

# QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS

## NEW ZEALAND OIL & GAS LIMITED

For Quarter ended 30 September 2005

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.

NZSE Ref		Current Quarter September \$NZ'000	Year to Date (3 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	(628)	(628)
	(b) development	(2,420)	(2,420)
	(c) production	-	-
	(d) administration	(434)	(434)
	(e) decommissioning	-	-
1(c)	Dividends received	-	-
1(d)	Interest and other items of a similar nature received	657	657
1(e)	Interest and other costs of finance paid	-	-
1(f)	Income taxes (paid)/received	-	-
1(h)	<b>Net Operating Cash Flows</b>	<b>(2,825)</b>	<b>(2,825)</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	(4)	(4)
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 – Security/term deposit for licence bond	(4)	(4)
2(f)	<b>Net Investing Cash Flows</b>	<b>(8)</b>	<b>(8)</b>
	<b>Total Operating and Investing Cash Flows</b>	<b>(2,833)</b>	<b>(2,833)</b>
	<b>Cash Flows Related to Financing Activities</b>		
3(a)(i)	Cash proceeds from issue of NZOG shares	1,338	1,338
3(a)(ii)	Cash proceeds from issue of shares to minority interests (PRCC)	5,363	5,363
3(b)	Proceeds from sale of forfeited shares	-	-
3(c)	Borrowings	-	-
3(d)	Repayment of borrowings	-	-
3(e)	Dividends paid	-	-
3(f)	Other	-	-
3(g)	<b>Net Financing Cash Flows</b>	<b>6,701</b>	<b>6,701</b>
4(a)	<b>Net Increase/(Decrease) in Cash Held</b>	<b>3,868</b>	<b>3,868</b>
4(b)	Cash at beginning of quarter/year to date	49,662	49,662
4(c)	Exchange rate adjustments to Item 4(b) above	(122)	(122)
4(d)	<b>Cash at End of Quarter</b>	<b>53,408</b>	<b>53,408</b>

### Notes:

This report is for the NZOG consolidated group and consolidates cash flows from subsidiary Pike River Coal Company Limited.

3(a)(i) The total includes option conversions from 30/06/05 option exercise plus the proceeds from 1.26 million partly paid shares issued to participants in the Company's Employee Share Ownership Scheme.

3(a)(ii) Includes shares issued to minority interests in Pike River Coal Company Limited (PRCC). Further payments for Pike River shares are due from Saurashtra Fuels Private Limited of \$5.9m in December 2005 and \$6m by 31 March 2006.

**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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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.

Amount Available \$NZ'000	Amount Used \$NZ'000
Nil	Nil

7 **Estimated Outlays for Specified Quarter**

Notes

- 1 Exploration and evaluation
- 2 Development

**Total**

Current Quarter # \$NZ'000	Following Quarter \$NZ'000
178	164
3,500	17,504
3,678	17,668

# 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.

Note (1) and (2) 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	225	12,158
Deposits at call and bank bills	52,132	36,111
Bank overdraft	-	-
Other – Joint venture cash	1,051	1,393
<b>Total: Cash at End of Quarter (Item 4(d)/4(b))</b>	<b>53,408</b>	<b>49,662</b>

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**Changes in Interests in Mining Tenements**

	Tenement Reference	Nature of Interest (note (4))	Interest at Beginning of Quarter %	Interest at End of Quarter %
9(a)		Interests in mining tenements relinquished, reduced or lapsed		
9(b)	PEP38484	Direct	50.0%	100%

9(c) The Company's "Petroleum Licence Interests" as at 30 September 2005 are set out below.

**PETROLEUM LICENCE INTERESTS AT 30 September 2005**

LICENCE	GROSS AREA SQ KM	DIRECT INTEREST %	Note
<b>1. PETROLEUM MINING PERMITS</b>			
PML38146 (Kupe field)	256	15.00	
<b>2. PETROLEUM EXPLORATION PERMITS</b>			
<b>ONSHORE TARANAKI</b>			
PEP38729 (Felix)	238	75.00	
PEP38718 (Tuihu)	115	28.60	
<b>OFFSHORE TARANAKI</b>			
PEP38460 (Tui /Amokura/Pateke)	3,802	12.50	
PEP38483 (Deep West Maui-Hector)	12,196	18.86	
PEP38484 (West Kupe-Taitapa/Gamma)	1,680	100.00	1

**Note:**

1. During the quarter 50% of the permit was assigned to NZOG by the former JV partner.

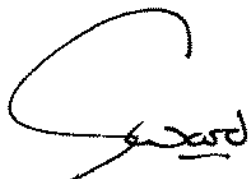
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**Issued and Quoted Securities at End of Current Quarter**  
 (NEW ZEALAND OIL & GAS LIMITED ONLY)

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

	Number Issued	Number Quoted	Par Value (cents)	Paid-Up Value (cents)
<b>Preference</b>				
<b>+securities (description)</b>				
Issued during quarter				
<b>+Ordinary Securities</b>	205,372,282	205,372,282	N/A	N/A
Less Treasury capital		(5,864,515)		
		199,508,517		
Issued during quarter	9,618	9,618		
<b>+Partly Paid Securities</b>	1,260,000	1,260,000	Various	0.01
Issued during quarter	1,260,000	1,260,000	Various	0.01
<b>+Convertible Debt Securities (description)</b>				
Issued during quarter				
<b>Options</b>			Exercise Price	Expiry Date
Issued during quarter				
Exercised during quarter				
Expired during quarter				
<b>Debentures (totals only)</b>				
<b>Unsecured Notes (totals only)</b>				



Gordon Ward  
 General Manager