

# Discovering Our Energy Future

**New Zealand Oil & Gas Limited**

**David Salisbury, CEO and Managing Director**

**Good Oil Conference**

Fremantle, WA

2 September 2009



# New Zealand Oil & Gas Ltd

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Listed: NZX (since 1981) and ASX (since 1989)

Issued Capital: 384 million Shares

Shareholders: ~15,000  
~ 24% institutions

Market cap: ~NZ\$630 million

Head Office: 125 The Terrace  
Wellington, New Zealand

Website: [www.nzog.com](http://www.nzog.com)



# FY09 Results

## Operating Revenue

- NZ\$139 million
  - Production from Tui area oil fields
  - Average sales price of NZ\$122 per barrel

## Net Profit After Tax

- NZ\$53 million

## Dividend

- Dividend of 5 cps announced for 2009
- Policy is to pay an annual Dividend going forward
  - Subject to cash flows and investment requirements



# FY09 Results

## FY09 Investment

- NZ\$120 million
  - Kupe project (development)
  - Pike River Coal (participation in rights issue)
  - Pan Pacific Petroleum (acquired 15% interest)
  - Exploration

## Debt

- No debt at 30 June 2009
  - Amended NZ\$75 million debt facility being arranged

## Cash Position

- Cash balance at 30 June 2009: NZ\$175 million
  - Majority held in US-denomination accounts with NZ based banks

# Focus – Growth off a Solid Base

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## **Core Asset Base**

- Tui oil fields
- Kupe field development

## **Investments**

- Pike River Coal
- Pan Pacific Petroleum

## **Growth**

- Expanded exploration portfolio: at least 4 wells over summer
- Pursuing asset/corporate deals



# Tui

- NZOG a 12.5% JV partner
- Total production since July 2007: 24.3 mmbbls
- Estimated remaining reserves: 26.2 mmbbls
- Potential for enhanced production and additional reserves from near-field drilling: at least 2 wells in early 2010 targeting eastern and SW extension of the Tui field



# Kupe

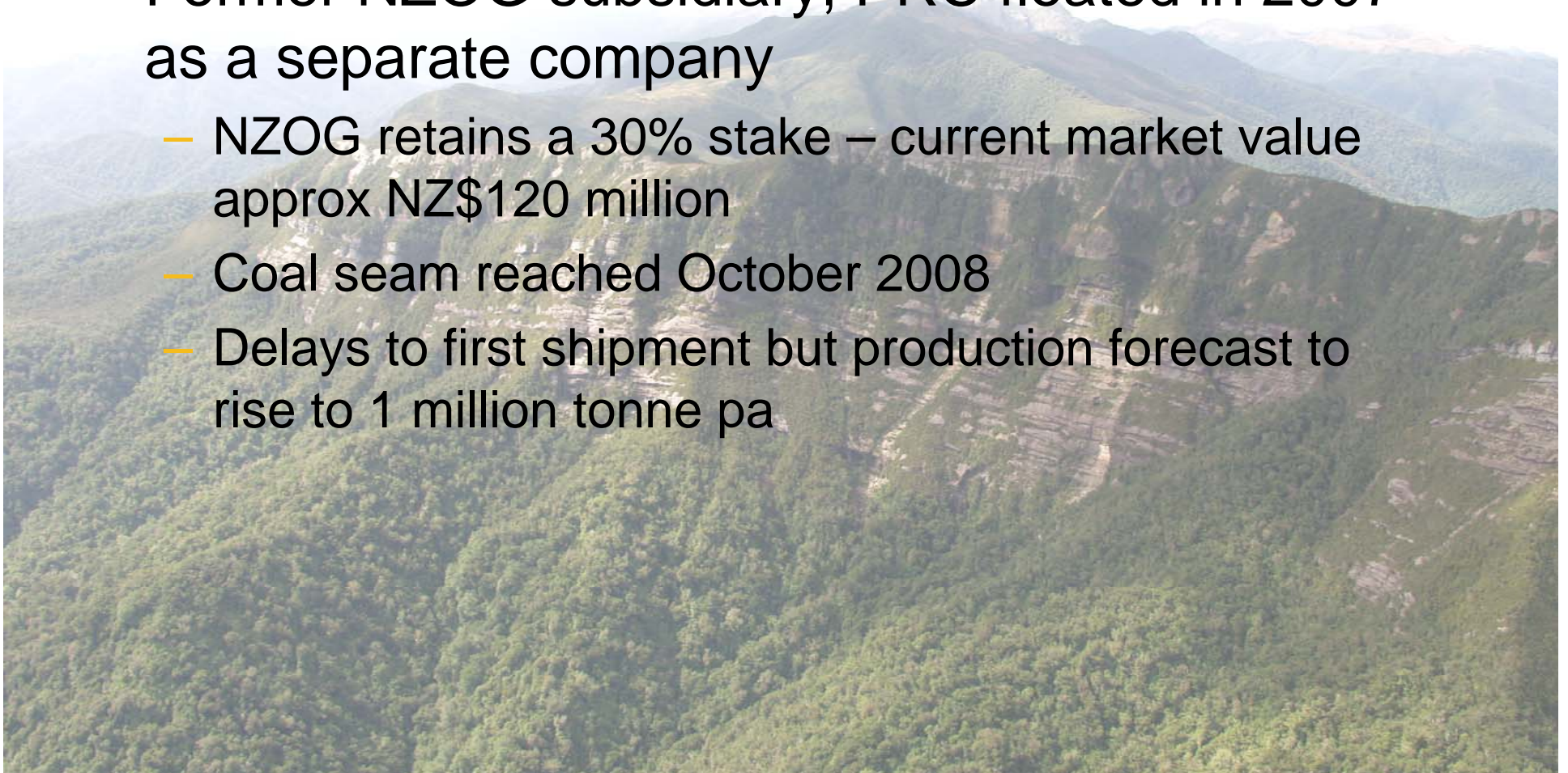
- Kupe Project:
  - Discovered by NZOG in 1986
  - Investment decision June 2006
  - First production 4Q 2009
- NZOG a 15% JV partner
- Economics of Kupe have improved
  - 20% increase in development costs
  - Expected revenues up by more
  - Not just a gas field – LPG and light oil



# Pike River Coal

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- Coking Coal Mine on South Island's West Coast
- Former NZOG subsidiary, PRC floated in 2007 as a separate company
  - NZOG retains a 30% stake – current market value approx NZ\$120 million
  - Coal seam reached October 2008
  - Delays to first shipment but production forecast to rise to 1 million tonne pa



# Pan Pacific Petroleum

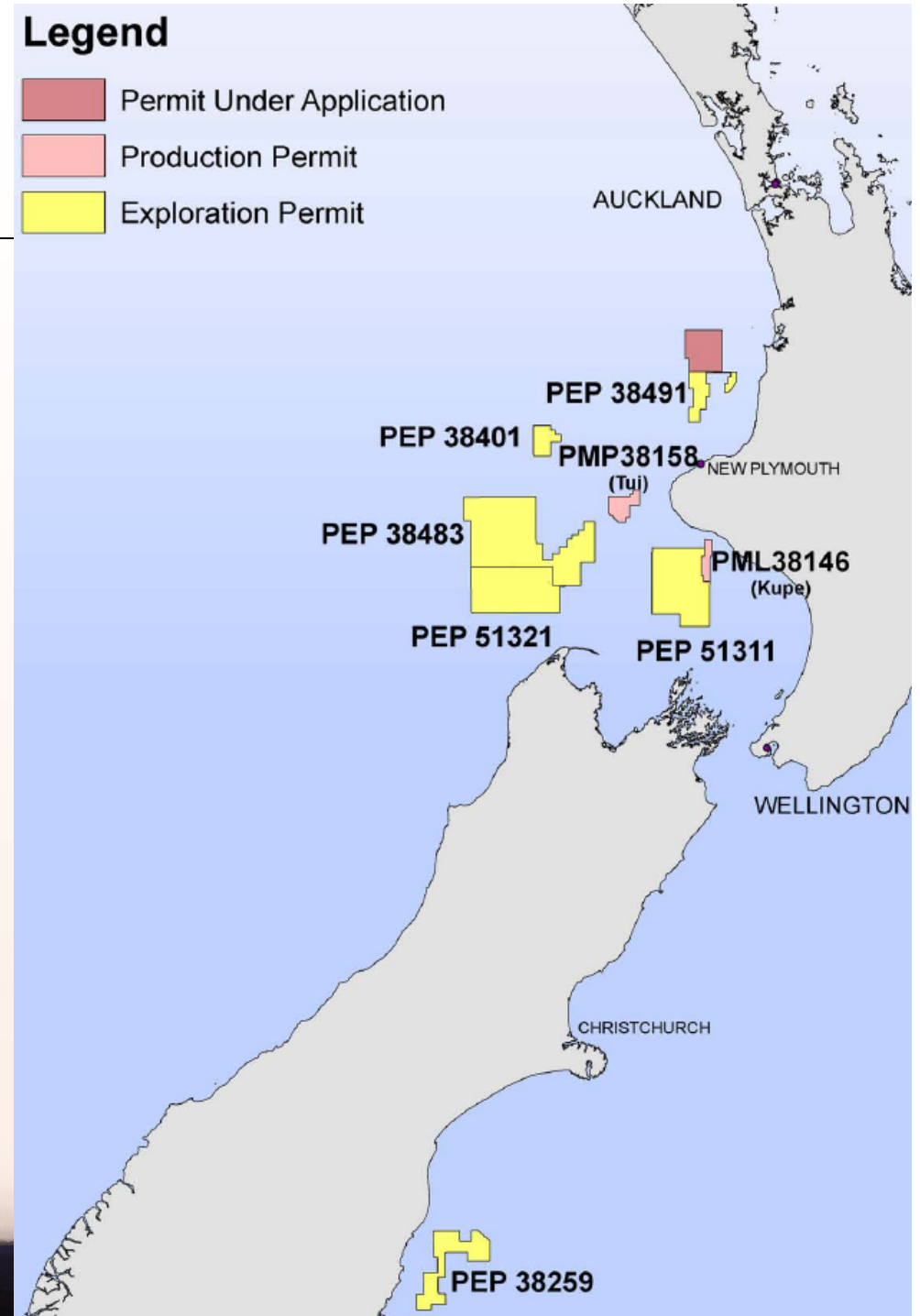
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- Recognised PPP as being undervalued
- December 2008 purchased a 14.9% shareholding on market, for NZ\$31 million
- Market value of stake has more than doubled
- Dividend of NZ\$3.3 million received



# Exploration portfolio

- Seven Taranaki permits (plus one under application) and one Canterbury Basin permit
- PMP 38158 (Tui)
- PML 38146 (Kupe)
- PEP 38491 (Albacore)
- PEP 38401 (Hoki)
- PEP 51311 (Gamma)
- PEP 38483 (Aihe/Bahamas)
- PEP 51321 (Kahurangi)
- PEP 38259 (Barque)



# NZOG 2009/10 Drilling Campaign



## Albacore (NZOG 40%)

- Drilling Oct/Nov 09 with ENSCO-107 jack-up

## Hoki (NZOG 10%)

- Drilling Dec 09 with Kan Tan IV semi-submersible

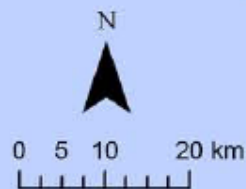
## Tui (NZOG 12.5%)

- Drilling at least two wells Jan/Feb 10 with Kan Tan IV

NEW PLYMOUTH

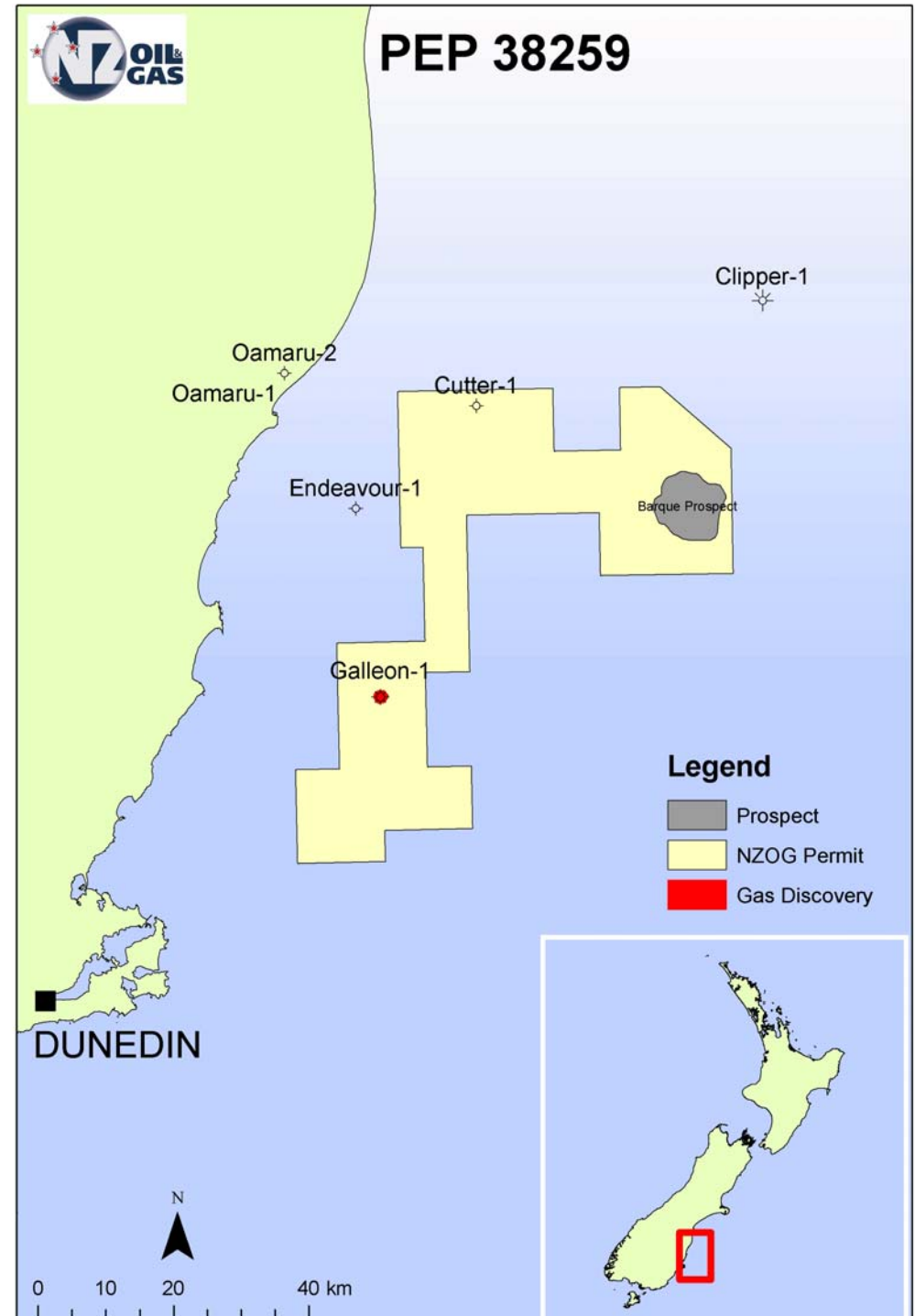
## Legend

- ★ 2009-2010 Drilling Locations
- NZOG Permit



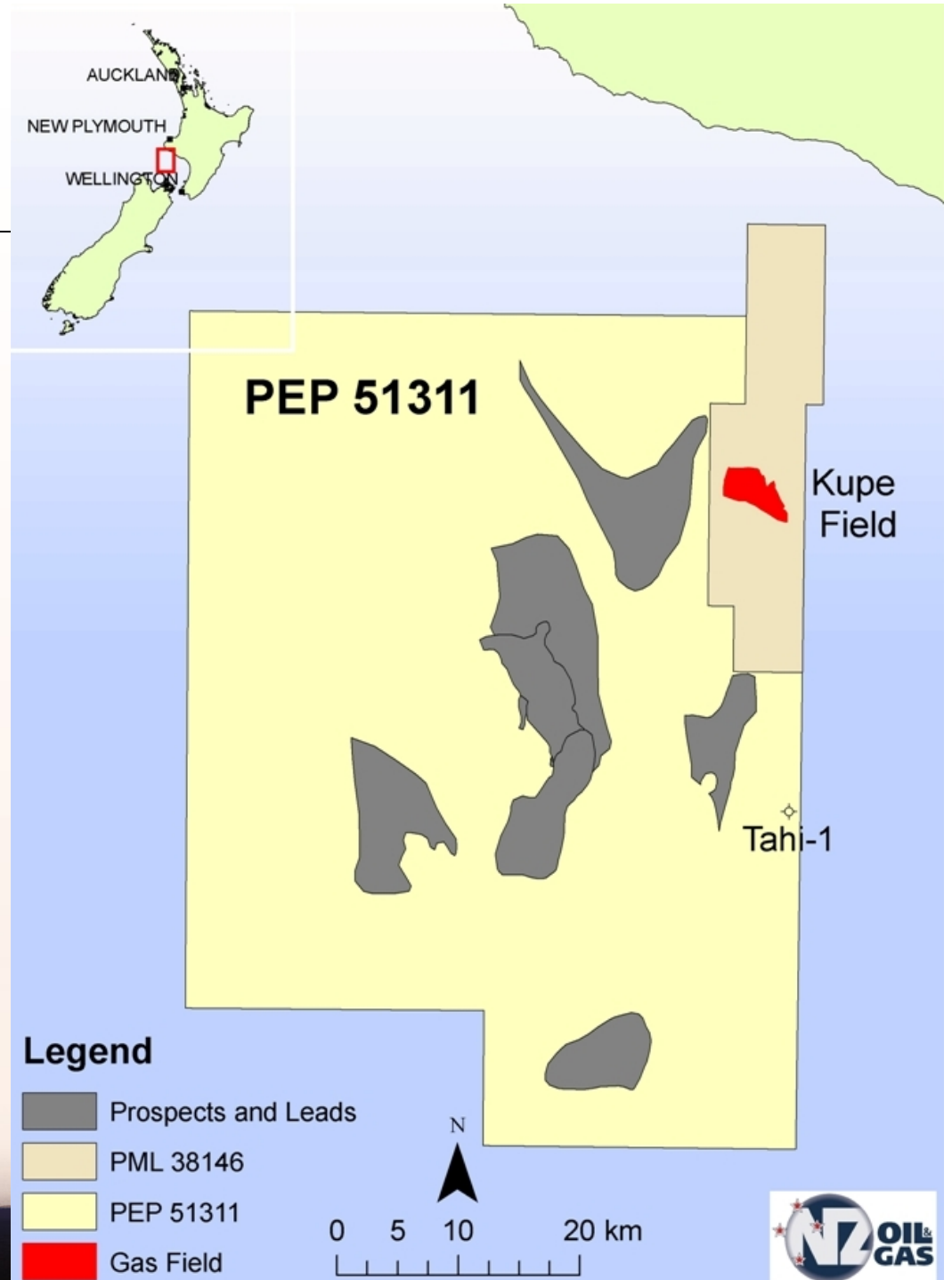
# Future Exploration Opportunities

- PEP 38259
- 40% stake in Canterbury Basin permit
- Barque a large gas-condensate prospect
- Drilling decision by August 2010



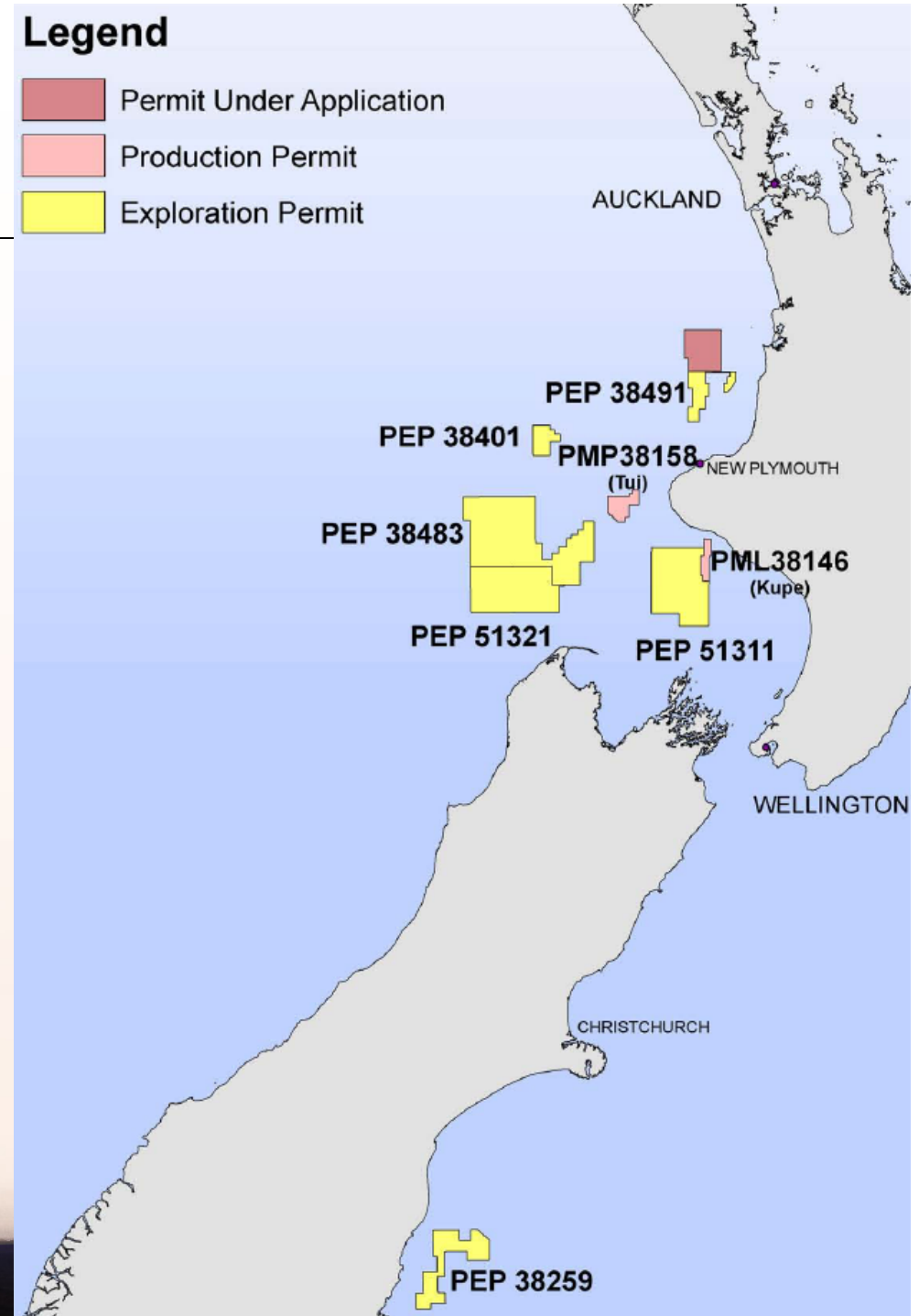
# Future Exploration Opportunities

- PEP 51311 (Gamma)
- NZOG acquired at 100% in Jan 09
- New play concept for Taranaki
- Drilling decision by January 2011



# Future Exploration Opportunities

- PEP 38483 (Aihe/Bahamas)
- Biogenic gas play
- New play concept for Taranaki
- Drilling decision by December 2010



# NZOG's Plans for the Future

- Board approved growth strategy
- Focused on maximizing value from existing assets and identifying value-adding new investments
- Actively pursuing opportunities:
  - exploration
  - asset purchase
  - corporate acquisition
- Screening all opportunities in New Zealand
  - Some under active consideration
- Looking overseas
  - Looking for quality assets, quality partners
- E&P sector focus



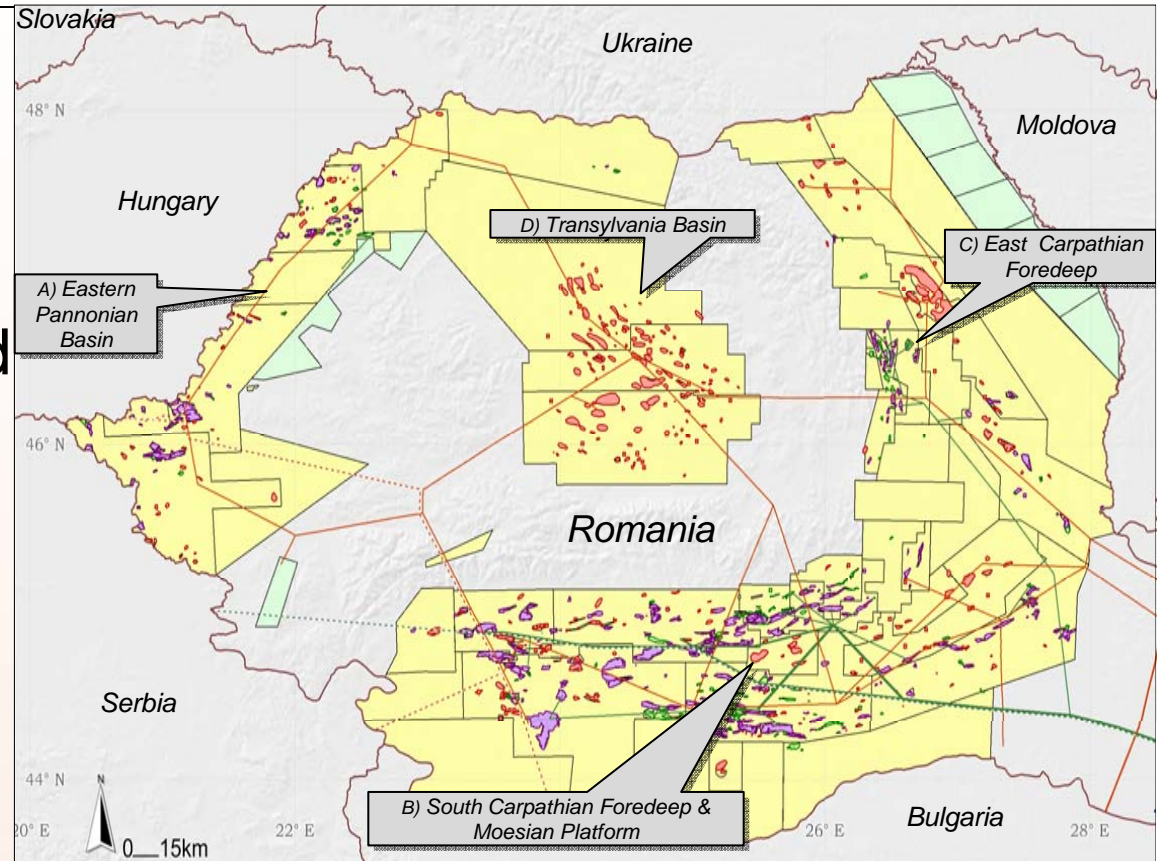
# NZOG's Plans for the Future

- Our criteria for investment includes:
  - Proven hydrocarbon systems
  - Quality 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
  - Establishing one or two new core areas (in addition to offshore Taranaki)



# Romania

- 33% share in consortium with AuDAX and Nexus
- Low cost entry
- Romania underexplored using modern technology
- Romanian Government planning acreage release
- Consortium has identified attractive areas and will consider making bids



# Summary

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- A NZ\$600 million E&P company with a proven record of taking discoveries through development and into production
- Exciting exploration portfolio
- Well resourced and actively pursuing a growth path in New Zealand and overseas



# Disclaimer

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