Report Date</b>	<b>Valuation (NZ\$)</b>	<b>Recommendation</b>
Credit Suisse	February 2009	\$1.72	Outperform
Forsyth Barr	February 2009	\$1.74	Buy
ABN-AMRO	February 2009	\$1.70	Buy
Macquarie	February 2009	\$1.90	Outperform
McDouall Stuart	October 2008	\$2.43	Buy
Hamilton Hindin Greene	October 2008	\$2.15	Buy

## NZOG Success Story 1 - Tui

- Discovered by NZOG and partners in 2003/04
  - First production July 2007
  - NZOG a 12.5% JV partner
- Total Production to date: over 21 mmbbls
  - NZOG's share 2.65 mmbbls
- NZOG Sales Revenue to date: approx \$350m
- Near field prospects to be drilled in late 2009





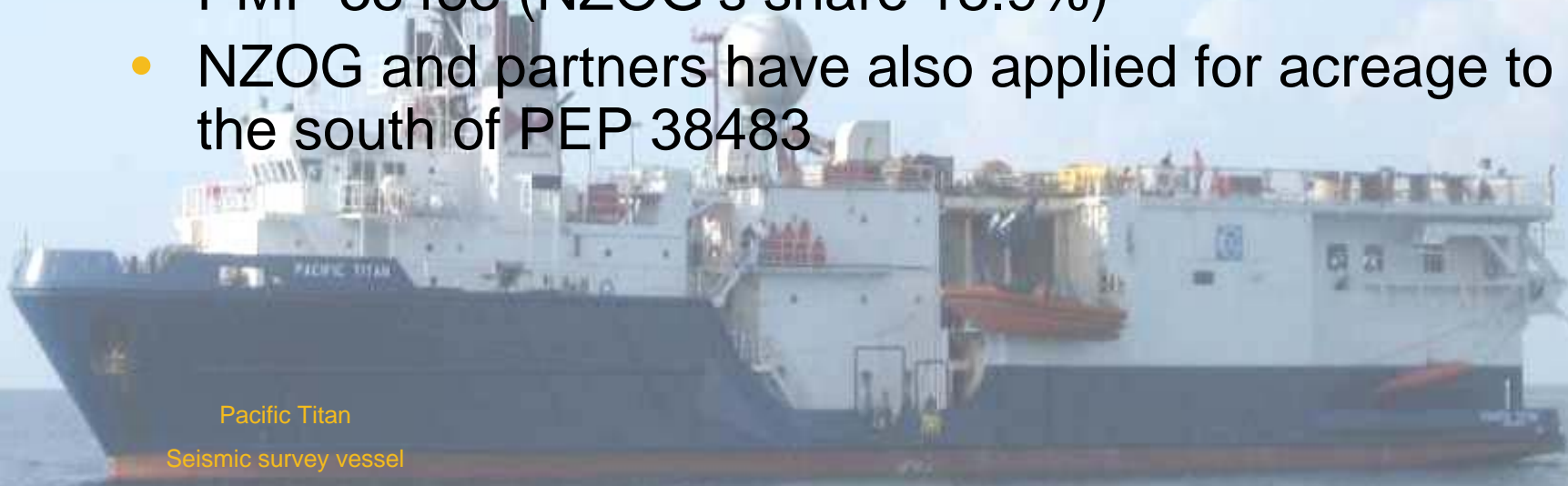
## NZOG Success Story 2 - Kupe

- Discovered by NZOG in 1986
  - Investment decision June 2006
    - NZOG a 15% JV partner
  - Project over 90% complete
  - First commercial production 3Q 2009
- A significant long-term revenue source
  - Take or pay Gas contract with Genesis
  - Long term LPG sales contract with Vector
  - Condensate/light oil to be exported
- Potential for near field developments

# Exploration opportunities

## Expanded exploration portfolio:

- 40% stake in Canterbury Basin permit PEP 38259 (Barque prospect) – seismic survey completed
- NZOG awarded 100% of Taranaki exploration permit PEP 51311 west and south of Kupe – seismic survey completed
- Seismic survey also carried out over Taranaki permit PMP 38483 (NZOG's share 18.9%)
- NZOG and partners have also applied for acreage to the south of PEP 38483



Pacific Titan

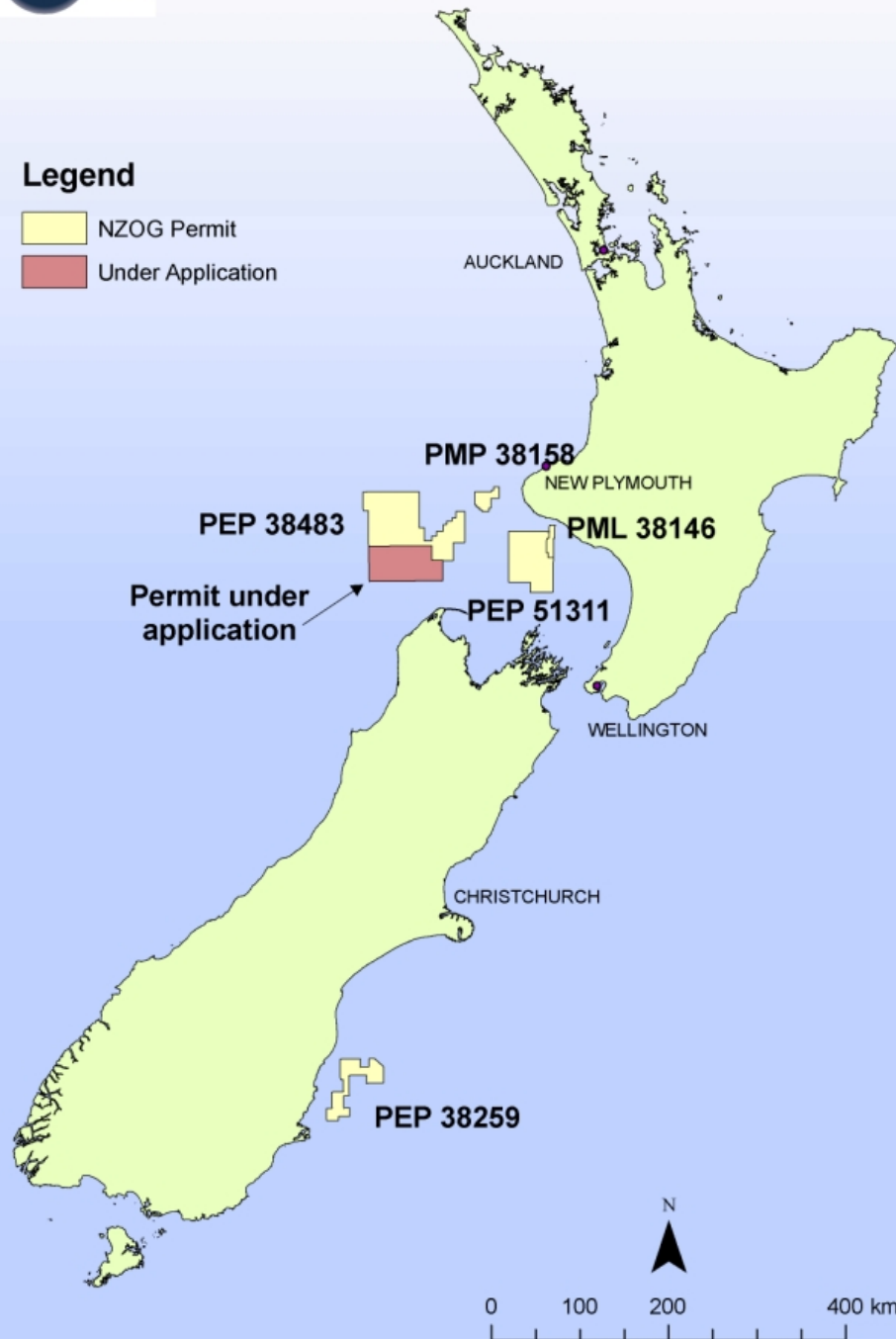
Seismic survey vessel



## NZOG Permits

### Legend

- NZOG Permit
- Under Application



## Exploration Permits

PMP 38158 (Tui)

PML 38146 (Kupe)

PEP 38483 (Aihe)

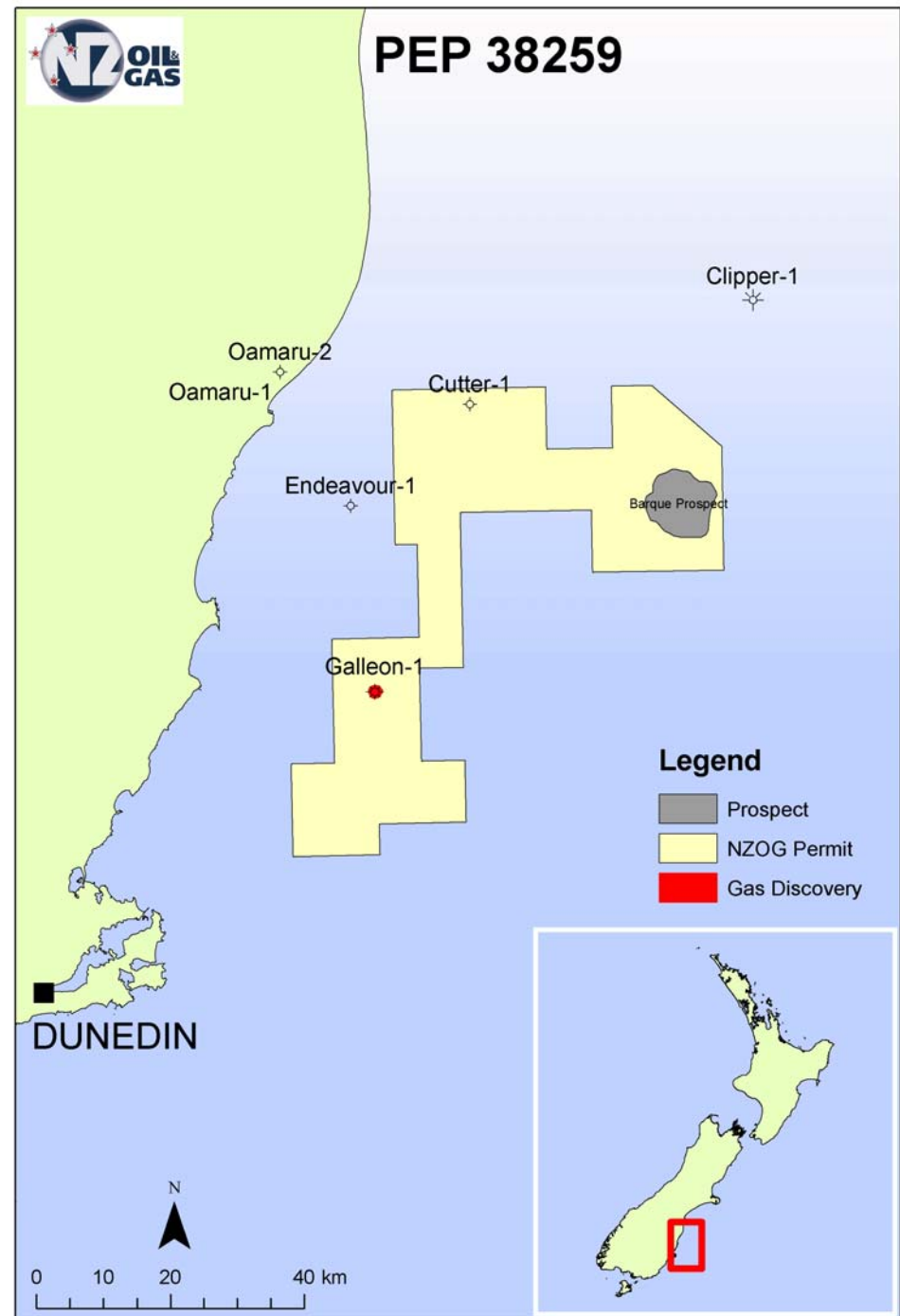
PEP 51311 (Gamma)

PEP 38259 (Barque)



# Exploration - Canterbury

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



# Investments

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## **Pan Pacific Petroleum (PPP)**

- Strategic stake of 15% acquired in December
- Has increased NZOG's exposure to Tui
- Kept under review

## **Pike River Coal (PRC)**

- Pike reached first coal in October 2008
- 3 March 2009 PRC announced Rights Issue
- NZOG has approx 30% shareholding and will partly underwrite the Rights Issue



# The Global Picture

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Biggest global recession in 70 years

- Global oil demand falling for first time in two decades
- Oil price down to US\$40 a barrel
- Many projects deferred
- Funding pressures on many smaller oil companies – some won't survive
- Big players and cashed up companies like NZOG – continuing to plan and invest

# A transformed investment environment

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12 months ago:

- Overheated market
  - Seller expectations unrealistic
  - Poor quality assets over-hyped
  - Prices too high

Today:

- Distressed market
  - Sellers getting desperate
  - High counterparty risk
  - Debt funding non-existent, equity funding very difficult
  - Buyers forced to be conservative



# NZOG's Growth Plans

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## **A range of proposals being worked on:**

- Targeting sensible and value-adding investments in the exploration and production sector
- Receiving a steady stream of opportunities
- Best ones being fully assessed
- Will not be take undue risk or overpay for any investment



# Questions?

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# Disclaimer

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