

/KASE, APRIL 30, 14/ - Zhaikmunai (Oral, Kazakhstan) provided Kazakhstan Stock Exchange (KASE) with the following communication today:

quote

Operational Update for the Quarter Ending 31 March 2014

RECORD OPERATIONAL PERFORMANCE

Amsterdam, 30 April 2014

Nostrum Oil & Gas LP (LSE: NOG) (“Nostrum”, or “The Partnership”), the oil and gas exploration and production partnership with assets in north-western Kazakhstan, today announces its operational update for the quarter ended 31st March 2014. This update is being issued in advance of the release of its Q1 2014 unaudited and consolidated accounts, which is scheduled for the end of May 2014, as a result of certain regulatory requirements in the Republic of Kazakhstan. The information contained in this update has not yet been audited and remains subject to review by the independent auditors.

Exceptional operational results

Highlights

- Total average daily production of 48,350 boepd
- Total revenue expected to be above US\$226m
- Total EBITDA expected to be above US\$150m
- Cash position of approximately US\$642m (including short-term deposits) and net debt of approximately US\$415m.

Production Split

PRODUCTS	Q1 2014 Average Production	Q1 2014 Product Mix %
Crude Oil & Stabilised Condensate	20,143 boepd	42%
LPG (Liquid Petroleum Gas)	4,943 boepd	10%
Dry Gas	23,264 boepd	48%
TOTAL	48,350 boepd	100%

Drilling

Production & Appraisal

- 16 oil wells and 13 gas condensate wells producing since January 2014;
- 2 production wells and 1 appraisal well were completed during the first quarter; a total of 4 wells are currently being drilled
- On target to drill 4-5 production wells and 7-8 appraisal wells in 2014, as part of an 11-13 well drilling programme

Exploration & Appraisal of Trident

- Exploration well #40 drilled the Tournasian sequence and encountered the top of the Tournasian and some underlying horizons oil-saturated and of promising reservoir quality. Currently the well will be prepared for e-logging to identify test intervals. As a result an application for a prolongation of the exploration license has been made.
- The data processing work of the 2013 acquired 3D seismic survey on the Rostoshinskoe field will be finalized by the end of April. Seismic interpretation and mapping of the geological features will start subsequently.

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

“Once again, we have completed an excellent quarter with production above our expectations. Cash on our balance sheet has reached record levels, putting us in an excellent position to deliver on our development programme and wider corporate strategy over the coming months and years. This ability to



generate consistently high cash flows quarter on quarter, combined with the quality of our reserve base puts us in a unique position in the E&P sector.”

Other News

Kazakhstan Legal Proceedings

Below is a summary of recent developments in two currently pending legal proceedings in Kazakhstan to which Nostrum’s wholly-owned operating subsidiary Zhaikmunai LLP (“Zhaikmunai”) is a party.

Neither of the legal proceedings mentioned below affect Zhaikmunai’s on going operations, which continue uninterrupted.

Administrative Proceeding

On 28 February 2014 Zhaikmunai received judgment in a proceeding brought against it in the Uralsk Administrative Court by the West Kazakhstan Environmental Department (the “WKED”). In its judgment the court, reversing its own earlier judgment in favour of Zhaikmunai in the same proceeding, held that Zhaikmunai had violated the Administrative Code in relation to the handling of liquid drilling wastes and ordered Zhaikmunai to pay the WKED a penalty of 3,298,705,769 Kazakh Tenge (approximately US\$17.9m).

The liquids referred to by the court had been previously treated through a process and facility approved by the relevant authorities, and Zhaikmunai believes that they were handled properly and in accordance with legal requirements. In addition, Zhaikmunai notes that the reports of independent experts submitted to the court show that Zhaikmunai’s handling of liquid drilling wastes has not resulted in any pollution or other damage to the environment.

Zhaikmunai is vigorously contesting the judgment, and on 11 March 2014 appealed to the West Kazakhstan Regional Administrative Court to reverse the lower court’s judgment. Such court has suspended the proceeding until 5 May 2014 in order to obtain expert reports on the matter, and Zhaikmunai believes there are strong grounds for the judgment to be reversed.

Tax Audit Proceeding

On 4 April 2014 Zhaikmunai received a judgment in a West Kazakhstan Regional Court of Appeal proceeding brought against it by the Uralsk Tax Authority (the “Tax Authority”). The Court of Appeal, reversing a previous judgment of the West Kazakhstan Economic Court, ordered Zhaikmunai to pay 633,103,375 Kazakh Tenge (approximately US\$3.4m) in additional taxes and penalties.

The Court of Appeal also disallowed reimbursable expenses claimed by Zhaikmunai to the amount of KZT 2,121,723,596 (approximately US\$11.5m) for corporate income tax purposes, and KZT 12,852,264,777 (approximately US\$69.7m) for calculation of the government share under its production sharing agreement with the Republic of Kazakhstan, in each case over a period of time which is yet to be determined.

The proceeding is the result of a tax audit of Zhaikmunai for the period 2009-2011 undertaken by the Tax Authority in 2013. Zhaikmunai challenged the audit findings in the West Kazakhstan Economic Court and on December 18, 2013 the court ruled in favour of Zhaikmunai, invalidating the findings of the tax audit and completely cancelling the tax and penalty assessments against Zhaikmunai and the disallowance of reimbursable expenses. However, the Tax Authority appealed such decision to the West Kazakhstan Regional Court of Appeal, resulting in the judgment received on 4 April 2014.

Zhaikmunai strongly disagrees with the decision of the Court of Appeal, and has obtained opinions and findings of leading legal and tax experts in Kazakhstan supporting its position. Zhaikmunai will undertake a robust and exhaustive evaluation of its legal options, and will in any event appeal the judgment to the regional Court of Cassation. The appeal process will be commenced within the prescribed time period of



three months from the date of judgment, and Zhaikmunai believes there are strong grounds for the Court of Appeal's judgment to be reversed.

In the meantime, Zhaikmunai has paid the Tax Authority approximately US\$3.4m in taxes and penalties, as required under the Court of Appeal's judgment, and such payment does not significantly impact Zhaikmunai's cash position.

Release of Nostrum's Q1 2014 results

Nostrum plans to release its unaudited consolidated accounts for the quarter ending 31st March 2014 before the end of May 2014. Nostrum's management team will be available for a Q&A session with analysts and investors following the release. Registration details for the conference call will be provided well in advance of the scheduled release date.

Further information

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

Further enquiries

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About Nostrum Oil & Gas

Nostrum Oil & Gas is an independent oil and gas enterprise currently engaging in the production, development and exploration of oil and gas in north-western Kazakhstan. Its Global Depositary Receipts (GDRs) are listed on the London Stock Exchange (Ticker symbol: NOG). The principal producing asset of Nostrum Oil & Gas LP 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. Located in the pre-Caspian basin to the north-west of Uralsk, these exploration and development fields are 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.

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