



Annual Report 2022



**NEW ZEALAND
OIL & GAS**



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Signed on behalf of the board of New Zealand Oil & Gas Limited
on 27 September 2022.



Samuel Kellner
Chairman



Alastair McGregor
Director

Our Compass

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.

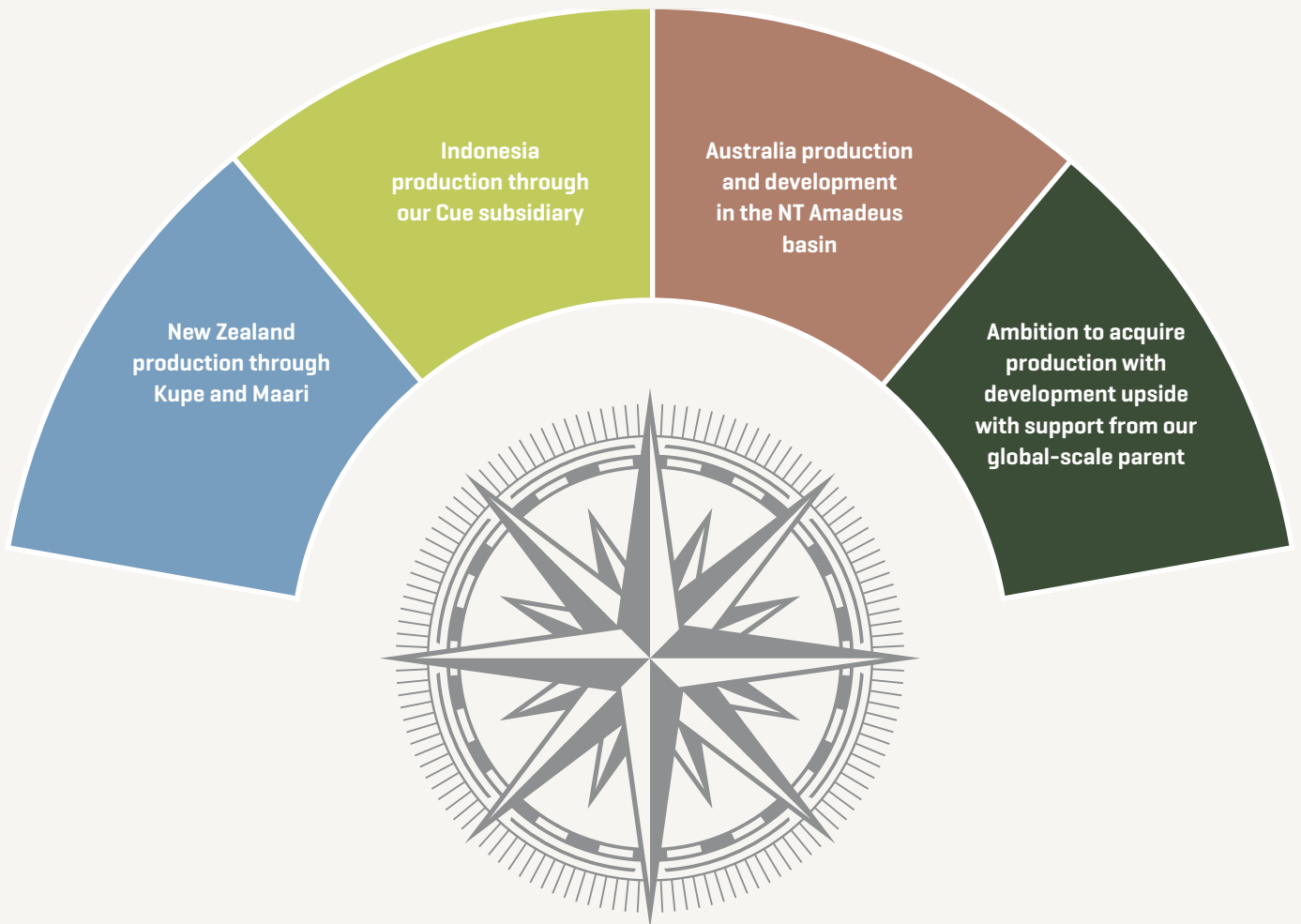
Improving: Use our skillsets, optimising our processes, and extracting additional value from our physical assets and the wider group.

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.

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.

Report from the Chair and CEO



Dear shareholder,

We are pleased to report on a successful year for your Company. Having refined our strategy in 2020, we began implementing it last year, primarily with our Amadeus acquisition. This year our efforts have begun to bear fruit.

Our major acquisition in Australia, the growth of Cue's Mahato field in Indonesia, and optimisation of Kupe, have led to our results advancing on every front. Having produced 1.2 million barrels of oil equivalent in fiscal year 2022, we saw annual production increase 110% from the previous year.

We are fortunate that our growing production has coincided with strong oil and gas prices. This has powered the bottom line, moving us firmly into profitability. Revenue increased 133% to \$83.8 million, and we recorded a net profit after tax of \$25.7 million, up 159% from the previous year.

We have a healthy pipeline of development opportunities for the coming year, demonstrating that our assets will continue to deliver for years to come.

In Australia, gas prices are considerably higher than we expected when we decided to invest in the Amadeus Basin. We have entered into sales agreements for gas from the Mereenie field into East Coast trading markets, capturing strong prices that we expect to remain elevated for some time to come. To put this into perspective, spot sales have averaged a netback of A\$34 per GJ, compared to wholesale prices in the previous five years of less than \$10 per GJ.

Even after pulling back recently, East Coast gas futures nevertheless remain healthy.

To supply this market, a multi-well re-completion programme and two new development wells are being planned to increase near term production from Mereenie. The joint venture opted to adjust the timing, sequence, and duration of the drilling programme to divert resources into boosting near term production and take advantage of the strong prices being received for East Coast gas.

In Indonesia, Cue's Mahato field has delivered strong results. 10 wells came into production in FY22, and 10 new wells are planned for FY23 with the potential to double production in the Production Sharing Contract [PSC]. Cue's Sampang PSC, also in Indonesia, continues to provide opportunities, with a final investment decision on the Paus Biru gas development expected this fiscal year.

In New Zealand, earnings from Cue's Maari field were up substantially on the back of strong oil prices, while Kupe production increased as a result of the compression project coming online last year. Final investment decisions are expected in the coming year: for a new development well in the Kupe permit [New Zealand] ; and for the Paus Biru development in the Sampang PSC [Indonesia].

In every region where we are active, demand for oil and gas is strong.

Gas, in particular, is proving to be crucial for energy security. In every corner of the world, the value of gas' role in the energy transition is in the spotlight. We are happy to play our part in delivering this vital commodity to the communities we serve.

Growth requires capital, and consequently we undertook a capital raising in 2022. We are grateful for the continued support of shareholders.



The company's primary listing transferred to the ASX, where we believe capital markets are more familiar with oil and gas and where more of our peer companies are listed. We continue to trade as a foreign exempt entity on the NZX and shareholders may choose to trade on either exchange as shares continue to be quoted on both.

We have taken meaningful steps to grow the company this year and we have exciting opportunities in front of us in the year ahead. We appreciate the continued support of our shareholders and look forward to updating you on our progress in the coming year.

A blue ink signature of Samuel Kellner, consisting of a stylized 'S.K.' followed by a horizontal line.

Samuel Kellner
Chairman

A blue ink signature of Andrew Jefferies, featuring a complex, overlapping scribble of lines.

Andrew Jefferies
CEO

Highlights

FINANCIAL RESULTS

Revenue for FY 2022 \$83.8m

[up from \$36.0m in FY2021]

Net profit after tax \$25.7m

[up from a loss of \$43.2m].

Profit of 9.9 cents per share.

Net cash inflow from operations \$31.5m

[up from \$6.0m]

PRODUCTION INCREASED

Production 5.9PJ, up from 2.6PJ in FY 2021 net to NZOG inc. Cue share and Amadeus only since 1 Oct 2021 [gas only, excluding oil & LPG]

SUCCESSFUL CAPITAL RAISE

Successful completion of a pro rata renounceable rights offer of ordinary shares, raising \$25.0 million.

PRIMARY LISTING CONVERTED TO ASX

Conversion to full listing status on the ASX and foreign exempt status on the NZX from 27 June 2022.

SUSTAINABILITY HIGHLIGHTS

Maintained Rainbow Tick.

Emissions intensity reduced by 10.8% from 6.23 to 5.56 tCO₂e per TJ produced.*

545 trees planted during the year towards a **total of 4,559 trees.**

140 homes in Dunedin helped with quality curtains, **saving 8.4 tonnes of CO₂**, and on average **saving each home \$170 a year** for a total of more than **\$23,000 a year in savings for needy families.**

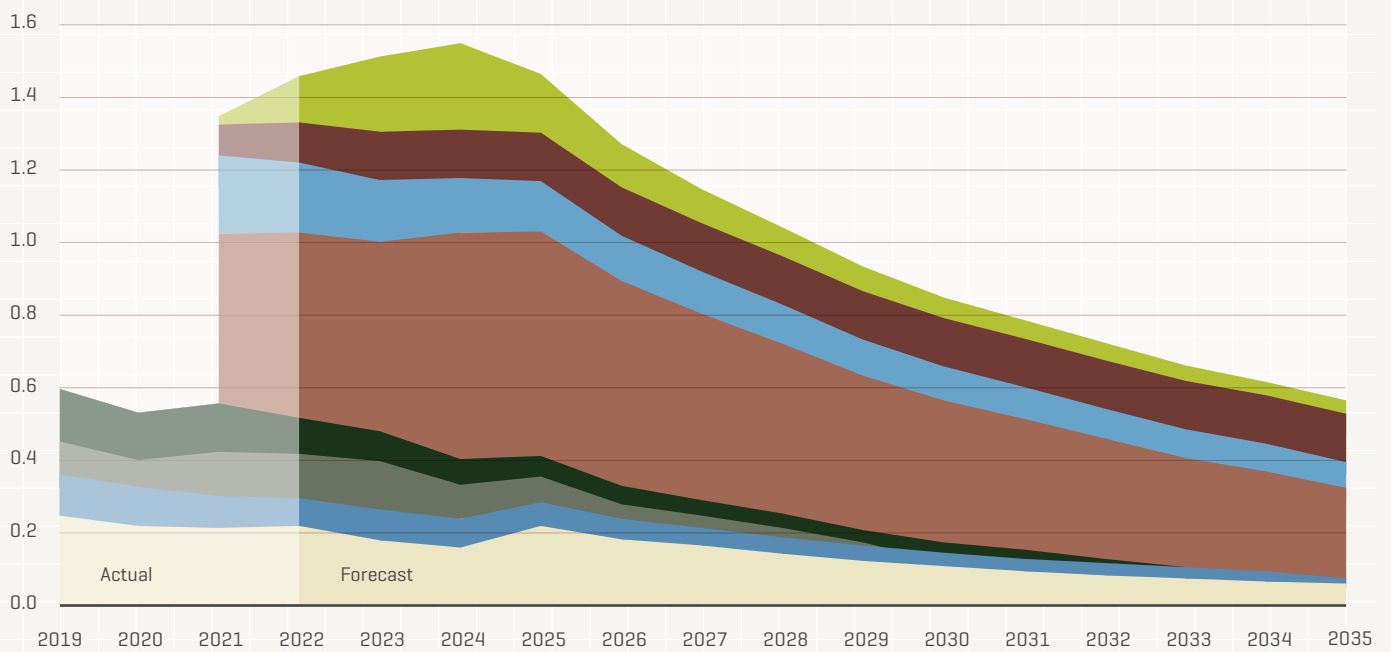


*Note that emissions from the Amadeus Basin assets are estimates based off production figures and actual emissions will be advised in time. Therefore the intensity calculation is also an estimate.

Production and Reserves to 2022

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

- Mahato
- Dingo
- Palm Valley
- Mereenie
- Wortel
- Oyong
- Maari
- Kupe

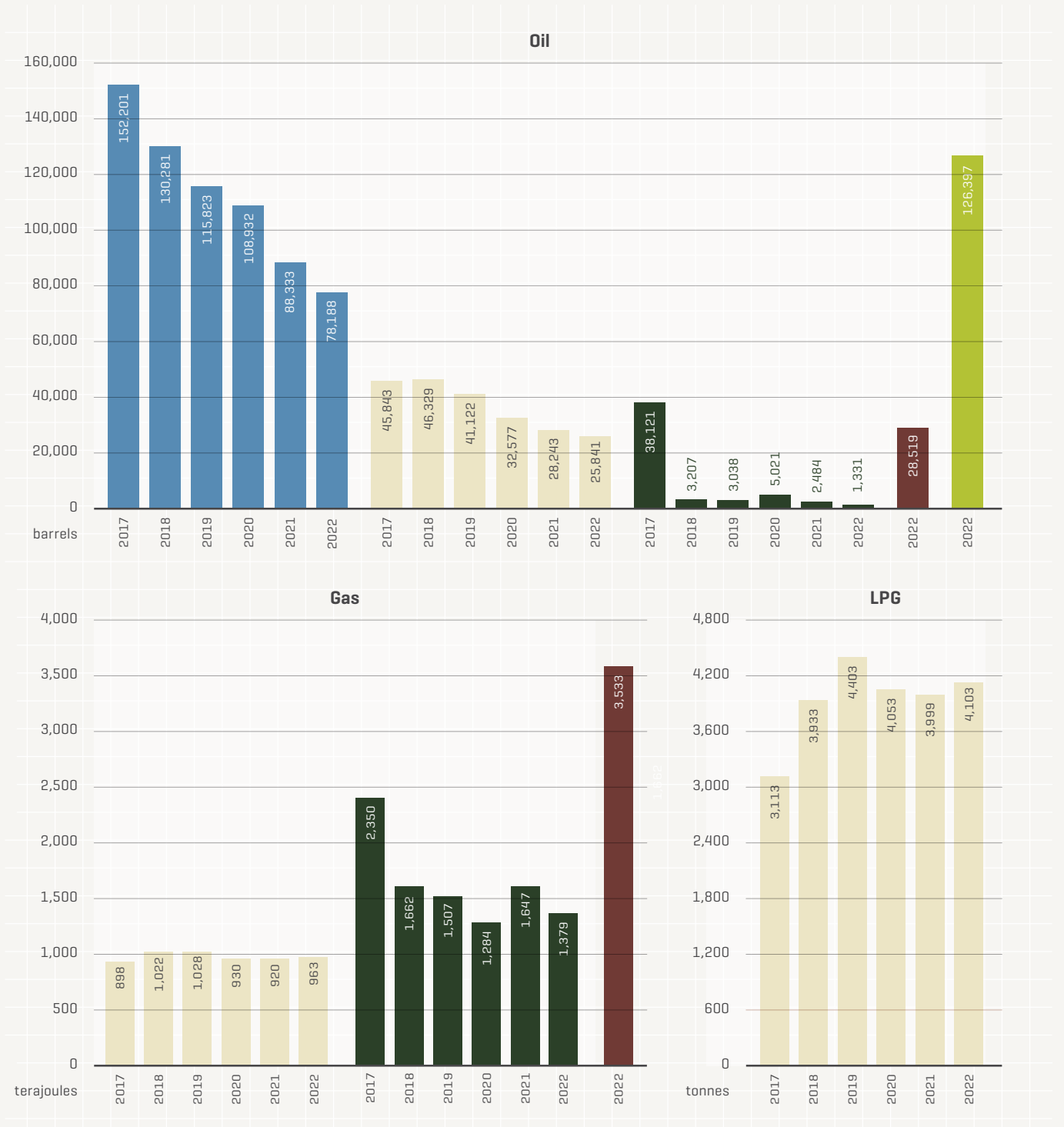


Note that 2022 in this plot is on a full 12 month basis for ease comparison [so Amadeus assets have been included on a 12 month basis].

Production

New Zealand Oil & Gas share [net]

Maari Kupe Sampang PSC Amadeus Mahato



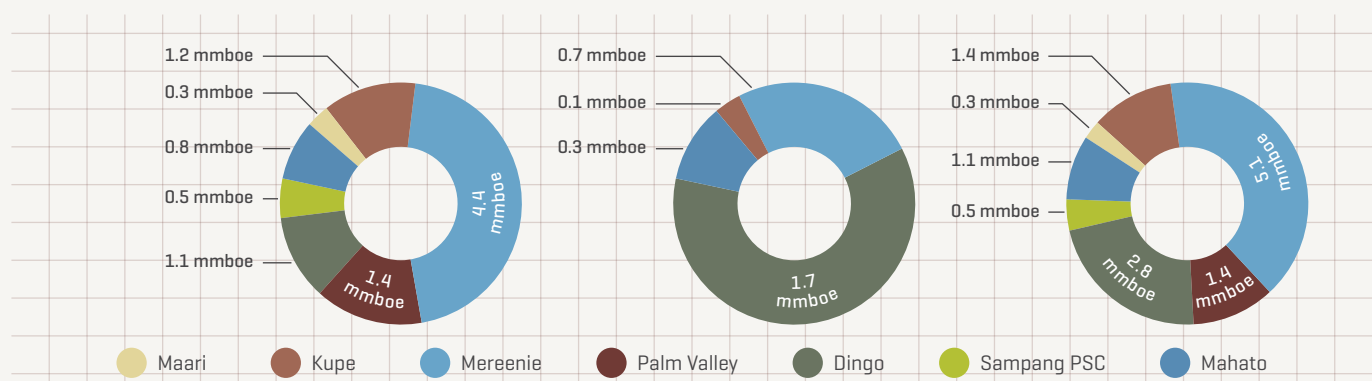
Some rounding. The New Zealand Oil & Gas interest in Mahato, Maari and Sampang is held through Cue Energy. New Zealand Oil & Gas has a 50.04% interest in Cue. Graphic shows Cue's full interest. Production from the Amadeus assets is from 1 October 2021 until 30 June 2022. The Mahato field is currently under development.

Reserves

at 30 June 2022

Proved [1P] Reserves at 1 July 2022

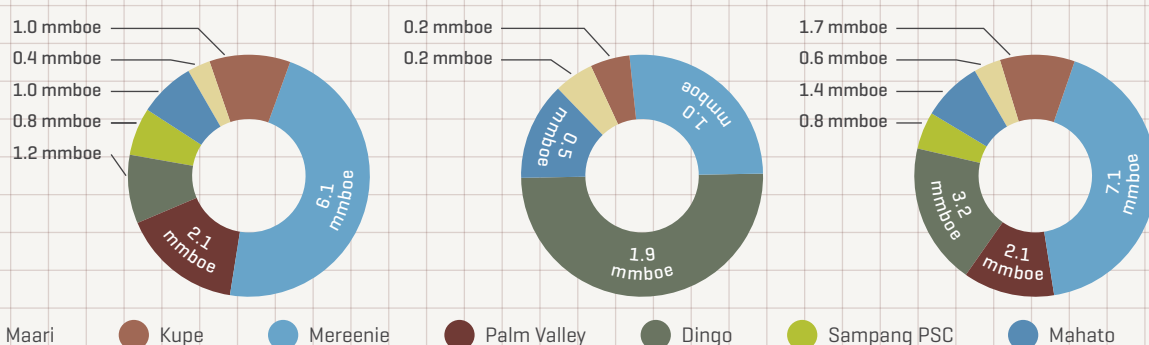
| Geographic area | Developed | | | | Undeveloped | | | | Total | | | |
|---------------------------------|-------------|-------------|------------------------|---------------|-------------|------------|------------------------|---------------|-------------|-------------|------------------------|---------------|
| | Gas [PJ] | LPG [kt] | Oil & Condensate [mmb] | Total [mmboe] | Gas [PJ] | LPG [kt] | Oil & Condensate [mmb] | Total [mmboe] | Gas [PJ] | LPG [kt] | Oil & Condensate [mmb] | 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 | 5.6 | 24.4 | 0.1 | 1.2 | 0.6 | 2.8 | 0.0 | 0.1 | 6.2 | 27.3 | 0.1 | 1.4 |
| Amadeus Basin, Australia | | | | | | | | | | | | |
| Mereenie** | 25.0 | 0.0 | 0.3 | 4.4 | 4.3 | 0.0 | 0.0 | 0.7 | 29.3 | 0.0 | 0.3 | 5.1 |
| Palm Valley** | 8.9 | 0.0 | 0.0 | 1.4 | 0.0 | 0.0 | 0.0 | 0.0 | 8.9 | 0.0 | 0.0 | 1.4 |
| Dingo** | 6.8 | 0.0 | 0.0 | 1.1 | 10.3 | 0.0 | 0.0 | 1.7 | 17.1 | 0.0 | 0.0 | 2.8 |
| Indonesia | | | | | | | | | | | | |
| Sampang PSC* | 3.2 | 0.0 | 0.0 | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 3.2 | 0.0 | 0.0 | 0.5 |
| Mahato* | 0.0 | 0.0 | 0.8 | 0.8 | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 | 1.1 | 1.1 |
| Total | 49.4 | 24.4 | 1.5 | 9.8 | 15.2 | 2.8 | 0.3 | 2.8 | 64.6 | 27.3 | 1.8 | 12.6 |



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 2022

| Geographic area | Developed | | | | Undeveloped | | | | Total | | | |
|---------------------------------|-------------|-------------|------------------------|---------------|-------------|------------|------------------------|---------------|-------------|-------------|------------------------|---------------|
| | Gas [PJ] | LPG [kt] | Oil & Condensate [mmb] | Total [mmboe] | Gas [PJ] | LPG [kt] | Oil & Condensate [mmb] | Total [mmboe] | Gas [PJ] | LPG [kt] | Oil & Condensate [mmb] | 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 | 0.6 | 0.6 |
| Kupe | 6.5 | 28.5 | 0.2 | 1.4 | 1.0 | 4.4 | 0.0 | 0.2 | 7.4 | 32.7 | 0.2 | 1.7 |
| Amadeus Basin, Australia | | | | | | | | | | | | |
| Mereenie** | 35.1 | 0.0 | 0.4 | 6.1 | 6.1 | 0.0 | 0.0 | 1.0 | 41.2 | 0.0 | 0.4 | 7.1 |
| Palm Valley** | 13.0 | 0.0 | 0.0 | 2.1 | 0.0 | 0.0 | 0.0 | 0.0 | 13.0 | 0.0 | 0.0 | 2.1 |
| Dingo** | 7.6 | 0.0 | 0.0 | 1.2 | 11.9 | 0.0 | 0.0 | 1.9 | 19.5 | 0.0 | 0.0 | 3.2 |
| Indonesia | | | | | | | | | | | | |
| Sampang PSC* | 5.0 | 0.0 | 0.0 | 0.8 | 0.0 | 0.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 | 0.8 |
| Mahato* | 0.0 | 0.0 | 1.0 | 1.0 | 0.0 | 0.0 | 0.5 | 0.5 | 0.0 | 0.0 | 1.4 | 1.4 |
| Total | 67.2 | 28.5 | 1.9 | 13.1 | 19.0 | 4.4 | 0.7 | 3.8 | 86.1 | 32.7 | 2.6 | 17.0 |



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 | EOFY21 | Amadeus Acquisition | FY22 Production*** | EOFY21 Adjusted | In Year Revisions | EOFY22 |
|---------------------------------|-------------|---------------------|--------------------|-----------------|-------------------|-------------|
| New Zealand | | | | | | |
| Maari* | 0.7 | | 0.1 | 0.6 | 0.0 | 0.6 |
| Kupe | 2.1 | | 0.2 | 1.9 | -0.2 | 1.7 |
| Amadeus Basin, Australia | | | | | | |
| Mereenie** | 8.7 | | 0.5 | 8.2 | -1.1 | 7.1 |
| Palm Valley** | 2.1 | | 0.2 | 1.9 | 0.2 | 2.1 |
| Dingo** | 2.9 | | 0.1 | 2.8 | 0.4 | 3.2 |
| Indonesia | | | | | | |
| Sampang PSC* | 0.8 | | 0.2 | 0.6 | 0.2 | 0.8 |
| Mahato* | 0.4 | | 0.1 | 0.3 | 1.1 | 1.4 |
| Total | 17.7 | 0.0 | 1.5 | 16.2 | 0.7 | 17.0 |

*Includes 100% of Cue's equity. **New Zealand Oil & Gas and Cue equity. ***Note that 2022 in this plot is on a full 12 month basis for ease comparison.

Reserves Compliance Statements

Oil and gas reserves, are reported as at 1 July 2022 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 14 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.

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.

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.

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.

For Sampang PSC Contingent Resources, as the developments are not yet sanctioned, the economics and royalties are not yet known, therefore an assumed net

effective equity is used of 15% for Paus Biru and 8.18% for Jeruk.

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, DMV, Texcal, Medco and Central Petroleum), and analytical and numerical analyses. Forecasts are based on deterministic methods.

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.

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.

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.

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, at Sampang, gas is gathered 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 and 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.

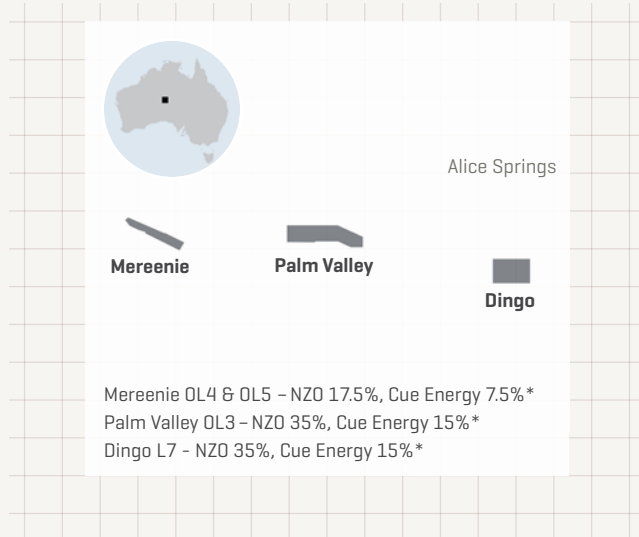
There have been no material changes in Contingent Resource booking since the last reporting period.



Where we're active

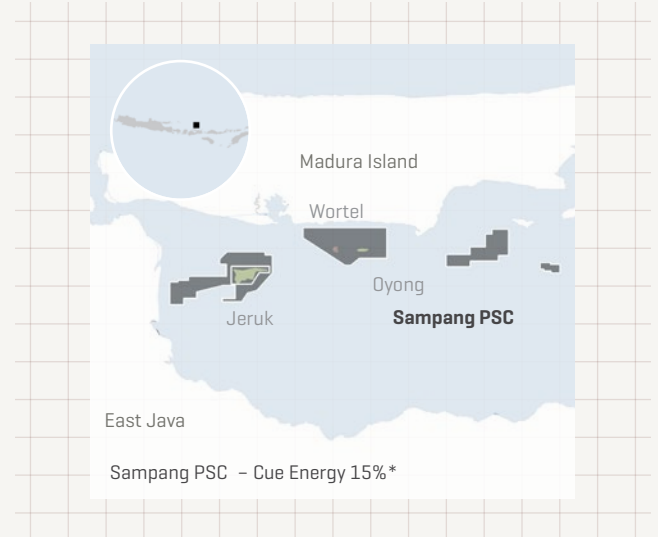
Australia

Amadeus Basin, Northern Territory

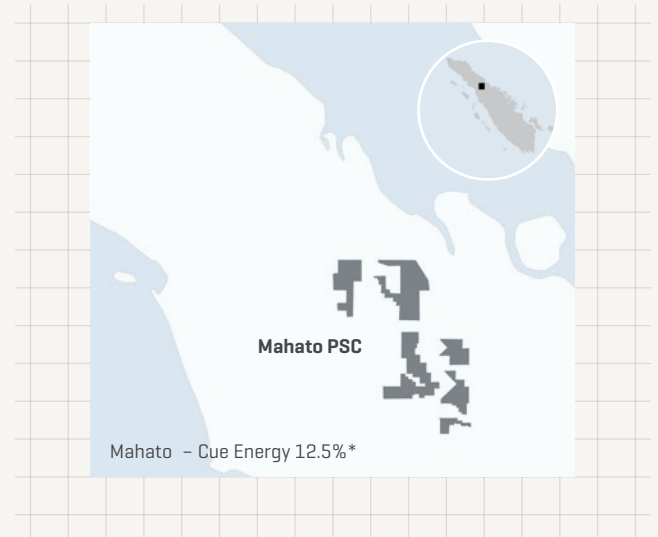


Indonesia

East Java

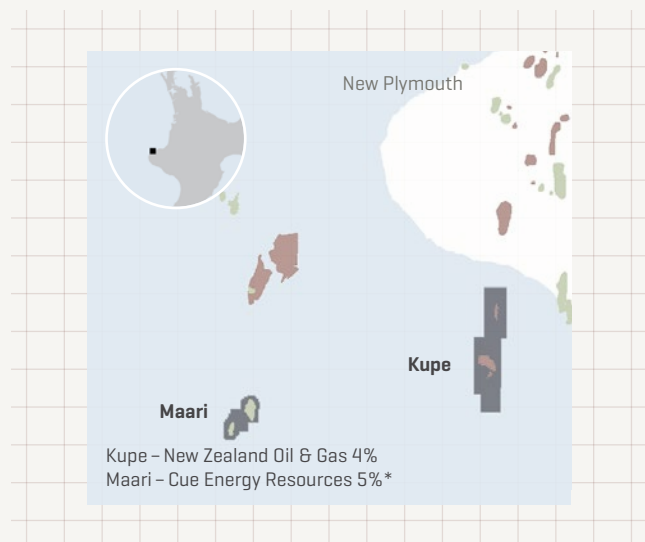


Sumatra

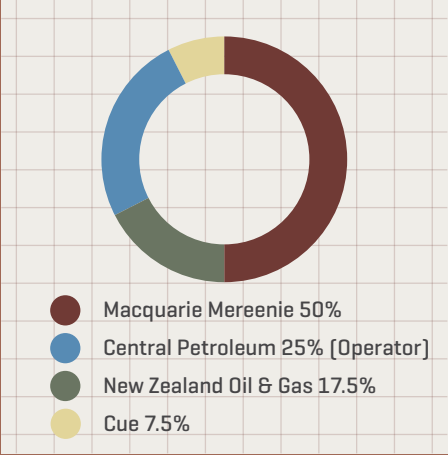
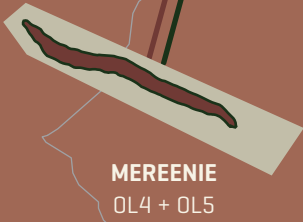
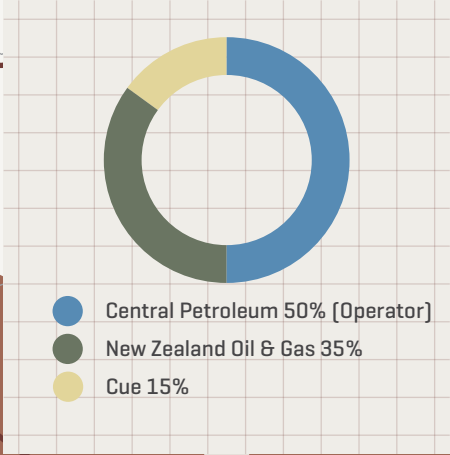
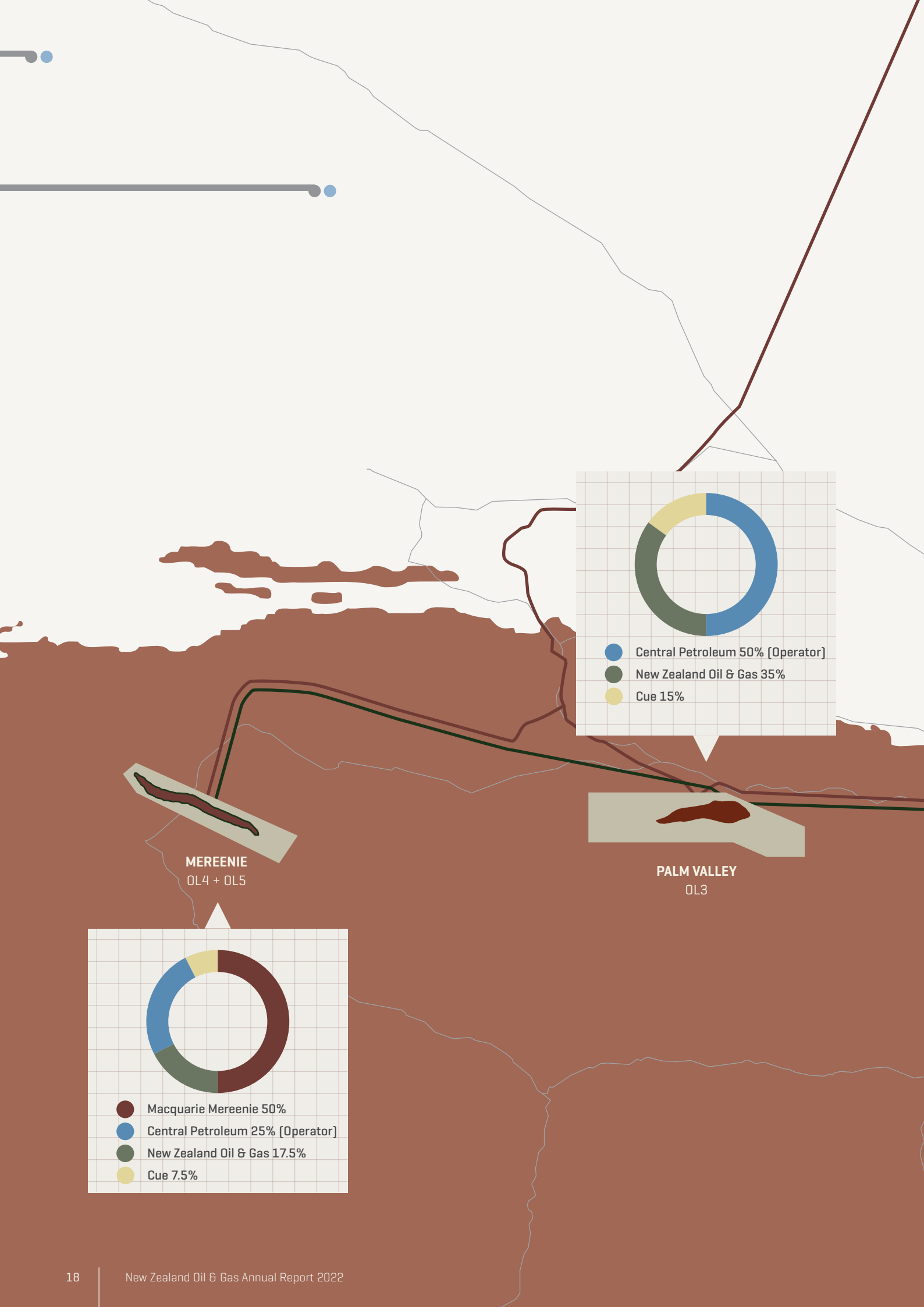


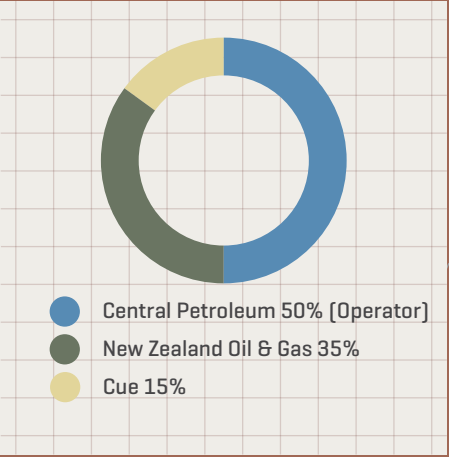
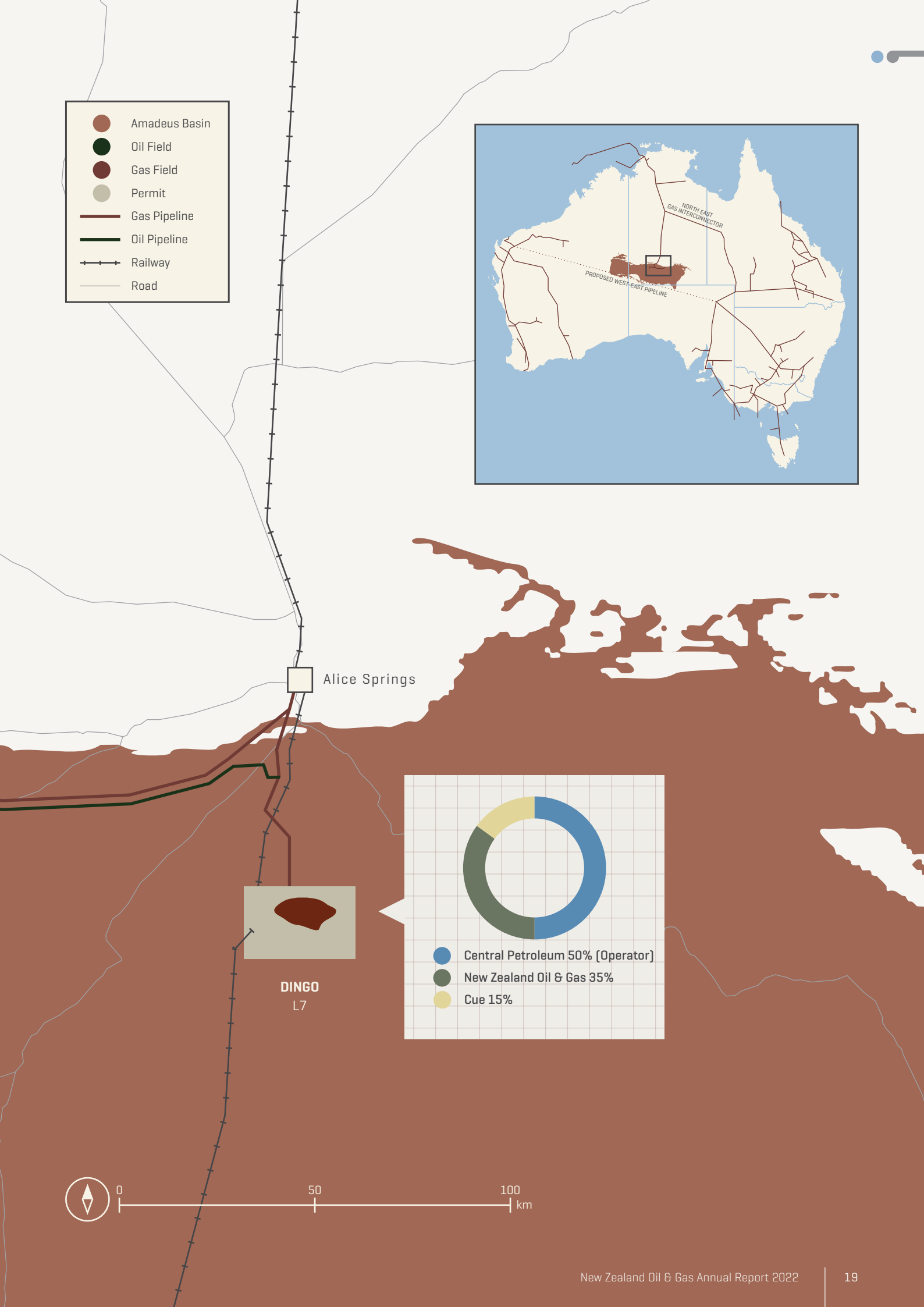
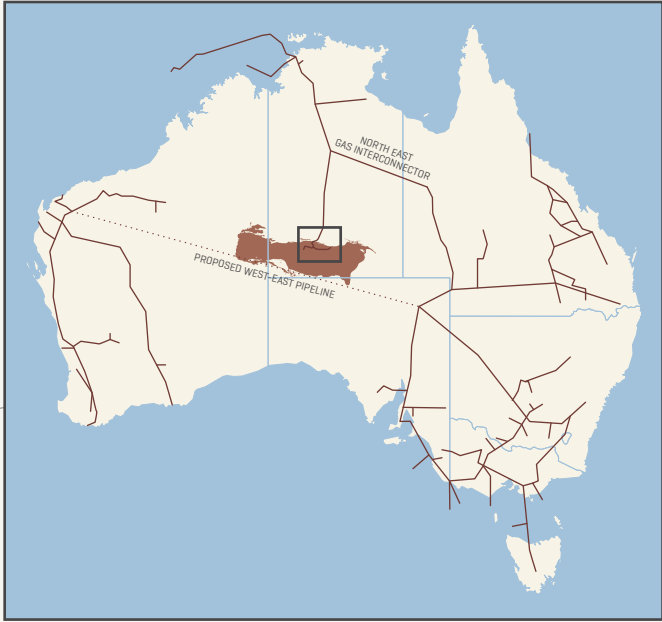
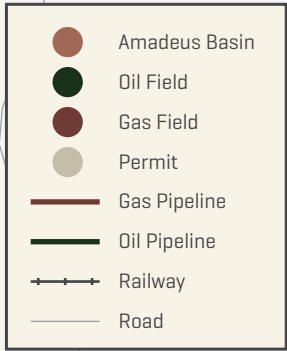
New Zealand

Taranaki



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





Activities in our assets

AUSTRALIA

MEREENIE

During the year the Company entered into agreements enabling sales of uncontracted gas from the Mereenie joint venture into East Coast trading markets, which currently offer premium gas pricing. The first East Coast spot market sale was conducted on 3 May 2022 and spot sales have since averaged a netback of A\$34 per GJ, which is significantly more than the average firm contracted sales price. The Company anticipated that spot prices would likely reduce after winter, and this has eventuated, however the East Coast gas market remains tight.

At the time of this report, the Eastbound gas transport on the NGP is currently suspended due to lower Blacktip production.

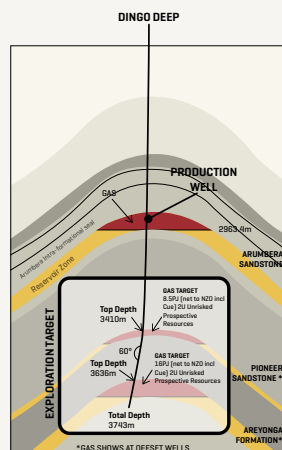
Contingent multi-well recompletion programme and two new development wells are being planned and may be undertaken in the coming 12 months to increase near term production from Mereenie to take advantage of the strong prices being received for East Coast gas subject to JV approval. Infill wells will target 8.2PJ of net 2P undeveloped reserves.

Activity is underway to assess the Stairway formation.

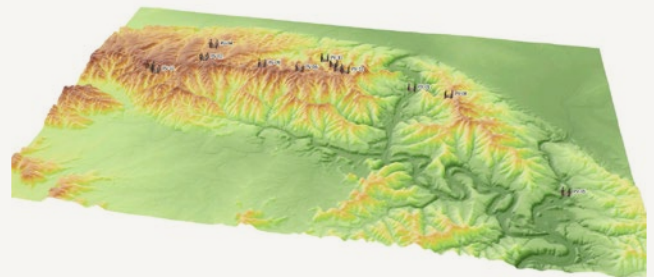
DINGO

Gas demand from Dingo was strong through the year and the field delivered reliably.

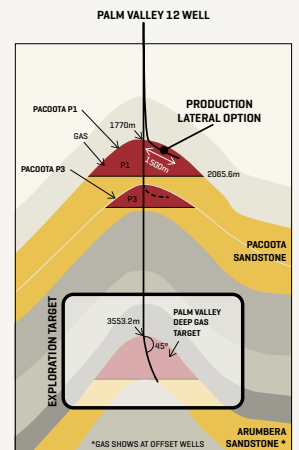
The Dingo-5 Deep exploration well has been deferred as a consequence of the Palm Valley 12 drilling programme changes in May.



PALM VALLEY



The Palm Valley 12 [PV-12] exploration well was spudded on the 17th of April. [PV-12] had two objectives, a deeper gas exploration target in the Arumbera Sandstone and a shallower gas appraisal target into the Pacoota 1 Sand. Due to challenging drilling conditions, the joint venture decided to stop drilling toward the deep exploration target and instead agreed to sidetrack a lateral wellbore, from PV-12, to evaluate the lower Pacoota 2 / Pacoota 3 sandstone. Although indications of gas were encountered while drilling the original vertical wellbore, the sidetrack did not encounter significant fractures or gas and was therefore plugged and abandoned. The Pacoota 1 sand appraisal well was ongoing at the time of this report.



INDONESIA

MAHATO

Mahato oil production well PB-18 in Indonesia entered production at approximately 1,000 barrels of oil per day from the Bekasap B and C sands, which are the main producing reservoirs in the field.

PB-17 development well is producing approximately 800 barrels of oil a day after successful drilling and completion.

PB-17 is the 10th production well in the field. The development includes 10 more production wells and two injection wells, which are expected to be drilled at a rate of approximately one per month over the current financial year.

Production from the PB field is expected to increase as wells are drilled and put into production. Increased processing and pipeline capacity is included in the FDO approval to facilitate sales of any new oil production.

Existing oil processing and pipeline capacity is in place to enable immediate sales of new oil production.

SAMPANG

Front End Engineering and Design (FEED) studies and reports were completed for the Paus Biru development.

The Paus Biru development is planned to consist of a single well and wellhead platform at the Paus Biru gas field, with a 27 kilometre subsea pipeline connecting the well to existing infrastructure at the Oyong field. Subject to final approvals, gas production from Paus Biru is expected to commence by 2025 at a rate of 20-25 mmcf/d.

NEW ZEALAND

KUPE

The Kupe field continues to produce at through field capacity due to a strong demand for gas. Production volumes at Kupe is in natural decline.

Kupe gas will be available to re-contract from 1st October 2023, with a replacement GSA to be contracted in a healthy gas market.

Opportunities to increase field production continue to be investigated.

Subsurface analysis, planning and regulatory activities continued during the year for the drilling of the KS-9 infill/development well targeting 1.8PJ of net 2P resources, to reinstate plateau production. The joint venture is targeting FID for the KS-9 infill / development well project in early FY23 with the well online in FY24.

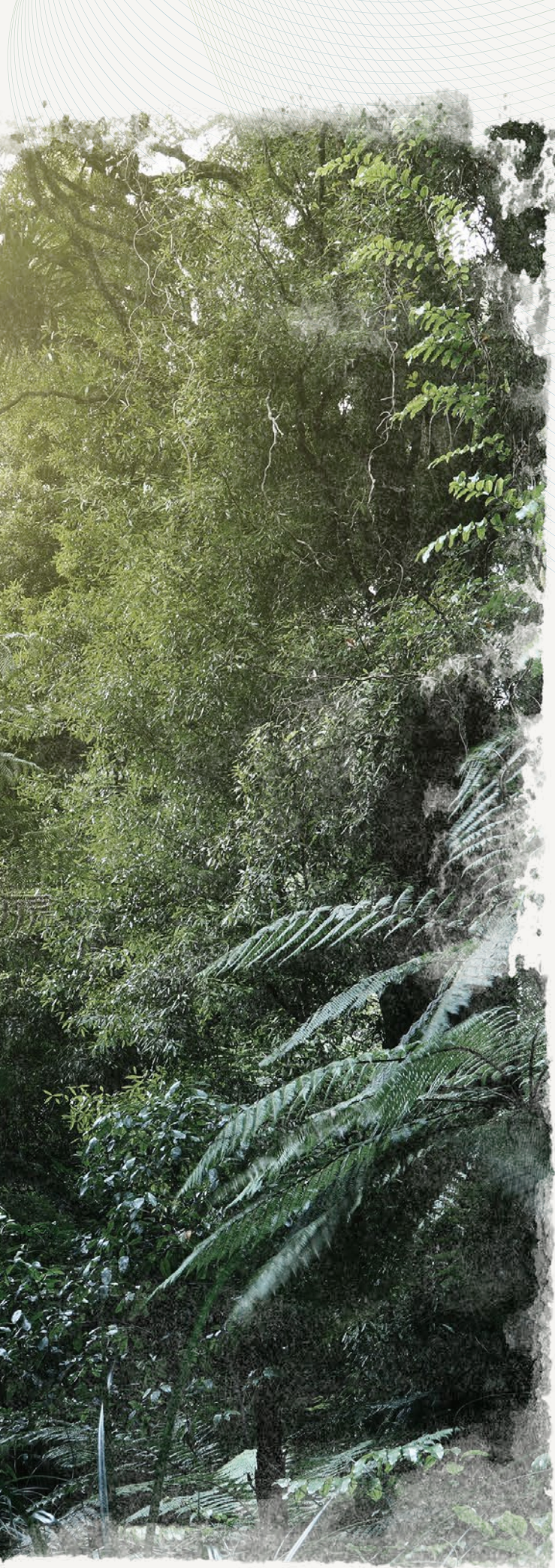
MAARI

Maari production continues to attract very strong prices due to international conditions.

A workover was started in the MN1 well after the end of the reporting period to replace an Electric Submersible Pump.

At the MR6a well, temporary de-sanding equipment was installed and fully tested on the well to assess the oil producibility after being shut-in during 2021 due to sand production. The de-sanding equipment performed well but did not result in hydrocarbons being produced and the equipment was demobilised. The operator is preparing plans to enter the well and plug off the damaged section to enable oil production from part of the existing wellbore.





Sustainability and Community

The Company publishes a separate sustainability report. It also maintains a sustainability section 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.

Involved in our community



109201829 >





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



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 [LGBTQTIA+].



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 vulnerable families with their energy needs



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.

Climate Change and carbon emissions

Climate risk management is reported in the risk management section of this report, below at pages 57-58.

4,559 TREES PLANTED

By supporting native tree planting, we're reducing our carbon footprint and helping New Zealand grow strong in lots of other ways. From helping our indigenous birds thrive to giving local economies a helping hand.

We're working with Trees That Count to reduce our carbon footprint over the next 50 years, and help protect New Zealand's threatened biodiversity. That's good for our carbon footprint, and good for Aotearoa.

This year we funded 545 native trees through Trees That Count, bringing our total to **4,559 trees planted**.

OUR EMISSIONS

As New Zealand Oil & Gas does not operate production assets, its Scope 1 emissions mainly arise from head office and travel activities.

Initiatives in head office seek to minimise the Company's carbon footprint. Its head office emissions are offset by tree planting through the Trees That Count initiative and its support for the Dunedin Curtain Bank.

Scope 1 Emissions

| | |
|---------------------------------------|--|
| Total office emissions | 25 tCO ₂ |
| Carbon absorbed through tree planting | 1.52 tCO ₂ per year [accumulates each year for decades over the life of the tree] |
| Emissions saved through curtain bank | 8.4 tCO ₂ |
| Travel emissions not offset | 15.08 tCO ₂ |
| Sustainability measurable objectives | Initiate office sustainability improvement opportunities and conduct staff survey. Investigate a carbon emission audit and reduction plan. |

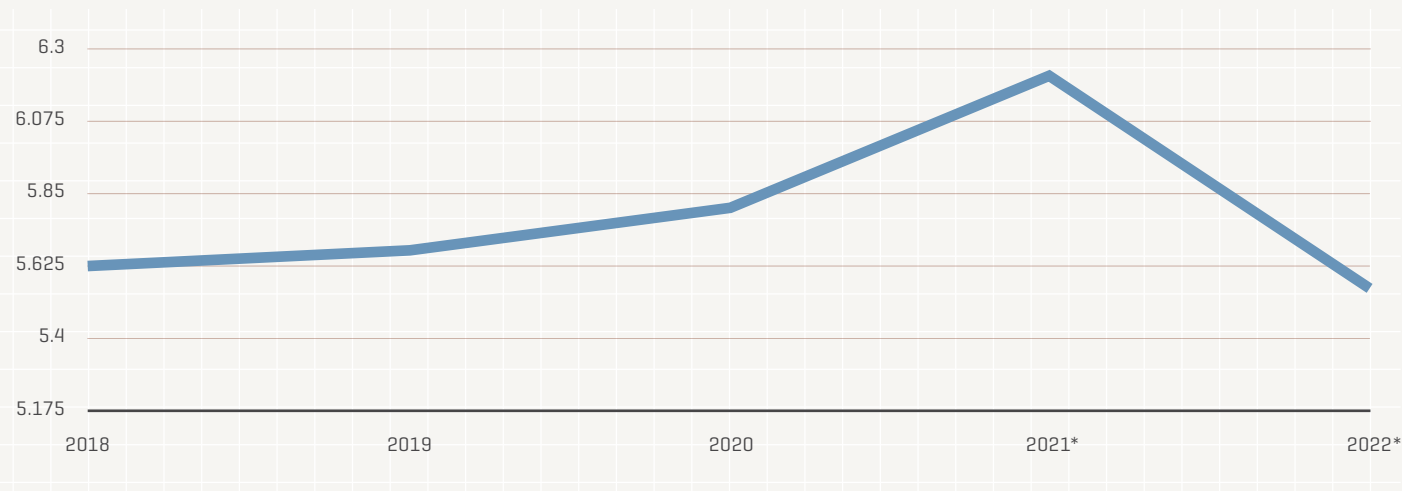
Scope 2 Emissions

Emissions Intensity down 10.8%

While New Zealand Oil & Gas production increased nearly four-fold during the year, thanks to the acquisition of our producing Amadeus basin assets in Australia's Northern Territory, our emissions intensity [tonnes of CO₂ emitted per terajoule of energy] reduced by 10.8 per cent.

| | NZOG Emissions (tCO ₂ e) | TJs Sold | Intensity Factor (tCO ₂ e per TJ) |
|------|-------------------------------------|----------|--|
| FY18 | 6,166 | 1,097.67 | 5.62 |
| FY19 | 5,670 | 998.11 | 5.68 |
| FY20 | 5,529 | 950.87 | 5.81 |
| FY21 | 5,728 | 919.72 | 6.23 |
| FY22 | 19,108* | 3,438.21 | 5.56 |

*Note that Amadeus Basin assets' emissions and therefore also the intensity calculations are estimates based on production figures, actual emissions will be advised when available.



● Intensity Factor (tCO₂e per TJ)

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).

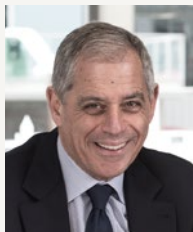
Under Listing Rule 4.10.3, ASX listed entities are required to benchmark corporate governance practices against the ASX Principles and Recommendations and, where they do not conform, to disclose that fact and the reasons why.

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, 27 September 2022.

Board Composition & Performance

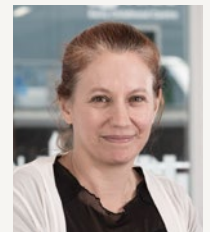
“To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.”



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

Rosalind is Head of the School of Engineering and Built Environment at Griffith University in Queensland.

Rosalind 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.

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.

Andrew Jefferies

Managing Director



Andrew joined New Zealand Oil & Gas in 2013. He started his career with Shell in Australia after graduating with a BE Hons [Mechanical] from the University of Sydney in 1991, an MBA in technology management from Deakin University in Australia, and an MSc in petroleum engineering from Heriot - Watt University in Scotland.

Andrew is also a graduate of the Australian Institute of Company Directors [GAICD], and a Certified Petroleum Engineer with the Society of Petroleum Engineers. He has worked in oil and gas in Australia, Germany, the United Kingdom, Thailand and Holland.

Alastair McGregor

Director



Alastair McGregor has been actively involved in the oil & 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, Mr McGregor 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 & gas industry Alastair spent 12 years as a banker with Citigroup and Salomon Smith Barney. Alastair holds a BEng from Imperial College, London and an MSc from Cranfield University in the UK. Mr McGregor joined the board in October 2017.

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 12 years.

Rod has over 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 being the corporate Senior Vice President of HSSE and Sustainability at OMV based in Vienna, Austria.

He has also 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.

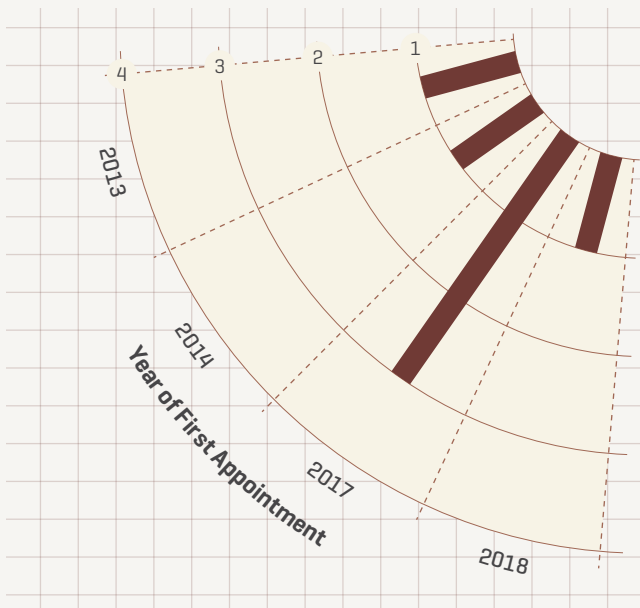
Composition of the Board

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. It is intended that the Company’s constitution is updated at the next Annual General Meeting in November to reflect this.

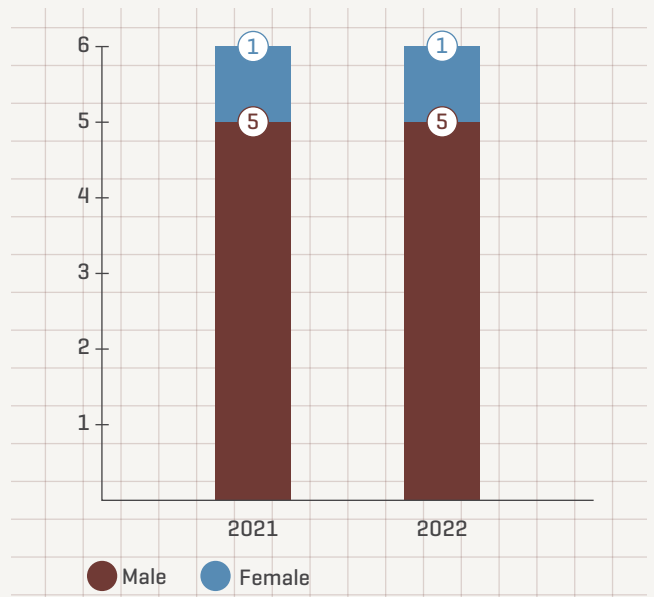
The Company’s constitution requires directors to retire at the third Annual Meeting since their last appointment, or every three years (whichever is longer). If eligible, each retiring director may offer themselves for re-election.

Directors holding office during 1 July 2021 to 30 June 2022.

| 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 | 12 December 2019 | 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 2022 were:

| | Direct Interest | Indirect Interest |
|----------------|-----------------|-------------------------|
| Mr A Jefferies | 50,000 | 1,298,528 share options |

Directors' Interests Register

Directors' interests recorded in the Interests Register of the Company as at 30 June 2022 are detailed below.

Notices given or adjusted during the financial year ended 30 June 2022 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 [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 |
| 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 (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. Daniel has over 13 years of experience within the petroleum industry. He 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.

Dr Chris McKeown

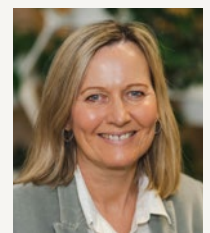
Vice President Business Development



Chris was previously Vice President Exploration and Production, and before that General Manager, South East Asia. He joined New Zealand Oil & Gas in 2012 following a career which has included being CEO of a start-up oil company, asset manager of a producing oil field, and general manager of a gas exploration company. He has an honours degree and PhD in Geology.

Catherine McKelvey

Chief Financial Officer



Catherine has worked in finance for over 30 years, including 9 years in the energy sector, and 5 years as CFO. 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 2022 were:

| Officers | Interests in NZOG Securities | |
|---------------|--|----------|
| | Direct | Indirect |
| Ms C McKelvey | 10,214 directly held ordinary shares 519,980 Options to acquire ordinary shares in accordance with Scheme Rules | - |
| Ms P Bree | 487,394 Options to acquire ordinary shares in accordance with Scheme Rules | - |
| Mr M Wright | 673,207 Options to acquire ordinary shares in accordance with Scheme Rules | - |
| Dr C McKeown | 834,768 Options to acquire ordinary shares in accordance with Scheme Rules | - |
| Mr D Leeman | 510,244 Options to acquire ordinary shares in accordance with Scheme Rules | - |

PRINCIPLE 1

Lay solid foundations for management and oversight

A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.

Role of the Board

The board is responsible for the overall corporate governance of the Company including strategic direction, determination of policy, and the approval of 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.

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;

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

www.nzog.com/dmsdocument/371

- 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.

Board Proceedings

The board meets on a formal scheduled basis four times per year, and holds other meetings as required. Owing to pandemic travel restrictions, the board has met six times by video conference call.

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, 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], obtain independent advice at the Company's expense where the director considers it necessary to carry out their duties and responsibilities as a director. Such consent shall not be withheld unreasonably; and

A copy of the charter is available in the corporate governance section of the Company's website at

 www.nzog.com/dmsdocument/371

- 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:

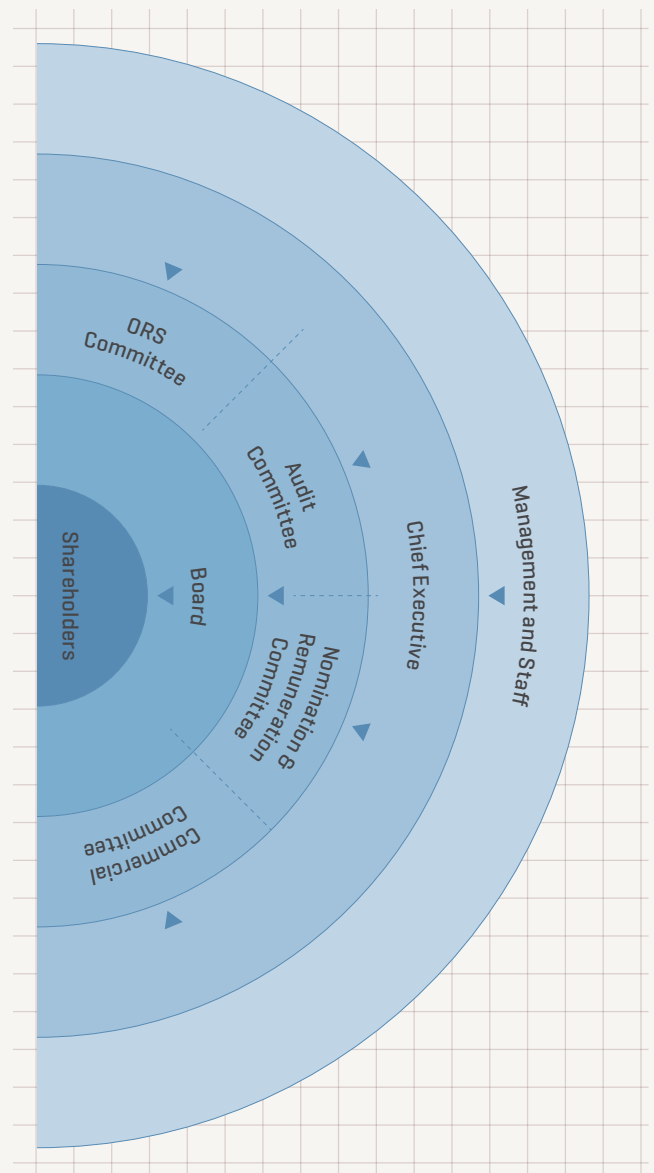
- Health and Safety Policy;
- Environment Policy;
- Climate Change Policy;
- Community Engagement Policy;
- Capturing Local Economic Benefit Policy;
- Code of Business Conduct and Ethics;
- Communications, Market Disclosure and Social Media Policy;
- Securities Trading Policies for Directors, Employees 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.

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

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.



The board as a whole, supported by the Nomination and Remuneration Committee, undertakes the process of recommending directors for appointment, having reviewed the qualifications of candidates, 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.

When alternative candidates have been nominated, the Board has considered the skillsets on offer and its requirements, and made a recommendation.

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.

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, the material terms of which are disclosed below, and the senior executives.

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.

Diversity Policy

Through its Diversity Policy the Company is committed to an inclusive workplace that embraces diversity.

The Company is proud of receiving a Rainbow Tick, as the only New Zealand E&P company to have done so. Rainbow Tick is a certification mark for organisations that complete an LGBTQIA+ diversity & inclusion assessment process.

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

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 board monitors the scope and currency of the Diversity Policy.

The policy provides that the Company will recruit from a diverse pool of candidates, who will be considered with no conscious or unconscious bias that might discriminate against certain candidates. It takes into account the domestic responsibilities of employees and adopts flexible work practices.

The Company supports the determination of self-identity by all employees including using the titles, names and pronouns of their choice, and seeking 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 will assess annually 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.

More about our diversity is at



[www.nzog.com/sustainability/
community/our-diversity/](http://www.nzog.com/sustainability/community/our-diversity/)



MEASURABLE OBJECTIVES FOR 2021-22

- Promote ongoing engagement with diversity initiatives, policies and guidelines to ensure they are continuing to evolve as needed.
- Provide talent management support for diverse and emerging leaders.
- Retain Rainbow Tick.

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.

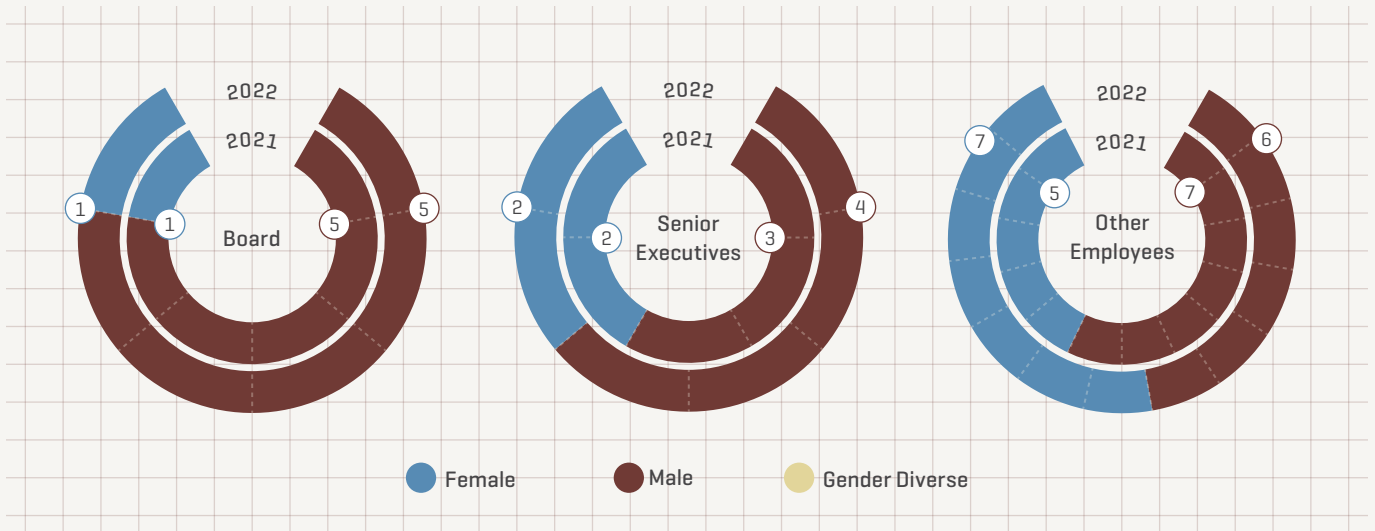
| Objective | Status | Progress |
|--|-----------------------|---|
| Promote ongoing engagement with diversity initiatives, policies and guidelines to ensure they are continuing to evolve as needed | Achieved | <p>We have set up the Te Ata initiative, which provides for supporting and nurturing the wellbeing of the whole team including coaching opportunities, training/upskilling opportunities, resilience training, “conversations that matter” training, and a monthly bookclub. Vitae awarded the Company a wellbeing award in respect of Te Ata.</p> <p>The CEO has undertaken to have lunch with every staff member to ensure they are receiving appropriate opportunities for development and understand how they feel the organisation is performing.</p> <p>Policies have been reviewed to ensure they are not impacting our ability to maintain a diverse workplace.</p> <p>We have a flexible working guideline which compliments the family friendly policies and diversity policy (on our website). Candidates have commented positively on these initiatives when we have recruited.</p> |
| Providing talent management support for diverse and emerging leaders. | Completed and ongoing | <p>The Diversity Committee maintains a cultural calendar which celebrates cultural events that have meaning to our people and we have tied these into all staff gatherings and events.</p> <p>Company is a participant in Diversity Works and staff have had the opportunity to participate in workshops, webinars and networking opportunities. This will continue in 2022-23.</p> <p>Job descriptions for the leaders in the company have been reviewed, and a job sizing activity is being run to determine the benchmarks with a view to ensuring roles are appropriately resourced and remuneration is equitable.</p> |
| Retain Rainbow Tick | Achieved | <p>Review for re-accreditation is required and the Company was re-accredited.</p> |

MEASURABLE OBJECTIVES FOR 2022-23

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

Diversity Performance 2021-22

The following charts show gender diversity across the Company (excluding contractors) as at 30 June 2022, and compares that to numbers as at 30 June 2021.



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

www.nzog.com/dmsdocument/490

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 or delegated representative. The chair of the Nominations and Remuneration Committee [or delegated representative] 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 [or delegated representative].

For the financial year, the Nominations and Remuneration Committee agreed that the above process that was followed for the prior year was applicable for this year as the board composition was unaltered.

Each year the senior executives have formal performance reviews with the Chief Executive in July. Individual performance is assessed in respect of the Company's values, HSE performance and personal objectives set at the outset of the financial year, categorised into Growth, Realisation and Improve. The Chief Executive reports on the senior executive performance to the Nomination and Remuneration Committee annually in August. A performance evaluation as described above was undertaken this year.

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. Of which, 45% is on Company values determined by behaviours, 10% on HSE performance and 45% on the personal performance criteria agreed at the start of the financial year between the Chief Executive and their direct reports.

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 75%.

Further detail is reported below, under Principle 8, from page 59.

PRINCIPLE 2

Structure the board to be effective and add value

The board of a listed entity 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.

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 met three times during the year. All members attended three meetings except the Chair who missed one of the three.

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.

Committee composition

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 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.

[Read the Committee's Charter here](#)

 www.nzog.com/dmsdocument/373

Board skills

Board skills are set out in the accompanying chart. Board members’ experience and knowledge are set out in the biographical information in this section.

The board has a balance of independence, skills, knowledge, experience and perspectives.

The board has determined that as at 30 June 2022, Dr R Archer and Mr R 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.

Two out of six directors are independent.

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

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

Upon appointment to the Company’s board, directors are advised of salient requirements.

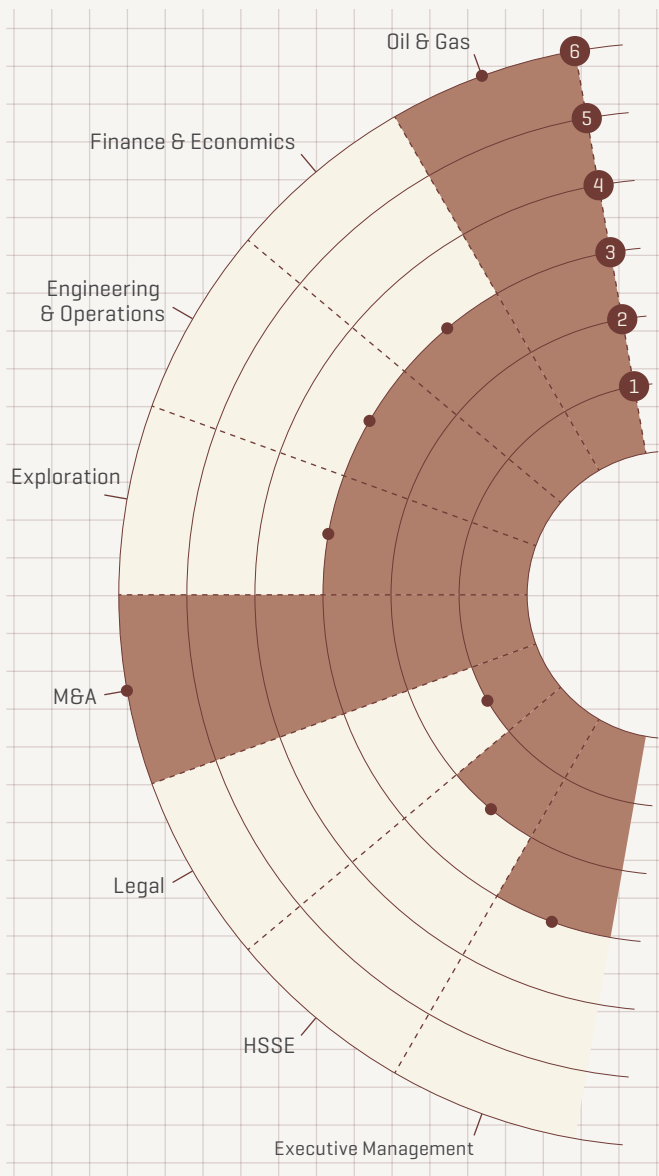
The board undertakes regular reviews of its operations and the performance of individual directors. The review considers the skill-sets required by the board, how the required skills are best represented, and the process for identifying suitable candidates for appointment to the board.

The board considers its composition brings together skill-sets that are highly valued in the industry.

Directors have received training in health and safety governance. Independent directors received detailed advice and training about their responsibilities during previous takeover offers and a scheme of arrangement.

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.

Number of Directors with Specific Skillset



PRINCIPLE 3

Instill a culture of acting lawfully, ethically and responsibly

A listed entity should instill and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

New Zealand Oil & Gas Limited 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 disclosed in the graphic on page 6.

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



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

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

www.nzog.com/dmsdocument/495

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

A listed entity should have appropriate processes to verify the integrity of its corporate reports.

Audit Committee

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.

The skills and qualifications of the committee members are set out in the biography page [see pages 31-32]. 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.

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.

What the Committee does

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



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 the reports prior to being circulated to the full Board for approval ahead of public release.

Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Listing Rule 3.1 requires a listed entity, subject to certain exceptions, to disclose to ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Continuous Disclosure

New Zealand Oil & Gas is committed to meeting the continuous disclosure obligations required by the Listing Rules.

The company promptly and without delay releases to the markets 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.

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

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;
- The Company's sustainability and corporate responsibility strategy;
- A summary of the Company's approach to stakeholder engagement,
- Summary of the Company's contribution to local communities;
- A materiality matrix;
- Relationship between business strategy and the UN's Sustainable Development Goals; and
- 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.

Sustainability is reported at

www.nzog.com/sustainability

Respect the rights of security holders

A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

Shareholder participation

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.

Since 2020, annual and special meetings have been held online as well as in person (or only online where pandemic restrictions required) so that all shareholders can participate.

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.

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;
- Periodic reports, including annual and quarterly reports;
- Information about annual and special meetings, including notices of meeting, voting cards, CEO and Chair's addresses, results and webcasts;
- Shareholder information including the distribution of listed holdings, information about past dividends and a share price graph.

The corporate governance landing page is at

www.nzog.com/corporate-governance/

Investor information is available at

www.nzog.com/investor-information/

The most recent reports are typically linked from the most prominent panel to the front page of the website.

The website also provides the names, photographs and brief biographical information for each directors and senior executive; a statement of values;

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

It makes directors and management available at annual meetings and provides an 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 have continued vigorously to avail these opportunities.

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 intends to shift the registry management to Computershare Australia [from New Zealand] after the Company's Annual General Meeting in early November.

All shareholders can 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: enquiry@computershare.co.nz

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

Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

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, and the other members are Dr Rosalind Archer, Andrew Jefferies, and Alastair McGregor.

The Committee met three 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:

- Monitoring the performance and effectiveness of the Company's Risk Management Framework, compliance with the framework and the adequacy of risk controls.
- Setting, reviewing and agreeing operational risk and sustainability policies, practices, frameworks and targets, including performance against these, including:
- Sustainability performance framework, targets and reporting;
- Community and iwi engagement;
- Environmental policies and programmes including climate change responses.
- Seeking assurance of the Company's compliance with all operational risk and sustainability legislative requirements, licence conditions and stakeholder

commitments.

- Supporting the board and management in defining the Company's operational risk and sustainability objectives.
- Working with management to agree how operational risk and sustainability objectives will be achieved, monitored and reviewed.
- Supporting a culture of continuous improvement by reviewing significant incidents and system failures and monitoring actions and measures to minimise recurrence.
- Ensuring the necessary skills are obtained and maintained to achieve operational risk and sustainability objectives.
- Providing leadership to the board and support the Company in aspiring to proactively manage ORS issues.
- Ensuring 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.

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

 www.nzog.com/dmsdocuments/492

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 policies 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.

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.

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

www.nzog.com/dmsdocument/1

The most recent Sustainability Report, the Sustainability Framework and relevant risks are available on the Company's website at

www.nzog.com/sustainability

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. 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.

The Risk Management System Framework is described in the corporate governance section on page 54.

Responsibility for identifying, documenting and managing risks and opportunities is delegated to the appropriate level of management.

The General Counsel has responsibility for climate risk. Asset managers are responsible for risks to individual assets. The Chief Financial Officer has management responsibility for financial and investment risks associated with climate change.

Potential risks to New Zealand Oil & Gas from climate change are assessed under the following headings:

- Policy and Legal,
- Physical [acute and chronic],
- Financial and Market,
- Social/Political/Regulatory, and
- Technological.

All these risks have potential financial and operational implications due to lost profitability and increased delays.

HOW WE MODEL CLIMATE RISK

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.

For physical risks to our Amadeus Basin interests, the Company has comprehensive insurance. Physical 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.

In the reporting period, carbon prices have generally conformed to forward curves, while oil and gas commodity prices have been much higher, mainly owing to concerns about energy security and actual shortages of gas.

Consequently, the financial risks associated with climate change are assessed to be considerably to the upside [positive] at the date of this report.

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 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. 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. Internal processes, including due diligence and joint venture processes, identify and manage climate risk. Monitor jurisdictions where we undertake activities. Look to diversify jurisdictions to mitigate changes to any individual regulatory environment. 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. 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. Recruitment and retention risk. Risk of partner misalignment from divergent approaches to carbon management. | S M L | Manage environmental performance through sustainability framework. Promote corporate values, including our pride in our work. Due diligence screening of commercial opportunities and joint ventures. |
| Financial risks | Divestment movement increases, affecting availability and cost of capital. Insurance premiums increase. Potential for classes of assets and locations to become uninsurable. Capital cost increases if new environmental standards require more expensive supplies relative to alternatives. Carbon pricing adopted across jurisdictions, or inconsistently between them. Changes to price and cost forecasts result in stranded assets or reserves. | S M L S M L M L S M L S M L | Shadow price on carbon to sensitivity testing in investment decisions. Due diligence screening of commercial opportunities and joint venture processes. Assurance relating to insurance forecasts. Access to a range of funding options. Reporting on ESG matters, including TCFD compliant reporting. Jurisdictional diversification to avoid impact of sudden, unilateral changes, confiscation or value destruction by regulation. |
| Physical risks 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. Offshore drilling and production delayed or shut in by increased weather events. | M L | Engineering anticipates environmental conditions. Carbon policy provides for review of climate issues in strategic and operational decisions. |
| Opportunities 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. Support for our joint venture partners pursuing low carbon innovations on sites. 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. |

Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its 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 entity's values and risk appetite.

The Board has a Nominations and Remuneration Committee, which has five members, Dr Rosalind Archer [Chair], Marco Argentieri, Samuel Kellner, Alastair McGregor and Rod Ritchie. The Committee met three times during the year. All members attended three meetings except the Chair who missed one of the three. The Committee charter requires that it comprises at least three non-executive directors of the board. The chair, Dr Archer, is independent. A majority of the board is not independent and the composition of the committee also reflects this.

The Committee's functions are laid out above at page 45.

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.

Remuneration and Performance Appraisal Policy

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

The Nomination and Remuneration Committee is responsible for receiving and making 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.

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 | \$82,320 |
| Mr M Argentieri | |
| Mr A Jefferies* | \$909,490 |
| Mr S Kellner | |
| Mr A McGregor | |
| Mr R Ritchie | \$82,320 |

* Includes remuneration received as Chief Executive.

[Read the Committee's Charter here](#)

www.nzog.com/dmsdocument/373

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

CEO Salary

| | |
|-------------------|----------------------|
| Salary | 642,376 |
| Benefits | 38,975 ¹ |
| Cash STI | 196,897 ² |
| LTI share options | 31,242 ³ |
| TOTAL | 909,490 |

NOTES

¹ Benefits include KiwiSaver at 3% and health insurance

² STI for current period, paid August 2022

³ Share options issued in the year 413,022. See Note 25 in the Financial Statements.

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.

Staff Salary Bands

| | |
|-----------------------|-----------|
| \$110,000 - \$120,000 | 2 |
| \$160,000 - \$170,000 | 3 |
| \$190,000 - \$200,000 | 1 |
| \$210,000 - \$220,000 | 1 |
| \$270,000 - \$280,000 | 1 |
| \$290,000 - \$300,000 | 1 |
| \$330,000 - \$340,000 | 1 |
| \$340,000 - \$350,000 | 2 |
| \$430,000 - \$440,000 | 1 |
| \$530,000 - \$540,000 | 1 |
| \$900,000 - \$910,000 | 1 |
| | 15 |

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

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".

Securities On Issue

As at 31 August 2022 New Zealand Oil & Gas Limited had the following securities

| Listed Ordinary Shares | Options to acquire ordinary shares |
|------------------------|------------------------------------|
| 223,950,838 | 6,960,380 |

Options have been issued subject to the Scheme Rules available here: www.nzog.com/dmsdocument/482

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 three tranches of options issued, one has an exercise price of \$0.61 per Option, another \$0.65 per Option and the most recent \$0.52 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.

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 2022, one Substantial Product Holder Notice, from O.G. Oil & Gas (Singapore) Pte on 27 May 2022, was received since the date of the last Annual Report, in respect of a holding of 160,583,035 ordinary shares of New Zealand Oil & Gas Limited [71.705%].

Top 20 Shareholders

As at 31 August 2022

| | 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 | RESOURCE NOMINEES LIMITED | 3,340,000 | 1.49 |
| 4 | ACCIDENT COMPENSATION CORPORATION - NZCSD <ACCI40> | 3,149,936 | 1.41 |
| 5 | ASB NOMINEES LIMITED <414354 ML - A/C> | 2,456,132 | 1.10 |
| 6 | NEW ZEALAND DEPOSITORY NOMINEE LIMITED <A/C 1 CASH ACCOUNT> | 1,754,213 | 0.78 |
| 7 | RIUO HAURAKI LIMITED | 1,750,000 | 0.78 |
| 8 | TRIBAL NOMINEES LIMITED | 1,574,507 | 0.70 |
| 9 | AOTEAROA RENTAL ENTERPRISES LIMITED | 1,378,593 | 0.62 |
| 10 | RUIHUI ZHANG | 1,105,324 | 0.49 |
| 11 | ASB NOMINEES LIMITED <ACCOUNT 414354 - ML A/C> | 1,000,000 | 0.45 |
| 12 | RAOUL JOHN DAROUX | 889,541 | 0.40 |
| 13 | CHIN-YI LIN & YU-CHING LIN-CHAO | 807,531 | 0.36 |
| 14 | RICHARD BRUCE LEES | 768,162 | 0.34 |
| 15 | BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD | 570,653 | 0.25 |
| 16 | ASB NOMINEES LIMITED <A/C 317253> | 514,585 | 0.23 |
| 17 | SHENG-FEI WANG | 500,000 | 0.22 |
| 18 | FNZ CUSTODIANS LIMITED <DRP NZ A/C> | 492,861 | 0.22 |
| 19 | NEW ZEALAND OIL & GAS LIMITED - GNA TRUSTEE <GNA TRUSTEE> | 440,107 | 0.20 |
| 20 | DYLAN LANCE SCHISCHKA | 410,835 | 0.18 |
| | Totals: Top 20 holders of ORDINARY SHARES (Total) | 189,486,015 | 84.61 |
| | Total Remaining Holders Balance | 34,464,823 | 15.39 |

Distribution of Security Holders

As at 31 August 2022

| Range | Total Holders | Units | % Issued Capital |
|-----------------------|---------------|--------------------|------------------|
| 1 – 99 | 30 | 919 | 0.00 |
| 100 – 199 | 12 | 1,566 | 0.00 |
| 200 – 499 | 30 | 9,776 | 0.00 |
| 500 – 999 | 1,031 | 718,243 | 0.32 |
| 1,000 – 1,999 | 869 | 1,209,876 | 0.54 |
| 2,000 – 4,999 | 959 | 2,964,053 | 1.32 |
| 5,000 – 9,999 | 429 | 2,851,970 | 1.27 |
| 10,000 – 49,999 | 534 | 10,672,815 | 4.77 |
| 50,000 – 99,999 | 76 | 5,333,520 | 2.38 |
| 100,000 – 499,999 | 60 | 12,045,888 | 5.38 |
| 500,000 – 999,999 | 6 | 4,050,472 | 1.81 |
| 1,000,000 – 9,999,999 | 10 | 23,508,705 | 10.50 |
| 10,000,000 Over | 1 | 160,583,035 | 71.70 |
| Rounding | | | 0.01 |
| Total | 4,047 | 223,950,838 | 100.00 |

Share Buy-backs

No shares were bought back in the period.

Trading Statistics

| For the 12 months ended 30 June 2022 | High | Low |
|---|-------|-------|
| NZX [Trading Code NZO] cps, NZD | 0.590 | 0.400 |
| ASX [trading Code NZO, from 25 Sept 2020] cps AUD | 0.530 | 0.359 |

Track the share price and volumes at:

<http://www.nzog.com/investor-information/shareholders-information/share-price-graph/>

Dividend Payments

No dividend payments have been made during the financial year.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan will not apply to future dividends until advised otherwise.

Share Registry

The Company's share registry is managed by Computershare. Shareholders with enquiries about share transactions, changes of address can email them at enquiry@computershare.co.nz

Note the register will transfer to Computershare Australia in November.

Consolidated Financial Statements

For the year ended 30 June 2022

Authorised on behalf of the New Zealand Oil & Gas Limited
Board of Directors on 26 August 2022:



Alastair McGregor
Director



Rosalind Archer
Director

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

| | Notes | 2022 \$000 | 2021 \$000 |
|---|-------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Customer receipts | | 79,507 | 32,369 |
| Production and marketing payments | | (24,986) | (10,927) |
| Supplier and employee payments (inclusive of GST) | | (10,784) | (9,779) |
| Interest received | | 134 | 132 |
| Income tax paid | | (7,471) | (4,334) |
| Royalties paid | | (2,222) | (1,831) |
| Other | | (2,704) | 409 |
| Net cash inflow from operating activities | | 31,474 | 6,039 |
| Cash flows from investing activities | | | |
| Exploration and evaluation expenditure | | (9,071) | (33,354) |
| Oil and gas asset expenditure | | (10,008) | (5,288) |
| Prospects acquired (net of cash) | | (33,328) | = |
| Deferred consideration | | (10,596) | = |
| Acquisition of security deposits and bonds | | (446) | = |
| Property, plant and equipment expenditure | | (126) | (75) |
| Net cash outflow from investing activities | | (63,575) | (38,717) |
| Cash flows from financing activities | | | |
| Proceeds from issues of equity securities | | 24,982 | - |
| Lease liabilities principal element payments | | (231) | (273) |
| Net cash outflow from financing activities | | 24,751 | (273) |
| Net (decrease)/increase in cash, cash equivalents and funds held in escrow | | (7,350) | (32,951) |
| Cash and cash equivalents at the beginning of the year | | 70,759 | 110,754 |
| Exchange rate effects on cash, cash equivalents and funds held in escrow | | 1,181 | (7,044) |
| Cash, cash equivalents and funds held in escrow at end of the year | 11 | 64,590 | 70,759 |

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

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

| | 2022 \$000 | 2021 \$000 |
|---|---------------|-----------------|
| Profit/(loss) for the year | 25,724 | (43,262) |
| Depreciation and amortisation | 13,958 | 6,760 |
| Deferred tax (benefit)/charge | (11,480) | 1,326 |
| Contract liabilities non-cash | (4,007) | - |
| Exploration expenditure | 6,015 | 35,247 |
| Emissions Costs settled by units | 902 | 246 |
| Net foreign exchange differences | 233 | 7,655 |
| Unwind of discount on rehabilitation provision | 72 | 169 |
| Share based payments | 670 | 358 |
| Lease payments in financing | 250 | 184 |
| Other | 32 | (10) |
| Change in operating assets and liabilities | | |
| Movement in receivables | (5,216) | (2,258) |
| Movement in payables | 3,966 | 1,204 |
| Movement in inventories | (405) | (348) |
| Movement in provisions | 51 | (1,313) |
| Movement in tax payable | 709 | 81 |
| Net cash inflow from operating activities | 31,474 | 6,039 |

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 2022

| | Notes | 2022 \$000 | 2021 \$000 |
|---|-------|---------------|-----------------|
| Revenue | 4 | 83,806 | 36,007 |
| Operating costs | 6 | (24,612) | (10,359) |
| Exploration and evaluation expenditure | 15 | (6,015) | (35,417) |
| Other income | 4 | 489 | 887 |
| Other expenses | 7 | (14,310) | (13,134) |
| Profit/(loss) from operating activities excluding amortisation, impairment and net finance costs | | 39,358 | (22,016) |
| Amortisation of production assets | 16 | (13,634) | (6,506) |
| Net finance (loss)/income | 8 | 452 | (6,913) |
| Profit/(loss) before income tax and royalties | | 26,176 | (35,435) |
| Income tax benefit/(expense) | 9 | 3,211 | (5,989) |
| Royalties expense | 9 | (3,663) | (1,838) |
| Profit/(loss) for the year | | 25,724 | (43,262) |
| Profit/(loss) for the year attributable to: | | | |
| Profit/(loss) attributable to shareholders | | 17,159 | (36,435) |
| Profit/(loss) attributable to non-controlling interest (NCI) | | 8,565 | (6,827) |
| Profit/(loss) for the year | | 25,724 | (43,262) |
| Other comprehensive income: | | | |
| Items that may be classified to profit or loss | | | |
| Foreign currency translation reserve (FCTR) differences | | 5,672 | (1,245) |
| Asset revaluation reserve | 21 | 1,045 | 1,144 |
| Total other comprehensive profit/(loss) for the year | | 32,441 | (43,363) |
| Total comprehensive profit/(loss) for the year is attributable to: | | | |
| Equity holders of the Group | | 23,265 | (35,952) |
| Non-controlling interest | | 9,176 | (7,411) |
| Total comprehensive profit/(loss) for the year | | 32,441 | (43,363) |
| Profit/(loss) per share | | | |
| Basic Profit/(loss) per share (cents) | 22 | 9.9 | (21.7) |
| Diluted Profit/(loss) per share (cents) | 22 | 9.5 | (21.7) |

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 2022

| | Notes | 2022 \$000 | 2021 \$000 |
|---|-------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 11 | 64,590 | 70,730 |
| Funds held in escrow | 11 | - | 29 |
| Receivables and prepayments | 12 | 14,576 | 9,144 |
| Inventories | | 2,762 | 1,137 |
| Right of use assets | | 131 | 151 |
| Total current assets | | 82,059 | 81,191 |
| Non-current assets | | | |
| Exploration and evaluation assets | 15 | 7,193 | - |
| Oil and gas assets | 16 | 173,926 | 53,477 |
| Property, plant and equipment | | 214 | 173 |
| Right of use assets | | 300 | 330 |
| Other intangible assets | | 2,896 | 1,875 |
| Deferred tax asset | 9 | 8,420 | - |
| Other financial assets | 17 | 7,347 | 6,276 |
| Total non-current assets | | 200,296 | 62,131 |
| Total assets | | 282,355 | 143,322 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 18 | 16,493 | 7,283 |
| Lease provision | | 267 | 215 |
| Contract liabilities | 5 | 5,625 | - |
| Deferred consideration | 10 | 23,225 | - |
| Current tax liabilities | | 2,873 | 2,164 |
| Total current liabilities | | 48,483 | 9,662 |
| Non-current liabilities | | | |
| Rehabilitation provision | 19 | 51,856 | 26,088 |
| Contract liabilities | 5 | 19,231 | - |
| Deferred consideration | 10 | 149 | - |
| Lease provisions | | 234 | 282 |
| Deferred tax liability | 9 | - | 3,391 |
| Total non-current liabilities | | 71,470 | 29,761 |
| Total liabilities | | 119,953 | 39,423 |
| Net assets | | 162,402 | 103,899 |
| EQUITY | | | |
| Share capital | 20 | 236,883 | 211,901 |
| Reserves | 21 | 11,639 | 4,961 |
| Retained earnings | | (99,877) | (117,543) |
| Attributable to shareholders of the Group | | 148,645 | 99,319 |
| Non-controlling interest in subsidiaries | | 13,757 | 4,580 |
| Total equity | | 162,402 | 103,899 |
| Net asset backing per share (cents) | | 97.0 | 61.9 |
| Net tangible asset backing per share (cents) | | 92.0 | 60.8 |

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

| | Share capital | Reserves | Retained earnings | Total | Non- controlling interest | Total equity |
|--|------------------|---------------|----------------------|----------------|---------------------------------|-----------------|
| Balance as at 30 June 2020 | 211,901 | 4,111 | (80,445) | 135,567 | 11,991 | 147,558 |
| (Loss) for the year | - | - | (36,435) | (36,435) | (6,827) | (43,262) |
| Foreign currency translation differences | - | (661) | - | (661) | (584) | (1,245) |
| Share based compensation expense | - | 367 | - | 367 | - | 367 |
| Asset revaluation reserve | - | 1,144 | (663) | 481 | - | 481 |
| Balance as at 30 June 2021 | 211,901 | 4,961 | (117,543) | 99,319 | 4,580 | 103,899 |
| Profit/(loss) 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 | 408 | 1,453 | - | 1,453 |
| Balance as at 30 June 2022 | 236,883 | 11,639 | (99,877) | 148,645 | 13,757 | 162,402 |

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

Notes to Financial Statements

1 Basis of accounting

Reporting entity

New Zealand Oil & Gas Limited (the Group) 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 an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013. The financial statements presented are for New Zealand Oil & Gas Limited, its subsidiaries and 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.

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 13.

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 the deferred tax asset, assessment of the ability of entities in the Group to generate future taxable income [refer to note 9].
- Identification of assets and liabilities acquired under a business combination and the measurement of the associated fair values of the identified assets and liabilities. [refer to note 10].
- Recoverability of exploration and evaluation assets and oil and gas assets. Assessment includes future commodity prices, future cash flows, an estimated discount rate 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 15 and 16].
- Provision for rehabilitation obligations includes estimates of future costs, timing of required rehabilitation and an estimated discount rate [refer to note 19].

The COVID-19 pandemic coupled with 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. As a consequence, 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.

As part of the acquisition of the Amadeus Basin assets [refer to note 10], the Group's reporting segments have been reassessed.

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

- **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 of NZO's (New Zealand Oil & Gas Ltd) 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's ("Cue") participating interest of the Amadeus Basin assets are included in the Cue segment below.
- **Oil & gas exploration (to 30 June 2021):** Includes exploration and evaluation of hydrocarbons in the offshore Taranaki Basin New Zealand, offshore Canterbury Basin New Zealand, offshore Carnarvon Basin Australia and several locations in Indonesia. This segment is not required after 30 June 2021 due to minimal exploration activities outside of production assets.
- **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.
- **Other and Unallocated:** Unallocated items comprise corporate assets, corporate overheads, merger and acquisition expenditure, and income tax assets and liabilities. From 1 July 2021 remaining exploration expenditure is included in this segment.

| 2022 | 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 | - | [11] | 500 | - | 489 |
| Total sales revenue and other income | 15,685 | 20,550 | 500 | 47,560 | 84,295 |
| Segment result | 9,307 | 3,595 | [10,304] | 23,126 | 25,724 |
| Other net finance income | | | | | 452 |
| Profit/(loss) before income tax and royalties | | | | | 26,176 |
| Income tax and royalties expense | | | | | [452] |
| Profit/(loss) 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 expense | 3,869 | 4,000 | 216 | 5,873 | 13,958 |

| 2021 | Kupe oil & gas | Oil & gas exploration | Other & unallocated | Cue Energy Resources Ltd | Total |
|--|----------------|-----------------------|---------------------|--------------------------|-----------------|
| Sales to external customers - NZ | 10,165 | - | - | - | 10,165 |
| Sales to external customers - other countries | 1,712 | - | - | 24,130 | 25,842 |
| Total sales revenue | 11,877 | - | - | 24,130 | 36,007 |
| Other income | - | - | 671 | 216 | 887 |
| Total sales revenue and other income | 11,877 | - | 671 | 24,346 | 36,894 |
| Segment result | 6,175 | [24,245] | [5,952] | [4,500] | [28,522] |
| Other net finance income | | | | | [6,913] |
| (Loss)/profit before income tax and royalties | | | | | [35,435] |
| Income tax and royalties expense | | | | | [7,827] |
| (Loss)/profit for the year | | | | | [43,262] |
| Segment assets | 29,828 | - | - | 19,706 | 49,534 |
| Unallocated assets | | | | | 93,788 |
| Total assets | | | | | 143,322 |
| Included in segment results: | | | | | |
| Depreciation and amortisation expense | 3,494 | - | 320 | 3,122 | 6,936 |

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 | 2022 | 2021 |
|--|---------------|--------|
| Crude oil and condensate | 33,954 | 11,936 |
| Natural gas and LPG | 49,852 | 24,070 |
| Total revenue from contracts with customers | 83,806 | 36,007 |
| Other income | 489 | 887 |
| Total revenue and other income | 84,295 | 36,894 |

(b) Major Customers

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

| \$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 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 | 2022 | 2021 |
|-----------------------------------|---------------|------|
| Current | 5,625 | - |
| Non current | 19,231 | - |
| Total contract liabilities | 24,856 | - |

Under the terms agreed in the Sales and Purchase Agreement in relation to the Amadeus Basin acquisition, the Group agreed to take on two obligations to deliver gas to third parties.

Upon acquisition 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. The Group also 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' within the contractually defined volumes which were not previously taken by the customer. The customer must take the future delivery of gas by 2035.

As part of the provisional fair value determination, these liabilities have been valued at the current market price for gas in the Amadeus Basin and discounted, over the relevant period. As gas is delivered the relevant amount of revenue is transferred to profit or loss and the contract liability is extinguished.

6 Operating Costs

| \$000 | 2022 | 2021 |
|--------------------------------------|---------------|--------|
| Production and sales marketing costs | 22,404 | 9,137 |
| Carbon emissions expenditure | 902 | 452 |
| Insurance expenditure | 912 | 809 |
| Movement in inventory | [341] | [39] |
| Royalties - non Government | 735 | - |
| Total operating costs | 24,612 | 10,359 |

7 Other expenses

| \$000 | 2022 | 2021 |
|---|---------------|---------------|
| CLASSIFICATION OF OTHER EXPENSES BY NATURE | | |
| Audit fees paid to the Group auditor - KPMG | 492 | 252 |
| Directors' fees | 381 | 305 |
| Legal fees | 931 | 1,551 |
| Consultants' fees | 920 | 1,445 |
| Employee expenses | 5,760 | 6,183 |
| Depreciation | 324 | 430 |
| Share based payment expense | 670 | 368 |
| IT and software expenses | 867 | 745 |
| Registry and stock exchange fees | 401 | 591 |
| Stamp duty on Amadeus Basin acquisition | 2,310 | - |
| Other | 1,254 | 1,264 |
| Total other expenses | 14,310 | 13,134 |

| \$000 | 2022 | 2021 |
|--|------------|------------|
| FEES PAID TO THE GROUP AUDITOR | | |
| Audit and review of financial statements | 492 | 252 |
| Tax compliance services | 108 | 48 |
| Tax advisory services | 98 | 336 |
| Other assurance services | 42 | 23 |
| Total fees paid to Group auditor | 740 | 659 |

8 Finance income and costs

| \$000 | 2022 | 2021 |
|--|--------------|----------------|
| Bank fees | [22] | [27] |
| Unwind of discount | [82] | [341] |
| Total finance costs | [104] | [368] |
| Interest income | 146 | 106 |
| Exchange gains/(losses) on foreign currency balances | 410 | [6,651] |
| Total finance (loss)/income | 556 | [6,545] |
| Net finance (loss)/income | 452 | [6,913] |

9 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 | 2022 | 2021 |
|---|----------------|-----------------|
| INCOME TAX (BENEFIT)/EXPENSE | | |
| Current tax | 8,269 | 4,396 |
| Deferred tax | [11,480] | 1,593 |
| [a] Total income tax (benefit)/expense | [3,211] | 5,989 |
| INCOME TAX (BENEFIT)/EXPENSE CALCULATION | | |
| Profit/(loss) before income tax and royalties | 26,176 | [35,435] |
| Less: royalties expense | [3,663] | [1,838] |
| Profit/(loss) before income tax | 22,513 | [37,273] |
| Tax at the New Zealand tax rate of 28% | 6,433 | [10,436] |
| Tax effect of amounts which are not deductible/(taxable): | | |
| Difference in overseas tax rate | 3,449 | 1,360 |
| Non-deductible expenses | [82] | 432 |
| Foreign exchange adjustments | [5] | 850 |
| Unrealised timing differences | [662] | 210 |
| Unrecognised tax losses | 1,255 | 12,544 |
| Recognition of deferred tax (assets)/liabilities | [3,011] | - |
| Prior year tax losses not recognised/(now recognised) | [7,982] | - |
| Other | [2,928] | 1,274 |
| | [3,533] | 6,234 |
| Adjustment recognised for current tax in prior years | 322 | [245] |
| [b] Total income tax (benefit)/expense | [3,211] | 5,989 |

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

At 30 June 2022, no imputation credits were held for subsequent years [2021: nil].

(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 2022 the Group have accumulated losses in New Zealand of \$141 million [30 June 2021: \$79.8 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.

During the period ended 30 June 2022, the Group recognised a deferred tax asset of \$10.1 million in respect of previously unrecognised Australian carried forward tax losses. Following the acquisition of the Amadeus Basin assets on 1 October 2021, it has become probable that future taxable profit will allow tax losses to be recovered against future taxable income.

The Group has not recognised a deferred tax asset of \$39.7 million at 30 June 2022 [30 June 2021: \$41 million] relating to carried forward Australian tax losses, as the probability of being able to utilise these is uncertain.

The Group has an ongoing Indonesian Tax matter relating to a notice of amended assessment which is being disputed by Cue Kalimantan Pte Ltd on behalf of Singapore Petroleum Company Exploration and Production Pte Ltd (SPC). Cue is indemnified by SPC for any losses arising from this disputed notice of assessment and has recognised a liability and receivable on the balance sheet.

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

| \$000 | 2022 | 2021 |
|---|-----------------|----------------|
| THE BALANCE COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO: | | |
| Deferred Tax Assets | | |
| Non-deductible provisions | 12,565 | 5,605 |
| Carried forward tax losses | 11,734 | - |
| Other | 1,074 | - |
| Oil & gas assets | - | - |
| | 25,373 | 5,605 |
| Deferred Tax Liabilities | | |
| Oil & gas assets | [16,853] | [8,979] |
| Other items (including lease assets) | [100] | [17] |
| | [16,953] | [8,996] |
| Net deferred tax assets /[(liabilities)] | 8,420 | [3,391] |
| MOVEMENTS: | | |
| Net deferred tax liability at 1 July | [3,391] | [1,793] |
| Recognised in profit and loss | 11,480 | [1,593] |
| Recognised in other comprehensive income | 331 | [5] |
| Closing balance at end of year | 8,420 | [3,391] |

10 Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Contingent and deferred consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent and deferred consideration classified as an asset or liability is recognised in profit or loss. Contingent and deferred consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

On 1 October 2021, the Group acquired the Amadeus Basin business with interests in the Mereenie, Palm Valley and Dingo gas and oil fields in the Northern Territory, Australia, from Central Petroleum Limited [ASX: CTP] [Central].

The Group's interests are as follows:

- 25% interest in the Mereenie gas and oil field [OL4 and OL5 Production Licences]
- 50% interest in the Palm Valley gas field [OL3 Production Licence]
- 50% interest in the Dingo gas field [L7 Production Licence]

The ownership interests in the Amadeus Basin joint ventures are as follows:

| | New Zealand Oil & Gas Limited | Cue Energy Resources Limited | Central Petroleum Limited | Macquarie Meerenie Pty Ltd |
|-------------|--|---|--|---|
| Mereenie | 17.5% | 7.5% | 25.0% | 50.0% |
| Palm Valley | 35.0% | 15.0% | 50.0% | 0.0% |
| Dingo | 35.0% | 15.0% | 50.0% | 0.0% |

10 Business combinations (continued)

NZO has acquired 70% and Cue has acquired 30% of the assets sold by Central.

New companies were incorporated by NZO and Cue to hold the participating interests for each of the assets acquired. The functional currencies of these companies are Australian dollars.

The effective date of the transaction was 1 July 2020. On 1 October 2021 control was obtained when conditions precedent were satisfied or waived, the completion payment was made and legal ownership passed to the Group. The Group has consolidated the companies holding the Amadeus Basin assets from this date. The completion payment comprised a cash payment of A\$29 million adjusted for revenues earned and costs incurred during the period from effective date to completion.

(a) Provisional fair value

Details of the Group's interest in the provisional fair value of the assets and liabilities upon acquisition are as follows:

| \$000 | 1 Oct 2021 |
|---|---------------|
| Oil and gas production properties | 117,505 |
| Deferred tax asset | 6,866 |
| Inventory spare parts | 1,156 |
| Cash and cash equivalents | 218 |
| Prepayments | 193 |
| Right-of-use assets | 173 |
| Trade receivables | 12 |
| Lease liabilities | [173] |
| Trade and other payables | [3,922] |
| Deferred tax liability | [6,866] |
| Contract liabilities | [26,440] |
| Rehabilitation provision | [22,888] |
| Acquisition date fair value of assets acquired and liabilities assumed | 65,834 |
| REPRESENTING: | |
| Contractually agreed price | 72,373 |
| Net revenue received | [5,971] |
| Working capital adjustments | [567] |
| Acquisition date fair value of the total consideration transferred | 65,834 |
| CASH USED TO ACQUIRE BUSINESS: | |
| Acquisition-date fair value of the total consideration transferred | 65,834 |
| Less: deferred consideration | [32,325] |
| Net cash used | 33,509 |

10 Business combinations (continued)

Amounts in the financial statements are reported as provisional. The valuation of assets and liabilities identified as part of this process will be finalised following completion of the 30 June 2022 financial statements as work is continuing to assess the underlying fair values of the assets and liabilities. If new information is obtained within one year of the date of acquisition, about facts and circumstances that existed at the date of acquisition that identify adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

As part of the acquisition, the Group assumed an obligation to supply gas to a customer from which Central had received income prior to the Group acquiring its interest in the Amadeus Basin business. The fair value of this obligation is yet to be determined.

(b) Goodwill

Based on the provisional fair value assessment, no goodwill was recognised on the acquisition of the Amadeus Basin business.

(c) Acquisition related costs

Acquisition related costs amounting to \$5.1 million are not included as part of the consideration for the acquisition and have been recognised as transaction costs in the profit and loss statement. Some of these costs were incurred in the prior financial year. These costs include legal, valuation, tax, other consulting costs and the Group's share of stamp duty. Costs exclude internal time writing.

(c) Cash Generating Units

The Amadeus Basin business is comprised of two cash generating units being the Mereenie/Palm Valley and Dingo fields.

(d) Deferred consideration

The acquisition of the Amadeus Basin acquisition included a deferred consideration element being based on the Group's obligation to fund Central's share of exploration, appraisal and development costs to a maximum of Australian dollars \$40 million. The recent completion of 2 new production wells and 4 well recompletions in the Mereenie field is included in the deferred consideration. The Provisional fair value of the deferred consideration on the date of acquisition is \$32.3 million all of which is expected to be settled within eighteen months of the reporting date.

Deferred consideration has been paid since completion, reducing the balance to \$23.4 million at 30 June 2022.

(e) Contribution to Group results

The Amadeus Basin assets contributed revenues of \$29.4 million and net profit before tax of \$6.8 million to the Group from 1 October 2021 to 30 June 2022. The Amadeus Basin assets do not receive any allocations of acquisition costs, corporate overhead,

listing or finance costs, all of which are absorbed by the Group's core operations.

For the period 1 July to 30 June 2022, including the Amadeus Basin assets as though the acquisition had occurred at the beginning of the reporting period, the Group proforma revenues and net profit before tax would have been \$41.1 million and \$11.8 million respectively. Past earnings not necessarily being a reflection of future earning capacity.

11 Cash and cash equivalents and funds held in escrow

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 | 2022 | 2021 |
|---|---------------|---------------|
| Cash at bank and in hand | 63,852 | 18,040 |
| Deposits at call | 10 | 9,889 |
| Short term deposits | 98 | 42,735 |
| Share of oil and gas interests' cash | 630 | 66 |
| Funds held in escrow – WA-359-P Drilling Programme Account* | - | 29 |
| Total cash and cash equivalents at end of year | 64,590 | 70,759 |

| Cash and cash equivalents denominated by currency \$000 | Base Currency | NZD Equivalent |
|---|---------------|----------------|
| 2022 | | |
| New Zealand dollar | 23,448 | 23,448 |
| United States dollar | 4,527 | 7,268 |
| Australian dollar | 30,603 | 33,863 |
| Indonesian rupiah | 97,677 | 11 |
| Total cash and cash equivalents at end of year | | 64,590 |
| 2021 | | |
| New Zealand dollar | 28,851 | 28,851 |
| United States dollar | 3,963 | 5,674 |
| Australian dollar | 33,680 | 36,180 |
| Indonesian rupiah | 546,211 | 307 |
| Total cash and cash equivalents at end of year | | 70,759 |

Deposits at call and short-term deposits

The deposits at call and short term deposits are currently bearing interest rates between 0.15% and 2.24% (2021: 0.00% and 0.22%).

12 Receivables and prepayments

| \$000 | 2022 | 2021 |
|---|---------------|--------------|
| Trade receivables | 6,394 | 3,236 |
| Share of oil and gas interests' receivables | 7,649 | 5,593 |
| Prepayments | 533 | 315 |
| Total receivables and prepayments at end of year | 14,576 | 9,144 |

| Receivables and prepayments denominated by currency \$000 | Base Currency | NZD Equivalent |
|---|---------------|----------------|
| 2022 | | |
| New Zealand dollar | 1,590 | 1,590 |
| United States dollar | 5,484 | 8,808 |
| Australian dollar | 3,769 | 4,170 |
| Indonesian rupiah | 71,451 | 8 |
| Total receivables and prepayments at end of year | | 14,576 |
| 2021 | | |
| New Zealand dollar | 1,296 | 1,296 |
| United States dollar | 5,465 | 7,821 |
| Australian dollar | 25 | 27 |
| Indonesian rupiah | - | - |
| Total receivables and prepayments at end of year | | 9,144 |

13 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 2022 the Group holds a 50.04 per cent interest in Cue Energy Resources Limited (30 June 2021: 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 on the next page.

13 Investments in subsidiaries (continued)

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

| Name of entity | Country of incorporation | Equity Holding 2022 | Equity Holding 2021 | 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% | USD |
| 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 |
| CUE ENERGY RESOURCES | | | | |
| Cue Energy Resources Limited | Australia | 50.04% | 50.04% | AUD |
| Cue Mahakam Hilir Pty Limited | Australia | 50.04% | 50.04% | USD |
| Cue (Ashmore Cartier) Pty Ltd | Australia | 50.04% | 50.04% | AUD |
| Cue Sampang Pty Limited | Australia | 50.04% | 50.04% | USD |
| Cue Taranaki Pty Limited | 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 Limited | Australia | 50.04% | 50.04% | AUD |
| Cue Mereenie Pty Limited | Australia | 50.04% | 50.04% | AUD |
| Cue Palm Valley Pty Limited | Australia | 50.04% | 50.04% | AUD |
| Cue Dingo Pty Limited | Australia | 50.04% | 50.04% | AUD |

14 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, evaluation and appraisal interests at the end of the year.

| Name | Type | Country | Ownership 2022 | Ownership 2021 |
|----------------------------------|-----------------------------|-------------|-------------------|-------------------|
| NEW ZEALAND OIL & GAS | | | | |
| PML 38146 – Kupe | Mining Licence | New Zealand | 4.0% | 4.0% |
| OL4 and OL5 – Mereenie [i] | Production Licence | Australia | 17.5% | 0.0% |
| OL3 – Palm Valley [i] | Production Licence | Australia | 35.0% | 0.0% |
| L 7 – Dingo [i] | Production Licence | Australia | 35.0% | 0.0% |
| Bohorok PSC [ii] | Production Sharing Contract | Indonesia | 0.0% | 45.0% |
| WA-359-P [iii] | Exploration Permit | Australia | 0.0% | 15.0% |
| CUE ENERGY RESOURCES * | | | | |
| WA-359-P [iii] | Exploration Permit | Australia | 0.0% | 21.5% |
| WA-389-P [iv] | Exploration Permit | Australia | 100.0% | 100.0% |
| WA-409-P | Exploration Permit | Australia | 0.0% | 20.0% |
| Mahakam Hilir PSC [iv] | Production Sharing Contract | Indonesia | 100.0% | 100.0% |
| PMP 38160 – Maari | Mining Permit | New Zealand | 5.0% | 5.0% |
| Sampang PSC | Production Sharing Contract | Indonesia | 15.0% | 15.0% |
| Mahato PSC | Production Sharing Contract | Indonesia | 12.5% | 12.5% |
| OL4 and OL5 – Mereenie [i] | Production Licence | Australia | 7.5% | 0.0% |
| OL3 – Palm Valley [i] | Production Licence | Australia | 15.0% | 0.0% |
| L 7 – Dingo [i] | Production Licence | Australia | 15.0% | 0.0% |

* Represents the percentage interest held by Cue Energy Resources Limited. The Group interest is 50.04% (2021: 50.04%) of the Cue interest.

[i] Completion of the acquisition of the Amadeus Basin Permits occurred on 1 October 2021.

[ii] Regulatory approval received in the year for the sale and purchase agreement from 12 December 2018.

[iii] On 4 July 2022, surrender processes for WA-359-P were completed.

[iv] WA-389-P and Mahakam Hilir PSC exploration permits have expired and regulatory processes for surrender were ongoing as at 30 June 2022.

15 Exploration and evaluation

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 as to future events and circumstances, particularly in relation to whether economic quantities of reserves 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 will then be 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.

On 17 April 2022 the Palm Valley 12 (PV-12) well was spudded, after challenging drilling conditions, immediately post year end, the Joint Venture decided to stop drilling towards the deep Arumbera exploration target and instead agreed to side-track a lateral well-bore, from PV-12, to evaluate the lower Pacoota 2 / Pacoota 3 sandstone. This has been deemed to be an adjusting subsequent event, the financial statements have been adjusted to reflect the financial impact.

On 22 August 2022 the Group announced that the drilling of Palm Valley's Pacoota 2 / Pacoota 3 was being curtailed (refer to note 27). This has been determined to be an adjusting subsequent event. Total exploration costs of \$8.2 million have been incurred in respect of this section of the well. In accordance with the Group's accounting policy \$3.6 million was expensed in the year ended 30 June 2022, the remainder will be expensed in the next financial year.

Exploration and evaluation expenditure of \$3.1 million relating to the unsuccessful deep Arumbera exploration target has been expensed, partly offset by credits from the Ironbark -1 exploration well from the previous year being costs recovered and proceeds from sale of well head not used. Exploration and evaluation expenditure of \$2.5 million has been recognised in the year (2021: \$35.4 million).

Exploration assets relate to ongoing drilling at PV-12.

| | 2022 \$000 | 2021 \$000 |
|--|---------------|---------------|
| Opening balance | - | 6,549 |
| Expenditure capitalised | 6,957 | - |
| Expenditure expensed to profit and loss | - | [1,622] |
| Expenditure transferred to oil and gas assets relating to Sampang PSC and Mahato PSC | - | [3,502] |
| Revaluation of foreign currency exploration and evaluation assets | 236 | [1,425] |
| Total exploration and evaluation assets at end of year | 7,193 | - |

16 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.

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 value in use, 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.

| | 2022 \$000 | 2021 \$000 |
|---|-----------------|---------------|
| Opening balance | 53,477 | 52,237 |
| Additions through Amadeus Basin (see note 10) | 118,576 | - |
| Expenditure capitalised | 8,017 | 6,561 |
| Expenditure transferred from Exploration and evaluation (see note 16) | - | 3,502 |
| Amortisation for the year | (13,634) | (6,506) |
| Revaluation of foreign currency oil and gas assets | 7,945 | (1,618) |
| Rehabilitation provision | (455) | (699) |
| Total oil and gas assets at end of year | 173,926 | 53,477 |

At 30 June 2022 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.

Estimates of recoverable amounts are based on the assets' value-in-use, determined by discounting each asset's estimated future cash flows at asset specific discount rates. The discount rate applied was 10%. The oil price assumptions used were based on traded futures contracts.

17 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 consolidated entity 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.

| | 2022 \$000 | 2021 \$000 |
|--|---------------|---------------|
| Opening balance | 6,276 | 6,123 |
| Security deposits | 1,071 | 63 |
| Abandonment and Site Restoration Fund [ASR] - Cue Sampang rehabilitation | - | 90 |
| Total other financial assets at end of year | 7,347 | 6,276 |

18 Payables

| | 2022 \$000 | 2021 \$000 |
|---|---------------|---------------|
| Trade payables | 5,439 | 3,050 |
| Royalties payable | 1,218 | 795 |
| Share of oil and gas interests' payable | 8,413 | 2,318 |
| Other payables | 1,423 | 1,120 |
| Total payables at end of year | 16,493 | 7,283 |

| Payables denominated by currency \$000 | Base Currency | NZD Equivalent |
|--|------------------|-------------------|
| 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 |
| 2021 | | |
| New Zealand dollar | 4,350 | 4,350 |
| United States dollar | 1,356 | 1,940 |
| Australian dollar | 918 | 992 |
| Indonesian rupiah | 6,910 | 1 |
| Total payables at end of year | | 7,283 |

19 Rehabilitation Provision

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. [Refer to note 10] 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 discount rate used is the risk-free interest rate obtained from the country related to the currency of the expected expenditure. In the current reporting period, the discount rates used to determine the provision ranged from 0.62% to 3.86%. 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.

| | 2022 \$000 | 2021 \$000 |
|--|----------------|---------------|
| Carrying amount at start of year | 26,088 | 27,909 |
| Change in provision recognised | (1,445) | 137 |
| Addition in provision from acquisition (i) | 23,534 | - |
| Unwind of discount on provision | 82 | 332 |
| Revaluation of foreign currency rehabilitation provision | 3,597 | [2,290] |
| Total rehabilitation provision at end of year | 51,856 | 26,088 |

(i) On 1 October 2021 the Group acquired assets in the Amadeus Basin. Refer to note 10.

On 25 November 2021, the NZ Government passed the Crown Minerals [Decommissioning and Other Matters] Amendment Act 2021, addressing issues around decommissioning costs and obligations of all oil and gas fields. This Act makes petroleum permit and licence holders in NZ, expressly liable for decommissioning costs and requires payments and other forms of security towards future remediation that may be needed to decommission fields, wells, and any infrastructure. The impact of this Act has not yet been fully assessed, as the Kupe and Maari joint ventures have not yet been advised by the Crown what will be required in respect of those fields and assets.

20 Share capital

| | \$000 | Number of shares 000s |
|--------------------------------|----------------|--------------------------|
| Balance at 30 June 2021 | 211,901 | 167,849 |
| Share capital issued | 24,982 | 59,520 |
| Balance at 30 June 2022 | 236,883 | 227,369 |
| Comprised of: | | |
| Fully paid shares | 236,873 | 223,951 |
| Partly paid shares | 10 | 3,418 |

During the year NZO completed a successful capital raise resulting in an increase of 59,520,120 ordinary shares issued on 27 May 2022 raising capital of \$25m. The Group retains 3.4 million (2021: 2.4 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.

21 Reserves

(a) Reserves

| | 2022 \$000 | 2021 \$000 |
|---|---------------|---------------|
| Asset revaluation reserve | 2,189 | 1,144 |
| Share based payments reserve | 1,359 | 786 |
| Foreign currency translation reserve | 8,091 | 3,031 |
| Total reserves at end of year | 11,639 | 4,961 |
| MOVEMENTS: | | |
| ASSET REVALUATION RESERVE | | |
| Opening balance at 1 July | 1,144 | - |
| Asset revaluation reserve | 1,045 | 1,144 |
| Closing balance at end of year | 2,189 | 1,144 |
| SHARE BASED PAYMENTS RESERVE | | |
| Opening balance at 1 July | 786 | 419 |
| Share based payment expense for the year | 673 | 367 |
| Exercised and expired ESOP awards | (100) | - |
| Closing balance at end of year | 1,359 | 786 |
| FOREIGN CURRENCY TRANSLATION RESERVE | | |
| Opening balance at 1 July | 3,031 | 3,692 |
| Other foreign currency translation differences for the year | 5,060 | (661) |
| Closing balance at end of year | 8,091 | 3,031 |

(b) Nature and purpose of reserves

Asset revaluation reserve

Revaluation gains on Emissions Trading Scheme (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.

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.

22 Profit/(loss) per share

| | 2022 | 2021 |
|---|---------|----------|
| Profit/(loss) attributable to shareholders (\$000) | 17,159 | (36,435) |
| Weighted average number of ordinary shares (000) | 173,393 | 167,849 |
| Basic and diluted profit/(loss) per share (cents) | 9.9 | (21.7) |
| Options over ordinary shares (000) | 6,960 | - |
| Diluted profit/(loss) per share and options (cents) | 9.5 | (21.7) |

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 2022 [2021: 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.

23 Financial risk management (continued)

(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 2022 | | | | | | |
| Payables | 16,493 | - | - | - | - | 16,493 |
| Total non-derivative liabilities | 16,493 | - | - | - | - | 16,493 |
| 30 JUNE 2021 | | | | | | |
| Payables | 7,283 | - | - | - | - | 7,283 |
| Total non-derivative liabilities | 7,283 | - | - | - | - | 7,283 |

At 30 June 2022 the Group had no derivatives to settle (2021: nil).

(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 | 2022 | 2021 |
|---|---------------|-------------|--------------|-------|
| Impact on Group profit before tax | Exchange rate | +5% | (0.4) | (1.1) |
| | | -5% | 0.4 | 1.2 |
| Impact on foreign currency translation reserves in equity | Exchange rate | +5% | (3.4) | (1.1) |
| | | -5% | 3.4 | 1.2 |
| Impact on interest income | Interest rate | +1% | 0.6 | 0.7 |
| | | -1% | (0.6) | (0.7) |

(f) Financial instruments by category

| \$000 | 2022 carrying value | 2021 carrying value |
|-----------------------------|---------------------------|---------------------------|
| ASSETS | | |
| Cash and cash equivalents | 64,590 | 70,730 |
| Funds held in escrow | - | 29 |
| Trade and other receivables | 14,043 | 8,829 |
| | 78,633 | 79,588 |
| LIABILITIES | | |
| Payables | 16,493 | 7,283 |
| | 16,493 | 7,283 |

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 period, NZO and Cue acquired participating interests in the Amadeus Basin assets, see note 10. Certain activities were undertaken by NZO to facilitate the transaction under a Heads of Terms agreement. Ongoing technical services and related activities are provided to Cue under a consultancy services contract. On 23 June 2022 Cue entered into a Australian dollar \$7 million, two-year unsecured loan agreement with NZO. The loan was fully drawn down prior to the end of the financial year. NZO Transactions related to Cue have been eliminated from the Group financial statements.

During the period 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 period ended 30 June 2022 \$0.6 million [30 June 2021: \$0.6 million] of income has been included in 'Other income' in the profit and loss.

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. No directors' fees are charged for the three representatives of OGOG who are directors of the Group. Directors' expenses are reimbursed and are not separately disclosed as they are not material.

The Groups 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.

Key management personnel have been defined as the directors, the chief executive and the executive team for the Group. Key Cue management personnel have been included.

| \$000 | 2022 | 2021 |
|---|--------------|-------|
| Short term employee benefits | 3,320 | 2,854 |
| Share based payments | 166 | 160 |
| Post employment benefits | 183 | 132 |
| Key management personnel related costs | 3,669 | 3,146 |

25 Share-based payments
Accounting policy

Share-based 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 independently determined using either the binomial or 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 entity 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 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.

25 Share-based payments (continued)

If the non-vesting condition is within the control of the consolidated entity or employee the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity 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.
- [c] New Zealand Oil & Gas Employee Share Option Plan [ESOP]

[a] New Zealand Oil & Gas Share Option Scheme

On 22 November 2021, the Group issued 2,370,333 unlisted options to eligible New Zealand Oil & Gas Limited employees under the share option scheme. The options are exercisable at \$0.52 [52 cents] per option, which will vest on 1 July 2024 and expire on 1 July 2027. 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 2021.

The options were valued using Black-Scholes option pricing model. \$0.4 million of share-based payment expense was recorded in relation to these options for the financial year ending 30 June 2022.

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 |
|---------------------------------|-------------|----------------|----------------------------------|------------------|-----------|-------------------------|--------------------------------|
| 2022 | | | | | | | |
| 22/11/21 | 1/07/25 | \$0.61 | 2,832,048 | - | - | - | 2,832,048 |
| 8/10/20 | 1/07/26 | \$0.65 | 1,876,930 | - | - | - | 1,876,930 |
| 22/11/21 | 1/07/27 | \$0.52 | - | 2,370,333 | - | (118,931) | 2,251,402 |
| | | | 4,708,978 | 2,370,333 | | (118,931) | 6,960,380 |
| Weighted average exercise price | | | - | \$0.52 | - | - | \$0.63 |
| 2021 | | | | | | | |
| 22/11/21 | 1/07/25 | \$0.61 | 2,832,048 | - | - | - | 2,832,048 |
| 8/10/20 | 1/07/26 | \$0.65 | - | 1,876,930 | - | - | 1,876,930 |
| | | | 2,832,048 | 1,876,930 | - | - | 4,708,978 |
| Weighted average exercise price | | | - | \$0.65 | - | - | \$0.63 |

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 |
|------------|-------------|---------------------------|----------------|---------------------|----------------|-------------------------|--------------------------|
| 22/11/21 | 1/07/27 | \$0.49 | \$0.52 | 36% | 0% | 0.87% | \$0.16 |

[b] Cue Energy Share Option Scheme

On 23 July 2021, the Company issued 4,599,003 unlisted options to eligible employee under the share option scheme. The options are exercisable at \$0.086 [8.6 cents] per option and will vest on 23 July 2024 and expire on 22 July 2026.

The options were valued using Black-Scholes option pricing model; \$80,089 of share-based payment expense was recorded in relation to these options for the financial year ending 30 June 2022.

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 |
|---------------------------------|-------------|----------------|----------------------------------|------------------|-----------|-------------------------|--------------------------------|
| 2022 | | | | | | | |
| 29/07/19 | 1/07/23 | \$0.08 | 3,784,025 | | | | |
| 4/10/19 | 1/07/24 | \$0.10 | 3,853,298 | | | | |
| 16/07/20 | 1/07/25 | \$0.13 | 3,743,260 | | | | |
| 23/07/21 | 1/07/27 | \$0.86 | - | 4,599,003 | - | [1,607,360] | 2,991,643 |
| | | | 11,380,583 | 4,599,003 | - | [1,607,360] | 2,991,643 |
| Weighted average exercise price | | | \$0.10 | \$0.09 | - | \$0.10 | \$0.10 |
| 2021 | | | | | | | |
| 29/07/19 | 1/07/23 | \$0.08 | 3,784,025 | - | - | - | 3,784,025 |
| 4/10/19 | 1/07/24 | \$0.10 | 3,853,298 | - | - | - | 3,853,298 |
| 16/07/20 | 1/07/25 | \$0.13 | - | 3,743,260 | - | - | 3,743,260 |
| | | | 7,637,323 | 3,743,260 | 0 | 0 | 11,380,583 |
| Weighted average exercise price | | | \$0.09 | \$0.13 | - | \$0.00 | \$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, 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 |
|------------|-------------|---------------------------|----------------|---------------------|----------------|-------------------------|--------------------------|
| 23/07/21 | 22/07/26 | \$0.77 | \$0.09 | 59% | 0% | 58.00% | \$0.04 |

[c] New Zealand Oil & Gas Employee Share Option Plan (ESOP)

The last of the partly paid shares in the remaining tranche were forfeited during the year.

26 Development commitments and contingent assets and liabilities

(a) Development and exploration expenditure

In order 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 period. These projects require the Group, either directly or through joint operation arrangements, to enter into contractual commitments for future expenditures.

Exploration expenditure commitments of \$10.6 million at 30 June 2022 are in respect of Palm Valley 12 exploration drilling and related works, whilst development and production expenditure commitments at 30 June 2022 include \$1.4 million of Mereenie flare reduction works.

This is the Group's equity share of commitments associated with the Amadeus Basin Permits, excluding the deferred consideration associated with the Central Petroleum purchase agreement, which is reflected in the Statement of Financial Position as deferred consideration and detailed in note 10.

As part of the Amadeus Basin acquisition, the Group has an obligation to pay bonds of \$1.4 million to the Northern Territory Government and the APA Group in Australia. These are expected to be paid before the end of the year.

Other commitments include \$14.3 million of drilling and infrastructure works at the Mahato PSC.

(b) Contingent assets and liabilities

The Directors are not aware of any contingent assets or contingent liabilities at 30 June 2022.

27 Events occurring after balance date

On 12 July 2022 the Group announced that the drilling program at the Palm valley gas field in the Amadeus Basin would be revised and would no longer proceed to the deep Arumbera Sandstone exploration target. This has been determined to be an adjusting subsequent event due to its material nature and has resulted in approximately \$3.1 million of exploration costs related to the drilling program being expensed. Refer to note 16 for more information.

On 22 August 2022, the Palm Valley Joint Venture announced the decision to curtail further drilling in the lower P2 and P3 side-track. This was due to the combination of the presence of formation water and no significant gas shows. Total exploration costs of \$8.2 million have been incurred in respect of this section of the well. In accordance with the Group's accounting policy \$3.6 million was expensed in the year ended 30 June 2022 the remainder will be expensed in the next financial year.



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 64 to 91:

- Present fairly in all material respects the group's financial position as at 30 June 2022 and its financial performance and cash flows for the year ended on that date; and
- Comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

- The consolidated statement of financial position as at 30 June 2022;
- 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 and other explanatory information.



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 and other assurance 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.

The context for our audit is set by the group's major activities in the financial year ended 30 June 2022. On 1 October 2021, the Group acquired the Amadeus Basin business with interests in the Mereenie, Palm Valley and Dingo gas and oil fields in the Northern Territory, Australia.

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 \$1.8 million [2021: \$1.2 million] determined with reference to a benchmark of group total assets.



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 |
|--|--|
| ACQUISITION OF INTEREST IN AMADEUS BASIN ASSETS | |
| <p>Refer to Note 10 within the consolidated financial statements.</p> | <p>Our audit procedures included:</p> |
| <p>On 1 October 2021, the Group completed the acquisition of interests as a joint venture partner in the Mereenie, Palm Valley and Dingo gas and oil fields in the Northern Territory, Australia.</p> | <ul style="list-style-type: none"> · Reviewing the acquisition agreements and other related transaction documents to understand the structure, key terms and conditions; · Evaluating the acquisition accounting methodology applied by the Group against the requirements of the accounting standards; · Assessing the Group's determination of accounting acquisition date and fair value of purchase consideration with reference to the underlying assets sale agreement and accounting standard requirements; · Evaluating the qualifications, competence and objectivity of external and internal experts used by the Group including an assessment as to the extent to which the information provided by them could be relied upon; · With the assistance of our valuation specialists, evaluating the Group's assessment of the fair value of oil and gas production properties and rehabilitation obligations; · With the assistance of our tax specialists, assessing the appropriateness of the recognised deferred tax balances against accounting standard requirements; · Assessing the identification and measurement of prepaid gas and assumed obligations to supply gas to customers where income has been received in advance, with reference to contractual obligations, and against accounting standard requirements; and · Assessing the appropriateness of the Group's disclosures in the consolidated financial statements using our understanding obtained from our testing and against the requirements of accounting standards. |
| <p>This business combination is a key audit matter due to:</p> | |
| <ul style="list-style-type: none"> · The financial significance of the transaction to the Group; and · The judgement required by the Group to measure the fair values of assets and liabilities assumed, including: <ul style="list-style-type: none"> · Oil and gas production properties; · Prepaid gas and assumed obligations to supply gas to customers where income has been received in advance; · Rehabilitation obligations; and · Acquisition date deferred tax balances. | |
| <p>These factors and the complexity of the acquisition accounting required significant audit effort and involvement of senior audit team members, including our specialists, in assessing this key audit matter.</p> | |



RECOVERABILITY OF OIL AND GAS ASSETS

Refer to Note 16 within the consolidated financial statements.

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 assumptions include:

- Future oil and gas prices;
- Oil and gas reserves, and future production levels
- Discount rate; and
- Future operating and capital costs.

Our audit procedures to assess the reasonableness of the recoverable value of the oil and gas assets are described below.

- Evaluating the group's impairment indicator assessment, utilising our knowledge of the group and the Oil and Gas industry, in which the group operates. Our assessment of impairment indicators included:
- Comparing management's assessment against market data, including forecast oil prices;
- Comparing management's assessment against contracted and current market gas prices;
- Assessing if there has been a significant decline in the group's share of oil and gas reserves from 30 June 2021;
- Reviewing operator budgets and forecasts of operating costs and capital programmes;
- Evaluating movements in the market interest rates or risks that would impact the discount rate; and
- Performing sensitivity analysis over key assumptions included in the group's impairment assessment.
- For the Amadeus Basin Assets, in conjunction with our valuation specialists, we evaluated the Group's assessment of the recoverable amount of oil and gas production properties, focusing on significant judgements including:
- Assessing the valuation methodology applied was in accordance with the requirements of accounting standards;
- Challenging the feasibility of forecast cashflows, reserve and resource estimates, production profiles and useful life and compared for consistency with other internal and external information including reports prepared by management's experts; and
- Challenging the Group's assumptions for oil and gas prices, inflation rates and discount rate by comparing to available external information including observable market prices, publicly available industry guidance and information from comparable companies.
- Comparing the carrying amount of the net assets of the group to its market capitalisation and evaluating whether any differences would suggest further impairments are required.



Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Other information includes 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;
- Implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and 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 consolidated 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 Brent Manning

For and on behalf of

KPMG

Wellington

26 August 2022

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