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Zhaikmunai LLP

Nostrum Oil & Gas PLC agrees binding terms for the treatment of third party hydrocarbons

Uralsk, 2 August 2018

Zhaikmunai LLP, a subsidiary of Nostrum Oil & Gas PLC (“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 it has entered into binding agreements to process third party hydrocarbons delivered by Ural Oil & Gas LLP (“UOG”).

UOG is a company that is owned by KazMunaiGas (“KMG”) (50%), Sinopec (27.5%) and MOL Group (“MOL”) (22.5%). According to the 2017 KMG Annual Report, the Rozhkovskoye field has 196 million boe 2P reserves booked. Research produced by Wood Mackenzie states that the company has already drilled and completed eight wells in the Rozhkovskoye field. The Rozhkovskoye field is within 20km of Nostrum’s Chinarevskoye field.

Once UOG has obtained all necessary internal approvals they will fund the infrastructure required to deliver the hydrocarbons to the boundary of the Chinarevskoye field. The high level commercial terms comprise of two parts. Firstly, a tolling fee for the stabilisation of liquid condensate which will be US\$8 per barrel and secondly the purchasing of raw gas from UOG at a price to be agreed at the point of delivery.

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

“This agreement marks a significant step for Nostrum in demonstrating the value of its infrastructure. Whilst the Company’s focus remains stabilising and ramping up production from the Chinarevskoye field, this agreement provides the potential for a secure revenue stream in the next three to five years. Nostrum’s ability to fully monetise the hydrocarbons in the Chinarevskoye field is not restricted as we will have 4.2bcm of annual processing capacity available through GTU 1, 2 and 3. It further reinforces the potential of Nostrum’s infrastructure and its ability to carry out value accretive deals in the region. This is the second such deal that illustrates the value of the gas treatment facility following the acquisition of the Trident licences in 2013 for US\$16 million, which now have 121 million boe 2P reserves booked in them. We see an ability to further grow our access to resources in the region as a result of the investments we have made in our infrastructure.”

Disclosure of inside information in accordance with Article 17 of Regulation (EU) 596/2014 (16 April 2014) relating to Zhaikmunai LLP and Nostrum Oil & Gas PLC

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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.