Discovering Our Energy Future

June 2011 Quarterly Report: Expanded Horizons

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New Zealand Oil & Gas Ltd

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Our Strategy

Two-pronged business strategy:

- Maximising value extraction from our existing asset portfolio
- Securing new value-adding business opportunities

NZOG is generating good cash flows from our interests in the Kupe and Tui fields, offshore Taranaki

NZOG has exploration opportunities in New Zealand and has been screening suitable international new ventures with a resolve to further diversify our portfolio

We have secured attractive exploration acreage in Tunisia and are pursuing exciting opportunities in Indonesia

Kupe

Production:

- June Quarter *(NZOG's 15% share):*
  - 0.64 PJ sales gas
  - 2,600 tonnes LPG
  - 66,500 barrels of oil
- FY11 Production *(NZOG's 15% share):*
  - 2.63 PJ sales gas
  - 11,200 tonnes
  - 276,000 barrels of oil

Revenue:

- NZ$18.6m for the June Quarter
- NZ$66.3m for FY11

Tui

Production:

- June Quarter *(NZOG's 12.5% share):*
  - 85,600 barrels of oil
- FY11 Production *(NZOG's 12.5% share):*
  - 350,000 barrels of oil

Revenue:

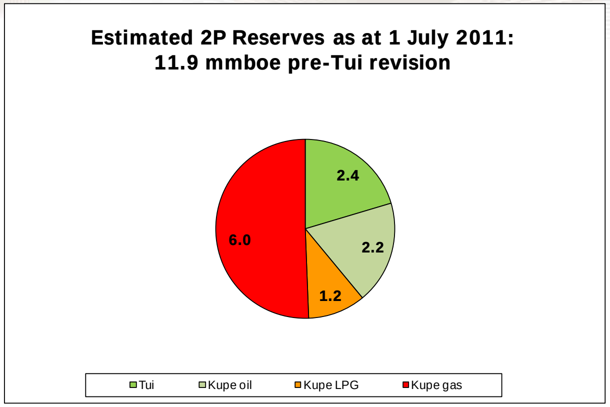
- NZ$15.1m for the June Quarter
- NZ$40.2m for FY11

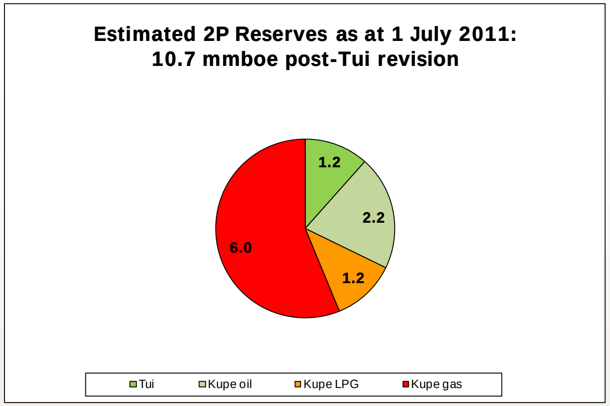
Reserves

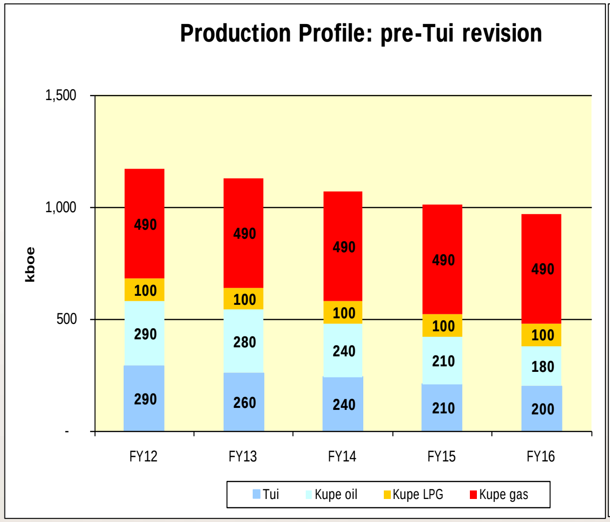
- Kupe review completed in June 2011
  - No change to 2P Reserves
- Tui: preliminary work undertaken by Operator (AWE)
  - Indicates reduction in gross initial developed 2P Reserves to 40-42 mmbbls
  - Independent review of Operator’s estimate underway
  - Further work on accessing possible additional volumes of oil with new or sidetracked wells
  - Exploration targets adjacent to Tui fields also under evaluation
- Impact on NZOG if Tui reduction confirmed
  - Approx 10% reduction in NZOG’s total oil and gas reserves
  - NZOG FY12 estimated production reduced by approx 20,000 barrels
  - NZOG does not expect any impairment to carrying value of its interest in the Tui fields

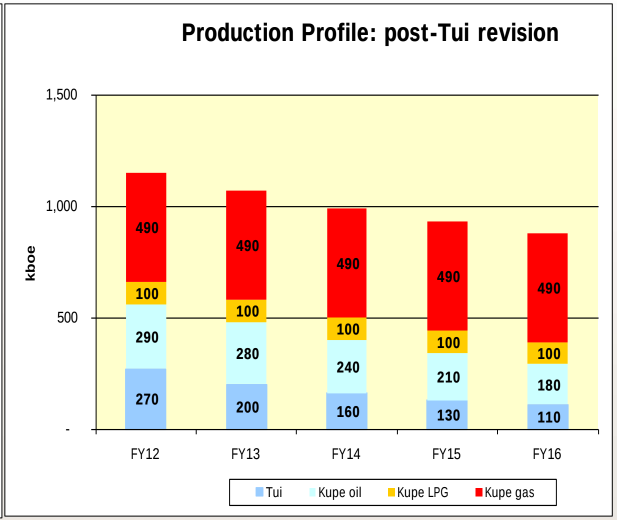
Reserves

NZOG			Pre-Revision	Post-Revision est.	% change
Tui reserves (net)	2P	mmbbls	2.4	1.2	*(49%)*
Liquids reserves (net)	2P	mmbbls	5.9	4.7	*(20%)*
Reserves (Kupe and Tui)	2P	mmboe	11.9	10.7	*(10%)*
FY2012 Production – Tui only		mmbbls	0.290	0.270	*(7%)*
FY2012 Production – Total		mmboe	1.170	1.150	*(2%)*





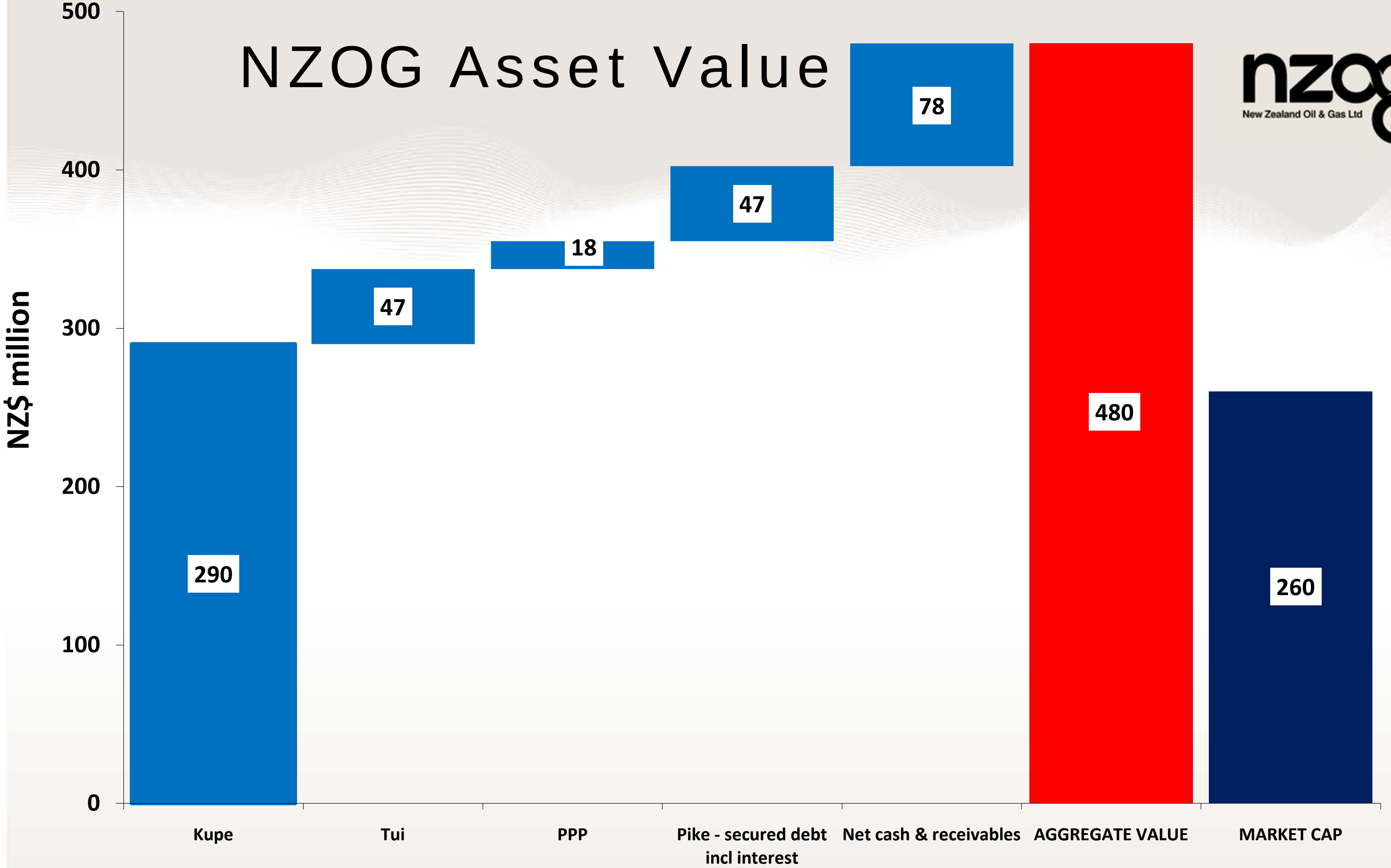




Financial Performance

- Operating Revenue for June Quarter:
  - NZ$33.7m
- Operating Revenue for FY11:
  - NZ$106.5m
- Cash balance at 30 June 2011:
  - NZ$149.4m
- Net cash position at 30 June 2011:
  - NZ$86.1m

NZOG Asset Value



Assumptions:

Broker average discount rate, forward curve for oil and exchange rates, broker average gas and LPG prices, PRCL secured debt and interest recovered, PPP valued at market, 2.5% pa inflation, 2P Reserves at Kupe and estimated 41mmbbls gross initial 2P reserves for Tui.

NB: Impact of Tui reserves reduction on NZOG valuation approx $43m or 11c per share applying these assumptions.

Further upside potential from exploration and Pike unsecured debt/equity recovery not included.

Pike River

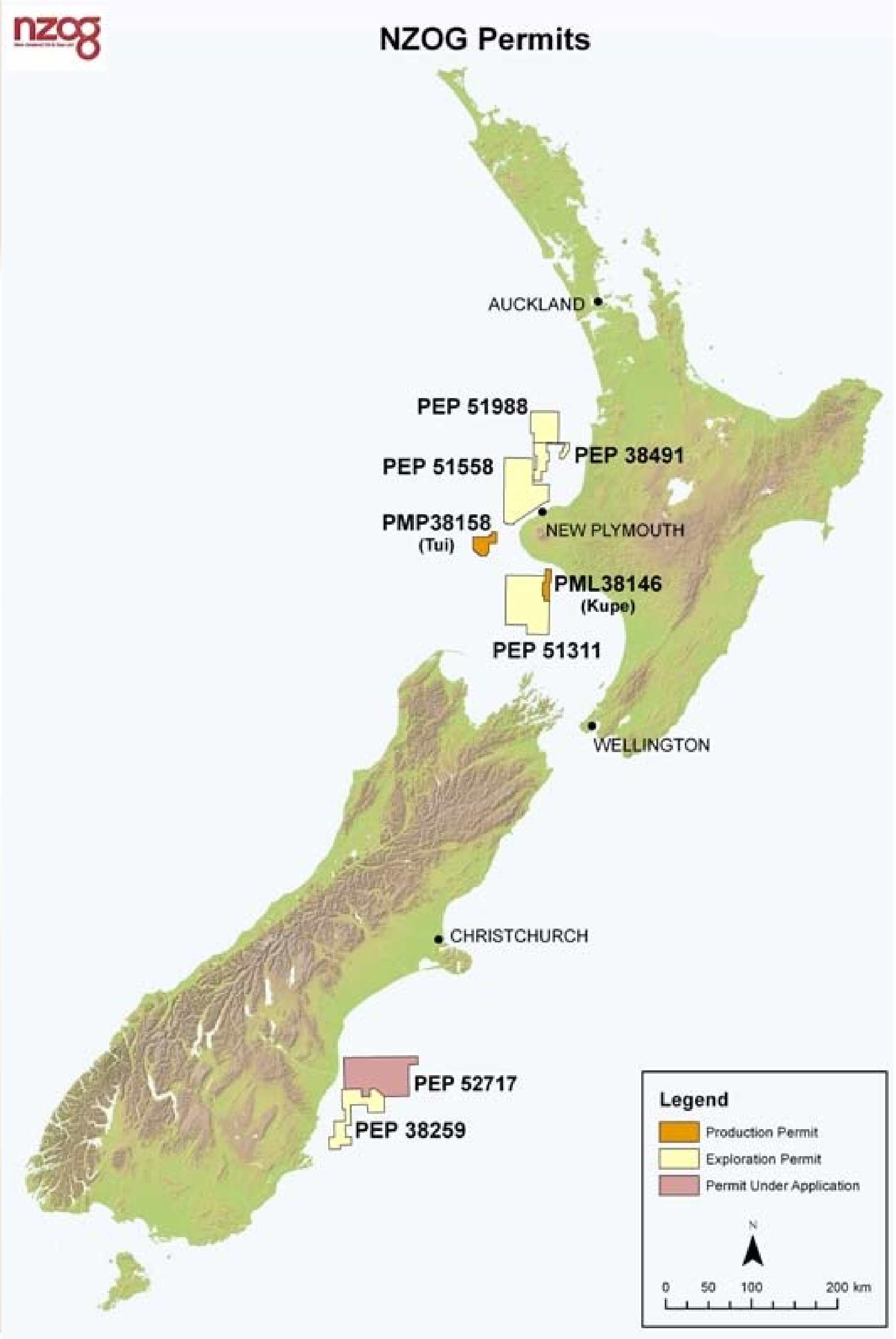
- NZOG provided written submission to Inquiry on mine history up to float of PRCL, but was not asked to appear at phase one hearings
- Post-IPO in 2007: PRCL a separate company
  - As required by law, NZOG as a minority 30% shareholder did not operate or control PRCL
  - PRCL had separate Board and management
  - Two common directors (up to October 2010) with separate duties and responsibilities to NZOG and PRCL
  - Arms-length relationship documented by NZOG witness statements provided to Inquiry addressing the post-IPO period
- Receivers making progress in stabilising the mine and continuing their efforts to recoup value from the assets
  - Stabilisation work and other receivership activities funded from $12m loan advanced by NZOG to PRCL after the 19 November explosion

Growth

- Kupe and Tui (even with a reserves reduction) provide a solid base for growth
- Significant progress on value-adding opportunities achieved in last quarter:
  - New Zealand
  - Tunisia
  - Indonesia

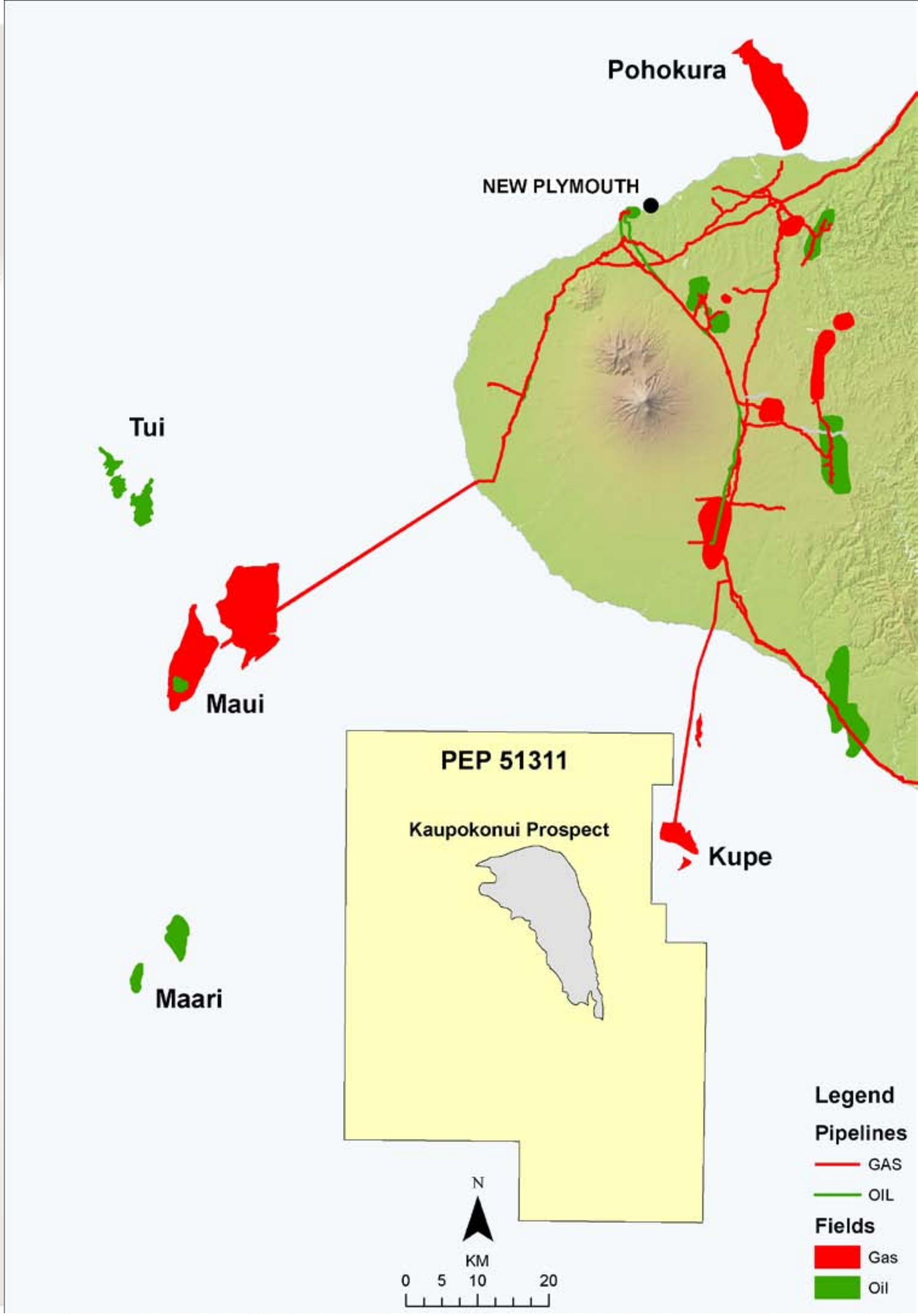
NZ Exploration Portfolio

Permit	NZOG Stake
Taranaki Basin	
PMP 38158 Tui	12.5%
PML 38146 Kupe	15%
PEP 51311 Kaupokonui	90%
PEP 51988 Mangaa	100%
PEP 38491 Albacore	100%
PEP 51558 Kanuka	50%
Canterbury Basin	
PEP 38259 Barque	40%
PEP 52717 *(Withdrawn from Application)*	



PEP 51311

- Target to be renamed after consultation with local iwi
- In final negotiations to secure a drilling rig for this summer
- Over 200 million barrel oil prospect



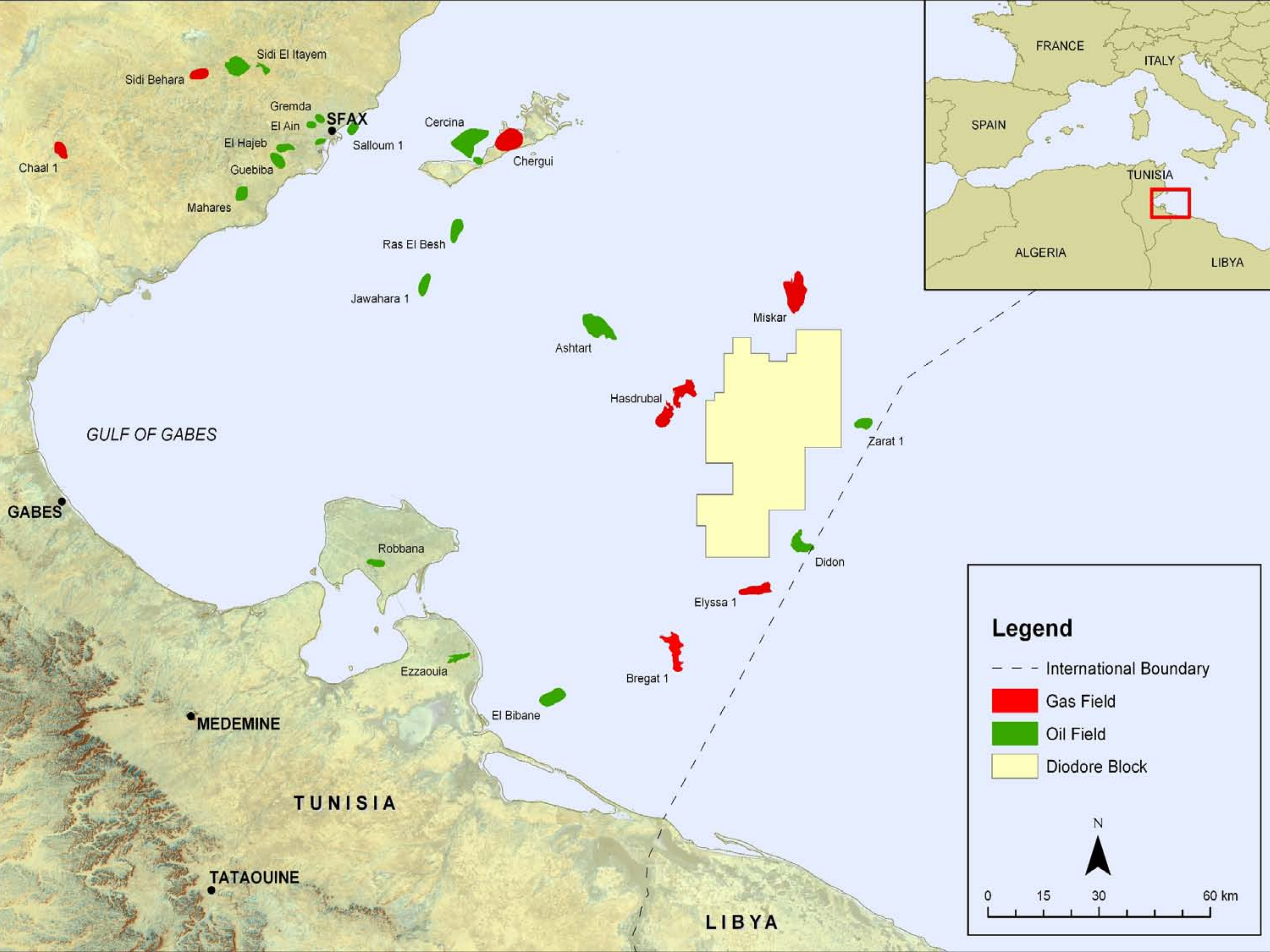
Expanded Horizons

- Opportunities in NZ are screened but are limited
- Strategic intent to establish up to two new core areas outside of NZ
- Ongoing assessment of overseas opportunities
- Investment Criteria:
  - Proven hydrocarbon systems
  - Quality business partners
  - Suitably attractive fiscal regime
  - Access to markets and infrastructure
  - Manageable regulatory and political risk
  - Manageable financial exposure
  - Near term payback as opposed to long term horizons

New Venture Activities 2008-2011

Tunisia

- Attracted to Tunisia due to its combination of good prospectivity, established exploration and production activity, reasonable fiscal terms, and relative ease of doing business
- Move towards more open democracy enhances its attractiveness
- Identified overlooked acreage in productive basin
- Will acquire new seismic data and reprocess existing data – targeting seismic acquisition in 2011
- Setting up office in Tunis so we can actively pursue further opportunities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Chaal 1
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Mahares
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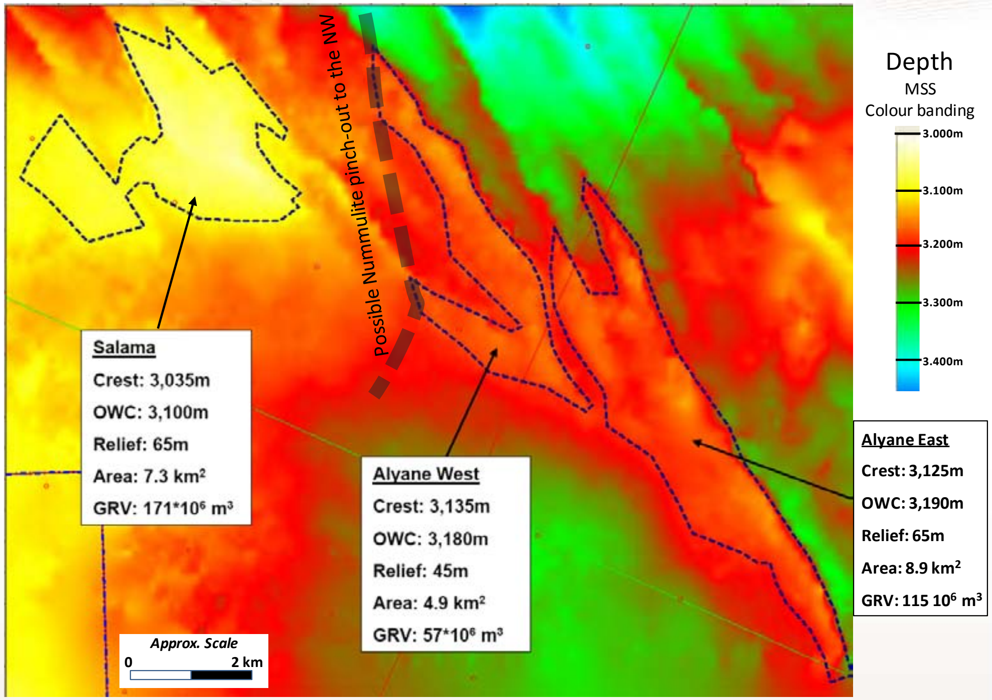
Ras El Besh
Jawahara 1
Miskar
Ashtart
Hasdrubal
Zarat 1
GULF OF GABES
GABES
Robbana
Didon
Elyssa 1
Ezzaouia
Bregat 1
El Bibane
MEDEMINE
TUNISIA
TATAOUINE
LIBYA
FRANCE
ITALY
SPAIN
TUNISIA
ALGERIA
LIBYA
Legend
International Boundary
Gas Field
Oil Field
Diodore Block
N
0
15
30
60 km

Diodore Block

- 1236 sq km, less than 100 metres water depth
- Covered by approx 1000 km 2D and 800 sq km 3D seismic
- On trend with nearby fields:
  - Producing fields: Ashtart (350 mmbbls); Hasdrubal (70 mmbbls and 400 bcf gas); Didon (34 mmbbls); Miskar (1770 bcf);
  - Recent discoveries including Zarat (362 mmbbls oil in place, 980 bcf gas (50% CO_2) in place)
- Prospect already identified in block: Alyane
  - Eocene El Gueria formation primary target (3100m subsea)
  - Nummulite shelfal facies: good porosity and permeability proven in nearby fields

Diodore Block

- Three culminations identified by existing seismic – Alyane East, Alyane West and Salama
- Approx 30 mmbbls recoverable oil (unrisked)
- Stratigraphic possibility provides large potential upside – stratigraphic closures present in 3 nearby fields



Diodore Block

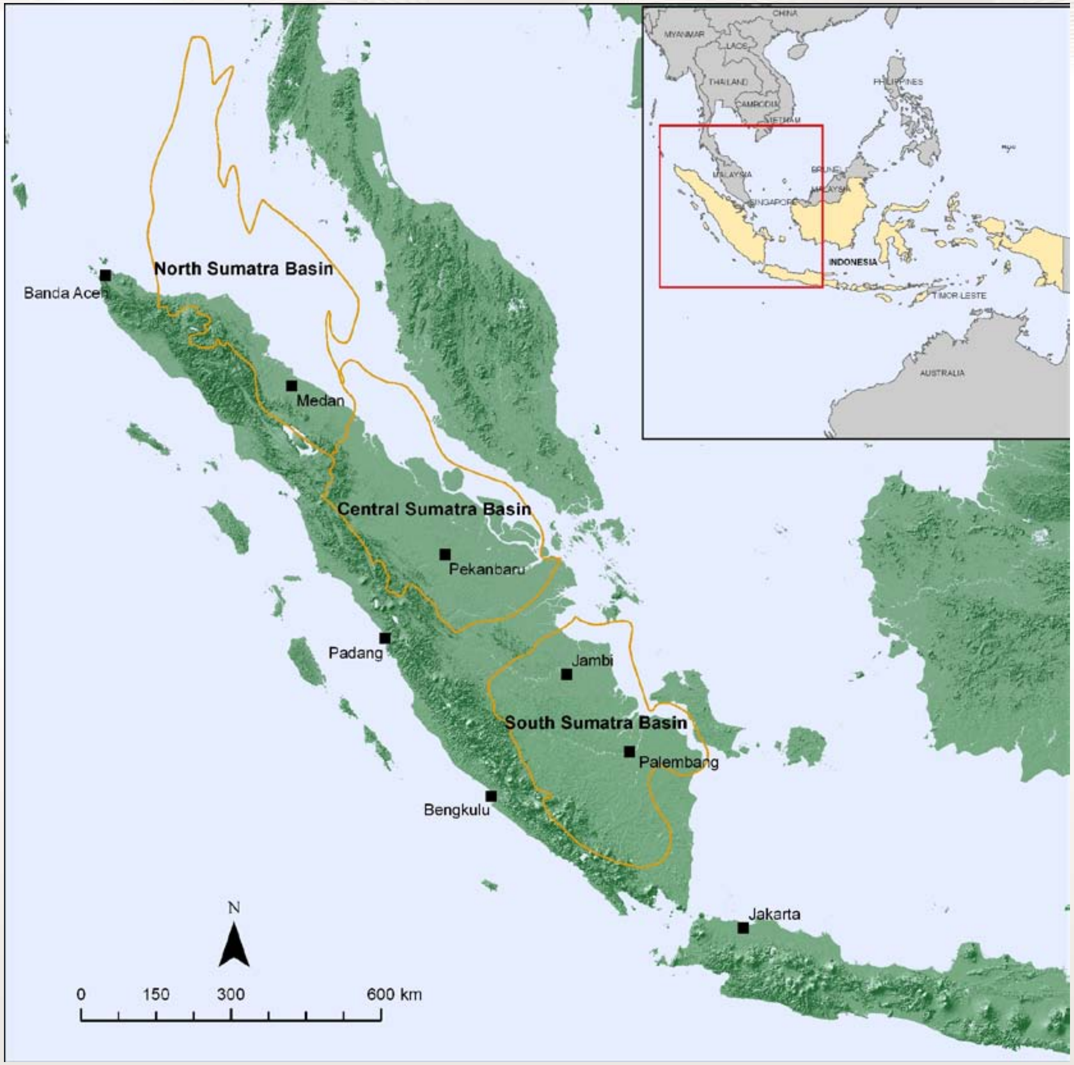
- Prospecting Permit awarded
  - 2 year term with seismic obligation, no drilling commitment
  - NZOG 100%
- After completing seismic and further evaluation, NZOG can apply for a 4 year exploration permit
  - Would look to farm-down ahead of drilling
  - Already approached by interested companies
- Tunisia uses standard Production Sharing Contract (PSC)
  - Partnership with ETAP, Tunisia's national oil company
  - NZOG pays all exploration and development costs which can be recovered from revenue
  - ETAP and NZOG share profits
  - ETAP pays all taxes and royalties due

Indonesia

- Indonesia has long oil and gas history but underexplored by western standards
- Contract terms and business climate have improved
- NZOG strategic partnership with Bukit Energy
- Seven initial opportunities identified
  - Joint Study Agreement application submitted in northern Sumatra
  - Farm-in offer made in Central Sumatra
  - Other opportunities under assessment

Indonesia

- Onshore Sumatra has three highly productive basins
- Open acreage, regular bid rounds and farm-in opportunities



Summary

- NZOG committed to a clear strategy and taking positive steps towards achieving its strategic goals
- Pike River tragedy and likely Tui reserves reduction are events beyond NZOG control
  - NZOG was already looking to diversify to lessen the impact of one-off events
- NZOG has a strong balance sheet and is pursuing sensible growth opportunities in the oil and gas sector, at home and abroad