NEW ZEALAND ENERGY CORP.

Third Quarter 2019
Condensed Consolidated Interim Financial Statements

30 September 2019

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE TO READER

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

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

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

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

(Expressed in Canadian Dollars)

	Notes	30 September 2019 $	31 December 2018 $
Assets			
Current			
Cash and cash equivalents	3	991,935	1,237,019
Accounts and other receivables	4	813,218	2,140,170
Prepaid expenses		119,895	134,020
Inventories	5	918,018	790,181
Total current assets		**2,843,066**	4,301,390
Non-Current			
Inventories	5	516,419	586,381
Property, plant and equipment	6	16,604,971	14,595,173
Total non-current assets		**17,121,390**	15,181,554
Total assets		**19,964,456**	19,482,944
Liabilities			
Current			
Accounts payable and accrued liabilities	8	1,282,703	2,654,826
Asset retirement obligation	7	388,962	392,250
Total current liabilities		**1,671,665**	3,047,076
Non-Current			
Asset retirement obligations	7	14,677,123	11,543,073
Total non-current liabilities		**14,677,123**	11,543,073
Total liabilities		**16,348,788**	14,590,149
Shareholders' equity			
Share capital	9	109,738,706	109,738,706
Foreign currency translation reserve		11,782,022	12,182,274
Share based payments reserve		22,638,999	22,638,999
Accumulated deficit		(140,544,059)	(139,667,184)
Total shareholders' equity		**3,615,668**	4,892,795
Total liabilities and shareholders' equity		**19,964,456**	19,482,944

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 29 November 2019.

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 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		-	-	-	-	-	149,324	149,324
Other comprehensive income for the period		-	-	-	-	(196,185)	-	(196,185)
Balance, 30 September 2018		**232,123,459**	**109,738,706**	**21,289,710**	**1,349,289**	**11,856,442**	**(138,521,200)**	**5,712,947**
Balance, 1 January 2019		232,123,459	109,738,706	21,289,710	1,349,289	12,182,274	(139,667,184)	4,892,795
Net profit for the period		-	-	-	-	-	(876,875)	(876,875)
Other comprehensive income for the period		-	-	-	-	(400,252)	-	(400,252)
Balance, 30 September 2019		**232,123,459**	**109,738,706**	**21,289,710**	**1,349,289**	**11,782,022**	**(140,544,059)**	**3,615,668**

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 September		Nine months ended 30 September	
		2019	2018	2019	2018
		$	$	$	$
Revenues					
Revenue	10	1,928,857	3,040,889	7,424,719	9,537,554
Royalties		(40,337)	(99,347)	(178,741)	(292,389)
		1,888,520	2,941,542	7,225,978	9,245,165
Expenses and other items					
Production costs		205,261	194,013	1,091,580	937,047
Purchased light oil	10	294,806	1,003,215	2,025,806	2,899,346
Processing costs		275,215	498,261	1,054,356	1,080,561
Depreciation and depletion	6	379,081	430,871	974,780	1,398,745
Share-based compensation	9(a)	-	(348)	-	23,969
General and administrative	11	811,741	763,025	2,586,111	2,483,726
Finance expense		36,519	78,719	156,373	320,803
Foreign exchange loss (gain)		788	(2,483)	(4,044)	(17,833)
Abandonment provision movement		76,154	24,319	217,891	(30,523)
		2,079,565	2,989,592	8,102,853	9,095,841
Net profit / (loss)		**(191,045)**	(48,050)	**(876,875)**	149,324
Other comprehensive income / (loss):					
Exchange difference on translation of foreign currency (i)		(211,611)	(198,002)	(400,252)	(196,185)
Total comprehensive profit / (loss)		**(402,656)**	(246,052)	**(1,277,127)**	(46,861)
Basic and diluted earnings / (loss) per share		($ 0.001)	$(0.001)	($ 0.004)	$0.001
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	Nine months ended 30 September 2019 $	2018 $
Operating activities			
Net profit / (loss) for the period		(876,875)	149,324
Changes for non-cash operating items			
Share-based compensation		-	24,317
Depreciation and depletion		992,598	1,414,724
Accretion		143,845	221,710
Abandonment provision movement		217,891	(30,523)
Foreign exchange loss		(4,044)	(17,833)
Change in non-cash working capital items			
Accounts and other receivables		1,131,826	395,613
Prepaid expenses		1,902	5,655
Inventories		(183,413)	(370,774)
Accounts payable and accrued liabilities		(1,130,040)	(582,360)
Cash provided by (used in) operating activities		**293,690**	**1,209,853**
Investing activities			
Proceeds from sale of property, plant and equipment		96,997	173,575
Purchase of oil and gas properties		(356,476)	(387,415)
Purchase of property, plant and equipment		(166,261)	-
Cash used in investing activities		**(425,740)**	(213,840)
Financing activities			
Revolving credit facility		-	(331,968)
Cash provided by (used in) financing activities		-	(331,968)
Net increase (decrease) in cash and cash equivalents		**(132,050)**	664,045
Effect of exchange rate changes on cash		(113,034)	(12,982)
Cash and equivalents, beginning of the period		1,237,019	55,351
Cash and equivalents, end of the period	3	**991,935**	706,414

Supplemental cash-flow disclosures		
Changes in accounts payable related to property, plant & equipment	(3,935)	(2,607)
Cash interest paid	12,528	9,733

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

The Group has maintained its improved financial position during 2019 and continues to pursue a number of options to continue to improve its financial capacity. This includes increasing cash flow from oil and gas production (including development of the enhanced oil project and installation of the Ngaere-1 ESP in April 2019), maintaining credit facilities, new commercial arrangements or other financing alternatives.

The Group has prepared these consolidated financial statements using International Financial Reporting Standards ("IFRS") applicable to a going concern. The going concern principle contemplates that the entity will continue in operation for the foreseeable future and has the ability to settle its liabilities in the normal course of business as they come due. Material uncertainty exists related to certain conditions that may cast significant doubt on the validity of this assumption. For the nine months ended 30 September 2019, the Company reported a Net Loss of $876,875 (2018: Profit $149,324) and a cash inflow from operating activities of $293,690 (2018: $1,209,853) and as at that date, the Company had positive working capital of $1,171,401 (2018: $1,600,803).

The Group's ability to continue as a going concern is reliant upon its ability to generate budgeted cash flows from operations which are reliant on achieving planned production levels and forecast oil prices, all of which are uncertain. 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.

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 2018, which have been prepared in accordance with IFRS as issued by the IASB and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

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 2018.

(Expressed in Canadian Dollars)

Changes in Accounting Policies

IFRS 16 "Leases"

NZEC adopted IFRS 16 on 1 January 2019, which replaces IAS 17 "Leases", and requires a recognition of lease assets and lease liabilities on the balance sheet. The standard essentially eliminates the classification of operating or finances leases, rather treating all leases as finance leases if NZEC has a right to use an identifiable asset. NZEC has used the modified retrospective approach which does not require restatement of prior period financial information - it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively.

On adoption of IFRS 16, NZEC did not identify any material differences from its current recognition practice and no adoption adjustments were made. This is principally due to the short-term duration of the majority of the company's leases and the exclusion of leases to explore for or use hydrocarbons from the scope of IFRS 16. In applying IFRS 16 for the first time, NZEC has used the following practical expedients permitted by the standard:

- the accounting for leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- the accounting for lease payments as an expense and not recognise a right-of-use asset if the underlying asset is of low dollar value.

Upon the adoption of IFRS 16, the Company adopted the following significant accounting policy effective 1 January 2019:

Leases
A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liabilities using the effective interest rate method and payments are applied against the lease liability. NZEC will continue to use the 'short term' and 'low value' exemptions where applicable.

In determining the impact as immaterial the following key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16 include:

- The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease liabilities, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term.
- Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

All other standards, interpretations and amendments approved but not yet effective in the current year are either not applicable to the Company or are not expected to have a material impact on the Company's consolidated financial statements and therefore have not been discussed.

3. CASH AND CASH EQUIVALENTS

	30 September 2019 $	31 December 2018 $
Cash	991,935	1,237,019

4. ACCOUNTS AND OTHER RECEIVABLES

	Note	30 September 2019 $	31 December 2018 $
Trade receivables		753,684	1,121,139
GST receivable		400	13,091
Financial receivable from related party		-	901,460
Other receivables		59,134	104,480
Total Current Accounts and other receivables		**813,218**	2,140,170

(Expressed in Canadian Dollars)

5. INVENTORIES

	30 September 2019 $	31 December 2018 $
Material and supplies	185,054	211,748
Oil inventories	732,964	578,433
	918,018	790,181
Non-current material and supplies	1,271,710	1,417,465
Less write down provision to NRV	(755,291)	(831,084)
	516,419	586,381

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixture $	Land and building $	Plant and equipment $	Oil and gas properties $	Total $
Cost					
Balance, 1 January 2018	331,324	1,357,004	8,139,343	22,665,832	32,493,503
Additions	-	-	31,187	423,402	454,589
Disposals	-	-	(171,070)	-	(171,070)
Impairment	-	-	(441,580)	(477,737)	(919,317)
Change in asset retirement cost due to change in estimate	-	-	(233,215)	27,757	(205,458)
Foreign currency translation adjustment	7,242	35,166	196,940	583,045	822,393
Balance, 31 December 2018	**338,566**	**1,392,170**	**7,521,605**	**23,222,299**	**32,474,640**
Additions	4,949	-	161,312	356,476	522,737
Disposals	-	-	(96,997)	-	(96,997)
Change in asset retirement cost due to change in estimate	-	-	3,048,434	1,050,204	4,098,638
Foreign currency translation adjustment	(31,144)	(126,962)	(854,239)	(2,193,861)	(3,206,206)
Balance, 30 September 2019	**312,371**	**1,265,208**	**9,780,115**	**22,435,118**	**33,792,812**

	Furniture and fixture $	Land and building $	Plant and equipment $	Oil and gas properties $	Total $
Accumulated depreciation					
Balance, 1 January 2018	214,807	-	1,733,838	13,977,516	15,926,161
Depreciation and depletion	12,015	-	429,470	1,069,874	1,511,359
Disposals	-	-	-	-	-
Foreign currency translation adjustment	5,703	-	53,308	382,936	441,947
Balance, 31 December 2018	**232,525**	**-**	**2,216,616**	**15,430,326**	**17,879,467**
Depreciation and depletion	9,412	-	338,343	644,843	992,598
Disposals	-	-	-	-	-
Foreign currency translation adjustment	(21,716)	-	(220,441)	(1,442,067)	(1,684,224)
Balance, 30 September 2019	**220,221**	**-**	**2,334,518**	**14,633,102**	**17,187,841**
Net Book Value					
Balance, 31 December 2018	106,041	1,392,170	5,304,989	7,791,973	14,595,173
Balance, 30 September 2019	**92,150**	**1,265,208**	**7,445,597**	**7,802,016**	**16,604,971**

(Expressed in Canadian Dollars)

7. 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.

Non-Current	**30 September 2019 $**	**31 December 2018 $**
Balance, 1 January	**11,543,073**	**11,628,587**
Change in estimate	4,282,192	(286,352)
Accretion expense for the year	143,842	291,637
Reclassified as current	-	(392,250)
Foreign currency translation adjustment	(1,291,984)	301,451
Closing balance	**14,677,123**	**11,543,073**

Current		
Balance, 1 January	**392,250**	-
Change in estimate	33,341	-
Reclassified as current	-	392,250
Foreign currency translation adjustment	(37,629)	-
Closing balance	**388,962**	**392,250**

Assumptions	**2019**	**2018**
Total undiscounted value of payments	$20,620,294	$22,645,310
Discount rate	0.83% to 1.16%	1.74% to 2.45%
Inflation rate	2%	2%
Expected life	1 to 36 years	1 to 37 years

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	30 September 2019 $	**31 December 2018 $**
Trade payables	832,731	1,195,353
GST payable	81,187	142,768
Financial payable	-	901,460
Accrued liabilities	368,785	415,245
Total Accounts payable and accrued liabilities	**1,282,703**	2,654,826

(Expressed in Canadian Dollars)

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 September 2019. 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.

Options activity

	Number of options	Weighted average exercise price $
Outstanding at 1 January 2018	10,815,200	0.08
Expired	(105,200)	0.45
Forfeited	(144,000)	0.45
Total Outstanding 31 December 2018	10,566,000	0.07
Expired	(366,000)	0.45
Total Outstanding 30 September 2019	**10,200,000**	0.06

Options outstanding and exercisable

		30 September 2019		31 December 2018	
	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	0.75	10,000,000	1.50
Options outstanding	0.45	200,000	0.06	566,000	0.39
Total options outstanding		10,200,000	0.74	10,566,000	1.44
Options exercisable	0.05	10,000,000	0.75	10,000,000	1.50
Options exercisable	0.45	200,000	0.06	566,000	0.39
Total options exercisable		10,200,000	0.74	10,566,000	1.44

Options expense and assumptions

	30 September 2019	30 September 2018
Expense	$0.00	$23,969
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 in 2019 or 2018. As at 30 September, Officers held 10,000,000 (Dec 2018: 10,220,000) outstanding and exercisable options.

b) Warrants

Warrants activity

	Number of warrants	Weighted average exercise price $
Outstanding at 1 January 2018	41,452,178	0.29
Total Outstanding 31 December 2018 and 30 September 2019	Nil	N/A

(Expressed in Canadian Dollars)

10. REVENUE

	Note	Three months ended 30 September 2019 $	Three months ended 30 September 2018 $	Nine months ended 30 September 2019 $	Nine months ended 30 September 2018 $
Oil sales		969,143	1,243,876	3,292,779	4,198,060
Gas sales		17,514	124,449	17,514	207,989
Processing revenue		549,418	705,565	1,811,659	2,039,131
Interest revenue		1,397	13,149	14,208	89,304
Other revenue		96,579	(49,365)	262,753	103,724
		1,634,051	2,037,674	5,398,913	6,638,208
Purchased oil sold	i)	294,806	1,003,215	2,025,806	2,899,346
Total Revenue		1,928,857	3,040,889	7,424,719	9,537,554

i) The Company has an arrangement with a third party whereby the Company purchases oil, charges a processing fee and subsequently sells the oil where NZEC is the principal party. Any unsold oil is carried as inventory.

11. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 30 September 2019 $	Three months ended 30 September 2018 $	Nine months ended 30 September 2019 $	Nine months ended 30 September 2018 $
Professional fees	(1,173)	(600)	89,059	105,390
Consulting fees	33,568	28,653	134,796	80,532
Travel and promotion	20,837	8,676	51,175	28,122
Administrative expenses	105,196	74,576	246,171	221,773
Rent	10,464	12,537	31,974	43,859
Filing and transfer agent fees	7,385	739	19,136	17,054
Insurance	43,247	52,805	132,394	128,554
Salary and wages	592,217	585,639	1,881,406	1,858,442
	811,741	**763,025**	**2,586,111**	**2,483,726**

12. RELATED PARTY TRANSACTIONS

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

	Three months ended 30 September 2019 $	Three months ended 30 September 2018 $	Nine months ended 30 September 2019 $	Nine months ended 30 September 2018 $
Processing revenue	70,699	80,897	233,381	240,134
Production costs	(77,395)	57,512	367,708	360,818
Processing costs	79,236	-	79,236	-
Trade receivables	63,332	31,472	63,332	31,472
Trade payables	27,346	10,364	27,346	10,364
Oil & Gas properties expenditure	224,233	-	224,233	200,422
Plant & Equipment disposal	96,997	-	96,997	-
Current financial receivable	-	951,542	-	951,542

(Expressed in Canadian Dollars)

Key Management and Personnel Compensation

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

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
	$	$	$	$
Salary and consulting fees	226,079	230,607	677,962	687,386
Share based compensation	-	-	-	24,317
	226,079	230,607	**677,962**	**711,703**
Included in the above amounts are:				
Upstream Consulting Ltd (James Willis)	7,605	7,844	23,722	24,230
Arenig Energy Ltd (David Llewellyn)	5,704	5,883	17,972	18,172
Michael Adams Reservoir Engineering Ltd (Michael Adams)	91,310	94,146	282,031	314,177

13. SEGMENTED DISCLOSURES

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

The 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 September 2019, the Company had the following undiscounted contractual obligations:

	2019	2020 to 2021	2022 and onwards	Total
	$	$	$	$
Contract and purchase commitments	**265,000**	**530,000**	**211,000**	**1,006,000**

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).

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.

15. PERMIT EXPENDITURE PLANS

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

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

(Expressed in Canadian Dollars)

Permit/Licence	Note	Type	2019	2020 to 2021	2022 and onwards	Total
			$	$	$	$
Eltham Permit	1	Exploration	42,000	145,000	-	187,000
Tariki Licence	2	Producing	49,000	904,000	-	953,000
Waihapa Ngaere Licence		Producing	-	21,000	30,000	51,000
			91,000	**1,070,000**	**30,000**	**1,191,000**

1) Eltham (PEP51150): the permit expired on 22 September 2018. An Appraisal Extension Application has been lodged (with the regulatory authority) with a modified Work Program and over a reduced area of PEP 51150. Refer Note 16 - Subsequent Events.
2) Tariki: 2021 - implement project for gas recovery, drill well or sidetrack, and prepare updated field development plan.

16. SUBSEQUENT EVENTS

Eltham Permit (PEP51150) - On 5 November the regulator granted an Appraisal Extension over a substantially reduced area (898 acres or 3.6km^2) of PEP 51150. The revised Work Program for the Appraisal Extension includes evaluating and testing an artificial lift system in Arakamu-2 by March 2021. A further condition is the plug and abandonment of the Wairere-1A well by 31 March 2020.