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**Amsterdam, 31 July 2017**

### **First Half 2017 Operational Update**

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 six month period ending 30 June 2017. 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**

- Q2 2017 average production of 44,628 boepd
- H1 2017 average production of 46,685 boepd
- Q2 2017 average sales volumes of 38,890 boepd
- H1 2017 average sales volumes of 41,107 boepd
- Construction of the third Gas Treatment Unit ("GTU3") continues in line with guidance and completion is expected before the end of 2017
- The KazTransOil ("KTO") pipeline connection was finalised in June 2017 at a cost of less than US\$7 million, substantially reducing crude oil transportation costs

##### **Financial**

- Revenues in excess of US\$210 million (H1 2016: US\$163.5 million)
- Cash position in excess of US\$97 million (Q1 2017: US\$122.8 million)
- Total debt of US\$962 million and net debt of approximately US\$864 million as at 30 June 2017
- Successful new bond issuance of US\$725 million 8% senior notes due 2022 with proceeds used in part to refinance US\$607 million of existing notes due 2019

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

*I am pleased to report that Nostrum successfully re-entered the bond market in July with a new US\$725 million 5 year bond issue. The use of proceeds will go towards repaying US\$607 million of existing bonds maturing in 2019. This moves almost two-thirds of Nostrum's debt maturity profile out by 3 years from 2019 to 2022, achieving one of the key strategic initiatives the Company set at the beginning of the year. The refinancing allows Nostrum to remain focused on achieving its key growth objectives, being the commissioning of GTU3 in the second half of 2017 and ramping up the drilling programme in 2018.*

*In June, the tie-in to the KTO pipeline was completed enabling crude oil export sales via the Atyrau-Samara international export pipeline. This will substantially reduce crude oil transportation*



costs by almost 50% at current oil prices. Nostrum is in line to drill 7 wells in 2017, with 5 production wells to be completed in H2 of 2017, leading to a production increase towards the end of Q3 and into Q4.

## Sales volumes

The sales volumes split for H1 2017 was as follows:

Products	H1 2017 sales volumes (boepd)	H1 2017 Product Mix (%)
Crude Oil & Stabilised Condensate	16,547	40
LPG (Liquid Petroleum Gas)	4,949	12
Dry Gas	19,611	48
<b>Total</b>	<b>41,107</b>	<b>100</b>

The difference between true production and the sales volumes are as a result from part of the dry gas being used for internal consumption (power generation), gas lift and some losses during raw gas treatment.

## Drilling

- 44 wells currently producing at the Chinarevskoye field - 23 oil wells and 21 gas condensate wells
- An appraisal well at the Rostoshinskoye field is pending a flaring permit before testing can start and an extension to the exploration license has been submitted for this field
- 3 wells are currently being completed, with a further 4 wells planned for H2. Out of our 7 well programme at least 2 will be appraisal wells and the remainder will be production wells.

## Sales volume schedule

- 2017: average above 44,000 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

Progress on the GTU3 project continues and completion remains scheduled before the end of 2017 with total capex guidance remaining at US\$532 million.

## Refinancing of Bonds

In June the Company commenced a Tender Offer and Consent Solicitation for Zhaikmunai's 6.375% Senior Notes - due February 2019, and 7.125% Senior Notes - due November 2019 ("Existing Notes"). Following this announcement management participated in a series of fixed income meetings with global investors during a two-week roadshow.



In July, the Company announced a successful tender for c.US\$607 million of Zhaikmunai's Existing Notes using the proceeds of a US\$725 million new issue. The new issue has a coupon of 8.00% and is non-callable for a period of two years with a tenor of five years, maturing in July 2022. The new issue was oversubscribed by 1.5x and saw significant demand from a wide variety of institutional investors. Proceeds from the new issue will be used to fund the Tender Offer for the Existing Notes, fees and expenses associated with the transaction and general corporate purposes. For more information please see [Bonds](#).

### **Annual General Meeting**

On 26 June 2017 the Company held its Annual General Meeting where all resolutions set out in the Notice of Annual General Meeting passed with the requisite majority. For more information please see [AGM](#).

### **Release of Nostrum's Half Year 2017 Financial results**

Nostrum plans to release its unaudited consolidated accounts for the first half year ending 30 June 2017 on 29 August 2017.

### **Further information**

For further information please visit [www.nog.co.uk](http://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.