Discovering Our Energy Future

Macquarie Investor Day
Sydney

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New Zealand Oil & Gas Ltd

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NZOG (New Zealand Oil & Gas Ltd)

Issued Capital:	392 million shares
Listed:	ASX and NZX (since 1981)
Shareholders:	~15,500 ~ 32% institutions
Market cap:	~A$230 (NZ$280) million
Head Office:	Wellington, New Zealand
Website:	www.nzog.com

Our Key Assets

- 15% of **Kupe gas & oil field**, offshore Taranaki
- 12.5% of **Tui area oil fields**, offshore Taranaki
- Exploration permits in Taranaki and Canterbury Basins
- 15% of listed co. Pan Pacific Petroleum
- Pike River Coal (in Receivership): secured debt, unsecured debt and shareholding
- Cash – NZ$86m (A$70m)net
- Tunisia & Indonesia entry

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 (Diodore) and are pursuing exciting opportunities in Indonesia (Bohorok)

Kupe

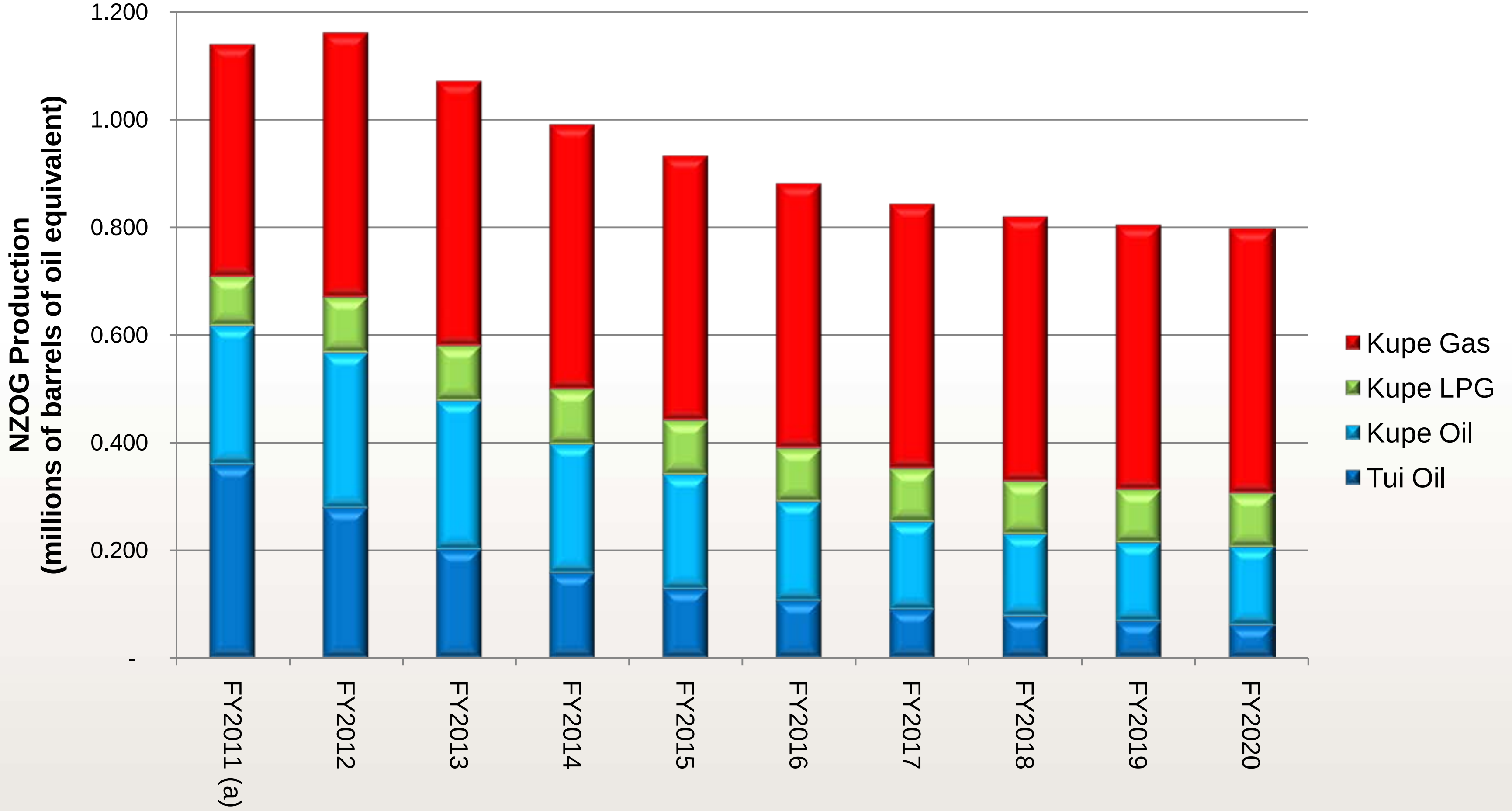
- NZOG's largest revenue source
  - FY11 Revenue: NZ$66.33m
- FY11 Production *(NZOG's 15% share)*
  - 2.63 PJ sales gas
  - 11,200 tonnes of LPG
  - 276,000 barrels of oil
- FY12 Production Forecast *(NZOG's 15% share)*
  - 3 PJ sales gas
  - 12,800 tonnes of LPG
  - 320,000 barrels of oil
- Kupe Reserves upgraded July 2010 and confirmed June 2011

Tui

- FY11 Revenue: NZ$40.14m
- FY11 Production *(NZOG's 12.5% share):*
  - 350,000 barrels of oil
- Reduction in estimated initial developed proved and probable (2P) reserves
  - Remaining 2P reserves now around 10mmbls gross
  - Approx 10% reduction in NZOG's total oil and gas reserves
  - NZOG FY12 estimated production reduced by approx 20,000 barrels
- Further work on possibly accessing additional volumes of oil with new or sidetracked wells

Production Forecast

Two existing fields providing long term cash flows



FY 2011 Financial Results

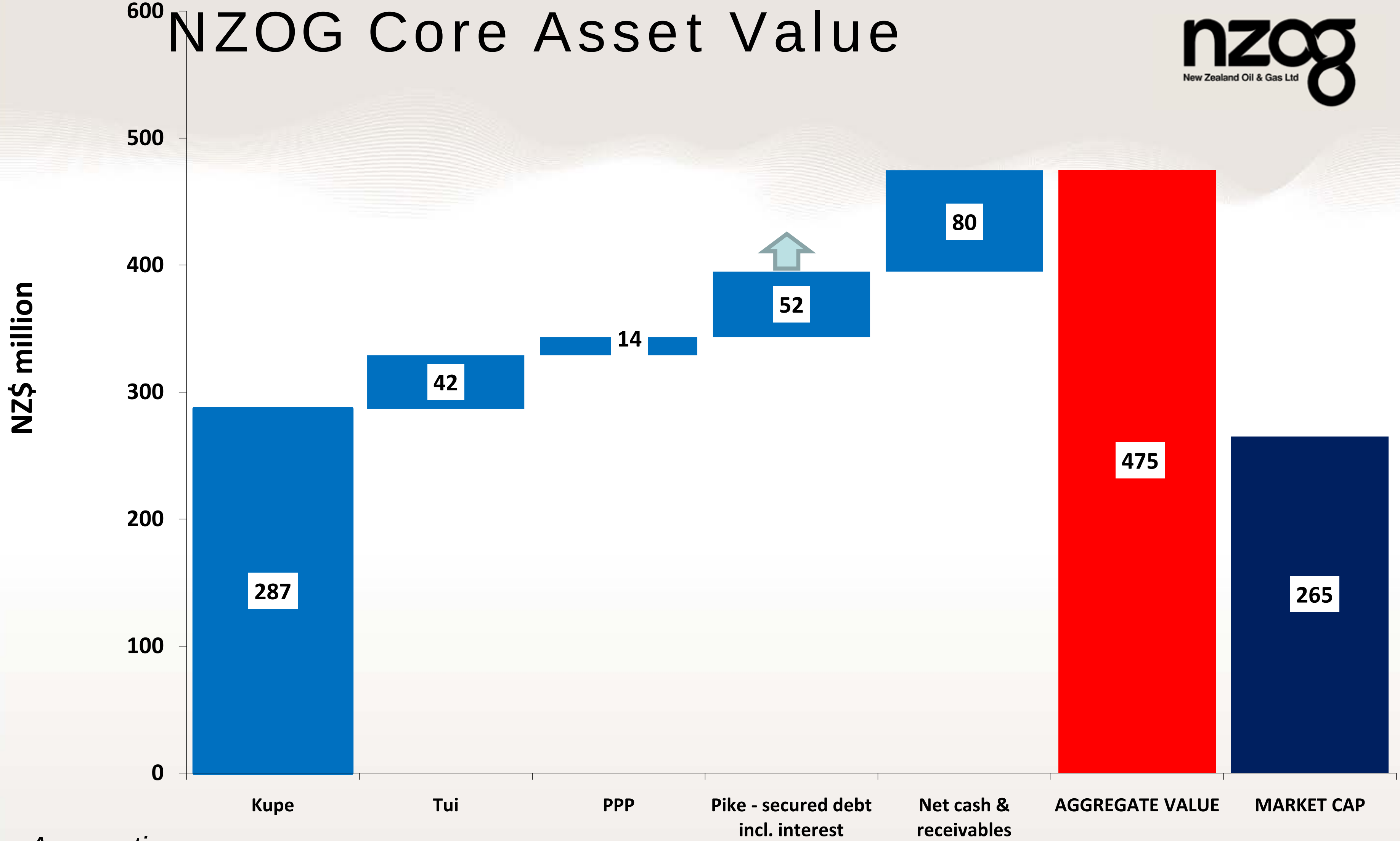
		FY 2011	FY 2010	Change
Production	*mmboe*	1.14	1.03	*+11%*
Ave Sales Price (oil & light oil)	*US$/bbl*	96	73	*+31%*
In NZ$ million				
Revenue		106.5	99.4	*+7%*
EBITDAX*		58.5	64.5	*-9%*
Exploration write-offs		(3.4)	(30.7)	
EBITDA		55.0	33.8	*+63%*
EBIT		32.6	18.2	*+79%*
Net Loss After Tax		**(75.9)**	**(3.9)#**	**-**
Normalised Profit After Tax**		**30.6**	**14.7#**	***+108%***
Net Operating Cash Flow		**68.6**	**47.4**	***+45%***

** Earnings Before Interest, Tax, Depreciation, Amortisation, Exploration.*

*** Adjusting for foreign exchange losses (net of 30% tax) and PRCL (in Receivership) associated earnings and impairment losses.*

 # Restated due to a change in accounting treatment.

NZOG Core 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 NZ$43m or 11c per share applying these assumptions.

Further upside potential from exploration and Pike unsecured debt/equity recovery not included. (NZOG to recover NZ$41m of secured debt from proceeds of PRCL insurance settlement announced 12 Sept 2011)

Dividend

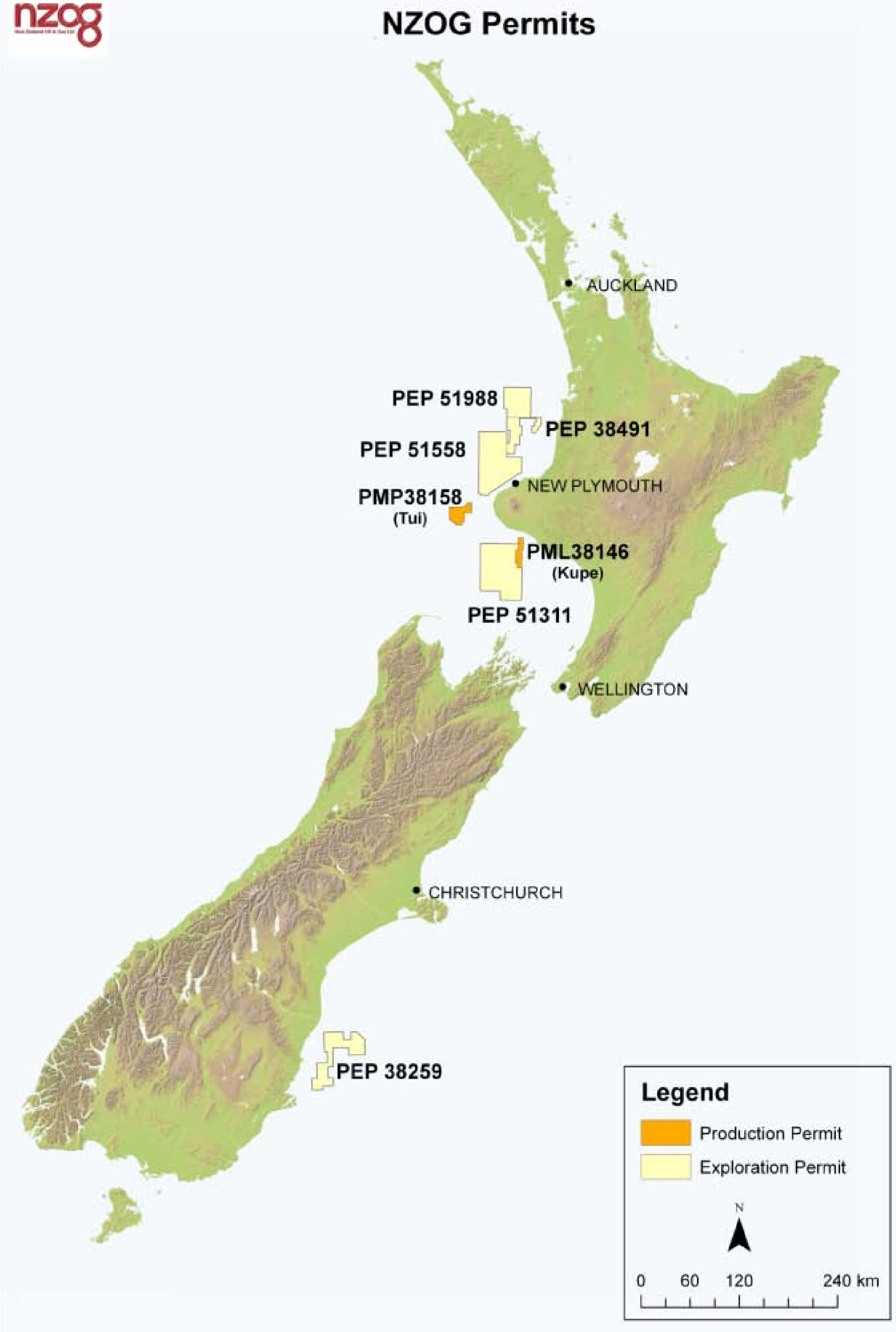
- Dividend policy is to distribute a reasonable proportion of profit, subject to the need to retain sufficient capital to meet investment requirements
- Dividends paid since 2008
- Strong performance in second half year and outlook positive, despite impact of Pike River Coal
- Board therefore declared a fully imputed dividend of NZ 2c per share
  - Record date 16 September
  - Payment date 30 September

Pursuing Growth

- Built a team with strong technical and commercial capabilities
- Kupe and Tui (even with a reserves reduction) provide a solid base for growth
- Significant progress on progressing value-adding opportunities over the last quarter:
  - New Zealand
  - Tunisia
  - Indonesia

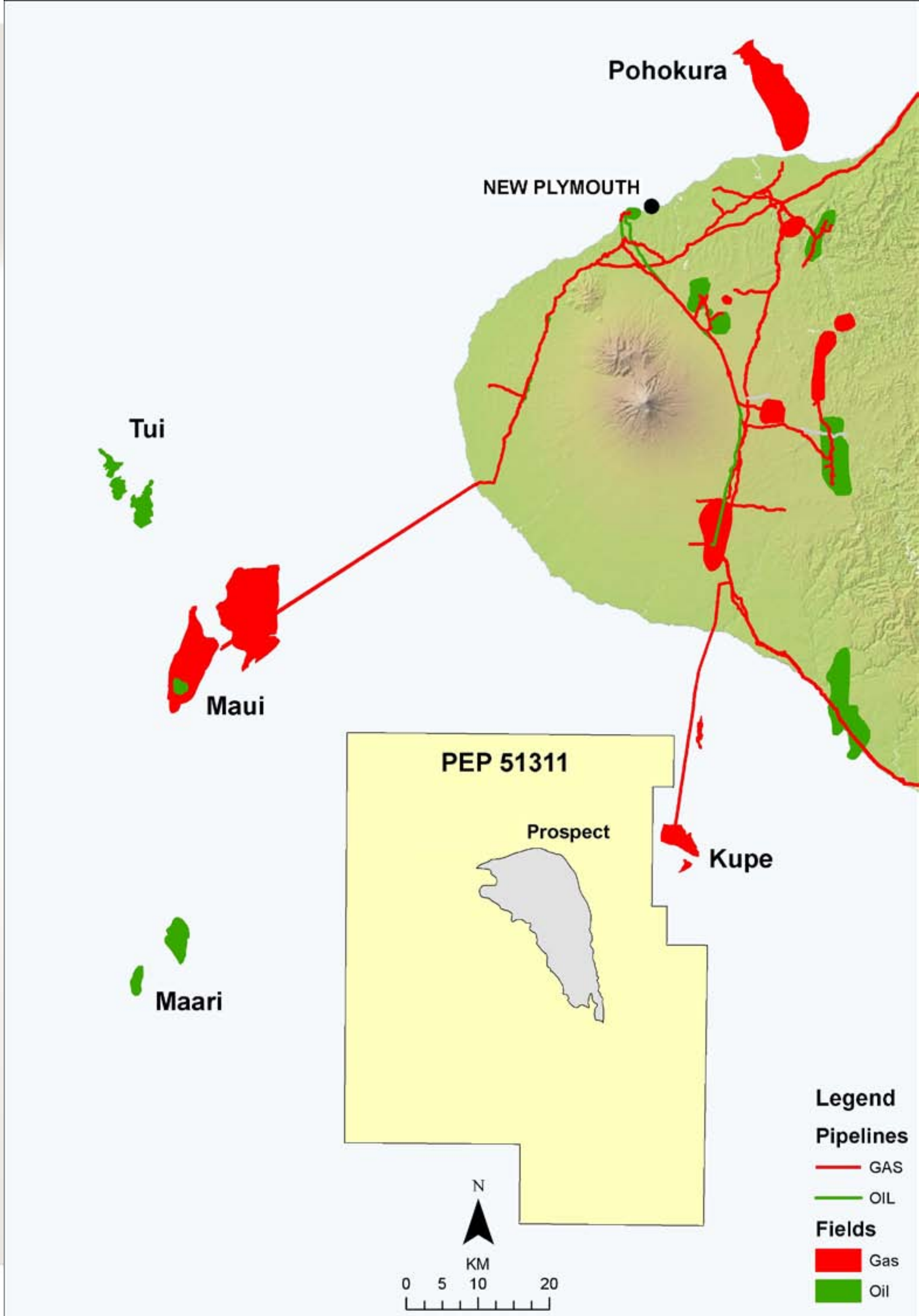
NZ Exploration Portfolio

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



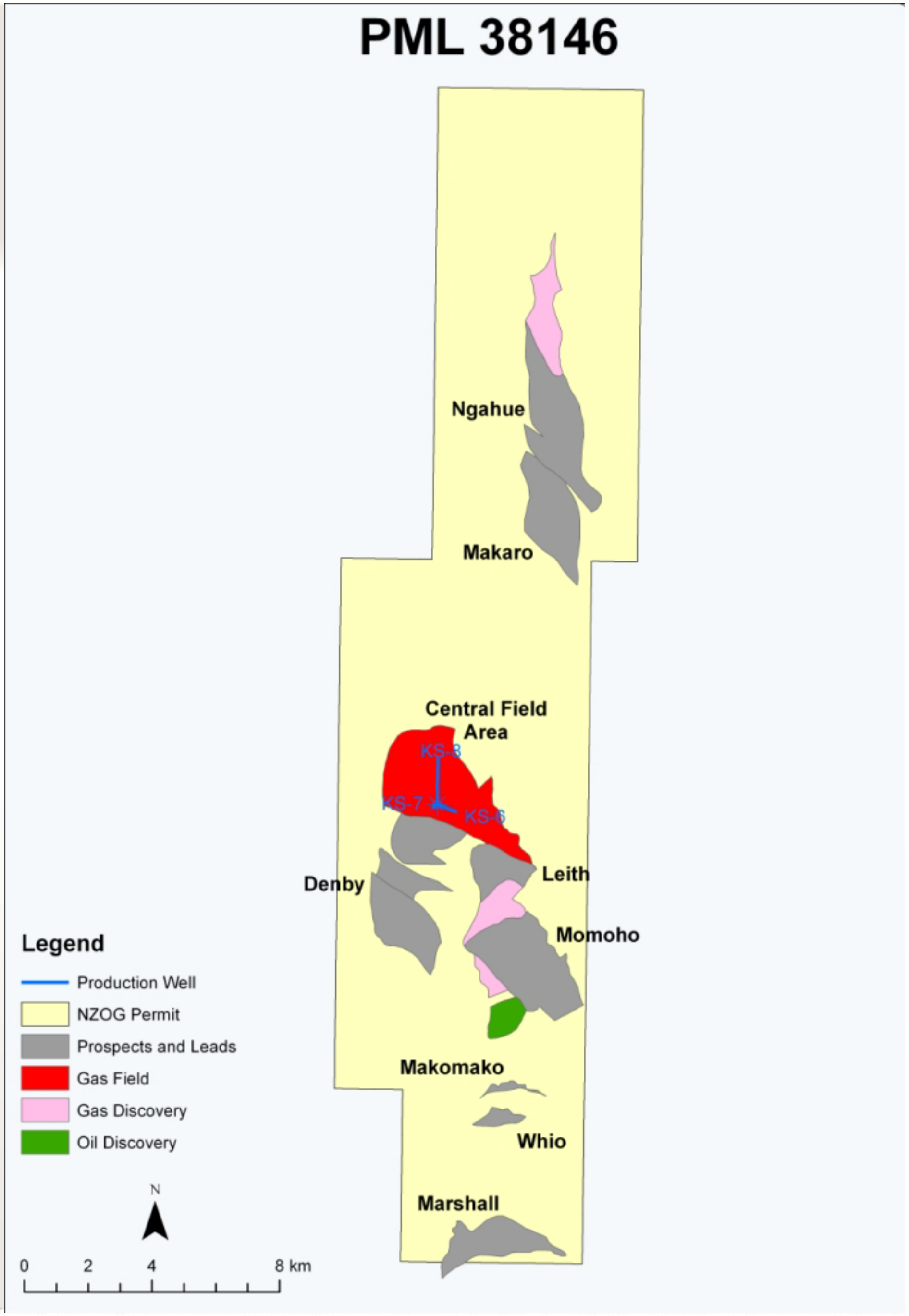
PEP 51311

- Kakapo prospect is a stacked series of Miocene coastal sands
- Estimated mean prospective resources over 200 mmbbls
- NZOG seeking suitable drilling rig



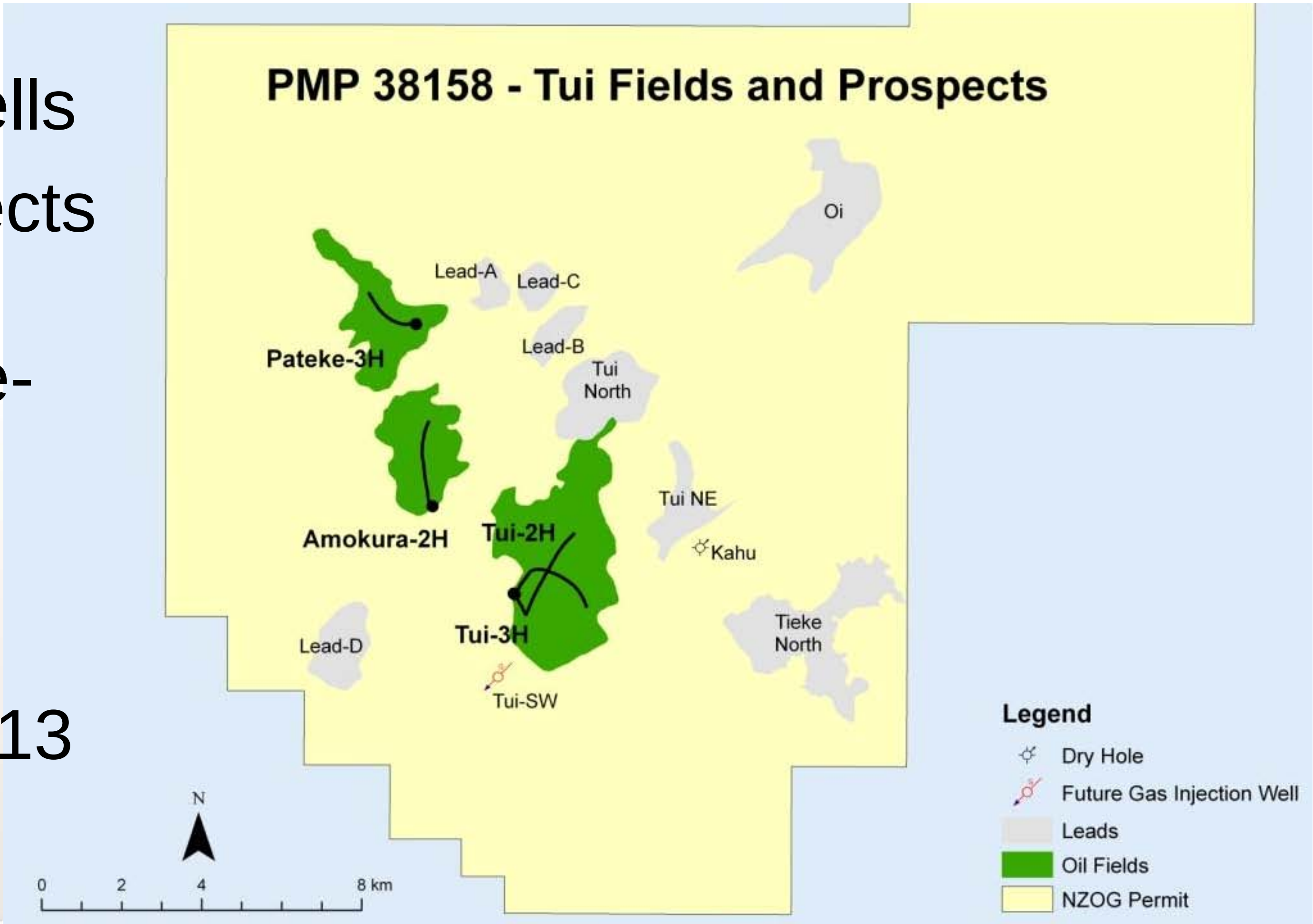
Kupe Exploration

- 3 producing horizontal wells
- Other discoveries and promising additional prospects within the Kupe permit area
- Joint Venture looking to identify drilling targets for 2013/14



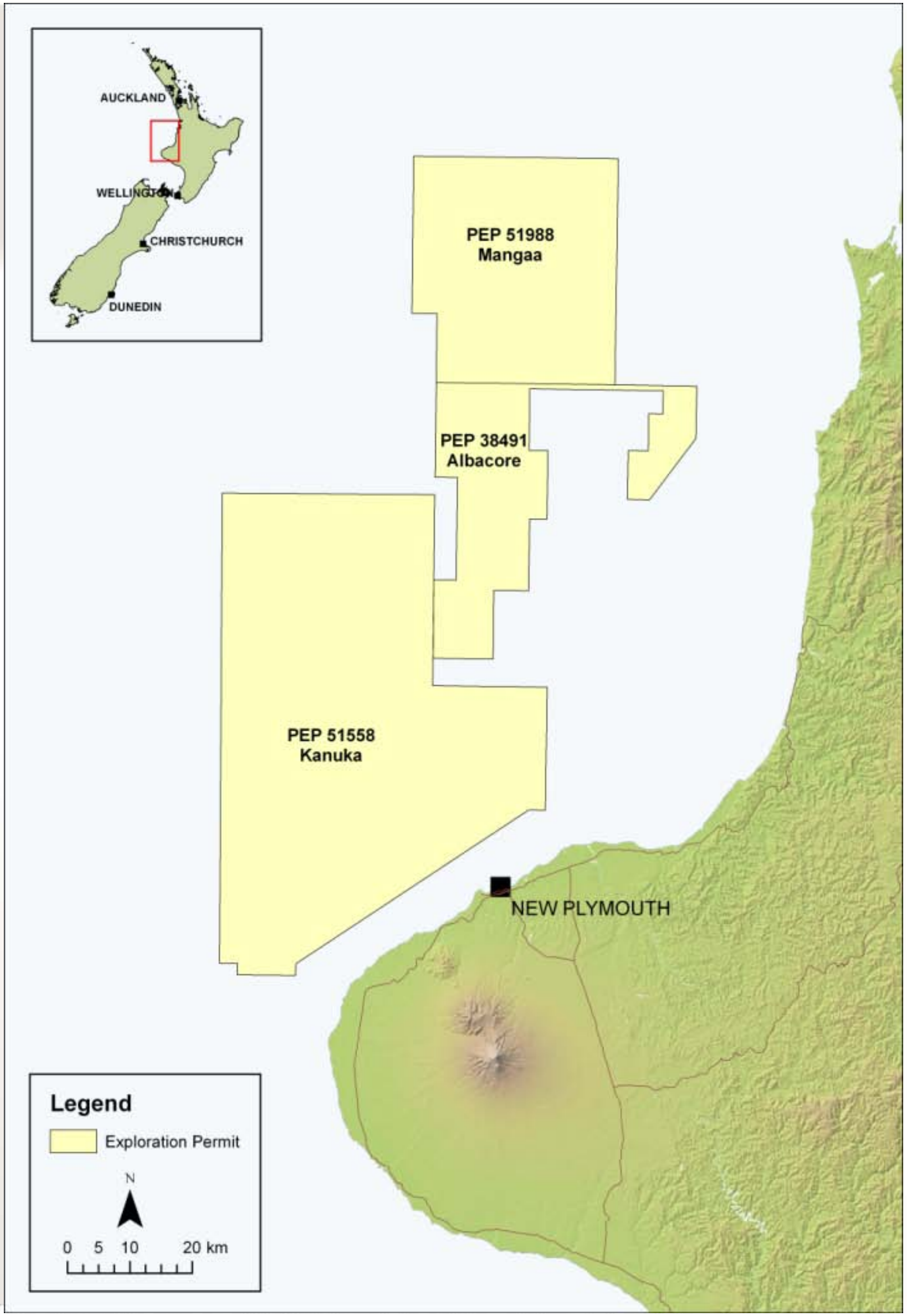
Tui Exploration

- 4 producing horizontal wells
- Other prospects within permit area being re-evaluated
- Possible exploration drilling 2012/13



Northern Taranaki Basin

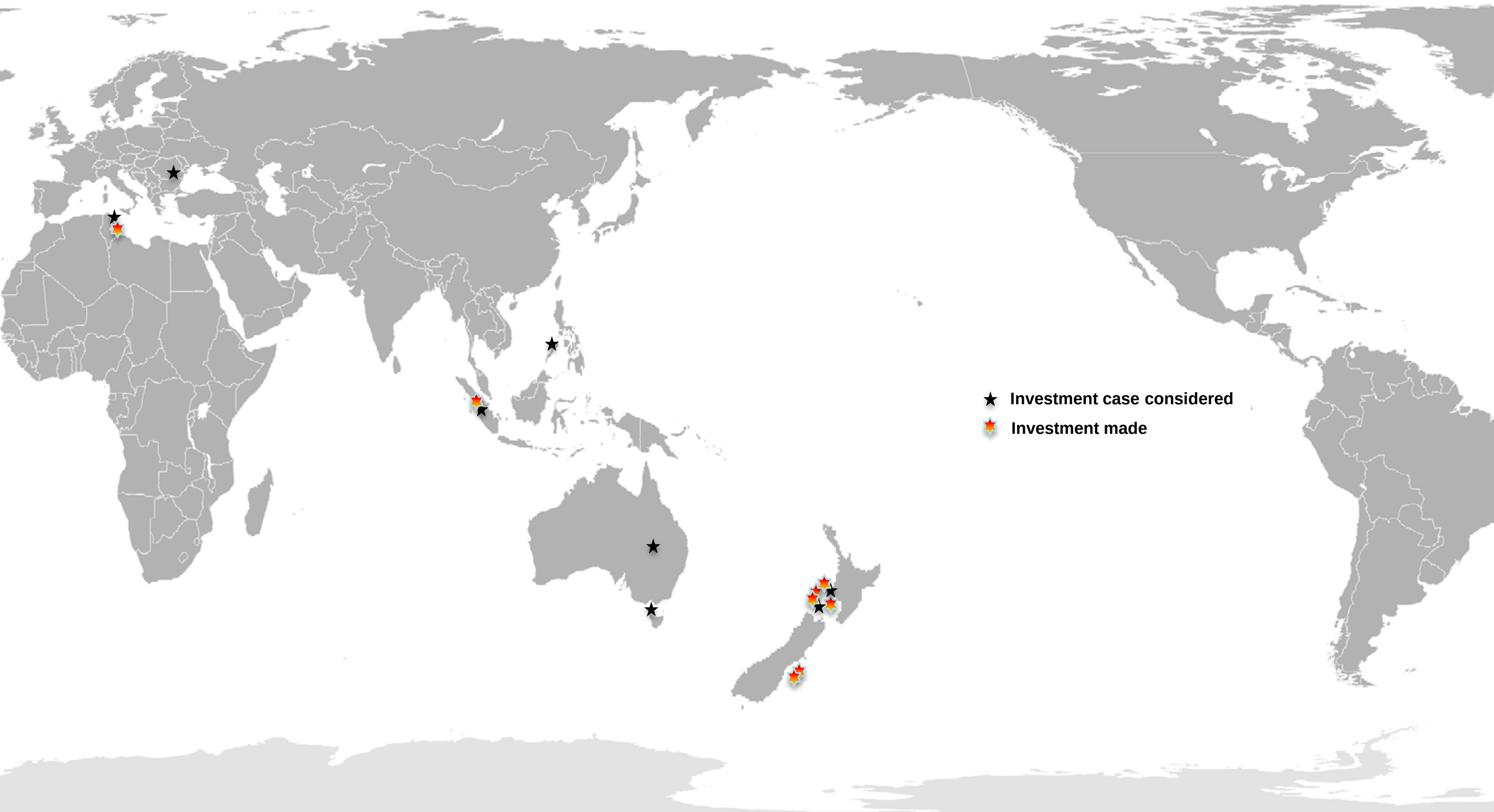
- North Taranaki Basin under-explored
- NZOG has built a dominant position
  - Albacore (100%)
  - Mangaa (100%)
  - Kanuka (50%)
    - With Todd Energy
- Assessing prospects and leads



Expanded Horizons

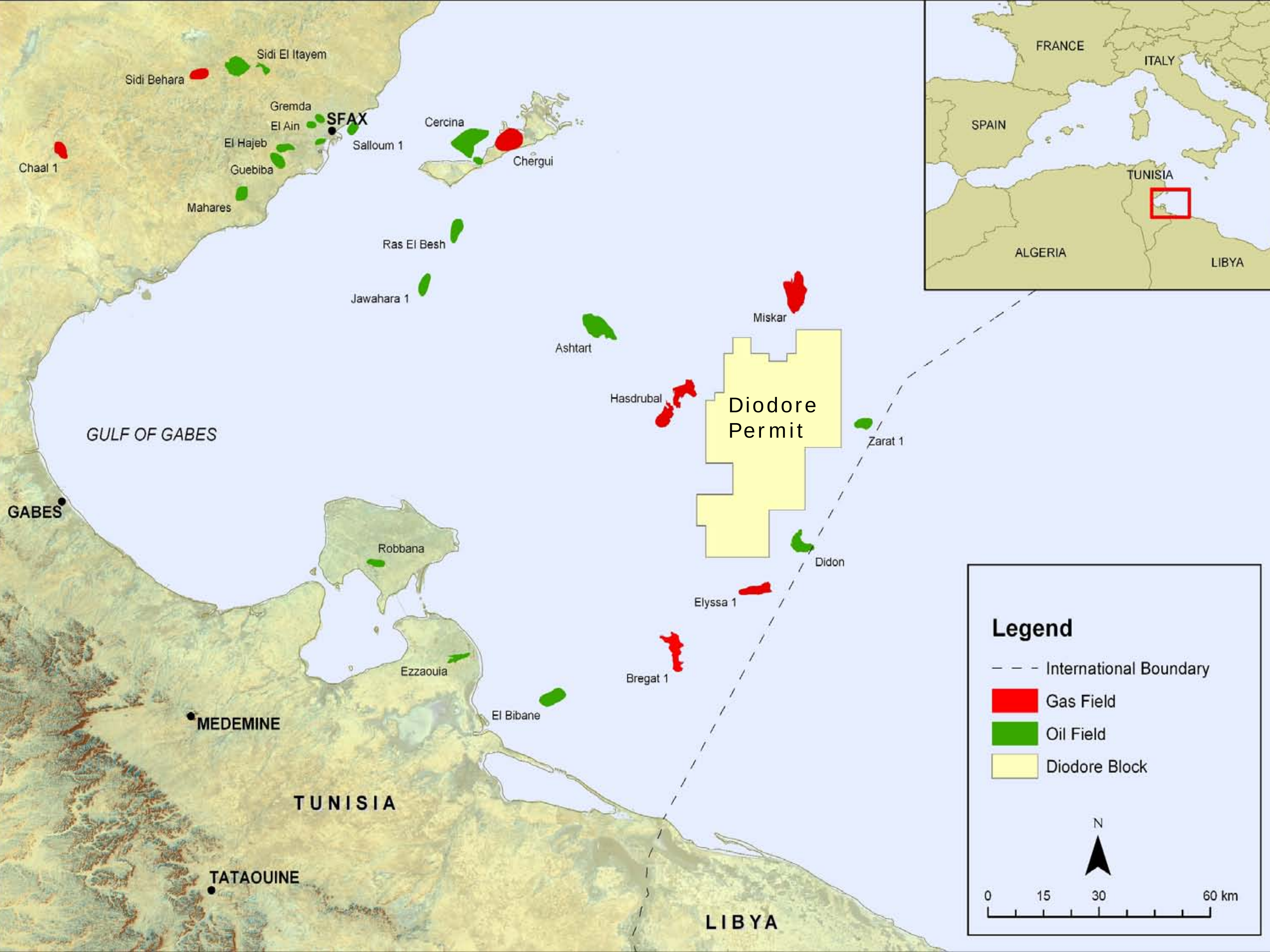
- Opportunities in NZ are screened but are limited
- Strategic intent to establish up to two new core areas outside of NZ
- Ongoing assessment of overseas opportunities
- Investment Criteria:
  – Proven hydrocarbon systems
  – Quality business partners
  – Suitably attractive fiscal regime
  – Access 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
- NZOG has acquired attractive acreage in productive basin
- Re-located a senior explorationist to Tunis
- Actively pursuing further opportunities



Sidi El Itayem
Sidi Behara
Gremda
El Ain
SFAX
Salloum 1
El Hajeb
Guebiba
Chaal 1
Mahares
Cercina
Chergui
Ras El Besh
Jawahara 1
Miskar
Ashtart
Hasdrubal
Diodore Permit
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

- 1,236 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
  - 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
  - Seismic contract currently being finalised for survey this year
- 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 has established strategic partnership with Bukit Energy
  - Experienced, Indonesian-focused
- Portfolio of opportunities being pursued

Indonesia

- Current focus on Sumatra
- Joint Study Agreement (JSA) awarded in northern Sumatra
- Two farm-in offers made
- Other opportunities under assessment

Pike River Coal

- Coking Coal mine on West Coast of South Island, NZ
- Former NZOG subsidiary, separately listed 2007
- Mine explosions Nov 2010, 29 men killed
- NZOG's financial exposure as at 30 June 2011:
  - NZ$51.5m secured debt, including interest
  - NZ$14.6m unsecured debt, including interest (Fully impaired)
  - Shareholding with book value NZ$77.1m (Fully impaired)
- Mine stabilisation work nearly completed
- Sales process underway with shortlisted bidders
- NZOG to recover NZ$41m from Sept insurance settlement
- NZOG expects to at least recover secured debt, and potentially some or all unsecured debt, and part equity

Returns for Shareholders

- Current market price significantly below analyst estimates of the core value of company
- Strong balance sheet can fund capital investment in growth and provide for dividend
  - Dividend of 2 cents per ordinary share declared
  - Dividend Reinvestment Plan available
- NZOG remains focussed on delivering results and enhancing value

Summary

- NZOG committed to a clear growth strategy and taking positive steps towards its strategic goals
- Strong underlying value of company
  - Kupe and Tui revenue producing assets
  - Promising exploration portfolio
  - Healthy cash balance
  - Partial recovery of Pike investment underway ($41m Sept)
  - Establishing overseas presence
- Pike River tragedy and Tui reserves reduction events beyond NZOG control
  - NZOG was already looking to diversify to lessen the impact of one-off events
- NZOG is pursuing sensible growth opportunities in the oil and gas sector, at home and abroad

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