

# NOTICE OF 2020 ANNUAL MEETING

The 2020 Annual Meeting of New Zealand Oil & Gas Limited (the Company) will be held **only online this year** at 10.00am (NZ Daylight Saving Time) on Wednesday, 4 November 2020.

## Shareholders are invited to join the virtual Annual Meeting.

Details of how to participate are provided in the Virtual Meeting Guide accompanying this notice. You are encouraged to review this guide and either download the Lumi AGM app before the Annual Meeting, or access via the website address **web.lumiagm.com** on your desktop computer or mobile device.

## Business

### Chair's Address

### Chief Executive Officer's Presentation

### Shareholder Questions

Consideration of any shareholder questions submitted prior to the Annual Meeting [to the extent these questions have not already been addressed in the Chair's Address and Chief Executive Officer's Presentation].

For further details, see Explanatory Note 1.

### Ordinary Resolutions

To consider and, if thought fit, pass the following Ordinary Resolutions, requiring approval by a simple majority of the votes of shareholders entitled to vote and voting:

#### SHAREHOLDER PROPOSAL

Mr J Dunphy has put forward three resolutions for consideration at the meeting. For further details, see Explanatory Note 2.

**Resolution 1:** There is no confidence in the two current independent directors, Dr Archer and Mr Ritchie, and they are asked to resign.

**Resolution 2:** Consistent with the commitment made to shareholders last year in relation to the highest standards of corporate governance, the board shall be comprised of a majority of independent directors from the first possible date this can be achieved through the resignation or removal of existing directors and the appointment of new independent directors.

**Resolution 3:** Having regard to the importance of effective, competent independent directors and the protection of minority shareholders' interests in the Company, the minority shareholders may appoint a minimum of two directors via an ordinary resolution of the shareholders in relation to which the majority shareholder will not vote.

#### ELECTION OF DIRECTORS

**Resolution 4:** That Mr A McGregor be elected as a Director.

**Resolution 5:** That Mr J Dunphy be elected as a Director.

**Resolution 6:** That Ms S Sharif be elected as a Director.

For further details, see Explanatory Note 3.

## AUDITOR'S REMUNERATION

**Resolution 7:** That the Board be authorised to fix the auditor's remuneration.

For further details, see Explanatory Note 4.

## General Business

## Attendance and voting

Your rights to vote may be exercised by:

- Attending and voting online using Lumi AGM. Instructions are included in the Explanatory Notes; or
- Postal Voting. The Board has determined that postal voting is permitted. Postal voting instructions are included in the Voting Card which accompanies this Notice of Annual Meeting. You can cast a postal vote online, or complete and send the Voting Card by post, email [as a scanned attachment] or fax so that your vote is received by Computershare Investor Services Ltd no later than 10.00AM on Monday, 2 November 2020; or
- Appointing a proxy [or representative] to attend and vote online in your place. The proxy need not be a shareholder of the Company and the form of appointment of a proxy and voting instructions accompany this Notice of Annual Meeting. You can appoint a proxy online or complete and send the Voting Card by post, email [as a scanned attachment] or fax so that it is received by Computershare Investor Services Ltd by no later than 10.00AM on Monday, 2 November 2020.

On behalf of the Board



**Paris Bree**  
Company Secretary  
11 September 2020

Please Note: If you wish to exercise your vote for the above resolutions by proxy please refer to Explanatory Note 5.

# EXPLANATORY NOTES

## VIRTUAL MEETING

This year's Annual Meeting will be held online only, in response to the health and safety precautions to prevent the spread of Covid-19, and in particular to limit risks related to avoidable large gatherings of people.

All shareholders will have the opportunity to attend and participate in the 2020 Annual Meeting online via an internet connection, using a computer, tablet or smartphone.

The Annual Meeting will be accessible on both desktop and mobile devices.

To participate remotely you will need to either:

- Download Lumi AGM from the App Store or Google Play Store for free – search for Lumi-AGM; or
- Visit [web.lumiagm.com](http://web.lumiagm.com) using a browser on your desktop or mobile device.

A compatible browser will be required. Lumi AGM supports the latest version of Chrome, Safari, Internet Explorer, Edge or Firefox.

If you have any questions, or need assistance with the online process, please contact Computershare on +64 9 488 8777 between 8.30am and 5.00pm Monday to Friday.

Audio and visual streams of the meeting will be available. Ensure the volume control on your headphones or device is turned up.

Shareholders will be able to view the presentations, vote on the resolutions to be put to shareholders, and ask questions, by using their own computers or mobile devices.

Shareholders will still be able to appoint a proxy to vote for them or send a postal vote, as they otherwise would, by following the instructions on the proxy form and in this Notice of Annual Meeting.

Details of how to participate 'virtually' are provided in the accompanying Virtual Meeting Guide, with instructions for accessing the virtual meeting. Shareholders are encouraged to review this guide and download the Lumi AGM app prior to the Annual Meeting.

Shareholders will require the meeting ID – which is 361-450-019 – as well as their CSN/Securityholder Number, which can be found on their proxy and postal voting form, for verification purposes.

## NOTE 1 – SHAREHOLDER QUESTIONS

Shareholders may submit written questions to be considered at the Annual Meeting. Written questions should be sent by post to "Annual Meeting," New Zealand Oil & Gas Limited, Level 1, 36 Tennyson Street, Wellington 6011 or by email to [enquiries@nzog.com](mailto:enquiries@nzog.com). The Company reserves the right not to address any questions that, in the Board's opinion, are not reasonable to address in the context of an annual meeting, or any question received fewer than 5 working days prior to the Annual Meeting.

## NOTE 2 - SHAREHOLDER PROPOSALS

**The Board does not support the resolutions put forward by Mr Dunphy. The Board recommends that you vote against Resolutions 1, 2 & 3.**

The Board is required to provide shareholders with information to enable them to form a reasoned judgment in relation to the matters to be considered at the Annual Meeting. The Board believes it is important for shareholders to understand its reasons for not supporting these resolutions.

Resolution 1 proposes a finding of no confidence in Dr Archer and Mr Ritchie and asks for their resignations. The Board reiterates its confidence in and respect for both Dr Archer and Mr Ritchie and believes that their unique experience and skills are extremely valuable to the Company. Their distinguished careers give them an uncommon degree of insight into the technical and operational aspects of the business. We refer you to their biographies, which clearly illustrate their domain expertise in areas with everyday relevance to mission-critical functions of the Company. Moreover, through their experience with multiple recent takeover offers and last year's scheme of arrangement they have worked alongside a diverse and talented set of independent advisors and now have an uncommon degree of familiarity with these processes. The Board values Dr Archer's and Mr Ritchie's ongoing contributions to the Board and the Company and looks forward to their continued service. The Board recommends that you vote against Resolution 1.

Resolution 2 proposes that the Board be comprised of a majority of independent directors. Adopting this resolution would create Board representation that is not reflective of the current shareholding of the Company. The Company is in compliance with the NZX Listing Rules in respect of the required number of independent directors, and it is only a recommendation of the NZX Corporate Governance Code that a majority of the board be independent. Given the ownership structure of the Company, the Board does not consider it appropriate to the circumstances of the Company to adopt this recommendation, as fully disclosed in the Annual Report. Accordingly, the Board recommends that you vote against Resolution 2.

Resolution 3 proposes that minority shareholders be allowed to appoint a minimum of two independent directors, to be elected in a vote in which the majority shareholder would not be allowed to participate. Supporting this resolution would require the majority shareholder to forego its right to vote on the directors in question. The right to vote a holder's shares is generally considered a fundamental shareholder right associated with the ownership of those shares. Given the current makeup of the Board and the continued contribution of two qualified independent directors, the Board sees no reason why any shareholder should sacrifice the legal rights attached to its shares. The Board recommends that you vote against Resolution 3.

In addition to removing rights from certain classes of shareholders, Resolutions 1, 2 & 3 would also limit the proper functioning of the Board. The Board as a whole, supported by the functions of the Nomination and Remuneration Committee, undertakes the process of recommending directors for appointment, in accordance with recommendation 2.2 of the NZX Corporate Governance Code.

# EXPLANATORY NOTES

The Code specifies that the process of vetting prospective directors should include background checks into character, education, criminal record, and bankruptcy. The Committee also undertakes other vetting procedures that it deems appropriate in the circumstances. Adopting the above resolutions would undercut the Board's role in ensuring compliance with these 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 the composition of the Board is appropriate given the current shareholding of the Company. Moreover, the current Board brings together unique and complimentary skill-sets that are highly valued in the industry.

## **Mr Dunphy's Statement.**

A shareholder proposing a resolution has the right to include a statement of up to 1000 words in support of the resolution. Mr Dunphy has provided this statement, which is distributed with this Notice of Annual Meeting at the Company's cost. The statement is attached as Annexure A.

The Board is bound to make certain clarifications with respect to Mr Dunphy's statement.

Mr Dunphy states that minority shareholders voted "strongly against" the scheme of arrangement proposed last year. It is certainly true that, in terms of votes cast by minority shareholders, 37% were in favour of the scheme while 63% were against it. It should be noted however that, of the 1154 minority shareholders who voted on the scheme, 795, or 69% of the minority shareholders who cast ballots, voted in favor of the scheme.

These figures indicate that there was significant support for the scheme amongst many of the minority shareholders with smaller holdings. The independent directors continue to believe that it was appropriate to recommend the scheme to minority shareholders and allow all minority shareholders the opportunity to consider it.

Mr Dunphy also states that one of the proposals recommended by the independent directors was at a 25% discount to the final offer price. The initial scheme price of 62 cents per share put to shareholders was in fact only a 16% discount to the final offer price of 74 cents per share.

Mr Dunphy draws attention to the experience of the independent directors, contending New Zealand Oil & Gas is primarily an investment company. The Company is an oil and gas exploration and production company that currently holds non-operated interests both directly and through its subsidiary Cue Energy Resources Limited. It plays active roles in the joint ventures in which it participates, necessitating significant technical and operational expertise. As a result, the deep industry experience of Dr Archer and Mr Ritchie are of particular value to the Company.

The Board notes that, as a result of their involvement on the Board and, in particular, their involvement in multiple takeover offers and last year's scheme of arrangement, both Dr Archer and Mr Ritchie have significant and unique corporate governance experience, which

complements their areas of industry expertise. They have worked closely with respected independent financial, legal and commercial advisors in each of the above-referenced transactions and have developed considerable familiarity with these processes.

The Board does not view it as appropriate to mandate interviews for all prospective directors who are nominated to stand for election. The Board believes that interviews may from time to time be an appropriate part of the process, though not necessarily in all cases. The Board notes that many members of current Board of Directors have met on several occasions with a majority of the candidates who stood or are standing for election at this year's and last year's annual meetings.

## **NOTE 3 – ELECTION OF DIRECTORS**

### **RESOLUTIONS 4, 5 & 6**

The Board has set the maximum number of Directors at seven.

Under NZX Listing Rule 2.7.1, a Director must not hold office (without re-election) past the third annual meeting following the Director's appointment, or 3 years, whichever is longer. Mr McGregor was last elected as a Director at the 2017 Annual Meeting on 30 October 2017. Accordingly, he is retiring as a Director and, being eligible, seeks re-election.

Three candidates, including Mr McGregor, have offered themselves for election as a Director. To be appointed, a candidate must be approved by Ordinary Resolution, which means a simple majority of the votes cast on the resolution for appointment of the candidate must be in favour of the resolution. In addition, there is a maximum of only two available positions and it is possible that only one or neither position is filled. If more candidates are approved (by Ordinary Resolution) than there are positions available, those elected will be the two who receive the greatest number of votes cast in favour of their appointment. If there are candidates who have an equal number of 'For' votes, then the candidate or candidates with fewer 'Against' votes will be the candidate or candidates appointed.

### **BOARD RECOMMENDATION**

The Board has determined that Mr McGregor is not independent. Mr Dunphy and Ms Sharif are independent.

The Board believes that Mr Alastair McGregor brings valuable experience appropriate to an international oil and gas company that would not otherwise be represented on the Board. For this reason the Board believes it is in the interests of shareholders that Mr McGregor be elected as a member of the Board.

The Board recommends that shareholders vote in favour of Resolution 4.

The Board does not recommend a vote in favour of Resolutions 5 and 6. As noted above, the Board undertakes a process for selection of appropriate candidates for appointment as directors. The Board does not consider that, as currently constituted, it lacks the skill-sets which Mr Dunphy and Ms Sharif offer.

# EXPLANATORY NOTES

The candidates have supplied the biographical information set out below.

**Alastair McGregor** has been actively involved in the oil & gas sector since 2003. He is currently chief executive of O.G. Energy, which holds Ofer Global'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 Ofer Global's energy activities. Mr McGregor is also the Chairman of the Board of Directors 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. He is a member of the Commercial Committee, the Nomination and Remuneration Committee and the Operational Risk and Sustainability Committee.

**James Dunphy** is a professional investor and managing director of Dangerous Goods Compliance Limited, a leading company providing certification services to companies requiring certification pursuant to NZ's Hazardous Substances Regulations 2017. He is sole director of DGC Training Limited, which aims to provide the best online training for workers at companies using hazardous substances. He is sole director of makethemaccountable.com.au Limited and operates a website with that domain name dedicated to publicising material issues at public companies in which he has a financial interest, including NZOG.

Commencing in 1987, James spent 25 years as an investment banker working in New Zealand, New York and Sydney including 19 years at Credit Suisse. By his estimate, he advised on more than \$30 billion of mergers & acquisitions and more than \$50 billion of financing transactions during his career. While a Managing Director at Credit Suisse and Moelis & Company, James's roles included the head of sector coverage for the Consumer, Industrials, Healthcare, Retail and Natural Resources sectors in Australia. In this latter role, James advised on assignments in the oil and gas sector during four years. Advising on public company takeovers was James' principal activity during his last decade in investment banking.

As a professional investor, James's recent successes included a more than 10-fold increase in profitability of an Australian private company during the five years he was a director and active in driving the structural changes needed to improve the company's operations and profitability.

By joining the board of New Zealand Oil & Gas, James believes he can be instrumental in effecting material improvements to better protect the interests of minority shareholders and to materially improve the share price. He believes he brings important skill sets which do not exist currently in the Company's independent directors and has no conflict of interest in the oil and gas sector.

The biographical information presented here has been provided by Mr Dunphy, and has not been verified by New Zealand Oil & Gas. In addition, background checks that would usually be undertaken for a prospective director were not completed in this instance, at the candidate's request in the circumstances.

**Samantha Sharif** is a professional director and investor. She has been a New Zealand Oil & Gas shareholder for many years and is passionate about NZ success on the global stage. Her key expertise is in logistics, infrastructure and energy sectors.

Samantha graduated with an LLB (Hons) from the London School of Economics and holds an LLM (First Class Hons) from Victoria University of Wellington. She also has a Post-Graduate Diploma in finance and corporate governance from Chartered Secretaries Australia. Samantha practised commercial law at senior levels in London, Australia and New Zealand before moving into chief executive and governance roles.

Samantha has 20 years of global leadership experience in the aviation industry, including being chief executive of CANSO based in Amsterdam and Aviation New Zealand.

She is an experienced board chair, as well as chair of Audit & Risk, HSSE and Remuneration Committees; is an award winning director and a Chartered Member of the Institute of Directors. She is actively engaged in NZ energy policy, supply and distribution in her current and previous Board roles. Relevant prior experience includes:

Chair	Greater Wellington Regional Holdings (oversight of Centreport)
Independent Adviser	Coastal Oil Logistics (Joint Venture Z Energy, BP, Mobil, Caltex)
Chair	Greater Wellington Rail Ltd
Independent Director	Motor Trades Association Group
Director	NZ Shareholders Association
Member	Wellington Branch Committee Institute of Directors

The biographical information presented here has been provided by Ms Sharif, and has not been verified by New Zealand Oil & Gas.

# EXPLANATORY NOTES

## NOTE 4 – AUDITOR'S FEE

### RESOLUTION 7

KPMG are automatically reappointed as auditor under section 207T of the Companies Act 1993. This Resolution authorises the Board to fix the fees and expenses of the auditor.

## NOTE 5 – VOTING BY PROXY

If you are unable to attend the Annual Meeting, you may appoint a proxy to attend the online meeting in your place. A proxy need not be a shareholder of the Company.

The Chair of the meeting is willing to act as proxy for any shareholder who may wish to appoint him for that purpose. The Chair will vote as directed on any resolutions, and intends to vote any discretionary proxies in accordance with Board recommendations, against resolutions 1, 2, 3, 5 & 6 and for resolutions 4 & 7 (to the extent permitted by the NZX Listing Rules and the Company's Constitution).

If you select a proxy to vote on your behalf (including the Chair), and you either (i) confer on the proxy a discretion on the Voting Card or (ii) do not provide any instructions on the Voting Card about how the proxy should vote, you acknowledge that the proxy may exercise your proxy at his or her discretion and may vote as he or she thinks fit or abstain from voting. In so doing you acknowledge that the proxy may exercise your right to vote even if he or she has an interest in the outcome of the Resolution[s] (provided that interest does not disqualify him or her from voting under the NZX Listing Rules).

If you do not attend the meeting, exercise your vote by postal vote or appoint a proxy, then no vote will be exercised in respect of your shareholding.

## ENTITLEMENT TO VOTE

All persons registered on the Company's register of shareholders as the holders of shares as at 5:00pm [NZDST] on Monday, 2 November 2020 will be entitled to vote on the Resolutions at this Annual Meeting.

If you have appointed a proxy to attend the Annual Meeting in your place, you may still observe the Annual Meeting online (but only your proxy may cast your votes).

Voting on all of the Resolutions is to be by way of poll. No persons are restricted from voting on, or acting as a discretionary proxy in relation to, any of the Resolutions referred to in this Notice of Annual Meeting.

## POSTAL VOTING

The Board has authorised Computershare Investor Services Ltd to receive and count postal votes at the Annual Meeting.

## RESULTS

Following the Annual Meeting, the results will be posted at [www.nzog.com](http://www.nzog.com) and on [www.NZX.com](http://www.NZX.com)

# EXPLANATORY NOTES

## ANNEXURE A

### STATEMENT FROM THE PROPOSER OF RESOLUTIONS 1, 2 & 3

The three resolutions are designed to encourage all shareholders to express their views regarding important governance considerations and to bring about key changes in relation to the board of our company.

As shareholders in NZOG we face a very unique situation and some are deeply concerned about inadequate protections of our interests:

- The majority shareholder, OG&G, can literally determine the outcome of every shareholder vote on every matter
- The majority shareholder has twice made formal offers to acquire shares in NZOG
- Minority shareholders voted strongly against last year's acquisition proposal
- The two current independent directors twice recommended the acquisition proposal made last year by OG&G, one of which was at a 25% discount to the final offer price
- The two current independent directors do not claim to have any material investment or corporate finance skills, yet NZOG is primarily an investment company, and they must represent minority shareholders if a further acquisition proposal is made
- Significant concerns have been raised by shareholders regarding related party transactions, a critical area where independent directors must protect the best interests of minority shareholders
- In my view the two independent directors have not earned our trust and confidence
- Despite shareholders voting strongly against the recommendation of the two independent directors, the two directors have not offered to resign.
- The resignation of Ms DeLaet has not led to any replacement despite the perfect opportunity to appoint an independent director to replace her
- The Company's processes for recommending Board members does not include interviewing candidates before making a recommendation not to appoint them
- Most fair systems of democratic representation (including NZ's electoral system) expressly cater for minority representation as determined by those minorities not by the majority
- Minority shareholders could reasonably conclude their representation on the board is ineffective for many of the reasons above.

NZOG did make a significant commitment to NZOG shareholders when it made the following commitment in its 2019 annual report [a document that must have been signed off by the board]:

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

The resolutions provide shareholders an opportunity to deliver an important formal message to the board regarding:

- The rejection of the two current independent directors
- Better protection of minority shareholders' interests generally and, in particular, through more democratic election processes
- Having NZOG make good on the commitments it has made to shareholders regarding its standards of corporate governance.

If we can change the board we will have a better chance of changing board behaviour and decision-making with the goal of achieving a much higher share price.



## VIRTUAL MEETING GUIDE

Remote entry to the Annual Meeting will open at 9.30AM NZDST on Wednesday 4 November 2020, with the meeting commencing at 10.00AM NZDST.

Virtual meetings are accessible on both desktop and mobile devices. In order to participate remotely you will need to visit [web.lumiagm.com](http://web.lumiagm.com) on your desktop or mobile device. You will need to ensure that your browser is compatible — Lumi AGM supports the latest versions of Chrome, Safari, Internet Explorer, Edge and Firefox.

If you have any questions, or need assistance with the online process, please contact Computershare on +64 9 488 8777 between 8.30am and 5.00pm Monday to Friday (New Zealand time).

### VOTING AT A GLANCE

#### STEP 1

Open Lumi AGM and enter the Meeting ID shown in top right corner

#### STEP 2

Enter your username and password (CSN/Holder Number and postcode)

#### STEP 3

When the poll is opened, click  and select your desired voting direction

### LOGGING IN

To log in, you must have the following information (which can be found on your Shareholder's Voting and Proxy Form) or you can log in as a guest if you are not a shareholder in New Zealand Oil & Gas Limited. Please note, if you have logged in as a guest you will not be able to ask any questions or vote.

#### NEW ZEALAND RESIDENTS

Username (CSN or Holder number) and password (postcode).

#### OVERSEAS RESIDENTS

Username (CSN or Holder Number) and password (three-character ISO3 country code) e.g. AUS is the ISO3 code for Australia.

You can find a full list at [www.computershare.com/iso3](http://www.computershare.com/iso3)

#### APPOINTED PROXIES

A username and password will be provided prior to the meeting.

If you have not received your username and password, please contact Computershare on +64 9 488 8777 between 8.30am—5.00pm Monday to Friday (New Zealand time).

# USING LUMI AGM

## ACCESSING THE VIRTUAL MEETING

Once you have entered web.lumiagm.com into your internet browser, you'll be prompted to enter the Meeting ID and accept the terms and conditions.

You will then be required to enter your:

- > username [CSN or Holder number];
- > password [postcode, or country code for overseas residents]



## NAVIGATING LUMI AGM

When successfully authenticated, the info screen will display.

You can view meeting information, ask questions and watch the webcast.

If you would like to watch the webcast, press the broadcast icon at the bottom of the screen.



## NAVIGATING LUMI AGM - DESKTOP

When successfully authenticated, the info screen will display.

You can view meeting information, ask questions and watch the webcast.

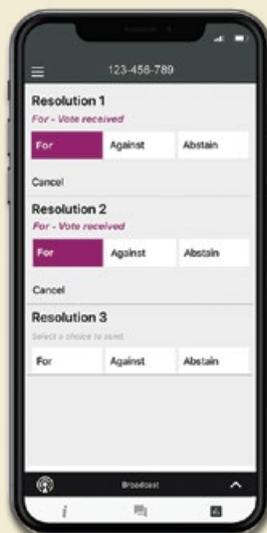
If you would like to watch the webcast, press the button to start the webcast.



## VOTING IN LUMI AGM

Once the poll has been opened, will appear on the navigation bar at the bottom of the screen—from here, the resolution and voting choices will be displayed.

To vote, simply select your voting direction from the options shown on screen. To change your vote, simply select another direction—you can cancel your vote by clicking 'Cancel'.



## ASKING QUESTIONS

Any shareholder or appointed proxy/representative attending the meeting is eligible to ask questions. If you would like to ask a question, select then type and submit your question. It will be sent to the board for an answer.

Please note that not all questions may be able to be answered during the meeting. In this case, questions will be followed up by email after the meeting.



## WATCHING THE WEBCAST

To watch the webcast, click the black broadcast bar on screen and push the button to start the webcast.

The video and/or slides will appear shortly after [dependent on the speed of your internet connection].

