New Zealand Energy Corp.
(formerly 0894134 B.C. Ltd.)

Consolidated Financial Statements

December 31, 2010

(Canadian Funds)

July 19, 2011

Independent Auditor's Report

To the Shareholders of New Zealand Energy Corp.

We have audited the accompanying consolidated financial statements of New Zealand Energy Corp., which comprise the consolidated balance sheet as at December 31, 2010 and the consolidated statement of changes in equity, comprehensive loss and cash flows for the period from October 29, 2010 to December 31, 2010, and the related notes including a summary of significant accounting policies.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of New Zealand Energy Corp. as at December 31, 2010 and the results of its operations and its cash flows for the period from October 29, 2010 to December 31, 2010 in accordance with International Financial Reporting Standards.

Signed "PricewaterhouseCoopers LLP"

Chartered Accountants

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New Zealand Energy Corp.
(formerly 0894134 B.C. Ltd.)
(An Exploration Stage Corporation)
Consolidated Balance Sheet

		December 31, 2010
Assets		
Current		
Cash and cash equivalents	$	**6,193,317**
Amounts receivable		**36,333**
		6,229,650
Deposit		**11,450**
Resource property *(Note 5)*		**60,222**
	$	**6,301,322**
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 6)*	$	**127,624**
Due to related parties *(Note 8)*		**244,334**
		371,958
Shareholders' Equity		
Share capital *(Note 7)*		**5,921,500**
Shares subscribed *(Note 7)*		**350,000**
Contributed Surplus *(Note 7)*		**9,996,000**
Deficit		**(10,338,136)**
		5,929,364
	$	**6,301,322**

Subsequent events (Note 12)

These consolidated financial statements are authorized for issuance by the Board of Directors on July 19, 2011.

On behalf of the Board:

"John G. Proust"
John G. Proust, Director

"Bruce G. McIntyre"
Bruce G. McIntyre, Director

See accompanying notes to the consolidated financial statements.

New Zealand Energy Corp.
(formerly 0894134 B.C. Ltd.)
(An Exploration Stage Corporation)
Consolidated Statement of Changes in Equity
For the Period from Incorporation at October 29, 2010 to December 31, 2010

	Number of Shares	Share Capital	Shares Subscribed	Contributed Surplus	Deficit	Total Equity
Balance at Incorporation, October 29, 2010	**-**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Common shares, at $0.0001 (Note 7)	40,000,000	4,000	-	9,996,000	-	10,000,000
Common shares, at $0.25 (Note 7)	23,670,000	5,917,500	-	-	-	5,917,500
Shares subscribed (Note 7)	-	-	350,000	-	-	350,000
Total comprehensive loss for the period	-	-	-	-	(10,338,136)	(10,338,136)
Balance, December 31, 2010	**63,670,000**	**$ 5,921,500**	**$ 350,000**	**$ 9,996,000**	**$ (10,338,136)**	**$ 5,929,364**

See accompanying notes to the consolidated financial statements.

New Zealand Energy Corp.
(formerly 0894134 B.C. Ltd.)
(An Exploration Stage Corporation)
Consolidated Statement of Comprehensive Loss
For the Period from Incorporation at October 29, 2010 to December 31, 2010

Expenses		
Stock-based compensation (Note 7)	$	**9,996,000**
Management fees		**192,000**
Professional fees		**94,802**
Travel and promotion		**28,865**
General exploration		**18,440**
Foreign exchange loss		**3,667**
Office and general		**2,850**
Filing fees		**1,512**
Loss and comprehensive loss for the period	**$**	**(10,338,136)**
Basic and diluted loss per share	**$**	**(0.24)**
Weighted average shares outstanding		**43,005,714**

See accompanying notes to the consolidated financial statements.

New Zealand Energy Corp.
(formerly 0894134 B.C. Ltd.)
(An Exploration Stage Corporation)
Consolidated Statement of Cash Flows
For the Period from Incorporation at October 29, 2010 to December 31, 2010

Operating Activities		
Loss for the period	$	(10,338,136)
Stock-based compensation		9,996,000
Change in non-cash working capital items:		
Amounts receivable		(36,333)
Due to related parties		222,022
Accounts payable and accrued liabilities		105,977
Cash used in operating activities		(50,470)
Investing Activities		
Expenditures on resource property		(16,263)
Deposit		(11,450)
Cash used for investing activities		(27,713)
Financing Activities		
Shares subscribed		350,000
Shares issued		5,921,500
Cash provided by financing activities		6,271,500
Net increase in cash during the period		6,193,317
Cash, beginning of the period		-
Cash, end of the period	$	6,193,317
Supplemental cash flow disclosures		
Accounts payable related to resource property at December 31, 2010	$	21,647
Related party payable related to resource property at December 31, 2010	$	22,312

See accompanying notes to the consolidated financial statements.

1. GENERAL INFORMATION

New Zealand Energy Corp. (“the Corporation”) commenced Operations on April 19, 2010 through its now wholly owned subsidiary, East Coast Energy Venture Limited. The Corporation was subsequently incorporated under the name 0894134 B.C. Ltd. pursuant to the *Business Corporation Act* (British Columbia) on October 29, 2010. On November 10, 2010 0894134 B.C Ltd. changed its name to New Zealand Energy Corp.

The Corporation, through its subsidiaries, is engaged in the acquisition, exploration and development of conventional and unconventional oil and natural gas projects in New Zealand. Since incorporation, the Corporation has completed private placement financings, established an operational structure, set up offices in Vancouver, British Columbia and Wellington, New Zealand, engaged key personnel and acquired its current oil and natural gas assets.

The Corporation’s registered and records office is located at suite 1200-750 West Pender Street, Vancouver, British Columbia V6C 2T8. The Corporation’s head office is located at suite 1500-885 West Georgia Street, Vancouver British Columbia, V6C 3E8.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly-owned New Zealand incorporated subsidiaries, East Coast Energy Venture Limited, ECEV II Limited, Taranaki Ventures Limited and New Zealand Offshore Ventures Limited. Control exists when the Corporation has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All inter-company balances and transactions, income and expenses have been eliminated upon consolidation.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Corporation’s subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the Functional currency”).

The consolidated financial statements are presented in Canadian dollars.

Transactions in foreign currencies are initially recorded in the Corporation’s functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities of the Corporation that are denominated in foreign currencies are re-translated to the functional currency at the exchange rate prevailing at the end of each reporting period. Non-monetary assets and liabilities are measured in terms of historical cost in a foreign currency and are translated using the exchange rate at the date of the transaction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Foreign currency translation (Cont'd)

(b) Subsidiaries

The results and financial position of subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses for each income statement are translated at average exchange rates for the period; and
- All resulting exchange differences are recognized as in other comprehensive income as cumulative translation adjustments.

On consolidation, exchange differences arising from the translation of the new investment in foreign entities are taken in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in the income statement of the gain or loss on sale.

Cash and cash equivalents
Cash is comprised of cash on hand. Cash equivalents consists of short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Accounts Receivable
Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method less any provisions for uncollectible accounts.

Exploration expenditures
The Corporation has adopted the successful efforts method of accounting for oil and gas exploration costs as described below:

Geological and geophysical exploration costs are written off to the statement of comprehensive loss as incurred with the exception that costs that are developmental in nature are capitalised as development costs and subject to impairment review in accordance with the accounting policy - 'Impairment of non-financial assets'.

The costs of drilling exploration wells are capitalised until drilling and testing are complete. If it is proven that a well contains no economically recoverable hydrocarbon reserves, the costs are written off to the statement of comprehensive loss. Acquisition cost such as costs of acquiring permits are capitalized as part of the resource property. The costs of successful wells are aggregated with development costs and subject to impairment review in accordance with the accounting policy - 'Impairment of non-financial assets'.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Impairment of non-financial Assets

Assets that have an indefinite useful life are not subject to amortization or depreciation and are tested annually for impairment. Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment testing, development costs are allocated to cash-generating units to which the exploration activity relates. A cash-generating unit is determined as the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

The Corporation has not recorded any impairment charges in the period presented.

Accounts payable and accrued liabilities

Trade and other payables represent liabilities for goods and services provided to the Corporation prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

Provisions / Restoration provisions

The Corporation recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-lived assets in the period when the liability arises. The net present value of the asset retirement obligation is capitalized to the long-lived asset to which it relates with a corresponding increase to the liability in the period incurred.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying the effective interest rate method. The amount will be recognized as an increase in the liability and interest expense in the statement of comprehensive loss. Changes resulting from revisions to the timing, discount rates, regulatory requirements or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Corporation's estimates are reviewed at the end of each reporting period for such changes.

The Corporation does not have any significant asset retirement obligations.

Share Capital

Common Shares Issued for non-mandatory consideration are recorded at their fair value on the measurement date. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Share-based payment transaction
The share option plan allows the Company's employees and consultants to acquire shares of the Corporation. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Income taxes
Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Corporation does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Loss per share
The Corporation presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

Significant Accounting Estimates and Judgments
The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statement and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Accounting Pronouncements Not Yet Effective

The Corporation has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for our accounting periods beginning on or after January 1, 2011. These include:

- IAS 24 – Related Party Disclosures
- IAS 27 – Separate Financial Statements
- IAS 28 – Investments in Associates and Joint Ventures
- IFRS 9 – Financial Instruments: Classification and Measurement
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement

The Corporation anticipates that, except for additional disclosures, the adoption of these standards and interpretations in future periods will have no material effect on the consolidated financial statements of the Corporation.

3. FINANCIAL RISK MANAGEMENT

The Corporation's activities expose it to a variety of financial risks; market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Corporation.

This note presents information about the Corporation's exposure to each of these risks, the Corporation's objectives and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework.

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Corporation incurs expenditures in currencies other than Canadian dollars and is thereby exposed to foreign exchange risk arising from currency exposures.

The exposure of the Corporation's cash and cash equivalents to foreign exchange risk is as follows:

Currency	Foreign Currency amount	Canadian dollars amount
United States dollars		
Cash and cash equivalents	$ 197,390	$ 196,324

3. FINANCIAL RISK MANAGEMENT *(Cont'd)*

Based on the above net exposures and assuming that all other variables remain constant, a 10% depreciation of United States dollar against the Canadian dollar would result in an increase in the loss of approximately $17,945 in the period.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to amounts receivable, including committed transactions.

There is no significant concentration of credit risk other than cash deposits. The Corporation's cash deposits are primarily held with a Canadian chartered bank.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and/or marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to pay obligations as they fall due. Financial liabilities, at December 31, 2010, included $127,624 of accounts payable and accrued liabilities that have a contractual maturity date of less than one year from December 31, 2010. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.
The Corporation is currently considering funding options that are available including raising additional funds from institutional investors and/or current shareholders and is confident that funding will be available to meet the final work program.

Interest rate risk

As the Corporation does not have significant interest-bearing assets, the Corporation's income and operating cash flows are not significantly affected by changes in market interest rates.

The Corporation has no debt which carries interest rate risk.

4. CAPITAL RISK MANAGEMENT

The Corporation's capital includes share capital, shares subscribed, contributed surplus and the cumulative deficit. The Corporation's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Corporation manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Corporation may issue new shares in order to meet its financial obligations.

5. RESOURCE PROPERTY

	Taranaki Basin New Zealand	East Coast Basin New Zealand	Total
Balance, October 29, 2010	$ -	$ -	$ -
Acquisition costs	-	10,713	10,713
Exploration costs			
Consulting	8,268	37,941	46,209
Geological and other	-	3,300	3,300
Balance December 31, 2010	$ 8,268	$ 51,954	$ 60,222

Taranki Basin, New Zealand

Eltham Permit

During the period ended December 31, 2010, the Corporation, through its wholly owned New Zealand subsidiary, Taranaki Ventures Limited, entered into a deed of assignment providing for the transfer of the Eltham permit to Taranaki Ventures Limited. The Eltham Permit covers approximately 92,417 acres (374 km^2) of which 31,877 acres (129 km^2) is offshore in shallow water. Subsequent to period end, Crown Minerals (the applicable New Zealand Government ministry department) granted consent to the assignment of the Eltham Permit to Taranaki Ventures Limited.

East Coast Basin, New Zealand

Castlepoint Permit

During the period ended December 31, 2010, the Corporation, through its wholly owned New Zealand subsidiary East Coast Energy, was granted the Castlepoint Permit by Crown Minerals. The Castlepoint Permit is comprised of 551,042 onshore acres (2,230 km^2), on the east coast of New Zealand's North Island. It lies approximately 70 miles to the northeast of Wellington.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2010
Accrued expenses	$ 24,500
Trade payables	103,124
Balance, December 31, 2010	**$ 127,624**

7. SHARE CAPITAL

The Corporation has an unlimited number of common shares without par value authorized for issuance.

During the period ended December 31, 2010, the Corporation completed seed financings comprised of 40,000,000 common shares issued at a price of $0.0001 and 23,670,000 common shares issued at a price of $0.25 per share. The Corporation also received $350,000 in advance for future share issuances, $100,000 of which was returned subsequent to December 31, 2010.

The fair value of the 40,000,000 common shares, issued at $0.0001 per share, in escrow shares issued to the founders of the Corporation was determined to be $10,000,000, or $0.25 per share. As a result, $9,996,000 of stock-based compensation was expensed in the period.

All common shares owned or controlled by the principals will be escrowed at the time of the initial public offering and have been recognized in contributed surplus. The shares will be released and reclassified for share capital over 36 months in accordance with National Policy 46-201.

8. RELATED PARTY TRANSACTIONS

The names of persons who were directors of the Corporation at any time during the period are as follows: John Proust, John Greig, Bruce McIntyre, Ken Truscott and Hamish Campbell.

Key management and personnel compensation

The key management personnel include the Directors and other Officers of the corporation. Key management compensation consists of management fees of $192,000 and share based compensation of $9,996,000 for the period ended December 31, 2010.

Year-end balances arising from purchases of goods and services resulted in the Corporation:

(i) owing the President $6,932.

(ii) owing Wexford Energy Ltd., a private company controlled by the President $71,680.

(iii) owing the CEO $22,362.

(iv) owing J. Proust & Associates Inc., a private company controlled by the CEO $143,360.

The above transactions occurred in the normal course of operations and were measured at the exchange value which represented the consideration established and agreed to by the related parties. The related party balances have no fixed payment term and bear no interest.

Certain directors of the Corporation agreed to make sufficient resources available to East Coast Energy and ECEV II if those companies do not have sufficient resources to pay any fees or other amounts due under the Crown Mineral Act 1991 and regulation thereunder, or to perform any obligations under the Castlepoint Permit and the East Cape Permit work programs. The undertaking will remain in place until Crown Minerals (the local New Zealand Government registry) provides a release to the named directors. The Corporation intends to seek a release of the undertaking upon completion of the Company's initial public offering (Note 12a).

9. INCOME TAX

A reconciliation of the income tax benefit determined by applying the Canadian income tax rates to the consolidated loss for the period ended December 31, 2010 has been prepared as follows:

		2010
Loss before income taxes	$	10,338,136
Income tax recovery at statutory rates	$	(2,946,369)
Permanent difference – Stock-based compensation		2,848,860
Effect of tax rates in other jurisdictions		92
Change in statutory tax rate		11,883
Changes in valuation allowance		85,534
Deferred income tax expense	$	-

The significant components of the Corporation's deferred income tax assets and liabilities are as follows:

		December 31, 2010
Deferred income tax assets (liabilities):		
Non-capital losses available for future periods	$	100,590
Resource property		(15,056)
Valuation allowance		(85,534)
	$	-

The above losses available for future years have been determined by applying a Canadian income tax rate of 28.5% and a New Zealand tax rate of 28%. These tax benefits have not been recognized in the consolidated financial statements, as the benefits are not, more likely than not, going to be realized.

Subject to certain restrictions, the Corporation has operating losses of approximately $402,358 available to reduce future taxable income as follows:

		Canada		Foreign		Total
Expiring - 2030	$	323,696	$	-	$	323,696
Carry-forward indefinitely		-		78,662		78,662
Total	$	323,696	$	78,662	$	402,358

10. SEGMENTED INFORMATION

The Corporation conducts its business as a single operating segment being the acquisition and exploration of oil and gas properties in New Zealand. All resource properties are situated in New Zealand.

11. COMMITMENTS

a. The Corporation participates in oil and gas exploration operations and is contractually committed under various agreements to complete certain exploration programs. The Corporation's management estimates that the total commitments for the fiscal 2011 under its current permits held at December 31, 2010 are as follows:

Oil and Gas Property	Working Interest %	Work Commitment or Obligation to December 31, 2011
PEP 51150 Eltham	100	$ 6,361,688
PEP 52694 Castlepoint	100	364,000
Total		$ 6,725,688

The Corporation may choose to alter the exploration programs, request extensions, and reject development costs, relinquish certain permits or farm out its interest in permits where practical.

The Corporation's total commitments include those that are required to be incurred to maintain its permits in good standing during the current permit term, prior to the Corporation's committing to the next stage of the permit term where additional expenditure would be required.

b. The Corporation has the following rental and professional service commitments at December 31, 2010:

2011 - $572,885
2012 - $1,936

12. SUBSEQUENT EVENTS

Subsequent to December 31, 2010:

a. Pursuant to a prospectus filed with the securities regulatory authorities in each of the provinces of Canada, other than Quebec, dated July 19, 2011, and an Agency Agreement between the Corporation, GMP Securities and Canaccord Genuity Corp. (collectively "the Agent") dated effective as of February 23, 2011 (the "Agency Agreement"), the Corporation is offering 20,000,000 common shares at $1.00 per share to the public ("the Offering"). The Agent will receive a commission of 6% of the gross proceeds of the Offering payable in a combination of cash and common shares of the Corporation, as well as reimbursement of related expenses and legal fees. Pursuant to the Agency Agreement and subject to the closing of the offering, the Agent will be granted:

i. To grant to the advisors, advisor warrants to purchase that number of common shares equal to 3% of the aggregate number of shares sold under the offering for a period of 18 months from the closing date.

ii. To grant the agents an over-allotment option exercisable, in whole or in part, from time to time, in the sole discretion of the advisor for an aggregate amount of additional common shares equal to 15% of the number of common shares sold under the offering. The purchase price of each additional share under the over-allotment option will equal the offering price.

12. SUBSEQUENT EVENTS *(Cont'd)*

iii. In addition, the Corporation has agreed to pay a commission of 6% of the common shares sold pursuant to the over-allotment option, which is payable in a combination of cash or common shares. The Corporation has agreed to grant to the advisors, advisor over-allotment warrants equal to 3% of the aggregate number of additional common shares sold and issued pursuant to the exercise of the over allotment option. The advisor over-allotment warrants are exercisable on the same terms as the advisor warrants.

b. Subsequent to year end, the Corporation has committed to grant Stock Options to directors, officers and consultants to purchase an aggregate 4,828,000 common shares at the Offering Price for a period of five years from the Listing Date. These Stock Options will vest over a 24 month period, with 25% of the Stock Options vesting every six months after the Listing Date.

c. On January 6, 2011 the Corporation issued 1,200,000 Common Shares of the Corporation by way of private placement at a price of $0.25 per Common Share. No commissions were paid on the offering.

d. On January 21, 2011 the Corporation issued 3,130,000 Common Shares of the Corporation by way of private placement at a price of $0.25 per Common Share. No commissions were paid on the offering.

e. On January 24, 2011 the Corporation incorporated NZ Holdings Pte. Ltd., a Singapore based holding company.

f. On February 4, 2011 the Corporation incorporated NZEC Management Limited ("NZML"), a New Zealand company as its local management company. On February 11, 2011 the Corporation incorporated ECEV III Limited, a New Zealand company, to hold the Ranui Permit.

g. On February 11, 2011 the Corporation issued 7,010,000 Common Shares of the Corporation by way of private placement at a price of $0.75 per Common Share. No commissions were paid on the offering.

h. The Corporation's wholly owned subsidiary, NZML, entered into an asset purchase agreement dated February 21, 2011 (the "IRBA Agreement") with Ian R. Brown Associates Limited ("IRBA"), a private company wholly owned by Ian R. Brown, who is now the Chief Operating Officer of the Corporation, and his wife, pursuant to which NZML acquired certain IRBA's assets and agreed to offer employment to certain IRBA employees. In consideration for the IRBA Agreement, NZML paid $400,000 to IRBA and the Corporation issued 2,000,000 Common Shares of the Corporation to IRBA, at a deemed price of $0.50 per Common Share. See "Interest of Management and Others in Material Transactions".

i. On February 22, 2011, the Corporation's wholly owned subsidiary, ECEV III Limited, entered into a Deed of Assignment with Discovery Geo Corporation ("Discovery Geo") pursuant to which Discovery Geo agreed to assign its 100% interest in the Ranui Permit to ECEV III Limited. The Corporation has agreed to pay $US 1,000,000 and issue 1,000,000 Common Shares at a deemed price of $0.75 per share to Discovery Geo upon satisfaction of a number of conditions including assignment of the Ranui Permit to ECEV III Limited .

12. SUBSEQUENT EVENTS *(Cont'd)*

j. On February 23, 2011 the Corporation incorporated NZOV II Limited, a New Zealand company.

k. On March 3, 2011, the Corporation was granted the assignment of the Eltham Permit by Crown Minerals.

l. On March 24, 2011, East Coast Energy Ventures Limited, a wholly owned subsidiary of the Corporation, submitted an application to Crown Minerals requesting a transfer of the East Cape Permit application from East Coast Energy Ventures Limited to ECEV II Limited, a New Zealand company incorporated by the Corporation to hold the East Cape Permit.

m. The Corporation entered into an agreement with L&M Energy Limited ("L&M"), the holder of the remaining 50% working interest in the Alton Permit. Pursuant to the agreement, L&M agreed to waive its pre-emptive right to acquire the AGLUGM interest in the Alton Permit and transfer its operatorship of the permit to the Corporation, to take effect upon the transfer of AGLUGM's 50% interest to the Corporation.

n. The Corporation entered into an asset purchase agreement with AGL Upstream Gas (MOS) Pty Limited ("AGLUGM"), a wholly owned subsidiary of AGL Energy Limited, pursuant to which the Corporation acquired AGLUGM's 50% working interest in the Alton Permit. The Alton Permit is offsetting the Corporation's Eltham Permit in the Taranaki Basin.