

## NEWS RELEASE

### New Zealand Energy Production and Operational Update

**February 4, 2014 – Vancouver, British Columbia** – New Zealand Energy Corp. (TSX-V: NZ, OTCQX: NZERF) is currently producing light, high-quality oil from nine wells in the Taranaki Basin of New Zealand’s North Island, with five further wells expected to add to production over the next four months. NZEC’s Waitapu-2 well on its 100%-owned Eltham Permit and the Waihapa-1B well on NZEC’s 50%-owned TWN Licenses are expected to recommence production in Q1-2014. A high-volume electric submersible pump (“ESP”) is scheduled to be installed on Toko-2B in Q1-2014 in order to realize a further increase to production in April, followed by additional production from the Waihapa-2 and Waihapa-8 wells later in Q2-2014.

#### Production Highlights

- Total corporate production (net to NZEC)
  - February 2014 first three days average: 284 barrels per day (“bbl/d”) oil
  - January 2014 average: 202 bbl/d oil
  - December 2013 average: 236 bbl/d oil
- Commenced delivery of Copper Moki natural gas to the Waihapa Production Station in early January
  - All gas required for compressor fuel at the Waihapa Production Station and for gas lift of the TWN JA reactivated wells is currently provided from corporate production (TWN JA purchased external lift gas in Dec 2013), resulting in savings of approx NZ\$100,000 net to NZEC in January (Company estimate)
- Third-party revenue at the Waihapa Production Station during January of approx NZ\$155,000 (net to NZEC)

#### Upcoming Catalysts

- Additional production opportunities identified
  - Waitapu-2 well expected to resume production in Q1-2014
  - Waihapa-1B: Testing the production potential of the Tikorangi Formation. If successful, the well should recommence production in Q1-2014
  - Toko-2B ESP installation targeted for Q1-2014, with a production increase anticipated in April 2014
  - Waihapa-2: Existing Tikorangi well successfully recompleted uphole to access bypassed Mt. Messenger production. Well shut-in for installation of artificial lift, production expected in Q2-2014
  - Waihapa-8: Mt. Messenger Formation production potential confirmed by short flow test. Well shut-in for installation of artificial lift, production anticipated in Q2-2014

Production fluctuations are the result of ongoing work at the TWN Joint Arrangement (“TWN JA”) reactivated wells to optimize oil production. Two TWN JA wells were shut-in at the end of December for optimization activities and resumed production in the second week of January. Likewise, NZEC’s Copper Moki-3 well remained shut-in for the first half of January, resuming production on January 17.

During January, NZEC commenced delivery of Copper Moki natural gas to the Waihapa Production Station. As a result, the Company is currently able to internally generate all of the natural gas required to lift the TWN JA reactivated wells and run the Waihapa Production Station compressors, significantly reducing operating costs at the Waihapa Production Station and bringing modest natural gas revenue to the Company.

“NZEC continues to focus on near-term, low-cost opportunities to increase production and cash flow,” said John Proust, Chief Executive Officer and Director of NZEC. “During a strategic planning session held in mid-January, NZEC directors and management agreed on two key things: the Company needs to increase production, and reduce costs. We are focused on delivering these two objectives. Further, a review of the cash flow projections concluded that the

shift in closing the acquisition of the TWN assets from August to October 2013, and the resulting delay to commencement of production, will result in lower cumulative cash flow for 2014 than originally announced. NZEC will provide updated cash flow guidance as its 2014 development program unfolds.

"The better we understand the TWN assets, the more opportunities we see that could further enhance production with minimal cost. Likewise, we continue to optimize production from existing wells, as evidenced by the production increase in the early part of February. The timing and sequence of each development activity may change as we continue to optimize production and enhance our understanding of the oil fields' potential. NZEC's operations team reviews planned activities daily to ensure resources are deployed on activities that will most quickly add to production, in a sequence that ensures the most effective use of support services. NZEC will continue to provide monthly updates so that shareholders can track the Company's progress as we incrementally add to production and cash flow with each development activity."

**Table 1 – NZEC's Production & Development Wells**

Well Name	Permit Name	Target Formation	Notes
Copper Moki-1	Eltham	Mt. M	Producing since Dec 2011
Copper Moki-2	Eltham	Mt. M	Producing since Apr 2012
Copper Moki-3	Eltham	Mt. M	Producing since Jul 2012
Waitapu-2	Eltham	Mt. M	Produced Dec 2012 – May 2013 Expected to recommence in Q1-2014
<i>Reactivated Tikorangi Wells</i> Toko-2B, Ngaere-3, Ngaere-2A, Ngaere-1, Waihapa-H1, Waihapa-6A	TWN	Tikorangi	Existing wells drilled by previous operator Oil production reactivated in Nov 2013 Installation of high-volume lift on Toko-2B targeted for Q1-2014
<i>Potential Tikorangi Well</i> Waihapa-1B	TWN	Tikorangi	Tikorangi flow test scheduled for Feb 2014 Production targeted for Q1-2014 Additional upside from Mt. M formation
<i>Uphole Recompletions</i> Waihapa-2 Waihapa-1B	TWN	Mt. M	Waihapa-2 production targeted for Q2-2014 Waihapa-1B Mt. M recompletion contingent on results of Tikorangi production test
<i>Reactivated Mt. M Well</i> Waihapa-8	TWN	Mt. M	Production targeted for Q2-2014

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 1.97 million acres 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, and takes a multi-disciplinary approach to value creation with a track record of successful discoveries. 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](http://www.newzealandenergy.com) or by emailing [info@newzealandenergy.com](mailto:info@newzealandenergy.com).

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