

FY 2011 Annual Results

Briefing Presentation

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FY 2011 Summary



- Kupe field
 - Strong earnings
 - Reserves confirmed
- Tui field
 - Performing to expectations
 - Reserves reduced
- Expanded Horizons
 - Two new core areas established: Indonesia and Tunisia
- New Zealand exploration
 - Seeking suitable rig to drill in offshore southern Taranaki this summer
- Pike River Coal Limited (in Receivership)
 - Receivers working to realise value from assets (insurance + sale)
- Cashflow and balance sheet remains strong
 - 2 cents per share dividend declared

Financial Highlights



FY 2011 Financial Results



		FY 2011	FY 2010	Change
Production	<i>mmboe</i>	1.14	1.03	+11%
Ave Sales Price (oil & light oil)	<i>US\$/bbl</i>	96	73	+31%
<i>In NZ\$ million</i>				
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.

FY 2011 Financial Results

- Abnormals



In NZ\$ million	1H	2H	FY 2011
PRCL related losses			
- Equity investment	77.1	-	77.1
- Net fair value loss on bonds	7.5	(1.1)	6.4
- Unsecured debt and interest	13.3	1.3	14.6
- Coal option	0.7	-	0.7
Total PRCL related losses	98.6	0.2	98.8
Foreign Exchange Losses (net of tax)	5.2	2.5	7.7
Total Abnormal Items	103.8	2.7	106.5

FY 2011 Financial Results

- Game of two halves



In NZ\$ million	1H	2H	FY 2011
Revenue	40.5	66.0	106.5
EBITDAX*	15.4	43.1	58.5
Exploration write-offs	(2.6)	(0.8)	(3.4)
EBITDA	12.8	42.2	55.0
EBIT	0.9	31.7	32.6
Net Profit (Loss) After Tax	(99.0)	23.1	(75.9)
Normalised Profit After Tax**	4.8	25.8	30.6
Net Operating Cash Flow	23.1	45.5	68.6

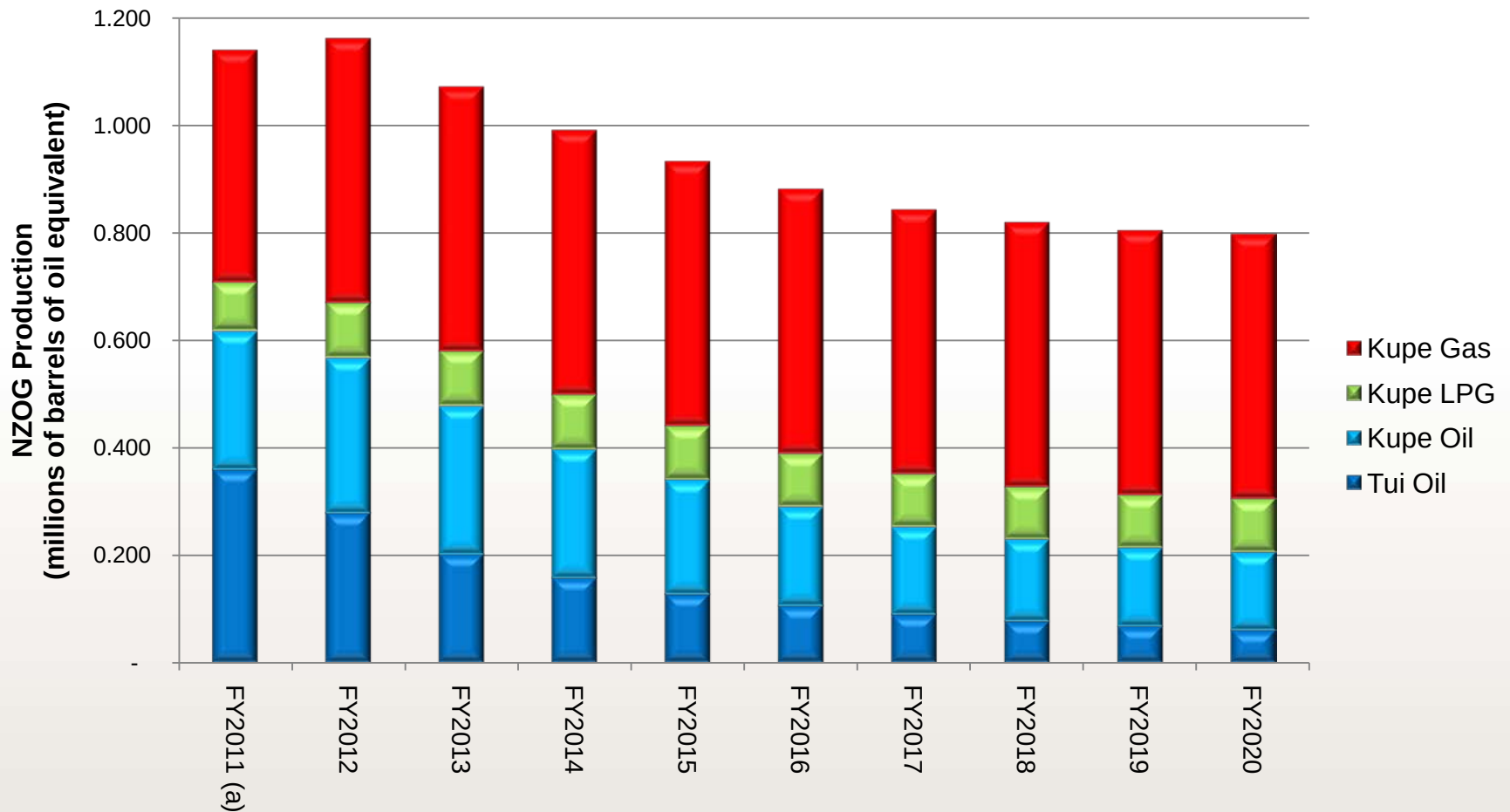
* Earnings Before Interest, Tax, Depreciation, Amortisation, Exploration.

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

- Investment during the year (NZ\$)
 - Approx \$33 million (FY 2010: \$120 million)
 - Pike River Coal loans \$25 million
 - Oil & Gas capex \$4 million
 - Exploration & Evaluation expenditure \$4 million
- Cash Position at 30 June 2011 (NZ\$)
 - \$149 million cash balance
 - 57% held in US dollars (US\$70 million), balance in NZ dollars
 - \$63 million debt facility, fully drawn
 - \$86 million net cash

Production Forecast

Two existing fields providing long term cash flows



Pike River Coal Ltd (In Receivership)



- NZOG's exposure as at 30 June 2011:
 - \$51.5m secured debt, including interest
 - \$14.6m unsecured debt, including interest (Fully impaired)
 - Shareholding with book value \$77.1m (Fully impaired)
- Mine stabilisation work nearly completed
- Sales process underway with shortlisted bidders
- NZOG expects to at least recover secured debt
 - No impairment taken over secured debt
 - Impairment left in place against unsecured debt and shareholding

Dividend

- Dividend policy is to distribute a reasonable proportion of profit, subject to the need to retain sufficient capital to meet investment requirements
- Following the substantial loss in first half year, Board did not intend to pay a dividend for FY2011
- Strong performance in second half year and outlook positive
- Board has therefore declared a fully imputed dividend of 2c per share
 - Record date 16 September
 - Payment date 30 September

Operational Highlights



Kupe

- NZOG's largest revenue source
 - FY11 Revenue: \$66.33m
- FY11 Production *(NZOG's 15% share)*
 - 2.63 PJ sales gas
 - 11,200 tonnes
 - 276,000 barrels of oil
- FY12 Production Forecast *(NZOG's 15% share)*
 - 3 PJ sales gas
 - 12,800 tonnes
 - 320,000 barrels of oil



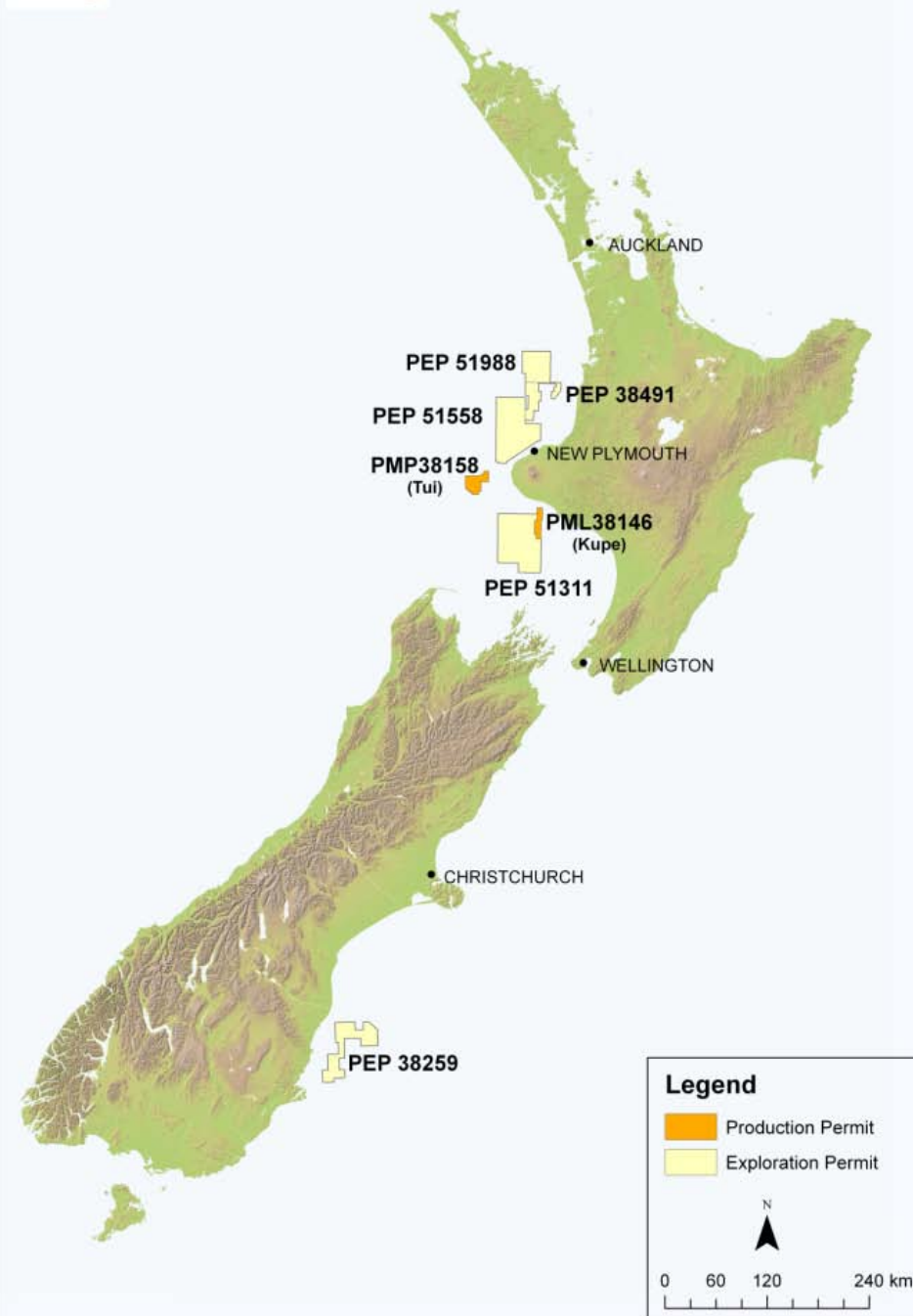
Tui

- FY11 Revenue: \$40.14m
- FY11 Production (*NZOG's 12.5% share*):
 - 350,000 barrels of oil
- Reduction in estimated initial developed proved and probable (2P) reserves
 - Range of 40-42 mmbbls being independently reviewed
- Further work on possibly accessing additional volumes of oil with new or sidetracked wells
- Nearby exploration targets also under evaluation



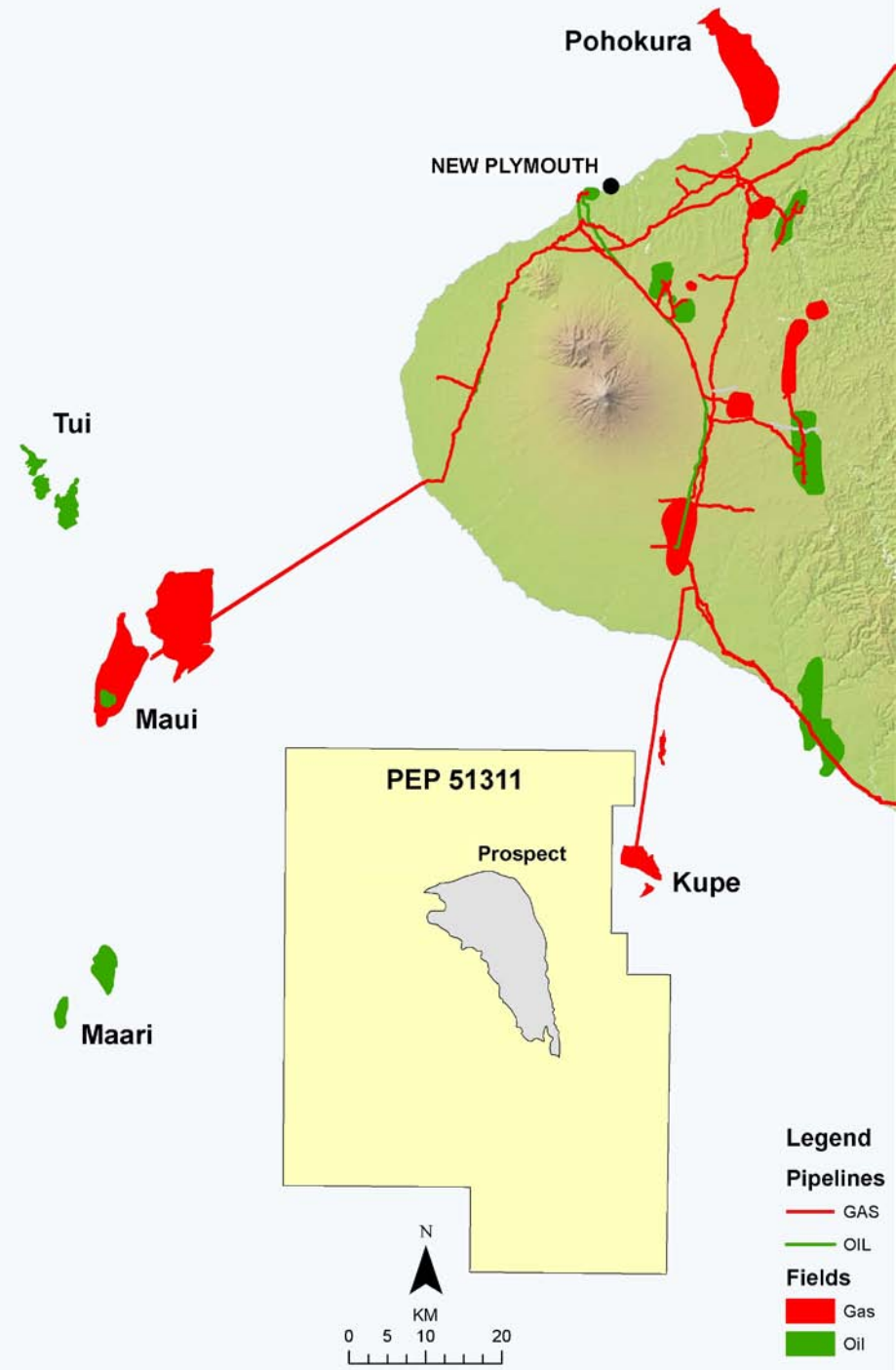
NZ Exploration Portfolio

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	100%
PEP 51558 Kanuka	50%
Canterbury Basin	
PEP 38259 Barque	40%



PEP 51311

- Prospect is a stacked series of Miocene coastal sands
- Estimated mean prospective resources over 200 mmbbls
- NZOG seeking suitable drilling rig for this summer



Expanded Horizons



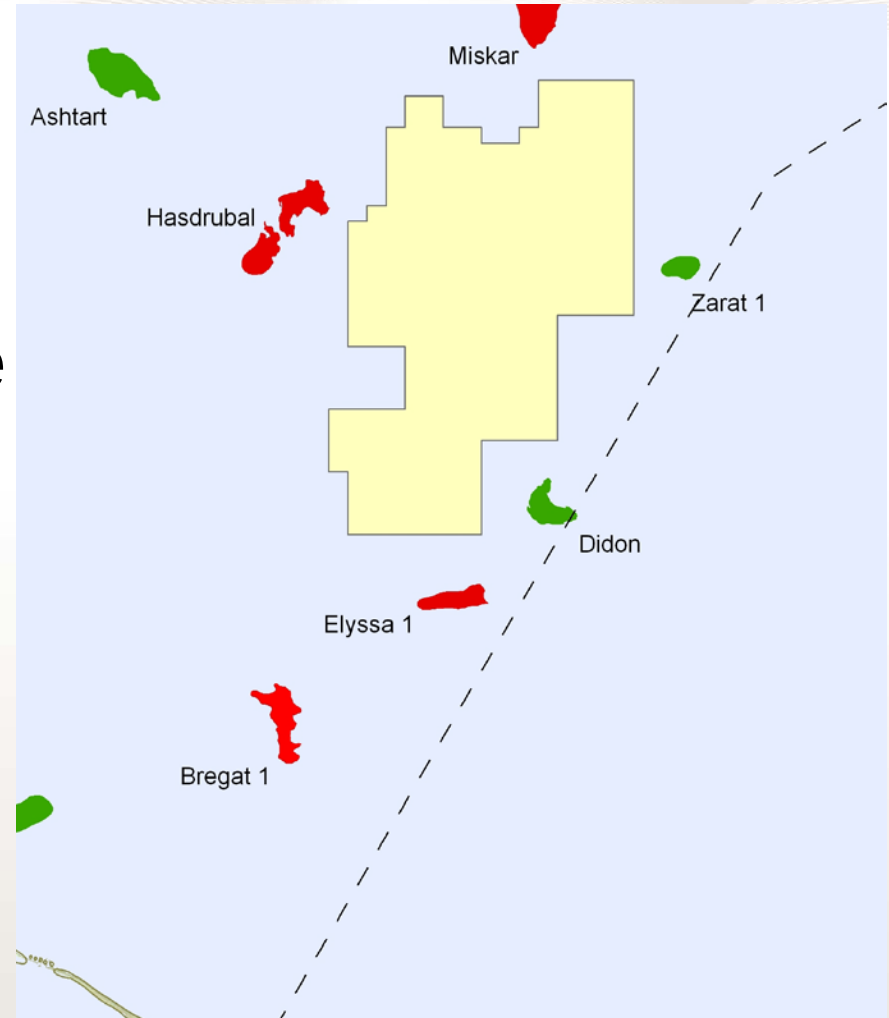
- The number of available opportunities in New Zealand are limited
- Strategic intent to establish new core areas outside of New Zealand
- Ongoing assessment of overseas opportunities
- Two overseas areas of interest established:
 - Tunisia
 - Indonesia

Tunisia

- Attracted to Tunisia due to its combination of good prospectivity, established exploration and production activity, reasonable fiscal terms, and ease of doing business
- Move towards more open democracy enhances its attractiveness
- Identified available acreage in productive basin in Gulf of Gabes

Tunisia

- Diodore prospecting permit awarded June 2011
- 2D seismic survey to be conducted this year
- Senior explorationist relocated to Tunis
- NZOG pursuing further opportunities

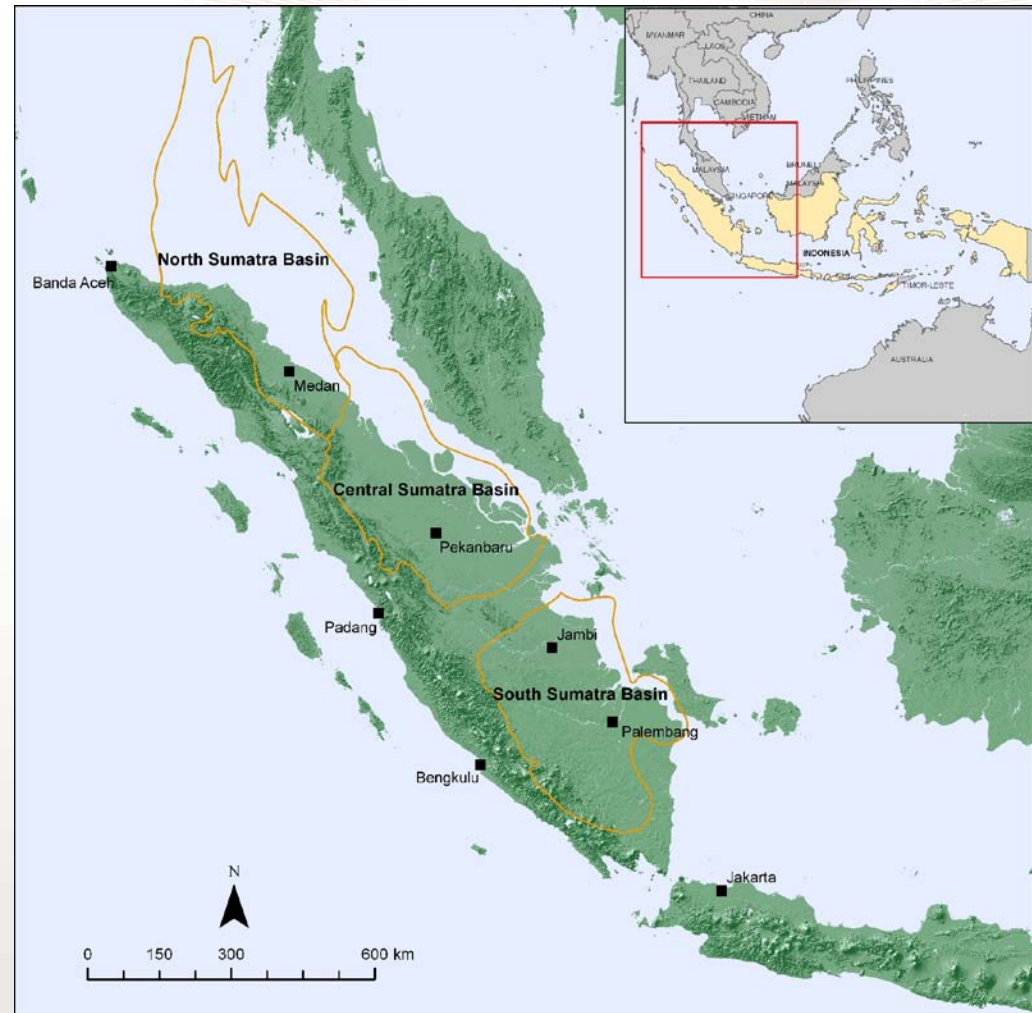


Indonesia

- Indonesia has long oil and gas history but underexplored by western standards
- Contract terms and business climate has improved
- NZOG strategic relationship with Bukit Energy
- Portfolio of opportunities being pursued

Indonesia

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



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

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