

QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS

NEW ZEALAND OIL & GAS LIMITED

For Quarter ended 31 March 2014

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.

| | | Current Quarter March 2014 \$NZ'000 | Year to Date (9 months) \$NZ'000 |
|---|---|--|--|
| NZSX Ref | Notes | Cash Flows Relating to Operating Activities | |
| 1(a) | Receipts from product sales and related debtors | 15,271 | 78,306 |
| 1(b) | Payments for | | |
| | (a) exploration and evaluation | (25,323) | (49,070) |
| | (b) development | (390) | (1,746) |
| | (c) production | (5,217) | (13,232) |
| | (d) administration | (2,169) | (7,764) |
| 1(c) | Dividends received | - | - |
| 1(d) | Interest and other items of a similar nature received | 886 | 2,775 |
| 1(e) | Interest and other costs of finance paid | - | - |
| 1(f) | Income taxes (paid)/received | (2,695) | (4,696) |
| 1(g) | Royalties | (3,668) | (9,827) |
| 1(h) | Other | 439 | 9,559 |
| 1(i) | Net Operating Cash Flows | (22,866) | 4,305 |
| Cash Flows Related to Investing Activities | | | |
| 2(a) | Cash paid for purchases of: | | |
| | (a) prospects | - | (7,733) |
| | (b) equity investments | - | - |
| | (c) other fixed assets | (217) | (679) |
| 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 | (648) | (1,113) |
| 2(f) | Net Investing Cash Flows | (865) | (9,525) |
| Total Operating and Investing Cash Flows | | (23,731) | 5,220 |
| Cash Flows Related to Financing Activities | | | |
| 3(a)(i) | Cash proceeds from issue of NZOG shares | - | 437 |
| 3(a)(ii) | Buyback of NZOG shares | - | - |
| 3(b) | Proceeds from sale of forfeited shares | - | - |
| 3(c) | Borrowings | - | - |
| 3(d) | Repayment of borrowings | - | - |
| 3(e) | Dividends paid | - | (9,432) |
| 3(f) | Other | 1 | 1 |
| 3(g) | Net Financing Cash Flows | 1 | (8,994) |
| 4(a) | Net Increase/(Decrease) in Cash Held | (23,730) | (14,214) |
| 4(b) | Cash at beginning of quarter/year | 164,211 | 158,018 |
| 4(c) | Exchange rate adjustments to Items 4(b) above | (2,101) | (5,424) |
| 4(d) | Cash at End of Quarter | 138,380 | 138,380 |

Notes:

This report is for the NZOG consolidated group at 31 March 2014.

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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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 |
|-----------------------------|-------|--------------------------------|---------------------------|
| Tui letters of credit (USD) | 1 | USD 4.1 | USD 4.1 |

Notes:

1. NZOG has a letter of credit facility with ANZ Bank (New Zealand branch) in respect of the Tui area oil fields.

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Estimated Outlays for Specified Quarter

| | Notes | Current Quarter \$NZ'000 | Following Quarter \$NZ'000 |
|----------------------------|-------|-----------------------------|-------------------------------|
| Exploration and evaluation | 1 | 25,871 | 30,137 |
| Development | 2 | 448 | 400 |
| Total | | 26,319 | 30,537 |

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.

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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 | 2,146 | 13,633 |
| Deposits at call, term and bank bills | 121,710 | 140,643 |
| Bank overdraft | - | - |
| Other – Joint venture cash | 14,524 | 9,935 |
| Total: Cash at End of Quarter (Item 4(d)/4(b)) | 138,380 | 164,211 |
| The above cash at end of quarter includes cash held in the following material currencies: | Current Quarter '000 | Previous Quarter '000 |
| United States Dollars | USD 19,457 | USD 46,028 |

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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) | Interests in mining tenements relinquished, reduced or lapsed | | | |
| 9(b) | Interests in mining tenements acquired or increased | | | |

9(c) The Company's "Petroleum Interests" as at 31 March 2014 are set out below.

PETROLEUM INTERESTS AT 31 March 2014

| | GROSS AREA SQ KM | DIRECT INTEREST % |
|---|---------------------|----------------------|
| 1. PETROLEUM MINING PERMITS | | |
| PML 38146 (Kupe field) | 257 | 15.0 |
| PMP 38158 (Tui field) | 467 | 27.5 |
| 2. PETROLEUM EXPLORATION PERMITS | | |
| PEP 52181 (Kaheru) | 312 | 35.0 |
| PEP 54857 (Waru) | 525 | 100.0 |
| PEP 54867 (Manaia) | 111 | 40.0 |
| PEP 51906 (Matuku) | 1613 | 12.5 |
| PEP 52593 (Taranga) | 3,509 | 50.0 |
| PEP 53473 (Takapou) | 853 | 50.0 |
| PEP 52717 (Clipper) | 3,423 | 50.0 |
| Kisaran PSC | 2,179 | 22.5 |

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| | | |
|-------------------------------|-------|-------|
| Bohorok PSC | 5,022 | 45.0 |
| PEP 55792 (Galleon) (note 1) | 1,654 | 100.0 |
| PEP 55793 (Vulcan) (note 1) | 2,418 | 30.0 |
| PEP 55794 (Torora) (note 1) | 9,835 | 30.0 |
| Palmerah Baru PSC (note 2) | 989 | 36.0 |
| 3. PROSPECTING PERMITS | | |
| Diodore (Tunisia) | 1,232 | 100.0 |

1. PEP 55792 (Galleon), PEP 55793 (Vulcan) and PEP 55794 (Torora) were awarded in the December 2013 block offer and were formally conferred on 1 April 2014.
2. Palmerah Baru PSC was awarded in December 2013 and was formally conferred during the March 2014 quarter.

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Issued and Quoted Securities at End of Current Quarter – 31 March 2014

(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 | 419,903,224 | 411,966,224 | N/A | N/A |
| | Fully paid during quarter | - | - | | |
| | Cancelled during quarter | - | - | | |
| | Partly Paid Securities <i>(included in ordinary securities, but not part of quoted ordinary securities)</i> | 7,937,000 | - | 77.0-204.0 | 1.0 |
| | Issued during quarter | - | - | | |
| | Fully paid during quarter | - | - | | |
| | Options | - | - | N/A | N/A |
| | Issued during quarter | - | - | | |
| | Exercised during quarter | - | - | | |
| | Expired during quarter | - | - | | |


 Andrew Knight
 Chief Executive Officer
 29 April 2014