

Zhaikmunai LLP
30 April 2015

Amsterdam, 30 April 2015

Operational Update for the Quarter Ending 31 March 2015

Zhaikmunai LLP, a subsidiary of Nostrum Oil & Gas PLC (“the Company” and together with its subsidiaries “the Group”), 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 Quarter ended 31 March 2015. This update is being issued in advance of the release of its audited and consolidated accounts for the same period, which will be released by 28 May 2015. The information contained in this update remains subject to review by the independent auditors.

Highlights:

Financial

- Revenue expected to be in excess of US\$ 100m
- Cash position in excess of US\$300m (including short-term deposits) and net debt of approximately US\$632m
- Fully funded capex programme both to maintain current production in 2015 and 2016 and complete construction of GTU3 in 2016 at a breakeven oil price of US\$31
- 32% of liquids production (7,500 bopd) hedged at US\$85 until February 2016

Operational

- Average daily production of 45,479 boepd
- 2015 production guidance remains at 45,000 boepd
- GTU3 progressing on time and on budget, completion expected before end of 2016
- On track for 2015 drilling target to: complete 8 wells (6 production and 2 appraisal),

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

“Amidst the low oil price environment it is important to ensure that the operational side of the business continues to perform as we had planned. I am pleased to see production remaining stable and look forward to bringing our new wells on line shortly. In addition, minimising operating costs to further reduce our breakeven levels remains a key focus, and I hope to be able to show some progress here during the first quarter financials. Our hedge continues to provide valuable protection against the current oil price environment and further illustrates the prudent approach we take to managing our business. With over US\$300m of cash on our Balance Sheet and less than US\$300m to spend on GTU3, Nostrum remains well positioned to continue to deliver on its operational targets.”

Operational & Financial Update

Nostrum's operational results reflect another successful first quarter. The performance was underpinned by continued steady production at the Chinarevskoye field and the consistent performance of the existing gas treatment facility. We are looking forward to delivering the next Gas Plant on time and on budget, as well as further production growth in 2017.

Production Split

The product split for Q1 2015 was as follows:

PRODUCTS	Q1 2015 Average Production	Q1 2015 Product Mix %
Crude Oil & Stabilised Condensate	18,547	41%
LPG (Liquid Petroleum Gas)	4,790	10%
Dry Gas	22,141	49%
TOTAL	45,479	100%

Current product destinations

Nostrum's primary export destinations for Q1 2015 were as follows:

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

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

Drilling

Q1 2015 Drilling Overview

- 18 oil wells and 17 gas condensate wells were producing at the Chinarevskoye field
- 2 gas condensate wells have been completed during Q1 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 6 wells:

- 2 gas condensate wells currently being drilled
- 1 oil well currently being drilled
- 1 new production wells will be drilled during 2015 (Chinarevskoye Field)
- 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 remains on time and on budget for completion by the end of 2016, with construction costs below US\$500m.

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\$160m.

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

Expenditure on GTU3 over 2015 and 2016 is planned as follows:

GTU3 Expenditure	
Expenditure to date	US\$188m
Remaining expected expenditure in 2015	US\$175m
Expected expenditure in 2016	US\$82m

Hedging

On 14 February 2014, Nostrum entered, at a nil upfront cost, into a new hedging contract covering oil sales of 7,500 bopd, or a total of 5,482,500 boe running through 29 February 2016. Based on the hedging contract, a put was bought at US\$85/bbl, which protected against any fall in the price of oil below US\$85/bbl.

Highlights from the 2014 Ryder Scott Reserves report:

- Proved reserves (1P) at 192.2mm boe
- Production of approximately 21mm boe since the last report, with a proven reserve replacement ratio of over 65%
- Proved + Probable reserves (2P) remained above 550mm boe at 571.1mm boe (2013: 582mm boe). The reduction was primarily a result of production exceeding Proved + Probable reserves (2P) growth
- The 3 additional licenses’ reserves have remained unchanged at 98.2mm boe

	31 August 2013			31 December 2014		
	Chinarev-skoye	3 licenses	Total	Chinarev-skoye	3 licenses	Total
Proven	199	0	199	192	0	192
Probable	284	98	382	281	98	379
2P	483	98	581	473	98	571

Exploration license extension

The supplementary exploration extension licence for the Rostoshinskoye field is pending. The extension is expected to be obtained by the end of H1 2015.

Further information

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

Further enquiries

Nostrum Oil & Gas PLC – Investor Relations

Kirsty Hamilton-Smith

Bruno G. Meere

+44 203 740 7430

ir@nog.co.uk

Instinctif Partners - UK

Tony Friend

David Simonson

Anca Spiridon

Catherine Wickman

+ 44 (0) 207 457 2020

Promo Group Communications – Kazakhstan

Asel Karaulova

+ 7 (727) 264 67 37

Forward-Looking Statements

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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.