

NEWS RELEASE**New Zealand Energy Announces change of holding company structure, amendment to Working Capital Facility and Operational Updates**

7th January 2015 – Wellington, New Zealand - New Zealand Energy Corp. (“NZE” or the “Corporation”) (TSX-V : NZ, OTCQX: NZERF), announced today that to save cost and simplify administration it has moved the holding company for its New Zealand subsidiary companies from Singapore to New Zealand.

The process has been undertaken by sale of the New Zealand subsidiary companies’ shares held by NZ Holdings Pty Ltd to NZEC Holdings Ltd (both wholly owned subsidiaries of NZEC) and by the transfer of all debt obligations and assets and liabilities of NZ Holdings Pty Ltd to either NZEC or NZEC Holdings Limited. These amendments have been made operative as of 5th January 2015.

The process has involved an amendment and restatement of the Working Capital Facility Agreement (the “Facility”) with New Dawn Energy Limited (“New Dawn”) to replace NZ Holdings Pty Ltd with NZEC Holdings Limited as Guarantor.

“Moving the holding company for our New Zealand subsidiaries from Singapore to New Zealand should reduce our audit and financial administration costs by approximately NZ\$50,000 per annum and is a part of our ongoing cost reduction and rightsizing activities,” Chief Executive Officer David Robinson said.

As a further amendment, New Dawn has been granted an option to accept repayment of debt due by the issue of common shares in the Company. Mr Robinson said “the amendment was requested by New Dawn and agreed by NZEC on the basis that it provides additional flexibility regarding repayment options in respect of part or all of the debt. The exercise of the option is subject to compliance with the requirements of the TSX Venture Exchange and Canadian securities law for the issue of shares under a prospectus exemption.”

The number and deemed value of the shares which may be issued would be determined by reference to the volume weighted average price at which NZEC shares have traded in the 60 days immediately prior to the calculation date (being the date falling 5 days before the proposed date for issue of the shares) and in any event shall not be less than the lowest price as permitted by the TSX (5 cents).

If exercised by New Dawn, the debt to share conversion mechanism provides for the issue to New Dawn of such number of common shares in NZEC having an aggregate value (when converted to New Zealand dollars) as at the calculation date equivalent to the payment or repayment amount. The shares shall rank pari passu in all respects with the existing common shares.

The Facility may be repaid at any time by NZEC without penalty. Current and committed drawings under the Facility amount to approximately NZ\$600,000.

Production Update:

The average daily production for December was 155bbls which is lower than the previous month. There have been a number of contributing factors, including decline in the Copper Moki field, TWN well rotation, and insufficient gas to effectively lift each of the wells. Gas lift is an integral component in the recovery of the oil in the TWN field. The TWN wells do respond with flush production after being shut in for 7 to 10 days and this pattern has been adapted successfully.

NZEC is pleased to confirm the successful installation and operation of the Waihapa 2 jet pump project. This well has been completed to enable two Miocene zones to be tested individually or commingled.

During the month of December, production from Waihapa 2 slowly declined, to a stage that required an intervention of the well on the 29th of December. On removal of the jet pump, it was found the throat was partially blocked by brass shear stock (material used for wire line shear pins). On bringing the well back on production, the surface pump developed a mechanical fault, and was not able to be repaired until the New Year. Over the coming weeks the well performance will be monitored and analysed, to determine optimum pump efficiency and the steady state production rates from the well.

Working Capital:

“The significant fall in oil prices in Q4 2014 has had a significant impact on the working capital position of NZEC and has negated the effect of recent cost saving initiatives;” said Mr. Robinson. “Whilst the capital constraint continues to be serious for NZEC, we are very positive about our exploration acreage and mid-stream assets and are considering a range of options to refinance the organisation. As the oil price recovers we are committed to developing our acreage through drilling new wells to realise NZEC’s full potential for our shareholders. This will be dependent upon our ability to put together a business combination or raise capital to achieve this goal.”

On behalf of the Board of Directors

“David Robinson”

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 1.15 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 oil and gas exploration and operations experience in New Zealand. NZEC plans to execute 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 the words "first step", "will", "undertake", "further", "objective", "could", "advance", "may", "reviewing" 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 including, without limitation, the speculative nature of exploration, appraisal and development of oil and natural gas properties; uncertainties associated with estimating oil and natural gas reserves and resources; uncertainties in both daily and long-term production rates and resulting cash flow; volatility in market prices for oil and natural gas; 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 and production; the need to obtain various approvals before exploring and producing oil and natural gas resources; exploration hazards and risks inherent in oil and natural gas exploration; operating hazards and risks inherent in oil and natural gas operations; the Company's ability to generate sufficient cash flow from production to fund future development activities; market conditions that prevent the Company from raising the funds necessary for exploration and development on acceptable terms or at all; the Company's requirement to pay back the working capital facility; the need for New Dawn's agreement when deciding on which working capital purposes to apply the working capital facility; 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 as disclosed in documents released by NZEC as part of its continuous disclosure obligations. Such forward-looking statements should not be unduly relied upon. 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. Actual results could differ materially from those anticipated in these forward-looking statements. 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.