

Statement of Reasons

Petroleum Act 1984

Determination and reasons for determination as to appropriate person to hold permit or licence

Applicant ADZ Energy (NT) Pty Ltd (Transferee, and wholly owned subsidiary)
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ASIC registered - 16 January 2024

Associated entity ADZ Energy Pty Ltd (parent company)
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ASIC registered - 1 November 2023

Associated entity Shunkang Holding Group (ultimate parent company)
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Permit or licence being applied for Exploration Permit Applications EP(A) 173, EP(A)178, EP(A) 179, EP(A)193, EP(A)194, EP(A)195, EP(A)196

Date of determination 31 July 2024

1. Background

- (a) The Applicant applied for the transfer of Exploration Permit applications (EP(A)) EP(A)173, EP(A)178, EP(A) 179, EP(A)193, EP(A)194, EP(A)195, EP(A)196 under section 57AAB of the Petroleum Act 1984 (Act).
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- (b) Section 57AAB(5) of the Act requires me to be satisfied that the proposed transferee (Applicant), and any associated entity of the proposed transferee, is an appropriate person to hold a permit or licence as required by section 15A of the Act.
- (c) Section 15A of the Act requires me to be satisfied that the Applicant, and any associated entity of the Applicant, is an appropriate person to hold a permit under the Act. In making that determination I must have regard to the matters set out in section 15A(1) and, where necessary, section 15A(2) of the Act.
- (d) Section 15A(5) provides that I must publish, on the Agency's website, the reasons why I have determined that an Applicant, and any associated entity of the Applicant, is or is not an appropriate person to hold a licence or permit under the Act.
- (e) This document contains my determination and my reasons.

2. Determination

- (a) I am satisfied that the Applicant, and any associated entity of the Applicant, is an appropriate person to hold a licence or permit under the Act.

3. Reasons for determination

- (a) I have had regard to the matters set out in section 15A.
- (b) Where there is a reference to a director, I have taken into consideration any person concerned in the management of the body corporate as is required by section 15A(3).
- (c) The table below sets out the matters referred to in section 15A(1). I set out in that table the material factors that are relevant to each such matter.

Section in Act	Matter	Material factors
15A(1)(a)	<p>The Applicant or associated entity's record of compliance with the prescribed legislation, including:</p> <ul style="list-style-type: none"> (i) whether the Applicant or entity has contravened any of the prescribed legislation; and (ii) the seriousness of any contraventions; and (iii) the length of time since the contraventions (if any) occurred; and (iv) any other matter the Minister considers relevant. 	<p><i>The Applicant and associated entities have not contravened the prescribed legislation.</i></p> <p><i>The Applicant and associated entities have not held tenure in the Northern Territory, however the parent company, ADZ Energy Pty Ltd holds tenure as listed at 15A(1)(b) below.</i></p> <p><i>There is no record of acts of non-compliance with the prescribed legislation.</i></p> <p><i>The parent company was incorporated on 26 October 2023 and the applicant on 16 January 2024.</i></p>
15A(1)(b)	Whether the Applicant or associated entity has held a licence or other authority under the prescribed	<i>The Applicant, ADZ Energy (NT) Pty Ltd, has not held a licence or other authority under the prescribed legislation.</i>

	legislation where that licence or authority has been suspended or revoked.	<p><i>The associated entity, ADZ Energy Pty Ltd, has held a licence or other authority under the prescribed legislation, being:</i></p> <p><u>Queensland</u></p> <p><i>Surat Basin - PL 22/1065, PL 27/1066, PL53/1067, PL 71/1068, PL 227/1069, PL 14/1070, PL 21/1071, PL 511, PL 28/TBA, PL 69/TBA, PL 30, PL70, PL264, PL512, ATP 647/ PCA 246 4,000 ATP 1190/PCA 157, ATP 2032</i></p> <p><u>South Australia</u></p> <p><i>Cooper-Eromanga Basins - PRL50 to PRL75, PRL124, PRL248, PEL677, PEL112, PEL444</i></p> <p><u>Victoria</u></p> <p><i>Otway Basin - PEP169</i></p> <p><i>These licences or authorities have not been suspended or revoked.</i></p>
15A(1)(c)	Whether in the opinion of the Minister, the action or thing to be authorised by the permit or licence is or will be under the control of a technically competent person.	<p><i>The Applicant, and associated entity, provided the following documents to support their technical capacity:</i></p> <ul style="list-style-type: none"> • <i>statement detailing the qualifications and experience of its directors and key personnel</i> • <i>the Curriculum Vitae of the directors and Key Management Team.</i> <p><i>The Applicant has demonstrated the technical expertise of its staff to effectively manage operations of the permits.</i></p> <p><i>For these reasons, I am of the opinion that the action or thing will be under the control of a technically competent person.</i></p>
15A(1)(d)	Whether in the opinion of the Minister, the Applicant or associated entity is of good repute, having regard to character, honesty and integrity.	<p><i>The Applicant has provided a statement that it considers it and the associated entities to be of good repute, having regard to character, honesty and integrity.</i></p> <p><i>The Applicant is a company incorporated as a special-purpose vehicle to acquire</i></p> <ul style="list-style-type: none"> • <i>100% interest in EP173, EP178, EP179, EP193, EP194, EP195 and EP196 from Armour Energy Limited (In Liquidation).</i> <p><i>ADZ Energy Pty Ltd is a private oil and gas entity with exploration and operating assets located across the Northern Territory, South Australia, Queensland and Victoria. ADZ Energy is a company of good</i></p>

		<p><i>repute and has always acted with honesty and integrity in its activities.</i></p> <p><i>For these reasons, I am of the opinion that the Applicant and associated entity are of good repute.</i></p>
15A(1)(e)	<p>Whether the Applicant or associated entity has, within the previous 10 years, been convicted in the Territory or elsewhere of an offence involving fraud or dishonesty</p>	<p><i>The Applicant and associated entity have not, within the previous 10 years, been convicted in the Northern Territory or elsewhere of an offence involving fraud or dishonesty.</i></p> <p><i>No evidence has been discovered to establish that this is not the case.</i></p>
15A(1)(f)	<p>Whether the Applicant or associated entity, within the previous 3 years:</p> <p>(i) was an undischarged bankrupt; or</p> <p>(ii) applied to take the benefit of any law for the relief of bankrupt or insolvent debtors; or</p> <p>(iii) entered into an arrangement with the Applicant or entity's creditors or made an assignment of the Applicant or entity's remuneration for their benefit.</p>	<p><i>None of these events has occurred within the previous 3 years.</i></p> <p><i>No evidence has been discovered to establish that this is not the case.</i></p>
15A(1)(g) 15A(3)	<p>Whether the Applicant or associated entity is or was a director of a body corporate that is the subject of a winding-up order or for which a controller or administrator has been appointed within the previous 3 years.</p>	<p><i>None of these events has occurred within the previous 3 years.</i></p> <p><i>No evidence has been discovered to establish that this is not the case.</i></p>
15A(1)(h)	<p>Whether the Applicant has demonstrated to the Minister the financial capacity to comply with the Applicant's obligations under the permit or licence.</p>	<p><i>When considering the Applicant's financial capacity, consideration was given to the associated entity's following reports:</i></p> <ul style="list-style-type: none"> • <i>Financial capacity Due Diligence Report (Due Diligence Report) dated 17 May 2024, prepared by RSM Australia Pty Ltd (RSM)</i> • <i>ADZ Corporate Overview</i> • <i>Shunkang Holding Group - Letter of Support</i>

		<p><i>The Applicant, as a wholly owned subsidiary, will have the benefit of the associated entity's financial capability to enable it to comply with its obligations under the permits.</i></p> <p><i>The Letter of Support from the Shunkang Group dated 7 April 2024, acknowledges and agrees to fund ADZ Energy's financial obligations as they come due for at least the next twelve months.</i></p> <p><i>In RSM's Due Diligence Report it states that it formed the view that ADZ Energy has the financial capacity to service the minimum committed expenditure for all the granted exploration permits and exploration permit applications in the Northern Territory, and the capacity to service its expenditure commitments more broadly across all its other tenements in Victoria, South Australia and Queensland.</i></p> <p><i>Independent probity reports were obtained for the applicant and its directors, and no adverse details were reported.</i></p> <p><i>For these reasons, the Applicant has demonstrated the financial capacity to comply with its obligations under the permit or licence.</i></p>
15A(1)(i)	Whether the Applicant or associated entity is in partnership, in connection with the action that is the subject of the permit or licence, with a person whom the Minister does not consider to be an appropriate person having regard to the matters listed in section 15A(1) (being the matters above) and section 15A(2) (being the matters below).	<p><i>The Applicant and associated entity are not in partnership with any other person</i></p> <p><i>The term 'partnership' does not include Joint Ventures.</i></p>
15A(1)(j)	Any other matters the Minister considers relevant in determining whether a person is an appropriate person to hold a permit or licence.	<i>I do not consider that any other matters are relevant.</i>
<i>If the Applicant or entity is not a body corporate, the matters below do not need to be considered.</i>		
15A(2)(a) 15A(3)	Whether a director of the Applicant or associated entity:	<p><i>The Applicant is ADZ Energy (NT) Pty Ltd.</i></p> <p><i>The directors of ADZ Energy (NT) Pty Ltd are:</i></p> <ul style="list-style-type: none"> • <i>Mr Xinming He (Aiden He)</i>

	<p>(i) has contravened the prescribed legislation or has held a licence or other authority under the prescribed legislation that has been suspended or revoked; or</p> <p>(ii) is or has been the director of another body corporate that has contravened the prescribed legislation or has held a licence or other authority under the prescribed legislation that has been suspended or revoked</p>	<ul style="list-style-type: none"> • Mr Lu Liu (Daniel Liu) <p><i>Persons concerned in the management of the company are:</i></p> <ul style="list-style-type: none"> • Mr Christian Lange – Chief Executive Officer • Ms Kath Lange – Chief Operating Officer • Mr Wayne Richards – General Manager Projects • Mr Andrew Robertson – General Manager Operations • Mr Peter Harrip – General Manager Finance • Ms Edith Lagendijk – General Manager Subsurface • Mr Robin O’Leary – General Manager Exploration & Portfolio <p><i>The directors and management are the same for the parent company, ADZ Energy Pty Ltd.</i></p> <p><i>The directors have not held a licence or other authority under the prescribed legislation that has been suspended or revoked.</i></p> <p><i>The directors are not and have not been a director of another body corporate that has contravened the prescribed legislation.</i></p> <p><i>The directors are not and have not been a director of another body corporate that has held a licence or other authority under the prescribed legislation that has been suspended or revoked.</i></p>
<p>15A(2)(b) 15A(3)</p>	<p>In the case of a body corporate that is the subsidiary of another body or company (the parent company) – whether:</p> <p>(i) the parent company or a director of the parent company has contravened the prescribed legislation or has held a licence or other authority under the prescribed legislation that has been suspended or revoked; or</p> <p>(ii) a director of the parent company is or has been the director of another body corporate that has contravened the prescribed legislation or</p>	<p><i>The parent company is ADZ Energy Pty Ltd.</i></p> <p><i>The directors of ADZ Energy Pty Ltd are:</i></p> <ul style="list-style-type: none"> • Mr Xinming He (Aiden He) • Mr Lu Liu (Daniel Liu) <p><i>Persons concerned in the management of the parent company are:</i></p> <ul style="list-style-type: none"> • Mr Christian Lange – Chief Executive Officer • Ms Kath Lange – Chief Operating Officer • Mr Wayne Richards – General Manager Projects • Mr Andrew Robertson – General Manager Operations • Mr Peter Harrip – General Manager Finance • Ms Edith Lagendijk – General Manager Subsurface • Mr Robin O’Leary – General Manager Exploration & Portfolio <p><i>The Applicant has not contravened the prescribed legislation.</i></p> <p><i>The directors of the parent company have not contravened the prescribed legislation.</i></p>

	has held a licence or other authority under the prescribed legislation that has been suspended or revoked.	<p><i>The parent company, directors of the parent company, and management team have not held a licence or other authority under the prescribed legislation that has been suspended or revoked.</i></p> <p><i>The directors of the parent company have not been a director of another body corporate that has contravened the prescribed legislation.</i></p> <p><i>The directors of the parent company have not been a director of another body corporate that has held a licence or other authority under the prescribed legislation that has been suspended or revoked.</i></p>
15A(2)(c) 15A(3)	The record of compliance with the prescribed environmental legislation of any director of the Applicant or associated entity.	<p><i>The Applicant has provided a statement that all directors of the Applicant have at all times been compliant with and have not contravened the prescribed environmental legislation.</i></p> <p><i>No evidence has been discovered to establish that this is not the case.</i></p> <p><i>I am not aware of any breach of the prescribed legislation.</i></p>
15A(2)(d) 15A(3)	Whether in the opinion of the Minister, a director of the Applicant or associated entity is of good repute, having regard to character, honesty and integrity.	<p><i>The Applicant has provided a statement that it considers the directors to be of good repute, having regard to character, honesty and integrity.</i></p> <p><i>There is no evidence available that suggests otherwise.</i></p> <p><i>For these reasons, I am of the opinion that each director is of good repute.</i></p>
15A(2)(e) 15A(3)	Whether a director of the Applicant or associated entity has, within the previous 10 years, been convicted in the Territory or elsewhere of an offence involving fraud or dishonesty.	<p><i>No director nor any person concerned in the management has, within the previous 10 years, been convicted in the Territory or elsewhere of an offence involving fraud or dishonesty.</i></p> <p><i>No evidence has been discovered to establish that this is not the case.</i></p>
15A(2)(f)	Whether the Applicant or associated entity is the subject of a winding up order or has had a controller or administrator appointed within the previous 3 years.	<p><i>None of these events have occurred within the previous 3 years.</i></p> <p><i>No evidence has been discovered to establish that this is not the case.</i></p>

(d) In making my determination I have had regard to each of the matters noted above.

(e) In making my determination I have had regard to documents that include the following:

- (i) Financial capacity Due Diligence Report dated 17 May 2024, prepared by RSM Australia Pty Ltd
- (ii) ADZ Corporate Overview
- (iii) Shunkang Holding Group's – Letter of Support, confirming that it will provide ongoing financial support to ADZ Energy, now and in the future, for it to fulfil its financial obligation, and that it also has the ability and intention to provide financial support to ADZ Energy's subsidiaries.
- (iv) Illion comprehensive reports for ADZ Energy (NT) Pty Ltd and ADZ Energy Pty Ltd
- (v) Australian Securities and Investments Commission searches of ADZ Energy (NT) Pty Ltd and ADZ Energy Pty Ltd
- (vi) Statement of Appropriate Person for ADZ Energy (NT) Pty Ltd
- (vii) CVs for directors, management team and key technical personnel
- (viii) Application for transfer and supporting information
- (ix) Department of Industry, Tourism and Trade information and data
- (x) Search of online information.

Dated this 3 July 2024

Made under the *Petroleum Act 1984* of the Northern Territory of Australia



JAMES ROBERT PRATT
Senior Executive Director Energy Development
Delegate of the Minister for Mining
Under an Instrument of Delegation dated 3 July 2023