

Forsyth Barr conference

13 June 2016

Andrew Knight. Chief executive.



| Today

01 Overview of our revenue and production

02 Strategy

03 Kupe growth

04 Costs

05 Cue & International

06 Our investment case



New Zealand's oil and gas company

NZO offers investors exposure to New Zealand's oil and gas

Partner of choice for New Zealand. Balanced portfolio. Strong balance sheet.
Returns from producing assets and exposure to New Zealand's frontier potential

Overview

Strategy

Kupe

Costs

Cue & International

Investment case

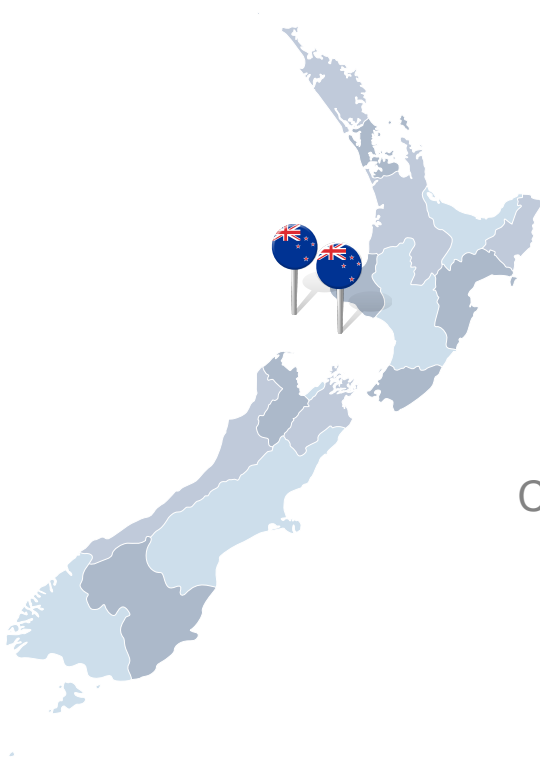


Wellington-based, NZX-listed with 13,000 shareholders

215,000 shares traded daily

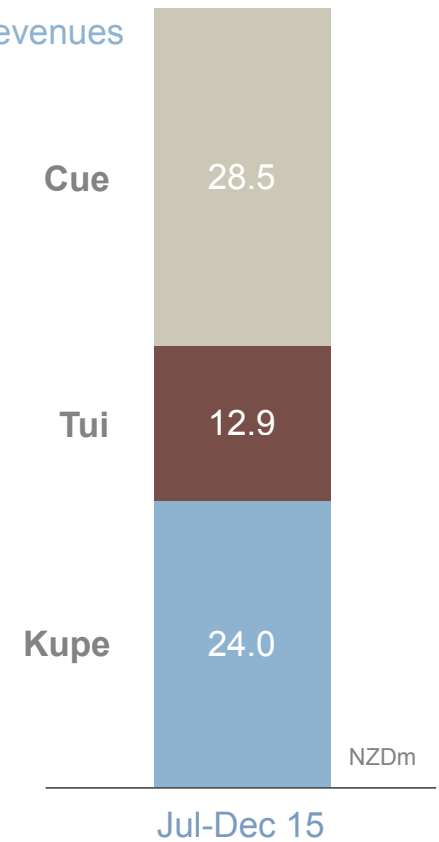
Buyback of up to 64m shares underway

Annual Revenue from Kupe, Tui, Cue ~\$120m



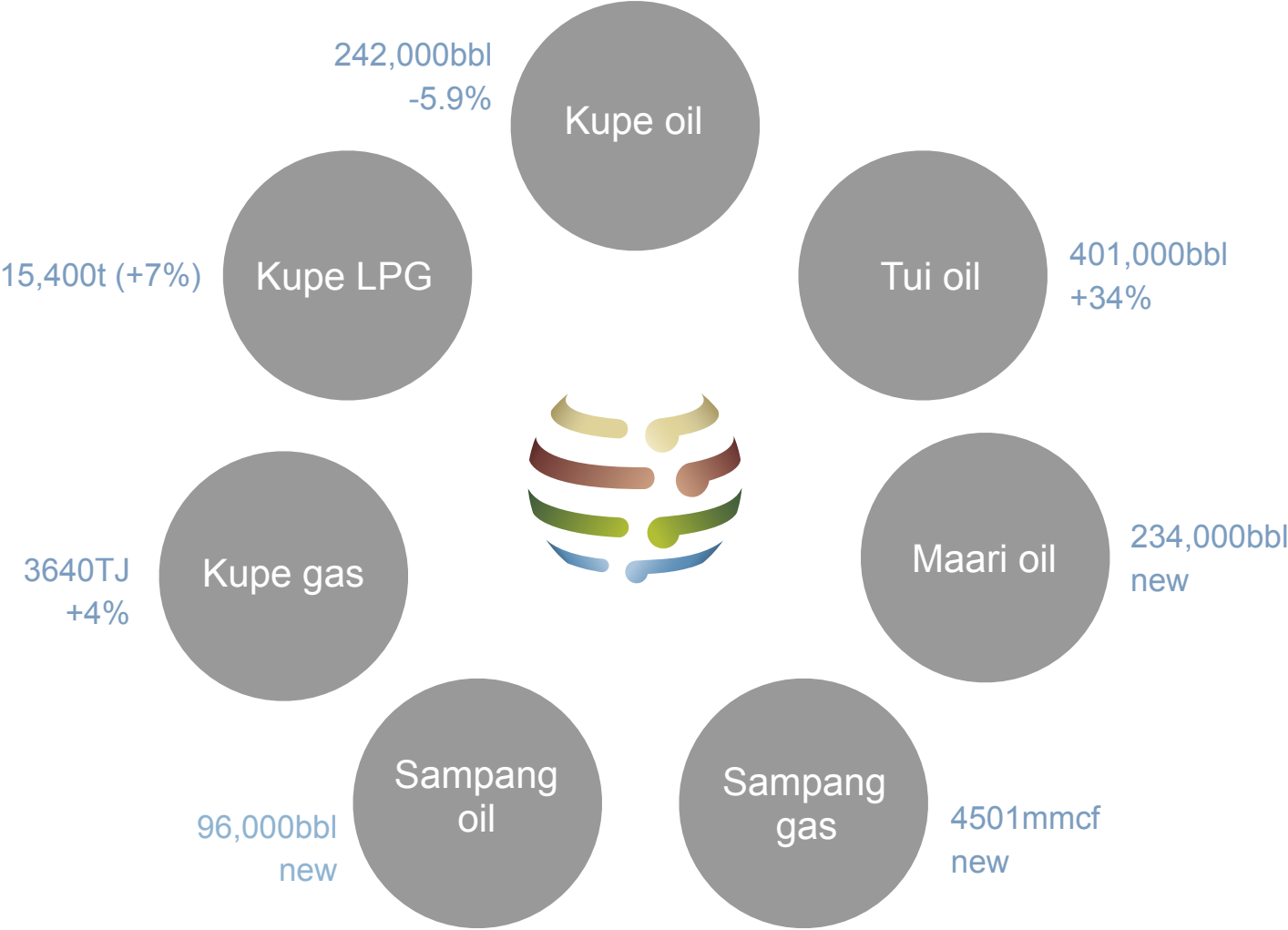
Cash balance **\$93m***

Six-monthly revenues

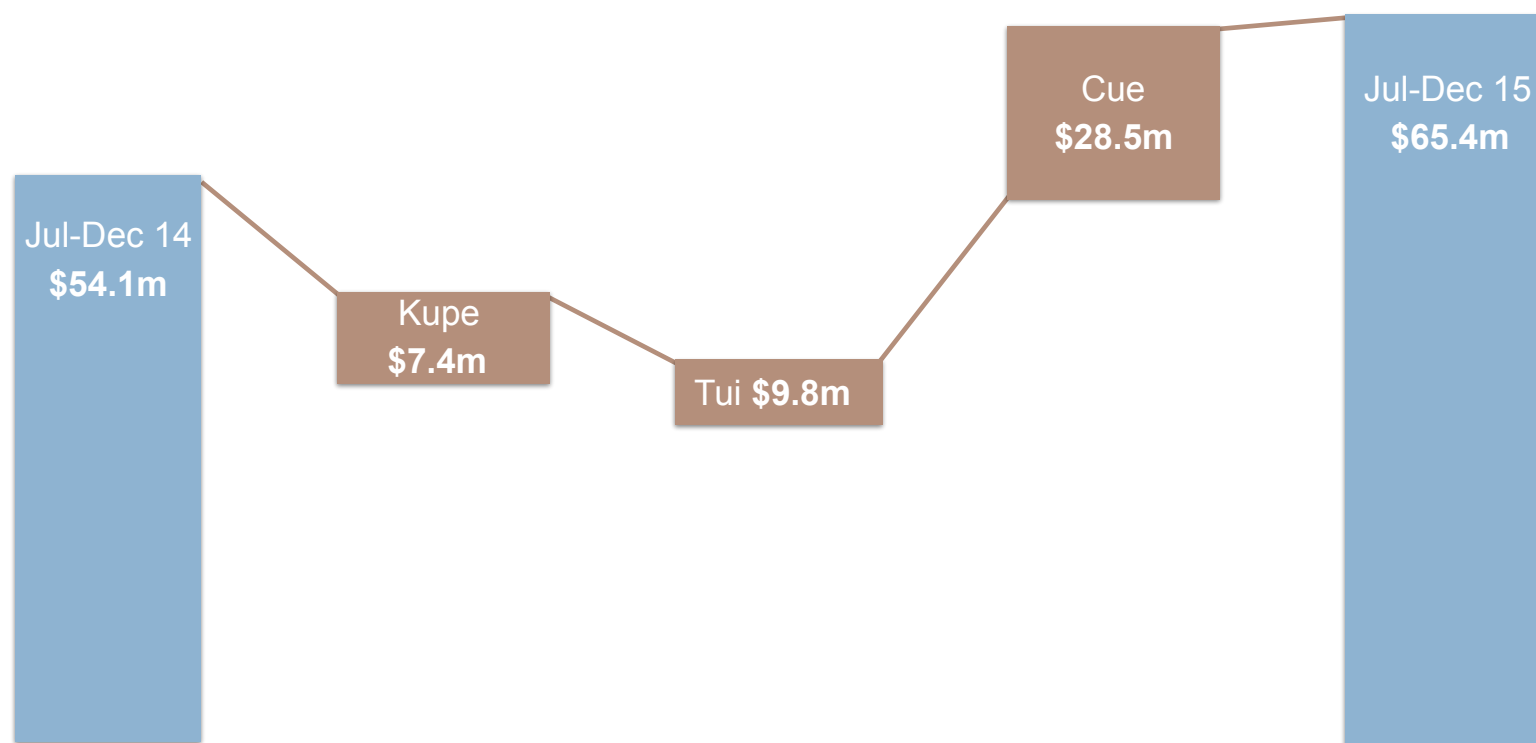


* 31 March 16. Includes 100% of Cue

Annual production **2.5 million barrels** of oil equivalent in 2015



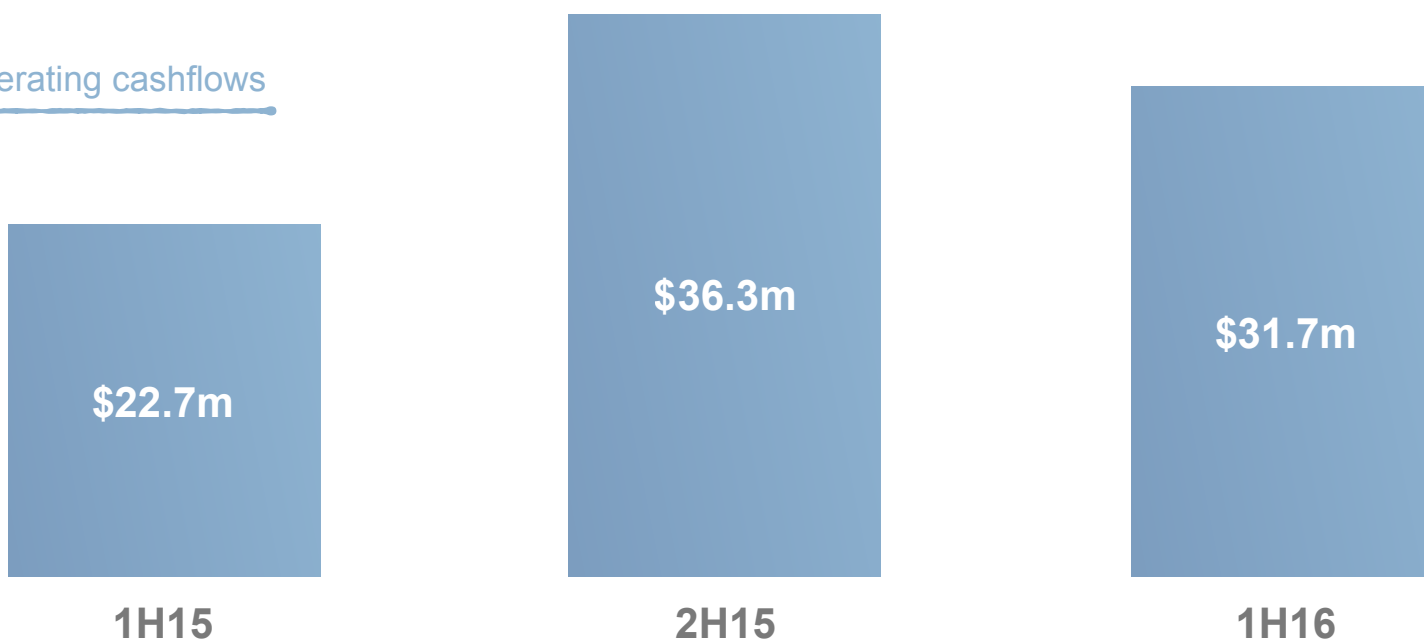
Sales revenue up 21% in 1H16



Includes all of Cue

Operating cashflows positive despite lower oil price

Six-monthly operating cashflows



Includes all of Cue

Strategy

Sustain and grow returns by investing in opportunities for extension in existing, producing assets and beyond.

With producing assets contributing to our strong balance sheet, the company is positioned for ongoing development. The company is looking to extract **more value from existing assets** and continues to screen opportunities actively to **grow through acquisition**. The Board intends to manage capital carefully and **retain only capital needed** for the company's strategy. Exploration **costs have been minimised** in the current oil price environment.

The company's operated Barque prospect is **New Zealand's largest announced hydrocarbon prospect**. We have a full portfolio of **interests in Indonesia**.

Overview

Strategy

Kupe

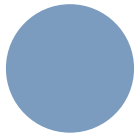
Costs

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Strategy

Opportunities to grow shareholder value

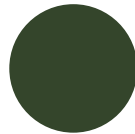


Control costs

Corporate costs reduced

Exploration minimised

Portfolio remains attractive



Opportunities to acquire at value

Market dislocation bringing distressed assets to market

Active screening



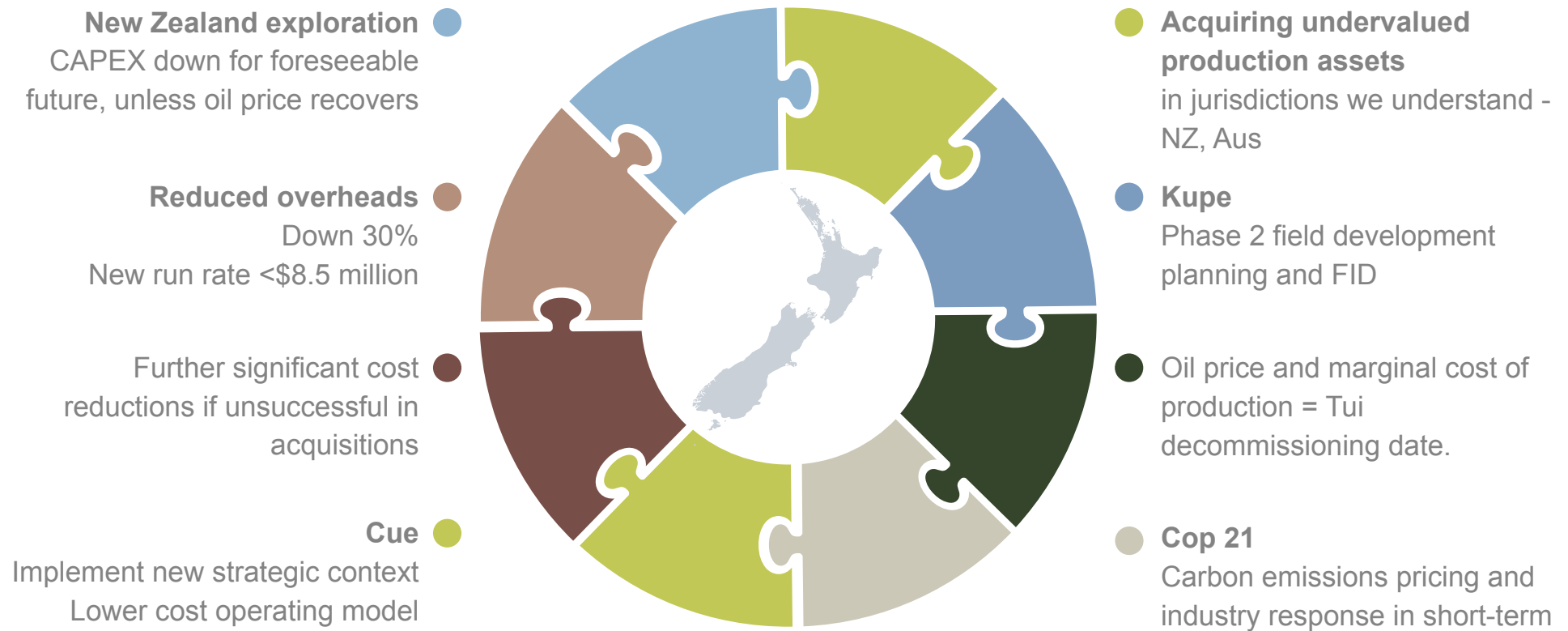
More from existing assets

Kupe

Cue

Indonesia

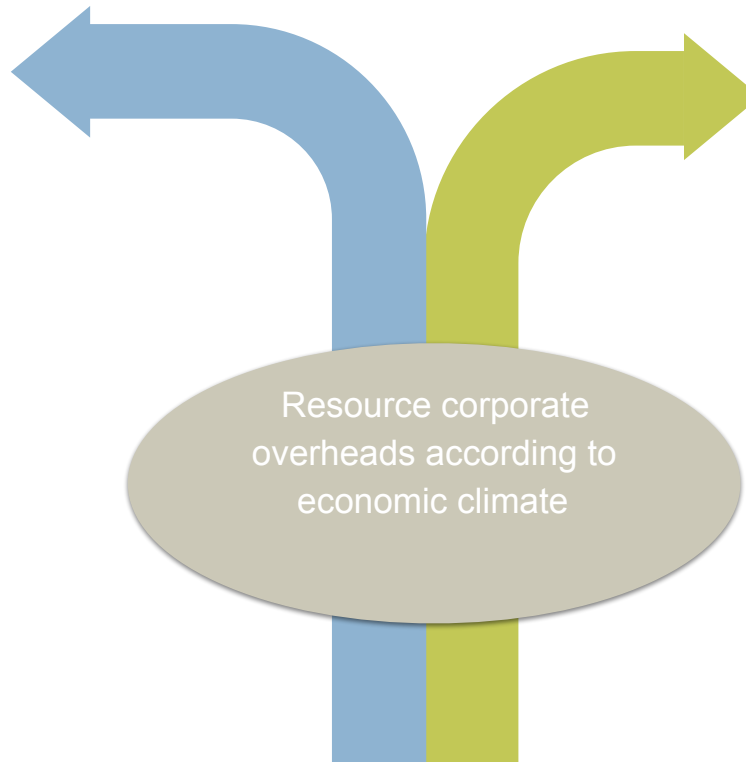
Strategy Timetable: 2 years



Strategy Timetable: 5 years

Depending on oil price recovery

Continue to maximise value from Kupe, Sampang and other, acquired production assets



Build exploration portfolio and reinvest returns to ensure sustainability



10 years



**Game-changing discovery in Canterbury -
Great South Basin**

**Diversified portfolio of producing assets
providing outperforming returns and reserves
replacement**

Kupe generates positive cashflows from gas, LPG and light oil

Each year

250,000 barrels of oil.

15,000 tonnes of LPG

3,600 TJ of gas



**Kupe gas provides
positive cashflow
even at \$0 oil price**

Overview

Strategy

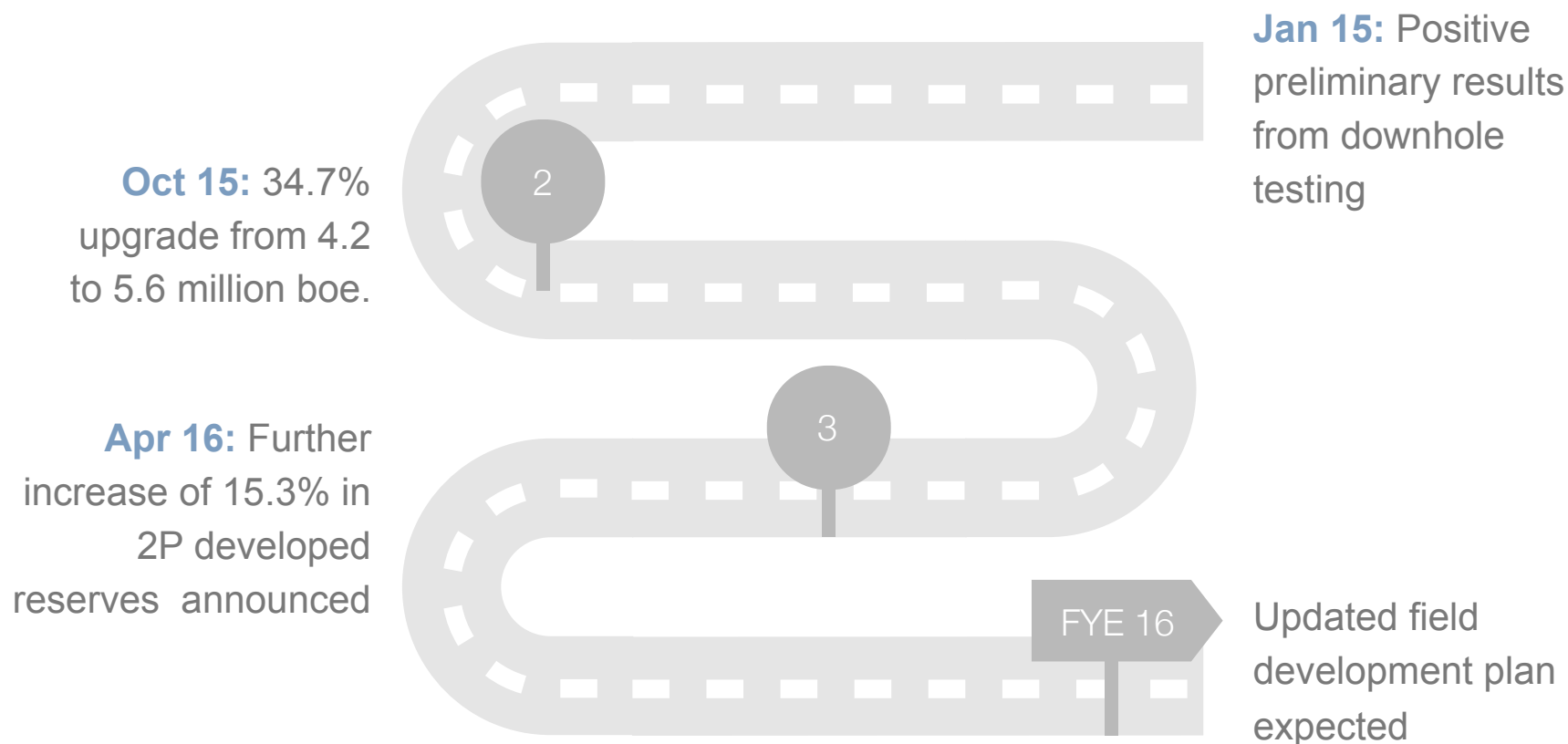
Kupe

Costs

Cue & International

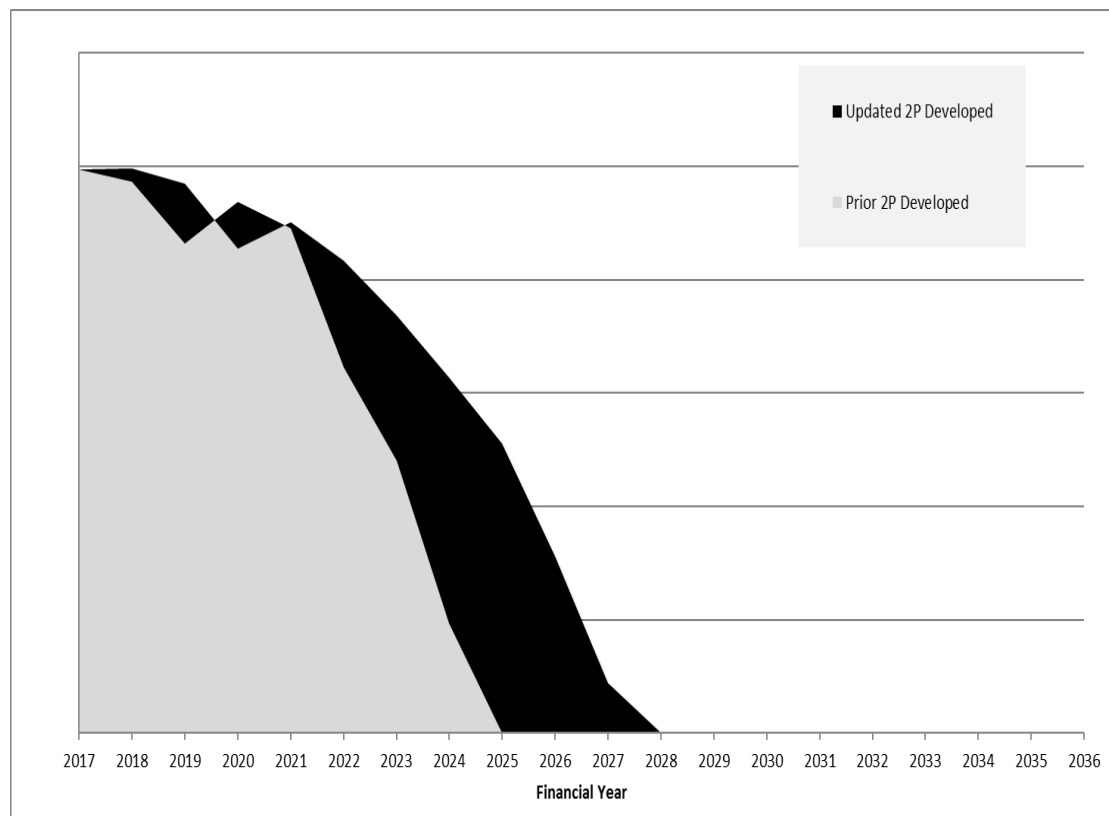
Investment case

Kupe reserves upgraded 50% since Oct 2015

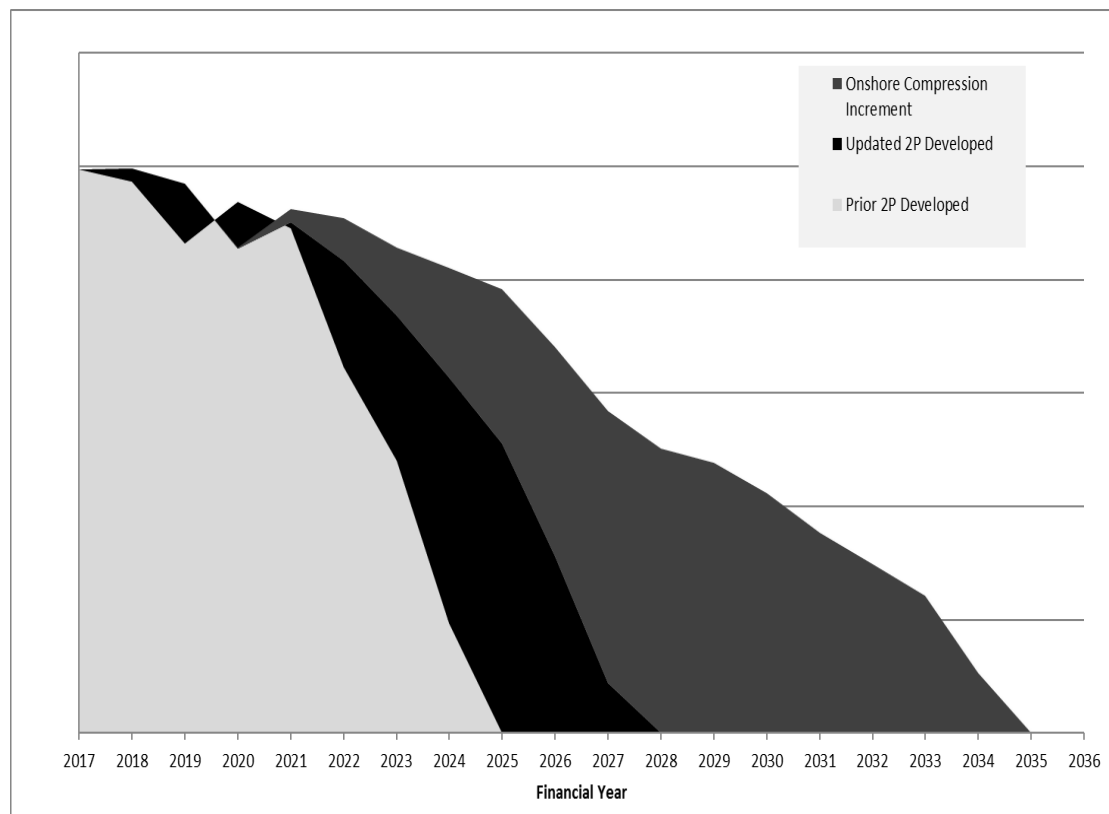


*See statement on later slide. Full reserves announcement to be made at end of financial year. The information represents NZO's best technical estimate of mid case.

Kupe development

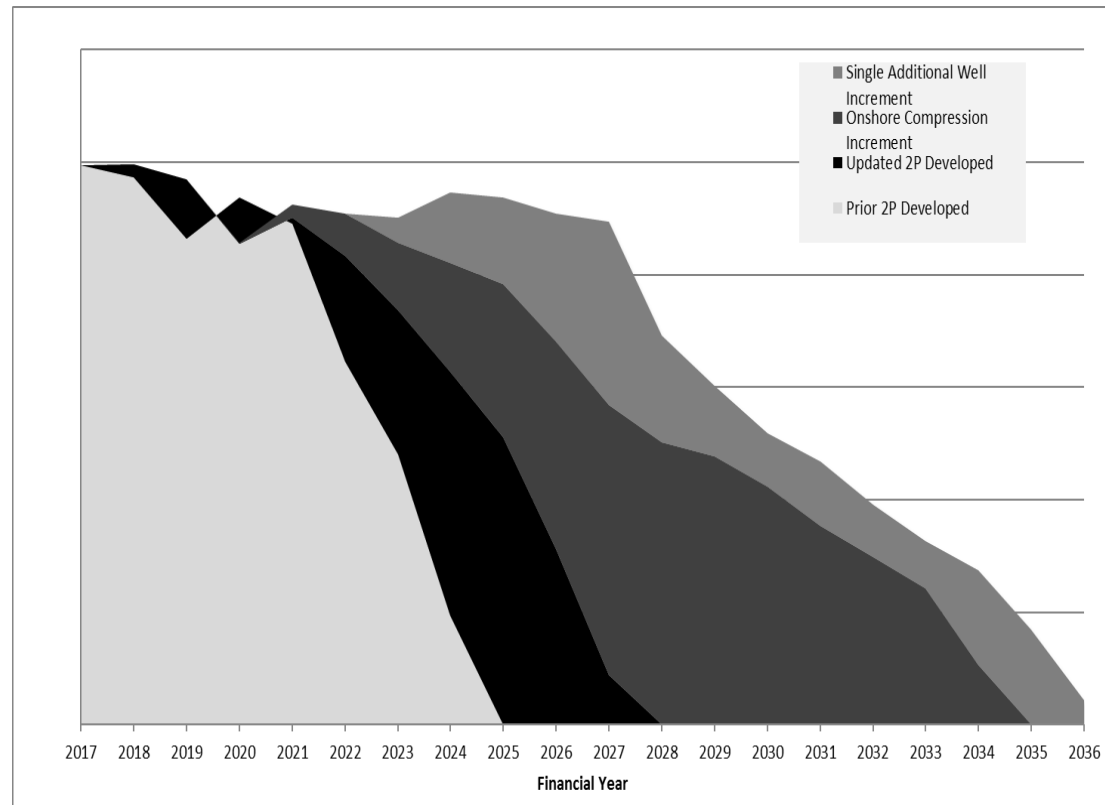


Kupe development



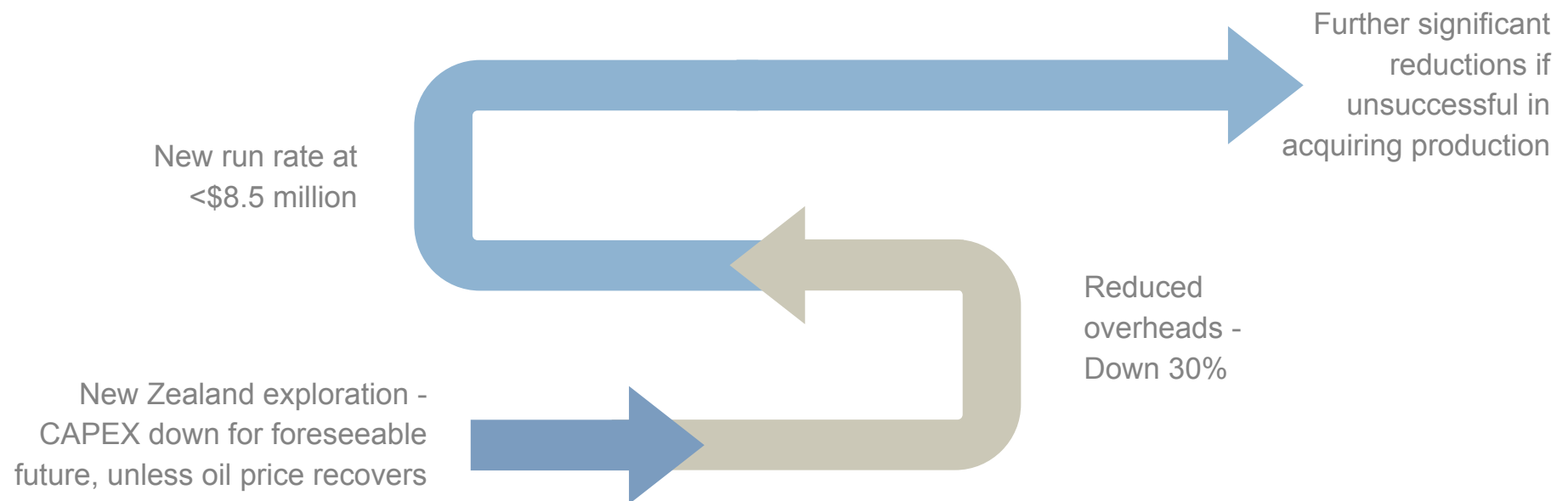
Kupe development

Kupe upgrade delivers more reserves without requiring heavy near term capital spend



*See statement on later slide. Full reserves announcement to be made at end of financial year

Costs



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Investment case

Cue

48.11 per cent controlling interest

Acquisition secured diversified production at value

Refocused governance.

Overview

Strategy

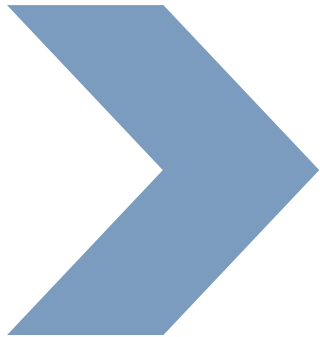
Kupe

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Investment case

Cue



Implement new strategic context

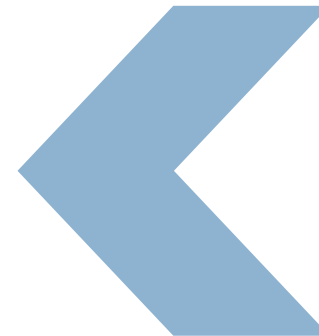
Reduce overheads.

Farm out large WA exploration blocks

Lower cost model

Announced strategic change last week

Exiting United States and New Zealand exploration



Indonesia

Diversification across risk profiles



Indonesia is one of South East Asia's most energy hungry economies and offers good fiscal terms.

Sumatra is extremely prospective, has a large, well-connected infrastructure network and growing population hungry for energy.

Production sharing contracts allow full cost recovery for exploration wells. Investment can be recovered even with modest production rates and a low oil price environment.

On a group basis, Indonesia is strongly cashflow positive.

Full group Indonesia portfolio

- Production (Sampang)
- Development (Kisaran)
- Appraisal (Mahakam Hilir)
- Drill-ready (Bohorok)
- Seismic (Palmerah)

And MNKs - very large scale unconventional prospects at early stage



643 million barrels

Net, unrisks oil equivalent Prospective Resources



Held across:

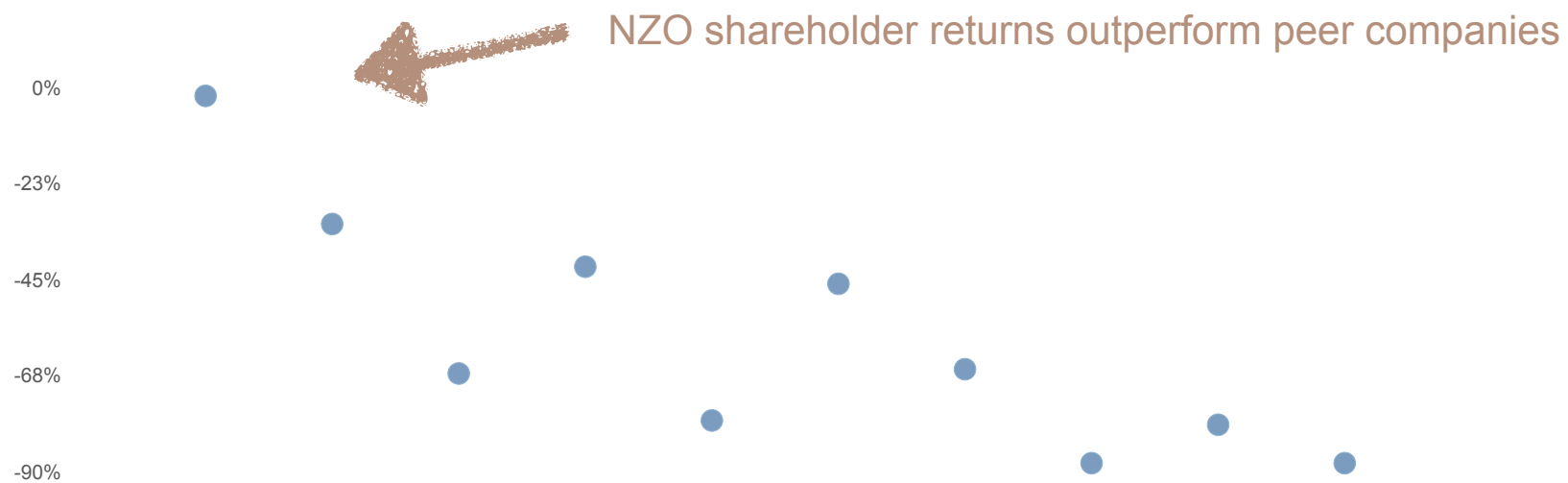
- 3 Conventional PSCs (**53 mmboe**)
- 2 Unconventional MNK PSCs (**590 mmboe**)



Our acreage is close to markets & infrastructure
Further drilling expected to yield more resources

[See disclaimer statement.](#)

Returns v peers



Divs, capital returns, market cap. Data: 3 January 2012 to 2 February 2016

Our Investment case

Opportunities for New Zealand investors



Strong balance sheet, positive cashflows, costs controlled

Opportunities for growth through acquisition in current market



Exposure to very large deepwater New Zealand prospects, sound potential at Kupe, balanced international portfolio

Soundly positioned as partner of choice and New Zealand's oil and gas company

DISCLAIMER

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For the conversion to equivalent units; standard industry factors of 6Bcf:1mboe, 163.4TJ:1boe and 8.15tonnes of LPG:1boe have been used.

This resources statement is approved by, based on, and fairly represents information and supporting documentation prepared by New Zealand Oil & Gas Vice President & General Manager, Exploration & Production Andrew Jefferies, B Eng (Mech Hons), MSc Pet Eng, MBE, and SPE (Society of Petroleum Engineers) Certified Petroleum Engineer with over 25 years of industry experience.

Kupe development

The Kupe development slide in this presentation refers to a potential production profile of the technical proven and probable resources expected to be recovered from within the main Kupe field area, including further development operations. The profile has been established through a deterministic methodology based on the latest well production information and a thorough reservoir modelling review. The profile is effective 1 July 2016 and based on estimated capex and sales price. An economic assessment has not been completed and the JV has not approved the incremental profiles. All reserves and resources reported herein refer to hydrocarbon volumes post processing and immediately prior to point of sale across the different assets. The volumes refer to standard conditions defined as 14.7 psi and 60 degrees F.

Prospective resources

For the prospective resources in this presentation the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. All volumes presented are based on a best estimate, derived from a probabilistic methodology, are net of royalties and have not been adjusted for risk. The chance of development for all of the Conventional Prospective Resources is considered to be 100%, subject to the chance of discovery and later economic testing, as required to progress through Contingent Resources to Reserves categories. The chance of development of the Unconventional Prospective Resources is assessed at 50% with positive influencing factors of increasing domestic energy demand, an improving regulatory regime and associated PSC terms in Indonesia, countered by the current low oil price environment, lack of producing unconventional analogues within Indonesia and (current) insufficient service company supply chain locally. The further work required to progress these resources to Contingent or Reserves categories are likely to occur within the next 2-5 years for the Conventional PSCs and within 10 years for the Unconventional PSCs; subject to changes in the current & future industry environment. Summations are performed arithmetically and may not visually add up due to rounding.

Oil and gas prospective resources reported in this statement are as at 1 January 2016 and follow the guidelines set out by Chapter 5 of the ASX listing rules (July 2014) and the PRMS Guidelines (2007). With respect to resource categorisation, the term 'Best Estimate' is considered to be the best estimate of the quantity that will actually be recovered from the accumulation by the project. It is the most realistic assessment of recoverable quantities if only a single result were reported. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate. A Prospect is defined as a project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target and a Lead as a project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation in order to be classified as a prospect.





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