NEW ZEALAND ENERGY CORP.

Management's Discussion and Analysis

Nine Months Ended 30 September 2021

(Expressed in Canadian Dollars)

This Management's Discussion and Analysis ("MD&A") is dated 26 November 2021, for the quarter ended 30 September 2021. It should be read in conjunction with the Unaudited Condensed Consolidated Financial statements for the quarter ended 30 September 2021 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". They provide a range of services to its own operated assets and to third parties including 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 has been one significant HSE incident through Q3, i.e., Loss of Containment on the Ngaere 1 flowline. An investigation is ongoing concerning the cause of the leak. An incident that occurred in Q2 was reclassified as a LTI which occurred on the 25 May 2021 – Auger string hits worker during Seismic Survey. Due to this incident it has now been 128 days, as of end September 2021, since the last LTI. Incident numbers have been seen to be decreasing for the Q3 period

2. **Copper Moki-1:** Copper Moki-1 oil production averaged 49 bopd for Q3 and has declined from the previous quarter (55 bopd). This is the result of reduced water injection into Waitapu-2. Steps to increase water injection into Waitapu-2 is being scheduled for Q4.

3. **Copper Moki-2:** Copper Moki-2 production for Q3 averaged 15 bopd a decline from the previous quarter (16 bopd).

4. **Waihapa Production Station Low OPEX Mode:** Operations through Q3 focussed primarily on third-party oil, gas and water handling services, on processing and transporting production from the company's Copper Moki interests, and on optimising the volumes from periodic oil production from the Waihapa-Ngaere wells. Efforts have begun to restore the Waihapa-Ngaere field to continuous production operations at lower operating costs per unit than previously by utilising appropriately sized gas compression.

5. **Waihapa-Ngaere Production:** The average rate (NZEC share) for Q3 2021 was 15 bopd. This was a decrease from the 23 bopd NZEC share (100% oil) in Q2 2021. At quarter end the Waihapa Field was producing 15 bopd (NZEC share) but this number should be treated cautiously due to the irregular cyclic production mode currently operating. Work to increase fluid rates from this field is continuing. See "2021 Outlook" and "Property Review and Outlook".

6. **Production:** Aggregate pproduction for Q3 2021 was 8,022 boe (90% oil) (with an average 87 boe per day); compared to Q2 2021 when production was 9,201 boe (90% oil) (with an average 101 boe per day).

7. **Sales (oil):** Oil sales for Q3 2021 of 8,608 bbl realised $714,234 (with an average oil sale price of $82.97 per bbl); compared to the Q2 2021 sales of 7,060 bbl realised $571,186 (with an average oil sale price of $80.91 per bbl).

8. **Processing revenue:** The TWN Assets (NZEC share) generated $232,350 from processing fees for Q3, compared to $206,719 for the previous quarter, with several third-party customers accessing a range of services including site operations, oil processing and handling, oil and gas pipeline throughput services, water disposal and gas processing.

9. **Tariki PML 38138:** The Company progressed the processing of the data acquired from 71 km2 of high-resolution 3D seismic over the Tariki structure through Q2 2021. The survey used ~1000 explosive shot points and ~100 vibroseis points as source locations and the data recording using ~40,000 independent nodes was completed by the end of the quarter. The recovery of the ~recording nodes continued into Q3 with data processing commencing thereafter. See "2021 Outlook".
10. **Release of Royalty Obligations:** The Company concluded an agreement with Beach Energy Resources under which the Company was released from all of its royalty obligation to Beach in respect of oil and gas production from Waihapa-Ngaere and any possible future oil and gas production from Tariki.

2021 OUTLOOK

Key objectives for the year include:

1. **Health and Safety:** The company's focus remains on having safety as an embedded component of everyday operations and zero harm to people and the environment remains foremost in planning and implementing all company and contractor activities. The company continues to work with regulators, other operators, local community businesses, communities, and iwi to maintain safe operations and HSE performance. Q3 2021 has seen New Zealand return to a COVID-19 lockdown in mid-August and the company has re-implemented the safe operating practices that were successfully deployed in Q2/Q3 of 2020.

2. **Tariki 3D Seismic Survey:** The Company has completed acquisition of 71 km^2 of high-resolution 3D seismic over the Tariki structure. The associated recording node recovery and any remediation work is completed. The data has been sent to two specialist seismic processing contractors for Time Domain processing and for Depth Domain processing. The preliminary volumes for interpretation are expected in Q4 2021 and interpreted volumes are expected to be available by Q1 2022.

3. **Waihapa-Ngaere Production:** The Company acquired in Q2 2021 a right-sized compressor in order to facilitate the re-commencement of more efficient gas lifting in respect of existing wells. Work on the installation of this compressor continued through Q3 and gas lifting with this compressor is expected to be commissioned in Q4 2021.

4. **Copper Moki Secondary Recovery Expansion Project:** The Copper Moki waterflood continues to deliver incremental ultimate recovery and better production rates in the Copper Moki-1 well. Copper Moki-2 performance has been consistent and consent to allow waterflood expansion to Copper Moki-3 has been granted.

5. **Eltham PEP 51150:** Reservoir modelling of the Arakamu-2A discovery is in progress to investigate the benefits of water injection. This will inform the next phase of work in-field for Q4 2021 and Q1 2022.

6. **Appraisal & Exploration:** Further appraisal and exploration opportunities within the Licences and Permits operated by the Company are being reviewed, updated, and re-evaluated. These opportunities include accessing undeveloped discovered hydrocarbons in the Waihapa-Ngaere and Tariki permits and the potential for the reservoir in Tariki to be used for gas storage and/or carbon sequestration.

FINANCIAL SNAPSHOT

	Nine months ended 30 September 2021	***Three months ended 30 September 2021***	***Nine months ended 30 September 2020 Restated***	***Three months ended 30 September 2020***
	bbl	***bbl***	***bbl***	***Bbl***
Production (oil)	24,007	7,228	33,505	9,408
Sales (oil)	27,587	8,608	33,748	10,815
	$/bbl	***$/bbl***	***$/bbl***	***$/bbl***
Price	71.89	82.97	49.51	50.25
Production costs	39.97	59.90	29.77	24.31
Royalties	4.40	4.85	2.35	1.17
Field netback	27.51	18.22	17.39	24.77
	$	**$**	**$**	**$**
Revenue less Royalties	3,650,167	1,214,524	4,298,703	1,580,580
Total comprehensive profit/ (loss)	(628,602)	(385,465)	(1,318,197)	(35,053)
Net finance expense	103,930	22,495	132,855	38,413
Loss per share – basic and diluted	(0.02)	(0.02)	(0.006)	(0.0002)
Current assets	2,497,141		1,817,770	
Total assets	14,298,744		14,305,124	
Total non-current liabilities	8,704,718		10,840,285	
Total liabilities	12,322,796		11,926,931	
Shareholders' equity	1,975,948		2,378,193	

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. It has produced as much as 18,000 bopd in the past and has produced ~24 mmstb cumulative oil but currently produces at less than 30 bopd (100%).

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. The recoverable component of this oil volume is the target of the Enhanced Oil Recovery project which commenced as a staged development in 2017 but has been interrupted twice due to unexpected events, i.e.; Waihapa-7A water disposal well failure and the Ngaere-1 ESP tubing hole 3 months after installation.

The Enhanced Oil Recovery project was placed on hold in March 2020 due to the oil price collapse and the COVID-19 pandemic. The Company has used this time to re-evaluate how to optimise the production of the field at a lower OPEX. The final stage design work for the field infrastructure is being prepared in Q3 for approval and implementation to restore the field to continuous production using a recently acquired appropriately sized gas-lift compressor. This is expected to be complete in Q4 2021, and will produce at a substantially lower OPEX per barrel. As a result of the release of the royalty obligations owed to Beach Energy Resources, the only royalties payable in respect of production from Waihapa/Ngaere and Tariki will be those due to the Crown.

Tariki

The Tariki licence (PML38138) modified Work Programme awarded in Q2 2020 continues to be progressed through the latter half of 2021. This processing of the data acquired in Q2 and recovered in early Q3 is underway and will enable the company to meet the program target of interpreting the 3D seismic and preparing a Field Development Plan by mid 2022.

Interactive engagement with the seismic processing contractors is underway to ensure the best possible products are delivered given the steep dips and multiple thrust fault sections known to exist at Tariki. The first preliminary processing Time domain products will be available early in Q4 and interpretation of these will be used to optimise the subsequent Depth domain data processing.

The modified Work Program focuses on potential undeveloped gas and on a gas storage (and/or carbon sequestration) project. At this stage the ability to effect gas storage in the Tariki-1A fault block looks to be technically robust. Decisions relating to accessing any remaining by-passed gas is dependant on the interpretation of the new 3D seismic data.

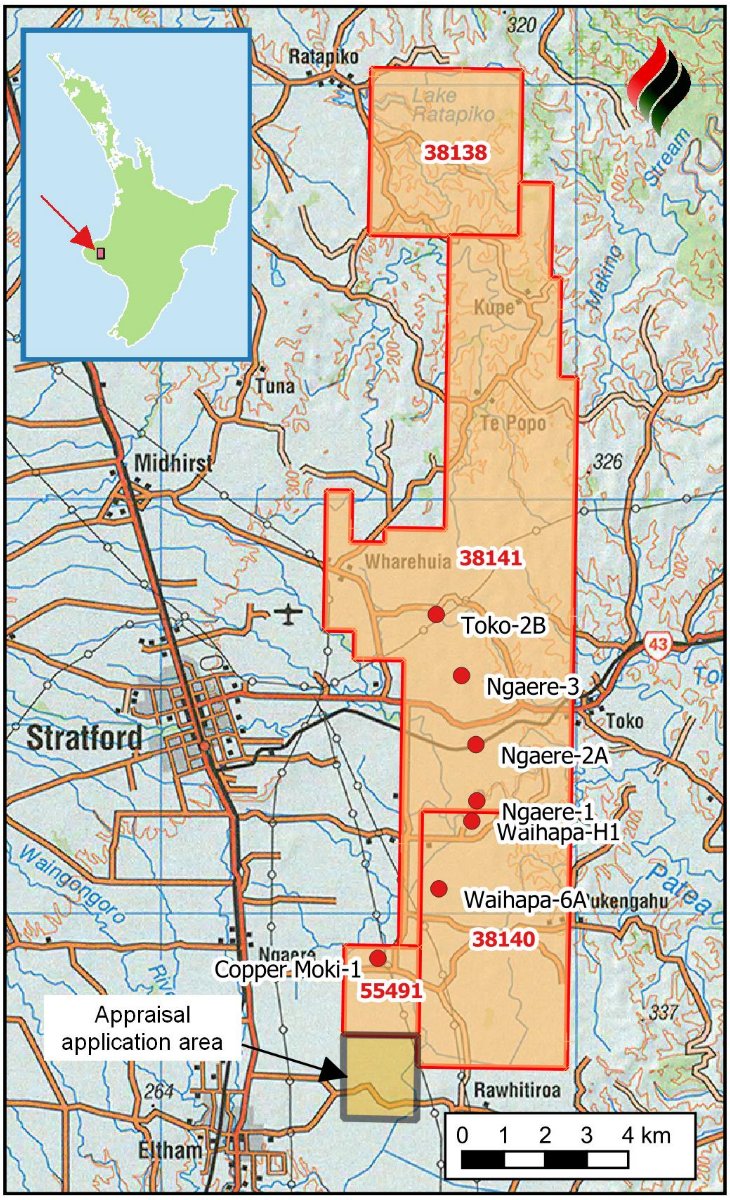
See also *Permit Expenditure Plans* below.

Copper Moki Petroleum Mining Permit

Copper Moki-1: In Q3 2021 production averaged ~49 bopd. The performance of the water-injection well, Waitapu-2, continued to dominate the production response seen at Copper Moki-1. The injectivity of Waitapu-2 remained relatively flat through Q2 2021.

Copper Moki-2: In Q3 2021 production averaged ~15 bopd

Reservoir analyses and modelling studies support the development of more recoverable oil in this pool, and these will be completed during Q3 2021 with preliminary field testing for expansion of the water flood to Copper Moki-2 planned for late Q3 2021.



Eltham Petroleum Exploration Permit

The PEP 51150 Appraisal Extension area includes the 2012 Arakamu-2 discovery well, which produced oil from the Miocene Moki and Mt Messenger Formations when tested in Q1 2013. This well had oil produced to surface and is the target of the Appraisal Extension Work Program.

The work underway focusses on fluid properties and reservoir studies to assess recovering oil from this discovery by adding reservoir energy.

TWN Midstream Assets

Services are provided to Gas Services New Zealand in relation to boosting gas pressure ahead of injection into the Ahuroa Gas Storage facility. Notice of termination of this service was given in Q3 2021 with the existing contract terminating on 31 July 2022. Gas Services New Zealand have stated they wish to negotiate a new agreement for services.

Other parties access services for oil, gas and water processing, handling, and pipeline throughput and for storage of LPG.

SUMMARY OF QUARTERLY RESULTS

	2021 Q3 $	2021 Q2 $	2021 Q1 $	2020 Q4 $
Total assets	14,298,744	13,224,234	12,164,641	13,093,341
Exploration and evaluation assets	-	-	-	-
Property, plant and equipment	11,386,822	10,572,161	9,486,445	10,329,305
Working capital	(1,120,937)	(507,647)	1,143,139	1,197,379
Revenue less royalty	1,214,524	2,435,643	1,523,491	1,278,973
Accumulated deficit	(142,332,210)	(141,919,813)	(142,067,100)	(141,907,094)
Total comprehensive income (loss)	(385,465)	117,125	(360,262)	225,847
Basic (loss) earnings per share	(0.02)	(0.02)	(0.002)	0.001
Diluted (loss) earnings per share	(0.02)	(0.02)	(0.002)	0.001

	2020 Q3 Restated $	2020 Q2 Restated $	2020 Q1 Restated $	2019 Q4 Restated $
Total assets	14,305,124	13,278,623	13,550,343	14,036,729
Exploration and evaluation assets	-	-	-	-
Property, plant and equipment	12,024,834	11,201,636	10,856,664	10,385,990
Working capital	731,634	415,483	551,887	1,110,779
Revenue	1,593,195	1,025,949	1,758,941	2,493,224
Accumulated deficit	(141,972,412)	(141,910,173)	(141,456,065)	(140,665,029)
Total comprehensive income (loss)	(35,053)	(391,152)	(891,992)	(710,574)
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)

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 AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2021

This section of the MD&A provides analysis of the Company's operations in respect of the third quarter of 2021 ("Three Month Period") compared to results achieved for the same period in 2020. See *Operating & Financial Highlights* and *Property Review and Outlook* for a summary of the third quarter 2021 operational events and activities.

Production and sales

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
Barrels or BOE	**2021**	**2020**	**2021**	**2020**
Production - Oil	7,228	9,408	24,007	33,505
Sales - Oil	8,608	10,815	27,587	33,748
Sales – Gas (BOE)	794	661	2,717	2,082
TOTAL Production (BOE)	8,022	10,069	26,725	35,587

Production is lower than that in the third quarter of 2020. This is due to decreased oil production from the two Copper Moki wells.

Revenues

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Oil Sales	714,234	543,456	1,983,098	1,671,027
Gas Sales	13,011	18,849	45,148	41,587
Processing Revenue	232,350	610,295	755,066	1,685,213
Other Revenue	41,872	214,530	110,356	378,294
Purchased oil sold	254,780	205,984	877,939	594,847
Royalty	(41,723)	(12,615)	(121,440)	(79,382)
Oil sales per bbl	82.97	50.25	71.89	49.51

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 less contractual discounts.

The lower production is offset by the higher oil prices achieved in Q3 2021 compared with Q3 2020.

Processing Revenue: the decrease is a result of the cessation of facilities operations income from one of the company's customers, i.e., operation of the Ahuroa Gas Storage facility, as previously reported. Opportunities for increasing processing revenue are being pursued, including providing water disposal services for various third parties.

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 was a 9% overriding royalty payable with a calculation based on the Crown royalty calculation but, as noted earlier, the Company has now been released from this royalty obligation. Total costs reflect the mix and source of production.

Production costs

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Production costs	515,654	262,962	1,102,753	1,004,735
Production cost per bbl	59.90	24.31	39.97	29.77

Production costs are in line with the prior year with a higher average cost due to lower production as compared to last year

Processing costs

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Processing costs	301,905	291,693	556,358	1,075,458

Processing costs reflect the lower cost model implemented in the second quarter of the prior year.

Depreciation and depletion

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Depreciation and depletion	103,361	265,413	406,387	768,213

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 compared with 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	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
General and administrative expense	396,547	525,845	1,285,113	1,968,373

The decrease in 2021 reflects lower salary and wages from reduced staff numbers. Cost reductions continue to be a focus. See further breakdown in *Unaudited Condensed Consolidated Financial Statements - Note 12, General and Administrative Expenses.*

Finance Expense

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Accretion	22,495	38,413	103,930	132,855
Total Finance expense	**22,495**	**38,413**	**103,930**	**132,855**

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

Abandonment Provision movement

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Abandonment provision movement	14,641	50,620	(264,741)	60,379

Abandonment provision movement arises from the change in estimate for abandonment on wells as a result of changes to the inflation assumption and discount rate 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	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Exchange Difference – gain / (loss)	17,538	1,869	7,544	(336)
Exchange rate at beginning of period	0.8675	0.8778	0.9212	0.8796
Exchange rate at end of period	0.8760	0.8842	0.8760	0.8842

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 and strengthened slightly in the three month period to 30 September 2021.

PETROLEUM PROPERTY ACTIVITIES, OPERATIONS AND CAPITAL EXPENDITURES

Capital Expenditure
The Company recognised the following additions in Oil and Gas assets during the three and nine month Periods:

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
TWN	12,716	-	280,841	-
Copper Moki	-	638	-	50,828
Tariki	617,709	-	2,142,822	-
TOTAL	**630,425**	**638**	**2,423,663**	**50,828**

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

Tariki relates to development expenditure incurred for the 3D Seismic survey acquired in Q2 2021 and Q3 2021, and TWN relates to the purchase of surface equipment to derive lower operating costs and associated expenditure.

COMMITMENTS

See details provided in *Unaudited Condensed Consolidated Financial Statements - Note 15, Commitments*.

PERMIT EXPENDITURE PLANS

See details provided in *Unaudited Condensed Consolidated Financial Statements - Note 16, Permit Expenditure Plans*.

LIQUIDITY AND CAPITAL RESOURCES

	30 June 2021	31 December 2020
	$	**$**
Cash and cash equivalents	709,236	1,020,085
Working capital	(1,120,937)	1,197,379

The Company continues to pursue a number of options to improve its financial capacity, including cash flow from oil and gas production, water disposal, 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 2021	30 September 2020
Cash provided by / (used in)	**$**	**$**
Operating activities	(50,696)	(886,676)
Investing activities	(2,423,663)	(50,828)
Financing activities	2,000,000	-

Net loss for the nine-month period was $425,116 (2020: $1,307,383). The more significant non-cash items included during the period were $510,317 in depreciation, depletion and accretion (2020: $901,068) and a change in working capital items of $98,850 (2020: ($247,895)).

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

Financing activities relate to the company drawing down CAD $2,000,000 under the convertible loan agreement it entered into with Arizona Finance Limited ("Arizona"). The maximum number of common shares issuable if Arizona elects to convert the entire principal amount of the loan will be 6,666,667 shares, at an exercise price of 30 cents per share. Any common shares issued to Arizona upon conversion of the principal amount under the loan agreement are subject to a hold period that expires on November 21, 2021.

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 2020, 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 and Nine Month period ended 30 September 2021 and 2020:

	Three Month Period ended 30 September		Nine Month Period ended 30 September	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Net Revenue				
Oil sales	714,234	543,456	1,983,098	1,671,027
Royalties	(41,723)	(12,615)	(121,440)	(79,382)
Production Costs	(515,654)	(262,962)	(1,102,753)	(1,004,735)
Sub-total net revenue (a)	156,857	267,879	758,904	586,910
Barrels of Oil sold (b)	8,608	10.815	27,587	33,748
Field Netback [(a)/(b)] $/bbl	**18.22**	**24.77**	**27.51**	**17.39**

SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of voting common shares. As at 30 September 2021, the Company had 23,212,346 common shares outstanding.

On 21 June 2021, the company consolidated its shares on a 10:1 basis.

As of the date of this MD&A, the Company's share capitalization included 23,212,346 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.