

QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS

NEW ZEALAND OIL & GAS LIMITED

For Quarter ended 31 December 2012

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 2012 \$NZ'000	Year to Date (6 months) \$NZ'000
Cash Flows Relating to Operating Activities			
1(a)	Receipts from product sales and related debtors	23,488	51,900
1(b)	Payments for		
	(a) exploration and evaluation	(5,705)	(10,526)
	(b) development	(833)	(1,066)
	(c) production	(6,139)	(11,612)
	(d) administration	(1,468)	(5,349)
1(c)	Dividends received	-	-
1(d)	Interest and other items of a similar nature received	1,668	3,069
1(e)	Interest and other costs of finance paid	(309)	(845)
1(f)	Income taxes (paid)/received	(1,101)	(3,701)
1(g)	Royalties	(496)	(8,270)
1(h)	Other	36	39
1(i)	Net Operating Cash Flows	9,141	13,639
Cash Flows Related to Investing Activities			
2(a)	Cash paid for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(50)	(58)
2(b)	Cash proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	5,554	5,554
	(c) other fixed assets	-	-
2(c)	Loans to other entities	-	-
2(d)	Loans repaid by other related entities	-	6,927
2(e)	Other	61	791
2(f)	Net Investing Cash Flows	5,565	13,214
Total Operating and Investing Cash Flows		14,706	26,853
Cash Flows Related to Financing Activities			
3(a)(i)	Cash proceeds from issue of NZOG shares	84	84
3(a)(ii)	Buyback of NZOG shares	-	-
3(b)	Proceeds from sale of forfeited shares	2,496	2,496
3(c)	Borrowings	-	-
3(d)	Repayment of borrowings	(4,800)	(8,800)
3(e)	Dividends paid	(1,105)	(17,971)
3(f)	Other	-	-
3(g)	Net Financing Cash Flows	(3,325)	(24,191)
4(a)	Net Increase/(Decrease) in Cash Held	11,380	2,661
4(b)	Cash at beginning of quarter/year	197,111	209,222
4(c)	Exchange rate adjustments to Items 4(b) above	505	(2,887)
4(d)	Cash at End of Quarter	208,997	208,997

Notes:

This report is for the NZOG consolidated group at 31 December 2012.

2(b)(b) During the December 2012 quarter the Group received a return of capital in the form of a dividend from Pan Pacific Petroleum NL.

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
Kupe Cash Advance Facilities(NZD)	1	NZD 38.0	NZD 38.0
Tui letters of credit (USD)	2	USD 3.0	USD 3.0

Notes:

- NZOG has a Cash Advance Facility with Westpac Banking Corporation secured by its interest in the Kupe field.
- NZOG has a letter of credit facility with the Commonwealth Bank of Australia (New Zealand branch) and ANZ Banking Group Limited 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	12,800	13,500
Development	2	1,700	3,400
Total		14,500	16,900

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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.

- Forecast expenditure of \$8.2 million for the December 2012 quarter relating to the Kisaran PSC and the Diodore prospecting permit has been delayed. The expenditure is now expected to occur over the next two quarters.
- Forecast Tui and Kupe development expenditure that was not incurred in the December 2012 quarter is expected to be incurred within the next two quarters.

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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	149	(14)
Deposits at call, term and bank bills	196,986	185,496
Bank overdraft	-	-
Other – Joint venture cash	11,862	11,629
Total: Cash at End of Quarter (Item 4(d)/4(b))	208,997	197,111

The above cash at end of quarter includes cash held in the following material currencies:

	Current Quarter '000	Previous Quarter '000
United States Dollars	US\$86,960	US\$68,166

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Changes in Interests in Mining Tenements

Note

	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 52181 (Kaheru) (note 2) PEP 54857 PEP 54867 (Manaia)	Increased Acquired Acquired	17.14% - -	60% 100% 40%

9(c) The Company's "Petroleum Interests" as at 31 December 2012 are set out below.

PETROLEUM INTERESTS AT 31 December 2012

	GROSS AREA SQ KM	DIRECT INTEREST %
1. PETROLEUM MINING PERMITS		
PML 38146 (Kupe field)	257	15.0
PMP 38158 (Tui field)	467	12.5
2. PETROLEUM EXPLORATION PERMITS		
PEP 51311 (Kakapo) (note 1)	2,985	100.0
PEP 51558 (Kanuka)	2,850	50.0
PEP 52181 (Kaheru) (note 2)	312	60.0
PEP 54857	525	100.0
PEP 54867 (Manaia)	111	40.0
Kisaran PSC	2,179	22.5
Bohorok PSC	5,022	45.0
3. PROSPECTING PERMITS		
Diodore (Tunisia)	1,232	100.0
4. CONCESSIONS		
Cosmos (Tunisia)	422	40.0



1. NZOG has entered into a farm-out agreement with Raisama Limited which will reduce NZOG's interest in PEP 51311 to 90%, subject to final conditions being met and the subsequent approval of the Minister of Energy.
2. In March 2012 NZOG made a conditional offer to purchase a stake in PEP 52181 (Kaheru permit). Since then the company was able to acquire a further 17.14% interest and the conditions of the original offer were finalised with a drilling commitment, which resulted in NZOG having a 60% interest. At the date of this report NZOG has farmed out a 25% interest in the permit to Beach Petroleum (NZ) Pty Limited, subject to ministerial approval, leaving NZOG with a 35% interest.
3. In November NZOG entered into conditional agreements to purchase a 12.5% interest in PEP 51906 (Matuku permit); 50% interest in PEP 53473 (Takapou permit) and a 50% interest in PEP 52593 (Taranga permit). At the date of this report the agreements conditional on the final approval of the Minister of Energy.

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Issued and Quoted Securities at End of Current Quarter – 31 December 2012

(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	410,443,686	403,888,686	N/A	N/A
	Fully paid during quarter	-	2,965,000	0.870-0.894	0.870-0.894
	Cancelled during quarter	-	-	-	-
	Partly Paid Securities <i>(included in ordinary securities, but not part of quoted ordinary securities)</i>	6,555,000	-	0.77-2.04	0.01
	Issued during quarter	-	-	-	-
	Fully paid during quarter	(2,965,000)	-	0.870-0.894	0.870-0.894
	Options	-	-	N/A	N/A
	Issued during quarter	-	-		
	Exercised during quarter	-	-		
	Expired during quarter	-	-		

Andrew Knight
Chief Executive Officer
 30 January 2013