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London, 21 August 2018

Financial Results for the First Half and Six Months ending 30 June 2018

Nostrum Oil & Gas PLC (LSE: NOG) ("Nostrum", or "the Company"), an independent oil and gas company engaging in the production, development and exploration of oil and gas in the pre-Caspian Basin, today announces its financial results in respect of the six-month period ending 30 June 2018.

Highlights:

Financial:

- Revenue of US$191.5 million (H1 2017: US$210.0 million)
- Net operating cash flows[1] of US$99.9 million (H1 2017: US$116.8 million)
- EBITDA[2] of US$113.2 million (H1 2017: US$120.6 million)
- EBITDA margin of 59.1% (H1 2017: 57.4%)
- Closing cash[3] for the period of US$127.6 million (Q1 2018: US$132.3 million)
- Total debt of US$1,127.9 million and net debt of US$1,000.2 million as at 30 June 2018

Operational:

- H1 2018 average production after treatment of 32,524 boepd
- H1 2018 average sales volumes of 29,886 boepd
- Well 201 on line as of 30 July with current production over 1,000 boepd
- Well 40 producing stable volumes averaging over 1,500 boepd since early July
- Current sales volumes in excess of 32,500 boepd

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

"The first half of 2018 was challenging from an operational perspective. The critical focus for the team was on demonstrating we can stabilise production. I am delighted to show the first steps of this initiative coming to fruition. We have had a positive result on the deepening of well 40 in the northern area of the field. With production currently over 2,000 boepd of gas-condensate with a high condensate yield this could have the potential to open up a new area for us to develop in our Chinarevskoye field. Newly drilled well 201 also came on line in the Biski North East reservoir.

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[1] IFRS term based on indirect cash flow method

[2] Defined as profit before tax net of finance costs, foreign exchange loss/gain, ESOP, depreciation, interest income, other income and expenses

[3] Defined as cash and cash equivalents including current and non-current investments and excluding restricted cash

I am also delighted that we have signed our binding agreement with UOG to purchase and process their hydrocarbons from the Rozhkovskoye field. This is an important initial step to demonstrate the value our infrastructure can generate in the future. I believe this is an excellent deal for both parties and we will continue to look for other value accretive deals in the region. We are now in the final stages to achieve completion of GTU3 before the end of 2018. We are at a very exciting stage of Nostrum's development and we are committed to realising its full potential going forward."

Other News

Binding agreement with Ural Oil & Gas LLP

On 2 August 2018 Nostrum announced that through its subsidiary Zhaikmunai LLP it entered into binding agreements to purchase and process third party hydrocarbons delivered by Ural Oil & Gas LLP ("UOG").

UOG is a company that is owned by KazMunaiGas ("KMG") (50%), Sinopec (27.5%) and MOL Group ("MOL") (22.5%). According to the 2017 KMG Annual Report, the Rozhkovskoye field has 196 million boe 2P reserves booked. Research produced by Wood Mackenzie states that the company has already drilled and completed eight wells in the Rozhkovskoye field. The Rozhkovskoye field is within 20km of Nostrum's Chinarevskoye field.

Once UOG has obtained all necessary internal approvals they will fund the infrastructure required to deliver the hydrocarbons to the boundary of the Chinarevskoye field. The high level commercial terms comprise of two parts. Firstly, a tolling fee for the stabilisation of liquid condensate which will be US$8 per barrel and secondly the purchasing of raw gas from UOG at a price to be paid at the point of delivery at entry gate of our GTU's.

Sales volumes

The sales volumes split for H1 2018 was as follows:

Products	**H1 2018 sales volumes (boepd)**	**H1 2018 Product Mix (%)**
Crude Oil & Stabilised Condensate	11,636	39
LPG (Liquid Petroleum Gas)	3,878	13
Dry Gas	14,372	48
Total	29,886	100

The difference between production after treatment and sales volumes is due to part of the dry gas being used for internal consumption (power generation), gas lift and some losses during transportation.

Drilling

- As of 30 June 2018, 44 wells producing at the Chinarevskoye Field - 23 oil wells and 20 gas condensate wells, in addition to one appraisal well undergoing production testing
- Our third rig has arrived at field site and we are currently drilling well 234 in the Biski West, well 228 in the Biski North East and well 52 in the North East corner of the field to further see if we can extend the discovery made in the Northern Upper Devonian reservoirs we encountered in wells 40 and 724.
- Well 40 has been successfully deepened and has undergone pressure build up followed by an open hole production test with an 8 mm choke. We have had the well for more than a month in test operations with production currently above 2,000 boepd, of which roughly 1,500 boepd was condensate. We will keep testing the well until August 24th when we will undergo another pressure build up. Application to the Ministry of Energy has been made for prolongation/extension of our license to the north to cover the area of the newly made discoveries.
- Well 201 has been drilled and completed. The well has been put in stable production above 1,000 boepd as of July 30, 2018.
- We plan to drill two further wells (228 and 231) in the Biski East reservoir. This leaves one rig available at the end of Q3 for another well in 2018. We are currently evaluating the options for the location of this well.

Production guidance

- Production guidance remains in line with our Q1 results update. Following the loss of the first production well in Q1 we expect sales volumes to average 32,000 boepd for the year.
- Given the revision downwards in Q1 of our 2018 production the forecast figures calculated by Ryder Scott will also likely be impacted. We will be providing management guidance for 2019 production in the Q3 results call when we have agreed the drilling plan for 2019.
- The longer-term guidance of being able to fill both our gas plants once GTU3 is complete remains. Our target is to reach full capacity of 4.2bn cubic metres per annum within the next 3-5 years from Chinarevskoye and surrounding licences. The speed at which we ramp up is directly correlated to the speed of drilling and the number of rigs we have on field site. Currently the forecast is to have three rigs in 2019, five rigs in 2020 and six rigs in 2021.

Progress on the development of GTU3

In Q2 2018 all installation work was completed on GTU3 and welding works were substantially completed. The filling of internal columns is underway and is expected to be finished before the end of Q3. Final civil works including fencing, construction of roads and paving are well underway. The first units for instrument air and Nitrogen production were successfully commissioned and put in operation.

The below figures reflect all future cash payments to be made excluding VAT on GTU3.

Remaining GTU3 Cash Spend (excl VAT) as at 30 June 2018	US$31 million

Conference call

Nostrum's management team will present the H1 2018 Financial Results and will be available for a Q&A session with analysts and investors today at 14.00 pm BST, 21 August 2018. If you would like to participate in this call, please register by clicking on the following link and following instructions: Results Call

Download: H1 2018 Results Presentation
Download: H1 2018 Interim Management Report and Reviewed Financial Statements
Download: Q2 2018 Interim Management Report and Unreviewed Financial Statements

Disclosure of inside information in accordance with Article 17 of Regulation (EU) 596/2014 (16 April 2014) relating to Nostrum Oil & Gas PLC and Zhaikmunai LLP

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Further information

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

Further enquiries

Nostrum Oil & Gas PLC – Investor Relations
Kirsty Hamilton-Smith
Amy Barlow
+44 203 740 7433
ir@nog.co.uk

Instinctif Partners - UK
David Simonson
George Yeomans
+ 44 (0) 207 457 2020

Promo Group Communications – Kazakhstan
Asel Karaulova
Irina Noskova
+ 7 (727) 264 67 37

Notifying person

Thomas Hartnett
Company Secretary

About Nostrum Oil & Gas

Nostrum Oil & Gas PLC is an independent oil and gas company currently engaging in the production, development and exploration of oil and gas in the pre-Caspian Basin. Its shares are listed on the London Stock Exchange (ticker symbol: NOG). The principal producing asset of Nostrum Oil & Gas PLC is the Chinarevskoye field, in which it holds a 100% interest and is the operator through its wholly-owned subsidiary Zhaikmunai LLP. In addition, Nostrum Oil & Gas holds a 100% interest in and is the operator of the Rostoshinskoye, Darinskoye and Yuzhno-Gremyachenskoye oil and gas fields through the same subsidiary. Located in the pre-Caspian basin to the north-west of Uralsk, these exploration and development fields are situated approximately 60 and 120 kilometres respectively from the Chinarevskoye field.

Forward-Looking Statements

Some of the statements in this document are forward-looking. Forward-looking statements include statements regarding the intent, belief and current expectations of the Partnership or its officers with respect to various matters. When used in this document, the words “expects,” “believes,” “anticipates,” “plans,” “may,” “will,” “should” and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual outcomes to differ materially from those suggested by any such statements.

No part of this announcement constitutes, or shall be taken to constitute, an invitation or inducement to invest in the Company or any other entity, and shareholders of the Company are cautioned not to place undue reliance on the forward-looking statements. Save as required by the Listing Rules and applicable law, the Company does not undertake to update or change any forward-looking statements to reflect events occurring after the date of this announcement.

H1 2018: Nostrum Financial Results

In millions of US$ (unless mentioned otherwise)	H1 2018	H1 2017	Variance	Variance in %
Revenue	191.5	210.0	(18.5)	(8.8)
EBITDA	113.2	120.6	(7.4)	(6.1)
EBITDA margin (%)	59.1	57.4	-	-

In millions of US$ (unless mentioned otherwise)	H1 2018	Q1 2018	Variance	Variance in %
Cash Position	127.6	132.3	(4.7)	(3.6)
Net Debt	1,000.2	971.9	28.3	2.9

Revenue, EBITDA and Profit for the Period

Revenue from sales of crude oil, stabilised condensate, LPG and dry gas over the period amounted to US$191.5 million, down 8.8% on the same period last year due to lower sales volumes. EBITDA was US$113.2 million with an EBITDA margin of 59.1%. Loss for the period was US$1.9 million.

Cost of sales

The cost of sales was US$82.8 million, a decrease from the H1 2017 figure of US$88.4 million. This is partially due to reductions in depreciation and repair and maintenance.

Cash resources and Net debt

The Group ended the period with US$127.6 million in cash and cash equivalents (Q1 2018: US$132.3 million). Net debt at the end of the period was US$1,000.2 million (Q1 2018: US$971.9 million).

Hedging

On 4 January 2018, Nostrum entered into a hedging contract equating to production of 9,000 barrels of oil per day. The hedging contract is a zero-cost capped collar with a floor price of US$60.0. The Group has covered the cost of the floor price by selling a number of call options with different strike prices for each quarter; Q1:US$67.5; Q2:US$64.1; Q3:US$64.1; and Q4:US$64.1. The amount of upside given away has been capped through the purchase of a number of call options with different strike prices: Q1:US$71.5; Q2:US$69.1; Q3:US$69.6; and Q4:US$69.6. There were no upfront costs to the Company for the hedging contract. The hedging contract matures on 31 December 2018 and is settled in cash on a quarterly basis.

The average Brent price during Q1 2018 resulted in no settlements taking place between Nostrum and its hedging counterparty during this period (Q1 2018 average Brent price = US$67.2/bbl, Q1 2018 low strike price =US$67.5/bbl). During Q2 2018 the Company was required to make a payment of US$4.1 million as the average Brent price was above the higher call strike price (Q2 2018 average Brent price = US$75.0/bbl, Q2 2018 high strike price = US$69.1/bbl. The Company remains hedged on 9,000 barrels of oil per day at a floor price of US$60.0.