QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS
NEW ZEALAND OIL & GAS LIMITED
For Quarter ended 30 September 2012

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 Sep 2012 $NZ'000	Year to Date (3 months) $NZ'000
1(a)		Receipts from product sales and related debtors		28,412	28,412
1(b)		Payments for			
		(a) exploration and evaluation		(4,821)	(4,821)
		(b) development		(233)	(233)
		(c) production		(5,473)	(5,473)
		(d) administration		(3,881)	(3,881)
1(c)		Dividends received		-	-
1(d)		Interest and other items of a similar nature received		1,401	1,401
1(e)		Interest and other costs of finance paid		(536)	(536)
1(f)		Income taxes (paid)/received		(2,600)	(2,600)
1(g)		Royalties		(7,774)	(7,774)
1 (h)		Other		3	3
1(i)		**Net Operating Cash Flows**		**4,498**	**4,498**
		Cash Flows Related to Investing Activities			
2(a)		Cash paid for purchases of:	(a) prospects	-	-
			(b) equity investments	-	-
			(c) other fixed assets	(8)	(8)
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		6,927	6,927
2(e)		Other		730	730
2(f)		**Net Investing Cash Flows**		**7,649**	**7,649**
		Total Operating and Investing Cash Flows		**12,147**	**12,147**
		Cash Flows Related to Financing Activities			
3(a)(i)		Cash proceeds from issue of NZOG shares		-	-
3(a)(ii)		Buyback of NZOG shares		-	-
3(b)		Proceeds from sale of forfeited shares		-	-
3(c)		Borrowings		-	-
3(d)		Repayment of borrowings		(4,000)	(4,000)
3(e)		Dividends paid		(16,866)	(16,866)
3(f)		Other		-	-
3(g)		**Net Financing Cash Flows**		**(20,866)**	**(20,866)**
4(a)		**Net Increase/(Decrease) in Cash Held**		**(8,719)**	**(8,719)**
4(b)		Cash at beginning of quarter/year		209,222	209,222
4(c)		Exchange rate adjustments to Items 4(b) above		(3,392)	(3,392)
4(d)		**Cash at End of Quarter**		**197,111**	**197,111**

Notes:

This report is for the NZOG consolidated group at 30 September 2012.

1(b)(d) Cash flows relating to administration includes cash flow from international new ventures of $0.3 million for the September 2012 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
Kupe Cash Advance Facilities(NZD)	2	NZD 42.8	NZD 42.8
Tui letters of credit (USD)	1	USD 3.8	USD 3.8

Notes:
1. NZOG has a letter of credit facility with the Commonwealth Bank of Australia (New Zealand branch) and ANZ Banking Group Limited in respect of the Tui area oil fields.
2. NZOG has a Cash Advance Facility with Westpac Banking Corporation secured by its interest in the Kupe field.

7 **Estimated Outlays for Specified Quarter**

	Notes	Current Quarter # $NZ'000	Following Quarter $NZ'000
Exploration and evaluation		5,600	12,800
Development		800	1,700
Total		**6,400**	**14,500**

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.

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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	(14)	8
Deposits at call, term and bank bills	185,496	196,648
Bank overdraft	-	-
Other – Joint venture cash	11,629	12,566
Total: Cash at End of Quarter (Item 4(d)/4(b))	**197,111**	**209,222**

The above cash at end of quarter includes cash held in the following material currencies:	Current Quarter '000	Previous Quarter '000
United States Dollars	US$68,166	US$57,232

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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 38259 (Barque)	surrendered	40%	-
9(b)	Interests in mining tenements acquired or increased	PEP 52181 (Kaheru) Bohorok PSC	acquired acquired	- -	17.14% 45%

9(c) The Company's "Petroleum Interests" as at 30 September 2012 are set out below.

PETROLEUM INTERESTS AT 30 September 2012

	GROSS AREA SQ KM	**DIRECT INTEREST %**
1. PETROLEUM MINING PERMITS		
PML 38146 (Kupe field)	257	15.0
PMP 38158 (Tui field)	467	12.5
2. PETROLEUM EXPLORATION PERMITS		
PEP 51311 (Kakapo) **(note 1)**	2,985	100.0
PEP 51558 (Kanuka)	2,850	50.0
PEP 52181 (Kaheru) **(note 2)**	312	17.14
Kisaran PSC	2,179	22.5
Bohorok PSC	5,022	45.0
3. PROSPECTING PERMITS		
Diodore (Tunisia)	1,232	100.0
4. CONCESSIONS		
Cosmos (Tunisia)	422	40.0

1. NZOG has entered into a farm-out agreement with Raisama 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. In March 2012 NZOG made a conditional offer to purchase a stake in PEP52181 (Kaheru permit). Since then the company was able to acquire a further 17.14% interest and the conditions of the original offer were finalised with a drilling

commitment, which resulted in NZOG having a 60% interest. At the date of this report NZOG has farmed out a 25% interest in the permit to Beach Petroleum (NZ) Pty Limited, subject to ministerial approval, leaving NZOG with a 35% interest.

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10 **Issued and Quoted Securities at End of Current Quarter – 30 September 2012**

(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	410,443,686	400,923,686	N/A	N/A
	Fully paid during quarter	8,135,891	8,135,891	0.81021	0.81021
	Cancelled during quarter	-	-	-	-
	Partly Paid Securities *(included in ordinary securities, but not part of quoted ordinary securities)*	9,520,000	-	0.77-2.04	0.01
	Issued during quarter	-	-	-	-
	Fully paid during quarter	-	-	-	-
	Options	-	-	N/A	N/A
	Issued during quarter	-	-		
	Exercised during quarter	-	-		
	Expired during quarter	-	-		

Andrew Knight
Chief Executive Officer
30 October 2012