# Annual Report 2023

New Zealand Oil & Gas Limited Annual Report

ASX: NZO NZX: NZO

# Contents



**Signed on behalf of the board of New Zealand Oil & Gas Limited on 27 September 2023.**

**Samuel Kellner**
Chairman

**Alastair McGregor**
Director

# Our Values

TIKANGA: THE RIGHT THINGS THE RIGHT WAY

We operate safely, and do what we say we will do.

We display respect and understanding for other people, opinions and cultures.

We respect values, rules and laws.

MAHI TAHI: WORK TOGETHER, COLLABORATE, COOPERATE, WITH TEAMWORK

We are open, honest and transparent.

We actively pitch in and help.

We have fun and work with passion.

We put big issues on the table so they can be resolved.

PĀKIKI: CONSUMED WITH CURIOSITY

We seek to better understand ourselves, and the world, with the goal of constantly improving.

We explore new areas to add value to our work.

We work with initiative and imagination.

TAUHOKOHOKO: BARTER, BARGAIN, TRADE

We continually seek to add value through the application of skills, brains and hard work.

We develop mutually beneficial relationships with key stakeholders and partners.

We deliver excellent commercial outcomes.

# Our Compass

We see natural gas assets providing security of supply to an energy-constrained world as it undergoes a decades-long energy transformation. We will pursue quality investment opportunities.

## WHO WE ARE

We are an oil and gas company with an Australasian focus. We are ethical, values based, and nimble.

We are an experienced, Wellington based exploration and production company, and we are growth ready.

Industry experts trusted by our stakeholders, providing support and advice.

## WHERE WE ARE GOING

Growing: Efficiently deploy our resources purchasing additional production that has development upside and exploration that fits our asset base.

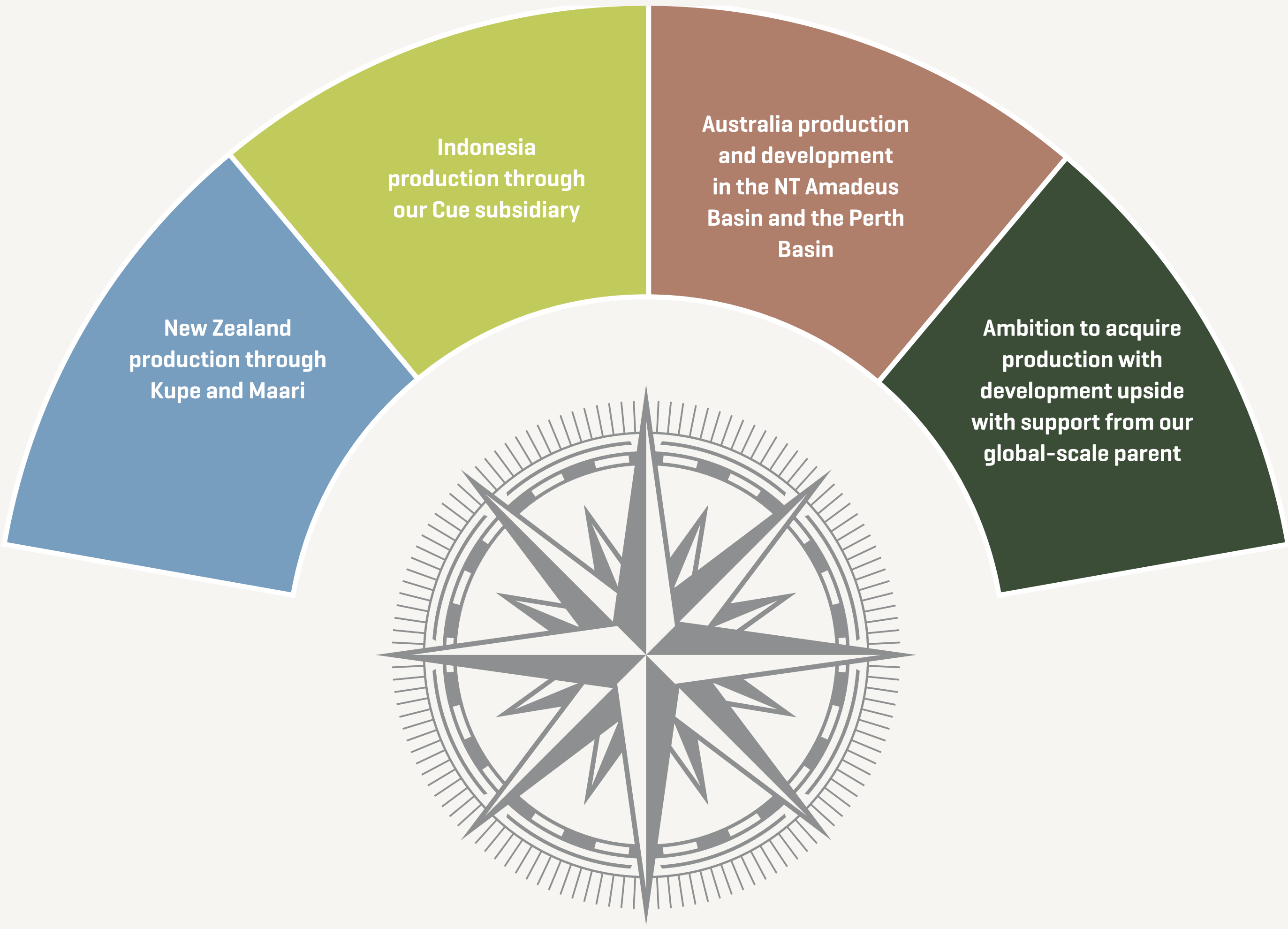
Improving: Use our skillsets, optimising our processes, and extracting additional value from our physical assets and the wider group.

Realising: Support our operating partners, Cue subsidiary, and stakeholders, to identify mutual value add.

## HOW WE WILL GET THERE

We use our capital resources, technical capability, relationships, values, shareholder support and flexibility to create opportunities, execute reliably and in a way that makes us proud, so that high quality people want to work with us.

# Strength today and growth tomorrow




We see natural gas assets providing security of supply to an energy-constrained world as it undergoes a decades-long energy transformation. We will pursue quality investment opportunities.

# Highlights

## FINANCIAL RESULTS

Revenues up 18% to $98.8m (from $83.8m in FY22).
Net profit after tax is $19.1m (down from $25.7m in FY22).
Profit of 4.7 cents per share (down from 9.9cps in FY22).

## PRODUCTION RESULTS

Production 1.33mmboe, up from 1.25mmboe in FY22 based on 9 months of Amadeus ownership (net to NZOG inc. Cue share).

## RESERVES UPGRADE

4% at 2P total level.

## ACTIVITY

A total of 8 wells have been drilled within FY23, this included 7 at Mahato and 1 at Palm Valley.

# Future Activities Timeline - NZOG & Cue

This table summarises the timeline of expected activities including the farm-in.*

| | Asset | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Existing Permits | Kupe | Infill Well | | |
| | Mereenie | 2x Infill Wells | Further Infill Well(s); Potential Stairway Appraisal | |
| | Palm Valley & Dingo | | Dingo Compressor | |
| | Sampang & Oyong | Pending Paus Biru FID | | |
| | Mahato | Ongoing development drilling; BA-01 Exploration Well | | |
| | L7 | Seismic Interpretation | 2 Exploration Wells | |
| | EP 437 | | 1 Exploration Well | |

M&A · Development · Exploration

*Most activities subject to further approvals

# Report from the Chair and CEO

Dear shareholder,

## On behalf of the Board we are very pleased to present this annual report of our activities and results.

It was a busy, active year, with development and exploration in Australia and Indonesia.

Our results have been impressive. Production was up 14% for the year, and revenue increased 18%.

Revenues are growing quickly because our strategy of growing through acquisition and developing our producing assets has proved successful.

The performance of our producing assets has been excellent, and it is pleasing that we were able to announce a reserves upgrade. Details of the new reserve figures are fully presented in this Annual Report.

Revenue from our Amadeus Basin assets in Australia's Northern Territory was up 47% compared to a year ago, and revenue from Indonesia was up 14%.

Production has been strong, and we have been exceptionally busy in our efforts to keep the momentum going.

The Palm Valley drilling programme had success from a second sidetrack into the Pacoota (P1) sandstone, which is the current producing zone of the Palm Valley field. The well has now been tied in and is producing.

In addition, development of our Cue subsidiary's portfolio in Indonesia has been rewarding. Cue reported its highest annual revenues since 2010, demonstrating the success of its growth strategy. Our collaboration in the Amadeus Basin has been beneficial for both companies.

At the Mahato PSC, development drilling continued. Nine wells were completed as part of the field development optimisation announced in June 2022. Sixteen total wells were in production at fiscal year-end 2023 and the field is currently producing approximately 419 barrels of oil per day net to Cue.

Oil production from Cue's Maari field, offshore Taranaki, New Zealand, continued to be strong.

The returns from our efforts are being put to work, and the pace will pick up further in the year ahead.

In New Zealand, a new well will be drilled at Kupe and infill wells at Maari will aim to increase production. In Australia, infill wells are planned at Mereenie, while we look forward to the excitement of exploration drilling in our newly acquired acreage in the Perth Basin.

In Indonesia, Cue will participate in workovers of existing wells at Mahato.

While this is an intensive programme of development and exploration activity, we are able to fund it from our cash balance and ongoing cashflows.

At the end of the year we had almost fully paid off our Amadeus acquisition. This frees up more cash to grow the business further.

Production and reserves have been growing, and while we push to grow even faster, we have a favourable wind behind us.

We are witnessing unprecedented opportunities in the gas market on the East Coast of Australia, where increasing prices have improved the profitability of existing assets and make additional exploration and development activity more attractive. We are positioned to harness this opportunity through our high-quality acreage, allowing us to drive growth and create value.

As we wrote in our recently published Sustainability Report, we are proud of what we do and proud of the way we go about it. Our business exists to provide energy security and affordability for consumers across our region, in Australia, New Zealand and Indonesia.

The past year has been rewarding. We have helped our communities by producing energy they need. We have operated safely, and we have grown our business. We are proud of our results.

We would like to thank our fellow directors for their thoughtful and insightful contributions.

Our small and hard-working staff have performed beyond expectations.

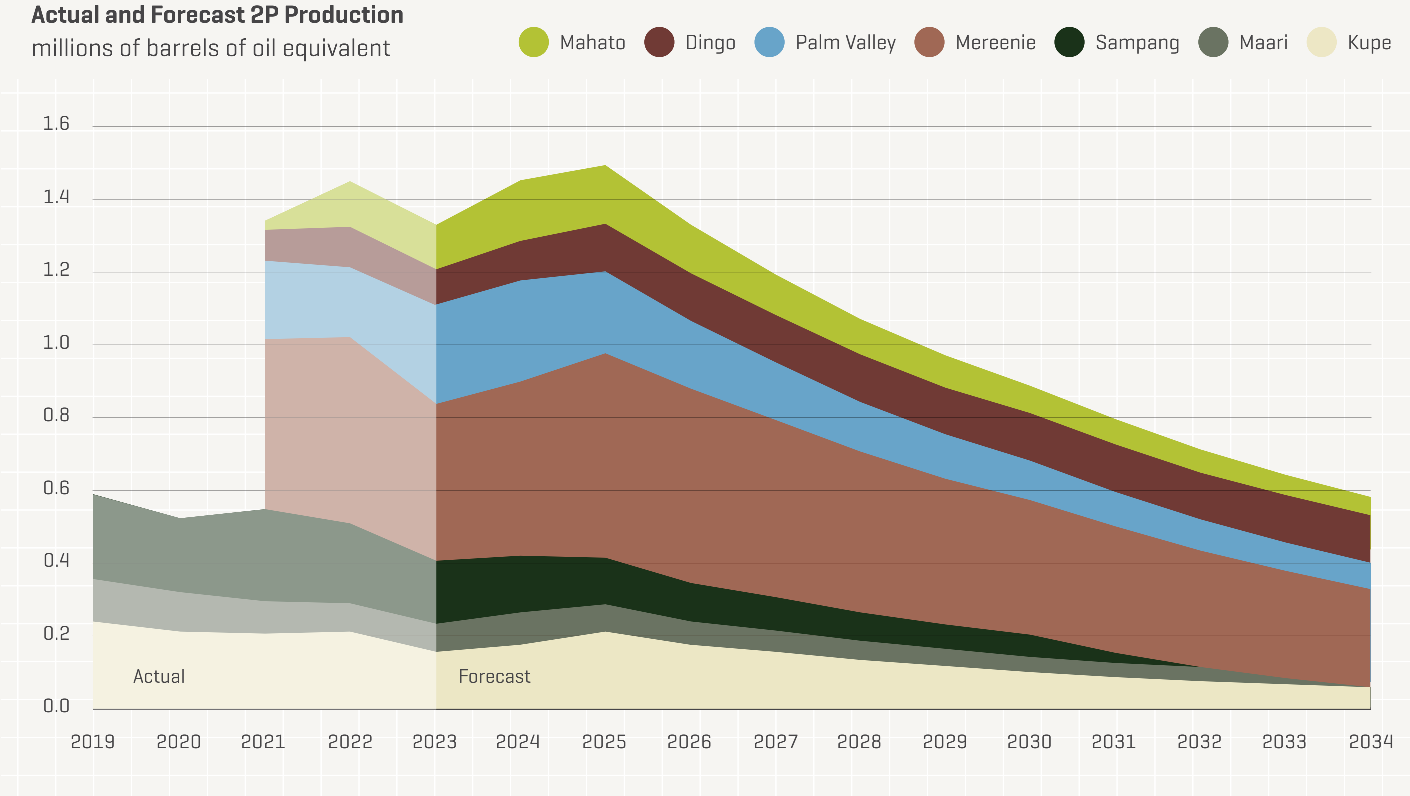
As we look ahead to an exciting year, we are confident about the path we are on and we are delighted to have the support of our shareholders as we strive to create more value.

**Samuel Kellner**
Chairman

**Andrew Jefferies**
Chief Executive

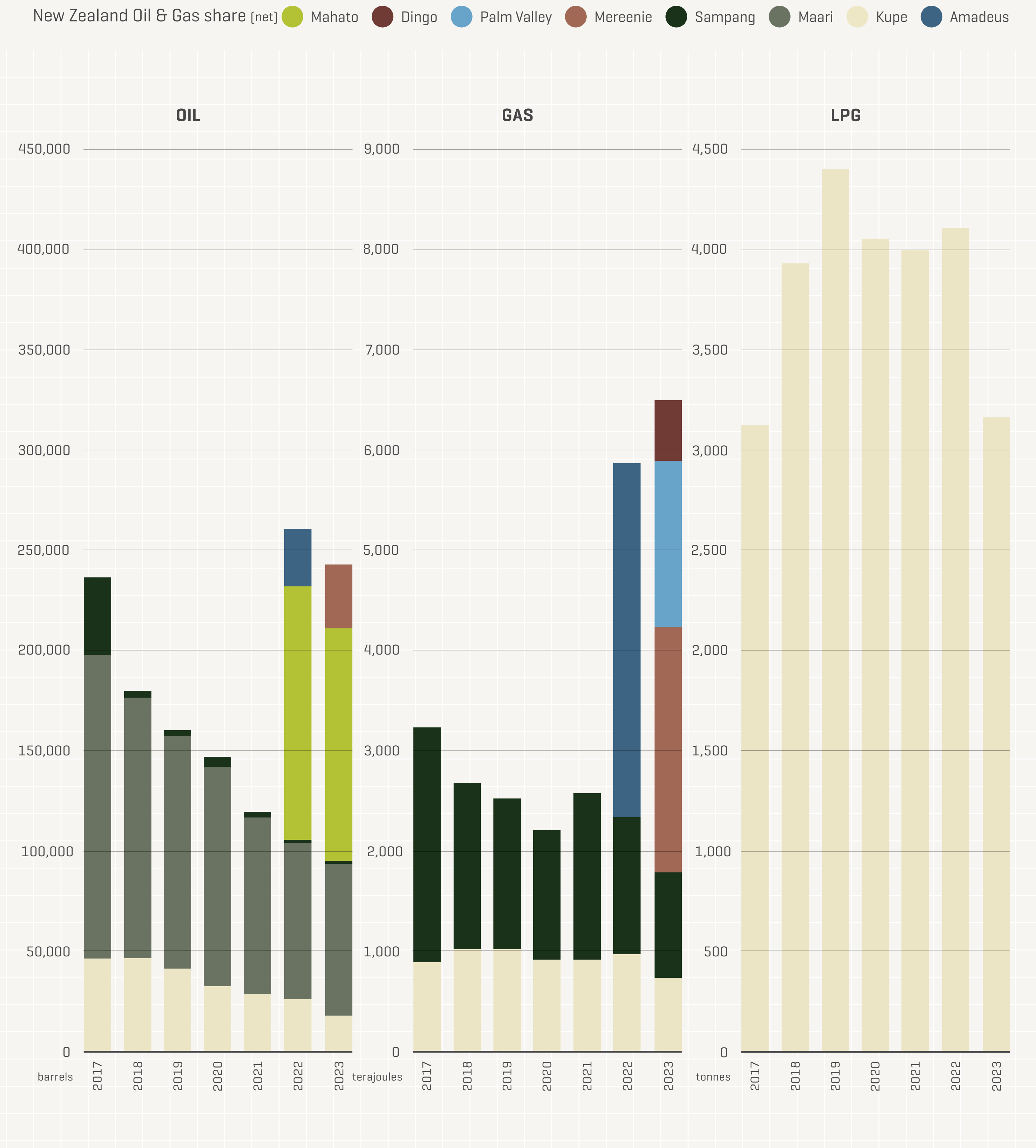
# Production and Reserves to 2023

**Actual and Forecast 2P Production**
millions of barrels of oil equivalent



**Production**

New Zealand Oil & Gas share (net)



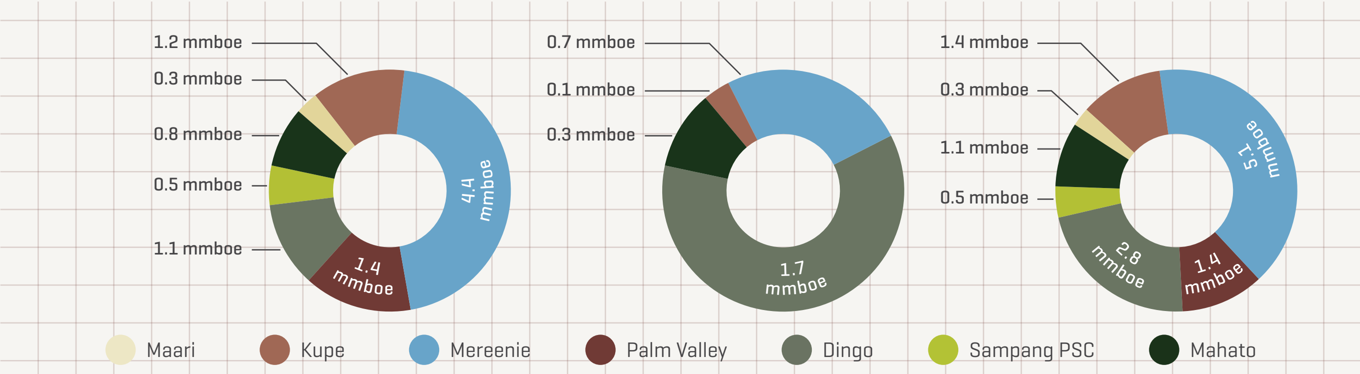

Some rounding. The New Zealand Oil & Gas interest in Mahato, Maari and Sampang is held through Cue Energy. New Zealand Oil & Gas has a 50.04% interest in Cue. Graphic shows Cue's full interest. Production from the Amadeus assets is from 1 October 2022 until 30 June 2023. The Mahato field is currently under development.

# Reserves

at 1 July 2023

**Proved (1P) Reserves at 1 July 2023**

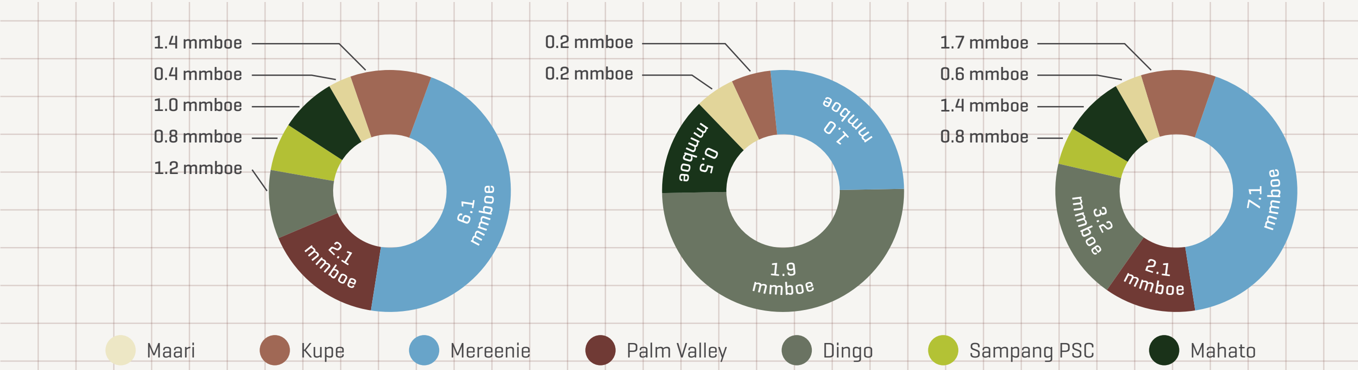
| Geographic area | Developed Gas (PJ) | Developed LPG (kt) | Developed Oil & Condensate (mmb) | Developed Total (mmboe) | Undeveloped Gas (PJ) | Undeveloped LPG (kt) | Undeveloped Oil & Condensate (mmb) | Undeveloped Total (mmboe) | Total Gas (PJ) | Total LPG (kt) | Total Oil & Condensate (mmb) | Total Total (mmboe) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **New Zealand** | | | | | | | | | | | | |
| Maari* | 0.0 | 0.0 | 0.3 | **0.3** | 0.0 | 0.0 | 0.0 | **0.0** | 0.0 | 0.0 | 0.3 | **0.3** |
| Kupe | 4.8 | 21.0 | 0.1 | **1.1** | 0.7 | 3.3 | 0.0 | **0.2** | 5.4 | 24.3 | 0.1 | **1.2** |
| **Amadeus Basin, Australia** | | | | | | | | | | | | |
| Mereenie** | 25.3 | 0.0 | 0.3 | **4.4** | 1.4 | 0.0 | 0.0 | **0.2** | 26.7 | 0.0 | 0.3 | **4.6** |
| Palm Valley** | 11.7 | 0.0 | 0.0 | **1.9** | 0.0 | 0.0 | 0.0 | **0.0** | 11.7 | 0.0 | 0.0 | **1.9** |
| Dingo** | 10.1 | 0.0 | 0.0 | **1.6** | 7.8 | 0.0 | 0.0 | **1.3** | 18.5 | 0.0 | 0.0 | **3.0** |
| **Indonesia** | | | | | | | | | | | | |
| Sampang PSC* | 2.9 | 0.0 | 0.0 | **0.5** | 0.2 | 0.0 | 0.0 | **0.0** | 3.1 | 0.0 | 0.0 | **0.5** |
| Mahato* | 0.0 | 0.0 | 0.9 | **0.9** | 0.0 | 0.0 | 0.0 | **0.0** | 0.0 | 0.0 | 1.0 | **1.0** |
| **Total** | 54.7 | 21.0 | 1.6 | **10.7** | 10.1 | 3.3 | 0.0 | **1.7** | 65.5 | 24.3 | 1.6 | **12.5** |




As at evaluation date. Some rounding. Includes 100 per cent of Cue's interests. New Zealand Oil & Gas has a 50.04% interest in Cue. See statement Page 14.

## Proved + Probable (2P) Reserves at 1 July 2023

| Geographic area | Developed Gas (PJ) | Developed LPG (kt) | Developed Oil & Condensate (mmb) | Developed Total (mmboe) | Undeveloped Gas (PJ) | Undeveloped LPG (kt) | Undeveloped Oil & Condensate (mmb) | Undeveloped Total (mmboe) | Total Gas (PJ) | Total LPG (kt) | Total Oil & Condensate (mmb) | Total Total (mmboe) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **New Zealand** | | | | | | | | | | | | |
| Maari* | 0.0 | 0.0 | 0.4 | **0.4** | 0.0 | 0.0 | 0.2 | **0.2** | 0.0 | 0.0 | 0.5 | **0.5** |
| Kupe | 5.7 | 25.1 | 0.1 | **1.3** | 1.0 | 4.3 | 0.0 | **0.2** | 6.7 | 29.4 | 0.2 | **1.5** |
| **Amadeus Basin, Australia** | | | | | | | | | | | | |
| Mereenie** | 35.4 | 0.0 | 0.4 | **6.1** | 3.5 | 0.0 | 0.0 | **0.6** | 38.9 | 0.0 | 0.4 | **6.7** |
| Palm Valley** | 12.9 | 0.0 | 0.0 | **2.1** | 0.0 | 0.0 | 0.0 | **0.0** | 12.9 | 0.0 | 0.0 | **2.1** |
| Dingo** | 11.6 | 0.0 | 0.0 | **1.9** | 8.2 | 0.0 | 0.0 | **1.3** | 20.2 | 0.0 | 0.0 | **3.3** |
| **Indonesia** | | | | | | | | | | | | |
| Sampang PSC* | 3.4 | 0.0 | 0.0 | **0.6** | 1.3 | 0.0 | 0.0 | **0.2** | 4.7 | 0.0 | 0.0 | **0.8** |
| Mahato* | 0.0 | 0.0 | 1.3 | **1.3** | 0.0 | 0.0 | 0.1 | **0.1** | 0.0 | 0.0 | 1.4 | **1.4** |
| **Total** | 69.0 | 25.1 | 2.2 | **13.7** | 13.9 | 4.3 | 0.2 | **2.5** | 83.3 | 29.4 | 2.4 | **16.3** |




As at evaluation date. Some rounding. Includes 100 per cent of Cue's interests. New Zealand Oil & Gas has a 50.04% interest in Cue. See statement Page 14.

## Remaining Proven & Probable (2P) Oil & Gas Reserves Change (mmboe)

| Geographic area | EOFY22 | Acquisition | FY23 Production | EOFY22 Adjusted | In Year Revisions | EOFY23 |
|---|---|---|---|---|---|---|
| **New Zealand** | | | | | | |
| Maari* | 0.6 | | 0.1 | 0.5 | 0.0 | 0.5 |
| Kupe | 1.7 | | 0.2 | 1.5 | 0.0 | 1.5 |
| **Amadeus Basin, Australia** | | | | | | |
| Mereenie** | 7.1 | | 0.4 | 6.7 | 0.0 | 6.7 |
| Palm Valley** | 2.1 | | 0.3 | 1.8 | 0.3 | 2.1 |
| Dingo** | 3.2 | | 0.1 | 3.1 | 0.2 | 3.3 |
| **Indonesia** | | | | | | |
| Sampang PSC* | 0.8 | | 0.2 | 0.7 | 0.1 | 0.8 |
| Mahato* | 1.4 | | 0.1 | 1.3 | 0.0 | 1.4 |
| **Total** | 17.0 | 0.0 | 1.3 | 15.6 | 0.7 | 16.3 |

*At 100% of Cue Equity in these Assets
**New Zealand Oil & Gas plus Cue Equity

# Reserves Compliance Statements

Oil and gas reserves, are reported as at 1 July 2023 and follow the SPE PRMS Guidelines (2018).

This resources statement is approved by, based on, and fairly represents information and supporting documentation prepared by New Zealand Oil & Gas Assets & Engineering Manager Daniel Leeman. Daniel is a Chartered Engineer with Engineering New Zealand and holds Masters' degrees in Petroleum and Mechanical Engineering as well as a Diploma in Business Management and has over 15 years of experience. Daniel is also an active professional member of the Society of Petroleum Engineers and the Royal Society of New Zealand. New Zealand Oil & Gas reviews reserves holdings twice a year by reviewing data supplied from the field operator and comparing assessments with this and other information supplied at scheduled Operating and Technical Committee Meetings.

Daniel is currently an employee of New Zealand Oil & Gas Limited whom, at the time of this report, are a related party to Cue Energy. Daniel has been retained under a services contract by Cue Energy Resources Ltd (Cue) to prepare an independent report on the current status of the entity's reserves. As of the 17th of January 2017, NZOG held an equity of 50.04% of Cue.

In the Amadeus basin, New Zealand Oil & Gas hold 12.5% and 25% equity and Cue currently holds 7.5% equity in the Mereenie field and 15% equity in each of the Dingo and Palm Valley fields. The operator here is Central Petroleum.

Kupe reserves are determined by deterministic reservoir simulation modelling conducted by the operator Beach Energy, the operator at Kupe where New Zealand Oil & Gas hold 4% equity.

Cue currently holds an equity position of 5%, 12.5% and 15% in the Maari, Mahato and Sampang assets respectively, though Production Sharing Contract adjustments at the Mahato and Sampang fields affect the net equity differently across the various reserve categories.

Estimates are based on all available production data, the results of well intervention campaigns, seismic data, analytical and numerical analysis methods, sets of deterministic reservoir simulation models provided by the field operators (Beach Energy, OMV, Texcal, Medco and Central Petroleum), and analytical and numerical analyses. Forecasts are based on deterministic methods.

Proven (1P) reserves are estimated quantities of oil and gas which geological and engineering data demonstrate with reasonable certainty (90% chance) to be recoverable in future years from known reservoirs, under existing economic and operating conditions. Probable (2P) reserves have a 50% chance or better of being technically and economically producible.

Known accumulations are reserves or contingent resources that have been discovered by drilling a well and testing, sampling, or logging a significant quantity of recoverable hydrocarbons.

Net reserves are net of equity portion, royalties, taxes and fuel and flare (as applicable).

Developed reserves are expected to be recoverable from existing wells and facilities. Undeveloped reserves will be recovered through future investments (e.g. through installation of compression, new wells into different but known reservoirs, or infill wells that will increase recovery). Total reserves are the sum of developed and undeveloped reserves at a given level of certainty.

For undeveloped reserves, the following project maturity sub-classes are assumed- at Mahato PSC, Undeveloped-Approved for Development, at Sampang PSC- Justified for Development, at Maari- Justified for Development, at Mereenie and Dingo- Justified for Development, at Kupe- Approved for Development.

At all fields, economic modelling has been conducted to determine the economically recoverable quantities. For the conversion to equivalent units, standard industry factors have been used of 6Bcf to 1mmboe, 1Bcf to 1.05PJ, 1 tonne of LPG to 8.15 boe and 1TJ of gas to 163.4 boe. All reserves and resources reported refer to hydrocarbon volumes post-processing and immediately prior to point of sale. The volumes refer to standard conditions, defined as 14.7psia and 60°F.

The extraction methods are as follows; at Kupe gas is produced to the processing plant and onwards sale to domestic market, LPG is trucked from site to local markets, condensate is trucked from site and sold internationally. For

Maari, oil is produced to the FPSO Raroa and directly exported to international oil markets. At Mahato, it is via EPF facilities which includes an oil and water separation system, with the oil then piped 6km to the CPI operated Petapahan Gathering Station. Sampang, gas is gathering from the Wortel and Oyong fields and piped to shore where it is sold into the Grati power station. At the Mereenie and Palm Valley gas fields, gas is gathered from the wells and ultimately collated into the Amadeus Gas Pipeline where sales vary to different customers within the region. Further afield and at Dingo, gas is sold into Alice Springs and the Owen Springs power plant.

Tables combining reserves have been done arithmetically and some differences may be present due to rounding.

# Our Activities

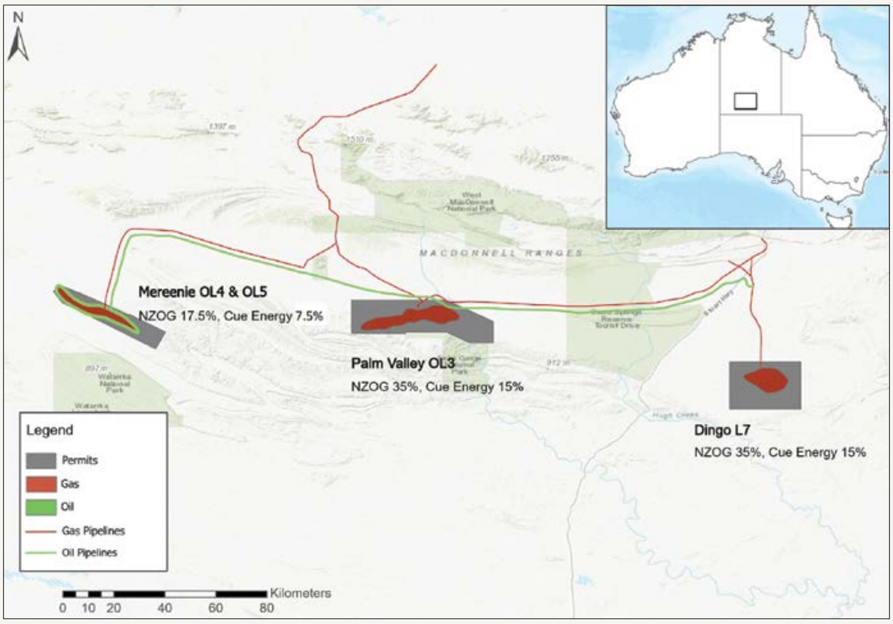
## Australia

### Amadeus Basin

**Mereenie** (OL4 & OL5)
17.5% New Zealand Oil & Gas
7.5% Cue Energy Resources*
50% Macquarie Mereenie
25% Central Petroleum (Operator)

**Palm Valley** (OL3)
35% New Zealand Oil & Gas
15% Cue Energy Resources*
50% Central Petroleum (Operator)

**Dingo** (L7)
35% New Zealand Oil & Gas
15% Cue Energy Resources*
50% Central Petroleum (Operator)




**What we've done**

During FY23, the Amadeus basin has provided a hub of activity with successful drilling and production from the Palm Valley PV-12 well, as well as a campaign of re-completions at the Mereenie field. The delivery of the PV-12 well, and the continued strong performance of the Dingo well led to the reserves upgrade as announced on 27 July 2023.

**What we're planing**

Going forward in the Amadeus basin, the Joint Venture continues to review the potential for, and execution of, several activities. These include; the installation of the Flare Gas Recovery Compressor at Mereenie; further compression facilities at Dingo; in-field data acquisition at both Mereenie and Palm Valley; as well as reviewing the potential for infill drilling across the basin.

*New Zealand Oil & Gas has a 50.04% interest in Cue. Cue's full interest is shown.

## Perth Basin

### L7

25% New Zealand Oil & Gas

25% Talon Energy

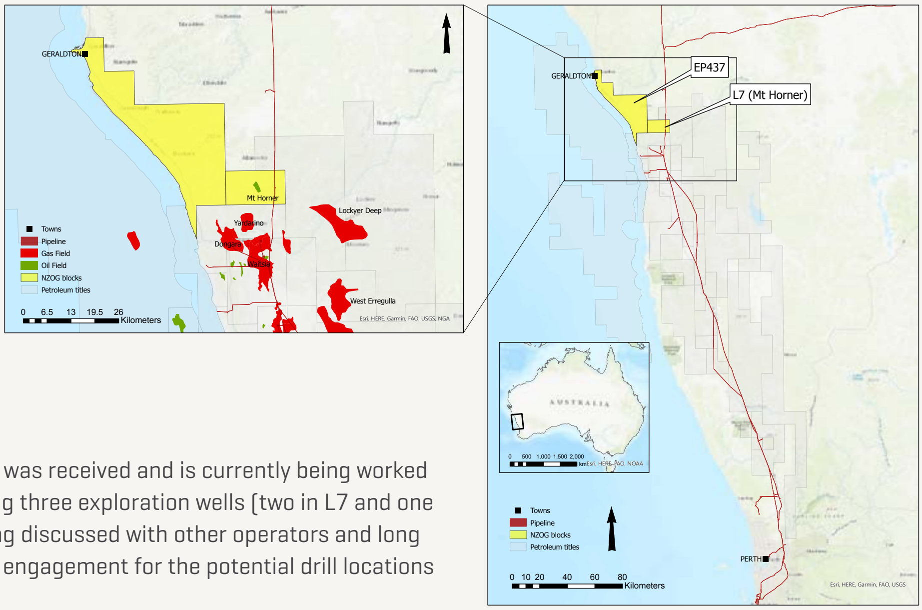
50% Triangle Energy Global (Operator)

### EP437

25% New Zealand Oil & Gas

25% Talon Energy

50% Triangle Energy Global (Operator)




In the Perth Basin permits new seismic data was received and is currently being worked to refine the key drill ready prospects. Drilling three exploration wells (two in L7 and one in EP437), rig availability and timing are being discussed with other operators and long lead items will require ordering. Stakeholder engagement for the potential drill locations is underway.

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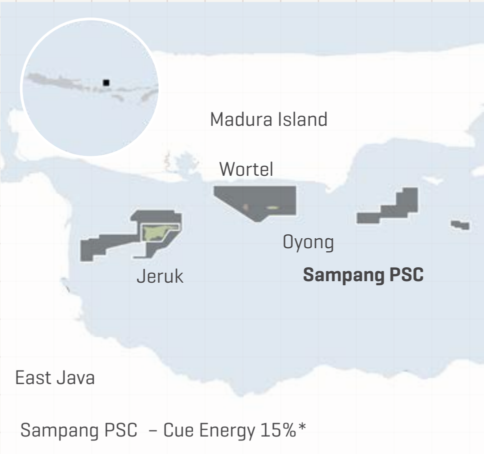
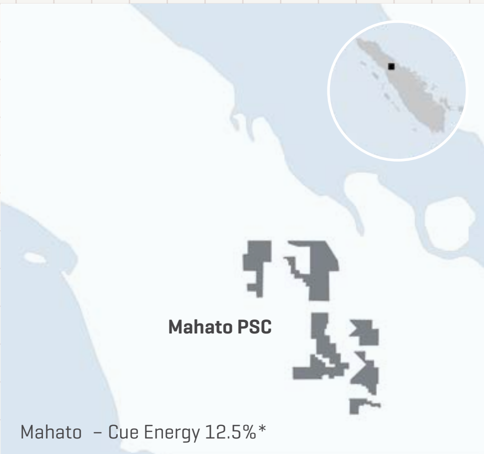
## Indonesia

### East Java

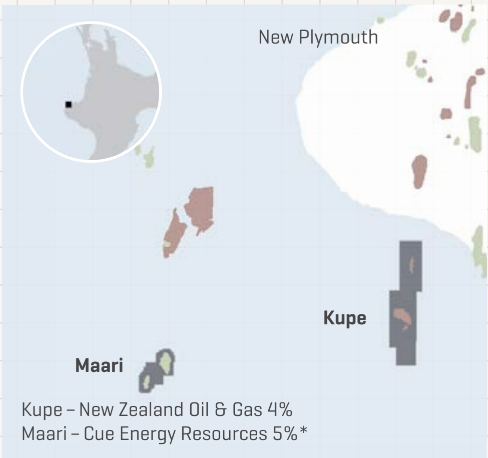



### Sumatra




## New Zealand

### Taranaki

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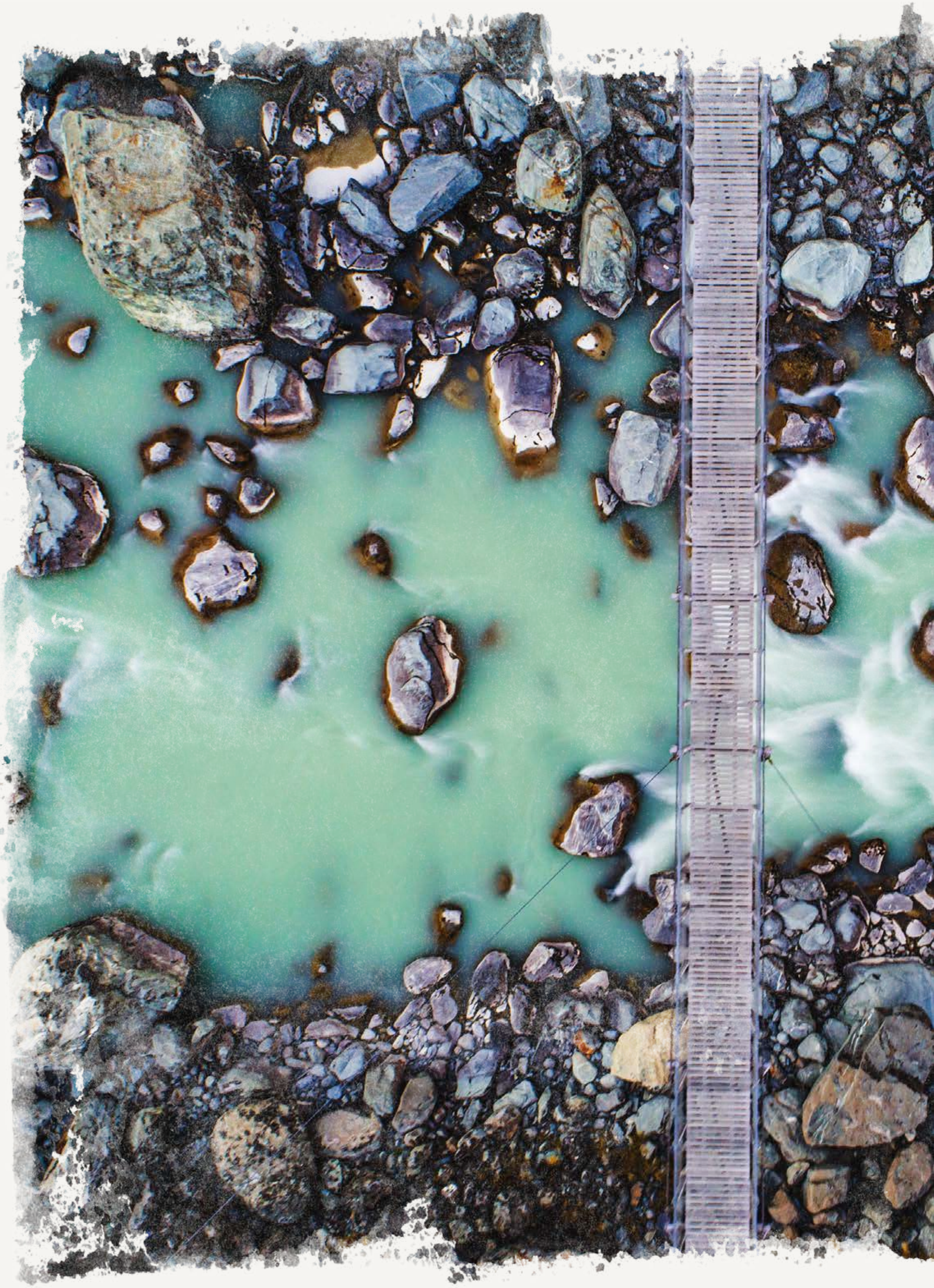


# Sustainability and Community

The Company publishes a separate sustainability report. It also maintains a sustainability section on its website at: https://www.nzog.com/sustainability/

TCFD RISK DISCLOSURE

Taskforce on Climate-Related Financial Disclosure risks, and the framework for managing climate risks, are comprehensively reported in the Sustainability Report. TCFD reporting is also maintained on our Company website.

SUPPORTING 1 COMMUNITIES

# Supporting tree planting

**555 trees planted in 2023**

545 in 2022

New Zealand Oil & Gas supported the tree planting by Te Nukuroa o Matamata, which is a project led by Te Runaka o Otakou to restore habitats and rejuvenate mahika kai (food gathering places) in the lower Taieri catchment.

The lower Taieri catchment area is recognised as a precious refuge for threatened and endangered species of plants, fish and birds.

Te Nukuroa o Matamata project will:

- seek to reverse the negative effects of drainage, development, and adverse land use practices, the incursion of introduced species that have contributed to the degradation of water quality and the loss of wetlands and riparian vegetation and biodiversity in this catchment.
- create training and jobs over 3 years, focused on biodiversity enhancement through a range of wetland, river and riparian habitat restoration and protection works.
- connect people with traditional waterways and resources, and be a pathway of learning and skills development.
- improve water quality through the restoration of native vegetation condition and healthy habitat;
- reduce introduced pest plant and invasive weeds, and animal pest populations.

## Tree's that count

### Atarau Sanctuary

**Our support helped Atarau Sanctuary to plant 270 trees in a sanctuary for kiwi chicks.**

Atarau Sanctuary provides predator-free sanctuary for Paparoa Wildlife Trust's roroa (great spotted kiwi) chicks, which are hatched at Willowbank Wildlife Reserve and then put in the sanctuary until they are old enough to fend for themselves.

Atarau Sanctuary is the first land-based pest-proof crèche specifically for kiwi in the South Island and the only facility for roroa to take sanctuary until they are big enough to head out into the world. Since opening in 2010, Atarau has given sanctuary to 49 roroa chicks.

By planting this area in native plants it will replicate an environment that will be comparable to the wild environment in which the kiwi will be released.

Paparoa Wildlife Trust is a community conservation initiative dedicated to running effective conservation projects in the Paparoa Ranges near Greymouth.

TREES THAT COUNT
TE RAHI O TĀNE

"Support from organisations such as Trees that Count is really important for helping us create a safe transition for our young kiwis, and ultimately give them the best chance of survival."

Read more about Atarau Sanctuary

grow.treesthatcount.co.nz/planters/atarausanctuary/

2 SUPPORTING COMMUNITIES

# Supporting diversity in the community

We support life-changing scientific research, science education, tree planting, and initiatives that help vulnerable families with their energy needs

## Tomahawk/Smaills Beachcare Trust

**Our support helped to plant 239 trees**

Tomahawk Smaills Beachcare Trust's aim is to restore the habitat and biodiversity of the sand dune ecosystem in the Ocean Grove Reserve, and to provide long term protection to the Ocean Grove community against the threat of erosion.

Ocean Grove Reserve is a 28 hectare site of active sand dunes located approximately 6 kilometres from Dunedin city centre.

The Trust contributes to restoration through hands-on participation in nursery activities and native planting.

The Trust sustains local relationships across a diverse group of people by offering a positive opportunity to contribute to a common environmental cause.

## Otago Fish & Game Council

**Our support helped to plant 400 trees in a wetland area**

Otago Fish and Game is a not for profit organisation charged with maintaining and enhancing sportsfish and gamebirds and their habitat.

Takitakitoa is an ongoing wetland restoration of significance. The planting programme, which is designed to convert a previously grazed area of the wetland back into native shrubland, has been running for 4 years.

Rain, hail or shine, nothing will stop the crew from completing their planting down at the Takitakitoa Wetland! With all this good quality habitat around, the place is teeming with life.

Read more about Otago Fish & Game Council

grow.treesthatcount.co.nz/planters/fishgamenewzealand/#funding

## Proudly Rainbow Inclusive

New Zealand Oil & Gas is proud to earn a Rainbow Tick and be a leader in our industry in accepting and valuing people in the workplace, embracing the diversity of sexual and gender identities.

The Tick certification process tests whether a workplace understands and welcomes sexual and gender diversity. The process involves an on-going quality improvement process. Rainbow refers to people who identify as lesbian, gay, bisexual, transgender, takatāpui and intersex (LGBTTQIA+).

SUPPORTING 3 COMMUNITIES

# Supporting world class life science

## The Salk Institute for Biological Studies

New Zealand Oil & Gas financially supports the Salk Institute, home to scientists who delve into research areas, from aging, cancer and immunology to diabetes, brain science and plant biology.

The Salk Institute's renowned and award-winning scientists explore the very foundations of life, seeking new understandings in neuroscience, genetics, immunology, plant biology and more.

Be it cancer or Alzheimer's, aging or diabetes, Salk is where cures begin.

Our support goes specifically to the Harnessing Plants Initiative to mitigate climate change by developing crop and wetland plants that will store more carbon, longer, to reduce atmospheric CO2.

SUPPORTING 4 COMMUNITIES

# Supporting vulnerable families with their energy needs

Dunedin Curtain Bank
warmth - hapori - sustainability

## Dunedin Curtain Bank

Dunedin is notorious for cold homes that make children sick. The cost of energy bills and insulation can create hardship for vulnerable families.

New Zealand Oil & Gas proudly partners with Dunedin Curtain Bank to up-cycle unwanted and unused curtains, line them, and distribute them to needy families.

Curtains make a big difference to the warmth of a home. A third of all heat loss in an uninsulated home occurs through windows. Even double-glazed windows let out more heat than uninsulated walls.

We purchased curtains for 140 needy households in Dunedin. Our curtain purchases:

- **Saved around 8.4 tCO2** from being emitted.
- Each household **saved an average $170 a year.**
- **Saved around $23,000** for the houses we help through the Dunedin Curtain Bank.

# Supporting science education

## EPro8 Challenge

New Zealand Oil & Gas supports EPro8 Challenge, an Inter-School Science and Engineering Competition. Every year over 22,000 students from throughout New Zealand take part.

Students participate in a series of events: firstly within their school and then inter-school. These events are designed to promote science and engineering.

We want to make a contribution to the community where our head office is located, so our support went to help students from Wellington Central and Porirua.

## Otago Science Fair

Each year New Zealand Oil & Gas sponsors a number of awards at the Otago Science Fair to help students understand more about earth, science, energy efficiency, Mātuaranga Māori, marine science and much more.

# Supporting communities where we work

## Amadeus Basin

The joint venture in the Amadeus Basin assets works closely with the community. It aims to provide employment and business opportunities to local communities.

**Over $4 million was spent with Northern Territory local contractors and businesses in the reporting period.**

In the Northern Territory, over half of the operator's staff live locally and a quarter are indigenous.

New Zealand Oil & Gas supports the operator's open engagement with the Traditional Owners of our Northern Territory joint operations located on or near Indigenous lands, providing employment and training opportunities. The joint venture operator works closely with the Central Land Council and Aboriginal Areas Protection Authority to ensure operations do not disturb areas of cultural heritage significance.

## Other Joint Ventures

Through our joint ventures we also support community engagement projects in respect of Kupe and Maari in New Zealand and via Cue Energy Resources in Indonesia.

# Corporate Governance

New Zealand Oil & Gas Limited (the Company) is a New Zealand incorporated and domiciled limited liability company registered under the New Zealand Companies Act 1993.

The Company is listed and its shares quoted on the official list of the Australian Securities Exchange (ASX) and on the Main Board equity security market operated by NZX Limited (NZX) as a foreign exempt entity. On both exchanges the Company's code is "NZO". From a regulatory perspective this means that, while the ASX Listing Rules apply to the Company, certain provisions of the Australian Corporations Act 2001 (Cth) do not. The Company is not subject to chapters 6, 6A, 6B, and 6C of the Australian Corporations Act 2001 (Cth) dealing with the acquisition of shares (including substantial holdings and takeovers). The Companies Act 1993 (NZ) applies to the Company, as do certain provisions of the Financial Markets Conduct Act 2013 (NZ) (including in relation to financial reporting, but not including provisions relating to substantial shareholdings). Key limitations on the acquisition of shares in the Company are imposed by the following New Zealand legislation: Commerce Act 1986, Overseas Investment Act 2005, and Takeovers Act 1993, together with various regulations and codes promulgated under such legislation.

This statement sets out the main corporate governance practices adopted by the Company.

**Corporate Governance Best Practice Codes**

The Company reviews and assesses governance processes, policies, and its compliance with corporate governance best practice at least annually.

This includes assessing compliance with the ASX Listing Rules, the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) 2019 (ASX Principles and Recommendations), and the NZX Listing Rules and Corporate Governance Code 10 December 2020 (NZX code).

Under Listing Rule 4.10.3, ASX listed entities are required to benchmark corporate governance practices against the ASX Principles and Recommendations and, where they do not conform, to disclose that fact and the reasons why.

This section of the report is structured to report performance against the ASX Principles and Recommendations.

This Corporate Governance Statement is current to, and was approved by the board on, 20 September 2023.

# Board Composition

## Samuel Kellner

**Chairman**

Samuel Kellner has held a variety of senior executive positions with the Ofer Global Group since joining the Group in 1980. He has been deeply involved in various Ofer Global Group's business lines, with a particular emphasis on offshore oil and gas, shipping and real estate, and has advised the Ofer Global Group companies on investments in a variety of investment managers, hedge funds and private equity funds. Most recently, Mr Kellner served as president of Global Holdings Management Group (US) Inc, where he led North American real estate acquisition, development and financing activities. Mr Kellner serves as a director of O.G. Energy, O.G. Oil & Gas and Cue Energy Resources. He is also an executive director of the main holding companies for the Zodiac shipping group and Omni Offshore Terminals, a leading provider of floating production, storage and offloading (FSO and FPSO) solutions to the offshore oil and gas industry. As a member of the O.G. Energy Senior Management Committee, he helps drive the strategy for the Ofer Global Group's energy activities.

Mr Kellner graduated with a BA degree from Hebrew University in Jerusalem. He has an MBA from the University of Toronto, and taught at the University of Toronto while working toward a PhD in Applied Economics. Mr Kellner was appointed in December 2017. He is the Chairman of the Board of Directors and a member of the Nomination and Remuneration Committee.

## Dr Rosalind Archer

**Independent Director**

Dr Rosalind Archer joined the board of New Zealand Oil & Gas in November 2014. Dr Archer is Head of the School of Engineering and Built Environment at Griffith University in Queensland. Dr Archer is a former President of Engineering New Zealand. She runs a consulting practice as a reservoir engineer with clients locally and internationally. She regularly speaks on reservoir engineering topics at international conferences.

Dr Archer graduated with a BE from University of Auckland. She holds a PhD in Petroleum Engineering, and PhD minor in Geological and Environmental Studies from Stanford University.

## Marco Argentieri

**Director**

Marco Argentieri is Senior Vice President and General Counsel for O.G. Energy, and a member of the Board of Directors of both O.G. Energy and O.G. Oil & Gas.

As a member of the O.G. Energy Senior Management Committee, he helps drive the strategy for the Ofer Global Group's energy activities. Mr Argentieri serves as the chief legal counsel for the O.G. Energy Group, where he advises on financing activities, acquisitions, and other commercial and corporate matters. Mr Argentieri has worked for the Ofer Global Group since 2006, where he previously served as chief legal counsel responsible for Ofer Global Group finance activities, with a particular focus on the Group's offshore oil services and shipping businesses. Prior to joining Ofer Global, Mr Argentieri was an attorney at the New York offices of Latham & Watkins LLP and Skadden, Arps, Slate, Meagher & Flom LLP.

He holds a B.A. from the University of Rochester, a J.D. from New York University, and an MBA from Columbia University. Mr Argentieri joined the board in July 2018.

## Alastair McGregor

**Director**

Alastair McGregor has been actively involved in the oil and gas sector since 2003. He is currently chief executive of O.G. Energy, which holds the Ofer Global Group's broader energy interests, and O.G. Oil & Gas Limited, a company that holds directly or indirectly oil & gas exploration and production interests onshore and offshore. He leads the O.G. Energy Senior Management Committee, driving the strategy for the Ofer Global Group's energy activities.

Mr McGregor is also the chair of Cue Energy Resources. In addition, he is chief executive of Omni Offshore Terminals Limited, a leading integrated provider of floating production and storage and offloading (FPSO & FSO) solutions to the offshore oil & gas industry. Omni's operations span the globe from New Zealand, Australia, South East Asia, Middle East and South America. Prior to entering the oil and gas industry, Mr McGregor spent twelve years as a banker with Citigroup and Salomon Smith Barney.

Mr McGregor holds a BEng (hons) in Aeronautical Engineering and an MSc in Transport Management, Economics and Finance. Mr McGregor joined the board in October 2017.

## Andrew Jefferies

**Managing Director**

Mr Jefferies joined New Zealand Oil & Gas in 2013. He started his career with Shell in Australia and has worked in oil and gas in Australia, Germany, the United Kingdom, Thailand and Holland Mr Jefferies is also a graduate of the Australian Institute of Company Directors (GAICD), and a Certified Petroleum Engineer with the Society of Petroleum Engineers.

After graduating with a BE Hons (Mechanical) from the University of Sydney, Mr Jefferies earned an MBA in technology management from Deakin University in Australia, and an MSc in petroleum engineering from Heriot-Watt University in Scotland.

## Rod Ritchie

**Independent Director**

Rod Ritchie joined the board in 2013. He began his career as a petroleum engineer with Schlumberger for 28 Years and then joined OMV, where he worked for a further twelve years. Mr Ritchie has more than 40 years of global experience in leadership roles and as a Health, Safety, Environmental and Security (HSSE) executive in the oil and gas industry, including serving as corporate Senior Vice President of HSSE and Sustainability at OMV in Vienna, Austria.

Mr Ritchie has worked closely with the International Association of Oil and Gas Producers (IOGP) to create industry best practice standards for the oil and gas sector. He is an active leadership and cultural change consultant, and an author on the subject of safety leadership and several Society of Petroleum Engineers papers on the subject of HSSE and safety leadership.

## Composition of the Board

The number of directors is specified in the constitution as a minimum of three and up to a maximum of seven.

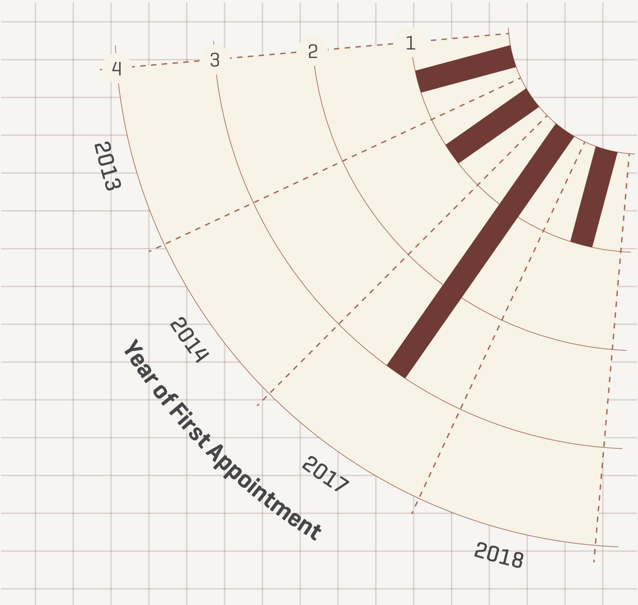
With our primary ASX listing, two directors must be ordinarily resident in Australia. Dr Archer and Mr Ritchie are ordinarily resident in Australia.

The NZ Companies Act requires one director to live in New Zealand (or in an enforcement country and be a director a company there e.g., Australia). Mr Jefferies lives in New Zealand.

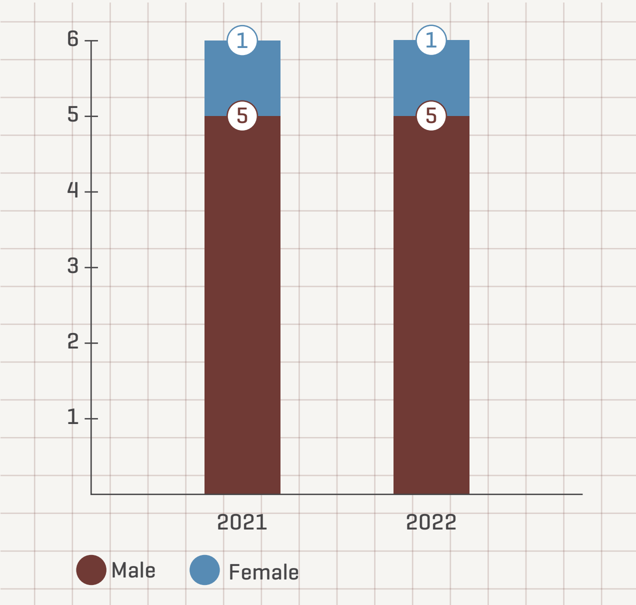
The Company's constitution requires directors to retire at the third Annual Meeting since their last appointment, or every three years (whichever is longer). If eligible, each retiring director may offer themselves for re-election.

## Directors holding office during 1 July 2022 to 30 June 2023

| Directors | Date elected | Year first appointed |
|---|---|---|
| Dr Rosalind Archer | 3 November 2021 | 2014 |
| Marco Argentieri | 3 November 2021 | 2018 |
| Andrew Jefferies | 3 November 2021 | 2017 |
| Samuel Kellner | 3 November 2021 | 2017 |
| Alastair McGregor | 5 November 2020 | 2017 |
| Rod Ritchie | 2 November 2022 | 2013 |




## Board Gender Composition



## Directors Interests Policy

Directors are required to recognise that the possibility of conflict of interest exists, and are expected to declare potential conflict of interest situations to the board and manage conflicts of interest in accordance with the Directors Interests Policy, the Code of Business Conduct and Ethics, and the Company's Constitution.

The Company maintains an interests register in compliance with the Companies Act 1993, which records particulars of certain transactions and matters involving directors.

The Directors' Interests Policy is available in the corporate governance section of the Company's website at:

www.nzog.com/dmsdocument/489

## Directors' Securities Interests

The interests of Directors in securities of the Company at 30 June 2023 were:

| | Direct Interest | Indirect Interest |
|---|---|---|
| Mr A Jefferies | 50,000 | 1,801,258 share options |

## Directors' Interests Register

Directors' interests recorded in the Interests Register of the Company as at 30 June 2023 are detailed below.

Notices given or adjusted during the financial year ended 30 June 2023 are marked with an asterisk (*).

Each such Director will be regarded as interested in all transactions between the Company and the disclosed entity.

| | | |
|---|---|---|
| Mr S Kellner | O.G. Oil & Gas Ltd | Director |
| | O.G. Energy Holdings Ltd | Director |
| | Omni Holdings Ltd | Director |
| | Cue Energy Resources Ltd | Director |
| Mr M Argentieri | O.G. Energy Holdings Ltd | Director |
| | O.G. Oil & Gas Ltd | Director |
| | OGOG (Kohatukai) Ltd | Director |
| | OGOG (Otway) Holdings Pty Ltd | Director |
| | OGOG (Otway) Pty Ltd | Director |
| | OGOG (1) Limited | Director |
| | OGOG (2) Limited | Director |
| | OGOG (K2) Inc. | Vice-President/ Treasurer/ Secretary/ Director |
| | OGOG (GOM1) Inc. | Vice-President/ Treasurer/ Secretary/ Director |
| | OGOG (GOM Management) Inc. | Vice-President/ Treasurer/ Secretary/ Director |
| | OGOG (Management) Limited | Director |
| | OGOG (Warrior) Inc* | Director |
| | Cue Energy Resources Ltd | Director |
| Dr R Archer | Engineering New Zealand | Immediate Past President* |
| | Capricorn Solutions Ltd | Director |
| | Contact Energy | Shareholder* |
| | Infratil | Shareholder* |
| | NZ Windfarms | Shareholder* |
| | Griffith University | Head of School of Engineering and Built Environment* |

| | | |
|---|---|---|
| Mr A Jefferies | 88 Energy Ltd | Shareholder |
| | Carnarvon Petroleum Limited | Shareholder |
| | Central Petroleum | Shareholder |
| | CGX Energy | Shareholder* |
| | Cue (Ashmore Cartier) Pty Ltd | Director |
| | Cue Energy Resources Ltd | Director & Shareholder |
| | Cue Exploration Pty Ltd | Director |
| | Cue Mahakam Hilir Pty Ltd | Director |
| | Cue Mahato Pty Ltd | Director |
| | Cue Sampang Pty Ltd | Director |
| | Cue Taranaki Pty Ltd | Director |
| | Energy Resources Aotearoa | Director |
| | Global Energy Ventures | Shareholder* |
| | Hartshead Resources | Shareholder* |
| | Melbana Energy | Shareholder* |
| | Pancontinental Oil | Shareholder |
| | Tuatara Energy Limited | Director |
| | Warrego | Shareholder |
| Mr R Ritchie | Cue Energy Resources Ltd | Director |
| | SPARC NZ consulting | Director |
| | Sparc (Aust) Pty Ltd | Shareholder |
| | SacGasCo | Shareholder |

| | | |
|---|---|---|
| Mr A McGregor | Cue Energy Resources Ltd | Director |
| | Cue Kalimantan Pte Ltd | Director |
| | Omni Holdings Limited | Director |
| | Omni Offshore Terminals Pte Ltd | Director |
| | Omni Offshore Terminals (Operations) Pte Ltd | Director |
| | Omni Offshore Terminals (Manora) Pte Ltd | Director |
| | Omni Offshore Terminals (Nong Yao) Pte Ltd | Director |
| | Gading Megah Sdn Bhd | Director |
| | Omni Offshore Terminals (Operations) (Thailand) Co Ltd | Director |
| | Omni Offshore Terminals (Brazil) B.V. | Director* |
| | Omni Offshore Terminals (Lay-Up) B.V. | Director* |
| | Aurora FSO Ltd | Director |
| | Manora FSO Ltd | Director |
| | O.G. Oil & Gas (Singapore) Pte Ltd | Director |
| | O.G. Oil & Gas Ltd | Director |
| | O.G. Energy Holdings Ltd | Director |
| | OGOG (Kohatukai) Ltd | Director |
| | OGOG (Otway) Pty Ltd | Director |
| | OGOG (Otway) Holdings Pty Ltd | Director |
| | OGOG (1) Limited | Director |
| | OGOG (2) Limited | Director |
| | O.G. Oil & Gas (Oceania) Pte. Ltd | Director |
| | OGOG (K2) Inc. | President/ Director |
| | OGOG (GOM1) Inc | President/ Director |
| | OGOG (GOM Management) Inc. | President/ Director |
| | OGOG (GOM NZ) Limited | Director |
| | OGOG (GOM Management) Limited | President/ Director |
| | OGOG (Warrior) Inc. | Director |

** Name change from previous declaration

# Management

## Andrew Jefferies

**Chief Executive**

See biographical note above.

## Daniel Leeman

**General Manager Assets and Engineering**

Daniel was appointed General Manager Assets and Engineering in 2021 after joining New Zealand Oil & Gas in 2014. He has over 15 years of experience within the petroleum industry. Daniel began his career at Talisman Energy (UK) working within the Rotational Graduate Engineering Programme where he specialised as a Drilling Engineer. He later worked at Senergy (UK) as a Reservoir Engineer, then Conoco Phillips (UK), where he was a Senior Reservoir Engineer. Daniel is a Chartered Professional Engineer with Engineering New Zealand and holds Master's degrees in Petroleum Engineering from Heriot-Watt University, and Mechanical Engineering with a Diploma in Business Management from the University of Aberdeen. Daniel is also an active professional member of the Society of Petroleum Engineers and the Royal Society of New Zealand.

## Alan Clare

**General Manager Exploration and Appraisal**

Alan joined New Zealand Oil & Gas in March 2023. He started his career with Esso Australia in 1989 after graduating from Macquarie University with a BSc Hons (Earth Science) and later an MSc from University of NSW. Alan has worked in the energy sector for over 33 years in Australia, UK, USA, China, Egypt and New Zealand.

He has held both technical and managerial roles with ConocoPhillips, Apache and OMV.

## Catherine McKelvey

**Chief Financial Officer**

Catherine has worked in finance for over 30 years, including nine years in the energy sector. She has been CFO at New Zealand Oil & Gas since 2017. Deeply experienced in corporate finance, and a Chartered Management Accountant, she holds a BA in Economics.

## Paris Bree

**General Counsel**

Paris started as a lawyer with New Zealand Oil & Gas in 2010 after having been a solicitor in the Bell Gully Wellington and Herbert Smith Freehills London litigation departments. Paris has a law degree and an arts degree from Victoria University of Wellington and is admitted to the High Court of New Zealand as a Barrister and Solicitor. She is also a delegate of the University of Dundee Centre for Energy after completing the Petroleum and Mineral Law and Policy course on Petroleum Agreements and a delegate of CWC's Production Sharing Contracts-Advanced Master Class.

Paris was awarded the Anthony Harper Young In-House Lawyer of the Year at the 2019 New Zealand Law Awards. She was named as an In-house Leader by NZ Lawyer magazine in 2020 and 2022 and NZ Lawyer Elite Women 2021.

Paris was appointed General Counsel in 2017.

## Michael Wright

**General Manager Commercial**

Michael Wright joined New Zealand Oil & Gas in 2012 having worked in the energy sector for over 30 years. Michael started his career working on gas distribution networks before spending 11 years planning and developing power stations. In 2003 Michael joined OMV and subsequently joined Vector to manage the implementation of pipeline open access. Michael has also worked as a consultant advising companies in various parts of the energy sector.

Michael has a Master's degree in Mechanical Engineering from Cranfield University, UK.

The interests of the current Company Officers (excluding the Chief Executive) in securities of the Company at 30 June 2023 were:

| Officers | Direct interest in New Zealand Oil & Gas securities | Indirect interest in New Zealand Oil & Gas securities |
|---|---|---|
| Paris Bree | 688,756 options to acquire ordinary - shares in accordance with Scheme Rules | - |
| Alan Clare | | - |
| Daniel Leeman | 712,158 options to acquire ordinary - shares in accordance with Scheme Rules | - |
| Catherine McKelvey | 10,214 directly held ordinary shares - <br> 715,723 options to acquire ordinary shares in accordance with Scheme Rules | - |
| Michael Wright | 920,612 options to acquire ordinary - shares in accordance with Scheme Rules | - |

PRINCIPLE 1

# Lay solid foundations for management and oversight

*Clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.*

– (ASX Principles and Recommendations)

## Role of the Board

The board is responsible for the overall corporate governance of the Company including strategic direction, determining policy, and approving significant contracts, capital and operating costs, financial arrangements and investments.

In addition to statutory and constitutional requirements, the board has a formal charter that sets out its functions and structure.

The Board Charter is available in the corporate governance section of the Company's website at

www.nzog.com/dmsdocument/371

## Responsibilities of the Board

The board operates under a written charter which sets out the roles and responsibilities of the board. The Board Charter clearly distinguishes and discloses the respective roles and responsibilities of the board and management.

The procedure for nomination and appointment of directors to the board is set out in the Charter.

The board is accountable for the performance of the Company. The specific responsibilities of the board include:

- Approving corporate strategy and performance objectives;
- Establishing policies appropriate for the Company;
- Oversight of the Company, including its control and accountability systems;
- Approving major investments and monitoring the return of those investments;
- The overall risk management and control framework for the Company and ensuring appropriate risk management systems are established and applied;
- Appointing, removing and evaluating the performance of the chief executive;
- Reviewing the performance of senior management;
- Appointing and removing the company secretary;
- Setting broad remuneration policy;
- Reviewing implementation of strategy and ensuring appropriate resources are available;
- Nominating and appointing new directors to the board;
- Evaluating the performance of the board, committees of the board, and individual directors;
- Reviewing and ratifying systems of risk management, internal compliance and control, codes of conduct, and legal compliance;
- Approving and monitoring the progress of any major

- capital expenditure, capital management and acquisitions and divestitures;
- Reviewing and ratifying HSSE Sustainability and Operational Risk policies, the HSSE Sustainability and Operational Risk Management System and monitoring its implementation and performance;
- Approving and monitoring financial and other reporting;
- Ensuring that the Company provides continuous disclosure of information such that shareholders and the investment community have available all information to enable them to make informed assessments of the Company's prospects;
- Overall corporate governance of the consolidated entity;
- Determining the key messages that the Company wishes to convey to the market from time to time; and
- Monitoring information commitments and continuous disclosure obligations.

### Performance reviews of the Board

The board charter states: The board shall undertake regular reviews of the operations and performance of the board, its committees and individual directors. Where appropriate, the board may engage external consultants to conduct this review. In addition to compliance with each committee's individual charter, the review shall consider:

- The skills required by the board, including processes to satisfy any skill-gaps;
- How the required skills are best represented on the board; and
- The process for identifying suitable candidates, for appointment to the board.

Reviews are undertaken by way of a questionnaire submitted to directors. Responses are collated and reviewed by the chair of the Nominations and Remuneration Committee.

The chair of the Nominations and Remuneration Committee then undertakes an overall review on the outcomes and produces a written report which is reviewed by the full board. Individual director performance is addressed by one-on-one review with the chair of the Nominations and Remuneration Committee.

For the financial year, the Nominations and Remuneration Committee agreed that the above process that was followed.

**The Directors' Interests Policy is available in the corporate governance section of the Company's website at**

www.nzog.com/dmsdocument/489

### Board Proceedings

The board meets on a formal scheduled basis four times per year, and holds other meetings as required, including by video conference.

The Commercial Committee and the Company Secretary establish the agenda for each board meeting.

The Chief Executive keeps the board informed of material or potentially material matters between meetings and provides a weekly update to the board on all relevant matters.

A report is prepared for each meeting, which includes:

- Updates on assets
- Updates on exploration and production activities and financial management;
- Summaries of new business opportunities;
- An update on human resources and facilities;
- An investor relations report;
- Updates on stakeholder engagement, media and sustainability; and
- Other reports as relevant.

Key strategic issues and opportunities are also presented to the board by management as part of each meeting.

To ensure that independent judgement is achieved and maintained, the board has adopted a number of processes in respect of its decision making. These include:

- Any director may obtain independent advice at the Company's expense where the director considers it necessary to carry out their duties and responsibilities as a director, with the prior consent of the chair of the Audit Committee (or in the case of the Audit Committee chair's absence, the prior consent of the chair of the board). Such consent may not be withheld unreasonably; and
- Directors must comply with the Directors' Interests Policy. It addresses disclosable interests, conflicts of interest, director information obligations, board review and determination obligations, and the rules for participation in board deliberations in the event of a conflict of interest.

On appointment, each director has also acknowledged their individual disclosure obligations.

## Delegation to Management

While the board has overall and final responsibility for the business of the Company, it has delegated substantial responsibility for the conduct and administration of the Company's business and policy implementation to the chief executive and his management team.

Board approved policies and procedures are in place to set parameters for the delegated responsibilities, including:

- Health and Safety Policy;
- Environment Policy;
- Climate Change Policy;
- Community Engagement Policy;
- Capturing Local Economic Benefit Policy;
- Code of Business Conduct and Ethics;
- Communications, Market Disclosure and Social Media Policy;
- Securities Trading Policies for Directors, Employees and Dedicated Contractors;
- Directors' Interests Policy;
- Protected Disclosure (Whistleblower) Policy;
- Diversity Policy;
- Delegated Authorities Manual;
- Remuneration and Performance Appraisal Policy;
- Treasury Policy;
- Email and Internet Use Policy;
- Anti-Harassment Policy;
- Drugs and Alcohol Policy;
- Paid Parental Leave Policy; and
- Workplace Flexibility Policy.
- Modern Slavery Policy.

These policies are reviewed regularly. The board may establish other policies and practices to ensure it fulfils its functions.

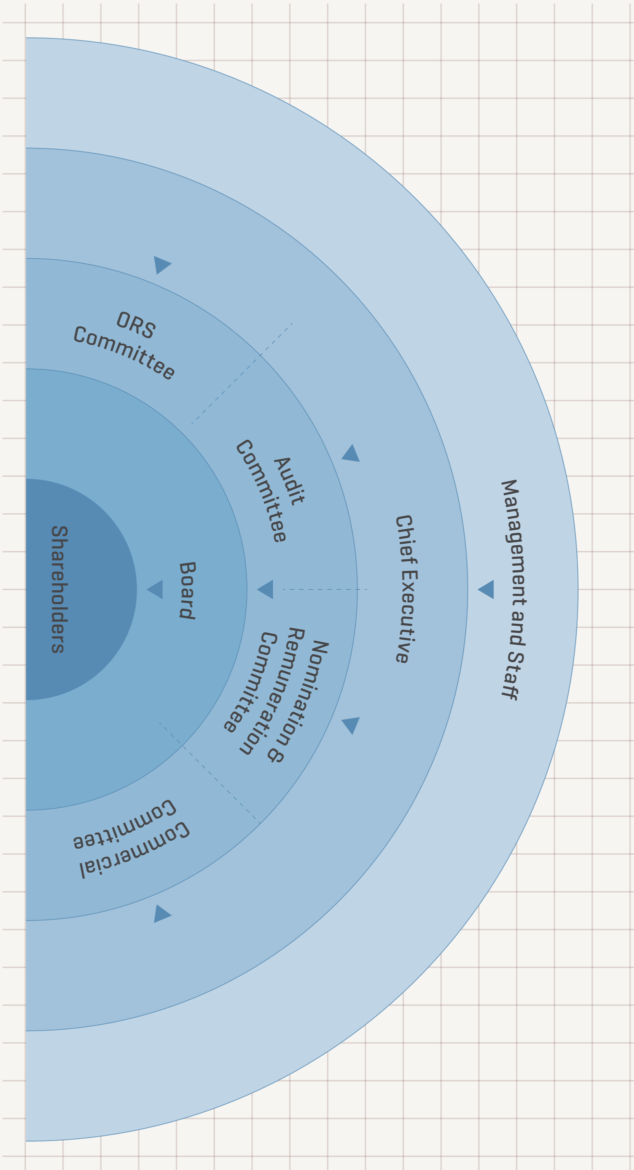
All of these policies are available in the corporate governance section of the Company's website at

www.nzog.com/investor-information

## Delegated Authorities Manual

The board has established formal limits of authority to provide clarity to the chief executive and management so that they are in a position to carry out the business of the Company efficiently and effectively within the parameters of proper corporate governance.

The Delegated Authorities Manual sets limits to financial commitments and other decision-making, and is monitored by the board through the audit function.



PRINCIPLE 2

# Structure the board to be effective and add value

*The board should be of an appropriate size and collectively have the skills, commitment, and knowledge of the entity and the industry in which it operates to enable it to discharge its duties effectively and to add value.*

– (ASX Principles and Recommendations)

### Composition of the Board

The board as a whole, supported by the Nomination and Remuneration Committee, undertakes the process for identifying suitable candidates for appointment to the board and recommending directors for appointment, having reviewed its operations, the performance of individual directors, the qualifications of candidates for the board, the skills required by the board, and how the required skills are best represented.

The board provides clear recommendations and relevant information in the Notice of Meeting at which candidate directors are put forward. Biographical information is presented in the Notice of Meeting, and further information about directors is presented on the company's website.

Where possible, the process of vetting prospective directors includes background checks into character, education, criminal record, and bankruptcy. The Nomination and Remuneration Committee also undertakes other vetting procedures that it deems appropriate in the circumstances

As the board has not recommended any new candidate since 2018, these checks have not been performed in the past year. Background checks have not been undertaken where directors are nominated by the major shareholder of the Company, reflecting the reality of the ownership structure of the Company.

Upon appointment to the Company's board, directors are advised of salient requirements and policies. Obligations such as disclosure of interests, managing conflicts, and share trading are managed through policies. Directors have received training in health and safety governance. Further training about how to best perform their duties as directors was not required during the reporting period as the Company has robust policies around director duties and the board's skills are appropriate.

When the Company converted its listing to being primary listed on the ASX, each director entered into individual written agreements with the Company consistent with ASX listing rule 3.19B.

The Company enters into an employment agreement with the managing director and the senior executives, the material terms of which are disclosed below.

The Company Secretary is Paris Bree, who is also the company's General Counsel. She is appointed by the board and accountable directly to the board.

The company was not in the S&P/ASX 300 Index at the commencement of the reporting period, and is not a "relevant employer" under the Workplace Gender Equality Act.

## Board Skills

Board skills are set out in the accompanying chart.

The board considers its composition brings together skill-sets that are highly valued in the industry. The board has a balance of independence, skills, knowledge, experience, and perspectives.

In considering the appropriate board composition, account is given to whether or not a shareholder owns a majority of the shares in the Company. The board composition is a consequence of the Company's ownership structure.

Two out of six directors are independent. The chair is not independent, reflecting the ownership structure of the Company. The chair and CEO are not the same person.

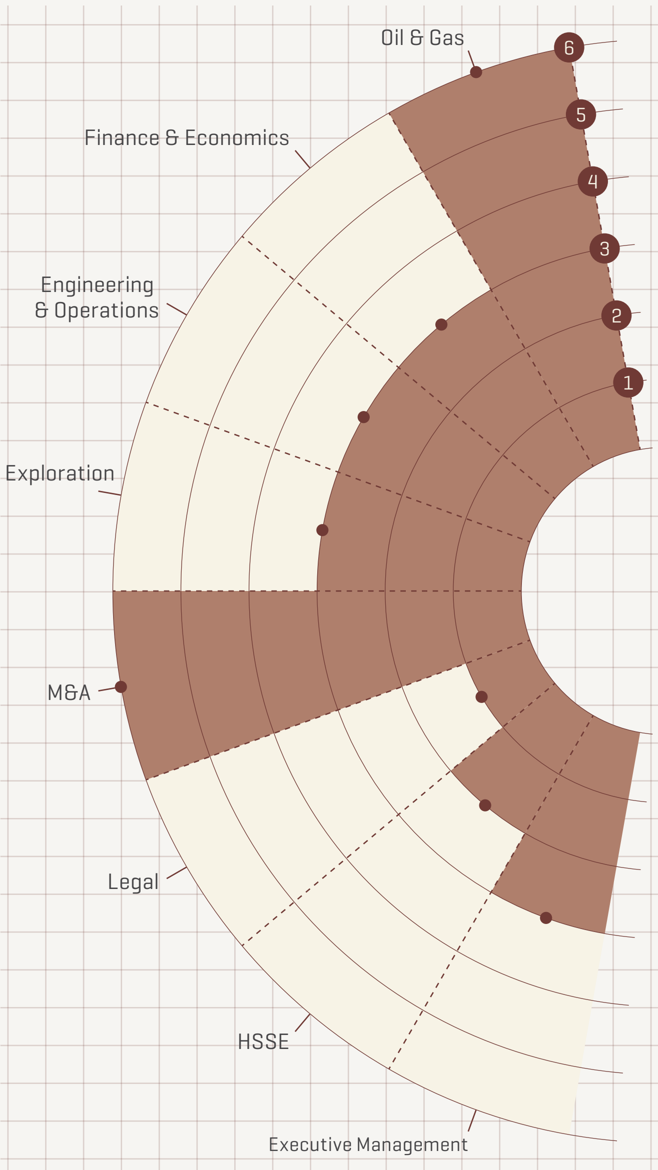
The board has determined that as at 30 June 2023, Dr Archer and Mr Ritchie are independent directors as they do not fall into any of the categories specified in the ASX Principles and Recommendations as being examples of interests, positions and relationships that might raise issues about the independence of a director.

Mr Kellner, Mr Argentieri, and Mr McGregor are not independent because of their association with O.G. Oil & Gas Limited, which is a substantial shareholder in New Zealand Oil & Gas Ltd.

Mr Jefferies is not independent because he is the managing director of New Zealand Oil & Gas.

Upon appointment to the Company's board, directors are advised of salient requirements and responsibilities for directors of the Company.

**Number of Directors with Specific Skillset**




## Committees of the Board

The Board has established the following committees to assist it by focusing on specific responsibilities, reporting back to the Board and making any necessary recommendations:

- Audit Committee,
- Nominations and Remuneration Committee,
- Operational Risk and Sustainability Committee,
- Commercial Committee.

Each committee has a Charter, approved by the Board and reviewed regularly. The Board has sole responsibility for the appointment of directors to committees. Any director is entitled to attend a meeting of a committee if that director so wishes, except that members who are not members of the Audit Committee may only attend its meetings at the invitation of the Audit Committee.

More detail about the role and activities of these committees is reported under relevant headings below.

All Committee Charters are available on the Company's website at

www.nzog.com/investor-information

PRINCIPLE 3

# Instill a culture of acting lawfully, ethically and responsibly

*Instill and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.*

– (ASX Principles and Recommendations)

New Zealand Oil & Gas practices the highest standards of corporate governance and aspires to continuous improvement in its governance performance.

The board has adopted the following overarching governance objectives:

- Lay solid foundations for management and oversight.
- Achieve high standards of transparency and ethical and responsible decision-making.
- Structure itself to add value.
- Make timely and balanced disclosure.
- Respect the rights of its shareholders.
- Safeguard integrity in its financial reporting.
- Recognise and manage risks.
- Encourage enhanced performance.
- Promote a corporate culture that upholds agreed Company values.

The Company's values are displayed in the graphic on the inside front cover of this report.

**Code of Business Conduct and Ethics**

The Company's Code of Business Conduct and Ethics sets out values and ethics expected of the Company's directors, management, employees and contractors.

The Company strives to create a strong culture of honesty, integrity, loyalty, fairness, forthrightness and ethical behaviour.

- Company representatives are required to:
- Act with high standards of honesty, integrity, fairness, and equity in all aspects of their involvement with the Company;
- Comply fully with the content and spirit of all laws and regulations governing the Company's operations, business environment, and employment practices;
- Not knowingly participate in illegal or unethical activity;
- Actively promote compliance with laws, rules, regulations, and the Company's Code of Business Conduct and Ethics; and
- Not do anything that would be likely to negatively affect the Company's reputation.

The Code addresses in detail issues such as:

- Conflicts of interest and corporate opportunities;
- Protection and proper use of Company assets;
- Confidential and proprietary information;
- Intellectual property;
- Competition and fair dealing;
- Business entertainment and gifts;
- Anti-bribery and corruption;
- Cash koha;
- Insider trading or tipping: and
- Reporting Code violations.

The Code requires the board to be informed of any material breaches.

The Code of Business Conduct and Ethics is available in the corporate governance section of the Company's website at

www.nzog.com/dmsdocument/487

## Protected Disclosures

The Company has a Protected Disclosures (Whistleblower) Policy that provides a procedure for employees and contractors to raise concerns or make disclosures about what they observe happening at work.

The purpose is to facilitate disclosure and investigation of serious wrongdoing. It provides a mechanism for concerns being raised and dealt with at an early stage and in an appropriate manner. The person making the report is protected from any adverse consequences where the concern is raised in good faith. The board is to be informed of any material incidents reported under this policy.

The protected Disclosures (Whistleblower) Policy is available in the corporate governance section of the Company's website at

www.nzog.com/dmsdocument/495

## Anti-bribery and Corruption

The Company's anti-bribery and corruption policies are included as specific items within the Code of Business Conduct and Ethics.

The Code of Business Conduct and Ethics is available in the corporate governance section of the Company's website at

www.nzog.com/dmsdocument/487

PRINCIPLE 4

# Safeguard the integrity of corporate reports

*Have appropriate processes to verify the integrity of corporate reports.*

– (ASX Principles and Recommendations)

The Chief Executive and CFO provide the Board with a letter affirming that, in their opinion, the financial records have been properly maintained, that the financial statements comply with the appropriate accounting standards and give a true and fair view of the Company's financial position and performance, and that they form their opinion on the basis of appropriate and effective controls.

Senior management review quarterly activity reports, cash flow reports and other formal reports to verify and confirm content.

The Managing Director, CFO and General Counsel approve reports prior to being circulated to the full Board for approval ahead of public release.

## Audit Committee

The Audit Committee, together with the Chief Executive, is responsible to the Board for overseeing the financial and internal controls, financial reporting and audit practices of the Company.

The chair of the Audit Committee also oversees and authorises any trading in securities by directors, employees or contractors. Restrictions on trading are outlined in the Securities Trading Policy and Guidelines for Directors, and in the Securities Trading Policy and Guidelines for Employees and Dedicated Contractors.

In practice the Committee considers:

- Corporate reporting and internal controls,
- Whether financial statements reflect their understanding of the financial position and performance of the Company and otherwise provide a true and fair view,
- The appropriateness of the accounting judgements and choices exercised by management in preparing the financial statements,
- The appointment of the external auditor and rotation of the audit engagement partner;
- The fees payable to the auditor for audit and non-audit work,
- The scope and adequacy of the external audit, and
- The independence and performance of the external auditor.

**The Audit Committee Charter is available here**

www.nzog.com/dmsdocument/372

## Audit Committee Composition

Alastair McGregor, Dr Rosalind Archer and Rod Ritchie comprise the Audit Committee. As Dr Archer and Mr Ritchie are independent, a majority of members of the audit committee are independent and none are executive directors.

The chair of the audit committee, Mr McGregor, is not the chair of the Board. Mr McGregor is not an independent director, which reflects the composition of the Board.

Mr McGregor has a financial background. Dr Archer and Mr Ritchie have gathered considerable experience about the company's financial affairs through their service on the Board and on the Audit Committee. Further information about the skills and qualifications of the committee members are set out in the biography page (see pages 27 & 28).

The Committee met twice during the year by video conference, and all members attended both meetings.

The chair of the Board, directors, the chief executive and other staff may be invited by the Audit Committee to attend meetings of the Committee.

The Audit Committee can meet with the external auditors and senior management in separate sessions. An annual process considers engagement of auditors, having regard to the auditors' independence and policies for rotation of partners.

The Company does not have an internal audit function, as the scale and complexity of the business and the nature of its financial management does not currently require it.

The Audit Committee Charter is available here

www.nzog.com/dmsdocument/372

The Securities Trading Policy and Guidelines for Employees and Contractors is available on the Company's website here

www.nzog.com/dmsdocument/download/497

The Securities Trading Policy and Guidelines for Directors is available here

www.nzog.com/dmsdocument/download/496

PRINCIPLE 5

# Make timely and balanced disclosure

*Make timely and balanced disclosure of all matters that a reasonable person would expect to have a material effect on the price or value of the Company's securities.*

– (ASX Principles and Recommendations)

New Zealand Oil & Gas complies with Listing Rule 3.1, which requires a listed entity, subject to certain exceptions, to disclose to ASX immediately any information that a reasonable person would expect to have a material effect on the price or value of its securities.

The Board receives advance copies of all material announcements.

New presentations are released to both market platforms, ASX and NZX, ahead of the presentation, and promptly posted to the Company website.

### Continuous Disclosure

The company releases to markets, promptly and without delay, information that a reasonable person would expect to have a material effect on the price of its securities. The only exceptions to this disclosure principle are those permitted under the Listing Rules.

The board is responsible for monitoring commitments and continuous disclosure obligations and initiating action as warranted to ensure reporting is fair and reasonable.

The Company has a Communications, Market Disclosure and Social Media Policy. Its purpose is to:

- Reinforce the Company's commitment to the continuous disclosure obligations imposed by law and stock exchange rules,
- Describe the processes to ensure compliance,
- Outline the Company's general communications approach aimed at ensuring timely and accurate information is provided to shareholders, market participants and market observers, and
- Provide ground rules for the use of social media.

### Non-Financial Reporting

The Company publishes a Sustainability Report.

Sustainability reporting includes material exposure to environmental, economic and social sustainability risks and other key risks. It explains how the Company manages those risks and how operational or non-financial targets are measured.

Components of sustainability reported include:

- A summary of the Company's values;
- Taskforce on Climate-Related Finance Disclosures (TCFD), including Governance of climate risk, Company policies and the Company's climate change statement;
- Sustainability and climate risk strategy and risk management and corporate responsibility strategy;
- Diversity Statement, performance metrics and targets;
- A summary of the Company's approach to stakeholder engagement,
- Summary of the Company's contribution to local communities;
- A materiality matrix; and
- Relationship between business strategy and the UN's Sustainable Development Goals.

A copy of the 2023 Sustainability Report is available on the Company's website, here

www.nzog.com/dmsdocument/download/670

## Non-Financial Reporting Continued.

The Company publishes a Sustainability Report.

Sustainability reporting includes material exposure to environmental, economic and social sustainability risks and other key risks. It explains how the Company manages those risks and how operational or non-financial targets are measured.

Components of sustainability reported include:

- A summary of the Company's values;
- Taskforce on Climate-Related Finance Disclosures (TCFD), including Governance of climate risk, Company policies and the Company's climate change statement;
- Sustainability and climate risk strategy and risk management and corporate responsibility strategy;
- Diversity Statement, performance metrics and targets;
- A summary of the Company's approach to stakeholder engagement,
- Summary of the Company's contribution to local communities;
- A materiality matrix; and
- Relationship between business strategy and the UN's Sustainable Development Goals.

A copy of the 2023 Sustainability Report is available on the Company's website, here

www.nzog.com/dmsdocument/download/670

## Waivers

The Company has one ASX waiver which allows it to provide announcement simultaneously to both the ASX and the NZX. Details below.

| | |
|---|---|
| **Rule Number** | 15.7 |
| **Date** | 19/06/2022 |
| **ASX Code** | NZO |
| **Listed Company** | NEW ZEALAND OIL & GAS LIMITED |
| **Waiver Number** | WLC220102-001 |
| **Decision** | Based solely on the information provided, ASX Limited ('ASX') grants New Zealand Oil & Gas Limited (the 'Company') a waiver from Listing Rule 15.7 to the extent necessary to permit the Company to provide announcements simultaneously to both ASX and the NZX. |
| **Basis For Decision** | Underlying Policy<br>An entity must not release information that is for release to the market to any person until it has given the information to ASX and received an acknowledgement that ASX has released the information to the market. This ensures that all investors have equal access to the information.<br>The Company has not made any formal submissions in relation to its request for waivers from Listing Rules 15.7 other than to note that these waivers have been commonly granted to NZ Foreign Exempt Entities when they transition to a full ASX Listing.<br>Present Application<br>The Company is a New Zealand incorporated entity and is listed on NZX. A difference in time zones means that trading on NZX commences approximately two hours prior to market open on ASX. There is also a period of overlap during which the Company may be required, under both the NZX and ASX Listing Rules, to lodge information immediately with each of the exchanges. Both of these scenarios could result in the Company releasing information to NZX before it has received an acknowledgement of release from ASX. The waiver permits the Company to give information simultaneously to NZX and ASX. It is not considered that the simultaneous lodgement of information with an overseas stock exchange by a dual listed entity would infringe the policy principle of equal access to information. Lodging announcements simultaneously with ASX and NZX does not infringe the policy rationale behind the rule. The problem encountered by the Company until such time that it delists on NZX, which prevents it from complying with listing rule 15.7.1, is that during trading hours on NZX, the Company will not be permitted to wait for confirmation from ASX that the announcement has been released on ASX before giving it to NZX. |

The Communications, Market and Social Media Disclosure Policy is available in the corporate governance section of the Company's website at

www.nzog.com/dmsdocument/488

PRINCIPLE 6

# Respect the rights of security holders

*Provide security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively*

– (ASX Principles and Recommendations)

## Shareholder Participation

The Company communicates openly with investors with the aim of growing understanding about the business, its activities and plans, governance, financial performance and prospects.

The Company encourages shareholder participation at the annual meeting by inviting questions in advance and discussion from the floor. Meeting agendas and supporting documents such as presentations are posted on the Company's website.

It makes directors and management available at annual meetings and provides and opportunity for conversation about the Company. Investor queries to the Company by phone and email are answered promptly by senior managers. For major Company events, management and directors reach out to larger minority holders to discuss issues and concerns.

The Company encourages participation in annual meetings. It holds meetings online as well as in person and provides extensive opportunities before and during meetings for questions, discussion and engagement. Questions may be submitted in advance by shareholders not present and answers are made available on the webcast recording on the website. Shareholders continue to avail these opportunities.

The Notice of Annual Meeting of Shareholders is posted when it is available and at least 20 working days prior to the meeting.

Shareholders can directly message the Company at any time through the website and management aims to respond promptly. The Company makes available key staff and directors to answer questions about major initiatives. The chief executive actively contacts shareholders who seek to engage.

Shareholders have the right to vote on major decisions that change the nature of the company's activities. All shares participate equally with other shares on the basis of one share, one vote. There are no special voting rights attached to any stock. Voting is conducted by poll, not by show of hands, as recommended by shareholders' associations.

The Company accepts the principle of one share-one vote in the listing rules and agrees that a show of hands is inconsistent with this principle. The Company holds ballots with scrutineers present on all votes at all meetings.

The Company's offices and shareholder meetings are wheelchair accessible.

## Website

The Company maintains a website, nzog.com, where comprehensive information is presented about its activities, governance and financial performance.

Shareholders and interested parties can subscribe via the website to receive notice of the Company's market announcements by email.

The dedicated investor relations section of the website makes available share price information, detail about shareholdings, statutory reports, corporate governance information, and market updates about the Company's activities.

The corporate governance landing page presents all relevant corporate governance documents, including policies, charters, and the constitution.

The Investors section provides links to:

- News, market announcements, and investor briefings;
- Policies, charters and other corporate governance documentation;
- Periodic reports, including annual and quarterly reports and sustainability reporting;
- Information about annual and special meetings, including notices of meeting, voting cards, CEO and Chair's addresses, results and webcasts, including historical records of past meetings;

- Shareholder information including the distribution of listed holdings, information about past dividends and a share price graph.

Recent reports are typically linked from the most prominent panel of the front page of the website.

The website provides detailed descriptions of current activities;

- Production and financial data
- The names, photographs and brief biographical information for each directors and senior executive;
- A statement of values;
- Sustainability and corporate responsibility information;
- Investor relations materials.

The corporate governance landing page is at

www.nzog.com/corporate-governance/

Investor information is available at

www.nzog.com/investor-information/

## Registry

The Company shifted registry management to Computershare Australia (from New Zealand) following its Annual Meeting of Shareholders in November 2022.

Any shareholder may receive all communications from New Zealand Oil & Gas and from the registry in electronic form. Contact Computershare to make arrangements:

### Australia

Computershare Investor Services Pty Ltd

GPO Box 3329 Melbourne, VIC 8060 Australia

**Freephone:** 1 800 501 366 (within Australia)

**Telephone:** +61 3 9415 4083

**Facsimile:**+61 3 9473 2500

**Email:** Web.Queries@computershare.com.au

**Website:** www.computershare.com.au

### New Zealand

Computershare Investor Services Ltd

Level 2, 159 Hurstmere Road Takapuna, Private Bag 92119 Auckland, New Zealand

**Telephone:** +64 9 488 8777

**Freephone:** 0800 467 335

**Facsimile:** +64 9 488 8787

**Email:** enquiry@computershare.co.nz

**www.investorcentre.com**

Update your details here

www.computershare.com.au/easyupdate/NZO

PRINCIPLE 7

# Recognise and manage risk

*Establish a sound risk management framework and periodically review the effectiveness of that framework.*

– (ASX Principles and Recommendations)

The board allocates oversight of risk management in relation to health, safety and environment and company operations to the Operational Risk and Sustainability Committee and oversight in relation to accounting standards and principles, financial statement compliance and reliability and the audit process to the Audit Committee.

## Operational Risk and Sustainability Committee

The Operational Risk and Sustainability Committee is chaired by Rod Ritchie, who is independent. The other members are Dr Rosalind Archer, Andrew Jefferies, and Alastair McGregor.

The Committee met two times during the year by video conference, and all members were present for each meeting.

The Operational Risk and Sustainability Committee's role is to advise and support the board in meeting its responsibilities in relation to health, safety, security, environment, sustainability, operational risk and community engagement matters arising out of the activities and operations of the Group.

The committee's responsibilities include:

- Risk Management Framework: Monitor the performance and effectiveness of, and compliance with, the Company's Risk Management Framework and review the adequacy of risk controls.
- Approve policy and monitor progress: Set, review and agree ORS policies, practices, frameworks and targets, including performance against these, as recommended by management, including but not limited to:
  - Sustainability performance framework, targets and reporting;
  - Community and Iwi engagement;
  - Environmental policies and programmes including Climate
  - Change responses.
- Seek assurance of the Company's compliance with all ORS legislative requirements, licence conditions and stakeholder commitments.
- Support the Board and management in defining the Company's ORS objectives, taking into account legal obligations and industry best practice.
- Work with management to agree how ORS objectives will be achieved, monitored and reviewed.
- Support a culture of continuous improvement by reviewing significant incidents and system failures and monitoring actions and measures to minimise recurrence.
- Ensure the necessary skills are obtained and maintained within the Group to achieve ORS objectives.
- Provide leadership to the Board and support the Company in aspiring to proactively manage ORS issues.
- Ensure that significant issues are brought to the attention of the full Board

Company policies, frameworks and strategies relevant to this Committee:

- Health and Safety Policy
- Environment Policy
- Capturing Local Economic Benefits Policy
- Community Engagement Policy
- HSSE Management Framework and Management System – Risk Register
- Risk Management Procedure
- Sustainability Framework
- Climate Change Policy

Read the Operational Risk and Sustainability Committee's charter here

www.nzog.com/dmsdocument/370

## Health and Safety

The Company values the wellbeing of employees, contractors and communities in which we operate. It is fully committed to the provision of a safe and healthy environment for all employees, contractors and visitors to New Zealand Oil & Gas sites, and to achieving a health and safety aspiration of 'no one gets hurt' and 'no incidents'.

All employees, contractors and joint venture parties engaged in activities under the Company's operational control are responsible for the application of the Health and Safety Policy.

All employees are responsible for taking all practical steps to avoid harm to themselves or to others in the workplace. They must report any potentially hazardous situations, maintain good housekeeping in all areas and comply with safe work practices and procedures.

The Company's managers are responsible for promoting the Health and Safety Policy in non-operated joint ventures.

The full Health and Safety Policy is available in the corporate governance section of the Company's website at

www.nzog.com/dmsdocument/492

## Environment

The Company values our natural environment and is committed to responsible management practices that minimise environmental impacts arising from our activities, using soundly-based science as the basis for all of our environmental decisions.

All employees, contractors and joint venturers engaged in activities under the Company's operational control are responsible for applying the Environment Policy. The Company's managers are responsible for promoting the policy in non-operated joint ventures.

Management reviews the risk management framework twice per year and reports to the Operational Risk and Sustainability Committee.

The full Board reviews the risk register annually.

The full Environment Policy is available in the corporate governance section of the Company's website at

www.nzog.com/dmsdocument/491

## Recognising and Managing Risk

The Company has a risk management system framework, which outlines the Company's approach to risk management. It provides a framework for applying consistent and comprehensive risk management practices across all functional areas of the business.

A central Company risk register, which considers the risks, reviews the controls, assigns ownership of a risk and tracks treatment plans, is maintained. Risk assurance is provided through a prioritised programme of audits and internal review.

The board's accountabilities include:

- Overseeing the effectiveness of the risk management system framework,
- Monitoring compliance, and
- Approving polices and systems for the ongoing identification and management of risks.

The board's responsibilities include:

- Approving the Company's risk capacity and appetite,
- Reviewing material risks, and
- Reviewing the risk register.

Responsibility for identifying, documenting and managing risks and opportunities is delegated to the appropriate level of management. The Chief Executive is responsible for such things as integrating risk management into core business processes, managing the Company's corporate strategic risks and opportunities, and regularly reviewing the Company's risk profile. The Chief Executive has ultimate responsibility to the board for design, development and improvement of the risk management framework system and maintains the Company's risk register.

The Company does not have an internal risk function.

The process employed for evaluating and improving the effectiveness of risk management and internal control processes is:

- Risks are formally reviewed by risk owners;
- Management regularly reviews the risk register to ensure adherence and continuous improvement;
- The ORS Committee regularly reviews the risk register, with a particular emphasis on reducing key risks to as low as reasonably practicable;
- For specific operational activities (including seismic acquisition campaigns), the board reviews the intended operational activity against activities related to elements of the Company's HSSE management framework to ensure a compliant work programme, achieving desired objectives safely; and
- After-action reviews of an operational phase of a project are undertaken by the HSSE Advisor and project team, to identify improvement in control processes. The after-action review is then reviewed by the ORS Committee.

The ORS Committee reviews specific risks at each meeting of the committee and, at least annually, reviews the risk register and framework document to satisfy itself that the system continues to be sound.

The process employed for evaluating and improving the effectiveness of risk management and internal control processes is:

- Risks are formally reviewed by risk owners;
- Management regularly reviews the risk register to ensure adherence and continuous improvement;
- The ORS Committee regularly reviews the risk register, with a particular emphasis on reducing key risks to as low as reasonably practicable;
- For specific operational activities (including seismic acquisition campaigns), the board reviews the intended operational activity against activities related to elements of the Company's HSSE management framework to ensure a compliant work programme, achieving desired objectives safely; and
- After-action reviews of an operational phase of a project are undertaken by the HSSE Advisor and project team, to identify improvement in control processes. The after-action review is then reviewed by the ORS Committee.

The ORS Committee reviews specific risks at each meeting of the committee and, at least annually, reviews the risk register and framework document to satisfy itself that the system continues to be sound.

The Risk Management System Framework is available in the corporate governance section of the Company's website at

www.nzog.com/dmsdocument/1

### TCFD Risk Disclosure

Taskforce on Climate-Related Financial Disclosure risks, and the framework for managing climate risks, are comprehensively reported in the Sustainability Report.

TCFD reporting is also maintained on our Company website.

A copy of the 2023 Sustainability Report is available on the Company's website, here:

www.nzog.com/dmsdocument/download/670

# Climate risk management

## How we identify, assess and manage climate-related risks

The Company's Risk Management System Framework applies consistent and comprehensive risk management practices.

Climate risks are recorded in the central risk register, which considers the risks, reviews the controls, assigns ownership of risk and tracks treatment plans.

Climate risks are identified on an ongoing basis and consideration is given to industry and peer information and expertise, shareholder and community feedback, regulatory changes, and analysis by our own staff and contractors.

Risk assurance and oversight of climate risk management is provided through internal review by the board Operation Risk and Sustainability committee.

## How we model Climate Risk

### Kupe, New Zealand

For our New Zealand Kupe asset, New Zealand Oil & Gas uses the New Zealand ETS market pricing for carbon emissions.

The Company has sufficient forward emissions credits for future demand. As these were purchased at much lower carbon prices, the emissions trading system carbon costs represent a positive opportunity for competitive advantage.

For physical risks to the Kupe offshore platform, onshore coastal processing plant and connecting pipeline, the Company carries insurance and equipment is engineered to standards well in excess of expected weather activity.

### Amadeus Basin, Australia

For physical risks to our Amadeus Basin interests, the Company has comprehensive insurance to cover physical risk. The risks associated with climate are assessed in engineering planning. For forward price risk associated with production, the Company uses impairment testing based on forward market prices and contracts.

The Company uses an internal price to test economics of investments based on market prices in other comparable international regimes. Expectations of forward prices reflect the market consensus on the likelihood and level of future carbon charges and market demand. Potential increased carbon pricing or reduced prices are part of the Company's sensitivity testing.

Carbon prices have generally conformed to forward curves in the reporting period, while oil and gas commodity prices have been much higher due to concerns about energy security and actual shortages of gas. As a result, the financial risks associated with climate change are assessed to be considerably positive (upside) as of the date of this report.

### Perth Basin, Australia

In the acquisition of exploration opportunities in Western Australia, the Company used a shadow carbon price to test the economics of a discovery during due diligence.

Expectations of forward prices were based on market consensus. Potential increased carbon pricing or reduced prices were also considered as part of the Company's sensitivity testing. Engineering risks will be assessed in the FEED (Front End Engineering Design) process following any new discovery.

### Assets held by Cue

For assets held by its subsidiary, Cue Energy Resources, in New Zealand and Indonesia, risks are modelled by Cue, and the Cue board manages the risk for those assets. The risk model is broadly similar to the one used by New Zealand Oil & Gas to manage assets held directly.

## Climate risk, drilling and discovering new resources

The risks associated with drilling and operating new oil and gas wells are managed by the field operator. New Zealand Oil & Gas does not operate any exploration or production site. The Company exercises active oversight of operator health, safety and environment risks and manage these through its risk management framework.

Oil and gas are fossil fuels that produce climate changing emissions. Our Statement on Climate Change can be read in our Sustainability Report. We target gas production in Australia, New Zealand and Indonesia, and evidence is clear that our production provides energy security and substitutes for much higher emitting alternatives. New discoveries do not materially alter demand for oil and gas products and so any production needs to be measured against the alternative energy source.

**The Climate Change Policy is available here**

www.nzog.com/dmsdocument/download/493

# Risk Assessment

The table uses the following time horizon categories: Short (S): 0–5 years, Medium (M) 5–10 years, Long (L) 10+ years.

| Risk type | Description | Time | Control |
|---|---|---|---|
| **Non physical risks**<br>Policy and legal risks | Litigation against companies and/or directors on climate grounds (claiming causation or seeking greater action to mitigate effects) could have reputational, development and operating cost impacts.<br>Changing regulations including bans and restrictive regulations, taxes and emissions limits across all jurisdictions risk viability of projects. | S M L | Board and management understand their fiduciary duties around climate change risk.<br>Internal processes, including due diligence and joint venture processes, identify and manage climate risk.<br>Monitor jurisdictions where we undertake activities. Look to diversify jurisdictions to mitigate changes to any individual regulatory environment.<br>Participate in New Zealand's environmental regulation framework through reputable industry advocacy bodies, including Energy Resources Aotearoa, Business New Zealand and the Business Energy Council.<br>Develop evidence for the role of natural gas in a net carbon-zero future. |
| Reputational and social license risks | Stakeholder disengagement and oppositional activism. Loss of social license, leading to project delays or stoppages.<br>Recruitment and retention risk.<br>Risk of partner misalignment from divergent approaches to carbon management. | S M L | Manage environmental performance through sustainability framework.<br>Promote corporate values, including our pride in our work.<br>Due diligence screening of commercial opportunities and joint ventures. |
| Financial risks | Divestment movement increases, affecting availability and cost of capital.<br>Insurance premiums increase. Potential for classes of assets and locations to become uninsurable.<br>Capital cost increases if new environmental standards require more expensive supplies relative to alternatives.<br>Carbon pricing adopted across jurisdictions, or inconsistently between them.<br>Changes to price and cost forecasts result in stranded assets or reserves. | S M L<br>S M L<br>M L<br>S M L<br>S M L | Incorporation of a shadow price on carbon in sensitivity testing for investment decisions.<br>Due diligence screening of commercial opportunities and JV processes. Assurance of insurance forecasts.<br>Access to a range of funding options.<br>Reporting on environmental, social, and governance (ESG) matters, including TCFD compliant reporting.<br>Jurisdictional diversification to mitigate the impact of sudden, unilateral changes, confiscation, or value destruction by regulation. |
| **Physical risks**<br>Acute & Chronic | Physical assets, especially our coastally-located gas production plant, may be subject to increased frequency and intensity of extreme weather events such as storms, flooding, coastal inundation, lack of water availability, or slips.<br>Offshore drilling and production delayed or shut in by increased weather events. | M L | Engineering anticipates environmental conditions.<br>Carbon policy provides for review of climate issues in strategic and operational decisions. |
| **Opportunities**<br>Commercial | Global reduction in high carbon sources such as coal is increasing demand for natural gas as a lower carbon partner to renewables. | S M L | Strategic preference for natural gas.<br>Support for our joint venture partners pursuing low carbon innovations on sites.<br>Ongoing investigation of investment opportunities in lower emission technologies, including carbon capture and storage. |
| Reputational | Partnering with local communities to support low carbon initiatives. | S M L | Local relationships and discussions about contributing to socially desirable low carbon outcomes. |

PRINCIPLE 8

# Remunerate fairly and responsibly

*Pay director remuneration sufficient to attract and retain high quality directors and design executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the Company's values and risk appetite.*

– (ASX Principles and Recommendations)

### Nomination and Remuneration Committee

The Company has a Nomination and Remuneration Committee comprising Dr Rosalind Archer (Chair), Marco Argentieri, Samuel Kellner, Alastair McGregor and Rod Ritchie.

The Committee charter requires that it comprises at least three non-executive directors of the board. The chair, Dr Archer, is independent.

Principle 2.1 of the ASX Principles and Recommendations recommends that a majority of the nomination committee should be independent directors. A majority of the board is not independent and the composition of the committee also reflects this.

| Nomination and Remuneration Committee Member | Meetings attended during the year |
|---|---|
| Dr Rosalind Archer (Chair) | 3 |
| Marco Argentieri | 3 |
| Samuel Kellner | 3 |
| Alastair McGregor | 2 |
| Rod Ritchie | 3 |

The Nomination and Remuneration Committee is responsible to the board for:

Providing recommendations to the board in relation to the director selection and appointment practices of the Company;

- Evaluation and remuneration of directors and board succession;
- Chief Executive remuneration, appointment, performance criteria and review;
- Reviewing and providing recommendations to the board in relation to:
  - Senior executive and key staff succession plans;
  - The Company's remuneration, recruitment, retention and termination policies and procedures for all employees;
  - Implementing the Company's Diversity Policy and achieving any associated measurable objectives; and
  - Other relevant matters identified from time to time by the board.

### Remuneration and Performance Appraisal

The Company aims to attract, retain and motivate professional staff capable of achieving the goals of the Company.

To achieve this, the Company wants to encourage and reward its staff fairly and appropriately within the market to reflect performance and contribution.

The Remuneration Policy sets out a process to assess the competitiveness of remuneration.

The Nomination and Remuneration Committee makes recommendations on remuneration policies for the chief executive and senior managers based on assessment of relevant market conditions and linking remuneration to the Company's financial and operational performance and individual performance.

Executive remuneration may comprise salary, short-term incentive payments and share options.

Read the Committee's Charter here

www.nzog.com/dmsdocument/373

### Short Term Incentive

Officers of the Company may receive payments under a short term incentive scheme.

40% of the STI is based on company performance, 30% is Board discretion, and 30% on personal performance. 45% of the personal performance component is assessed on behaviours aligned with Company values, 10% on HSE performance, and 45% on the personal performance criteria agreed at the start of the financial year between the Chief Executive and the respective officers.

In 2021-22 the company factors affecting short term incentive payments were:

| | |
|---|---|
| Acquisitions | Board approval to make binding offer on two opportunities, execution of one sales and purchase agreement, completion of two deals. |
| Group Strategy | Execute board-agreed group strategy. |
| Funding gap | Develop and execute funding strategy to close cash flow gap. |
| Overheads | Not exceeding budgeted overheads. Emphasis on achievement of meaningful cost reduction initiatives. |
| Reserves replacement | 2P reserves replacement. |
| HSSE | Sustainability targets met, influence of process safety with operating JV partners, HSSE review of CTP operations. |
| Corporate discretion | Awarded on overall company performance, share price performance and oil and gas market conditions |

In the reporting period the Company has determined that the overall business performance outcome was 81%.

### Director's Remuneration

At the 2008 Company Annual Meeting, shareholders approved a resolution that director's fees be set at a maximum of $600,000 per annum, being the combined total for all non-executive directors. There has been no increase in the fee level since 2008 and in March 2016 the board and directors volunteered a reduction in their fees.

OGOG representative directors have not yet drawn any fees for their services.

Directors do not receive any performance-based remuneration. Mr Jefferies does not receive fees because he is the Chief Executive.

The total remuneration and other benefits to directors for services in all capacities during the year ended 30 June 2022 was:

| | |
|---|---|
| Dr R Archer | $77,599 |
| Mr M Argentieri | |
| Mr A Jefferies | $1,020,736* |
| Mr S Kellner | |
| Mr A McGregor | |
| Mr R Ritchie | $ 77,599 |

* Includes remuneration received as Chief Executive

### CEO Salary

| | |
|---|---|
| Salary Paid | $684,772 |
| Benefits | $51,485 |
| Cash STI[1] | $220,301 |
| LTI share options[2] | $64,178 |
| **Total** | $1,020,736 |

[1] STI for current period, paid August 2023
[2] LTI share options issued during the year 502,730. Total held 1,801,258

Options to acquire ordinary shares are issued in accordance with Scheme Rules, which are available here

www.nzog.com/dmsdocument/480-nzog-share-option-scheme-rules-pdf

## Staff Salary Bands

| | |
|---|---|
| $100,000 - $110,000 | 1 |
| $110,000 - $120,000 | 3 |
| $150,000 - $160,000 | 1 |
| $160,000 - $170,000 | 2 |
| $170,000 - $180,000 | 1 |
| $190,000 - $200,000 | 1 |
| $200,000 - $210,000 | 1 |
| $220,000 - $230,000 | 1 |
| $230,000 - $240,000 | 1 |
| $320,000 - $330,000 | 1 |
| $390,000 - $400,000 | 2 |
| $460,000 - $470,000 | 1 |
| $470,000 - $480,000 | 1 |
| $620,000 - $630,000 | 1 |
| $1,020,000 - $1,030,000 | 1 |
| | 19 |

## Securities Trading Policies

The Company's Securities Trading Policies set out procedures about when and how an employee, dedicated contractor or director can deal in Company securities.

These policies are consistent with New Zealand's Financial Markets Conduct Act 2013 and its insider trading procedures, and they comply with ASX and NZX listing rules.

The board ensures that these policies are up-to-date and compliant at all times with changes to the law and to listing rules.

The Securities Trading Policies are available on the Company's website at

For directors: www.nzog.com/dmsdocument/496
For employees and contractors www.nzog.com/dmsdocument/497

### Proudly Rainbow Inclusive

New Zealand Oil & Gas is proud to earn a Rainbow Tick and be a leader in our industry in accepting and valuing people in the workplace, embracing the diversity of sexual and gender identities.

The Tick certification process tests whether a workplace understands and welcomes sexual and gender diversity. The process involves an on-going quality improvement process.

Rainbow refers to people who identify as lesbian, gay, bisexual, transgender, takatāpui and intersex (LGBTTQIA+).

### Diversity Statement

The Company is committed to an inclusive workplace that embraces diversity.

The Company values, respects and leverages the unique contributions of people with diverse backgrounds, experiences and perspectives.

The Company recognises diversity is about commitment to equality and treating all individuals with respect, and includes, but is not limited to, gender, age, disability, ethnicity, marital or family status, religion, sexual orientation, gender identity or expression, and cultural background.

The Company commits to recruiting from a diverse pool of candidates, who will be considered with no conscious or unconscious bias that might discriminate against certain candidates.

The Company's employment practices and policies take into account the domestic responsibilities of employees and adopts flexible work practices.Examples of these are set out below, under Diversity Performance Metrics.

The Company supports the determination of self-identity by all employees including using the titles, names and pronouns of their choice. We seek advice from external organisations to appropriately support staff.

The board establishes measurable objectives for achieving gender diversity. The board may establish measurable objectives for other aspects of diversity, and assesses regularly both the set objectives and the progress in achieving them.

The Nomination and Remuneration Committee makes an annual assessment of success in achieving and implementing the policy and the set objectives, then reports to the board with recommendations.

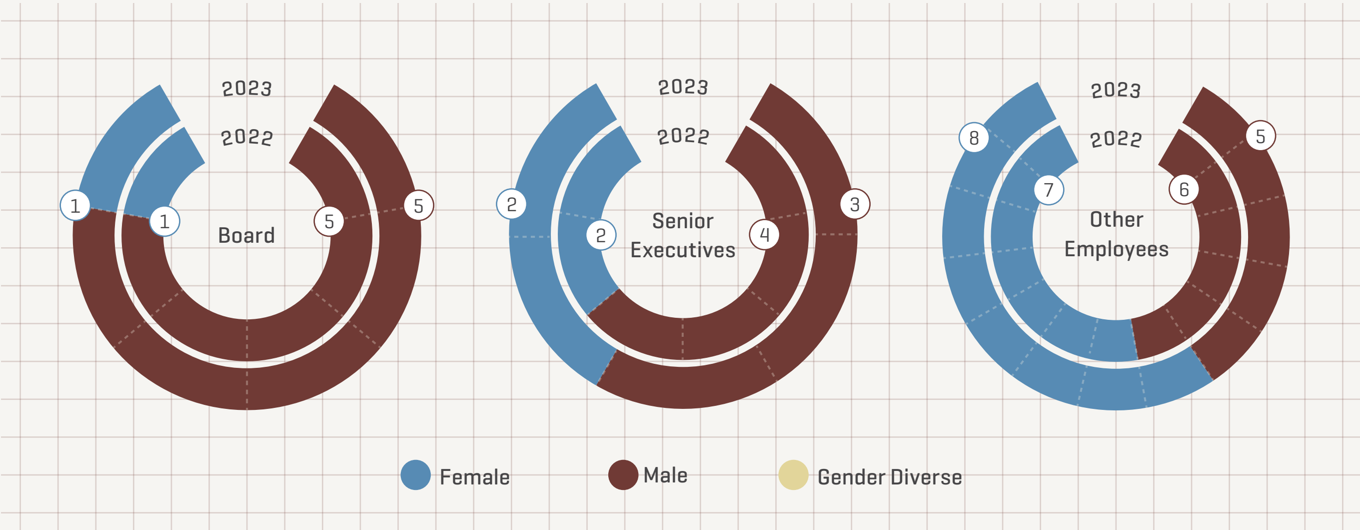
Our Diversity Policy is at

www.nzog.com/dmsdocument/download/490

# Diversity Performance Metrics

**Diversity Performance 2022-23**

The following charts show gender diversity across the company (excluding contractors) as at 30 June 2023, and compares that to numbers as at 30 June 2022.




**Compliance with the Diversity Policy**

With respect to the provision of the diversity policy, the board has determined that the Company has complied with the policy.

| Objective | Status | Progress |
|---|---|---|
| Promote ongoing engagement with diversity initiatives, policies and guidelines to ensure they are continuing to evolve as needed | Achieved | We have set up the Te Ata initiative to support and nurture the well-being of our team, which includes coaching, training, upskilling, resilience training, "conversations that matter" training, and a monthly book club. The Company was recognised with a wellbeing award by Vitae in appreciation of the Te Ata initiative.<br>The CEO has committed to having lunch with every staff member to ensure that they are receiving appropriate opportunities for development and to understand how they feel about the organisation's performance. We have reviewed our policies to ensure that they do not impede our ability to maintain a diverse workplace. We have also created a flexible working guideline that complements our family-friendly and diversity policies (which can be found on our website). Candidates have given positive feedback about these initiatives when we have recruited new team members. |
| Providing talent management support for diverse and emerging leaders. | Completed and ongoing | The Diversity Committee maintains a cultural calendar that celebrates events of cultural significance to our people, and we have integrated them into all staff gatherings and events.<br>The Company participates in Diversity Works, offering staff opportunities to attend workshops, webinars, and networking events.<br>Job descriptions for leadership roles in the Company have been reviewed, and a job sizing activity is underway to determine appropriate benchmarks for resource allocation and equitable remuneration. |
| Retain Rainbow Tick | Achieved | Review for re-accreditation is required and the Company was re-accredited. |

# Diversity Performance Targets for 2023-24

- Promote ongoing engagement with diversity initiatives, policies and guidelines to ensure they are evolving appropriately.
- Provide talent management support for diverse and emerging leaders.
- During any relevant board selection process, ensure at least one credible and suitably experienced female candidate is provided for consideration.
- Retain Rainbow Tick.

# Consolidated Financial Statements

For the year ended 30 June 2023

Authorised on behalf of the New Zealand Oil & Gas Limited Board of Directors on 30 August 2023:

**Samuel Kellner**
Director

**Rosalind Archer**
Director

# Consolidated Statement of Cash Flows

For the year ended 30 June 2023

| NZ$000 | Notes | 2023 | 2022 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Customer receipts | | **87,011** | 79,507 |
| Production and marketing payments | | **(31,391)** | (22,941) |
| Supplier and employee payments (inclusive of GST) | | **(10,534)** | (10,784) |
| Interest received | | **872** | 134 |
| Income tax paid | | **(7,370)** | (7,471) |
| Royalties paid | | **(7,018)** | (4,267) |
| Other | | **882** | (2,704) |
| **Net cash inflow from operating activities** | | **32,452** | 31,474 |
| **Cash flows from investing activities** | | | |
| Exploration and evaluation expenditure | | **(12,070)** | (9,071) |
| Oil and gas asset expenditure | | **(24,678)** | (10,008) |
| Prospects acquired (net of cash) | | **-** | (33,328) |
| Deferred consideration | | **(22,160)** | (10,596) |
| Security deposits and bonds | | **(1,239)** | (446) |
| Property, plant and equipment expenditure | | **(117)** | (126) |
| **Net cash outflow from investing activities** | | **(60,264)** | (63,575) |
| **Cash flows from financing activities** | | | |
| Proceeds from issues of equity securities | | **-** | 24,982 |
| Lease liabilities principal element payments | | **(249)** | (231) |
| **Net cash (outflow)/inflow from financing activities** | | **(249)** | 24,751 |
| **Net decrease in cash and cash equivalents** | | **(28,061)** | (7,350) |
| Cash and cash equivalents at the beginning of the year | | **64,590** | 70,759 |
| Exchange rate effects on cash and cash equivalents | | **(149)** | 1,181 |
| **Cash and cash equivalents at the end of the year** | 9 | **36,380** | 64,590 |

The notes to the financial statements are an integral part of these financial statements

# Consolidated Statement of Cash Flows continued

**Reconciliation of profit for the year to net cash inflow from operating activities**

| NZ$000 | 2023 | 2022 |
|---|---|---|
| **Profit for the year** | **19,079** | 25,724 |
| Depreciation and amortisation | **15,396** | 13,708 |
| Deferred tax benefit | **(5,284)** | (11,480) |
| Contract liabilities non-cash | **(4,897)** | (4,007) |
| Exploration expenditure | **9,128** | 6,015 |
| Emissions costs settled by units | **202** | 902 |
| Net foreign exchange differences | **837** | 233 |
| Unwind of discount | **2,759** | 72 |
| Share based payments | **418** | 670 |
| Lease payments in financing | **260** | 250 |
| Other | **260** | 32 |
| **Change in operating assets and liabilities** | | |
| Movement in receivables | **(4,075)** | (7,248) |
| Movement in contract assets | **(3,586)** | 2,032 |
| Movement in inventories | **51** | (405) |
| Movement in payables | **407** | 4,216 |
| Movement in provisions | **42** | 51 |
| Movement in tax payable | **1,455** | 709 |
| **Net cash inflow from operating activities** | **32,452** | 31,474 |

The notes to the financial statements are an integral part of these financial statements.

# Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

| NZ$000 | Notes | 2023 | 2022 |
|---|---|---|---|
| Revenue | 4 | **98,784** | 83,806 |
| Operating costs | 5 | **(35,117)** | (24,213) |
| Exploration and evaluation expenditure | | **(9,128)** | (6,015) |
| Other income | 4 | **1,008** | 489 |
| Other expenses | 6 | **(12,447)** | (14,310) |
| **Profit from operating activities excluding amortisation, impairment and net finance costs** | | **43,100** | 39,757 |
| Amortisation of production assets | 14 | **(15,178)** | (13,634) |
| Net finance (costs)/income | 7 | **(686)** | 452 |
| **Profit before income tax and royalties** | | **27,236** | 26,575 |
| Income tax (expense)/benefit | 8 | **(4,101)** | 3,211 |
| Royalties expense | 8 | **(4,056)** | (4,062) |
| **Profit for the year** | | **19,079** | 25,724 |
| **Profit for the year attributable to:** | | | |
| Profit attributable to shareholders | | **10,757** | 17,159 |
| Profit attributable to non-controlling interest (NCI) | | **8,322** | 8,565 |
| **Profit for the year** | | **19,079** | 25,724 |
| **Other comprehensive income:** | | | |
| **Items that may be classified to profit or loss** | | | |
| Foreign currency translation reserve (FCTR) differences | 20 | **(901)** | 5,672 |
| Asset revaluation reserve | 20 | **(1,408)** | 1,045 |
| **Total other comprehensive income for the year** | | **16,770** | 32,441 |
| **Total comprehensive income for the year is attributable to:** | | | |
| Equity holders of the Group | | **7,936** | 23,265 |
| Non-controlling interest | | **8,834** | 9,176 |
| **Total comprehensive income for the year** | | **16,770** | 32,441 |
| **Earnings per share** | | | |
| Basic earnings per share attributable to shareholders (cents) | 22 | **4.7** | 9.9 |
| Diluted earnings per share attributable to shareholders (cents) | 22 | **4.7** | 9.9 |

The notes to the financial statements are an integral part of these financial statements.

# Consolidated Statement of Financial Position

For the year ended 30 June 2023

| NZ$000 | Notes | 2023 | 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 9 | **36,380** | 64,590 |
| Receivables and prepayments | 10 | **17,017** | 12,544 |
| Contract assets | | **5,567** | 2,032 |
| Inventories | | **2,668** | 2,762 |
| Right of use assets | | **130** | 131 |
| **Total current assets** | | **61,762** | 82,059 |
| **Non-current assets** | | | |
| Exploration and evaluation assets | 13 | **2,625** | 7,193 |
| Oil and gas assets | 14 | **183,015** | 173,926 |
| Property, plant and equipment | | **148** | 214 |
| Right of use assets | | **343** | 300 |
| Other intangible assets | | **1,423** | 2,896 |
| Net deferred tax assets | 8 | **13,663** | 8,420 |
| Other financial assets | 15 | **8,307** | 7,347 |
| **Total non-current assets** | | **209,524** | 200,296 |
| **Total assets** | | **271,286** | 282,355 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Payables | 16 | **12,171** | 16,493 |
| Lease provisions | | **268** | 267 |
| Contract liabilities | 17 | **2,837** | 5,625 |
| Deferred consideration | | **817** | 23,225 |
| Current tax liabilities | 8 | **4,349** | 2,873 |
| **Total current liabilities** | | **20,442** | 48,483 |
| **Non-current liabilities** | | | |
| Rehabilitation provisions | 18 | **55,115** | 51,856 |
| Contract liabilities | 17 | **15,708** | 19,231 |
| Deferred consideration | | **-** | 149 |
| Lease provisions | | **261** | 234 |
| **Total non-current liabilities** | | **71,084** | 71,470 |
| **Total liabilities** | | **91,526** | 119,953 |
| **Net assets** | | **179,760** | 162,402 |
| **EQUITY** | | | |
| Share capital | 19 | **236,883** | 236,883 |
| Reserves | 20 | **9,215** | 11,639 |
| Retained losses | | **(88,930)** | (99,877) |
| **Attributable to shareholders of the Group** | | **157,168** | 148,645 |
| Non-controlling interest in subsidiaries | | **22,592** | 13,757 |
| **Total equity** | | **179,760** | 162,402 |
| **Net asset backing per share (cents)** | 21 | **79.1** | 71.4 |
| **Net tangible asset backing per share (cents)** | 21 | **71.3** | 63.3 |

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

| NZ$000 | Share capital | Reserves | Retained earnings | Total | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|
| **Balance as at 30 June 2021** | **211,901** | **4,961** | **(117,543)** | **99,319** | **4,580** | **103,899** |
| Profit for the year | - | - | 17,159 | 17,159 | 8,565 | 25,724 |
| Foreign currency translation differences | - | 5,060 | - | 5,060 | 612 | 5,672 |
| Shares issued | 24,982 | - | - | 24,982 | - | 24,982 |
| Share based compensation expense | - | 673 | - | 673 | - | 673 |
| Forfeited and expired ESOP awards | | (100) | 100 | - | - | - |
| Asset revaluation reserve | - | 1,045 | 407 | 1,453 | - | 1,453 |
| **Balance as at 30 June 2022** | **236,883** | **11,639** | **(99,877)** | **148,645** | **13,757** | **162,402** |
| Profit for the year | - | - | 10,757 | **10,757** | 8,322 | **19,079** |
| Foreign currency translation differences | - | (1,414) | - | **(1,414)** | 513 | **(901)** |
| Share based compensation expense | - | 418 | - | **418** | - | **418** |
| Forfeited and expired ESOP awards | - | (20) | 20 | **-** | - | **-** |
| Asset revaluation reserve | - | (1,408) | 170 | **(1,238)** | - | **(1,238)** |
| **Balance as at 30 June 2023** | **236,883** | **9,215** | **(88,930)** | **157,168** | **22,592** | **179,760** |

The notes to the financial statements are an integral part of these financial statements

# Notes to the Financial Statements for Year Ended 30 June 2023

## 1 Basis of accounting

### Reporting entity

New Zealand Oil & Gas Limited (NZO) is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the Australian Stock Exchange (ASX) and the New Zealand Stock Exchange (NZX) as a foreign exempt listing. The Group is a Financial Markets Conduct (FMC) reporting entity for the purposes of the FMC Act 2013.

The financial statements presented are for NZO, its subsidiaries and the interests in associates and jointly controlled operations (together referred to as the “Group”).

The ultimate parent company is O.G.Oil & Gas (Singapore) Pte. Limited ("OGOG"), a company incorporated in Singapore, which is a subsidiary and part of the O.G. Energy Holdings Ltd. (“OGE”) Group.

Comparative figures have been adjusted to conform to changes in presentation for the current reporting period.

### Basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practices ("NZ GAAP") and the Financial Reporting Act 2013. They comply with the NZ equivalents to International Financial Reporting Standards ("NZ IFRS") as appropriate for profit-oriented entities, and with International Financial Reporting Standards ("IFRS").

The presentation and reporting currency used in the preparation of the financial statements is New Zealand dollars (NZD or $) rounded to the nearest thousand unless otherwise stated. The financial statements are prepared on a goods and services tax (GST) exclusive basis except billed receivables and payables which include GST.

These financial statements are prepared on the basis of historical cost except where otherwise stated in specific accounting policies contained in the accompanying notes.

### Basis of consolidation

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that control ceases. Consistent accounting policies are employed in the preparation and presentation of the Group financial statements. Intra-group balances, transactions, unrealised income or expenses arising from intra-group transactions and dividends are eliminated in preparing the Group financial statements. A list of subsidiaries and associates is shown in note 11.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in the statement of comprehensive income and held in equity reserves as qualifying cash flow hedges and qualifying net investment hedges. Translation differences on non-monetary items, such as equities classified as fair value through other comprehensive income, are included in the statement of comprehensive income and held in the fair value reserves in equity.

## 2 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to:

- **Recoverability of deferred tax assets,** assessment of the ability of entities in the Group to generate future taxable income (refer to note 8).
- **Recoverability of exploration and evaluation assets and oil and gas assets.** Assessment includes future commodity prices, future cash flows, estimated discount rates and estimates of reserves. Management performs an assessment of the carrying value of investments at each reporting date and considers objective evidence for impairment on each investment, taking into account observable data on the investment, the fair value, the status or context of capital markets, its own view of investment value and its long-term intentions (refer to notes 13 and 14).
- **Provision for rehabilitation obligations** includes estimates of future costs, timing of required rehabilitation and an estimated discount rate (refer to note 18).

The ongoing geo-political tensions in Eastern Europe have caused ongoing volatility and uncertainty around the breadth and duration of business disruption in both domestic and international markets. Consequently, demand for products and commodity prices have fluctuated and costs associated with exploration and development projects are increasing.

## 3 Segment information

Operating segments' operating results are reviewed regularly by the Group's chief executive officer (CEO), the entity's chief decision maker, and have discrete financial information available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The following summaries describe the activities within each of the reportable operating segments:

- **Perth Basin (from 20 March 2023):** Exploration interests in Western Australian comprising the L7 Production licence (L7) and EP437 Exploration Permit (EP437). Refer to note 13.
- **Kupe oil & gas field (Kupe):** Development, production, and sale of natural gas, liquified petroleum gas (LPG) and condensate (light oil), located in the offshore Taranaki Basin, New Zealand.
- **Amadeus Basin oil & gas fields (from 1 October 2021):** Comprising NZO's share of the Mereenie oil and gas field, Palm Valley gas field and Dingo gas field, all located in the Amadeus Basin in Australia. Cue Energy Resources Limited ("Cue"), a partially owned subsidiary of NZO, holds a participating interest in the Amadeus Basin assets, these are included in the Cue segment below.
- **Other and unallocated:** Unallocated items comprise corporate assets, corporate overheads, merger and acquisition expenditure, and income tax assets and liabilities.
- **Cue Energy Resources Limited:** The Group acquired a controlling interest in Cue during the 2015 financial year and from 1 October 2021 this segment includes Cue's participating interest in the Amadeus Basin assets.

## 3 Segment information (continued)

| 2023 $000 | Perth Basin | Kupe oil & gas field | Amadeus Basin oil & gas fields | Other & unallocated | Cue Energy Resources Ltd | Total |
|---|---|---|---|---|---|---|
| Sales to external customers - NZ | - | 9,548 | - | - | - | **9,548** |
| Sales to external customers - Australia | - | - | 30,272 | - | 12,933 | **43,205** |
| Sales to external customers - other countries | - | 2,612 | - | - | 43,419 | **46,031** |
| **Total sales revenue** | - | **12,160** | **30,272** | **-** | **56,352** | **98,784** |
| Other income/(expense) | - | - | 3 | 1,622 | (617) | **1,008** |
| **Total sales revenue and other income** | - | **12,160** | **30,275** | **1,622** | **55,735** | **99,792** |
| **Segment result** | **(243)** | **6,332** | **6,430** | **(7,641)** | **23,044** | **27,922** |
| Other net finance expense | | | | | | **(686)** |
| **Profit before income tax and royalties** | | | | | | **27,236** |
| Income tax and royalties expense | | | | | | **(8,157)** |
| **Profit for the year** | | | | | | **19,079** |
| **Segment assets** | 2,214 | 28,279 | 85,864 | 34,867 | 120,062 | **271,286** |
| **Segment liabilities** | - | 12,726 | 30,834 | 2,020 | 45,946 | **91,526** |
| Included in segment results: | | | | | | |
| **Depreciation and amortisation expenses** | - | 3,259 | 5,401 | 258 | 6,649 | **15,567** |

| 2022 $000 | Kupe oil & gas field | Amadeus Basin oil & gas fields | Other & unallocated | Cue Energy Resources Ltd | Total |
|---|---|---|---|---|---|
| Sales to external customers - NZ | 12,665 | - | - | - | 12,665 |
| Sales to external customers - Australia | - | 20,561 | - | 8,812 | 29,373 |
| Sales to external customers - other countries | 3,020 | - | - | 38,748 | 41,768 |
| **Total sales revenue** | **15,685** | **20,561** | **-** | **47,560** | **83,806** |
| Other income/(expense) | - | (11) | 500 | - | 489 |
| **Total sales revenue and other income** | **15,685** | **20,550** | **500** | **47,560** | **84,295** |
| **Segment result** | **9,307** | **3,994** | **(10,304)** | **23,126** | **26,123** |
| Other net finance expense | | | | | 452 |
| **Profit before income tax and royalties** | | | | | **26,575** |
| Income tax and royalties expense | | | | | (851) |
| **Profit for the year** | | | | | **25,724** |
| **Segment assets** | **30,303** | **87,690** | **53,670** | **110,692** | **282,355** |
| **Segment liabilities** | **13,380** | **53,855** | **2,567** | **50,151** | **119,953** |
| Included in segment results: | | | | | |
| **Depreciation and amortisation expenses** | 3,869 | 4,000 | 216 | 5,873 | **13,958** |

## 4 Revenue

Sales comprise revenue earned from the sale of petroleum products, when control of ownership of the petroleum products have been transferred to the buyer, which will vary depending on the contract (e.g. at the plant or at the port). Revenue is recognised at the fair value of the consideration received net of the amount of GST.

### (a) Revenue from contracts with customers

| $000 | 2023 | 2022 |
|---|---|---|
| Crude oil and condensate | 37,983 | 33,954 |
| Natural gas and LPG | 60,801 | 49,852 |
| **Total revenue from contracts with customers** | **98,784** | 83,806 |
| **Other income** | **1,008** | 489 |
| **Total revenue and other income** | **99,792** | 84,295 |

### (b) Tariffs included in revenue

Natural gas revenue includes an allowance for the additional transportation costs incurred when the gas delivery point is not at the plant. The cost of the transportation was $1.4 million (2022: $0.3 million).

### (c) Major Customers

Customers with revenue exceeding 10% of the Group's total hydrocarbon sales revenue are shown below.

| $000 | 2023 | % of sales revenue |
|---|---|---|
| First largest | 20,434 | 20.7% |
| Second largest | 12,551 | 12.7% |
| Third largest | 10,384 | 10.5% |
| Fourth largest | - | - |
| **Total revenue from major customers** | 43,369 | 43.9% |

| $000 | 2022 | % of sales revenue |
|---|---|---|
| First largest | 15,965 | 19.0% |
| Second largest | 13,003 | 15.5% |
| Third largest | 9,815 | 11.7% |
| Fourth largest | 8,367 | 10.0% |
| **Total revenue from major customers** | 47,150 | 56.2% |

## 5 Operating Costs

| $000 | 2023 | 2022 |
|---|---|---|
| Production and sales marketing costs | 28,828 | 22,005 |
| Workover expenditure | 2,025 | - |
| Carbon emissions expenditure | 376 | 902 |
| Insurance expenditure | 921 | 912 |
| Movement in inventory | 988 | (341) |
| Royalties (i) | 1,979 | 735 |
| **Total operating costs** | **35,117** | 24,213 |

(i) Royalties include private royalties with respect to the Amadeus Basin assets and Government royalties at the Maari oil field which are based on a gross revenue method of calculation.

## 6 Other expenses

| $000 | 2023 | 2022 |
|---|---|---|
| **CLASSIFICATION OF OTHER EXPENSES BY NATURE** | | |
| Audit fees paid to the Group auditor - KPMG | 603 | 492 |
| Directors' fees | 390 | 381 |
| Legal fees | 169 | 931 |
| Consultants' fees | 874 | 920 |
| Employee expenses | 6,869 | 5,760 |
| Depreciation | 389 | 324 |
| Share based payment expense | 418 | 673 |
| IT and software expenses | 1,189 | 867 |
| Registry and stock exchange fees | 331 | 401 |
| Stamp duty on Amadeus Basin acquisition | - | 2,310 |
| Other | 1,215 | 1,251 |
| **Total other expenses** | **12,447** | 14,310 |

| $000 | 2023 | 2022 |
|---|---|---|
| **FEES PAID TO THE GROUP AUDITOR** | | |
| Audit and review of financial statements | 603 | 492 |
| Tax compliance services | 125 | 108 |
| Tax advisory services | 324 | 98 |
| Other assurance services | - | 42 |
| **Total fees paid to Group auditor** | **1,052** | 740 |

## 7 Finance income and costs

| $000 | 2023 | 2022 |
|---|---|---|
| Bank fees | (46) | (22) |
| Unwind of discount | (1,971) | (82) |
| **Total finance costs** | **(2,017)** | (104) |
| Interest income | 1,119 | 146 |
| Exchange gains on foreign currency balances | 212 | 410 |
| **Total finance income** | **1,331** | 556 |
| **Net finance (costs)/income** | **(686)** | 452 |

## 8 Taxation

Current and deferred tax is calculated on the basis of the laws enacted or substantively enacted at balance date.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Current and deferred tax are recognised in profit or loss except when the tax relates to items recognised in other comprehensive income, in which case the tax is also recognised in other comprehensive income.

| $000 | 2023 | 2022 |
|---|---|---|
| **INCOME TAX (EXPENSE)/BENEFIT** | | |
| Current tax | (9,385) | (8,269) |
| Deferred tax | 5,284 | 11,480 |
| **(a) Total income tax (expense)/benefit** | **(4,101)** | 3,211 |
| **INCOME TAX (EXPENSE)/ BENEFIT CALCULATION** | | |
| (Profit)/loss before income tax and royalties | (27,236) | (26,575) |
| Less: royalties expense | 4,056 | 4,062 |
| **(Profit)/loss before income tax** | **(23,180)** | (22,513) |
| **Tax at the New Zealand tax rate of 28%** | (6,490) | (6,433) |
| Tax effect of amounts which are (not deductible)/taxable: | | |
| Difference in overseas tax rate | (2,153) | (3,449) |
| Non-deductible expenses | (43) | 82 |
| Foreign exchange adjustments | 212 | 5 |
| Unrealised timing differences | 2,478 | 662 |
| Unrecognised tax losses | - | (1,255) |
| Recognition of deferred (liabilities)/tax assets | 2,101 | 3,011 |
| Prior year tax losses (not recognised)/recognised | (719) | 7,982 |
| Other | 589 | 2,928 |
| **Total tax effect of amounts which are (not deductible)/taxable:** | **(4,025)** | 3,533 |
| Adjustment recognised for current tax in prior years | (76) | (322) |
| **Total income tax (expense)/benefit** | **(4,101)** | 3,211 |

Government royalty expenses incurred by the Group relate to petroleum royalty payments to the New Zealand and Australian Governments in respect of the Kupe and Amadeus oil and gas fields, and are recognised on an accrual basis.

At 30 June 2023, no imputation credits were held for subsequent years (2022: nil).

### (b) Current tax liabilities

| $000 | 2023 | 2022 |
|---|---|---|
| Current tax liabilities | **4,349** | 2,873 |

The Group has an ongoing Indonesian Tax matter relating to a notice of amended assessment which is being disputed by Cue. Cue is indemnified for any losses arising from this disputed notice of assessment and has recognised a liability and receivable on the balance sheet.

### (c) Deferred tax

Deferred taxation is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and future tax benefits are recognised where realisation of the asset is probable. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse.

The utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing temporary differences. As at 30 June 2023 the Group have accumulated losses in New Zealand of $162 million (30 June 2022: $141 million), together with unclaimed tax deductions for production and development expenditure incurred previously. The Group has not recognised a New Zealand deferred tax asset as under current oil price assumptions it is not expected that sufficient future taxable profits will be generated. The future availability of accumulated tax losses remains subject to the Group satisfying the relevant business and shareholder continuity requirements for each jurisdiction.

The Group has not recognised a deferred tax asset of $83.5 million at 30 June 2023 (30 June 2022: $39.7 million) relating to carried forward Australian tax losses, as the probability of being able to utilise these is uncertain.

Deferred tax assets and liabilities are disclosed on a net basis in respect of their tax jurisdictions.

| $000 | 2023 | 2022 |
|---|---|---|
| **THE BALANCE COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:** | | |
| **Deferred Tax Assets** | | |
| Non-deductible provisions | 9,905 | 12,565 |
| Carried forward tax losses | 22,899 | 11,734 |
| Other | 558 | 1,074 |
| **Total deferred tax assets** | **33,362** | 25,373 |
| **Deferred Tax Liabilities** | | |
| Oil & gas assets | (19,676) | (16,853) |
| Other items (including lease assets) | (23) | (100) |
| **Total deferred tax (liabilities)** | **(19,699)** | (16,953) |
| Net deferred tax assets /(liabilities) | **13,663** | 8,420 |
| **MOVEMENTS:** | | |
| **Opening balance at the beginning of the year** | **8,420** | (3,391) |
| Recognised in profit and loss | 5,284 | 11,480 |
| Recognised in other comprehensive income | (41) | 331 |
| **Closing balance at end of year** | **13,663** | 8,420 |

## 9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, short-term deposits and deposits on call with an original maturity of three months or less.

| $000 | 2023 | 2022 |
|---|---|---|
| Cash at bank and in hand | 28,969 | 63,852 |
| Deposits at call | 2,364 | 10 |
| Short term deposits | 4,448 | 98 |
| Share of oil and gas interests' cash | 599 | 630 |
| **Total cash and cash equivalents at end of year** | **36,380** | 64,590 |

| 2023 by currency: | Base Currency | NZD Equivalent |
|---|---|---|
| New Zealand dollar | 5,745 | 5,745 |
| United States dollar | 6,286 | 10,297 |
| Australian dollar | 18,637 | 20,273 |
| Indonesian rupiah | 596,896 | 65 |
| **Total cash and cash equivalents at end of year** | | **36,380** |

| 2022 by currency: | Base Currency | NZD Equivalent |
|---|---|---|
| New Zealand dollar | 23,448 | 23,448 |
| United States dollar | 4,527 | 7,268 |
| Australian dollar | 30,603 | 33,864 |
| Indonesian rupiah | 97,677 | 11 |
| **Total receivables and prepayments at end of year** | | 64,590 |

## 10 Receivables and prepayments

| $000 | 2023 | 2022 |
|---|---|---|
| Trade receivables | 7,196 | 6,394 |
| Share of oil and gas interests' receivables | 9,262 | 5,617 |
| Prepayments | 559 | 533 |
| **Total receivables and prepayments at end of year** | **17,017** | 12,544 |

| 2023 by currency: | Base Currency | NZD Equivalent |
|---|---|---|
| New Zealand dollar | 1,687 | 1,687 |
| United States dollar | 7,166 | 11,738 |
| Australian dollar | 3,294 | 3,584 |
| Indonesian rupiah | 72,651 | 8 |
| **Total receivables and prepayments at end of year** | | **17,017** |

| 2022 by currency: | Base Currency | NZD Equivalent |
|---|---|---|
| New Zealand dollar | 1,590 | 1,590 |
| United States dollar | 4,219 | 6,776 |
| Australian dollar | 3,769 | 4,170 |
| Indonesian rupiah | 71,451 | 8 |
| **Total receivables and prepayments at end of year** | | 12,544 |

## 11 Investments in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it has power over the entity, has exposure or rights to variable returns from this involvement and when it has the ability to use its power to affect the amount of the returns

At 30 June 2023 the Group held a 50.04 per cent interest in Cue (30 June 2022: 50.04 per cent). Cue entities below reflect the Group's 50.04 per cent interest in Cue subsidiaries.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position respectively.

The financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the subsidiaries within the Group are shown below.

The consolidated financial statements incorporate the assets, liabilities and results of the following entities:

| Name of entity | Country of incorporation | Equity Holding 2023 | Equity Holding 2022 | Functional Currency |
|---|---|---|---|---|
| **New Zealand Oil & Gas** | | | | |
| Australia and New Zealand Petroleum Limited | New Zealand | **100%** | 100% | NZD |
| NZOG Onshore Limited | New Zealand | **100%** | 100% | NZD |
| NZOG Canterbury Limited | New Zealand | **100%** | 100% | NZD |
| NZOG 2013 O Limited | New Zealand | **100%** | 100% | NZD |
| NZOG Bohorok Pty Limited | Australia | **100%** | 100% | USD |
| NZOG Devon Limited | New Zealand | **100%** | 100% | NZD |
| NZOG GNA Trustee Limited | New Zealand | **100%** | 100% | NZD |
| NZOG 2013 T Limited | New Zealand | **100%** | 100% | NZD |
| NZOG Energy Limited | New Zealand | **100%** | 100% | NZD |
| NZOG Offshore Limited | New Zealand | **100%** | 100% | NZD |
| NZOG Pacific Holdings Pty Limited | Australia | **100%** | 100% | AUD |
| NZOG Pacific Limited | New Zealand | **100%** | 100% | NZD |
| NZOG Services Limited | New Zealand | **100%** | 100% | NZD |
| NZOG Taranaki Limited | New Zealand | **100%** | 100% | NZD |
| Petroleum Resources Limited | New Zealand | **100%** | 100% | NZD |
| NZOG MNK Bohorok Pty Limited | Australia | **100%** | 100% | USD |
| NZOG (Ironbark) Pty Limited | Australia | **100%** | 100% | AUD |
| NZOG Mereenie Pty Limited | Australia | **100%** | 100% | AUD |
| NZOG Palm Valley Pty Limited | Australia | **100%** | 100% | AUD |
| NZOG Dingo Pty Limited | Australia | **100%** | 100% | AUD |
| NZOG Acacia Pty Limited* | Australia | **100%** | - | AUD |
| NZOG Compass Pty Limited** | Australia | **100%** | - | AUD |

* Incorporated on the 13 March 2023.
** Incorporated on the 14 March 2023.

## 11 Investments in subsidiaries (continued)

| Name of entity | Country of incorporation | Equity Holding 2023 | Equity Holding 2022 | Functional Currency |
|---|---|---|---|---|
| **Cue Energy Resources** | | | | |
| Cue Energy Resources Limited | Australia | **50.04%** | 50.04% | AUD |
| Cue Mahakam Hilir Pty Ltd | Australia | **50.04%** | 50.04% | AUD |
| Cue (Ashmore Cartier) Pty Ltd | Australia | **50.04%** | 50.04% | AUD |
| Cue Sampang Pty Ltd | Australia | **50.04%** | 50.04% | USD |
| Cue Taranaki Pty Ltd | Australia | **50.04%** | 50.04% | USD |
| Cue Kalimantan Pte Ltd | Singapore | **50.04%** | 50.04% | USD |
| Cue Mahato Pty Ltd | Australia | **50.04%** | 50.04% | USD |
| Cue Exploration Pty Ltd | Australia | **50.04%** | 50.04% | AUD |
| Cue Palm Valley Pty Ltd | Australia | **50.04%** | 50.04% | AUD |
| Cue Mereenie Pty Ltd | Australia | **50.04%** | 50.04% | AUD |
| Cue Dingo Pty Ltd | Australia | **50.04%** | 50.04% | AUD |

## 12 Oil and gas interests

The Group has interests in a number of joint arrangements which are classified as joint operations. The Group financial statements include a proportionate share of the oil and gas interests' assets, liabilities, revenue, and expenses with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

The Group held the following oil and gas production, exploration and evaluation, and appraisal interests at the end of the year:

| Name | Entity | Country of permit | Interest 2023 | Interest 2022 |
|---|---|---|---|---|
| **NEW ZEALAND OIL & GAS** | | | | |
| PML 38146 – Kupe | NZOG Taranaki Ltd | New Zealand | **4.0%** | 4.0% |
| OL4 and OL5 - Mereenie | NZOG Mereenie Pty Ltd | Australia | **17.5%** | 17.5% |
| OL3 - Palm Valley | NZOG Palm Valley Pty Ltd | Australia | **35.0%** | 35.0% |
| L 7 - Dingo | NZOG Dingo Pty Ltd | Australia | **35.0%** | 35.0% |
| L7 Production licence* | NZOG Acacia Pty Ltd | Australia | **25.0%** | - |
| EP437 Exploration Permit* | NZOG Compass Pty Ltd | Australia | **25.0%** | - |
| **CUE ENERGY RESOURCES **** | | | | |
| Mahato PSC | Cue Mahato Pty Ltd | Indonesia | **12.5%** | 12.5% |
| PMP 38160 – Maari | Cue Taranaki Pty Ltd | New Zealand | **5.0%** | 5.0% |
| Sampang PSC | Cue Sampang Pty Ltd | Indonesia | **15.0%** | 15.0% |
| OL4 and OL5 - Mereenie | Cue Mereenie Pty Ltd | Australia | **7.5%** | 7.5% |
| OL3 - Palm Valley | Cue Palm Valley Pty Ltd | Australia | **15.0%** | 15.0% |
| L7 - Dingo | Cue Dingo Pty Ltd | Australia | **15.0%** | 15.0% |

* Subject to regulatory approval.
**Represents the percentage interest held by Cue. The Group interest is 50.04% (June 2022: 50.04%) of the Cue interest.

## 13 Exploration and evaluation assets

The Group uses the successful efforts method of accounting for oil and gas exploration costs. All general exploration and evaluation costs are expensed as incurred except the direct costs of acquiring the rights to explore, drilling exploratory wells, and evaluating the results of drilling. These direct costs are capitalised as exploration and evaluation assets pending the determination of the success of the well. If a well does not result in a successful discovery, the previously capitalised costs are immediately expensed.

**Key judgement: recoverability of exploration and evaluation assets**

Assessment of the recoverability of capitalised exploration and evaluation expenditure requires certain estimates and assumptions to be made for future events and circumstances, particularly in relation to whether economic quantities of reserves that have been discovered. Therefore, such estimates and assumptions may change as new information becomes available. If it is concluded that the carrying value of an exploration and evaluation asset is unlikely to be recovered by future development or sale, the relevant amount is then expensed in the profit and loss.

Capitalised exploration and evaluation assets, including expenditure to acquire mineral interests in oil and gas properties, related to wells that find proven reserves are classified as development assets within oil and gas assets at the time of sanctioning the development project.

| $000 | 2023 | 2022 |
|---|---|---|
| **Opening balance** | 7,193 | - |
| Exploration expenditure incurred during the year | 7,336 | 6,957 |
| Expenditure transferred to oil and gas assets relating to PV-12 | (11,318) | - |
| Revaluation of foreign currency exploration and evaluation assets | (586) | 236 |
| **Total exploration and evaluation assets at end of year** | **2,625** | 7,193 |

On 17 April 2022, the Palm Valley 12 (PV-12) well was spudded. On 10 July 2022, after challenging drilling conditions, the Joint Venture decided to stop drilling towards the deep Arumbera exploration target. Instead, it was agreed to side-track a lateral well-bore, from PV- 12, to evaluate the lower Pacoota (P2) / Pacoota (P3) sandstone. On 22 August 2022, the Group announced the decision to curtail further drilling in the lower P2 and P3 side-track due to the combination of the presence of formation water and no significant gas shows.

On 5 September 2022, the Joint Venture commenced drilling of a second side-track (ST2) lateral well bore to evaluate the Pacoota 1 sandstone, the current producing zone of the wells in Palm Valley. On 17 October 2022, the Group announced that the PV-12 ST2 would be completed as a gas producing well, to be tied-in and flowing into the existing gas field network. On 28 November 2022 the PV- 12 well was tied-in and commenced flow testing.

Total PV-12 exploration costs of $14.5 million have been expensed in respect of the unsuccessful sections of the well. In accordance with the Group's accounting policy $7.8 million was expensed in the current year and $6.7 million was expensed in the year ended 30 June 2022.

The costs of drilling the successful ST2 production well of $11.3 million have been transferred to Oil and gas assets in the balance sheet. Refer to note 14.

Following year end, on 27 July 2023 the Group announced an upgrade in reserves at the Palm Valley as a result of the PV-12 exploration activity. Refer to note 27.

On 17 January 2023, the Group announced that it had executed a binding term sheet with ASX listed energy company, Triangle Energy (Global) Ltd (Triangle) (ASX: TEG). The Farm-Out Agreement (FOA) provides the Group with a 25% participating interest in the onshore Western Australian L7 production licence and EP437 exploration permit. The Group will contribute upfront costs of $2.1 million and participate in the drilling of 3 onshore exploration wells, providing a carry to Triangle capped at $3.9 million.

The transaction is treated as an asset acquisition in line with NZ IFRS 6, with an acquisition date of 20 March 2023, which is when the Group entered into the FOA with Triangle and assumed control of the assets. Upfront costs of $2.1 million, relating to seismic work already carried out, have been recognised as an exploration asset.

The agreed carry of Triangle's drilling costs of $3.9 million is disclosed in the Commitment note. Refer to note 26. Acquisition related costs of $0.2 million are capitalised in line with IFRS 6.

## 14 Oil and gas assets

### Development

Development assets include construction, installation and completion of infrastructure facilities such as pipelines and development wells. No amortisation is provided in respect of development assets until they are reclassified as production assets.

### Production assets

Production assets capitalised represent the accumulation of all development expenditure incurred by the Group in relation to areas of interest in which petroleum production has commenced. Expenditure on production areas of interest and any future estimated expenditure necessary to develop proven and probable reserves are amortised using the units of production method on a basis consistent with the recognition of revenue. Where it is possible to separately identify tangible assets, they are depreciated on a straight line basis in line with their economic life.

### Subsequent costs

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial year in which they are incurred.

### Impairment

The carrying value is assessed for impairment each reporting date. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the profit or loss, and in respect of cash generating units, are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing recoverable amount, the estimated future cash flows are discounted to their present value using a post-tax discount rate, that reflects current market assessments of the time value of money, and the risks specific to the asset.

Impairment losses recognised in prior years are reassessed at each reporting date and the loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously.

| $000 | 2023 | 2022 |
|---|---|---|
| **Opening balance** | 173,926 | 53,477 |
| Additions through acquisition of Amadeus Basin assets | - | 118,576 |
| Make up gas forfeited | (1,263) | - |
| Expenditure capitalised | 13,664 | 8,017 |
| Expenditure transferred from Exploration and evaluation (refer to note 13) | 11,318 | - |
| Amortisation for the year | (15,178) | (13,634) |
| Rehabilitation provision movement (refer to note 18) | 1,838 | (455) |
| Revaluation of foreign currency oil and gas assets | (1,290) | 7,945 |
| **Total oil and gas assets at end of year** | **183,015** | 173,926 |

At 30 June 2023, the Group assessed each asset to determine whether an indicator of impairment existed. Indicators of impairment include changes in future selling prices, future costs, and reserves.

Hydrocarbon reserves are estimates of the amount of hydrocarbons that can be economically extracted from the Groups' oil and gas permits. The Group estimates its reserves based on all available production data, the results of well intervention campaigns, seismic data, analytical and numerical analysis methods, sets of deterministic reservoir simulation models provided by the field operators and analytical and numerical analyses. Forecasts are based on deterministic methods. Reserves are reported in line with the principles contained in the Society of Petroleum Engineers Petroleum Resources Management Reporting System. As the economic assumptions used may change and as additional geological information is obtained during the operation of the field, estimates of recoverable resources may change impacting the Group's financial results.

Estimates of recoverable amounts are based on the assets' fair value less cost to sell, determined by discounting each asset's estimated future cash flows at asset specific discount rates. The discount rates applied ranged from 12.9% to 14.3% (2022: 10%). Commodity price assumptions were based on consensus estimates of forward market prices unless contracted prices were available.

No impairments were required.

## 15 Other financial assets

Other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets which are measured at fair value through profit or loss. Such assets are subsequently measured at amortised cost.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

| $000 | 2023 | 2022 |
|---|---|---|
| **By financial asset:** | | |
| Security deposits | 1,787 | 280 |
| Abandonment and Site Restoration Fund (ASR) - Cue Sampang rehabilitation | 6,520 | 7,067 |
| **Total other financial assets at end of year** | **8,307** | 7,347 |

| $000 | 2023 | 2022 |
|---|---|---|
| **Movement** | | |
| Opening balance | 7,347 | 6,276 |
| Security deposits | 1,411 | 280 |
| Abandonment and Site Restoration Fund (ASR) - Cue Sampang rehabilitation | (334) | 758 |
| Revaluation of foreign currency financial assets | (117) | 33 |
| **Total other financial assets at end of year** | **8,307** | 7,347 |

In accordance with legislative obligations in the respective jurisdictions in which the Group operates, contributions are made to funds established for the purpose of financing future rehabilitation and restoration of sites. As at 30 June 2023, $6.5 million (2022: $7.0 million) has been contributed to such funds in respect of the Mahato and Sampang assets in Indonesia and $1.8 million (2022: nil) with the Northern Territory Government in respect of the Amadeus Assets.

## 16 Payables

| $000 | 2023 | 2022 |
|---|---|---|
| Trade payables | 3,096 | 5,684 |
| Royalties payable | 531 | 973 |
| Share of oil and gas interests' payable | 6,650 | 8,413 |
| Other payables | 1,894 | 1,423 |
| **Total payables at end of year** | **12,171** | 16,493 |

| By currency $000: | Base Currency | NZD Equivalent |
|---|---|---|
| **2023** | | |
| New Zealand dollar | 4,608 | 4,608 |
| United States dollar | 1,262 | 2,068 |
| Australian dollar | 5,011 | 5,495 |
| Indonesian rupiah | 2,500 | - |
| **Total payables at end of year** | | **12,171** |
| **2022** | | |
| New Zealand dollar | 4,712 | 4,712 |
| United States dollar | 508 | 821 |
| Australian dollar | 9,908 | 10,960 |
| Indonesian rupiah | 2,500 | - |
| **Total payables at end of year** | | 16,493 |

## 17 Contract liabilities

A contract liability is recorded for obligations under sales contracts to deliver natural gas in future periods for which payment has already been received.

| $000 | 2023 | 2022 |
|---|---|---|
| Current | 2,837 | 5,625 |
| Non-current | 15,708 | 19,231 |
| **Total contract liabilities** | **18,545** | 24,856 |

The Group has two obligations to deliver gas to third parties which were assumed as part of the acquisition of the Amadeus Basin assets in May 2021.

i. The Group assumed performance obligations to deliver gas to a customer by December 2023. In exchange for agreeing to take on this obligation, the Group received a reduction in the initial purchase price.

ii. The Group assumed performance obligations for the delivery of 'gas not taken' by its sole customer in the Dingo asset. Under the take or pay arrangement, the Group has the obligation to provide 'make up gas' (MUG) within the contractually defined volumes which were not previously taken by the customer. The customer must take the future delivery of gas by 2035. During the year, 150TJs (2022: nil) of the MUG gas was forfeited as contractually it was no longer possible for the customer to take all of the gas volume prior to the end of the contract term. As a result $1.3 million has been released from Contract liabilities and the Oil and gas asset, these have been netted off in the profit or loss giving a nil impact. Refer to note 14.

During the year, additional MUG accumulated as a result of the sole customer at Dingo taking less than the annual take or pay contracted volume. The receipt relating to the annual take or pay adjustment for gas not delivered was taken to Contract liabilities and is included in operating activities in the Statement of Cashflows.

## 18 Rehabilitation Provisions

Provisions for rehabilitation have been recognised where the Group has an obligation, as a result of its operating activities, to restore certain sites to their original condition. There is uncertainty in estimating the timing and amount of the future expenditure. The provision is estimated based on the present value of the expected expenditure. The initial provision and subsequent re-measurement are recognised as part of the cost of the related asset. The unwind of the discount is recognised in finance costs in profit and loss.

| $000 | 2023 | 2022 |
|---|---|---|
| **Carrying amount at start of year** | 51,856 | 26,088 |
| Change in provision recognised | 1,838 | (1,445) |
| Addition in provision from acquisition | - | 23,534 |
| Unwind of discount on provision | 1,324 | 82 |
| Revaluation of foreign currency rehabilitation provision | 97 | 3,597 |
| **Total rehabilitation provision at end of year** | **55,115** | 51,856 |

The discount rate used is the risk-free interest rate obtained from the country related to the currency of the expected expenditure. The discount rates used to determine the provision ranged from 1.56% to 4.81% (2022: 0.62% to 3.86%).

On 2 December 2021, the NZ Government Crown Minerals Amendment Act 2021 came into effect, addressing issues around decommissioning costs and obligations of all oil and gas fields. This Act requires petroleum permit and licence holders in NZ to be financially assessed and requires provision of security towards future remediation that may be needed to decommission fields, wells, and any infrastructure. The full impact of the newly legislated decommissioning provisions are not yet fully understood given the continuing Crown consultation process regarding permit specific security requirements.

The Maari restoration provision increased by $4.3 million to $18.3 million, following an update to the estimated restoration costs.

## 19 Share capital

| | $000 | Number of shares |
|---|---|---|
| **Balance at 30 June 2022** | 236,883 | 227,369 |
| Share capital issued | - | - |
| **Balance at 30 June 2023** | **236,883** | 227,369 |
| Comprised of: | | |
| Fully paid shares | 236,873 | 223,951 |
| Partly paid shares | 10 | 3,418 |
| **Total shares on issue** | **236,883** | 227,369 |

The Group retains 3.4 million (2022: 3.4 million) of unallocated partly paid shares that have not yet been cancelled. All fully paid shares have equal voting rights and share equally in dividends and equity.

## 20 Reserves

### (a) Reserves

| $000 | 2023 | 2022 |
|---|---|---|
| Asset revaluation reserve | 781 | 2,189 |
| Share based payments reserve | 1,757 | 1,359 |
| Foreign currency translation reserve | 6,677 | 8,091 |
| **Total reserves at end of year** | **9,215** | 11,639 |
| **MOVEMENTS:** | | |
| **ASSET REVALUATION RESERVE** | | |
| Opening balance at 1 July | 2,189 | 1,144 |
| Revaluation of Emissions Trading Scheme (ETS) units for the year | (1,238) | 1,452 |
| Disposal of ETS units to retained earnings | (170) | (407) |
| **Closing balance at end of year** | **781** | 2,189 |
| **SHARE BASED PAYMENTS RESERVE** | | |
| Opening balance at 1 July | 1,359 | 786 |
| Share based payment expense for the year | 418 | 673 |
| Forfeited and expired ESOP awards | (20) | (100) |
| **Closing balance at end of year** | **1,757** | 1,359 |
| **FOREIGN CURRENCY TRANSLATION RESERVE** | | |
| Opening balance at 1 July | 8,091 | 3,031 |
| Other foreign currency translation differences for the year | (1,414) | 5,060 |
| **Closing balance at end of year** | **6,677** | 8,091 |

### (b) Nature and purpose of reserves

**Asset revaluation reserve**

Revaluation gains and losses on ETS units are transferred to the asset revaluation reserve.

**Share based payments reserve**

The reserve is used to recognise the value of equity benefits provided to employees under the Share Option Scheme and ESOP (Employee Share Option Plan).

**Foreign currency translation reserve**

Exchange differences arising on translation of companies within the Group with a different functional currency to the Group are taken to the foreign currency translation reserve. The reserve is recognised in other comprehensive income when the net investment is disposed of. The reserve is recognised in other comprehensive income when the net investment is disposed of.

## 21 Net asset backing per share

| | 2023 | 2022 |
|---|---|---|
| Number of shares on issue (000s) | 227,369 | 227,369 |
| Net assets ($000s) | 179,760 | 162,402 |
| Net tangible assets ($000s) | 162,103 | 143,959 |
| **Net asset backing per share (cents)** | **79.1** | 71.4 |
| **Net tangible asset backing per share (cents)** | **71.3** | 63.3 |

The basis for the calculation of the net asset backing per share is the carrying value of the assets held on the Statement of Financial Performance divided by the number of shares on issue at balance date. Calculation of the measure has been revised for the comparable period.

## 22 Earnings per share

| | 2023 | 2022 |
|---|---|---|
| Profit after tax attributable to the shareholders of NZO ($000s) | 10,757 | 17,159 |
| Weighted average number of ordinary shares (000s) | 227,369 | 173,393 |
| Weighted average number of ordinary shares including share options (000s) | 227,369 | 173,393 |
| **Basic earnings per share attributable to shareholders of the Group (cents)** | **4.7** | 9.9 |
| **Diluted earnings per share attributable to shareholders of the Group (cents)** | **4.7** | 9.9 |

The potentially dilutive effects of employee share options have not been considered in the diluted profit per share calculation for the year ended 30 June 2023. In the current reporting period, the exercise price of the employee share options are lower than the average market price, therefore are anti-dilutive. Calculation of diluted earnings per share has been revised for the comparable period.

## 23 Financial risk management

Risk exposure to market, credit, liquidity, capital management, sensitivity, financial instruments arises in the normal course of the Group's business.

### (a) Market risk

#### (i) Foreign exchange risk

The Group is exposed to foreign currency risk on cash and cash equivalents, oil sales, recoverable value of oil and gas assets and capital commitments that are denominated in foreign currencies. The Group manages its foreign currency risk by monitoring its foreign currency cash balances and future foreign currency cash requirements. The Group may enter into foreign currency hedge transactions in circumstances where the risk-adjusted returns to shareholders are enhanced as a consequence.

#### (ii) Commodity price risk

Commodity price risk is the risk that the Group's sales revenue and recoverable value of oil and gas assets will be impacted by fluctuations in world commodity prices. The Group is exposed to commodity prices through its petroleum interests. The Group may enter into oil price hedge transactions in circumstances where the risk-adjusted returns to shareholders are enhanced as a consequence. The Group had no call option contracts at 30 June 2023 (2022: nil).

#### (iii) Concentrations of interest rate exposure

The Group has no external bank debt and therefore its main interest rate risk arises from short-term deposits held.

### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral where appropriate as a means of minimising the risk of financial defaults. Financial instruments which potentially subject the Group to credit risk consist primarily of securities and short-term cash deposits, trade receivables and short-term funding arrangements. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings, with funds required to be invested with a range of separate counterparties. The Group's maximum exposure to credit risk for trade and other receivables is its carrying value.

The Group may be exposed to financial risk if one or more of their joint venture partners is unable to meet their obligation in relation to the rehabilitation costs for jointly owned oil and gas assets. Under the joint venture operating agreement if one or more partners fails to meet their financial obligation, the other partners may become proportionately liable for their share of the financial obligations but would have contractual rights of recovery against the defaulting party.

### (c) Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has liquid funds to cover potential shortfalls.

The following table sets out the contractual cash flows for all non-derivative financial liabilities and for derivatives that are settled on a gross cash flow basis:

| $000 | 6 months or less | 6–12 months | 1–2 years | 2–5 years | More than 5 years | Contractual cash flows |
|---|---|---|---|---|---|---|
| **30 JUNE 2023** | | | | | | |
| Payables | 12,171 | - | - | - | - | 12,171 |
| **Total non-derivative liabilities** | **12,171** | **-** | **-** | **-** | **-** | **12,171** |
| **30 JUNE 2022** | | | | | | |
| Payables | 16,493 | - | - | - | - | 16,493 |
| Total non-derivative liabilities | 16,493 | - | - | - | - | 16,493 |

At 30 June 2023 the Group had no derivatives to settle (2022: nil).

## 23 Financial risk management (continued)

### (d) Capital management

The Group manages its capital through the use of cash flow and corporate forecasting models to determine its future capital requirements and maintains a flexible capital structure which allows access to debt and equity markets to draw upon and repay capital as required. In July 2009 the Group established a Dividend Reinvestment Plan which applies to dividends declared after 29 July 2009. The Group has an adequate capital base and significant cash reserves.

### (e) Sensitivity analysis

The Group's reporting result at the end of each year is sensitive to financial risks from fluctuations in interest rates, commodity prices and foreign currency exchange rates. The sensitivity table below shows the impact of exchange rate changes on current assets and liabilities and the impact of interest rate changes on current cash balances.

| ($m) | Risk area | Sensitivity | 2023 | 2022 |
|---|---|---|---|---|
| Impact on Group profit before tax | Exchange rate | +5% | **(0.4)** | (0.4) |
| | | -5% | **0.4** | 0.4 |
| Impact on foreign currency translation reserves in equity | Exchange rate | +5% | **(1.2)** | (3.4) |
| | | -5% | **1.2** | 3.4 |
| Impact on interest income | Interest rate | +1% | **0.3** | 0.6 |
| | | -1% | **(0.3)** | (0.6) |

### (f) Financial instruments by category

| $000 | 2023 carrying value | 2022 carrying value |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | **36,380** | 64,590 |
| Trade and other receivables | **16,458** | 14,043 |
| Contract assets | **5,567** | 2,032 |
| **TOTAL ASSETS** | **58,405** | 80,665 |
| **LIABILITIES** | | |
| Payables | **12,171** | 16,493 |
| **TOTAL LIABILITIES** | **12,171** | 16,493 |

The fair value and amortised cost of financial instruments is equivalent to their carrying value.

## 24 Related party transactions

All transactions and outstanding balances with related parties are in the ordinary course of business on normal trading terms. Any transactions within the Group are eliminated on consolidation.

During the year certain activities were undertaken between the Group and OGE. The inter-group services agreement, which was entered into on 21 June 2019, allows the Group to provide technical services and related activities to OGE. For the year ended 30 June 2023, $0.7 million (2022: $0.6 million) of income has been included in 'Other income' in the profit and loss.

In June 2022, NZO granted Cue an unsecured loan of $7.6 million at an interest rate of 10%. During the year, Cue repaid $3.3 million to NZO leaving $4.3 million outstanding at 30 June 2023. Full repayment is due by 30 June 2024.

A number of Directors are also directors of other companies and any transactions undertaken with these entities have been entered into as part of the ordinary business of the Group.

As in previous years, Alastair McGregor, Samuel Kellner, Andrew Jefferies and Marco Argentieri declined to receive compensation for the provision of Directorial services from the Group, nor was any compensation paid to any related parties on their behalf. The deemed compensation shown below reflects the estimated compensation paid by those Directors' employers considered attributable to the company for services provided. The Directorial services provided by Andrew Jefferies for NZO are included in remuneration received as Chief Executive of NZO.

Directors' expenses are reimbursed and are not separately disclosed as they are not material.

The Group's related parties also include key management personnel, which have been defined as the Directors, the Chief Executive and the Executive team for the Group. Key Cue management personnel are included.

| $000 | 2023 | 2022 |
|---|---|---|
| Short term employee benefits | **3,922** | 3,333 |
| Share based payments | **249** | 167 |
| Termination benefits | **218** | |
| Post employment benefits | **155** | 107 |
| **Key management personnel related costs** | **4,544** | 3,607 |
| Deemed Directors' compensation for related party Directors * | **439** | 407 |
| **Total key management personnel related costs** | **4,983** | 4,014 |

*Prior year comparatives for Total key management personnel related costs have been updated as a result of the inclusion of Deemed Directors' compensation; this was previously disclosed as nil. The disclosure of Deemed Directors' compensation solely arose from the technical application of required accounting standards. The $0.4 million is deemed only and neither NZO nor any member of the Group is paid or in any way settled or has obligations to settle, the deemed remuneration. The Group's actual obligations for the settlement of Directors' compensation is unchanged from what has been previously reported.

## 25 Share-based payments

### Accounting policy

Share-base payments are equity or cash settlements to employees in exchange for services. Equity transactions are settled in shares or options over shares. Cash settlements are determined by the share price.

The cost of equity settled transactions are measured at fair value on grant date. Fair value is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated Group received the services that entitle the employees to receive payment no account is taken of any other vesting conditions.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Equity transactions are recognised as an expense with the corresponding increase in equity over the vesting period. The cumulative charge to a profit or loss is calculated based

## 25 Share-based payments (continued)

on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period.

If the non-vesting condition is within the control of the consolidated Group or employee the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited. Cancellations are accounted for on the date of cancellation, as if it had vested.

**The Company has the following share based payment schemes:**

(a) New Zealand Oil & Gas Share Option Scheme - established 19 March 2020.

(b) Cue Energy Share Option Scheme - established July 2019.

### (a) New Zealand Oil & Gas Share Option Scheme

On 22 November 2022, the Group issued 2,631,017 unlisted options to eligible New Zealand Oil & Gas Limited employees under the share option scheme. The options are exercisable at $0.54 (54 cents) per option, which will vest on 1 July 2025 and expire on 1 July 2028. The exercise price was determined by adding a 20% premium to the average market price on the date of the offer (being the volume weighted average market price over the previous 10 business days) at 30 June 2022. The options were valued using Black- Scholes option pricing model.

During the year $0.3 million of share-based payment expense was recorded in relation to the New Zealand Oil & Gas Share Option Scheme for the financial year ending 30 June 2023 (2022: $0.4 million).

Set out below are summaries of options granted under the plan:

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Forfeited | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | |
| 19/03/2020 | 01/07/2025 | $0.61 | 2,761,444 | - | - | - | 2,761,444 |
| 08/10/2020 | 01/07/2026 | $0.65 | 1,828,603 | - | - | (43,104) | 1,785,499 |
| 01/11/2021 | 01/07/2027 | $0.52 | 2,370,333 | - | - | (155,223) | 2,215,110 |
| 01/11/2022 | 01/07/2028 | $0.54 | - | 2,631,017 | - | (229,381) | 2,401,636 |
| | | | **6,960,380** | **2,631,017** | - | **(427,708)** | **9,163,689** |
| Weighted average exercise price | | | **$0.59** | **$0.54** | **-** | **$0.54** | **$0.58** |
| **2022** | | | | | | | |
| 19/03/2020 | 01/07/2025 | $0.61 | 2,832,048 | - | - | (70,604) | 2,761,444 |
| 08/10/2020 | 01/07/2026 | $0.65 | 1,876,930 | - | - | (48,327) | 1,828,603 |
| 01/11/2021 | 01/07/2027 | $0.52 | - | 2,370,333 | | - | 2,370,333 |
| | | | 4,708,978 | 2,370,333 | - | (118,931) | 6,960,380 |
| Weighted average exercise price | | | $0.63 | $0.52 | - | $0.63 | $0.59 |

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|---|---|---|---|---|---|---|---|
| 1/11/2022 | 01/07/2028 | $0.43 | $0.54 | 38% | - | 4.31% | $0.14 |

## 25 Share-based payments (continued)

### (b) Cue Energy Share Option Scheme

On 30 August 2022, the Company issued 3,649,298 unlisted options to an eligible employee under the share option scheme. The options are exercisable at $0.097 (9.7 cents) per option and will vest on 1 July 2025 and expire on 1 July 2027. The options were valued using Black-Scholes option pricing model.

During the year $0.1 million of share-based payment expense was recorded in relation to the Cue share option scheme for the financial year ending 30 June 2023 (2022: $0.1 million).

Set out below are summaries of options granted under the plan:

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | |
| 29/07/2017 | 01/07/2023 | $0.08 | 3,513,430 | - | - | (39,777) | 3,473,653 |
| 04/10/2019 | 01/07/2024 | $0.10 | 3,569,765 | - | - | (46,750) | 3,523,015 |
| 16/07/2020 | 01/07/2025 | $0.13 | 3,241,067 | - | - | (36,830) | 3,204,237 |
| 23/07/2021 | 22/07/2026 | $0.08 | 4,047,966 | - | - | (42,167) | 4,005,799 |
| 30/08/2022 | 01/07/2027 | $0.10 | - | 3,649,298 | - | (50,600) | 3,598,698 |
| | | | **14,372,228** | **3,649,298** | **-** | **(216,124)** | **17,805,402** |
| Weighted average exercise price | | | **$0.10** | **$0.10** | **-** | **$0.08** | **$0.10** |
| 2022 | | | | | | | |
| 29/07/2017 | 01/07/2023 | $0.08 | 3,784,025 | - | - | (270,595) | 3,513,430 |
| 04/10/2019 | 01/07/2024 | $0.10 | 3,853,298 | - | - | (283,533) | 3,569,765 |
| 16/07/2020 | 01/07/2025 | $0.13 | 3,743,260 | | - | (502,193) | 3,241,067 |
| 23/07/2021 | 22/07/2026 | $0.09 | - | 4,599,003 | - | (551,037) | 4,047,966 |
| | | | 11,380,583 | 4,599,003 | - | (1,607,358) | 14,372,228 |
| Weighted average exercise price | | | $0.10 | $0.09 | - | $0.10 | $0.10 |

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, were as follows:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|---|---|---|---|---|---|---|---|
| 30/08/2022 | 01/07/2027 | $0.08 | $0.10 | 58% | - | 3.39% | $0.03 |

## 26 Commitments and contingent assets and liabilities

### (a) Development and exploration expenditure

To maintain the various permits in which the Group is involved the Group has ongoing operational expenditure as part of its normal operations. The actual costs will be dependent on a number of factors such as joint venture decisions including final scope and timing of operations. The Group participates in a number of development projects that were in progress at the end of the year. These projects require the Group, either directly or through joint operation arrangements, to enter into contractual commitments for future expenditures.

The Group has commitments of $4.6 million for the drilling and infrastructure works at the Mahato PSC.

At Kupe the Group has entered into a rig contract to enable the drilling of an additional infill well. The Group's share of the commitment is $0.7 million.

The Group's share of commitments associated with the Amadeus Basin Permits for production and development expenditure is $0.8 million.

On 20 March 2023, the Group entered into a FOA with Triangle (refer to note 13). As part of this agreement the Group are committed to paying Triangle's drilling costs, in the form of a carry, capped at $3.9 million, as well as its own costs of approximately the same value. Completion of the transaction is subject to regulatory approval.

### (b) Contingent assets and liabilities

The Directors are not aware of any contingent assets or contingent liabilities at 30 June 2023.

## 27 Events occurring after balance date

On 27 July 2023, the Group announced an upgrade in reserves at the Palm Valley and Dingo gas fields in the Amadeus Basin, Northern Territory, Australia.

On 24 August 2023, the Group announced that the BA-01 exploration well in the Mahato PSC, Indonesia was tested but had produced no hydrocarbons. The well has been plugged and abandoned and the rig demobilised.

There are no further material events that have occurred after the balance date.

KPMG

# Independent Auditor's Report

To the shareholders of
New Zealand Oil & Gas Limited

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Opinion

In our opinion, the accompanying consolidated financial statements of New Zealand Oil & Gas Limited (the 'company') and its subsidiaries (the 'Group') on pages 4 to 27 present fairly, in all material respects:

i) The Group's financial position as at 30 June 2023 and its financial performance and cash flows for the year ended on that date;

- in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards issued by the New Zealand Accounting Standards Board.

We have audited the accompanying consolidated financial statements which comprise:

- The consolidated statement of financial position as at 30 June 2023;
- The consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- Notes, including a summary of significant accounting policies.

KPMG

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Our firm has also provided other services to the Group in relation to tax compliance and advisory services. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.

## Scoping

The scope of our audit is designed to ensure that we perform adequate work to be able to give an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the financial reporting systems, processes and controls, and the industry in which it operates.

## Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole, was set at $1.9 million (2022: $1.8 million) determined with reference to a benchmark of Group total assets. We chose the benchmark because, in our view, this is a key measure of the Group's performance.

KPMG

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| **RECOVERABILITY OF OIL AND GAS ASSETS** | |
| Refer to Note 14 within the consolidated financial statements.<br><br>The recoverability of oil and gas assets is a key audit matter due to the judgement involved in assessing the recoverable value of the oil and gas assets. Key valuation assumptions include:<br><br>• Oil and gas reserves, and future production levels;<br>• Future oil and gas prices;<br>• Discount rates; and<br>• Future operating and capital costs. | Our audit procedures to assess the reasonableness of the recoverable value of the oil and gas assets included.<br><br>• Evaluating the Group's impairment indicator assessment, utilising our knowledge of the Group and the Oil and Gas industry, in which the Group operates.<br><br>• Where an indicator of impairment was identified, in conjunction with our valuation specialists, we evaluated the key inputs and assumptions included in management's valuation model. Our assessment included:<br><br>- Assessing the appropriateness of the CGUs determined;<br>- Assessing whether the valuation methodology applied was in accordance with the requirements of accounting standards;<br>- Challenging the feasibility of reserve and resource estimates and production profiles by comparing for consistency with other internal and external information, including reports prepared by management's experts;<br>- Comparing management's forecast of oil and gas prices to observable market data and contracted prices;<br>- Using our valuation specialist to assess the reasonableness of the discount rate used for each asset;<br>- Reviewing operator budgets and forecasts of operating costs and capital programmes for reasonableness; and<br>- Performing sensitivity analysis over key assumptions included in the Group's impairment assessments. |

KPMG

## Other information

The Directors, on behalf of the Group, are responsible for the other information included in the entity's Annual Report. Other information may include the Chairman and Chief Executive's report, production and reserve information, corporate and statutory information. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

The Annual Report is expected to be made available to us after the date of this Independent Auditor's Report. Our responsibility is to read the Annual Report when it becomes available and consider whether the other information it contains is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appear misstated. If so, we are required to report such matters to the Directors.

## Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

## Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible for:

- The preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards issued by the New Zealand Accounting Standards Board;
- Implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error; and
- Assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- To obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- To issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/
This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Lohika Gavin Silva.

For and on behalf of

KPMG

KPMG
Wellington

30 August 2023

# Shareholder Information

## Stock Exchange Listing

The Company is listed and its shares quoted on the official list of the Australian Securities Exchange (ASX) and on the Main Board equity security market operated by NZX Limited (NZX) as a foreign exempt entity. On both exchanges the Company's code is "NZO".

## Distribution of Security Holders

As at 31 August 2023

| Range | Total Holders | Units | % Units |
|---|---|---|---|
| 1 – 1,000 | 1,344 | 919,984 | 0.41 |
| 1,001 - 5,000 | 1,821 | 4,290,464 | 1.92 |
| 5,001 - 10,000 | 445 | 3,204,904 | 1.43 |
| 10,001 - 100,000 | 534 | 15,370,169 | 6.86 |
| 100,001 Over | 73 | 200,165,317 | 89.38 |
| **Rounding** | | | **0.00** |
| **Total** | **4,217** | **223,950,838** | **100.00** |

## Unmarketable Parcels

| | Minimum Parcel Size | Holders | Units |
|---|---|---|---|
| Minimum $500.00 parcel at $0.3800 per unit | 1,316 | 1,693 | 1,322,385 |

### Securities On Issue

As at 31 August 2023 New Zealand Oil & Gas Limited had the following securities

| Listed Ordinary Shares | Options to acquire ordinary shares |
|---|---|
| 223,950,838 | 9,591,398 |

Option holders will be able to exercise the Options within a three year period, three years post issue. The Board fixes the exercise price of the Option. To date, there have been four tranches of options issued, the first has an exercise price of $0.61 per Option, the second $0.65 per Option, the third $0.52 per Option and the fourth $0.54 per Option.

Shares issued on the exercise of Options will be issued on the same terms and will rank equally in all respects with ordinary shares currently on issue. Options do not carry voting rights or any entitlement to receive dividends unless and until exercised and converted to shares. In the event of a change of control event, generally the vesting date of Options will accelerate and the Options will become exercisable. Options are generally forfeited by a participant on the occurrence of a lapse event, which includes when the participant ceases to be an employee of the Company.

Options have been issued subject to the Scheme Rules available here

www.nzog.com/dmsdocument/482

### Substantial Shareholders

Substantial Product Holder Notices are received pursuant to the Financial Markets Conduct Act 2013. Shareholders are required to disclose their holding to the issuer and the issuer's registered exchanges when:

- They have a substantial holding (5% or more of the listed voting securities);
- Subsequent movements of 1% or more in a substantial holding from prior notification;
- Any change is made in the nature of any relevant interest in the substantial holding; and
- They cease to have a substantial holding.

According to the Company's records and Substantial Product Holding Notices previously released to the ASX and NZX,  as at 30 June 2023, no Substantial Product Holder Notice, has been received since the date of the last Annual Report.

## Top 20 Shareholders

As at 31 August 2023

| | Security Holder | Units | % |
|---|---|---|---|
| 1 | O.G. OIL AND GAS SINGAPORE PTE. LTD | 160,583,035 | 71.70 |
| 2 | SIK-ON CHOW | 6,000,000 | 2.68 |
| 3 | NEW ZEALAND CENTRAL SECURITIES DEPOSITORY LIMITED | 4,065,987 | 1.82 |
| 4 | LAWRENCE HERD | 3,611,243 | 1.61 |
| 5 | RADFORD SFT PTY LTD | 3,340,000 | 1.49 |
| 6 | NEW ZEALAND DEPOSITORY NOMINEE LIMITED <A/C 1 CASH ACCOUNT> | 1,869,281 | 0.83 |
| 7 | RIUO HAURAKI LIMITED | 1,750,000 | 0.78 |
| 8 | TRIBAL NOMINEES LIMITED | 1,574,507 | 0.70 |
| 9 | AOTEAROA RENTAL ENTERPRISES LIMITED | 1,273,593 | 0.57 |
| 10 | RUIHUI ZHANG | 1,079,967 | 0.48 |
| 11 | CHIN-YI LIN + YU-CHING LIN-CHAO | 810,000 | 0.36 |
| 12 | RAOUL JOHN DAROUX | 789,541 | 0.35 |
| 13 | RICHARD BRUCE LEES | 768,162 | 0.34 |
| 14 | ASB NOMINEES LIMITED <A/C 317253> | 514,585 | 0.23 |
| 15 | ZILSTAME NOMINEES PTY LTD | 505,155 | 0.23 |
| 16 | SHENG-FEI WANG | 500,000 | 0.22 |
| 17 | NEIL DOUGLAS WAITES | 439,928 | 0.20 |
| 18 | DYLAN LANCE SCHISCHKA | 410,835 | 0.18 |
| 19 | HOBSON WEALTH CUSTODIAN LIMITED <EQUITIES DTA A/C> | 408,597 | 0.18 |
| 20 | HSU-CHENG YANG | 400,000 | 0.18 |
| | **Totals: Top 20 holders of ORDINARY SHARES (Total)** | **190,694,416** | **85.15** |
| | **Total Remaining Holders Balance** | **33,256,422** | **14.85** |

## Share Buy-backs

No shares were bought back in the period.

## Trading Statistics

For the 12 months ended 30 June 2023

| | High | Low |
|---|---|---|
| ASX (trading Code NZO) cps AUD | 0.43 | 0.32 |
| NZX (Trading Code NZO) cps, NZD | 0.465 | 0.36 |

ASX closing price 30 June 2023: AUD 0.33cps

## Dividends

No dividend payments have been made during the financial year. The Dividend Reinvestment Plan will not apply to future dividends until advised otherwise.

Track the share price and volumes at

www.nzog.com/investor-information/shareholders-information

# Corporate Directory

## Registered and Head Office

Level 1, 36 Tennyson Street
Wellington 6011, New Zealand

Telephone +64 4 495 2424
Email enquiries@nzog.com

## Auditors

### KPMG

KPMG Centre, 10 Customhouse Quay
PO Box 996
Wellington, New Zealand

## Share Registry

### Australia

Computershare Investor Services Pty Ltd
GPO Box 3329 Melbourne, VIC 8060 Australia

Freephone: 1 800 501 366 (within Australia)
Telephone: +61 3 9415 4083
Facsimile:+61 3 9473 2500
Email: Web.Queries@computershare.com.au
Website: www.computershare.com.au

### New Zealand

Computershare Investor Services Ltd
Level 2, 159 Hurstmere Road Takapuna,
Private Bag 92119
Auckland, New Zealand

Telephone: +64 9 488 8777
Freephone: 0800 467 335
Facsimile: +64 9 488 8787
Email: enquiry@computershare.co.nz

**www.investorcentre.com**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**New Zealand Oil & Gas Ltd**
Level 1, 36 Tennyson Street
Wellington 6011, New Zealand
+64 4 495 2424

**www.nzog.com**