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## Zhaikmunai LLP

### Full Year Results for the Year Ending 31 December 2019

Uralsk, 30 April 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 full year financial results for the twelve months ending 31 December 2019, together with the publication of the 2019 Annual Report for Nostrum and its subsidiaries taken as a whole (“the Group”).

#### 2019 highlights:

##### Operational

- 2019 average daily production of 28,540 boepd (2018: 31,254 boepd) corresponding to average daily sales volumes of 26,626 boepd (2018: 29,516 boepd)
- GTU3, the Company’s third gas treatment unit, is complete and commissioned
- Focus remains commercializing spare capacity in this world-class gas processing infrastructure
- 46 wells in production as at 31 December 2019 - 20 oil wells and 26 gas-condensate wells
- Drilling activities suspended for 2020
- Ryder Scott audited 2P reserves reduced to 138 mmboe

##### Financial

- Revenue of US\$322.1 million (2018: US\$389.9 million)
- EBITDA<sup>1</sup> of US\$199.6 million (2018: US\$231.3 million)
- EBITDA margin of 61.9% (2018: 59.3%)
- Net operating cash flows<sup>2</sup> of US\$196.8 million (2018: US\$214.0 million)
- Reduction in operating costs<sup>3</sup> to US\$44.4 million (2018: US\$49.8 million)
- Reduction in general & administrative costs<sup>4</sup> to US\$19.4 million (2018: US\$20.3 million)
- Transport costs slightly increased to US\$4.7/boe (2018: US\$4.6/boe)
- Closing cash<sup>5</sup> for the period of US\$93.9 million (2018: US\$121.8 million)
- Net debt of US\$1,042.2 million (2018: US\$1,007.8 million)
- Total debt<sup>6</sup> of US\$1,136.1 million (2018: US\$1,129.6 million)
- Net debt / LTM EBITDA ratio of 5.2x (2018: 4.4x)
- US\$1,354.7 million impairment following from reduction in Group 2P reserves (2018: US\$150 million)

#### Post year-end highlights

<sup>1</sup> Defined as profit before tax net of non-recurring expenses, finance costs, foreign exchange loss/gain, ESOP, depreciation, interest income, other income and expenses.

<sup>2</sup> IFRS term based on indirect cash flow method

<sup>3</sup> Cost of sales net of depreciation

<sup>4</sup> General & administrative expenses net of depreciation

<sup>5</sup> Defined as cash and cash equivalents including restricted cash, current and non-current investments

<sup>6</sup> Defined as total debt minus cash and cash equivalents

- 2020 average daily production as at 31 March 2020 24,006 boepd and sales volumes of 22,903 boepd.
- Cash balance as of 31 March 2020 in excess of US\$66m

## 2020 drilling and sales volume guidance

The Company has halted all drilling in 2020 and will operate with one workover rig on an as needed basis at field site. Forecast 2020 average sales volumes are 19,000 boepd corresponding to average daily production volumes of 20,000 boepd.

After reviewing the results of various third-party studies conducted in 2019, including the Schlumberger report and in-house work to analyse drilling and production performance, the Company has concluded that whilst significant discovered resources exist within its reservoirs, well productivity in certain areas remains challenging.

The Company has therefore decided to halt all drilling in 2020 whilst it carries out further analysis to identify viable technologies to mitigate sub-surface risk. The Company will continue to operate a workover rig and focus on investigating which technologies could be appropriate to increase well productivity in the future.

Given the recent fall in oil price, the Company will look to reduce G&A, opex and capex in the near future to try and maintain liquidity. Reducing capex will not have a material impact on production as we are not drilling any new wells during 2020.

## Reserves and resources

### Gross Company Reserves as of 31<sup>st</sup> December 2019 Chinarevskoye Field

Proved					
Fluid	Unit	Producing	Non-producing	Undeveloped	Total proved
Oil/Condensate	barrels	12,044,488	626,846	3,080,209	15,751,543
Plant products	barrels	6,772,009	487,689	1,279,685	8,539,383
Gas (after shrink)	mmcf	130,905	8,932	19,970	159,807
Gas (after shrink)	boe	24,575,963	1,676,884	3,749,146	30,001,994
<b>Total</b>	<b>boe</b>	<b>43,392,460</b>	<b>2,791,419</b>	<b>8,109,040</b>	<b>54,292,920</b>
Probable					
Fluid	Unit	Producing	Non-producing	Undeveloped	Total probable
Oil/Condensate	barrels	0	596,510	25,327,462	25,923,972
Plant products	barrels	0	555,504	11,788,401	12,343,905
Gas (after shrink)	mmcf	0	11,363	231,358	242,721
Gas (after shrink)	boe	0	2,133,277	43,434,901	45,568,179
<b>Total</b>	<b>boe</b>	<b>0</b>	<b>3,285,291</b>	<b>80,550,764</b>	<b>83,836,056</b>
Proved+Probable					
Fluid	Unit	Producing	Non-producing	Undeveloped	Total proved+probable
Oil/Condensate	barrels	12,044,488	1,223,356	28,407,671	41,675,515
Plant products	barrels	6,772,009	1,043,193	13,068,086	20,883,288
Gas (after shrink)	mmcf	130,905	20,295	251,328	402,528
Gas (after shrink)	boe	24,575,963	3,810,161	47,184,048	75,570,172
<b>Total</b>	<b>boe</b>	<b>43,392,460</b>	<b>6,076,710</b>	<b>88,659,805</b>	<b>138,128,975</b>

Source: Ryder Scott

The 31 December 2019 Ryder Scott Reserve Report, for the Chinarevskoye field, assumes a total of 45 interventions, including new wells which are planned between 2020-2026, which together with 46 existing producers, recover the

estimated 2P reserves in the 31st December 2019 assessment. This compares to 72 interventions under the previous years' report, approximately one-third less.

The Chinarevskoye field interventions comprise 30 new wells, 2 sidetracks, 7 workovers and 6 non-rig re-completions for a total drilling capex estimate of \$324 mm, which compares with the previous 2019 estimate of \$640 mm.

Current reserves estimates are shown in Table 1. The Total 1P (Proven) case for Chinarevskoye is 54.3 mmboe comprising 43.4 mmboe for Proved Developed Producing (PDP) - from 46 current wells, 8.1 mmboe for the Proved Undeveloped (PUD) category and 2.8 mmboe for Proved Developed Non-Producing (PDNP). Overall Proven volumes are down by c. 44.1 mmboe due to 10.8 mmboe of 2019 production plus a reduction in condensate yields in the Biyski-Afoninski reservoir, to reflect current observed and expected rates and a reduction in Tournasian wells and water-flood performance.

The Chinarevskoye 2P (Proven plus Probable) volume is 138 mmboe, with the majority of Probable Undeveloped Reserves associated with the development of the Biyski-Afoninski West, North-East and North-West reservoirs and Tournasian North-East. The 2P volumes are reduced by 156 mmboe compared to last year's report. Offsetting some of the above reductions are inclusion of volumes for Frasnian North, Filippovski gas-condensate and the Biyski North-East low-pressure production system (LPS II).

The three fields which together make up the Trident project are now entirely classified as contingent resources. A total of 116 mmboe Probable Reserves for Rostoshinskoye and Darinskoye in the 31/12/2018 reserves report has been moved into the Contingent Resource category pending further appraisal.

The Ryder Scott Reserves Report as of 31 December 2019 looks purely at the economics of a possible field development to extract the maximum number of reserves at a US\$65 long-term oil price.

All of the information provided does not take into account the repayment of the company's liabilities as they come due in 2022 and 2025. It also does not take into account any short-term impact on the liquidity position of Nostrum as a result of fluctuations in the oil price.

### **Completion of GTU3**

As previously reported, the Company has completed the construction and commissioning of GTU3. The Group's gas processing facilities are now able to process up to 4.2 bcm per annum of raw gas and efficiently extract condensate and LPG from sour gas. The Company's focus is on monetizing spare capacity to secure stable long-term revenues.

### **Strategic review**

Nostrum commenced a strategic review on 24 June 2019 to optimise its value and that of its assets. A range of options, including a formal sale process (FSP), were evaluated and, as announced in January 2020, the Company will focus on (i) commercialising the spare capacity in its world-class gas processing infrastructure; (ii) lower-risk reservoir management and (iii) re-organising to a lower cost base. A comprehensive process was run to assess interest from potential acquirers of the Company and their ability to deliver an offer that could be recommended to shareholders. This did not lead to any firm proposals being received and the Board did not believe there was merit in prolonging this process and therefore announced on 31 March 2020 that the Company is no longer in a formal sales process pursuant to the Code. As such, the Company has ceased to be in an "offer period" as defined in the Code. The disclosure requirements pursuant to Rule 8 of the Code are no longer applicable.

On March 31, 2020 Nostrum announced that it would seek to engage with its bondholders regarding a possible restructuring of the Company's outstanding bonds. We are now in the process of selecting a financial advisor to commence negotiations with bondholders.

### **CEO appointment**

In December 2019, the Company announced the departure of its CEO and the appointment of Kaat Van Hecke as interim CEO. Kaat was previously an independent non-executive Director. In line with the board's and Mrs Van Hecke's agreement, the Company has begun a search to find a new CEO and until such time Kaat will continue to serve as CEO and initiate the transformation.

### **Health, Safety, Environment and Communities Committee established**

On 21 March 2019, the Company established a Health, Safety, Environment and Communities (HSEC) Committee of the Board, headed by Kaat Van Hecke, to improve the Company's overall health, safety, environmental and social performance and better address important issues such as climate change and gender diversity.

In 2019, Nostrum updated the 'Golden Rules' that set out clear and simple 'do's and don'ts' for safety behaviour and emphasized their importance to all employees and contractors. Nostrum also improved the supplier selection process. HSE indicators such as GHG emissions, lost time injuries, waste management and water and soil pollution rates are included in its own audit process, and in the monthly reporting.

### **CDP disclosure**

For the first time, Nostrum disclosed the scale of its carbon footprint by responding to CDP, formerly known as the Carbon Disclosure Project.

### **Strategic focus for 2020:**

- Ensure the health and safety of employees, contractors and the environment
- Advance discussions with third parties interested in supplying raw gas to completely fill our spare capacity
- Reduce cost base in line with new strategy to focus on processing third party volumes
- Continue studies to identify viable technologies to mitigate sub-surface risks

### **Kaat Van Hecke, CEO of Nostrum Oil & Gas commented:**

*"2019 has been an extremely challenging year. We are working hard to try and reposition the Company as a low-cost producer which maximises the value of its infrastructure assets by filling our spare capacity with third party volumes. The transformation of the business away from being a pure E&P company towards a mid-stream processing Company will take time. We are working hard to achieve this goal as quickly as possible and hope to make concrete progress during 2020. In the meantime, we are looking to bring costs down as low as possible and maximise production from our existing wells. With the recent fall in the oil price we need to further reduce costs over and above the savings achieved in 2019."*

### **Conference call**

Nostrum's management team will present the FY 2019 Results and will be available for a Q&A session with analysts and investors today at 2pm UK time, 30 April 2020. If you would like to participate in this call, please register by clicking on the following link and following instructions: [Results Call](#)

[Download: Results Presentation](#)

[Download: Consolidated Group Financials](#)

[Download: 2019 Annual Report](#)

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### **Further information**

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

#### **Significant news after the reporting period:**

##### **Board Changes**

##### **CFO resigns**

Tom Richardson has resigned and stepped down as CFO and as a director of the Company effective on 31<sup>st</sup> March 2020.

Tom has been succeeded on an interim basis by Martin Cocker, previously an independent non-executive Director at Nostrum, who has assumed the role of Interim CFO with effect from the same date.

Martin Cocker has served as an independent non-executive director of the Company since 16<sup>th</sup> November 2017. Mr Cocker is a chartered accountant with over 30 years' business experience. He has previously held senior positions with Deloitte & Touche, KPMG, Ernst & Young and Amerada Hess.

##### **Changes to Remuneration Committee and Audit Committee composition**

On 27 January 2020 the Company announced that Kaat Van Hecke stepped down as a member of the Board's Remuneration Committee and Audit Committee and Martin Cocker was appointed as a member of the Remuneration Committee.

These changes to the composition of Nostrum's Remuneration Committee and Audit Committee were made following the appointment of Kaat Van Hecke as Chief Executive Officer on 16 December 2019 to ensure that both committees would be comprised solely of independent non-executive directors, thereby ensuring that the Company was in full compliance with Provisions 24 and 32 of the UK Corporate Governance Code.

Following the appointment of Martin Cocker as Interim Chief Financial Officer on 1 April 2020, Mr Cocker stepped down as Chairman of the Audit Committee and was replaced by Sir Christopher Codrington, Bt. so that the Chairman of the Audit Committee is an independent non-executive director. However, the Board determined that given that it is intended that Mr Cocker will only serve as Chief Financial Officer on an interim basis he should remain as a member of the Audit Committee and the Remuneration Committee at this time and this matter will be kept under review going forward.

## Operational Overview:

### Sales

volumes

The sales volumes split for FY 2019 was as follows:

Products	FY 2019 sales volumes (boepd)	FY 2019 Product Mix (%)
Crude Oil & Stabilised Condensate	9,349	35.22
LPG (Liquid Petroleum Gas)	3,584	13.44
Dry Gas	13,693	51.34
<b>Total</b>	<b>26,626</b>	<b>100.00</b>

*\*The difference of 2,000 boepd between the field production and sales volumes is largely the amount of produced gas that is consumed within our extensive processing facilities.*

### Drilling

- As at 31 December 2019, the Company had 46 wells in production (20 oil wells and 26 gas-condensate wells).
- The Company has halted all drilling in 2020 and will operate with 1 workover rig at field site.

### Ural Oil & Gas LLP ('Ural') Gas processing update

On 9<sup>th</sup> March 2020, Nostrum provided an update on its agreements to process Ural gas. Nostrum was informed by Ural that its delivery of gas to Nostrum will be delayed. Ural Oil & Gas LLP is currently working on a new timetable for delivery of gas to Nostrum. Despite this delay, Ural management expressed full commitment to deliver the gas before any penalties arise under the existing agreements, which would require gas to be delivered before 9 April 2023. Nostrum will provide further information when it receives further guidance from Ural regarding the date for expected delivery of first gas.

Nostrum remains in discussion with other third parties regarding the processing of gas through its infrastructure.

### Executive Chairman's statement – Atul Gupta

#### Overcoming challenges

#### **Q: What have been the main challenges for Nostrum during 2019?**

A: We have faced several challenges in 2019 which have not allowed us to fully accomplish some of our priority goals for 2019.

Despite finding hydrocarbons in more zones than expected, the appraisal wells in the North of the Chinarevskoye licence did not flow at commercial rates.

Our own studies and the results of the Schlumberger and PML Lucas reports concluded that well productivity is a major concern, particularly in those reservoirs currently classified as Probable. We therefore have taken the decision to reclassify most of these reserves to contingent resources.

We had a higher than anticipated decline in production from our existing producing wells, which meant we had to revise production guidance down during the year.

#### **Q: How has the Board sought to address these challenges?**

A: On the back of our disappointing operational performance and the various associated analytical studies, the Board has taken the decision to halt all drilling this year whilst we look for ways to mitigate the identified reservoir risks. We cannot afford to spend on drilling unless we are confident that we are able to drill commercially viable wells.

Our primary focus is now on securing third-party volumes to fill the spare capacity in our world-class gas treatment facility. We already have one third-party, Ural Oil & Gas LLP, signed up to supply raw gas. At the time of writing, we are in discussion with potential other third parties who are interested in utilising our infrastructure. Should these discussions prove successful, the anticipated gas processing contracts would ensure our gas treatment facility can work at capacity and provide long-term stable cash flows for Nostrum.

We appointed Kaat Van Hecke as interim CEO as soon as our previous CEO decided to step down. She has intimate knowledge of the Company, a strong track record of delivering projects in these geographies and understands the challenges we are facing, so is well placed to help the Company through this period of transformation.

We have reduced our cost base to reflect the revised scope of our operations and will continue to stringently monitor costs.

**Q: How has the Board responded to shareholders and bondholders in 2019?**

A: We recognise how challenging it has been for our shareholders and bondholders as the company has missed guidance, written down significant amount of reserves and had to stop drilling. This has clearly led to a lot of frustration from all our stakeholders and has also led to a significant shift in our shareholder register. The Board and I are acutely aware of the frustrations of our stakeholders and are doing all we can to try to improve performance. We hope we can start to make some progress during 2020 that will demonstrate to our stakeholders the value of our existing assets and how these can be monetised in the future.

**Q: Where do you see the biggest risks to Nostrum in 2020?**

A: Executing a third-party agreement on additional volumes for our gas treatment facility with enough time to also present the value proposition to our stakeholders well in advance of the bond repayment in 2022.

Given the disappointing reservoir performance of the last few years, worse than anticipated future behaviour cannot be ruled out.

Following recent events in the oil and gas sector where we have seen significant falls in the oil price - this has a material impact on the liquidity of the company as we are unhedged. As a result, we are considering further cost reductions across all areas of the business. In addition, we announced on March 31, 2020 that we will now seek to engage with our bondholders regarding a possible restructuring of the Company's outstanding bonds.

In Q1 2020, we have also seen the outbreak of COVID-19, we will ensure the company monitors the impact of the virus on both its operations and the wellbeing of all its employees. At this stage, we can't quantify the impact this will have but it could be substantial. Currently our operations are continuing uninterrupted and to our expected high and safe standards.

**Q: How are you positioning your business for a sustainable future?**

ESG (Environmental, Social and Governance) performance has and will always be central to how Nostrum operates as a business.

This includes maintaining high standards of QHSE (Quality, Health, Safety and the Environment), with the health and safety of our employees being paramount.

To demonstrate that we take our responsibility with regards to the environment and climate change seriously, we completed the CDP (formerly the Carbon Disclosure Project) initiative in 2019 and plan to continue with this in the coming years so we are fully accountable and comparable.

We established a new Board committee to focus entirely on Health, Safety, Environment and Communities, and attention to climate change issues is among the responsibilities of this committee.

The Audit Committee and the Board have recognised that climate change should be included among the risks and uncertainties faced by Nostrum, and we will continue to seek to quantify climate change-related risks.

**Q: What is the company strategy to create shareholder value in the medium to long term?**

A: Our fundamental mission is to maximise the value of our assets, particularly that of the infrastructure we have built. We need to seek additional third-party volumes, on top of Ural potential volumes, that can allow us to monetise the full capacity we have available in our state-of-the-art gas treatment facility. The infrastructure we have built will last for many years and the quicker we can fill it, the higher the value will be for Nostrum's stakeholders. We also need to overcome the reservoir productivity issues that we have faced over recent years so that we can recover the significant volumes of discovered hydrocarbons within the licenses we own. We recognise that any value we create needs to be done in a sustainable manner, and we need to be considerate of any social or environmental impact our business has. We continue to invest in social development, as well as education and training. We will continue to improve our reporting in this area and ensure our future growth is carried out in a responsible manner.

I am proud of our people and the culture at Nostrum. That culture must be harnessed to focus on operational excellence in 2020 and on delivery against our targets, whilst ensuring Nostrum is an attractive place to work with an inclusive environment that celebrates diversity. We will continue to focus on diversity, particularly gender diversity, across all levels throughout the Group. We are setting up a mechanism for regular reporting by our human resources team to the Board on diversity. We are grateful for the quality and commitment of our employees.

I look forward to sharing our story with you over the coming months and thank you for your support.

Atul Gupta  
**Executive Chairman**

#### **Chief Executive Officer's review – Kaat Van Hecke** **Re-shaping operations and restructuring the cost base**

##### **Q: 2019 was a tough year in terms of production and missed guidance. What were the main issues and how can this be turned around?**

A: In 2019, we drilled three wells in the Northern area of our field. This decision was based on the success we had from Well 40, which was in a similar location. Unfortunately, none of the wells drilled delivered commercial levels of production. This meant we were unable to add any new production during the full year 2019.

In 2019, we also encountered steeper than expected decline in our core producing reservoir, Biski North East. This is largely due to the pressure declining more quickly than anticipated and the resulting impact on the condensate to gas ratio. This results in lower gas, LPG and condensate production from our existing wells.

In 2020, we will continue to use one workover rig at field site. We will use the rig to unlock productivity from existing closed-in wells or enhance recovery from existing producers. Our target for workovers is to try to reduce the rate of production decline and better understand what techniques will work in the future to realise full potential at the Chinarevskoye field.

Additionally, in 2019, we approved the extension of our low-pressure-system (LPS), which will allow us to prolong the life of those wells where the pressure has declined below the inlet pressure required to feed the gas treatment facility. From the main gas reservoir, we currently have the first group of wells linked to the low pressure system with good results. We will look to increase the number of wells once the LPS second phase is complete by year-end.

##### **Q: How strong is Nostrum's financial position?**

A: Despite the operational challenges, G&A has continued to fall, and operational expenses are reducing with the halted drilling and completion of GTU3.

In 2020, we will look to reshape the operational make-up of the business as we restructure the cost base towards a midstream infrastructure Company versus a pure E&P company. We expect significant operational cost savings as a result of the ceasing of all drilling during 2020.

We are acutely aware that the recent fall in oil prices will mean we need to find further cost savings. We are working hard to cut costs across the Group. Given we have halted drilling, we don't expect capex cuts to materially impact production during 2020.

##### **Q: What is the strategy to fill the Gas treatment facility now that the third train is complete, and you have approximately 80% of your capacity free?**



A: This is the single most important focus for the entire Board and Company. We believe there are opportunities where we can fill the spare capacity of the gas treatment facility in the future. The infrastructure is located in a region rich in raw gas hydrocarbons that need to be processed in order to maximise their value. We are very proud of our facilities, and now need to realise their value by ensuring we fill them as soon as possible. We have already entered into agreements with Ural Oil and Gas. We are actively working to try and agree more third-party processing agreements that can deliver further value from our infrastructure. I hope that during 2020 we can provide more concrete information in relation to these opportunities.

Whilst we see the third-party volumes as being the core focus of our strategy today, we also plan to continue to supply equity barrels from Chinarevskoye.

**Q: What is your production and sales guidance for 2020, and how much risk do you see to missing the guidance again this year?**

A: After reviewing the results of various third party studies conducted last year, including that of Schlumberger, and all the in-house work to analyse drilling and production performance, we have concluded that whilst significant discovered resources exist within our reservoirs, well productivity in certain areas remains challenging. The Company has therefore decided to halt all drilling in 2020 whilst it carries out further analysis to identify viable technologies to mitigate sub-surface risk. The directors and I have also concluded that it would be prudent to transfer higher risk hydrocarbons, identified above, from the Reserve category to the Contingent Resources category. Nostrum will continue to operate a workover rig and focus on investigating which technologies could be appropriate to increase well productivity in the future.

Our forecast average sales volume for 2020 is 19,000 boepd corresponding to average production of 20,000 boepd. The Company is reviewing its capex programme for 2020 following the recent oil price fall. We are focused on ensuring the Group remains a going concern through 2020.

We hope that there are limited risks of missing guidance, as we aim to have lower decline rates in 2020 compared with 2019 and less downtime.

**Q: How did Nostrum deliver against its QHSE commitments in 2019?**

A: In 2019, we had a Lost Time Incident Rate of 1.39.

We have set up, at Board level, a new Health, Safety, Environment and Communities Committee under my chair that is working closely with management to improve overall health, safety, environmental and social performance, and better address important issues such as climate change and gender diversity.

In 2019, we sharpened the “Golden Rules” to clearly communicate the safety requirements to each person working for us. When serious incidents happen, an improved transparent investigation is conducted in-house, with root cause analysis, to learn from the events and take actions to prevent future occurrence.

We are constantly reviewing our contractor management systems. As such, we have improved the supplier selection process in 2019.

We also reported our environmental performance under the CDP framework last year for the first time. We are committed to reporting in 2020 and to improving the quality of our submissions going forward.

**Kaat Van Hecke**  
**Chief Executive Officer**

The consolidated financial statements for the years ended 31 December 2019 and 2018 are available on the Company’s website via the following link:

[Results of operations for the years ended 31 December 2019 and 2018](#)