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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

Zhaikmunai LLP

Operational Update for the Third Quarter and the Nine Months ending 30 September 2020

Uralsk, 30 October 2020

Zhaikmunai LLP, a subsidiary of Nostrum Oil & Gas PLC (“**Nostrum**” or “**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 Nostrum’s operational update in respect of the nine-month period ending 30 September 2020. This update is being issued in advance of the release of Nostrum’s interim, condensed consolidated accounts for the same period.

Highlights:

Operational

- COVID 19 is of utmost concern. Actions taken to protect the safety of all staff and contractors and mitigate any impact on operations. In particular, stringent testing and follow-up procedures are in place for all field personnel. To date, no production has been lost because of COVID 19.
- 9M 2020 average production after treatment 23,129 boepd with average sales volumes for the period of 22,269 boepd.
- As previously reported, drilling has been halted for 2020. The successful workover and well intervention activity, completed in August 2020, has reduced the rate of decline previously expected in the field.
- Continuing our focus on monetizing spare capacity in the gas treatment facility through processing third party volumes.
- On 8 October 2020, the Company announced the disposal of the Darinskoye and Yuzhno-Gremyachenskoye licences.

Financial

- 9M 2020 revenues expected to be in excess of US\$135 million (9M 2019: US\$250 million)
- 9M 2020 cash position in excess of US\$88 million (9M 2019: US\$91 million)
- Total debt¹ expected not to exceed US\$1,162 million and net debt expected not to exceed approximately US\$1,074 million as at 30 September 2020.
- Continued focus on cost optimization to help manage our liquidity.

¹ Total debt does not include finance lease liabilities under IFRS16 Leases

Bond Restructuring

- As previously announced, Rothschild & Cie were appointed as financial advisers and White & Case as legal advisers to assist the Company in the restructuring of the 8.0% Senior Notes due 2022 and 7.0% Senior Notes due 2025 (together, the “Notes”) issued by Nostrum Oil & Gas Finance B.V.
- PJT Partners (UK) Limited were appointed as financial advisers and Akin Gump Strauss Hauer & Feld as legal advisers to an informal ad hoc committee of holders of the Notes.
- On 24 July 2020, Nostrum announced that it planned to utilise the applicable grace periods for the interest payments due on 25 July 2020 and 16 August 2020 with respect to the Notes. The 30-day grace period allowed the Company to continue active discussions with the financial and legal advisers to an informal ad hoc committee of holders of the Notes with a view to entering into a forbearance agreement with the holders of the Notes in relation to those interest payments.
- On 23 October 2020, the Company announced that, together with certain of its subsidiaries (the “Note Parties”), the Company had entered into a forbearance agreement (the “Forbearance Agreement”) with members of an ad hoc committee of noteholders (the “AHG”). The forbearance period initially expires at 4 p.m. GMT on 20 December 2020 (the “Initial Expiration Date”), but the Initial Expiration Date is automatically extended to 4 p.m. GMT on 18 February 2021 and then again to 4 p.m. GMT on 20 March 2021 unless the Forbearance Agreement has been terminated by a majority decision of the forbearing members of the AHG. A final extension period from 20 March to 19 May 2021 requires the approval of all of the forbearing members of the AHG. Pursuant to the Forbearance Agreement, members of the AHG have agreed to forbear from the exercise of certain rights and remedies that they have under the indentures governing the Notes. The agreed forbearances include agreeing not to accelerate the Notes’ obligations as a result of the missed interest payments (or the next missed interest periods if they occur prior to the expiry of the Forbearance Agreement).
- The Forbearance Agreement is subject to certain conditions, including:
 - Any representation or warranty made by any of the Note Parties under the Forbearance Agreement continuing to be true and complete in all material respects as of the date of the Forbearance Agreement;
 - A portion of the missed interest payments will be paid into a secured account opened for the benefit of the holders of the Notes;
 - The appointment by the AHG of an observer who shall be entitled to attend and speak, but not vote, at any meetings of the Board or Committees of the Company where certain defined matters are to be discussed;
 - The engagement of certain professional and technical advisors on behalf of the AHG;
 - The observance by the Company and its subsidiaries of certain operating and other restrictions and limitations; and
 - The provision of certain financial and operating information to the advisors of the AHG.

The Company has also agreed to pay, or procure the payment by the issuer of, certain consent fees in cash (a “Consent Fee”) to each forbearing holder. The Consent Fees are payable by reference to the total aggregate principal amount of the Notes outstanding. The first Consent Fee for the first 90 days is 29.7866 basis points, then 19.8577 bps for the following 60 days and 9.9288 bps for the subsequent 30 days. The Consent Fee will be paid on a rolling basis.

In this regard, the Company has communicated, through the clearing systems, an announcement inviting all other holders of the Notes to join the Forbearance Agreement within a limited period of time.

Atul Gupta, Chief Executive Officer of Nostrum Oil & Gas, commented:

“The signing of the Forbearance Agreement enables us to work with our bondholders and shareholders to restructure the debt and so secure the future of the Company. Whilst the restructuring process is ongoing, we will continue discussions with third parties to secure additional volumes to commercialise our world class infrastructure whilst proactively managing our cost base and liquidity. Our successful well work-over programme during 2020 has allowed us to increase our sales volume guidance for this year from 19,000 boepd to 20,000 boepd.

The impact of COVID 19 continues to be of concern. We have not yet lost any production because of COVID 19 but we continue to exercise extreme caution to ensure the safety of our people and contractors and minimize the disruption to production and operations.”

Sales volumes

The sales volumes split for 9M 2020 was as follows:

Products	9M 2020 sales volumes (boepd)	9M 2020 product mix (%)
Crude Oil	3,707	16.6%
Stabilised Condensate	5,328	23.9%
LPG (Liquid Petroleum Gas)	2,900	13.0%
Dry Gas	10,334	46.4%
Total	22,269	100.0%

The difference between production and sales volumes is primarily due to the internal consumption of gas

Reserves

The Company has carried out an internal review of its reservoir and production data which indicates that its undeveloped reserves are subject to significant productivity risk. Furthermore, the outlook for hydrocarbon product prices at which the Company sells its products, particularly gas, remains challenging. Against this background the Company believes that the 2020 independent reserves audit, which is currently underway and scheduled to complete in 1Q 2021, may lead to a material downgrade in the Company’s Proven and Probable reserves.

9M 2020 Well Stock

- As at 30 September 2020, the Company had 46 wells in production (24 oil wells and 22 gas-condensate wells).

2020 Drilling and sales volume guidance

- The Company has halted all drilling in 2020.
- 2020 production forecast increased to 21,000 boepd, corresponding to sales volumes of 20,000 boepd.



Release of Nostrum's 9M 2020 Financial Results

Nostrum plans to release its condensed, consolidated interim accounts for 9M 2020 on 17 November 2020.

LEI: 635400PTK7IKNQBHPQ33

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 oil and gas field through the same subsidiary. Located in the pre-Caspian basin to the north-west of Uralsk, this exploration and development field is situated approximately 100 kilometres 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 nor 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 Zhaikmunai LLP or the Company or any other entity, and shareholders of the Company and bondholders of Zhaikmunai LLP are cautioned not to place undue reliance on the forward-looking statements. Save as required by the relevant listing rules and applicable law, neither Zhaikmunai LLP nor the Company undertakes to update or change any forward-looking statements to reflect events occurring after the date of this announcement.