

Appendix 4E - preliminary final report

For the year ended 30 June 2024 as required by ASX listing rule 4.3A

RESULTS FOR ANNOUNCEMENT TO THE MARKET

All comparisons to the year ended 30 June 2023

NZD \$m	2024	Movement %	
Revenue from ordinary activities	92.9	down	-6%
Underlying profit after tax (excluding non-cash impairment)	15.4	up	43%
Profit after tax from ordinary activities attributable to shareholders	3.9	down	-63%

Revenue

Revenue for the Group of NZ\$92.9 million was down 6% on the same period last year. Kupe revenue was impacted by its four yearly statutory shutdown (35 days) as well as extended outages during drilling (30 days). Amadeus revenues were affected by unplanned Northern Gas Pipeline (NGP) closures in the Northern Territory (207 days in the year). This reduced the volumes of gas sold but also meant that access to the higher priced contracts in the east coast gas market was curtailed. The 'as available' gas contract signed in April 2024 with Power and Water Corporation has greatly mitigated the effects of this, and the recently signed gas supply agreement with the Northern Territory Government largely eliminates the financial risks of future NGP outages. Mahato and Maari revenues increased with favourable commodity prices. Sampang revenues continued to decline with volumes down due to natural field decline.

Underlying profit after tax (excluding non-cash impairment)

Excluding a one-off non-cash impairment of Kupe, the Group reported a net profit after tax (NPAT) attributable to shareholders of NZ\$15.4 million for the year ended 30 June 2024. This represents an increase of 43% in NPAT on the same period last year.

Net profit after tax including non-cash impairment

Including the Kupe impairment, the Group reported NPAT attributable to shareholders of NZ\$3.9 million for the year ended 30 June 2024, a decrease of 63% on the same period last year. Lack of success with the Kupe KS-9 development well in the Taranaki Basin, New Zealand, has led to an impairment of NZ\$11.5 million, this includes NZ\$6.1 million of drilling costs. Included in NPAT are NZ\$3.7m of acquisition related costs due to the purchase of an additional 25% interest in the Mereenie asset.

Financial Position

The net assets of the Group decreased by NZ\$4.9 million to NZ\$174.9 million for the year ended 30 June 2024 (30 June 2023: NZ\$179.8 million). In June 2024 Echelon completed a vendor-funded acquisition of a further 25% interest in the Mereenie field in the Amadeus Basin, Northern Territory.

Cash position

The Group's cash position of NZ\$42.3 million increased by NZ\$5.9 million from the 30 June 2023 balance of NZ\$36.4 million. Operating cash flows generated NZ\$36.1 million in the year (30 June 2023: NZ\$32.5 million). Dividends of NZ\$15.0 million were paid by the Group in April 2024.

Dividends

On 10 April 2024 the Echelon paid a special dividend of Australian dollars 3 cents per ordinary share, with a record date of 27 March 2024.

A final dividend of Australian 1.5 cents per ordinary share has been declared with a record date of 17 September 2024 and a payment date of 4 October 2024.

NET TANGIBLE ASSET BACKING

NZD \$	2024	2023
Net tangible assets per security (cents)	68.3	71.3

Additional information supporting the Appendix 4E disclosure requirements can be found in the 30 June 2024 audited financial statements and accompanying notes.

Financial Report

For the year ended 30 June 2024

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Echelon Resources Limited - Financial Report

For the year ended 30 June 2024

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Consolidated Statement of Cash Flows

For the year ended 30 June 2024

NZ\$000	Notes	2024	2023
Cash flows from operating activities			
Customer receipts		96,202	87,011
Production and marketing payments		(30,835)	(31,391)
Supplier and employee payments (inclusive of GST)		(13,799)	(10,534)
Interest received		1,470	872
Income tax paid		(8,721)	(7,370)
Royalties paid		(6,105)	(7,018)
Other		(2,128)	882
Net cash inflow from operating activities		36,084	32,452
Cash flows from investing activities			
Exploration and evaluation expenditure		(2,400)	(12,070)
Oil and gas asset expenditure		(16,852)	(24,678)
Prospects acquired (net of cash)		(42,156)	-
Deferred consideration		(6,143)	(22,160)
Security deposits and bonds		312	(1,239)
Property, plant and equipment expenditure		(114)	(117)
Net cash outflow from investing activities		(67,353)	(60,264)
Cash flows from financing activities			
Proceeds from loans and borrowings		53,303	-
Transaction costs relating to loans and borrowings		(1,206)	-
Dividends paid		(14,995)	-
Lease liabilities principal element payments		(281)	(249)
Net cash outflow from financing activities		36,821	(249)
Net increase/(decrease) in cash and cash equivalents		5,552	(28,061)
Cash and cash equivalents at the beginning of the year		36,380	64,590
Exchange rate effects on cash and cash equivalents		358	(149)
Cash and cash equivalents at the end of the year	10	42,290	36,380

Reconciliation of profit for the year to net cash inflow from operating activities

NZ\$000	2024	2023
Profit for the year	7,748	19,079
Depreciation and amortisation	14,931	15,396
Asset impairment	11,500	-
Deferred tax benefit	(425)	(5,284)
Contract liabilities non-cash	(3,397)	(4,897)
Exploration expenditure	775	9,128
Emissions costs settled by units	101	202
Net foreign exchange differences	515	837
Unwind of discount on rehabilitation provision	1,713	2,759
Share based payments	456	418
Lease payments in financing	160	260
Other	(76)	260
Change in operating assets and liabilities		
Movement in receivables	(285)	(4,075)
Movement in contract assets	5,544	(3,586)
Movement in contract liabilities	(1,425)	-
Movement in inventories	(3,169)	51
Movement in payables	2,445	407
Movement in provisions	11	42
Movement in tax payable	(1,038)	1,455
Net cash inflow from operating activities	36,084	32,452

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

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

NZ\$000	Notes	2024	2023
Revenue	4	92,871	98,784
Operating costs	5	(29,364)	(35,117)
Exploration and evaluation expenditure		(1,022)	(9,128)
Other income	4	1,484	1,008
Other expenses	6	(16,713)	(12,447)
Profit from operating activities excluding amortisation, impairment and net finance costs		47,256	43,100
Amortisation of production assets	15	(14,760)	(15,178)
Asset impairment	15	(11,500)	-
Net finance costs	7	(553)	(686)
Profit before income tax and royalties		20,443	27,236
Income tax expense	8	(7,114)	(4,101)
Royalties expense	8	(5,581)	(4,056)
Profit for the year		7,748	19,079
Profit for the year attributable to:			
Profit attributable to shareholders		3,930	10,757
Profit attributable to non-controlling interest (NCI)		3,818	8,322
Profit for the year		7,748	19,079
Other comprehensive income:			
Items that may be classified to profit or loss			
Foreign currency translation reserve (FCTR) differences	22	1,638	(901)
Asset revaluation reserve	22	184	(1,408)
Total other comprehensive income for the year		9,570	16,770
Total comprehensive income for the year is attributable to:			
Equity holders of the Group		5,752	7,936
Non-controlling interest		3,818	8,834
Total comprehensive income for the year		9,570	16,770
Earnings per share			
Basic earnings per share attributable to shareholders (cents)	24	1.7	4.7
Diluted earnings per share attributable to shareholders (cents)	24	1.7	4.7

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

Authorised on behalf of the Echelon's Board of Directors on 27 August 2024:



Alastair McGregor
Director



Rosalind Archer
Director

Consolidated Statement of Financial Position

For the year ended 30 June 2024

NZ\$000	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents		42,290	36,380
Receivables and prepayments	11	18,781	17,017
Contract assets		-	5,567
Inventories		5,860	2,668
Right of use assets		128	130
Total current assets		67,059	61,762
Non-current assets			
Exploration and evaluation assets	14	4,019	2,625
Oil and gas assets	15	236,086	183,015
Property, plant and equipment		199	148
Right of use assets		1,469	343
Other intangible assets		1,533	1,423
Net deferred tax assets	8	14,155	13,663
Other financial assets	16	8,125	8,307
Total non-current assets		265,586	209,524
Total assets		332,645	271,286
Liabilities			
Current liabilities			
Payables	17	14,994	12,171
Lease provisions		266	268
Contract liabilities		-	2,837
Deferred consideration	9	4,381	817
Current tax liabilities		3,329	4,349
Total current liabilities		22,970	20,442
Non-current liabilities			
Contract liabilities	18	14,602	15,708
Rehabilitation provisions	19	65,832	55,115
Borrowings	20	52,996	-
Lease provisions		1,360	261
Total non-current liabilities		134,790	71,084
Total liabilities		157,760	91,526
Net assets		174,885	179,760
Equity			
Share capital		236,883	236,883
Reserves		10,803	9,215
Retained losses		(92,242)	(88,930)
Attributable to shareholders of the Group		155,444	157,168
Non-controlling interest in subsidiaries		19,441	22,592
Total equity		174,885	179,760
Net asset backing per share (cents)	23	76.9	79.1
Net tangible asset backing per share (cents)	23	68.3	71.3

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

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
Asset revaluation reserve	-	(1,408)	170	(1,238)	-	(1,238)
Share based compensation expense	-	418	-	418	-	418
Forfeited and expired share options	-	(20)	20	-	-	-
Foreign currency translation differences	-	(1,414)	-	(1,414)	513	(901)
Balance as at 30 June 2023	236,883	9,215	(88,930)	157,168	22,592	179,760
Profit for the year	-	-	3,930	3,930	3,818	7,748
Asset revaluation reserve	-	277	-	277	-	277
Surrender of ETS units	-	(93)	93	-	-	-
Share based compensation expense	-	53	-	53	404	457
Forfeited and expired share options	-	(8)	8	-	-	-
Issue of shares to NCI	-	(69)	-	(69)	69	-
Foreign currency translation differences	-	1,428	-	1,428	210	1,638
Dividends paid	-	-	(7,343)	(7,343)	(7,652)	(14,995)
Balance as at 30 June 2024	236,883	10,803	(92,242)	155,444	19,441	174,885

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

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Notes to the financial statements

For the year ended 30 June 2024

1 Basis of accounting

Reporting entity

Echelon Resources Limited (Echelon), formally New Zealand Oil & Gas (NZO), is a company domiciled in New Zealand (NZ), registered under the New Zealand Companies Act 1993 and listed on the Australian Stock Exchange (ASX) using the ticker symbol ECH. The Group is required to be treated as a Financial Markets Conduct (FMC) reporting entity for the purposes of the FMC Act and the Financial Reporting Act 2013. Echelon de-listed from the NZX on 28 June 2024.

The financial statements presented are for Echelon, 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.

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 Financial Reporting Act 2013. They comply with the NZ equivalents to International Financial Reporting Standards ("NZ IFRS") as appropriate for profit-oriented entities, and with International Financial Reporting Standards ("IFRS").

The presentation and reporting currency used in the preparation of the financial statements is New Zealand dollars (NZD or \$) rounded to the nearest thousand unless otherwise stated. The financial statements are prepared on a goods and services tax (GST) exclusive basis except billed receivables and payables which include GST.

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

Basis of consolidation

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that control ceases. Consistent accounting policies are employed in the preparation and presentation of the Group financial statements. Intra-group balances, transactions, unrealised income or expenses arising from intra-group transactions and dividends are eliminated in preparing the Group financial statements.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in the statement of comprehensive income and held in equity reserves as qualifying cash flow hedges and qualifying net investment hedges. Translation differences on non-monetary items, such as equities classified as fair value through other comprehensive income, are included in the statement of comprehensive income and held in the fair value reserves in equity.

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 8).

Identification of assets and liabilities acquired under a business combination and the measurement of the associated fair values of the identified assets and liabilities (refer to note 9).

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 14 and 15).

Provision for rehabilitation obligations includes estimates of future costs, timing of required rehabilitation and an estimated discount rate (refer to note 19).

Notes to the financial statements

For the year ended 30 June 2024

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 Echelon'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 Echelon, holds a participating interest in the Amadeus Basin assets. These are included in the Cue segment below. When relevant acquisition related expenditure is included in the segment.

Other & unallocated: Unallocated items comprise corporate assets, corporate overheads, 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.

For the year ended 30 June 2024 NZ\$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	-	7,834	-	-	-	7,834
Australia	-	-	30,324	-	12,200	42,524
Other countries	-	1,025	-	-	41,488	42,513
Total sales revenue	-	8,859	30,324	-	53,688	92,871
Other income	-	113	13	1,352	6	1,484
Total sales revenue and other income	-	8,972	30,337	1,352	53,694	94,355
Impairment	-	(11,500)	-	-	-	(11,500)
Segment result	(380)	(7,785)	8,119	1,326	19,715	20,995
Other net finance expense						(552)
Profit before income tax and royalties						20,443
Income tax and royalties expense						(12,695)
Profit for the year						7,748
Segment assets	4,061	22,127	160,360	32,357	113,740	332,645
Segment liabilities	-	14,153	99,230	1,723	42,654	157,760
Included in segment results:						
Depreciation and amortisation	-	2,780	5,178	212	6,919	15,089

Notes to the financial statements

For the year ended 30 June 2024

3 Segment information (continued)

Full year to 30 June 2023 NZ\$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	-	3,259	5,401	258	6,649	15,567

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

NZ\$000	2024	2023
Crude oil and condensate	37,361	37,983
Natural gas and LPG	55,510	60,801
Total revenue from contracts with customers	92,871	98,784
Other income	1,484	1,008
Total revenue and other income	94,355	99,792

(b) Tariffs included in revenue

Natural gas revenue includes charges for transportation costs incurred when the gas delivery point is not at the plant. The cost of the transportation for the year ending 30 June 2024 was \$1.1 million (30 June 2023: \$1.4 million).

(c) Major Customers

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

		% of sales revenue		% of sales revenue
NZ\$000	2024	2024	2023	2023
First largest	21,322	23.0%	20,434	20.7%
Second largest	20,590	22.2%	12,551	12.7%
Third largest	10,946	11.8%	10,384	10.5%
Total revenue from major customers	52,858	56.9%	43,369	43.9%

Notes to the financial statements

For the year ended 30 June 2024

5 Operating costs

NZ\$000	2024	2023
Production and sales marketing costs	27,587	28,828
Workover expenditure	106	2,025
Carbon emissions expenditure	395	376
Insurance expenditure	894	921
Movement in inventory	(1,266)	988
Royalties (i)	1,648	1,979
Total operating costs	29,364	35,117

(i) Royalties include private royalties with respect to the Amadeus Basin assets and Government royalties at the Maari oil field which are based on a gross revenue method of calculation.

6 Other expenses

NZ\$000	2024	2023
Classification of other expenses by nature:		
Audit fees paid to the Group auditor - KPMG	801	603
Directors' fees	418	390
Legal fees	600	169
Consultants' fees	786	874
Employee expenses	6,852	6,869
Depreciation	329	389
Share based payment expense	457	418
IT and software expenses	1,099	1,189
Registry and stock exchange fees	358	331
Stamp duty on Mereenie acquisition	3,082	-
Other	1,931	1,215
Total other expenses	16,713	12,447

NZ\$000	2024	2023
Fees paid to the Group auditor:		
Audit and review of financial statements	801	603
Tax compliance services	107	125
Tax advisory services	119	324
Other assurance services	65	-
Total fees paid to Group auditor	1,092	1,052

Included in Other expenses are costs of \$3.7 million relating to the acquisition of the 25% interest in Mereenie. This includes \$0.6 million of external costs and stamp duty of \$3.1 million (refer to note 9). In addition to these costs, a further \$0.6 million of internal time writing costs were incurred in relation to the acquisition and are included in Employee expenses.

During the year, \$1.3 million (June 2023: \$0.7 million) of inter-group services were provided to subsidiaries of the ultimate parent company. Income relating to the provision of these services is included in Other income and not offset against Other expenses.

Notes to the financial statements

For the year ended 30 June 2024

7 Finance income and costs

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the financial liability.

NZ\$000	2024	2023
Interest expense	(336)	-
Bank fees	(52)	(46)
Exchange (losses) on foreign currency balances	(151)	-
Unwind of discount	(1,573)	(1,971)
Total finance costs	(2,112)	(2,017)
Interest income	1,559	1,119
Exchange gains on foreign currency balances	-	212
Total finance income	1,559	1,331
Net finance (costs)/income	(553)	(686)

8 Tax

Current and deferred tax is calculated on the basis of the laws enacted or substantively enacted at balance date.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Current and deferred tax are recognised in profit or loss except when the tax relates to items recognised in other comprehensive income, in which case the tax is also recognised in other comprehensive income.

NZ\$000	2024	2023
Income tax (expense)/benefit		
Current tax	(7,897)	(9,385)
Deferred tax	783	5,284
(a) Total income tax (expense)/benefit	(7,114)	(4,101)
Income tax (expense)/benefit calculation		
(Profit)/loss before income tax and royalties	(20,443)	(27,236)
Less: royalties expense	5,581	4,056
(Profit)/loss before income tax	(14,862)	(23,180)
Tax at the New Zealand tax rate of 28%	(4,189)	(6,490)
Tax effect of amounts which are (not deductible)/taxable:		
Difference in overseas tax rate	(3,221)	(2,153)
Non-deductible expenses	(968)	(43)
Foreign exchange adjustments	(163)	212
Unrealised timing differences	(1,297)	2,478
Recognition of deferred tax assets	3,175	2,101
Prior year tax losses recognised/(not recognised)	(234)	(719)
Other	(106)	589
Total tax effect of amounts which are (not deductible)/taxable:	(7,003)	(4,025)
Adjustment recognised for current tax in prior years	(111)	(76)
Total income tax (expense)/benefit	(7,114)	(4,101)

Government royalty expenses incurred by the Group relate to petroleum royalty payments to the New Zealand and Australian Governments in respect of the Kupe and Amadeus oil and gas fields, and are recognised on an accrual basis.

At 30 June 2024, no imputation credits were held for subsequent years (2023: nil).

Notes to the financial statements

For the year ended 30 June 2024

8 Tax (continued)

(b) Current tax liabilities

NZ\$000	2024	2023
Current tax liabilities	3,329	4,349

The Group has an ongoing Indonesian Tax matter relating to a notice of amended assessment which is being disputed by Cue Kalimantan Pte Ltd on behalf of SPC E&P Pte Ltd. Cue is indemnified by SPC for any losses arising from this disputed notice of assessment and has recognised a liability and receivable on the balance sheet.

(c) Deferred tax

Deferred taxation is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and future tax benefits are recognised where realisation of the asset is probable. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse.

During the year ended 30 June 2024, the Group utilised \$2.7 million in previously recognised deferred tax assets on carry forward losses in offsetting against taxable profits generated. The Consolidated Entity recognised a deferred tax asset of \$3.5 million (30 June 2023: \$10.4 million) in respect of unutilised carried forward tax losses not previously recognised.

At 30 June 2024, the Group had \$74.2 million in unutilised carry forward losses, the tax effect of which is \$22.0 million. The aforementioned potential tax benefit has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

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

NZ\$000	2024	2023
The balance comprises temporary differences attributable to:		
Deferred tax assets		
Non-deductible provisions	12,350	9,905
Carried forward tax losses	22,701	22,899
Other	345	558
Total deferred tax assets	35,396	33,362
Deferred tax liabilities		
Oil & gas assets	(21,241)	(19,676)
Other items (including lease assets)	-	(23)
Total deferred tax (liabilities)	(21,241)	(19,699)
Net deferred tax assets/(liabilities)	14,155	13,663
Movements:		
Opening balance at the beginning of the year	13,663	8,420
Recognised in profit and loss	783	5,284
Recognised in other comprehensive income	(291)	(41)
Closing balance at the end of year	14,155	13,663

Notes to the financial statements

For the year ended 30 June 2024

9 Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Contingent and deferred consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent and deferred consideration classified as an asset or liability is recognised in profit or loss.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

On 11 June 2024, the Group acquired 25% of the Mereenie gas field in the Amadeus Basin business, Northern Territory, Australia, from Macquarie Mereenie Pty Ltd (MM). This is in addition to the 25% participating interest already held in the Group.

The Group's interests are as follows:
50% interest in the Mereenie gas and oil field (OL4 and OL5 Production Licences)

Mereenie joint venture by entity	% of ownership
Echelon Resources Limited	42.5%
Central Petroleum Limited	25.0%
Horizon Oil Pty Limited	25.0%
Cue Energy Resources Limited	7.5%

The acquiring company is Echelon Mereenie Pty Ltd (previously known as NZOG Mereenie Pty Ltd) which also holds the original 17.5% participating interest acquired on 1 October 2021. The functional currency of this company is Australian dollars.

The effective date of the transaction was 1 April 2023. On 11 June 2024 the acquisition completed when conditions precedent were satisfied, the completion payment was made and legal ownership passed to the Group. The Group has consolidated the additional 25% from 1 June 2024 being the reporting date closest to acquisition date. The completion payment comprised a cash payment of \$42.1 million (Australian dollars \$39.1 million). This excludes costs of \$0.8 million (Australian dollars \$0.7 million) which relate to a period after acquisition date and are not part of the consideration.

Notes to the financial statements

For the year ended 30 June 2024

9 Business combinations (continued)

(a) Provisional fair value

Details of the Group's interest in the provisional fair value of the assets and liabilities upon acquisition are as follows:

NZ\$000	June 2024
Oil and gas production properties	51,416
Cash and cash equivalents	102
Trade Receivables	1,069
Prepayments	57
Trade and other payables	(796)
Rehabilitation asset	10,278
Rehabilitation liability	(10,278)
Lease assets	608
Lease liabilities	(608)
Deferred tax asset	3,083
Deferred tax liability	(3,083)
Provisional acquisition fair value of Mereenie assets and liabilities assumed	51,848
Representing:	
Contractually agreed price	55,460
Net revenue received	(3,664)
Working capital adjustments	52
Acquisition date fair value of total consideration transferred or to be transferred	51,848
Cash used to acquire business:	
Acquisition date fair value of the total consideration transferred	51,848
Less contingent payments	(9,692)
Net cash used	42,156

Amounts in financial statements are reported as provisional. Provisional fair value of the rehabilitation provision is estimated based on the present value of the expected cash outlays. The latest third party estimate of rehabilitation costs from April 2022 has been updated using relevant inflation and discount rates relating to the dates of expected rehabilitation cash outlay; this is consistent with the methodology outlined in the Rehabilitation Provision in note 19. Operating leases relating to pipeline access, land and easements acquired are recognised in accordance with NZ IFRS 16. Working capital is provisionally fair valued at the joint venture accounting book carrying value on 31 May 2024.

Deferred tax assets and liabilities are recognised and measured in accordance with NZ IAS 12. Oil and gas production properties consists of physical on-site assets and reserves. The physical assets were valued by a third party in 2021 during the original 25% acquisition of Mereenie. The provisional fair value has been estimated using the 2021 values and adjusted for depreciation and subsequent fixed asset acquisitions and disposals. The acquisition date fair value of total consideration is considered to be equal to the fair value, with the reserves value equal to the balance of consideration paid less the physical assets and the working capital acquired.

The valuation of assets and liabilities identified as part of this process will be finalised following completion of the 30 June 2024 financial statements as work is continuing to assess the underlying fair values of the assets and liabilities. If new information is obtained within one year of the date of acquisition, about facts and circumstances that existed at the date of acquisition that identify adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Notes to the financial statements

For the year ended 30 June 2024

9 Business combinations (continued)

(b) Goodwill

Based on the provisional fair value assessment, no goodwill was recognised on the acquisition of the 25% interest in Mereenie.

(c) Acquisition related costs

Acquisition related costs amounting to \$0.6 million are not included as part of the consideration for the acquisition and have been recognised as transaction costs in the profit and loss statement. These costs include legal, tax services and other costs. In addition, the Group incurred stamp duty of \$3.1 million. Costs exclude internal time writing which amounted to \$0.6 million and is disclosed in Employee expenses in note 6.

(d) Cash Generating Units

The acquired business is included in the Mereenie/Palm Valley cash generating unit.

(e) Deferred consideration

The acquisition of the 25% interest in Mereenie included two contingent payments. The first contingent payment of \$5.4 million (Australian dollars \$5.0 million) was subject to certain conditions being met. These conditions have been fulfilled and the payment was made on 30 June 2024. The second contingent payment of \$4.4 million (Australian dollars \$4.0 million) is also subject to certain conditions being met. Payment is anticipated to occur at the end of the 2025 financial year. The contingent payment outstanding at the year ending 30 June 2024 is reported as a deferred consideration in the Statement of Financial Position.

(f) Contribution to Group results

The acquisition of the 25% interest in Mereenie contributed revenues of \$1.9 million and net profit before tax of \$0.5 million to the Group from 1 June 2024 to 30 June 2024.

For the period 1 July 2023 to 30 June 2024, including the acquisition of the 25% interest in Mereenie as though the acquisition had occurred at the beginning of the reporting period, the Group proforma revenues and net profit before tax would have been \$114.6 million and \$20.9 million respectively. Past earnings are not necessarily a reflection of future earning capacity.

10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, short-term deposits and deposits on call with an original maturity of three months or less.

NZ\$000	2024		2023	
Cash at bank and in hand	40,011		28,969	
Deposits at call	88		2,364	
Short term deposits	1,193		4,448	
Share of oil and gas interests' cash	998		599	
Total cash and cash equivalents at end of year	42,290		36,380	

	2024 Base Currency	2024 NZD Equivalent	2023 Base Currency	2023 NZD Equivalent
By currency:				
New Zealand dollar	2,553	2,553	5,745	5,745
United States dollar	9,190	15,088	6,286	10,297
Australian dollar	22,425	24,561	18,637	20,273
Indonesian rupiah	877,376	88	596,896	65
Total cash and cash equivalents at end of year		42,290		36,380

Notes to the financial statements

For the year ended 30 June 2024

11 Receivables and prepayments

NZ\$000	2024	2023
Trade receivables	10,123	7,196
Share of oil and gas interests' receivables	6,362	9,262
Prepayments	701	559
Other*	1,595	-
Total receivables and prepayments at end of year	18,781	17,017

2024	Base	NZD
By currency:	Currency	Equivalent
New Zealand dollar	3,452	3,452
United States dollar	5,374	8,823
Australian dollar	5,947	6,503
Indonesian rupiah	31,800	3
Total receivables and prepayments at end of year		18,781

2023	Base	NZD
By currency:	Currency	Equivalent
New Zealand dollar	1,687	1,687
United States dollar	7,166	11,738
Australian dollar	3,294	3,584
Indonesian rupiah	72,651	8
Total receivables and prepayments at end of year		17,017

* During the year the Group reassessed its accounting treatment of the New Zealand Emissions Trading Scheme (ETS). Whilst the Group has a responsibility to meet the overall ETS obligation, the majority of the obligation is met via receipts 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 \$1.6 million (30 June 2023: \$1.0 million) is recognised in respect of the ETS units receivable from the customers, and a payable of \$1.7 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 30 June 2024. This change has been assessed as not material under NZ IAS 8 so no restatements to prior periods are provided.

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Notes to the financial statements

For the year ended 30 June 2024

12 Investments in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it has power over the entity, has exposure or rights to variable returns from this involvement and when it has the ability to use its power to affect the amount of the returns.

At 30 June 2024 the Group held a 50.03 per cent interest in Cue (30 June 2023: 50.04 per cent). Cue entities below reflect the Group's 50.03 per cent interest in Cue subsidiaries.

In March 2024 some of Cue's share options were exercised, this resulted in a slight decrease in the parent's interest in Cue (refer to note 27).

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position respectively.

The financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the subsidiaries within the Group are shown below.

The consolidated financial statements incorporate the assets, liabilities and results of the following entities:

Name of entity	Country of incorporation	Equity Holding		Functional Currency
		2024	2023	
Echelon Resources Limited*				
Australia and New Zealand Petroleum Limited	New Zealand	100%	100%	NZD
Echelon Onshore Limited	New Zealand	100%	100%	NZD
Echelon Canterbury Limited	New Zealand	100%	100%	NZD
Echelon 2013 O Limited	New Zealand	100%	100%	NZD
NZOG Bohorok Pty Limited	Australia	100%	100%	USD
Echelon Devon Limited	New Zealand	100%	100%	NZD
Echelon GNA Trustee Limited	New Zealand	100%	100%	NZD
Echelon 2013 T Limited	New Zealand	100%	100%	NZD
Echelon Energy Limited	New Zealand	100%	100%	NZD
Echelon Offshore Limited	New Zealand	100%	100%	NZD
Echelon Pacific Holdings Pty Limited	Australia	100%	100%	AUD
Echelon Pacific Limited	New Zealand	100%	100%	NZD
Echelon Services Limited	New Zealand	100%	100%	NZD
Echelon Taranaki Limited	New Zealand	100%	100%	NZD
Petroleum Resources Limited	New Zealand	100%	100%	NZD
NZOG MNK Bohorok Pty Limited	Australia	100%	100%	USD
Echelon (Ironbark) Pty Limited	Australia	100%	100%	AUD
Echelon Mereenie Pty Limited	Australia	100%	100%	AUD
Echelon Palm Valley Pty Limited	Australia	100%	100%	AUD
Echelon Dingo Pty Limited	Australia	100%	100%	AUD
Echelon Acacia Pty Limited	Australia	100%	100%	AUD
Echelon Compass Pty Limited	Australia	100%	100%	AUD

*On 30 July 2024 the parent company announced a name change from NZOG to Echelon (refer to note 28).

Cue Energy Resources **				
Cue Energy Resources Limited	Australia	50.03%	50.04%	AUD
Cue Mahakam Hilir Pty Ltd*	Australia	50.03%	50.04%	AUD
Cue (Ashmore Cartier) Pty Ltd	Australia	50.03%	50.04%	AUD
Cue Sampang Pty Ltd	Australia	50.03%	50.04%	USD
Cue Taranaki Pty Ltd	Australia	50.03%	50.04%	USD
Cue Kalimantan Pte Ltd	Singapore	50.03%	50.04%	USD
Cue Mahato Pty Ltd	Australia	50.03%	50.04%	USD
Cue Exploration Pty Ltd	Australia	50.03%	50.04%	AUD
Cue Palm Valley Pty Ltd	Australia	50.03%	50.04%	AUD
Cue Mereenie Pty Ltd	Australia	50.03%	50.04%	AUD
Cue Dingo Pty Ltd	Australia	50.03%	50.04%	AUD

* Mahakam Hilir Profit Sharing Contract (PSC) exploration permit has expired and regulatory processes for surrender are ongoing as at 30 June 2024.

**Echelon's shareholding in Cue reduced by 0.01% during the year as a result of Cue issuing 252,562 shares as part of Cue's share option scheme.

Notes to the financial statements

For the year ended 30 June 2024

13 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	
			2024	2023
Echelon Resources Limited				
PML 38146 – Kupe	Echelon Taranaki Ltd	New Zealand	4%	4%
OL4 and OL5 - Mereenie*	Echelon Mereenie Pty Ltd	Australia	42.5%	17.5%
OL3 - Palm Valley**	Echelon Palm Valley Pty Ltd	Australia	35%	35%
L7 - Dingo	Echelon Dingo Pty Ltd	Australia	35%	35%
L7 Production licence	Echelon Acacia Pty Ltd	Australia	25%	25%
EP437 Exploration Permit	Echelon Compass Pty Ltd	Australia	25%	25%

* On the 11 June 2024 the Group acquired an additional 25% equity interest in Mereenie joint venture. The Mereenie production license was renewed until 17 November 2044.

**The Palm Valley production license was renewed until 7 November 2045.

Cue Energy Resources *				
Mahato PSC**	Cue Mahato Pty Ltd	Indonesia	11.25%	12.5%
PMP 38160 – Maari	Cue Taranaki Pty Ltd	New Zealand	5%	5%
Sampang PSC	Cue Sampang Pty Ltd	Indonesia	15%	15%
OL4 and OL5 - Mereenie	Cue Mereenie Pty Ltd	Australia	7.5%	7.5%
OL3 - Palm Valley	Cue Palm Valley Pty Ltd	Australia	15%	15%
L7 - Dingo	Cue Dingo Pty Ltd	Australia	15%	15%

* represents the percentage interest held by Cue. The Group interest is 50.03% (June 2023: 50.04%) of the Cue interest.

** During April 2024, Cue diluted its interest in the Mahato PSC from 12.5% to 11.25% (a reduction of 10%) for no consideration in accordance with the Mahato PSC and subsequent Indonesian Government regulations. The Group has accounted for the reduced interest effective from 1 November 2023.

14 Exploration and evaluation assets

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 for future events and circumstances, particularly in relation to whether economic quantities of reserves that 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 is then 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.

NZ\$000	2024	2023
Opening balance	2,625	7,193
Exploration expenditure incurred during the year	1,361	7,336
Expenditure transferred to oil and gas assets relating to Palm Valley	-	(11,318)
Revaluation of foreign currency exploration and evaluation assets	33	(586)
Total exploration and evaluation assets at end of year	4,019	2,625

After year end the Group drilled an exploration well at the Booth prospect in the Perth Basin. The well was not successful, as no hydrocarbons encountered and has been plugged and abandoned. This is a non-adjusting post balance sheet event and the well costs will be expensed in the next reporting period. Refer to note 29 for events occurring after balance date.

Notes to the financial statements

For the year ended 30 June 2024

15 Oil and gas assets

Development

Development assets include construction, installation and completion of infrastructure facilities such as pipelines and development wells. No amortisation is provided in respect of development assets until they are reclassified as production assets.

Production assets

Production assets capitalised represent the accumulation of all development expenditure incurred by the Group in relation to areas of interest in which petroleum production has commenced. Expenditure on production areas of interest and any future estimated expenditure necessary to develop proven and probable reserves are amortised using the units of production method on a basis consistent with the recognition of revenue. Where it is possible to separately identify tangible assets, they are depreciated on a straight line basis in line with their economic life.

Subsequent costs

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial year in which they are incurred.

Impairment

The carrying value is assessed for impairment each reporting date. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the profit or loss, and in respect of cash generating units, are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing recoverable amount, the estimated future cash flows are discounted to their present value using a post-tax discount rate, that reflects current market assessments of the time value of money, and the risks specific to the asset.

Impairment losses recognised in prior years are reassessed at each reporting date and the loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously.

NZ\$000	2024	2023
Opening balance	183,015	173,926
Additions - acquisition 25% interest in Mereenie asset (refer to note 9)	51,415	-
Contract liabilities	581	(1,263)
Expenditure capitalised	16,477	13,664
Expenditure transferred from exploration and evaluation	-	11,318
Impairment of Kupe asset	(11,500)	-
Amortisation for the year	(14,760)	(15,178)
Rehabilitation provision movement (refer to note 19)	8,816	1,838
Revaluation of foreign currency oil and gas assets	2,042	(1,290)
Total oil and gas assets at end of the year	236,086	183,015

Notes to the financial statements

For the year ended 30 June 2024

15 Oil and gas assets (continued)

The Group acquired an additional 25% interest in Mereenie in a transaction that completed on 11 June 2024. Provisional fair value of the oil and gas assets acquired is \$51.8 million on acquisition date (refer to note 9).

During April 2024, Cue diluted its interest in the Mahato PSC from 12.5% to 11.25% (a reduction of 10%) for no consideration in accordance with the Mahato PSC and subsequent Indonesian Government regulations. The Group has accounted for the reduced interest effective from 1 November 2023.

Hydrocarbon reserves are estimates of the amount of hydrocarbons that can be economically extracted from the Groups' oil and gas permits. The Group estimates its reserves based on all available production data, the results of well intervention campaigns, seismic data, analytical and numerical analysis methods, sets of deterministic reservoir simulation models provided by the field operators and analytical and numerical analyses. Forecasts are based on deterministic methods. Reserves are reported in line with the principles contained in the Society of Petroleum Engineers Petroleum Resources Management Reporting System. As the economic assumptions used may change and as additional geological information is obtained during the operation of the field, estimates of recoverable resources may change impacting the Group's financial results.

Climate-related risks have been considered with respect to the evaluation of the estimated recoverable amounts associated with oil and gas assets.

Estimates of recoverable amounts are based on the assets' fair value less cost to sell, determined by discounting each asset's estimated future cash flows at asset specific discount rates. The discount rates applied ranged from 10.10% to 10.38% (2023: 12.9 to 14.3%). Commodity price assumptions were based on consensus estimates of forward market prices unless contracted prices were available.

At 30 June 2024 the Group assessed each oil and gas asset to determine whether an indicator of impairment existed. Indicators of impairment include changes in future selling prices, future costs and reserves. The recoverable amount of each oil and gas asset was estimated and compared to its carrying amount.

Kupe

During the year, the KS-9 development well was drilled at Kupe, however, the well was not successful. Impairment testing was carried out based on this being an indicator of impairment, the outcome of which is an impairment write-down of \$11.5 million (2023: nil). The impairment is included in asset impairment in the profit or loss. The recoverable amount was based on its fair value less cost of disposal estimated using discounted cash flows. Following the reserves downgrade, the Group reassessed its estimates of the Kupe field's production profile which reduced the end of field life by one year from June 2036 to June 2035.

Following the impairment loss recognised, the recoverable amount is equal to the carrying amount of \$17.8 million. Therefore, any adverse movement in a key assumptions could lead to further impairment.

The estimate of fair value was determined using a post tax discount rate of 10.38% (June 2023: 13.62%) based on 10 year government bonds issued by the New Zealand Government adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific asset. Eleven years of cash flows were included in the discounted cashflow model. A long term inflation rate assumption of 3% (June 2023: 3%) was used. Commodity price assumptions for LPG and condensate were based on consensus estimates of forward market prices; LPG pricing is assumed to correlate to the oil price consensus estimates. Gas price assumptions used the contracted gas price for the duration of the contract and thereafter the contracted price inflated by 3% per year.

Risks have been identified that are reasonably possible to occur in three key assumptions that could cause lead to further impairment, or a reversal of impairment. The following table shows the amounts by which these three assumptions would individually change the estimated recoverable amount.

Sensitivity impact on Kupe recoverable amount (\$ millions)

Risk area	Sensitivity % change	2024
Discount rate or weighted average cost of capital	+10%	(0.5)
	-10%	0.5
Gas Price	+10%	1.0
	-10%	(1.0)
Oil Price	+10%	1.2
	-10%	(1.2)

Notes to the financial statements

For the year ended 30 June 2024

16 Other financial assets

Other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets which are measured at fair value through profit or loss. Such assets are subsequently measured at amortised cost.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

NZ\$000	2024	2023
By financial asset:		
Security deposits	1,478	1,787
Abandonment and Site Restoration Fund (ASR) - Cue Sampang rehabilitation	6,647	6,520
Total other financial assets at end of year	8,125	8,307
Movement		
Opening balance	8,307	7,347
Security deposits	(310)	1,411
Abandonment and Site Restoration Fund (ASR) - Cue Sampang rehabilitation	82	(334)
Revaluation of foreign currency financial assets	46	(117)
Total other financial assets at end of year	8,125	8,307

In accordance with legislative obligations in the respective jurisdictions in which the Group operates, contributions are made to funds established for the purpose of financing future rehabilitation and restoration of sites. As at 30 June 2024, \$6.7 million (2023: \$6.5 million) has been contributed to such funds in respect of the Mahato and Sampang assets in Indonesia and \$1.5 million (2023: \$1.8 million) with the Northern Territory Government in respect of the Amadeus Assets.

17 Payables

NZ\$000	2024	2023
Trade payables	6,364	3,096
Royalties payable	811	531
Share of oil and gas interests' payable	4,274	6,650
Other payables*	3,545	1,894
Total payables at end of the year	14,994	12,171

* Other Payables includes a grossed up carbon emission liability of \$1.7 million (June 2023: \$1.0 million) related to the New Zealand Emissions Trading Scheme (ETS). This liability is partially offset by a carbon emission receivable associated with gas sales contracts held with our customers (refer to note 11).

2024	Base	NZD
By currency NZ\$000:	Currency	Equivalent
New Zealand dollar	4,630	4,630
United States dollar	672	1,103
Australian dollar	8,453	9,257
Indonesian rupiah	41,393	4
Total payables at end of year		14,994

2023	Base	NZD
By currency NZ\$000:	Currency	Equivalent
New Zealand dollar	4,608	4,608
United States dollar	1,262	2,068
Australian dollar	5,011	5,495
Indonesian rupiah	2,500	-
Total payables at end of year		12,171

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For the year ended 30 June 2024

18 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.

NZ\$000	2024	2023
Current	-	2,837
Non-current	14,602	15,708
Total contract liabilities at the end of the period	14,602	18,545

As part of the acquisition of the Amadeus Basin assets in May 2021, the Group assumed two obligations to deliver gas to third parties.

i. The Group assumed performance obligations to deliver gas to a customer by 31 December 2023. This obligation was fulfilled during the 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 make up gas (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 (30 June 2023: 150TJs) 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.

19 Rehabilitation provisions

Provisions for rehabilitation 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 initial provision and subsequent re-measurement are recognised as part of the cost of the related asset. The unwind of the discount is recognised in finance costs in profit and loss.

NZ\$000	2024	2023
Carrying amount at start of year	55,115	51,856
Change in provision recognised	(1,931)	1,838
Addition in provision from acquisition of 25% interest in Mereenie	10,278	-
Unwind of discount on provision	1,901	1,324
Revaluation of foreign currency rehabilitation provision	469	97
Total rehabilitation provision at end of the year	65,832	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 2.09% to 4.83% (30 June 2023: 1.56% to 4.81%).

A rehabilitation provision of \$10.3 million is recognised in relation to the acquisition of the 25% interest in Mereenie. Refer to note 9.

Notes to the financial statements

For the year ended 30 June 2024

20 Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of any directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. The effective interest rate amortisation is included in finance costs in profit or loss.

On 11 June 2024, the Group executed an Australian dollars \$63.0 million (NZD \$69.0 million equivalent) long-term secured loan facility (2023: \$nil) specifically to facilitate the acquisition of a 25% interest in the Mereenie gas field, Amadeus Basin and additional development as required. As at 30 June 2024, the group has external loan borrowings as follows:

	Maturity date	Facility limit	Utilised balance at the end of the year	Unused balance at the end of the year
Currency		NZD \$000	NZD \$000	NZD \$000
Facility agreement	30 June 2031	69,000	54,212	14,788
Less: transaction costs		-	(1,216)	-
Total interest bearing loans and borrowings		69,000	52,996	14,788

Refer to note 25 for further information on financial instruments. The Australian dollar \$63 million loan facility is secured by the assets of Echelon Mereenie Pty Ltd, Echelon Palm Valley Pty Ltd and Echelon Dingo Pty Ltd. These three companies hold the Amadeus Basin assets on behalf of the Company. All remaining unused amounts are unrestricted as at the reporting date. An unsecured guarantee is provided by Echelon over of the external loan borrowing as parent entity of the Group, and a featherweight guarantee provided by Echelon Pacific Limited, a New Zealand registered entity.

The loan is repayable in tranches within seven years of first utilisation. There are no loan principal repayments required for 24 months from the initial first utilisation date, being 11 June 2026.

At 30 June 2024, the Group is compliant with loan covenants.

21 Share capital

	NZ\$000	Number of shares 000s
Balance at 30 June 2023	236,883	227,369
Share capital issued	-	-
Balance at 30 June 2024	236,883	227,369
Comprised of:		
Fully paid shares	236,873	223,951
Partly paid shares	10	3,418
Total shares on issue	236,883	227,369

The Group retains 3.4 million (2023: 3.4 million) of unallocated partly paid shares that have not yet been cancelled. All fully paid shares have equal voting rights and share equally in dividends and equity.

On 5 April 2024, Cue paid a special dividend of Australian dollars 2 cents per fully paid ordinary share. This returned Australian dollars \$14.0 million (NZD dollar equivalent \$15.0 million). This dividend was a Conduit Foreign Income (CFI), unfranked special dividend.

On 10 April 2024, Echelon paid a special dividend of Australian dollars 3 cents per ordinary share. This returned Australian dollars \$6.7 million (NZD equivalent \$7.3 million). The dividend was not imputed or franked.

Notes to the financial statements

For the year ended 30 June 2024

22 Reserves

(a) Reserves

NZ\$000	2024	2023
Asset revaluation reserve	965	781
Share based payments reserve	1,733	1,757
Foreign currency translation reserve	8,105	6,677
Total reserves at end of year	10,803	9,215

Movements:

(i) Asset revaluation reserve

Opening balance at 1 July	781	2,189
Revaluation of Emissions Trading Scheme (ETS) units for the year	277	(1,238)
Surrender of ETS units	(93)	(170)
Closing balance at end of year	965	781

(ii) Share based payments reserve

Opening balance at 1 July	1,757	1,359
Share based payment expense	53	418
Forfeited and expired Share Option Scheme	(8)	(20)
Issue of shares to NCI	(69)	-
Closing balance at end of year	1,733	1,757

(iii) Foreign currency translation reserve

Opening balance at 1 July	6,677	8,091
Foreign currency translation differences for the year	1,428	(1,414)
Closing balance at end of year	8,105	6,677

(b) Nature and purpose of reserves

Asset revaluation reserve

Revaluation gains and losses on ETS units are transferred to the asset revaluation reserve.

Share based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees under the Share Option Scheme.

Foreign currency translation reserve

Exchange differences arising on translation of companies within the Group with a different functional currency to the Group are taken to the foreign currency translation reserve. The reserve is recognised in other comprehensive income when the net investment is disposed of.

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Notes to the financial statements

For the year ended 30 June 2024

23 Net asset backing per share

	2024	2023
Number of shares on issue (000s)	227,369	227,369
Net assets (\$000s)	174,885	179,760
Net tangible assets (\$000s)	155,207	162,103
Net asset backing per share (cents)	76.9	79.1
Net tangible asset backing per share (cents)	68.3	71.3

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

24 Earnings per share

	2024	2023
Profit after tax attributable to the shareholders of Echelon (\$000s)	3,930	10,757
Weighted average number of ordinary shares (000s)	227,369	227,369
Weighted average number of ordinary shares including share options (000s)	227,369	227,369
Basic earnings per share attributable to shareholders of the Group (cents)	1.7	4.7
Diluted earnings per share attributable to shareholders of the Group (cents)	1.7	4.7

The potentially dilutive effects of employee share options have not been considered in the diluted profit per share calculation for the year ended 30 June 2024. In the current reporting period, the exercise price of the employee share options are lower than the average market price, therefore are anti-dilutive.

25 Financial risk management

Risk exposure to market, credit, liquidity, capital management, sensitivity, financial instruments arises in the normal course of the Group's business.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign currency risk on cash and cash equivalents, oil sales, recoverable value of oil and gas assets and capital commitments that are denominated in foreign currencies. The Group manages its foreign currency risk by monitoring its foreign currency cash balances and future foreign currency cash requirements. The Group may enter into foreign currency hedge transactions in circumstances where the risk-adjusted returns to shareholders are enhanced as a consequence.

(ii) Commodity price risk

Commodity price risk is the risk that the Group's sales revenue and recoverable value of oil and gas assets will be impacted by fluctuations in world commodity prices. The Group is exposed to commodity prices through its petroleum interests. The Group may enter into oil price hedge transactions in circumstances where the risk-adjusted returns to shareholders are enhanced as a consequence. The Group had no call option contracts at 30 June 2024 (2023: nil).

(iii) Concentrations of interest rate exposure

The Group's main interest rate risk arises from long-term borrowings. The Group's long-term borrowings are obtained at variable rates and expose the Group to interest rate risk with the variable element being the BBSW (Bank Bill Swap Rates) as at utilisation of each loan tranche drawn down. The margin on each loan borrowing utilised is fixed at 5% in accordance with the terms of the debt facility.

The minimum principal repayments of \$nil (2023: \$nil) are due during the next year, which reflects the repayment maturity of loan. The first principal repayment is due 24 months after first utilisation of the loan, being 10 June 2026.

Notes to the financial statements

For the year ended 30 June 2024

25 Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral where appropriate as a means of minimising the risk of financial defaults. Financial instruments which potentially subject the Group to credit risk consist primarily of securities and short-term cash deposits, trade receivables and short-term funding arrangements. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings, with funds required to be invested with a range of separate counterparties. The Group's maximum exposure to credit risk for trade and other receivables is its carrying value.

The Group may be exposed to financial risk if one or more of their joint venture partners is unable to meet their obligation in relation to the rehabilitation costs for jointly owned oil and gas assets. Under the joint venture operating agreement if one or more partners fails to meet their financial obligation, the other partners may become proportionately liable for their share of the financial obligations but would have contractual rights of recovery against the defaulting party.

As at 30 June 2024 the exposure to credit risk for trade receivables and contract assets by type was as follows:

NZ\$000	2024	2023
Trade receivables	10,123	7,196
Share of oil and gas interests' receivables	6,362	9,262
Prepayments	701	559
Other	1,595	-
Total credit risk exposure to receivables and prepayments at end of year	18,781	17,017

(c) Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has liquid funds to cover potential shortfalls, utilising and available borrowing facilities to be able to pay debts as and when they become due and payable.

A loan facility of \$69 million, as described in note 20. The unused borrowings at reporting of date were:

NZ\$000	2024	2023
Bank loans - unused borrowings	14,788	-

The loan utilisations may be drawn at any time, with the loan facility maturing 7 years from the initial first utilised loan draw down date completed as at 11 June 2024.

The following table sets out the undiscounted contractual cash flows for all non-derivative financial liabilities and for derivatives that are settled on a gross cash flow basis:

30 June 2024 NZ\$000	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	Contractual cash flows
<i>Non-interest bearing</i>						
Payables	14,994	-	-	-	-	14,994
<i>Interest-bearing - fixed rate</i>						
Bank loans*	2,992	2,987	6,462	48,735	40,631	101,807
Total non-derivative liabilities	17,986	2,987	6,462	48,735	40,631	116,801

The weighted average interest rate was 9.38%.

30 June 2023 NZ\$000	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	Contractual cash flows
Payables	12,171	-	-	-	-	12,171
Total non-derivative liabilities	12,171	-	-	-	-	12,171

At 30 June 2024 the Group had no derivatives to settle (2023: nil).

Notes to the financial statements

For the year ended 30 June 2024

25 Financial risk management (continued)

The Group's secured external bank loan contains a loan covenants. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table.

The interest payments on the variable interest rate loan component in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

The interest expense cost recognised in the period to 30 June 2024 was \$0.3 million (2023: \$nil). The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above. It is noted that in measuring the fair value, the loan is assessed as Level 2 in the fair value hierarchy, with the input for the loan interest based on observable inputs.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(d) Capital management

The Group manages its capital through the use of cash flow and corporate forecasting models to determine its future capital requirements and maintains a flexible capital structure which allows access to debt and equity markets to draw upon and repay capital as required. The Group has an adequate capital base and significant cash reserves.

(e) Sensitivity analysis

The Group's reporting result at the end of each year is sensitive to financial risks from fluctuations in interest rates, commodity prices and foreign currency exchange rates. The sensitivity table below shows the impact of exchange rate changes on current assets and liabilities and the impact of interest rate changes on current cash balances.

The 200 basis point change (bps) is based on the expected volatility of interest rates using market data and analysts forecasts.

NZ\$m	Risk area	Sensitivity	2024	2023
Impact on Group profit before tax	Exchange rate	+5%	0.2	(0.4)
		-5%	(0.2)	0.4
Impact on foreign currency translation reserves in equity	Exchange rate	+5%	(0.6)	(1.2)
		-5%	0.6	1.2
Impact on interest income	Interest rate	+200 bps	0.8	0.3
		-200 bps	(0.8)	(0.3)
Impact on interest expense	Interest rate	+200 bps	(0.1)	-
		-200 bps	0.1	-

(f) Financial instruments by category

NZ\$000	2024 Carrying value	2023 Carrying value
Assets		
Cash and cash equivalents	42,290	36,380
Trade and other receivables	16,485	16,458
Contract assets	-	5,567
Total assets	58,775	58,405
Liabilities		
Payables	14,994	12,171
Borrowings	52,996	-
Total Liabilities	67,990	12,171

The fair value and amortised cost of financial instruments is equivalent to their carrying value.

Notes to the financial statements

For the year ended 30 June 2024

26 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 \$1.3 million has been included in 'Other income' in the profit and loss (30 June 2023: \$0.7 million).

In September 2023, Cue made a final loan repayment of \$4.3 million to Echelon. The unsecured loan of \$7.6 million was granted in June 2022, with an interest rate of 10%.

Cue Directors

The following persons were directors of Cue during the financial year:

Alastair McGregor (Non-executive Chairman)*

Andrew Jefferies (Non-Executive Director)*

Marco Argentieri (Non-Executive Director)*

Peter Hood AO (Non-Executive Director)

Richard Malcolm (Non-Executive Director)

Rod Ritchie (Non-Executive Director)

Samuel Kellner (Non-Executive Director)*

* Commencing 1 July 2023, Directors' fees were invoiced by Echelon and paid on a quarterly basis. The Directors' fees are retained by Echelon and not personally received by the Directors. During the year, Directors' fees of \$0.3 million (2023: nil) were paid by Cue to Echelon in relation to these Directors. Deemed Directors' fees for year ending 30 June 2024 were nil (2023: \$0.2 million).

Echelon Directors

The following persons were directors of Echelon during the financial year:

Alastair McGregor (Non-executive Director)*

Andrew Jefferies (Managing Director and CEO)**

Marco Argentieri (Non-Executive Director)*

Rod Ritchie (Non-Executive Director)

Rosalind Archer (Non-Executive Director)

Samuel Kellner (Non-Executive Chairman)*

* As in previous years these Directors declined to receive compensation for the provision of directorial services from Echelon, nor was any compensation paid to any related parties on their behalf. The deemed compensation for the year ending 30 June 2024 was \$0.3 million (2023: \$0.2 million) reflects the estimated compensation for the services provided and is disclosed for financial reporting

** The directorial services provided by Andrew Jefferies are included in remuneration received as Chief Executive of Echelon.

The Group's related parties also include key management personnel, which have been defined as the Directors, the Chief Executive Officer and the Executive team for the Group. Key Cue management personnel are included.

NZ\$000	2024	2023
Short term employee benefits	4,241	3,922
Share based payments	247	249
Termination benefits	-	218
Post employment benefits	138	155
Key management personnel related costs	4,626	4,544
Deemed Directors' compensation for related party Directors	275	439
Total key management personnel related costs	4,901	4,983

Notes to the financial statements

For the year ended 30 June 2024

27 Share-based payments

Accounting policy

Share-based payments are equity or cash settlements to employees in exchange for services. Equity transactions are settled in shares or options over shares. Cash settlements are determined by the share price.

The cost of equity settled transactions are measured at fair value on grant date. Fair value is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated Group received the services that entitle the employees to receive payment no account is taken of any other vesting conditions.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Equity transactions are recognised as an expense with the corresponding increase in equity over the vesting period. The cumulative charge to a profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period.

If the non-vesting condition is within the control of the consolidated Group or employee the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited. Cancellations are accounted for on the date of cancellation, as if it had vested.

The Company has the following share based payment schemes:

- (a) Echelon Share Option Scheme - established March 2020.
- (b) Cue Energy Share Option Scheme - established July 2019.

(a) Echelon Share Option Scheme

On 22 November 2023, the Group issued 2,788,983 unlisted options to eligible Echelon Resources Limited employees under the share option scheme. The options are exercisable at \$0.47 (47 cents) per option, which will vest on 1 July 2026 and expire on 1 July 2029. The exercise price was determined by adding a 20% premium to the average market price on the date of the offer (being the volume weighted average market price over the previous 10 business days) at 30 June 2023. The options were valued using Black-Scholes option pricing model.

During the year \$0.3 million of share-based payment expense was recorded in relation to the Echelon Share Option Scheme for the financial year ending 30 June 2024 (2023: \$0.3 million).

Since delisting from the NZX on 28 June 2024, Echelon no longer has a NZ dollar share price for determining whether the exercise price has been reached. The Board has approved that the Australian dollar share price will be converted to NZ dollars using the closing exchange rate quoted on the Reserve Bank of New Zealand website for each tranche at the award date.

Set out below are summaries of options granted under the plan:

2024	Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year
	19/03/2020	01/07/2025	\$ 0.61	2,761,444	-	-	-	2,761,444
	08/10/2020	01/07/2026	\$ 0.65	1,785,499	-	-	-	1,785,499
	23/11/2021	01/07/2027	\$ 0.52	2,215,110	-	-	-	2,215,110
	22/11/2022	01/07/2028	\$ 0.54	2,401,636	-	-	(129,611)	2,272,025
	22/11/2023	01/07/2029	\$ 0.47	-	2,788,983	-	-	2,788,983
				9,163,689	2,788,983	-	(129,611)	11,823,061
Weighted average exercise price				\$ 0.58	\$ 0.47	-	\$ 0.54	\$ 0.55

2023	Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year
	19/03/2020	01/07/2025	\$ 0.61	2,761,444	-	-	-	2,761,444
	08/10/2020	01/07/2026	\$ 0.65	1,828,603	-	-	(43,104)	1,785,499
	01/11/2021	01/07/2027	\$ 0.52	2,370,333	-	-	(155,223)	2,215,110
	01/11/2022	01/07/2028	\$ 0.54	-	2,631,017	-	(229,381)	2,401,636
				6,960,380	2,631,017	-	(427,708)	9,163,689
Weighted average exercise price				\$ 0.59	\$ 0.54	-	\$ 0.54	\$ 0.58

Notes to the financial statements

For the year ended 30 June 2024

27 Share-based payments (continued)

(a) Echelon Share Option Scheme (continued)

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
22/11/2023	01/07/2029	\$ 0.37	\$ 0.47	36%	-	5.63%	\$ 0.13

(b) Cue Energy Share Option Scheme

On 8 September 2023, the Company issued 4,640,759 unlisted options to eligible employee under the share option scheme. The options are exercisable at \$0.079 (7.9 cents) per option and will vest on 1 July 2026 and expire on 1 July 2028. The options were valued using Black-Scholes option pricing model.

During the year \$0.1 million of share-based payment expense was recorded in relation to the Cue share option scheme for the financial year ending 30 June 2024 (2023: \$0.1 million).

In March 2024 Cue exercised 2,152,654 share options. The exercise price was \$0.10 (10 cents) per fully paid ordinary share, resulting in the issue of 252,562 ordinary shares. These were awarded on a cashless basis.

Set out below are summaries of options granted under the plan:

2024	Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
	29/07/2017	01/07/2023	\$ 0.08	3,473,653	-	-	(3,473,653)	-
	04/10/2019	01/07/2024	\$ 0.10	3,523,015	-	(2,152,654)	-	1,370,361
	16/07/2020	01/07/2025	\$ 0.13	3,204,237	-	-	-	3,204,237
	23/07/2021	22/07/2026	\$ 0.09	4,005,799	-	-	-	4,005,799
	30/08/2022	01/07/2027	\$ 0.10	3,598,698	-	-	-	3,598,698
	8/09/2023	01/07/2028	\$ 0.08	-	4,640,759	-	-	4,640,759
				17,805,402	4,640,759	(2,152,654)	(3,473,653)	16,819,854
	Weighted average exercise price			\$ 0.10	\$ 0.08	\$ 0.10	\$ 0.08	\$ 0.10

2023	Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
	29/07/2017	01/07/2023	\$ 0.08	3,513,430	-	-	(39,777)	3,473,653
	04/10/2019	01/07/2024	\$ 0.10	3,569,765	-	-	(46,750)	3,523,015
	16/07/2020	01/07/2025	\$ 0.13	3,241,067	-	-	(36,830)	3,204,237
	23/07/2021	22/07/2026	\$ 0.08	4,047,966	-	-	(42,167)	4,005,799
	30/08/2022	01/07/2027	\$ 0.10	-	3,649,298	-	(50,600)	3,598,698
				14,372,228	3,649,298	-	(216,124)	17,805,402
	Weighted average exercise price			\$ 0.10	\$ 0.10	-	\$ 0.08	\$ 0.10

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, were as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
8/09/2023	01/07/2028	\$ 0.07	\$ 0.08	56%	-	3.82%	\$ 0.03

Notes to the financial statements

For the year ended 30 June 2024

28 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 \$19.7 million for the drilling and infrastructure works at the Mahato PSC.

The carry under the farm out agreement with Triangle has \$2.9 million remaining at 30 June 2024.

The Group's share of commitments associated with the Amadeus Basin permits for production and development expenditure is \$0.8 million at 30 June 2024.

As part of the acquisition of the 25% interest in Mereenie, the Group has an obligation to pay bonds of \$0.9 million to the Northern Territory Government.

(b) Contingent assets and liabilities

The Directors are not aware of any contingent assets or liabilities at 30 June 2024.

29 Events occurring after balance date

On 30 July 2024 the Group announced the name change of the parent company to Echelon Resources, trading as Echelon. The names of Echelon's wholly owned subsidiaries have subsequently been updated to include Echelon.

On 31 July 2024 drilling commenced in the Perth Basin of the Booth well. On the 7 August 2024 the Group announced that the key prospective reservoirs had been drilled and no moveable hydrocarbons had been intersected. The Booth well is now plugged and abandoned. Costs relating to this drilling operation will be expensed in the next financial reporting period.

On 23 August 2024, Cue declared a final dividend of Australian dollar 1 cent per share to be paid on 26 September 2024.

On 27 August 2024, Echelon declared a final dividend of Australian dollar 1.5 cents per fully paid ordinary share, with a record date of 17 September 2024, to be paid on 4 October 2024.

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

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Independent Auditor's Report

To the shareholders of Echelon Resources Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 30 June 2024;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended;
- notes, including material accounting policy information and other explanatory information

In our opinion, the accompanying consolidated financial statements of Echelon Resources Limited (the Company) and its subsidiaries (the Group) on pages 4 to 32 present fairly in all material respects:

- the Group's financial position as at 30 June 2024 and its financial performance and cash flows for the year ended on that date; and
- In accordance with New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**) issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Echelon Resources Limited in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (**IESBA Code**), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has provided other services to the Group in relation to tax compliance and advisory, and other assurance 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 auditor of the Group. The firm has no other relationship with, or interest in, the Group.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at \$2.4 million, determined with reference to a benchmark of the Group's total assets. We chose the benchmark because, in our view, this is a key measure of the Group's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion.

Our procedures were undertaken in the context of and solely for the purpose of our audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter How the matter was addressed in our audit

Acquisition of additional Interest in Amadeus Basin Assets

Refer to Note 9 within the consolidated financial statements.

On 11 June 2024, the Group completed the acquisition of an additional 25% interest as a joint venture partner in the Mereenie gas and oil fields in the Northern Territory, Australia.

This business combination is a key audit matter due to the financial significance of the transaction to the Group and the judgement required by the Group to measure the provisional fair values of assets and liabilities assumed.

Our audit procedures included:

- Reviewing the acquisition agreements and other related transaction documents to understand the structure, key terms and conditions;
- Evaluating the acquisition accounting methodology applied by the Group against the requirements of the accounting standards;
- Assessing the Group's determination of accounting acquisition date and provisional fair value of purchase consideration with reference to the underlying assets sale agreement and accounting standard requirements;
- Evaluating the qualifications, competence and objectivity of external and internal experts used by the Group including an assessment as to the extent to which the information provided by them could be relied upon;
- Evaluating the Group's provisional assessment of the fair value of oil and gas production properties and rehabilitation obligations: and
- Assessing the appropriateness of the Group's disclosures in the consolidated financial statements using our understanding obtained from our testing and against the requirements of accounting standards.

Recoverability of oil and gas assets

Refer to Note 15 within the consolidated financial statements.

The recoverability of oil and gas assets is a key audit matter due to the judgement involved in assessing the recoverable value of the oil and gas assets. Key assumptions include:

- future oil and gas prices;

Our audit procedures to assess the reasonableness of the recoverable value of the oil and gas assets included:

- Evaluating the Group's impairment indicator assessment, utilising our knowledge of the Group and the Oil and Gas industry, in which the Group operates.
- For the Kupe Asset, where an indicator of impairment was identified, in conjunction with our valuation specialists, we evaluated the key inputs and assumptions included in management's valuation model. Our procedures included:

The key audit matter

- oil and gas reserves, and future production levels
- discount rate; and
- future operating and capital costs

During the period management recorded a \$11.5 million impairment of the Kupe assets and our testing focused on this asset.

How the matter was addressed in our audit

- Assessing whether the valuation methodology applied was in accordance with the requirements of accounting standards;
- Challenging the feasibility of reserve and resource estimates and production profiles by comparing for consistency with other internal and external information, including reports prepared by management's experts;
- Comparing management's forecast of oil and gas prices to observable market data and contracted prices;
- Using our valuation specialist to assess the reasonableness of the discount rate used;
- Reviewing operator budgets and forecasts of operating costs and capital programmes for reasonableness; and
- Performing sensitivity analysis over key assumptions included in the Group's impairment assessments.
- Comparing the carrying amount of the net assets of the group to its market capitalisation and evaluating whether any differences would suggest further impairments are required

Other information

The directors, on behalf of the Group, are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the shareholders for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of directors for the consolidated financial statements

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

- the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board;
- implementing the necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error;
- assessing the ability of the Group 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 audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board (XRB) website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Gavin Silva.

For and on behalf of:

KPMG

Wellington

27 August 2024