

15 August 2016

GAS PLUS KHALAKAN OPERATIONS UPDATE

Gas Plus Khalakan (“GPK”) is pleased to provide an operational update on the Khalakan block in the Kurdistan Region of Iraq.

The Shewashan – 1 Sidetrack well was successfully drilled and recompleted as a horizontal producing well in the Qamchuga formation. The well is currently producing approximately 500-700 bopd and the well completion may require further stimulation to reach expected predrill production estimates based upon the original shewashan-1 vertical well. The Shewashan – 1 vertical well bore remains a future candidate for additional horizontal sidetrack wells or a recompletion of the Shewashan – 1 Sidetrack horizontal sidetrack to further enhance the well’s productive capacity.

The Shewashan – 3 well has now spudded and this well will again target the productive Cretaceous formations as a vertical producer. The well is anticipated to be completed in Q4 2016 with an estimated budget of USD 16 million. The vertical Shewashan-4 well is due to be drilled later this year to accelerate Phase 1 production in the Cretaceous and test the deeper unexplored Jurassic reservoirs.

The Shewashan – 2 well continues to produce with a current rate of circa 4,000 bopd and the production from both wells is sold into the domestic refinery market via existing topside production facilities and tanker trucks. GPK anticipates total field production to reach the target 10,000 bopd early next year when Shewashan-4 will come on stream. Proceeds for oil sales from initial production in April through to end June 2016 have been invoiced and agreed with the MNR. These invoices are expected to be settled shortly and on a monthly basis going forward.

Through the combined efforts of the KRG Ministry of Natural Resources and the GPK development team the Khalakan Production Sharing Contract has been adjusted such that it is in line with other PSC’s in respect of the infrastructure payment arrangement which is neutral to the contractor at current oil prices.

Future Khalakan development beyond the first phase will be dependent upon reservoir performance, discussions with the KRG Ministry of Natural Resources, and in accordance with a Khalakan Field Development Plan.

GPK intends to engage DeGolyer and MacNaughton to update its June 2015 reserve audit during Q4 2016. Based on the productivity of the Cretaceous reservoir and some new mapping since the last reserve audit we expect a modest increase in calculated reserves.

Steve Lowden, CEO of New Age, said:

“We are pleased with the progress made with the Shewashan Phase 1 Development and looking forward to the results of the next two development wells which may demonstrate more updip potential in the Cretaceous oil field and further potential in the deeper Jurassic section. Importantly, we have also sold all the oil produced and expect to be paid for production to date. The KRG are working closely with our team on all aspects of the development and we appreciate their contributions and fresh insights.”

ENDS

Further Information

For media

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