



H1 2019 Financial Results

August 2019

Financial

- Revenue US\$174.2m (H1 2018: US\$191.5m)
- EBITDA¹ US\$110.2m (H1 2018: US\$113.2m)
- Closing cash US\$120.8m² with net debt of US\$1,012.0m³

Operational

- Sales volumes 29,210 boepd (H1 2018: 29,886 boepd)
- Hot commissioning of GTU3 continuing; full commissioning remains on target for Q3 2019
- Testing of Frasnian section of well 41 ongoing, further cleaning and a long-term test required before commerciality can be confirmed
- Testing of the Frasnian section of well 42 is ongoing but based on initial results commercial flow is not expected

Strategic

- Proposed Acquisition of oil & gas assets in North West Kazakhstan
- Review of Strategic & Operational Options for Nostrum

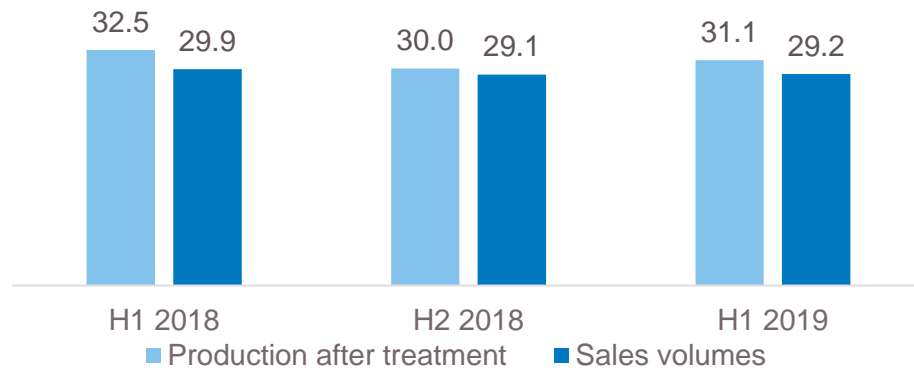
¹ Profit before tax net of finance costs, foreign exchange loss/gain, ESOP, depreciation, interest income, other income and expenses

² Cash and cash equivalents including current and non-current investments and excluding restricted cash

³ IFRS Long-term borrowings plus current portion of long-term borrowings less cash and cash equivalents

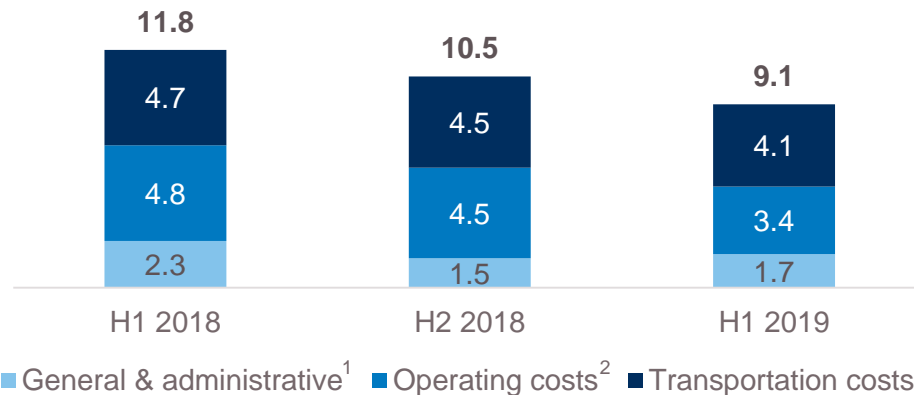
Snapshot of key figures

Production and sales volumes [kboepd]



- Production YTD in line with expectations
- FY 2019 guidance remains in place
 - 30kboepd production after treatment
 - 28kboepd sales volumes

Operating costs under control [US\$ / boe]



- Continued focus on cost reduction
 - US\$14m reduction in annual G&A since 2016³
- Continue to generate strong cash flow from existing production
 - H1 2019 OPCF⁴ = US\$116.8m

■ General & administrative¹ ■ Operating costs² ■ Transportation costs

Note: Per barrel equivalent metrics based on sales volume

¹ General & administrative costs less depreciation and amortisation

² Cost of sales less depreciation, depletion and amortisation

³ FY2019 estimated general & administrative expense c.US\$20m (FY 2016: US\$34.8m)

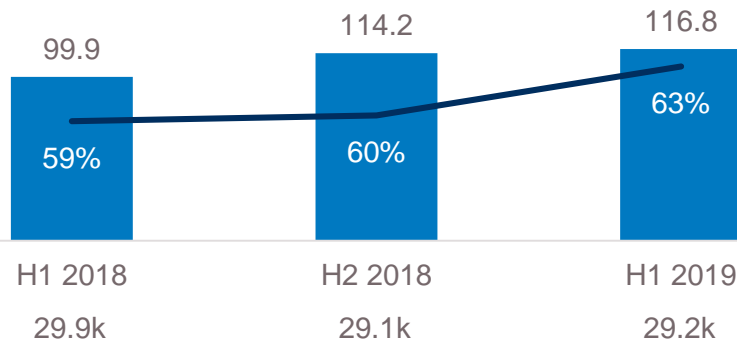
⁴ Net cash flows from operating activities

Balance sheet

- US\$120.8m¹ cash and cash equivalents as at 30 June 2019
- Net debt of US\$1,012.0m² as at 30 June 2019
- No debt maturities until 2022

Cash flow generation

■ OPCF³ [US\$m] — EBITDA⁴ margin



Sales vol
[boepd]

¹ Cash and cash equivalents including current and non-current investments and excluding restricted cash

² IFRS Long-term borrowings plus current portion of long-term borrowings less cash and cash equivalents

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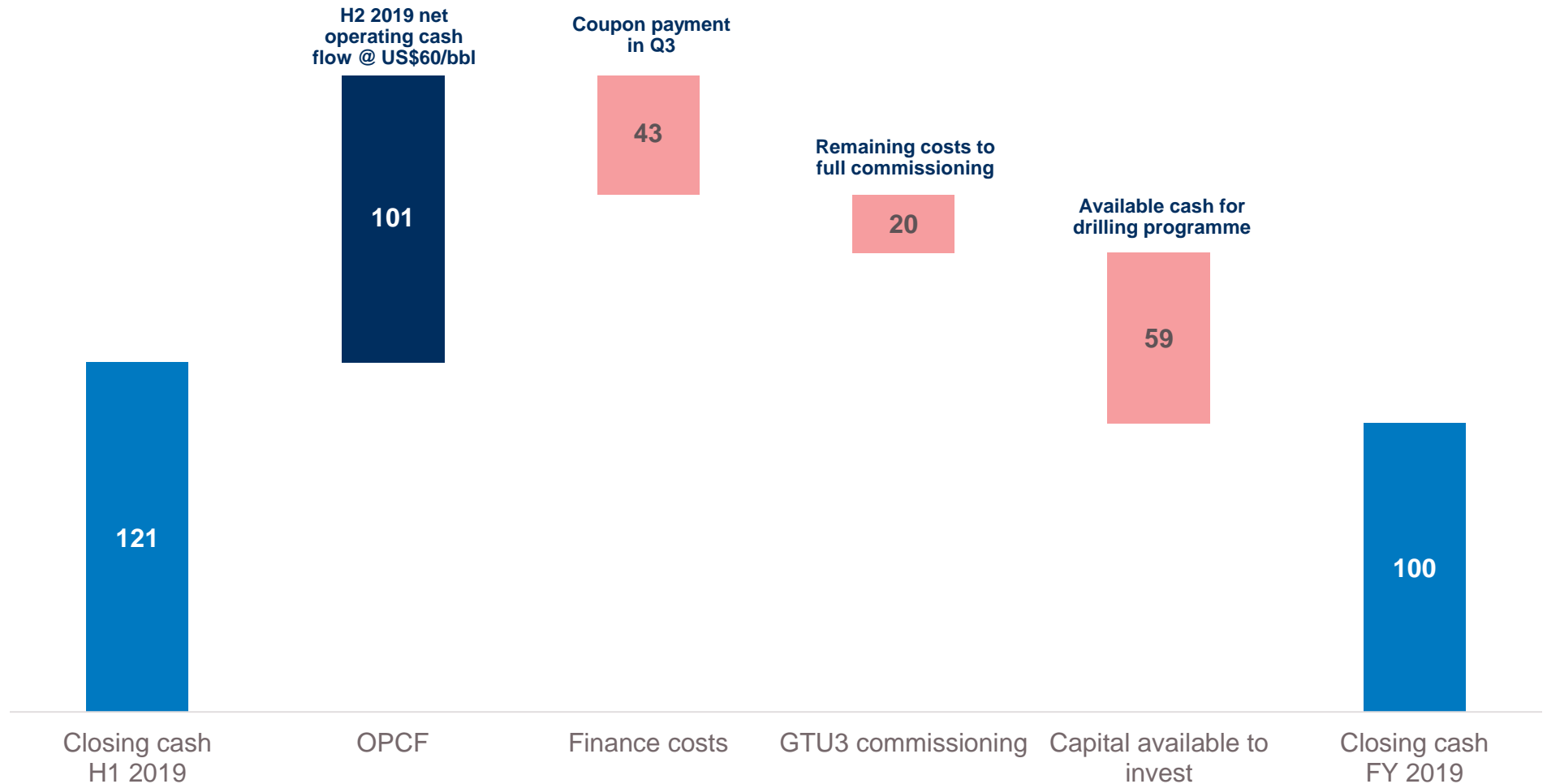
Hedging programme

- No hedges currently in place
- Company will continue to assess market conditions and look at options for hedging in 2019

Drilling programme

- Focus on Northern Area of Chinarevskoye to develop discoveries made during 2017/18
- Continued development of existing producing reservoirs at Chinarevskoye following completion of technical studies (Q3/Q4 2019)

FY 2019 cash bridge @ US\$60/bbl oil



Focus on preserving capital to end 2019 with +US\$100m of cash¹ on balance sheet

Note: OPCF = net cash flows from operating activities

¹ Cash and cash equivalents including current and non-current investments and excluding restricted cash

An infrastructure hub in North-western Kazakhstan



Note: Map used for illustrative purposes only

¹ Nostrum signed an SPA to acquire 50% of Positive Invest LLP, which holds the subsoil use rights to the Stepnoy Leopard licences in Kazakhstan, on 24 June 2019. Nostrum has the right to buy the remaining 50%, subject to the satisfaction of certain additional conditions, at a price of US\$0.27 cent per boe of proven and probable reserves



Supporting materials

Consolidated Statement of Financial Position

Interim consolidated statement of financial position

<i>In thousands of US dollars</i>	Notes	30 June 2019 (unaudited)	31 December 2018 (audited)
NON-CURRENT ASSETS			
Exploration and evaluation assets	4	50,851	50,241
Property, plant and equipment	5	1,949,091	1,919,662
Right-of-use assets	6	25,382	–
Restricted cash	10	7,141	7,021
Advances for non-current assets	7	3,883	15,466
Total Non-current assets		2,036,348	1,992,390
CURRENT ASSETS			
Inventories		30,446	29,583
Trade receivables	8	29,757	35,732
Prepayments and other current assets	9	11,399	20,014
Income tax prepayment		2,713	–
Cash and cash equivalents	10	120,825	121,753
Total Current assets		195,140	207,082
TOTAL ASSETS		2,231,488	2,199,472
SHARE CAPITAL AND RESERVES			
Share capital	11	3,203	3,203
Treasury capital		(1,660)	(1,660)
Retained earnings and reserves		561,485	555,456
Total Share capital and reserves		563,028	556,999
NON-CURRENT LIABILITIES			
Long-term borrowings	13	1,097,210	1,093,967
Lease liabilities, long-term	14	8,130	–
Abandonment and site restoration provision		22,781	21,894
Due to Government of Kazakhstan		5,070	5,280
Deferred tax liability	24	420,808	400,981
Total Non-current liabilities		1,553,999	1,522,122
CURRENT LIABILITIES			
Current portion of long-term borrowings	13	35,633	35,633
Lease liabilities, current portion	14	17,923	–
Employee share option plan liability	23	7	55
Trade payables	15	29,262	52,876
Advances received		122	394
Income tax payable		139	679
Current portion of due to Government of Kazakhstan		1,031	1,031
Other current liabilities	16	30,344	29,683
Total Current liabilities		114,461	120,351
TOTAL EQUITY AND LIABILITIES		2,231,488	2,199,472

Consolidated Statement of Comprehensive Income

Interim consolidated statement of comprehensive income

<i>In thousands of US dollars</i>	Notes	Six months ended 30 June	
		2019 (unaudited)	2018 (unaudited)
Revenue			
Revenue from export sales		121,957	144,871
Revenue from domestic sales		52,230	46,623
	17	174,187	191,494
Cost of sales	18	(79,770)	(82,766)
Gross profit		94,417	108,728
General and administrative expenses	19	(9,732)	(13,538)
Selling and transportation expenses	20	(23,952)	(25,679)
Taxes other than income tax	21	(12,019)	(14,383)
Finance costs	22	(22,081)	(29,206)
Employee share options - fair value adjustment	23	(297)	1,684
Foreign exchange gain/(loss), net		609	(130)
Loss on derivative financial instruments	25	-	(11,962)
Interest income		39	140
Other income		1,270	1,420
Other expenses		(1,203)	(5,155)
Profit before income tax		27,051	11,919
Current income tax (expense) / benefit		(1,101)	215
Deferred income tax expense		(19,840)	(14,041)
Income tax expense	24	(20,941)	(13,826)
(Loss)/profit for the period		6,110	(1,907)
Other comprehensive income that could be reclassified to the income statement in subsequent periods			
Currency translation difference		(427)	9
Other comprehensive (loss)/income		(427)	9
Total comprehensive income for the period		5,683	(1,898)
Profit/(loss) for the period attributable to the shareholders (in thousands of US dollars)		6,110	(1,907)
Weighted average number of shares		185,234,079	185,234,079
Basic and diluted earnings per share (in US dollars)		0.03	(0.01)

Consolidated Statement of Cash Flows

Interim consolidated statement of cash flows

<i>In thousands of US dollars</i>	Notes	Six months ended 30 June	
		2019 (unaudited)	2018 (unaudited)
Cash flow from operating activities:			
Profit before income tax		27,051	11,919
<i>Adjustments for:</i>			
Depreciation, depletion and amortisation	18,19,20	65,244	58,035
Finance costs	22	22,081	29,205
Employee share option plan fair value adjustment		297	(1,684)
Interest income		(39)	(137)
Net foreign exchange differences		(496)	837
Loss on disposal of property, plant and equipment		(66)	1,429
Payments under derivative financial instruments	25	(3,741)	–
Loss on derivative financial instruments	25	–	11,962
Provision for expected credit losses		–	85
Operating profit before working capital changes		110,331	111,651
<i>Changes in working capital:</i>			
Change in inventories		(862)	(1,888)
Change in trade receivables		5,975	(8,723)
Change in prepayments and other current assets		8,615	2,302
Change in trade payables		(2,634)	3,381
Change in advances received		(272)	(939)
Change in due to Government of Kazakhstan		(515)	(515)
Change in other current liabilities		489	527
Cash generated from operations		121,127	105,796
Income tax paid		(4,366)	(5,932)
Net cash flows from operating activities		116,761	99,864
Cash flow from investing activities:			
Interest received		39	137
Purchase of property, plant and equipment		(64,403)	(94,923)
Exploration and evaluation works	4	(674)	(603)
Net cash used in investing activities		(65,038)	(95,389)
Cash flow from financing activities:			
Finance costs paid		(43,000)	(38,111)
Issue of notes		–	397,280
Repayment of notes		–	(353,192)
Fees and premium paid for early repayment and on arrangement of notes		–	(9,153)
Payment of lease liabilities		(9,601)	(75)
Transfer to restricted cash		(119)	(207)
Net cash used in financing activities		(52,720)	(3,569)
Effects of exchange rate changes on cash and cash equivalents		69	(221)
Net (decrease)/increase in cash and cash equivalents		(928)	685
Cash and cash equivalents at the beginning of the period	10	121,753	126,951
Cash and cash equivalents at the end of the period	10	120,825	127,636

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