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Amsterdam, 27 July 2016

First Half 2016 Operational Update

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 six month period ended 30 June 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

- Q2 average daily production of 39,232 boepd
- H1 average daily production of 38,993 boepd (including one week of scheduled maintenance)
- 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

Financial

- H1 2016 revenue is expected to be in excess of US\$160m
- Cash position in excess of US\$115m (including short-term deposits)
- Total debt remains at US\$960m and net debt of approximately US\$845m as at 30 June 2016
- Payments in excess of US\$25m received over H1 2016 from the hedge entered into in December 2015

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

“We have had a steady half-year in terms of our operational performance, delivering an average daily production of approximately 39,000 boepd. Our drilling programme has progressed as scheduled and we look forward to increasing production throughout the second half of the year to achieve our target 2016 production of 40,000 boepd. The Company continues to make progress at reducing our operating costs and G&A. In addition we have started work on the construction of a small connecting pipeline from our existing crude pipeline into the KTO pipeline, which will allow us to reduce our transport costs in 2017 for crude oil. Our hedge has generated US\$25m of cash in H1, which will be shown in the cash flow statement with the H1 results. Given oil price volatility there will continue to be swings in the fair value of the hedge but we remain hedged at approximately US\$50 Brent price on 15,000 bopd until December 2017 and will continue to receive cash on a quarterly basis should the oil price remain below US\$50. Overall I believe the business continues to show the low cost nature of our production and look forward to bringing these costs lower in the future.”



Production Split

The product split for H1 2016 was as follows:

PRODUCTS	H1 2016 Average Production (boepd)	H1 2016 Product Mix (%)
Crude Oil & Stabilised Condensate	15,622	40
LPG (Liquid Petroleum Gas)	4,377	11
Dry Gas	18,994	49
TOTAL	38,993	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 working on adding access to the KazTransOil (KTO) pipeline for its crude oil transportation but has no current plans to change any of these export destinations during 2016.

Drilling

- 23 oil wells and 18 gas condensate wells are currently producing at the Chinarevskoye field
- Drilling programme for 2016 close to completion with 3 new wells completed
- New wells to be brought online during Q3
- Rostoshinskoye well awaiting testing having reached target depth of 5050 metres
- 2016 production drilling capex remains below US\$50m for the year

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 – Approximately 40,000 – 60,000 boepd
- 2018 – Approximately 60,000 – 90,000 boepd
- 2019 – Approximately 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 June 2016
Expenditure to date	US\$317m
Expenditure remaining in 2016	US\$93m
Expenditure in 2017	US\$88m

Release of Nostrum's Half Year 2016 Financial results

Nostrum plans to release its unaudited consolidated accounts for the first half year ending 30 June 2016 on 30 August 2016.

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.