Zhaikmunai LLP
25 August 2015

Half Year 2015 Financial Results

Amsterdam, 25 August 2015

Zhaikmunai LLP, a subsidiary of Nostrum Oil & Gas PLC, the independent oil and gas company engaging in the production, development and exploration of oil and gas in the pre-Caspian Basin ("Nostrum" or the "Company" and together with its subsidiaries, the "Group"), today announces the results of Nostrum in respect of the six months ended 30 June 2015.

Financial and Operational Highlights from the six months to 30 June 2015:

- Revenue for the period of US$274.1 million (down 38.4% on H1 2014), reflecting the 45.4% decrease in average Brent crude oil price for the period compared to H1 2014, from 108.8 US$/bbl to 59.4 US$/bbl
- EBITDA[1] for the period was US$152.6 million (down 51.2% on H1 2014); EBITDA margin remains strong at 55.7%
- Closing cash[2] for the period of US$238.1 million; Net Debt / LTM EBITDA ratio of 2.1x
- 32% of liquids production (7,500 bopd) hedged at US$85 until February 2016
- GTU3 construction progressing on time and on budget; completion expected before end of 2016
- Total average daily production remains stable, at 44,337 boepd, while 2015 production guidance remains at 45,000 boepd
- Annual dividend of US$0.27 per ordinary share (payable in GBP at GBP 0.174156 per ordinary share) paid on 26 June 2015

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

"I'm pleased to announce that Nostrum has delivered another steady half year set of results. Production has been on target at around 45,000 boepd. We are now exporting 75% of our dry gas, which is priced in USD. Based on our exposure to the KZT, we see that the recent removal of the USD:KZT peg as having a broadly neutral effect on the Company over the medium term. Completion of GTU3 is due both on time and on budget, and we are on track to double production capacity by the end of 2016. Through the sustained period of low oil prices, Nostrum has maintained a strong financial position, with US$238.1 million of cash and equivalents on its balance sheet. With our low operating costs, strong cash generation and financial flexibility, Nostrum remains in a good position to continue delivering shareholder value."

Conference Call

Nostrum's management team will present the H1 2015 Results and will be available for a Q&A session with analysts and investors today at 14.00 BST, 25th August. Please click on the following link to register for the call: Conference call registration

A presentation will be available in advance on our website www.nog.co.uk.

Publications

In addition to publishing its 2015 H1 reviewed financial statements the Company today also publishes 2015 Q2 unreviewed financial statements for purposes of compliance with ongoing reporting obligations in its bond documentation.

Download: Nostrum's 2015 Half-Year Results Presentation

Download: Nostrum's 2015 Half-Year Interim Management Report and Reviewed Financial Statements

Download: Nostrum's 2015 Second-Quarter Interim Management Report and Unreviewed Financial Statements

[1] Defined as Profit Before Tax + Finance Costs + Foreign Exchange Loss /(Gain) + ESOP + Depreciation – Interest Income + Other Expenses /(Income)
[2] Defined as Cash & Cash Equivalents + Current Investments

Further information:

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

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About Nostrum

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 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 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 Group 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.

H1 2015: Nostrum Financial Results

In millions of US$ (unless mentioned otherwise)	H1 2015	H1 2014	Variance	Variance in %
Revenue	274.1	445.0	(170.9)	(38.4)%
EBITDA	152.6	312.7	(160.1)	(51.2)%
EBITDA margin	55.7%	70.3%	-	-
Cash Position	238.1	458.2	(220.1)	(48.0)%
Net Debt	710.1	483.6	226.5	46.8%

Revenue, EBITDA and Profit for the Period

Revenue from sales of crude oil, stabilised condensate, LPG and dry gas was US$274.1 million. The decrease in revenue reflects the fall in average Brent crude oil price from 108.8 US$/bbl during the first half of 2014 to 59.4 US$/bbl during the first half of 2015. EBITDA stood at US$152.6 million while profit for the period was US$15.2 million.

Cost of Sales

Cost of sales increased by 2.2% to US$100.8 million for the reporting period (H1 2014: US$98.5 million). The increase is primarily explained by the change in government profit share referred to below, partially offset by decreases in repair, maintenance and other services, materials and supplies and well workover costs. On a boe basis, cost of sales increased marginally by US$0.81 or 6.7% to US$12.86 for the reporting period (H1 2014: US$12.05) and cost of sales net of depreciation per boe increased by US$0.59, or 11.5%, to US$5.71 (H1 2014: US$5.12).

Depreciation, depletion and amortisation decreased marginally by 1.1% to US$56.1 million for the reporting period (H1 2014: US$56.7 million). Depreciation is calculated with units of production method. The fact that depreciation is almost the same for H1 2014 and the reporting period is a consequence of the ratio between the volume produced and the proven developed reserves for both years being almost equal.

Repair, maintenance and other services decreased by 21.7% to US$14.1 million for the reporting period (H1 2014: US$17.9 million). These expenses include maintenance expenses related to the gas treatment facility and other facilities of the Group, engineering and geophysical study expenses. These costs fluctuate depending on the planned works on certain objects.

Royalties, which are calculated on the basis of production and market prices for the different products, decreased by 5.9% to US$9.8 million for the reporting period (H1 2014: US$10.4 million). This decrease follows the decline of revenues for sold products.

Costs for government profit share for the reporting period were US$1.3 million. This is an increase of US$9.2 million year on year (H1 2014: credit of US$8.0 million) due to a one-off reversal of US$22.2 million in 2014.

Materials and supplies expenses decreased by 22.6% to US$3.7 million for the reporting period (H1 2014: US$4.7 million). This decrease resulted from less need for spare parts and other materials for repairs and maintenance of the facilities, specifically for the gas treatment facility and wells.

Well workover costs decreased by 50.3% to US$1.9 million for the reporting period (H1 2014: US$3.8 million). The decrease resulted from adjustments to the drilling and workover programme.

Cash

The Group ended the first half of 2015 with US$238.1 million in cash, which includes US$42.0 million of current investments (FY 2014 US$400.4 million).

Foreign Exchange Effects

Nostrum expects the removal of the USD:KZT peg to have a broadly neutral effect on the Company. Domestic revenues pre devaluation made up less than 6% of H1 2014 revenue. The decline in domestic revenues from the fall in the KZT/USD exchange rate will be more than offset by the reduction in G&A and operating expenses.

Dividend Payment

On 26 June 2015, Nostrum paid a dividend of US$0.27 per ordinary share (payable in GBP at GBP 0.174156 per ordinary share) to shareholders based on a record date of 5 June 2015.

Hedging

On 3 March 2014, Nostrum entered into a hedging contract covering 7,500 bopd (total of 5,482,500 boe) running through 29 February 2016 at nil upfront cost. Under this contract, a put was bought at US$85/bbl, which protects against any fall in the price of oil below US$85/bbl.

Production

The product split for H1 2015 was as follows:

PRODUCTS	H1 2015 Average Production	H1 2015 Product Mix %
Crude Oil & Stabilised Condensate	18,180	41%
LPG (Liquid Petroleum Gas)	4,611	10%
Dry Gas	21,546	49%
TOTAL	**44,337**	**100%**

Current Product Destinations

Nostrum's primary export destinations for H1 2015 were as follows:

- Crude oil – Neste Oil's refinery in Finland
- Condensate – Russian Black Sea port of Taman
- LPG – Russian Black Sea ports
- Dry gas – 75% export and 25% domestic

The Company has no current plans to change any of these export destinations.

H1 2015 Drilling Overview

- 18 oil wells and 17 gas condensate wells were producing at the Chinarevskoye field
- 2 gas condensate wells and 1 oil well were completed during H1 2015

2015 Drilling Schedule

Our drilling capex is scalable, based on oil prices. Under the current oil price, our base case drilling programme for the remainder of 2015 is to complete a further 5 wells:

- 2 gas condensate wells currently being drilled
- 1 oil well currently pending completion following sign off from the Kazakh authorities
- 2 appraisal wells will be drilled during 2015 (Chinarevskoye and Rostoshinskoye fields)

Production Schedule

Based on the current drilling programme stated above and taking into account the current oil price we can provide the following production guidance. Should oil prices deviate materially the production guidance will be updated accordingly on an annual basis.

- 2015 – Approximately 45,000 boepd
- 2016 – Approximately 45,000 boepd
- 2017 – Approximately 70,000 boepd
- 2018 – Approximately 100,000 boepd

Progress on Development of GTU3

Nostrum's fully financed expansion plan for GTU3 is being implemented and completion is expected to occur on time and on budget by the end of 2016, with construction costs expected to be below US$500m. Nostrum has concluded the majority of the procurement process in relation to GTU3.

The below figures reflect all payments made and future payments excluding VAT. Completion of the project is expected to occur on budget for delivery before the end of 2016:

GTU3 Cash Spent	As per 30 June 2015
Expenditure to date	US$189m

Remaining expected expenditure in 2015	US$169m
Expected expenditure in 2016	US$134m

Exploration Licence Extension

The supplementary exploration extension licence for the Rostoshinskoye field has been signed and the exploration period extended until February 2017.

Update on Nostrum's Possible Offer for Tethys Petroleum

On 10 August 2015, Nostrum confirmed that it had made a further approach to Tethys Petroleum Limited ("Tethys") about a possible offer for the entire issued share capital of Tethys at C$0.2185 per Tethys share.

Following this approach, Tethys and Nostrum have negotiated a US$5 million loan financing in order to support short-term liquidity of Tethys during the period in which any formal offer may be implemented. Tethys has also agreed to grant exclusivity to Nostrum until 25 August 2015 for the purposes of conducting due diligence on Tethys.

This announcement is not an announcement of a firm intention to make an offer for Tethys (an "Offer") and there can be no certainty that any Offer will be made, nor as to the terms on which any Offer might be made. Any Offer for Tethys will not be subject to the provisions of The City Code on Takeovers and Mergers.

Nostrum will make a further announcement in respect of the possible offer for Tethys in due course as appropriate.