

Zhaikmunai LLP

Interim condensed financial statements (unaudited)

For the nine months ended 30 September 2022

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Interim condensed statement of financial position

<i>In thousands of US Dollars</i>	Notes	30 September 2022 (unaudited)	31 December 2021 (audited)
Assets			
Non-current assets			
Property, plant and equipment	4	289,723	320,150
Advances for non-current assets	5	3,709	1,418
Restricted cash	9	7,761	7,766
		301,193	329,334
Current assets			
Inventories	6	31,991	31,387
Prepayments and other current assets	7	8,959	8,292
Income tax prepayment		455	48
Trade receivables	8	25,313	6,659
Cash and cash equivalents	9	61,827	53,733
		128,545	100,119
TOTAL ASSETS		429,738	429,453
Equity and liabilities			
Capital and reserves			
Partnership capital		4,112	4,112
Other reserves		32,586	32,586
Retained deficit and reserves		(904,818)	(870,648)
		(868,120)	(833,950)
Non-current liabilities			
Long-term borrowings	10	1,155,690	1,155,504
Long-term finance guarantee	10	431	655
Abandonment and site restoration provision		29,218	29,008
Due to Government of Kazakhstan		4,335	4,563
Deferred tax liability	17	55,196	32,885
		1,244,870	1,222,615
Current liabilities			
Current portion of long-term borrowings	10	27,233	11,537
Current portion of finance guarantee	10	382	1,068
Trade payables	11	5,860	6,710
Advances received		107	9
Current portion of due to Government of Kazakhstan		1,031	1,031
Other current liabilities	12	18,375	20,433
		52,988	40,788
TOTAL EQUITY AND LIABILITIES		429,738	429,453

General Director of Zhaikmunai LLP

Chief Accountant of Zhaikmunai LLP



Zhamart Darkeev

Olga Shoshinova

The accounting policies and explanatory notes on pages 6 through 17 are an integral part of these interim condensed financial statements

Interim condensed statement of comprehensive income

In thousands of US Dollars	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2022 (unaudited)	2021 (unaudited, restated*)	2022 (unaudited)	2021 (unaudited, restated*)
Revenue					
Revenue from export sales		40,408	43,817	137,966	122,954
Revenue from domestic sales		7,334	6,537	17,608	19,711
	13	47,742	50,354	155,574	142,665
Cost of sales	14	(20,581)	(21,036)	(62,025)	(66,413)
Gross profit		27,161	29,318	93,549	76,252
General and administrative expenses	15	(1,248)	(1,423)	(4,277)	(4,096)
Selling and transportation expenses	16	(5,267)	(5,377)	(14,819)	(17,523)
Taxes other than income tax	17	(5,923)	(4,638)	(15,577)	(12,398)
Finance costs	18	(24,118)	(16,782)	(72,459)	(68,526)
Foreign exchange gain / (loss)		(54)	(10)	36	(244)
Interest income		17	71	114	183
Other income	19	832	1,574	4,447	5,751
Other expenses	19	(940)	(470)	(2,881)	(1,440)
Loss before income tax		(9,540)	2,263	(11,867)	(22,041)
Current income tax benefit / (expense)		–	–	8	(584)
Deferred income tax expense		(8,504)	(5,151)	(22,311)	(11,991)
Income tax expense	17	(8,504)	(5,151)	(22,303)	(12,575)
Loss for the period		(18,044)	(2,888)	(34,170)	(34,616)
Other comprehensive income for the period		–	–	–	–
Total comprehensive loss for the period		(18,044)	(2,888)	(34,170)	(34,616)

* Certain amounts shown here do not correspond to the 2021 interim condensed financial statements and reflect adjustments made, please refer to Note 3 for more details.

General Director of Zhaikmunai LLP

Chief Accountant of Zhaikmunai LLP



Thomas Darkeev

Olga Shoshinova

Interim condensed statement of cash flows

In thousands of US Dollars	Notes	For the nine months ended 30 September	
		2022 (unaudited)	2021 (unaudited, restated*)
Cash flow from operating activities:			
Loss before income tax		(11,867)	(22,041)
<i>Adjustments for:</i>			
Depreciation, depletion and amortisation	14,15,16	39,745	46,255
Finance costs	18	72,459	68,526
Interest income		(114)	(183)
Foreign exchange loss on investing and financing activities		882	75
Loss on disposal of property, plant and equipment		5	(46)
Gain on disposal of exploration and evaluation assets		-	(749)
Finance guarantee gain		(909)	(1,059)
Provision for doubtful debts		-	22
Operating profit before working capital changes		100,201	90,800
<i>Changes in working capital:</i>			
Change in inventories		(294)	695
Change in trade receivables		(18,654)	4,810
Change in prepayments and other current assets		(667)	686
Change in trade payables		(798)	(1,466)
Change in advances received		98	(100)
Change in due to Government of Kazakhstan		(773)	(774)
Change in other current liabilities		(2,487)	(1,966)
Cash generated from operations		76,626	92,685
Income tax paid		(412)	(2,224)
Net cash flows from operating activities		76,214	90,461
Cash flow from investing activities:			
Interest received		114	183
Purchase of property, plant and equipment		(8,861)	(4,805)
Advances for non-current assets		(2,291)	(27)
Net cash used in investing activities		(11,038)	(4,649)
Cash flow from financing activities:			
Finance costs paid		(56,483)	(45,600)
Payment of principal portion of lease liabilities		-	(2,002)
Finance charges on lease liabilities		-	(221)
Transfer to restricted cash		-	(3)
Proceeds from borrowings		-	20,300
Net cash used in financing activities		(56,483)	(27,526)
Effects of exchange rate changes on cash and cash equivalents		(599)	(44)
Net increase in cash and cash equivalents		8,094	58,242
Cash and cash equivalents at the beginning of the period	9	53,733	12,511
Cash and cash equivalents at the end of the period	9	61,827	70,753

* Certain amounts shown here do not correspond to the 2021 interim condensed financial statements and reflect adjustments made, please refer to Note 3 for more details.

General Director of Zhaikmunai LLP

Chief Accountant of Zhaikmunai LLP



Zhaikmunai LLP
Zhaikmunai Darkeev
Olga Shoshinova

The accounting policies and explanatory notes on pages 6 through 17 are an integral part of these interim condensed financial statements

Interim condensed statement of changes in equity

<i>In thousands of US Dollars</i>	Partnership capital	Other reserves	Accumulated losses	Total
As at 1 January 2021 (restated*)	4,112	32,586	(882,451)	(845,753)
Loss for the period (restated*)	-	-	(34,616)	(34,616)
Total comprehensive loss for the period	-	-	(34,616)	(34,616)
As at 30 September 2021 (unaudited, restated*)	4,112	32,586	(917,067)	(880,369)
Profit for the period (restated*)	-	-	46,419	46,419
Total comprehensive profit for the period	-	-	46,419	46,419
As at 31 December 2021 (audited)	4,112	32,586	(870,648)	(833,950)
Loss for the period	-	-	(34,170)	(34,170)
Total comprehensive loss for the period	-	-	(34,170)	(34,170)
As at 30 September 2022 (unaudited)	4,112	32,586	(904,818)	(868,120)

* Certain amounts shown here do not correspond to the 2021 interim condensed financial statements and reflect adjustments made, please refer to Note 3 for more details.

General Director of Zhaikmunai LLP

Chief Accountant of Zhaikmunai LLP



The accounting policies and explanatory notes on pages 6 through 17 are an integral part of these interim condensed financial statements

Notes to the interim condensed financial statements (continued)

Notes to the Interim condensed financial statements

1. 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 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 interim condensed financial statements were authorised for issue by the Partnership's General Director and Chief Accountant on 22 November 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 included a 5-year exploration period followed by a 25-year production period with the Contract being valid until 26 May, 2031.

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.

Group debt restructuring

On 31 March 2020, the Group announced that it would seek to engage with its bondholders regarding a possible restructuring of the Group's US\$725 million 8.0% Senior Notes due July 2022 ("2022 Notes") and its US\$400 million 7.0% Senior Notes due February 2025 ("2025 Notes") (together, the "Existing Notes").

In May 2020, the Group engaged Rothschild & Cie ("Rothschild") as financial advisers and White & Case LLP ("White & Case") as legal advisers to assist in the restructuring of the Existing Notes. Since then, the Parent has been in restructuring discussions with an informal ad hoc group of noteholders (the "Ad Hoc Group" or "AHG"), who are advised by PJT Partners (financial) and Akin Gump LLP (legal). The Parent has also been in discussions with its largest shareholder ICU Holdings Limited ("ICU"), also a holder of the Existing Notes, and their legal advisors Dechert LLP from 2021.

Forbearance Agreements

The Group has not made coupon payments due under the Existing Notes since July 2020, which was an event of default under the terms of the indentures governing 2022 Notes and 2025 Notes. However, the Parent continued active discussions with the financial and legal advisers to the AHG and signed the First Forbearance Agreement ("First FBA") with the AHG on 23 October 2020 and a new Forbearance Agreement ("Second FBA") on 19 May 2021 (together the "FBAs"). The First FBA and the Second FBA were on substantially the same terms and prohibited the AHG from exercising certain rights and remedies under the Existing Note indentures. The FBAs were intended to provide the Group with a short-term solution to its liquidity issues and a platform to engage in discussions with the noteholders in relation to a potential restructuring.

As part of the signing of the FBAs, the Parent agreed to pay consent fees to existing noteholders as well as agreeing to deposit a portion of the missed initial coupon payments into a Restricted Account. A total of US\$6,701,973 has been paid in consent fees during the signing and various extensions of the FBAs, of which US\$1,116,990 was paid in 2021. A total of US\$22,658,980 has been deposited into the Restricted Account under the terms of the FBAs (including US\$9,758,980 transferred in 2021), with Nostrum having access to the funds under certain circumstances, such as liquidity falling below an agreed threshold).

Lock-up Agreements

On 23 December 2021, the Group entered into a lock-up agreement (the "First LUA") and agreed terms of a restructuring with noteholders. Holders of 77.73% of the total aggregate principal amount of the Notes signed or acceded to the First LUA including a majority of holders of aggregate principal amount of both Senior Notes and an affiliate of ICU in its capacity as a shareholder and holder of the Notes. A fee of 50 bps (the "Lock-up Fee") was payable to each Participating Noteholder who was originally party to the First LUA or acceded to the First LUA within 22 days of its execution (i.e. by 14 January 2022).

Notes to the interim condensed financial statements (continued)

The First LUA expired on 17 August 2022, on which day the Parent entered into the Second Lock-Up Agreement with the AHG and ICU (the "Second LUA"). The parties to the Second LUA gave similar undertakings to those given in the First LUA, and terms of the Restructuring remained the same. No consent or "early bird" fee was payable in relation to the Second LUA.

Upon signing of the First LUA and the Second LUA (together the "LUAs"), the Second FBA was extended in parallel. The terms and conditions continue to remain in effect during the restructuring until the earlier of the successful closing of the restructuring and the Longstop Date of 16 February 2023 (the 'Longstop Date').

Terms of the Restructuring

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

- Partial reinstatement of debt in the form of US\$250 million Senior Secured Notes (SSNs) maturing on 30 June 2026 and bearing interest at a rate of 5.00% per year payable in cash. The SSNs are not convertible;
- Partial reinstatement of debt in the form of US\$300 million Senior Unsecured Notes (SUNs) maturing on 30 June 2026 and bearing interest at a rate of 1.00% per year payable in cash and 13.00% per year payable in kind. If not repaid in cash at maturity, the SUNs are repayable in specie through the issuance of equity in the Parent based on the value of the SUNs outstanding on the issuance date as a percentage of the fair market value of the Parent (up to a maximum of 99.99% of the Parent's fully diluted equity);
- Conversion of the remainder of the Existing Notes and accrued interest into equity by way of a UK scheme of arrangement:
 - Existing noteholders will own 88.89% of the expanded share capital of the Parent on closing of the restructuring. Existing noteholders will also own warrants (to be held by trustee) allowing them to subscribe for an additional 1.11% of the share capital of the Parent upon exercise – increasing noteholder ownership of the Parent to 90.00%;
 - The existing shareholders will hold 11.11% upon closing of the restructuring. The existing shareholders will be diluted to 10.00% if the warrants held by existing noteholders are exercised;
- 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 requiring that 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 Parent can access with approval of the majority of Independent Non-Executive Directors of the Parent; and
- Transfer the Parent's listing to the Standard Listing segment of the London Stock Exchange.

Key implementation milestones completed

Following execution of the Lock-up Agreement, the Parent commenced implementation of the Restructuring.

On 4 February 2022, the Parent received the required consents from noteholders after a solicitation process to approve the amendments to the Existing Notes indentures. The approved amendments (i) changed the governing law and jurisdiction of both Existing Notes indentures from the State of New York to the laws of England and Wales; (ii) made Nostrum Oil & Gas plc a co-issuer of the Existing Notes and (iii) other smaller amendments to facilitate the implementation of the restructuring. Holders of 87.081% in aggregate principal amount of the 2022 Notes and Holders of 91.222% in aggregate principal amount of the 2025 Notes provided consents. No consent solicitation payments were made to vote in favour.

On 29 April 2022, 99.99% of voting shareholders voted for the implementation of the restructuring which meant that the restructuring continues 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 a related party to receive the issuance of new securities under the scheme.

On 20 June 2022, the High Court of Justice of England and Wales has made an order granting the Parent permission to convene a meeting for the Scheme creditors to approve the Restructuring.

On 1 July 2022, the Parent received the required consents from the Kazakhstan Ministry of Energy («MOE») with respect to (i) the issue of new shares and warrants (in partial repayment of the Existing Notes) and (ii) the waiver of the State of Kazakhstan's priority right to acquire such new shares and warrants.

On 1 August 2022, after receiving a key regulatory authorisation from the US Office of Foreign Assets Control, the Parent issued a notice inviting Scheme creditors to a Scheme meeting on 21 August 2022. At the Scheme meeting with participation and voting (by proxy) of 148 Scheme Creditors, the Scheme proposed by the Parent in connection with the Restructuring was approved by the requisite majority of Scheme Creditors (being a majority in number, representing at least 75 percent in value of the Scheme Creditors present and voting).

On 26 August 2022, the Scheme Sanction Hearing took place, whereby the Court made an order sanctioning the Scheme, following which on 31 August 2022 the Scheme Sanction Order was lodged with Companies House and the Scheme thereby took effect and binds (amongst other parties) all Scheme Creditors and the Parent by its terms.

On 14 October 2022, a prospectus was approved by the FCA and published by the Parent (the 'Prospectus'). The Prospectus relates to the proposed admission of up to 1,505,633,046 new ordinary shares to the standard listing segment of the Official List of the FCA and to trading on the main market for listed securities of London Stock Exchange plc.

The key elements of the Restructuring (of which the Scheme is an integral part) are inter-conditional. Therefore, and notwithstanding the sanctioning of the Scheme by the Court, the terms of the Restructuring will only be implemented if and when each of the Restructuring Conditions has been satisfied or waived (in accordance with the Scheme and the Implementation Deed). This includes the receipt by the Parent of any required licence(s) from applicable authorities, or confirmation that such licence(s) is not required.

2. Basis of preparation

These interim condensed financial statements for the nine months ended 30 September 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 nine months ended 30 September 2022 and 2021 is neither audited nor reviewed by the auditors.

Notes to the interim condensed financial statements (continued)

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 consolidated 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, through engagement of the Board of Directors along with Senior Management, 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.

The Directors' going concern assessment is supported by future cash flow forecasts for the going concern period to 31 December 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 Q4 2022 and \$68/bbl for 2023. The favourable hydrocarbon pricing in 2021 and 2022, 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\$132 million.

As a result, the Group had unrestricted cash balances of US\$210 million as at 30 September 2022, with a further \$23 million in a restricted bank account with limited access as per the terms of the Forbearance Agreement.

The forecasted cashflows assume that the Existing Notes are restructured per the agreed terms as set out in the LUAs and the Prospectus and as outlined above. Whilst key milestones have been achieved since the signing of the LUAs, including shareholders voting in favour of the Restructuring Resolutions, securing Kazakhstan MOE Consent, the US Office of Foreign Assets Control issuing a necessary licence allowing all creditors to vote in the Scheme, the creditors' approval at the Scheme meeting, the UK Court sanctioning the Scheme and issuance of the Prospectus, the implementation of the Restructuring remains subject to receipt of other necessary authorisations and licences.

Therefore, in forming an assessment on the Group's ability to continue as a going concern, the Board has made significant assumptions about the Group being able to obtain the required licenses and successfully close out the restructuring of the Existing Notes by extending the Longstop Date if required.

Accordingly, as at the date of publication of these interim condensed consolidated financial statements, there still remains some uncertainty with respect to the successful restructuring of the Group's Existing Debt due to matters largely outside of the Group's control. Therefore, the assumption that the Group can successfully complete the restructuring by obtaining necessary extensions and licenses represents a material uncertainty that the Existing Notes will be restructured successfully. This may cast a significant doubt on the Group's ability to continue as a going concern for the going concern period to 31 December 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. Other than the widening of Urals discount used in calculation of export prices on oil and condensate from a pre-conflict US\$3/bbl in early 2022 to US\$23/bbl at the end of September 2022, there is no material impact on the Group's operations and liquidity at the time of publication of these interim condensed consolidated financial statements as a result of the ongoing Russia-Ukraine conflict and resultant Russian sanctions. 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 31 December 2023, inclusive of cash swept into the restricted account. Hence, the Directors have concluded that even under this severe scenario modelled, the Group would have sufficient liquidity over the going concern review period.

Finally, the Directors remain vigilant on risks to liquidity posed by any resurgence in COVID-19 or future related strains. Contingency plans have been put in place both to protect the workforce and ensure that there is 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 any resurgence of COVID-19 or future related strains.

After careful consideration of the material uncertainty in connection with the restructuring of the Existing Notes, as described above, advice from the Parent's financial and legal advisors, and internal assessment of the likelihood that the remaining licences can be obtained, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operation for the going concern period to 31 December 2023. For these reasons, they continue to adopt the going concern basis in preparing the interim condensed consolidated financial statements. Accordingly, these interim condensed consolidated financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group were unable to continue as a going concern.

Notwithstanding that the going concern period has been defined as the period to 31 December 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.

Segment information

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.

Notes to the interim condensed financial statements (continued)

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 applies 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 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 nine months ended 30 September 2021 were overstated by US\$6,187 thousand (three months ended 30 September 2021: US\$1,981 thousand) with a corresponding understatement of deferred tax expense by US\$1,856 thousand (three months ended 30 September 2021: US\$594 thousand).

Notes to the interim condensed financial statements (continued)

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

<i>In thousands of US Dollars</i>	For the three months ended 30 September			For the nine months ended 30 September		
	Reported	Depreciation correction	As adjusted	Reported	Depreciation correction	As adjusted
Statement of comprehensive income						
Cost of sales	(23,017)	1,981	(21,036)	(72,600)	6,187	(66,413)
Gross profit	27,337	1,981	29,318	70,065	6,187	76,252
Loss before income tax	282	1,981	2,263	(28,228)	6,187	(22,041)
Income tax expense	(4,557)	(594)	(5,151)	(10,719)	(1,856)	(12,575)
Loss for the period	(4,275)	1,387	(2,888)	(38,947)	4,331	(34,616)
Statement of cash flows						
Loss before income tax				(28,228)	6,187	(22,041)
Depreciation, depletion and amortisation				52,442	(6,187)	46,255
Net cash flows from operating activities				90,461	-	90,461

Reclassifications and comparative figures of the cost of sales's disclosure

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 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:

For the three months ended 30 September				
<i>In thousands of US dollars</i>	As previously reported	Depreciation correction	Reclassification	As adjusted
Depreciation, depletion and amortisation	16,119	(1,981)	-	14,138
Payroll and related taxes	2,810	-	-	2,810
Repair, maintenance and other services	1,988	-	(410)	1,578
Materials and supplies	1,092	-	50	1,142
Management fees	796	-	-	796
Transportation services	626	-	4	630
Well repair and maintenance costs	-	-	614	614
Well workover costs	248	-	(248)	-
Environmental levies	62	-	-	62
Change in stock	(946)	-	-	(946)
Other	222	-	(10)	212
	23,017	(1,981)	-	21,036
For the nine months ended 30 September				
<i>In thousands of US dollars</i>	As previously reported	Depreciation correction	Reclassification	As adjusted
Depreciation, depletion and amortisation	50,325	(6,187)	-	44,138
Payroll and related taxes	8,479	-	-	8,479
Repair, maintenance and other services	5,712	-	(1,167)	4,545
Materials and supplies	3,260	-	102	3,362
Management fees	2,546	-	-	2,546
Transportation services	1,928	-	4	1,932
Well repair and maintenance costs	-	-	1,776	1,776
Well workover costs	670	-	(670)	-
Environmental levies	176	-	-	176
Change in stock	(944)	-	-	(944)
Other	448	-	(45)	403
	72,600	(6,187)	-	66,413

Reclassifications and comparative figures of the previous periods borrowing costs adjustment

The prior year amount of the borrowing costs adjustment has been reclassified for consistency with the prior year end presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to reclassify the the borrowing costs adjustment from other income to the the finance costs of the Interim condensed statement of comprehensive income for the nine months ended 30 September 2022.

Notes to the interim condensed financial statements (continued)

4. Property, plant and equipment

During the nine months ended 30 September 2022 the Partnership had additions of property, plant and equipment of US\$ 9,131 thousand (nine months ended 30 September 2021 : US\$ 5,774 thousand). These additions are mostly associated with commencement of well workover campaign as well as capital repairs of equipment and capitalized interest of US\$ 1,085 thousand (nine months ended 30 September 2021 : US\$ 105 thousand).

See Note 22 for capital commitments.

5. Advances for non-current assets

As at 30 September 2022 and 31 December 2021 advances for non-current assets comprised the following:

<i>In thousands of US Dollars</i>	30 September 2022 (unaudited)	31 December 2021 (audited)
Advances for construction materials	3,066	1,059
Advances for construction services	643	359
	3,709	1,418

6. Inventories

As at 30 September 2022 and 31 December 2021 inventories comprised the following:

<i>In thousands of US Dollars</i>	30 September 2022 (unaudited)	31 December 2021 (audited)
Spare parts and other inventories	26,858	26,707
Gas condensate	3,026	4,310
Crude oil	2,009	306
LPG	57	57
Dry gas	36	–
Sulphur	5	7
	31,991	31,387

As at 30 September 2022 and 31 December 2021 inventories are carried at cost.

7. Prepayments and other current assets

As at 30 September 2022 and 31 December 2021 prepayments and other current assets comprised the following:

<i>In thousands of US Dollars</i>	30 September 2022 (unaudited)	31 December 2021 (audited)
VAT receivable	4,834	4,511
Advances paid	2,435	1,860
Other taxes receivable	1,507	1,675
Other	183	246
	8,959	8,292

Advances paid consist primarily of prepayments made to service providers. As at 30 September 2022 the impaired advances paid amounted to US\$ 41 thousand (31 December 2021: US\$41 thousand).

8. Trade receivables

As at 30 September 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 30 September 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 30 September 2022 and 31 December 2021.

9. Cash and cash equivalents

<i>In thousands of US Dollars</i>	30 September 2022 (unaudited)	31 December 2021 (audited)
Current accounts in US Dollars	61,629	48,186
Current accounts in Tenge	166	5,539
Current accounts in Euro	28	–
Petty cash	4	8
	61,827	53,733

For the nine months ended 30 September 2022

Notes to the interim condensed financial statements (continued)

In addition to the cash and cash equivalents in the table above, the Partnership has restricted cash accounts as a liquidation fund deposits of US\$42 thousand and US\$7,719 thousand with Halyk bank (31 December 2021: US\$47 thousand with Sberbank in Kazakhstan and US\$ 7,719 thousand with Halyk bank), which are 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 30 September 2022 and 31 December 2021:

<i>In thousands of US Dollars</i>	30 September 2022 (unaudited)	31 December 2021 (audited)
Notes issued in 2012 and maturing in 2033	573,332	559,937
Notes issued in 2014 and maturing in 2033	409,171	399,581
Loan due to Nostrum Oil & Gas Finance B.V.	200,420	207,523
	1,182,923	1,167,041
Less amounts due within 12 months	(27,233)	(11,537)
	1,155,690	1,155,504

2012 and 2014 Notes

On 13 November 2012, Zhaikmunai International B.V. issued US\$560,000 thousand notes (the "2012 Notes") with maturity on 13 November 2019. 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") with maturity on 14 February 2019. 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") with maturity on 25 July 2022. The issue of the 2017 Notes was used primarily to fund the purchases from bondholders of 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") with maturity on 16 February 2025. 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 Notes and 2014 Notes were moved to 25 June 2033 and 14 January 2033, respectively. Interest on the 2012 Notes and 2014 Notes is payable on 14 June and 14 December of each year.

Guarantee of 2017 Notes

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 was the 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 was discounted by the 2017 Notes' interest rate. During the nine months ended 30 September 2022, the Partnership recognised guarantee gain in the amount of US\$601 thousand.

Guarantee of 2018 Notes

The 2018 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 16 February 2018, the Partnership recognised the granted guarantee liability at the fair value of US\$2,057 thousand, which was the 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 was discounted by the 2018 Notes' interest rate. During the nine months ended 30 September 2022, the Partnership recognized guarantee gain in the amount of US\$223 thousand and the outstanding balance of the guarantee as at 30 September 2022, both current and non-current totaled US\$813 thousand (31 December 2021: US\$1,037 thousand).

Loan due to Nostrum Oil & Gas Finance B.V.

On 1 July 2008 the Partnership signed a loan agreement with Nostrum Oil & Gas B.V. (previously known as Frans van der Schoot B.V. and Zhaikmunai Netherlands 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 Nostrum Oil & Gas 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.

Notes to the interim condensed financial statements (continued)

Effective from 1 May 2021, the interest rate was changed to 2.8%. Effective from 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 third quarter of 2021.

The outstanding balance of the loan as at 30 September 2022 has an interest rate of 2.8% (31 December 2021: 2.8%).

11. Trade payables

Trade payables comprise the following as at 30 September 2022 and 31 December 2021:

<i>In thousands of US Dollars</i>	30 September 2022 (unaudited)	31 December 2021 (audited)
Tenge denominated trade payables	5,382	5,873
Euro denominated trade payables	297	118
Russian Rouble denominated trade payables	123	122
US Dollar denominated trade payables	58	597
	5,860	6,710

12. Other current liabilities

Other current liabilities comprise the following as at 30 September 2022 and 31 December 2021:

<i>In thousands of US Dollars</i>	30 September 2022 (unaudited)	31 December 2021 (audited)
Training obligations accrual	7,731	8,684
Other accruals	4,917	5,425
Taxes payable, including corporate income tax	3,187	3,922
Due to employees	1,797	1,701
Other current liabilities	743	701
	18,375	20,433

13. Revenue

<i>In thousands of US Dollars</i>	For the three months ended 30 September		For the nine months ended 30 September	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Revenue from oil and gas condensate sales	36,091	38,850	121,674	110,461
Revenue from gas and LPG sales	11,651	11,500	33,870	32,195
Revenue from sulphur sales	–	4	30	9
	47,742	50,354	155,574	142,665

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 for the nine months ended 30 September 2022 was US\$102.5/bbl (nine months ended 30 September 2021 : US\$68.0/bbl).

During the nine months ended 30 September 2022 the revenue from sales to three major customers amounted to US\$116,695 thousand, US\$12,564 thousand and US\$5,969 thousand respectively (nine months ended 30 September 2021 : US\$104,892 thousand, US\$14,133 thousand and US\$4,816 thousand, respectively). The Partnership's exports are mainly represented by deliveries to the Baltic ports of Russia.

14. Cost of sales

<i>In thousands of US Dollars</i>	For the three months ended 30 September		For the nine months ended 30 September	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited, restated*)
Depreciation, depletion and amortisation	12,430	14,138	39,638	44,138
Payroll and related taxes	2,787	2,810	8,895	8,479
Repair, maintenance and other services	1,680	1,578	4,572	4,545
Materials and supplies	1,066	1,142	2,959	3,362
Well repair and maintenance costs	665	614	2,219	1,776
Management fees	637	796	2,089	2,546
Transportation services	536	630	1,695	1,932
Environmental levies	14	62	59	176
Change in stock	624	(946)	(453)	(944)
Other	142	212	352	403
	20,581	21,036	62,025	66,413

Notes to the interim condensed financial statements (continued)

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

<i>In thousands of US Dollars</i>	For the three months ended 30 September		For the nine months ended 30 September	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Payroll and related taxes	671	687	2,254	2,128
Management fees	209	314	805	807
Professional services	107	150	399	451
Insurance fees	56	60	172	179
Communication	45	45	135	136
Materials and supplies	48	50	110	97
Depreciation and amortisation	37	37	107	113
Business travel	19	28	82	61
Bank charges	5	11	22	36
Other	51	41	191	88
	1,248	1,423	4,277	4,096

16. Selling and transportation expenses

<i>In thousands of US Dollars</i>	For the three months ended 30 September		For the nine months ended 30 September	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Transportation costs	2,320	2,216	6,366	7,292
Loading and storage costs	1,937	1,217	6,018	4,320
Payroll and related taxes	246	294	814	850
Marketing services	44	670	158	2,062
Depreciation of right-of-use assets	–	668	–	2,004
Other	720	312	1,463	995
	5,267	5,377	14,819	17,523

17. Taxes other than income tax

<i>In thousands of US Dollars</i>	For the three months ended 30 September		For the nine months ended 30 September	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Export customs duty	3,617	2,163	7,867	5,723
Royalties	1,946	2,040	6,368	5,497
Government profit share	357	428	1,336	1,166
Other taxes	3	7	6	12
	5,923	4,638	15,577	12,398

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

<i>In thousands of US Dollars</i>	For the three months ended 30 September		For the nine months ended 30 September	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Interest expense on borrowings	23,862	21,369	71,700	72,418
Unwinding of discount on amounts due to Government of Kazakhstan	182	191	546	572
Unwinding of discount on lease liability	–	47	–	221
Unwinding of discount on abandonment and site restoration provision	74	71	213	211
Gain on modification of the loan	–	(4,896)	–	(4,896)
	24,118	16,782	72,459	68,526

Notes to the interim condensed financial statements (continued)

19. Other income and other expenses

For the nine months ended 30 September 2022 and 2021 other income comprise the following:

<i>In thousands of US Dollars</i>	For the three months ended 30 September		For the nine months ended 30 September	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Reversals of training accruals	553	373	1,660	1,118
Finance guarantee gain	158	364	909	1,059
Reversal of other taxes and penalties	530	–	530	–
Currency conversion	46	9	310	50
Reversals of other accruals	(929)	161	213	653
Catering and accommodation	46	42	163	139
Disposal of exploration assets	–	749	–	749
Insurance compensation	–	162	–	162
Compensation for damages	–	–	–	1,549
Other	428	(286)	662	272
	832	1,574	4,447	5,751

For the nine months ended 30 September 2022 and 2021 other expenses comprise the following:

<i>In thousands of US Dollars</i>	For the three months ended 30 September		For the nine months ended 30 September	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Training accruals	323	136	949	379
Sponsorship	258	3	627	17
Other taxes and penalties	132	201	470	516
Currency conversion	107	25	465	93
Social program	77	78	233	234
Other	43	27	137	201
	940	470	2,881	1,440

20. Income tax expense

<i>In thousands of US Dollars</i>	For the three months ended 30 September		For the nine months ended 30 September	
	2022 (unaudited)	2021 (unaudited, restated*)	2022 (unaudited)	2021 (unaudited)
Deferred income tax expense	8,504	5,151	22,311	11,991
Adjustment in respect of the deferred income tax for the prior periods	–	–	(8)	584
	8,504	5,151	22,303	12,575

Corporate income tax is recognised based on the estimated annual effective income tax rate applied to the income before tax for the nine months ended 30 September 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.

The 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.

Notes to the interim condensed financial statements (continued)

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 Group.

Borrowings from related parties As at 30 September 2022 and 31 December 2021 consisted of the following:

<i>In thousands of US Dollars</i>	30 September 2022 (unaudited)	31 December 2021 (audited)
Borrowings		
<i>Under common control:</i>		
Nostrum Oil & Gas Finance B.V.	200,420	207,523
Trade payables		
<i>Under common control:</i>		
KazStroyService JSC	205	227
Nostrum Services N.V.	628	467

During the nine months ended 30 September 2022 and 2021 the Partnership had the following transactions with related parties:

<i>In thousands of US Dollars</i>	For the three months ended 30 September		For the nine months ended 30 September	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Received borrowings				
<i>Under common control:</i>				
Nostrum Oil & Gas Finance B.V.	–	–	–	20,300
Interest paid				
<i>Under common control:</i>				
Nostrum Oil & Gas Finance B.V.	–	–	10,883	–
Purchases				
<i>Under common control:</i>				
Nostrum Services N.V.	888	1,257	3,052	3,777

Remuneration (represented by short-term employee benefits) of key management personnel amounted to US\$ 1,258 thousand for the nine months ended 30 September 2022 (the nine months ended 30 September 2021 : US\$1,254 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 30 September 2022. As at 30 September 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 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.

Notes to the interim condensed financial statements (continued)

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 cashflows could be materially affected in a particular period.

Capital commitments

As at 30 September 2022, the Partnership had contractual capital commitments in the amount of US\$3,095 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.

Impact of sanctions on Russia

The recent Russia-Ukraine conflict has led to widespread sanctions being imposed on various Russian institutions and individuals. Bodies and nations imposing sanctions today include the US, UK and EU and these sanctions have been sequentially expanding. Given the geographical position of the Group's main operating company, 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 impacted upon on it, the country is connected to Russia through infrastructure, banking, and other business links. The Partnership currently sends approximately 40% of its products through Russia via Russian transport infrastructure and ports. Furthermore, the Partnership contracts with a limited number of Russian service companies. The Partnership will need to be cognisant of the current and evolving sanctions list to ensure it is conducting business in compliance with these sanctions and, if it is foreseen that it will not be, the necessary alternatives will need to be set up to be compliant whilst continuing to conduct ordinary course of business.

23. Fair values of financial instruments

Management assessed that the fair value of cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts at 30 September 2022 and 31 December 2021.

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:

<i>In thousands of US Dollars</i>	Carrying amount		Fair value	
	30 September 2022 (unaudited)	31 December 2021 (audited)	30 September 2022 (unaudited)	31 December 2021 (audited)
Interest bearing borrowings	(1,182,923)	(1,167,041)	(436,115)	(466,228)
Finance guarantee	(813)	(1,723)	(1,995)	(1,581)
Total	(1,183,736)	(1,168,764)	(438,110)	(467,809)

24. Events after the reporting period

Publication of Prospectus

On 14 October 2022, the Prospectus was approved by the FCA and published by the Company. The Prospectus relates to the proposed admission of up to 1,505,633,046 new ordinary shares to the standard listing segment of the Official List of the FCA and to trading on the main market for listed securities of London Stock Exchange plc.

Proposed Extension of Longstop Date

The Company continues to engage with the relevant authorities with respect to obtaining the outstanding required licences and the Company believes it has provided all required information to such authorities. However, the Company has not yet received all the required licences (or any confirmations that such licences are not required) and may not do so in time to implement the Restructuring before the Longstop Date. On 4 November 2022 the Company therefore proposed to amend the definition of "Longstop Date" in the Scheme (pursuant to Clause 8.1 thereof) and the Implementation Deed (pursuant to Clause 16.1 thereof) to 16 February 2023 (the "Extension"). The Extension was approved by Noteholders constituting the Majority Scheme Creditors and was effected on 21 November 2022.