

**QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS**  
**NEW ZEALAND OIL & GAS LIMITED**  
For Quarter ended 31 December 2016

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	Current Quarter Dec-16 \$NZ'000	Year to Date (6 months) \$NZ'000
	<b>Cash Flows Relating to Operating Activities</b>		
1(a)	Receipts from product sales and related debtors	24,156	55,317
1(b)	Payments for		
	(a) exploration and evaluation	(2,520)	(4,015)
	(b) development	(1,359)	(3,005)
	(c) production	(10,785)	(21,706)
	(d) administration	(3,677)	(8,663)
1(c)	Dividends received	-	-
1(d)	Interest and other items of a similar nature received	105	241
1(e)	Interest and other costs of finance paid	-	-
1(f)	Income taxes (paid)/received	(6,208)	(10,573)
1(g)	Royalties	(736)	(1,988)
1(h)	Other	90	108
1(i)	<b>Net Operating Cash Flows</b>	<b>(934)</b>	<b>5,716</b>
	<b>Cash Flows Related to Investing Activities</b>		
2(a)	Cash paid for purchases of:		
	(a) prospects	-	-
	(b) equity investments	(1,092)	(1,216)
	(c) other fixed assets	(5)	(12)
2(b)	Cash proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	918	918
2(c)	Loans to other entities	-	-
2(d)	Loans repaid by other related entities	-	-
2(e)	Other	-	-
2(f)	<b>Net Investing Cash Flows</b>	<b>(179)</b>	<b>(310)</b>
	<b>Total Operating and Investing Cash Flows</b>	<b>(1,113)</b>	<b>5,406</b>
	<b>Cash Flows Related to Financing Activities</b>		
3(a)(i)	Cash proceeds from issue of NZOG shares	(4)	(2)
3(a)(ii)	Buyback of NZOG shares	-	(9,447)
3(b)	Proceeds from sale of forfeited shares	-	-
3(c)	Borrowings	-	-
3(d)	Repayment of borrowings	-	-
3(e)	Dividends paid	(13,512)	(13,512)
3(f)	Other	-	-
3(g)	<b>Net Financing Cash Flows</b>	<b>(13,516)</b>	<b>(22,961)</b>
4(a)	<b>Net Increase/(Decrease) in Cash Held</b>	<b>(14,629)</b>	<b>(17,555)</b>
4(b)	Cash at beginning of quarter/year	91,820	96,811
4(c)	Exchange rate adjustments to Items 4(b) above	3,387	1,322
4(d)	<b>Cash at End of Quarter</b>	<b>80,578</b>	<b>80,578</b>

Notes:

This report is for the New Zealand Oil & Gas consolidated group at 31 December 2016.

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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.

None

Notes

Amount Available \$ million	Amount Used \$ million
N/A	N/A

**Notes:**

7 **Estimated Outlays for Specified Quarter**

Exploration and evaluation

Development

**Total**

Notes

1

Current Quarter \$NZ'000	Following Quarter \$NZ'000
4,423	2,605
1,503	1,900
<b>5,926</b>	<b>4,505</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. Scale back of exploration activity

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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	5,562	11,321
Deposits at call, term and bank bills	69,077	73,548
Bank overdraft	-	-
Other – Joint venture cash	5,939	6,951
<b>Total: Cash at End of Quarter (Item 4(d)/4(b))</b>	<b>80,578</b>	<b>91,820</b>

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 8,814	NZD 2,130
United States Dollars	USD 47,725	USD 59,687
Australian Dollars	AUD 1,507	AUD 427
Indonesian Rupiah	IDR 691,712	IDR 1,374,006

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)	Pine Mills	Petroleum mining	80	0
	PEP 51906 (Matuku)	Petroleum exploration	12.5	0
9(b)				

9(c) The Company's "Petroleum Interests" as at 31 December 2016 are set out below.

**PETROLEUM INTERESTS AT 31 December 2016**

	GROSS AREA SQ KM	DIRECT INTEREST %
<b>1. PETROLEUM MINING PERMITS</b>		
PML 38146 (Kupe field)	257	15
PMP 38158 (Tui field)	467	27.5
Sampang PSC	535	15
PMP 38160 (Maari)	80	5
<b>2. PETROLEUM EXPLORATION PERMITS</b>		
PEP 52717 (Clipper)	3,423	50
PEP 55793 (Vulcan)	2,418	30

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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-389-P	1,939	40
WA-409-P	565	100

10 **Issued and Quoted Securities at End of Current Quarter – 31 December 2016**

(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	326,275,243	318,855,243	N/A	N/A
Fully paid during quarter	-	3,682,000	60.5 - 62.0	-
Cancelled during quarter	-	(3,682,000)	60.5 - 62.0	-
<b>Partly Paid Securities</b> (included in ordinary securities, but not part of quoted ordinary securities)	7,420,000	-	56.8-113.00	1.0
Issued during quarter	-	-	-	-
Fully paid during quarter	(3,682,000)	-	60.5 - 62.0	-
<b>Options</b>	-	-	-	-
Issued during quarter	-	-	-	-
Exercised during quarter	-	-	-	-
Expired during quarter	-	-	-	-



Catherine McKelvey  
 Chief Financial Officer  
 30 January 2017