

NEWS RELEASE**New Zealand Energy Production and Operational Update**

July 3, 2014 – Vancouver, British Columbia – New Zealand Energy Corp. (“NZE” or the “Company”) (TSX-V: NZ, OTCQX: NZERF) today provided an update on production and development activities on the Company’s properties in the Taranaki Basin of New Zealand’s North Island.

To date the Company has advanced 12 wells to production: four wells on the Eltham Permit and eight wells on the TWN Licenses. Total corporate production during June 2014 averaged 231 barrels of oil per day (“bbl/d”) net to NZEC, up from an average of 201 bbl/d during May. The production increase was largely the result of flush production from the Ngaere wells on the TWN Licenses, which had been shut-in during May to allow the Company to test the Toko-2B well. Production from NZEC’s Copper Moki-1 and Copper Moki-2 wells also increased slightly during June.

The Toko-2B well recommenced production on June 28, following a number of workover activities during June. The high-volume lift (“ESP”) is pumping at the maximum rate of 9,000 boe/d, with current production of approximately 50 bbl/d (25 bbl/d net to NZEC). Since water continued to flow into the well when it was shut-in, it will take a number of weeks for the ESP to pump through the water to allow the well to begin producing oil at optimal rates. The operations team is encouraged by Toko-2B’s performance over the first few days at the increased pumping rate, and is optimistic that oil production will continue to increase.

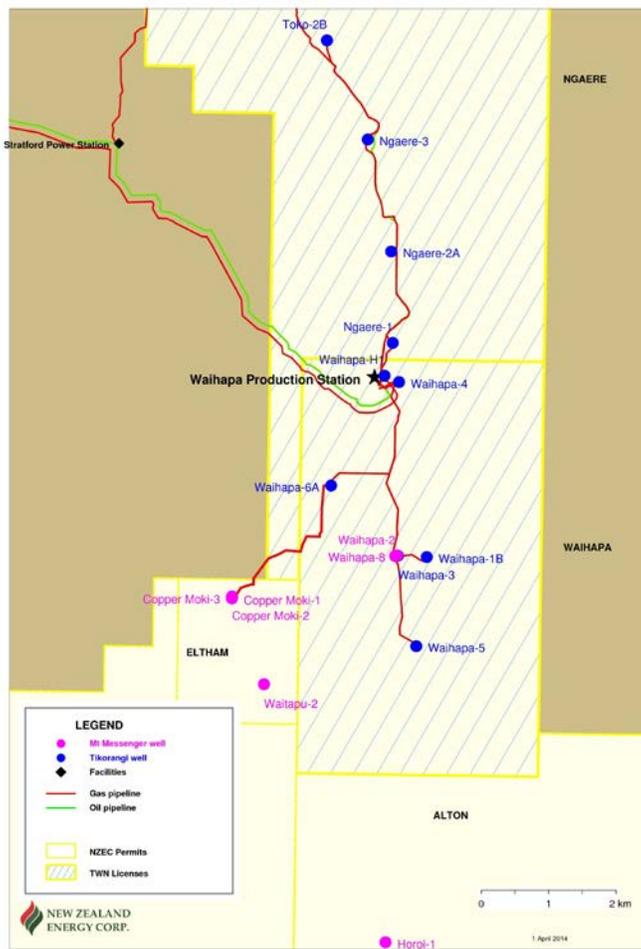
In June, the operations team was expanded to include David Hoke, a Petroleum Engineer with 38 years of experience encompassing all aspects of petroleum engineering, including drilling, production, reservoir and facilities. Most recently, Mr. Hoke has focused on reservoir management, production optimization and new field exploitation. Mr. Hoke has worked with NZEC’s Operations and G&G teams to complete an extensive analysis of the Waihapa-2 well, which determined that this well provides the perfect opportunity to individually test two separate Mt. Messenger zones. In many areas on NZEC’s Taranaki permits, the Miocene sands of the Mt. Messenger formation separate into an upper and lower zone. Historically NZEC has focused on the lower zone, but Mr. Hoke and NZEC’s G&G team believe that the upper Mt. Messenger zone holds additional potential. In the Waihapa-2 well, the TWN JA (the 50/50 NZEC/L&M Energy partnership that owns the TWN Licenses) has already perforated both zones. The engineering and reservoir work is nearly complete, at which point NZEC’s team will submit a proposal to the TWN JA to install a packer to separate the two zones and then produce the well using a jet pump. This would allow the two zones to be tested and produced both separately and collectively, providing production flexibility and allowing the TWN JA to gain valuable information about both Mt. Messenger zones, which would guide the Company’s exploration and development efforts across all of its Taranaki permits.

For the near-term, NZEC will leverage Mr. Hoke’s experience and insight to focus on optimizing production from existing wells. While the Company does see a number of additional opportunities that could add to production, including advancing the Waihapa-2 well, installing a new pump in the Copper Moki-3 well, advancing the Waihapa-1B well and additional uphole completion opportunities, these activities will be deferred until the Company has additional capital. The Company is advancing a number of options to increase its financial capacity, which could include increasing cash flow from oil production, credit facilities, joint arrangements, commercial arrangements or other financing alternatives.

Third-party revenue from the Waihapa Production Station since closing the TWN Acquisition totals approximately NZ\$1.15 million to NZEC. In addition, during February 2014 the TWN JA entered into an agreement with a gas marketing counterparty to transport gas along a section of the TAW gas pipeline for a term of four years, with a five-year right of renewal. The arrangement is expected to generate between NZ\$250,000 and NZ\$1 million revenue per

year (net to NZEC). First gas commenced flowing on May 5, 2014, with revenue earned since that date being applied as the TWN JA's contribution to the capital cost originally incurred by the counterparty. The TWN JA expects that its capital contribution will be paid up by the end of July 2014, from which point forward the TWN JA will receive the proceeds from the revenue associated with this arrangement.

Figure 1 – NZEC's Production & Development Wells – Status at July 2, 2014



Well Name	Permit	Formation	Notes
<u>Producing Wells</u>			
Copper Moki-1	Eltham	Mt. M	Producing since Dec 2011
Copper Moki-2	Eltham	Mt. M	Producing since Apr 2012
Waitapu-2	Eltham	Mt. M	Produced Dec 2012 – May 2013 Recommended oil production Mar 2014
Ngaere-1	TWN	Tikorangi	Oil production reactivated Nov 2013, shut-in periodically to allow production to build, and to test Toko-2B
Ngaere-2A	TWN	Tikorangi	Oil production reactivated Nov 2013, shut-in periodically to allow production to build, and to test Toko-2B
Ngaere-3	TWN	Tikorangi	Oil production reactivated Nov 2013, shut-in periodically to allow production to build, and to test Toko-2B
Waihapa-H1	TWN	Tikorangi	Oil production reactivated Nov 2013, shut-in periodically to allow production to build
Waihapa-6A	TWN	Tikorangi	Oil production reactivated Nov 2013
Waihapa-8	TWN	Tikorangi	Commenced oil production Mar 2014
Toko-2B	TWN	Tikorangi	Oil production reactivated Nov 2013 Recommended production on June 28 with high-volume lift
<u>Producing wells current shut-in</u>			
Copper Moki-3	Eltham	Mt. M	Producing since Jul 2012, shut-in pending installation of artificial lift
Waihapa-2	TWN	Mt. M	Commenced oil production Apr 2014 Shut-in after sanding off. Candidate for jet pump installation
<u>Additional Opportunities</u>			
Waihapa-1B	TWN	Tikorangi	Evaluating potential for possible re- entry into the Tikorangi
Waihapa-3	TWN	Mt. M	Uphole completion potential
Waihapa-4	TWN	Mt. M	Uphole completion potential
Waihapa-5	TWN	Mt. M	Uphole completion potential
Horoi	Alton	Mt. M	New exploration well

Mt. M – Mt. Messenger Formation

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 1.15 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.

New Zealand Energy Contacts

North American toll-free: 1-855-630-8997

John Proust – Chief Executive Officer & Director

Rhylin Bailie – Vice President Communications & Investor Relations

Email: info@newzealandenergy.com

Website: www.newzealandenergy.com

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