

QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS
NEW ZEALAND OIL & GAS LIMITED
For Quarter ended 31 March 2008

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 March \$NZ'000 | Year to Date (9 months) \$NZ'000 |
|----------|-------|--|--------------------------------------|--|
| 1(a) | | Receipts from product sales and related debtors | 65,594 | 127,737 |
| 1(b) | | Payments for | | |
| | | (a) exploration and evaluation | (2,633) | (9,877) |
| | | (b) development | (31,130) | (74,682) |
| | | (c) production | (3,811) | (11,032) |
| | | (d) administration | (1,655) | (6,097) |
| 1(c) | | Dividends received | - | - |
| 1(d) | | Interest and other items of a similar nature received | 281 | 1,663 |
| 1(e) | | Interest and other costs of finance paid | (255) | (915) |
| 1(f) | | Income taxes (paid)/received | (3,608) | (3,920) |
| 1(g) | | Other | 447 | 447 |
| 1(h) | | Net Operating Cash Flows | 23,230 | 23,324 |
| | | Cash Flows Related to Investing Activities | | |
| 2(a) | | Cash paid for purchases of: | | |
| | | (a) prospects | - | - |
| | | (b) equity investments | (17,506) | (17,506) |
| | | (c) other fixed assets | (279) | (520) |
| 2(b) | | Cash proceeds from sale of: | | |
| | | (a) prospects | - | - |
| | | (b) equity investments | 119 | 119 |
| | | (c) other fixed assets | - | - |
| 2(c) | | Loans to other entities | - | - |
| 2(d) | | Loans repaid by other related entities (PRCL) | - | 16,264 |
| 2(e) | | Other – Security deposits/bonds for coal permit | - | - |
| 2(f) | | Net Investing Cash Flows | (17,666) | (1,643) |
| | | Total Operating and Investing Cash Flows | 5,564 | 21,681 |
| | | Cash Flows Related to Financing Activities | | |
| 3(a) | | Cash proceeds from issue of NZOG shares | 285 | 326 |
| 3(b) | | Proceeds from sale of forfeited shares | - | - |
| 3(c)(i) | | Borrowings | 24,390 | 62,115 |
| 3(c)(ii) | | Convertible Notes | - | - |
| 3(d) | | Repayment of borrowings | (42,085) | (59,735) |
| 3(e) | | Dividends paid | - | - |
| 3(f) | | Other – Finance and hedging costs | (814) | (6,182) |
| 3(g) | | Net Financing Cash Flows | (18,224) | (3,476) |
| 4(a) | | Net Increase/(Decrease) in Cash Held | (12,660) | 18,205 |
| 4(b)(i) | | Cash at beginning of quarter/year | 60,065 | 35,382 |
| 4(b)(ii) | | Cash decrease from deconsolidation of subsidiary company | - | (7,406) |
| 4(c) | | Exchange rate adjustments to Items 4(b) above | (1,481) | (257) |
| 4(d) | | Cash at End of Quarter | 45,924 | 45,924 |

Notes:

This report is for the NZOG consolidated group at 31 March 2008.

3(c)(i) & 3(d) Refer to note 6.

4(b)(ii) During the quarter NZOG participated in the Pike River Coal Limited (PRCL) rights issue with the investment in a further 19,450,776 PRCL shares at \$0.90 per share. NZOG holds 81,730,089 shares in PRCL (31%).

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 |
|-----------------------------------|-------|--------------------------------|---------------------------|
| Tui Cash Advance Facilities (USD) | 1 | USD 17.5 | USD Nil |
| Kupe Cash Advance Facilities(NZD) | 2 | NZD 137.5 | NZD 47.3 |
| Tui letters of credit (USD) | 1 | USD 12.5 | USD 12.5 |
| 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 term loan and letter of credit facility with Westpac Banking Corporation and Bank of Scotland International for the Kupe project.

7 **Estimated Outlays for Specified Quarter**

| | Notes | Current Quarter # \$NZ'000 | Following Quarter \$NZ'000 |
|----------------------------|-------|-------------------------------|-------------------------------|
| Exploration and evaluation | 1 | 1,600 | 5,500 |
| Development | 1 | 30,200 | 14,000 |
| Total | | 31,800 | 19,500 |

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.

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 | 30 | 153 |
| Deposits at call and bank bills | 42,859 | 50,455 |
| Bank overdraft | - | - |
| Other – Joint venture cash | 3,035 | 9,458 |
| Total: Cash at End of Quarter (Item 4(d)/4(b)) | 45,924 | 60,065 |

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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 | - | - |

9(c) The Company's "Petroleum Licence Interests" as at 31 March 2008 are set out below.

PETROLEUM LICENCE INTERESTS AT 31 March 2008

| LICENCE | GROSS AREA SQ KM | DIRECT INTEREST % |
|--|---------------------|-------------------------|
| 1. PETROLEUM MINING PERMITS | | |
| PML 38146 (Kupe field) | 256 | 15.00 |
| PMP 38158 (Tui field) | 504 | 12.50 |
| 2. PETROLEUM EXPLORATION PERMITS | | |
| OFFSHORE TARANAKI | | |
| PEP 38483 (Hector) | 9,829 | 18.86 |
| PEP 38483 (Hector South Sub Block -HSSB) | 381 | 12.50 |
| PEP 38499 (Toke) | 643 | 12.50 |

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Issued and Quoted Securities at End of Current Quarter – 31 March 2008
 (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) |
|---|---------------|---|--------------------------|-----------------------------|
| Ordinary Securities Less Treasury capital | 265,569,160 | 262,180,660 (5,864,515) 256,316,145 | N/A | N/A |
| Issued during quarter | 600,002 | 2 | | |
| Partly Paid Securities <i>(included in ordinary securities, but not part of quoted ordinary securities)</i> | 3,388,500 | - | 0.87 – 1.45 | 0.01 |
| Issued during quarter | 600,000 | - | 1.28 | 0.01 |
| Fully paid during quarter | - | - | | |
| Options | 138,837,889 | 138,837,889 | Exercise Price \$1.50 | Expiry Date 30 June 2008 |
| Issued during quarter | - | - | | |
| Exercised during quarter | 2 | 2 | | |
| Expired during quarter | - | | | |



David Salisbury
 Chief Executive Officer
 29 April 2008

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