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London, 29 January 2019

**Operational Update for the Fourth Quarter and the Twelve Months ending 31 December 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 operational update in respect of the twelve-month period ending 31 December 2018. 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 Company’s independent auditors.

**Highlights:**

**Operational**

- FY 2018 average production of 31,254 boepd and sales volumes of 29,516 boepd
- Average January 2019 production of 32,963 boepd
- Mechanical completion of GTU3 achieved in December 2018

**Financial**

- FY 2018 revenues expected to be in excess of US\$389 million (FY 2017: US\$405 million)
- FY 2018 cash position in excess of US\$121 million (9M 2018: US\$95 million)
- Total debt expected not to exceed US\$1,130 million and net debt expected not to exceed approximately US\$1,009 million as at 31 December 2018

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

*“I am pleased to report that during Q4 we have been able to bring online two wells, namely 228 and 231 in the Biski North East reservoir, both of which are showing steady production rates without any issues in relation to water. We achieved mechanical completion of the second phase of our gas treatment unit (GTU3) and have now started cold commissioning.”*

**Sales volumes**

The sales volumes split for FY 2018 was as follows:

<b>Products</b>	<b>FY 2018 sales volumes (boepd)</b>	<b>FY 2018 Product Mix (%)</b>



Crude Oil & Stabilised Condensate	11,415	38.67%
LPG (Liquid Petroleum Gas)	3,877	13.14%
Dry Gas	14,224	48.19%
<b>Total</b>	<b>29,516</b>	<b>100.00%</b>

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

#### **Q4 2018 Drilling**

- As at 31 December 2018, the Company had 45 wells in production (20 oil wells and 25 gas-condensate wells).
- Completed drilling of Biski North East wells 228 and 231 with combined production from these wells exceeding 2,500 boepd.
- One of the three drilling rigs has been demobilised and the remaining two units moved to the Northern part of the field to drill step out wells from well 40.

#### **2019 Drilling and sales volume guidance**

- With two drilling rigs we will be able to drill up to six wells during 2019.
- The first two wells will be in the Northern area of the field around well 40 (wells 41 and 42).
- The location of additional wells will be finalised once we have completed the evaluation of wells drilled during 2018 and those currently being drilled.
- 2019 production guidance remains unchanged at 30,000 boepd, corresponding to sales volumes of 28,000 boepd. Given that we are not drilling in proven areas of the field there is a range of possible outcomes from the Northern wells and therefore, the above production guidance does not include any additional production from new wells planned this year.

#### **Progress on the development of GTU3**

Mechanical completion of GTU3 was achieved in December 2018. Cold commissioning has now started with first gas targeted for Q2 2019 and full commissioning of the plant before the end of Q3 2019.

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

<b>Remaining cash spend on GTU3 (excl VAT) as at 31 December 2018</b>	US\$34.6 million
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#### **Hedging**

Nostrum's hedge came to its conclusion in December 2018. Given the recent weakness in the oil price combined with high volatility the company has not entered into a new hedge. It continues to monitor the market in regard to hedging a portion of its liquid production.



## **Release of Nostrum's FY 2018 Financial Results**

Nostrum plans to release its audited consolidated accounts for FY 2018 ending 31 December 2018 on 26 March 2019.

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### **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.