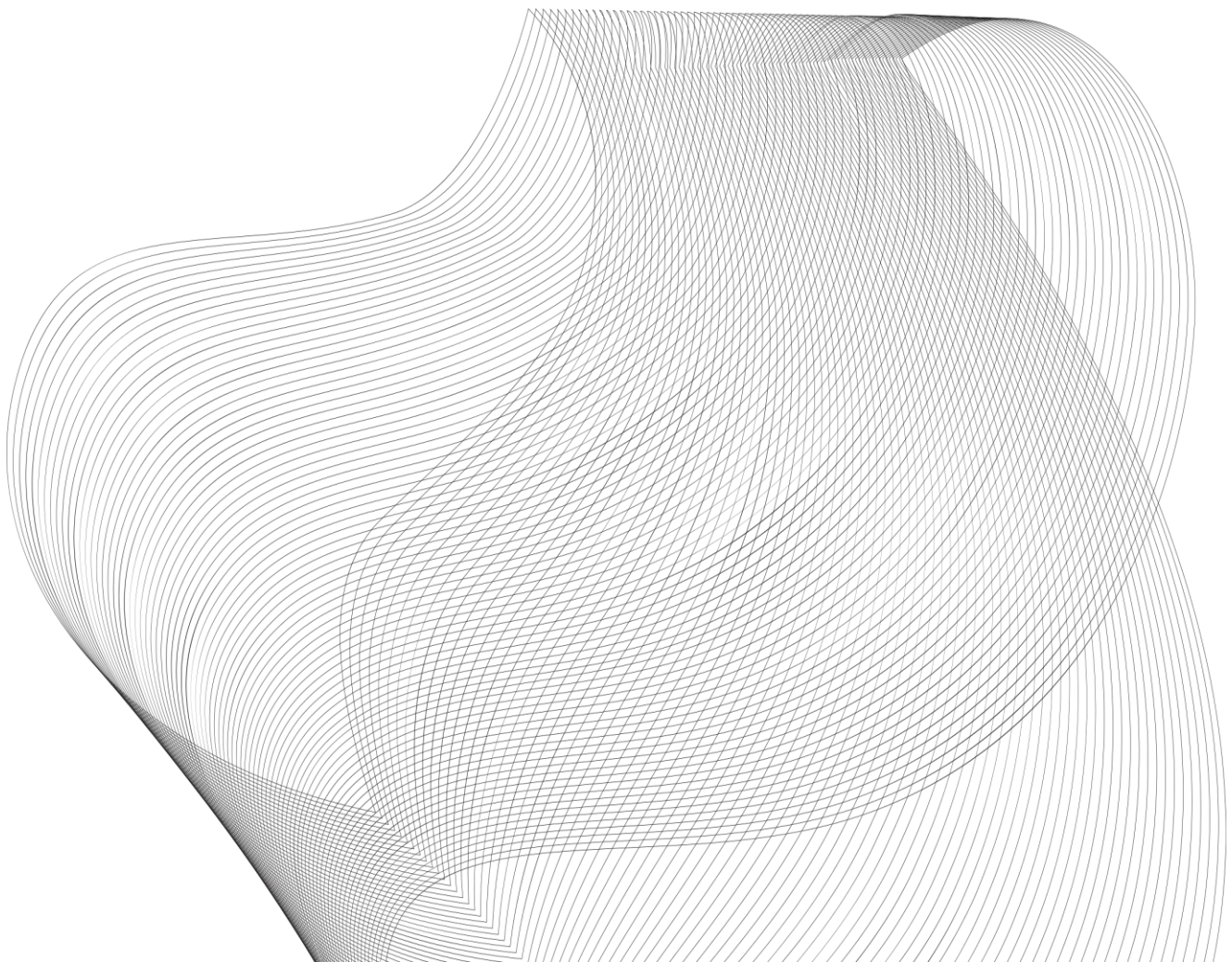


# **CONDENSED AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the half year ended 31 December 2019**



**New Zealand Oil & Gas Limited**  
**Condensed Financial Statements**

**Condensed Statement of Cash Flows**  
**For the half year ended 31 December 2019**

	Unaudited Half Year 31 Dec <b>2019</b>	Unaudited Half Year 31 Dec 2018	Audited Full Year 30 Jun 2019
<b>\$000</b>			
<b>Cash flows from operating activities</b>			
Receipts from customers	<b>19,979</b>	23,530	46,570
Production and marketing expenditure	<b>(6,463)</b>	(5,524)	(10,968)
Supplier and employee payments (inclusive of GST)	<b>(6,979)</b>	(6,562)	(11,744)
Interest received	<b>1,035</b>	1,191	2,297
Income taxes paid	<b>(2,385)</b>	(1,805)	(4,131)
Royalties paid	<b>(1,298)</b>	(1,179)	(2,506)
Other	<b>479</b>	154	1,787
<b>Net cash inflow from operating activities</b>	<b>4,368</b>	9,805	21,305
<b>Cash flows from investing activities</b>			
Exploration and evaluation expenditure	<b>(2,857)</b>	(7,959)	(12,115)
Oil and gas asset expenditure	<b>(1,197)</b>	(1,057)	(1,740)
Purchase of property, plant and equipment	<b>(53)</b>	-	(87)
<b>Net cash outflow from investing activities</b>	<b>(4,107)</b>	(9,016)	(13,942)
<b>Cash flows from financing activities</b>			
Issue of shares	-	6	6
Forfeited Shares	<b>(7)</b>	(17)	(17)
Lease payments	<b>(115)</b>	-	-
<b>Net cash outflow from financing activities</b>	<b>(122)</b>	(11)	(11)
<b>Net increase in cash and cash equivalents and restricted cash</b>	<b>139</b>	778	7,352
Cash and cash equivalents and restricted cash at beginning of the period	<b>105,586</b>	98,010	98,010
Exchange rate effects on cash and cash equivalents	<b>(485)</b>	300	224
<b>Cash and cash equivalents and restricted cash at end of the period</b>	<b>105,240</b>	99,088	105,586

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

**New Zealand Oil & Gas Limited**  
**Condensed Financial Statements**

**Condensed Statement of Comprehensive Income**  
**For the half year ended 31 December 2019**

<b>\$000</b>	Notes	Unaudited Half Year 31 Dec <b>2019</b>	Unaudited Half Year 31 Dec 2018	Audited Full Year 30 Jun 2019
Revenue		<b>20,300</b>	21,774	43,323
Operating costs	5	<b>(6,772)</b>	(5,357)	(9,305)
Exploration and evaluation expenditure	6	<b>(1,903)</b>	(4,967)	(8,224)
Other income		<b>1,279</b>	882	2,450
Other expenses		<b>(6,705)</b>	(6,277)	(12,389)
<b>Results from operating activities excluding amortisation, impairment and net finance costs</b>		<b>6,199</b>	6,055	15,855
Amortisation of production assets		<b>(4,252)</b>	(4,709)	(8,457)
Exploration and evaluation impairment		-	(7,202)	(7,202)
Net finance income		<b>581</b>	2,332	3,162
<b>Profit/(loss) before income tax and royalties</b>		<b>2,528</b>	(3,524)	3,358
Income tax (expense)/credit		<b>(2,082)</b>	108	(3,674)
Royalties expense		<b>(1,896)</b>	(1,370)	(2,573)
<b>Loss for the period</b>		<b>(1,450)</b>	(4,786)	(2,889)
<b>Loss for the period attributable to:</b>				
Loss attributable to shareholders		<b>(2,217)</b>	(7,256)	(7,480)
Profit attributable to non-controlling interest		<b>767</b>	2,470	4,591
<b>Loss for the period</b>		<b>(1,450)</b>	(4,786)	(2,889)
<b>Other comprehensive loss:</b>				
<b>Items that may be classified to profit or loss</b>				
Foreign currency translation differences		<b>(204)</b>	(1,949)	(5,262)
<b>Total other comprehensive loss for the period</b>		<b>(1,654)</b>	(6,735)	(8,151)
<b>Total comprehensive loss for the period is attributable to:</b>				
Equity holders of the Group		<b>(2,425)</b>	(8,997)	(12,517)
Non-controlling interest		<b>771</b>	2,262	4,366
<b>Total comprehensive loss for the period</b>		<b>(1,654)</b>	(6,735)	(8,151)
<b>Loss per share</b>				
Basic and diluted (cents per share)		<b>(1.3)</b>	(4.3)	(4.5)

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

**New Zealand Oil & Gas Limited**  
**Condensed Financial Statements**

**Condensed Statement of Financial Position**  
**For the half year ended 31 December 2019**

<b>\$000</b>	Notes	Unaudited Half Year 31 Dec <b>2019</b>	Audited Full Year 30 Jun 2019
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		93,037	93,540
Restricted cash		12,203	12,046
Receivables and prepayments		7,135	7,996
Inventories		2,042	2,595
<b>Total current assets</b>		<b>114,417</b>	116,177
<b>Non-current assets</b>			
Exploration and evaluation assets	6	4,492	3,646
Oil and gas assets	7	55,315	58,507
Property, plant and equipment		294	374
Other intangible assets		12	47
Other financial assets		-	9
Right-of-use assets		383	-
<b>Total non-current assets</b>		<b>60,496</b>	62,583
<b>Total assets</b>		<b>174,913</b>	178,760
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables		5,852	5,975
Current tax liability		2,144	4,314
Lease liability		237	-
<b>Total current liabilities</b>		<b>8,233</b>	10,289
<b>Non-current liabilities</b>			
Rehabilitation provision	8	20,564	20,829
Deferred tax liability		1,206	1,309
Lease liability		111	-
<b>Total non-current liabilities</b>		<b>21,881</b>	22,138
<b>Total liabilities</b>		<b>30,113</b>	32,427
<b>Net assets</b>		<b>144,800</b>	146,333
<b>Equity</b>			
Share capital		211,901	211,908
Reserves		2,370	2,460
Accumulated losses		(81,278)	(79,071)
<b>Attributable to shareholders of the Group</b>		<b>132,993</b>	135,297
Non-controlling interest in subsidiaries		11,807	11,036
<b>Total equity</b>		<b>144,800</b>	146,333
Net asset backing per share (cents per share)		86	87
Net tangible asset backing per share (cents per share)		84	85

Authorised on behalf of the New Zealand Oil & Gas Limited Board of Directors on 25 February 2020



Samuel Kellner  
Chairman



Rosalind Archer  
Director

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 2019**

\$000	Issued capital	Reserves	Accumulated losses	Total	Non-controlling interest	Total equity
Balance as at 1 July 2018	211,917	7,561	(74,578)	144,900	6,670	151,570
(Loss)/profit for the year	-	-	(7,480)	(7,480)	4,591	(2,889)
Foreign currency translation differences	-	(2,132)	-	(2,132)	(225)	(2,357)
Shares issued	8	-	-	8	-	8
Partly paid shares issued	(17)	-	-	(17)	-	(17)
Share based compensation expense	-	18	-	18	-	18
Exercised and expired ESOP awards	-	(82)	82	-	-	-
FCTR on disposals	-	(2,905)	2,905	-	-	-
<b>Audited balance as at 30 June 2019</b>	<b>211,908</b>	<b>2,460</b>	<b>(79,071)</b>	<b>135,297</b>	<b>11,036</b>	<b>146,333</b>
<b>Audited balance as at 30 June 2019</b>	<b>211,908</b>	<b>2,460</b>	<b>(79,071)</b>	<b>135,297</b>	<b>11,036</b>	<b>146,333</b>
Adjustment to opening accumulated losses for change in accounting standard (note 2)	-	-	5	5	-	5
<b>Balance as at 1 July 2019 restated</b>	<b>211,908</b>	<b>2,460</b>	<b>(79,066)</b>	<b>135,302</b>	<b>11,036</b>	<b>146,338</b>
(Loss)/profit for the period	-	-	(2,217)	(2,217)	767	(1,450)
Foreign currency translation differences	-	(208)	-	(208)	4	(204)
Partly paid shares issued	(7)	-	-	(7)	-	(7)
Share based payment	-	123	-	123	-	123
Exercised and expired options	-	(5)	5	-	-	-
<b>Unaudited balance as at 31 December 2019</b>	<b>211,901</b>	<b>2,370</b>	<b>(81,278)</b>	<b>132,993</b>	<b>11,807</b>	<b>144,800</b>

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

## **1 Basis of accounting**

### **Reporting entity**

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

The condensed interim financial statements (financial statements) presented as at and for the half year ended 31 December 2019 are for New Zealand Oil & Gas Limited, its subsidiaries and the interests in associates and jointly controlled operations (together referred to as the "Group").

The parent company is O.G. Oil & Gas (Singapore) Pte. Limited (OGOG), a company incorporated in Singapore and it forms part of the Ofer Global 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 2019.

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current reporting period.

## **2 Accounting Policies**

The financial statements for the half year ended 31 December 2019 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.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2019 other than the adoption of NZ IFRS 16 Leases. This standard is now applicable and has been adopted from 1 July 2019 and is detailed below.

### **NZ IFRS 16 Leases**

The Group has adopted NZ IFRS 16 from 1 July 2019. The standard replaces NZ IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in administration expenses) and an interest expense on the recognised lease liabilities (included in finance costs). For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

### **Impact on application**

The Group has adopted NZ IFRS 16 using the modified retrospective approach whereby the consolidated entity has recognised the cumulative effect of initially applying this standard as an adjustment to the opening balance of equity as at 1 July 2019. Accordingly, the Group has not restated comparative balances in the financial statements.

On adoption of NZ IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of NZ IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.3%. The associated right-of-use assets for these leases were measured on a retrospective basis as if NZ IFRS 16 had always been applied, with the incremental borrowing rate applied as at each lease's commencement date and the assets depreciated on a straight-line basis over the term of the lease. The provisions recognised in respect of onerous lease contracts were netted off against the associated right-of-use assets at the date of transition.

### **Impact on application (\$000)**

	<b>01-Jul-19</b>
Right-of-use assets	455
Lease liabilities	(460)
Accumulated losses	5

## 2 Accounting Policies (continued)

### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

### Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to the profit and loss if the carrying amount of the right-of-use asset is fully written down.

## 3 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 evaluation and exploration assets and oil and gas assets. Assessment includes future commodity prices, future cash flows, an estimated discount rate and estimates of reserves. Management performs an assessment of the carrying value of investments at each reporting date and considers objective evidence for impairment on each investment taking into account observable data on the investment, the fair value, the status or context of capital markets, its own view of investment value and its long term intentions (refer to note 6).
- \* provision for rehabilitation obligations includes estimates of future costs, timing of required restoration and an estimated discount rate (refer to note 8).

#### 4 Segment information

All 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. Unallocated items comprise mainly corporate assets, office expenses, and income tax assets and liabilities.

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

**Kupe oil and gas field:** development, production and sale of natural gas, liquified petroleum gas (LPG) and condensate (light oil) in the petroleum mining permit area of PML 38146 located in the offshore Taranaki basin, New Zealand.

**Oil & gas exploration:** exploration and evaluation of hydrocarbons in the offshore Taranaki basin and offshore Canterbury basin, New Zealand and in Indonesia.

**Cue Energy Resources Limited (Cue):** the Group acquired a controlling interest in Cue during the 2015 financial year. Management have treated this as a separate operating segment.

<b>Unaudited</b> <b>Half year to 31 December 2019</b> <b>\$000</b>	<b>Kupe oil &amp; gas</b>	<b>Oil &amp; gas exploration</b>	<b>Other &amp; unallocated</b>	<b>Cue Energy Resources Ltd</b>	<b>Total</b>
Sales to external customers - NZ	4,477	-	-	-	4,477
Sales to external customers - other countries	1,080	-	-	14,743	15,823
<b>Total sales revenue</b>	<b>5,557</b>	<b>-</b>	<b>-</b>	<b>14,743</b>	<b>20,300</b>
Other income	50	-	535	694	1,279
<b>Total revenue and other income</b>	<b>5,607</b>	<b>-</b>	<b>535</b>	<b>15,437</b>	<b>21,579</b>
<b>Segment result</b>	<b>3,060</b>	<b>(694)</b>	<b>(5,013)</b>	<b>4,594</b>	<b>1,947</b>
Other net finance income					581
<b>Profit before income tax and royalties</b>					<b>2,528</b>
Income tax and royalties expense					<b>(3,978)</b>
<b>Loss for the period</b>					<b>(1,450)</b>
Segment assets	31,816	946	-	27,045	59,807
Unallocated assets					115,106
<b>Total assets</b>					<b>174,913</b>
<b>Included in segment results:</b>					
Depreciation and amortisation expense	1,583	-	119	2,669	4,371



**4 Segment information (continued)**

<b>Audited</b> <b>Full year to 30 June 2019</b> <b>\$000</b>	<b>Kupe oil &amp; gas</b>	<b>Oil &amp; gas exploration</b>	<b>Other &amp; unallocated</b>	<b>Cue Energy Resources Ltd</b>	<b>Total</b>
Sales to external customers - NZ	11,933	-	-	-	11,933
Sales to external customers - other countries	3,928	-	-	27,462	31,390
<b>Total sales revenue</b>	<b>15,861</b>	<b>-</b>	<b>-</b>	<b>27,462</b>	<b>43,323</b>
Other income	58	-	239	2,153	2,450
<b>Total revenue and other income</b>	<b>15,919</b>	<b>-</b>	<b>239</b>	<b>29,615</b>	<b>45,773</b>
<b>Segment result</b>	<b>10,267</b>	<b>(12,960)</b>	<b>(10,349)</b>	<b>13,238</b>	<b>196</b>
Other net finance income					3,162
<b>Profit before income tax and royalties</b>					<b>3,358</b>
Income tax and royalties expense					(6,247)
<b>Loss for the year</b>					<b>(2,889)</b>
Segment assets	32,712	90	-	29,351	62,153
Unallocated assets					116,607
<b>Total assets</b>					<b>178,760</b>
<b>Included in segment results:</b>					
Depreciation and amortisation expense	3,798	-	351	4,669	8,818

<b>Unaudited</b> <b>Half year to 31 December 2018</b> <b>\$000</b>	<b>Kupe oil &amp; gas</b>	<b>Oil &amp; gas exploration</b>	<b>Other &amp; unallocated</b>	<b>Cue Energy Resources Ltd</b>	<b>Total</b>
Sales to external customers - NZ	5,596	-	-	5,897	11,493
Sales to external customers - other countries	1,683	-	-	8,598	10,281
<b>Total sales revenue</b>	<b>7,279</b>	<b>-</b>	<b>-</b>	<b>14,495</b>	<b>21,774</b>
Other income	120	-	232	530	882
<b>Total revenue and other income</b>	<b>7,399</b>	<b>-</b>	<b>232</b>	<b>15,025</b>	<b>22,656</b>
Impairment of exploration and evaluation asset	-	(7,202)	-	-	(7,202)
<b>Segment result</b>	<b>4,927</b>	<b>(11,512)</b>	<b>(4,540)</b>	<b>5,269</b>	<b>(5,856)</b>
Other net finance income					2,332
<b>Loss before income tax and royalties</b>					<b>(3,524)</b>
Income tax and royalties expense					(1,262)
<b>Loss for the period</b>					<b>(4,786)</b>
Segment assets	33,604	-	-	27,167	60,771
Unallocated assets					115,358
<b>Total assets</b>					<b>176,129</b>
<b>Included in loss for the period:</b>					
Depreciation and amortisation expense	1,757	-	197	2,952	4,906

**5 Operating costs**

<b>\$000</b>	<b>Unaudited Half Year 31 Dec 2019</b>	<b>Unaudited Half Year 31 Dec 2018</b>	<b>Audited Full Year 30 Jun 2019</b>
Production and sales marketing costs	<b>(5,483)</b>	(4,758)	(8,965)
Carbon emission expenditure	<b>(262)</b>	(156)	(413)
Insurance expenditure	<b>(293)</b>	(180)	(456)
Movement in inventory	<b>(734)</b>	(263)	529
<b>Total operating costs</b>	<b>(6,772)</b>	(5,357)	(9,305)

## 6 Exploration and evaluation

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

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

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

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

On 19 November 2019 exploration commenced on the PB-1 well in the Mahato PSC in Indonesia of which Cue holds a 12.5% interest. Following a dispute with the operator, Cue stopped receiving full information and the costs of this exploration work have subsequently been expensed until further information is received. Discussions between Cue and the operator are ongoing in an attempt to resolve issues.

## 7 Oil and gas assets

	Unaudited Half Year 31 Dec <b>2019</b>	Audited Full Year 30 Jun <b>2019</b>
<b>\$000</b>		
Opening balance	<b>58,507</b>	64,848
Expenditure capitalised	<b>1,591</b>	1,702
Amortisation for the period	<b>(4,300)</b>	(8,475)
Foreign exchange adjustment	<b>(45)</b>	(1,204)
Abandonment provision	<b>(438)</b>	1,636
<b>Closing balance at end of period</b>	<b>55,315</b>	58,507

## 8 Rehabilitation provision

Provisions for restoration have been recognised where the Group has an obligation, as a result of its operating activities, to restore certain sites to their original condition. There is uncertainty in estimating the timing and amount of the future expenditure. The provision is estimated based on the present value of the expected expenditure. The discount rate used is the risk-free interest rate obtained from the country related to the currency of the expected expenditure. In the current period, the discount rate used to determine the provision was 1.82% using the United States Treasury bond rates. The initial provision and subsequent re-measurement are recognised as part of the cost of the related asset. The unwinding of the discount is recognised as finance costs in profit or loss.

A revised estimate from the operator for the Kupe rehabilitation costs dated February 2019 has been used.

	Unaudited Half Year 31 Dec <b>2019</b>	Audited Full Year 30 Jun <b>2019</b>
<b>\$000</b>		
<b>Carrying amount at start of period</b>	<b>20,829</b>	18,642
(Reduction)/Addition in provision recognised	<b>(438)</b>	1,643
Foreign exchange adjustment	<b>(79)</b>	130
Unwinding of discount	<b>252</b>	414
<b>Carrying amount at end of period</b>	<b>20,564</b>	20,829

## **9 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.

During the period certain activities were undertaken between the Group and OGOG under the intra-group services agreement. The intra-group services agreement was approved by the independent directors and is based on cost recovery plus a margin. For the period ended 31 December 2019 \$0.4 million has been included in the profit and loss. No other transactions have occurred between the Group and OGOG.

A number of directors are also directors of other companies. Any transactions undertaken with these entities have been entered into as part of the ordinary business of the Group. No directors fees are currently charged for the representatives of OGOG who are directors of the Group.

## **10 Events occurring after balance date**

Cue Sampang Pty Ltd has received notification that the Indonesian tax authorities have submitted an appeal to the Indonesian Supreme Court over the Tax Court decision which awarded Cue a refund of approximately \$0.7 million of overpaid taxes. Cue is reviewing the situation.



# Independent Review Report

To the shareholders of New Zealand Oil and Gas Limited

## Report on the condensed consolidated interim financial statements

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements on pages 2 to 11 do not:

- i. present fairly in all material respects the Group's financial position as at 31 December 2019 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 condensed consolidated interim financial statements which comprise:

- the condensed statement of financial position as at 31 December 2019;
- 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 condensed consolidated interim financial statements 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 and 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 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 condensed consolidated interim financial statements**

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

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



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

Our responsibility is to express a conclusion on the condensed consolidated interim financial statements 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 condensed consolidated interim financial statements 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 these condensed consolidated interim financial statements.

This description forms part of our Independent Review Report.



KPMG  
Wellington  
25 February 2020