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Amsterdam, 31 October 2017

Operational Update for the Nine Months ended 30 September 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 nine-month period ending 30 September 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

- 9M 2017 average production of 44,879 boepd
- Q3 2017 average production of 41,265 boepd
- 9M 2017 average sales volumes of 39,600 boepd
- Q3 2017 average sales volumes of 36,635 boepd

Financial

- 9M revenues in excess of US$303 million (9M 2016: US$241.5 million)
- Cash position in excess of US$144 million (H1 2017: US$97.5 million)
- Total debt of US$1,057 million and net debt of approximately US$913 million as at 30 September 2017

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

"Financially it was a strong quarter with the successful bond refinancing completed, higher oil prices and continued implementation of our cost saving programme. However, from an operational perspective it was disappointing to announce earlier this month the delay to the GTU3 tie-in due to the inability to be able to complete hydro-testing prior to the winter period as a result of the non-delivery of critical equipment. In addition the loss of two production wells after the Q4 shut down last year and the delay from Q1 in the drilling schedule has meant production is behind our 2017 targets as we haven't yet been able to bring on the new production wells. On the upside we have had some positive appraisal results which mean our overall strategy looks like it will be well supported by more reserves in the future to prolong the production peak. I look forward to providing more details in the coming months on the appraisal programme and our reserve growth plans for 2018."

Sales volumes
The sales volumes split for 9M 2017 was as follows:

Products	9M 2017 sales volumes (boepd)	9M 2017 Product Mix (%)
Crude Oil & Stabilised Condensate	15,945	40%
LPG (Liquid Petroleum Gas)	4,841	12%
Dry Gas	18,814	48%
Total	39,600	100%

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.

Drilling

- 44 wells currently producing at the Chinarevskoye field - 23 oil wells and 21 gas condensate wells
- During Q3 2017 drilling activity was finished on 2 wells; currently 2 other wells are being completed and stimulation and testing is ongoing at 3 further wells
- The 2017 drilling programme has been behind schedule from the start of the year and also suffered from delayed results from both appraisal and production wells
- Appraisal work has had mixed results so far with successful results from the northern area of the field, where we encountered significant pressure and hydrocarbons that suggest there could be material reserves in the north where currently no reserves are booked. In the southern areas we have successfully drilled our planned appraisal wells but have run into technical issues resulting in a delay to testing. Workover is being performed to try to resolve these issues and show the extent of additional proven reserves within the southern area of the field
- Production figures have been disappointing in 2017 as we have been unable to return the two producing wells that we lost during the 2016 shut down. We continue to analyse possible low cost solutions to bring them back on but may have to consider re-drilling the wells during 2018. In addition, the delay from Q1 in the drilling schedule has meant that the production wells drilled in 2017 are not coming on until later than expected in Q4 so we will see continued decline in production without new feedstock. The delay is running at approximately 30 days and will mean the wells are only coming on in late November/December.

Sales volume schedule

- 2017 and 2018 production is being recalculated due to the delay of GTU3 and the drilling programme being behind schedule. For 2017, it is unlikely sales volumes will exceed 40,000 boepd given the delay in completion of production wells. For 2018, we do not foresee any increase in production for the first half of the year until GTU3 is tied-in over three weeks in April. For H2 2018 we see the potential to gradually ramp up production but will only be able to guide on the scale of this once the drilling programme for 2018 has been finalised and the results from the existing wells have been obtained. Our guidance for 2019 and 2020 is as follows:
- 2019: 60,000 - 80,000+ boepd

- 2020: 100,000 boepd

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

Progress on development of GTU3

Due to the delayed delivery of some specially designed valves required for the tie-in of GTU3 with GTU1&2 it will not be possible to bring gas into GTU3 in 2017. The previously planned three week shut down of GTU1&2 has therefore been postponed until after the winter period. The shut down and tie-in are now scheduled to be completed in April 2018. The tie-in will allow gas to go from GTU1&2 into GTU3, for GTU3 to be connected with the export gas pipeline and GTU3 commissioning to take place. Commissioning is expected to be completed within approximately 60 days.

The main reason for the delay is due to the fact that once the tie-in is completed the welding joints need to be hydro-tested prior to any gas passing through it. This testing cannot take place during the winter when temperatures are below zero. In order to minimise the downtime of GTU1&2 it is more efficient to have just one period of downtime to complete the tie-in and the hydro-testing rather than to have two separate periods of shut down for the tie-in and hydro-testing to be carried out. Therefore the decision has been taken to move the three week shut down to the period when temperatures move above freezing, which is now forecast to be April 2018.

The result of this change in timing for the tie-in means there will be a very short shut down of GTU1&2 in Q4 2017 as it will be limited to the minimal required maintenance of only a few days. The GTU3 plant on a standalone basis will be mechanically complete well in advance of the forecast tie-in date in April. The postponement of GTU3 commissioning does mean that production guidance for the first six months of 2018 will be impacted as the Company will not be able to increase production above current capacity of 45,000 boepd however the target to ramp up production to 100,000 boepd by 2020 has not changed. Revised full year guidance for production will be given no later than year-end when the 2018 drilling programme has been set and is under way. The total cost of the plant is not impacted by the delay to the tie-in and commissioning and remains at US$532 million, with a spend as at 30 September 2017 of US$459 million. The company remains fully funded to complete GTU3 and ramp up production.

Release of Nostrum's 9M 2017 Financial results

Nostrum plans to release its unaudited consolidated accounts for the nine months ending 30 September 2017 on 21 November 2017.

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Further information

For further information please visit www.nog.co.uk

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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.