FORM 51-101F1
Statement of Reserves Data and Other Oil and Gas Information

PART 1: DATE OF STATEMENT

This statement of reserves data and other oil and gas information is dated 26 April 2016 and the effective date of the data is 31 December 2015.

References to oil, natural gas, natural gas liquids, reserves (gross, net, proved, developed, developed producing, developed non-producing, undeveloped), forecast prices and costs, constant prices and costs, operating costs, development costs, future net revenue and future income tax expenses, shall, unless expressly stated to be to the contrary, have the meaning attributed to such terms as set out in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* and Companion Policy 51-101CP.

All dollar figures are in Canadian dollars unless otherwise specified.

PART 2: DISCLOSURE OF RESERVES DATA

New Zealand Energy Corp. (the "**Company**") has one petroleum mining permit ("**PMP**") with reserves and two petroleum mining licenses ("**PML**") with reserves. The Permits are adjacent and located in the Taranaki Basin on the North Island of New Zealand.

Since December 2010 the Company has held a 100% interest in the Copper Moki PMP (split out of the Eltham Petroleum Exploration Permit in July 2014). The Company also holds a 50% interest in and has reserves attributable to the Waihapa and Ngaere PMLs.

The oil and natural gas reserves and net present value of future net revenue of the Copper Moki PMP and the Waihapa and Ngaere PMLs were evaluated by Deloitte LLP ("**Deloitte**"), which prepared a report regarding such reserves dated effective 31 December 2015 (the "**Reserve Report**").

The following tables are based on information contained in the Reserve Report, and calculations prepared by the Company, which show oil and natural gas reserves associated with the Company's Copper Moki, Waihapa and Ngaere permits and the net present value of estimated future revenue for these reserves using forecast prices and costs as indicated. The estimated future net revenue figures contained in the following tables do not necessarily represent the fair market value of the Company's reserves. There is no assurance that the forecast price and cost assumptions contained in the Reserve Report will be attained, and variances could be material. Assumptions relating to costs and other matters are included in the Reserve Report. The recovery and reserve estimates of the Company's oil and natural gas reserves included in this statement of reserves data are estimates only and there is no guarantee that the estimated reserves will be recovered. Risks and uncertainties that could cause the actual reserves to differ from those anticipated include, but are not limited to, the underlying risks of the oil and gas industry (operational risks in development, exploration and production; potential delays or changes in plans with respect to work programs or expenditures; uncertainty of reserves estimates; uncertainty in production and cost projections; political and environmental factors), and commodity price and exchange rate fluctuations.

Reserves are classified according to the degree of certainty associated with the estimates. Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

The term barrels of oil equivalent ("**BOE**") may be misleading, particularly if used in isolation. The Company uses a standard measure of six thousand cubic feet of natural gas ("**Mcf**") to one barrel of oil ("**bbl**" or "**stb**") when converting natural gas to barrels of oil equivalent, or BOE. This conversion ratio is based on an energy equivalency method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

OIL AND GAS RESERVES SUMMARY

Forecast Pricing and Costs

As at 31 December 2015

	Light & Medium Oil		Natural Gas		Barrels Oil Equivalent	
Reserves Category	**Gross Mstb**	**Net Mstb**	**Gross MMcf**	**Net MMcf**	**Gross Mboe**	**Net Mboe**
Proved						
Developed Producing	397.2	352.2	539.2	494.2	487.0	434.6
Developed Non-Producing	110.9	94.9	189.1	170.8	142.4	123.3
Undeveloped	128.3	113.4	89.8	80.8	143.3	126.9
Total Proved	**636.3**	**560.6**	**818.2**	**745.9**	**772.7**	**684.9**
Probable	406.6	362.9	652.5	606.2	515.3	463.9
Total Proved and Probable	**1,042.9**	**923.4**	**1,470.6**	**1,352.1**	**1,288.0**	**1,148.8**

Notes:

(1) Mbbl – Thousand barrels, MMcf – Million cubic feet, MBOE – Thousand barrels of oil equivalent
(2) Gross reserves are the Company's working interest share before the deduction of royalty obligations payable to the New Zealand Government and Origin Energy Resources NZ (TAWN) Limited.
(3) Net reserves are the Company's working interest share after deduction of royalty obligations payable to the New Zealand Government and Origin Energy Resources NZ (TAWN) Limited.

SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE						
Before & After Tax						
Forecast Pricing and Costs						
As at 31 December 2014						
	Net Present value of Future Net Revenues Before and After Tax Discounted at %/year					
Reserves Category	0% $000	5% $000	10% $000	15% $000	20% $000	Unit Value 10% ($/BOE)
Proved						
Developed Producing	11,882.3	7,373.2	5,227.8	4,035.3	3,293.5	12.02
Developed Non-Producing	4,052.6	4,114.1	3,532.0	2,937.2	2,438.4	28.65
Undeveloped	2,237.0	950.5	209.8	-215.2	-459.1	1.65
Total Proved	**18,171.9**	**12,437.8**	**8,969.5**	**6,757.3**	**5,272.7**	**13.10**
Probable	29,303.0	17,238.0	11,232.7	7,917.1	5,913.5	24.21
Total Proved Plus Probable	**47,474.9**	**29,675.9**	**20,202.3**	**14,674.4**	**11,186.2**	**17.59**

TOTAL FUTURE NET REVENUE							
Undiscounted							
Forecast Prices and Costs							
As at 31 December 2015							
	Revenue*	Royalties	Operating Costs	Investment Costs	Abandonment Costs	Income Taxes	Revenue Before & After Income Taxes
Reserves Category	$000	$000	$000	$000	$000	$000	$000
Proved							
Developed Producing	44,945.1	5,290.0	20,126.5	32.5	7,613.9	0.0	11,882.3
Developed Non-Producing	6,083.4	969.1	29.0	1,231.5	-198.8	0.0	4,052.6
Undeveloped	13,897.3	1,651.7	4,940.9	4,704.4	363.3	0.0	2,237.0
Total Proved	**64,925.8**	**7,910.7**	**25,096.3**	**5,968.4**	**7,778.4**	**0.0**	**18,171.9**
Probable	54,741.7	5,682.2	18,608.9	210.0	937.6	0.0	29,303.0
Total Proved Plus Probable	**119,667.5**	**13,593.0**	**43,705.3**	**6,178.4**	**8,716.0**	**0.0**	**47,474.9**

Future Net Revenue By Production Group
Before Tax, Discounted at 10%/year
Forecast Prices and Costs
As at 31 December 2015

Reserves Category	**Production Group**	**Future Net Revenue ($000)**	**Unit Value ($/BOE)**
Total Proved	Light and Medium Crude Oil	8,969	16.00
	Natural Gas	-	-
	Total BOE	8,969	13.10
Proved + Probable	Light and Medium Crude Oil	20,202	21.88
	Natural Gas	-	-
	Total BOE	20,202	17.59

PART 3: PRICING ASSUMPTIONS

Price and market forecasts prepared by Deloitte and used in the Reserve Report are summarized below. The prices are Deloitte's best estimate of future pricing, based on the many uncertainties that exist in the petroleum industry, and considering inflation forecasts and exchange rates.

Summary of Pricing and Inflation rate Assumptions
Forecast Prices and Costs
As at December 31 2015

	Oil US$/bbl	Gas US$/Mcf	Inflation rate (%/year)	Exchange Rate (CDN/USD)
2016	$44.00	$5.40	0.0%	0.740
2017	$49.50	$5.75	2.0%	0.770
2018	$57.00	$6.00	2.0%	0.800
2019	$64.50	$6.20	2.0%	0.800
2020	$72.00	$6.35	2.0%	0.800
2021	$77.00	$6.60	2.0%	0.800
2022	$82.00	$6.70	2.0%	0.800
2023	$82.00	$6.85	2.0%	0.800
2024	$82.00	$7.00	2.0%	0.800
2025	$82.00	$7.05	2.0%	0.800
2026	$82.00	$7.20	2.0%	0.800
2027	$82.00	$7.30	2.0%	0.800
2028	$82.00	$7.30	2.0%	0.800
2029	$82.00	$7.30	2.0%	0.800
2030	$82.00	$7.30	2.0%	0.800
2031	$82.00	$7.30	2.0%	0.800
2032	$82.00	$7.30	2.0%	0.800
2033	$82.00	$7.30	2.0%	0.800
2034	$82.00	$7.30	2.0%	0.800
2035	$82.00	$7.30	2.0%	0.800

Notes:

1. The Company has an agreement with Shell New Zealand (2011) Limited, pursuant to which Shell New Zealand (2011) Limited has agreed to purchase the company's crude oil on a Brent price basis. The values in the table are the Brent spot price. Based on the previous year sales differentials, the Company receives Brent pricing less C$2.80/bbl.
2. The gas price represented in the above table is referenced to UK NBP. Differentials of C$4.25/Mcf and C$5.40/Mcf respectively have been applied to Copper Moki and Waihapa as a reasonable expectation of what the Company will receive.

The weighted average price received by the Company for oil in the year ended 31 December 2015 was C$60.52 per barrel.

PART 4: RECONCILIATION OF CHANGES IN RESERVES

RECONCILIATION OF COMPANY GROSS RESERVES BY PRINCIPAL PRODUCT TYPE Forecast Prices and Costs As at 31 December 2015	Light & Medium Oil			Conventional Gas		
	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable
	Mstb	Mstb	Mstb	MMcf	MMcf	MMcf
31 December 2014	729.0	366.0	1,095.0	1,402.0	724.0	2,126.0
Production	-42.1	0.0	-42.1	-63.4	0.0	-63.4
Technical Revisions	-26.2	27.4	1.2	-492.4	-73.6	-566.0
Extensions & Improved Recovery	0.0	0.0	0.0	0.0	0.0	0.0
Discoveries	0.0	0.0	0.0	0.0	0.0	0.0
Acquistions	0.0	0.0	0.0	0.0	0.0	0.0
Dispositions	0.0	0.0	0.0	0.0	0.0	0.0
Economic Factors	-24.7	13.6	-11.1	-28.2	2.6	-25.6
Infill Drilling	0.0	0.0	0.0	0.0	0.0	0.0
31 December 2015	**636.0**	**407.0**	**1,043.0**	**818.0**	**653.0**	**1,471.0**

Note: Mstb – Thousand barrels of oil, MMcf – Million cubic feet of natural gas

PART 5: ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Proved and Probable Undeveloped Reserves
As at 31 December 2015
Forecast Prices and Costs

Reserves Category	Light & Medium Oil (Gross Mstb)		Natural Gas (Gross MMcf)		Barrels Oil Equivalent (Gross MBOE)	
	First Attributed	Aggregate	First Attributed	Aggregate	First Attributed	Aggregate
Proved Undeveloped						
31-Dec-13	130	130	104	104	151	151
31-Dec-14	-	124	-	87	-	139
31-Dec-15	-	128	-	90	-	143
Probable Undeveloped						
31-Dec-13	76	76	61	61	88	88
31-Dec-14	-	76	-	53	-	85
31-Dec-15	-	76	-	53	-	85

Note: Mstb – Thousand barrels. MMcf – Million cubic feet.

Proved and probable undeveloped reserves are generally those reserves related to well(s) awaiting the installation of an artificial lift system. Proved and probable undeveloped reserves have been assigned to a crestal well on the Waihapa Permit with a Tikorangi Formation target. The initial rate and profile of the well was estimated based on the performance of the other wells in the field.

The Company does not anticipate any unusually high development costs (noting the proposed use of ESPs) or operating costs related to development of the reserves, or contractual obligations to produce and sell a significant portion of production at prices substantially below those which could be realized but for those contractual obligations.

Future Development Costs

Estimated development costs deducted in the estimation of future net revenue attributable to the reserve categories noted below are as follows**:**

Estimated Future Development Costs
Forecast Prices and Costs
As at 31 December 2015
(in thousands of dollars)

Year	Proved Reserves	Proved plus Probable Reserves
2016	657	867
2017	607	607
2018	4,704	4,704
2019	-	-
2020	-	-
Total	**5,968**	**6,178**

The Company expects to fund the above development costs from a combination of existing working capital, cash flow from operations, and new debt or equity issues (if available on favourable terms). The cost of funding is not expected to have an effect on disclosed reserves or future net revenue, or to make the development of the properties uneconomic.

PART 6: OTHER OIL AND GAS INFORMATION

Oil and Gas Properties and Wells

The Company is focusing its activities in the Taranaki Basin on the west coast of the North Island of New Zealand. The Company has a 100% working interest in PMP 55491 ("**Copper Moki Permit**") and PEP 51150 ("**Eltham Permit**"), a 65% interest in PEP 51151 ("**Alton Permit**"), a 50% interest in PML 38138 ("**Tariki Permit**"), PML 38140 ("**Waihapa Permit**") and PML 38141 ("**Ngaere Permit**") (collectively, the "**TWN Permits**"), and a 50% interest in the Waihapa Production Station, a full-cycle midstream processing facility. Collectively, these permits cover 130,150 acres on New Zealand's North Island.

Taranaki Basin

Copper Moki Permit

The Copper Moki PMP was granted on 28 July 2014 for an initial period of 8 years, and was split out of the Eltham Permit. The permit covers 939 acres (3.8km^2). The field comprises the Copper Moki-1 and Copper Moki-2 wells which produce from the Mt Messenger Formation (Late Miocene) using beam pump artificial lift, and associated surface production facilities. Gas is piped to the nearby Waihapa Production Station. In November 2015 a water flood project was started in the Copper Moki-1 pool with the conversion of Waitapu-2 (previously shut in) from an oil producer to a water injection well. Copper Moki-3, a former high water-cut producer, is currently shut in. The wells have collectively produced a total of 360,438 bbl from the Mt. Messenger Formation as at the end of February 2016, including oil produced during testing. The wells produce ~41^o degree API oil that is trucked approximately 45km to the Shell-operated Omata Tank Farm in New Plymouth and sold at Brent pricing.

Eltham Permit

The Eltham Permit was originally granted to the previous permit holder on 23 September 2008 for a period of five years. The Company has been granted an extension for a second five-year term to 23 September 2018, and as part of that process relinquished 50% of the permit area. The total acreage of the current Eltham Permit, is 46,444 acres (187.9 km^2), of which approximately 6,046 acres (24.5 km^2) is offshore.

The Company drilled ten exploration wells on the Eltham Permit, four of which were successful producers and together with Copper Moki-4 were transferred to the Copper Moki PMP. The remaining exploration wells (see "Oil Wells" below) following evaluation, have been deemed unsuccessful/not commercial.

TWN Permits and Waihapa Production Station

The Company closed the acquisition of assets from Origin on 28 October 2013. The assets include three PMLs (the Tariki Permit, Waihapa Permit and Ngaere Permit) ("TWN Permits") covering 23,049 onshore acres that are contiguous with the northern border of the Eltham and Alton Permits, as well as the Waihapa Production Station (collectively, "**TWN Assets**"). The Company holds a 50% interest in the TWN Assets (11,524.6 acres) together with L&M Energy ("**L&M**"), which acquired the other 50%. The Company and L&M have formed a 50/50 joint arrangement to explore, develop and operate the TWN Assets, with the Company acting as the operator.

The TWN Permits expire in June and July 2016 and NZEC has made application for their renewal (see ***Permit Status: Renewals and Relinquishments***).

The TWN Permits offer multi-zone potential from the Urenui, Mt. Messenger, Moki, Tikorangi and Kapuni formations. Included with the TWN Permits were 16 established drill pads, most of which have oil and gas gathering pipelines in place to deliver production to the Waihapa Production Station. The acquisition also included 93 km^2 of 3D seismic data covering the south end of the TWN Permits and 585 km of 2D seismic data, along with log data from 27 previously drilled wells.

In addition to the TWN Permits, the Company and L&M acquired the Waihapa Production Station from Origin, providing gathering, processing and sales infrastructure in the Taranaki Basin. The Waihapa Production Station and associated infrastructure includes a 45 mmcf/d gas processing, gas compression and liquefied petroleum gas extraction facility, a 51-km 8-inch gas sales pipeline from the Waihapa Production Station to the Stratford gas power generation plant then terminating at New Plymouth, 59 km of oil/gas mixed product pipelines including gas lift lines, a 25,000 bbl/d oil processing facility, a 49-km oil sales pipeline from the Waihapa Production Station to the Omata Tank Farm capable of transporting up to 15,500 bbl/d, and an 18,000 bbl/d water disposal processing system.

The Tikorangi Limestone reservoir underlying the TWN Permits was discovered in 1988 and has produced more than 23 million barrels of oil to date through a succession of operators. Field oil production peaked at 15,046 bbl/day in 1994. Currently production is from six Tikorangi wells (two on continuous gas lift and four intermittently) and some minor production from two Mt Messenger wells.

The Company's technical and engineering team has a detailed development plan for the TWN Assets, which includes reactivation using continuous Jet Pump of another Tikorangi well, previously shut in since 1995, and subsequent to that, if approved, the plan would see ESPs installed in 2 of the existing 6 wells. These ESPs combined are expected to produce 15,000 bbl of fluid a day, and draw down the reservoir pressure to beyond historical lows. This method should result in a significant increase to the current oil production. In addition, exploration targets in the Mt. Messenger, Tikorangi and Kapuni formations may be drilled in future exploration programs.

Alton Permit

The Alton Permit is located onshore immediately adjacent to the east of the Eltham Permit. The Company holds a 65% interest in the property and is the operator of the permit, with the remaining 35% interest held by L&M. In November 2013 the partners were granted an extension for a second five-year term to September 2018. As part of the extension the partners were required to relinquish 50% of the permit acreage, resulting in the current configuration of 59,565 onshore acres (241.1 km^2).

The current work program for the Alton Permit requires the Company to drill an exploration well by 22 November 2015. The Company has lodged an application with NZP&M to defer the drilling of the exploration well for 1 year (to November 2016) and restructure the timing of subsequent work programme. A response from NZPAM is awaited on this application.

The Company has identified a drill target in the Mt. Messenger Formation within this permit and has completed the community engagement and technical assessments required to obtain land access consents and permits, so that all the key permits and consents are in place should the decision to drill this target be made.

East Coast Basin

The Company relinquished the East Cape permit in May 2015.

Oil Wells

The following table sets forth the number and status of oil wells in which the Company had a working interest as at 31 December 2015.

			Producing		**Non-Producing**	
Well Name	**Permit Name**	**Purpose**	**Gross**	**Net**	**Gross**	**Net**
Copper Moki-1	Copper Moki	Exploration	1	1	-	-
Copper Moki-2	Copper Moki	Exploration	1	1	-	-
Copper Moki-3	Copper Moki	Exploration	-	-	**1**	**1**
Waitapu-2	Copper Moki	Exploration	-	-	**1**	**1**
Copper Moki-4 (1)	Copper Moki	Exploration	-	-	1	1
Five wells	Eltham	Exploration	-	-	5	5
Toko-2B	Ngaere	Reactivated	1	0.5	-	-
Ngaere-3	Ngaere	Reactivated	1	0.5	-	-
Ngaere-2A	Ngaere	Reactivated	1	0.5	-	-
Ngaere-1	Ngaere	Reactivated	1	0.5	-	-
Waihapa-H1	Waihapa	Reactivated	1	0.5	-	-
Waihapa-6A	Waihapa	Reactivated	1	0.5	-	-
Six other wells	Tariki		-	-	6	3
Six other wells	Waihapa		-	-	6	3
Total			**8**	**5**	**20**	**14**

Notes:
(1) Copper Moki-4 made an oil discovery in the Urenui Formation and following evaluation is deemed not commercial under current conditions.

All of the Company's currently producing wells are oil wells. The Company has not specifically drilled natural gas wells but is actively studying reactivation of one in the Tariki Permit.

Permit Status: Renewals and Relinquishments

The table below outlines the current status and activity associated with NZEC's existing permits:

Permit	Permit name	Expiry	Activity
PML 38138	Tariki	20 July 2016	Permit renewal application
PML 38140	Waihapa	19 June 2016	Permit renewal application
PML 38141	Ngaere	19 June 2016	Permit renewal application
PMP 55491	Copper Moki	27 July 2022	
PEP 51150	Eltham	22 November 2018	
PEP 51151	Alton	22 November 2018	Change of Conditions application

Tariki/Waihapa/Ngaere (TWN) PMLs

The TWN PMLs expire in June 2016 (Waihapa and Ngaere) and July 2016 (Tariki). The Company has the right to apply for an extension to the licence period, which the Minister shall grant provided the applicant satisfies the Minister that the petroleum discovery cannot be economically depleted during the remainder of the term of the PML, the inability to deplete the petroleum discovery is due to causes beyond the control of the applicant and a new work programme is provided.

NZEC made application for renewal of the TWN PMLs in December 2015 (Waihapa and Ngaere) and January 2016 (Tariki). NZEC has subsequently provided additional information on the applications to NZP&M and a response from NZP&M is awaited.

Further substantial work on these licences is on hold pending approval of Licence term extensions from NZP&M.

Copper Moki:

There has been no specific activity related to the PMP.

Eltham & Alton:

These PEPs were granted for an initial period of five years and subject to minimum work requirements. At the end of the initial five-year term, an application was made to NZP&M (and granted) to extend the duration of the permits for a second term of 5 years. A condition for the second term extension for both the Eltham and Alton permits, was the relinquishment of 50% of the area comprising the PEP. With Alton, a further relinquishment of 25% of the original permit area is required by September 2017 (subject to the current Change of Conditions application).

The current work program for the Alton Permit involves the drilling of an exploration well by 22 November 2015. In August 2015 NZEC lodged a change of conditions application with NZP&M to defer the drilling of this exploration well by 1 year (to 22 November 2016) and restructure the timing of the subsequent permit works. A response from NZP&M is awaited on this application.

Both the Eltham and Alton permits expire in September 2018, after which time NZEC is required to either apply for an appraisal extension or, in the event of a petroleum discovery, apply to convert part of the permit area to a Mining Permit (as NZEC did in respect of the Copper Moki petroleum discovery which was converted into a mining permit from the Eltham PEP).

Properties with No Attributed Reserves

The following table sets out the Company's interest in unproved properties as at 31 December 2015:

Permit	Location	Working Interest (%)	Gross Acres	Net Acres
Eltham Permit	Taranaki Basin, New Zealand	100	46,444	46,444
Alton Permit	Taranaki Basin, New Zealand	65	59,713	38,813
Tariki Permit	Taranaki Basin, New Zealand	50	3,566	1,783
Total			**109,723**	**87,040**

The Company estimates that the following expenditures will be required in the five-year period commencing 1 January 2016 to complete the minimum work program and maintain the Company's Eltham and Alton Permits in good standing; otherwise, the relevant PEP must be surrendered. The Company does not know what the minimum work program requirements will be at the end of the existing five-year period, or even if the Company will apply to extend the term; therefore, expenditures beyond the end of the current five-year period have not been estimated.

Permit	Year 1 ($)	Year 2 ($)	Year 3 ($)	Year 4 ($)	Year 5 ($)	Total ($)
Eltham Permit (1)	-	4,274,000	N/A	N/A	N/A	4,274,000
Alton Permit (2)	3,179,000	278,000	3,179,000	N/A	N/A	6,636,000

Notes:
(1) The minimum work program for 2016 requires the Company to prepare a prospectivity report and either commit to a drilling an exploration well in 2017 or to surrender in 2016.
(2) The minimum work program for 2016 assumes drilling a well by 22 November 2016; 2017 - advanced 2D/3D processing to evaluate sub-thrust targets; 2018 - drill a further exploration well. The work programme described assumes a Change of Condition application (lodged with the regulator in 2015 to defer the drilling of the exploration well for 1 year to November 2016 and restructuring the timing of the subsequent work programme) is approved. A response from NZP&M is awaited on this application.

For properties with no attributed reserves, the Company does not anticipate any unusually high development costs or operating costs, the need to build a major pipeline or other major facility, or contractual obligations to produce and sell a significant portion of production at prices substantially below those which could be realized but for those contractual obligations.

Forward Contracts

The Company does not have any forward contracts under which it may be precluded from fully realizing, or may be protected from the full effect of, future market prices for oil or natural gas.

Additional Information Concerning Abandonment and Reclamation Costs

Management estimates abandonment and reclamation costs based on past experience and analysis of industry peers.

Copper Moki Permit

As at 31 December 2015, management expected to incur abandonment and reclamation costs on five net wells located on the Copper Moki Permit. The total undiscounted amount of such costs, net of estimated salvage value, is estimated by the Company to be approximately $2,253,000 (estimated present value of $1,212,000 using a 10% discount rate). Within the next three financial years, the Company estimates that abandonment and reclamation costs, net of estimated salvage value, will total $Nil (estimated present value of $Nil using a 10% discount rate).

Of the abandonment and reclamation costs disclosed above, $367,000 was deducted as abandonment and reclamation costs in estimating the future net revenues disclosed in Part 2 as derived from the Reserve Report.

Eltham Permit

As at 31 December 2015, management expected to incur abandonment and reclamation costs on five net wells located on the Eltham Permit. The total undiscounted amount of such costs, net of estimated salvage value, is estimated by the Company to be approximately $2,115,000 (estimated present value of $1,667,000 using a 10% discount rate). The Company expects this will be incurred within the next three financial years.

Of the abandonment and reclamation costs disclosed above, $847,000 was deducted as abandonment and reclamation costs in estimating the future net revenues disclosed in Part 2 as derived from the Reserve Report.

TWN Permits and Waihapa Production Station

As at 31 December 2015, preliminary estimates carried out by management suggest that the Company's 50% interest in abandonment and reclamation costs related to 18 existing wells (9 net wells) on the TWN Permits is approximately $6,133,000 (estimated present value of $718,000 using a 10% discount rate). In addition, the Company's interest in estimated reclamation costs for the Waihapa Production Station is expected to be approximately $9,334,000 (estimated present value of $1,093,000 using a 10% discount rate).

Of the abandonment and reclamation costs disclosed above, $2,223,000 was deducted as abandonment and reclamation costs in estimating the future net revenues disclosed in Part 2 as derived from the Reserve Report.

Ranui Permit

In December 2013 the Company surrendered the Ranui Permit (PEP 38342), located in the East Coast Basin. As at 31 December 2015, management expected to incur abandonment and reclamation costs on the Ranui Permit related to one well. The total undiscounted amount of such costs, net of estimated salvage value, is estimated by the Company to be approximately $396,000 which is expected to be incurred within the next three financial years.

Tax Horizon

Regulations in New Zealand allow companies with common shareholdings to share losses and tax deductions across those companies, provided that certain requirements are satisfied. These requirements are complex and include a requirement for 49% of continuity of ownership in the loss company, while 66% of commonality of ownership has to exist in the group companies. Depending on the Company's ability to maintain shareholder continuity, as well as on the levels of production, commodity prices and capital expenditures, management currently does not expect to pay any income tax arising from cash flows on either the Copper Moki Permit or the TWN Permits.

Costs Incurred

The following table summarizes the estimated costs incurred for each of the following categories in the most recently completed fiscal year:

Expenditure ($)	**Twelve months ended 31 December 2015**
Property acquisition costs (proved properties)	-
Property acquisition costs (unproved properties)	-
Exploration costs (1)	57,091
Development costs (2)	317,619
Total	**$ 374,710**

Notes:
(1) Includes geological and geophysical capital expenditures and drilling costs for exploration wells.
(2) Includes development drilling, completion and equipping, tie-in and facility costs for all wells.

Exploration and Development Activities

The Company did not drill any exploratory oil wells in the most recently completed fiscal year. The Company's most important current and likely exploration and development activities on its properties in 2016 are as follows:

TWN Permits and Waihapa Production Station

The Company continues to focus its near-term development efforts on the TWN Permits. The Company's objective is to increase production and cash flow while reducing expenses, and believes that opportunities exist on the TWN Permits to achieve this objective. The proposed work programme for 2016/17 includes the installation of two ESPs on the Waihapa-6A and Ngaere-2 wells. The objective of this being to increase total liquid production to 12-16,000 bpd and restore normal decline trend for primary oil recovery, while also attempting to outrun aquifer support, thereby reducing reservoir pressure below historic lows and mobilising stranded oil. Installation of one jet pump is planned to be installed in the 2nd half of 2016.

Copper Moki Permit

The Company will continue to operate its two producing wells with pump-jack/rod pumps. Some development activity is anticipated to upgrade surface facilities for the Copper Moki water flood and to replace the Copper Moki-1 rod pump. Studies are under-way to investigate water-flood support of the Copper-Moki-2 producing oil pool and a review of Copper-Moki-3 to determine the commercial threshold for a pump change-out in this well.

Eltham Permit

The Company is preparing a prospectivity report and will either commit to a drilling an exploration well in 2017 or surrender the permit in 2016 and will continue to reprocess and review seismic data covering the Eltham Permit in order to prioritize targets for future drilling.

Alton Permit

A Change of Condition application has been lodged with the regulator to defer the drilling of an exploration well for one year from November 2015 to November 2016, and restructuring the timing of the subsequent work programme. A response from NZP&M is awaited on this application. Should this drilling proceed, the Company will be responsible for contributing 65% of the development costs. The Company has received the necessary consents for drilling.

Production Estimates

The following table sets out the volumes of production estimated for the year ending 31 December 2016 from the Copper Moki, Waihapa and Ngaere permits, which is reflected in the estimate of future net revenue disclosed in the forecast price tables contained earlier in Part 2 of this statement of reserves data.

Category	**Light and Medium Oil (bbl/d)**	**Natural Gas (Mcf/d)**	**Natural Gas Liquids (bbl/d)**	**Barrels of Oil Equivalent (BOE/d)**
	Copper Moki Permit			
Gross Proved Production	88.1	139.9	-	111.4
Gross Probable Production	12.1	19.0	-	15.3
	Waihapa and Ngaere Permits			
Gross Proved Production	76.1	127.8	-	97.4
Gross Probable Production	17.1	14.8	-	19.6

Production History

The Company started producing from its wells on the Copper Moki Permit as follows: Copper Moki-1, December 2011; Copper Moki-2, April 2012; Copper Moki-3, June 2012; Waitapu-2, December 2012. The Company started producing from its six reactivated wells on the TWN Permits in November 2013. The following table summarizes certain information regarding estimated production, product prices received, estimated royalties incurred, estimated operating expenses and the estimated resulting netback for the year ended 31 December 2015:

	Quarter Ended				Year Ended
	31 Mar 2015	30 Jun 2015	30 Sep 2015	31 Dec 2015	31 Dec 2014
Average Daily Production (NZEC share)					
Light and medium oil (bbl/d)	140	111	115	94	200
Gas (Mcf/d)	-	-	-	-	-
Natural gas liquids (bbl/d)	-	-	-	-	-
Average Prices Received					
Light and medium oil ($/bbl)	60.34	73.45	57.41	51.47	104.39
Gas ($/Mcf)	-	-	-	-	-
Natural gas liquids ($/bbl)	-	-	-	-	-
Royalties Paid (NZEC share)					
Light and medium oil ($/bbl)	4.06	6.78	2.79	4.07	9.21
Gas ($/Mcf)	-	-	-	-	-
Natural gas liquids ($/bbl)	-	-	-	-	-
Production Costs ($/bbl) (NZEC share)	21.71	25.86	26.12	37.94	27.30
Field Netback Received ($/bbl)	34.58	40.80	28.50	9.46	67.88

The Company's working interest share of production volumes, in total and for each important field, for the year ended 31 December 2015, are set out in the following table.

Production Volume	**Light and Medium Oil (bbl)**	**Natural Gas (Mcf)**
Copper Moki Permit	20,375	-
Waihapa and Ngaere Permits	21,637	-
Total	**42,012**	**-**