

# Discovering Our Energy Future

**New Zealand Oil & Gas Limited**

**David Salisbury, CEO & Managing Director**

**ASX Conference, London**

**19 March 2009**



# New Zealand Oil & Gas Ltd

---

- Listed ASX and NZX
- Market cap ~\$NZ500million
- Diversified upstream energy player:
  - Production - Tui area oil fields
  - Development - Kupe gas & oil field
  - Exploration - Taranaki and Canterbury permits
  - Investments - Pike River Coal, Pan Pacific Petroleum
- ~ NZ\$210m in cash, strong cash flow, no debt



# Financial Performance

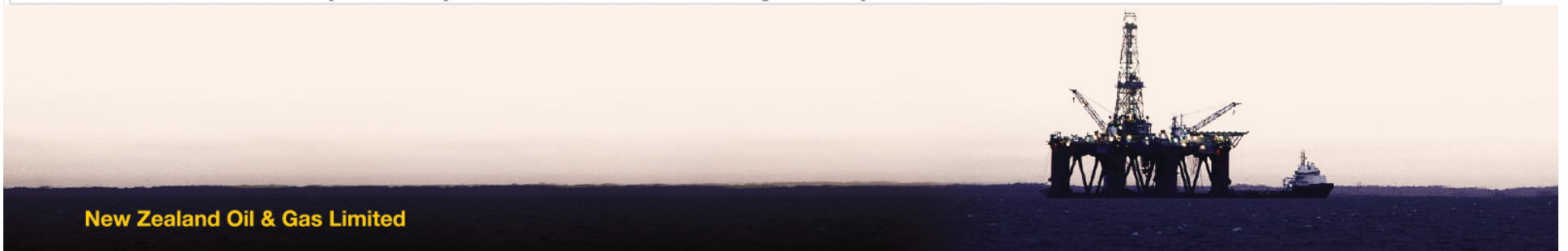
	<b>Six months to 31 Dec 08</b>	<b>Six months to 31 Dec 07</b>	<b>Increase</b>
	NZ\$ 000s		
<b>Revenue</b>	103,248	95,490	8%
<b>NPAT</b>	53,969	41,406	30%

	<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



# NZOG Share Price v Market

NZOG has outperformed ASX and NZX indices



New Zealand Oil & Gas Limited

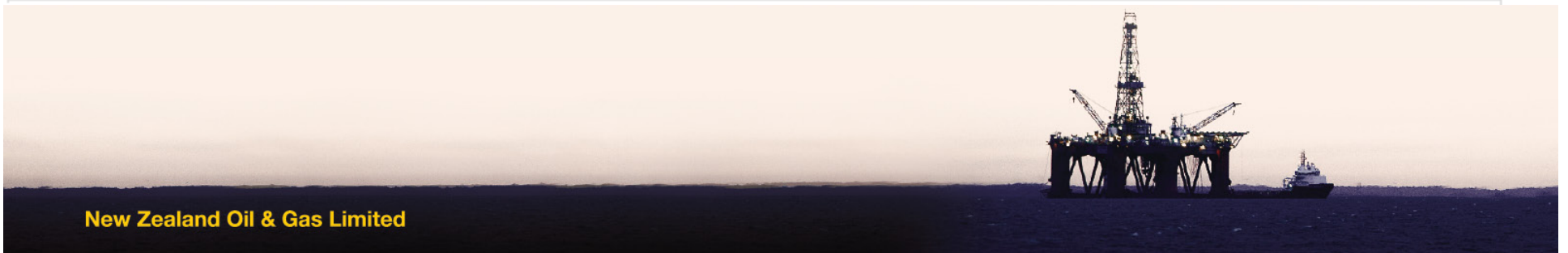
# NZOG Share Price v Oil Price

Long-term correlation with oil prices broken in October 2008



© 2008 Yahoo! Inc.

2008 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2009 Feb Mar



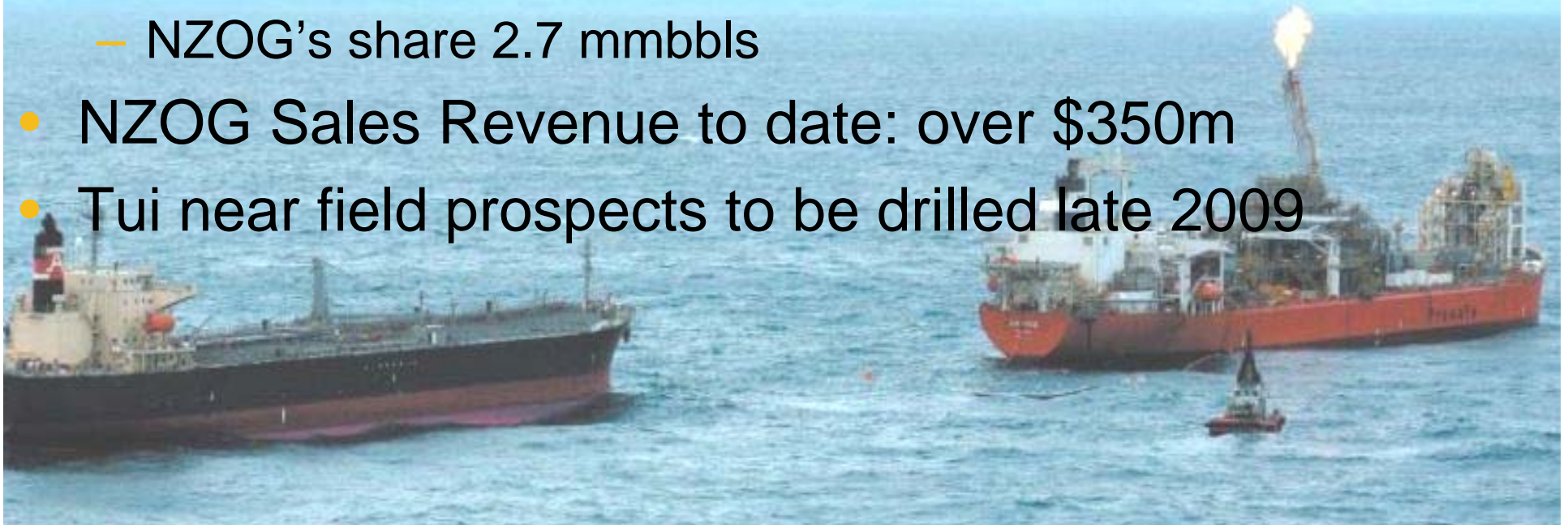
# Share Performance

- NZOG trading at significant discount to analyst valuations

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

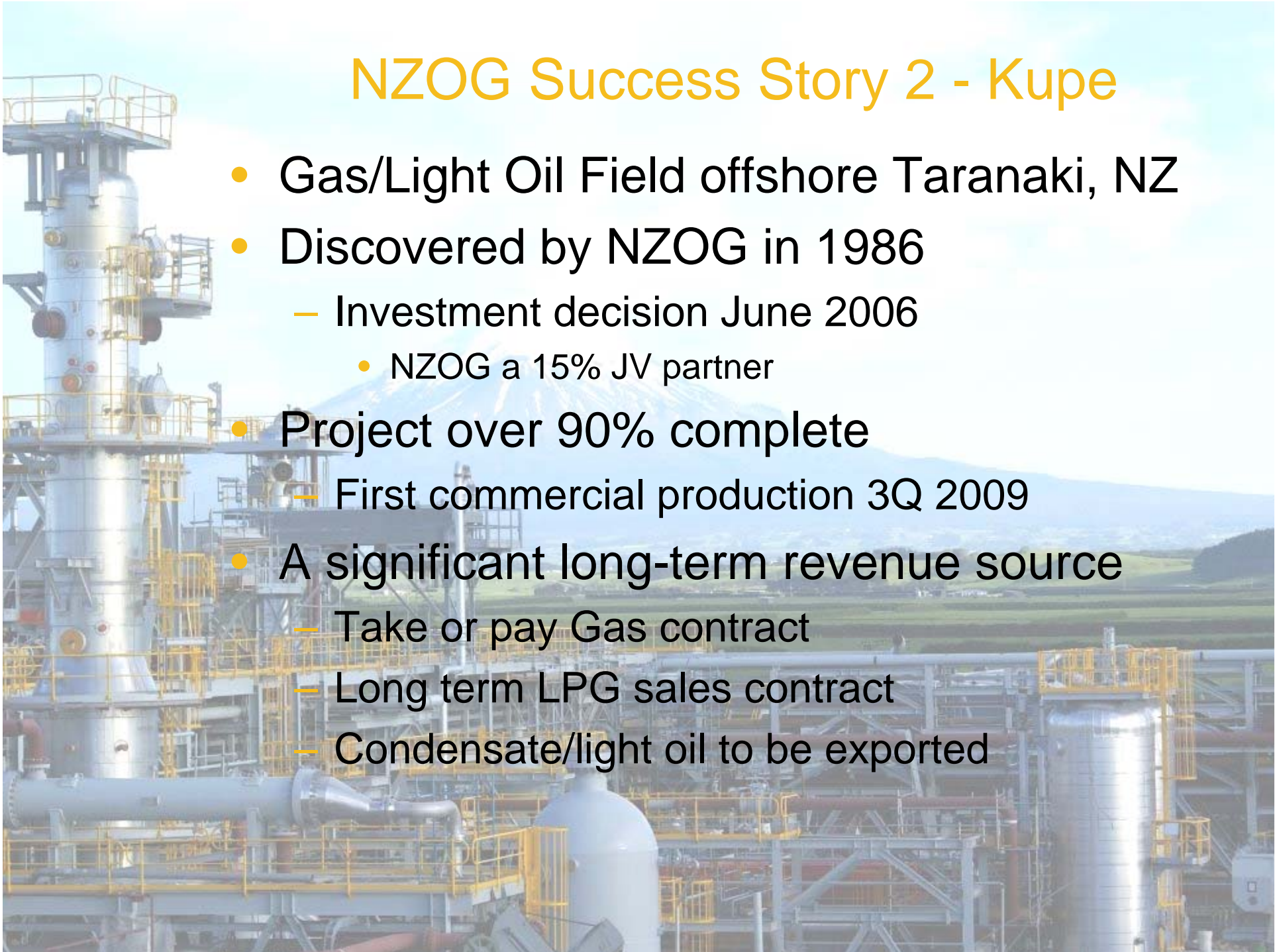
## NZOG Success Story 1 - Tui

- Oil fields offshore Taranaki NZ
- Discovered by NZOG and partners in 2003/04
  - First production July 2007
  - NZOG a 12.5% JV partner
- 2P Reserves almost doubled since production began
- Total Production to date: 21.5 mmbbls
  - NZOG's share 2.7 mmbbls
- NZOG Sales Revenue to date: over \$350m
- Tui near field prospects to be drilled late 2009



## NZOG Success Story 2 - Kupe

- Gas/Light Oil Field offshore Taranaki, NZ
- 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
  - Long term LPG sales contract
  - Condensate/light oil to be exported



# Exploration

## Expanded exploration portfolio:

- 40% stake in Canterbury Basin permit PEP 38259 (Barque prospect) – seismic survey completed
- 100% of Taranaki exploration permit PEP 51311 west and south of Kupe – seismic survey underway
- 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



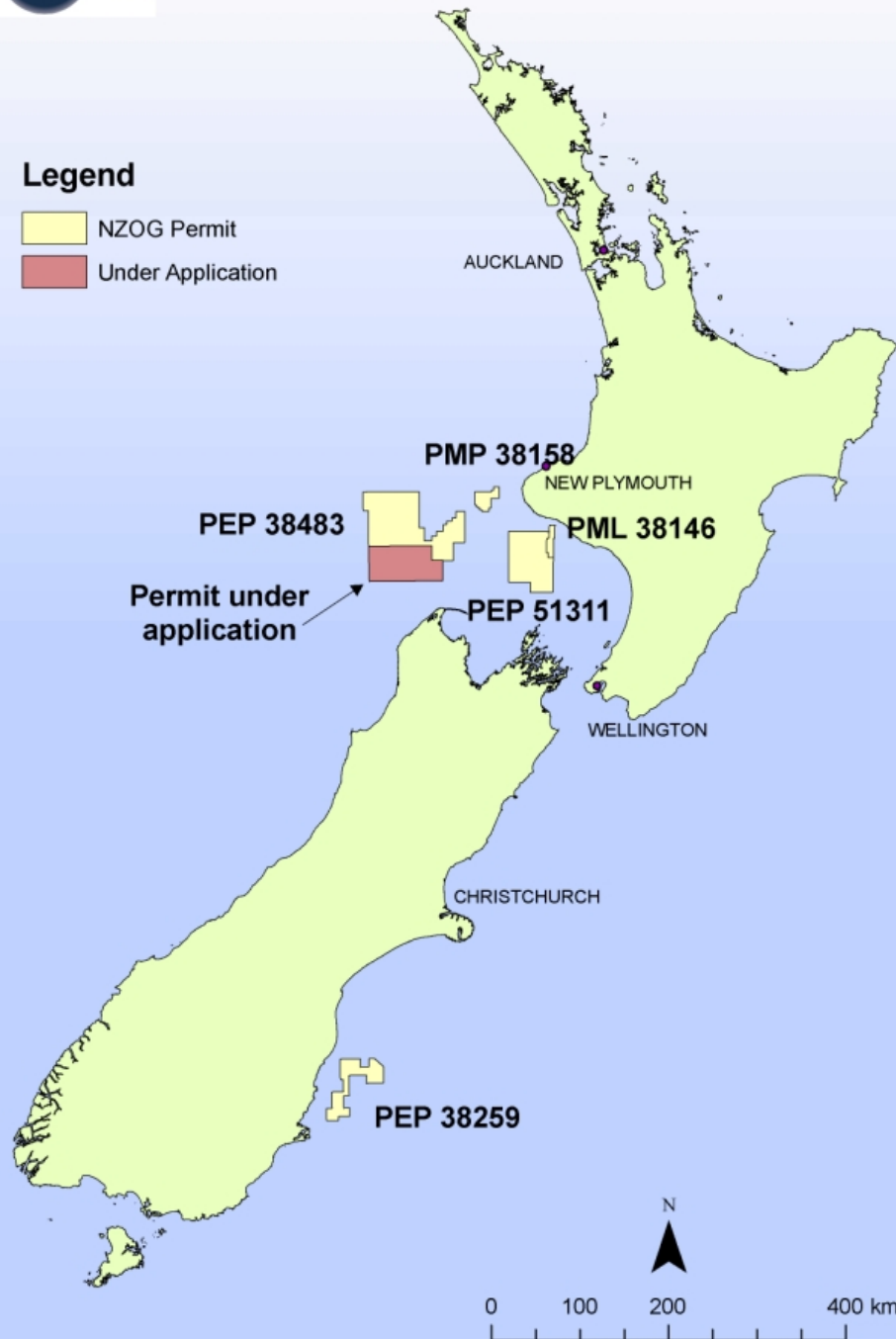
Pacific Titan  
Seismic survey vessel



## NZOG Permits

### Legend

- NZOG Permit
- Under Application



## Exploration Permits

PMP 38158 (Tui)

PML 38146 (Kupe)

PEP 38483 (Aihe)

PEP 51311 (Gamma)

PEP 38259 (Barque)



# Investments

---

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

- Strategic stake of 15% acquired in December 2008
- Has increased NZOG's exposure to successful Tui oil fields
- 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 is partly underwriting the Rights Issue



# NZOG's Current Reserves

NZOG's Proven and Probable (2P) Reserves as at 1 March 2009 were:

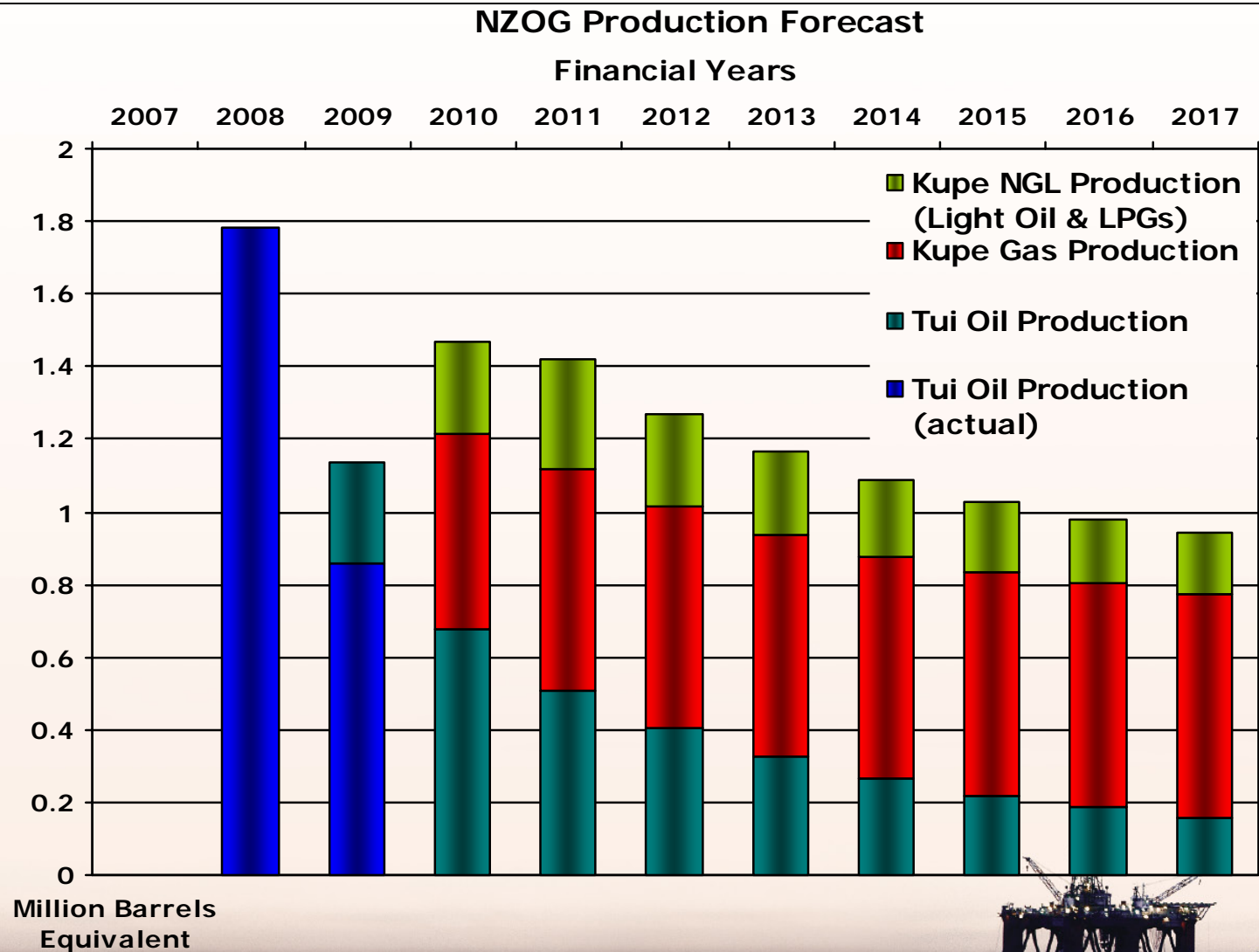
	Oil & Condensate (million barrels)	Natural Gas (petajoules)	LPG (kilotonnes)	Million Barrels of Oil Equivalent*
<b>Tui</b>	3.6			3.6
<b>Kupe</b>	2.2	38	159	9.9
<b>Total</b>				<b>13.5</b>

*\* 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.*



# Production Forecast from Current Assets



# NZOG's Growth Plans

---

## **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 taking undue risk or overpaying for any investment



# A transformed investment environment

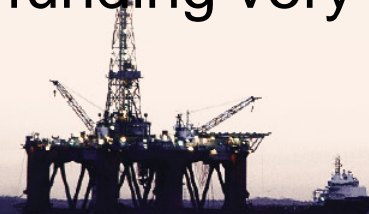
---

12 months ago:

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

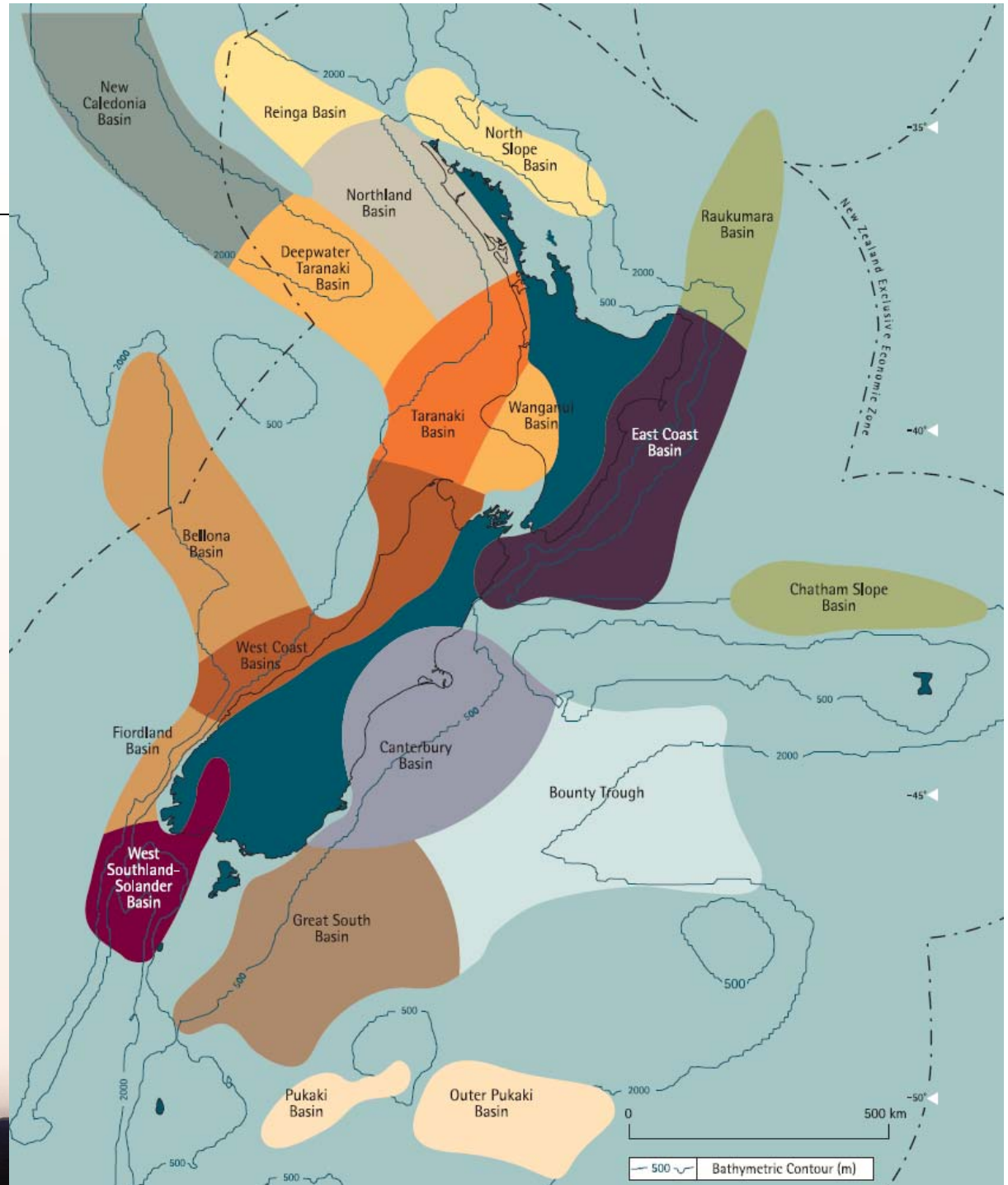
Today:

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



## Where does NZ fit?

- NZ relatively under-explored
- Level of international interest in NZ relatively low
  - A few big players in GSB, medium players in Taranaki
  - Active local partners vital



# Summary

---

- NZOG well positioned to build further shareholder value
- The global crisis presents opportunities as well as challenges
- NZ has good remaining prospectivity
- A well resourced local partner has much to contribute
- NZOG pursuing sensible growth – both in NZ and overseas



# Disclaimer

---

- New Zealand Oil & Gas Limited has prepared this presentation to provide information about the company for its shareholders 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 & Gas Limited strongly advises you to seek independent professional advice before making any investment decisions.