

QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS

NEW ZEALAND OIL & GAS LIMITED

For Quarter ended 31 March 2006

Quarterly Report of Consolidated Cash Flows prepared in accordance with NZSE 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
	Cash Flows Relating to Operating Activities		
1(a)	Notes Receipts from product sales and related debtors	-	-
1(b)	Payments for		
	(a) exploration and evaluation	(276)	(1,017)
	(b) development	(12,597)	(28,536)
	(c) production	-	-
	(d) administration	(694)	(2,264)
	(e) decommissioning	-	-
1(c)	Dividends received	-	-
1(d)	Interest and other items of a similar nature received	245	1,365
1(e)	Interest and other costs of finance paid	-	-
1(f)	Income taxes (paid)/received	-	-
1(h)	Net Operating Cash Flows	(13,322)	(30,452)
	Cash Flows Related to Investing Activities		
2(a)	Cash paid for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	(3,120)
	(c) other fixed assets	(78)	(155)
2(b)	Cash proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	323
	(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	-	(2,227)
2(e)(ii)	Other – Security deposits in relation to Tui development contracts	18,022	-
2(f)	Net Investing Cash Flows	17,944	(5,179)
	Total Operating and Investing Cash Flows	4,622	(35,631)
	Cash Flows Related to Financing Activities		
3(a)(i)	Cash proceeds from issue of NZOG shares	4	13,153
3(a)(ii)	Cash proceeds from issue of shares to minority interests (PRCC)	6,288	16,974
3(b)	Proceeds from sale of forfeited shares	-	-
3(c)	Borrowings	-	-
3(d)	Repayment of borrowings	-	-
3(e)	Dividends paid	-	-
3(f)	Other – Finance and hedging costs	(3,671)	(3,671)
3(g)	Net Financing Cash Flows	2,621	26,456
4(a)	Net Increase/(Decrease) in Cash Held	7,243	(9,175)
4(b)	Cash at beginning of quarter/year	33,416	49,662
4(c)	Exchange rate adjustments to Item 4(b) above	2,308	2,480
4(d)	Cash at End of Quarter	42,967	42,967

Notes:

This report is for the NZOG consolidated group including partly owned (69%) subsidiary Pike River Coal Limited.

3(a)(i) Year to date comprises proceeds conversions from 30 June 2005 option exercise, proceeds from part payment for 1.5 million partly paid shares issued to participants in the Company's Employee Share Ownership Scheme and \$12m from a Private Placement in March 2006.

3(a)(ii) Comprises shares issued to minority interests (net of brokerage and related costs) in Pike River Coal Limited (PRCC).

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.

	Amount Available \$US million	Amount Used \$US million
Cash Advance Facility	25	-
Letters of credit	12.5	7

Note: US \$7 million (NZ \$11.3 million) was drawn down on the facility with the New Zealand branch of the Commonwealth Bank of Australia during the March 2006 quarter. The Tui FPSO contract deposit of NZ \$18 million was refunded during the quarter.

7 **Estimated Outlays for Specified Quarter**

Notes	Current Quarter # \$NZ'000	Following Quarter \$NZ'000
1 Exploration and evaluation	101	120
2 Development	14,034	28,493
Total	14,135	28,613

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) 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	238	68
Deposits at call and bank bills	41,510	31,475
Bank overdraft	-	-
Other – Joint venture cash	1,218	1,873
Total: Cash at End of Quarter (Item 4(d)/4(b))	42,966	33,416
Note:		

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Changes in Interests in Mining Tenements

Note	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)		Interests in mining tenements acquired or increased		

9(c) The Company's "Petroleum Licence Interests" as at 31 March 2006 are set out below.

PETROLEUM LICENCE INTERESTS AT 31 March 2006

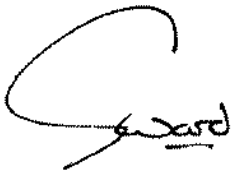
LICENCE	GROSS AREA SQ KM	DIRECT INTEREST %	Note
1. PETROLEUM MINING PERMITS			
PML 38146 (Kupe field)	256	15.00	
PMP 38158 (Tui field)	504	12.50	2
2. PETROLEUM EXPLORATION PERMITS			
ONSHORE TARANAKI			
PEP 38729 (Felix)	238	75.00	
OFFSHORE TARANAKI			
PEP 38483 (Hector)	12,196	18.86	
PEP 38483 (Hector South Sub Block -HSSB)	381	12.50	2
PEP 38484 (Taitapa)	1,680	100.00	

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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)
Preference				
+securities (description)				
Issued during quarter				
+Ordinary Securities	220,243,242	218,708,242	N/A	N/A
Less Treasury capital		(5,864,515)		
		212,843,727		
Issued during quarter				
+Partly Paid Securities	1,535,000	1,535,000	0.87 – 1.34	0.01
Issued during quarter	275,000	275,000	1-09 – 1.14	0.01
+Convertible Debt Securities (description)				
Issued during quarter				
Options	107,236,799	107,086,799	Exercise Price \$1.50	Expiry Date 30 Jun 2008
Issued during quarter	37,500	37,500	\$1.50	30 Jun 2008
Exercised during quarter	937	937	\$1.50	
Expired during quarter				
Debentures (totals only)				
Unsecured Notes (totals only)				



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 Gordon Ward
 General Manager