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Amsterdam, 31 January 2017

Operational Update for the Fourth Quarter and the Twelve Months ending 31 December 2016

Nostrum Oil & Gas PLC (LSE: NOG) (“Nostrum”, or “the Company”), an independent oil and gas company engaging in the production, development and exploration of oil and gas in the pre-Caspian Basin, today announces its operational update for the twelve month period ending 31 December 2016. This update is being issued in advance of the release of Nostrum’s consolidated accounts for the same period. The information contained in this update remains subject to review by the independent auditors.

Highlights:

Operational

- FY 2016 average daily production of 40,351 boepd (FY guidance: 40,000 boepd)
- Q4 2016 average daily production of 44,708 boepd
- Successful completion of 2016 drilling programme including the commissioning of three new production wells at Chinarevskoye during H2 2016
- Construction of our third Gas Treatment Unit (GTU3) progressing on budget and on schedule for completion in 2017
- KazTransOil (KTO) pipeline connection remains on track for commissioning by Q2 2017 bringing significant reductions to crude oil transportation costs

Financial

- FY 2016 revenue is expected to be in excess of US\$340m
- Cash position above US\$100m as at 31 December 2016
- Total debt remains at US\$960m and net debt of approximately US\$860m as at 31 December 2016
- Payments in excess of US\$27m received over the year from the hedge entered into in December 2015
- 15,000 boepd hedged at US\$49.16 through to December 2017

Kai-Uwe Kessel, Chief Executive Officer of Nostrum Oil & Gas, commented:

“The fourth quarter of 2016 was the best quarter of the year for us, with the highest average daily production against a backdrop of improving oil prices. We have successfully reached our production target for the full year, averaging over 40,000 boepd, and continue to produce in line with guidance. We also completed our drilling programme as expected, with better results than anticipated from two out of the three production wells. GTU3 is on track for delivery during 2017 and will more than double our production capacity to above 100,000 boepd. Meanwhile, we are close to completing the KTO connection pipeline, which will allow us to realise significant savings to exported crude oil transportation costs, and continue to seek to reduce costs across the business.”



“We look forward to communicating our financial results for the year in March and updating the market on the forthcoming completion of the KTO pipeline and of GTU3.”

Production Split

The product split for FY 2016 was as follows:

PRODUCTS	FY 2016 Average Production (boepd)	FY 2016 Product Mix (%)
Crude Oil & Stabilised Condensate	16,061	39.8
LPG (Liquid Petroleum Gas)	4,532	11.2
Dry Gas	19,758	49.0
TOTAL	40,351	100

Product destinations

Nostrum's primary export destinations remain as follows:

- Crude Oil – Neste Oil's and Socar's refineries in Finland and Azerbaijan
- Condensate – Russian Black Sea port of Taman
- LPG – Russian Black Sea ports, Central Asia and Eastern Europe
- Dry Gas – Sold for export

The Company is building a short pipeline to provide access to the KTO pipeline for its exported crude oil transportation. This pipeline will be completed at a total cost of under US\$10m and is expected to be operational by Q2 2017.

Drilling

- 24 oil wells and 22 gas condensate wells are currently producing at the Chinarevskoye field
- Drilling programme for FY 2016 completed in Q3, with three production wells brought online in Q4
- Plan to drill seven wells at Chinarevskoye in 2017, of which one is an appraisal well
- Appraisal well at Rostoshinskoye pending a flaring permit before testing can start
- Preparations for re-entering an existing well on the Darjinskoye field are currently underway

Production schedule

- 2017: average above 44,000 boepd; exit rate between 50,000 and 60,000 boepd
- 2018: 50,000 – 80,000 boepd
- 2019: 80,000 – 100,000 boepd

Should oil prices deviate materially the production guidance will be updated accordingly.

Progress on development of GTU3

Steady progress continues to be made on GTU3 and completion remains scheduled for 2017. Nostrum responded to a period of decline in the oil price from H2 2015 by phasing GTU3 payments over 2016 and 2017 in order to match the payment profile of the hedge put in place in December 2015. The phasing of payments at no additional cost allowed for a continued preservation of cash on the balance sheet during this period of low oil prices, with the total budget remaining at US\$500m.



The below figures reflect all cash payments made and future cash payments excluding VAT on GTU3.

GTU3 Cash Spent (excl VAT)	as at 31 December 2016
Expenditure to date	US\$378m
- Expenditure in 2016	US\$122m
Expenditure remaining	US\$120m
TOTAL	US\$498m

Release of Nostrum's FY 2016 Financial Results

Nostrum plans to release its audited consolidated accounts for the year ending 31 December 2016 on 28 March 2017. A call will be scheduled for later that day.

Further information

For further information please visit www.nog.co.uk

Further enquiries

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About Nostrum Oil & Gas

Nostrum Oil & Gas PLC is an independent oil and gas company currently engaging in the production, development and exploration of oil and gas in the pre-Caspian Basin. Its shares are listed on the London Stock Exchange (ticker symbol: NOG). The principal producing asset of Nostrum Oil & Gas PLC is the Chinarevskoye field, in which it holds a 100% interest and is the operator through its wholly-owned subsidiary Zhaikmunai LLP. In addition, Nostrum Oil & Gas holds a 100% interest in and is the operator of the Rostoshinskoye, Darinskoye and Yuzhno-Gremyachenskoye oil and gas fields through the same subsidiary. Located in the pre-Caspian basin to the north-west of Uralsk, these exploration and development fields are situated approximately 60 and 120 kilometres respectively from the Chinarevskoye field.

Forward-Looking Statements



Some of the statements in this document are forward-looking. Forward-looking statements include statements regarding the intent, belief and current expectations of the Partnership or its officers with respect to various matters. When used in this document, the words “expects,” “believes,” “anticipates,” “plans,” “may,” “will,” “should” and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual outcomes to differ materially from those suggested by any such statements.

No part of this announcement constitutes, or shall be taken to constitute, an invitation or inducement to invest in the Company or any other entity, and shareholders of the Company are cautioned not to place undue reliance on the forward-looking statements. Save as required by the Listing Rules and applicable law, the Company does not undertake to update or change any forward-looking statements to reflect events occurring after the date of this announcement.