

# QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS NEW ZEALAND OIL & GAS LIMITED

For Quarter ended 30 September 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 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	(1,906)	(1,906)
	(b) development	(18,987)	(18,987)
	(c) production	-	-
	(d) administration	(1,516)	(1,516)
1(c)	Dividends received	-	-
1(d)	Interest and other items of a similar nature received	665	665
1(e)	Interest and other costs of finance paid	(3)	(3)
1(f)	Income taxes (paid)/received	-	-
1(g)	Other		
1(h)	<b>Net Operating Cash Flows</b>	<b>(21,747)</b>	<b>(21,747)</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	(47)	(47)
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	(422)	(422)
2(f)	<b>Net Investing Cash Flows</b>	<b>(469)</b>	<b>(469)</b>
	<b>Total Operating and Investing Cash Flows</b>	<b>(22,216)</b>	<b>(22,216)</b>
	<b>Cash Flows Related to Financing Activities</b>		
3(a)(i)	Cash proceeds from issue of NZOG shares	2	2
3(a)(ii)	Cash proceeds from issue of shares to minority interests (PRCL)	19,400	19,400
3(b)	Proceeds from sale of forfeited shares	-	-
3(c)	Borrowings	2,404	2,404
3(d)	Repayment of borrowings	-	-
3(e)	Dividends paid	-	-
3(f)	Other – Finance and hedging costs	(695)	(695)
3(g)	<b>Net Financing Cash Flows</b>	<b>21,111</b>	<b>21,111</b>
4(a)	<b>Net Increase/(Decrease) in Cash Held</b>	<b>(1,105)</b>	<b>(1,105)</b>
4(b)	Cash at beginning of quarter/year	41,713	41,713
4(c)	Exchange rate adjustments to Items 4(b) above	(1,522)	(1,522)
4(d)	<b>Cash at End of Quarter</b>	<b>39,086</b>	<b>39,086</b>

## Notes:

This report is for the NZOG consolidated group including partly owned subsidiary Pike River Coal Limited (61%). Cash at end of the quarter of \$39 million includes cash held by Pike River Coal Limited of \$20 million.

3(a)(ii) On 12 June 2006 Gujarat NRE Coke Limited agreed to invest \$19.4 million (net of brokerage and related costs) in Pike River Coal Limited (PRCL). This amount was received during the September 2006 quarter.

**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
Cash Advance Facilities: USD NZD	1	USD 27.5 NZD 2.4	USD 10.4 NZD 2.4
Letters of credit (USD)	1	USD 12.5	USD 10.75

**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.

**7 Estimated Outlays for Specified Quarter**

	Notes	Current Quarter # \$NZ'000	Following Quarter \$NZ'000
Exploration and evaluation		1,733	3,545
Development	1	14,393	29,641
<b>Total</b>		<b>16,126</b>	<b>33,186</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

The company has finance facilities available to fund Tui development costs. (see NZSE Ref 6 above)

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	47	25
Deposits at call and bank bills	32,371	39,109
Bank overdraft	-	-
Other – Joint venture cash	6,668	2,579
<b>Total: Cash at End of Quarter (Item 4(d)/4(b))</b>	<b>39,086</b>	<b>41,713</b>
<b>Note:</b>		

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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)	PEP38484	Direct	100%	-
9(b)				

9(c) The Company's "Petroleum Licence Interests" as at 30 September 2006 are set out below.

**PETROLEUM LICENCE INTERESTS AT 30 September 2006**

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

Note:

1) PEP38484 (Taitapa) was relinquished on 18/07/06.

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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	Value (cents)	Paid-Up Value (cents)
<b>Preference securities</b> (description)				
Issued during quarter				
<b>Ordinary Securities</b> Less Treasury capital	220,369,404	218,709,404 (5,864,515) 212,844,889	N/A	N/A
Issued during quarter	1,162	1,162		
<b>Partly Paid Securities</b>	1,660,000		0.87 – 1.34	0.01
Issued during quarter	125,000		1.20 – 1.21	0.01
<b>Convertible Debt Securities</b> (description)				
Issued during quarter				
<b>Options</b>	107,235,637	107,085,637	Exercise Price \$1.50	Expiry Date 30 June 2008
Issued during quarter				
Exercised during quarter	1,162	1,162		
Expired during quarter				
<b>Debentures</b> (totals only)				
<b>Unsecured Notes</b> (totals only)				



Gordon Ward  
**General Manager**