NEW ZEALAND ENERGY CORP.

Second Quarter 2018
Condensed Consolidated Interim Financial Statements

30 June 2018

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE TO READER

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

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

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

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

(Expressed in Canadian Dollars)

	Notes	30 June 2018 $	31 December 2017 $
Assets			
Current			
Cash and cash equivalents	3	18,596	55,351
Accounts and other receivables	4	3,595,833	2,057,649
Prepaid expenses		177,087	126,057
Inventories	5	841,891	700,392
Total current assets		**4,633,407**	2,939,449
Non-Current			
Accounts and other receivables	4	-	863,123
Inventories	5	582,463	788,048
Property, plant and equipment	6	15,397,744	16,567,342
Total non-current assets		**15,980,207**	18,218,513
Total assets		**20,613,614**	21,157,962
Liabilities			
Current			
Revolving credit facility	3	54,154	331,968
Accounts payable and accrued liabilities	8	3,206,749	2,598,792
Asset retirement obligation		126,449	-
Total current liabilities		**3,387,352**	2,930,760
Non-Current			
Asset retirement obligations	7	11,267,262	11,628,588
Accounts payable and accrued liabilities	8	-	863,123
Total non-current liabilities		**11,267,262**	12,491,711
Total liabilities		**14,654,614**	15,422,471
Shareholders' equity			
Share capital	9	109,738,706	109,738,706
Foreign currency translation reserve		12,054,444	12,052,627
Share based payments reserve		22,638,999	22,614,682
Accumulated deficit		(138,473,149)	(138,670,524)
Total shareholders' equity		**5,959,000**	5,735,491
Total liabilities and shareholders' equity		**20,613,614**	21,157,962

Description of business and going concern (Note 1)

These unaudited condensed consolidated interim financial statements are authorized for issuance by the Board of Directors on 27 August 2018.

On behalf of the Board of Directors

"James Willis"
James Willis, Director

"Mark Dunphy"
Mark Dunphy, Director

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in Canadian Dollars)

	Note	Number of shares	Share Capital	Share based payments reserve (options)	Share based payments reserve (warrants)	Foreign currency translation reserve	Accumulated deficit	Total equity
			$	$	$	$	$	$
Balance, 1 January 2017		232,123,459	109,738,706	21,216,759	1,349,289	12,435,010	(134,133,724)	10,606,040
Share based compensation	9(a)	-	-	24,317	-	-	-	24,317
Net loss for the period		-	-	-	-	-	(1,143,293)	(1,143,293)
Other comprehensive income for the period		-	-	-	-	127,456	-	127,456
Balance, 30 June 2017		232,123,459	109,738,706	21,241,076	1,349,289	12,562,466	(135,277,017)	9,614,520
Balance, 1 January 2018		232,123,459	109,738,706	21,265,393	1,349,289	12,052,627	(138,670,524)	5,735,491
Share based compensation	9(a)	-	-	24,317	-	-	-	24,317
Net profit for the period		-	-	-	-	-	197,375	197,375
Other comprehensive income for the period		-	-	-	-	1,817	-	1,817
Balance, 30 June 2018		**232,123,459**	**109,738,706**	**21,289,710**	**1,349,289**	**12,054,444**	**(138,473,149)**	**5,959,000**

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE PROFIT / (LOSS)
(Expressed in Canadian Dollars)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2018	2017	2018	2017
		$	$	$	$
Revenues					
Revenue	10	4,261,327	2,143,812	6,303,624	4,214,937
Expenses and other items					
Production costs		465,242	476,196	743,034	797,005
Purchased light oil	10	1,172,954	594,499	1,896,131	1,048,157
Processing costs		346,202	274,953	582,300	544,059
Depreciation and depletion	6	588,772	295,148	967,874	687,919
Share-based compensation	9(a)	12,158	12,158	24,317	24,317
General and administrative	11	824,073	917,396	1,720,701	2,019,394
Finance expense		125,372	76,996	242,084	162,224
Foreign exchange loss		(22,850)	10,260	(15,350)	9,177
Loss on disposal of assets		-	38,499	-	38,499
Abandonment provision movement		7,258	10,156	(54,842)	27,479
		3,519,181	2,706,261	6,106,249	5,358,230
Net profit / (loss)		**742,146**	(562,449)	**197,375**	(1,143,293)
Other comprehensive income / (loss):					
Exchange difference on translation of foreign currency (i)		(244,184)	474,635	1,817	127,456
Total comprehensive profit / (loss)		**497,962**	**(87,814)**	**199,192**	(1,015,837)
Basic and diluted earnings / (loss) per share		$ 0.003	$ (0.002)	$ 0.001	$ (0.005)
Weighted average shares outstanding		232,123,459	232,123,459	232,123,459	232,123,459

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

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)

	Notes	Six months ended 30 June 2018 $	Six months ended 30 June 2017 $
Operating activities			
Net profit / (loss) for the period		197,375	(1,143,293)
Changes for non-cash operating items			
Share-based compensation		24,317	24,317
Depreciation, depletion and accretion		1,132,813	854,269
Abandonment provision movement		(54,842)	27,479
Foreign exchange loss		(15,350)	8,792
Loss (Gain) on disposal		-	62,441
Change in non-cash working capital items			
Accounts and other receivables		(677,969)	(2,096,778)
Prepaid expenses		(51,546)	6,719
Inventories		69,998	60,733
Accounts payable and accrued liabilities		(271,593)	2,260,929
Cash provided by (used in) operating activities		**353,204**	65,608
Investing activities			
Proceeds from sale of property, plant and equipment		171,070	-
Purchase of property, plant and equipment		(293,434)	(47,188)
Cash used in investing activities		**(122,364)**	(47,188)
Financing activities			
Revolving credit facility		(277,814)	(3,239)
Cash provided by (used in) financing activities		**(277,814)**	(3,239)
Net increase (decrease) in cash and cash equivalents		**(46,974)**	15,181
Effect of exchange rate changes on cash		10,219	(12,744)
Cash and equivalents, beginning of the period		55,351	57,969
Cash and equivalents, end of the period	3	**18,596**	60,406
Supplemental cash-flow disclosures			
Changes in accounts payable related to property, plant & equipment		(26,834)	(9,307)

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

1. DESCRIPTION OF BUSINESS AND GOING CONCERN

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

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

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

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

Going Concern

While these consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions cast significant doubt on the validity of this assumption. For the six months ended 30 June 2018, the Company reported a Net Profit of $197,375 (2017: Net Loss of $1,143,293) and a cash inflow from operating activities of $353,204 (2017: inflow of $65,608) and as at that date, the Company had positive working capital of $1,246,055 (2017: -$1,961). The Group also has several permit expenditure plans (Note 15) which are associated with the Group's interest in its oil and gas properties and exploration and evaluation assets.

The Group continues to pursue a number of options to improve its financial capacity, including cash flow from oil and gas production, credit facilities, commercial arrangements or other financing alternatives.

The Group's ability to improve its financial capacity and the relative success, and cash flow generated from, intended operations cannot be assured.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRS as issued by the IASB.

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

Except as disclosed in the Changes in Accounting Policies below, the Company has used the same accounting policies and methods of computation as in the audited annual consolidated financial statements for the year ended 31 December 2017.

Changes in Accounting Policies

IFRS 9 "Financial Instruments"

Effective 1 January 2018, NZEC adopted the July 2014 amendment to IFRS 9, which included guidance to assess and recognize impairment losses on financial assets based on an expected loss model. The adoption of this amendment did not have a material impact on the valuation of the Company's financial assets. Comparative periods have not been restated as the Company has elected to apply the limited exemption on transition. As at 30 June 2018, the average expected credit loss of the Company's accounts receivable balance was immaterial. This is based on historic performance and forward-looking assessments of the counterparties.

(Expressed in Canadian Dollars)

IFRS 15 "Revenue with Contracts from Customers"

Effective 1 January 2018, NZEC adopted IFRS 15 "Revenue with Contracts from Customers" using the modified retrospective approach. Under this transitional provision, the cumulative effect of initially applying IFRS 15 is recognised on the date of initial application as an adjustment to retained earnings.

Under IFRS 15, the revenue from the sale of commodities and other operating revenue the company earns represent contractual arrangements with customers. The company recognizes revenue when title of the product is transferred to the buyer and collection is reasonably assured in accordance with specified contract terms. All operating revenue are generally earned at a point in time and are based on the consideration that the company expects to receive for the transfer of the goods or services to the customers.

The Company reviewed contracts with customers for its major revenue streams and concluded that the adoption of IFRS 15 did not have a material impact on the consolidated financial statements. No adjustment to retained earnings was required upon adoption of IFRS 15. Nor was any change to the disclosure of revenues required.

3. CASH AND CASH EQUIVALENTS, AND REVOLVING CREDIT FACILITY

	30 June 2018 **$**	**31 December 2017** **$**
Cash and cash equivalents	18,596	55,351
Revolving credit facility	(54,154)	(331,968)

4. ACCOUNTS AND OTHER RECEIVABLES

	Note	**30 June 2018** **$**	**31 December 2017** **$**
Trade receivables		2,249,511	889,697
GST receivable		47,814	9,500
Financial receivable from related party	12	972,904	1,012,699
Other receivables		325,604	145,753
Total Current Accounts and other receivables		**3,595,833**	2,057,649
Non-Current Financial receivable from related party	12	**-**	863,123

5. INVENTORIES

	30 June 2018 **$**	**31 December 2017** **$**
Material and supplies	255,371	209,060
Oil inventories	586,520	491,332
	841,891	700,392
Non-current material and supplies	**582,463**	788,048

(Expressed in Canadian Dollars)

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixture $	Land and building $	Plant and equipment $	Oil and gas properties $	Total $
Cost					
Balance, 1 January 2017	**420,050**	**1,428,706**	**8,156,187**	**24,787,326**	**34,792,269**
Additions	-	-	62,724	-	62,724
Disposals	(78,471)	-	-	-	(78,471)
Impairment	-	-	(350,297)	(1,241,479)	(1,591,776)
Change in asset retirement cost due to change in estimate	-	-	695,332	337,566	1,032,898
Foreign currency translation adjustment	(10,255)	(71,702)	(424,603)	(1,217,581)	(1,724,141)
Balance, 31 December 2017	**331,324**	**1,357,004**	**8,139,343**	**22,665,832**	**32,493,503**
Additions	-	-	621	286,553	287,174
Disposals	-	-	(171,070)	-	(171,070)
Change in asset retirement cost due to change in estimate	-	-	(233,723)	(147,812)	(381,535)
Foreign currency translation adjustment	878	4,263	33,317	68,916	107,374
Balance, 30 June 2018	**332,202**	**1,361,267**	**7,768,488**	**22,873,489**	**32,335,446**

	Furniture and fixture $	Land and building $	Plant and equipment $	Oil and gas properties $	Total $
Accumulated depreciation					
Balance, 1 January 2017	**222,818**	**-**	**1,313,970**	**13,895,294**	**15,432,082**
Depreciation and depletion	18,774	-	501,364	804,479	1,324,617
Disposals	(16,030)	-	-	-	(16,030)
Foreign currency translation adjustment	(10,755)	-	(81,496)	(722,257)	(814,508)
Balance, 31 December 2017	**214,807**	**-**	**1,733,838**	**13,977,516**	**15,926,161**
Depreciation and depletion	6,045	-	272,223	698,339	976,607
Disposals	-	-	-	-	-
Foreign currency translation adjustment	557	-	668	33,709	34,934
Balance, 30 June 2018	**221,409**	**-**	**2,006,729**	**14,709,564**	**16,937,702**
Net Book Value					
Balance, 31 December 2017	116,517	1,357,004	6,405,505	8,688,316	16,567,342
Balance, 30 June 2018	**110,793**	**1,361,267**	**5,761,758**	**8,163,925**	**15,397,744**

(Expressed in Canadian Dollars)

7. LONG TERM ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations are estimated based on the costs to abandon and reclaim its wells in certain licences and permits, and restoration obligations associated with the land at the Waihapa Production Station together with the estimated timing of the costs to be paid in future periods.

	$
Balance, 1 January 2017	10,849,429
Change in estimate	1,066,407
Accretion expense for the year	301,942
Foreign currency translation adjustment	(589,190)
Balance, 31 December 2017	**11,628,588**
Change in estimate	(432,496)
Accretion expense for the year	156,206
Foreign currency translation adjustment	41,413
Reclassified as current	(126,449)
Balance, 30 June 2018	**11,267,262**

Assumptions	**2018**	**2017**
Total undiscounted value of payments	$16,843,504	$17,171,927
Discount rate	1.78% to 2.90%	1.8% to 2.76%
Inflation rate	2%	2%
Expected life	3 to 18 years	1 to 20 years

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Note	**30 June 2018** $	**31 December 2017** $
Trade payables		1,607,680	1,064,358
GST payable		237,705	119,413
Financial payable	12	972,917	1,012,699
Accrued liabilities		388,447	402,322
Total Accounts payable and accrued liabilities		**3,206,749**	2,598,792
Non-current financial payable	12	-	863,123

9. SHARE CAPITAL

a) Share purchase options

Pursuant to the Company's share option plan, non-transferable options to purchase common shares must not exceed 10% of the number of then outstanding common shares, or 23,212,346 options, based on the total issued and outstanding common shares as at 30 June 2018. Such options can be exercisable for a maximum of five years from the date of grant. The exercise price of each share option is set by the Board of Directors at the time of grant but cannot be less than the market price at the time of grant. Vesting of share options is at the discretion of the Board of Directors at the time the options are granted.

(Expressed in Canadian Dollars)

Options activity

	Number of options	Weighted average exercise price $
Outstanding at 1 January 2017	12,284,200	0.12
Expired	(1,469,000)	0.45
Total Outstanding 31 December 2017	10,815,200	0.08
Expired	(207,200)	0.45
Total Outstanding 30 June 2018	**10,608,000**	0.07

Options outstanding and exercisable

		30 June 2018		31 December 2017	
	Exercise price $	Number of options	Weighted average contractual life (years)	Number of options	Weighted average contractual life (years)
Options outstanding	0.05	10,000,000	2.00	10,000,000	2.50
Options outstanding	0.45	608,000	0.85	815,200	1.16
Total options outstanding		10,608,000	1.94	10,815,200	2.40
Options exercisable	0.05	10,000,000	2.00	-	-
Options exercisable	0.45	608,000	0.85	815,200	1.16
Total options exercisable		10,608,000	1.94	815,200	1.16

Options expense and assumptions

	30 June 2018	30 June 2017
Expense	$24,317	$24,317
Black-Scholes option pricing model assumptions for new options granted:		
Risk-free interest rate	N/A*	N/A*
Expected volatility	N/A*	N/A*
Expected life	N/A*	N/A*
Expected dividend yield	N/A*	N/A*

*No new options granted.

b) Warrants

Warrants activity

	Number of warrants	Weighted average exercise price $
Outstanding at 1 January 2017	41,452,178	0.29
Total Outstanding 31 December 2017 and 30 June 2018	41,452,178	0.29

Warrants outstanding and exercisable

		30 June 2018		31 December 2017	
	Exercise price $	Number of options	Weighted average contractual life (years)	Number of options	Weighted average contractual life (years)
Warrants outstanding and exercisable	0.07	17,000,000	0.46	17,000,000	0.96
Warrants outstanding and exercisable	0.45	24,452,178	0.33	24,452,178	0.83
Total outstanding and exercisable		41,452,178	0.38	41,452,178	0.88

(Expressed in Canadian Dollars)

10. REVENUE

	Note	Three months ended 30 June 2018 $	Three months ended 30 June 2017 $	Six months ended 30 June 2018 $	Six months ended 30 June 2017 $
Oil sales		2,408,035	888,367	2,954,184	1,723,405
Gas sales		31,459	62,078	83,540	96,528
Processing revenue		687,104	621,803	1,333,566	1,217,789
Interest revenue		44,960	-	76,156	-
Other revenue		72,376	59,893	153,089	284,509
Royalties		(155,561)	(82,828)	(193,042)	(155,451)
		3,088,373	1,549,313	**4,407,493**	3,166,780
Purchased light oil sold	i)	1,172,954	594,499	1,896,131	1,048,157
Other Income		-	-	-	-
		4,261,327	2,143,812	**6,303,624**	4,214,937

i) The Company has an arrangement with a third party whereby the Company purchases light oil, charges a processing fee and subsequently sells the light oil to the same major oil company to which the Company sells its oil. Any unsold light oil is carried as inventory.

11. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 30 June 2018 $	Three months ended 30 June 2017 $	Six months ended 30 June 2018 $	Six months ended 30 June 2017 $
Professional fees	8,962	29,246	105,990	120,134
Consulting fees	38,757	9,643	51,879	67,046
Travel and promotion	6,812	14,774	19,446	21,829
Administrative expenses	92,417	101,556	147,197	211,961
Rent	15,027	21,957	31,322	54,375
Filing and transfer agent fees	5,679	8,612	16,315	20,086
Insurance	39,997	33,814	75,749	78,791
Salary and wages	616,422	697,794	1,272,803	1,445,172
	824,073	917,396	**1,720,701**	2,019,394

12. RELATED PARTY TRANSACTIONS

Entities associated with the Company include: Greymouth Petroleum Limited, Tiger Drilling Ltd, GMP Environmental Ltd, and Greymouth Gas Taranaki Ltd. Transactions have occurred in the normal course of operations and are at values established on an arm's length basis. The following transactions and balances with these related parties are:

	Note	Three months ended 30 June 2018 $	Three months ended 30 June 2017 $	Six months ended 30 June 2018 $	Six months ended 30 June 2017 $
Processing revenue		80,021	87,132	159,238	169,269
Production costs		143,247	54,051	303,307	148,913
Trade receivables		31,629	31,866	31,629	31,866
Trade payables		21,243	16,248	21,243	16,248
Oil & Gas properties expenditure		-	-	200,422	-
Total settlement for royalty discharge	i)	3,286,185	3,453,030	3,286,185	3,453,030
Current financial receivable	i)	972,904	1,045,550	972,904	1,045,550
Non-current financial receivable	i)	-	950,500	-	950,500

(Expressed in Canadian Dollars)

i) In March 2017 Taranaki Ventures Limited (TVL) acquired an Overriding Royalty (Royalty Agreement) from a third party which contained an obligation due by a related party of TVL. Concurrently TVL agreed to fully discharge and cancel the related party's obligations under the Royalty Agreement in return for payment from the related party. A final payment to the third party (Note 8) and receipt from the related party (Note 4) will occur in Q1-19, with the future payment and receipt secured by bank guarantee.

Key Management and Personnel Compensation

The key management personnel include the directors and other officers of the Company. Transactions have occurred in the normal course of operations and were measured at the consideration established and agreed to by the related parties. Key management compensation consists of the following:

	Three months ended 30 June		Six months ended 30 June	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Salary and consulting fees	241,970	244,798	456,779	564,779
Share based compensation	12,159	12,159	24,317	24,317
	254,129	256,957	**481,096**	589,096
Included in the above amounts are:				
Upstream Consulting Ltd (James Willis)	8,072	8,533	16,385	16,989
Arenig Energy Ltd (David Llewellyn)	6,077	-	12,289	-
Michael Adams Reservoir Engineering Ltd (Michael Adams)	109,408	114,550	220,032	228,186

13. SEGMENTED DISCLOSURES

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

14. COMMITMENTS

As at 30 June 2018, the Company had the following undiscounted contractual obligations:

	2018	**2019 to 2020**	**2021 and onwards**	**Total**
	$	**$**	**$**	**$**
Operating lease obligations	15,303	19,111	6,763	41,177
Contract and purchase commitments*	690,630	285,835	248,233	1,224,697
	705,933	**304,946**	**254,996**	**1,265,874**

*Contract commitments (2018) includes $360,000 for the enhanced oil recovery project. This expenditure is also captured in the disclosed Permit Expenditure Plans for Waihapa Ngaere Licence (see Note 15).

Bank Guarantees

Bonds provided to the Crown in respect of the Tariki, Waihapa and Ngaere petroleum mining licences are secured by bank guarantees provided by Bank of New Zealand (NZD375,000).

Taranaki Ventures Ltd (TVL), a subsidiary of the Company, has bank guarantees in place to ensure its performance in paying its future obligations of: Financial Payable due 29 March 2019, NZD1,000,000 (Note 8).

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

(Expressed in Canadian Dollars)

15. PERMIT EXPENDITURE PLANS

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

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

Permit/Licence	Note	Type	2018	2019 to 2020	2021 and onwards	Total
			$	$	$	$
Eltham Permit	1	Exploration	3,432,000	-	-	3,432,000
Tariki Licence	2	Producing	22,000	52,000	969,000	1,043,000
Waihapa Ngaere Licence	3	Producing	-	562,000	32,000	594,000
			3,454,000	**614,000**	**1,001,000**	**5,069,000**

1) Eltham: 2018 - drill an exploration well. Note - an Appraisal Extension Application has been lodged (with the regulatory authority) with a modified Work Program and over a reduced area of PEP 51150.
2) Tariki: 2018 - update geological models and install a jet pump (if economically viable); 2021 - implement project for gas recovery, drill well or sidetrack, and prepare updated field development plan.
3) Waihapa and Ngaere: 2019 - implement enhanced oil recovery project. See Note 14 Commitments.

16. SUBSEQUENT EVENTS

There have been no subsequent events.