



9M 2019 Financial Results

November 2019

Financial

- Revenue US\$250.3m (9M 2018: US\$311.4m)
- EBITDA¹ US\$158.3m (9M 2018: US\$187.7m)
- Closing cash US\$91.3m² with net debt of US\$1,021.7m³

Operational

- Sales volumes 27,515 boepd
- Commissioning of GTU3 complete
- Well 361 drilling complete, initial testing shows no commercial flow of hydrocarbons
- Wells 42 and 41 tested without commercial flow

Strategic

- Ongoing review of Strategic Options for Nostrum including the acquisition of Positive Invest
- Schlumberger and PM Lucas reports delivered to the Company
- Extended licences for the Rostoshinskoye and Chinarevskoye fields

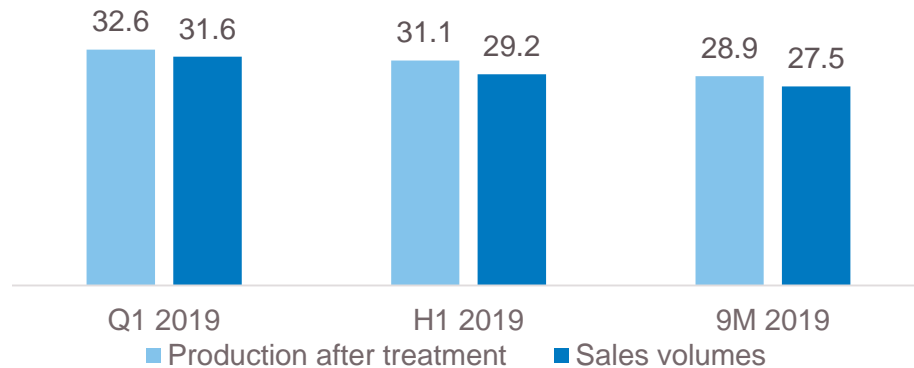
¹ Profit before tax net of finance costs, foreign exchange loss/gain, ESOP, depreciation, interest income, other income and expenses

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

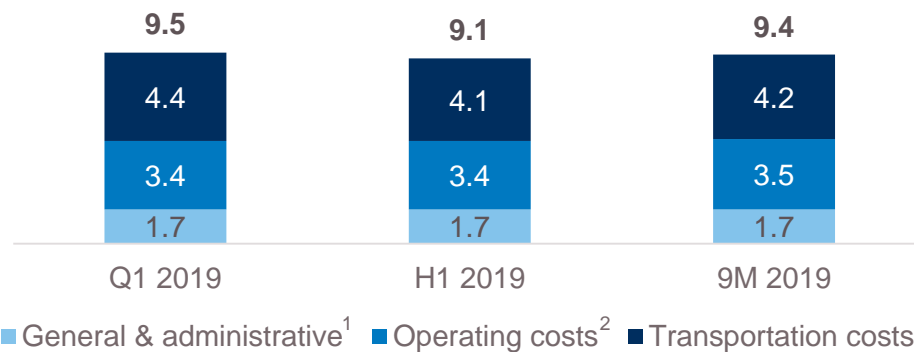
Snapshot of key figures

Production and sales volumes [kboepd]



- FY 2019 guidance revised down following quicker than expected decline YTD in producing reservoirs
- New FY2019 guidance:
 - 28kboepd production after treatment
 - 27kboepd sales volumes

Operating costs under control [US\$ / boe]



- Continued focus on cost reduction
- Continue to generate stable cash flow from existing production
 - 9M 2019 OPCF³ = US\$160.2m

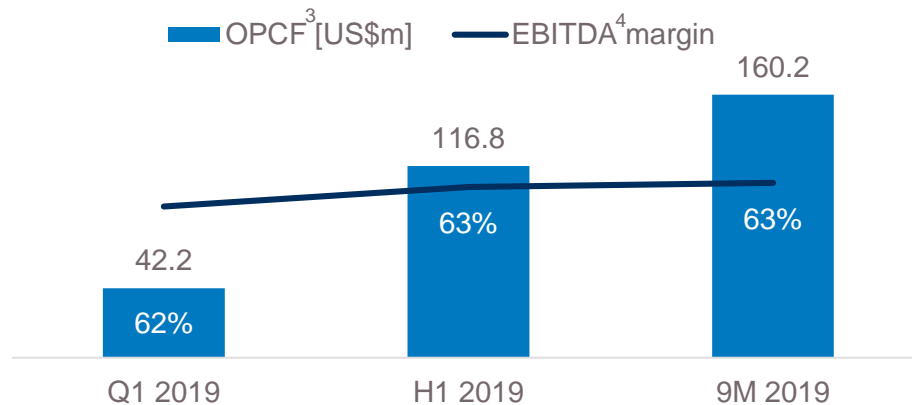
■ General & administrative¹ ■ Operating costs² ■ Transportation costs

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 Net cash flows from operating activities

Balance sheet

- US\$91.3m¹ cash and cash equivalents as at 30 September 2019
- Net debt of US\$1,021.7m² as at 30 September 2019
- No debt maturities due until 2022

Cash flow generation



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

³ Net cash flows from operating activities

⁴ Profit before tax net of finance costs, foreign exchange loss/gain, ESOP, depreciation, interest income, other income and expenses

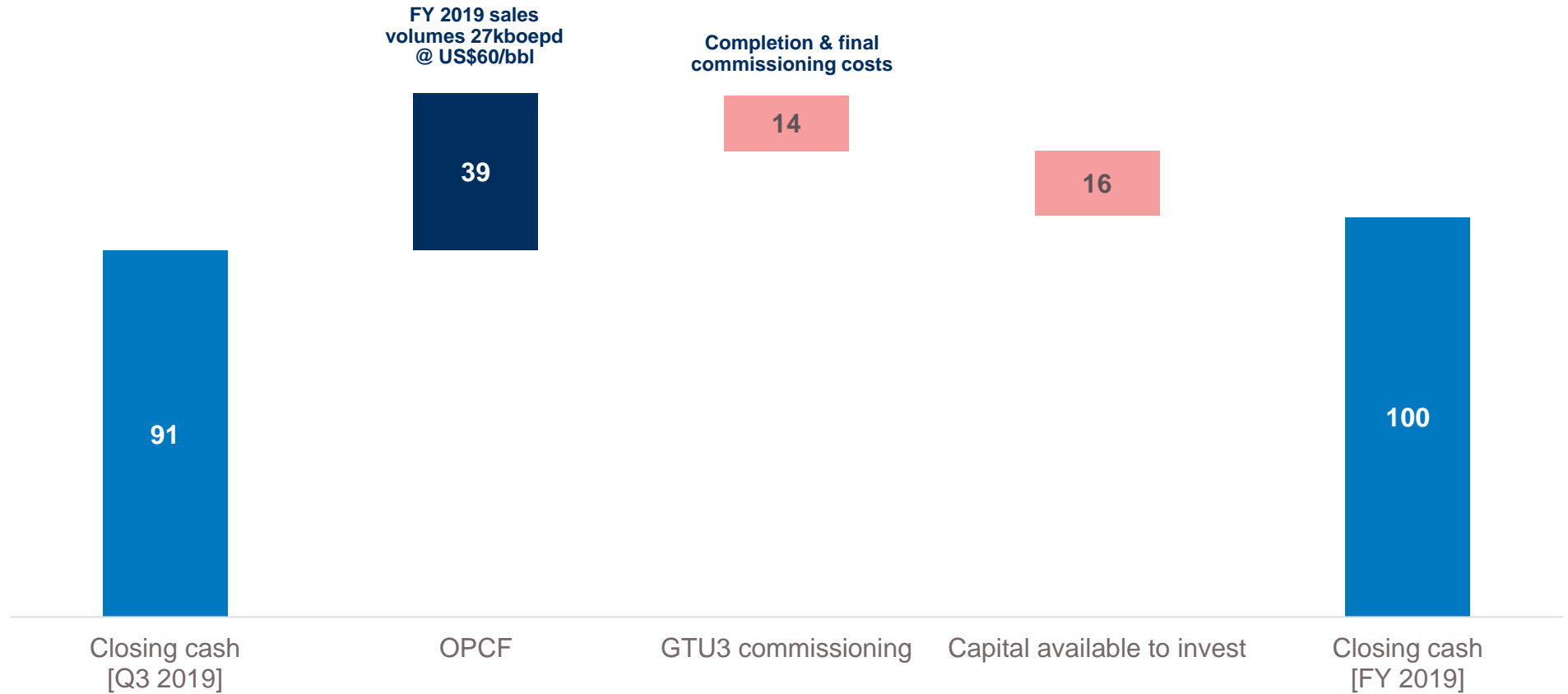
Hedging programme

- No hedges currently in place
- Company continues to assess market conditions and look at options for hedging the Group's production

Drilling programme

- Wells 42 & 41 tested without commercial flows of hydrocarbons
- Well 361 drilling complete and initial testing showed no commercial flows of hydrocarbons
- Guidance for 2020 will be provided following internal analysis on the PM Lucas and Schlumberger reports which should be concluded before year end

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



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

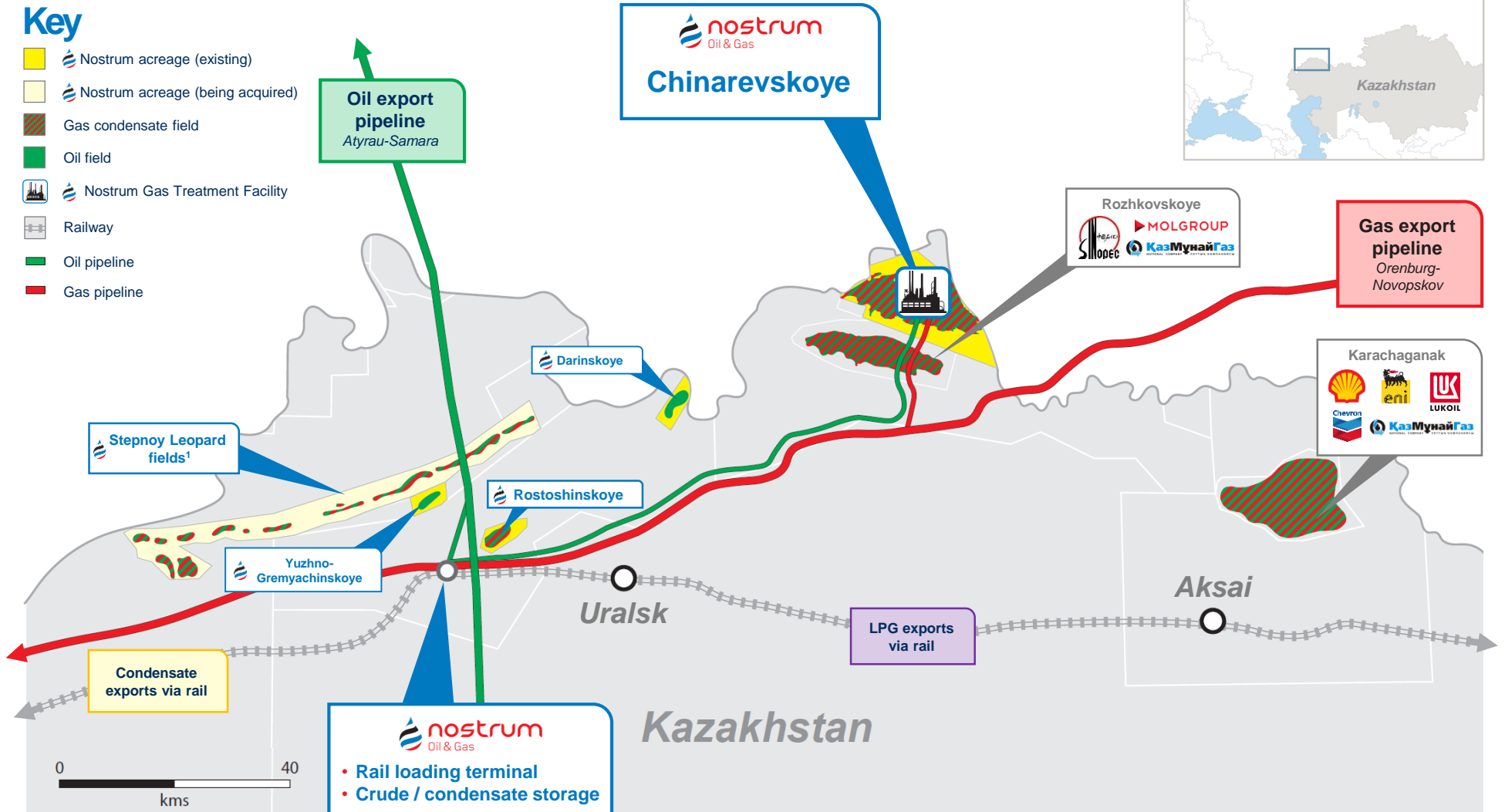
Note: OPCF = net cash flows from operating activities

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

An infrastructure hub in North-western Kazakhstan

Key

- Nostrum acreage (existing)
- Nostrum acreage (being acquired)
- Gas condensate field
- Oil field
- Nostrum Gas Treatment Facility
- Railway
- Oil pipeline
- Gas pipeline



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 September 2019 (unaudited)	31 December 2018 (audited)
NON-CURRENT ASSETS			
Exploration and evaluation assets	4	49,879	50,241
Property, plant and equipment	5	1,963,328	1,919,662
Right-of-use assets	6	13,332	–
Restricted cash	10	7,355	7,021
Advances for non-current assets	7	4,189	15,466
Total Non-current assets		2,038,083	1,992,390
CURRENT ASSETS			
Inventories		32,609	29,583
Trade receivables	8	32,388	35,732
Prepayments and other current assets	9	10,949	20,014
Income tax prepayment		2,903	–
Cash and cash equivalents	10	91,281	121,753
Total Current assets		170,130	207,082
TOTAL ASSETS		2,208,213	2,199,472
SHARE CAPITAL AND RESERVES			
	11		
Share capital		3,203	3,203
Treasury capital		(1,660)	(1,660)
Retained earnings and reserves		560,088	555,456
Total Share capital and reserves		561,631	556,999
NON-CURRENT LIABILITIES			
Long-term borrowings	13	1,098,832	1,093,967
Lease liabilities, long-term	14	1,836	–
Abandonment and site restoration provision		22,701	21,894
Due to Government of Kazakhstan		5,070	5,280
Deferred tax liability	24	431,448	400,981
Total Non-current liabilities		1,559,887	1,522,122
CURRENT LIABILITIES			
Current portion of long-term borrowings	13	14,133	35,633
Lease liabilities, current portion	14	12,095	–
Employee share option plan liability	23	3	55
Trade payables	15	30,359	52,876
Advances received		112	394
Income tax payable		–	679
Current portion of due to Government of Kazakhstan		1,031	1,031
Other current liabilities	16	28,962	29,683
Total Current liabilities		86,695	120,351
TOTAL EQUITY AND LIABILITIES		2,208,213	2,199,472

Consolidated Statement of Comprehensive Income

Interim consolidated statement of comprehensive income

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
<i>In thousands of US dollars</i>					
Revenue					
Revenue from export sales		45,506	96,566	167,463	241,437
Revenue from domestic sales		30,644	23,348	82,875	69,971
	17	76,150	119,914	250,338	311,408
Cost of sales	18	(35,728)	(43,020)	(115,498)	(125,786)
Gross profit		40,422	76,894	134,840	185,622
General and administrative expenses	19	(4,907)	(5,202)	(14,639)	(18,739)
Selling and transportation expenses	20	(10,777)	(13,505)	(34,729)	(39,184)
Taxes other than income tax	21	(5,583)	(8,730)	(17,602)	(23,113)
Finance costs	22	(7,211)	(8,733)	(29,292)	(37,939)
Employee share options - fair value adjustment	23	(146)	(403)	(443)	1,281
Foreign exchange gain/(loss), net		(21)	(600)	588	(731)
Loss on derivative financial instruments	25	-	(1,164)	-	(13,126)
Interest income		(170)	58	(131)	198
Other income		1,387	912	2,657	2,331
Other expenses		(4,648)	969	(5,852)	(4,185)
Profit before income tax		8,346	40,496	35,397	52,415
Current income tax (expense) / benefit		(320)	(194)	(1,421)	21
Deferred income tax expense		(10,641)	(25,950)	(30,481)	(39,991)
Income tax expense	24	(10,961)	(26,144)	(31,902)	(39,970)
(Loss)/profit for the period		(2,615)	14,352	3,495	12,445
Other comprehensive income that could be reclassified to the income statement in subsequent periods					
Currency translation difference		1,069	(678)	642	(669)
Other comprehensive (loss)/income		1,069	(678)	642	(669)
Total comprehensive income for the period		(1,546)	13,674	4,137	11,776
Profit/(loss) for the period attributable to the shareholders (in thousands of US dollars)				3,495	12,445
Weighted average number of shares				185,234,079	185,234,079
Basic and diluted earnings per share (in US dollars)				0.02	0.07

Consolidated Statement of Cash Flows

Interim consolidated statement of cash flows

<i>In thousands of US dollars</i>	Notes	Nine months ended 30 September	
		2019 (unaudited)	2018 (unaudited)
Cash flow from operating activities:			
Profit before income tax		35,397	52,415
<i>Adjustments for:</i>			
Depreciation, depletion and amortisation	18,19,20	94,220	87,235
Finance costs	22	29,292	37,939
Employee share option plan fair value adjustment		443	(1,281)
Interest income		(58)	(198)
Net foreign exchange differences		587	(901)
Loss on disposal of property, plant and equipment		(84)	1,481
Payments under derivative financial instruments	25	(3,741)	(4,095)
Loss on derivative financial instruments	25	-	13,126
Reversal of accruals		(621)	-
Provision for expected credit losses		-	68
Operating profit before working capital changes		155,435	185,789
<i>Changes in working capital:</i>			
Change in inventories		(3,026)	1,910
Change in trade receivables		3,344	(37,919)
Change in prepayments and other current assets		9,065	5,004
Change in trade payables		1,231	(743)
Change in advances received		(282)	(1,016)
Change in due to Government of Kazakhstan		(773)	(773)
Change in other current liabilities		230	580
Cash generated from operations		165,224	152,832
Income tax paid		(5,016)	(1,494)
Net cash flows from operating activities		160,208	151,338
Cash flow from investing activities:			
Interest received		58	198
Purchase of property, plant and equipment		(89,803)	(133,396)
Exploration and evaluation works		(332)	(2,453)
Placement of bank deposits		-	(45,000)
Net cash used in investing activities		(90,077)	(180,651)
Cash flow from financing activities:			
Finance costs paid		(86,000)	(81,111)
Issue of notes		-	397,280
Repayment of notes		-	(353,192)
Fees and premium paid for early repayment and on arrangement of notes		-	(9,496)
Payment of lease liabilities		(14,324)	(110)
Transfer to restricted cash		(333)	(275)
Other finance costs		-	(214)
Net cash used in financing activities		(100,657)	(47,118)
Effects of exchange rate changes on cash and cash equivalents		54	(22)
Net (decrease)/increase in cash and cash equivalents		(30,472)	(76,453)
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	91,281	50,498

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