

IMPORTANT NOTICE



New Zealand Oil & Gas Limited

Notice of Deadline to Exercise Options 25 May 2005

You are currently recorded as a holder of _____ options in New Zealand Oil & Gas Limited. Each option can be converted to a fully paid ordinary share in New Zealand Oil & Gas Limited **at any time up to 30 June 2005** on the payment of NZ 60 cents per option exercised.

To convert all of your options you need to pay NZ\$ _____ and will receive _____ ordinary shares in New Zealand Oil & Gas Limited.

If you do not exercise your options they will expire at the close of business on 30 June 2005 and will have no value after that date.

Quotation of New Zealand Oil & Gas Limited 2005 options will end on 23 June 2005 on the Australian Stock Exchange, and 28 June 2005 on the New Zealand Stock Exchange.

At the date of this notice the market price of New Zealand Oil & Gas Limited ordinary shares is NZ\$0.90 on the NZX and A\$0.83 on the ASX.

The highest and lowest prices of New Zealand Oil & Gas Limited ordinary shares on the two stock exchanges in the three months immediately before this notice were:

	NZX	Date	ASX	Date
Highest Price	NZ\$1.28	22/02/2005	A\$1.20	8/03/2005
Lowest Price	NZ\$0.77	18/04/2005	A\$0.72	18/04/2005

If you are in any doubt as to whether conversion of your options is desirable you should seek advice from a share broker, legal adviser or financial adviser.

Payment Details

The exercising of options can be undertaken by using the attached form of Notice of Exercise of Options, and sending the form to the appropriate share registry.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R A Radford', is written over a white background.

R A Radford.
Executive Chairman



HOLDER NUMBER

NUMBER OF OPTIONS

Notice of Exercise of Options

I want to exercise _____ of my 2005 options and convert them to ordinary shares.
(The number of options exercised)

AMOUNT PAYABLE = Options Exercised _____ @ NZ 60cents = NZ\$ _____
(being 60 cents (NZ\$) per option held)

Choose from the following payment options, and tick the box of the payment option:

Enclosed is my cheque or bank draft for NZ\$ _____

or

I have deposited NZ\$ _____ into the following bank account:

National Bank of New Zealand
New Zealand Oil & Gas Limited 2005 Option Account
060501 0277067 05

Please include your name and holder number with the payment, either on the cheque or draft or in the payer details for a deposit, so that it can be identified.

SIGNATURE _____ Date _____ June 05

NOTE: Please send the completed form, along with any enclosure to:

if your options are registered with the **Australian registry** -
Registries Limited, P O Box R67, Royal Exchange, Sydney NSW 1223, Australia.

if your options are registered with the **New Zealand registry** -
BK Registries Limited, P O Box 384, Ashburton, New Zealand.

You may exercise any number of your options, but those not exercised will lapse.

If you have any questions concerning this process please email enquiries@nzog.net

Postal Instructions

After completion follow the folding instructions:

FOLD 1: fold bottom up for New Zealand Registry or fold top down for the Australian Registry,

FOLD 2: fold top down for New Zealand Registry or fold bottom up for the Australian Registry.

Once folded tape both the long and short edges, affix stamp and post.



Affix
Stamp
here

BK Registries Limited
P O Box 384
Ashburton
NEW ZEALAND

AUSTRALIAN REGISTRY FOLD 1

Registries Limited
P O Box R67
Royal Exchange
Sydney NSW 1223
AUSTRALIA

NEW ZEALAND REGISTRY FOLD 1

Affix
Stamp
here

