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Zhaikmunai LLP

Financial Results for the Second Quarter and Six Months ending 30 June 2020

Uralsk, 18 August 2020

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 Nostrum’s financial results in respect of the six-month period ending 30 June 2020.

Highlights:

Financial

- Revenues of US\$92.6 million (H1 2019: US\$174.2 million). Average Brent price achieved in H1 2020 US\$40.0 (H1 2019: US\$66.2).
- Net operating cashflows¹ of US\$47.0 million (H1 2019: US\$116.9 million).
- EBITDA² of US\$38.7 million (H1 2019: US\$110.2 million).
- EBITDA margin on 41.8% (H1 2019: 63.3%).
- Closing cash³ for the period of US\$75.7 million (December 31, 2020: US\$93.9 million).
- Total debt⁴ at 30 June 2020 of US\$1,139.7 million, including accrued interest of US\$35.6 million. Net debt of US\$1,063.9 million at 30 June 2020.
- Continued focus on cost optimization to help manage the Company’s liquidity.

Operational

- H1 2020 average production after treatment 23,528 boepd with average sales volumes for the period of 22,624 boepd.
- As previously reported, drilling halted for 2020. However, successful workover and well intervention activity has reduced the expected rate of decline of production.
- Continuing focus on monetizing spare capacity by processing third party volumes.
- Actions continue to be taken to protect the safety of all staff and mitigate any impact of COVID 19 on operations. In particular, stringent testing and follow-up procedures are in place for all field personnel.

1. IFRS term based on indirect cash flow method

2. Defined as profit before tax net of finance costs, foreign exchange loss/gain, ESOP, depreciation, interest income, other income and expenses

3. Defined as cash and cash equivalents including current and non-current investments and excluding restricted cash

4. Total debt does not include finance lease liabilities under IFRS16 Leases

Bond Restructuring

- Rothschild & Cie appointed as financial advisers and White & Case as legal advisers to assist the Company in the restructuring of the 8.0% Senior Notes due 2022 and 7.0% Senior Notes due 2025 (together, the “Notes”) issued by Nostrum Oil & Gas Finance B.V.
- PJT Partners (UK) Limited appointed as financial advisers and Akin Gump Strauss Hauer & Feld, as legal advisers to a steering committee of holders of the Notes, with a view to entering into a restructuring arrangement with the holders of the Notes.
- On 24 July 2020, Nostrum announced that it planned to utilise the applicable grace periods for the interest payments due on 25 July 2020 and 16 August 2020 with respect to the Notes. The 30-day grace period will allow the Company to continue active discussions with the financial and legal advisers to the steering committee of holders of the Notes with a view to entering into a forbearance agreement with the holders of the Notes in relation to those interest payments. The Company and its advisers believe that such an agreement is in the best interest of all stakeholders.

Kaat Van Hecke, Chief Executive Officer of Nostrum Oil & Gas, commented:

“Our focused cost-management initiatives are significantly reducing our cost base and we have executed a successful well intervention and work-over programme which has reduced the expected rate of decline of production above expectation. Both these measures have, and will continue to, assist us in managing our liquidity effectively and our cash burn is currently very low. However, we remain exposed to low prices for our products and whilst the price of oil and related products has improved in the last few months, the price received for dry gas may remain at a relatively low level for the remainder of the year and possibly beyond. Whilst the potential impact of COVID 19 continues to be of concern, we have put in place stringent procedures to ensure the safety and wellbeing of our staff and minimize disruption to production and operations. As planned, I intend to step down from my role as Interim CEO at the end of August and hand over to my successor to take the Group forward.”

Sales volumes

The sales volumes split for H1 2020 was as follows:

| Products | H1 2020 sales volumes (boepd) | H1 2020 product mix (%) |
|-----------------------------------|-------------------------------|-------------------------|
| Crude Oil & Stabilised Condensate | 8,991 | 39.7% |
| LPG (Liquid Petroleum Gas) | 2,955 | 13.1% |
| Dry Gas | 10,678 | 47.2% |
| Total | 22,624 | 100.0% |

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

H1 2020 Well Stock

- As at 30 June 2020, the Company had 46 wells in production (21 oil wells and 25 gas-condensate wells).

2020 Drilling and sales guidance

- The company has halted all drilling in 2020.
- 2020 production forecast of 20,000 boepd, corresponding to sales volumes of 19,000 boepd.
- Since May, the price that the Group receives for dry gas under its existing sales contract has reduced and may remain at a relatively low level for the remainder of the year and possibly beyond.

Chief Executive Officer

As announced on 16 December 2019, Kaat Van Hecke assumed the role as Nostrum's CEO for the duration of the Company's strategic review process. Since this process has been completed, Ms Van Hecke will step down on 31 August 2020 as planned and resume her role on the board as a non-executive director. We are in the final stages of recruiting our new CEO but if this is not completed by the end of August, Ms van Hecke will hand over her executive responsibilities to the Company's Executive Chairman, Atul Gupta, on an interim basis. An announcement on the new CEO will be made in due course.

Summary of the financial Results for H1 2020

| In millions of US\$ (unless otherwise noted) | H1 2020 | H1 2019 | Variance | Variance (%) |
|--|---------|---------|----------|--------------|
| Revenues | 92.6 | 174.2 | 81.6 | (46.8) |
| EBITDA | 38.7 | 110.2 | 71.5 | (64.9) |
| EBITDA margin (%) | 41.8 | 63.3 | - | (34.0) |

| In millions of US\$ (unless otherwise noted) | Q2 2020 | Q1 2020 | Variance | Variance (%) |
|--|---------|---------|----------|--------------|
| Cash | 75.7 | 66.1 | 9.6 | 14.5 |
| Net Debt | 1,063.9 | 1,050.3 | 13.6 | (1.3) |

Conference Call

Nostrum's management team will present the H1 2020 Financial Results and will be available for a Q&A session with analysts and investors today, 18 August 2020, at 1400 British Summer Time. If you would like to participate in this call then please register by clicking the following link and following instructions: [Results Call](#)

[Download: H1 2020 Results Presentation](#)

[Download: H1 2020 Financial Statements](#)

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 between approximately 60 and 120 kilometres 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 Group 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 Zhaikmunai LLP or 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, neither Zhaikmunai LLP nor the Company undertakes to update or change any forward-looking statements to reflect events occurring after the date of this announcement.