



East West Petroleum Corp and NIS sign MOU to Cooperate in Exploration and Production on 4 blocks in Romania

East West Petroleum Corp (EWP) and Naftna Industrija Srbije a.d. Novi Sad (NIS) finalized agreements for upstream cooperation which are to rapidly advance the developments of four Romanian onshore blocks: EX-2 (Tria), EX-3 (Baile Felix), EX-7 (Periam) and EX-8 (Biled). The joint exploration programs planned will include the collection and processing of approximately 900 sq km of 2D and 600 sq km of 3D seismic data from a minimum of 12 wells to be drilled on the four blocks in Romania.

By an earlier East West Petroleum signed Concession Agreements for four onshore exploration blocks EX-2 (Tria), EX-3 (Baile Felix), EX-7 (Periam) and EX-8 (Biled) with the Romanian National Agency of Mineral Resources.

The new petroleum licenses are located in the western region of Romania within the prolific Pannonian Basin. The blocks cover a combined area of approximately 1,000,000 acres. The blocks, which contain multiple exploration targets, lie within a major highly productive region of western Romania. The blocks have been only moderately explored, and the previous exploration of the acreage was generally limited to shallow structural traps. The Company has identified a number of structural and stratigraphic veins in the deeper section and plans to focus its exploration activities on the conventional oil and gas potential in addition to unconventional shale gas potential.

EWP and NIS plan to cooperate extensively on exploration and production of oil and gas from at the area of one million acres in four concession areas. Both conventional and unconventional resource potentials have been identified on the acreage, which is situated close to numerous oil and gas fields. The planned joint work programs will include the collection and processing of approximately 900 km of 2-D and 600 square kilometers of 3-D seismic data during the first two years of operations. The new seismic data will be used to upgrade a certain number of prospective conventional oil and gas veins that have been already identified on the acreage, with the purpose of further study of the unconventional shale potential and selection of drilling sites. Under the terms of the agreement East West will retain 15% of carried interest through Phase 1 (compulsory) and Phase 2 (optional) exploration periods as well as a carried interest on any discovery through to the declaration of commerciality. EWP will retain a 15% share of all production realized from four concessions.

NIS is a leading explorer in this sector of the Pannonian Basin. The company is currently carrying out extensive E&P operations in the Vojvodina region of northern Serbia, immediately adjacent to the Romanian Periam and Biled Concessions. The company's operational capabilities and knowledge of regional geology are expected to contribute significantly to the success of the Romanian exploration programs.



The exploration programs are subject to final ratification of the Concession Agreements by the Government. The territory rented to NIS will be subject to further agreements and approval of NAMR, which is expected to take place soon after the Government of Romania ratifies the Concessions.

“The new joint project for oil blocks development on the territory of Romania that has appeared in the Company’s portfolio assets became one of several steps for NIS to expand its presence outside Serbia and to implement the strategy of company’s transformation and becoming an active player in the Balkan energy market. Participation of NIS in the project as the operator will allow us to gain new experience, apply innovative technologies for developing complex reserves. According to our calculations, the successful results of exploration will allow the company to increase its reserves twice”, commented Kiriill Kravchenko, NIS General Manager.

Denis Sugaipov, the COO of NIS Company said: "The deal with East West Petroleum has several operational synergies for both companies and for Romanian Energy Sector. First of all, NIS’ geological knowledge of Pannonian basin and its success in reserves progression and production growth can be implemented in the exploration area which is very close to Serbian North Banat region. Secondly, EWP can contribute by its experience in nonconventional reserves from North America, where such projects were booming in the last decade. And finally, Romanian Energy Sector is waiting for foreign investments. A decline in oil and gas production trends of the country and the lack of investments in exploration, especially in western areas, give as an opportunity to change this situation and repeat our Serbian success story in Romania, providing additional jobs and allowing the Government to earn more money from taxes. I hope that this deal will show results in the near future and enable the sustainable development of the whole region"

Greg Renwick, President and CEO of East West commented, “We are very pleased to sign the Concession Agreements with the National Agency for Mineral Resources as a part of the Company’s strategy to create conventional and unconventional resource acreages in Eastern Europe. These blocks have considerable oil and gas potential and provide the Company with a substantial entry position in a country with such a long and successful E&P history. We look forward to commencing the work program on the blocks, in cooperation with Romanian authorities”.

David Sidoo, Chairman of East West commented, “These agreements are the culmination of many months of hard work and we are confident that in Naftna Industrija Srbije, a subsidiary of Gazprom Neft, we have sourced a key and strategic partner, with substantial operating experience and that necessary financial and operating capabilities which can be applied to the Romanian concessions and can very quickly advance with the development of the Romanian concessions.”

ABOUT EAST WEST PETROLEUM CORP:

East West Petroleum Corp. trades on the TSX Venture Exchange under the symbol EW. East West is an emerging exploration and production company focused on conventional and unconventional petroleum



resources. Currently East West has production capacities in Egypt and Canada, and exploration and exploitation assets in India, 5 million acres in a joint study agreement with Kuwait Energy in Egypt, Yemen, Russia, Ukraine and one million acres in Romania.

ABOUT NAFTNA INDUSTRIJA SRBIJE A.D NOVI SAD

Naftna Industrija Srbije a.d Novi Sad was established in 1991 as a public company for exploration, production, refining and trade in crude oil, petroleum products and natural gas. Since 2005, NIS has operated as a joint stock company. In 2009, based on the international agreement between Russia and Serbia, 51% of NIS shares were acquired by the Russian company "Gazprom Neft", one of the largest and fastest growing E&P companies in Russia, which has in March 2011 acquired from the minority shareholders additional 5.15% shares, and consequently now it owns 56.15% shares in total. Today, NIS is one of the largest, vertically integrated oil and gas companies in Southeast Europe, dealing with exploration, production and refining of crude oil and natural gas, as well as with the sales of a broad range of petroleum products.

**Deputy CEO –
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