NEW ZEALAND ENERGY CORP.

Management's Discussion and Analysis

Nine Months Ended 30 September 2020

(Expressed in Canadian Dollars)

This Management's Discussion and Analysis ("MD&A") is dated 30 November 2020, for the quarter ended 30 September 2020. It should be read in conjunction with the Unaudited Condensed Consolidated Financial statements for the quarter ended 30 September 2020 of New Zealand Energy Corp. ("NZEC" or the "Company") as publicly filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com.

NZEC reports in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the associated Unaudited Condensed Consolidated Financial statements, are presented in accordance with IFRS.

This MD&A includes certain statements which may be deemed "forward-looking statements" (see *Forward-looking Information*). All amounts are in Canadian dollars unless otherwise stated.

NZEC's shares are listed on the TSX Venture Exchange under the symbol "NZ". Additional information is available on SEDAR and on the Company's website at www.newzealandenergy.com.

NZEC's BUSINESS

NZEC, through its subsidiaries (collectively "NZEC" or "the Company") is engaged in the production of and exploration for oil and natural gas, as well as the operation of midstream assets, in New Zealand. The Company's assets are located on New Zealand's North Island in the Taranaki Basin, New Zealand's only commercial oil and gas producing area.

Background

NZEC is the Operator of three Petroleum Mining Licences ("PMLs"), one Petroleum Mining Permit ("PMP") and one Petroleum Exploration Permit ("PEP") in each of which it has an interest. It holds a 50% interest, in PML 38138 ("Tariki Licence"), PML 38140 ("Waihapa Licence") and PML 38141 ("Ngaere Licence") (collectively the "TWN Licences"). L&M Energy Limited ("L&M") hold the remaining 50%.

NZEC has a 100% interest in PMP 55491 ("Copper Moki PMP") and PEP 51150 (the "Eltham Permit").

NZEC holds a 50% working interest (with New Dawn Energy Limited) in, and is operator of, the Waihapa Production Station and associated gathering and sales infrastructure (collectively the "TWN Assets"), providing a range of services to its own operated assets and to third parties including operation of the Ahuroa gas storage facility, oil handling and pipeline throughput, gas processing and transport, LPG storage and produced water handling and disposal.

The following are the operating highlights for the quarter:

1. **Safety:** There have been no HSE incidents through Q3, i.e. no First Aid or Medical Treatment Cases or Lost Time Injuries. It has been 440 days, as of end October 2020, since the last LTI (rolled ankle). The ongoing effective management of COVID-19 in New Zealand has meant that the company's operations have not been any further impacted since the country re-opened in June 2020.

2. **Copper Moki-1:** Copper Moki-1 oil production averaged 69 bopd for Q3 and has declined slowly through the quarter - i.e. from 85 bopw and 42 bwpd at the beginning of July to be ~60 bopd and ~30 bwpd by the end of September 2020. As this decline is in both oil and water rate it indicates the cause is either deteriorating pump performance and/or a result of the reduction in Waitapu-2 Water Injection volumes occurring as a result of that well experiencing scale build-up. A clean-out remediation of the latter well is planned. See "Recent Developments".

3. **Copper Moki-2:** Copper Moki-2 production for Q3 averaged 21 bopd and was producing at 23 bopd and ~1 bwpd at quarter end. This well had a condensate flush to remove wax and sand from around the perforations and the pump intake in late August and this successfully raised the production rate from ~15 bopd in mid-August to be 33 bopd at the end of August. These condensate flushes are routinely carried out as required, typically on a 2 to 3 monthly basis.

4. **Waihapa Production Station Low OPEX Mode**; Operations at Waihapa continued through Q3 focussing primarily on third-party oil and gas handling services, processing production from the company's Copper Moki interests, and on optimising the quantity versus cost per barrel of cyclic oil production from the Waihapa-Ngaere wells.

5. **Waihapa-Ngaere Production:** The average rate (NZEC share) for Q3 2020 was 18 bopd. This was a marginal increase from the 17 bopd NZEC share (100% oil) in Q2 2020. At quarter end the Waihapa Field was producing 25 bopd (NZEC share).

6. **WN Enhanced Oil Recovery Project:** The Waihapa-Ngaere Enhanced Oil Project is being re-evaluated to determine the optimum production strategy and technology based on the results of Stages 1 through 5, carried out from 2017 to

2019. The re-evaluation includes reservoir modelling and updated economics based on significantly lower oil prices than previously expected. This work commenced late in Q3 and will continue through Q4 2020.

7. **Production:** Production for Q3 was 12,495 boe (93% oil) (with an average 136 boe per day); compared to Q2 2020 when production was 11,757 boe (90% oil) (with an average 130 boe per day).

8. **Sales (oil):** Oil sales for Q3 of 10,815 bbl realised $543,456 (with an average oil sale price of $50.25 per bbl); compared to the Q2 2020 sales of 9,029 bbl realised $257,820 (with an average oil sale price of $28.55 per bbl).

9. **Processing revenue:** Third party processing volumes increased through Q3 as a result of LPG storage revenues resuming. The TWN Assets (NZEC share) generated $610,295 from processing fees for Q3, compared to $554,377 for the previous quarter, with a number of third-party customers accessing a range of services including site operations, oil processing and handling, oil and gas pipeline throughput services, gas processing, and produced water disposal.

10. **Tariki PML 38138;** On 19 June 2020 the company received approval of the Tariki Licence Extension of Duration to July 2026. The revised Work Program focusses on appraisal of undeveloped gas and on the use of the depleted Tariki-1A fault block for commercial gas storage and potentially for underground carbon dioxide sequestration thereafter. The revised licence Work Program includes acquisition, processing and interpretation of 50 sq.km of 3D seismic over the permit prior to July 2022. Work to progress the seismic acquisition is underway.

11. **Eltham PEP 51150:** Studies to firm up the preferred means of flow testing the high viscosity, low gas content oil in the Arakamu discovery continued in Q3 as scheduled.

2020 REMAINING OUTLOOK

Key objectives for the last quarter of 2020 include:

1. Maintaining our Safety Culture of zero harm to people and the environment in partnership with the local community businesses, and regulatory bodies.

2. Optimising the management of the Copper Moki-1/Waitapu-2 waterflood using updated reservoir simulation models to locate the remaining oil and extending the waterflood area where it is commercially viable, including potentially into the Copper Moki-2 pool.

3. The conduct of Waihapa-Ngaere Field Reservoir Simulation Studies to history match performance to date and the re-evaluation of the next stages of Waihapa-Ngaere Enhanced Oil Recovery are a focus through the balance of 2020. This work includes reservoir modelling and updated economics based on the currently significantly lower oil prices than previously expected. This work commenced in Q3 and continues through Q4 2020. The continuing relatively modest oil prices make understanding and implementing the most cost-effective methods of increasing production of oil and gas from this field a key priority.

4. Award of the Tariki PML 38138 extension of duration and work program change from the regulator was a key priority for 2020 and was achieved on 19 June 2020. The Company is progressing the Work Program as a priority through Q3 and Q4 of 2020, including planning for 3D seismic covering the Tariki Field area to properly define the by-passed gas and structural compartments.

5. Further appraisal and exploration opportunities within the Licences and Permits operated by the Company are being reviewed, updated and re-evaluated. The subject opportunities include:
   - improved recovery in the Copper Moki area;
   - undeveloped discovered oil in the Copper Moki, Waihapa-Ngaere and Tariki permits;
   - undeveloped discovered gas in the Mangahewa Formation in the Waihapa and Ngaere permits.

RECENT DEVELOPMENTS

1. **Business Reorganisation Review;** The COVID-19 pandemic and the associated significant and ongoing drop in oil prices required that cost reductions be implemented in Q2 2020.

FINANCIAL SNAPSHOT

	Nine months ended 30 September 2020	***Three months ended 30 September 2020***	***Nine months ended 30 September 2019***	***Three months ended 30 September 2019***
	bbl	***bbl***	**bbl**	**bbl**
Production (oil)	33,505	9,408	42,760	17,360
Sales (oil)	33,748	10,815	40,386	12,553
	$/bbl	***$/bbl***	**$/bbl**	**$/bbl**
Price	49.51	50.25	81.53	77.20
Production costs	29.77	24.31	27.03	16.35
Royalties	2.35	1.17	4.92	3.21
Field netback	17.39	24.77	49.58	57.64
	$	**$**	**$**	**$**
Revenue	4,378,085	1,593,195	7,225,978	1,888,520
Total comprehensive loss	(1,318,197)	(35,053)	(1,277,127)	(402,656)
Net finance expense	132,855	38,413	156,373	36,519
Loss per share – basic and diluted	(0.006)	(0.0002)	(0.004)	(0.001)
Current Assets	1,817,770		2,843,066	
Total Assets	17,117,985		19,964,456	
Total long-term liabilities	14,280,182		14,677,123	
Total liabilities	15,366,318		16,348,788	
Shareholders' equity	1,751,667		3,615,668	

Note: The abbreviation bbl means barrel of oil.

PROPERTY REVIEW AND OUTLOOK

This section reviews activities and developments during the reporting period in respect of the Company's assets (see map following).

The Company produces petroleum from Waihapa and Ngaere wells in the TWN Petroleum Mining Licences and from the Copper Moki wells in the Copper Moki Mining Permit.

TWN Petroleum Mining Licences

Waihapa/Ngaere

The Waihapa Ngaere wells produce oil and gas from the fractured Oligocene Tikorangi Limestone at a depth of ~2700m. The field has been on production since 1988 and while it has produced as much as 18,000 bopd in the past, it currently produces at less than 50 bopd. Reservoir modelling indicates that there was initially ~44 mmstb Oil-In-Place and after ~24 mmstb cumulative oil production there remains ~20 mmtb Oil-In-Place in the field. This is the oil volume that has been targeted with the Enhanced Oil Recovery project which commenced as a staged development in 2017. This project mobilizes remaining oil by reducing reservoir pressure and increasing pressure differentials on lower conductivity fractures in the reservoir.

The substantial and ongoing reduction in oil price from March 2020 has put the Waihapa-Ngaere Enhanced Oil Project on hold while the company re-evaluates how to optimise the production of the field in a low OPEX and low oil price scenario. Hence a systematic re-interpretation of the results to date and updated reservoir modelling using reservoir simulation at higher resolution has commenced during Q3. This work will continue into Q4 and will inform the next stages of the Waihapa-Ngaere Field re-development.

Tariki

The Tariki licence (PML38138) was awarded an extension of duration to 20 July 2026 along with a modified work programme late in Q2. The new Work Program refocuses the work on both potential by-passed gas and on gas storage (or carbon sequestration) projects.

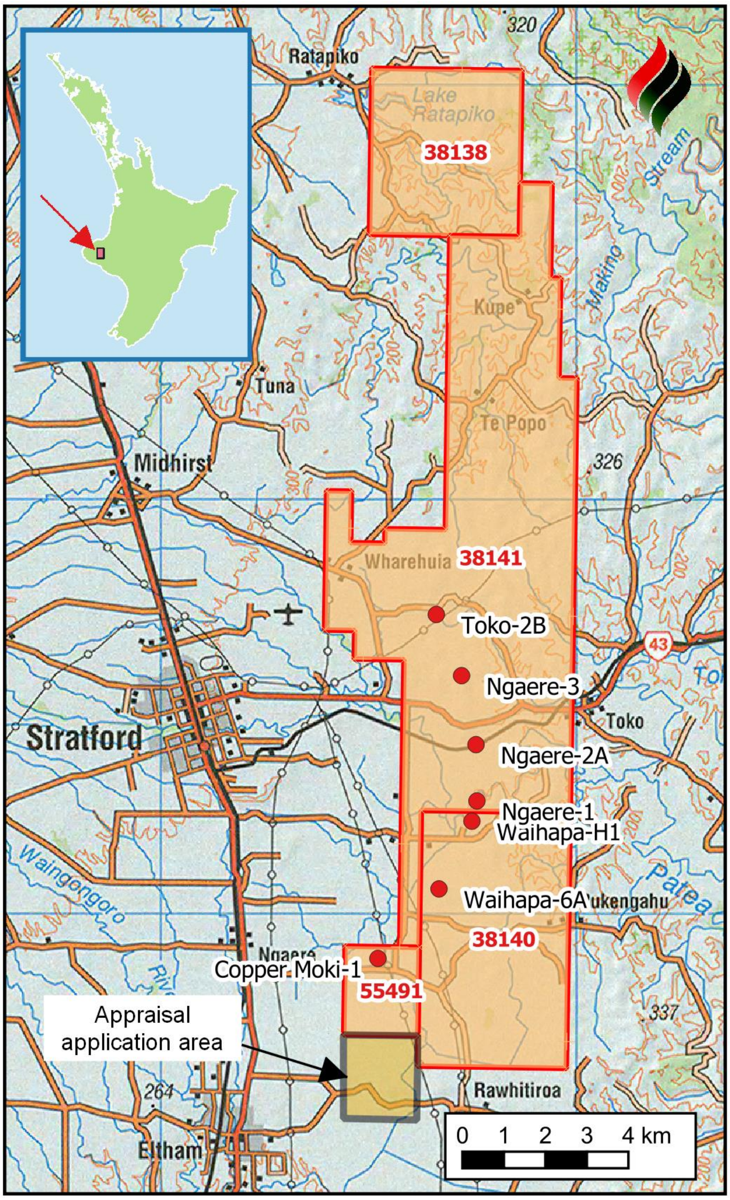
The revised Work Program is being progressed as a priority through Q3 and Q4 of 2020. This includes planning for 3D seismic covering the Tariki Field area to better define the by-passed gas and structural compartments.
See also *Permit Expenditure Plans* below.

Copper Moki Petroleum Mining Permit

<u>Copper Moki-1:</u> In Q2 2020 production averaged ~89 bopd. The performance of the water-injection well, Waitapu-2, appears to dominate the production response seen at Copper Moki-1, and stimulation using acid to remove scale in mid 2019 resulted in an increase in oil and water production at Copper Moki-1. The injectivity of Waitapu-2, and the availability of water for injection, declined through Q2 2020 and routine re-stimulation of Waitapu-2 is now required.

<u>Copper Moki-2:</u>. The new pump installation in Copper Moki-2 in Q3 2019 increased production but this had declined into Q2 2020, thought to be due to sand and wax build-up in the well. A series of condensate flushes to remove wax and sand deposition have been successfully carried out approximately every 2 to 3 months, including in late August 2020.

Copper Moki-2 water production has remained stable and is typically at less than 1 bwpd. Reservoir analyses indicate the OIIP is larger than prior estimates and there is likely to be more recoverable oil than previously interpreted in this pool. Reservoir studies to evaluate the reserves accessible by a waterflood of this pool and an implementation strategy commenced late in Q3 with results expected to be available late in Q4.



Eltham Petroleum Exploration Permit

The PEP 51150 Appraisal Extension area includes the 2012 Arakamu-2 discovery well, which produced oil from the Miocene Moki Formation when tested in Q1-13. This well had oil produced to surface and is the target of the Appraisal Extension Work Program.

The work scheduled for the next 12 months includes evaluating and testing an artificial lift system in Arakamu-2 in Q1 2021. Studies to define and support implantation of this work are underway with recommendations expected early in Q1 2021.

TWN Midstream Assets

Services are provided to Gas Services New Zealand in relation to operation of the Ahuroa Gas Storage facility under a contract which expires January 2021. In addition, other parties are accessing services for oil processing, handling and pipeline throughput, and handling and disposal of produced water.

A safety case has been in-place for the Waihapa Production Station since May 2020. This meets both anticipated future regulatory requirements and allows for utilisation of the plant to its potential (e.g. allowing third party storage of LPG in the 3 LPG storage bullets) thus enhancing third party revenue).

The Company continues to explore opportunities with existing and new customers for liquids and gas handling, oil and gas transportation and operating services.

SUMMARY OF QUARTERLY RESULTS

	2020 Q3 $	2020 Q2 $	2020 Q1 $	2019 Q4 $
Total assets	17,117,985	16,091,484	16,363,204	16,849,590
Exploration and evaluation assets	-	-	-	-
Property, plant and equipment	14,837,695	14,014,497	13,699,525	13,198,851
Working capital	731,634	415,483	551,887	1,110,779
Revenues	1,593,195	1,010,676	1,707,447	2,437,926
Accumulated deficit	(142,599,448)	(142,537,209)	(142,083,101)	(141,292,065)
Total comprehensive income (loss)	(35,053)	(391,152)	(891,992)	(545,804)
Basic (loss) earnings per share	(0.006)	(0.002)	(0.003)	(0.003)
Diluted (loss) earnings per share	(0.006)	(0.002)	(0.003)	(0.003)

	2019 Q3 $	2019 Q2 $	2019 Q1 $	2018 Q4 $
Total assets	19,964,456	19,771,288	19,694,607	19,482,944
Exploration and evaluation assets	-	-	-	-
Property, plant and equipment	16,604,971	16,176,264	15,708,927	14,595,173
Working capital	1,171,401	938,318	1,115,948	1,254,314
Revenues	1,888,520	2,705,940	2,631,519	3,017,229
Accumulated deficit	(140,544,059)	(140,353,014)	(139,809,509)	(139,667,184)
Total comprehensive income (loss)	(402,656)	(694,256)	(180,215)	(820,151)
Basic (loss) earnings per share	(0.001)	(0.002)	(0.001)	(0.005)
Diluted (loss) earnings per share	(0.001)	(0.002)	(0.001)	(0.005)

See "*NZEC's Business", "Property Review & Outlook" and "Results of Operations"*, for the activities to which this summary of quarterly results relates.

RESULTS OF OPERATIONS FOR THE THREE & NINE MONTH PERIODS ENDED 30 SEPTEMBER 2020

This section of the MD&A provides analysis of the Company's operations in respect of the third quarter of 2020 ("Three Month Period") and the year to date ("Nine Month Period") compared to results achieved for the same periods in 2019. See *Operating & Financial Highlights* and *Property Review and Outlook* for a summary of the third quarter 2020 operational events and activities.

Production and sales

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
Barrels or BOE	**2020**	**2019**	**2020**	**2019**
Production - Oil	9,408	17,360	33,505	42,760
Sales - Oil	10,815	12,553	33,748	40,386
Sales – Gas (BOE)	661	553	2,082	533
TOTAL Production (BOE)	10,069	17,893	35,587	43,293

Production is reduced from production achieved in 2019, being approximately 20% lower in BOE YTD. This is the result of both the implementation of the Low OPEX production mode at Waihapa, i.e. no longer on continuous gas-lift and ceasing to run the ESP. The implementation of Low OPEX production mode was due to the now sub-economic operating costs associated with the previous operating mode. Production has also been reduced due to the decrease in oil production from the two Copper Moki wells, associated with the natural decline of Copper Moki-2 in particular.

Revenues

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Oil Sales	543,456	969,143	1,671,027	3,292,779
Gas Sales	18,849	17,514	41,587	17,514
Processing Revenue	610,295	549,418	1,685,213	1,811,659
Other Revenue	214,530	96,579	378,924	14,208
Purchased oil sold*	205,984	294,806	594,847	262,753
Royalty**	(12,615)	(40,337)	(79,382)	(178,741)
Oil sales per bbl	50.25	77.20	49.51	81.53

Note. In respect to Oil Sales, revenue is derived from oil sales volume, oil price and exchange rate. The realised per barrel price is based on the Brent crude oil price.

Gas sales – Gas sales through the quarter have not been large, primarily due to the limited days of injection to the Ahuroa Gas Storage Facility (AGS) via Waihapa, which is currently the only available gas sales route.

Processing Revenue – the increase is a result of the resumption of LPG storage, as noted in point 9 of Operating and Financial Highlights above. Opportunities for further increasing processing revenue are actively being pursued across multiple products.

Other Revenue – consulting services provided for third parties: 2020 Ahuroa Gas Storage expansion project and Ahuroa Reservoir Operational support.

*Purchased oil sold: The Company has an arrangement with a third party whereby the Company purchases oil, charges a processing fee and subsequently sells the oil. Any unsold oil is carried as inventory.

**Royalty: Royalties paid are based on an ad valorem Crown royalty of 5% at Copper Moki and 10% (less allowable costs) for the TWN Licences. In addition, for the TWN Licences, there is a 9% overriding royalty payable to Beach Energy with a calculation based on the Crown royalty calculation. Total costs are related to the mix and source of production.

Production costs

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Production costs	262,962	205,261	1,004,735	1,091,580
Production cost per bbl	24.31	16.35	29.77	27.03

Production costs include the impact of oil inventory value changes*

Production costs per bbl in 2020 included costs associated with a CM1 workover ($36,000) and the acquisition of additional emissions trading carbon credits required to settle historical obligations arising from an audit. ($86,000). The production cost per barrel in Q3 is lower than previous quarters due to the cost savings that have resulted from the business reorganisation implemented in Q2.

**Oil inventory value changes. Where lower oil inventory values occur (due to drop in Brent oil price) it results in a decrease in the oil inventory value, hence an increase in production cost.*

Processing costs

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Processing costs	291,693	275,215	1,075,458	1,054,356

Processing costs include the impact of oil inventory value changes* on the volume of oil held in the pipeline.

**Oil inventory value changes. Where lower oil inventory values occur (due to drop in Brent oil price) it results in a decrease in the oil inventory value, hence an increase in processing cost.*

Depreciation and depletion

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Depreciation and depletion	265,413	379,081	768,213	974,780

Depletion on oil and gas assets is calculated using the unit-of-production method by reference to the ratio of production during the respective periods as compared to the related total proved and probable reserves of oil and natural gas, taking into account estimated future development costs necessary to access those reserves.

General and Administrative Expenses

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
General and administrative expense	525,845	811,741	1,968,373	2,586,111

The decrease in 2020 reflects lower salary and wages with cost reductions continuing to be a focus. See further breakdown in *Unaudited Condensed Consolidated Financial Statements - Note 11, General and Administrative Expenses*

Finance Expense

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Accretion	38,413	36,908	132,855	143,845
Interest on Financial Payables	-	(389)	-	12,528
Total Finance expense	**38,413**	**36,519**	**132,855**	**156,373**

Accretion reflects the expense associated with asset retirement obligations. See *Unaudited Condensed Consolidated Financial Statements - Note 7, Asset Retirement Obligations,* for more information.

Interest on Financial Payables has been recognised using the effective interest method. There was full repayment of the Financial Payable in Q1-19.

Abandonment Provision movement

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Abandonment provision movement	50,620	76,154	60,379	217,891

Abandonment provision movement arises from the change in estimate for abandonment on wells which have previously been fully impaired.

Exchange Difference on Translation of Foreign Currency

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Exchange Difference – gain / (loss)	27,186	(211,611)	(10,814)	(400,252)
Exchange rate at beginning of period	0.8778	0.8768	0.8796	0.9071
Exchange rate at end of period	0.8842	0.8311	0.8842	0.8311

Exchange differences arise from the translation of foreign operations and monetary items (largely based in NZD).

The NZD exchange rate has weakened against the CAD over the Nine Month Period to 30th September 2019 and strengthened over the Nine Month Period to 30th September 2020 which saw a reversal in losses from prior periods. The NZD exchange rate strengthened in the three-month period to 30th September 2020, resulting in a translation gain.

PETROLEUM PROPERTY ACTIVITIES, OPERATIONS AND CAPITAL EXPENDITURES

Capital Expenditure
The Company recognised the following additions in Oil and gas assets during the Three & Nine Month Periods:

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
TWN Assets	**-**	86,084	**-**	161,312
Copper Moki	638	-	50,828	-
Waihapa	-	8,109	-	356,476
Administrative	-	2,626	-	4,949
TOTAL	**638**	**96,819**	**50,828**	**522,737**

Waihapa spend in 2019 relates to the Ngaere-1 ESP project.

Copper Moki, 2020 spend relates to Flare line pipes, gas ejector, and new gas metering equipment.

TWN Assets spend in 2019 relates to tank bunds and gas chromatograph.

COMMITMENTS

See details provided in *Unaudited Condensed Consolidated Financial Statements - Note 14, Commitments*.

PERMIT EXPENDITURE PLANS

See details provided in *Unaudited Condensed Consolidated Financial Statements - Note 15, Permit Expenditure Plans*.

LIQUIDITY AND CAPITAL RESOURCES

	30 September 2020	31 December 2019
	$	**$**
Cash and cash equivalents	554,929	1,474,809
Working capital	731,634	1,110,779

The Company 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 to enable it to undertake operations required to further exploit the permits and licences it holds, with the objective of increasing petroleum production. Its ability to improve its financial capacity including its ability to maintain financing facilities it currently has in place and the relative success of, and cash flow generated from, intended operations including the production achieved and the oil price obtained cannot be assured. See the *Unaudited Condensed Consolidated Financial Statements - Note 1, Going Concern*.

CASH FLOW

	30 September 2020	30 September 2019
Cash provided by / (used in)	**$**	**$**
Operating activities	(885,676)	293,690
Investing activities	(50,828)	(425,740)
Financing activities	-	-

Net loss for the nine-month period was $1,307,383 (2019: $876,875). The more significant non-cash items included in the net profit during the period included $768,213 in depreciation, depletion and accretion (2019: $974,780) together with a change in non-cash working capital items of ($247,895) (2019: ($179,125)).

Investing activities were for the purchase of oil and gas properties.

RELATED PARTY TRANSACTIONS

See details provided in *Unaudited Condensed Consolidated Financial Statements - Note 12, Related Party Transactions*.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

CHANGE OF ACCOUNTING POLICY and ADOPTION OF NEW OR REVISED IFRSs

The Company has used the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended 31 December 2019, refer *Unaudited Condensed Consolidated Financial Statements - Note 2, Summary of Significant Accounting Policies*.

NON-IFRS DISCLOSURES

NZEC uses certain terms for measurement within this MD&A which do not have standardized meanings prescribed by IFRS, and these measurements may differ from other companies' and accordingly may not be comparable to measures used by other companies. The term "field netback" is not a recognized measure under the applicable IFRSs. Management of the Company believes the measure is useful to provide shareholders and potential investors with additional information, in addition to profit and loss and cash flow from operating activities as defined by IFRS, for evaluating the Company's operating performance. Field netback is reconciled as follows to the Company's Consolidated Financial statements for the Three Month periods ended 30 September 2020 and 2019:

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Net Revenue				
Oil sales	543,456	969,143	1,671,027	3,292,779
Royalties	(12,615)	(40,337)	(79,382)	(178,741)
Production Costs	(262,962)	(205,261)	(1,004,735)	(1,091,580)
Sub-total net revenue (a)	267,879	723,545	586,910	2,022,458
Barrels of Oil sold (b)	10,815	12,553	33,748	40,386
Field Netback [(a)/(b)] $/bbl	**24.77**	**57.64**	**17.39**	**49.58**

SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of voting common shares. As at 30 September 2020, the Company had 232,123,459 common shares outstanding.

As of the date of this MD&A, the Company's share capitalization included 232,123,459 common shares, nil warrants and nil share options, the remaining balance having expired on 24 June 2020.

RISK FACTORS

Natural resources exploration and development involves a number of risks and uncertainties, many of which are beyond management's control. The Company's business is subject to the risks normally encountered in the oil and natural gas industry such as the marketability of, and prices for, oil and natural gas, competition with companies having greater resources, acquisition, exploration and production risks, need for capital, fluctuations in the market price and demand for oil and natural gas, the regulation of the oil and natural gas industry by various levels of government and public protests. The success of further development and exploration projects cannot be assured. In addition, the Company's operations are outside of Canada and are subject to risks arising from foreign exchange and foreign regulatory regimes. The Company works to mitigate these risks through such mechanisms as its project and opportunity evaluation processes, engagement with joint venture parties and employing appropriately skilled staff. In addition, insurance policies, consistent with industry practice, are maintained to protect against loss of assets, well blowouts and third party liability. The Company is committed to operating in accordance with all applicable laws and regulations, safely and with due regard to the environment.

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", "objective", "plan", "seek", "expect", "potential", "pursue", "subject to", "can", "could", "hopeful", "contingent", "anticipate", "look forward", and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which 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 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, affecting the 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 which prevent the Company from raising the funds necessary for exploration and development on acceptable terms or at all; global financial market events which 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 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, probability of success, production and cash flows from such operations, which represent management's best estimates at the time. 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 contained in this document, except in accordance with applicable securities laws.

CAUTIONARY NOTE REGARDING RESERVE & 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 which can be estimated with a high degree of certainty to be recoverable. It is likely the actual remaining quantities recovered will exceed the estimated proved reserves. Probable Reserves are those additional reserves which are less certain to be recovered than proved reserves. It is equally likely the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable 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 the reserves described can be profitably produced in the future. These statements are based on current expectations which 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 any portion of the reported resources will be discovered and, if discovered, will be economically viable or technically feasible to produce.