NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF THAT JURISDICTION

Zhaikmunai LLP

Full Year Results for the Year Ending 31 December 2021

Uralsk, 5 May 2022

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 2021, together with the publication of the 2021 Annual Report for Nostrum and its subsidiaries taken as a whole.

Nostrum's management team will present the FY 2021 Results and will be available for a Q&A session with analysts and investors today at 2pm UK time, 5 May 2022. If you would like to participate in this call, please register by clicking on the following link and following instructions: Results Call

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

"2021 was yet another challenging year, but we have delivered solid results despite all the uncertainties.

I am extremely pleased we agreed the terms of a restructuring with our noteholders and our largest shareholder, and that these terms were supported by a majority of shareholders at the recent General Meeting. Whilst negotiating the terms of the restructuring has taken longer than anticipated, we now have a go-forward pathway to resetting the Group's balance sheet and unlocking our ability to pursue other strategic initiatives. The new debt structure is much more manageable for a company of our size, allowing us to generate free cash flow from our operations despite falling production levels.

2021 saw us accumulate significant cash flows, resulting in unrestricted cash reserves of US$165m. Our efficient cost management and prudent capital allocation, in addition to a strong Brent oil and LPG market, show that the mature Chinarevskoye field can be cash generative and can add cash reserves with the right capital structure. Our gas processing facilities are only partially utilised, and we will continue discussions with third parties to secure additional volumes to commercialise our world-class infrastructure. This remans the cornerstone of our long-term strategy, and we strongly believe our dialogue with stakeholders will accelerate to results in a post restructuring world.

The political situation in Kazakhstan and resultant unrest in January has now subdued. During this period, the safety of our workforce was, and continues to be, our priority, and we are pleased that the Group has successfully managed to maintain operations during this difficult period, with no fatalities or lost production. The Russia-Ukraine conflict is geographically close to Kazakhstan, but so far have not seen any spillover effects to our country of operation. The sanctions imposed on Russian entities and individuals by various countries and bodies have not impacted our sales routes or supply chain to date, but we have put in place sufficient contingencies to ensure continuation of our operations if things change.

This year marks a significant milestone in the Group's history as we celebrate our 25th anniversary of operations. In this time, we have contributed vastly to the development of North-West Kazakhstan through local employment, social initiatives, and our contribution to State tax *revenue. We endeavour to continue our contribution to the region as well as deliver more value through our capable, committed, and passionate workforce.*

Looking forward into the rest of 2022 and beyond, we plan to complete the restructuring while subsequently pivoting towards growth and transitioning into a multi-asset energy company. Our success in the near-term will depend upon safeguarding the base business and liquidity, evaluating the producing asset and adding to PDP by exploiting low-cost per barrel, high-confidence infill opportunities with our quality technical and economically efficient well and reservoir management, continuing to deliver on our HSE performance, as well as delivering on our promises and restoring investor confidence."

2021 Highlights:

Operational

- Daily production after treatment for 2021 averaged 17,032 boepd (2020: 22,337 boepd), exceeding our production guidance of 17,000.
- Daily sales volumes for 2021 averaged 15,330 boepd (2020: 21,514 boepd). This compares to sales volume guidance of 16,000, however, condensate inventory as at year-end totalled approximately 268,000 boe which was sold in early 2022.
- Total Proven plus Probable ("2P") reserves of 34.3 million barrels of oil equivalent ("mmboe") and Proven plus Probable and Possible ("3P") reserves of 44.0 mmboe, based on the annual reserves audit conducted by Ryder Scott. This represents a 2P reserves replacement ratio of 25%.
- The Group executed its well and reservoir management strategy through well workovers and rigless well intervention. The programme proves to be non-capital intensive and offers reasonable risk/reward. This programme continues in 2022 in the absence of an approved drilling campaign which has been on hold since 2020.
- We continue to focus on ways to monetise spare capacity in the gas treatment facility through processing third party volumes. The Group has approved minor investment to upgrade its facilities and build a short pipeline to receive Ural Oil & Gas LLP ("Ural OG") feedstock still planned by Q4 2023.
- We note that recent geopolitical events, including the unrest in Kazakhstan at the beginning of 2022 and the ongoing Russia-Ukraine conflict, have had no operational impact to our business to date. The Directors are cognisant of the current and evolving sanctions list against Russian individuals and entities and have ensured the Group has conducted ongoing operations in compliance with these sanctions.
- The Group continues to protect the safety of all staff and contractors in light of COVID-19 and mitigate any impact on operations. To date, no production has been lost because of COVID-19.

Financial

- 2021 revenue of US$195.3m (2020: US$175.9m) against average realised Brent oil price of US$71.0/bbl (2020: US$43.2/bbl).
- 2021 EBITDA[1] US$112.5m (2020: US$80.4m) and EBITDA[1] margin of 58% (2020: 46%). Growth in EBITDA margin driven by higher average Brent prices and costs discipline in 2021.
- Unrestricted cash as at 31 December 2021 of US$165.2m (FY2020: US$78.6m). US$22.7m held in restricted account as at 31 December 2021.
- Total operating[2] and general & administrative[3] expenses were lower at US$43.8m (2020: US$45.9m) reflecting the Group's focus during 2021 on controlling costs and managing liquidity.

Reversal of previously booked impairment totalling US$74m due to strong hydrocarbon price outlook and reserves replacement as at 31 December 2021 relative to the same point last year (2020: US$286m including prior year adjustment of US$41m).

- The terms of the go-forward restructuring plan with an informal ad-hoc committee of noteholders (the "AHG") and our largest shareholder were agreed at the end of 2021 (the "Lock-Up Agreement"). A total of 77.73% of noteholders in aggregate principal acceded to the Lock-Up Agreement in January 2022. A Circular was issued to shareholders on 13 April 2022 and a General Meeting convened on 29 April 2022 where 99.99% of voting shareholders voted in favour of these restructuring terms. The Group expects the restructuring to complete by early Q3 2022.

Sustainability

- Zero fatalities or severe injury during operations to employees and contractors (2020: zero).
- Reduction in number Lost Time Injury ("LTI") and Total Recordable Incidents ("TRI") to 8 (2020: 9).
- 78% of staff vaccinated against COVID-19 - higher than the national average for Kazakhstan (43%).
- Continued reduction in Scope 1 and 2 emissions to 187,479 $tC0_2e$ (2020: 187,667 $tC0_2e$).
- 93.8% of waste generated in the field was transferred for processing (2020: 69.5%)
- "C" score for Climate Change CDP (2020: "C") and inaugural Water Security disclosure made (2020: n/a).
- Inaugural Taskforce for Climate-related Financial Disclosures made in Annual Report.

Restructuring update:

- On 23 December 2021, the Group signed the Lock-up Agreement and terms of a restructuring agreement with the AHG and the Group's largest shareholder, ICU Holdings Limited ("ICU").
- The Group then issued a Circular on 13 April 2022 and convened a General Meeting of shareholders to vote on the proposed restructuring terms (the "Restructuring Resolution") on 29 April 2022. Of the shareholders that voted, 99.99% voted in favour of the Restructuring Resolution.
- The noteholder and shareholder agreement means the restructuring will proceed via a UK scheme of arrangement under Part 26 of the Companies Act 2006.
- Subject to the closing of necessary milestones, the Group expects the process to complete by early Q3 2022.

Key terms

The agreed terms which will proceed under a UK scheme of arrangement, are as follows:

1. Partial reinstatement of the Existing Notes in the form of new:

<u>a) Senior Secured Notes ("SSNs")</u>

- Principal amount of US$250,000,000;
- Cash coupon of 5.00% per annum;
- Interest accrues from 1 January 2022;
- Maturing on 30 June 2026; and

- SSNs are not convertible upon maturity.

b) Senior Unsecured Notes ("SSNs")
- Principal amount of US$300,000,000;
- Cash coupon of 1.00% per annum;
- Payment-in-kind interest of 13.00% per annum;
- Interest accrues from 1 January 2022;
- Maturing on 30 June 2026; and
- If not repaid in cash at maturity, the SUNs will be repayable in specie through the issuance of equity of the Company based on the value of the SUNs outstanding on the issuance date as a percentage of the fair market value of the Company (up to a maximum of 99.99% of the Company's fully diluted equity).

2. Conversion of the remainder of the Existing Notes and accrued interest into equity by way of a UK scheme of arrangement:

- Existing noteholders will own 88.89% of the expanded share capital of the Company on closing of the restructuring.
- Existing noteholders will also own warrants (to be held by a Trustee) allowing them to subscribe for an additional 1.11% of the share capital of the Company upon exercise – increasing existing noteholder ownership of the Company to 90.00% on closing.

3. New corporate governance arrangements in respect of the Group and certain arrangements regarding future utilisation of the Group's cashflows, including the proposal to transfer the Company's listing to the Standard Listing segment of the London Stock Exchange.

For material terms of the restructuring, we refer readers to the Regulatory News Service ("RNS") announcement issued on 23 December 2021 and the restructuring Circular issued to shareholders on 13 April 2022 which can be found on our website.

Reserves update:

The Group performed an update of its reserves as at 31 December 2021 which was audited by Ryder Scott.

The table below shows the 3P reserves by fluid:

Fluid	Unit	Proven producing	Non-producing & undeveloped	Total Proven	Probable	Total Proven and Probable	Possible	Total Proven, Probable and Possible
Oil/Condensate	boe	9,879,068	978,334	10,857,402	3,710,908	14,568,310	5,292,213	19,860,523
Plant products	boe	3,013,320	111,398	3,124,718	840,674	3,965,392	920,862	4,886,254
Gas (after shrink)	mmcf	63,445	1,626	65,071	19,014	84,085	18,381	102,466
Gas (after shrink)	boe[4]	11,911,178	305,331	12,216,509	3,569,758	15,786,267	3,450,806	19,237,073
Total 2021	**boe**	**24,803,566**	**1,395,063**	**26,198,629**	**8,121,340**	**34,319,969**	**9,663,881**	**43,983,850**
Total 2020	**boe**	**27,673,508**	**1,258,788**	**28,932,296**	**10,017,753**	**38,950,049**	**-**	**-**

Total Chinarevskoye 2P reserves as at 31 December 2021 were 34.3 mmboe. This represents an increase of 1.6 mmboe (reserves replacement ratio of 25%) versus last year's audited reserves, after adjusting for production in 2021 (6.3 mmboe). Our ability to replace reserves in the year is due to better-than expected production from the Tournaisian and Biyski-Afoninski

North-East reservoirs, as well as production associated from the 2021 workover and rigless intervention campaign.

The 2P reserves of 34.3 mmboe assume 17 capex well interventions of which five are rigless, and seven opex well interventions over the period to 2031 (2020: 39.0 mmboe requiring 15 capex well interventions).

Proven reserves ("1P") volumes are comprised of 24.8 mmboe for Proven, Developed Producing (PDP) from 44 current wells and 1.4 mmboe for the Proven, Undeveloped (PUD) category. There has been some increase in volumes in undeveloped reservoirs associated with additional interventions and improved economics associated with higher realised hydrocarbon prices compared to the previous year.

In addition to Proven and Probable categories, the Group has for the first time in more than 10 years, evaluated its Possible reserves and these were included in the annual reserves audit at 9.7 mmboe resulting in total 3P reserves of 44.0 mmboe.

Strategic focus for 2022:

Delivering

- Commercialise spare capacity by advancing ongoing discussions with third parties interested in supplying raw gas.
- Comprehensive ESG roadmap for a sustainable future. This includes ensuring the safety of employees, contractors and the environment, as well as developing a methane emissions management policy and energy use and resource efficiency policy. Achieve respectable ESG ratings.
- Restore investor confidence through delivering free cash flows and prudent capital allocation.

Optimising

- Finalise the restructuring in early Q3 to allow sufficient headroom for raising further capital and for our growth projects.
- Evaluate existing sales routes to optimise product netbacks.
- Continually challenging costs and achieving cost efficiencies to improve and safeguard Group liquidity.

Maximising

- Production from Chinarevskoye by utilising the existing workover rig and rigless activities as well as other technologies to minimising existing decline.
- Adding to reserves through quality reservoir management activities.
- Viable opportunities for future drilling by finalising studies on the field reservoirs.

Sales volumes:

The sales volumes split for 2021 was as follows:

Products	2021 sales volumes (boepd)	2021 product mix (%)	2020 sales volumes (boepd)	2020 product mix (%)
Crude Oil	3,395	22.1%	3,700	17.2%
Stabilised Condensate	3,120	20.4%	5,249	24.4%
LPG (Liquid Petroleum Gas)	2,003	13.1%	2,797	13.0%
Dry Gas	6,812	44.4%	9,768	45.4%
Total	**15,330**	**100.0%**	**21,514**	**100.0%**

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

The Company's results materials and its 2021 Annual Report are available to download on Nostrum's website:

Download: Results Presentation
Download: Consolidated Group Financials
Download: 2021 Annual Report

Notes to press release
[1] EBITDA is defined as profit before tax net of finance costs, impairment, foreign exchange loss/gain, ESOP, depreciation, interest income, other income and expenses.
[2] Cost of sales net of depreciation and inventory adjustment
[3] General & administrative expenses net of depreciation
[4] The gas boe totals are management estimates using a conversion factor of 5.327 mcf per boe

LEI: 635400PTK7IKNQBHPQ33

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

Further enquiries
Shane Drader – Chief Financial Officer
ir@nog.co.uk

Instinctif Partners - UK
Tim McCall
Galyna Kulachek
Sarah Hourahane
+ 44 (0) 207 457 2020
nostrum@instinctif.com

Notifying person
Thomas Hartnett
Company Secretary

About the Group
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 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 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 Zhaikmunai LLP or the Company or any other entity, and shareholders of the Company and bondholders of Zhaikmunai LLP are cautioned not to place undue reliance on the forward-looking statements. Save as required by the relevant 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.