

The Great South Basin Opportunities



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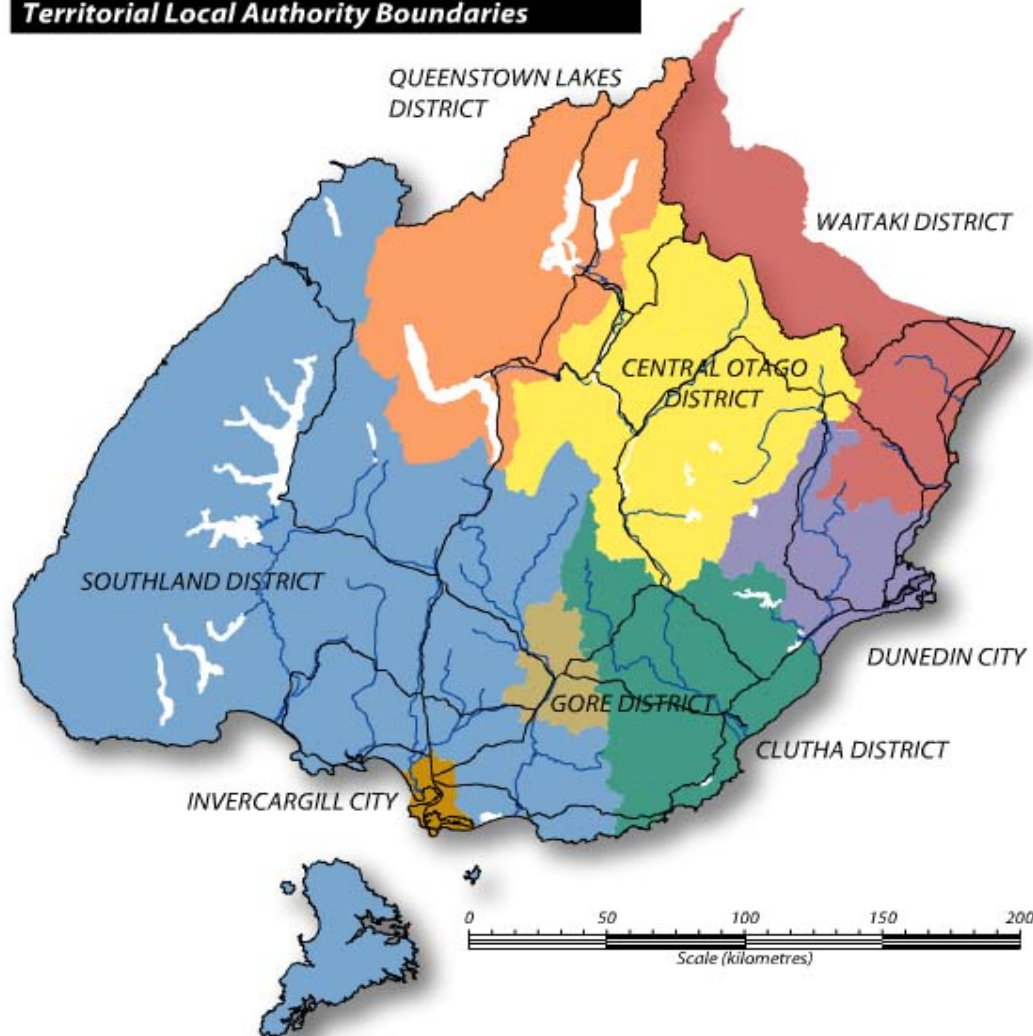


Southland



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Territorial Local Authority Boundaries

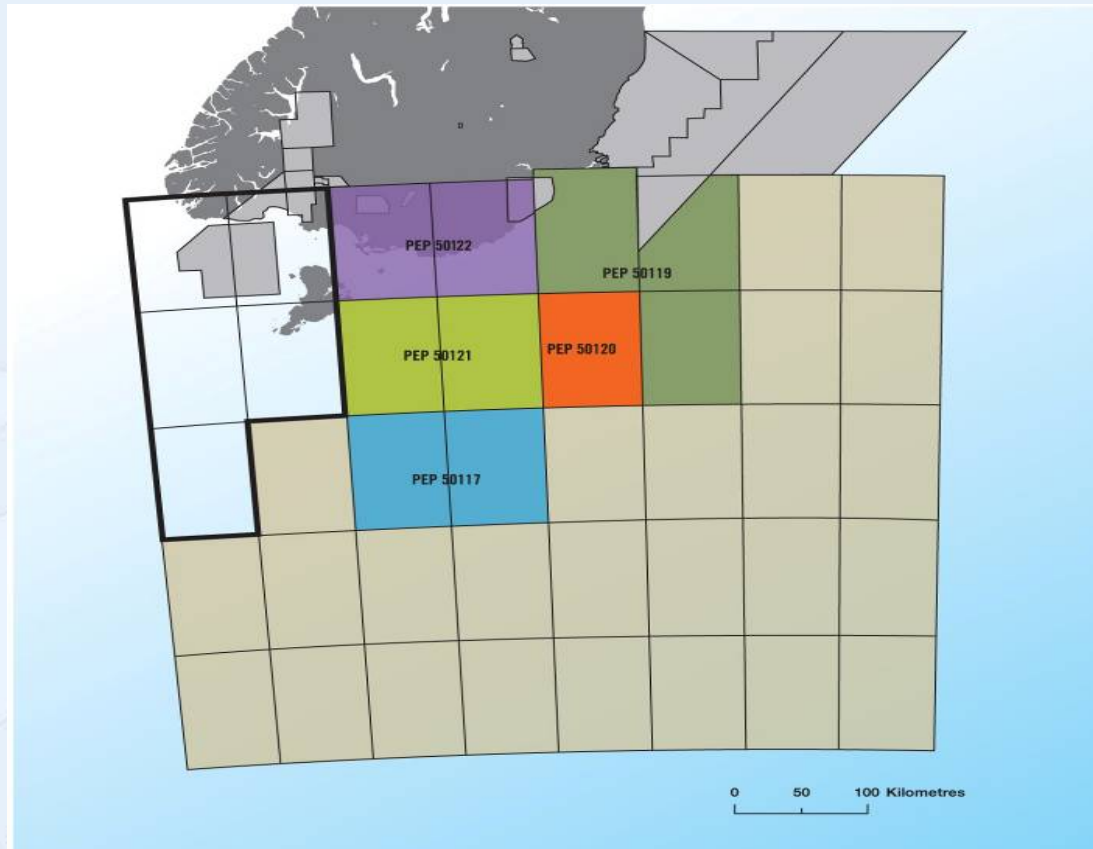


12% NZ land area
2.3% NZ pop.
(94,000 people)

Great South Basin Area



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Great South Basin License Allocation



- A consortium led by ExxonMobil New Zealand (Exploration) Limited (USA) which includes local company Todd Exploration Limited (New Zealand)
- A consortium led by OMV New Zealand Limited (Austria) which includes PTTEP Offshore Investment Company Ltd (Thailand), Mitsui Exploration and Production Australia Pty Ltd (Japan)
- Greymouth Petroleum (New Zealand)

Great South Basin Exploration History



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1st recognised in the late 1960's

Approx. 31,500km of 2D acquired
1969-1982

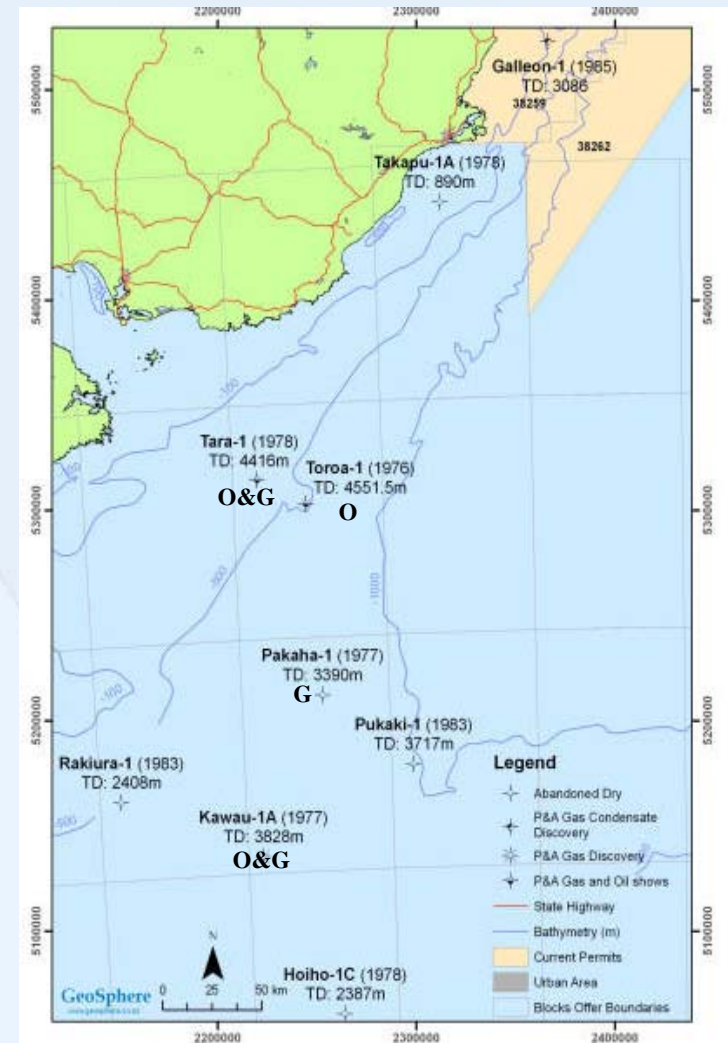
6 wells drilled 1976-1978

2 wells drilled 1983-1984

One gas discovery and two wells
abandoned with strong oil and gas
shows

Approx 2000 km 2D seismic in
2004

DUNO6 3200 km 2D seismic in
2006



Oil & Gas Industry Capacity Building and Labour Productivity

- Capacity and Productivity Characteristics of the Oil & Gas at the mature production Stage:

Key driver for Economic Growth & transformation

- Capacity builder for Port Infrastructure, Engineering, Marine, technology, support industries and skills

Driver of Productivity improvements

- Labour Productivity can be up to 9 times greater than the average FTE annual productivity and 7 to 8 times more productive than for example the dairy industry:

| | |
|------------------------------|------------------------|
| O & G out put value | \$900,000 per FTE p.a. |
| Dairying out put value | \$120,000 per FTE p.a. |
| Average Worker out put value | \$97,000 per FTE p.a. |

(Infometrics – Source research - Employment and Economic Impacts O&G Sector Taranaki 2005)



Southland Workforce Characteristics

- NZ's fastest growing labour markets with more new job opportunities per capita than any other region.
- The highest level of labour participation.
- Currently NZ's 3rd most recognised migrant destination
- NZ internal inward migration 1300 people 2005
- NZ outward migration 1270 people 2005
- International inward migration 3300 skilled migrants last 4yrs
- 1.5 % pa population growth predicted to 2020

GSB Development time lines

3 phases before production:

- initial exploration 1-5 years
- drilling 2-10 years
- development 10-25 years

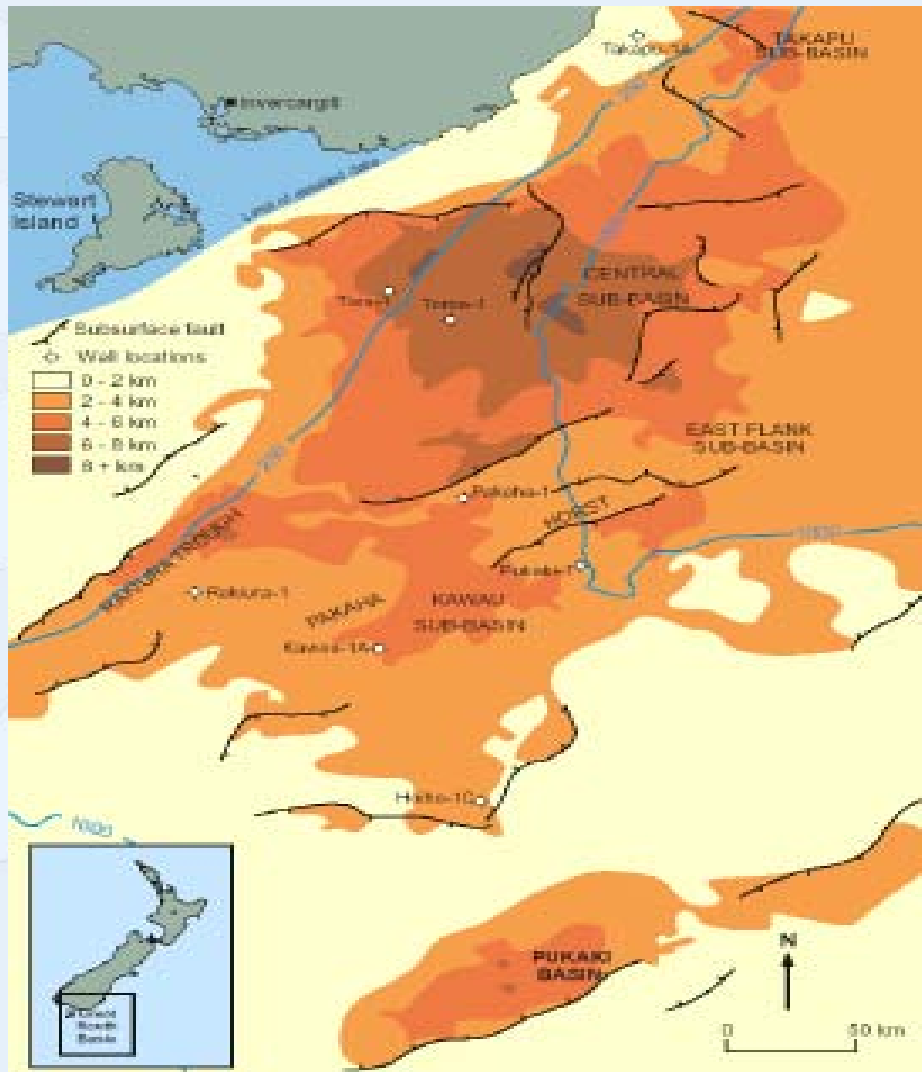


Seismic Activity

- OMV has contracted Wavefield Inseis commenced seismic in December 2007
 - Will complete 2D seismic 46,000km²
- ExxonMobil has contracted WesternGeco commenced seismic in November 2007
 - Will complete 3D seismic 18,000 km²



Southland's Response to the Great South Basin Opportunities



- Southland Energy Consortium July 2007
- Oil Gas & Minerals focus
- 170 Companies
- South Port Drilling Base
- Labour Market Strategy underway to be completed April 2008
- www.southlandenergy.co.nz

Southland Energy Consortium



- SEC offering single contact point for O&G companies
 - co-ordinating creation and distribution of industry capability information
 - Provide contracted oil/gas services
 - offering support and advice to Southland businesses
 - **initial goal to attract and support exploration activity to the region**
- Create a regional capability website
 - Jointly funded by South Port & Venture Southland
- Developed inter regional industry Partnerships
- Form strategic alliances with national and international

Key stakeholders & funders

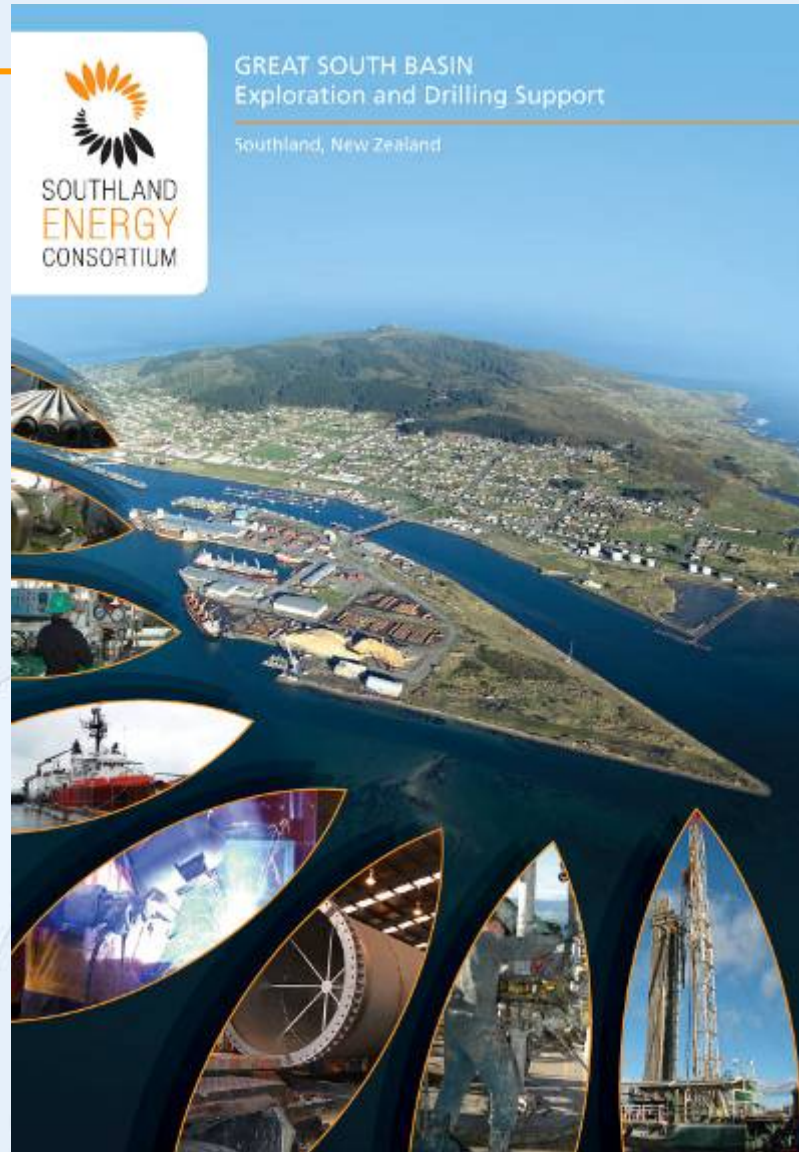
- South Port
 - exploration base plus port functions
- Richardson Group
 - transport & cement
- Walker Group
 - heavy and general engineering
- Clive Wilson
 - electrical engineering
- Port Maintenance
 - marine & general engineering
- Venture Southland
 - admin & supporting co's co-ordination
 - NZTE – Industry Capability development



Regional Capability Profile



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Regional Capability Profile



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REGIONAL CAPABILITY

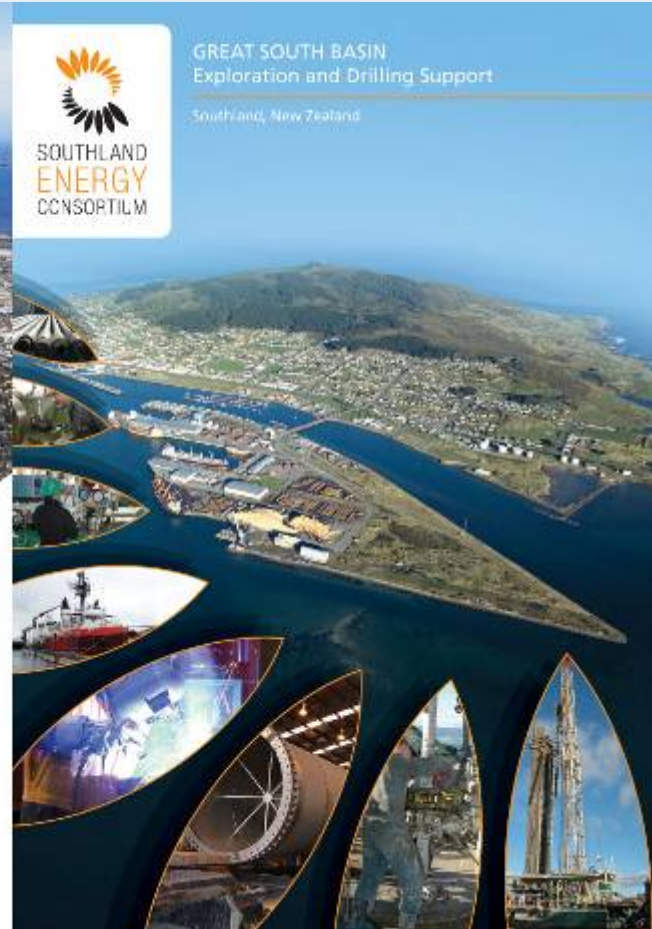
Southland offers a full "one stop" support service to their 1 gas and 2 geothermal facilities. This is a unique offering in the region. The 1 gas and 2 geothermal facilities are located in the Great South Basin. The 1 gas facility is the Terepohatu Gas Station. The 2 geothermal facilities are the Terepohatu and Terepohatu West geothermal fields.

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How to find out more: go to www.southlandenergy.co.nz. Southland Energy Consortium is a unique offering in the region. The 1 gas and 2 geothermal facilities are located in the Great South Basin. The 1 gas facility is the Terepohatu Gas Station. The 2 geothermal facilities are the Terepohatu and Terepohatu West geothermal fields.

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Regional Capability Profile



**SOUTHLAND
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THE SOUTHLAND ENERGY CONSORTIUM

Southland's Energy Consortium represents businesses focused on the energy and exploration support industry. The consortium seamlessly knits together a range of technical and professional businesses to provide an efficient conduit for those companies seeking local servicing for oil and gas exploration.

Southland businesses have a proven track record of supporting off-shore and on-shore oil and gas exploration, including the mineral industries. Southland's regional transport network and port infrastructure are ideally suited to provisioning and servicing future exploration and drilling activities.

The Southland Energy Consortium provides a central contact and access point to the support services available within the region.

The Southland region is able to offer a complete range of support services for the oil and gas industry. The industry capability has been developed as a result of Southland companies involvement in numerous large scale projects, both within and outside of the energy sector. Southland businesses continue to apply their innovative and flexible thinking to the further development and continued maintenance of these projects.

SOUTH PORT NZ LTD

Operating New Zealand's southern-most deep water port, South Port is ideally situated to provide support services for on-shore and off-shore exploration companies. South Port operates year round, 24 hours a day and takes pride in its ability to manage a diverse range of activities.

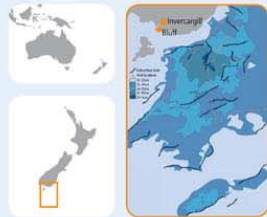
South Port's primary assets located at the Port of Bluff consist of a 40 hectare (100 acre) man-made Island Harbour where the main port operators take place; a dedicated wharf and causeway servicing Rio Tinto's New Zealand Aluminium smelter; a town wharf structure used for servicing the coastal petroleum industry and bunkering vessels. Total marine bunkering is 11 million litres (2.9 million US gallons) stored at the Port.

South Port has 15 hectares (37 acres) of vacant land within the Island Harbour and foreshore areas available for utilisation by off-shore operators. This land is over and above the existing 32 hectares (80 acres) of general port infrastructure.

South Port provides pilotage, towage, berthage and full marine services to international and coastal vessels and the southern fishing fleet. The characteristics of the Island Harbour provide a high standard of security and South Port also complies with the International Ship and Port Facility Security (ISPS) Code requirements under the Maritime Security Act 2004.

SOUTH PORT FACILITIES AND EQUIPMENT:

- 10 berths for commercial ships providing good flexibility and minimal congestion
- 9.7 metres (31.8 feet) of draught at high tide plus access to DGPS navigational aid
- 18,000m³ (190,000 ft³) of covered storage
- 39,000m³ (1.3 million ft³) of cold storage
- 4.5 hectares (11 acres) of paved hard standing for transit storage
- An assortment of diesel, LPG and electric forklifts with a maximum lift capacity of 40 metric tonnes
- 1 modern Liebherr harbour crane with lifting capacity of 100 metric tonnes
- A marine "Syncoilift" to drydock vessels up to 1,000 tonnes
- 2 Woth tractor tugs offering bollard pull capacity of 35 tonnes plus an ocean going emergency towing capability of 3,000 to 3,600 nautical miles



SERVICE CAPABILITY

Southland businesses have a skilled, multi-disciplined workforce and can supply a full range of services, including engineering components, provisions, transport, medical supplies and all facilities required by exploration and drilling companies.

HEAVY ENGINEERING SERVICES

Southland companies have been involved in the construction and refit of several large hydro electric generation stations, including the manufacturing of heavy machinery and dam construction. There is also a good supply of welding tradesmen who are certified to API and NZ standards.

Structural Engineering

Heavy structural engineering capability is a feature of many companies in Southland, which have the workforce and specialised equipment available in-house.

Marine Engineering

Southland has, since the early settlement days, relied on the sea and ships. The region has a strong-growing ship building and marine manufacturing industry which services clients locally, nationally and internationally. Customers in this sector include the United Nations and local government agencies off-shore with specialised commercial and recreational craft being exported to the USA, Europe and Asian markets.

Off-shore Support Vessels

Full marine surveys, repairs and maintenance are available for off-shore support vessels, deep sea trawlers and ocean going vessels.

SPECIALIST SERVICES

Marine Radio/Communication Support

Southland has a range of specialist skills in marine instruments and communications, wireless broadband, terrestrial and satellite communication systems, as well as antennae optimisation, transmission trouble shooting and the provision of secure communication services.

Mechanical

Experienced marine engineers who have experience with Caterpillar, EMD, Detroit, Cummins and most marine propulsion and generating engines.

Electrical Marine and Industrial

Full marine and industrial electrical design, installation, maintenance and repairs are also available from several companies. Electric motor rewinds and laquering services are available for most sizes of electric motors.

Hydraulics and Pneumatics

The region boasts experienced and qualified hydraulic engineers and fitters and a comprehensive range of hoses and fittings, comprising many international brands. Parker stainless steel tube and compression fittings are also available.

Plumbing Marine and Industrial

Fully experienced, qualified companies and tradesmen are available.

Machine Shops

There are several precision machine work shops available in Southland, many with CNC machinery, able to carry out any turning, milling work required. Metal spraying and machining of marine and other shafts is also available.

Stainless and Aluminium Fabrication

Stainless galley and accommodation fabrication and fit-outs are available, as well as a variety of other stainless and aluminium fabrication.

Marine/Industrial Blasting and Painting

A selection of companies experienced in all aspects of marine/ industrial blasting and painting, using international coatings.

Rigging

Full rigging and wire rope services are available through a Southland-based, internationally renowned specialist rigging company. Anchors, shackles, swivels, slips and chains are also stocked with swaged fitting and splicing services.

Building Construction and Finishing

A variety of construction and finishing services are available from qualified marine joiners and carpenters.

Equipment Supply

A wide range of specialist bearings and replacement parts are available locally or nationally within a 24 hour turnaround.

OTHER SUPPORT

Health and Safety

All companies' personnel are fully trained in Health and Safety in the work place and are very aware of the extra hazards present when working in the marine and oil and gas industries.

Communications and Broadband

Broadband coverage is almost ubiquitous throughout the Southland region with 86% of the population capable of receiving service. Coastal hill top transmission sites also provide the opportunity for direct, high-capacity broadband wireless links from rig to shore.

Accommodation and Hospitality

Within the region are a number of accommodation options ranging from luxury lodges to hotels and motels. Southland also boasts a large variety of restaurant and entertainment options.

Transport Networks

The region and port are well serviced by both rail and road networks. Invercargill's airport boasts the third longest runway in the country and has the highest level of availability.



Venture Southland
Enterprise, Tourism & Community Development



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Indicative Work Programme

- The Great South Basin programme will involve

3 key phases:

Indicative Timetable

- Seismic phase - Survey Commenced 2007 to 2011
- Exploration programme Commencing 2009/10 to 2015±
- Oil and or gas production (subject to a successful exploration drilling programme) 2013 ± to (tbc)

Where to from here?

- Each consortia have drop or drill points
- They will analyse the seismic and decide if they will continue
- Southland Energy Consortium to continue promoting regional opportunities including other projects such as lignite, wind etc
- Southland Energy Consortium will provide a 'One Stop Shop' to coordinate local resources to facilitate local development opportunities for off shore and on shore activities
- For Further Information:
oilgasmineralsnz.com or
www.southlandenergy.co.nz