



BUSINESS NEWS OF THE ISSUER NIS A.D. NOVI SAD

START OF OIL AND GAS PROSPECTING IN REPUBLIC OF SRPSKA

The company Jadran-Naftagas d.o.o. Banja Luka is starting geologic prospecting on the territory of Republic of Srpska, based on the concession for exploration and exploitation of hydrocarbons (crude oil and gas), awarded to Jadran-Naftagas by the Republic of Srpska Government, i.e. the competent Ministry of Industry, Energy and Mining.

Seismic prospecting will be conducted on the territory of 210 km, including the area from Novi Grad to Doboj, i.e. municipalities of Novi Grad, Kozarska Dubica, Kostajnica, Prijedor, Oštra Luka, Banja Luka, Čelinac, Prnjavor and Doboj. Also this exploration will be conducted on additional 490 km in the region of Semberija, which includes municipalities of Bjeljina, Ugljevik, Lopare, as well as one part of Zvornik.

Investment program for the period until 2014, foresees investments into prospecting of oil and gas at the territory of Republic of Srpska in the amount of USD 41 million. This year EUR 4.05 million will be invested into exploration project.

Additional information:

Seismic 2D prospecting represents a basic method of oil and gas exploration. The purpose of this prospecting is to generally survey the geological features and define the geological model, i.e. to define the most prospective locations for further elaborate explorations of oil and gas. Based on the interpretation of these results, potential localities for exploration drilling will be selected.

Jadran-Naftagas is a joint company of NIS and NefteGazInKor, daughter company of the Russian company Zarubezhneft, founded at the end of the last year in Banjaluka, and dealing with the exploration and production of hydrocarbons on the territory of Republic of Srpska.

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