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**London, 28 January 2020**

**Operational Update for the Fourth Quarter and the Twelve Months ending 31 December 2019**

Nostrum Oil & Gas PLC (LSE: NOG) (“Nostrum”, or “the Company”), an independent oil and gas company engaging in the production, development and exploration of oil and gas in the pre-Caspian Basin, today announces its operational update in respect of the twelve-month period ending 31 December 2019. This update is being issued in advance of the release of Nostrum’s consolidated accounts for the same period. The information contained in this update remains subject to review by the Company’s independent auditors.

**Highlights:**

**Operational**

- FY 2019 average production of 28,587 boepd and sales volumes of 26,617 boepd
- Average January 2020 volumes available for sale of 23,832 boepd
- Focus on monetizing spare capacity by processing third party volumes
- Drilling halted for 2020

**Financial**

- FY 2019 revenues expected to be in excess of US\$322 million (FY 2018: US\$389.9 million)
- FY 2019 cash position in excess of US\$91 million (9M 2018: US\$95 million)
- Total debt expected not to exceed US\$1,137 million and net debt expected not to exceed approximately US\$1,044 million as at 31 December 2019

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

*“2019 has been a challenging year operationally. The Company will now embark on a strategy to commercialise its world class infrastructure. We believe this infrastructure has significant value and the management team is working hard to realise its potential. With the halt in drilling for 2020 we are still working on finalizing the 2020 budget and will communicate further on the anticipated capex for 2020 at the full year results..”*

**Sales volumes**

The sales volumes split for 9M 2019 was as follows:

<b>Products</b>	<b>FY 2019 sales volumes (boepd)</b>	<b>FY 2019 Product Mix (%)</b>
Crude Oil & Stabilised Condensate	9,394	35.22



LPG (Liquid Petroleum Gas)	3,584	13.44
Dry Gas	13,693	51.34
<b>Total</b>	<b>26,671</b>	<b>100.00</b>

## 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.

## 2020 sales volume guidance

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, 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 Directors have also concluded that it would be prudent to transfer higher risk hydrocarbons identified above from the Reserve category to the Contingent Resources category. The Company therefore expects a significant downgrade in its 2P reserves which will also likely lead to a significant impairment to be taken for the full year 2019 accounts. The Company does not have any specific figures at this stage but will release them when they become finalised. 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.

The Company forecasts average sales volumes for 2020 of 19,000 boepd and production of 20,000 boepd. The Company expects to spend a limited amount on Capex during 2020 ensuring that it can still end the year with over US\$75m of cash on its balance sheet.

## Re-organisation

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

## CDP Disclosure

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

## Release of Nostrum's FY 2019 Financial Results and Annual Report

Nostrum plans to release its consolidated accounts for FY 2019 on 31 March 2020. A call will follow at 2pm GMT that day, details of which will be in the press release.



Disclosure of inside information in accordance with Article 17 of Regulation (EU) 596/2014 (16 April 2014) relating to Nostrum Oil & Gas PLC.

LEI: 2138007VWEP4MM3J8B29

### **Further information**

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

### **Further enquiries**

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### **Notifying person**

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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 Company 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 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, the Company does not undertake to update or change any forward-looking statements to reflect events occurring after the date of this announcement.