

QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS
NEW ZEALAND OIL & GAS LIMITED
For Quarter ended 30 June 2010

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 June \$NZ'000	Year to Date (12 months) \$NZ'000
1(a)		Receipts from product sales and related debtors	26,371	88,949
1(b)		Payments for		
		(a) exploration and evaluation	(11,065)	(28,602)
		(b) development	(8,016)	(33,617)
		(c) production	(5,166)	(13,943)
		(d) administration	(3,940)	(12,469)
1(c)		Dividends received	-	3,283
1(d)		Interest and other items of a similar nature received	1404	2,421
1(e)		Interest and other costs of finance paid	(561)	(941)
1(f)		Income taxes (paid)/received	-	(1,550)
1(g)		Royalties	(872)	(18,955)
1(h)		Other	150	600
1(i)		Net Operating Cash Flows	(1,695)	(14,824)
		Cash Flows Related to Investing Activities		
2(a)		Cash paid for purchases of:		
		(a) prospects	-	-
		(b) equity investments	(13,922)	(13,922)
		(c) other fixed assets	(39)	(445)
2(b)		Cash proceeds from sale of:		
		(a) prospects	-	-
		(b) equity investments	-	-
		(c) other fixed assets	-	-
2(c)		Loans to other entities	(45,385)	(48,885)
2(d)		Loans repaid by other related entities	6,000	6,000
2(e)		Other	-	-
2(f)		Net Investing Cash Flows	(53,346)	(57,252)
		Total Operating and Investing Cash Flows	(55,041)	(72,076)
		Cash Flows Related to Financing Activities		
3(a)		Cash proceeds from issue of NZOG shares	61	287
3(b)		Proceeds from sale of forfeited shares	-	-
3(c)		Borrowings	-	63,049
3(d)		Repayment of borrowings	-	-
3(e)		Dividends paid	-	(13,655)
3(f)		Other – Finance costs and hedging settlements	(77)	(1,243)
3(g)		Net Financing Cash Flows	(16)	48,438
4(a)		Net Increase/(Decrease) in Cash Held	(55,057)	(23,638)
4(b)		Cash at beginning of quarter/year	192,466	174,753
4(c)		Exchange rate adjustments to Items 4(b) above	4,995	(8,711)
4(d)		Cash at End of Quarter	142,404	142,404

Notes:

This report is for the NZOG consolidated group at 30 June 2010.

- 1 (b)(a) Exploration and evaluation expenditure for the quarter includes cash spent on the Tui SW-2 exploration well that was successfully suspended as a future gas injection well during the quarter.
- 2 (a)(b) During the quarter NZOG participated in the \$10 million placement and \$40 million rights issue to the extent of its existing 29.5% equity interest in the Pike River Coal Limited (Pike).
- 2 (c) US\$28.9 million was paid to Pike during the quarter as part of the convertible bond facility. The facility is for a term of 2 years up to 12 March 2012 and at an annual interest rate of 10%. The facility is a first ranking secured debt ranked equally with other Pike debt of up to NZ\$20 million.
- 2 (c) & (d) During the quarter NZOG advanced Pike a further \$2.5 million as part of an interim funding facility. The \$6 million drawn under this facility was subsequently repaid in full.

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
Kupe Cash Advance Facilities(NZD)	2	NZD 75.0	NZD 63.0
Tui letters of credit (USD)	1	USD 5.9	USD 5.9
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 with Westpac Banking Corporation for the Kupe project.

7 **Estimated Outlays for Specified Quarter**

	Notes	Current Quarter # \$NZ'000	Following Quarter \$NZ'000
Exploration and evaluation	1	7,500	8,700
Development	2	-	-
Total		7,500	8,700

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 difference
- Timing difference

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	67	5
Deposits at call, term and bank bills	136,551	181,262
Bank overdraft	-	-
Other – Joint venture cash	5,786	11,199
Total: Cash at End of Quarter (Item 4(d)/4(b))	142,404	192,466

The above cash at end of quarter was held in the following currencies:	Current Quarter '000	Previous Quarter '000
New Zealand Dollars	NZ\$65,850	NZ\$79,319
United States Dollars	US\$53,097	US\$80,346

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

9(c) The Company's "Petroleum Licence Interests" as at 30 June 2010 are set out below.

PETROLEUM LICENCE INTERESTS AT 30 June 2010

LICENCE	GROSS AREA SQ KM	DIRECT INTEREST %
1. PETROLEUM MINING PERMITS		
PML 38146 (Kupe field)	257	15.00
PMP 38158 (Tui field)	467	12.50
2. PETROLEUM EXPLORATION PERMITS		
PEP 38483 (Aihe)	3,734	18.864
PEP 51311 (Kaupokonui/Gamma)	2,985	100.00
PEP 51321 (Kahurangi)	2,991	18.864
PEP 38259 (Barque)	1,658	40.0
PEP 38401 (Hoki)	478	10.0
PEP 38491 (Albacore)	714	40.0
PEP 51988 (Mangaa)	1,138	100.0

New Zealand Oil & Gas Limited
 Quarterly Report of Consolidated Cashflows

NZSX
 Ref
 10

Issued and Quoted Securities at End of Current Quarter – 30 June 2010
 (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	393,507,572	389,092,572	N/A	N/A
	Fully paid during quarter	-	55,000	1.00-1.128	1.00-1.128
	Partly Paid Securities <i>(included in ordinary securities, but not part of quoted ordinary securities)</i>	4,415,000	-	1.00-2.04	0.01
	Issued during quarter	-	-	N/A	N/A
	Fully paid during quarter	55,000	-	1.00-1.128	0.01
	Options	-	-	N/A	N/A
	Issued during quarter	-	-		
	Exercised during quarter	-	-		
	Expired during quarter	-	-		



David Salisbury
 Chief Executive Officer
 29 July 2010