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**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

FOR IMMEDIATE RELEASE

**London, 28 January 2022**

### **Operational Update for the Fourth Quarter and the Year ending 31 December 2021**

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 ending 31 December 2021. This update is being issued in advance of the release of Nostrum’s annual consolidated accounts for the same period.

#### **Highlights:**

##### **Operational**

- Noting the recent unrest in Kazakhstan and the evolving environment, we confirm no Group employees were harmed and our operations continued undisrupted. We will continue to monitor the situation and any potential future impact on the business.
- Average daily production after treatment for 2021 totalled 17,032 boepd with average daily sales volumes for the year of 15,330 boepd. Condensate is sold when there are sufficient volumes to fill a cargo and inventory builds in the absence of a sale. There was approximately 268,000 boe of condensate in inventory at the year end.
- We continued our well and reservoir management activities that are supported by well workovers and interventions. These are generally not capital intensive and offer reasonable risk / reward. These activities will continue in 2022.
- We continue our focus on pursuing ways to monetise spare capacity in the gas treatment facility through processing third party volumes.
- We remain extremely vigilant in respect of COVID-19 and the latest Omicron variant. We continue to implement stringent precautionary measures and we believe we have the systems in place to monitor and manage the risks presented by the pandemic in west Kazakhstan. To date, no production has been lost because of COVID-19.

##### **Financial**

- 2021 revenues expected to be in excess of US\$195 million (2020: US\$175.9 million).
- The cash position as at 31 December 2021 is in excess of US\$165 million (31 December 2020: US\$78.6 million). As at 31 December 2021, the balance excludes US\$22.6 million placed into a secured cash account under the terms of the Forbearance Agreement.

#### **Update on Restructuring of Company’s 8.0% Senior Notes due 2022 and 7.0% Senior Notes due 2025**

- As previously announced the Group signed a Lock-up Agreement with a majority of holders of the aggregate principal amount of the Group’s outstanding Notes (including our largest shareholder ICU Holdings Limited (“ICU”)) with the terms of a proposed restructuring agreed by the parties. Holders of over 77% of the total aggregate principal amount of Notes have signed or acceded to the Lock-up Agreement including a majority of holders of aggregate principal amount of both Senior Notes and an affiliate of ICU.



- Under the terms of the Lock-up Agreement, the Company, ICU and the ad hoc committee of noteholders (the “AHG”) have agreed to implement a transaction which restructures the Notes (the “Restructuring”). The key features of the proposed Restructuring are as follows:
  1. Partial reinstatement of the Notes in the form of new: (a) senior secured notes in a principal amount of US\$250,000,000 (“SSNs”) with cash coupon of 5.0%; and (b) senior unsecured notes in a principal amount of US\$300,000,000 with cash coupon of 1.0% and payment-in-kind interest of 13.0% (“SUNs”). The SSNs and SUNs will mature on 30 June 2026;
  2. Conversion of the remainder of the Notes into equity. The final equity ownership of the noteholders will depend upon the results of an extraordinary general meeting of shareholders;
  3. New corporate governance arrangements in respect of the Group and certain arrangements regarding future utilization of the Group’s cashflows, including the proposal to transfer the Company’s listing to the Standard Listing segment of the London Stock Exchange.
- The Group will now focus on satisfying all required conditions and completing the restructuring by mid-year 2022.
- As at 31 December 2021, US\$22.6 million is held within a secured cash account under the terms of the Forbearance Agreement.
- Rothschild & Cie are acting as financial advisers while White & Case are acting as legal advisers to the Company in the restructuring. PJT Partners (UK) Limited were appointed as financial advisers and Akin Gump Strauss Hauer & Feld as legal advisers to an informal ad hoc committee of holders of the Notes.
- For more information regarding the restructuring, please refer to the announcement made on 23 December 2021.

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

*“2021 marked a significant turning point in the Company’s pivot towards growth. With respect to the restructuring of our notes, I am delighted to have announced the successful execution of a Lock-up Agreement with the ad-hoc group of note holders and our largest shareholder at the end of 2021. This agreement removes significant obstacles as we look to negotiate long term contracts to fill the spare capacity in our world class processing facilities and so secure the Group’s medium- and long-term future. We will continue to work constructively with all our advisers and financial stakeholders to close out this restructuring by the middle of the year.*”

*We have been effective in managing our liquidity as we accumulated over US\$86 million in free cash in the year, taking our total cash balances to in excess of US\$165 million by the year end. Despite continuing reservoir decline, we’ve maintained strong cost discipline and have optimised sales netbacks in a favourable hydrocarbon pricing environment. We will continue to sweat and monetise the Chinarevskoye asset in 2022 through a targeted workover programme to build on our cash reserves.*

*COVID-19 continues to be of concern. We have not lost any production in 2021 because of COVID-19 and we continue to exercise extreme caution to ensure the safety of our people and contractors, while minimising the disruption to production and operations.”*

**Sales volume**

The sales volumes split for 2021 was as follows:

| <b>Products</b>       | <b>2021 sales volumes (boepd)</b> | <b>2021 product mix (%)</b> |
|-----------------------|-----------------------------------|-----------------------------|
| Crude Oil             | 3,395                             | 22.1%                       |
| Stabilised Condensate | 3,120                             | 20.4%                       |



|                            |               |               |
|----------------------------|---------------|---------------|
| LPG (Liquid Petroleum Gas) | 2,003         | 13.1%         |
| Dry Gas                    | 6,812         | 44.4%         |
| <b>Total</b>               | <b>15,330</b> | <b>100.0%</b> |

*The difference between production and sales volumes is due to the internal consumption of gas and inventory build-up of primarily condensate as volumes might be insufficient to fill a full cargo.*

## **Release of Nostrum’s Annual Financial Results**

Nostrum plans to release its Annual Report, including the consolidated accounts for 2021 on 26 April 2022.

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### **Further information**

For further information please visit [www.nog.co.uk](http://www.nog.co.uk)

### **Further enquiries**

Shane Drader – Chief Financial Officer

[ir@nog.co.uk](mailto:ir@nog.co.uk)

### Instinctif Partners - UK

Tim McCall

Galyna Kulachek

+ 44 (0) 207 457 2020

[nostrum@instinctif.com](mailto:nostrum@instinctif.com)

### **Notifying person**

Thomas Hartnett

Company Secretary

### 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.

### 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.