



5<sup>th</sup> April 2016

**GAS PLUS KHALAKAN HAS COMPLETED THE SHEWASHAN-2  
DEVELOPMENT WELL IN THE KURDISTAN REGION OF IRAQ**

Gas Plus Khalakan (“GPK”) has now completed testing of the Shewashan-2 development well under Phase 1 of the approved Field Development Plan (FDP) for the Shewashan oil field in the Kurdistan Region of Iraq.

The deviated Shewashan-2 well was spudded on 1<sup>st</sup> October 2015 and drilled to a TD of 2768 m MD in the Cretaceous Qamchuga reservoir at a cost of \$19.5m. On open hole test from 2439m to 2768m, the well flowed with very low drawdown at a maximum rate of 4,400 barrels of oil per day (bopd) and with a BS&W of less than 1%. This flow was from the Cretaceous fractured carbonate reservoirs (Shiranish, Kometan and Qamchuga). The oil is very high quality at 47° API.

The well has now been completed ready for production and will contribute to the Phase 1 production target of 10,000 barrels of oil per day (bopd) by the end of 2016. Estimated annual production for 2016 is 1.9 million barrels.

GPK will immediately proceed with the recompletion of the Shewashan-1 well as a deviated producing well. Phase 1 production will be processed through a 10,000 bopd Early Production Facility (EPF) with total storage capacity of 30,000 bbls and water handling of up to 3,000 bwpd. The total Phase 1 capital investment budget is \$77m gross.

Steve Lowden, CEO of New Age, said:

“GPK is delighted with the progress of the Shewashan development and with the continued support from the KRG and the improving conditions in Kurdistan.”

ENDS

***Further Information***

**For media**

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**For New Age**

Steve Lowden, CEO

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**Additional Information on the Khalakan PSC**

The discovery well Shewashan-1, drilled in 2014 to a final depth of 3038m in the Cretaceous, produced light oil from reservoir zones in the Shiranish, Kometan and Qamchuga formations at a maximum rate of 2,850 bopd of 46° API oil. Shewashan Cretaceous reservoirs constitute a single oil column with 400m relief at Shiranish. Production from these carbonate reservoirs is expected to be mainly through natural fractures. Shiranish and Kometan are limestones with good fracture occurrence but limited matrix contribution as porosities are generally less than 4% while the Qamchuqa dolomite has better matrix properties with porosity up to 15% as well as larger fracture intensity. The Shewashan-1 exploration well was put onto production for a period of 180 days, producing a total of 65,000 barrels of oil before increased water production from behind casing required the well to be shut-in pending a workover or sidetrack or conversion to a water disposal well if required. The oil was sold into the domestic market and transported by road tanker to a nearby refinery by the buyer.

Shewashan-1 was the second exploration prospect drilled by GPK on the Khalakan Block situated between the TaqTaq and Miran fields. The Shewashan discovery was declared commercial in June 2014 and the plan of development was approved by the MNR in February 2015. The field is now delineated with a 122 km<sup>2</sup> Production Area.

GPK acquired and processed 532 km of 2D seismic in two campaigns during 2010 and 2012 for a total cost of \$15.5m. The 2D seismic data is considered to be of reasonable quality over the Shewashan field and reprocessing is currently ongoing to try to enhance the structural image. Additional 200 km<sup>2</sup> of 3D seismic is programmed to be acquired under the conditional second development phase

The gross GPK Reserves and Contingent Resources for the Shewashan Cretaceous Reservoirs have been independently certified in June 2015 by DeGoyler and MacNaughton at:

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Reservoir	Proved			Probable			Possible		
	Oil (Mbbbl)	Condensate (Mbbbl)	Sales Gas (MMcf)	Oil (Mbbbl)	Condensate (Mbbbl)	Sales Gas (MMcf)	Oil (Mbbbl)	Condensate (Mbbbl)	Sales Gas (MMcf)
Shiranish	5,355	0	0	35,294	0	0	113,478	0	0
Kometan	4,567	0	0	19,648	0	0	37,065	0	0
Qamchuga	1,780	0	0	7,955	0	0	18,614	0	0
<b>Total</b>	<b>11,702</b>	<b>0</b>	<b>0</b>	<b>62,897</b>	<b>0</b>	<b>0</b>	<b>169,157</b>	<b>0</b>	<b>0</b>

Note: Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.

Reservoir	1C		2C		3C	
	Oil (Mbbbl)	Sales Gas (MMcf)	Oil (Mbbbl)	Sales Gas (MMcf)	Oil (Mbbbl)	Sales Gas (MMcf)
Shiranish	989	1,145	6,435	8,477	5,796	28,813
Kometan	844	1,385	3,833	7,303	2,320	16,559
Qamchuga	329	380	1,546	2,032	1,061	5,298
Shiranish North	2,850	514	20,254	3,649	38,666	6,967
Kometan North	617	160	2,279	593	5,428	1,414
<b>Total</b>	<b>5,629</b>	<b>3,584</b>	<b>34,347</b>	<b>22,054</b>	<b>53,271</b>	<b>59,051</b>

Notes:

1. Application of any risk factor to contingent resources quantities does not equate contingent resources with reserves.
2. There is no certainty that it will be commercially viable to produce any portion of the contingent resources evaluated herein.
3. All of the contingent resources estimated in this report have an economic status of Undetermined, since the evaluation of those contingent resources is at a stage such that it is premature to clearly define the ultimate chance of commerciality.

NPV10 for the 80% GPK interest is estimated by DeGoyler and MacNaughton at \$41m and \$179.7m for 1P and 2P reserves cases respectively using an oil price of \$42 per bbl in 2015 and escalated at 3% per annum.

GPK considers further potential exists in the deeper Jurassic formations to a depth of 5000m. Internal prospective calculations for these formations are as follow:

Reservoir	Oil (mmbo)	Gas (BCF)	Condensate (mmbo)	Oil equivalent (mmbo)
Sarmord-Alan	39	-	0	39
Mus-U.Butmah	60	-	0	60
Lower Butmah	-	344	10	67

GPK, a 75%-owned subsidiary of New Age, is the Operator of the Khalakan PSC with an 80% interest.

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