

Operational Update for the nine months ended 30 September 2014

STRONG CASH GENERATION AND INCLUSION IN FTSE 250 INDEX

Amsterdam, 31st October 2014

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 nine month period ended 30th September 2014. This update is being issued in advance of the release of its unaudited and consolidated accounts for the same period, which is scheduled for 26th November 2014. The information contained in this update remains subject to review by the independent auditors.

Highlights:

- Average daily production of **45,204** boepd, above guidance of annual expected average of 45,000 boepd
- Revenue expected to be in excess of **US\$620m**
- Cash position of approximately **US\$516m** (including short-term deposits) and net debt of approximately **US\$463m**
- Inclusion in the FTSE 250 index on the London Stock Exchange

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

"I am very pleased with the strong performance of the Company during the third quarter. While we have seen a significant decline in the oil price, which has naturally impacted revenue, our low cost base has allowed us to maintain healthy margins at current oil price levels. During the period, we have increased our cash position by approximately **US\$58m** despite a declining oil price, demonstrating that the company remains highly cash generative. Our hedging strategy against oil price fluctuations will ensure we remain fully funded for the construction of the GTU3 over the next 24 months and this project remains on track to achieve a doubling of production to 100,000 boepd by the end of 2016."

Production Split

| PRODUCTS | 9M 2014 Average Production | 9M 2014 Product Mix % |
|-----------------------------------|----------------------------|-----------------------|
| Crude Oil & Stabilised Condensate | 19,038 boepd | 42% |
| LPG (Liquid Petroleum Gas) | 4,553 boepd | 10% |
| Dry Gas | 21,613 boepd | 48% |
| TOTAL | 45,204 boepd | 100% |

Drilling

Production & Appraisal

- 14 oil wells and 15 gas condensate wells are currently producing at the Chinarevskoye field
- 3 drilling rigs and 1 work-over rig currently being in operation at the Chinarevskoye field
- 5 wells have been drilled during nine months 2014
- 2 additional wells have been drilled and are awaiting final preparation for frac treatment in 2015



- 3 wells currently being drilled two of them are expected to be completed before year end

Exploration

- An extension to the exploration license for Chinarevskoye is still pending.

Exploration & Appraisal of Rostoshinskoye, Darzhinskoye and Yuzhno-Gremyachenskoye

- A drilling contractor has been selected to drill 1 well in each field before the end of 2015.
- Spudding of first well at Rostoshinskoye is planned for Q4 2014.
- Amendments to subsoil use contracts (exploration term and work programs) in progress

GTU 1&2 Shutdown

The semi-annual planned GTU 1&2 shutdown occurred between 26th September and 5th October 2014, a total of 9 days. No further shutdowns of the GTU are scheduled for 2014.

Progress on development of GTU3

Nostrum has concluded the majority of the procurement process in relation to GTU3. The total commitments entered into by Nostrum in relation to procurement are approximately US\$150m.

In addition to the procurement costs on 28th July 2014, Nostrum entered into a US\$150m construction contract for GTU3, approved by vote of its shareholders, with JSC "OGCC KazStroyService".

| GTU3 Expenditure | |
|-------------------------------------|----------|
| Expenditure 2010-2013 | US\$25m |
| Expenditure up to 30 September 2014 | US\$53m |
| Expected expenditure in 2014 | US\$150m |
| Expected expenditure in 2015 | US\$220m |
| Expected expenditure in 2016 | US\$70m |

The GTU3 project remains on plan to allow for the doubling of production to 100,000 boepd by the end of 2016.

Current product destinations

Nostrum's primary export destinations for 2014 are as follows:

- Crude oil – Neste Oil's refinery in Finland
- Condensate – Russian Black Sea port of Taman and Neste Oil's refinery in Finland
- LPG – Russian Black Sea ports

The company has no current plans to change any of these export destinations:

Inclusion in FTSE 250 Index

Nostrum's ordinary shares were included in the FTSE 250 Index on 22nd September.

Cancellation of GDR Facility

The GDR facility formerly maintained for Nostrum Oil & Gas LP GDRs was cancelled as of 22nd September 2014.

Release of Nostrum's Q3 2014 results



Nostrum plans to release its unaudited consolidated accounts for the nine months ended 30 September 2014 on 26 November 2014. Nostrum's management team will be available for a Q&A session with analysts and investors following the release at 14.00 GMT on 26 November. Please click on the following link to register for the call: [Conference Call Registration](#)

Further information

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

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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.