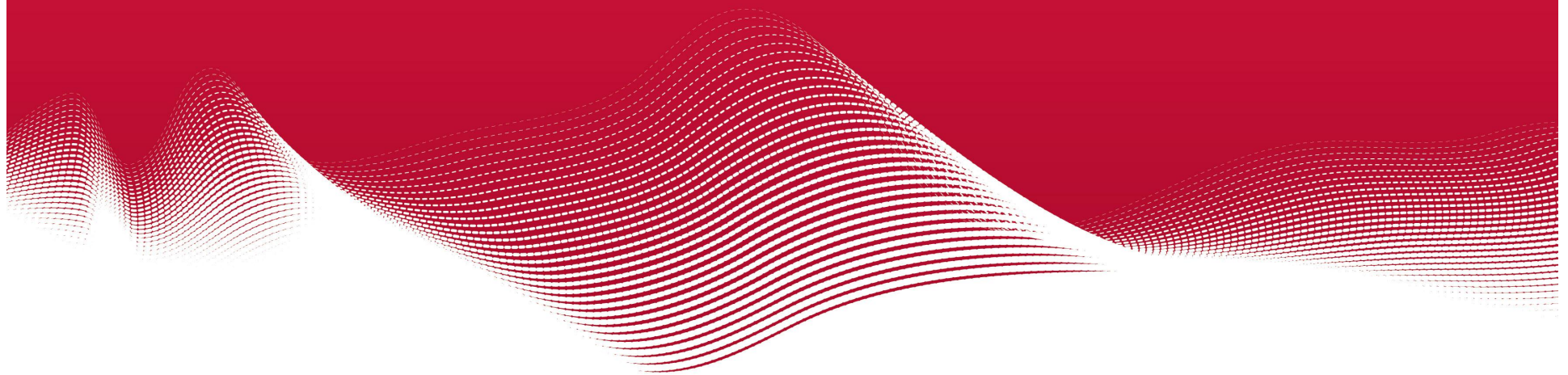


2011 Interim Results

For the six months ended 31 December 2010

Briefing Presentation



**David Salisbury CEO,
Craig Jones CFO**

23 February 2011



Overview



- Ç Financial Results
- Ç Pike River Coal
- Ç Operational Highlights
 - ñ Kupe Gas and Oil Field
 - ñ Tui Area Oil Fields
 - ñ Exploration
 - ñ Outlook

Financial Results



Financial Summary



<i>Amounts in NZ\$ millions</i>	Half Y/E 31 Dec 10	Half Y/E 31 Dec 09	Y/E June 10
Revenue	40.5	37.7	99.4
EBITDAX*	15.4	22.6	64.5
Exploration Write offs	(2.6)	(10.9)	(30.7)
Depreciation and Amortisation	(11.9)	(3.4)	(15.5)
EBIT**	0.9	8.3	18.1
Net Profit/(Loss) After Tax	(99.0)	(6.5)	(3.3)
Add back Abnormal Items***	103.8	14.1	18.7
Normalised Profit After Tax***	4.8	7.6	15.4
Net Operating Cash Flow	23.1	8.3	47.4

* Earnings before interest, tax, depreciation, amortisation and exploration (includes workover costs of \$8.5m on Tui's Pateke well)

** Earnings before interest and tax.

*** Abnormal Items comprising foreign exchange losses (net of 30% tax) and Pike River Coal Limited related losses.

Abnormal Items



<i>Amounts in NZ\$ millions</i>	Half Y/E 31 Dec 10	Half Y/E 31 Dec 09	Y/E June 10
Pike River Coal Ltd related losses:			
- Share of Associate Losses	-	4.2	11.5
- Equity Investment impairment	77.1	-	-
- Fair Value loss on Convertible Bond	7.5	0.2	1.6
- Unsecured Debt and Interest provision	13.3	-	-
- Coal Option Impairment	0.7	-	-
Total PRCL Losses	98.6	4.4	13.1
Foreign Exchange losses (net of tax)	5.2	9.6	5.6
Total Abnormal Items	103.8	14.1	18.7

Investment in Pike River Coal Ltd (In Receivership)



<i>Amounts in NZ\$ millions</i>	Carrying value at 31 Dec 11*	Profit & loss impact
Shares and share options	-	(77.1)
Convertible Bond	34.0	(7.5)
Short Term Debt **	12.0	(13.0)
Coal Contract Option	-	(0.7)
Interest Receiveable	1.2	(0.3)
TOTAL	47.2	(98.6)

* Based on a **best estimate** of the discounted value of expected future cashflows from the PRCL receivership. Best estimate was determined by applying probabilities to a range estimated future cashflows from PRCL assets

** Secured debt includes the US\$28.9 million Convertible Bond and the NZ\$12 million portion of the Short Term Debt Facility.

Cash & Debt Position 31 Dec 2010



Ç Total Cash (NZ\$)

- ñ \$111.8 million cash balance at 31 December 2010
- ñ 63% held in US dollars, balance in NZ dollars

Ç Debt Position (NZ\$)

- ñ Debt Facility \$75 million with Westpac
- ñ Drawn to \$63 million

Ç Net Cash (NZ\$)

- ñ \$48.8 million at 31 December 2010

Dividend



- Ç Dividend policy is to distribute a reasonable proportion of profit, subject to the need to retain sufficient capital to meet investment requirements
- Ç Given the substantial loss resulting from the PRCL investment, the Board does not intend to pay a dividend for the 2010-11 Financial Year.

Pike River Coal Ltd (PRCL)



NZOG's Financial Support of PRCL



- Ç NZOG has shareholding (29.4%) and 2011 Options, with combined book value of \$77.1 million
- Ç NZOG a secured and unsecured lender to PRCL
 - ñ US\$28.9 million Convertible Bond
 - ñ Coal Contract option
 - ñ In September 2010 NZOG provided \$25 million short-term working capital facility (the 'facility') to PRCL
- Ç At time of mine explosion (19 November) \$13 million had been advanced under the facility
- Ç On 26 November 2010 balance of facility (\$12 million) advanced to PRCL
 - ñ Allowed PRCL to continue with day-to-day activities of the business, including the rescue and recovery efforts at the mine
- Ç On 13 December 2010 PRCL placed in Receivership by NZOG

Focus of Receivership



- Ç Supporting efforts to stabilise the mine's atmosphere
- Ç Understanding PRCL's financial position
- Ç Securing and protecting PRCL's assets. The primary assets are:
 - ñ The coal mine, including below and above ground assets
 - ñ The license to mine and resource consents
 - ñ Plant and equipment
 - ñ Insurance policies
 - ñ Cash on hand of \$10.9 million as at 13 December (balance of the money advanced by NZOG)
 - ñ Bonds lodged with the Department of Conservation and local authorities
 - ñ 5000 tonnes of stock-piled coal
- Ç Restructuring operations, including the employment of staff
- Ç Paying preferential creditors
- Ç Overseeing work on PRCL's various claims under its insurance policies
- Ç Responding to and participating in the various enquiries

The receivers' intention is to stabilise the mine with a view to either restructuring PRCL or selling its assets

Recovery of NZOG Investment in PRCL



- Ç NZOG is a secured creditor for the US\$28.9 million convertible bond and the \$12 million funding advanced on 26 November 2010
 - ñ Ranks equally with first ranking secured debt to BNZ (other than first ranking securities held by BNZ in respect of specific mining equipment)
- Ç NZOG is an unsecured creditor for the short-term funding of \$13 million advanced prior to 19 November 2010
 - ñ Ranks equally with other unsecured creditors
- Ç NZOG has a 29.4% shareholding in PRCL. The book value was \$77.1 million pre-explosions
 - ñ Ranks equally with other shareholders
- Ç NZOG has recognised impairment provisions against the value of the \$13 million unsecured advance; the 29.4% shareholding, the Coal Contract Option and the equity portion of the Convertible Bond

While there is considerable uncertainty about the future for PRCL, we expect to recover the secured debt and are actively taking steps to maximise the value of our total PRCL investment

Operational Highlights



Kupe Gas and Oil Field

NZOG 15%

- Ç NZOG's largest revenue source
- Ç Successful inspection of production station completed November 2010
- Ç NZOG's share of production for half year:
 - ñ 1.2 PJ of sales gas
 - ñ 143,000 barrels of light oil
 - ñ 5,800 tonnes of LPG
- Ç Kupe provided NZOG with \$27.4 million in revenue for the six month period



Tui Area Oil Fields

NZOG 12.5%

- Ç Pateke-3H well brought back into production in October
 - ñ Net cost to NZOG \$8.5 million
- Ç Process modifications to FPSO completed in November
- Ç Fields produced 1.36 mmbbbls in six month period
 - ñ NZOG's share 170,000 barrels
- Ç Tui provided NZOG with \$13.1 million in revenue for the six month period



- Ç Dominant position built in Northern Offshore Taranaki Basin
 - ñ Mangaa, Albacore, Parihaka
- Ç In Southern Offshore Taranaki Basin looking to secure rig to drill Kaupokonui in 2011/12
- Ç Evaluating drilling targets at Tui and Kupe
- Ç In Canterbury Basin securing, as operator, the Clipper permit

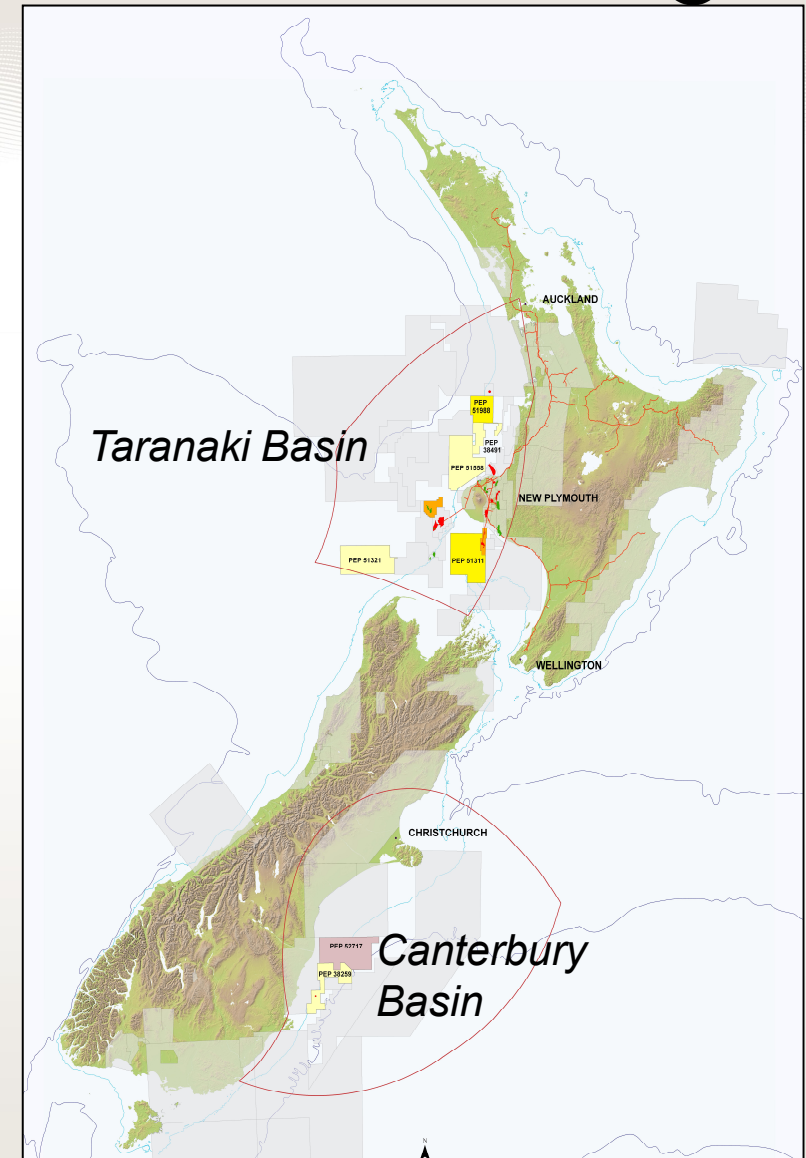
Exploration Portfolio



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	44%
PEP 51558 Parihaka	20%
PEP 51321 Kahurangi**	18.9%
Canterbury Basin	
PEP 38259 Barque	40%
PEP 52717 Application	40%

*Includes 10% farm-out to Peak Oil & Gas Ltd which is subject to conditions precedent

** Permit being relinquished by joint venture



Outlook



- Ç NZ remains attractive but the number of opportunities is limited
- Ç Since 2008 evaluating global opportunities
 - ñ Looking to establish one or two new core areas of business
- Ç In final stages of acquiring attractive exploration acreage in highly prospective region
 - ñ Setting up local office

Disclaimer



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