

Appendix 4D Half Year Report

For the half year ended 31 December 2022 as required by ASX listing rule 4.2A

RESULTS FOR ANNOUNCEMENT TO THE MARKET

All comparisons to the half year ended 31 December 2021

NZD \$m	Unaudited Half Year 31 Dec	Up/down	Movement %
	2022		
Revenue from ordinary activities	46.1	up	40%
Profit after tax from ordinary activities attributable to members	3.3	down	-71%

Revenue

Revenue for the Group of NZ\$46.1 million was up 40% on the same period last year. Production revenue at Cue was positively impacted by increased production at Mahato. Production revenue from the Amadeus Basin assets doubled due to six months recognised in the current period and three months in the prior comparable period due to the acquisition of the assets.

Profit after tax

The Group reported a net profit after tax of NZ\$3.3 million for the six months ended 31 December 2022, a 71% reduction on the same period last year. Net revenues were up and administration costs were down, however these were offset by deferred taxation movements and exploration expenses relating to unsuccessful drilling activities at the Palm Valley gas field in Australia.

Financial Position

The net assets of the Group increased by NZ\$3.6 million to NZ\$166.0 million for the six months ended 31 December 2022 (30 June 2022: NZ\$162.4 million).

Cash position

The Group's cash position of NZ\$27.7 million reduced by \$36.9 million from the 30 June 2022 balance of \$64.6 million. This was due to the drilling campaign at the Palm Valley gas field and the payment of NZ\$20.0 million towards the deferred consideration relating to the Amadeus acquisition in the last financial year. Operating cash flows generated NZ\$14.5 million in the six month period (31 December 2021: NZ\$6.9 million).

The company does not propose to pay a dividend for the half year ended 31 December 2022.

NET TANGIBLE ASSET BACKING

NZD	Half Year 31 Dec	Full Year 30 Jun
	2022	2022
Net tangible assets per security (cents)	67.0	63.3

Additional information supporting the Appendix 4D disclosure requirements can be found in the 31 December 2022 Unaudited Financial Statements and accompanying notes.

This Half Year Report is to be read in conjunction with the 30 June 2022 Annual Report.

HALF YEAR FINANCIAL REPORT

For the half year ended 31 December 2022



New Zealand Oil & Gas Limited - Financial Report

For the half year ended 31 December 2022

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Condensed Statement of Cash Flows

For the half year ended 31 December 2022

	Unaudited Half Year 31 Dec 2022	Unaudited Half Year 31 Dec 2021	Audited Full Year 30 Jun 2022
\$000			
Cash flows from operating activities			
Customer receipts	41,475	30,199	79,507
Production and marketing payments	(16,078)	(11,457)	(24,986)
Supplier and employee payments (inclusive of GST)	(6,299)	(6,953)	(10,784)
Interest received	395	42	134
Income tax paid	(4,119)	(2,181)	(7,471)
Royalties paid	(1,518)	(928)	(2,222)
Other	618	(1,812)	(2,704)
Net cash inflow from operating activities	14,474	6,910	31,474
Cash flows from investing activities			
Exploration and evaluation expenditure	(7,792)	(2,023)	(9,071)
Oil and gas asset expenditure	(18,161)	(5,349)	(10,008)
Prospects acquired (net of cash)	-	(33,291)	(33,328)
Deferred consideration	(19,500)	(3,128)	(10,596)
Security deposits and bonds	(1,431)	-	(446)
Payments for bank deposits	(3,901)	-	-
Property, plant and equipment expenditure	(86)	(6)	(126)
Net cash outflow from investing activities	(50,871)	(43,797)	(63,575)
Cash flows from financing activities			
Proceeds from issue of equity securities	-	-	24,982
Lease liabilities principal element payments	(133)	(120)	(231)
Net cash outflow from financing activities	(133)	(120)	24,751
Net increase/(decrease) in cash and cash equivalents	(36,530)	(37,007)	(7,350)
Cash and cash equivalents at the beginning of the year	64,590	70,759	70,759
Exchange rate effects on cash and cash equivalents	(348)	(308)	1,181
Cash and cash equivalents at the period end	27,712	33,444	64,590

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

Authorised on behalf of the New Zealand Oil & Gas Limited Board of Directors on 28 February 2023:



Samuel Kellner
Director



Rosalind Archer
Director

Condensed Statement of Comprehensive Income

For the half year ended 31 December 2022

\$000	Notes	Unaudited Half Year 31 Dec 2022	Unaudited Half Year 31 Dec 2021	Audited Full Year 30 Jun 2022
Revenue	4	46,099	32,988	83,806
Operating costs		(13,495)	(8,486)	(24,612)
Exploration and evaluation expenditure	8	(7,830)	547	(6,015)
Other income	4	472	254	489
Other expenses		(5,564)	(8,044)	(14,310)
Profit from operating activities excluding amortisation, impairment and net finance costs		19,682	17,259	39,358
Amortisation of production assets	9	(6,556)	(5,587)	(13,634)
Net finance income/(loss)		(767)	(598)	452
Profit before income tax and royalties		12,359	11,074	26,176
Income tax benefit/(expense)		(3,130)	6,068	3,211
Royalties expense		(2,198)	(1,430)	(3,663)
Profit for the period		7,031	15,712	25,724
Profit for the year attributable to:				
Profit attributable to shareholders		3,287	11,496	17,159
Profit attributable to non-controlling interest (NCI)		3,744	4,216	8,565
Profit for the period		7,031	15,712	25,724
Other comprehensive income:				
Items that may be classified to profit or loss				
Foreign currency translation reserve (FCTR) differences		(3,678)	792	5,672
Asset revaluation reserve		-	1,075	1,045
Total other comprehensive profit for the period		3,353	17,579	32,441
Total comprehensive profit/(loss) for the period is attributable to:				
Equity holders of the Group		(570)	13,086	23,265
Non-controlling interest		3,923	4,493	9,176
Total comprehensive profit for the period		3,353	17,579	32,441
Earnings per share				
Basic earnings per share attributable to shareholders (cents)	16	1.4	6.8	9.9
Diluted earnings per share attributable to shareholders (cents)	16	1.4	6.8	9.9

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

Condensed Statement of Financial Position

For the half year ended 31 December 2022

\$000	Notes	Unaudited Half Year 31 Dec 2022	Audited Full Year 30 Jun 2022
Assets			
Current assets			
Cash and cash equivalents		27,712	64,590
Deposits		3,759	-
Receivables and prepayments		18,484	14,576
Inventories		4,439	2,762
Right of use assets		57	131
Total current assets		54,451	82,059
Non-current assets			
Exploration and evaluation assets	8	1,328	7,193
Oil and gas assets	7, 9	179,876	173,926
Property, plant and equipment		203	214
Right of use assets		234	300
Other intangible assets		2,927	2,896
Deferred tax assets	6	9,342	8,420
Other financial assets		8,263	7,347
Total non-current assets		202,173	200,296
Total assets		256,624	282,355
Liabilities			
Current liabilities			
Payables	10	11,996	16,493
Lease provisions		177	267
Contract liabilities	5	5,454	5,625
Deferred consideration		3,622	23,225
Current tax liabilities		3,543	2,873
Total current liabilities		24,792	48,483
Non-current liabilities			
Rehabilitation provisions	11	48,959	51,856
Contract liabilities	5	16,741	19,231
Deferred consideration		-	149
Lease provisions		153	234
Total non-current liabilities		65,853	71,470
Total liabilities		90,645	119,953
Net assets		165,979	162,402
Equity			
Share capital		236,883	236,883
Reserves		8,006	11,639
Retained losses		(96,590)	(99,877)
Attributable to shareholders of the Group		148,299	148,645
Non-controlling interest in subsidiaries		17,680	13,757
Total equity		165,979	162,402
Net asset backing per share (cents)	15	73.0	71.4
Net tangible asset backing per share (cents)	15	67.0	63.3

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

Condensed Statement of Changes in Equity

For the half year ended 31 December 2022

\$000	Share capital	Reserves	Retained earnings/ (losses)	Total	Non-controlling interest	Total equity
Balance as at 1 July 2021	211,901	4,961	(117,543)	99,319	4,580	103,899
Profit for the year	-	-	17,159	17,159	8,565	25,724
Foreign currency translation differences	-	5,060	-	5,060	612	5,672
Shares issued	24,982	-	-	24,982	-	24,982
Share based compensation expense	-	673	-	673	-	673
Forfeited and expired ESOP awards	-	(100)	100	-	-	-
Asset revaluation reserve	-	1,045	408	1,453	-	1,453
Audited balance as at 30 June 2022	236,883	11,639	(99,877)	148,645	13,757	162,402
Profit for the period	-	-	3,287	3,287	3,744	7,031
Foreign currency translation differences	-	(3,857)	-	(3,857)	179	(3,678)
Share based compensation expense	-	224	-	224	-	224
Unaudited balance as at 31 December 2022	236,883	8,006	(96,590)	148,299	17,680	165,979

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

Notes to the financial statements

For the half year ended 31 December 2022

1 Basis of accounting

Reporting entity

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

The condensed and consolidated interim financial statements (financial statements) presented as at and for the half year ended 31 December 2022 are for NZO, its subsidiaries and the interests in associates and jointly controlled operations (together referred to as the "Group").

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

These financial statements do not include all the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022.

Comparative figures have been adjusted to conform to changes in presentation for the current reporting period. Refer to notes 15 and 16.

Basis of preparation

The financial statements for the half year ended 31 December 2022 have been prepared in accordance with New Zealand Generally Accepted Accounting Practices (NZ GAAP) and NZ IAS 34 Interim Financial Reporting, as appropriate for profit oriented entities.

2 Critical accounting estimates and judgements

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

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

Recoverability of deferred tax assets, assessment of the ability of entities in the Group to generate future taxable income (refer to note 6).

Recoverability of exploration and evaluation assets and oil and gas assets. Assessment includes future commodity prices, future cash flows, an estimated discount rates and estimates of reserves. Management performs an assessment of the carrying value of investments at each reporting date and considers objective evidence for impairment on each investment taking into account observable data on the investment, the fair value, the status or context of capital markets, its own view of investment value and its long-term intentions (refer to notes 8 and 9).

Provision for rehabilitation obligations includes estimates of future costs, timing of required rehabilitation and an estimated discount rate (refer to note 11).

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

Notes to the financial statements

For the half year ended 31 December 2022

3 Segment information

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

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

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 share of the Mereenie oil and gas field, Palm Valley gas field and Dingo gas field, all located in the Amadeus Basin in Australia. Cue Energy Resources Limited ("Cue"), a partially owned subsidiary of NZO, holds a participating interest in the Amadeus Basin assets, these are included in the Cue segment below.

Other and Unallocated: Unallocated items comprise corporate assets, corporate overheads, merger and acquisition expenditure, and income tax assets and liabilities. From 1 July 2021, remaining exploration expenditure is included in this segment.

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.

Unaudited Half year to 31 December 2022 \$000	Kupe oil & gas field	Amadeus Basin oil & gas fields	Other & unallocated	Cue Energy Resources Ltd	Total
Sales to external customers - NZ	5,001	-	-	-	5,001
Sales to external customers - Australia	-	13,526	-	5,761	19,287
Sales to external customers - other countries	1,205	-	-	20,606	21,811
Total sales revenue	6,206	13,526	-	26,367	46,099
Other income	-	4	768	(300)	472
Total sales revenue and other income	6,206	13,530	768	26,067	46,571
Segment result	3,277	425	(3,712)	13,136	13,126
Other net finance expense					(767)
Profit before income tax and royalties					12,359
Income tax and royalties expense					(5,328)
Profit for the period					7,031
Segment assets	28,596	87,674	31,693	108,661	256,624
Segment liabilities	12,360	33,631	2,461	42,193	90,645
Included in segment results:					
Depreciation and amortisation expense	1,682	2,481	129	2,459	6,751

Notes to the financial statements

For the half year ended 31 December 2022

3 Segment information (continued)

Audited Full year to 30 June 2022 \$000	Kupe oil & gas field	Amadeus Basin oil & gas fields	Other & unallocated	Cue Energy Resources Ltd	Total
Sales to external customers - NZ	12,665	-	-	-	12,665
Sales to external customers - Australia	-	20,561	-	8,812	29,373
Sales to external customers - other countries	3,020	-	-	38,748	41,768
Total sales revenue	15,685	20,561	-	47,560	83,806
Other income	-	(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 before income tax and royalties					26,176
Income tax and royalties expense					(452)
Profit for the year					25,724
Segment assets	30,303	87,690	53,670	110,692	282,355
Segment liabilities	13,380	53,855	2,567	50,151	119,953
Included in segment results:					
Depreciation and amortisation expense	3,869	4,000	216	5,873	13,958
Unaudited Half year to 31 December 2021 \$000	Kupe oil & gas field	Amadeus Basin oil & gas fields	Other & unallocated	Cue Energy Resources Ltd	Total
Sales to external customers - NZ	6,005	-	-	-	6,005
Sales to external customers - Australia	-	6,789	-	2,910	9,699
Sales to external customers - other countries	1,303	-	-	15,981	17,284
Total sales revenue	7,308	6,789	-	18,891	32,988
Other income	-	1	253	-	254
Total sales revenue and other income	7,308	6,790	253	18,891	33,242
Segment result	4,256	2,952	(5,614)	10,078	11,672
Other net finance expense					(598)
Profit before income tax and royalties					11,074
Income tax and royalties expense					4,638
Profit for the period					15,712
Segment assets	29,079	68,217	-	53,751	151,047
Unallocated assets					66,647
Total assets					217,694
Included in segment result:					
Depreciation and amortisation expense	1,774	1,214	26	2,607	5,621

Notes to the financial statements

For the half year ended 31 December 2022

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

	Unaudited Half Year 31 Dec 2022	Unaudited Half Year 31 Dec 2021	Audited Full Year 30 Jun 2022
\$000			
Crude oil and condensate	17,975	12,262	33,954
Natural gas and LPG	28,124	20,726	49,852
Total revenue from contracts with customers	46,099	32,988	83,806
Other income	472	254	489
Total revenue and other income	46,571	33,242	84,295

(b) Major Customers

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

	Unaudited Half Year 31 Dec 2022	% of sales revenue 31 Dec 2022	Unaudited Half Year 31 Dec 2021	% of sales revenue 31 Dec 2021	Audited Full Year 30 Jun 2022	% of sales revenue 30 Jun 2022
\$000						
First largest	10,520	22.8%	6,787	20.6%	15,965	19.0%
Second largest	6,542	14.2%	6,699	20.3%	13,003	15.5%
Third largest	n/a	n/a	3,996	12.1%	9,815	11.7%
Fourth largest	n/a	n/a	3,590	10.9%	8,367	10.0%
Total revenue from major customers	17,061	37.0%	21,072	63.9%	47,150	56.2%

In the current reporting period, there are only two customers with a share of Group revenue exceeding 10%.

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.

	Unaudited Half Year 31 Dec 2022	Audited Full Year 30 Jun 2022
\$000		
Current	5,454	5,625
Non current	16,741	19,231
Total contract liabilities	22,195	24,856

Under the terms agreed in the Sales and Purchase Agreement signed on 24 May 2021 and 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 final fair value determination, these liabilities were 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.

Notes to the financial statements

For the half year ended 31 December 2022

6 Deferred Tax

During the period ended 31 December 2022, the Group recognised a deferred tax asset of \$7.9 million, comprised of \$3.3 million (30 June 2022; \$2.4 million) in respect of previously unrecognised Australian carried forward tax losses and \$4.6 million (30 June 2022: nil) in respect of the New Zealand tax group.

The Group has not recognised a deferred tax asset of \$33.6 million at 31 December 2022 (30 June 2022: \$39.7 million) relating to carried forward Australian tax losses, as the probability of being able to utilise these is uncertain.

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

7 Business combinations

On 1 October 2021, the Group completed the acquisition of the Amadeus Basin oil and gas assets in Australia. The acquisition date fair value of assets acquired, and liabilities assumed (acquisition valuation) is provisional for up to one year post acquisition date. The acquisition valuation has now been finalised. There has been no change from the provisional acquisition valuation reported in the 30 June 2022 financial statements.

Changes to the provisional acquisition valuation between 31 December 2021 and the final acquisition valuation are shown below. Changes resulted from revised estimates from the operator for rehabilitation costs, the decision to recognise a contract liability relating to gas not taken at the Dingo field (refer to note 5) and the flow on effect onto deferred tax. The impact of a change to the rehabilitation provision and the recognition of a contract liability is an increase in 'Oil and gas asset production properties'.

\$000	Final	Provisional	Change
	30 Jun 2022	31 Dec 2021	
Oil and gas production properties	117,505	95,484	22,021
Inventory spare parts	1,156	1,156	-
Cash and cash equivalents	218	218	-
Prepayments	193	193	-
Right-of-use assets	173	173	-
Trade receivables	12	12	-
Lease liabilities	(173)	(173)	-
Trade and other payables	(3,922)	(3,922)	-
Contract liabilities	(26,440)	(11,789)	(14,651)
Rehabilitation provision	(22,888)	(15,518)	(7,370)
Acquisition date fair value of assets acquired and liabilities assumed	65,834	65,834	-

Notes to the financial statements

For the half year ended 31 December 2022

8 Exploration and evaluation assets

	Unaudited Half Year 31 Dec 2022	Audited Full Year 30 Jun 2022
\$000		
Opening balance	7,193	-
Exploration expenditure incurred during the period	6,075	6,957
Expenditure expensed to profit and loss relating to PV-12	-	-
Expenditure transferred to oil and gas assets relating to PV-12 (refer to note 9)	(11,318)	-
Revaluation of foreign currency exploration and evaluation assets	(622)	236
Total exploration and evaluation assets at end of period	1,328	7,193

On 17 April 2022, the Palm Valley 12 (PV-12) well was spudded. On 10 July 2022, after challenging drilling conditions, the Joint Venture decided to stop drilling towards the deep Arumbera exploration target. Instead, it was agreed to side-track a lateral well-bore, from PV-12, to evaluate the lower Pacoota (P2) / Pacoota (P3) sandstone.

On 22 August 2022, the Group announced the decision to curtail further drilling in the lower P2 and P3 side-track due to the combination of the presence of formation water and no significant gas shows.

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

Reserves relating to the ST2 production reservoir are in the process of being assessed. Completion of this work is not expected until the well has been flowing for a certain period to allow an evaluation of actual flow rates and pressures from the well.

Total PV-12 exploration costs of \$14.5 million have been expensed in respect of the unsuccessful sections of the well. In accordance with the Group's accounting policy \$7.8 million was expensed in the six months to 31 December 2022 and \$6.7 million was expensed in the year ended 30 June 2022. The costs of drilling the successful ST2 production well of \$11.3 million have been transferred to Oil and gas assets in the balance sheet.

9 Oil and gas assets

	Unaudited Half Year 31 Dec 2022	Audited Full Year 30 Jun 2022
\$000		
Opening balance	173,926	53,477
Additions through acquisition of Amadeus Basin assets	-	118,576
Expenditure capitalised	7,324	8,017
Expenditure transferred from Exploration and evaluation (refer to note 8)	11,318	-
Amortisation for the period	(6,556)	(13,634)
Rehabilitation provision movement (refer to note 11)	(2,427)	(455)
Revaluation of foreign currency oil and gas assets	(3,709)	7,945
Total oil and gas assets at end of period	179,876	173,926

At 31 December 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 rates applied ranged from 10.03% to 11.70%. Commodity price assumptions were based on traded futures contracts unless contracted prices were available.

No impairments were required.

Notes to the financial statements

For the half year ended 31 December 2022

10 Payables	Unaudited	Audited
	Half Year	Full Year
	31 Dec	30 Jun
\$000	2022	2022
Trade payables	5,645	5,439
Royalties payable	613	1,218
Share of oil and gas interests' payable	4,172	8,413
Other payables	1,566	1,423
Total payables at end of period	11,996	16,493

11 Rehabilitation Provisions	Unaudited	Audited
	Half Year	Full Year
	31 Dec	30 Jun
\$000	2022	2022
Carrying amount at start of year	51,856	26,088
Change in provision recognised	(2,427)	(1,445)
Addition in provision from acquisition	-	23,534
Unwind of discount on provision	564	82
Revaluation of foreign currency rehabilitation provision	(1,034)	3,597
Total rehabilitation provision at end of period	48,959	51,856

The discount rate used is the risk-free interest rate obtained from the country related to the currency of the expected expenditure. The discount rates used to determine the provision ranged from 3.21% to 4.63%.

12 Oil and gas interests

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

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

Name	Entity	Country of permit	Interest	Interest
			31 Dec 2022	30 Jun 2022
<u>New Zealand Oil & Gas</u>				
PML 38146 – Kupe	NZOG Taranaki Ltd	New Zealand	4.0%	4.0%
OL4 and OL5 - Mereenie	NZOG Mereenie Pty Ltd	Australia	17.5%	17.5%
OL3 - Palm Valley	NZOG Palm Valley Pty Ltd	Australia	35.0%	35.0%
L7 - Dingo	NZOG Dingo Pty Ltd	Australia	35.0%	35.0%
<u>Cue Energy Resources *</u>				
PMP 38160 – Maari	Cue Taranaki Pty Ltd	New Zealand	5.0%	5.0%
Sampang PSC	Cue Sampang Pty Ltd	Indonesia	15.0%	15.0%
Mahato PSC	Cue Mahato Pty Ltd	Indonesia	12.5%	12.5%
OL4 and OL5 - Mereenie	Cue Mereenie Pty Ltd	Australia	7.5%	7.5%
OL3 - Palm Valley	Cue Palm Valley Pty Ltd	Australia	15.0%	15.0%
L7 - Dingo	Cue Dingo Pty Ltd	Australia	15.0%	15.0%

* represents the percentage interest held by Cue Energy Resources Limited. The Group interest is 50.04% (June 2022: 50.04%) of the Cue interest.

Notes to the financial statements

For the half year ended 31 December 2022

13 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 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 31 December 2022, \$0.3 million (31 December 2021: \$0.3 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 OGE who are directors of the Group. Directors' expenses are reimbursed and are not separately disclosed as they are not material.

14 Development commitments and contingent assets and liabilities

(a) Development and exploration expenditure

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

Other commitments include \$8.3 million primarily for the 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 31 December 2022.

15 Net asset backing per share

	Unaudited Half Year 31 Dec 2022	Audited Full Year 30 Jun 2022
Number of shares on issue (000s)	227,369	227,369
Net assets (\$000s)	165,979	162,402
Net tangible asset (\$000s)	152,422	143,959
Net asset backing per share (cents)	73.0	71.4
Net tangible asset backing per share (cents)	67.0	63.3

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

16 Earnings per share

	Half Year 31 Dec 2022	Half Year 31 Dec 2021	Full Year 30 Jun 2022
Profit after tax attributable to the shareholders of NZO (\$000s)	3,287	11,496	17,159
Weighted average number of ordinary shares (000s)	227,369	167,848	173,393
Weighted average number of ordinary shares including share options (000s)	227,369	167,848	173,393
Basic earnings per share attributable to shareholders of the Group (cents)	1.4	6.8	9.9
Diluted earnings per share attributable to shareholders of the Group (cents)	1.4	6.8	9.9

The potentially dilutive effects of employee share options have not been considered in the diluted profit per share calculation for the six months ended 31 December 2022. In the current reporting period, the exercise price of the employee share options are lower than the average market price, therefore are anti-dilutive. Calculation of diluted earnings per share has been revised for the comparable period.

Notes to the financial statements

For the half year ended 31 December 2022

17 Events occurring after balance date

On 17 January 2023, NZO announced that it has executed a binding Term Sheet with ASX listed energy company, Triangle Energy (Global) Ltd (Triangle) (ASX: TEG), to farm-in to a 25% participating interest in Western Australian onshore Production License L7 (L7) and Exploration Permit EP 437 (EP 437). NZO will contribute upfront costs and participate in the drilling of 3 onshore exploration wells.

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

Independent Review Report

To the shareholders of New Zealand Oil & Gas Limited

Report on the Half Year Financial Report

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Half Year Financial Report of New Zealand Oil & Gas Limited (“the company”) and its subsidiaries (“the group”) on pages 4 to 16 do not:

- i. present fairly in all material respects the group’s financial position as at 31 December 2022 and its financial performance and cash flows for the six month period ended on that date; and
- ii. comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying Half Year Financial Report, which comprise:

- the condensed statement of financial position as at 31 December 2022;
- the condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for conclusion

A review of the Half Year Financial Report in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* (“NZ SRE 2410”) is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of New Zealand Oil & Gas Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

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

Use of this Independent Review Report

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Review 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 review work, this report, or any of the opinions we have formed.



Responsibilities of the Directors for the Half Year Financial Report

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

- the preparation and fair presentation of the Half Year Financial Report in accordance with NZ IAS 34 Interim Financial Reporting;
- implementing necessary internal control to enable the preparation of the Half Year Financial Report 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 review of the Half Year Financial Report

Our responsibility is to express a conclusion on the Half Year Financial Report based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Half Year Financial Report are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on the Half Year Financial Report.

This description forms part of our Independent Review Report.

KPMG
Wellington

28 February 2023