

Notice of Annual Meeting

27 October 2010



Notice

Notice is given that the 2010 Annual Meeting of New Zealand Oil & Gas Limited (NZOG or the Company) will be held at the Crowne Plaza, 128 Albert St, Auckland at **10.30am** (NZ Daylight Saving Time) on **Wednesday 27 October 2010**.

A webcast of audio from the AGM will be available at www.nzog.com and Investor Briefings will be held in Wellington and Christchurch. (For further details see the back page.)

Business

CHAIRMAN'S ADDRESS

A report from the Chairman in respect of the financial year ended 30 June 2010. Events occurring after 30 June 2010 will also be covered.

CHIEF EXECUTIVE OFFICER'S PRESENTATION

SHAREHOLDER QUESTIONS

Consideration of any shareholder questions submitted prior to the Annual Meeting (to the extent these questions have not already been addressed in the Chairman's Address and Chief Executive Officer's Presentation). For further details, see Explanatory Note 1.

ORDINARY RESOLUTIONS

To consider and, if thought fit, pass the following ordinary Resolutions, requiring a simple majority of votes by those shareholders entitled to vote and voting:

AUDITORS' REMUNERATION

Resolution 1: That the Company's Board of Directors be authorised to fix the auditors' remuneration.

For further details, see Explanatory Note 2.

ELECTION OF DIRECTORS

Resolution 2: That Mr A T N Knight be re-elected as a Director. *Note: Mr Knight retires by rotation and offers himself for re-election.*

Resolution 3: That Mr R A (Tony) Radford be re-elected as a Director. *Note: Mr Radford retires by rotation and offers himself for re-election.*

Resolution 4: That Mr P W Griffiths be elected as a Director. *Note: Mr Griffiths was appointed by the Board during the year. He offers himself for election.*

For further details on the election of Directors, see Explanatory Note 3.

PARTICIPATION IN EMPLOYEE SHARE OWNERSHIP PLAN BY DIRECTOR

Resolution 5: That the Board is authorised, at its discretion, to issue during the period of 12 months following the date of this Resolution, up to 150,000 partly paid shares in the Company to Mr Peter Griffiths, being a non-executive Director, such issue to occur as a result of the acceptance of an offer of such shares to Mr Griffiths in accordance with the terms of the Company's Employee Share Ownership Plan and on the terms set out in Explanatory Note 4.

GENERAL BUSINESS

On behalf of the Board

Craig Jones

Company Secretary

10 September 2010

Please Note:

- (1) If you wish to exercise your vote for the above resolutions by proxy please refer to Explanatory Note 6 and use the enclosed proxy voting card.
- (2) If you are attending the meeting in person, please return the enclosed RSVP form to assist us in our planning. Please bring the voting card with you to the annual meeting.
- (3) Light refreshments will be served following the meeting.

EXPLANATORY NOTES

NOTE 1 – SHAREHOLDER QUESTIONS

Shareholders may submit written questions to be considered at the Annual Meeting. Written questions should be sent by post to “Annual Meeting,” c / - Corporate Affairs Manager, New Zealand Oil & Gas Limited, PO Box 10725, Wellington 6143 or by email to enquiries@nzog.com. The Company reserves the right not to address any questions that, in the Board’s opinion, are not reasonable to address in the context of an annual meeting, or any question received fewer than 5 working days prior to the Annual Meeting.

NOTE 2 – AUDITORS’ FEES

Resolution 1

KPMG are automatically reappointed as auditor under section 200 of the Companies Act 1993. This Resolution authorises the Board to fix the fees and expenses of the auditor.

NOTE 3 – ELECTION OF DIRECTORS

Resolutions 2, 3 and 4

Under clause 22.1 of the Company’s Constitution, the number of Directors (other than alternate Directors) must not at any time be less than three nor more than seven and, subject to these limitations, the number of Directors is to be fixed from time to time by the Board. The Board has fixed the number of Directors at the constitutional maximum of seven. The 2009 Annual Meeting approved a temporary increase (until the end of the 2010 Annual Meeting) in the maximum allowable number of Directors from 7 to 8. Prof. Meyer is retiring from the Board at the 2010 Annual Meeting and is not seeking re-election.

Under clause 22.5 of the Constitution and NZSX Listing Rule 3.3.11, one third of the Directors are required to retire from office at the Annual Meeting but shall be eligible for re-election at that meeting. Under NZSX Listing Rule 3.3.12, any Director appointed during the year is not included in the calculation; therefore it has been deemed that two Directors are required to retire. The Directors retiring at the 2010 Annual Meeting are Mr Knight and Mr Radford. Mr Knight and Mr Radford are both standing for re-election.

Under clause 22.3 of the Constitution and NZSX Listing Rule 3.3.6, a person appointed by the Board to hold office as Director until the next annual meeting shall be eligible for election at that next meeting. Mr Griffiths was appointed to the Board on 1 December 2009 and is standing for election.

Pursuant to NZSX Listing Rule 3.3.5, on 1 July 2010 the Company issued a notice advising a closing date for Director nominations. No Director nominations were received during the nomination period.

Relevant business experience of the Directors offering themselves for election or re-election at the Annual Meeting is set out below. This information has been provided to the Company, or authorised, by the respective person.

Biographies

Mr A T N (Andrew) Knight

Mr Knight is a Chartered Accountant and graduate of Waikato University with a BMS (Hons). His wide business experience includes leadership of technical businesses, industry change processes, company transformation and private equity investment management. Mr Knight held senior executive roles across corporate disciplines and was a director of subsidiary and partly owned companies. In these roles he has lead businesses of significance to the energy sector including gas transmission, gas processing, distribution networks, gas trading, LPG and a world leading advanced metering solutions provider. Mr Knight was responsible for NGC’s merger process which resulted in the sale by AGL of its shareholding to Vector in 2005 for \$800m; the strategic restructure of NGC following the 2001 power crisis; the divestment of \$800m of generation assets; and the renegotiation of over \$1.4 billion of gas supply contracts including the industry cornerstone Maui Gas Contract. Prior to joining NGC in 1997, Mr Knight worked with Fletcher Challenge and Coopers and Lybrand.

Mr Knight is a Director of Powerco Holdings Limited, Watchman Capital Limited, a member of the Institute of Chartered Accountants NZ (ICANZ) and a Member of the Institute of Directors. Mr Knight is a member of the Audit Committee and the Executive Appointments and Remuneration Committee.

The Board has determined that Mr Knight, if re-elected, would be an independent Director.

Mr R A (Tony) Radford

Tony Radford, ACA has spent most of his business career in the petroleum and mining industries, primarily in senior executive management of companies operating within New Zealand and Australia. Mr Radford is a founding director of New Zealand Oil & Gas, of which he is Chairman. He retired as CEO of the Company when David Salisbury was appointed to that position on 2 April 2007.

The Board has determined that Mr Radford, if re-elected, would be an independent Director.

Mr P W (Peter) Griffiths

Peter Griffiths joined the board of NZOG in 2009. He has worked in the energy sector all his professional life both in New Zealand and overseas and recently retired as Managing Director of BP Oil New Zealand Ltd. His previous roles included General Manager BP Papua New Guinea and Commercial Manager for BP New Zealand’s Fuel and LPG interests, and Terminal Operations Manager.

He has previously served on numerous company boards, including Liquegas Ltd, Bitumix Ltd and New Zealand Refining Co. He was also Chairman of BP South West Pacific Ltd. He is currently a board member of Wanganui Gas Ltd and Greenstone Energy Ltd and is a director and part-owner of New Zealand Diving and Salvage Ltd.

He has a BSC Hons from Victoria University, is married to Wendy and has two adult children. Mr Griffiths is a member of the NZOG Audit Committee.

The Board has determined that Mr Griffiths, if elected, would be an independent Director.

Board Recommendation

The nominations of Mr Knight, Mr Radford and Mr Griffiths to be elected are strongly endorsed by the other members of the NZOG Board. Mr Knight, Mr Radford and Mr Griffiths have extensive industry skills and experience and their contributions and guidance are seen as crucial to the Company's ongoing success.

NOTE 4 – PARTICIPATION IN EMPLOYEE SHARE OWNERSHIP PLAN BY DIRECTOR

Resolution 5

Shareholder approval is sought to permit the Board, at its discretion, to issue partly paid shares to the named Director under the Company's Employee Share Ownership Plan (ESOP) on terms which are the same as apply to employees of the Company generally.

Requirement for shareholder approval

ASX Listing Rule 10.14 requires shareholders to approve the participation of any Director in an employee share scheme. Resolution 5 is proposed in compliance with ASX Listing Rule 10.14.

Terms of the ESOP

Participation in the ESOP is open to any employee (including a non-executive Director) of the Company to whom an offer to participate is made by the Executive Appointments and Remuneration Committee. The Executive Appointments and Remuneration Committee, in its complete discretion, is responsible for determining which employees are to be offered the right to participate in the ESOP; and the number of partly paid shares that can be offered to each participating employee.

Previous offers and participants: At the 2009 Annual Meeting, shareholders approved, at the Board's discretion, the allocation of 250,000 partly paid shares to Mr Salisbury.

No other Directors or "associates" (as that term is used in ASX Listing Rule 10.14.2) of Directors have been offered or received partly paid shares under the ESOP since the 2009 Annual Meeting.

Mr Foley, Mr Knight, Prof Meyer, Mr Rawson and Mr Scoffham are current participants in the ESOP.

Restriction periods: Each partly paid share is issued on terms that require an Escrow Period to pass before the holder can complete payment for, and thereafter transfer, the shares. This has usually been 2 years and that period will apply to any shares offered under the authority of these Resolutions. There is also a date 5 years after the offer date by which the issue price for the shares must be paid (this is called the "Final Date").

Issue price: The issue price of each partly paid share is set at the time the offer is made to the participant and is set at the lesser of:

- a 20% premium to the Average Market Price on the date of the offer (being the volume weighted average market price over the previous 20 business days); and
- the last sale price of the Company's ordinary shares on the Business Day prior to the Final Date (or such greater amount that represents 90% of the weighted average price of the Company's ordinary shares over the 20 Business Days prior to the Final Date).

The pricing model ensures that the participant does not receive a share at a discount to market price at the time the final payment is made but does provide some protection if the market price reduces after the original offer date.

Participants are required to pay \$0.01 per share at the time of issue.

Rights: The rights attached to partly paid shares issued under the ESOP are the same as those attached to ordinary shares in the Company. The partly paid shares rank equally with the ordinary shares in the Company. However, the rights of each partly paid share to vote on a poll, and to dividends or other distributions of the Company, are a fraction equal to the proportion represented by the amount paid up in respect of the shares as against the issue price set under the ESOP.

Proposed offer to Mr Griffiths

Shareholder approval is sought to permit Mr Griffiths, if elected to the Board, to participate in the ESOP.

If Resolution 5 is approved by shareholders, an offer, on the same terms as those offered to employees and other Directors of the Company under the ESOP, will be made to Mr Griffiths of up to 150,000 partly paid shares in the Company.

Any offer must be made within 12 months of the date of Resolution 5 being passed.

If shareholders approve Resolution 5, Mr Griffiths will not necessarily receive 150,000 partly paid shares. Mr Griffiths will be entitled to decide the extent to which he accepts the offer. The amount stated above represents the maximum number of partly paid shares to which Mr Griffiths may become entitled if an offer is made. Mr Griffiths will be required to pay \$0.01 per share at the time of issue.

The table below shows Mr Griffiths's current combined direct and indirect relevant interests in shares in the Company, and his combined direct and indirect relevant interests in shares in the Company if the offer of partly paid shares as outlined above is accepted in full.

	Shares currently held	Potential number of shares held if proposed offers are made in full and are accepted	Percentage of total shares on issue if proposed offers are made in full and are accepted
Partly Paid Shares	0	150,000	0.04%
Fully Paid Ordinary Shares	10,500	10,500	0.00%
Total	10,500	160,500	0.04%

NOTE 5 – VOTING EXCLUSIONS

The Company will disregard any votes cast on:

Resolution 5 by:

- Mr Griffiths and any other Director eligible to participate in the ESOP; and
- any “Associate” (as defined in the ASX Listing Rules) of Mr Griffiths or any other Director eligible to participate in the ESOP.

However, the Company need not disregard a vote if:

- it is cast by one of the Company’s Directors as proxy for a person who is entitled to vote, in accordance with the express directions on the proxy form as to whether to vote in favour of or against the Resolution; or
- it is cast by the person chairing the Annual Meeting as proxy for a person who is entitled to vote, in accordance with an express direction on the proxy form to vote as the proxy decides.

NOTE 6 – VOTING BY PROXY

A shareholder entitled to attend and vote at the Annual Meeting is entitled to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder of the Company.

A shareholder appointing a proxy to attend and vote at the meeting is to give instructions to that proxy by completing either (a) or (b) under Instructions to Proxy on the Voting Card. If a shareholder returns the Voting Card without directing the proxy how to vote on any particular matter, the proxy will vote as he or she thinks fit (unless that proxy is disqualified from voting on that matter).

The Chairman of the meeting is willing to act as proxy for any shareholder who may wish to appoint him for that purpose, if so indicated under Appointment of Proxy on the Voting Card. The Chairman intends to vote undirected proxies in favour of Resolutions 1, 2, 3, 4 and 5. By selecting the Chairman of the meeting as your proxy and by marking the box at (a) under Instructions to Proxy on the Voting Card you acknowledge that the Chairman of the meeting may exercise your proxy, unless the Chairman is disqualified from voting on that matter under the NZSX Listing Rules, even if he has an interest in the outcome of the Resolution(s) that does not disqualify him from voting under the NZSX Listing Rules. If you do not provide any instructions under Instructions to Proxy on the Voting Card, the Chairman of the meeting will not cast your vote on the Resolution(s).

Proxy forms (or notices of corporate representatives) must be sent by mail to NZOG Share Register, c/- Computershare Investor Services, Private Bag 92119, Auckland 1142, or Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001, or deposited at the New Zealand offices of Computershare (159 Hurstmere Rd, Takapuna, North Shore City) to be received not later than 10.30 am on Monday 25 October 2010 (NB 25 October is a public holiday in New Zealand with no mail deliveries).

Where the proxy is appointed by an Attorney, a copy of the Power of Attorney under which the proxy form is signed should be deposited at one of the addresses above for noting not later than 10.30am on Monday 25 October 2010, with evidence of non-revocation of such Power of Attorney.

MINUTES

Following the Annual Meeting, the minutes will be posted at www.nzog.com/aggm. A range of other information is also available on the Company’s website. The minutes may be posted to you on request being made in writing to the Company Secretary, New Zealand Oil & Gas Limited, PO Box 10 725, Wellington 6143.

WEBCAST

Live and subsequently archived audio of the Annual Meeting will be available on NZOG’s website at www.nzog.com/aggm.

INVESTOR BRIEFINGS

Chairman Tony Radford and Chief Executive Officer David Salisbury will repeat their Annual Meeting presentations the following day at Investor Briefings in Wellington and Christchurch.

Wellington Investor Briefing

Venue: Intercontinental Hotel, 2 Grey St

Date: Thursday 28 October 2010

Time: 10.00am

Christchurch Investor Briefing

Venue: Christchurch Town Hall, Kilmore St

Date: Thursday 28 October 2010

Time: 5.00pm

RSVPs

Please fill out and return the RSVP Card if you are planning to attend the Annual Meeting in Auckland on 27 October 2010, the Wellington briefing on 28 October 2010 or the Christchurch briefing on 28 October 2010.