NEW ZEALAND ENERGY CORP.

TSX-V: NZ
OTCQX: NZERF

NEWS RELEASE

New Zealand Energy Announces 2012 Year-end and Fourth Quarter Results and 2012 Year-end Reserves Estimate

April 25, 2013 – Vancouver, British Columbia – New Zealand Energy Corp. ("NZEC" or the "Company") (TSX-V: NZ, OTCQX: NZERF) has released the results of its fourth quarter and fiscal year ended December 31, 2012. Details of the Company's financial results are described in the Audited Consolidated Financial Statements and Management's Discussion and Analysis which, together with further details on each of the Company's projects, are available on the Company's website at www.newzealandenergy.com and on SEDAR at www.sedar.com. All amounts are in Canadian dollars unless otherwise stated.

NZEC has also released the results of its 2012 year-end reserve and resource estimation and economic evaluation (the "Report"), prepared by Deloitte LLP ("AJM Deloitte"). The reserve estimate and economic evaluation was confined to NZEC's 100% working interest Eltham Permit (PEP 51150) and was based on reservoir and production data from wells producing at December 31, 2012. Regulatory filings associated with the Report are available for review on SEDAR.

HIGHLIGHTS

- Four wells in production at year-end 2012 (2011: one well)
- 162,444 barrels of oil produced and 162,077 barrels of oil sold during 2012 (2011: 11,623 and 9,567)
- Total recorded revenue of $16,475,971 (2011: $974,517)
- Average annual field netback of $70.08 per barrel of oil sold (2011: $78.43)
- Positive cash flow from petroleum operations (including pre-production recoveries) of $13.8 million (2011: $1.7 million)
- Invested $40.6 million in resource properties, plant and equipment during 2012
- Increased 2P Reserves by 151% compared to year-end 2011, with an undiscounted pre-tax value estimated at $27.5 million
- Increased exploration permit holdings by 249,326 acres (12.5%)
- Initiated strategic acquisition from Origin Energy of midstream and exploration assets
- Established strategic partnerships with Westech Energy New Zealand and New Zealand Oil & Gas
- Established cooperation agreement with Te Runanga o Ngati Ruanui Trust

FINANCIAL SNAPSHOT

	For the year ended December 31, 2012	For the year ended December 31, 2011
Production	162,444 bbl	11,623 bbl
Sales	162,077 bbl	9,567 bbl
Price	106.71 $/bbl	106.83 $/bbl
Production costs	31.57 $/bbl	23.44 $/bbl
Royalties	5.06 $/bbl	4.96 $/bbl
Field netback	70.08 $/bbl	78.43 $/bbl

Revenue	16,475,971	974,517
Pre-production recoveries	2,449,231	950,440
Total comprehensive loss	(1,235,492)	(6,655,829)
Finance income	211,551	119,583
(Loss) earnings per share – basic and diluted	(0.03)	(0.08)
Current assets	49,137,637	19,293,345
Total assets	116,059,939	31,152,804
Total long-term liabilities	2,598,840	120,429
Total liabilities	23,442,632	1,383,376
Shareholders' equity	92,617,307	29,769,428

Note: The abbreviation **bbl** means barrel or barrels of oil.

During the three-month period ended December 31, 2012, the Company produced 29,516 barrels of oil and sold 29,901 barrels for total oil sales of $3,109,206, or $103.98 per barrel. Total recorded production revenue net of royalties at 5% (or $5.39 per barrel) was $2,948,042. Production costs during the three-month period ended December 31, 2012 totalled $1,782,939, or $59.63 per barrel, generating a field netback of $38.96 per barrel during the fourth quarter. NZEC calculates the netback as the oil sale price less fixed and variable operating costs and a 5% royalty. The decrease in the field netback compared to previous quarters is the result of decreased oil production related to well declines in the Copper Moki wells, a lower average realized oil price in the quarter, as well as higher fixed production costs as the Company undertook various additional production tests with the objective of optimizing production from its Copper Moki wells. The Company also placed an additional well into production late in Q4 which added to overall fixed production costs. During the three-month period ended December 31, 2012, fixed operating costs represented approximately 85% of total production costs. During the period, NZEC placed three of its four producing wells on artificial lift. Artificial lift along with the installation of permanent production facilities at the Company's well sites is expected to reduce production costs in the longer term, since the wells will require reduced maintenance and manpower, while production equipment rental costs will be reduced significantly. Installation of the Company's permanent surface facilities at the Copper Moki site is still underway and the Company continues to investigate opportunities to optimize oil production from the wells.

During the year ended December 31, 2012, the Company produced 162,444 barrels of oil and sold 162,077 barrels. Three wells commenced production in 2012. Additionally, pre-production recoveries generated from oil sales during the start-up and testing phase of the wells was treated as a cost recovery of the capitalized well development costs. Total recoveries on the oil produced and sold during the start-up and testing phase amounted to $2,449,231 ($95.80 per barrel).

The aggregate volume of oil produced during the year ended December 31, 2012, including pre-production testing, was 188,011 barrels with 187,643 barrels sold, taking into consideration the opening period inventory balances, resulting in positive cash flow from oil sale and pre-production recoveries of $13,809,143. The average field netback during the year ended December 31, 2012 was $70.08 per barrel.

At April 19, 2013, the Company had $11.3 million in estimated net working capital. This includes US$35 million that has been placed on deposit to satisfy the balance of the purchase price of the acquisition of assets from Origin, as summarized below in *Property Review*, *Origin Agreement*. The Company has secured a US$34.5 million operating line of credit against the US$35 million deposit and to date has drawn down US$25.7 million.

RECENT DEVELOPMENTS

Subsequent to the period end, NZEC initiated completion activities at two wells that had been drilled in Q4-2012, resulting in a new oil discovery; drilled two new exploration wells, finishing six wells of the anticipated eight-well program; released its drill rig; retracted previously-announced production guidance; appointed a

new Chief Financial Officer; announced the resignation of a Director for personal health reasons; announced approval from New Zealand's Overseas Investment Office related to the acquisition of the Waihapa Production Station from Origin; and completed a reserves update.

Exploration

Since year-end 2012, NZEC has undertaken drilling or completion activities on four wells. The Arakamu-2 well was drilled in November 2012, reaching a measured depth of 2,380 metres (1,870 metres true vertical depth) and encountering 18 metres of net pay over two separate intervals in the Mt. Messenger formation. Completion commenced in December but the well encountered technical difficulties following perforation, when an inflow of sand resulted in tubing and the perforating gun getting stuck in the well. Workover activities commenced in January and continued through March. NZEC commenced testing the Arakamu-2 well in mid-March and swab tested the intervals separately and in tandem for a total of 13 days. The well demonstrated strong inflow of oil, gas and water with the oil cut increasing, averaging more than 20% over the last three days of swab testing. The well produces both oil and water and the water column is heavier than the gas lift; as a result, artificial lift is required to recover the oil. The well is shut in pending the evaluation of artificial lift installation.

The Arakamu-1A well reached target depth in the Moki formation at a measured depth of 2,900 metres (2,650 metres true vertical depth). NZEC perforated and flow tested two zones in the Moki formation but was unable to demonstrate recoverable hydrocarbons, and has suspended the well.

NZEC drilled two wells on the Wairere site. The Wairere-1 well was drilled to a measured depth of 1,971 metres (1,875 metres true vertical depth) but did not encounter any hydrocarbon-bearing sands. The Company immediately sidetracked the well to a second target (Wairere-1A), kicking off at a depth of 394 metres and reaching a measured depth of 2,152 metres (1,879 metres true vertical depth). The well intersected sands in the Mt. Messenger formation with good hydrocarbon indications. The well was cased to total depth and completion is pending.

On February 25, 2013, the Company announced its decision to delay the remaining two wells in its Eltham/Alton drill program to focus on commercial opportunities arising from the pending acquisition of assets from Origin. While success in Arakamu-2 and Wairere-1A could result in additional production and cash flow, the Company's assessment is that flow rates from these wells will not be adequate to achieve anticipated targets, and the Company withdrew previous production guidance.

Reserves

Concurrent with its year-end financial results, the Company commissioned AJM Deloitte to prepare a year-end oil reserve estimate and economic evaluation, prepared in accordance with National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities with an effective date of December 31, 2012. The reserve estimate and economic evaluation was confined to NZEC's Eltham Permit and based on reservoir and production data from the Copper Moki-1, Copper Moki-2, Copper Moki-3 and Waitapu-2 wells. The results, which are summarized below, represent a 151% increase to 2P reserves (Proved + Probable) and a 142% increase to 3P reserves (Proved + Probable + Possible) when compared to the reserves reported at December 31, 2011, which were based on reservoir and production data from the Copper Moki-1 well.

Marketable Oil and Gas Reserves [1]
As at December 31, 2012
Forecast Prices and Costs

Reserves Category	Light & Medium Oil (Mbbl) [2]	Natural Gas (MMcf) [3]	Natural Gas Liquids (Mbbl)	Barrels Oil Equivalent (Mboe) [4]
Proved Developed Producing	308	595	39	446
Proved Undeveloped	20	32	2	28
Total Proved	**328**	**627**	**41**	474
Probable	158	330	21	235
Proved + Probable	**487**	**956**	**62**	**708**
Possible [5]	196	398	26	288
Proved + Probable + Possible	**682**	**1,355**	**88**	**996**

Notes:

(1) The Company's reserves are presented before the deduction of royalty obligations payable to the New Zealand government. Numbers may not sum due to rounding.

(2) Mbbl – thousand barrels of oil.

(3) MMcf – million cubic feet of natural gas.

(4) Mboe – thousand barrels of oil equivalent using a conversion ratio of 6 Mcf : 1 bbl. Barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. The boe conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

(5) Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves. See Cautionary Note Regarding Reserve Estimates.

Net Present Value of Future Net Revenue
After Tax
As at December 31, 2012
Forecast Prices and Costs

Net Present Value of Future Net Revenues After Tax, Discounted at % per year							
Reserves Category	0% ($'000)	5% ($'000)	8% ($'000)	10% ($'000)	15% ($'000)	20% ($'000)	Unit Value 10% ($/boe)
Proved Developed Producing	16,229	15,254	14,728	14,400	13,649	12,987	32.29
Proved Undeveloped	1,061	972	924	893	823	760	31.89
Total Proved	**17,290**	**16,226**	**15,652**	**15,293**	**14,472**	**13,747**	**32.26**
Probable	10,216	8,584	7,789	7,320	6,327	5,536	31.28
Proved + Probable	**27,506**	**24,810**	**23,440**	**22,613**	**20,799**	**19,283**	**31.94**
Possible	11,414	8,939	7,817	7,184	5,911	4,965	24.94
Proved + Probable + Possible	**38,920**	**33,749**	**31,257**	**29,797**	**26,710**	**24,248**	**29.92**

Change to Senior Management and Board of Directors

On November 1, 2012, NZEC announced its decision to move the Chief Financial Officer role to New Zealand to allow for closer interaction with the Company's technical and accounting teams. John Hudson, NZEC's Group Financial Controller located in New Plymouth, New Zealand, temporarily assumed the role of interim Chief Financial Officer until the Company appointed Chris Ferguson as its Chief Financial Officer on January 28, 2013.

Mr. Ferguson is a Chartered Accountant with 18 years of financial, accounting and operational experience in both the public and private sectors. Mr. Ferguson has extensive oil and gas experience within the Taranaki Basin, having held senior financial positions over the past 13 years with both local and international exploration and production companies. Previously he held the role of Finance and Planning Manager with Origin Energy New Zealand, overseeing the financial integration of the TAWN and Rimu/Kauri oil and gas assets acquired from Swift Energy and the transition to operations of the Kupe Gas Field. Mr. Ferguson's extensive operating knowledge of Taranaki oil and gas assets is complemented with a strong financial background that includes New Zealand statutory reporting, SEC reporting requirements, SOX 404 compliance, systems implementation and execution and leadership of finance and accounting teams. Mr. Ferguson is based in the Company's operations office in New Plymouth, New Zealand.

On February 11, 2013, NZEC announced the resignation of Ken Truscott from the Company's Board of Directors for personal health reasons. Mr. Truscott was a founding Director of the Company, and his oil and gas expertise and insight were invaluable as NZEC expanded from a start-up company to an oil and gas producer with operations on multiple sites. NZEC thanks Mr. Truscott for his valuable contributions and wishes him well in his recovery.

PROPERTY REVIEW

Taranaki Basin

The Taranaki Basin is situated on the west coast of the North Island and is currently New Zealand's only oil and gas producing basin, with total production of approximately 130,000 boe/d from 18 fields. Within the Taranaki Basin, NZEC holds a 100% interest in the Eltham Permit; a 65% interest in the Alton Permit in joint arrangement with L&M and a 60% interest in the Manaia Permit in joint arrangement with New Zealand Oil & Gas ("NZOG"). The Eltham Permit covers approximately 93,166 acres (377 km^2) of which approximately 31,877 acres (129 km^2) are offshore in shallow water. The Alton Permit covers approximately 119,204 onshore acres (482 km^2). NZEC increased its interest in the Alton Permit from 50% to 65% by completing the acquisition and processing of approximately 50 km^2 of 3D seismic across the northern end of the permit. The transfer of the additional 15% interest was approved by NZPAM on December 21, 2012. The Manaia Permit covers approximately 27,426 onshore acres (111 km^2) and was granted to NZEC and NZOG in December 2012 as part of the annual New Zealand block offer for exploration permits.

NZEC also expects to acquire four Petroleum Licenses and the Waihapa Production Station upon completion of the acquisition of assets from Origin, as outlined below under *Origin Agreement*.

<u>Production</u>

Four wells have been advanced to commercial production. The wells are producing light oil that is trucked to the Shell-operated Omata tank farm and sold at Brent pricing.

Copper Moki-1 has been producing from the Mt. Messenger formation since December 10, 2011. Copper Moki-2 has been producing from the Mt. Messenger formation since April 1, 2012. Copper Moki-3 has been producing from the Mt. Messenger formation since July 2, 2012. The wells produce ~42° API oil and flowed from natural reservoir pressure until October 2012, when NZEC began installing artificial lift (pump jacks) to optimize and stabilize production rates. All three wells are now producing with artificial lift.

The Waitapu-2 well (refer to *Well Sites* below) is producing ~40° API oil and flowing from natural reservoir pressure. The well was flow tested in November and commenced commercial production on December 20, 2012.

The Company has completed a natural gas pipeline from the Copper Moki site to the Waihapa Production Station and is considering laying 1.3 km of natural gas pipeline to tie-in Waitapu-2 to the Waihapa Production Station through the existing Copper Moki pipeline. The Company is not yet generating cash flow from its natural gas production.

The Company has produced approximately 240,221 barrels of oil, with cumulative pre-tax oil sales exceeding US$25.49 million, including sales from oil produced during testing (net results of operations are discussed under *Results of Operations*). Over 22 production days in April 2013, the wells have collectively produced oil at an average rate of 268 bbl/day and generated gas at an average rate of 665 mcf/day.

Management believes that the declines in production following installation of artificial lift may not be due to reservoir conditions, but rather relate to mechanical issues, including possible wax build-up down-hole. Accordingly, management is engaging global industry leaders to investigate the cause of and define remedies to these issues in an effort to optimize production. Such remedies may include stimulation of well flow by means of condensate washes, modifying pumping mechanisms or other forms of reservoir stimulation. Following a condensate wash of one well during the past five days, production from the wells increased to a rate of 369 bbl/day as of the date of this report.

Well Sites

NZEC has drilled ten wells on its Eltham Permit and made six oil discoveries, with results still pending from one well. The wells have been drilled from four separate sites, and have demonstrated repeatability in the Mt. Messenger formation, as the Company drilled away from its original Copper Moki discovery.

The table below summarizes the drilling Company's drilling results:

	Formation		
Well	**Urenui**	**Mt. Messenger**	**Moki**
Copper Moki-1		✓	
Copper Moki-2		✓	
Copper Moki-3		✓	
Copper Moki-4	✓		
Waitapu-1		Pending evaluation	
Waitapu-2		✓	
Arakamu-1A			Pending evaluation
Arakamu-2		✓	
Wairere-1		Sidetracked	
Wairere-1A		Pending completion	

✓ - Successful hydrocarbon discovery

Copper Moki site

The Copper Moki-1, Copper Moki-2 and Copper Moki-3 wells discovered oil in the Mt. Messenger formation and were subsequently placed into production.

Copper Moki-4, discovered oil in the Urenui formation, which is shallower than the Mt. Messenger formation and produces heavier oil (~29° API) with a pour point of approximately 42°C which is very close to the reservoir temperature. Copper Moki-4 is currently shut in while NZEC completes the well test analyses and economic evaluation of artificial lift systems required to make a production decision.

Waitapu site
The Waitapu site is located approximately 1.3 km south of the Copper Moki site.

The Waitapu-1 well was drilled during Q4-2012 to a total measured depth of 2,213 metres (1,926 metres true vertical depth) and encountered a sand interval within the Mt. Messenger formation with oil and natural gas shows. However, the permeability and porosity was such that the well did not immediately yield economic production. The well has been suspended pending further evaluation and/or sidetrack to an alternate target.

The Waitapu-2 well was drilled in Q4-2012 to a total measured depth of 2,085 metres (1,977 metres true vertical depth), encountering approximately 6.2 metres of net pay in the Mt. Messenger formation. The well was flow tested in November and commenced commercial production on December 20, 2012.

Arakamu site
The Arakamu site is located approximately 3.8 km southwest of the Copper Moki site and 2.5 km south of the Waitapu site.

The Arakamu-1A well reached measured depth of 2,900 metres in the Moki formation (2,653 meters true vertical depth). NZEC perforated and flow tested two zones in the Moki formation but was unable to demonstrate recoverable hydrocarbons, and the well has been suspended pending evaluation.

The Arakamu-2 well was drilled in November 2012, reaching a measured depth of 2,380 metres (1,870 metres true vertical depth) and encountering 18 metres of net pay over two separate intervals in the Mt. Messenger formation. Following extensive workover operations to recover stuck tubing and a perforating gun, NZEC commenced testing the Arakamu-2 well in mid-March and swab tested both intervals separately and in tandem over 13 days. The well demonstrated strong inflow of oil, gas and water with the oil cut increasing over the last three days of swab testing, to more than 20%. The well is shut in pending the evaluation of artificial lift installation.

Wairere site
The Wairere site is located approximately 3.75 km southwest of the Copper Moki site.

The Wairere-1 well was drilled to a measured depth of 1,971 metres (1,875 metres true vertical depth) but did not encounter any hydrocarbon-bearing sands. The Company immediately sidetracked the well to a second target (Wairere-1A), kicking off at a depth of 394 metres and reaching a measured depth of 2,152 metres (1,879 metres true vertical depth). The Wairere-1A well intersected sands in the Mt. Messenger formation with elevated hydrocarbon indications. The well was cased to total depth and completion is pending.

Origin Agreement

In May 2012, the Company entered into an agreement (the "Origin Agreement") with Origin Energy Resources NZ (TAWN) Limited, a wholly-owned subsidiary of Origin Energy Limited (collectively "Origin") to acquire upstream and midstream assets (the "Acquisition"). These assets include four Petroleum Licenses totalling 26,907 acres as well as the Waihapa Production Station and associated gathering and sales infrastructure.

Under the terms of the Origin Agreement, and pursuant to an exclusive arrangement, the Company has agreed to pay Origin consideration in the amount of $42 million in cash, payable in the US$ equivalent at a fixed C$/US$ exchange rate of 1.0349 (US$40.6 million), and such other adjustments as may be required at closing. A $5 million deposit was paid with the remainder due on closing. The Company is working diligently to conclude this transaction and expects closing to occur in Q2-2013.

Closing of the Acquisition is conditional on the following:

Condition	Status
1. NZPAM approval for transfer of the Petroleum Licenses	NZPAM has voiced support for the transaction.
2. New Zealand's Overseas Investment Office approval for acquisition of the land upon which the Waihapa Production Station is situated	Approval obtained.
3. Origin completing recommissioning of the TAWN LPG plant	Plant has been certified for operation.
4. Origin and/or NZEC entering into an agreement with Contact Energy regarding the use and development of the Ahuroa gas storage facility	In process.
5. TSX Venture Exchange conditional approval	Approval obtained.

East Coast Basin

The East Coast Basin of New Zealand's North Island hosts two prospective oil shale formations, the Waipawa and Whangai, which are the source of more than 300 oil and gas seeps. Within the East Coast Basin, NZEC holds a 100% interest in the Castlepoint Permit, which covers approximately 551,042 onshore acres (2,230 km^2), and a 100% interest in the Ranui Permit, which covers approximately 223,087 onshore acres (903 km^2) and is adjacent to the Castlepoint Permit. On September 3, 2010, NZEC applied to the Minister of Energy to obtain a 100% interest in the East Cape Permit. The application is uncontested and the Company expects the East Cape Permit to be granted to NZEC upon completion of NZPAM's review of the application. The East Cape Permit covers approximately 1,067,495 onshore acres (4,320 km^2) on the northeast tip of the North Island. In addition, NZEC has entered into a binding agreement with Westech to acquire 80% ownership and become operator of the Wairoa Permit, which covers approximately 267,862 onshore acres (1,084 km^2) south of the East Cape Permit. Preliminary approval of transfer of ownership was obtained from NZPAM on December 20, 2012 and formation of a joint arrangement with Westech is subject to completion of a joint operating agreement and final NZPAM approval.

NZEC has completed the coring of two test holes on the Castlepoint Permit. The Orui (125 metres total depth) and Te Mai (195 metres total depth) collected core data across the Waipawa and Whangai shales. NZEC also completed a test hole on the Ranui Permit. Ranui-2 was drilled to 1,440 metres, coring the Whangai shale across several intervals. In Q2-2012, NZEC completed 70 line kilometres of 2D seismic data across the Castlepoint and Ranui permits to further its technical understanding of the area, and is interpreting the data to finalize targets for exploration in 2013.

The Wairoa Permit has been actively explored for many years, with extensive 2D seismic data across the permit and log data from more than 15 wells drilled on the property. Historical exploration focused on the conventional Miocene sands. NZEC's technical team has identified conventional opportunities as well as potential in the unconventional oil shales that underlie the property. NZEC's team knows the property well and provided extensive consulting services (through the consulting company Ian R Brown Associates) to previous permit holders, assisting with seismic acquisition and interpretation, wellsite geology and regional prospectivity evaluation. In addition, NZEC's team assisted with permitting and land access agreements and worked extensively with local district council, local service providers, land owners and iwi groups, allowing the team to establish an excellent relationship with local communities.

Subsequent to December 31, 2012, activities commenced with regards to the Company's planned 2D seismic program in order to fulfil its minimum work requirements under the Wairoa Permit. The data to be obtained from the planned 50 km 2D seismic program will form the basis for defining drill locations on the permit.

OUTLOOK

On February 25, 2013, the Company announced the decision to delay the remaining two wells in its Eltham/Alton drill program to focus on commercial opportunities in the pending acquisition of assets from Origin. The Company's objective is to increase near-term production and cash flow while reducing exploration expenses, and the Company believes that opportunities exist on the Petroleum Licenses to achieve this objective. While this decision in no way diminishes the Company's view of the prospectivity of the Eltham and Alton permits, NZEC intends to focus in the near-term on lower-cost opportunities that are close to infrastructure. The acquisition from Origin includes Petroleum Licenses that are central to a network of oil and gas gathering pipelines and the full-cycle Waihapa Production Station.

The Company is also considering a number of options to increase its financial capacity to carry out other anticipated activities, as described below. Details on minimum work program requirements for each permit are outlined in *Permit Expenditure Requirements*.

Taranaki Basin

NZEC is focused on optimizing production and cash flow, and the Company's technical and engineering teams continue to investigate options to enhance recovery and performance of the existing wells. In addition, a comprehensive review is underway to evaluate NZEC's drilling and completion operations to date. Approximately 584 wells have been drilled in the Taranaki Basin of which approximately 107 have targeted the Mt. Messenger Formation. Historically, most of the successful wells have targeted the Mt. Messenger formation on structural highs. NZEC has targeted Mt. Messenger seismic anomalies that are stratigraphically controlled and, as a result, NZEC has had very little analogous well information upon which it can draw comparisons and insight for its exploration and production plans. NZEC has undertaken a comprehensive review of its reprocessed 3D seismic data and recent well results with the goal of recommencing drilling operations early in the third quarter of 2013.

The Company has one remaining commitment well on its Alton permit and expects to commence drilling a Mt. Messenger target well in Q3-2013. The Company is responsible for expenditures and is entitled to profits for its respective interest (65% NZEC / 35% L&M).

Upon closing of the acquisition of assets from Origin, NZEC plans to reactivate six wells in the Tikorangi formation using an established gas lift system, and has also determined that six previously drilled wells on the Petroleum Licenses have uphole completion potential. Recompletion of these wells would be significantly less expensive and faster than drilling new wells, and economic discoveries could be quickly tied in to the Waihapa Production Station using existing oil and gas gathering pipelines. Both the reactivations and uphole completions could bring near-term, low-cost production and cash flow to the Company.

NZEC's technical team has also identified five high-priority Mt. Messenger targets in the southwest corner of the Petroleum Licenses. NZEC has completed permitting for a new site called Waipapa (Oru Rd) and will shortly begin construction of the drill pad to ensure the Company can move quickly to access these targets once the acquisition has closed.

Longer-term exploration plans on the Petroleum Licenses include accessing Mt. Messenger targets from existing drill pads, many of which have gathering pipelines in place, that offer lower-cost exploration potential and can be tied-in to the Waihapa Production Station on an expedited basis. NZEC is advancing a number of new commercial opportunities to use the Waihapa Production Station to its full potential and maximize facility revenues, while ensuring that NZEC's gas and associated natural gas liquids production can be efficiently delivered to market.

Commercial oil discoveries on NZEC's properties and those of its peers have confirmed the prospectivity of the Mt. Messenger formation, which remains NZEC's primary exploration target in the near term. Mt. Messenger leads continue to be refined as the Company interprets its propriety database of 3D seismic. NZEC's technical team has also identified a number of leads in the deeper Moki, Tikorangi and Kapuni formations on both the Petroleum Licenses and its Eltham and Alton permits. Discoveries by other companies have demonstrated significant flow rates and long-term production from reservoirs in these deeper formations. NZEC will continue to advance these leads to drillable prospects and will move these targets higher on the Company's priority list as warranted.

East Coast Basin

NZEC has drilled two stratigraphic holes on its 100% working interest Castlepoint Permit and one stratigraphic hole on its 100% working interest Ranui Permit. These three stratigraphic test wells have advanced NZEC's understanding of the Waipawa and Whangai formations. A review of the geochemical and physical properties of the two shale packages, coupled with information from existing seismic data and the newly completed 70 km 2D seismic survey, is focusing NZEC's exploration strategy for the East Coast shales. NZEC plans to drill one exploration well on both the Ranui and Castlepoint permits in 2013 and has initiated the community engagement and technical assessments required to obtain land access consents and permits for the drill locations.

NZEC has commenced a 50 km 2D seismic survey on the Wairoa Permit, and will finalize its exploration plans for the permit after reviewing all of the seismic and well log data.

The Company's application for the East Cape Permit is uncontested and NZEC expects the permit to be granted upon completion of NZPAM's review of the application.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2012

Revenue

During the year ended December 31, 2012, the Company produced 162,444 barrels of oil (2011: 11,623) and sold 162,077 barrels (2011: 9,567) for total oil sales of $17,295,853 (2011: $1,022,009), or $106.71 per barrel (2011: $106.83). Total recorded revenue was $16,475,971 (2011: $974,517), which is accounted for net of royalties of $819,882 (2011: $47,792), or $5.06 per barrel sold (2011: $4.96).

Expenses and Other Items

Production costs during the year ended December 31, 2012 totalled $5,116,059 (2011: 224,219), or $31.57 per barrel (2011: $23.44). Included in production costs are all site-related expenditures, including applicable equipment rental fees, site services, overheads and labour; transportation and storage costs including trucking, testing, tank storage, processing and handling; and port dues as incurred prior to the sale of oil. During the year ended December 31, 2012, fixed operating costs represented approximately 77% of total production costs, giving rise to lower field netbacks in light of reduced oil production. However, the Company is in the process of establishing permanent facilities at several of its wells, some of which will be unmanned, which are expected to reduce the level of fixed operating costs in the longer term.

Depreciation and accretion costs recorded during the year ended December 31, 2012 totalled $4,103,405 (2011: $246,540), or $25.32 per barrel of oil sold (2011: $25.77). Depreciation is calculated using the unit-of-production method by reference to the ratio of production in the period to the related total proved and probable reserves of oil and natural gas, taking into account estimated future development costs necessary to access those reserves.

Stock-based compensation for the year ended December 31, 2012 totalled $1,594,780 compared to $2,203,548 during the same period in 2011. The decrease in stock-based compensation corresponds to fewer stock options granted during the year.

General and administrative expenses for the year ended December 31, 2012 totalled $5,896,949 compared to $2,583,530 incurred in the same period in fiscal 2011. The increase in general and administrative costs corresponds to increases in salaries related to new hires, professional fees and travel and administrative expenses, as the Company prepares for expansion of operations following the Acquisition. The Company also incurred costs pertaining to consulting fees in its ongoing refinement of corporate strategies and goals.

Transaction costs for the year ended December 31, 2012 totalled $1,161,657 compared to $Nil incurred in the same period in fiscal 2011. The transaction costs incurred during the period included legal and professional fees incurred for the Origin Agreement, which are expensed as they are incurred in relation to the anticipated business combination.

Finance income for the year ended December 31, 2012 totalled $211,551 compared to $119,583 in the same period in fiscal 2011. Finance income relates to interest earned on the Company's cash and cash-equivalent balances held in treasury.

Foreign exchange loss for the year ended December 31, 2012 amounted to $1,895,845 compared to a $134,934 gain realized in the same period of fiscal 2011. The foreign exchange losses incurred in the current year is a result of the strengthening of the Canadian dollar against the US dollar, during a period that the Company held significant US dollar cash balances and deposits in anticipation of completion of the Origin Agreement.

Total Comprehensive Loss

Total comprehensive loss for the year ended December 31, 2012 totalled $1,235,492 after taking into account a foreign translation reserve gain of $1,845,681 on the translation of foreign operations and monetary items that form part of NZEC's net investment in foreign operations. This compares favourably to a total comprehensive loss for the year ended December 31, 2011 of $6,655,829.

Based on a weighted average shares outstanding balance of 117,131,297, the Company realized a $0.03 basic and diluted loss per share for the year ended December 31, 2012. During the year ended December 31, 2011, the Company realized a $0.08 basic and diluted loss per share, based on a weighted average share balance of 85,122,879.

SUMMARY OF QUARTERLY RESULTS

	2012 Q4 $	**2012 Q3 $**	**2012 Q2 $**	**2012 Q1 $**
Total assets	116,059,939	98,882,087	98,814,102	96,979,923
Exploration and evaluation assets	37,379,726	26,377,188	25,373,718	12,103,712
Property, plant and equipment	23,867,758	16,293,123	8,674,152	8,150,802
Working capital	28,293,845	45,204,695	53,844,035	70,401,191
Revenues	2,948,041	3,708,254	5,910,993	3,908,683
Accumulated deficit	(19,992,243)	(17,804,045)	(15,613,594)	(16,548,180)
Total comprehensive (loss) income	(1,333,805)	(2,018,634)	1,317,915	799,032
Basic (loss) earnings per share	(0.02)	(0.02)	0.01	0.00
Diluted (loss) earnings per share	(0.02)	(0.02)	0.01	0.00

	2011 Q4 $	2011 Q3 $	2011 Q2 $	2011 Q1 $
Total assets	31,152,804	33,566,611	10,683,239	11,491,806
Exploration and evaluation assets	6,052,699	9,509,095	4,641,525	3,161,561
Property, plant and equipment	5,509,511	63,421	68,366	65,721
Working capital	18,030,398	18,699,022	5,333,999	7,596,329
Revenues	974,517	-	-	-
Accumulated deficit	(16,911,070)	(17,057,134)	(13,258,649)	(12,168,826)
Total comprehensive loss	(1,258,314)[1]	(4,279,538)	(773,524)	(1,878,754)
Basic (loss) earnings per share	0.01	(0.04)	(0.01)	(0.03)
Diluted (loss) earnings per share	0.01	(0.04)	(0.01)	(0.03)

[1] During the fourth quarter of fiscal 2011, the Company reclassified various expenditures to exploration and evaluation assets.

New Zealand Energy Corp. was incorporated on October 29, 2010 under the Business Corporations Act of British Columbia. Upon incorporation, 40,000,000 common shares were granted to certain directors and officers of the Company in lieu of the services performed and substantial financial guarantees provided to assist in obtaining legal rights to the Castlepoint and East Cape exploration permits within the East Coast Basin. The Corporation then raised seed capital of $7,000,000 upon the subsequent issuance of 28,000,000 common shares in Q4-2010 and Q1-2011 to engage in the exploration, acquisition and development of petroleum and natural gas assets in New Zealand. This financing was followed by another private placement completed in Q1-2011 for gross proceeds of $5,257,500 on the issuance of 7,010,000 common shares. The Company also entered into an agreement in Q1-2011 with Ian R Brown Associates ("IRBA") pursuant to which it would acquire certain assets and provide employment to certain personnel in consideration for $400,000 and the issuance of 2,000,000 common shares. Also in Q1-2011, upon satisfying the conditions of a deed of assignment, the Company took ownership of its Eltham Permit. Further exploration and evaluation expenditures continued on the Eltham Permit throughout fiscal 2011, which ultimately saw the commercialization of the Copper Moki-1 well in Q4-2011. All costs related to the Copper Moki-1 well were transferred to property, plant and equipment in Q4-2011. In Q2-2011, the Company agreed to acquire a 50% interest in the Alton permit for AUD2,000,000 and fund 100% of the Talon-1 well development costs, which totalled $2,544,131. The Talon-1 well development costs were written off in Q3-2011 due to management's view that the well would not provide any future benefits. In Q2-2011, the Company completed the acquisition of its Ranui permit for US$1,000,000 and the issuance of 1,000,000 common shares.

In Q1-2012, the Company continued its development plans by drilling Copper Moki-2 and Copper Moki-3. In addition, the Company entered into an agreement to increase its interest by 15% within the Alton Permit and completed a bought deal financing for gross proceeds of $63.5 million during the first quarter through issuance of 21,160,000 common shares at a price of $3.00/share. During Q2-2012, the Company reached commercial production with Copper Moki-2, initiated testing of Copper Moki-3 and drilled Copper Moki-4. Copper Moki-3 produced and sold 7,456 barrels of oil during the start-up and testing phase and recorded recoveries of $759,280. During Q2-2012, the Company also entered into the Origin Agreement with Origin to acquire upstream and midstream assets for $42 million in cash, payable in the US$ equivalent of US$40.6 million applying a fixed C$/US$ exchange rate of 1.0349, and such other adjustments as may be required at closing. A $5 million deposit was paid with the remainder due on closing, which is anticipated to occur in Q2-2013. During Q3-2012, the Company reached commercial production with Copper Moki-3, and commenced drilling the first of eight wells planned in the Company's second Eltham/Alton drill program. During Q4-2012 the Company drilled a total of four exploration wells. The Waitapu-2 well reached commercial production towards the end of the quarter. The Waitapu-1 well was suspended pending further evaluation or potential sidetrack.

As at the end of Q4-2012 the Company issued a reserve update based on reservoir and production data from the Copper Moki-1, Copper Moki-2, Copper Moki-3 and Waitapu-2 wells, resulting in a 151% increase to 2P reserves compared to year-end 2011. During Q4-2012 the Company also expanded its exploration portfolio by 230,673 net acres and entered into two strategic partnerships; the Company entered into an agreement with Westech to acquire 80% and assume operatorship of the Wairoa Permit in the East Coast Basin, and entered into a joint arrangement with NZOG to explore the Manaia Permit in the Taranaki Basin.

Since the Company's inception, general and administrative costs have been incurred to assist in establishing the operating structure, setting up offices in both Canada and New Zealand, securing key personnel and general business development.

On behalf of the Board of Directors

"John Proust"

Chief Executive Officer & Director

About New Zealand Energy Corp.

NZEC is an oil and natural gas company engaged in the production, development and exploration of petroleum and natural gas assets in New Zealand. NZEC's property portfolio collectively covers approximately 2.25 million acres (including pending permits) of conventional and unconventional prospects in the Taranaki Basin and East Coast Basin of New Zealand's North Island. The Company's management team has extensive experience exploring and developing oil and natural gas fields in New Zealand and Canada. NZEC plans to add shareholder value by executing a technically disciplined exploration and development program focused on the onshore and offshore oil and natural gas resources in the politically and fiscally stable country of New Zealand. NZEC is listed on the TSX Venture Exchange under the symbol "NZ" and on the OTCQX International under the symbol "NZERF". More information is available at www.newzealandenergy.com or by emailing info@newzealandenergy.com.

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FORWARD-LOOKING INFORMATION

This document contains certain forward-looking information and forward-looking statements within the meaning of applicable securities legislation (collectively "forward-looking statements"). The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "should", "believe", "initiate", "with the objective of", "plan", "strategy", "goal", "pending", "could result", "is engaging", "investigate", "effort to", "may include", "subject to", "conditional on", "intends", "considering", "entitled to", "could", "would", "will begin", "advancing", "will finalize" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-

looking statements. The Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. Such forward-looking statements included in the document should not be unduly relied upon. These statements speak only as of the date of the document. This document contains forward-looking statements and assumptions pertaining to the following: business strategy, strength and focus; the granting of regulatory approvals; the timing for receipt of regulatory approvals; geological and engineering estimates relating to the resource potential of the Properties; the Company's future production levels; the estimated quantity and quality of the Company's oil and natural gas resources; supply and demand for oil and natural gas and the Company's ability to market crude oil, natural gas and natural gas liquids production; and expectations regarding the ability to raise capital and to continually add to resources through acquisitions and development; future commodity prices; the Company's ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the ability of the Company to progress through the conditions precedent to conclude the acquisition of assets from Origin on schedule, or at all; the ability of the Company's subsidiaries to obtain mining permits and access rights in respect of land and resource and environmental consents; the recoverability of the Company's crude oil, natural gas and natural gas liquids resources; future capital expenditures to be made by the Company; and future cash flows from production meeting the expectations stated herein. Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in the presentation, such as the speculative nature of exploration, appraisal and development of oil and natural gas properties; uncertainties associated with estimating oil and natural gas resources; changes in the cost of operations, including costs of extracting and delivering oil and natural gas to market, that affect potential profitability of oil and natural gas exploration; operating hazards and risks inherent in oil and natural gas operations; volatility in market prices for oil and natural gas; market conditions that prevent the Company from raising the funds necessary for exploration and development on acceptable terms or at all; global financial market events that cause significant volatility in commodity prices; unexpected costs or liabilities for environmental matters; competition for, among other things, capital, acquisitions of resources, skilled personnel, and access to equipment and services required for exploration, development and production; changes in exchange rates, laws of New Zealand or laws of Canada affecting foreign trade, taxation and investment; failure to realize the anticipated benefits of acquisitions; and other factors. Readers are cautioned that the foregoing list of factors is not exhaustive. Statements relating to "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources described can be profitably produced in the future. The forward-looking statements contained in the document are expressly qualified by this cautionary statement. These statements speak only as of the date of this document and the Company does not undertake to update any forward-looking statements that are contained in this document, except in accordance with applicable securities laws.

CAUTIONARY NOTE REGARDING RESERVE ESTIMATES

The oil and gas reserves calculations and income projections, upon which the Report was based, were estimated in accordance with the Canadian Oil and Gas Evaluation Handbook ("COGEH") and National Instrument 51-101 ("NI 51-101"). The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six Mcf: one bbl was used by NZEC. This conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates. Proved Reserves are those reserves 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. Possible Reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. Revenue projections presented in the Report are based in part on forecasts of market prices, current exchange rates, inflation, market demand and government policy which are subject to uncertainties and may in future differ materially from the forecasts above. Present values of future net revenues documented in the Report do not necessarily represent the fair market value of the reserves evaluated in the Report. The Report also contains forward-looking statements including expectations of future production and capital expenditures. Information concerning reserves may also be deemed to be forward looking as estimates imply that the reserves described can be profitably produced in the future. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause the actual results to differ from those anticipated.