QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS
NEW ZEALAND OIL & GAS LIMITED
For Quarter ended 31 March 2011

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 2011 $NZ'000	Year to Date (9 months) $NZ'000
1(a)		Receipts from product sales and related debtors		28,079	83,798
1(b)		Payments for			
		(a) exploration and evaluation		(1,300)	(3,814)
		(b) development		(615)	(3,827)
		(c) production		(5,080)	(25,819)
		(d) administration		(2,219)	(9,948)
1(c)		Dividends received		-	-
1(d)		Interest and other items of a similar nature received		287	2,657
1(e)		Interest and other costs of finance paid		(819)	(1,873)
1(f)		Income taxes (paid)/received		-	(2)
1(g)		Royalties		(825)	(7,603)
1 (h)		Other		145	1,448
1(i)		**Net Operating Cash Flows**		**17,653**	**35,017**
		Cash Flows Related to Investing Activities			
2(a)		Cash paid for purchases of:	(a) prospects	-	-
			(b) equity investments	-	-
			(c) other fixed assets	(6)	(35)
2(b)		Cash proceeds from sale of:	(a) prospects	-	-
			(b) equity investments	-	-
			(c) other fixed assets	-	-
2(c)		Loans to other entities		-	(25,000)
2(d)		Loans repaid by other related entities		-	-
2(e)		Other		-	-
2(f)		**Net Investing Cash Flows**		**(6)**	**(25,035)**
		Total Operating and Investing Cash Flows		**17,647**	**9,982**
		Cash Flows Related to Financing Activities			
3(a)(i)		Cash proceeds from issue of NZOG shares		199	387
3(a)(ii)		Buyback of NZOG shares		(1,061)	(1,935)
3(b)		Proceeds from sale of forfeited shares		-	-
3(c)		Borrowings		-	-
3(d)		Repayment of borrowings		-	-
3(e)		Dividends paid		-	(13,503)
3(f)		Other – Finance costs and hedging settlements		-	-
3(g)		**Net Financing Cash Flows**		**(862)**	**(15,051)**
4(a)		**Net Increase/(Decrease) in Cash Held**		**16,785**	**(5,069)**
4(b)		Cash at beginning of quarter/year		111,832	142,404
4(c)		Exchange rate adjustments to Items 4(b) above		1,181	(7,537)
4(d)		**Cash at End of Quarter**		**129,798**	**129,798**

Notes:
This report is for the NZOG consolidated group at 31 March 2011.

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
Kupe Cash Advance Facilities(NZD)	2	NZD 75.0	NZD 63.0
Tui letters of credit (USD)	1	USD 4.8	USD 4.8
Kupe letters of credit (NZD)	2	NZD 10.0	NZD 10.0

Notes:

1. NZOG has a 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 Cash Advance Facility and letter of credit facility with Westpac Banking Corporation for the Kupe project.

7 **Estimated Outlays for Specified Quarter**

	Notes	Current Quarter # $NZ'000	Following Quarter $NZ'000
Exploration and evaluation	1	200	150
Development		200	100
Total		**400**	**250**

\# 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.

1. Timing

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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	7	5
Deposits at call, term and bank bills	124,931	105,634
Bank overdraft	-	-
Other – Joint venture cash	4,860	6,193
Total: Cash at End of Quarter (Item 4(d)/4(b))	**129,798**	**111,832**

The above cash at end of quarter was held in the following currencies:	Current Quarter '000	Previous Quarter '000
New Zealand Dollars	NZ$62,116	NZ$41,127
United States Dollars	US$51,607	US$54,414

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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)	Interests in mining tenements relinquished, reduced or lapsed	PEP 38483 (Bahamas)	Relinquished	18.864%	-
9(b)	Interests in mining tenements acquired or increased	-	-	-	-

9(c) The Company's "Petroleum Licence Interests" as at 31 March 2011 are set out below.

PETROLEUM LICENCE INTERESTS AT 31 March 2011

LICENCE	GROSS AREA SQ KM	DIRECT INTEREST %
1. PETROLEUM MINING PERMITS		
PML 38146 (Kupe field)	257	15.0
PMP 38158 (Tui field)	467	12.50
2. PETROLEUM EXPLORATION PERMITS		
PEP 51311 (Kaupokonui) **(note 1)**	2,985	100.0
PEP 51321 (Kahurangi) **(note 2)**	2,991	18.864
PEP 38259 (Barque)	1,658	40.0
PEP 38491 (Albacore) **(note 3)**	714	44.44
PEP 51988 (Mangaa)	1,138	100.0
PEP 51558 (Parihaka) **(note 4)**	2,850	20.0

1. NZOG has entered into a farm-out agreement with Peak Oil & Gas Limited which will reduce NZOG's interest in PEP 51311 to 90%, subject to final conditions being met and the subsequent approval of the Minister of Energy.
2. During the quarter a notice to surrender the full permit area of PEP 51321 was submitted to the Minister of Energy.
3. During the quarter an application to increase our direct interest in PEP 38491 to 100% was submitted to the Minister of Energy, with the withdrawal of a partner in the permit area.
4. During the quarter an application to increase our direct interest in PEP 51558 to 50% was submitted to the Minister of Energy, with the withdrawal of partners in the permit area.

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10 **Issued and Quoted Securities at End of Current Quarter – 31 March 2011**
(NEW ZEALAND OIL & GAS LIMITED ONLY)
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

Note		Number Issued	Number Quoted	Value (cents)	Paid-Up Value (cents)
	Ordinary Securities	398,194,433	392,724,433	N/A	N/A
	Fully paid during quarter	220,000	220,000	0.90	0.90
	Cancelled during quarter	1,208,294	1,208,294	0.85 – 0.93	0.85 – 0.93
	Partly Paid Securities *(included in ordinary securities, but not part of quoted ordinary securities)*	5,470,000	-	1.00-2.04	0.01
	Issued during quarter	150,000	-	1.52	0.01
	Fully paid during quarter	220,000	-	0.90	0.01
	Options	-	-	N/A	N/A
	Issued during quarter	-	-		
	Exercised during quarter	-	-		
	Expired during quarter	-	-		

David Salisbury
Chief Executive Officer
29 April 2011