

QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS

NEW ZEALAND OIL & GAS LIMITED

For Quarter ended 31 December 2013

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 December 2013 \$NZ'000	Year to Date (6 months) \$NZ'000
1(a)		Receipts from product sales and related debtors	29,185	63,035
1(b)		Payments for		
		(a) exploration and evaluation	(16,294)	(23,747)
		(b) development	(812)	(1,356)
		(c) production	(3,414)	(8,031)
		(d) administration	(3,262)	(5,579)
1(c)		Dividends received	-	-
1(d)		Interest and other items of a similar nature received	921	1,889
1(e)		Interest and other costs of finance paid	-	-
1(f)		Income taxes (paid)/received	-	(2,001)
1(g)		Royalties	(299)	(6,159)
1(h)		Other	34	9,120
1(i)		Net Operating Cash Flows	6,059	27,171
		Cash Flows Related to Investing Activities		
2(a)		Cash paid for purchases of:		
		(a) prospects	(7,733)	(7,733)
		(b) equity investments	-	-
		(c) other fixed assets	(266)	(462)
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	(490)	(465)
2(f)		Net Investing Cash Flows	(8,489)	(8,660)
		Total Operating and Investing Cash Flows	(2,430)	18,511
		Cash Flows Related to Financing Activities		
3(a)(i)		Cash proceeds from issue of NZOG shares	171	437
3(a)(ii)		Buyback of NZOG shares	-	-
3(b)		Proceeds from sale of forfeited shares	-	-
3(c)		Borrowings	-	-
3(d)		Repayment of borrowings	-	-
3(e)		Dividends paid	(635)	(9,432)
3(f)		Other	-	-
3(g)		Net Financing Cash Flows	(464)	(8,995)
4(a)		Net Increase/(Decrease) in Cash Held	(2,894)	9,516
4(b)		Cash at beginning of quarter/year	166,691	158,018
4(c)		Exchange rate adjustments to Items 4(b) above	416	(3,323)
4(d)		Cash at End of Quarter	164,211	164,211

Notes:

This report is for the NZOG consolidated group at 31 December 2013.

2(a)(a) During the quarter the group acquired a further 15% stake in the Tui petroleum mining permit - \$7.7m

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
Tui letters of credit (USD)	1	USD 4.6	USD 4.6

Notes:

1. NZOG has a letter of credit facility with ANZ Bank (New Zealand branch) in respect of the Tui area oil fields. Increase due to additional 15% stake acquired in the December quarter.

- 7 **Estimated Outlays for Specified Quarter**

	Notes	Current Quarter # \$NZ'000	Following Quarter \$NZ'000
Exploration and evaluation	1	23,300	25,393
Development	2	700	500
Total		24,000	25,893

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. Actual outlay for exploration and evaluation is \$16.3m, which is \$7.0m lower than estimated for the quarter due to activity being deferred to Q1 2014 in respect of the Tui, Manaia, Bohorok and Kisaran permits.

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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	13,633	60
Deposits at call, term and bank bills	140,643	159,375
Bank overdraft	-	-
Other – Joint venture cash	9,935	7,256
Total: Cash at End of Quarter (Item 4(d)/4(b))	164,211	166,691
The above cash at end of quarter includes cash held in the following material currencies:	Current Quarter '000	Previous Quarter '000
United States Dollars	USD 46,028	USD 52,854

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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)	Interests in mining tenements relinquished, reduced or lapsed	PEP 51558 (Kanuka)	Relinquished	50%	-
9(b)	Interests in mining tenements acquired or increased	PML 38146 (Tui Field)	Increased	12.5%	27.5%
		PEP 55792 (Galleon)	Acquired	-	30.0%
		PEP 55793 (Vulcan)	Acquired	-	30.0%
		PEP 55794 (Toroa)	Acquired	-	30.0%

9(c) The Company's "Petroleum Interests" as at 31 December 2013 are set out below.

PETROLEUM INTERESTS AT 31 December 2013

	GROSS AREA SQ KM	DIRECT INTEREST %
1. PETROLEUM MINING PERMITS		
PML 38146 (Kupe field)	257	15.0
PMP 38158 (Tui field)	467	27.5
2. PETROLEUM EXPLORATION PERMITS		
PEP 52181 (Kaheru)	312	35.0
PEP 54857 (Waru)	525	100.0
PEP 54867 (Manaia)	111	40.0
PEP 51906 (Matuku)	1613	12.5
PEP 52593 (Taranga)	3,509	50.0
PEP 53473 (Takapou)	853	50.0
PEP 52717 (Clipper)	3,423	50.0
Kisaran PSC	2,179	22.5

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Bohorok PSC	5,022	45.0
PEP 55792 (Galleon) (note 1)	1,654	100.0
PEP 55793 (Vulcan) (note 1)	2,418	30.0
PEP 55794 (Toroa) (note 1)	9,835	30.0
Palmerah Baru PSC (note 2)	989	36.0
3. PROSPECTING PERMITS		
Diodore (Tunisia)	1,232	100.0

1. PEP 55792 (Galleon), PEP 55793 (Vulcan) and PEP 55794 (Toroa) were awarded in the December 2013 block offer and will be formally conferred on 1 April 2014.
2. Palmerah Baru PSC was awarded in December 2013 and will be formally conferred during the March 2014 quarter.

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Issued and Quoted Securities at End of Current Quarter – 31 December 2013
(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	419,903,224	411,966,224	N/A	N/A
	Fully paid during quarter	205,000	205,000	80-84	80-84
	Cancelled during quarter	-	-	-	-
	Partly Paid Securities <i>(included in ordinary securities, but not part of quoted ordinary securities)</i>	7,937,000	-	77.0-204.0	1.0
	Issued during quarter	58,000	-	101.0	1.0
	Fully paid during quarter	(205,000)	-	80-84	80-84
	Options	-	-	N/A	N/A
	Issued during quarter	-	-		
	Exercised during quarter	-	-		
	Expired during quarter	-	-		



Andrew Knight
Chief Executive Officer
27 January 2014