

DIVIDEND REINVESTMENT PLAN

Key Features of the Plan

RE-INVEST YOUR DIVIDENDS IN SHARES

The Plan provides you with an opportunity to invest the net proceeds of the cash dividends payable on your NZOG Shares in additional NZOG Shares. This allows you to increase your investment in NZOG by acquiring further Shares, free of brokerage charges. If you wish to continue receiving your dividends in cash, you are not required to do anything in response to this offer.

WHO CAN PARTICIPATE?

All Shareholders are eligible to participate in the Plan, but some restrictions may apply to Shareholders outside New Zealand and Australia. Participation is optional, and may be in respect of all or some of your Shares.

WHAT SHARE PRICE APPLIES?

The price of Shares acquired under the Plan is fixed by reference to the market price for Shares after the record date for the relevant dividend. The dividend you would otherwise receive (on your Shares participating in the Plan) will be applied to acquire Shares at this price. This is subject to the right of the Board to adjust the price in certain situations, including where there are unusual circumstances affecting the market price of Shares.

STATUS OF SHARES – SELLING SHARES

Shares acquired under the Plan will rank equally with existing Shares and may be sold in the same way existing Shares may be.

CHANGING YOUR ARRANGEMENTS OR WITHDRAWING

You can join the Plan, vary your participation, or withdraw from the Plan at any time by giving written notice to the share registry, Computershare. The notice will be effective from the first dividend record date after the notice is received by Computershare.

NOTICES

If you participate in the Plan, after each dividend payment you will be sent details of your cash dividend entitlement and the number of Shares allocated to you under the Plan.

TAX

The information below is based on New Zealand tax laws as at the date of this Offer Document, which may be subject to change at any time.

For New Zealand income tax purposes, Shareholders who reinvest the net proceeds of their cash dividends in the acquisition of further Shares under the Plan will be treated in the same way with respect to their dividends as if they had not reinvested. That is, they will continue to derive dividend income of the same amount they would have derived had they not participated in the Plan. This is also generally believed to be the outcome for Shareholders resident outside New Zealand.

This taxation summary is very general, and does not take account of individual circumstances. You should seek your own advice on participation in the Plan, and NZOG accepts no responsibility for any reliance placed on this summary.

Terms and Conditions of the Plan

1. Introduction

This Offer Document is dated 29 July 2009 and sets out the terms and conditions of the New Zealand Oil & Gas Dividend Reinvestment Plan. The Plan enables Shareholders to reinvest dividends on all or any of their Shares in additional Shares.

2. The Offer

- 2.1. All Shareholders are offered the right to participate in the Plan, subject to clauses 2.3 and 2.4 below.
- 2.2. You may elect to participate in the Plan by exercising one of the following options:
 - a. Full Participation: Where the Plan will apply to all Shares registered in your name from time to time;
 - b. Partial Participation: Where only the number of Shares nominated by you will be eligible for participation in the Plan (and if you hold less than the nominated number of Shares, then the Plan will apply to such lesser number of Shares); or
 - c. Non-Participation: Where you will continue to receive dividends or distributions in cash – you are not required to do anything if you want this option.
- 2.3. NZOG may, in its absolute discretion, decide not to offer participation under the Plan to a Shareholder whose address is outside New Zealand and Australia, if it considers that to do so would risk breaching the laws of a place outside New Zealand and Australia.
- 2.4. If NZOG has a lien or charge over any Shares in accordance with NZOG's constitution or otherwise under law, then those Shares will not be eligible to participate in the Plan.

3. How to participate

- 3.1. To participate in the Plan you must complete the Participation Notice which accompanies this Offer Document in accordance with the instructions on that notice and send it to:

New Zealand Oil & Gas Limited Share Registrar
Computershare Investor Services Limited
Private Bag 92 119
Auckland 1142

Or for Shareholders in Australia:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 8060

- 3.2. The record date for determining entitlements under the Plan is 5.00 pm on the date fixed by the Board for determining entitlements to a dividend. Participation will be effective for dividends payable in relation to the first record date after receipt by Computershare of a properly completed Participation Notice.
- 3.3. If a Participation Notice does not indicate the degree of participation, it will be deemed to be an application for full participation if it is otherwise correctly completed and signed.
- 3.4. A Participation Notice will not attach to the Shares in respect of which it has been given, but will be personal to the Shareholder giving it.
- 3.5. The number of Shares advised by a Shareholder as participating in the Plan under a validly completed Participation Notice shall be the Participating Shares of that Shareholder, subject to clauses 3.3, 9.1 and 10.

4. Source of Additional Shares

Shares to be acquired by Participants under the Plan may, at the Board's discretion, be:

- 4.1. New Shares issued by NZOG;
- 4.2. Existing Shares acquired by NZOG or a nominee or agent of NZOG; or
- 4.3. Any combination of 4.1 and 4.2 above.

5. Operation of the Plan

- 5.1. Each Participant is deemed to have directed NZOG to apply the net cash dividend (after deduction of any applicable taxes), if any, that is available for payment in respect of their Participating Shares at the record date as payment for Shares to be acquired under the Plan. The number of Shares to be acquired will be determined in accordance with clause 6 of this Offer Document.
- 5.2. NZOG will (subject to applicable laws), on the day that a Participant would otherwise have been paid a cash dividend on Participating Shares, either issue new Shares and/or arrange the transfer of existing Shares to the Participant, in the relevant number to be acquired. NZOG may determine not to issue or arrange the transfer of Shares under the Plan if the issue or transfer of such Shares would breach any applicable law and in such circumstances the Participant will receive cash for any balance of the dividend payable to a Participant that is not satisfied by either the issue or transfer of Shares.
- 5.3. Shares acquired by the Participant under the Plan will, from the date of allotment, rank equally in all respects with all other Shares.

- 5.4. Shares acquired by a Participant under the Plan will be registered in the name of the Participant on the Share register.

6. Calculation of Additional Shares to be Acquired

- 6.1. The number of additional Shares credited as fully paid to be acquired by a Participant under the Plan will be calculated in accordance with the following formula:

$$N = \frac{PS \times D}{P}$$

Where:

N is the number of additional Shares which will be acquired by a Participant;

PS is the number of Participating Shares in the Plan registered in the name of the Participant at the record date;

D is the net remittance, including any tax refunds and after deduction of any withholding taxes, expressed in cents and decimals of cents per Share, which would otherwise have been payable to the Participant if a Participation Notice had not been given by the Participant; and

P is the weighted average sale price (expressed in cents and decimals of cents), for the Shares sold on NZSX on each of the first five business days immediately following the record date (which price may be varied at the discretion of the Board as set out in clause 6.3 below).

- 6.2. If no sales of Shares occur during such period then the weighted average sale price will be deemed to be the sale price for a Share on the first sale on the NZSX which took place after such period.
- 6.3. Any weighted average sale price so determined under paragraphs 6.1 or 6.2 may be reasonably adjusted by the Board to allow for any bonus or dividend expectation. In addition if, in the opinion of the Board, any exceptional or unusual circumstances have artificially affected the weighted average sale price so determined, the Board may make such adjustment to that sale price as it considers reasonable.
- 6.4. Where the number calculated in accordance with the preceding formula is not a whole number, then the number of Shares to be acquired by a Participant will be the nearest whole number. If such number is 0.5, that number of Shares will be rounded up to the next whole number.
- 6.5. At the time the price for the Shares is set under this paragraph 6, NZOG will ensure that it has no information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of Shares if it were publicly available.

7. Statements to Participants

NZOG will send to each Participant, after each dividend payment date, a statement detailing in respect of that Participant:

- 7.1. the number of Participating Shares at the relevant record date;
- 7.2. The amount of cash dividend and the amount paid in respect of Participating Shares and non-participating Shares, if applicable;
- 7.3. The amount of any taxation deductions;
- 7.4. The number of Shares acquired under the Plan; and
- 7.5. Advice as to the amount of any taxation credits.

8. No Costs to Participants

- 8.1. No brokerage or commission costs will be payable by a Participant in respect of the acquisition of Shares under the Plan.

9. Variation or Termination of Participation

- 9.1. A Participant may, at any time, by giving written notice to Computershare, increase or decrease their number of Participating Shares, or terminate their participation in the Plan.
- 9.2. Any such alteration or termination advised pursuant to clause 9.1 will take effect immediately upon receipt by Computershare of the written notice, provided that any notice received after a record date will be effective for the next following record date.
- 9.3. If a Participant dies, their participation will be terminated upon receipt by NZOG of a notice of death in an acceptable form. Death of one of two or more joint holders will not automatically terminate participation.

10. Reduction of Participation on change of holding

Where a Participant with partial participation disposes of part of their holding of Shares then, unless they advise Computershare otherwise:

- 10.1. The Shares disposed of will be deemed to be Shares not participating in the Plan from the date the transfer of such Shares is registered; and
- 10.2. If the number of Shares disposed of is more than the number of the Participant's Shares not participating in the Plan, the balance will be deemed to be Participating Shares.

11. Termination, Suspension and Modification of the Plan

11.1. The Board may at any time and from time to time in its sole discretion:

- a. Terminate or modify the Plan and, if the Plan is modified, then a Participation Notice will be deemed to be a Participation Notice under the Plan as modified unless that Participation Notice is withdrawn by the Participant;
- b. Suspend the operation of the Plan so that it will not apply to the whole or part of any dividends and that the dividend or the balance of the dividend, as the case may be, will be paid in cash;
- c. Determine that Shares acquired by Participants in the Plan may be acquired at a discount to the price determined under clause 6;
- d. Determine that, in the event of the subdivision, consolidation or reclassification of Shares into one or more new classes of shares, a Participation Notice will be deemed to be a Participation Notice in respect of the Shares as subdivided, consolidated or reclassified unless such Participation Notice is subsequently changed or withdrawn by the participating Shareholder; or
- e. Determine that a Participation Notice will cease to be of any effect.

11.2. Where any termination, suspension or modification is made to the Plan pursuant to this clause 11, notice of such suspension, modification or termination will be given to all Participants, but no such notice shall be required for such termination, suspension or modification to take effect.

11.3. No such modification or termination shall be made during the period commencing on a date 21 days before a record date for the purposes of determining entitlements to a dividend and ending on the date of payment of that dividend.

12. NZX and ASX Listings

12.1. Shares which may be issued under the Plan have been accepted for listing by NZX and will be quoted on the completion of allotment procedures. However, NZX accepts no responsibility for any statement in this Offer Document.

12.2. Application will also be made for Shares which may be issued under the Plan to be listed for quotation on the Australian Securities Exchange (ASX) where Shares are also listed on that stock exchange.

13. Governing Law

The Plan and its operation and these terms and conditions will be governed by the laws of New Zealand.

14. Available Information

A copy of NZOG's most recent annual report and financial statements complying with the Financial Reporting Act 1993 are available to every Shareholder free of charge on request by contacting NZOG at either of the following addresses:

Postal address

PO Box 10 725
Wellington 6140
New Zealand

Phone: +64 4 495 2424
Fax: +64 4 495 2422
Website: www.nzog.com

Street address

Level 20
125 The Terrace
Wellington
New Zealand

15. Definitions

In this Offer Document, the following words have these meanings:

Board – The board of directors of NZOG.

Computershare – Computershare Investor Services Limited, or the NZOG share registrar at the relevant time, as applicable.

NZOG – New Zealand Oil & Gas Limited.

NZSX – The main board equity security market operated by NZX.

NZX – NZX Limited.

Offer Document – This offer document.

Participant – A Shareholder who has elected to participate in the Plan, and who has not terminated their participation in the Plan.

Participating Shares – The Shares of a Shareholder which are participating in the Plan, as determined under clause 3.5, subject to clauses 3.3, 9.1 and 10.

Participation Notice – The Participation Notice which accompanies this Offer Document.

Plan – The New Zealand Oil & Gas Dividend Reinvestment Plan described in this Offer Document, as varied from time to time.

Shareholder – A holder of Shares.

Shares – Fully paid ordinary shares in NZOG.

you – A Shareholder who is eligible to participate in the Plan.

In this Offer Document, unless the context requires otherwise, the singular includes the plural and a reference to one gender includes the other genders.