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**Amsterdam, 25 April 2017**

### **Operational Update for the First Quarter ending 31 March 2017**

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 operational update for the three month period ending 31 March 2017. This update is being issued in advance of the release of Nostrum’s consolidated accounts for the same period. The information contained in this update remains subject to review by the independent auditors.

#### **Highlights:**

##### **Operational**

- Q1 2017 total production of 4.4 mmboe; average daily production of 48,743 boepd
- The construction of the third Gas Treatment Unit (“GTU3”) continues in line with guidance to be completed before the end of 2017
- KazTransOil (“KTO”) pipeline connection has been completed by Nostrum and is awaiting finalisation of the tie to the KTO pipeline. This work is carried out by KTO and is expected to be completed in the coming weeks.

##### **Financial**

- Revenues expected to be in excess of US\$110 million (Q1 2016: US\$73.9 million)
- Cash position in excess of \$120 million (Q1 2016: US\$137.1 million)
- Total debt of US\$964.1 million and net debt of approximately US\$840.0 million

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

*The first quarter of 2017 has started strongly with average daily production at over 48,000 boepd and oil prices averaging above US\$50. Our 2017 drilling programme is under way and the KTO pipeline connection is almost complete such that we look forward to significantly reducing our exported crude oil transportation costs in the coming weeks.*

*We are pleased to report that steady progress continues on GTU3, with completion continuing to be expected before the end of 2017. As we get close to the completion date we are pushing hard to ensure that we have all the man-power necessary to avoid any delays. Now that the winter months are behind us we can focus on getting everything ready for commissioning towards the end of the year. We are keeping a close eye on the weekly performance and will take all necessary action to ensure the plant is complete as quickly as possible in order to benefit from the additional cash flows it will generate. We expect remaining payments on GTU3 to be between US\$100m and US\$130m to be paid depending on the speed of completion.*



*The strengthening oil price environment and continued efficiency measures being undertaken throughout the company allow us to be optimistic that 2017 can be a good year for the company both operationally and financially.*

## **Sales volumes**

The sales volumes split for Q1 2017 was as follows:

<b>Products</b>	<b>Q1 2017 sales volumes (boepd)</b>	<b>Q1 2017 Product Mix (%)</b>
Crude Oil & Stabilised Condensate	17,180	40
LPG (Liquid Petroleum Gas)	5,350	12
Dry Gas	20,749	48
<b>Total</b>	<b>43,279*</b>	<b>100</b>

The difference between true production and the sales volumes are as a result from part of the dry gas being used for internal consumption (power generation), gas lift and some losses during raw gas treatment.

## **Current product destinations**

Nostrum's primary export destinations remain as follows:

- Crude oil – A combination between Finland, Belarus and Azerbaijan. 85% is exported and 15% is sold domestically
- Condensate – Russian Black Sea port of Taman, 100% is exported
- LPG – Russian Black Sea ports, Central Asia and Eastern Europe
- Dry gas – All gas is sold at the connection point to the Intergas Central Asia pipeline

## **Drilling**

- 43 wells currently producing at the Chinarevskoye field - 22 oil wells and 21 gas condensate wells
- An extension to the exploration license has been submitted for the Rostoshinskoye field and an appraisal well at Rostoshinskoye is pending a flaring permit before testing can start

## **Production schedule**

- 2017: average above 44,000 boepd; exit rate between 50,000 and 60,000 boepd
- 2018: 50,000 – 80,000 boepd
- 2019: 80,000 – 100,000 boepd

Should oil prices deviate materially the production guidance will be updated accordingly.

## **Progress on development of GTU3**

Steady progress continues to be made on GTU3 and completion remains scheduled for 2017. Nostrum responded to a period of decline in the oil price from H2 2015 by phasing GTU3 payments over 2016 and 2017 in order to match the payment profile of the hedge put in place in



December 2015. The phasing of payments at no additional cost allowed for a continued preservation of cash on the balance sheet during this period of low oil prices. We remain vigilant to ensure that costs are kept to a minimum but also ensure that we have sufficient man-power available to complete the plant in 2017.

### **Board changes**

Mr Frank Monstrey resigned from his position as Nostrum Chairman and member of the Board of Directors effective from 17 April 2017. Mr Monstrey took the decision to step down from the Board at this time to ensure that a court order affecting certain other companies that he controls does not indirectly further affect Nostrum or any of its strategic initiatives.

Mr Mark Martin has been appointed by the Board as its Chairman from 18 April 2017 after having previously served as Nostrum's Senior Independent Director. For further information please see: [Board Changes](#).

### **Further information**

For further information please visit [www.nog.co.uk](http://www.nog.co.uk)

### **Further enquiries**

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### About Nostrum Oil & Gas

Nostrum Oil & Gas PLC is an independent oil and gas company currently engaging in the production, development and exploration of oil and gas in the pre-Caspian Basin. Its shares are listed on the London Stock Exchange (ticker symbol: NOG). The principal producing asset of Nostrum Oil & Gas PLC is the Chinarevskoye field, in which it holds a 100% interest and is the operator through its wholly-owned subsidiary Zhaikmunai LLP. In addition, Nostrum Oil & Gas holds a 100% interest in and is the operator of the Rostoshinskoye, 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.