



Third Quarter 2022
Condensed Consolidated Interim Financial Statements
30 September 2022

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of New Zealand Energy Corp. (“the Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for the review of condensed consolidated interim financial statements by an entity’s auditor.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
(Expressed in Canadian Dollars)

	Notes	30 September 2022 \$	31 December 2021 \$
Assets			
<i>Current</i>			
Cash	3	462,976	463,272
Accounts and other receivables	4	1,709,460	1,507,720
Prepaid expenses		82,225	100,630
Inventories	5	645,969	619,832
<i>Total current assets</i>		2,900,630	2,691,454
<i>Non-Current</i>			
Inventories	5	226,604	247,008
Property, plant and equipment	6	9,962,176	11,901,903
Intangible Assets	7	138,078	154,859
<i>Total non-current assets</i>		10,326,858	12,303,770
<i>Total assets</i>		13,227,488	14,995,224
Liabilities			
<i>Current</i>			
Trade and other Payables	9	2,615,241	2,166,321
Convertible Loan	10	2,237,285	2,087,696
Asset retirement obligation	8	-	-
<i>Total current liabilities</i>		4,852,526	4,254,017
<i>Non-Current</i>			
Asset retirement obligations	8	7,148,382	9,129,665
<i>Total liabilities</i>		12,000,908	13,383,682
Shareholders' equity			
Share capital	11	109,738,706	109,738,706
Accumulated deficit		(108,512,126)	(108,127,164)
<i>Total shareholders' equity</i>		1,226,580	1,611,542
<i>Total liabilities and shareholders' equity</i>		13,227,488	14,995,224

Description of business and going concern (Note 1)

These unaudited condensed consolidated financial statements are authorized for issuance by the Board of Directors on 25 November 2022.

On behalf of the Board of Directors

"James Willis"
James Willis, Director

"Mark Dunphy"
Mark Dunphy, Director

See accompanying notes to the unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 September 2022 and 2021
(Expressed in Canadian Dollars)

		Number of shares	Share Capital	Share based payments reserve (options)	Share based payments reserve (warrants)	Foreign currency translation reserve	Accumulated deficit	Total equity
Balance, 1 January 2021		232,123,459	109,738,706	21,289,710	1,349,289	12,133,939	(141,907,094)	2,604,550
Net loss for the period		-	-	-	-	-	(425,116)	(425,116)
Share Consolidation	11	(208,911,113)	-	-	-	-	-	-
Other comprehensive income for the period		-	-	-	-	(203,486)	-	(203,486)
Balance, 30 September 2021		23,212,346	109,738,706	21,289,710	1,349,289	11,903,453	(142,332,210)	1,975,948
Balance, 1 January 2022		23,212,346	109,738,706	21,289,710	1,349,289	11,892,001	(142,658,164)	1,611,542
Net loss for the period		-	-	-	-	-	(32,494)	(32,494)
Other comprehensive income for the period		-	-	-	-	(352,468)	-	(352,468)
Balance, 30 September 2022		23,212,346	109,738,706	21,289,710	1,349,289	11,539,533	(142,690,658)	1,226,580

See accompanying notes to the unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
For the nine month periods ended 30 September 2022 and 2021
(Expressed in Canadian Dollars)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 \$	2021 \$	2022 \$	2021 \$
Revenues					
Revenue	12	1,165,431	1,256,247	3,713,701	3,771,607
Royalties		(45,177)	(41,723)	(141,469)	(121,440)
		<u>1,120,254</u>	<u>1,214,524</u>	<u>3,572,232</u>	<u>3,650,167</u>
Expenses and other items					
Production costs		400,373	515,654	1,168,083	1,102,753
Purchased oil	12	-	254,780	-	877,939
Processing costs		294,610	301,905	720,011	556,358
Depreciation and depletion	6,7	80,107	103,361	314,579	406,387
General and administrative	13	536,949	396,547	1,332,051	1,285,113
Finance expense		129,851	22,495	354,586	103,930
Foreign exchange (gain)/loss		(15,445)	17,538	(17,626)	7,544
Inventory write-down		-	-	-	-
Abandonment provision movement		(51,534)	14,641	(266,958)	(264,741)
		<u>1,374,911</u>	<u>1,626,921</u>	<u>3,604,726</u>	<u>4,075,283</u>
Net Profit/(loss)		(254,657)	(412,397)	(32,494)	(425,116)
Other comprehensive loss:					
Exchange difference on translation of foreign currency (i)		(64,084)	26,932	(352,468)	(203,486)
Total comprehensive income/(loss)		(318,741)	(385,465)	(384,962)	(628,602)
Basic and diluted loss per share		\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.02)
Weighted average shares outstanding		23,212,346	23,212,346	23,212,346	23,212,346

(i) Exchange difference on translation of foreign currency may be subsequently reclassified to profit or loss.

See accompanying notes to the unaudited condensed consolidated interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine month periods ended 30 September 2022 and 2021
(Expressed in Canadian Dollars)

	Notes	Nine months ended 30 September	
		2022	2021
		\$	\$
Operating activities			
Net Profit/(loss) for the period		(32,494)	(425,116)
<i>Changes for non-cash operating items</i>			
Depreciation and depletion		314,579	428,537
Accretion and accrued interest		354,586	103,930
Abandonment provision movement		(266,958)	(264,741)
Foreign exchange (gain) / loss		(17,626)	7,544
<i>Change in working capital items</i>			
Accounts and other receivables		(201,739)	(759,434)
Prepaid expenses		18,405	64,814
Inventories		(5,733)	235,885
Accounts payable and accrued liabilities		448,920	557,885
<i>Cash provided by (used in) operating activities</i>		611,940	(50,696)
Investing activities			
Purchase of oil and gas properties		(288,231)	(2,142,822)
Purchase of property, plant and equipment		(294,927)	(280,841)
<i>Cash provided by (used in) investing activities</i>		(583,158)	(2,423,663)
Financing activities			
Convertible Loan		-	2,000,000
<i>Cash provided by (used in) financing activities</i>		-	2,000,000
<i>Net increase (decrease) in cash</i>		28,782	(474,359)
Effect of exchange rate changes on cash		(29,078)	163,510
Cash, beginning of the period		463,272	1,020,085
<i>Cash and equivalents, end of the period</i>	3	462,976	709,236

See accompanying notes to the unaudited condensed consolidated interim financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2022

(Expressed in Canadian Dollars)

1. DESCRIPTION OF BUSINESS AND GOING CONCERN

New Zealand Energy Corp. (the "Company") commenced operations on 19 April 2010 through wholly-owned subsidiary, East Coast Energy Ventures Limited. The Company was subsequently incorporated on 29 October 2010 under the name 0894134 B.C. Ltd. Pursuant to the *Business Corporation Act* (British Columbia). On 10 November 2010, 0894134 B.C. Ltd. Changed its name to New Zealand Energy Corp.

The Company, through its subsidiaries, is engaged in the exploration, appraisal, development and production of oil and natural gas, as well as the operation of midstream assets, in New Zealand.

The Company's registered and records office is located at Suite 2800, Park Place, 666 Burrard St, Vancouver BC V6C 2Z7. The Company's principal place of business is 14 Connett Road, New Plymouth, New Zealand 4312.

The Company's shares are listed on the TSX Venture Exchange under the symbol "NZ".

Going Concern

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. Material uncertainty exists related to certain conditions that may cast significant doubt on the validity of this assumption. For the nine months ended 30 September 2022, the Group reported a Net Loss of \$32,494 (2021: Loss \$(425,116)) and a cash inflow from operating activities of \$611,940 (2021: Outflow \$(50,696)). The Group has working capital (total current assets less total current liabilities) of \$(1,951,896) (2021: \$1,256,247). The deficit includes a liability of \$2,237,285 falling due in May 2023 which is expected to be repaid by way of a capital raise. In addition, the Group also has several permit expenditure plans (Note 17) which are associated with the Group's interest in its oil and gas properties and exploration and evaluation assets which requires expenditure to fulfil specified work programmes – as explained in Note 17 the group has some flexibility in the timing of the required expenditure and would seek to defer costs where funding is not available.

The Group continues to pursue a number of options to improve its financial capacity, including cash flow from oil and gas production, commercial arrangements and other financing alternatives which may involve obtaining additional debt or equity. The data collected from the completed 71 km² high-resolution 3D seismic over the Tariki structure indicates the overthrust Tariki structure is an excellent candidate for a gas storage project.

The potential for additional hydrocarbons within the Tariki complex is also being evaluated. The Group intends to fund its commitment to these projects, and to repay the convertible note debt of \$2,000,000 plus accumulated interest by selling gas entitlements and/or raising additional capital.

On 29 October 2022 the Company received a reserves evaluation from RPS Energy Canada Limited in respect of the Tariki complex which evaluation set out a range of proved, probable and possible reserves with commensurate net present values (at a discount rate of 10%) in the range NZ\$14.66 million for Proved reserves, NZ\$37.09 million Proved and Probable reserves and NZ\$45.56 million Proved, Probable and Possible reserves.

The Group's ability to continue as a going concern is reliant upon its ability to execute its financing plans. Other factors affecting cash expenditure include generating budgeted cash flows from operations which are reliant on achieving planned production levels and forecast oil prices, all of which are uncertain. All of these factors are considered material uncertainties with respect to the Directors' assessment in respect of the ability of NZEC to operate as a going concern.

These consolidated financial statements do not reflect adjustments to the carrying values of the assets and liabilities, the reported revenues and expenses and the balance sheet classifications used that would be necessary if the Group were not a going concern and therefore was unable to realize its assets and settle its liabilities in the normal course of operations. Such adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies specific to certain balances are described within the detailed note in the sections below.

General accounting policies adhered to in these financial statements are as follows:

Basis of Preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRS as issued by the IASB and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2022

(Expressed in Canadian Dollars)

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The Company has used the same accounting policies and methods of computation as in the audited annual consolidated financial statements for the year ended 31 December 2021.

3. CASH AND CASH EQUIVALENTS AND REVOLVING CREDIT FACILITY

	30 September 2022	31 December 2021
	\$	\$
Cash and cash equivalents	462,976	463,272

4. ACCOUNTS AND OTHER RECEIVABLES

	30 September 2022	31 December 2021
	\$	\$
Trade receivables	1,709,460	1,507,720
Total Accounts and other receivables	1,709,460	1,507,720

5. INVENTORIES

	30 September 2022	31 December 2021
	\$	\$
Current		
Material and supplies	165,800	182,860
Oil inventories	480,169	436,972
	645,969	619,832
Non Current		
Non-current material and supplies	441,662	496,127
Less write down provision to NRV	(215,058)	(249,119)
	226,604	247,008
Write down Provision to NRV non-current material and supplies		
Opening Balance	(249,119)	(878,130)
Movement in provision recognised as expense	34,061	28,204
Provision reversed on material and supplies sold	-	600,807
Closing Balance	(215,058)	(249,119)

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixture	Land and building	Plant and equipment	Oil and gas properties	Total
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New Zealand Energy Corp.
 Nine month period ended 30 September 2022

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2022

(Expressed in Canadian Dollars)

	\$	\$	\$	\$	\$
Cost					
Balance, 1 January 2021	346,235	1,402,370	2,792,571	25,073,836	29,615,012
Additions	-	-	530,053	2,229,178	2,759,231
Disposals	-	-	-	-	-
Change in asset retirement cost due to change in estimate	-	-	152,925	(53,434)	99,491
Foreign currency translation adjustment	(19,093)	(77,334)	(162,805)	(1,468,467)	(1,727,699)
Balance, 31 December 2021	327,142	1,325,036	3,312,744	25,781,113	30,746,035
Additions	-	-	294,927	288,231	583,158
Disposal	(246,514)	-	(496,456)	-	(742,970)
Change in asset retirement cost due to change in estimate	-	-	(134,362)	(935,158)	(1,069,520)
Foreign currency translation adjustment	(20,557)	(131,225)	(356,160)	(2,477,939)	(2,985,881)
Balance, 30 September 2022	60,071	1,193,811	2,620,693	22,656,247	26,530,822

	Furniture and fixture	Land and building	Plant and equipment	Oil and gas properties	Total
	\$	\$	\$	\$	\$
Accumulated depreciation					
Balance, 1 January 2021	260,868	-	1,895,363	17,129,476	19,285,707
Depreciation and depletion	11,528	-	178,916	413,788	604,232
Disposals	-	-	-	-	-
Foreign currency translation adjustment	(14,580)	-	(107,537)	(923,690)	(1,045,807)
Balance, 31 December 2021	257,816	-	1,966,742	16,619,574	18,844,132
Depreciation and depletion	3,196	-	153,334	156,531	313,061
Disposals	(246,514)	-	(496,456)	-	(742,970)
Foreign currency translation adjustment	(13,844)	-	(179,742)	(1,651,991)	(1,845,577)
Balance, 30 September 2022	654	-	1,443,878	15,124,114	16,568,646

Net Book Value

Balance, 31 December 2021	69,326	1,325,036	1,346,002	9,161,539	11,901,903
Balance, 30 September 2022	59,417	1,193,811	1,176,815	7,532,133	9,962,176

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2022

(Expressed in Canadian Dollars)

7. INTANGIBLE ASSETS

	Intangible Assets \$
Cost	
Balance, 31 December 2021	156,180
Additions	-
Disposals	-
Foreign currency translation adjustment	(15,467)
Balance, 30 September 2022	<u>140,713</u>
Accumulated amortisation	
Balance, 31 December 2021	1,321
Amortisation	1,518
Disposals	-
Foreign currency translation adjustment	(204)
Balance, 30 September 2022	<u>2,635</u>
Net Book Value	
Balance, 31 December 2021	154,859
Balance, 31 September 2022	<u>138,078</u>

Intangible assets relate to the extinguishing of an overriding royalty during the 2021 year.

Intangible assets acquired separately are measured on initial recognition at costs and are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation of the intangible assets is based on the unit-of-production method by reference to the ratio of production in the year to the related total proved and probable reserves of oil and natural gas.

Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the asset is included in the statement of profit or loss

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2022

(Expressed in Canadian Dollars)

8. ASSET RETIREMENT OBLIGATIONS

The Group's asset retirement obligations are estimated based on the costs to abandon and reclaim its wells in certain licences and permits and restoration obligations associated with the land at the Waihapa Production Station together with the estimated timing of the costs to be paid in future periods. The estimated expected life of the long-lived assets is the later of the permit life, or economic life based on proved and probable reserves.

<u>Non-Current</u>	30 September 2022	31 December 2021
	\$	\$
Opening Balance 1 January	9,129,665	9,397,239
Change in estimate	(1,360,101)	(146,278)
Accretion expense for the year	228,579	180,114
Reclassified as current	-	217,374
Foreign currency translation adjustment	(849,761)	(518,784)
Closing Balance	7,148,382	9,129,665

Current

Opening Balance 1 January	-	230,061
Change in estimate	-	-
Reclassified from non-current	-	-
Provision reversal for completed abandonment	-	(217,374)
Foreign currency translation adjustment	-	(12,687)
Closing Balance 31 December	-	-

Assumptions

Total undiscounted value of payments	\$14,312,337	\$14,875,238
Discount rate	4.05% to 4.84%	1.76% to 3.11%
Inflation rate	3.35%	2.66%
Expected life	1 to 33 years	1 to 34 years

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Note	30 September 2022	31 December 2021
		\$	\$
Trade payables		2,075,149	1,506,588
GST payable/(receivable)		59,118	45,222
Deferred Revenue		355,675	475,388
Accrued liabilities - payroll		125,299	139,123
Total Current Accounts payable and accrued liabilities		2,615,241	2,166,321

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2022

(Expressed in Canadian Dollars)

10. CONVERTIBLE LOAN

	Note	30 September 2022	31 December 2021
		\$	\$
Convertible Loan		2,237,285	2,087,696

The company drew down CAD 2,000,000 under the convertible loan agreement it entered into with Arizona Finance Limited ("Arizona"). The maximum number of common shares issuable if Arizona elects to convert the entire principal amount of the loan will be 6,666,667 shares, at an exercise price of 30 cents per share. Any common shares issued to Arizona upon conversion of the principal amount under the loan agreement were subject to a hold period that expired on November 21, 2021. Interest of CAD 237,285 has been accrued. Interest at 10% per annum is payable on the loan and has been added to the outstanding loan balance as at 30 September 22. The loan was repayable on the 16 August 2022 if the loan was not converted to shares. An extension of the loan was approved. The revised payment date was 6 November 2022. A further extension has been approved with a revised payment date of 31 May 2023 now in place. At 31 March the share price is trading below the conversion price of 30c and no value has been attributed to the option for the holder to convert the debt to equity. Accordingly, the full value of the convertible note is shown as debt.

11. SHARE CAPITAL

Pursuant to the Company's share option plan, non-transferable options to purchase common shares must not exceed 10% of the number of then outstanding common shares, or 2,321,235 options, based on the total issued and outstanding common shares as at 30 September 2022. Such options can be exercisable for a maximum of five years from the date of grant. The exercise price of each share option is set by the Board of Directors at the time of grant but cannot be less than the market price at the time of grant. Vesting of share options is at the discretion of the Board of Directors at the time the options are granted.

No new options were granted in 2022 or 2021.

12. REVENUE

	Note	Three months ended 30 September		Nine months ended 30 September	
		2022	2021	2022	2021
		\$	\$	\$	\$
Oil sales		751,895	714,234	2,506,602	1,983,098
Gas sales		4,315	13,011	21,785	45,148
Processing revenue		383,759	232,350	1,105,169	755,066
Interest income		-	-	-	-
Other revenue	a)	25,462	41,872	80,145	110,356
		1,165,431	1,001,467	3,713,701	2,893,668
Purchased oil sold	b)	-	254,780	-	877,939
Total Revenue		1,165,431	1,256,247	3,713,701	3,771,607

- a) The Group has provided services to a third party, that have been performed through a combination of work by employees and subcontracted companies. NZEC has used judgement and concluded it is the principal party, as it has the performance obligation to the customer, and has discretion in establishing pricing with the customer.
- b) The Group had an arrangement with a third party whereby the Group purchased oil, charged a processing fee and subsequently sold the oil where NZEC is the principal party. Any unsold oil was carried as inventory. This arrangement ceased at the end of 2021.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2022

(Expressed in Canadian Dollars)

13. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 30		Nine months ended 30	
	September		September	
	2022	2021	2022	2021
	\$	\$	\$	\$
Professional fees	115,409	46,243	287,586	214,394
Consulting fees	2,901	6,965	38,806	56,404
Travel and promotion	56	1,568	1,915	7,965
Administrative expenses	64,574	81,934	109,927	166,410
Rent	3,084	2,178	8,305	8,858
Leases	2,490	3,508	7,722	10,823
Filing and transfer agent fees	5,023	12,952	17,254	39,302
Insurance	11,525	3,406	80,006	105,442
Salary and wages	331,887	237,793	780,530	675,515
	536,949	396,547	1,332,051	1,285,113

14. RELATED PARTY TRANSACTIONS

Entities associated (by virtue of there being a common director) with the Company include: Greymouth Petroleum Limited, Tiger Drilling Company (NZ) Ltd, GMP Environmental Ltd and Greymouth Gas Taranaki Ltd. The following transactions and balances with these related parties are:

	Note	Three months ended 30		Nine months ended 30	
		September		September	
		2022	2021	2022	2021
		\$	\$	\$	\$
Processing revenue		25,043	17,199	74,246	63,397
Production costs		144,874	156,319	470,516	288,119
Processing costs		11,533	(22)	192,297	3,712
General and Administrative costs		26,038	48,471	127,785	48,471
Property Plant and Equipment		25,053	49,717	93,695	49,717
Trade receivables		10,953	6,539	10,953	6,539
Trade payables		281,250	49,129	281,250	49,129

Key Management and Personnel Compensation

The key management personnel include the directors and other officers of the Company. Key management compensation consists of the following:

	Three months ended 30		Nine months ended 30	
	September		September	
	2022	2021	2022	2021
	\$	\$	\$	\$
Salary and consulting fees	63,625	120,381	204,936	352,751
Included in the above amounts are:				
Upstream Consulting Ltd (James Willis)	21,220	3,218	84,195	9,653
Arenig Energy Ltd (David Llewellyn)	2,952	4,022	9,144	12,066
2X Energy Limited (Michael Adams)	-	67,568	-	201,803

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2022

(Expressed in Canadian Dollars)

15. SEGMENTED DISCLOSURES

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Chief Executive Officer.

The Group conducts its business as a single operating segment being the acquisition, exploration, appraisal, development and production of conventional oil and natural gas resources in New Zealand. The Group's geographic area for all assets, liabilities and revenues is New Zealand.

16. COMMITMENTS

As at 30 September 2022, the Group had the following undiscounted contractual obligations:

	2022 \$	2023 and onwards \$	Total \$
Contract and purchase commitments	179,000	120,000	299,000
	<u>179,000</u>	<u>120,000</u>	<u>299,000</u>

Bank Guarantees

Bonds provided to the Crown in respect of the Tariki, Waihapa and Ngaere petroleum mining licences are secured by bank guarantees provided by Bank of New Zealand (NZ\$375,000).

These bank guarantees are secured by way of a general security agreement over the present and after acquired assets of Taranaki Ventures Limited (TVL) with NZEC subsidiaries NZEC Holdings Limited, NZEC Tariki Limited, NZEC Waihapa Limited and NZEC Management Limited guaranteeing the obligations of TVL under the facility.

17. PERMIT EXPENDITURE PLANS

The Group undertakes oil and gas production, development and exploration activities and has plans to complete certain exploration activities. Certain permits and licences held by the Group require various work obligations to be performed in order to maintain the permits or licences in good standing. The Group and, where relevant, its co-venturers in a permit, may apply to alter the exploration programs, request extensions, reject development costs, relinquish certain permits or farm out an interest in permits. The permit expenditure plans include those required to maintain its permits in good standing during the current permit term, prior to the Group committing to the next stage of the permit term, where additional expenditure would be required.

Maintaining the permits in good standing during the permit term is based on the fulfilment of the work program and is not based on a specific expenditure level. The anticipated cost of the works planned are set out below and relate to the following permits/licences (in the Taranaki Basin):

Permit/Licence	Note	Type	2022 \$	2023 onwards \$	Total \$
Eltham Permit	i	Exploration	-	140,000	140,000
Tariki Licence	ii	Producing	200,000	-	200,000
Waihapa Ngaere Licence	iii	Producing	10,000	10,000	20,000
			<u>210,000</u>	<u>150,000</u>	<u>360,000</u>

- i. Eltham: Evaluate and implement artificial lift.
- ii. Tariki: Processing and Interpretation.
- iii. Waihapa Ngaere: 2022 studies, 2023 updated field development

18. SUBSEQUENT EVENTS

There have been no subsequent events.