new zealand
ENERGY CORP

Management's Discussion and Analysis

Three Months Ended 31 March 2026

(Expressed in Canadian Dollars)

This Management's Discussion and Analysis ("MD&A") is dated 10 July 2026 and discusses the financial condition and results of operations of New Zealand Energy Corp. for the three months ended 31 March 2026. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended 31 March 2026 and its audited consolidated financial statements for the year ended 31 December 2025. These documents are available under the Company's profile on SEDAR+.

The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

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 Group's website at www.newzealandenergy.com.

NZEC's BUSINESS

NZEC, through its subsidiaries (collectively "NZEC" or "the Group") is engaged in the production, development, appraisal, and exploration for oil and natural gas, as well as the operation of midstream assets, in New Zealand. The Group'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") (known collectively as the "TWN Licences"). L&M Energy Limited ("L&M") holds the remaining 50% in these licences.

NZEC has a 100% interest in Mining Permit PMP 55491 ("Copper Moki PMP") and Exploration Permit 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 (known collectively as the "TWN Assets"). These provide a range of services to its own operated assets and to third parties including, 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. **Waihapa-Ngaere production:** During the quarter, the Group successfully completed perforation work in the Mount Messenger formation in the Ngaere-1, Ngaere-2 and Waihapa-H1 wells. Following completion of the work, combined production from the wells increased materially and exceeded 300 barrels of oil per day on a 100% working-interest basis during the latter part of the quarter. The Group commenced debottlenecking and production-optimization activities to support higher and more stable production rates.
2. **Oil production:** Aggregate oil production for the three months ended 31 March 2026 was 10,026 barrels, compared with 541 barrels in the corresponding period of 2025. The increase primarily reflected higher production from the Waihapa-Ngaere fields and continued production from Copper Moki.
3. **Oil sales and revenue:** The Group sold 3,777 barrels of oil during the quarter, compared with 152 barrels in the corresponding period of 2025. Oil sales revenue was $510,381, compared with $15,679 in Q1 2025. The average realized oil sales price was $135.13 per barrel, compared with $103.15 per barrel in the comparative period.
4. **Copper Moki:** Copper Moki-1 remained shut in at 31 March 2026 following the pump failure that occurred during Q4 2025. Planning continued for an intervention to replace the pump and restore production. Copper Moki-2 remained online during the quarter and continued to contribute to production.
5. **Tariki:** During the quarter, the Group continued technical, commercial and operational work relating to the Tariki Gas Storage Project, including reservoir and facility studies and preparations for extended production testing of the Tariki-1A and Tariki-5A wells. The work was intended to further define reservoir performance and support the evaluation and development of the proposed gas-storage project.
6. **Processing and midstream operations:** The Waihapa Production Station continued to provide oil, gas and water handling, processing, transportation, disposal and storage services for the Group's operated properties and third-party customers. Processing revenue for the quarter was $77,534, compared with $136,374 in Q1 2025.
7. **Capital expenditures:** Additions to property, plant and equipment during the quarter totalled $328,721, comprising $288,630 related to oil and gas properties and $40,091 related to other property, plant and equipment. Expenditures primarily related to development and production-enhancement activities.

8. **Private placement:** On 9 February 2026, the Company completed a non-brokered private placement of 17,500,000 common shares at a price of $0.20 per share for gross proceeds of $3,500,000. Share issuance costs were $204,250. The financing materially improved the Group’s liquidity and working-capital position.
9. **Stock option grant:** On 25 February 2026, the Company granted 3,250,000 stock options to directors, officers and employees. The options are exercisable at $0.45 per common share, vested immediately and expire on 25 February 2031. The Company recognized share-based compensation expense of $883,477 in connection with the grant.

2026 OUTLOOK

Key objectives for the remainder of 2026 include:

1. **Health, Safety and Environment:** The Group remains committed to maintaining safe and environmentally responsible operations. Health, safety and environmental considerations continue to be incorporated into operational planning, contractor management and project execution. The Group will continue to work with regulators, joint arrangement partners, contractors, local communities and iwi to support safe operations and regulatory compliance.
1. **Tariki:** The Group’s principal strategic objective remains the advancement of the Tariki Gas Storage Project. Technical, commercial and operational workstreams are continuing, including reservoir evaluation, facility design, gas-storage modelling, commercial negotiations and project funding initiatives.
    a. During the remainder of 2026, the Group expects to continue production and reservoir testing of the Tariki-1A and Tariki-5A wells to obtain additional information regarding reservoir performance, deliverability and potential storage characteristics.
    b. The Group also expects to continue discussions with Genesis Energy Limited and other potential project participants regarding commercial arrangements for storage capacity and related services.
    c. Subject to the results of the technical work, the availability of funding, joint arrangement approvals and regulatory requirements, the Group intends to advance the project toward a potential final investment decision.
2. **Waihapa-Ngaere Production:** Following the successful perforation of the Ngaere-1, Ngaere-2 and Waihapa-H1 wells during the first quarter of 2026, the Group intends to focus on stabilizing and optimizing production from the newly accessed Mount Messenger intervals.
   Planned activities include debottlenecking work at the Waihapa Production Station, installation or optimization of artificial lift, additional well interventions and evaluation of further perforation and workover opportunities. The Group is also assessing the potential use of water injection to support reservoir pressure and improve recovery. The timing and extent of these activities will depend on production performance, facility capacity, regulatory approvals, joint arrangement decisions and the availability of funding.
3. **Copper Moki:** Copper Moki-2 is expected to remain in production, subject to normal operational performance. The Group plans to undertake an intervention at Copper Moki-1 to replace the failed pump and restore the well to production.
   Subject to the success of the intervention, the Group also intends to evaluate the restart of water injection at Waitapu-2 to provide reservoir pressure support and improve oil recovery. The timing and results of these activities remain subject to operational conditions, equipment availability and funding.
4. **Appraisal and Exploration:** The Group will continue to evaluate appraisal and development opportunities within its existing petroleum licences and permits, with particular emphasis on Mount Messenger targets identified through recent well results and existing subsurface data.
   Future appraisal and exploration activities will be prioritized based on technical merit, expected economic returns, regulatory obligations and available capital.
5. **Third-Party Services and Midstream Operations:** The Group will continue to operate the Waihapa Production Station and provide oil, gas and water handling, processing, transportation, disposal and storage services to its operated properties and third-party customers.
   The Group intends to pursue additional third-party service opportunities and undertake facility improvements where economically justified. Planned debottlenecking activities are expected to support increased production volumes from the Waihapa-Ngaere fields and other connected assets.
6. **Liquidity and Capital Management:** The Group will continue to manage the timing and amount of its capital and operating expenditures in light of available cash resources, production cash flows and contractual obligations. Additional financing or commercial arrangements may be required to complete certain planned development activities and advance the Tariki Gas Storage Project.
   There can be no assurance that planned activities will be completed within the expected timing or that additional financing will be available on acceptable terms or at all.

FINANCIAL SNAPSHOT

	Quarter ended 31 March 2026	Preceding quarter ended 31 December 2025	Comparative quarter ended 31 March 2025
	Bbl	***Bbl***	***Bbl***
Production (oil)	10,026	4,787	541
Sales (oil)	3,777	8,172	152
	$/bbl	***$/bbl***	***$/bbl***
Price	135.13	81.46	103.15
Production costs	34.06	(60.43)	2,401.17
Royalties	14.17	4.79	6.70
Field netback	86.90	137.11	(2,304.72)
	$	**$**	**$**
Revenue	664,833	730,379	246,653
Total comprehensive profit/(loss)	(1,943,901)	(5,180,632)	(994,550)
Net finance expense	(73,242)	(159,390)	(125,521)
Profit/(loss) per share – basic and diluted	(0.04)	(0.13)	(0.05)
Current Assets	4,163,098	1,623,632	1,340,706
Total Assets	15,301,820	12,489,276	17,016,588
Total long-term liabilities	9,424,437	9,057,919	8,496,821
Total liabilities	12,610,886	12,033,668	13,850,992
Shareholders' equity	2,690,934	455,608	3,165,596

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 Group's assets (see map following).

The Group produces petroleum from Tariki, 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 up to 18,000 bopd in the past and has produced ~24 mmstb cumulative oil. Reservoir modelling indicates that there was initially ~44 mmstb Oil-In-Place and after ~24 mmstb cumulative oil production (i.e. recovery factor of ~55%) there remains ~20 mmstb Oil-In-Place in the field. The recovery factor in reservoirs of this type, where the connected porosity is entirely within open fracture networks, can be in excess of 80%.

The current focus is on assessing the opportunities for restoring production from wells which have had mechanical issues and also targeting the Mount Messenger bypassed oil play (see 2026 Outlook item 3.).

Mechanical issues; Two wells have been prioritised, i.e. Waihapa H1 and Waihapa-6A, and work is progressing to investigate production from the Tikorangi from these opportunities in H2/2026. Waihapa-H1 is a horizontal penetration of the crestal Tikorangi that produced well for ~6 weeks until the section of the open-hole at the shoe collapsed. The well has previously unloaded ~70 bbls of oil that has seeped through the collapse every week until 2024 when the collapsed section effectively sealed. Waihapa-6A is the highest oil cut well in the field but has a poorly performing gas lift completion due to known holes in the production tubing.

Bypassed pay; Subsequent to year-end 2025 NZEC successfully perforated three separate wells (Ngaere-1, Ngaere-2 and Waihapa H1) at the Miocene level (Mount Messenger sands). All three perforations were successful and combined the wells produced at rates exceeding 300 bopd net. Further work will be completed in 2026 to enhance production and ensure long term stable flow rates from these wells. In addition, opportunities to access the same reservoir sands in offset wells have been identified and will be developed through the balance of 2026. One of these is likely to become a water-injection well to maximise the Mt Messenger reservoir oil recovery.

Tariki

Following completion of the updated reservoir modelling and the signed MOU with Genesis, a number of opportunities are being progressed at the Tariki Field outside of the Tariki Gas Storage project including:

a) Tariki formation – gas production

In H1 2026, strong initial production results occurred from both the Tariki 1A well and Tariki 5A well flow testing. The Tariki 1A well delivered a stabilized flow rate of approximately 3 mmcf/d over a 96-hour period and continued to flow gas naturally at a stabilized flow rate of approximately 1.5 mmcf/d over a subsequent 48- hour period until the well was shut-in for a pressure build-up and to move the test equipment to Tariki-1A. Tariki-1A was also successfully restarted to natural flow in mid Q2/2026 and has been flowing at rates of 2.2 to 2.5 mmscf/d and ~30 to 40 stb/d condensate until the end of Q2/2026. This gas has been sold to market via the Matahio operated Cheal Production Station. Work is progressing at the Tariki-A site to enable both wells to be on production simultaneously and is planned to be completed early in Q3/2026.

b) Mt Messenger formation

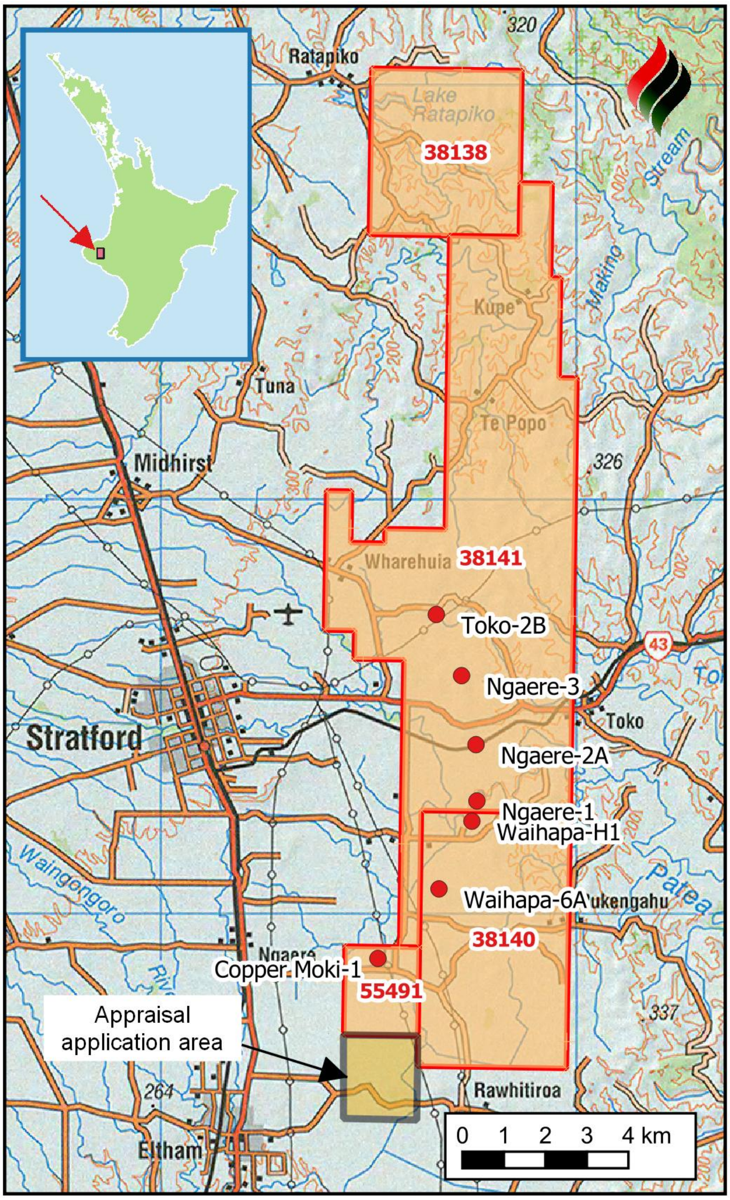
The 2021 Tariki 3D seismic data identified AVO bright spots and anomalies in the Mt Messenger formation. Oil has been produced from the Mt Messenger formation in a number of fields within the onshore Taranaki Basin, including at Copper Moki and the Waihapa-Ngaere Fields. Evaluation of these leads is continuing but is lower priority for the company across its Tariki assets.

Copper Moki Petroleum Mining Permit

Copper Moki-1: In Q4 2025 – restored in Q3, shut in early Q4 due to pump failure.

Copper Moki-2: In Q4 2025 – produced consistently during Q4.

Copper Moki 1 & 2 had a combined production of 3,122 for Q4 compared to 4,368 for Q3.



A reservoir simulation study completed in Q1 2022 provided technical assurance concerning the beneficial effects of water flood on the ultimate recovery in Copper Moki. Restarting the Waitapu-2 water injection is being considered pending the successful reactivation on Copper Moki-1 in mid 2026.

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.

Following the identification of a relevant new well technology, an application to the regulator to extend the permit duration and/or modify the work program is in progress.

TWN Midstream Assets

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

SUMMARY OF QUARTERLY RESULTS

	2026 Q1 $	2025 Q4 $	2025 Q3 $	2025 Q2 $
Total assets	15,301,820	12,489,276	17,297,432	17,265,043
Property, plant and equipment	10,343,619	10,059,353	15,039,579	15,485,491
Working capital	976,649	(1,352,117)	(993,311)	(2,668,226)
Revenues	664,833	692,291	436,833	225,659
Accumulated deficit	(159,638,321)	(157,981,266)	(152,766,647)	(153,572,659)
Total comprehensive income (loss)	(1,943,901)	(5,180,632)	780,402	(1,573,081)
Basic (loss) earnings per share	(0.04)	(0.14)	0.02	(0.08)
Diluted (loss) earnings per share	(0.04)	(0.14)	0.02	(0.08)

	2025 Q1 $	2024 Q4 $	2024 Q3 $	2024 Q2 $
Total assets	17,016,588	17,485,624	18,969,421	18,094,561
Property, plant and equipment	15,336,884	14,902,717	14,720,106	12,725,180
Working capital	(4,013,465)	(2,874,002)	(1,556,544)	3,478,720
Revenues	246,653	307,335	288,667	301,536
Accumulated deficit	(151,937,066)	(150,880,496	(146,180,549)	(144,954,992)
Total comprehensive income (loss)	(994,550)	(5,195,291)	(883,022)	(1,186,044)
Basic (loss) earnings per share	(0.05)	(0.34)	(0.06)	(0.08)
Diluted (loss) earnings per share	(0.05)	(0.34)	(0.06)	(0.08)

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-MONTH 31 MARCH 2026

This section of the MD&A provides analysis of the Group's operations in respect of the first quarter of 2026 ("Three Month Period") compared to results achieved for the same period in 2025. See *Operating & Financial Highlights* and *Property Review and Outlook* for a summary of the fourth quarter and full year 2026 operational events and activities.

Production and sales

	Three Month Period ended 31 March	
Barrels or BOE	**2026**	**2025**
Production - Oil	10,026	541
Sales - Oil	3,777	152
Sales – Gas (BOE)	9,487	244
TOTAL Production (BOE)	19,513	785

Production is higher than achieved in 2025. This is the result of higher production in Copper Moki and Waihapa/Ngaere.

Revenues

	Three Month Period ended 31 March	
	2026	**2025**
	$	**$**
Oil Sales	510,381	15,679
Gas Sales	50,441	52,928
Processing Revenue	77,534	136,374
Other Revenue	26,477	41,672
Royalty	(53,530)	(1,019)
Oil sales per bbl	135.13	103.15

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

Processing Revenue: Revenue for Q4 increased to a near average level for the quarter. Opportunities for increasing processing revenue are being pursued, including providing water disposal services for various third parties

Other Revenue – relates mainly to LPG storage and interest.

Royalty: Royalties paid are based on an ad valorem Crown royalty of 5% for Copper Moki and 10% (less allowable costs) for the TWN Licences.

Production costs

	Three Month Period ended 31 March	
	2026	**2025**
	$	**$**
Production costs	128,645	364,978
Production cost per bbl	34.06	2,401.17

Processing costs

	Three Month Period ended 31 March	
	2026	**2025**
	$	**$**
Processing costs	182,578	109,136

Depreciation and depletion and amortisation

	Three Month Period ended 31 March	
	2026	**2025**
	$	**$**
Depreciation, depletion and amortisation	195,377	69,060

Depletion on oil and gas assets is calculated using the unit-of-production method i.e the ratio of production during the respective periods to the total proved and probable reserves.

General and Administrative Expenses

	Three Month Period ended 31 March	
	2026	**2025**
	$	**$**
General and administrative expense	739,649	605,768

See further breakdown in *Consolidated Financial Statements - Note 13, General and Administrative Expenses*

Finance Expense

	Three Month Period ended 31 March	
	2026	**2025**
	$	**$**
Accretion	77,707	76,206
Loan Interest Accrued	(4,029)	49,315
Total Finance expense	**73,678**	**125,521**

Accretion reflects the expense associated with asset retirement obligations.

Abandonment Provision movement

	Three Month Period ended 31 March	
	2026	**2025**
	$	**$**
Abandonment provision movement	70,269	15,910

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

Exchange Difference on Translation of Foreign Currency

	Three Month Period ended 31 March	
	2026	**2025**
	$	**$**
Exchange Difference – gain / (loss)	(5,315)	11,831
Exchange rate at beginning of period	0.7929	0.8098
Exchange rate at end of period	0.7969	0.8169

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

The NZD exchange rate has strengthened against the CAD over the Three Month Periods to 31 March 2026.

PETROLEUM PROPERTY ACTIVITIES, OPERATIONS AND CAPITAL EXPENDITURES

During quarter, the Group incurred additions to property, plant and equipment of $328,721, including $288,630 of additions to oil and gas properties and $40,091 of other property, plant and equipment. This compares with 2025 Q1 additions of $322,614, including $322,614 of oil and gas property additions. The 2026 additions primarily relate to oil and gas property development activities, while the significant 2025 additions related primarily to Tariki drilling and related development activity. See Note 6 to the consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

	31 March 2026	31 December 2025
	$	**$**
Cash and cash equivalents	2,480,255	7,111
Working capital	976,649	(1,352,117)

The Group continues to pursue 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 and increase petroleum production. Its ability to improve its financial capacity, including its ability to maintain financing facilities it currently has in place, cannot be assured. See the *Consolidated Financial Statements - Note 1, Going Concern*.

CASH FLOW

	31 March 2026	31 March 2025
Cash provided by / (used in)	**$**	**$**
Operating activities	(481,969)	(665,681)
Investing activities	(328,721)	(322,614)
Financing activities	3,295,750	22,680

Net loss for the three month period was $1,657,055 (2025: Loss: $1,056,570). The more significant non-cash items included in the net profit during the period included $883,477 in share based compensation (2025: $nil), $195,377 in depreciation, depletion (2025: $69,060), and a change in working capital items of $2,328,766 (2025: $145,266) all contributing to cash used in operating activities of $481,969 (2025: $665,681).

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

A private placement for 17,500,000 common shares at $0.20 providing gross proceeds of $3,500,000 was undertaken during the period.

RELATED PARTY TRANSACTIONS

See details provided in *Consolidated Financial Statements - Note 14, Related Party Transactions*.

OFF-BALANCE SHEET ARRANGEMENTS

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

CHANGE OF ACCOUNTING POLICY and ADOPTION OF NEW OR REVISED IFRSs

The Group has used the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended 31 December 2025.

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 Group 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 Group's operating performance. Field netback is reconciled as follows to the Group's consolidated financial statements for the Three Month period ended 31 March 2026 and 2025:

	Three Month Period ended 31 March	
	2026	**2025**
	$	**$**
Net Revenue		
Oil sales	510,381	15,679
Royalties	(53,530)	(1,019)
Production Costs	(128,645)	(364,978)
Sub-total net revenue (a)	328,206	(350,318)
Barrels of Oil sold (b)	3,777	152
Field Netback [(a)/(b)] $/bbl	**86.90**	**(2,304.72)**

SHARE CAPITAL

Exercise of Options – During the period, no options were exercised.

On 9 February 2026, the Company closed a non-brokered private placement of 17,500,000 common shares at a price of $0.20 per share for gross proceeds of $3,500,000. The net proceeds are intended to be used to fund the advancement of the Company's gas storage business and for general corporate purposes

The Group's authorized share capital consists of an unlimited number of voting common shares. As at 31 March 2026, the Group had 55,870,186 common shares, 4,300,000 options and no broker warrants outstanding.

As of the date of this MD&A and following the closing of the private placement and shares for debt, the Group's share capitalization included 55,870,186 common shares, 4,300,000 options and no broker warrants.

SUBSEQUENT EVENTS

Tariki operations and licence extension

Subsequent to 31 March 2026, the Group completed production testing of the Tariki-1A and Tariki-5A wells. Tariki-1A achieved a stabilized natural gas flow rate of approximately 3 million cubic feet per day over a 96-hour test period, and Tariki-5A achieved a stabilized natural gas flow rate of approximately 1.5 million cubic feet per day over a 48-hour test period. The Group continued work to connect production from the wells to the Waihapa Production Station. The test results are preliminary and are not necessarily indicative of long-term production performance.

In May 2026, New Zealand Petroleum & Minerals extended Petroleum Mining Licence 38138, relating to the Tariki field, for a further five-year term to 20 July 2031. The licence is held through the Tariki joint arrangement, in which the Group has a 50% interest, and includes an updated work programme.

Regulatory filings

On 1 May 2026, the British Columbia Securities Commission issued a management cease trade order in connection with the delay in filing the Company's annual disclosure documents for the year ended 31 December 2025. The Company filed the annual disclosure documents on 30 June 2026. On the same date, the British Columbia Securities Commission issued a cease trade order as a result of the filing delay. The Company intends to file its first-quarter disclosure documents and seek revocation of the cease trade order.

These events are non-adjusting events after the reporting period and no adjustments have been made to these unaudited condensed consolidated interim financial statements.

RISK FACTORS

Natural resources exploration and development involves a number of risks and uncertainties, many of which are beyond management's control. The Group'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 Group's operations are outside of Canada and are subject to risks arising from foreign exchange and foreign regulatory regimes. The Group 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 Group 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 Group 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 Group’s oil and natural gas resources; supply and demand for oil and natural gas and the Group’s ability to market crude oil and natural gas; expectations regarding the Group’s ability to continually add to reserves and resources through acquisitions and development; the Group’s ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the Group’s ability to raise capital on appropriate terms, or at all; the ability of the Group’s subsidiaries to obtain mining permits and access rights in respect of land and resource and environmental consents; the recoverability of the Group’s crude oil, natural gas reserves and resources; and future capital expenditures to be made by the Group.

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 Group 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 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 Group 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.