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Amsterdam, 26 October 2016

Operational Update for the Nine Months ended 30 September 2016

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 nine month period ended 30 September 2016. 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

- 9M 2016 average daily production of 38,901 boepd
- Current production above 44,000 boepd
- Full year 2016 production guidance remains at 40,000 boepd
- GTU3 construction is progressing on schedule for completion in 2017 and on budget at under US\$500m
- KazTransOil (KTO) pipeline due for completion by Q2 2017 and will bring significant cost reductions for crude oil transportation
- Drilling programme for 2016 completed and all new wells brought on line by the start of Q4

Financial

- 9M 2016 revenue is expected to be in excess of US\$240m
- Cash position in excess of US\$100m
- Total debt remains at US\$960m and net debt of approximately US\$860m as at 30 September 2016
- Payments in excess of US\$27m received over the first nine months of 2016 from the hedge entered into in December 2015
- 15,000 boepd hedged at US\$49.16 through to December 2017

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

“Nostrum’s operational results reflect another resilient quarter for the Company. We have maintained steady production levels during Q3 and reiterate our full year production guidance of 40,000 boepd. Our main focus continues to be the completion of GTU3, which is on track to be delivered on budget in 2017, and which will more than double our production capacity. Whilst we remain in a strong financial position with over US\$100m of cash on our balance sheet, we continue to reduce costs across the business. Our connection to the KTO pipeline will be completed and operational by Q2 2017 and will allow us to reduce transportation costs significantly for our crude oil.”

Production Split



The product split for the first nine months of 2016 was as follows:

PRODUCTS	9M 2016 Average Production (boepd)	9M 2016 Product Mix (%)
Crude Oil & Stabilised Condensate	15,579	40
LPG (Liquid Petroleum Gas)	4,350	11
Dry Gas	18,972	49
TOTAL	38,901	100

2016 product destinations

Nostrum's primary export destinations remain as follows:

- Crude Oil – Neste Oil's and Socar's refineries in Finland and Azerbaijan
- Condensate – Russian Black Sea port of Taman
- LPG – Russian Black Sea ports and Bulgaria
- Dry Gas – Sold for export

The Company is building a short pipeline to provide access to the KTO pipeline for its crude oil transportation. This pipeline will be completed at a total cost of US\$10m and is expected to be operational by Q2 2017.

Drilling

- 25 oil wells and 19 gas condensate wells are currently producing at the Chinarevskoye field
- All production wells completed during Q3 with production expected to begin during Q4
- Appraisal well at Rostoshinskoye reached target depth and due for testing prior to the end of the year
- Detailed 2017 drilling programme being finalised as part of the budget process

Production schedule

Based on the current drilling programme stated above and taking into account the current oil price we reaffirm our production guidance below.

- 2016 – Approximately 40,000 boepd
- 2017 – 40,000 – 60,000 boepd
- 2018 – 60,000 – 90,000 boepd
- 2019 – 90,000 – 100,000 boepd

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

Progress on development of GTU3

Nostrum continues to make steady progress on GTU3. Following the fall in the oil price over the period from H2 2015 onwards, Nostrum took the decision to phase the payments of GTU3 over 2016 and 2017 in order to match the payment profile of the hedge put in place in December 2015. Completion remains scheduled for 2017. The phasing of payments involves no additional cost for Nostrum and the total budget remains at US\$500m. The phasing of the payments allow for a continued preservation of cash on Nostrum's balance sheet during this period of low oil prices.



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

GTU3 Cash Spent (excl VAT)	as at 30 September 2016
Expenditure to date	US\$339m
Expenditure remaining in 2016	US\$65m
Expenditure in 2017	US\$95m

Release of Nostrum's Third Quarter 2016 Financial results

Nostrum plans to release its unaudited consolidated accounts for the first nine months ended 30 September 2016 on 23 November 2016. A call will be scheduled for later that day.

Further information

For further information please visit 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.