

**PRESS RELEASE**

8 February 2017

**GAS PLUS KHALAKAN OPERATIONS UPDATE**

Following the Shewashan discovery in 2014, the subsequent declaration of commerciality and the Kurdistan Regional Government approval of the field development plan ('FDP'), Gas Plus Khalakan ("GPK") has made considerable progress in unlocking the potential of the Shewashan oil field.

Since 2014, GPK has completed three wells (Shewashan -1, -2, and -3) and spudded the dual purpose Shewashan -4 well, which targets the productive Cretaceous reservoirs and the unexplored Jurassic reservoirs. GPK has also started the construction of a 10,000 bbl/day oil production facility (EPF) under Phase 1 of the FDP and which is expected to be commissioned in April 2017.

**Q4 2016 drilling update:**

- **Shewashan -3 Commences Production:** The Shewashan -3 well reached TD<sup>1</sup> of 2874m MDBRT<sup>2</sup> in December 2016 and was placed into production in late January 2017 at a rate of 2,600 bbl/d with a 24/64" choke, very low drawdown and no produced water. However, the well has now started to pull formation water and this is being investigated.
- **Shewashan -4 Drilling Progress:** The fourth Shewashan production well, Shewashan -4, was spud in November with dual targets including the existing productive zones in the Cretaceous and the unexplored and deeper Jurassic formations. Shewashan -4 is expected to reach TD in late March 2017.

---

<sup>1</sup> Total depth

<sup>2</sup> Measured depth below rotary table

**2016 & 2017 Operations Update:**

During 2016 the Shewashan Field produced 877,000 barrels of oil which was sold into the Kurdistan domestic market and transported by road tanker to a nearby refinery by the buyer.

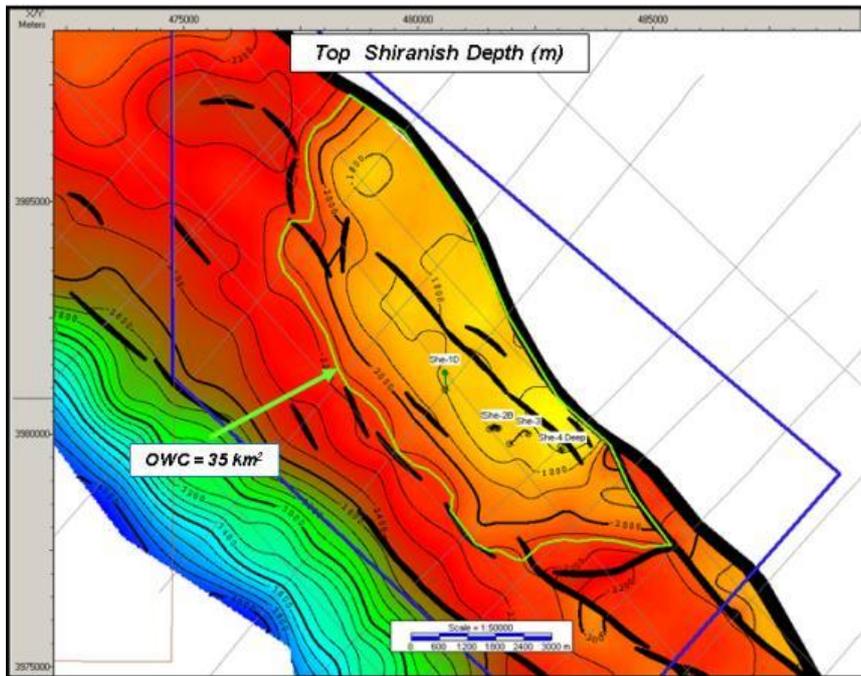
Capital and operating expenditures for 2017 are estimated at \$46.65m. This budgeted amount is expected to fund the completion of the Shewashan -4 well, ongoing production operating expenses and should be sufficient to complete the Phase 1 FDP. Material capital expenditures are expected to conclude in Q2 2017 as Phase 1 is completed.

In 2016 a total of \$10.98m in oil sales payments were received by GPK for oil sold through September 2016. Oil sold from October 2016 through December 2016 was paid for in January 2017, amounting to \$4.57m.

The peak field production rate of over 5,000 bbl/d occurred in Q2 2016 with contribution from both Shewashan -1 and -2. Oil production rates have been negatively impacted by increasing amounts of produced water and the Shewashan -1 well being taken offline in November 2016 while the EPF is constructed on this site. It will then be scheduled for remedial work in May to isolate water production and increase oil production. Shewashan -2 is also being evaluated for remedial work to reduce water production and increase oil production.

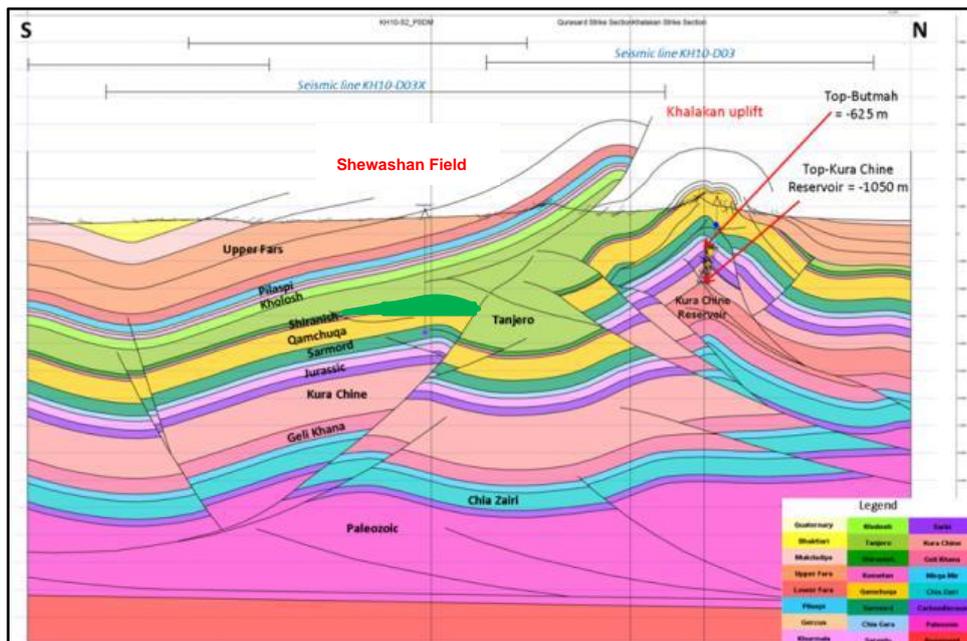
In Q4 2016 the Shewashan field averaged approximately 2,200 bbl/d and over 186,000 bbls of oil were produced. Shewashan -3 only recently commenced production at a rate of 2,600 bbl/d and in 2017 GPK estimates total Shewashan field production of up to 3,000,000 bbls.

Figure 1: The map below includes the location of the four Shewashan wells in the Shewashan Field.



Based on most recent under balanced drilling results, GPK has shown that that all the Cretaceous reservoirs are productive when fractures are intersected. The well and seismic data demonstrate a structure cresting to the northeast of the four wells. GPK believes that this area contains more faulting than the western part of the field, which may enhance reservoir performance.

Figure 2: The geological cross section below demonstrates the location of the targeted Cretaceous reservoir and the unexplored Jurassic reservoir.



GPK continues to progress the development of a revised Shewashan Field Reserves and Resources Audit with its existing reserve auditor DeGoyler and MacNaughton. This report will update the June 30, 2015 report based on the most recent geological data from the first three Shewashan wells, oil and water production rates as well as reimaged seismic data. Additionally, the reserve report will consider net and gross reserve resources accounting for modifications to the Production Sharing Contract ('PSC') terms which have occurred during the course of 2016. These adjustments to the PSC were reviewed by an independent third-party, who determined the adjustments will not materially influence the net present value of the field or the PSC. The reserve report is expected to be published late Q1 2017.

Steve Lowden, CEO of New Age, said:

"I am extremely pleased with the progress that GPK has made in unlocking the potential of the Shewashan oil field over the past few years. As conditions continue to improve in Kurdistan, and with ongoing support from the KRG, we look forward to continuing this success in 2017."

ENDS

*Further Information*

**For media**

**Brunswick Group LLP**

**+44 (0)20 7404 5959 or [NewAge@brunswickgroup.com](mailto:NewAge@brunswickgroup.com)**

**For New Age**

Steve Lowden, CEO

+44 (0)207 581 7830

**GAS PLUS KHALAKAN LIMITED**

Registered Number: 103025

Registered Office: Nautilus House, La Cour des Casernes, St. Helier, JE1 3NH