

**QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS**  
**NEW ZEALAND OIL & GAS LIMITED**  
For Quarter ended 31 March 2007

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		Current Quarter March \$NZ'000	Year to Date (9 months) \$NZ'000
<b>Cash Flows Relating to Operating Activities</b>			
1(a)	Notes Receipts from product sales and related debtors		
1(b)	Payments for		
	(a) exploration and evaluation	(720)	(8,223)
	(b) development	(32,163)	(65,861)
	(c) production	-	-
	(d) administration	(1,454)	(3,722)
1(c)	Dividends received	-	-
1(d)	Interest and other items of a similar nature received	595	2,257
1(e)	Interest and other costs of finance paid	(5)	(13)
1(f)	Income taxes (paid)/received	-	(2)
1(g)	Other	351	375
1(h)	<b>Net Operating Cash Flows</b>	<b>(33,396)</b>	<b>(75,189)</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	(5)	(93)
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)(i)	Other – Security deposits/bonds for coal permit	(708)	(2,995)
2(f)	<b>Net Investing Cash Flows</b>	<b>(713)</b>	<b>(3,088)</b>
<b>Total Operating and Investing Cash Flows</b>		<b>(34,109)</b>	<b>(78,277)</b>
<b>Cash Flows Related to Financing Activities</b>			
3(a)(i)	Cash proceeds from issue of NZOG shares	25,336	42,572
3(a)(ii)	Cash proceeds from issue of shares to minority interests (PRCL)	-	19,400
3(b)	Proceeds from sale of forfeited shares	-	-
3(c)	Borrowings	20,855	27,915
3(d)	Repayment of borrowings	-	(2,404)
3(e)	Dividends paid	-	-
3(f)	Other – Finance and hedging costs	(562)	(2,303)
3(g)	<b>Net Financing Cash Flows</b>	<b>45,629</b>	<b>85,180</b>
4(a)	<b>Net Increase/(Decrease) in Cash Held</b>	<b>11,520</b>	<b>6,903</b>
4(b)	Cash at beginning of quarter/year	35,206	41,713
4(c)	Exchange rate adjustments to Items 4(b) above	227	(1,663)
4(d)	<b>Cash at End of Quarter</b>	<b>46,953</b>	<b>46,953</b>

**Notes:**

This report is for the NZOG consolidated group including partly owned subsidiary Pike River Coal Limited (PRCL) (61%).

- 3(a)(i) Comprises share placement on 17 November 2006 received December 2006 quarter and share rights issue & placement on 19 January 2007 received March 2007 quarter (net of brokerage and related costs).
- 3(a)(ii) Gujarat NRE Coke Limited investment in PRCL. This amount was received during the September 2006 quarter.
- 3(c) Comprises borrowings from the Tui facility (see note 6) and Convertible Notes issued by Pike River Coal Limited (PRCL) to third parties in the March 2007 quarter totalling \$6.5 million.

**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
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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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**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
Cash Advance			
Tui Facilities:USD	1	USD 27.5	USD 23.5
Tui letters of credit (USD)	1	USD 12.5	USD 12.4
Kupe letters of credit (NZD)	2	NZD 10.0	NZD 10.0

**Notes:**

1. NZOG has a term loan and letter of credit facility with the Commonwealth Bank of Australia (New Zealand branch) and ANZ Banking Group Limited for the Tui project.
2. NZOG has a letter of credit facility with the Westpac Banking Corporation and is negotiating detailed documentation for a NZ\$125m debt finance facility for the Kupe project.

7 **Estimated Outlays for Specified Quarter**

	Notes	Current Quarter # \$NZ'000	Following Quarter \$NZ'000
Exploration and evaluation	1	6,796	428
Development	2	46,521	18,467
<b>Total</b>		<b>53,317</b>	<b>18,895</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. Timing differences for payment of drilling costs for Hector and Taranui. The costs for drilling for Hector and Taranui are expected to be incurred in the quarter ending September 2007.

2. Timing differences for payment of development related expenditure compared to budget.

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	4,243	3,645
Deposits at call and bank bills	32,933	22,186
Bank overdraft	-	-
Other – Joint venture cash	9,777	9,375
<b>Total: Cash at End of Quarter</b> (Item 4(d)/4(b))	<b>46,953</b>	<b>35,206</b>
<b>Note:</b>		

**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)	-	-	-	-
9(b)	-	-	-	-

9(c) The Company's "Petroleum Licence Interests" as at 31 March 2007 are set out below.

**PETROLEUM LICENCE INTERESTS AT 31 March 2007**

LICENCE	GROSS AREA SQ KM	DIRECT INTEREST %
<b>1. PETROLEUM MINING PERMITS</b>		
PML 38146 (Kupe field)	256	15.00
PMP 38158 (Tui field)	504	12.50
<b>2. PETROLEUM EXPLORATION PERMITS</b>		
<b>ONSHORE TARANAKI</b>		
PEP 38729 (Felix)	238	75.00
<b>OFFSHORE TARANAKI</b>		
PEP 38483 (Hector)	12,196	18.86
PEP 38483 (Hector South Sub Block -HSSB)	381	12.50

**New Zealand Oil & Gas Limited**  
**Quarterly Report of Consolidated Cashflows**

NZSX

Ref

10

**Issued and Quoted Securities at End of Current Quarter – 31 March 2007**

(NEW ZEALAND OIL & GAS LIMITED ONLY)

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Number Issued	Number Quoted	Value (cents)	Paid-Up Value (cents)
<b>Preference securities</b> (description)				
Issued during quarter				
<b>Ordinary Securities</b> Less Treasury capital	263,993,858	261,885,358 (5,864,515) 256,020,843	N/A	N/A
Issued during quarter	25,947,464	25,673,964		
<b>Partly Paid Securities</b> <i>(included in ordinary securities, but not part of quoted ordinary securities)</i>	2,108,500	-	0.87 – 1.34	0.01
Issued during quarter	273,500		1.20 – 1.21	0.01
<b>Convertible Debt Securities</b> (description)				
Issued during quarter				
<b>Options</b> Less unlisted options	138,988,041	138,988,041 (150,000) 138,838,041	Exercise Price \$1.50	Expiry Date 30 June 2008
Issued during quarter				
Exercised during quarter	375	375		
Expired during quarter				
<b>Rights #</b>	-	-	Exercise Price \$1.00	Expiry Date 19 January 2007
Issued during quarter	-	-		
Exercised during quarter	17,429,805	17,429,805	\$17,429,805	
Expired during quarter	5,562,561	5,562,561		
<b>Debentures</b> (totals only)				
<b>Unsecured Notes</b> (totals only)				



David Salisbury  
**Chief Executive Officer**