Zhaikmunai LLP

Interim condensed financial statements (unaudited)

For the three months ended 31 March 2022

Contents

Notes to the Interim condensed financial statements

1. General

Overview

Zhaikmunai, a Limited Liability Partnership (the "Partnership" or "Zhaikmunai LLP") was established under the laws of the Republic of Kazakhstan in 1997.

The Partnership's operations comprise of a single operating segment including all its assets related to its Chinarevskoye field as well as surface facilities located in Kazakhstan. The Partnership considers that it has only one operating segment in accordance with IFRS 8. Segment valuation is measured on the basis of profit or loss and measured in accordance with profit or loss in the interim condensed financial statements prepared in accordance with IFRS.

The Partnership does not have an ultimate controlling party. Nostrum Oil & Gas Coöperatief U.A. is the sole participant of the Partnership. The indirect parent of the Partnership is Nostrum Oil & Gas PLC ("the Parent"), which is a public limited company incorporated in England and Wales and listed on the London Stock Exchange. Nostrum Oil & Gas PLC and its wholly-owned subsidiaries are hereinafter referred to as "the Group". The registered legal address of the Partnership is: 43/1, Aleksandr Karev street, Uralsk, the Republic of Kazakhstan.

These the interim condensed financial statements were authorised for issue by the Partnership's General Director and Chief Accountant on 30 May 2022.

Subsoil use rights terms

The Partnership carries out its activities in accordance with the Contract for Additional Exploration, Production and Production-Sharing of Crude Hydrocarbons in the Chinarevskoye oil and gas condensate field (the "Contract") dated 31 October 1997 between the State Committee of Investments of the Republic of Kazakhstan and the Partnership in accordance with the license MG No. 253D for the exploration and production of hydrocarbons in Chinarevskoye oil and gas condensate field.

The term of the Chinarevskoye subsoil use rights originally included a 5-year exploration period and a 25-year production period. On 28 December 2016 the thirteenth supplementary agreement to the Contract was signed extending the exploration period for the Bobrishovskiy reservoir to 26 May 2018, which was subsequently extended to 26 August 2018, and followed by production period.

Royalty payments

The Partnership is required to make monthly royalty payments throughout the entire production period, at the rates specified in the Contract.

Royalty rates depend on hydrocarbons recovery levels and the phase of production and can vary from 3% to 7% of produced crude oil and from 4% to 9% of produced natural gas. Royalty is accounted on a gross basis.

Government "profit share"

The Partnership makes payments to the Government of its "profit share" as determined in the Contract. The "profit share" depends on hydrocarbon production levels and varies from 10% to 40% of production after deducting royalties and reimbursable expenditures. Reimbursable expenditures include operating expenses, costs of additional exploration and development costs. Government "profit share" is expensed as incurred and paid in cash. Government profit share is accounted on a gross basis.

2. Basis of preparation

Basis of preparation

These interim condensed financial statements for the three months ended 31 March 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Partnership's annual financial statements for the year ended 31 December 2021. The interim condensed financial information for three months ended 31 March 2022 and 2021 is neither audited nor reviewed by the auditors.

Going concern

The Partnership is the main operating entity within the Group. The Partnership's liquidity and its ability to continue in operation and to meet its liabilities as they become due for the foreseeable future, a period of not less than 12 months from the date of these interim condensed financial statements, are assessed as part of the Group. Therefore, the following Group level going concern matters and analysis, which were considered by the directors of the Parent (the 'Directors'), are directly relevant for the Partnership.

The Group monitors on an ongoing basis its liquidity position, near-term forecasts, and key financial ratios to ensure that sufficient funds are available to meet its commitments as they arise and liabilities as they fall due. The Group reforecasts its rolling 24-month cashflows on a monthly basis and stress tests its future liquidity position for changes in product prices, production volumes, costs and other significant events. Whilst looking for new opportunities to fill the spare capacity of the Group's infrastructure, the Directors are also focused on a range of actions aimed at improving the liquidity outlook in the near-term. These include the ongoing efforts to restructure the Existing Notes, as well as further cost optimization to reduce capital expenditures, operating costs and general and administration cost.

Notes to the interim condensed financial statements (continued)

The Directors' going concern assessment is supported by future cash flow forecasts for the going concern period to 30 June 2023. The base case going concern assessment reflects production forecasts consistent with the Board approved plans and published guidance and assumes a Brent oil price of $72/bbl for 2022 and $68/bbl for 2023. The favourable hydrocarbon pricing in 2021 and forbearance of making interest payments under the terms of the Forbearance Agreement with noteholders meant that the Group was able to grow its unrestricted cash reserves by over US$86 million.

As a result, the Group had unrestricted cash balances of US$180.8 million as at 31 March 2022, with a further $22.7 million in a restricted bank account with limited access as per the terms of the Forbearance Agreement. Under the base case going concern assessment to the period to 30 June 2023, the Group is forecast to have total cash reserves of over US$200 million, inclusive of cash swept into the restricted account, as explained below.

In 2020, the Group began formal proceedings for the restructuring of its 2025 Notes and 2022 Notes (the "Existin Notes"), the largest of which would become due and repayable in July 2022. A Forbearance Agreement was entered into with an informal ad hoc committee of noteholders (the "AHG") in the same year which, amongst other things, forbears the AHG from accelerating the Existing Notes' obligations as a result of missed interest payments. During this period of forbearance the Company and the AHG endeavoured to agree on the terms of a consensual restructuring of the Existing Notes. On 13 April 2022, the Group issued a Circular and serviced notice convening a General Meeting of its shareholders to vote on the restructuring terms ("Restructuring Resolution"). On 29 April 2022, 99.99% of voting shareholders voted in favour of the Restructuring Resolutions at the General Meeting; allowing the Group to proceed with the restructuring via a UK scheme of arrangement under Part 26 of the Companies Act 2006.

The below outlines the key terms of the restructuring as agreed between the Group, acceded noteholders and ICU in the LUA and also voted in favour of by Nostrum shareholders:

- Partial reinstatement of debt in the form of US$250 million Senior Secured Notes (SSNs) bearing interest at a rate of 5.00% per year payable in cash and maturing on 30 June 2026. The SSNs are not convertible;
- Partial reinstatement of debt in the form of US$300 million Senior Unsecured Notes (SUNs) bearing interest at a rate of 1.00% per year payable in cash and 13.00% per year payable in kind and maturing on 30 June 2026. The SUNs are repayable in specie through the issuance of equity in the Company on maturity;
- The exchange of the remainder of the Group's existing debt along with accrued but unpaid interest for equity in the Company, thereby significantly diluting the interests of the current equity holders;
- New corporate governance arrangements in respect of the Group and certain arrangements regarding future utilization of the Group's cashflows. This includes a cash sweep mechanism into which cash above US$30 million is swept into a debt service retention account (to fund the next two cash interest payments due) and a restricted cash account which the Company can access with approval of the majority of Independent Non-Executive Directors of the Company; and
- Transfer the Company's listing to the Standard Listing segment of the London Stock Exchange.

The forecast financing cashflows assume that the Existing Notes are restructured per the agreed terms as set out in the Lock-up Agreement and outlined above. Therefore, in forming an assessment on the Group's ability to continue as a going concern, the Board has made a significant assumption about the Group being able to close out the successful restructuring of the Existing Notes.

Whilst the signing of the LUA and shareholders voting in favour of the Restructuring Resolutions marked key milestones in the Company's restructuring journey and paves an agreed go forward strategy to restructure the Existing Notes, the Company notes there remain several other milestones to achieve prior to successful completion. These include:

- The Company receiving all authorisations including securing a waiver from the Government of the Republic of Kazakhstan for the right to pre-empt newly issued shares in the Company on closing of the restructuring.
- The UK Courts sanctioning the final restructuring route (UK Scheme of Arrangement or Restructuring Plan).

As at the date of publication of these interim condensed financial statements, the above milestones have not concluded, with the outcomes uncertain and largely outside of the Group's control. If one or all of the milestones above are not achieved, the restructuring may not proceed on the agreed set of terms. Therefore, the assumption that the Group can successfully complete the restructuring by satisfying the above milestones represents a material uncertainty that the Existing Notes will not be restructured. This may cast a significant doubt on the Group's and Company's ability to continue as a going concern for the going concern period to 30 June 2023.

The Directors have also considered any additional risks to liquidity posed by the ongoing Russia-Ukraine conflict, which has led to widespread sanctions being imposed on various Russian institutions and individuals. Bodies and nations imposing sanctions include the US, UK and EU and these sanctions have been sequentially expanding. Given the geographical position of the Group's operations, it is very close to the evolving situation in Ukraine. Whilst Kazakhstan is not directly involved in the ongoing conflict, nor have any Western sanctions been levelled at it, the country is connected to Russia through infrastructure, banking, and other business links. Nostrum currently sends approximately 40% of its products by volume produced via Russian transport infrastructure and ports and the Group also contracts with a limited number of Russian service companies. The Directors are cognisant of the current and evolving sanctions list to ensure the Group is conducting business in compliance with these sanctions. In its going concern assessment, the Group sensitised its base case by adjusting for zero oil and condensate sales through Russian infrastructure; noting that even with zero sales for these products, there is forecast to be cash reserves in excess of US$100 million at the end of the going concern period to 30 June 2023, inclusive of cash swept into the restricted account. There is currently no material impact on the Group's operations and liquidity at the time of publication of these the interim condensed financial statements as a result of the ongoing Russia-Ukraine conflict and resultant Russian sanctions. The Directors have concluded that even under this severe scenario modelled, the Group would have sufficient liquidity over the going concern review period.

Additionally, the Directors remain vigilant on risks to liquidity posed by any resurgence in COVID-19. Contingency plans have been put in place both to protect the workforce and ensure that there are sufficient personnel to continue operations. There was no loss of production as a result of COVID-19 in 2020-2022. Therefore, the Directors have concluded that there is currently no material impact on the Group's operations and liquidity, nor do the Directors foresee a material impact in the going concern period, however, it is recognized that there is uncertainty around the future developments of COVID-19.

After careful consideration of the material uncertainty in connection with the restructuring of the Existing Notes, and on the basis of the successful execution of the LUA, advice from our financial and legal advisors, and our assessment of the likelihood that the remaining milestones can be achieved, the Directors have a reasonable expectation that the Group and Company has sufficient resources to continue in operation for the going concern period to 30 June 2023. For these reasons, they continue to adopt the going concern basis in preparing the the interim condensed financial statements. Accordingly, these interim condensed financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group and therefore the Partnership were unable to continue as a going concern.

Notes to the interim condensed financial statements (continued)

Notwithstanding that the going concern period has been defined as the period to 30 June 2023, the Directors have considered events and conditions beyond the period of assessment which may cast doubt on the Group's ability to continue as a going concern. The Directors draw attention to the material uncertainty referred to in respect of the going concern assessment will inevitably cast significant doubt over the future viability of the Group and therefore the Partnership.

3. Changes in accounting policies and disclosures

New standards, interpretations and amendments adopted by the Partnership

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Partnership's annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Partnership has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed financial statements of the Partnership.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Partnership cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Partnership will apply these amendments to contracts for which it has not yet fulfilled all its obligations at 1 January 2022. These amendments had no impact on the interim condensed financial statements of the Partnership.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed financial statements of the Partnership as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed financial statements of the Partnership as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed financial statements of the Partnership as there were no modifications of the Partnership's financial instruments during the period.

Correction of errors and reclassifications

Impairment of property, plant and equipment

When preparing the financial statements for the year ended 31 December 2021, the Group noted an error in the calculation for determining the 2020 impairment charge. The error resulted in a lower recoverable amount of US$297,760 thousand for the property plant and equipment as at 31 December 2020, and so a corresponding additional impairment charge of US$41,646 thousand for the year then ended. As a result, depreciation, depletion and amortisation within cost of sales for the three month ended 31 March 2021 was overstated by US$2,210 thousand with a corresponding understatement of deferred tax expense by US$663 thousand.

The abovementioned error has been corrected by restating each of the affected financial statement line items for the prior period, as follows:

In thousands of US Dollars	Reported	Depreciation correction	As adjusted
Statement of comprehensive income			
Cost of sales	(25 447)	2 210	(23 237)

Notes to the interim condensed financial statements (continued)

Gross profit	**20 743**	**2 210**	**22 953**
Loss before income tax	**(14 999)**	**2 210**	**(12 789)**
Income tax expense	(3 351)	(663)	(4 014)
Loss for the period	**(18 350)**	**1 547**	**(16 803)**
Statement of cash flows			
Loss before income tax	(14 999)	2 210	(12 789)
Depreciation, depletion and amortisation	18 672	(2 210)	16 462
Net cash flows from operating activities	**21 257**	**–**	**21 257**

Reclassifications and comparative figures

Certain reclassifications have been made to the previous year's disclosure of cost of sales to enhance comparability with the current year's presentation following management's periodic assessment of the improvement of the information presentation. As a result, the comparative amounts for the three months ended 31 March 2021 in the certain line items within cost of sales disclosure in Note 14 have been amended to conform to the current period's presentation as follows:

In thousands of US dollars	As previously reported	Depreciation correction	Reclassification	**As adjusted**
Depreciation, depletion and amortisation	17,957	(2,210)	–	**15,747**
Payroll and related taxes	2,678	–	–	**2,678**
Repair, maintenance and other services	1,635	–	(379)	**1,256**
Management fees	883	–	–	**883**
Materials and supplies	628	–	25	**653**
Transportation services	580	–	–	**580**
Well repair and maintenance costs	–	–	399	**399**
Well workover costs	32	–	(32)	**–**
Environmental levies	32	–	–	**32**
Change in stock	941	–	–	**941**
Other	81	–	(13)	**68**
	25,447	**(2,210)**	**–**	**23,237**

4. Property, plant and equipment

During the three months ended 31 March 2022 the Partnership had additions of property, plant and equipment of US$ 2,480 thousand (three months ended 31 March 2021: US$ 868 thousand). These additions are mostly associated with commencement of well workover campaign as well as capital repairs of equipment (2021: completion of drilling and construction projects started in 2019 and purchase of equipment and spare parts for capital repairs of equipment) and capitalized interest US$ 149 thousand (three months ended 31 March 2021: US$ 151 thousand). See Note 22 for capital commitments.

5. Advances for non-current assets

As at 31 March 2022 and 31 December 2021 advances for non-current assets comprised the following:

In thousands of US Dollars	**31 March 2022 (unaudited)**	31 December 2021 (audited)
Advances for construction materials	**2,431**	359
Advances for construction services	**357**	1,059
	2,788	1,418

6. Inventories

As at 31 March 2022 and 31 December 2021 inventories comprised the following:

In thousands of US Dollars	**31 March 2022 (unaudited)**	31 December 2021 (audited)
Spare parts and other inventories	**26,493**	26,707
Gas condensate	**4,476**	4,310
Crude oil	**685**	306
LPG	**39**	57
Dry Gas	**37**	–
Sulphur	**8**	7
	31,738	31,387

As at 31 March 2022 and 31 December 2021 inventories are carried at cost.

7. Prepayments and other current assets

As at 31 March 2022 and 31 December 2021 prepayments and other current assets comprised the following:

In thousands of US Dollars	**31 March 2022**	31 December 2021

Notes to the interim condensed financial statements (continued)

	(unaudited)	(audited)
VAT receivable	**4,298**	4,511
Advances paid	**1,555**	1,860
Other taxes receivable	**1,833**	1,675
Other	**301**	246
	7,987	8,292

Advances paid consist primarily of prepayments made to service providers. As at 31 March 2022 the impaired advances paid amounted to US$1,724 thousand (31 December 2021: US$41 thousand).

8. Trade receivables

As at 31 March 2022 and 31 December 2021 trade receivables were not interest-bearing and were mainly denominated in US dollars and Tenge. Trade receivables are collected on average within a period of 30-120 days.

As at 31 March 2022 and 31 December 2021 there were neither past due nor impaired trade receivables. Based on the assessments made, the Partnership concluded that no provision for expected credit losses should be recognized as at 31 March 2022 and 31 December 2021.

9. Cash and cash equivalents

In thousands of US Dollars	31 March 2022 (unaudited)	31 December 2021 (audited)
Current accounts in US Dollars	**74,357**	48,186
Current accounts in Tenge	**388**	5,539
Current accounts in other currencies	**206**	–
Petty cash	**6**	8
	74,957	53,733

In addition to the cash and cash equivalents in the table above, the Partnership has restricted cash accounts as a liquidation fund deposit for US$44 thousand with Sberbank in Kazakhstan and US$ 7,719 thousand with Halyk bank (31 December 2021: US$47 thousand and US$ 7,719 thousand, respectively), which is kept as required by the subsoil use rights for abandonment and site restoration liabilities of the Partnership.

10. Borrowings

Borrowings are comprised of the following as at 31 March 2022 and 31 December 2021:

In thousands of US Dollars	31 March 2022 (unaudited)	31 December 2021 (audited)
Notes issued in 2012 and maturing 2033	**573,269**	**559,937**
Notes issued in 2014 and maturing in 2033	**409,111**	**399,581**
Nostrum Oil & Gas Finance B.V.	**208,783**	**207,523**
	1,191,163	1,167,041
Less amounts due within 12 months	**(35,597)**	(11,537)
	1,155,566	1,155,504

2012 and 2014 Notes

On 13 November 2012, Zhaikmunai International B.V. issued US$ 560,000 thousand notes (the "2012 Notes"). On 24 April 2013 Zhaikmunai LLP replaced Zhaikmunai International B.V. as issuer of the 2012 Notes and assumed all of the obligations of the issuer under the 2012 Notes.

On 14 February 2014, Nostrum Oil & Gas Finance B.V., , a subsidiary of Nostrum Oil & Gas PLC, issued US$ 400,000 thousand notes (the "2014 Notes"). On 6 May 2014, Zhaikmunai replaced Nostrum Oil & Gas Finance B.V. as issuer of the 2014 Notes and assumed all of the obligations of the issuer under the 2014 Notes.

On 25 July 2017, Nostrum Oil & Gas Finance B.V. (the "2017 Issuer") issued US$ 725,000 thousand notes (the "2017 Notes"). The issue of the 2017 Notes was used primarily to fund the purchases from bondholders US$ 390,884 thousand in principal amount of the outstanding 2012 Notes and US$ 215,924 thousand in principal amount of the outstanding 2014 Notes.

On 16 February 2018, Nostrum Oil & Gas Finance B.V. (the "2018 Issuer") issued US$ 400,000 thousand notes (the "2018 Notes"). On 17 February 2018, the outstanding 2012 Notes and the 2014 Notes held by persons other than Nostrum Oil & Gas PLC and its subsidiaries were purchased from the bondholders by Nostrum Oil & Gas Finance B.V.

On 2 May 2018, certain amendments to the terms and conditions of the 2012 and 2014 Notes became effective, whereby the interest rate on the 2012 and 2014 Notes was changed to 9.5%, being effective from 19 February 2018. The maturity dates of the 2012 and 2014 were moved to 25 June 2033 and 14 January 2033, respectively. Interest on the 2012 and 2014 Notes is payable on 14 June and 14 December of each year.

Guarantee of 2017 Notes

Notes to the interim condensed financial statements (continued)

The 2017 Notes are jointly and severally guaranteed on a senior basis by Nostrum Oil & Gas PLC, Nostrum Oil & Gas Coöperatief U.A., Zhaikmunai LLP and Nostrum Oil & Gas B.V.

As at 25 July 2017, the Partnership recognised the granted guarantee liability at the fair value of US$ 5,177 thousand, which is present value of the guarantee premium estimated based on the assessment of credit risk of the 2017 Issuer. The present value of the estimated guarantee premium is discounted by the 2017 Notes' interest rate. During the three months ended 31 March 2022, the Partnership recognised guarantee gain in the amount of US$ 296 thousand (three months ended 31 March 2021: US$ 273 thousand) and the outstanding balance as at 31 March 2021 of the guarantee, both current and non-current totaled US$ 963 thousand (31 December 2021: US$ 686 thousand).

Guarantee of 2018 Notes

The 2018 Notes are jointly and severally guaranteed on a senior basis by Zhaikmunai LLP, Nostrum Oil & Gas PLC, Nostrum Oil & Gas Coöperatief U.A. and Nostrum Oil & Gas B.V.

As at 16 February 2018, the Partnership recognised the granted guarantee liability at the fair value of US$ 2,057 thousand, which is present value of the guarantee premium estimated based on the assessment of credit risk of the 2018 Issuer. The present value of the estimated guarantee premium is discounted by the 2018 Notes' interest rate. During three months ended 31 March 2022, the Partnership recognized guarantee gain in the amount of US$ 74 thousand (three months ended 31 March 2021: US$ 69 thousand) and the outstanding balance as at 31 December 2020 of the guarantee, both current and non-current totaled US$ 390 thousand (31 December 2021: US$ 1,037 thousand).

Loans due to Nostrum Oil & Gas B.V.

On 1 July 2008 the Partnership signed a loan agreement with Frans van der Schoot B.V. under which the latter provided the Partnership with a US$ 90,276 thousand loan at an annual interest rate of two times LIBOR.

On 15 September 2009 Frans van der Schoot B.V. provided an additional loan of US$ 261,650 thousand at then prevailing interest rate of 2.6% per year.

Subsequently, the interest rate was changed to 6.625% and the maturity date was moved to 31 December 2032.

With effect from 1 October 2019, under the intra-group loan agreement, the rights in respect of outstanding nominal amounts and unpaid interest were transferred from Nostrum Oil & Gas B.V. to Nostrum Oil & Gas Finance B.V.

Effective 1 May 2021, the interest rate was changed to 2.8%. Effective 14 July 2021, the interest rate of the intra-group loan with Nostrum Oil & Gas Finance B.V. was changed to 2.8% in respect of interest periods starting on or after 1 May 2020. The income from reversal of the previous period borrowing costs in the amount of US$ 4,896 thousand was recognised in finance costs in the fourth quarter of 2021.

The outstanding balance of the loan as at 31 March 2022 has an interest rate of 2.8% (31 December 2021: 2.8%).

11. Trade payables

Trade payables comprise the following as at 31 March 2022 and 31 December 2021:

In thousands of US Dollars	**31 March 2022 (unaudited)**	31 December 2021 (audited)
Tenge denominated trade payables	**6,199**	5,873
US Dollar denominated trade payables	**89**	597
Euro denominated trade payables	**11**	118
Russian Rouble denominated trade payables	**102**	122
	6,401	6,710

12. Other current liabilities

Other current liabilities comprise the following as at 31 March 2022 and 31 December 2021:

In thousands of US Dollars	**31 March 2022 (unaudited)**	31 December 2021 (audited)
Training obligations accrual	**8,376**	8,684
Taxes payable, including corporate income tax	**4,217**	3,922
Other accruals	**4,849**	5,425
Due to employees	**2,139**	1,701
Other current liabilities	**743**	701
	20,324	20,433

13. Revenue

	For the three months ended 31 March	
In thousands of US Dollars	**2022 (unaudited)**	2021 (unaudited)

Notes to the interim condensed financial statements (continued)

Revenue from oil and gas condensate sales	**49,209**	35,227
Revenue from gas and LPG sales	**10,987**	10,963
	60,196	46,190

The pricing for all of the Partnership's crude oil, condensate and LPG is, directly or indirectly, related to the price of Brent crude oil. The average Brent crude oil price three months ended 31 March 2022 was US$ 97.9 (three months ended 31 March 2021: US$ 61.8).

During the three months ended 31 March 2022 the revenue from sales to three major customers amounted to US$ 47,490 thousand, US$ 3,119 thousand and US$ 2,927 thousand respectively (three months ended 31 March 2021: US$ 33,387 thousand, US$ 5,154 thousand and US$ 2,605 thousand respectively). The Partnership's exports are mainly represented by deliveries to Belarus and the Baltic ports of Russia.

14. Cost of sales

	For the three months ended 31 March	
In thousands of US Dollars	**2022 (unaudited)**	2021 (unaudited, restated*)
Depreciation, depletion and amortisation	**14,006**	15,747
Payroll and related taxes	**3,122**	2,678
Repair, maintenance and other services	**1,496**	1,256
Well repair and maintenance costs	**920**	399
Materials and supplies	**875**	653
Management fees	**734**	883
Transportation services	**605**	580
Environmental levies	**35**	32
Change in stock	**(565)**	941
Other	**84**	68
	21,312	23,237

A restatement and certain reclassifications have been made to the prior year's disclosure of the cost of sales to enhance comparability with the current year's financial statements, please refer to Note 3 for more detail.

15. General and administrative expenses

	For the three months ended 31 March	
In thousands of US Dollars	**2022 (unaudited)**	2021 (unaudited)
Payroll and related taxes	**842**	634
Management fees	**342**	240
Professional services	**156**	142
Insurance fees	**57**	59
Communication	**45**	45
Business travel	**23**	13
Depreciation and amortisation	**35**	46
Materials and supplies	**36**	24
Bank charges	**10**	13
Other	**90**	16
	1,636	1,232

16. Selling and transportation expenses

	For the three months ended 31 March	
In thousands of US Dollars	**2022 (unaudited)**	2021 (unaudited)
Transportation costs	**2,051**	2,761
Loading and storage costs	**1,929**	1,522
Payroll and related taxes	**296**	267
Marketing services	**72**	746
Depreciation of right-of-use assets	**–**	669
Other	**364**	297
	4,712	6,262

17. Taxes other than income tax

	For the three months ended 31 March	
In thousands of US Dollars	**2022 (unaudited)**	2021 (unaudited)

Notes to the interim condensed financial statements (continued)

Export customs duty	**2,416**	1,620
Royalties	**2,314**	1,736
Government profit share	**480**	358
Other taxes	**1**	3
	5,211	3,717

Export customs duty is comprised of customs duties for export of crude oil and customs fees for services such as processing of declarations, temporary warehousing etc.

18. Finance costs

	For the three months ended 31 March	
In thousands of US Dollars	**2022 (unaudited)**	2021 (unaudited)
Interest expense on borrowings	**24,113**	26,013
Unwinding of discount on amounts due to Government of Kazakhstan	**182**	191
Unwinding of discount on lease liability	**–**	103
Unwinding of discount on abandonment and site restoration provision	**69**	70
	24,364	26,377

19. Other expenses and other income

For the three months ended 31 March 2022 and 2021 other expenses comprise the following:

	For the three months ended 31 March	
In thousands of US Dollars	**2022 (unaudited)**	2021 (unaudited)
Training	**313**	126
Other taxes and penalties	**177**	249
Currency conversion	**86**	33
Social program	**78**	78
Loss on disposal of property, plant and equipment	**1**	13
Sponsorship	**1**	2
Other accruals	**–**	40
Other	**56**	157
	712	698

For the three months ended 31 March 2022 and 2021 other income comprise the following:

	For the three months ended 31 March	
In thousands of US Dollars	**2022 (unaudited)**	2021 (unaudited)
Reversals of other accruals	**925**	235
Reversals of training accruals	**553**	373
Financial guarantee income	**370**	342
Currency conversion	**144**	25
Catering and accommodation	**60**	32
Compensation for damages	**–**	1,549
Other	**102**	16
	2,154	**2,572**

20. Income tax expense

	For the three months ended 31 March	
In thousands of US Dollars	**2022 (unaudited)**	2021 (unaudited)
Deferred income tax expense	**9,352**	4,014
	9,352	4,014

Corporate income tax is recognised based on the estimated annual effective income tax rate applied to the income before tax for the three months ended 31 March 2022. Differences between the recognition criteria in IFRS and under the statutory taxation regulations give rise to a temporary difference between the carrying value of certain assets and liabilities for financial reporting purposes and for income tax purposes. The tax effect of the change in temporary differences is recorded at the applicable statutory rates, including the prevailing Kazakhstani tax rate of 30% applicable to income derived from the Chinarevskoye subsoil use license.

A major part of the Partnership's tax bases of non-monetary assets and liabilities is determined in tenge. Therefore, any change in the US dollar/tenge exchange rates results in a change in the temporary difference between the tax bases of non-current assets and their carrying amounts in the financial statements.

21. Related party transactions

For the purpose of these interim condensed financial statements transactions with related parties mainly comprise transactions between the Partnership and the participants and/or the subsidiaries or associated companies of the Nostrum Oil & Gas Group.

Notes to the interim condensed financial statements (continued)

Accounts payable to and borrowings from related parties as at 31 March 2022 and 31 December 2021 consisted of the following:

In thousands of US Dollars	**31 March 2022 (unaudited)**	31 December 2021 (audited)
Borrowings		
Under common control:		
Nostrum Oil & Gas Finance B.V.	**208,783**	207,523

During the three months ended 31 March 2021 and 2020 the Partnership had the following transactions with related parties:

	Three months ended 31 March	
In thousands of US Dollars	**2022 (unaudited)**	2021 (unaudited)
Purchases		
Under common control:		
Nostrum Services N.V.	**1,148**	1,262

Remuneration (represented by short-term employee benefits) of key management personnel amounted to US$ 204 thousand for three months ended 31 March 2022 (three months ended 31 March 2021: US$ 336 thousand). Other key management personnel were employed and paid by Nostrum Services N.V. and their remuneration forms part of management fees and consulting services above.

22. Contingent liabilities and commitments

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe and where the tax authorities disagree with the positions taken by the Partnership the financial outcomes could be material. Administrative fines are generally 80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by tax authorities for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods. Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at 31 March 2022. As at 31 March 2022 management believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Partnership's tax position will be sustained.

Abandonment and site restoration (decommissioning)

As Kazakh laws and regulations concerning site restoration and clean-up evolve, the Partnership may incur future costs, the amount of which is currently indeterminable. Such costs, when known, will be provided for as new information, legislation and estimates evolve.

Environmental obligations

The Partnership may also be subject to loss contingencies relating to regional environmental claims that may arise from the past operations of the related fields in which it operates. Kazakhstan's environmental legislation and regulations are subject to ongoing changes and varying interpretations. As Kazakh laws and regulations evolve concerning environmental assessments and site restoration, the Partnership may incur future costs, the amount of which is currently indeterminable due to such factors as the ultimate determination of responsible parties associated with these costs and the Government's assessment of respective parties' ability to pay for the costs related to environmental reclamation.

However, depending on any unfavourable court decisions with respect to any claims or penalties assessed by the Kazakh regulatory agencies, it is possible that the Partnership's future results of operations or cash flow could be materially affected in a particular period.

Capital commitments

As at 31 March 2022, the Partnership had contractual capital commitments in the amount of 8,155 thousand (31 December 2021: US$10,029 thousand), mainly in respect to the Partnership's oil field development activities.

Social and education commitments

As required by the Contract (after its amendment on 2 September 2019), the Partnership is obliged to:

- spend US$ 300 thousand per annum to finance social infrastructure;
- make an accrual of one percent per annum of the actual investments for the Chinarevskoye field for the purposes of educating Kazakh citizens.

Domestic oil sales

In accordance with Supplement # 7 to the Contract, the Partnership is required to deliver at least 15% of produced oil to the domestic market on a monthly basis for which prices are materially lower than export prices.

23. Fair values of financial instruments

Set out below, is a comparison by class of the carrying amounts and fair value of the Partnership's financial instruments, other than those with carrying amounts reasonably approximating their fair values:

	Carrying amount	Fair value

Notes to the interim condensed financial statements (continued)

In thousands of US Dollars	**31 March 2022 (unaudited)**	31 December 2021 (audited)	**31 March 2022 (unaudited)**	31 December 2021 (audited)
Interest bearing borrowings	(1,191,163)	(1,167,041)	(457,255)	(466,228)
Finance guarantee	(1,353)	(1,723)	(1,230)	(1,581)
Total	**(1,192,516)**	**(1,168,764)**	**(458,485)**	**(467,809)**

Management assessed that cash and cash equivalents, short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

24. Events after the reporting period

Shareholder Circular and General Meeting Vote

On 13 April 2022, the Company issued a Circular and gave notice convening a General Meeting of its shareholders on 29 April 2022, at which shareholders voted on the terms of the restructuring (the "Restructuring Resolution"). The Circular and General Meeting also included a resolution to vote in favour of the Related Party Transactions with ICU in respect of new ordinary shares being issued to ICU pursuant to the restructuring – only independent shareholders (excluding ICU) are required to vote on this specific resolution (the "RPT Resolution").

At the General Meeting, 99.99% of voting shareholders voted for the implementation of the restructuring which means the restructuring will proceed under a UK scheme of arrangement under Part 26 of the Companies Act 2006. Further, 99.89% of voting shareholders voted in favour of the RPT Resolution, allowing ICU as a related party to receive the issuance of new securities under the scheme.