

Prospectus

Prospectus for the offer to Employees of Part-Paid Shares
in New Zealand Oil & Gas Limited

Dated 26 February 2008 and amended by a memorandum of
amendments to the registered prospectus dated 3 May 2013



THE EXPLORERS
NEW ZEALAND OIL & GAS

CONTENTS

	Page
INTRODUCTION	1
Offer	1
Definitions	1
Attachments	3
SUMMARY OF THE OFFER	3
Entitlements	3
Applications for Part-Paid Shares	4
Performance of Shares	4
Sale of Shares	4
Taxation	5
Termination of Employment	5
Withdrawal of Offer	5
STATUTORY INFORMATION	5
Main Terms Of Offer	5
The Issuer	5
Brief Description Of Securities	6
Maximum Number	6
Issue Price	7
Details Of Incorporation	7
Other Terms Of Offer And Securities	7
Places Of Inspection Of Documents	8
Date of This Prospectus	9
Execution of Prospectus	9



THE EXPLORERS
NEW ZEALAND OIL & GAS

Prospectus for the offer to Employees of Part-Paid Shares in New Zealand Oil & Gas Limited

1. INTRODUCTION

This document is a short form prospectus issued in accordance with the Securities Act 1978, the Securities Regulations 1983 and in reliance on the Securities Act (Employee Share Purchase Schemes - Listed Companies) Exemption Notice 2011.

2. OFFER

The Company is offering to certain selected employees, the opportunity to subscribe for Part-Paid Shares in the Company. The Part-Paid Shares in the Company are offered on the terms and conditions set out in the Plan Rules and this Prospectus.

2.1 Definitions

For the purpose of this Prospectus:

"Allocation Date" means a date nominated by the Nomination and Remuneration Committee as the date on which a Participant's entitlement to receive an offer of Part-Paid Shares is determined.

"ASX" means the Australian Stock Exchange Limited or the financial market operated by Australian Stock Exchange Limited, as the context requires.

"ASX Listing Rules" means the listing rules of the ASX which are binding on the Company, as amended or substituted from time to time.

"Board" means the board of Directors of the Company.

"Company" means New Zealand Oil & Gas Limited, New Zealand Registration Company Number 037841 and Australian Registered Body Number 003 064 962.

"Constitution" means the constitution of the Company.

"Director" means a person holding the office of director of the Company.

"Eligible Employee" means each person who has been an Employee for at least 90 days unless the Board or the Nomination and Remuneration Committee determines in a particular instance that a shorter time period will apply.

"Employee" means:

- (a) a person who is in permanent employment of an Employing Company (whether part-time or full-time) and includes any director holding office in an Employing Company, whether or not they are an executive director; or
- (b) a person who provides personal services principally to the NZOG Group on a continued basis as an independent contractor who is selected by the Nomination and Remuneration Committee to participate in the Plan.

"Employing Company" means the Company or any company within the NZOG Group which is the employer or contracting party (as the case may be) in respect of an Employee or Participant.

"Escrow Period" means the period from the Issue Date as set out in the Letter of Offer.

"Final Date" means the date specified in the Letter of Offer by which the final payment of the Issue Price must be paid subject to adjustment as provided in the Plan Rules and the Letter of Offer.

"Investment Statement" means the investment statement dated on or about the date of this Prospectus relating to the offer contained in this Prospectus or any investment statement issued as a replacement of that document.

"Issue Date" means a date, being not earlier than the Allocation Date on which a Part-Paid Share is issued to a Participant or to the Plan Company to be held on behalf of a Participant.

"Issue Price" means the price set out in the Letter of Offer as the amount payable by an Eligible Employee for a Part-Paid Share.

"Letter of Offer" means the letter provided to the Eligible Employee setting out the terms on which the offer of Part-Paid Shares is made to that person.

"Listing Rules" mean the listing rules of the NZX Main Board which are binding on the Company, as amended or substituted from time to time.

"Nomination and Remuneration Committee" means the remuneration committee of the Board, or any successor to such committee.

"NZOG Group" means the Company and its subsidiary companies (as defined in the New Zealand Companies Act 1993).

"NZX Main Board" means the main board equity market operated by NZX.

"NZX" means NZX Limited.

"Ordinary Share" means a fully paid ordinary share in the capital of the Company or any successor company and any other securities accruing to those shares.

"Participant" means an Eligible Employee or former Eligible Employee who has completed an application to participate in the Plan and who has an entitlement to Part-Paid Shares under the Plan.

"Part-Paid Share" means a Part-Paid ordinary share in the capital of the Company or any successor company and any other securities accruing to those Shares.

"Plan" means the New Zealand Oil & Gas Limited Employee Share Ownership Plan.

"Plan Company" means NZOG Services Limited or any assignee or successor to it.

"Plan Rules" means the rules which govern the operation of the Plan.

"Prospectus" means this prospectus dated 26 February 2008 and amended by a memorandum of amendments to the registered prospectus dated 3 May 2013.

"Share" means an Ordinary Share or a Part-Paid Share (as applicable).

"Termination of Employment" means, in respect of an Eligible Employee, the later of:

- (a) the date on which employment within the NZOG Group actually ceases, extended by any notice period required of the Company and/or Employing Company;
- (b) the date to which a contract of employment extends;
- (c) a date determined by the Nomination and Remuneration Committee (which in the case of an independent contractor may not be earlier than 6 months after that person last provided services to any member of the NZOG Group),

provided that in the case of a non-executive director, it will be the date on which the person ceases to hold office as a director of any member of the NZOG Group.

"Trading Day" means a trading day of the NZX Main Board.

2.2 Attachments:

- Plan Rules

3. SUMMARY OF THE OFFER

3.1 Entitlements

The Nomination and Remuneration Committee may in its absolute discretion determine the extent of participation in the Plan of each Eligible Employee. Where the Nomination and Remuneration Committee determines that an Eligible Employee may participate in the Plan, the Nomination and Remuneration Committee will by notice in writing to the Plan Company instruct that an offer of Part-Paid Shares be made to the relevant Eligible Employee on the terms advised to the Eligible Employee in a Letter of Offer. The Nomination and Remuneration Committee may instruct the Plan Company to make more than one such offer to an Eligible Employee. Each Eligible Employee to whom an offer is made will receive the Investment Statement together with a Letter of Offer and application form detailing the number and price of Part-Paid Shares for which that Eligible Employee is entitled to apply. An Eligible Employee may apply for less than the number of Part-Paid Shares offered to him or her provided, however, that not less than 200 Partly Paid Shares must be applied for. Applications for more than the number of Part-Paid Shares offered to an Eligible Employee will not be accepted.

The Part-Paid Shares which an Eligible Employee wishes to take up will be issued by the Company to the Plan Company. The Plan Company holds all Part-Paid Shares in its capacity as trustee of the Plan.

An Eligible Employee who takes up an offer will only become entitled to a beneficial interest in the Part-Paid Shares allocated to that Eligible Employee. The legal interest will be held by the Plan Company on the terms set out in the Plan Rules.

Unless the Company agrees otherwise, the Part-Paid Shares must remain registered in the name of the Plan Company until the earlier of:

- (a) the business day immediately prior to the fifth anniversary of the Allocation Date; or
- (b) the date that the balance of the Issue Price is paid by the Participant, which cannot occur until the Escrow Period has lapsed.

The offer of Part-Paid Shares shall entitle the Participant to subscribe for Part-Paid Shares at the price set out in the Letter of Offer on and subject to the terms and conditions set out in the Letter of Offer and Plan Rules.

3.2 Applications for Part-Paid Shares

To apply for some or all of the Part-Paid Shares which an Eligible Employee is offered the application form attached to the Letter of Offer accompanying the Investment Statement must be returned by the Eligible Employee, duly completed to:

NZOG Services Limited
C/- New Zealand Oil & Gas Limited
Level 20, 125 The Terrace
WELLINGTON

Part-Paid Shares may only be applied for in the manner provided in the Plan Rules. The minimum number of Part-Paid Shares that may be applied for is 200.

Acceptance of any offer of Part-Paid Shares to an Eligible Employee shall be notified by the Eligible Employee to the Plan Company in writing. An allocation of Part-Paid Shares to an Eligible Employee may only be made if the Eligible Employee has notified the Plan Company in writing that the terms of that offer of Part-Paid Shares are accepted.

If for any reason an allotment of Part-Paid Shares in respect of a subscription by an Eligible Employee does not occur, any subscription moneys will be promptly refunded. No interest will be paid on any such refund.

3.3 Performance of Shares

Participants should note that, over the period from the date of issue of a Part-Paid Share to the date that Part-Paid Share fully vests in the Participant, the price of Shares listed on the NZX Main Board may increase or decrease. The Company makes no representation whatsoever in respect of the performance of its shares or the future value of Shares.

The market value of an Ordinary Share on the Final Date may be less than the Issue Price that must be paid on a Part-Paid Share by that Final Date. If the reason for that occurring is the operation of the Final Date pricing formula contained in the Letter of Offer, the Plan Company will defer the Final Date to remove that impact.

3.4 Sale of Shares

Part-Paid Shares may not be assigned, transferred or disposed of unless such action is first approved by the Nomination and Remuneration Committee, such consent not to be unreasonably withheld. A Participant may, however, transfer his or her beneficial interest in Part-Paid Shares to his or her spouse or child, or to a trust or private company in which the Participant, a spouse or child is a beneficiary or shareholder. When such transfer occurs, notice must be given to the Plan Company.

Once a Part-Paid Share is paid in full by a Participant the Part-Paid Shares will be transferred by the Plan Company to the Participant or such other person to whom the beneficial interest in those shares has been validly transferred. A Participant cannot fully pay the balance of the Issue Price until the Escrow Period has lapsed.

Participants should also note that, where permitted, selling any Part-Paid Share acquired under the Plan (including those held by Participants after payment in full) requires the Participant to have regard to the insider trading provisions of the Securities Markets Act 1988 (or any amending or replacement legislation in force at the relevant time), and the Participant should obtain their own professional advice in respect of the obligations with which they may have to comply. In addition, a Participant selling any Part-Paid Share acquired under the

Plan (including those held by Participants after payment in full) shall comply with any applicable Company policy on insider trading.

3.5 Taxation

Taxes may affect the return to investors. Dividends will be subject to New Zealand, Australian or other jurisdictions withholding and final taxes, but the investor's liability in respect of such taxes may be reduced or satisfied to the extent the dividends have imputation credits attached. Where possible, dividends paid by the Company are generally expected to have imputation credits attached.

In some cases gains on the sale of Shares may be taxable. A Participant may be subject to tax if the market value of their Part-Paid Shares on the date of their transfer to the Participant is greater than their Issue Price. The formula for determining the Issue Price of a Part-Paid Share is set out in the "Main Terms of Offer".

Participants may also be liable to tax if they fail to pay the balance of the Issue Price or otherwise forfeit their interest in the Shares at a time when the market value of the Shares is below their market value on the Allocation Date (by reference to the extent of the obligation that Participants have avoided).

A tax liability may also arise where a contribution by the Participant in respect of a Part-Paid Share is funded by a salary sacrifice or a Bonus Share Payment.

The above comments and the descriptions referred to are of a general nature only. They do not constitute tax or legal advice. Persons considering the purchase, ownership or disposition of Part-Paid Shares should consult their own tax advisers concerning the tax consequences of owning Shares, in light of their particular situation.

3.6 Termination of Employment

If Termination of Employment occurs prior to the Final Date, your Part-Paid Shares will be dealt with in the manner set out in the Plan Rules and this may affect your return. As detailed in the Plan Rules, the Final Date will be amended to reflect the circumstances under which your termination occurred.

3.7 Withdrawal of Offer

Notwithstanding any other provision of this Prospectus or the Investment Statement, or any acceptance of this offer, the Company may, in its sole discretion, decide to withdraw this offer at any time prior to the issue of Part-Paid Shares.

The Company may also terminate the Plan at any time in accordance with the Plan Rules.

4. STATUTORY INFORMATION

4.1 MAIN TERMS OF OFFER

The Issuer

The issuer of the Part-Paid Shares is New Zealand Oil & Gas Limited, which has its registered office at Level 20, 125 The Terrace, Wellington. The Part-Paid shares will be issued to NZOG Services Limited in its capacity as trustee of the Plan. Unless the Company agrees otherwise, the Part-Paid Shares must remain registered in the name of NZOG Services Limited until the earlier of:

- (a) the business day immediately prior to the fifth anniversary of the Allocation Date; or
- (b) the date that the balance of the Issue Price is paid by the Participant, which cannot occur until the Escrow Period has lapsed.

Brief description of securities

The rights of each Part-Paid Share;

- (a) to vote on a poll; and
- (b) to dividends or other distributions by the Company,

will be a fraction of the rights that would exist if that Part-Paid Share was fully paid. The fraction will be equivalent to the proportion which the amount paid in respect of the Part-Paid Share is of the amount of the Issue Price set at the Issue Date.

Full rights attach to the Shares when the balance of the Issue Price is paid. These rights are identical to the rights attached to the existing ordinary shares in the Company, and are set out in the Company's Constitution. Under those provisions, each fully paid Share gives the holder the right to:

- (a) attend and vote at a meeting of the Company, including the right to cast one vote per share on a poll on any resolution, including but not limited to:
 - appoint or remove a Director or auditor;
 - adopt or alter the Constitution;
 - approve a major transaction;
 - approve the amalgamation of the Company; or
 - put the Company into liquidation.
- (b) dividends paid in respect of that Share;
- (c) an equal share with other Shares of the same class in the distribution of surplus assets in any liquidation of the Company;
- (d) be sent certain Company information; and
- (e) other rights as a Shareholder conferred by the New Zealand Companies Act and the Constitution.

The Part-Paid Shares are not transferable without the written consent of the Company but each person in respect of whom such Shares have been issued may transfer his or her beneficial interest in accordance with the provisions of the Plan Rules.

Maximum number

The number of securities that can be offered under the Plan is restricted to the maximum permitted by the Plan Rules, the Listing Rules, the ASX Listing Rules and the Constitution.

The Company makes no representations as to the number of Part-Paid Shares that will be issued under the Plan.

Issue Price

The Issue Price payable by a Participant for each Part-Paid Share will be the lesser of:

- (a) the amount set at the time of issue (which will be set out in the Letter of Offer provided to an Eligible Employee); and

the last sale price of the Ordinary Shares on the Trading Day prior to the Final Date or such greater amount that represents 85% of the weighted average price of the Ordinary Shares over the 5 Trading Days prior to the Final Date; and

- (b) where the Part-Paid Shares are held by the trustee of the Plan at the time the final portion of the Issue Price is paid, the amount that the trustee is able to obtain as payment for the Shares from the relevant employee on whose behalf the Part-Paid Shares are held or by the then sale of those shares (to the extent that the liability of the trustee will be limited to the assets of the trust that exists in respect of those Part-Paid Shares).

For the purposes of (a) above, the amount set out at the time of issue shall be at a 20% premium to the market value for the Shares, which shall be calculated by the Plan Company from the prices recorded during the 20 Trading Days prior to the relevant Allocation Date, weighted for volume and adjusted for any change in entitlements (eg Shares going ex-dividend), provided that where the Shares are not listed on NZX Main Board at that time, the Nomination and Remuneration Committee may determine such value by such means as it reasonably determines.

For the purposes of (b) above, the Issue Price will be determined by reference to the sale price of the Shares on the NZX Main Board on the relevant days.

The calculations described above will be set out in the Letter of Offer.

The means of payment is set out in the Plan Rules. If a Participant wants to pay up the balance of the Issue Price earlier than the Final Date, the Participant must pay the balance of the amount set out in (a) above.

4.2 DETAILS OF INCORPORATION

The Company was incorporated under the New Zealand Companies Act 1955 on 12 June 1981. The Company re-registered under the New Zealand Companies Act 1993 on 30 June 1997 (company number 37842). The public register relating to the Company is available for public inspection on the New Zealand Companies Office electronic register at www.business.govt.nz/companies.

4.3 OTHER TERMS OF OFFER AND SECURITIES

All terms of the offer, and all the terms of the securities being offered, are as set out in this Prospectus and the **attached** Plan Rules (other than those that are implied by law or set out in a document which is registered with a public official, referred to in this Prospectus, and available for inspection).

The Part-Paid Shares will not be listed and quoted on the NZX Main Board (being a registered market under the Securities Markets Act 1988) or on the ASX.

The fully paid Shares have been accepted for quotation on the NZX Main Board (being a registered market under the Securities Markets Act 1988) and on the ASX and will be quoted upon payment of the balance of the Issue Price. However, NZX and ASX accept no responsibility for any statement in this Prospectus or the Plan Rules.

4.4 PLACES OF INSPECTION OF DOCUMENTS

The constitution of the Company is available for public inspection either on the Companies Office electronic register at www.business.govt.nz/companies, or at the registered office of the Company during normal office hours. The Companies Office may charge a fee for inspection of certain documents.

The Ordinary Shares are quoted on the NZX Main Board and ASX. The Company is subject to disclosure obligations that require it to notify certain material information to NZX and ASX for the purpose of that information being made available to participants in those securities markets.

All material information provided to the NZX and ASX can be obtained free of charge by any person by accessing the respective websites of those securities market operators at www.nzx.com and www.asx.com.au and searching for the Company using its ticker code NZO or from the Company's website www.nzog.com.

4.5 DATE OF THIS PROSPECTUS

This Prospectus is dated 26 February 2008 and was amended on 3 May 2013.

4.6 EXECUTION OF PROSPECTUS

Signed by each of the Directors of New Zealand Oil & Gas Limited

Raymond Francis Meyer
Director
(or his authorised agent)

Paul Gerard Foley
Director
(or his authorised agent)

Roy Antony Radford
Director
(or his authorised agent)

Stephen John Rawson****
Director
(or his authorised agent)

David Jon Salisbury ***
Director
(or his authorised agent)

David Robert Scoffham
Director
(or his authorised agent)

Andrew Knight
Director
(or his authorised agent)

* Raymond Francis Meyer resigned as a director of New Zealand Oil & Gas Limited on 27 October 2010.

** Roy Antony Radford changed his name to Antony Roy Radford in 2010.

*** David Jon Salisbury resigned as a director of New Zealand Oil & Gas Limited on 23 December 2011.

**** Stephen John Rawson resigned as a director of New Zealand Oil & Gas Limited on 27 January 2012.

Peter Ward Griffiths was appointed as a director of New Zealand Oil & Gas Limited on 1 December 2009.

Rodger Finlay and Mark Tume were each appointed as a director of New Zealand Oil & Gas Limited on 28 February 2012.