

QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS

NEW ZEALAND OIL & GAS LIMITED

For Quarter ended 31 December 2009

Quarterly Report of Consolidated Cash Flows prepared in accordance with NZSX Listing Rule 10.10.4. These figures are based on accounts which are unaudited. All figures are in New Zealand dollars. The Company has a formally constituted Audit Committee of the Board of Directors.

NZSX Ref	Notes	Cash Flows Relating to Operating Activities	Current Quarter December \$NZ'000	Year to Date (6 months) \$NZ'000
1(a)		Receipts from product sales and related debtors	14,126	34,930
1(b)		Payments for		
		(a) exploration and evaluation	(9,768)	(13,154)
		(b) development	(8,284)	(19,778)
		(c) production	(2,032)	(5,879)
		(d) administration	(1,963)	(5,930)
1(c)		Dividends received	-	3,283
1(d)		Interest and other items of a similar nature received	328	756
1(e)		Interest and other costs of finance paid	-	-
1(f)		Income taxes (paid)/received	-	(1,550)
1(g)		Royalties	(1,128)	(17,284)
1(h)		Other	-	-
1(i)		Net Operating Cash Flows	(8,721)	(24,606)
		Cash Flows Related to Investing Activities		
2(a)		Cash paid for purchases of:		
		(a) prospects	-	-
		(b) equity investments	-	-
		(c) other fixed assets	(252)	(337)
2(b)		Cash proceeds from sale of:		
		(a) prospects	-	-
		(b) equity investments	-	-
		(c) other fixed assets	-	-
2(c)		Loans to other entities	-	-
2(d)		Loans repaid by other related entities	-	-
2(e)		Other	-	-
2(f)		Net Investing Cash Flows	(252)	(337)
		Total Operating and Investing Cash Flows	(8,973)	(24,943)
		Cash Flows Related to Financing Activities		
3(a)		Cash proceeds from issue of NZOG shares	43	225
3(b)		Proceeds from sale of forfeited shares	-	-
3(c)		Borrowings	7,829	57,829
3(d)		Repayment of borrowings	-	-
3(e)		Dividends paid	4	(13,655)
3(f)		Other – Finance costs and hedging settlements	(461)	(794)
3(g)		Net Financing Cash Flows	7,415	43,605
4(a)		Net Increase/(Decrease) in Cash Held	(1,558)	18,662
4(b)		Cash at beginning of quarter/year	177,649	174,753
4(c)		Exchange rate adjustments to Items 4(b) above	314	(17,010)
4(d)		Cash at End of Quarter	176,405	176,405

Notes:

This report is for the NZOG consolidated group at 31 December 2009.

Non-Cash Financing and Investing Activities

5(a) Provide details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

5(b) Provide details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

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6 **Financing Facilities Available**
 Provide details of used and unused loan facilities and credit standby arrangements, adding such notes as are necessary for an understanding of the position.

	Notes	Amount Available \$ million	Amount Used \$ million
Kupe Cash Advance Facilities(NZD)	2	NZD 75.0	NZD 57.8
Tui letters of credit (USD)	1	USD 6.7	USD 6.7
Kupe letters of credit (NZD)	2	NZD 10.0	NZD 10.0

Notes:

- NZOG has a letter of credit facility with the Commonwealth Bank of Australia (New Zealand branch) and ANZ Banking Group Limited for the Tui project.
- NZOG has a Cash Advance Facility and letter of credit facility with Westpac Banking Corporation for the Kupe project.

7 **Estimated Outlays for Specified Quarter**

	Notes	Current Quarter # \$NZ'000	Following Quarter \$NZ'000
Exploration and evaluation		9,500	10,200
Development		7,700	9,600
Total		17,200	19,800

The outlays to be shown in this column are the estimates made for this quarter in the previous quarterly report. When these estimates differ by more than 15% from the actual outlays reported in Item 1(b) of this report, provide an explanation of the reason(s) for these differences as an attachment to this report.

8 **Reconciliation of Cash**

For the purposes of this statement of cashflows, cash includes:
 bank bills, cash on hand and at bank, short term deposits and government stock less any overdraft.

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:	Current Quarter \$NZ'000	Previous Quarter \$NZ'000
Cash on hand and at bank	5	2,231
Deposits at call, term and bank bills	166,609	169,020
Bank overdraft	-	-
Other – Joint venture cash	9,791	6,398
Total: Cash at End of Quarter (Item 4(d)/4(b))	176,405	177,649

The above cash at end of quarter was held in the following currencies:	Current Quarter '000	Previous Quarter '000
New Zealand Dollars	NZ\$34,510	NZ\$34,581
United States Dollars	US\$102,391	US\$102,800

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Changes in Interests in Mining Tenements

Note	Tenement Reference	Nature of Interest	Interest at Beginning of Quarter %	Interest at End of Quarter %
9(a)	-	-	-	-
9(b)	PEP 38401 (Hoki)	Transfer approved 2 December 2009	0%	10%
	PEP 38491 (Albacore)	Transfer approved 19 October 2009	0%	40%

9(c) The Company's "Petroleum Licence Interests" as at 31 December 2009 are set out below.

PETROLEUM LICENCE INTERESTS AT 31 December 2009

LICENCE	GROSS AREA SQ KM	DIRECT INTEREST %
1. PETROLEUM MINING PERMITS		
PML 38146 (Kupe field)	517	15.00
PMP 38158 (Tui field)	467	12.50
2. PETROLEUM EXPLORATION PERMITS		
PEP 38483 (Aihe)	4,723	18.864
PEP 38483 (Aihe Extension)	381	12.50
PEP 51311 (Gamma)	2,985	100.00
PEP 51321 (Kahurangi)	2,991	18.864
PEP 38259 (Barque)	1,658	40.0
PEP 38401 (Hoki)	478	10.0
PEP 38491 (Albacore)	714	40.0

In January 2010 NZOG was awarded a 100% interest in the Petroleum Exploration Permit PEP 51988 covering a 1,138 square kilometre area in the Northern Taranaki Basin.

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Issued and Quoted Securities at End of Current Quarter – 31 December 2009

(NEW ZEALAND OIL & GAS LIMITED ONLY)

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

Note		Number Issued	Number Quoted	Value (cents)	Paid-Up Value (cents)
	Ordinary Securities	393,357,572	389,037,572	N/A	N/A
	Fully paid during quarter	3,919,213	3,989,213	1.21-1.59775	1.21-1.59775
	Partly Paid Securities <i>(included in ordinary securities, but not part of quoted ordinary securities)</i>	4,320,000	-	1.21-2.04	0.01
	Issued during quarter	730,000	-	1.72-2.04	0.01
	Fully paid during quarter	70,000	-	1.21-1.228	1.21-1.228
	Options	-	-	N/A	N/A
	Issued during quarter	-	-		
	Exercised during quarter	-	-		
	Expired during quarter	-	-		



David Salisbury
 Chief Executive Officer
 29 January 2010