



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

NIS And RAG Signed a Joint Oil and Gas Research Agreement for South Hungary

NIS and Rohöl-Aufsuchungs Aktiengesellschaft via its Hungarian subsidiary RAG Hungary Kft, Budapest (RAG) have on 19 December 2011 entered into agreement to jointly explore and develop conventional hydrocarbon resources in the Kiskunhalas region, west of the city of Szeged in southern Hungary. The license is held by RAG Hungary, and it covers an area of 2,255 km².

The goal of the cooperation is to combine investments and share the risks and benefits inherent to the exploration of gas and oil resources. Under the terms of the agreement NIS will have a 50 percent participating interest.

After the acquisition and interpretation of a high quality 3D seismic in 2011 the partners plan to drill the first exploration wells in 2012. Exploration, evaluation and development costs and production in the license area will be shared in accordance with the parties participating interest held under a Joint Operating Agreement. RAG Hungary shall be the operator under the agreement.

By combining skills, knowledge and experience in neighbouring exploration areas in Hungary and Serbia the cooperation will create benefits for both partners and will stimulate investments in exploration activities in Hungary.

Kirill Kravchenko CEO of NIS said:

“Partnership with RAG is another step towards the realisation of our strategy. NIS is actively developing its business abroad. In the focus of our attention in the field of oil and gas exploration is the area of the Pannonia basin, and today in our portfolio there are several perspective production projects on the territory of Hungary, Romania and Bosnia in which we are involved, and in which we are developing knowledge and expertise in that area. The main goal of our development in this direction is not only the increase in volume of hydrocarbon production in the future – equally important for us is the resource base and reserve level increase. In this process, we cooperate with the best partners – leaders in their industries. The partnership with RAG gives us new experience, new geographical and technological perspectives“.

About RAG:

RAG carries out E&P activities in Austria, Germany, Hungary and Poland. In Hungary, RAG's operations are carried out by its 100% subsidiary RAG Hungary. In addition to exploration and production RAG is one of Europe's largest operators of underground gas storage. The gas storages of RAG and its storage partners do not cover only the Austrian market but provide to users in the larger Central European



region storage capacities of 5 billion of cubic meters, targeting up to 6 billion cubic meters by 2014.

**Deputy CEO –
Director of Function for Legal and Corporate Affairs**

Sergey Fominykh
