

**QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS**  
**NEW ZEALAND OIL & GAS LIMITED**  
For Quarter ended 30 September 2009

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	Cash Flows Relating to Operating Activities	Current Quarter September \$NZ'000	Year to Date (12 months) \$NZ'000
1(a)		Receipts from product sales and related debtors	20,804	20,804
1(b)		Payments for		
		(a) exploration and evaluation	(3,386)	(3,386)
		(b) development	(11,494)	(11,494)
		(c) production	(3,847)	(3,847)
		(d) administration	(3,967)	(3,967)
1(c)		Dividends received	3,283	3,283
1(d)		Interest and other items of a similar nature received	428	428
1(e)		Interest and other costs of finance paid	-	-
1(f)		Income taxes (paid)/received	(1,550)	(1,550)
1(g)		Royalties	(16,156)	(16,156)
1(h)		Other	-	-
1(i)		<b>Net Operating Cash Flows</b>	<b>(15,885)</b>	<b>(15,885)</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	(85)	(85)
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)		<b>Net Investing Cash Flows</b>	<b>(85)</b>	<b>(85)</b>
		<b>Total Operating and Investing Cash Flows</b>	<b>(15,970)</b>	<b>(15,970)</b>
		<b>Cash Flows Related to Financing Activities</b>		
3(a)		Cash proceeds from issue of NZOG shares	182	182
3(b)		Proceeds from sale of forfeited shares	-	-
3(c)		Borrowings	50,000	50,000
3(d)		Repayment of borrowings	-	-
3(e)		Dividends paid	(13,659)	(13,659)
3(f)		Other – Finance costs and hedging settlements	(333)	(333)
3(g)		<b>Net Financing Cash Flows</b>	<b>36,190</b>	<b>36,190</b>
4(a)		<b>Net Increase/(Decrease) in Cash Held</b>	<b>20,220</b>	<b>20,220</b>
4(b)		Cash at beginning of quarter/year	174,753	174,753
4(c)		Exchange rate adjustments to Items 4(b) above	(17,324)	(17,324)
4(d)		<b>Cash at End of Quarter</b>	<b>177,649</b>	<b>177,649</b>

**Notes:**

This report is for the NZOG consolidated group at 30 September 2009.

**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
Kupe Cash Advance Facilities(NZD)	2	NZD 75.0	NZD 50.0
Tui letters of credit (USD)	1	USD 7.1	USD 7.1
Kupe letters of credit (NZD)	2	NZD 10.0	NZD 10.0

**Notes:**

- NZOG has a letter of credit facility with the Commonwealth Bank of Australia (New Zealand branch) and ANZ Banking Group Limited for the Tui project.
- NZOG has a Cash Advance Facility and letter of credit facility for the Kupe project. During the September 2009 quarter NZOG, Westpac Banking Corporation and Bank of Scotland International (BOSI) executed an amendment to the original NZD 125 million facility whereby BOSI withdrew from their portion of the total facility. The amended facility limit of NZD 75 million is available from Westpac for funding the remaining Kupe project costs and for general working capital purposes.

7 **Estimated Outlays for Specified Quarter**

	Notes	Current Quarter # \$NZ'000	Following Quarter \$NZ'000
Exploration and evaluation	1	1,000	9,500
Development	2	13,400	7,700
<b>Total</b>		<b>14,400</b>	<b>17,200</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.

- Timing differences
- 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	2,231	187
Deposits at call, term and bank bills	169,020	162,569
Bank overdraft	-	-
Other – Joint venture cash	6,398	11,997
<b>Total: Cash at End of Quarter (Item 4(d)/4(b))</b>	<b>177,649</b>	<b>174,753</b>

The above cash at end of quarter was held in the following currencies:	Current Quarter '000	Previous Quarter '000
New Zealand Dollars	NZ\$35,581	NZ\$28,844
United States Dollars	US\$102,800	US\$94,125

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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	PEP 38259 (Barque)	Transfer approved 13 August 2009	0%

9(c) The Company's "Petroleum Licence Interests" as at 30 September 2009 are set out below.

### PETROLEUM LICENCE INTERESTS AT 30 September 2009#

LICENCE	GROSS AREA SQ KM	DIRECT INTEREST %
<b>1. PETROLEUM MINING PERMITS</b>		
PML 38146 (Kupe field)	517	15.00
PMP 38158 (Tui field)	467	12.50
<b>2. PETROLEUM EXPLORATION PERMITS</b>		
PEP 38483 (Aihe)	4,723	18.864
PEP 38483 (Aihe Extension)	381	12.50
PEP 51311 (Gamma)	2,985	100.00
PEP 51321 (Kahurangi)	2,991	18.864
PEP 38259 (Barque)	1,658	40.0

# The above summary does not include the 10% interest NZOG has in exploration permit PEP 38401 (Hoki) and 40% interest NZOG has in exploration permit PEP 38491 (Albacore), which are conditional on the receipt of consent from the Minister of Energy.

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Issued and Quoted Securities at End of Current Quarter – 30 September 2009

(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)
	<b>Ordinary Securities</b>	388,708,359	385,048,359	N/A	N/A
	Fully paid during quarter	-	117,500	1.00-1.079	1.00-1.079
	<b>Partly Paid Securities</b> <i>(included in ordinary securities, but not part of quoted ordinary securities)</i>	3,660,000	-	1.00-1.91	0.01
	Issued during quarter	850,000	-	1.57-1.91	0.01
	Fully paid during quarter	117,500	-	1.00-1.079	1.00-1.079
	<b>Options</b>	-	-	N/A	N/A
	Issued during quarter	-	-		
	Exercised during quarter	-	-		
	Expired during quarter	-	-		



David Salisbury  
 Chief Executive Officer  
 27 October 2009