



FY 2019 Financial Results

April 2020

Financial

- Revenue of US\$322m (2018: US\$390m)
- EBITDA¹ US\$200m (2018: US\$231mm)
- Closing cash US\$94m² with net debt of US\$1,042m³
- Cash position as of 31st March 2020 in excess of US\$64m
- FY2019 impairment charge of US\$1.4b following reserves write down
- Bondholder engagement to begin in Q2 2020

Operational

- Ensuring the health and safety of staff and operations during COVID-19
- Full year 2019 average sales volumes 26,671 boepd
- Year to date 2020 average production volumes above 24,000 boepd⁴ and sales volumes above 22,000 boepd⁴
- Full year 2020 average sales volumes guidance of 19,000 boepd
- Drilling activities suspended for 2020
- Ryder Scott audited 2P reserves reduced by over 60% to 138mmboe
- Headcount reduced by over 200 employees during 2019

Strategic

- End of formal sale process
- Commercialise spare gas processing capacity utilising third party volumes
- UOG commercial agreement in place but delayed pending UOG update
- Further cost cutting to manage liquidity at current oil prices
- Acquisition of Positive Invest on hold

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

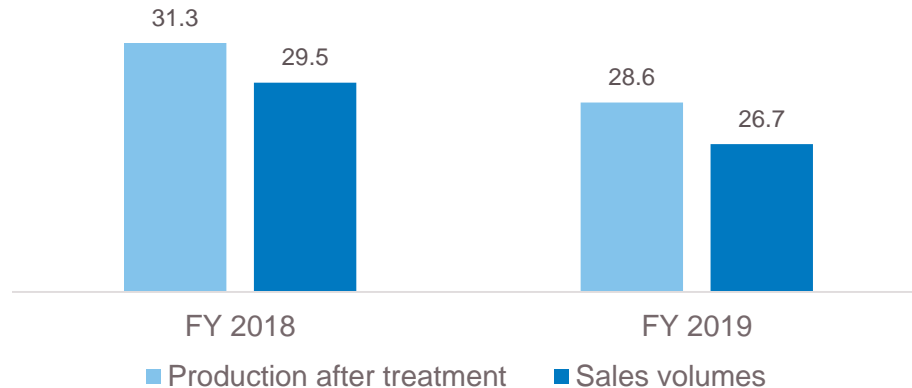
² Cash and cash equivalents including current and non-current investments and excluding restricted cash

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

⁴ As of 31 March 2020

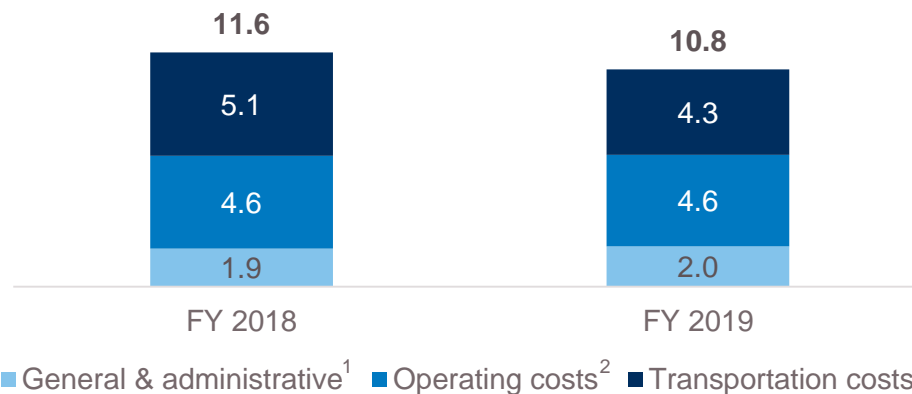
Snapshot of key figures

Production and sales volumes [kboepd]



- FY 2019 production impacted by higher than anticipated decline rates and unsuccessful drilling programme
 - FY 2019 production 28.6k boepd
 - FY 2019 sales volumes 26.7k boepd
- FY 2020 guidance:
 - 20k boepd production
 - 19k boepd sales volumes

Operating costs under control [US\$ / boe]



- Continued emphasis on cost reduction
- Target FY 2020 operating costs below US\$45m
- Target FY 2020 G&A below US\$15m³

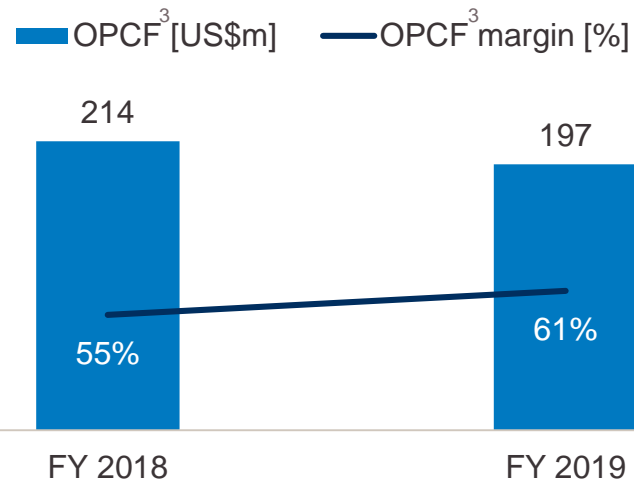
Note: Per barrel equivalent metrics based on sales volume
¹ General & administrative costs less depreciation and amortisation
² Cost of sales less depreciation, depletion and amortisation
³ Excluding expected restructuring charges in 2020

Capital discipline

Balance sheet

- US\$94m¹ cash and cash equivalents as at 31 December 2019
- Net debt of US\$1,042m² as at 31 December 2019
- No debt maturities 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

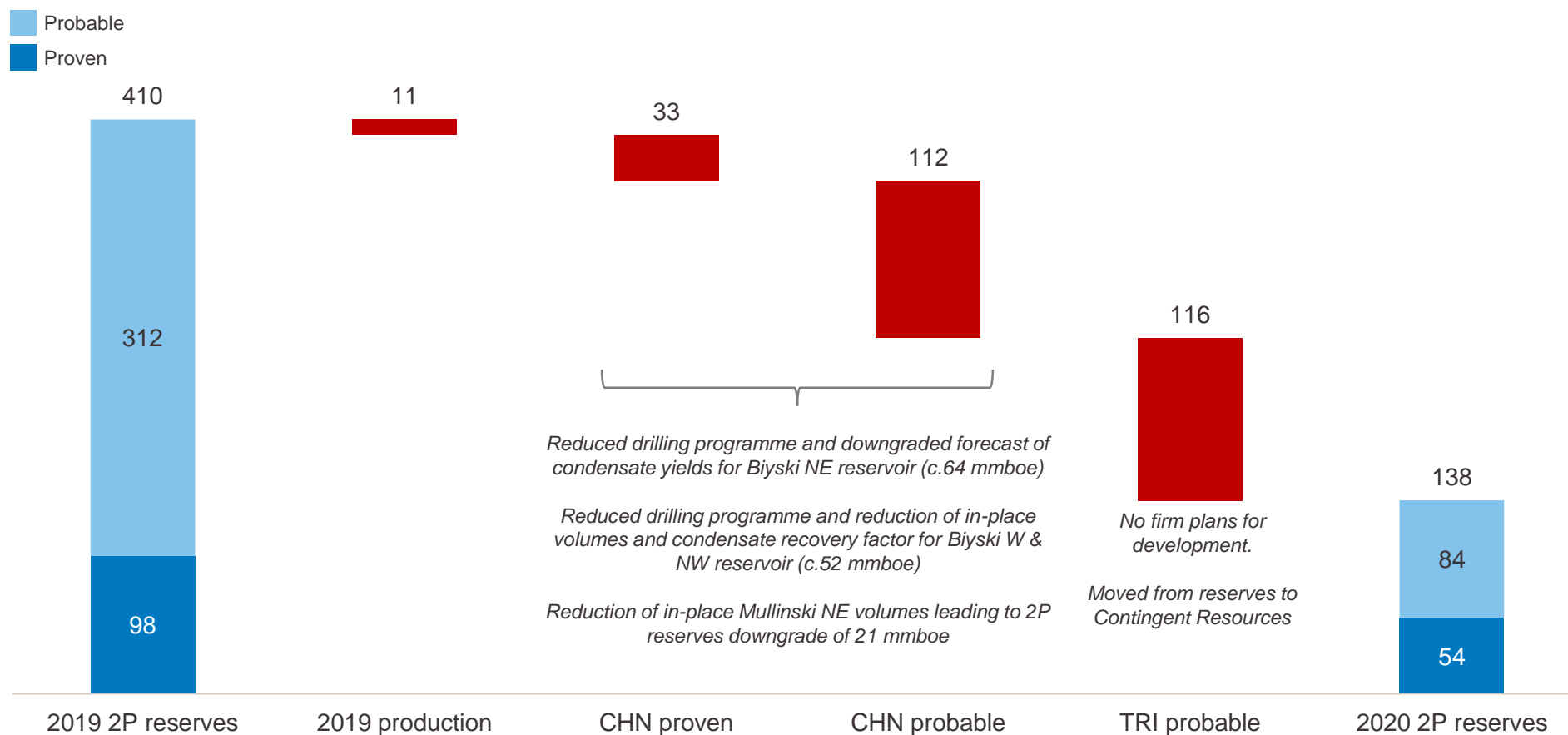
Capex reduction

- Drilling halted
- All non essential capex under review
- All workover related capex needs to make a return within one year at US\$30 oil price

Opex & G&A reduction

- All third-party service contracts being renegotiated
- Significant headcount reduction taking place
- Subsurface development activities scaled back
- IT and administrative costs reduced to minimum

2020 Ryder Scott reserves audit



Total 272mmboe reduction in 2P reserves comprising 156mmboe of CHN reserves reductions and transfer of the previous 116mmboe of Trident reserves to the Contingent Resources category

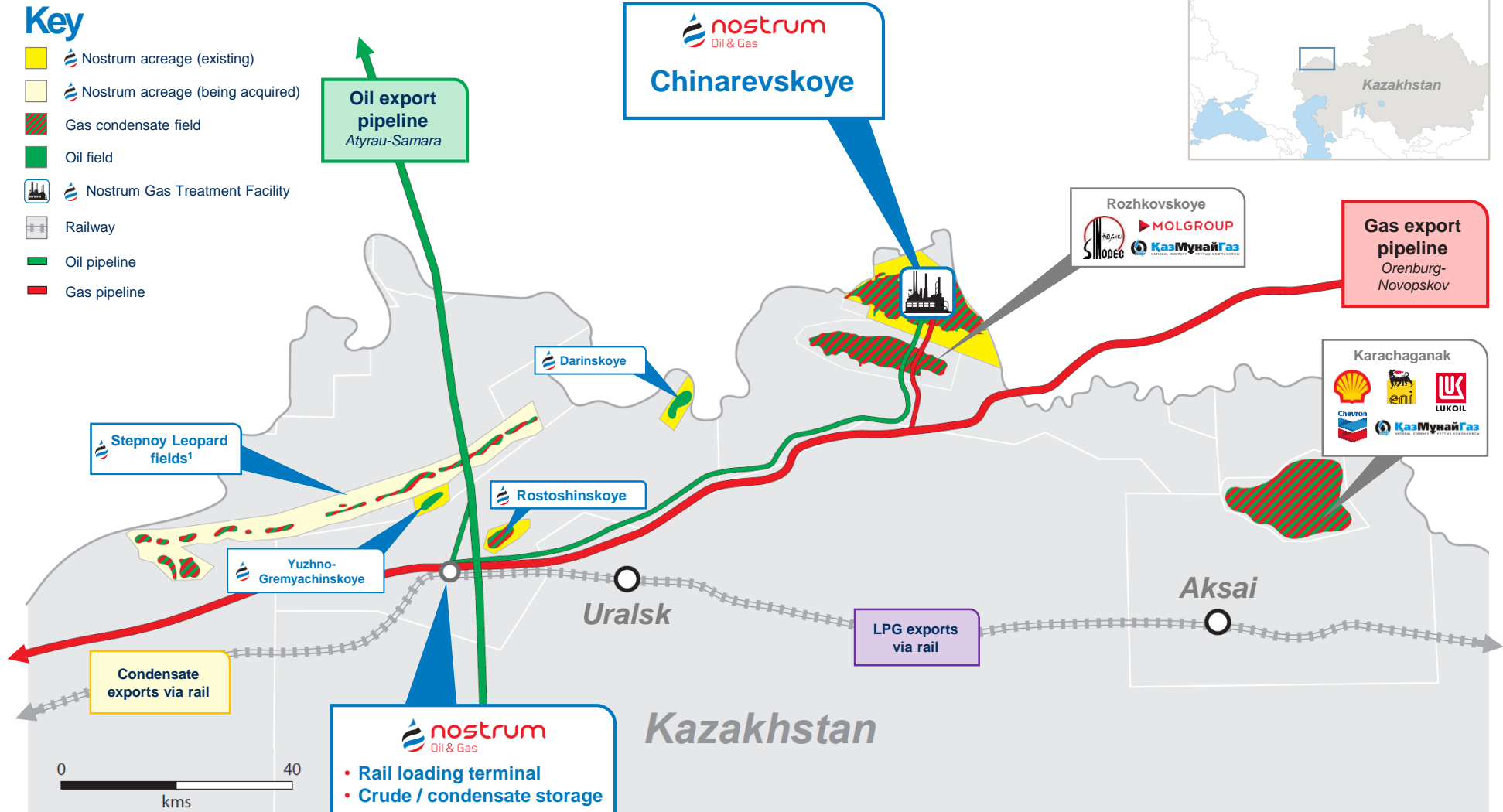
Summary of reserve revisions by reservoir and category

Reservoir	Unit	Ryder Scott 2018			Change 2018 vs. 2019			Ryder Scott 2019		
		Proven	Probable	Total	Proven ³	Probable	Total	Proven	Probable	Total
Biyski/Afoninski <i>NE</i>	[mmboe]	63.9	43.8	107.7	(31.7)	(32.4)	(64.1)	32.2	11.4	43.6
Biyski/Afoninski <i>W/NW</i>	[mmboe]	-	98.7	98.7	-	(52.1)	(52.1)	-	46.6	46.6
Tournaisian <i>NE / S / W</i>	[mmboe]	23.0	13.6	36.6	(8.5)	(4.3)	(12.8)	14.5	9.3	23.8
Mullinski <i>NE / N / S</i>	[mmboe]	2.7	29.1	31.8	(2.0)	(22.3)	(24.3)	0.7	6.9	7.5
Bashkirian <i>NE / W</i>	[mmboe]	2.3	3.7	6.0	(1.3)	(2.2)	(3.5)	1.0	1.5	2.5
Ardatovski <i>NE / S</i>	[mmboe]	6.5	7.0	13.5	(2.4)	(1.8)	(4.3)	4.0	5.2	9.2
Others ¹	[mmboe]	-	-	-	1.9	3.0	4.9	1.9	3.0	4.9
Total Chinarevskoye	[mmboe]	98.4	195.9	294.2	(44.1)	(112.1)	(156.1)	54.3	83.8	138.1
Trident fields ²	[mmboe]	-	116.0	116.0	-	(116.0)	(116.0)	-	-	-
Total Group	[mmboe]	98.4	311.9	410.2	(44.1)	(228.1)	(272.1)	54.3	83.8	138.1

Source: Ryder Scott

¹ Includes Frasnian N and Filippovski² Rostoshinskoye and Darinskoye³ Includes 10.8mmboe of production for 2019

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. Transaction currently on hold pending revision to deal terms

Key focus areas for 2020

Maximise commercial potential

- Utilise our gas processing infrastructure
- Advance discussions with third parties interested in supplying raw gas
- Await update from UOG on delivery of raw gas

Liquidity management

- Seek to cut costs across all parts of the business
- Restructure the cost base towards a midstream infrastructure Company
- Initiate engagement with bondholders

Prioritise Safety and sustainability

- Maintaining robust HSE standards during COVID-19
- Ensure the safety of employees, contractors and the environment
- Utilise our HSEC Committee which aims to:
 - Review and improve our overall health, safety, environmental and social performance
 - Lead initiatives to address important issues such as climate change and gender diversity



Supporting materials

Consolidated Statement of Financial Position

In thousands of US dollars	Notes	31 December 2019	31 December 2018
NON-CURRENT ASSETS			
Exploration and evaluation assets	6	–	50,241
Property, plant and equipment	7	650,229	1,919,662
Right-of-use assets	8	6,875	–
Restricted cash	13	7,620	7,021
Advances for non-current assets	9	8,412	15,466
Total Non-current assets		673,136	1,992,390
CURRENT ASSETS			
Inventories	10	35,849	29,583
Trade receivables	11	31,239	35,732
Prepayments and other current assets	12	12,040	20,014
Income tax prepayment		90	–
Cash and cash equivalents	13	93,940	121,753
Total Current assets		173,158	207,082
TOTAL ASSETS		846,294	2,199,472
SHARE CAPITAL AND RESERVES			
Share capital	14	3,203	3,203
Treasury capital		(1,660)	(1,660)
Retained (deficit) / earnings and reserves		(433,627)	555,456
Total Share capital and reserves		(432,084)	556,999
NON-CURRENT LIABILITIES			
Long-term borrowings	16	1,100,453	1,093,967
Lease liabilities, long-term	17	641	–
Abandonment and site restoration provision	18	27,502	21,894
Due to Government of Kazakhstan	19	5,070	5,280
Deferred tax liability	30	42,787	400,981
Total Non-current liabilities		1,176,453	1,522,122
CURRENT LIABILITIES			
Current portion of long-term borrowings	16	35,633	35,633
Lease liabilities, current portion	17	6,735	–
Employee share option plan liability	28	4	55
Trade payables	20	27,638	52,876
Advances received		335	394
Income tax payable		263	679
Current portion of due to Government of Kazakhstan	19	1,031	1,031
Other current liabilities	21	30,286	29,683
Total Current liabilities		101,925	120,351
TOTAL EQUITY AND LIABILITIES		846,294	2,199,472

Consolidated Statement of Comprehensive Income

In thousands of US dollars	Notes	For the year ended 31 December	
		2019	2018
Revenue			
Revenue from export sales		218,511	296,034
Revenue from domestic sales		103,617	93,893
	22	322,128	389,927
Cost of sales	23	(172,002)	(165,145)
Gross profit		150,126	224,782
General and administrative expenses	24	(21,399)	(22,212)
Selling and transportation expenses	25	(45,875)	(49,984)
Taxes other than income tax	26	(22,886)	(29,702)
Impairment charge	4	(1,354,651)	(150,000)
Finance costs	27	(43,047)	(49,383)
Employee share options – fair value adjustment	28	(584)	1,320
Foreign exchange gain/(loss), net		361	(978)
Loss on derivative financial instrument		–	(12,387)
Interest income		86	514
Other income	29	7,210	4,374
Other expenses	29	(12,490)	(8,504)
Loss before income tax		(1,343,149)	(92,160)
Current income tax expense		(4,972)	(12,251)
Deferred income tax benefit/(expense)		358,194	(16,284)
Income tax benefit/(expense)	30	353,222	(28,535)
Loss for the year		(989,927)	(120,695)
Other comprehensive income that could be reclassified to the income statement in subsequent periods			
Currency translation difference		211	(895)
Other comprehensive income/(loss)		211	(895)
Total comprehensive loss for the year		(989,716)	(121,590)
Loss for the year attributable to the shareholders (in thousands of US dollars)		(989,927)	(120,695)
Weighted average number of shares	15	185,234,079	185,234,079
Basic and diluted earnings per share (in US dollars)	15	(5.34)	(0.65)

All items in the above statement are derived from continuous operations.

Consolidated Statement of Cash Flows

In thousands of US dollars		For the year ended 31 December	
		2019	2018
	Notes		
Cash flow from operating activities:			
Loss before income tax		(1,343,149)	(92,160)
Adjustments for:			
Depreciation, depletion and amortisation	23,24,25	143,291	117,081
Impairment charge		1,354,651	150,000
Finance costs	27	43,047	49,383
Employee share option plan fair value adjustment		584	(2,031)
Interest income		(86)	(514)
Net foreign exchange differences		160	33
Loss on disposal of property, plant and equipment		96	1,712
Payments under derivative financial instruments		(3,741)	(8,649)
Loss on derivative financial instruments		–	12,387
Provision for doubtful debts		–	(116)
Accrued expenses		(5,096)	–
Operating profit before working capital changes		189,757	227,126
Changes in working capital:			
Change in inventories		(6,266)	163
Change in trade receivables		4,493	(1,212)
Change in prepayments and other current assets		5,494	7,664
Change in trade payables		3,949	(3,183)
Change in advances received		(59)	(886)
Change in due to Government of Kazakhstan		(1,031)	(1,031)
Change in other current liabilities		5,977	(5,538)
Cash generated from operations		202,314	223,103
Income tax paid		(5,477)	(9,062)
Net cash flows from operating activities		196,837	214,041
Cash flow from investing activities:			
Interest received		86	514
Purchase of property, plant and equipment		(114,762)	(168,343)
Exploration and evaluation works	7	(984)	(2,518)
Advances for non-current assets		(4,731)	–
Acquisition of subsidiaries		–	(1,674)
Placement of bank deposits		–	(45,000)
Redemption of bank deposits		–	45,000
Net cash used in investing activities		(120,391)	(172,021)
Cash flow from financing activities:			
Finance costs paid		(86,000)	(81,111)
Issue of notes	16	–	397,280
Repayment of notes	16	–	(353,192)
Fees and premium paid for early repayment and on arrangement of notes	16	–	(9,496)
Payment of lease liabilities	17	(14,856)	(132)
Finance charges on lease liabilities	17	(2,853)	–
Transfer to restricted cash	13	(599)	(358)
Net cash used in financing activities		(104,308)	(47,009)
Effects of exchange rate changes on cash and cash equivalents		49	(209)
Net decrease in cash and cash equivalents		(27,813)	(5,198)
Cash and cash equivalents at the beginning of the year	13	121,753	126,951
Cash and cash equivalents at the end of the year	13	93,940	121,753

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