QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS NEW ZEALAND OIL & GAS LIMITED

For Quarter ended 31 December 2015

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	Year to Date
			Dec-15	(6 months)
NZSX Ref	Notes	Cook Flows Polating to Operating Activities	\$NZ'000	\$NZ'000
NZ3A Rei	Notes	Cash Flows Relating to Operating Activities		
1(a)		Receipts from product sales and related debtors	26,710	75,133
1(b)		Payments for		
		(a) exploration and evaluation	(5,422)	(9,098)
		(b) development	(2,792)	(7,601)
		(c) production	(11,199)	(22,035)
4/)		(d) administration	(6,268)	(12,589)
1(c)		Dividends received	- 100	475
1(d)		Interest and other items of a similar nature received	189	475
1(e)		Interest and other costs of finance paid	(0.054)	- (F 024)
1(f)		Income taxes (paid)/received	(2,951)	(5,934)
1(g)		Royalties Other	(381)	(3,644)
1(h) 1(i)			(2,114)	14,707
1(1)		Net Operating Cash Flows Cash Flows Related to Investing Activities	(2,114)	14,707
2(a)		Cash paid for purchases of: (a) prospects	_	_
_(-,)		(b) equity investments	-	_
		(c) other fixed assets	-	-
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	-	-
		Total Operating and Investing Cash Flows	(2,114)	14,707
		Cash Flows Related to Financing Activities		
3(a)(i)		Cash proceeds from issue of NZOG shares	68	78
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 Other	(26)	- (51)
3(f)			42	(51)
3(g)		Net Financing Cash Flows Net Increase/(Decrease) in Cash Held	(2,072)	27 14,734
4(a)		Cash at beginning of quarter/year	103,703	83,659
4(b)		Exchange rate adjustments to Items 4(b) above	(5,079)	(1,841)
4(c)		Cash at End of Quarter		
4(d)		Cash at End of Quarter	96,552	96,552

Notes:

This report is for the New Zealand Oil & Gas consolidated group at 31 December 2015.

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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

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.

Amount Available \$\frac{1}{2}\$ Amount Used \$\frac{1}{2}\$ \$

Notes:

- NZOG has a letter of credit facility with ANZ Bank New Zealand Limited in respect of the Tui area oil fields.
- NZOG entered into a credit facility agreement with ANZ Bank New Zealand Limited to support the onmarket takeover of Cue Energy Resources Pty Ltd.

7 Estimated Outlays for Specified Quarter

Current Quarter Following Quarter Notes \$NZ'000 \$NZ'000 1 10,220 14,460 Exploration and evaluation 2 Development 3,936 1,532 **Total** 14,156 15,992

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.

Note 1: Timing of exploration activity in Indonesia

Note 2: Timing of capital projects for Kupe and reductions following completion of Maari growth project.

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NZSX Ref

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	29,328	13,876
Deposits at call, term and bank bills	58,521	78,656
Bank overdraft	_	-
Other – Joint venture cash	8,702	11,171
Total: Cash at End of Quarter (Item 4(d)/4(b))	96,552	103,703

The above cash at end of quarter includes cash held in the following material currencies:	Current Quarter '000	Previous Quarter '000
New Zealand Dollars	NZD 3,848	NZD 24,246
United States Dollars	USD 57,163	USD 41,726
Australian Dollars	AUD 365	AUD 1,050
Indonesian Rupiah	IDR 553,553	IDR 453,003

Changes in Interests in Mining Tenements

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

9(c) The Company's "Petroleum Interests" as at 31 December 2015 are set out below.

PETROLEUM INTERESTS AT 31 December 2015

	GROSS AREA	DIRECT	
	SQ KM	INTEREST %	
1. PETROLEUM MINING PERMITS			
PML 38146 (Kupe field)	257	15	
PMP 38158 (Tui field)	467	27.5	
Sampang PSC	535	15	
PMP 38160 (Maari)	80	5	
Pine Mills	8.9	80	
2. PETROLEUM EXPLORATION PERMITS			
PEP 52181 (Kaheru)	312	35	
PEP 54857 (Waru)	525	100	
PEP 51906 (Matuku)	1613	12.5	

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NZSX Ref

PEP 52717 (Clipper)	3,423	50
PEP 55792 (Galleon)	1,654	100
PEP 55793 (Vulcan)	2,418	30
PEP 55794 (Toroa)	9,835	30
Kisaran PSC	2,179	22.5
Bohorok PSC	5,022	45
Palmerah Baru PSC	989	36
MNK Kisaran PSC	2,179	11.25
Mahakam Hilir PSC	222	100
Mahato PSC	5,600	12.5
WA-359-P	645	100
WA-360-P	643	37.5
WA-361-P	644	15
WA-389-P	1,939	40
WA-409-P	565	100
PEP-51313	819	14
PEP-51149	217	20
PEP-54865	2,475	20

10 Issued and Quoted Securities at End of Current Quarter – 31 December 2015

(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	347,686,618	338,180,618	N/A	N/A
	Fully paid during quarter	•	657,000	44.0 - 46.0	-
	Cancelled during quarter	(505,864)	(505,864)	-	-
	Partly Paid Securities (included in ordinary securities, but not part of quoted ordinary securities)	9,506,000	-	56.8-157.7	1.0
	Issued during quarter		•	•	-
	Fully paid during quarter	(657,000)	-	44.0 - 46.0	-
	Options	-	-	-	-
	Issued during quarter	-	-	-	-
	Exercised during quarter	-	-	-	-
	Expired during quarter	-	-	-	-

André Gaylard Chief Financial Officer 28 January 2016