New Zealand Energy Announces Third Quarter Results and Operational Update

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Nov 27, 2013) - New Zealand Energy Corp. (TSX VENTURE:NZ)(OTCQX:NZERF) ("NZEC" or the "Company") has released the results of its third quarter ended September 30, 2013. Details of the Company's financial results are described in the Unaudited Condensed Consolidated Interim Financial Statements and Management's Discussion and Analysis which, together with further details on each of the Company's projects, will be available on the Company's website at www.newzealandenergy.com and on SEDAR at www.sedar.com. All amounts are in Canadian dollars unless otherwise stated.

HIGHLIGHTS

Financing

- Closed oversubscribed private placement for gross proceeds of $16.1 million

Property Portfolio

- Completed acquisition of strategic upstream and midstream assets in Taranaki Basin
  - Acquired 50% interest in three petroleum mining licenses (totalling 23,049 acres) in main production fairway
  - Acquired 50% interest in full-cycle high-capacity production facility and associated gathering and sales infrastructure
  - Entered into joint arrangement with L&M Energy to explore, develop and operate the new petroleum mining licenses, production facility and associated assets
  - Booked additional 1,072,350 boe (86% oil) of Proved + Probable reserves with estimated before tax net present value (10% discount rate) of $31.4 million[1]
- Extended Alton Permit to September 2018
- Received approval to defer commitments wells on Alton and Castlepoint permits to 2014
- Applied to extend Eltham Permit to September 2018 and convert a portion of the property to a petroleum mining permit with an initial duration of 15 years

Production and Development

- Field netback of $58.90/barrel of oil ("bbl") for Q3-2013
- 60,694 bbl produced and 63,852 bbl sold during nine-month period, generating pre-tax oil sales of $6.6 million
- Announced 2013/2014 work program for Taranaki Basin, estimating 2,300 boe/d (82% oil) of production by year-end 2014 (net to NZEC) based on successful completion of the planned work program
- Commenced reactivation of oil production from six wells on TWN Licenses. Production results will be announced once all six wells are in production, which is anticipated to occur by the end of November 2013

FINANCIAL SNAPSHOT

	Nine months ended September 30, 2013	Three months ended September 30, 2013	Nine months ended September 30, 2012	Three months ended September 30, 2012
Production	60,694 bbl	11,958 bbl	155,285 bbl	37,850 bbl*
Sales	63,852 bbl	14,648 bbl	154,533 bbl	38,565 bbl
Price	107.63 $/bbl	108.84 $/bbl	107.33 $/bbl	100.93 $/bbl

Production costs	62.08 $/bbl	44.80 $/bbl	25.22 $/bbl	32.58 $/bbl
Royalties	4.98 $/bbl	5.14 $/bbl	4.98 $/bbl	4.77 $/bbl
Field netback	40.57 $/bbl	58.90 $/bbl	77.13 $/bbl	63.58 $/bbl
Revenue	$6,553,968	$1,519,010	$13,527,930	$3,708,254
Pre-production recoveries	-	-	-	-
Total comprehensive (loss) income	($3,339,589)	$1,347,788	$98,313	($2,018,634)
Net finance expense (income)	$66,794	$27,220	($200,003)	41,377
(Loss) earnings per share - basic and diluted	($0.06)	($0.02)	($0.01)	($0.02)
Current assets	$6,403,134		$49,680,292	
Total assets	$105,313,813		$98,882,087	
Total long-term liabilities	$11,094,916		$2,042,768	
Total liabilities	$12,749,253		$6,518,365	
Shareholders' equity	$92,564,560		$92,263,722	

Note: The abbreviation **bbl** means barrel or barrels of oil.

At the date of this MD&A, the Company had an estimated $6 million in working capital.

Nine-month Operating Results

During the nine-month period ended September 30, 2013, the Company produced 60,694 barrels of oil and sold 63,852 barrels for total oil sales of $6,872,180 with an average oil sale price of $107.63 per barrel. Total recorded production revenue, net of a 5% royalty payable to the New Zealand Government (an average of $4.98 per barrel), was $6,553,968. Production costs during the nine-month period ended September 30, 2013 totalled $3,964,141, or an average of $62.08 per barrel, generating an average field netback of $40.57 per barrel during the period. NZEC calculates the netback as the oil sale price less fixed and variable production costs and a 5% royalty. The notable reduction in netback during the nine-month period ended September 30, 2013, when compared to the same period in 2012, is predominantly the result of decreased oil production, considering the large proportion of fixed production cost. As previously announced, the Company had shut in the Waitapu-2 well during May 2013 in order to gather critical data for a Mt. Messenger reservoir study and to evaluate and install artificial lift. In addition, the Company experienced lower production from the Copper Moki wells as partial work-over activities were undertaken on two of the three wells.

The Company undertook a number of reservoir and production tests during the period with the objective of optimizing oil production, and these tests added to production costs. During the nine-month period ended September 30, 2013, fixed production costs represented approximately 88% of total production costs. Installation of the Copper Moki surface facilities was completed in May and, as expected, this resulted in a reduction in production costs for the Copper Moki site since June 2013. Although shutting in the Waitapu-2 well in May 2013 reduced some of the fixed operating costs, the Company continued to incur costs on that site. However, the field netback improved significantly for the quarter ended September 30, 2013 compared to the quarter ended June 30, 2013, as outlined in *Three-month Operating Results*.

Three-month Operating Results

During the three-month period ended September 30, 2013, the Company produced 11,958 barrels of oil and sold 14,648 barrels for total oil sales of $1,594,302, with an average oil sale price of $108.84 per barrel. Total recorded production revenue, net of a 5% royalty payable to the New Zealand Government (an average of $5.14 per barrel), was $1,519,010. Production costs during the three-month period ended September 30, 2013 totalled $656,264, or an average of $44.80 per barrel, generating an average field netback of $58.90 per barrel during the period.

As discussed in *Nine-month Operating Results*, reduced production following the shut-in of Waitapu-2 and work-overs on the Copper Moki-1 and Copper Moki-3 wells greatly impacted the nine-month netback results. A significant reduction in production costs on the Copper Moki site in the third quarter resulted in a marked increase in the netback results reported for the three months ended September 30, 2013, with the netback improving from $22.46/bbl during the quarter ended June 30, 2013 to $58.90/bbl during the quarter ended September 30, 2013.

RECENT DEVELOPMENTS

Subsequent to the period end, NZEC completed a strategic acquisition, assumed joint control of the acquired assets and commenced the work required to reactivate oil production in six wells drilled by the previous operator; booked additional reserves and resources related to the acquisition; closed an oversubscribed private placement for gross proceeds of $16.1 million; and made a number of changes to its New Zealand senior management team.

Acquisition of Interest in Upstream and Midstream Assets

On October 28, 2013, the Company closed the acquisition of strategic upstream and midstream assets (the "Acquisition") from Origin Energy Resources NZ (TAWN) Limited ("Origin"). The Acquisition was originally announced on May 31, 2012 and is described in more detail in Note 2 to the Condensed Consolidated Interim Financial Statements for the quarter ended September 30, 2013. NZEC now owns, through its wholly-owned subsidiaries, a 50% interest in the Tariki, Waihapa and Ngaere PMLs ("TWN Licenses") in the main Taranaki Basin production fairway, as well as a 50% interest in the Waihapa Production Station and associated gathering and sales infrastructure (collectively, "TWN Assets"). NZEC and L&M acquired the assets jointly and formed a 50/50 joint arrangement ("TWN Joint Arrangement") to explore and develop the TWN Licenses and operate the TWN Assets, with NZEC as the operator. NZEC and L&M formed the TWN Limited Partnership to operate the TWN Assets, with NZEC as the operator. The TWN Limited Partnership also operates the Ahuroa Gas Storage Facility, owned by Contact Energy Limited ("Contact"), a subsidiary of Origin. Contact pays TWN Limited Partnership a monthly operating fee of NZ$201,000.

The purchase price for the Acquisition was $33.7 million in cash, with $30 million payable to Origin and $3.7 million (NZ$4.25 million) payable to Contact. The Company paid a $5 million deposit to Origin for the Acquisition in June 2012 and a further $1 million deposit in August 2013. The remaining $27.7 million was paid on closing, of which $18.25 million was contributed by L&M and $9.45 million was contributed by NZEC. The TWN Joint Arrangement will also pay Origin a 9% net revenue royalty on all future hydrocarbon production from the TWN Licenses, and can reduce the royalty at any time by as much as 4% by paying Origin $4.25 million per percentage point. The TWN Licenses are also subject to a "grandfathered" NZPAM 10% net revenue royalty.

The Company took joint control of the TWN Licenses and TWN Assets on October 28, 2013, and immediately commenced the work required to reactivate oil production from six existing wells that had been drilled by a previous operator and produced oil from the Tikorangi Formation. The reactivation activities are proceeding as expected. Results will be released once all six wells have commenced production, which is anticipated to occur by the end of November 2013.

TWN Reserves and Resources

Concurrent with closing of the Acquisition, NZEC booked reserves and resources related to the TWN Licenses.[1]The TWN reserves and resources are in addition to the Company's existing reserves attributable to its Eltham Permit, and to the resources attributable to its Eltham, Alton, Castlepoint, Ranui and pending East Cape permits. NZEC's 50% share of Proved and Probable Reserves (2P Reserves) attributable to the TWN Licences is estimated to have a before tax net present value of $31.4 million (10% discount rate). NZEC's 50% share of 2P Reserves is estimated at 926,350 barrels of oil, 723.9 million cubic feet of natural gas and 25,350 barrels of natural gas liquids, collectively 1,072,350 boe). NZEC's share of Contingent Resources is estimated at 580,000 boe, with Prospective Resources estimated at 11,706,000 boe. Additional information regarding the Company's reserves and resources is available in the Company's Form 51-101F1 Statement of Reserves Data dated April 22, 2013 and in the Company's Interim Statement of Reserves and Resources dated October 28, 2013, both of which are filed on SEDAR at www.sedar.com.

Private Placement

On October 28, 2013, the Company closed a $16.1 million non-brokered private placement, raising $1.1 million more than the original objective of $15 million. Of the funds raised, $8.2 million was earmarked for financing costs and general working capital while the remainder was used to finance the Acquisition.

The Company issued 48.9 million subscription receipts ("Subscription Receipts") at a price of $0.33 per

Subscription Receipt. The Subscription Receipts were convertible into units (the "Units") consisting of one common share (a "Share") and one-half of one non-transferable share purchase warrant (each whole warrant referred to as a "Warrant") of the Company. Each Warrant will entitle the holder to acquire one Share at a price of $0.45 with an expiry date of October 28, 2014.

NZEC filed a short form prospectus with the applicable regulatory authorities in each of the provinces of Canada where Subscription Receipts were sold. On November 21, 2013, following final receipt for the prospectus by the applicable regulatory authorities, each Subscription Receipt converted into one Unit and the Shares and the Shares underlying the Warrants became free-trading. In relation to the private placement, NZEC paid $1 million in finder's fees and issued three million finder's special warrants, which converted into finder's warrants on November 21, 2013. Each finder's warrant entitles the finder to acquire one Share at an exercise price of $0.33 with an expiry date of October 28, 2014. The Shares underlying the finder's warrants will be free-trading on exercise of the finder's warrants.

Changes to Senior Management

The Company has made a number of changes to its New Zealand leadership team. With the Acquisition complete and well reactivations proceeding as planned, NZEC is set to significantly increase its exploration and production activities. Clarifying roles and responsibilities in New Zealand has refocused and streamlined the team.

New Zealand Leadership Team

- **Chris Bush - New Zealand Country Manager**
- **Gerrie van der Westhuizen - Interim Chief Financial Officer**
- **Mike Oakes - General Manager Operations**
- **Bruce McIntyre - Director and Acting General Manager Exploration**
- **Ian Brown - General Manager Development & Corporate Affairs**
- **Susan Baas - Legal Counsel**

Chris Bush was appointed New Zealand Country Manager in October 2012. Chris is an experienced oil and gas professional with more than 30 years of experience in both upstream and downstream sectors. Prior to joining NZEC he was employed by Origin Energy as New Zealand Country Manager/Director. As NZEC's New Zealand Country Manager, Chris leads the New Zealand team in all relevant activities, including delivery of the work programs and budgets, as well as health and safety performance.

Gerrie van der Westhuizen joined NZEC in November 2012 as Vice President Finance and was appointed Interim Chief Financial Officer in October 2013. Gerrie is a Chartered Accountant with considerable experience in the resource industry. As Interim Chief Financial Officer, Gerrie is responsible for all aspects of the Company's financial management and reporting. Gerrie is supported by a New Zealand based accounting team and Newton Cockerill, who was appointed Financial Controller in October 2013.

Mike Oakes joined NZEC in August 2012 as General Manager Midstream Operations. In his new role as General Manager Operations, Mike will oversee all of NZEC's exploration and production activities and operation of the Waihapa Production Station. Mike has worked in the oil and gas industry for 33 years overseeing design, commissioning and start up, staffing and operation of both onshore and offshore oil and gas fields and production facilities. Most recently Mike worked for Origin Energy in New Zealand as Operations Manager, Asset Manager and Operational Excellence Advisor.

Bruce McIntyre, in addition to his role as Director of NZEC (which he has performed since January 2011), has been appointed to the role of Acting General Manager Exploration. Bruce is a professional geologist with more than 30 years of oil and gas experience. As Acting General Manager Exploration Bruce will oversee the Company's technical activities, working with the Wellington-based technical team to de-risk drill targets and expand the Company's drilling inventory, manage permitting and reporting activities, and identify new opportunities in New Zealand's petroleum basins.

Ian Brown, Chief Operating Officer of the Company since March 2011, has assumed the role of General Manager Development & Corporate Affairs. Ian is a chartered professional engineer with more than 25 years of geological consulting experience in New Zealand. In his new role, Ian will be responsible for community engagement and government relations, compliance with environmental regulations, and overseeing the resource consent and land access agreement process. Ian is also responsible for implementing the Company's East Coast strategy and is actively seeking strategic partners to fund exploration and development of NZEC's East Coast Basin permits.

Susan Baas joined NZEC in February 2013 as Legal Counsel and has since been appointed an officer of the Company. Susan has both a Bachelor and Master of Law and initially worked as a solicitor in private practice in New Zealand for five years. In 2004 Susan moved into an in-house corporate law position, taking on progressively senior roles with Contact Energy until joining NZEC in 2013. As Legal Counsel, Susan will provide legal support, oversee corporate governance and regulatory compliance, and assist with commercial negotiations and contract drafting and administration.

The Company has also appointed Dan MacDonald as Drilling Manager, commencing November 25, 2013. Dan is a mechanical engineer with an MBA and more than 30 years of oil and gas drilling experience. Reporting to the General Manager Operations, Dan will be responsible for all drilling and completion work, including design, approvals and implementation of the drilling program.

Cliff Butchko, General Manager Upstream Operations, and Celeste Curran, Vice President Corporate and Legal Affairs, will both be leaving NZEC at the end of December to pursue new opportunities.

PROPERTY REVIEW

Taranaki Basin

The Taranaki Basin is situated on the west coast of the North Island and is currently New Zealand's only oil and gas producing basin, with total production of approximately 130,000 barrels of oil equivalent per day ("boe/d") from 18 fields. Within the Taranaki Basin, NZEC holds a 100% interest in the Eltham Permit, a 65% interest in the Alton Permit in joint arrangement with L&M, a 60% interest in the Manaia Permit in joint arrangement with NZOG, and a 50% interest in the TWN Licenses and the TWN Assets in joint arrangement with L&M. The Eltham Permit covers approximately 93,166 acres (377 km^2) of which approximately 31,877 acres (129 km^2) are offshore in shallow water. The Company has lodged an application to convert 18.73 km^2

of the Eltham Permit into a PMP, as outlined in *Application for Eltham Petroleum Mining Permit*, and to extend the Eltham Permit for another five years to allow for continued exploration. In November 2013, NZEC extended the Alton Permit for a second five-year term, and was required to relinquish 50% of the permit as part of the extension. The new Alton Permit covers approximately 59,565 onshore acres (241 km^2). The Manaia Permit covers approximately 27,426 onshore acres (111 km^2) and was granted to NZEC and NZOG in December 2012 as part of the annual New Zealand block offer for exploration permits. The TWN Licenses cover approximately 23,049 onshore acres (93 km^2).

Production

TWN Licenses

Following closing of the Acquisition, the Company immediately proceeded with the work required to reactivate oil production in six wells, drilled by the previous operator. The Company has entered each of the wells by wireline to ensure that the tubing is clear and has installed well head meters to allow the Company to monitor oil and gas production rates on a well-by-well basis. The Company has commenced reactivation of production in a number of wells using an existing gas lift system. The reactivations are proceeding as planned. Information regarding the Company's oil and gas production rates will be released once all six wells have commenced production, which is expected to occur by the end of November 2013.

Eltham Permit

At the date of this MD&A, two of the Company's four commercially producing wells are in active production. The Waitapu-2 well is currently shut-in awaiting further work-over to complete the installation of artificial lift, with the expectation that production will resume before year-end 2013. During the quarter, the Company also temporarily shut-in its Copper Moki-1 well to replace rods, while the Copper Moki-3 well is currently undergoing maintenance on its down-hole pump. The Eltham Permit wells produce light ~41 API oil from the Mt. Messenger formation. Oil is trucked to the Shell-operated Omata tank farm and sold at Brent pricing. Cumulatively to October 28, 2013, the Company has produced approximately 271,671 barrels of oil from its Eltham Permit wells, with cumulative pre-tax oil sales of approximately $29.2 million, including sales from oil produced during testing. The Company is not yet generating cash flows from extracted gas, since the rich gas being produced from NZEC's Copper Moki wells requires blending to meet the specifications required to sell the gas in New Zealand. NZEC intends to blend its Copper Moki natural gas with gas produced from the reactivated TWN License wells, and anticipates that the blended gas will meet the required specifications for sale, allowing NZEC to begin generating cash flows from its natural gas and associated natural gas liquids production before year-end 2013.

Application for Eltham Petroleum Mining Permit

During the quarter ended June 30, 2013, the Company lodged an application with NZPAM to convert 4,628 acres (18.73 km^2) on the Eltham Permit into a PMP with an initial duration of 15 years. The land included in the PMP application comprises the Copper Moki field and surrounding acreage with petroleum discoveries. Once the request has been reviewed and approved, NZEC will relinquish 50% of the remainder of the Eltham Permit (which will have been reduced by the area converted to a PMP) as part of the Company's application to extend the permit for its second five-year term to September 23, 2018.

Alton Permit Extended

On November 6, 2013, the Company announced receipt of approval to extend the Alton Permit for a second five-year term to September 23, 2018. Concurrent with the extension, the Company and L&M relinquished 50% of the Alton Permit. The new permit area comprises 59,565 acres (241 km^2). The Company and L&M also received an extension to the obligation to drill a commitment well on the Alton Permit. The new work program requires the Company to drill two exploration wells, process 20 km^2 of 3D seismic and 20 km of 2D seismic, and complete a number of technical studies and reports. The Company plans to drill the first commitment well (the Horoi well) targeting the Mt. Messenger formation in late February 2014.

East Coast Basin

The East Coast Basin of New Zealand's North Island hosts two prospective oil shale formations, the Waipawa and Whangai, which are the source of more than 300 oil and gas seeps. Within the East Coast Basin, NZEC holds a 100% interest in the Castlepoint Permit, which covers approximately 551,042 onshore acres (2,230 km^2), and a 100% interest in the Ranui Permit, which covers approximately 223,087 onshore acres (903 km^2) and is adjacent to the Castlepoint Permit. NZEC is considering relinquishing the Ranui Permit but has not yet made a definitive decision in this regard. On September 3, 2010, NZEC applied to the Minister of Energy to obtain a 100% interest in the East Cape Permit. The application is uncontested and the Company expects the East Cape Permit to be granted to NZEC upon completion of NZPAM's review of the application. The East Cape Permit covers approximately 1,067,495 onshore acres (4,320 km^2) on the northeast tip of the North Island. In addition, NZEC has entered into a binding agreement with Westech to acquire 80% ownership and become operator of the Wairoa Permit, which covers approximately 267,862 onshore acres (1,084 km^2) south of the East Cape Permit. Preliminary approval of transfer of ownership was obtained from NZPAM on December 20, 2012 and formation of a joint arrangement with Westech is subject to final NZPAM approval.

The Company has completed the coring of two test holes on the Castlepoint Permit. The Orui (125 metres total depth) and Te Mai (195 metres total depth) collected core data across the Waipawa and Whangai shales. NZEC also completed a test hole on the Ranui Permit. Ranui-2 was drilled to 1,440 metres, coring the Whangai shale across several intervals. In Q2-2012, NZEC completed 70 line km of 2D seismic data across the Castlepoint and Ranui permits to further its technical understanding of the area and identify targets for exploration.

The Wairoa Permit has been actively explored for many years, with extensive 2D seismic data across the permit and log data from more than 15 wells drilled on the property. Historical exploration focused on the conventional Miocene sands. NZEC's technical team has identified conventional opportunities as well as potential in the unconventional oil shales that underlie the property. NZEC's team knows the property well and provided extensive consulting services (through the consulting company Ian R Brown Associates) to previous permit holders. During Q1-2013 the Company completed a 50 km 2D seismic program on the property, the results of which are currently being processed and reviewed and will help to identify exploration targets on the permit.

OUTLOOK

Completing the acquisition of the TWN Licenses and TWN Assets has been transformative for NZEC, resulting in a fully integrated upstream/midstream company with the cash flow, infrastructure and inventory to support long‐term growth.

Taranaki Basin

Closing the Acquisition, which has added a full-cycle production facility to the Company's infrastructure, will allow NZEC to optimize the development of all of its Taranaki Basin permits. As NZEC continues to explore the Eltham and Alton permits, the Company will focus on drill targets that are close to the Waihapa Production Station and associated pipelines, allowing for rapid and cost effective tie‐in of both oil and gas production.

The Company anticipates that the TWN wells will initially produce oil at higher rates as a result of flush production, and then flow rates will gradually decline to stabilized rates. Based on data collected using well meters, the Company will identify the two best-performing wells and will install high-volume electric submersible pumps ("ESPs") to further increase production. The ESPs will be installed once flow rates have stabilized, with the expectation of installing the first ESPs in Q1-2014.

The Company announced its initial development plans for the TWN Licenses and other permits in the Taranaki Basin on August 6, 2013. As outlined in the Company's Taranaki Basin development program, NZEC anticipates that successful execution of the work program planned for 2013 and 2014 will result in NZEC producing 2,300 boe/d (82% oil) by year-end 2014, based on the Company's working interest in its various permits. This forecast reflects management's mid-case production assumptions, as outlined in *Forward-looking Information* at the end of this document. The Company continues to refine these plans as production and development work proceeds on the TWN Licenses and in order to reflect:

- **A closing date for the Acquisition of October 28, 2013**
- **Installing the first Tikorangi high-volume lift in Q1-2014**
- **Drilling the Horoi well on the Alton Permit in Q1-2014**

Development and operating costs are to be funded initially by existing working capital and cash flows from production. However, in order to carry out all of the planned development activities, the Company is considering a number of options to increase its financial capacity. These options include increasing cash flow from oil production, additional joint arrangements, commercial arrangements or other financing alternatives.

East Coast Basin

The Company is actively seeking a joint venture partner for its East Coast permits, to participate in and help fund exploration and development in the East Coast Basin.

NZEC has drilled two stratigraphic holes on its 100% working interest Castlepoint Permit and one stratigraphic hole on its 100% working interest Ranui Permit. NZEC has received approval from NZPAM to extend the deadline for drilling an exploration well on the Castlepoint Permit to May 2014. The Company has identified its preferred drill location and continues to work towards obtaining the requisite consents and land access agreements. The Company has met regularly with local communities to discuss its exploration plans. The Company is currently considering its plans for the Ranui Permit, including possible relinquishment of the permit.

NZEC completed a 50-km 2D seismic survey on the Wairoa Permit in Q2-2013 and is currently processing the data. The Company will finalize its exploration plans for the permit after reviewing all of the seismic and well log data.

The Company's application for the East Cape Permit is uncontested and NZEC expects the permit to be granted before year-end 2013, at which time the Company will begin planning its exploration plans for the permit.

SUMMARY OF QUARTERLY RESULTS

	2013-Q3 $	2013-Q2 $	2013-Q1 $	2012-Q4 $
Total assets	105,313,813	127,318,182	129,545,992	116,059,939
Exploration and evaluation assets	55,859,632	52,357,470	49,610,922	37,379,726
Property, plant and equipment	26,621,043	26,135,651	25,793,089	23,867,758
Working capital	4,748,797	9,517,742	17,533,636	28,293,845
Revenues	1,519,010	2,109,700	2,925,258	2,948,041
Accumulated deficit	(27,292,947)	(24,616,053)	(22,386,089)	(19,992,243)
Total comprehensive income (loss)	1,347,788	(6,000,775)	1,313,397	(1,333,805)
Basic (loss) earnings per share	(0.02)	(0.02)	(0.02)	(0.02)
Diluted (loss) earnings per share	(0.02)	(0.02)	(0.02)	(0.02)

	2012-Q3 $	2012-Q2 $	2012-Q1 $	2011-Q4 $
Total assets	98,882,087	98,814,102	96,979,923	31,152,804
Exploration and evaluation assets	26,377,188	25,373,718	12,103,712	6,052,699
Property, plant and equipment	16,293,123	8,674,152	8,150,802	5,509,511
Working capital	45,204,695	53,844,035	70,401,191	18,030,398
Revenues	3,708,254	5,910,993	3,908,683	974,517
Accumulated deficit	(17,804,045)	(15,613,594)	(16,548,180)	(16,911,070)
Total comprehensive income (loss)	(2,018,634)	1,317,915	799,032	(1,258,314)
Basic (loss) earnings per share	(0.02)	0.01	0.00	0.01
Diluted (loss) earnings per share	(0.02)	0.01	0.00	0.01

On behalf of the Board of Directors

"John Proust"

Chief Executive Officer & Director

About New Zealand Energy Corp.

NZEC is an oil and natural gas company engaged in the production, development and exploration of petroleum and natural gas assets in New Zealand. NZEC's property portfolio collectively covers approximately 2.25 million acres (including permits and acquisitions pending) of conventional and unconventional prospects in the Taranaki Basin and East Coast Basin of New Zealand's North Island. The Company's management team has extensive experience exploring and developing oil and natural gas fields in New Zealand and Canada. NZEC plans to add shareholder value by executing a technically disciplined exploration and development program focused on the onshore and offshore oil and natural gas resources in the politically and fiscally stable country of New Zealand. NZEC is listed on the TSX Venture Exchange under the symbol "NZ" and on the OTCQX International under the symbol "NZERF". More information is available at www.newzealandenergy.com or by emailing info@newzealandenergy.com.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as such term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-looking Information

This document contains certain forward-looking information and forward-looking statements within the meaning of applicable securities legislation (collectively "forward-looking statements"). The use of any of the words "will", "intend", "objective", "become", "transforming", "potential", "continuing", "pursue", "subject to", "look forward", "unlocking" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such *forward-looking statements should not be unduly relied upon. The Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. This document contains forward-looking statements and assumptions pertaining to the following: business strategy, strength and focus; the granting of regulatory approvals; the timing for receipt of regulatory approvals; geological and engineering estimates relating to the resource potential of the properties; the estimated quantity and quality of the Company's oil and natural gas resources; supply and demand for oil and natural gas and the Company's ability to market crude oil and natural gas; expectations regarding the Company's ability to continually add to reserves and resources through acquisitions and development; the Company's ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the Company's ability to raise capital on appropriate terms, or at all; the ability of the Company's subsidiaries to obtain mining permits and access rights in respect of land and resource and environmental consents; the recoverability of the Company's crude oil, natural gas reserves and resources; and future capital expenditures to be made by the Company.*

Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in the document, such as the speculative nature of exploration, appraisal and development of oil and natural gas properties; uncertainties associated with estimating oil and natural gas resources; changes in the cost of operations, including costs of extracting and delivering oil and natural gas to market, that affect potential profitability of oil and natural gas exploration; operating hazards and risks inherent in oil and natural gas operations; volatility in market prices for oil and natural gas; market conditions that prevent the Company from raising the funds necessary for exploration and development on acceptable terms or at all; global financial market events that cause significant volatility in commodity prices; unexpected costs or liabilities for environmental matters; competition for, among other things, capital, acquisitions of resources, skilled personnel, and access to equipment and services required for exploration, development and production; changes in exchange rates, laws of New Zealand or laws of Canada affecting foreign trade, taxation and investment; failure to realize the anticipated benefits of acquisitions; and other factors. Readers are cautioned that the foregoing list of factors is not exhaustive. Statements relating to "reserves and resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources described can be profitably produced in the future. This document includes references to management's forecasts of future development, production and cash flows from such operations. The major assumptions applied by management include the following:

Tikorangi Reactivations (Gas Lift / High Volume Lift)	
Reserves (unrisked @ 100% working interest)	*150,000 bbl/well - 448,000 bbl/well*
Working interest	*50%*
Probability of success	*100%*
IP rate	*49 boe/day - 365 boe/day***
Decline	*2% - 0.5% per month*
Mt. Messenger - Uphole Completion in Existing Tikorangi Wells	
EUR (unrisked @ 100% working interest)	*123,000 bbl/well**
Working interest	*50%*
Probability of success	*100%*
IP rate	*365 boe/day***
Decline	*3% - 9% per month*
Mt. Messenger Development (incl. Horoi)	
EUR (unrisked @ 100% working interest)	*502,000 bbl/well*
Working interest	*50% - 65%*
Probability of success	*35% - 40%*
IP rate	*420 boe/day - 511 boe/day***
Decline	*2% per month*
Tikorangi New Wells	
EUR (unrisked @ 100% working interest)	*561,000 bbl/well****
Working interest	*50%*
Probability of success	*50%*
IP rate	*1824 boe/day***
Decline	*5% - 12% per month*
Kapuni New Wells	
EUR (unrisked @ 100% working interest)	*7.97 Bcf*
Working interest	*25%*
Probability of success	*60%*
IP rate	*1,013 boe/day***
Decline	*1% per month*

- *	*EUR = Estimated Ultimate Recovery (management derived)*
- **	*IP rate = Estimated initial production rate*
- **	*Deloitte LLP has ascribed 2P reserves (100% basis) of 410,300 bbl of oil to one Tikorangi New well*

The forward-looking statements contained in the document are expressly qualified by this cautionary statement. These statements speak only as of the date of this document and the Company does not undertake to update any forward-looking statements that are contained in this document, except in accordance with applicable securities laws.

Cautionary Note Regarding Reserve and Resource Estimates

The oil and gas reserves calculations and income projections were estimated in accordance with the Canadian Oil and Gas Evaluation Handbook ("COGEH") and National Instrument 51-101 ("NI 51-101"). The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six Mcf: one bbl was used by NZEC. This conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates. Proved Reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Probable Reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves. Possible Reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

Revenue projections presented are based in part on forecasts of market prices, current exchange rates, inflation, market demand and government policy which are subject to uncertainties and may in future differ materially from the forecasts above. Present values of future net revenues do not necessarily represent the fair market value of the reserves evaluated. The report also contains forward-looking statements including expectations of future production and capital expenditures. Information concerning reserves may also be deemed to be forward looking as estimates imply that the reserves described can be profitably produced in the future. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause the actual results to differ from those anticipated. Contingent resources are those quantities of oil and gas estimated on a given date to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters, or a lack of markets. Prospective resources are those quantities of oil and gas estimated on a given date to be potentially recoverable from undiscovered accumulations. The resources reported are estimates only and there is no certainty that any portion of the reported resources will be discovered and that, if discovered, it will be economically viable or technically feasible to produce.

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1 Reserve and resource estimates for the TWN Licences prepared by Deloitte LLP, with an effective date of April 30, 2013. See Cautionary Note Regarding Reserve and Resource Estimates, NZEC's Form 51-101F1 Report and NZEC's Interim Statement of Reserves and Resources. Barrels of oil equivalent (boe) is calculated using a conversion rate of 6 Mcf : 1 bbl and may be misleading, particularly if used in isolation. The boe conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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