



## NEWS RELEASE

May 7, 2014

Ticker: **EW** (TSX-V)

### **EAST WEST PETROLEUM PROVIDES OPERATIONAL UPDATE**

**Vancouver, British Columbia: May 7, 2014** East West Petroleum Corp. (TSX-V: EW, the “Company” or “East West”), is pleased to provide the following update on its operations. The Company’s joint venture partner, TAG Oil Ltd. (“TAG”), is the operator of all licenses in New Zealand, while in Romania, Naftna Industrija Srbije (“NIS”) is the operator of all four blocks.

#### **PEP 54877: Cheal North East Permit (30% EW)**

Since first production in November 2013, the Cheal E-site has produced approximately 90,000 barrels of oil with three wells currently producing at a stabilized combined rate of approximately 650 b/d of oil (195 b/d net) plus solution gas. Currently Cheal-E1 and Cheal-E4 continue to flow naturally while Cheal-E5 is producing utilizing hot water jet-pump facilities built at E-site.

The remaining two wells at the Cheal E-site are continuing to undergo review and testing. Cheal-E2 has been shut-in to evaluate flow-test data recently acquired using a test separator and Cheal-E3 is shut-in pending Pressure Transient Analysis.

#### **PEP 54879: Cheal South Permit (50% EW)**

As mentioned in the Company press release dated March 10<sup>th</sup>, 2014, the Cheal G-1 well drilled on the Cheal South Permit encountered hydrocarbons and the well was completed as a potential producer. A brief swab-test was conducted that resulted in oil and gas being recovered and a testing plan is being developed by the operator of the permit, which, upon JV approval, will be implemented in June 2014.

#### **PEP 54876: Southern Cross Permit (50% EW)**

The Southern Cross-1 well and a subsequent side-track well were drilled on the Southern Cross permit with both wells reaching TD and encountering hydrocarbons within the Mt. Messenger Formation. Both wells however were deemed to be sub-economic and were plugged and abandoned. Under the terms of the Joint Venture Agreement with TAG, East West funded the first \$2.5 million in costs of the Southern Cross-1 well with both companies paying their 50% share after the initial investment of \$2.5 million.

## **2014 New Zealand Work Program**

Southern Cross-1 was the final well of the nine well exploration program in the Taranaki Basin which commenced in August 2013. East West has now completed the carry portion of the work program on each permit and all further costs and revenues will be shared jointly with TAG on a working interest basis.

The Company and TAG will now be interpreting the results from the program to identify and refine leads and prospects across the three licenses. One firm well is currently scheduled for drilling in 2014 on the Cheal North East Permit (Cheal-E6). Further, together with new seismic data being acquired on the Southern Cross Permit and seismic reprocessing on the Cheal North East and Cheal South Permits, the data gather from the drilling program will be used to identify additional drilling locations for wells in the second half of 2014.

In the East Coast PEP 55770 permit which covers over 105,000 gross acres, the Company looks forward the results of TAG's Waitangi Valley-1 well to be drilled this year on nearby acreage to test the Waipawa and Whangai formations. These formations are regarded as high-quality source rocks and compare technically to successful tight oil plays in North America such as the Bakken and Eagle Ford. Multiple Miocene aged formations also provide the potential for conventional reservoirs.

The results of the Waitangi Valley-1 well will be used with seismic reprocessing to plan the next phase of the work on the permit, which will include shooting of 2D seismic. To earn its 40% interest in the East Coast, the Company will be carrying TAG Oil through the first three years which will include committed work of seismic reprocessing and optional seismic acquisition and the drilling of one exploration well over the next three years.

The remaining 2014 capex program will be fully funded from production in New Zealand.

## **Romania (15% EW)**

NIS has informed the Company tenders were recently issued for seismic acquisition across all four licenses. Following acquisition and interpretation, three wells will be drilled on each block as part of the Phase I work programs. Under the farm out agreement with NIS, East West will be fully carried through to commerciality, which includes all Phase I and Phase II work on the concessions. NIS and the Company will be targeting conventional resources and all work will be done in accordance with local and international regulations and best practices.

David Sidoo, CEO of East west commented, "We are very pleased to have completed the nine well drilling program in New Zealand with our partner TAG Oil. Over the past nine months, the Company has passed significant milestones with the drilling of our first exploration well, reaching commercial production and generating our first cash flow which will amount to approximately \$8.5 Million in 2014. We are looking forward to the results of the ongoing testing in the Taranaki Basin and are continuing to work closely with TAG on new ventures such as our East Coast permit and reviewing available acreage in the 2014 New Zealand Block Offer. In Romania, we are pleased to report that work is progressing across all four licenses in advance of drilling in late 2014 or early 2015. NIS

continues to be very diligent in the use of time and capital to evaluate the acreage and we are confident their expertise in this part of the Pannonian Basin will maximize our chance of successfully finding hydrocarbons once drilling commences.”

### **About East West Petroleum Corp.**

East West Petroleum (<http://www.eastwestpetroleum.ca>) is a TSX Venture Exchange listed company established in 2010 to invest in international oil & gas opportunities. East West has built a diverse platform of attractive exploration assets covering a gross area of approximately 1.8 million acres. In New Zealand, East West holds an interest in three exploration permits near to existing commercial production in the Taranaki Basin with a nine well drilling campaign, operated by TAG Oil Ltd. (TSX: TAO), is in progress; in December 2013, the Company was awarded one block in the emerging East Coast Basin of New Zealand when covers over 100,000 acres. The Company also interests in four exploration concessions covering 1,000,000 acres in the prolific Pannonian Basin of western Romania with Naftna Industrija Srbije; a joint venture exploration program covering 8,000 gross acres in the San Joaquin Basin of California; an oil-prone exploration block of 100,000 acres in the Assam region of India with the three largest exploration and production Indian firms ONGC, Oil India and GAIL; and a 100% interest in a 500,000 acre exploration block onshore Morocco. The Company has now entered operational phases in Romania, where it will be fully carried by its partner Naftna Industrija Srbije in a seismic and 12-well drilling program which is underway, and in New Zealand where production and drilling operations are ongoing.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Such factors include, but are not limited to: the ability to raise sufficient capital to fund exploration and development; the quantity of and future net revenues from the Company’s reserves; oil and natural gas production levels; commodity prices, foreign currency exchange rates and interest rates; capital expenditure programs and other expenditures; supply and demand for oil and natural gas; schedules and timing of certain projects and the Company’s strategy for growth; competitive conditions; the Company’s future operating and financial results; and treatment under governmental and other regulatory regimes and tax, environmental and other laws.

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be subclassified based on project maturity. Best estimate resources are considered to be the best estimate of the quantity that will actually be recovered from the accumulation. If probabilistic methods are used, this term is a measure of central tendency of the uncertainty distribution (most likely/mode, P50/median, or arithmetic average/mean). As estimates, there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be

commercially viable to produce any portion of the resources that the estimated reserves or resources will be recovered or produced.

This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. The Company disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise.

CONTACT:

Chris Beltgens, Corporate Development Manager  
telephone: +1 604 682 1558  
fax: +1 604 682 1568

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