

Appendix 4D Half Year Report

For the half year ended 31 December 2023 as required by ASX listing rule 4.2A

RESULTS FOR ANNOUNCEMENT TO THE MARKET

NZD \$m	Unaudited Half Year 31 Dec 2023	Movement %	
Revenue from ordinary activities	51.3	up	11%
Profit after tax from ordinary activities attributable to shareholders	7.0	up	112%

Revenue

Revenue for the Group of NZ\$51.3 million was up 11% on the same period last year. Production Revenue at Cue Energy Resources (Cue) was positively impacted by increased production at Mahato, driven by additional wells since last year. Sampang and Maari continue to perform well. Kupe performance was impacted by a month long planned statutory shutdown and drilling activities for the KS-9 well. The Amadeus fields saw an increase in production revenue despite the intermittent closure of the Northern Gas Pipeline (NGP) which delivers gas to the East Coast gas market. Revenue includes NZ\$3.3 million relating to take-or-pay contracts.

Profit after tax

The Group reported a net profit after tax (NPAT) attributable to shareholders of NZ\$7.0 million for the half year ended 31 December 2023, an increase of 112% on the same period last year. Prior comparative period NPAT included exploration expenses of \$7.8 million at Palm Valley.

Financial Position

The net assets of the Group increased by NZ\$11.4 million to NZ\$191.2 million for the half year ended 31 December 2023 (30 June 2023: NZ\$179.8 million).

Cash position

The Group's cash position of NZ\$46.4 million increased by \$10.0 million from the 30 June 2023 balance of \$36.4 million. Operating cash flows generated NZ\$20.9 million in the period (31 December 2022: NZ\$14.5 million).

Dividends

The company has declared to pay a special dividend of AUD 3 cents per share, with a record date of 27 March 2024.

NET TANGIBLE ASSET BACKING

NZD \$	Half Year 31 Dec 2023	Full Year 30 Jun 2023
Net tangible assets per security (cents)	77.6	71.3

Additional information supporting the Appendix 4D disclosure requirements can be found in the 31 December 2023 Unaudited Financial Statements and accompanying notes.

This Half Year Report is to be read in conjunction with the 30 June 2023 Annual Report.

HALF YEAR FINANCIAL REPORT

For the half year ended 31 December 2023



New Zealand Oil & Gas Limited - Financial Report

For the half year ended 31 December 2023

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Condensed Statement of Cash Flows

For the half year ended 31 December 2023

NZ\$000	Unaudited Half Year 31 Dec 2023	Unaudited Half Year 31 Dec 2022	Audited Full Year 30 Jun 2023
Cash flows from operating activities			
Customer receipts	49,736	41,475	87,011
Production and marketing payments	(15,550)	(16,078)	(31,391)
Supplier and employee payments (inclusive of GST)	(7,719)	(6,299)	(10,534)
Interest received	756	395	872
Income tax paid	(4,434)	(4,119)	(7,370)
Royalties paid	(2,342)	(1,518)	(7,018)
Other	410	618	882
Net cash inflow from operating activities	20,857	14,474	32,452
Cash flows from investing activities			
Exploration and evaluation expenditure	(276)	(7,792)	(12,070)
Oil and gas asset expenditure	(8,979)	(18,161)	(24,678)
Deferred consideration	(585)	(19,500)	(22,160)
Security deposits and bonds	312	(1,431)	(1,239)
Payments for bank deposits	-	(3,901)	-
Property, plant and equipment expenditure	(43)	(86)	(117)
Net cash outflow from investing activities	(9,571)	(50,871)	(60,264)
Cash flows from financing activities			
Lease liabilities principal element payments	(158)	(133)	(249)
Net cash outflow from financing activities	(158)	(133)	(249)
Net increase/(decrease) in cash and cash equivalents	11,128	(36,530)	(28,061)
Cash and cash equivalents at the beginning of the year	36,380	64,590	64,590
Exchange rate effects on cash and cash equivalents	(1,073)	(348)	(149)
Cash and cash equivalents at the end of the period	46,435	27,712	36,380

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 29 February 2024:

Samuel Kellner
Director

Rosalind Archer
Director

Condensed Statement of Comprehensive Income

For the half year ended 31 December 2023

NZ\$000	Notes	Unaudited Half Year 31 Dec 2023	Unaudited Half Year 31 Dec 2022	Audited Full Year 30 Jun 2023
Revenue	4	51,326	46,099	98,784
Operating costs		(15,064)	(13,495)	(35,117)
Exploration and evaluation expenditure		(609)	(7,830)	(9,128)
Other income		669	472	1,008
Other expenses		(6,262)	(5,564)	(12,447)
Profit from operating activities excluding amortisation, impairment and net finance costs		30,060	19,682	43,100
Amortisation of production assets	9	(7,283)	(6,556)	(15,178)
Net finance costs		(747)	(767)	(686)
Profit before income tax and royalties		22,030	12,359	27,236
Income tax expense	5	(8,376)	(3,130)	(4,101)
Royalties expense		(1,822)	(2,198)	(4,056)
Profit for the period		11,832	7,031	19,079
Profit for the year attributable to:				
Profit attributable to shareholders		6,959	3,287	10,757
Profit attributable to non-controlling interest (NCI)		4,873	3,744	8,322
Profit for the period		11,832	7,031	19,079
Other comprehensive income:				
Items that may be classified to profit or loss				
Foreign currency translation reserve (FCTR) differences		(1,508)	(3,678)	(901)
Asset revaluation reserve		895	-	(1,408)
Total other comprehensive income for the period		11,219	3,353	16,770
Total comprehensive income for the period is attributable to:				
Equity holders of the Group		6,651	(570)	7,936
Non-controlling interest		4,568	3,923	8,834
Total comprehensive income for the period		11,219	3,353	16,770
Earnings per share				
Basic earnings per share attributable to shareholders (cents)		3.1	1.4	4.7
Diluted earnings per share attributable to shareholders (cents)		3.1	1.4	4.7

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 2023

NZ\$000	Notes	Unaudited Half Year 31 Dec 2023	Audited Full Year 30 Jun 2023
Assets			
Current assets			
Cash and cash equivalents		46,435	36,380
Receivables and prepayments	6	23,029	17,017
Contract assets		-	5,567
Inventories		2,555	2,668
Right of use assets		57	130
Total current assets		72,076	61,762
Non-current assets			
Exploration and evaluation assets	8	2,630	2,625
Oil and gas assets	9	185,232	183,015
Property, plant and equipment		165	148
Right of use assets		282	343
Other intangible assets		2,317	1,423
Net deferred tax assets	5	9,836	13,663
Other financial assets		8,189	8,307
Total non-current assets		208,651	209,524
Total assets		280,727	271,286
Liabilities			
Current liabilities			
Payables	10	14,695	12,171
Lease provisions		250	268
Contract liabilities	11	-	2,837
Deferred consideration		228	817
Current tax liabilities		4,267	4,349
Total current liabilities		19,440	20,442
Non-current liabilities			
Rehabilitation provisions	12	54,952	55,115
Contract liabilities	11	15,015	15,708
Lease provisions		119	261
Total non-current liabilities		70,086	71,084
Total liabilities		89,526	91,526
Net assets		191,201	179,760
Equity			
Share capital		236,883	236,883
Reserves		9,121	9,215
Retained losses		(81,963)	(88,930)
Attributable to shareholders of the Group		164,041	157,168
Non-controlling interest in subsidiaries		27,160	22,592
Total equity		191,201	179,760
Net asset backing per share (cents)		84.1	79.1
Net tangible asset backing per share (cents)		77.6	71.3

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 2023

NZ\$000	Share capital	Reserves	Retained earnings/ (losses)	Total	Non-controlling interest	Total equity
Balance as at 30 June 2022	236,883	11,639	(99,877)	148,645	13,757	162,402
Profit for the year	-	-	10,757	10,757	8,322	19,079
Foreign currency translation differences	-	(1,414)	-	(1,414)	513	(901)
Share based compensation expense	-	418	-	418	-	418
Forfeited and expired ESOP awards	-	(20)	20	-	-	-
Asset revaluation reserve	-	(1,408)	170	(1,238)	-	(1,238)
Balance as at 30 June 2023	236,883	9,215	(88,930)	157,168	22,592	179,760
Profit for the half year	-	-	6,959	6,959	4,873	11,832
Foreign currency translation differences	-	(1,203)	-	(1,203)	(305)	(1,508)
Share based compensation expense	-	222	-	222	-	222
Forfeited and expired ESOP awards	-	(8)	8	-	-	-
Asset revaluation reserve	-	895	-	895	-	895
Balance as at 31 December 2023	236,883	9,121	(81,963)	164,041	27,160	191,201

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 2023

1 Basis of accounting

Reporting entity

New Zealand Oil & Gas Limited (NZO) is a company domiciled in New Zealand (NZ), 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 2023 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 2023.

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

Basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practices ("NZ GAAP") and the NZ IAS 34 (International Accounting Standard) Interim Financial Reporting.

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

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 5).

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

Provision for rehabilitation obligations includes estimates of future costs, timing of required rehabilitation and an estimated discount rate (refer to note 12).

The ongoing geo-political tensions in Eastern Europe and the Middle East 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 2023

3 Segment information

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

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

Perth Basin (from 20 March 2023): Exploration interests in Western Australian comprising the L7 Production licence (L7) and EP437 Exploration Permit (EP437).

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

Other & unallocated: Unallocated items comprise corporate assets, corporate overheads, merger and acquisition expenditure, and income tax assets and liabilities.

Cue Energy Resources Limited: The Group acquired a controlling interest in Cue during the 2015 financial year and from 1 October 2021 this segment includes Cue's participating interest in the Amadeus Basin assets.

Unaudited Half year to 31 December 2023 \$000	Perth Basin	Kupe oil & gas field	Amadeus Basin oil & gas fields	Other & unallocated	Cue Energy Resources Limited	Total
Sales to external customers:						
New Zealand	-	3,119	-	-	-	3,119
Australia	-	-	15,932	-	6,818	22,750
Other countries	-	613	-	-	24,844	25,457
Total sales revenue	-	3,732	15,932	-	31,662	51,326
Other income	-	113	10	542	4	669
Total sales revenue and other income	-	3,845	15,942	542	31,666	51,995
Segment result	(373)	1,444	8,076	(3,786)	17,416	22,777
Other net finance expense						(747)
Profit before income tax and royalties						22,030
Income tax and royalties expense						(10,198)
Profit for the half year						11,832
Segment assets	2,235	33,209	86,381	36,052	122,850	280,727
Segment liabilities	-	16,559	26,161	2,435	44,371	89,526
Included in segment results:						
Depreciation and amortisation expense	-	1,146	2,344	110	3,857	7,457

Notes to the financial statements

For the half year ended 31 December 2023

3 Segment information (continued)

Audited Full year to 30 June 2023 \$000	Perth Basin	Kupe oil & gas field	Amadeus Basin oil & gas fields	Other & unallocated	Cue Energy Resources Limited	Total
Sales to external customers:						
New Zealand	-	9,548	-	-	-	9,548
Australia	-	-	30,272	-	12,933	43,205
Other countries	-	2,612	-	-	43,419	46,031
Total sales revenue	-	12,160	30,272	-	56,352	98,784
Other income	-	-	3	998	7	1,008
Total sales revenue and other income	-	12,160	30,275	998	56,359	99,792
Segment result	(243)	6,332	6,430	(7,641)	23,044	27,922
Other net finance income						(686)
Profit before income tax and royalties						27,236
Income tax and royalties expense						(8,157)
Profit for the year						19,079
Segment assets	2,214	28,279	85,864	34,867	120,062	271,286
Segment liabilities	-	12,726	30,834	2,020	45,946	91,526
Included in segment results:						
Depreciation and amortisation expense	-	3,259	5,401	258	6,649	15,567
Unaudited						
Half year to 31 December 2022 \$000		Kupe oil & gas field	Amadeus Basin oil & gas fields	Other & unallocated	Cue Energy Resources Limited	Total
New Zealand		5,001	-	-	-	5,001
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	460	8	472
Total sales revenue and other income		6,206	13,530	460	26,375	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 half year						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 2023

4 Revenue

Sales comprise revenue earned from the sale of petroleum products, when control of ownership of the petroleum products has 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 (Goods and Services Tax).

(a) Revenue from contracts with customers

	Unaudited Half Year 31 Dec 2023	Unaudited Half Year 31 Dec 2022	Audited Full Year 30 Jun 2023
\$000			
Crude oil and condensate	22,593	17,975	37,983
Natural gas and LPG	28,733	28,124	60,801
Total revenue from contracts with customers	51,326	46,099	98,784
Other income	669	472	1,008
Total revenue and other income	51,995	46,571	99,792

(b) Tariffs included in revenue

Natural gas revenue includes an allowance for the additional transportation costs incurred when the gas delivery point is not at the plant. The cost of the transportation was \$0.6 million, (31 December 2022: \$0.7 million).

(c) Major Customers

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

	Unaudited Half Year 31 Dec 2023	% of sales revenue 31 Dec 2023	Unaudited Half Year 31 Dec 2022	% of sales revenue 31 Dec 2022	Audited Full Year 30 Jun 2023	% of sales revenue 30 Jun 2023
\$000						
First largest	12,849	25.0%	10,520	22.8%	20,434	20.7%
Second largest	7,068	13.8%	6,542	14.2%	12,551	12.7%
Third largest	6,269	12.2%	n/a	n/a	10,384	10.5%
Total revenue from major customers	26,186	51.0%	17,062	37.0%	43,369	43.9%

5 Tax

At 31 December 2023, the Group had a deferred tax asset in respect of carried forward tax losses of \$78.3 million, comprised of \$20.6 million (30 June 2023: nil) in respect of previously unrecognised Australian carried forward tax losses and \$2.7 million (30 June 2023: nil) in respect of the New Zealand tax group.

The Group has not recognised a deferred tax asset of \$83.7 million at 31 December 2023 (30 June 2023: \$83.5 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.

Notes to the financial statements

For the half year ended 31 December 2023

6 Receivables and prepayments

	Unaudited Half Year 31 Dec 2023	Audited Full Year 30 Jun 2023
\$000		
Trade receivables	7,196	7,196
Share of oil and gas interests' receivables	11,748	9,262
Prepayments	1,315	559
Other*	2,770	-
Total receivables and prepayments at end of year	23,029	17,017

* During the current period the Group has reassessed its treatment of Emissions Trading Scheme (ETS). Whilst the Group has the responsibility to meet the ETS obligation, the majority of the obligation is met via receipt of ETS units from customers. The Group retains ETS obligations relating to the venting and flaring of gas during the production process. As a result of the reassessment, an asset of \$2.8 million (30 June 2023: \$1.0 million) is recognised in respect of the ETS units receivable from the customers, and a payable of \$3.1 million (30 June 2023: \$1.2 million) is recognised in respect of the obligation to the New Zealand Government. The ETS units are valued at the market price at 31 December 2023. This change has been assessed as not material under NZ IAS 8 so no restatements to prior periods are provided.

7 Oil and gas interests

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

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

Name	Entity	Country of permit	Interest 31 Dec 2023	Interest 30 Jun 2023
New Zealand Oil & Gas				
PML 38146 – Kupe	NZOG Taranaki Ltd	New Zealand	4.0%	4.0%
OL4 and OL5 - Mereenie*	NZOG Mereenie Pty Ltd	Australia	17.5%	17.5%
OL3 - Palm Valley	NZOG Palm Valley Pty Ltd	Australia	35.0%	35.0%
L7 - Dingo	NZOG Dingo Pty Ltd	Australia	35.0%	35.0%
L7 Production licence**	NZOG Acacia Pty Ltd	Australia	25.0%	25%
EP437 Exploration Permit***	NZOG Compass Pty Ltd	Australia	25.0%	25%

* On 14 February 2024 the Group announced an agreement to purchase an additional 25% equity interest in Mereenie. Completion has not yet occurred.

**On 23 November 2023 the Group announced that regulatory approval was received.

Cue Energy Resources *				
Mahato PSC	Cue Mahato Pty Ltd	Indonesia	12.5%	12.5%
PMP 38160 – Maari	Cue Taranaki Pty Ltd	New Zealand	5.0%	5.0%
Sampang PSC	Cue Sampang Pty Ltd	Indonesia	15.0%	15.0%
OL4 and OL5 - Mereenie	Cue Mereenie Pty Ltd	Australia	7.5%	7.5%
OL3 - Palm Valley	Cue Palm Valley Pty Ltd	Australia	15.0%	15.0%
L7 - Dingo	Cue Dingo Pty Ltd	Australia	15.0%	15.0%

* represents the percentage interest held by Cue. The Group interest is 50.04% (June 2023: 50.04%) of the Cue interest.

Notes to the financial statements

For the half year ended 31 December 2023

8 Exploration and evaluation assets

	Unaudited Half Year 31 Dec 2023	Audited Full Year 30 Jun 2023
\$000		
Opening balance	2,625	7,193
Exploration expenditure incurred during the period	26	7,336
Expenditure transferred to oil and gas assets relating to Palm Valley	-	(11,318)
Revaluation of foreign currency exploration and evaluation assets	(21)	(586)
Total exploration and evaluation assets at end of period	2,630	2,625

9 Oil and gas assets

	Unaudited Half Year 31 Dec 2023	Audited Full Year 30 Jun 2023
\$000		
Opening balance	183,015	173,926
Contract liabilities *	1,243	(1,263)
Expenditure capitalised	10,216	13,664
Expenditure transferred from Exploration and evaluation	-	11,318
Amortisation for the period	(7,283)	(15,178)
Rehabilitation provision movement (refer to note 12)	454	1,838
Revaluation of foreign currency oil and gas assets	(2,413)	(1,290)
Total oil and gas assets at end of the period	185,232	183,015

* Relates to forfeited make up gas (MUG) recognised in the profit or loss. Refer to note 11.

At 31 December 2023, the Group assessed each asset to determine whether an indicator of impairment existed. Indicators of impairment include changes in future selling prices, future costs, and reserves. It was determined that there are no indicators of impairment.

Climate-related risks have consistently been considered with respect to the evaluation of the estimated recoverable amounts associated with oil and gas assets. The Aotearoa New Zealand Climate Standards have come into effect in the current financial year, prompting a comprehensive assessment within the Group. The ongoing evaluation encompasses an examination of their implications on both oil and gas assets, as well as their broader impact on the financial statements. At this stage, no material impacts are expected to the carrying value of assets and liabilities.

10 Payables

	Unaudited Half Year 31 Dec 2023	Audited Full Year 30 Jun 2023
\$000		
Trade payables	5,016	3,096
Royalties payable	319	531
Share of oil and gas interests' payable	4,922	6,650
Other payables*	4,438	1,894
Total payables at end of the period	14,695	12,171

* Refer to note 6.

Notes to the financial statements

For the half year ended 31 December 2023

11 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 2023	Audited Full Year 30 Jun 2023
\$000		
Current	-	2,837
Non-current	15,015	15,708
Total contract liabilities at the end of the period	15,015	18,545

i. The Group assumed performance obligations to deliver gas to a customer by 31 December 2023. This obligation was fulfilled during the half year.

ii. The Group assumed performance obligations for the delivery of 'gas not taken' by its sole customer in the Dingo asset. Under the take or pay arrangement, the Group has the obligation to provide MUG within the contractually defined volumes, which were not previously taken by the customer. The customer must take the future delivery of gas by 2035.

During the contract calendar year, 879TJs of the MUG gas was forfeited (31 December 2022: nil) as it was no longer contractually possible for the customer to take this volume of gas prior to the end of the contract term. Receipts of \$3.7 million have been received under the Take or Pay arrangements for this portion of the forfeited gas and this has been recognised in the profit and loss.

12 Rehabilitation provisions

	31 Dec 2023	30 Jun 2023
\$000		
Carrying amount at start of year	55,115	51,856
Change in provision recognised	432	1,838
Unwind of discount on provision	734	1,324
Revaluation of foreign currency rehabilitation provision	(1,329)	97
Total rehabilitation provision at end of the period	54,952	55,115

The discount rate used is the risk-free interest rate obtained from the country related to the currency of the expected expenditure. The discount rates used to determine the provision ranged from 1.72% to 4.31% (30 June 2023: 1.56% to 4.81%).

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

As at 31 December 2023, \$6.4 million (30 June 2023: \$6.5 million) was contributed in respect of the Mahato and Sampang rehabilitation provisions in Indonesia.

Notes to the financial statements

For the half year ended 31 December 2023

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. Income of \$0.5 million has been included in 'Other income' in the profit and loss (31 December 2022: \$0.3 million).

In June 2022, NZO granted Cue an unsecured loan of \$7.6 million at an interest rate of 10%. The final repayment of \$4.3 million was paid on 25 September 2023.

During the period Alastair McGregor, Samuel Kellner, Andrew Jefferies and Marco Argentieri received compensation for the provision of Directorial services to Cue of \$0.2 million (31 December 2022: nil).

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

The Group has commitments of \$0.7 million for the drilling of one well at the Mahato PSC.

At Kupe the Group has entered into a rig contract to enable the drilling of an additional infill well. The Group's share of the commitment is \$1.1 million.

The Group's share of commitments associated with the Amadeus Basin permits for production and development expenditure is \$1.0 million.

On 20 March 2023, the Group entered into a farm out agreement with Triangle. As part of this agreement the Group are committed to paying Triangle's drilling costs, in the form of a carry, capped at \$3.9 million, as well as its own costs of approximately the same value.

(b) Contingent assets and liabilities

In October 2023, Texcal, the Mahato PSC operator, and Riau Petroleum, an Indonesian local government-owned entity, signed an agreement to transfer a share of the Mahato PSC's Participating Interest to Riau Petroleum, as required by the Production Sharing Contract (PSC) and government regulations. Cue is currently reviewing the transfer documentation regarding the transfer of its share of Participating Interest.

15 Events occurring after balance date

On 14 February 2024, the Group announced that it has agreed to purchase a further 25% equity interest in the Mereenie licenses from Macquarie Mereenie Pty Ltd. Completion of the acquisition is subject to certain conditions being met. Macquarie Bank will provide vendor financing for 100% of the purchase price, third party transaction costs and future development activity up to a total debt of A\$63 million.

On 28 February 2024, Cue declared to pay a special dividend of AUD 2 cents per share to be paid on 5 April 2024.

On 29 February 2024, NZO declared a special dividend to ordinary shareholders of AUD 3 cents per share to be paid on 10 April 2024 with record date 27 March 2024.

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 interim consolidated financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements of New Zealand Oil & Gas Limited (“the company”) and its subsidiaries (“the group”) on pages 4 to 15 do not:

- i. present, in all material respects the Group’s financial position as at 31 December 2023 and its financial performance and cash flows for the 6 month period ended on that date in compliance with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying interim consolidated financial statements which comprise:

- the condensed statement of financial position as at 31 December 2023;
- the condensed statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (“NZ SRE 2410 (Revised)”). Our responsibilities are further described in the *Auditor’s Responsibilities for the review of the financial statements* section of our report.

We are independent of New Zealand Oil & Gas Limited, in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

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 interim consolidated financial statements

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

- the preparation and fair presentation of the interim consolidated financial statements in accordance with NZ IAS 34 Interim Financial Reporting;
- implementing necessary internal control to enable the preparation of interim consolidated financial statements that is free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the interim consolidated financial statements

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

A review of interim consolidated financial statements in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410 (Revised)") 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.

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) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these interim consolidated financial statements.



KPMG
Wellington

29 February 2024