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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

London, 27 January 2023

Operational Update for the year ended 31 December 2022

Nostrum Oil & Gas PLC (LSE: NOG) (“**Nostrum**”, or the “**Company**” and together with its subsidiaries, the “**Group**”), 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 in respect of the year ended 31 December 2022. This update is being issued in advance of the release of Nostrum's annual consolidated accounts for the same period.

FY2022 Highlights:

Operational

- Daily production after treatment averaged 13,200 boepd (2021: 17,032 boepd).
- Daily sales volumes averaged 12,524 boepd (2021: 15,330 boepd).
- The Group continued to execute its well and reservoir management strategy through well workovers and rigless well intervention in 2022.
- The Group has initiated a tie-back project, budgeted for c.US\$5m of capital expenditures, that will allow for the first ever third-party feedstock from Ural Oil & Gas LLP (“Ural OG”) to be received for treatment in the Group’s facilities that is expected to start in Q4 2023.
- The Directors are cognisant of the current and evolving sanctions list against Russian individuals and entities and have ensured the Group has conducted ongoing operations in compliance with these sanctions.
- The Group continues to prioritise the safety of all staff and contractors as well as focussing on running sustainable operations.

Financial

- FY revenues expected to be in excess of US\$199m against average 2022 Brent prices of US\$99/bbl (2021: revenues of US\$195.3m, average Brent price of US\$71/bbl).
- Exported crude oil and condensate have been facing large Urals discounts. Starting from 2023, the Company has updated its off-take agreements which should help reduce the discount and further strengthen the netbacks.
- The Group’s unrestricted cash position as at 31 December 2022 was in excess of US\$233m (30 September 2022: US\$210.2m). US\$22.7m remained held in a restricted account as at 31 December 2022 under the terms of the Forbearance Agreement.



- The Group continued focusing on its cost optimisation to help manage liquidity by achieving FY2022 operating costs and general administrative expenses basis of US\$45.5 million.
- The US\$725m 8.0% senior notes maturity date was 25 July 2022. Due to the ongoing restructuring, which includes the previously announced lock-up agreements and forbearance agreements entered into by certain holders of the notes, the Company did not take any further action following the maturity date of those notes.

Restructuring

- 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 Company by its terms.
- 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.
- On 4 November 2022, the Company 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.
- On 6 December 2022, the Company published, a supplementary prospectus (the "Supplementary Prospectus"), which is in relation to the Prospectus issued by the Company on 14 October 2022. The publication of this Supplementary Prospectus was a regulatory requirement under the Prospectus Regulation Rules, following the occurrence of the events referred to in the Supplementary Prospectus.
- On 9 January 2023, the Company announced that it has received a licence from The Office of Financial Sanctions Implementation ("OFSI"), the authority for the implementation of financial sanctions in the United Kingdom.
- On 20 January 2023, the Company notified about the receipt of a further confirmation of authorisation from the sanctions authority of an additional jurisdiction. The Company continues to engage with the one remaining sanctions authority with respect to obtaining the final remaining licence required to implement the Restructuring (or alternatively, confirmation that such licence is not required). However, purely as a contingency measure, and in case the remaining licence (or a confirmation that such licence is not required) is not received in time to implement the Restructuring before the Longstop Date, the Company 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) (each as amended on 21 November 2022) from 16 February 2023 to 31 March 2023.
- The key elements of the Restructuring 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. This includes the receipt by the Company of the remaining licence from applicable authority, or confirmation that such licence is not required. The Company has no reason to believe that it will not receive the remaining licence (or alternatively, confirmation that such licence is not required) shortly or that it will not be able to implement the Restructuring shortly thereafter.

Sustainability

- Zero fatalities during operations to employees and contractors (2021: zero).
- Zero Lost Time Injury ("LTI") (2021: two).
- Four Total Recordable Incidents ("TRI") (2021: six).



- 4,178 tonnes of air emissions emitted in 2022 against 6,413 tonnes permitted for 2022 under the Kazakhstan Environmental Code.

Company auditors

- On 30 September 2022, and following a competitive tender, Ernst & Young LLP resigned as auditor of the Company. On 25 October 2022, the potential incoming auditor notified the Company that it no longer intended to register for FRC supervision, and, as a result, no longer wished to be appointed as auditor. The Company remains in the process of appointing a replacement auditor and is currently in discussions with certain audit firms as to their terms of engagement. The Company has not yet appointed an auditor in respect of the financial year ended 31 December 2022, but the Board expects to finalise such appointment during February 2023. The Company expects that following the appointment, the audit work will commence in March 2023 and therefore, there is a reasonable prospect that the Company will be unable to publish its audited financial statements in respect of the financial year ended 31 December 2022 on or before 30 April 2023.
- Under the Financial Conduct Authority's (the "FCA") Disclosure Guidance and Transparency Rules and the FCA's Listing Rules, an issuer must make public its annual financial report at the latest four months after the end of each financial year. If the issuer is unable to comply with such requirement, the FCA may suspend the listing of such shares in accordance with the provisions of the Listing Rules. Any such suspension will be announced via a Regulatory Information Service and continue until the publication of the annual financial report.
- The Company will update the market on its auditor appointment as well as the timing of publication of its audited financial statements for the 2022 financial year in due course.

Positive Invest

- In June 2019, the Company entered into a sale and purchase agreement to acquire Positive Invest LLP, which owns the Stepnoy Leopard licence in north-west Kazakhstan. However, following a comprehensive strategic review and given the 2020 oil price environment as well as constraints on liquidity, the Company did not proceed with the acquisition of Positive Invest.
- The Company is currently in discussions with the owners of Positive Invest LLP, regarding a potential acquisition of a majority interest in Positive Invest. There can be no assurance that the Company (or any member of the Group) will enter into definitive agreements in respect of this proposed acquisition or as to the terms of any acquisition, however the Company expects the consideration (to be payable in cash) to be lower than the agreed purchase price for the prior transaction.

Tax audit

- During 2022 the tax authorities in Kazakhstan carried out a comprehensive tax audit of Zhaikmunai LLP for the financial years 2016-2021. As a result of this tax audit additional taxes have been assessed for the periods covered, including (a) corporate income tax in a principal amount equivalent to approximately US\$12.5m and (b) VAT equivalent to approximately US\$4.4m. Zhaikmunai has informed the authorities that it intends to make payment of the assessed amounts along with related interest and administrative fines. The total amount of payments is expected to be approximately US\$25m.

Arfan Khan, Chief Executive Officer of Nostrum Oil & Gas, commented:

"Despite the delays in the restructuring, I am pleased to say that we have delivered important results that will enable the Group to move swiftly towards capturing the strategic growth opportunities. I am looking forward to discussing our growth plans at a Capital Markets Day to be scheduled soon after closing the restructuring in the next few weeks. I would like to thank our team and advisors for all their hard work, as well as all our other stakeholders for their continuous support during this process.

As always, health and safety remains our priority and we continue to exercise extreme caution to ensure the safety of our people and contractors, while minimising the disruption to production and operations.



Once the restructuring is complete, the Group will be able to negotiate long-term contracts to fill the spare capacity in our world class processing facilities and therefore secure the Group's medium- and long-term future. Among our growth opportunities is maximising the value from our facilities through the supply of third-party gas, and we are working closely with Ural Oil & Gas LLP to ensure the gas tie-back remains on schedule to commence in Q4 this year.

Our focus last year remained on managing the Group's liquidity and we added US\$68 million in free cash during the course of the year, increasing our total cash balance to over US\$233 million. This was achieved as a result of a combination of factors, including favourable oil prices as well as our continuous efforts to further optimise production along with rigorous cost controls whilst safeguarding sales netbacks.

Looking ahead, we believe the Company is well-positioned to embark on a new stage of its journey capitalising on opportunities to help commercialise our world class infrastructure."

Sales volumes

The sales volume split for 2022 was as follows:

Products	2022 volumes (boepd)	2022 product mix (%)	2021 volumes (boepd)	2021 product mix (%)
Crude Oil	3,127	25.0%	3,395	22.1%
Stabilised Condensate	3,045	24.3%	3,120	20.4%
LPG (Liquid Petroleum Gas)	1,665	13.3%	2,003	13.1%
Dry Gas	4,687	37.4%	6,812	44.4%
Total	12,524	100.0%	15,330	100.0%

The difference between production and sales volumes is primarily due to the internal consumption of gas.

Release of Nostrum's 2022 Financial Results

As discussed above, Nostrum will update the market on the timing of publication of its Annual Report, including the consolidated accounts for 2022, in due course.

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Further information

For further information please visit www.nostrumoilandgas.com

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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) and the Kazakhstan Stock Exchange (ticker symbol: GB_NTRM). The principal producing asset of Nostrum Oil & Gas PLC is the Chinarevskoye field that is being operated



by a wholly-owned subsidiary of Nostrum Oil & Gas PLC – Zhaikmunai LLP, who is the sole holder of the subsoil use rights with respect to the development of the 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 Company 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 nor 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 relevant 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.