

QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS
NEW ZEALAND OIL & GAS LIMITED
For Quarter ended 30 June 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 June \$NZ'000	Year to Date (12 months) \$NZ'000
	Cash Flows Relating to Operating Activities		
1(a)	Notes Receipts from product sales and related debtors		
1(b)	Payments for		
	(a) exploration and evaluation	(130)	(8,353)
	(b) development	(36,801)	(102,062)
	(c) production	-	-
	(d) administration	(2,931)	(6,653)
1(c)	Dividends received	-	-
1(d)	Interest and other items of a similar nature received	488	2,145
1(e)	Interest and other costs of finance paid	(21)	(34)
1(f)	Income taxes (paid)/received	2	-
1(g)	Other	-	375
1(h)	Net Operating Cash Flows	(39,393)	(114,582)
	Cash Flows Related to Investing Activities		
2(a)	Cash paid for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(78)	(171)
2(b)	Cash proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	12,550	12,550
	(c) other fixed assets	-	-
2(c)	Loans to other entities	-	-
2(d)	Loans repaid by other related entities	-	-
2(e)(i)	Other – Security deposits/bonds for coal permit	81	(2,914)
2(f)	Net Investing Cash Flows	12,553	9,465
	Total Operating and Investing Cash Flows	(26,840)	(105,117)
	Cash Flows Related to Financing Activities		
3(a)(i)	Cash proceeds from issue of NZOG shares	-	42,572
3(a)(ii)	Cash proceeds from issue of shares to minority interests (PRCL)	-	19,400
3(b)	Proceeds from sale of forfeited shares	-	-
3(c)(i)	Borrowings	18,630	39,045
3(c)(ii)	Convertible Notes	-	7,500
3(d)	Repayment of borrowings	-	(2,404)
3(e)	Dividends paid	-	-
3(f)	Other – Finance and hedging costs	(2,282)	(4,585)
3(g)	Net Financing Cash Flows	16,348	101,528
4(a)	Net Increase/(Decrease) in Cash Held	(10,492)	(3,589)
4(b)	Cash at beginning of quarter/year	46,953	41,713
4(c)	Exchange rate adjustments to Items 4(b) above	(1,079)	(2,742)
4(d)	Cash at End of Quarter	35,382	35,382

Notes:

This report is for the NZOG consolidated group including partly owned subsidiary Pike River Coal Limited (PRCL) (54%) at 30 June 2007.

- 3(a)(i) Comprises share placement on 17 November 2006 received December 2006 quarter and share rights issue & placement on 19 January 2007 received March 2007 quarter (net of brokerage and related costs).
- 3(a)(ii) Gujarat NRE Coke Limited investment in PRCL. This amount was received during the September 2006 quarter.
- 3(c)(i) Comprises borrowings from the Tui facility, borrowings from short term revolving credit for \$10 million (see note 6) and \$2 million from minority shareholders in PRCL.
- 3(c)(ii) Convertible Notes issued by PRCL to third parties in the March 2007 quarter totalling \$7.5 million.

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

**NZSX
Ref**

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
Revolving Credit Facility : NZD	2	NZD 15.0	NZD 10.0
Tui letters of credit (USD)	1	USD 12.5	USD 12.5
Kupe letters of credit (NZD)	3	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 short term revolving credit facility with the Commonwealth Bank of Australia (New Zealand branch).
3. NZOG has a letter of credit facility with the Westpac Banking Corporation and is negotiating detailed documentation for a NZ\$125m debt finance facility for the Kupe project.

7 **Estimated Outlays for Specified Quarter**

	Notes	Current Quarter # \$NZ'000	Following Quarter \$NZ'000
Exploration and evaluation	1	428	7,455
Development	2	18,467	30,297
Total		18,895	37,752

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.

2. Timing differences in respect of spend rate and PRCL IPO.

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	137	4,243
Deposits at call and bank bills	30,211	32,933
Bank overdraft	-	-
Other – Joint venture cash	5,034	9,777
Total: Cash at End of Quarter (Item 4(d)/4(b))	35,382	46,953
Note:		

NZSX
 Ref
 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)	-	-	-	-
9(b)	PEP38499	Direct	-	12.5%

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

PETROLEUM LICENCE INTERESTS AT 30 June 2007

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

New Zealand Oil & Gas Limited
Quarterly Report of Consolidated Cashflows

NZSX

Ref

10

Issued and Quoted Securities at End of Current Quarter – 30 June 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)
Preference securities (description)				
Issued during quarter				
Ordinary Securities Less Treasury capital	264,494,083	261,885,583 (5,864,515) 256,020,843	N/A	N/A
Issued during quarter	500,225	225		
Partly Paid Securities <i>(included in ordinary securities, but not part of quoted ordinary securities)</i>	2,608,500	-	0.87 – 1.34	0.01
Issued during quarter	500,000	500,000	1.06	0.01
Convertible Debt Securities (description)				
Issued during quarter				
Options Less unlisted options	138,987,816	138,987,816 (150,000) 138,837,816	Exercise Price \$1.50	Expiry Date 30 June 2008
Issued during quarter				
Exercised during quarter	225	225		
Expired during quarter				
Debentures (totals only)				
Unsecured Notes (totals only)				

David Salisbury
Chief Executive Officer

Director Nominations

New Zealand Oil & Gas Limited advises pursuant to NZSX Listing Rule 3.3.2 that the closing date for Director Nomination is Monday 27 August 2007. New Zealand Oil & Gas Limited also advises that the 2007 Annual General Meeting will be held on Friday 26 October 2007 (time and venue to be advised).