



**First Quarter 2012  
Condensed Consolidated Interim Financial Statements**

**March 31, 2012**

(Expressed in Canadian Dollars)

New Zealand Energy Corp.

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS**

(Expressed in Canadian Dollars)

(Unaudited)

	March 31, 2012 \$	December 31, 2011 \$
<b>Assets</b>		
Current		
Cash and cash equivalents	70,498,372	16,144,609
Accounts and other receivables (Note 3)	2,973,894	1,683,663
Prepaid expenses	137,971	139,424
Inventories (Note 4)	2,557,694	1,325,649
	<b>76,167,931</b>	<b>19,293,345</b>
Deposit	11,768	11,768
Proprietary database	545,710	285,481
Property, plant and equipment (Note 5)	8,150,802	5,509,511
Exploration and evaluation assets (Note 6)	12,103,712	6,052,699
	<b>96,979,923</b>	<b>31,152,804</b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	5,708,436	1,185,746
Due to related parties (Note 7)	22,440	42,716
Current portion of asset retirement obligations (Note 8)	35,864	34,485
	<b>5,766,740</b>	<b>1,262,947</b>
Asset retirement obligations (Note 8)	250,559	120,429
	<b>6,017,299</b>	<b>1,383,376</b>
<b>Shareholders' equity</b>		
Share capital (Note 9a)	93,284,418	33,827,912
Foreign currency translation reserve	353,247	(82,895)
Contributed surplus	13,873,139	12,935,481
Accumulated deficit	(16,548,180)	(16,911,070)
	<b>90,962,624</b>	<b>29,769,428</b>
	<b>96,979,923</b>	<b>31,152,804</b>

These consolidated financial statements are authorized for issuance by the Board of Directors on May 29, 2012.

**On behalf of the Board of Directors**

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

"Ken Truscott"  
Ken Truscott, Director

*See accompanying notes to the condensed consolidated interim financial statements.*

New Zealand Energy Corp.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Shares	Share Capital	Share Subscribed	Contributed Surplus (stock-based payment)	Contributed Surplus (agent's warrants)	Foreign Currency Translation Reserve	Accumulated Deficit	Total Equity
		\$	\$	\$	\$	\$	\$	\$
<b>Balance, December 31, 2011</b>	<b>100,609,105</b>	<b>33,827,912</b>	-	<b>12,712,018</b>	<b>223,463</b>	<b>(82,895)</b>	<b>(16,911,070)</b>	<b>29,769,428</b>
Common shares, at \$3.00 (Note 9a)	21,160,000	63,480,000	-	-	-	-	-	63,480,000
Share issue cost	-	(4,023,494)	-	-	-	-	-	(4,023,493)
Stock-based compensation	-	-	-	937,658	-	-	-	937,657
Net income for the period	-	-	-	-	-	-	362,890	362,890
Other comprehensive income for the period	-	-	-	-	-	436,142	-	436,142
<b>Balance, March 31, 2012</b>	<b>121,769,105</b>	<b>93,284,418</b>	-	<b>13,649,676</b>	<b>223,463</b>	<b>353,247</b>	<b>(16,548,180)</b>	<b>90,962,624</b>
<b>Balance, December 31, 2010</b>	<b>63,670,000</b>	<b>5,921,500</b>	<b>350,000</b>	<b>9,996,000</b>	-	-	<b>(10,338,136)</b>	<b>5,929,364</b>
Common shares, at \$0.25 (Note 9a)	3,330,000	832,500	-	-	-	-	-	832,500
Common shares, at \$0.75 (Note 9a)	7,010,000	5,257,500	-	-	-	-	-	5,257,500
Shares subscribed	1,000,000	250,000	(350,000)	-	-	-	-	(100,000)
Shares issued on asset acquisition, at deemed price \$0.50 (Note 9a)	2,000,000	-	-	1,000,000	-	-	-	1,000,000
Net loss for the period	-	-	-	-	-	(48,064)	-	(48,064)
Other comprehensive loss for the period	-	-	-	-	-	-	(1,830,690)	(1,830,690)
<b>Balance, March 31, 2011</b>	<b>77,010,000</b>	<b>12,261,500</b>	-	<b>10,996,000</b>	-	<b>(48,064)</b>	<b>(12,168,826)</b>	<b>11,040,610</b>

See accompanying notes to the condensed consolidated interim financial statements.

New Zealand Energy Corp.

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

(Expressed in Canadian Dollars)

(Unaudited)

	March 31, 2012 \$	March 31, 2011 \$
<b>Revenues</b>		
Oil sales	4,087,676	-
Royalties	(178,993)	-
	3,908,683	-
<b>Expenses and other items</b>		
Production costs	771,309	-
Depreciation and accretion	922,833	10,412
Stock-based compensation (Note 9a and Note 9d)	579,230	1,000,000
General and administrative (Note 10)	1,261,136	826,122
Finance income	(18,311)	(7,455)
Foreign exchange loss	29,596	1,611
	3,545,793	1,830,690
<b>Net income (loss) for the period</b>	362,890	(1,830,690)
Exchange difference on translation of foreign currency	436,142	(48,064)
<b>Total comprehensive income (loss) for the period</b>	799,032	(1,878,754)
Basic earnings (loss) per share	0.00	(0.03)
Diluted earnings (loss) per share	0.00	(0.03)
Weighted average shares outstanding	102,934,380	72,131,778

*See accompanying notes to the condensed consolidated interim financial statements.*

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

(Expressed in Canadian Dollars)

(Unaudited)

	March 31, 2012	March 31, 2011
	\$	\$
<b>Operating activities</b>		
Net income (loss) for the period	362,890	(1,830,690)
Stock-based compensation	579,230	1,000,000
Depreciation and accretion	922,833	10,412
Foreign exchange loss	29,596	1,611
Change in non-cash working capital items		
Accounts and other receivables	(1,290,230)	(660,907)
Prepaid expenses	1,454	(24,735)
Inventories	(1,098,488)	-
Due to related parties	(20,276)	(196,944)
Accounts payable and accrued liabilities	514,110	150,102
<b>Cash provided by (used in) operating activities</b>	<b>1,119</b>	<b>(1,551,151)</b>
<b>Investing activities</b>		
Expenditures on resource properties	(3,860,822)	(2,975,260)
Acquisition of proprietary database	(135,951)	(326,927)
Purchase of property and equipment	(1,105,545)	(67,912)
Deposit	-	3,074
<b>Cash used for investing activities</b>	<b>(5,102,318)</b>	<b>(3,367,025)</b>
<b>Financing activities</b>		
Shares subscribed	-	(100,000)
Shares issued (net of share issue cost)	59,456,506	6,090,000
<b>Cash provided by financing activities</b>	<b>59,456,506</b>	<b>5,990,000</b>
Effect of exchange rate changes on cash	(1,544)	(49,722)
<b>Net increase in cash during the period</b>	<b>54,355,307</b>	<b>1,071,824</b>
<b>Cash, beginning of the period</b>	<b>16,144,609</b>	<b>6,193,317</b>
<b>Cash, end of the period</b>	<b>70,498,372</b>	<b>7,215,419</b>
<b>Supplemental cash flow disclosures</b>		
Accounts payable related to resource property at March 31	4,611,906	59,907

*See accompanying notes to the condensed consolidated interim financial statements.*

**New Zealand Energy Corp.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**March 31, 2012**  
(Expressed in Canadian Dollars)

**1. GENERAL INFORMATION**

New Zealand Energy Corp. (“the Corporation”) commenced operations on April 19, 2010 through its now wholly-owned subsidiary, East Coast Energy Ventures 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 production, acquisition, exploration and development of conventional and unconventional oil and natural gas resources in New Zealand.

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.

The Corporation’s shares are listed on the TSX Venture Exchange under the symbol “NZ” and on the OTCQX International Exchange under the symbol “NZERF”.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2011, which have been prepared in accordance with IFRS as issued by the IASB.

The Company has used the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended December 31, 2011.

These condensed consolidated interim financial statements were approved for issuance by the Company’s Board of Directors on May 29, 2012.

**3. ACCOUNTS AND OTHER RECEIVABLES**

	March 31, 2012 \$	December 31, 2011 \$
Trade receivables	2,052,679	1,211,680
Other receivables	921,215	471,983
	2,973,894	1,683,663

**New Zealand Energy Corp.**  
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**4. INVENTORIES**

	March 31, 2012 \$	December 31, 2011 \$
Materials and supplies	2,174,593	1,222,738
Oil inventories	383,101	102,911
	2,557,694	1,325,649

During the period ended March 31, 2012, \$1,692,942 of inventory cost was expensed to the statement of comprehensive income (loss).

**5. PROPERTY, PLANT AND EQUIPMENT**

	Computer Equipment \$	Land \$	Building \$	Equipment and Fixture \$	Furniture \$	Oil and Gas Properties \$	Total \$
<b>Cost</b>							
Balance, December 31, 2010	-	-	-	-	-	-	-
Additions	233,969	-	-	-	28,428	-	262,397
Transfer from exploration and evaluation assets	-	-	-	-	-	5,557,577	5,557,577
Foreign currency translation adjustment	2,734	-	-	-	1,969	-	4,703
Balance, December 31, 2011	236,703	-	-	-	30,397	5,557,577	5,824,677
Additions	20,535	404,678	580,932	82,154	17,246	-	1,105,545
Reclassification	(148,226)	-	-	-	-	-	(148,226)
Transfer exploration and evaluation assets	-	-	-	-	-	2,578,184	2,578,184
Foreign currency translation adjustment	2,843	(198)	(283)	(40)	972	178,017	181,311
Balance, March 31, 2012	111,855	404,480	580,649	82,114	48,615	8,313,778	9,541,491
<b>Accumulated depreciation</b>							
Balance, December 31, 2010	-	-	-	-	-	-	-
Depreciation and depletion charge	11,529	-	-	-	5,533	297,983	315,045
Foreign currency translation adjustment	82	-	-	-	39	-	121
Balance, December 31, 2011	11,611	-	-	-	5,572	297,983	315,166
Depreciation and depletion charge	8,752	-	-	-	1,937	1,055,189	1,065,878
Foreign currency translation adjustment	369	-	-	-	179	9,097	9,645
Balance, March 31, 2012	20,732	-	-	-	7,688	1,362,269	1,390,689
<b>Net book value</b>							
Balance, December 31, 2011	225,092	-	-	-	24,825	5,259,594	5,509,511
Balance, March 31, 2012	91,123	404,480	580,649	82,114	40,927	6,951,509	8,150,802

During 2011, the Corporation determined that its Copper Moki-1 well was technically feasible and commercially viable. Accordingly, exploration and evaluation assets of \$5,557,577 were transferred to property, plant and equipment. The Copper-Moki-1 well commenced commercial production on December 10, 2011 and the oil and gas properties correspondingly were depreciated from this date onwards.

During the period ended March 31, 2012, the Corporation determined that its Copper Moki-2 well was technically feasible and commercially viable. Accordingly, exploration and evaluation assets of

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\$2,578,184 were transferred to property, plant and equipment on March 31, 2012. The Copper Moki-2 well commenced commercial production subsequent to the period end (April 1, 2012).

**6. EXPLORATION AND EVALUATION ASSETS**

	Taranaki Basin, New Zealand \$	East Coast Basin, New Zealand \$	Total \$
Balance, December 31, 2010	8,268	51,954	60,222
Acquisition cost	2,171,623	2,378,693	4,550,316
Exploration costs			
Consulting	354,351	-	354,351
Geological	-	39,827	39,827
Well development	8,133,464	499,017	8,632,481
Recoveries	(950,440)	-	(950,440)
Stock-based compensation capitalized	283,670	229,445	513,115
Other	435,994	435,070	871,064
Asset retirement cost	145,780	-	145,780
Transferred to property, plant and equipment	(5,557,577)	-	(5,557,577)
Talon-1 well impairment	(2,544,131)	-	(2,544,131)
Foreign currency translation adjustment	(3,167)	(59,142)	(62,309)
Balance, December 31, 2011	2,477,835	3,574,864	6,052,699
Acquisition cost	-	-	-
Exploration costs			
Well development	6,957,499	1,472,011	8,429,510
Recoveries	(1,351,630)	-	(1,351,630)
Stock-based compensation capitalized	256,311	102,291	358,602
Other	658,885	216,067	874,952
Asset retirement cost	125,373	-	125,373
Transferred to property, plant and equipment	(2,578,184)	-	(2,578,184)
Foreign currency translation adjustment	82,035	110,355	192,390
<b>Balance, March 31, 2012</b>	<b>6,628,124</b>	<b>5,475,588</b>	<b>12,103,712</b>

The Corporation's oil and gas properties are located in New Zealand and its interests in these properties are maintained pursuant to the terms of exploration permits granted by the New Zealand government. The Corporation is satisfied that evidence supporting the current validity of these permits is adequate and acceptable by prevailing industry standards in respect to the current stage of exploration on these properties.

**7. RELATED PARTY TRANSACTIONS**

**Key Management and Personnel Compensation**

The key management personnel include the directors and other officers of the Corporation. Key management compensation consists of the following:

	Three months ended March 31, 2012 \$	Three months ended March 31, 2011 \$
Salary and management fees	374,150	204,000
Share-based compensation	770,653	1,000,000



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Related party balances arising from purchases of goods and services resulted in the following amounts due to related parties:

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
	\$	\$
Wexford Energy Ltd. ("Wexford"), a private company controlled by the President	22,400	22,400
J. Proust & Associates Inc. ("JPA"), a private company controlled by the Chief Executive Officer ("CEO")	-	-
Others	40	20,316
	<b>22,440</b>	<b>42,716</b>

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

When the initial permit applications were made by the Corporation for the Castlepoint and East Cape permits, certain directors of the Corporation provided personal financial guarantees to make sufficient resources available to East Coast Energy Ventures Limited and ECEV II Limited if those companies did 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. On April 24, 2012, the Corporation received notification that New Zealand Petroleum & Minerals has released the directors from their personal guarantees, in favour of replacement guarantees from the Corporation.

### **Employment and Consulting Agreements**

The Corporation has entered into an amended and restated consulting agreement dated July 13, 2011 with the CEO and JPA. Pursuant to the agreement, the Corporation has agreed to pay:

- a. \$15,000 (plus HST) per month to JPA for providing the business advice, management and advisory services of the CEO commencing November 12, 2010;
- b. \$46,000 (plus HST) per month to JPA for providing the services of the Corporation's Chief Financial Officer, Corporate Secretary and Vice President Corporate and Legal Affairs and for finance, accounting and administrative services provided to the Corporation commencing December 31, 2010; and
- c. \$7,000 (plus HST) per month to JPA for providing the services of the Corporation's Vice President Communications and Investor Relations commencing July 11, 2011.

Amounts paid to JPA were included in salary and management fees other than some immaterial amounts related to administrative services.

The Corporation has entered into an amended consulting agreement with Wexford and the President, pursuant to which it has agreed to pay Wexford \$20,000 (plus HST) per month for management services provided to the Corporation.

The Corporation has entered into a consulting agreement with the Senior Vice President (the "SVP"), pursuant to which it has agreed to pay the SVP \$15,000 (plus HST) per month for consulting services provided to the Corporation.

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The Corporation has entered into an employment agreement effective March 1, 2011 with the Chief Operating Officer (the "COO"), pursuant to which it has agreed to pay the COO \$15,000 per month for management services provided to the Corporation.

## 8. ASSET RETIREMENT OBLIGATIONS

The Corporation's asset retirement obligations are estimated based on the costs to abandon and reclaim the wells and the estimated timing of the costs to be paid in future periods. The total undiscounted amount of cash flows required to settle its asset retirement obligations is approximately NZ\$370,000, of which approximately NZ\$50,000 is expected to be incurred by the end of 2012 and the remaining balance of NZ\$320,000 is expected to be incurred after 2013.

The following table summarizes the Corporation's asset retirement obligations:

Balance, December 31, 2010	-
Liabilities incurred during the year	143,229
Accretion expense for the year	2,932
Foreign currency translation adjustment	8,753
Balance, December 31, 2011	154,914
Liabilities incurred during the period	125,373
Accretion expense for the period	1,200
Foreign currency translation adjustment	4,936
Balance, March 31, 2012	286,423

## 9. SHARE CAPITAL

### a. Details of issuances of common shares

- i. The Corporation has an unlimited number of common shares without par value authorized for issuance.
- ii. On February 11, 2011, the Corporation issued 4,330,000 common shares at a price of \$0.25 per share and 7,010,000 common shares at a price of \$0.75 per share by way of private placements. The Corporation also issued 2,000,000 common shares, in escrow shares, to Ian R Brown Associates at a deemed price of \$0.50 per share pursuant to an asset purchase agreement dated February 21, 2011. As a result, \$1,000,000 of stock-based compensation was expensed during the year ended December 31, 2011.
- iii. On August 3, 2011, the Corporation closed its Initial Public Offering ("IPO"). Pursuant to the IPO, the Corporation issued 20,000,000 common shares at a price of \$1.00 per share for total gross proceeds of \$20,000,000. The IPO was completed through a syndicate of agents (the "Agents").
- iv. On September 2, 2011, the Corporation closed the over-allotment option related to the IPO and issued 1,910,500 common shares at a price of \$1.00 per common share, bringing the aggregate gross proceeds of the IPO to \$21,910,500.

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- v. In connection to the IPO and the over-allotment option related to the IPO, the Corporation paid its Agents \$626,565 and issued 688,605 common shares of the Corporation as a finders' fee. The Corporation also issued 657,315 share purchase warrants to the advisors, exercisable at \$1.00 until February 3, 2013.
- vi. During the year ended December 31, 2011, the Corporation incurred \$286,805 of professional fees related to the IPO and recorded them as share issue costs within equity.
- vii. During the year ended December 31, 2011, the Corporation issued 1,000,000 common shares at \$1.30 per common share for a resource property acquisition.
- viii. On March 24, 2012, the Corporation closed a bought deal financing of 21,160,000 common shares at a price of \$3.00 per common shares for gross proceeds of \$63,480,000. The Corporation paid its agent a finder's fee of \$3,808,800.

b. Escrowed shares

In accordance with a lock-up agreement, an escrow agreement and a pooling agreement, 46,394,334 common shares owned or controlled by certain directors and officers of the Corporation were escrowed at August 3, 2011. All directors and officers entered into voluntary lock-up agreements, in conjunction with the March 2012 financing, whereby they agreed not to deal in the Corporation's securities on or before July 19, 2012, which is 120 days after the completion of the March 2012 financing (Note 9a). The shares will be released over 36 months from August 3, 2011 as follows:

Release date	Number of common shares
August 3, 2011	200,000 (released)
February 3, 2012	300,000 (released)
July 19, 2012	5,853,934
August 3, 2012	6,773,400
February 3, 2013	8,851,200
August 3, 2013	8,851,200
February 3, 2014	8,851,200
August 3, 2014	6,713,400
<b>Total</b>	<b>46,394,334</b>

c. Supplementary escrowed shares

In accordance with a supplementary pooling agreement, 31,945,666 additional common shares not owned or controlled by certain directors and officers of the Corporation were escrowed at August 3, 2011. The shares will be released over 12 months from August 3, 2011 as follows:

Release date	Number of common shares
August 3, 2011	7,693,266 (released)
September 3, 2011	851,600 (released)
October 3, 2011	851,600 (released)
November 3, 2011	6,063,100 (released)
December 3, 2011	851,600 (released)
February 3, 2012	5,211,500 (released)
May 3, 2012	5,211,500 (released)
August 3, 2012	5,211,500
<b>Total</b>	<b>31,945,666</b>

**New Zealand Energy Corp.**  
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d. Share purchase option

The Corporation has adopted a stock option plan which provides that the Board of Directors of the Corporation may from time to time, at their discretion, and in accordance with TSX Venture Exchange requirements, grant to its directors, officers, employees and consultants, non-transferable options to purchase common shares, provided that the number of common shares reserved for issue does not exceed 10% of the number of then outstanding common shares. Such options can be exercisable for a maximum of 5 years from the date of grant. The exercise price of each share option is set by the Board of Directors at the time of grant but cannot be less than the market price. Vesting of share options is at the discretion of the Board of Directors at the time the options are granted.

A continuity of share purchase options for the period ended March 31, 2012 is as follows:

Expiry date	Exercise price	December 31, 2011	Granted	(Cancelled)	March 31, 2012	Exercisable
August 3, 2016	\$1.00	4,828,000	-	-	4,828,000	1,207,000
October 16, 2016	\$1.00	20,000	-	-	20,000	5,000
December 1, 2016	\$1.00	450,000	-	-	450,000	-
January 18, 2017	\$1.30	-	523,000	-	523,000	-
March 6, 2017	\$3.00	-	125,000	-	125,000	-
Total		5,298,000	648,000	-	5,946,000	1,212,000
Weighted average exercise price		\$1.00	\$1.63	-	\$1.07	\$1.00
Weighted average remaining contractual life (years)		4.55			4.30	

Expiry date	Exercise price	December 31, 2010	Granted	(Cancelled)	December 31, 2011	Exercisable
August 3, 2016	\$1.00	-	4,828,000	-	4,828,000	-
October 16, 2016	\$1.00	-	20,000	-	20,000	-
December 1, 2016	\$1.00	-	450,000	-	450,000	-
Total		-	5,298,000	-	5,298,000	-
Weighted average exercise price		-	\$1.00	-	\$1.00	-
Weighted average remaining contractual life (years)		-			4.55	

The total expense relating to share purchase options incurred for the period ended March 31, 2012 was \$937,658 of which \$579,230 has been expensed in the statement of comprehensive income (loss) and \$358,428 has been capitalized to exploration and evaluation assets.

The following are the weighted average assumptions employed to estimate the fair value of options granted using the Black-Scholes option pricing model:

	2012	2011
Risk-free interest rate	1.21%	1.85%
Expected volatility	119.67%	119.56%
Expected life	5 years	5 years
Expected dividend yield	nil	nil

Option pricing models require the input of subjective assumptions including the expected price volatility, and expected option life. Management has calculated expected price volatility using data from comparable companies in the industry. Changes in these assumptions may have a significant impact on the fair value calculation.

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e. Advisors warrants

The Corporation has granted warrants to advisors in connection with the IPO to purchase common shares. A continuity of advisors warrants for the period ended March 31, 2012 is as follows:

Expiry date	Exercise price	December 31, 2011	Granted	Exercised (Cancelled)	March 31, 2012	Exercisable
February 3, 2013	\$1.00	600,000	-	-	600,000	600,000
February 3, 2013	\$1.00	57,315	-	-	57,315	57,315
Total		657,315	-	-	657,315	657,315
Weighted average exercise price		\$1.00	-	-	\$1.00	\$1.00
Weighted average remaining contractual life (years)		1.10			0.73	

Expiry date	Exercise price	December 31, 2010	Granted	Exercised (Cancelled)	December 31, 2011	Exercisable
February 3, 2013	\$1.00	-	600,000	-	600,000	600,000
February 3, 2013	\$1.00	-	57,315	-	57,315	57,315
Total		-	657,315	-	657,315	657,315
Weighted average exercise price		-	\$1.00	-	\$1.00	\$1.00
Weighted average remaining contractual life (years)		-			1.10	

During the year ended December 31, 2011, the Corporation recorded share issuance costs of \$223,463 as a result of the issuance of 657,315 advisors warrants to its advisors in connection with the IPO. These amounts were recorded as contributed surplus on the balance sheet. No advisors warrants were issued during the period ended March 31, 2012.

The following are the weighted average assumptions employed to estimate the fair value of warrants granted using the Black-Scholes option pricing model:

	2012	2011
Risk-free interest rate	n/a	1.88%
Expected volatility	n/a	61.40%
Expected life	n/a	1.5 years
Expected dividend yield	n/a	nil

**10. GENERAL AND ADMINISTRATIVE EXPENSES**

	March 31, 2012	March 31, 2011
	\$	\$
Professional fees	83,658	296,077
Management fees	287,426	204,006
Consulting fees	536,598	152,671
Travel and promotion	159,829	75,270
Administrative expenses	47,876	56,128
Rent	20,443	22,617
Filing and transfer agent fees	108,232	8,265
Insurance	17,074	6,184
General exploration	-	4,904
	<b>1,261,136</b>	<b>826,122</b>