

**QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS**  
**NEW ZEALAND OIL & GAS LIMITED**  
For Quarter ended 30 September 2007

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		Current Quarter September \$NZ'000	Year to Date (3 months) \$NZ'000
	<b>Cash Flows Relating to Operating Activities</b>		
1(a)	Notes Receipts from product sales and related debtors	10,530	10,530
1(b)	Payments for		
	(a) exploration and evaluation	(875)	(875)
	(b) development	(12,592)	(12,592)
	(c) production	(3,079)	(3,079)
	(d) administration	(2,403)	(2,403)
1(c)	Dividends received	-	-
1(d)	Interest and other items of a similar nature received	740	740
1(e)	Interest and other costs of finance paid	(78)	(78)
1(f)	Income taxes (paid)/received	-	-
1(g)	Other	-	-
1(h)	<b>Net Operating Cash Flows</b>	<b>(7,757)</b>	<b>(7,757)</b>
	<b>Cash Flows Related to Investing Activities</b>		
2(a)	Cash paid for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(215)	(215)
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 (PRCL)	16,264	16,264
2(e)	Other – Security deposits/bonds for coal permit	-	-
2(f)	<b>Net Investing Cash Flows</b>	<b>16,049</b>	<b>16,049</b>
	<b>Total Operating and Investing Cash Flows</b>	<b>8,292</b>	<b>8,292</b>
	<b>Cash Flows Related to Financing Activities</b>		
3(a)	Cash proceeds from issue of NZOG shares	27	27
3(b)	Proceeds from sale of forfeited shares	-	-
3(c)(i)	Borrowings	15,000	15,000
3(c)(ii)	Convertible Notes	-	-
3(d)	Repayment of borrowings	(10,000)	(10,000)
3(e)	Dividends paid	-	-
3(f)	Other – Finance and hedging costs	(1,654)	(1,654)
3(g)	<b>Net Financing Cash Flows</b>	<b>3,373</b>	<b>3,373</b>
4(a)	<b>Net Increase/(Decrease) in Cash Held</b>	<b>11,665</b>	<b>11,665</b>
4(b)(i)	Cash at beginning of quarter/year	35,382	35,382
4(b)(ii)	Cash decrease from deconsolidation of subsidiary company	(7,406)	(7,406)
4(c)	Exchange rate adjustments to Items 4(b) above	(12)	(12)
4(d)	<b>Cash at End of Quarter</b>	<b>39,629</b>	<b>39,629</b>

**Notes:**

This report is for the NZOG consolidated group at 30 September 2007.

3(c)(i) & 3(d) Borrowings repaid and drawn from short term revolving credit facility (see note 6).

4(b)(ii) On the 20 July 2007 the group's investment in Pike River Coal Limited (PRCL) was diluted from 54% to 31% with PRCL being floated on the NZSX and ASX. The dilution of PRCL means that the investment will change from a subsidiary to an associate company.

**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
Cash Advance			
Tui Facilities:USD	1	USD 27.5	USD 27.5
Kupe Facilities: NZD	2	NZD 137.5	NZD 0.0
Revolving Credit Facility : NZD	3	NZD 15.0	NZD 15.0
Tui letters of credit (USD)	1	USD 12.5	USD 12.5
Kupe letters of credit (NZD)	2	NZD 10.0	NZD 10.0

**Notes:**

1. NZOG has a term loan and letter of credit facility with the Commonwealth Bank of Australia (New Zealand branch) and ANZ Banking Group Limited for the Tui project.
2. NZOG has a term loan and letter of credit facility with Westpac Banking Corporation for the Kupe project.
3. NZOG has a short term revolving credit facility with the Commonwealth Bank of Australia (New Zealand branch).

7 **Estimated Outlays for Specified Quarter**

	Notes	Current Quarter # \$NZ'000	Following Quarter \$NZ'000
Exploration and evaluation	1	7,455	8,400
Development	2	30,297	35,200
<b>Total</b>		<b>37,752</b>	<b>43,600</b>

# 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.

Notes: 1. Timing differences – Hector and Taranui expected costs paid in October.

2. Timing differences.

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	3	137
Deposits at call and bank bills	18,199	30,211
Bank overdraft	-	-
Other – Joint venture cash	21,427	5,034
<b>Total: Cash at End of Quarter (Item 4(d)/4(b))</b>	<b>39,629</b>	<b>35,382</b>
<b>Note:</b> Previous Quarter cash includes PRCL cash of \$7.4m (see 4(b)(ii))		

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9 **Changes in Interests in Mining Tenements**

Note	Tenement Reference	Nature of Interest	Interest at Beginning of Quarter %	Interest at End of Quarter %
9(a)		Interests in mining tenements relinquished, reduced or lapsed	-	-
9(b)		Interests in mining tenements acquired or increased	-	-

9(c) The Company's "Petroleum Licence Interests" as at 30 September 2007 are set out below.

**PETROLEUM LICENCE INTERESTS AT 30 September 2007**

LICENCE	GROSS AREA SQ KM	DIRECT INTEREST %
<b>1. PETROLEUM MINING PERMITS</b>		
PML 38146 (Kupe field)	256	15.00
PMP 38158 (Tui field)	504	12.50
<b>2. PETROLEUM EXPLORATION PERMITS</b>		
<b>ONSHORE TARANAKI</b>		
PEP 38729 (Felix)	238	75.00
<b>OFFSHORE TARANAKI</b>		
PEP 38483 (Hector)	12,196	18.86
PEP 38483 (Hector South Sub Block -HSSB)	381	12.50
PEP 38499 (Toke)	643	12.50

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Issued and Quoted Securities at End of Current Quarter – 30 September 2007

(NEW ZEALAND OIL & GAS LIMITED ONLY)

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

	Number Issued	Number Quoted	Value (cents)	Paid-Up Value (cents)
<b>Preference securities</b> (description)				
Issued during quarter				
<b>Ordinary Securities</b> Less Treasury capital	264,494,158	261,905,658 (5,864,515) 256,041,143	N/A	N/A
Issued during quarter	75	20,075		
<b>Partly Paid Securities</b> <i>(included in ordinary securities, but not part of quoted ordinary securities)</i>	2,588,500	-	0.87 – 1.34	0.01
Issued during quarter	-	-	N/A	N/A
Fully paid during quarter	20,000	-	N/A	N/A
<b>Convertible Debt Securities</b> (description)				
Issued during quarter				
<b>Options</b> Less unlisted options	138,987,891	138,987,891 (150,000) 138,837,891	Exercise Price \$1.50	Expiry Date 30 June 2008
Issued during quarter	75	75		
Exercised during quarter	-	-		
Expired during quarter				
<b>Debentures</b> (totals only)				
<b>Unsecured Notes</b> (totals only)				



David Salisbury  
 Chief Executive Officer