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GAS PLUS KHALAKAN OPERATIONS UPDATE

With production having commenced from the Shewashan-2 development well at 4,000 bopd, Gas Plus Khalakan (“GPK”) has now re-entered the Shewashan-1 well to perform a horizontal sidetrack and re-complete the well (the “Shewashan-1 Sidetrack”) as a producer in the Cretaceous Shiranish formation. This formation was previously tested and produced light oil from both the Shewashan-1 and Shewashan-2 wells. The horizontal well is designed to increase the likelihood of intersecting the Cretaceous Shiranish’s natural fracture network when compared to the utilization of a vertical well bore (Shewashan-1) or a deviated well bore (Shewashan-2). GPK intends to test and complete the Shewashan-1 Sidetrack well in the second quarter of 2016.

In June 2015 GPK retained DeGolyer and MacNaughton to complete an audited reserve report for the Shewashan field. Upon the conclusion of the Shewashan-1 Sidetrack, GPK intends to request an updated reserve audit from DeGolyer and MacNaughton in the second or third quarter of 2016.

\$3.7 million of expenditures were applied to the \$77 million Phase 1 Development Plan budget in the first quarter of 2016.

Steve Lowden, CEO of New Age, said:

“GPK is delighted to confirm that Shewashan-2 is producing at such a good flowrate and we expect Shewashan-1 to have a similar performance after the sidetrack. We continue to progress towards our Phase 1 target of 10,000 bopd and, given the potential of the field, we believe that Shewashan will become an ever more valuable part of the New Age portfolio in the years to come.”

ENDS

Further Information

For media

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