

Discovering Our Energy Future

Briefing: June 2010 Quarterly Activities Report

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29 July 2010



Financial Update



- NZ\$31.3m in Operating Revenue for June Quarter
 - Tui \$13.1m, Kupe \$18.2m
 - Full year Operating Revenue: \$99m
- Pike River Coal funding
 - Short term financing repaid by Pike
 - NZOG participated in NZ\$10m placement and NZ\$40m rights issue
 - NZOG provided US\$28.9m convertible bond facility, interest rate 10% pa, replacing Liberty Harbor facility
- Approx NZ\$11m spent on exploration in June Quarter
 - Includes spend on Tui SW-2, which will be used as a future gas injection well
- Cash balance 30 June: NZ\$143m equivalent
 - NZ\$63m drawn from NZ\$75m debt facility
 - Net cash position NZ\$80m

Kupe

- In steady state production since 22 March
- Production for quarter (NZOG's 15% share):
 - 0.74 PJ gas
 - 2,780 tonnes LPG
 - 68,400 barrels of oil
- NZOG Kupe revenue for quarter:
 - NZ\$18.2m
- Kupe 2P Reserves increase:
 - Gas reserves up 8%
 - LPG reserves up 5%
 - Light oil reserves up 27%
 - Accelerated mid-life development
- FY11 production forecast (NZOG's 15% share):
 - 3 PJ gas
 - Approx 300,000 barrels oil
 - Approx 12,500 tonnes LPG



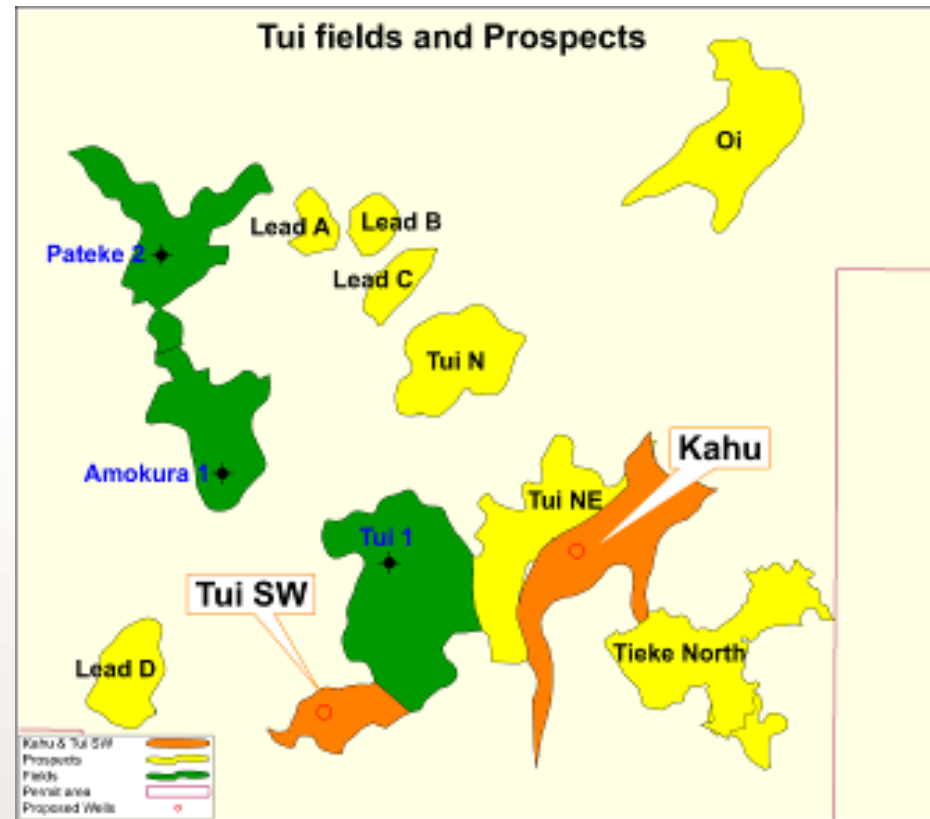
Tui

- FY2010 revised production target slightly exceeded
 - Total production 4.83mmbbls
 - NZOG's 12.5% share 604,000 barrels
- Production for quarter (NZOG 12.5% share):
 - 122,000 barrels of oil
- NZOG Tui revenue for quarter:
 - NZ\$13.1m
- One of the four wells, Pateke 3-H, shut-in and workover planned
- FY11 production forecast 2.8mmbbls, reflecting natural decline and deferred production



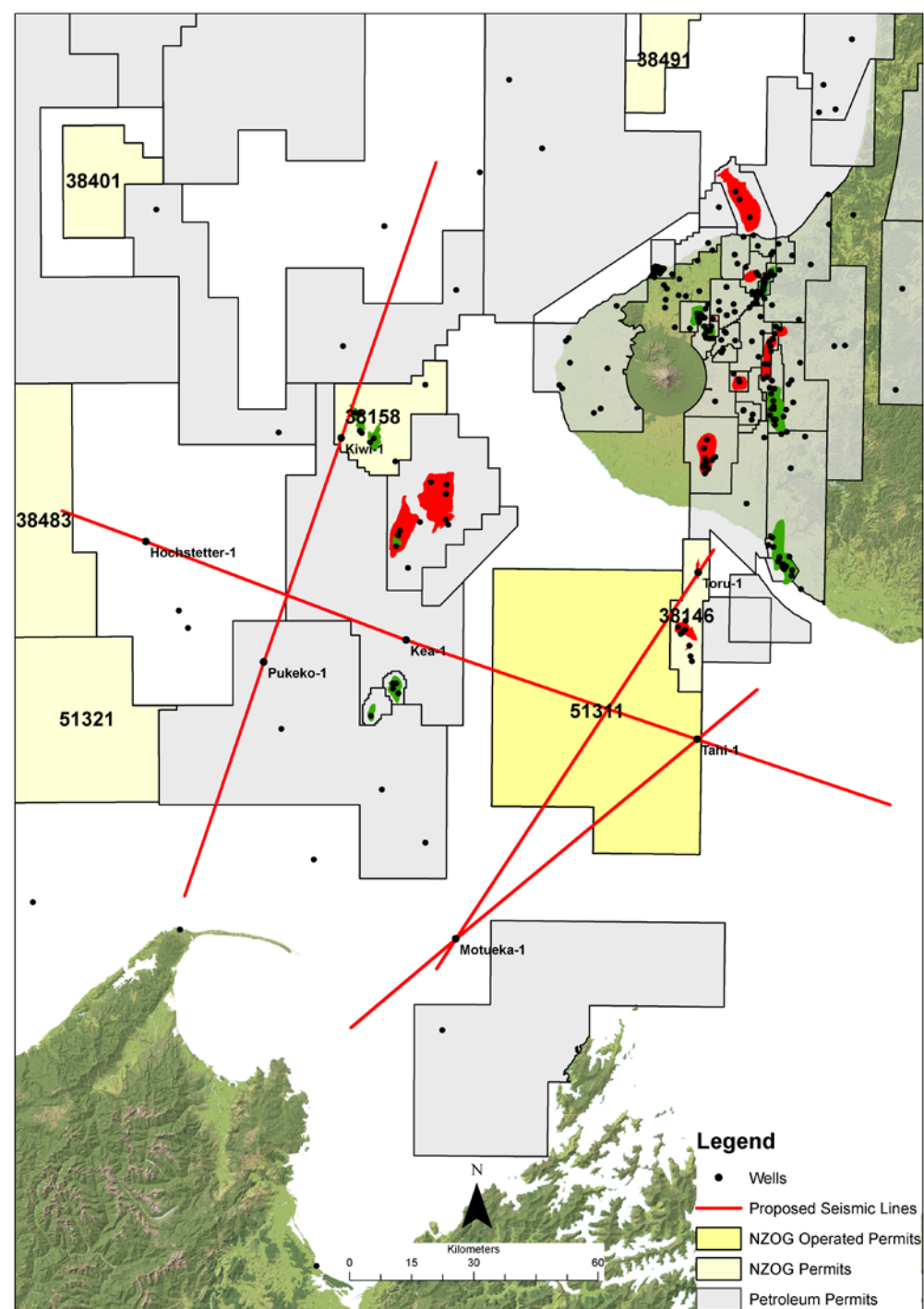
Exploration - Tui

- Tui SW-2 drilled May/June
 - non-commercial: approx 2 metre oil column
 - Suspended as future gas injection well
- Kahu-1 drilled June/July
 - Valley feature not reservoir quality
 - F10 sands intersected below oil/water contact
- While disappointing, results overall validate geological modelling of Tui area, with exception of the Kahu valley reservoir expectation
- Ongoing assessment of other prospects within the Tui permit



Seismic Survey

- Regional survey completed in May
- 600km of seismic lines tied into previous wells
- Processing underway
- Will provide key information to assess the prospectivity of the southern and western offshore Taranaki Basin

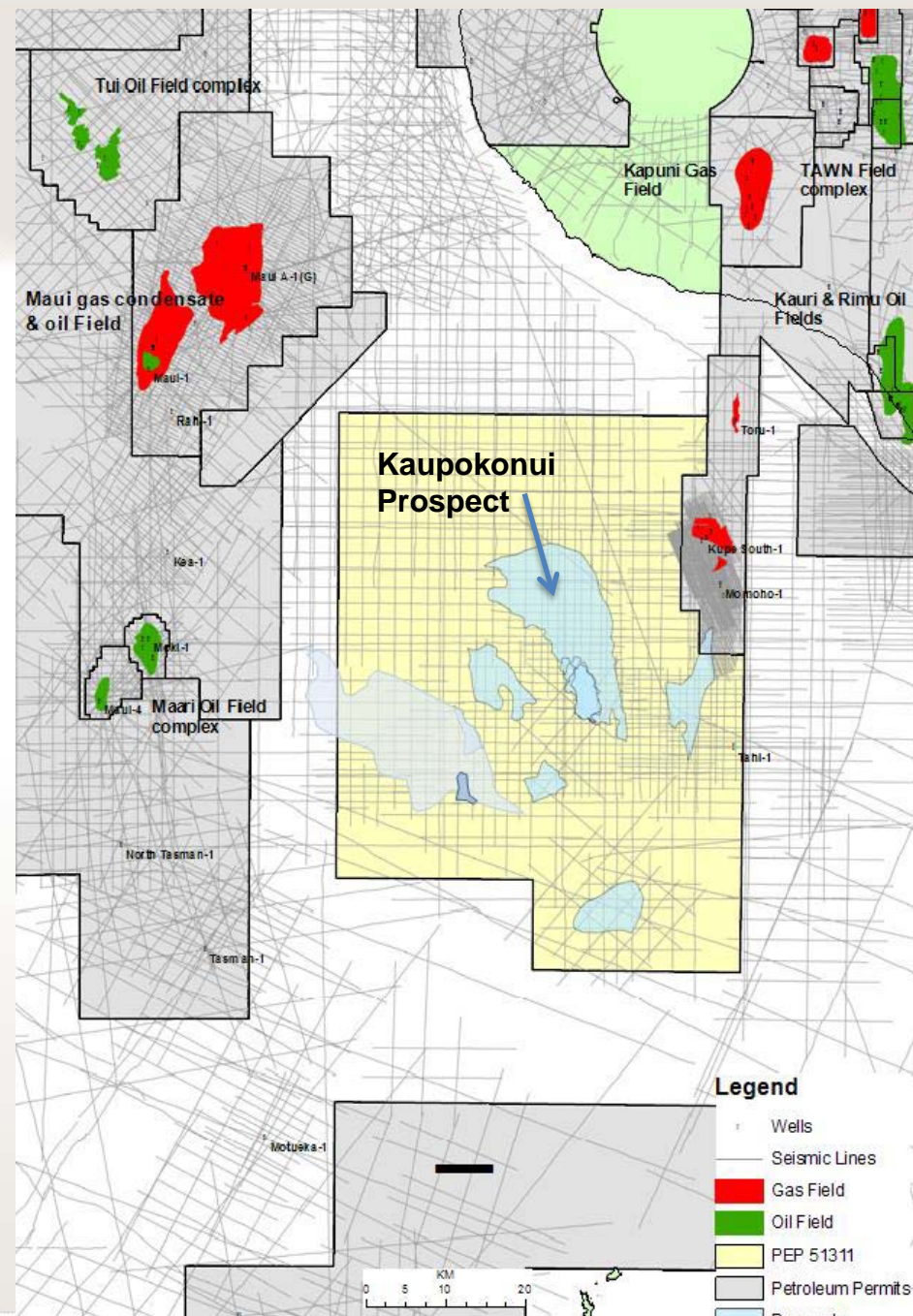


Kaupokonui

- Prospect between Kupe and Maari fields
- Testing canyon truncation of Miocene sands
- NZOG looking to sell down its 100% stake
- Drilling commitment required Jan 2011

Kaupokonui Volumetrics

Reservoir Interval (Miocene Sst)	Mean Recoverable Resources (mmbbls)
Motueka-A	6
Motueka-B	11
Motueka-C	16
Motueka-D	186

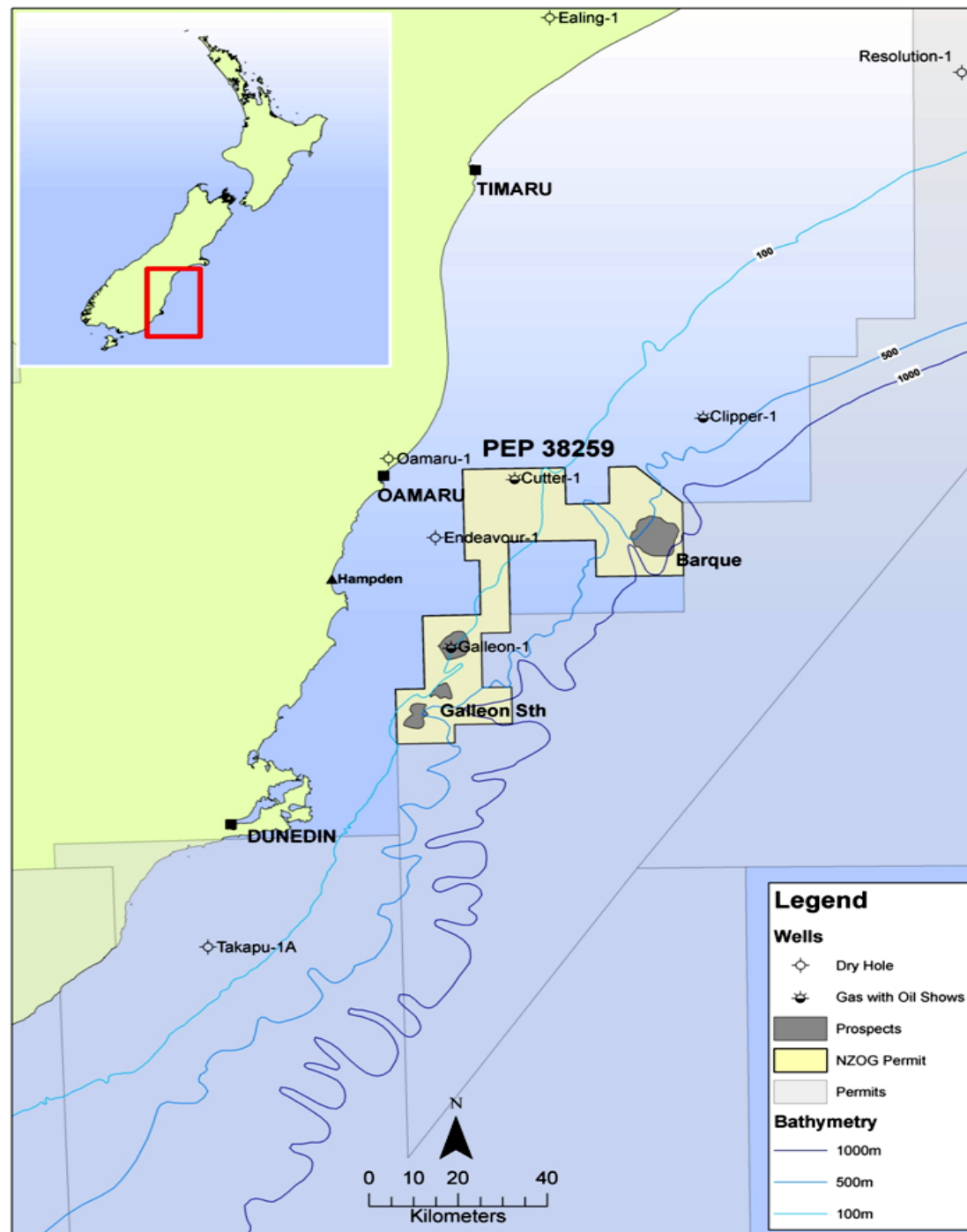


Barque

- Canterbury Basin gas condensate prospect
- NZOG looking to reduce 40% stake
- Extension to drilling decision timetable applied for

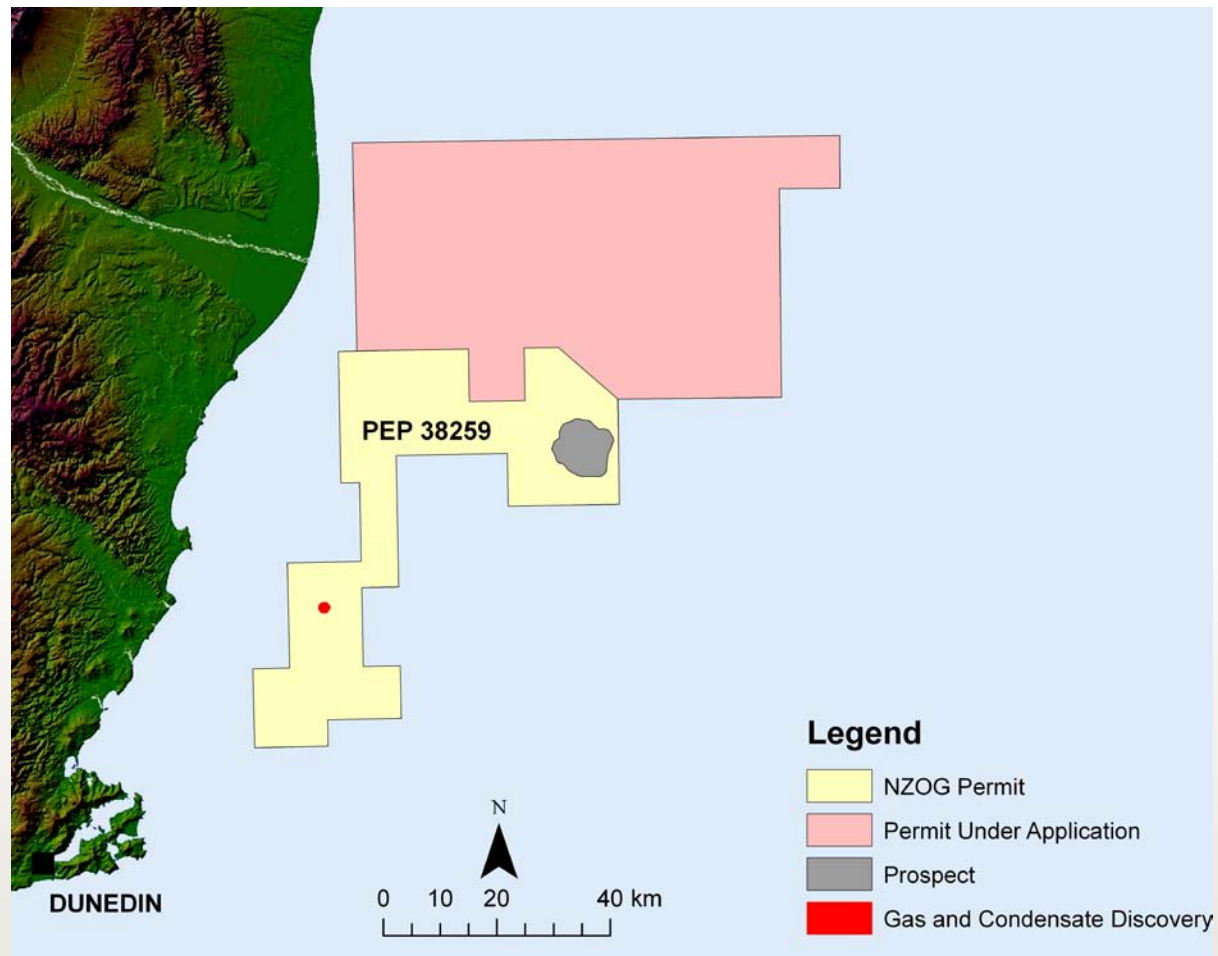
Barque Volumetrics

Reservoir Interval	Mean Recoverable Resources
Shag Point Sands	1.37 TCF of gas 154 mmbbls of condensate



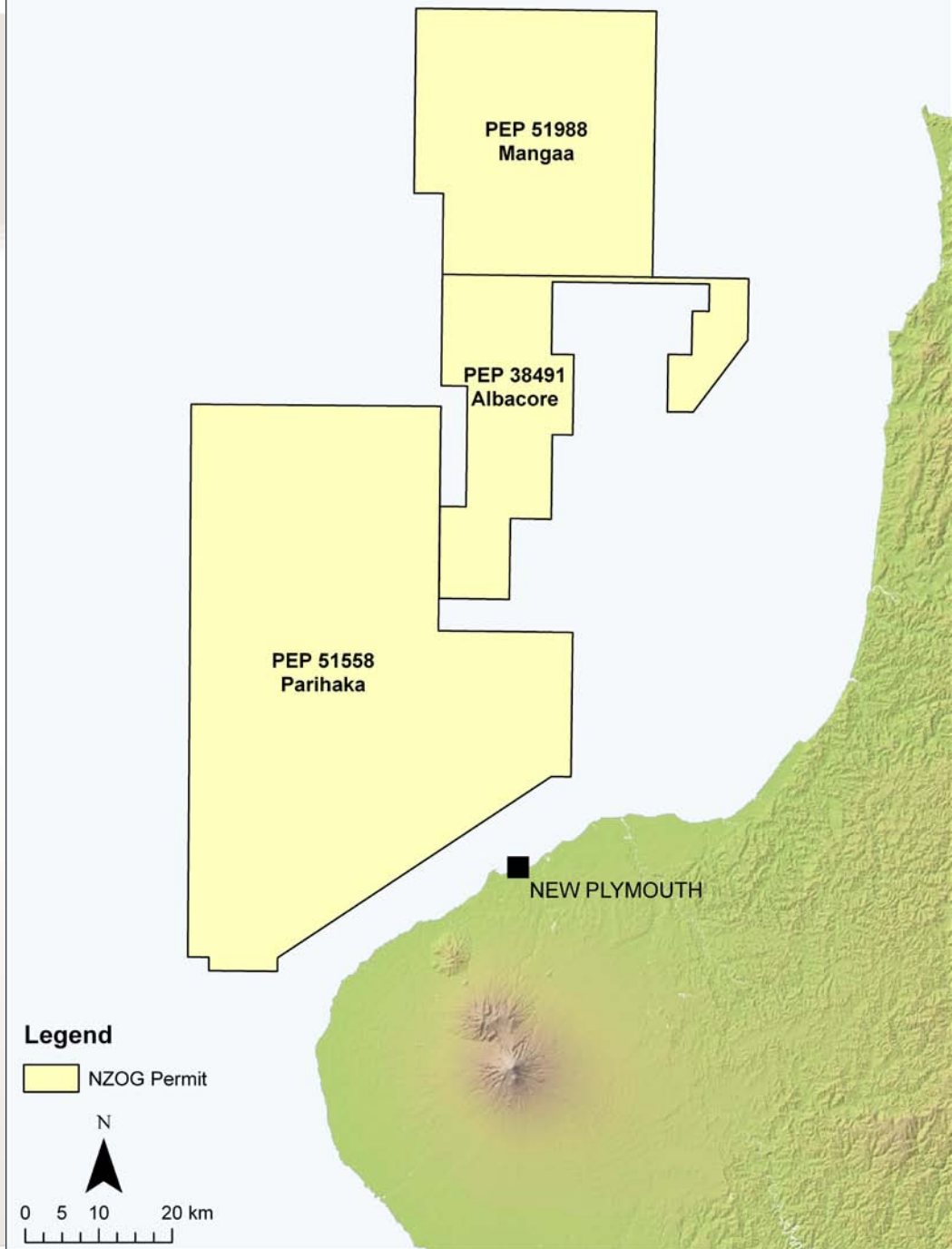
Priority In Time application

- NZOG lodged PIT application with Crown Minerals for area immediately north of Barque
- No competing bids – application now being processed



Parihaka

- NZOG is acquiring Mighty River Power's 20% stake in PEP 51558
- Enhances NZOG's northern offshore Taranaki position, which now includes:
 - PEP 51988 Mangaa (100%)
 - PEP 38491 Albacore (40%)
 - PEP 51558 Parihaka (20%)



Pike River Coal



NZOG enhancing and protecting its investment:

- Participated in NZ\$10m share placement and NZ\$40m rights issue at 29.4% equity level
- NZOG's total equity investment in Pike now NZ\$85m
 - Market value of shareholding 28/7/10 approx NZ\$120m
- NZOG also has 17.3m Pike options
- Provided convertible bond facility for US\$28.9m with an interest rate of 10% pa
- Coal contract option to purchase Pike coking coal at market prices
- PRC addressing operational challenges
- NZOG believes future cash flows have not yet been fully priced into PRC's market capitalisation
- When it is in the best interests of NZOG's shareholders, NZOG will sell out of Pike – but no decision to sell has been made.

Annual Meeting and Investor Briefings



This year's Annual Meeting will be held in Auckland on Wednesday 27 October. The following day there will be investor briefings in Wellington and Christchurch.

Annual Meeting

Date: Wednesday 27 October 2010

Time: 10.30am

Venue: Ballrooms 1&2, Crowne Plaza Hotel, 128 Albert St, Auckland

Wellington Investor Briefing

Date: Thursday 28 October 2010

Time: 10.00am

Venue: Lambton Rooms 1&2, Intercontinental Hotel, 2 Grey St, Wellington

Christchurch Investor Briefing

Date: Thursday 28 October 2010

Time: 5.00pm

Venue: Conference Room, Christchurch Town Hall, Kilmore St, Christchurch

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