THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 immediately, if you are in the United Kingdom, or from another appropriately authorised independent professional adviser if you are taking advice in a territory outside the United Kingdom.

If you sell or transfer or have sold or otherwise transferred all of your Shares, please send this document at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, the distribution of this document into certain jurisdictions other than the United Kingdom may be restricted by law. Therefore, persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdiction. If you have sold part of your holding of shares in the Company, please retain this document and immediately contact the bank, stockbroker or other agent through whom the sale or transfer was effected.

NOSTRUM OIL & GAS PLC

(*incorporated in England and Wales under the Companies Act 2006 with registered number 8717287*)

Proposed Restructuring

Issue of Ordinary Shares and Warrants in connection with the repayment of the Existing Notes

Approval of Related Party Transaction

Proposed Transfer of Listing

Proposed Reduction of Capital

Notice of General Meeting

Sponsor

Stifel Nicolaus Europe Limited

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Nostrum Oil & Gas PLC which is set out in Part 1 of this document in which the Board unanimously recommends you to vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Notice of a General Meeting of Nostrum to be held at the offices of White & Case LLP, 5 Old Broad Street, London, EC2N 1DW at 10:00 a.m. on 29 April 2022 is set out at the end of this document.

Shareholders will not receive a form of proxy for use at the General Meeting. If Shareholders would like to vote on the Resolutions, they may appoint a proxy via www.signalshares.com by following the instructions on that website. CREST members may use the CREST electronic proxy appointment service. Details of the CREST electronic appointment method are found in Notes 11 to 14 of the Notice of General Meeting set out at the end of this document. Shareholders may request a hard copy form of proxy directly from the Company's Registrar, Link Group, by calling 0371 664 0391. Completion and return of a proxy will not prevent members from attending and voting in person should they wish to do so.

For a discussion of certain risk factors which should be taken into account when considering what action you should take in connection with the General Meeting, please see Part 2 (*Risk Factors*) of this document.

This document is not a prospectus, but a shareholder circular, and does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or offer to sell, dispose of, issue, purchase, acquire or subscribe for, any security. This document is a circular relating to the Restructuring which has been prepared in accordance with the Listing Rules. This document has been approved by the Financial Conduct Authority. The information provided in this document is provided solely in compliance with the Listing Rules for the purposes of enabling Shareholders to consider the Resolutions.

Stifel Nicolaus Europe Limited ("**Stifel**"), which is authorised and regulated in the UK by the FCA, is acting exclusively for Nostrum as sponsor and no-one else in connection with the Restructuring. In connection with such matters, Stifel, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client in relation to the Restructuring, nor will they be responsible to any person other than Nostrum for providing the protections afforded to clients of Stifel nor for the giving of advice in relation to the contents of this document or the Restructuring or any transaction, arrangement or other matter referred to herein.

Apart from the responsibilities and liabilities, if any, which may be imposed upon Stifel by the FSMA or the regulatory regime established thereunder, Stifel does not accept any responsibility whatsoever for, and makes no representation or warranty, express or implied, concerning the contents of this document, including its accuracy, completeness or verification, or concerning any other statement made or purported to be made by Stifel, or on its behalf, in connection with the Company or the Restructuring, and nothing in this document is, or shall be relied upon as a promise or representation in this respect, whether as to the past or future. Stifel accordingly disclaims, to the fullest extent permitted by law, all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to herein) which it might otherwise have in respect of this document or any such statement.

The information provided in this document is provided solely for the purpose of considering the Resolutions. Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in this document for any purpose other than considering the Resolutions is prohibited.

The contents of this document should not be construed as legal, business or tax advice. Each Shareholder should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice.

Overseas Shareholders may be affected by the laws of other jurisdictions in relation to the distribution of this document. Persons who are not resident in the United Kingdom and into whose possession this document comes should inform themselves about and observe any applicable restrictions and legal, exchange control or regulatory requirements in relation to the Restructuring and the distribution of this document. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction.

Dated: 13 April 2022

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication and posting of this document and the Notice of General Meeting	13 April 2022
Latest time and date for receipt of proxy (or CREST Proxy Instruction)	10:00 a.m. on 27 April 2022
Record time and date for entitlement to vote at the General Meeting	6:00 p.m. on 27 April 2022
General Meeting	10:00 a.m. on 29 April 2022
Determination as to whether the Restructuring or an Alternative Restructuring applies	29 April 2022
Transfer of Listing*	31 May 2022
Publication of prospectus	June 2022
De-listing from KASE	early Q3 2022
Listing on AIX	early Q3 2022
Closing of the Restructuring	early Q3 2022

SCHEME TIMETABLE	**2022**
Issuance of Practice Statement Letter to Creditors*	By 11 May
Convening Hearing	8 June
Explanatory Statement sent to Creditors*	9 June
Creditors' meeting to vote on the Scheme*	4 July
Sanction Hearing*	11 July
Issue of New Notes*	early Q3
Debt for Equity Swap*	early Q3
Share Consolidation*	early Q3
Effective Date of the Scheme*	early Q3
Expected completion date of the Restructuring*	early Q3

* Assuming that the Restructuring Resolution is approved

All references to time in this document are to London time unless otherwise stated.

The dates given are based on the Company's current expectations and may be subject to change. In addition, completion of the Restructuring is subject to certain conditions precedent as set out in Part 3 of this document. If any of the times or dates above change, the Company will give notice of the change by issuing an announcement through a Regulatory Information Service.

GENERAL INFORMATION

Forward-Looking Statements

This document (and the information incorporated by reference into this document) may include certain forward-looking statements, beliefs or opinions, including statements with respect to the Group's business, financial condition and results of operations. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other various or comparable terminology or by discussions of strategy, plans, objectives, goals, future events or intentions. These statements are made by the Directors in good faith based on the information available to them at the date of this document and reflect the Directors' beliefs and expectations.

By their nature these statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, developments in the global economy, the direct or indirect effects of the COVID-19 pandemic, changes in regulation and government policies, spending and procurement methodologies, currency fluctuations, a failure in the Group's health, safety or environmental policies and other factors discussed in Part 2 (*Risk Factors*) of this document.

No representation or warranty is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this document speak only as of their respective dates, reflect the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations and growth strategy. Shareholders should specifically consider the factors identified in this document which could cause actual results to differ before making any decision in relation to the Restructuring. Subject to the requirements of the FCA, the London Stock Exchange, the Listing Rules, the Market Abuse Regulation and the DTRs (and/or any regulatory requirements) or applicable law, the Company explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this document that may occur due to any change in the Company's expectations or to reflect events or circumstances after the date of this document. Neither the forward-looking statements contained in this document, nor the statements in this General Information section seek to in any way qualify the working capital statement in Part 6 (*Additional Information*) of this document.

Unless otherwise expressly stated, no statement in this document is or is intended to be a profit forecast or to imply that the earnings of the Company for the current or future financial years will necessarily match or exceed the historical or published earnings of the Company.

Any information contained in this document on the price at which shares or other securities in the Company have been bought or sold in the past, or on the yield on such shares or other securities, should not be relied upon as a guide to future performance.

Publication on Website and Availability of Hard Copies

A copy of this document, together with all information incorporated into this document by reference to another source, is and will be available for inspection on the Company's website at www.nostrumoilandgas.com/investors/ from the time this document is published.

If and to the extent that any document or information incorporated by reference or attached to this document, itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document, except where such information or documents are stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information.

In particular, information on or accessible through the Company's corporate website at www.nostrumoilandgas.com/investors/ does not form part of and is not incorporated into this document.

If you have received this document in electronic form, you may request a hard copy of this document and/or any information incorporated into this document by reference to another source by contacting the Company's registrars, Link Group, between 9:00 a.m. and 5:30 p.m. (London time), Monday to Friday (excluding English and Welsh public holidays), on 0371 664 0391 from within the UK or on +44(0) 371 664 0391 if calling from outside the UK (calls from outside the UK will be charged at the

applicable international rate), with your full name and the full address to which the hard copy may be sent (calls may be recorded and monitored for training and security purposes).

Presentation of Financial Information

Percentages in tables may have been rounded and accordingly may not add up to 100%.

Certain financial data has been rounded and, as a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

An exchange rate as at the Latest Practicable Date for US$/GBP of $1.3025:£1.00 has been used, unless otherwise stated in this document.

References to "**£**", "**GBP**", "**p**", "**penny**" or "**pence**" are to the lawful currency of the United Kingdom.

References to "**$**", "**US$**", "**US Dollars**", "**US dollars**" or "**cents**" are to the lawful currency of the United States of America.

References to "**KZT**" are to the lawful currency of the Republic of Kazakhstan.

Third Party Information

The Company confirms that all third party information contained in this document has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information is cited in this document, the source of such information is identified.

Certain Defined Terms

Certain terms used in this document, including capitalised terms and certain technical and other items, are defined and explained in Part 7 (*Definitions and Glossary*) of this document.

PART 1

LETTER FROM THE CHAIRMAN TO SHAREHOLDERS

NOSTRUM OIL & GAS PLC

(incorporated in England and Wales under the Companies Act 2006 with registered number 8717287)

20 Eastbourne Terrace
London, England
W2 6LG

Directors:	
Atul Gupta	Executive Chairman
Arfan Khan	Chief Executive Officer
Sir Christopher Codrington, Bt.	Senior Independent Director
Kaat Van Hecke	Independent Non-Executive Director
Martin Cocker	Independent Non-Executive Director
Company Secretary:	Thomas Hartnett

13 April 2022

Dear Shareholder

Proposed Restructuring

Issue of Ordinary Shares and Warrants in connection with the repayment of the Existing Notes

Approval of Related Party Transaction

Proposed Transfer of Listing

Proposed Reduction of Capital

Notice of General Meeting

1. Introduction

Following a collapse in the oil price in early 2020, in March 2020 the Company announced that it would seek to engage with its noteholders regarding a possible restructuring of the US$725 million 8.0% Senior Notes due July 2022 and/or its US$400 million 7.0% Senior Notes due February 2025. The Company has been in discussions with an informal ad hoc Noteholder group since May 2020 in relation to a possible restructuring of such notes.

On 23 December 2021, the Company announced the execution of a lock-up agreement and terms of a proposed restructuring of the Group's US$725 million 8.0% Senior Notes due July 2022 and US$400 million 7.0% Senior Notes due February 2025, in each case issued by Nostrum Oil & Gas Finance B.V. (the "**Existing Notes**"). The Lock-up Agreement was initially entered into with holders of in excess of 54% of the aggregate principal amount of the 2022 Notes and in excess of 55% of the aggregate principal amount of the 2025 Notes, including affiliates of ICU Holdings Limited, the Company's largest shareholder (in their capacity as Noteholders and Shareholders). As at 6 April 2022, holders of at least 76.29% of the 2022 Notes and 80.35% of the 2025 Notes have signed or acceded to the Lock-up Agreement, which comprises approximately 77.73% of the total aggregate principal amount of the Existing Notes.

I am writing to you on behalf of the Board to provide you with background and financial rationale for the proposed Restructuring, to explain further details of the Restructuring and to recommend that you vote in favour of the Resolutions at the General Meeting related to the Restructuring.

The key features of the Restructuring are:

- partial reinstatement of the Existing Notes in the form of new: (a) senior secured notes in a principal amount of US$250,000,000 ("**SSNs**") and (b) senior unsecured notes in a principal amount of US$300,000,000 ("**SUNs**"), in each case maturing on 30 June 2026;
- conversion of the remainder of the Existing Notes (together with accrued but unpaid interest) into new shares in the Company. It is currently anticipated that the holders of the Existing Notes, or their nominee(s), will own: (a) 88.89% of the enlarged issued share capital of the Company on closing of the Restructuring ("**Closing**"); and (b) warrants, issued to a warrant trustee, to subscribe for additional shares of the Company such that the shares held by the holders of the Existing Notes, or their nominee(s), would increase from 88.89% to 90% of the enlarged issued share capital of the Company on exercise of all of the warrants; in each case based upon the *pro forma* capitalisation of the Company immediately following Closing;
- implementing new corporate governance arrangements in respect of the Group;
- implementing certain arrangements regarding future utilisation of the Group's cashflows; and
- the transfer of the Company's listing to the Standard Listing segment of the London Stock Exchange,

(together, the "**Restructuring**").

If Shareholders do not approve the necessary resolution with respect to the Restructuring, the Company will pursue an alternative restructuring which will result in holders of the Existing Notes, or their nominee(s), instead owning: (i) 98.89% of the enlarged issued share capital of the Company on Closing; and (ii) warrants, issued to a warrant trustee, to subscribe for additional shares of the Company such that the shares held by the holders of the Existing Notes, or their nominee(s), would increase from 98.89% to 99% of the enlarged issued share capital of the Company on exercise of all of the warrants, in each case based upon the *pro forma* capitalisation of the Company immediately following Closing (a "**Part 26A Restructuring**").

The terms of the Restructuring are summarised, and terms related thereto defined, in section 3 entitled "*Overview of the Restructuring*" of this Part 1 (*Letter from the Chairman to Shareholders*). Further details are included in Part 3 (*Details of the Restructuring*). **In particular, your attention is drawn to section 13 entitled "*Importance of vote and consequences of the failure to implement the Restructuring*" of this Part 1 (*Letter from the Chairman to Shareholders*).**

As at the Latest Practicable Date, affiliates of ICU Holdings Limited ("**ICU**") hold approximately US$67.5 million in principal of the Existing Notes, representing approximately 6.0% of the total principal amount of the Existing Notes. Affiliates of ICU hold approximately 23.8% of the Existing Shares and so ICU is a related party of the Company for the purposes of Chapter 11 of the Listing Rules. The affiliates of ICU will be issued with New Shares, New Notes and Warrants *pro rata* to their holdings of Existing Notes pursuant to the Restructuring (the "**RPT Arrangements**"). The RPT Arrangements constitute a related party transaction for the purposes of Chapter 11 of the Listing Rules and require the approval of Independent Shareholders in accordance with the provisions of the Listing Rules. In this document (and in accordance with the Listing Rules), the term "Independent Shareholders" means, for the purposes of the RPT Resolution (as defined below), any Shareholders other than ICU and its associates. Further details are including in Part 4 (*Details of the RPT Arrangements*).

In the opinion of the Directors, voting for the Resolutions and authorising the implementation of the Restructuring (including the RPT Arrangements) will:

- provide Existing Shareholders with the best opportunity to potentially realise value and participate in the recovery of the Group;
- avoid further dilution to the interests of Existing Shareholders which would occur if an alternative restructuring (including a Part 26A Restructuring) were to be implemented;
- rationalise the capital structure of the Group to provide it with the time to implement its business plan and grow the value of its assets; and
- prevent a formal insolvency process.

If Shareholders do not approve the Restructuring Resolution at the General Meeting, Existing Shareholders will have extremely limited prospects of recovering any material value in the Company. Upon a 'no' vote, Nostrum will pursue an alternative restructuring without delay (an "**Alternative Restructuring**"). An Alternative Restructuring would provide Existing Shareholders with no more than a *de minimis* recovery upon completion and therefore a limited prospect, or no prospect, of recovering any material value. Further details are included in paragraph (E) "*Alternative Restructurings*" of section 3 (*Overview of the Restructuring*) of this Part 1 (*Letter from the Chairman to Shareholders*).

If Shareholders do not approve the Restructuring Resolution at the General Meeting, the Shareholders will receive a materially lower stake in the Company (or alternatively retain a stake in a company that is unlikely to hold material assets or that will otherwise be wound up) than if the Restructuring Resolution is approved and therefore the Shareholders would likely see a lower or no return on their current investment.

Shareholder Approval

The implementation of the Restructuring requires the approval of Shareholders at the General Meeting. In addition, the implementation of the RPT Arrangements requires the approval of Independent Shareholders at the General Meeting.

Your approval of the Restructuring (including the RPT Arrangements) is therefore being sought at a General Meeting of the Company to be held at 10:00 a.m. on 29 April 2022 at the offices of White & Case LLP, 5 Old Broad Street, London, EC2N 1DW. A notice of the General Meeting setting out the Restructuring Resolution to be considered at the General Meeting can be found at the end of this document. The Restructuring Resolution to be considered at the General Meeting is to approve the Restructuring and to authorise the Directors to implement it. The RPT Resolution to be considered at the General Meeting is to approve the RPT Arrangements and to authorise the Directors to implement them. A summary of the action you should take is set out in section 9 of this Part 1 (*Letter from the Chairman to Shareholders*).

The purpose of this document is to (i) explain the background to and reasons for the Restructuring, (ii) provide you with information about the Restructuring (including the RPT Arrangements), (iii) explain why the Directors unanimously consider the Restructuring, including the RPT Arrangements, to be in the best interests of the Shareholders as a whole and (iv) recommend that you vote in favour of the Resolutions to be proposed at the General Meeting.

2. Background to and reasons for the Restructuring

The Restructuring will enable the Company to move forward with a more appropriate capital structure as it looks to negotiate long term contracts to fill the spare capacity in its processing facilities and to secure the Group's medium- and long-term future.

Engagement with stakeholders

On 31 March 2020, following a collapse in the oil price, the Company announced that it would seek to engage with its Noteholders regarding a possible restructuring of the US$725 million 8.0% Senior Notes due July 2022 and/or its US$400 million 7.0% Senior Notes due February 2025.

In May 2020, the Group appointed Rothschild & Co as financial advisers and White & Case as legal advisers to assist in the restructuring of the Existing Notes. The Company has been in discussions with an informal ad hoc Noteholder group (the "**AHG**") since May 2020 in relation to a possible restructuring of the Existing Notes. PJT Partners (UK) Limited were appointed as financial advisers and Akin Gump LLP as legal advisers to the AHG.

On 24 July 2020, the Group announced that it planned to utilise the applicable 30-day grace periods for the interest payments due on 25 July 2020 and 16 August 2020 with respect to the Existing Notes. The reason for the utilisation of the grace periods was to allow the Company to continue active discussions with the financial and legal advisers of the AHG with a view to entering into a forbearance agreement with Noteholders in relation to those interest payments.

On 23 October 2020, the Company announced that, together with certain of its subsidiaries, it had entered into a forbearance agreement with members of the AHG (the "**Forbearance Agreement**"). Pursuant to the Forbearance Agreement, members of the AHG agreed to forbear from the exercise of certain rights and remedies that they have under the indentures governing the Existing Notes. The

agreed forbearances include agreeing not to accelerate the Existing Notes' obligations as a result of the missed interest payments (or any subsequent missed interest payments which occurred prior to the expiry of the Forbearance Agreement).

The Company agreed to pay, or procure the payment by Nostrum Oil & Gas Finance B.V. (the issuer of the Existing Notes, the "**Issuer**"), of, certain consent fees in cash (a "**Consent Fee**") to each forbearing Noteholder. The first Consent Fee for the first 90 days of 29.7866 basis points (that is, 0.297866% of the principal amount of the Existing Notes) totalling US$3,350,992 was paid on 19 November 2020. The second consent fee for 19.8577 basis points (that is, 0.198577% of the principal amount of the Existing Notes), totalling US$2,233,991 was paid on 22 December 2020. The final consent fee for 9.9288 basis points (that is, 0.99288% of the principal amount of the Existing Notes) equating to US$1,116,990 was paid on 20 February 2021. In addition, under the Forbearance Agreement, the Company agreed to deposit US$21,541,990 into a secured account (the "**Restricted Account**"). The Company has the ability to make certain withdrawals from the Restricted Account if its liquidity falls below an agreed level.

On 19 May 2021, the Forbearance Agreement expired in accordance with its terms and was replaced by a second forbearance agreement (the "**Second Forbearance Agreement**"), which is on substantially the same terms as the Forbearance Agreement. Holders of in excess of 49% of the aggregate principal amount of the 2022 Notes and in excess of 47% of the aggregate principal amount of the 2025 Notes entered into the Second Forbearance Agreement.

On 21 July 2021, the forbearance period under the Second Forbearance Agreement was extended to 4:00 p.m. on 25 August 2021. In connection with the extension of the forbearance period to 25 August 2021, the Company agreed to pay into the Restricted Account an amount of US$1,116,990, equating to 9.9288 basis points (that is, 0.99288% of the principal amount of the Existing Notes). The total amount held in the Restricted Account as at the date of this document is US$22,658,980.

The forbearance period under the Second Forbearance Agreement was further extended on multiple occasions. On 23 December 2021, the Second Forbearance Agreement was extended until the earlier of the Restructuring Effective Date (as defined in the Lock-up Agreement) and the Longstop Date, being 23 August 2022.

Agreement on the terms of the Restructuring

Following entry into the Forbearance Agreement and during the term of the Second Forbearance Agreement, the Company has engaged in discussions with the AHG and its advisors with the aim of reducing its indebtedness, extending debt maturities and lowering the Group's cost of funding. In addition, the Company entered into discussions with the Company's largest Shareholder, ICU Holdings Limited, to facilitate the negotiation of the terms of the Restructuring and obtain support from additional Noteholders for the proposed terms of the Restructuring.

On 23 December 2021, the Company announced it had agreed in principle the terms of the Restructuring with the AHG and ICU, representing in aggregate approximately 54% of the 2022 Notes and 55% of the 2025 Notes. The Company and certain other members of the Group entered into a lock-up agreement (the "**Lock-up Agreement**") with the AHG and affiliates of ICU (in their capacity as Noteholders and holders of Existing Shares) on 23 December 2021, pursuant to which those members of the Group agreed to implement the Restructuring and such creditors agreed to take all actions reasonably requested by those members of the Group to support, facilitate, implement, consummate or otherwise give effect to the Restructuring. The creditors who are party to the Lock-up Agreement also agreed to refrain from taking actions, such as accelerating sums owing by the Group or taking enforcement action, which may frustrate, delay or impede the implementation of the Restructuring. See paragraph 6 (*Material Contracts*) in Part 6 (*Additional Information*) for further information regarding the terms of the Lock-up Agreement.

A fee of 0.5% of the principal amount of the Existing Notes (the "**Lock-up Fee**") will be payable upon consummation of the Restructuring to each participating Noteholder who was originally party to the Lock-up Agreement or who acceded to the Lock-up Agreement within 22 days of its execution (that is, by 14 January 2022). Noteholders will not be eligible for the Lock-up Fee if they acceded to the Lock-up Agreement after 14 January 2022 (save with respect to any Notes acquired by them which were already eligible to receive a Lock-up Fee). All holders of Existing Notes are eligible to accede to the Lock-up Agreement, whether or not they are entitled to receive the Lock-up Fee.

Related Party Arrangements

As at the Latest Practicable Date, affiliates of ICU hold approximately US$67.5 million in principal of the Existing Notes, representing approximately 6.0% of the total principal amount of the Existing Notes. Affiliates of ICU hold approximately 23.8% of the Existing Shares and so ICU is a related party of the Company for the purposes of Chapter 11 of the Listing Rules. The affiliates of ICU will be issued with New Shares, New Notes and Warrants *pro rata* to their holdings of Existing Notes pursuant to the Restructuring (assuming the RPT Resolution is approved). The RPT Arrangements constitute a related party transaction for the purposes of Chapter 11 of the Listing Rules and require the approval of Independent Shareholders in accordance with the provisions of the Listing Rules.

3. Overview of the Restructuring

Objectives of the Restructuring

The primary objectives of the Restructuring are to:

(a) rationalise the Group's capital structure so that the Group will possess a strengthened balance sheet and a more appropriate debt service and maturity profile for its business and to provide the Group with the time to implement its business plan and grow the value of its assets;

(b) ensure that the Group can service its general corporate and working capital obligations thereby allowing the Group to continue trading;

(c) mitigate the risk of any of the Group companies having to file for a formal insolvency process, as a result of which the recoveries for creditors would be materially lower than if the Restructuring or a Part 26A Restructuring were to be successfully completed; and

(d) provide holders of the Existing Shares with the opportunity to participate further in any potential upside arising from any increase in oil and gas prices and the successful execution of the Group's business plan.

Terms of the Restructuring

The manner in which the restructuring will be implemented depends upon whether (i) the Company receives the necessary approvals from Shareholders at the General Meeting and (ii) the other conditions to the terms of the Restructuring are satisfied.

As part of the Restructuring, a scheme of arrangement in respect of the Existing Notes is proposed to be implemented. It is anticipated that the issue of the SSNs and SUNs will be made pursuant to a scheme of arrangement to be proposed by the Company to the Noteholders in accordance with Part 26 of the Companies Act (the "**Scheme**"). The parties to the Scheme will be the Company, GLAS Trustees Limited as the trustee of the Existing Notes, the Noteholders, The Depositary Trust Company ("**DTC**") as the depositary under the indentures for the Existing Notes and Cede & Co (as nominee for DTC and as registered holder of the Existing Notes).

(A) Issue of New Notes in satisfaction of Existing Notes claims pursuant to the Scheme

Issue of SSNs and SUNs

As part of the Scheme, Nostrum Oil & Gas Finance B.V. (the issuer of the Existing Notes) will issue US$250 million of SSNs and US$300 million of SUNs, in each case maturing on 30 June 2026. The SSNs and SUNs (together, the "**New Notes**") will be governed by English law.

The following outlines the material features of the SSNs and SUNs:

SSNs

Nostrum Oil & Gas Finance B.V., the issuer of the Existing Notes, will issue US$250,000,000 senior secured notes due 30 June 2026. The SSNs will bear interest at a rate of 5.00% per year, payable semi-annually. Pursuant to the Lock-up Agreement, the Company has agreed that the 5.0% cash interest will accrue from 1 January 2022 and such accrued amount is expected to be paid in cash to the Noteholders upon the issue of the SSNs.

SUNs

Nostrum Oil & Gas Finance B.V., the issuer of the Existing Notes, will issue US$300,000,000 senior notes due 30 June 2026. The SUNs will bear interest at a rate of 1.0% cash and 13.0% payment-in-kind per year, payable semi-annually on a compound basis.

Pursuant to the Lock-up Agreement, the Company has agreed that the 1.0% cash interest and 13.0% payment-in-kind interest will accrue from 1 January 2022. Accordingly Nostrum Oil & Gas Finance B.V. will (i) issue a principal amount of additional SUNs representing the payment-in kind interest which has been agreed to be payable with effect from 1 January 2022 until the date of issue and (ii) pay to the Noteholders upon the issue of the SUNs an amount in cash representing this accrued cash interest. For example, if the SUNs are issued on 30 June 2022, Nostrum Oil & Gas Finance B.V. will issue approximately US$19.4 million in principal amount of additional SUNs representing the accrued payment-in-kind interest.

Repayment

From the issue date, the New Notes may be repaid at par plus accrued interest.

Upon a change of control, each holder has the right to require the repurchase of all or any part of such holder's New Notes at a purchase price in cash equal to 101% of the aggregate principal amount of the New Notes plus accrued and unpaid interest, if any, to the date of purchase.

Guarantees, security and ranking

The SSNs will be jointly and severally guaranteed on a senior basis by the Company, Nostrum Oil & Gas Coöperatief U.A., Zhaikmunai LLP ("**Zhaikmunai**") and Nostrum Oil & Gas B.V. (together, the "**Guarantors**"). The SSNs are the Issuer's and the Guarantors' senior obligations and rank equally with all of the Issuer's and the Guarantors' other senior indebtedness.

The SUNs will be jointly and severally guaranteed on a senior subordinated basis by the Guarantors. The SUNs are the Issuer's and the Guarantors' senior subordinated obligations and rank on a subordinated basis to the SSNs.

Subject to complying with the regulatory requirements in Kazakhstan, first-ranking security interests for SSNs over all of the Group's assets including, but not limited to: (a) share pledge over each material subsidiary; (b) floating charge over the Company's assets; and (c) account security over key operational bank accounts (including the Blocked Account and the DSRA (each as defined in "*Cashflow controls*" below)); and second-ranking security interests for the SUNs over the Blocked Account and DSRA.

Covenants

The New Notes will contain covenants that restrict, subject to certain exceptions and qualifications, the ability of the Company and its restricted subsidiaries to: (a) borrow additional money, (b) pay dividends, redeem or repurchase share capital or make other distributions, (c) make principal payments on or redeem or repurchase indebtedness that is junior to the SSNs or the guarantees, (d) make certain investments, (e) create liens, (f) guarantee additional indebtedness, (g) create restrictions on restricted subsidiaries' ability to pay dividends or other amounts to the Company or its restricted subsidiaries, (h) enter into transactions with affiliates or (i) sell assets or consolidate or merge with or into other companies.

Cashflow controls

The following is a summary of certain cashflow management arrangements to be put in place as part of the Restructuring:

- on (or shortly prior to) the Closing, a cash balance sufficient to pay: (A) the next two cash interest payments due on the New Notes; and (B) the total amount of the Lock-Up Fee, shall be deposited into a Debt Service Retention Account ("**DSRA**"). On each interest payment date under the New Notes following the Release Date, if there is insufficient cash in the DSRA to fund the next two cash interest payments due on the New Notes, a corresponding amount shall be transferred to the DSRA. On the Closing, the Lock-up Fees will be paid to eligible Noteholders out of the funds in the DSRA. On each interest payment date under the New Notes after Closing, the remaining funds in the DSRA will be released from the DSRA and applied first, to pay cash interest due under the SSNs; and second, to pay cash interest due

under the SUNs. After a drawdown has been made from the DSRA to fund cash interest due under the SSNs and the SUNs, cash will be swept to the DSRA in accordance with the terms of the cash sweep mechanism described below;

- subject to a minimum cash balance of between US$15-US$30 million to be retained by the Company, all free cash within the Group at Closing shall be applied as follows: (A) first, paid into the DSRA as described above; and (B) second, the remaining balance (if any) to be paid into an account, in the name of the Company, pledged and blocked in favour of the trustee for the New Notes (the "**Blocked Account**"); and
- for a period of 30 months (the end of such period, the "**Release Date**"), cash in the Blocked Account may only be released from the Blocked Account with the approval of the majority of independent directors of the Company for the purpose of either: (i) funding capital expenditure approved by the Board (which may include but is not limited to future projects for which the Company has undertaken, or is undertaking, feasibility studies, approved by the Board) (an "**Approved Expenditure**"); (ii) restoring the cash balance of the Company's other accounts (excluding the Blocked Account) to the agreed minimum cash balance of between US$15-US$30 million; or (iii) making arms' length repurchases for value of the SSNs on the open market and, only once the SSNs have been repaid in full, making arms' length repurchases for value of the SUNs on the open market.

On the Release Date, any amounts standing to the credit of the Blocked Account not committed to, or held in reserve for, an Approved Expenditure or not required to top up the balance of the DSRA to ensure that it is sufficient to fund upcoming cash pay interest due on the New Notes shall be transferred to the paying agent for the New Notes and first applied against costs and expenses of the trustee or security agent for the New Notes, second applied in repayment of the SSNs and third applied in repayment of the SUNs. At all times following the Release Date, any amounts standing to the credit of the Blocked Account (if any) shall be only released in connection with (i) an Approved Expenditure, (ii) making arms' length repurchases for value of the SSNs on the open market and, only once the SSNs have been repaid in full, making arms' length repurchases for value of the SUNs on the open market, or (iii) to top up either the minimum cash balance or the balance of the DSRA to ensure that there is sufficient cash to fund the upcoming cash pay interest due on the New Notes.

Potential repayment in specie

The SSNs will not be convertible and may only be repaid in cash.

In addition, on maturity in June 2026, if not repaid in cash, the SUNs may be repaid in specie, subject to (among other necessary approvals) receiving the prior consent of the Kazakhstan Ministry of Energy, by way of the issue of new Ordinary Shares based on the value of the SUNs outstanding on the conversion date as a percentage of the fair market value of the Company ("**FMV**"), up to a maximum of 99.99% of the Company's fully diluted equity. The FMV for these purposes will be equity value of the Company (as if having given effect to the repayment of the SUNs in specie), calculated by reference to the enterprise value of the Company and its assets (including cash) ("**Gross FMV**"), less liabilities (including any indebtedness ranking ahead of the Ordinary Shares assuming the repayment of the SUNs in specie, such as the SSNs), which shall be determined by an independent third party in the business of providing professional valuation services, selected by a majority of the independent directors of the Company. Repayment of the SUNs on maturity by way of the issue of new Ordinary Shares will require: (i) the consent of holders of 75% in outstanding principal amount of the SUNs and (ii) where the Company is to be delisted, notification to the FCA regarding the cancellation of listing.

If the SUNs are repaid in specie on maturity in June 2026, the holders of the SUNs will receive new shares representing 99.99% of the further enlarged issued share capital of the Company in all situations where the FMV of the Company (being the Gross FMV of the Company less the repayment of the SSNs) is less than approximately US$528.6 million (being the expected amount to be repaid under the SUNs on maturity, assuming no prior repayments are made from the Blocked Account).

(B) Debt for Equity Swap

As part of the Scheme, the remaining face value of the Existing Notes (following the issue of the New Notes but excluding the Warrants Subscription Amount), together with accrued but unpaid interest, will be repaid in consideration for the issue of New Shares in the Company (the "**Debt for Equity Swap**") and the issue of the Warrants. The value of the Existing Notes which will be repaid

pursuant to the Debt for Equity Swap will depend upon the date of Closing (given the Existing Notes continue to accrue interest and default interest). For example, if the Closing of the Restructuring occurs on 30 June 2022, approximately US$798.1 million of the Existing Notes (including accrued but unpaid interest) is expected to be repaid in this manner.

There are three potential scenarios anticipated by the Company in respect of the Debt for Equity Swap.

Scenario 1 – implementation of the Restructuring

Scenario 1 is the Company's preferred outcome and is expected to be implemented if Shareholders vote in favour of the Restructuring Resolution, Independent Shareholders vote in favour of the RPT Resolution and the other conditions to the Restructuring are satisfied or waived.

If Shareholders pass the Restructuring Resolution, Independent Shareholders approve the RPT Resolution and the other conditions to the Restructuring are satisfied or waived, it is currently anticipated that the holders of the Existing Notes, or their nominee(s), will receive pursuant to the Scheme:

(a) New Shares so as to result in them owning 88.89% of the enlarged issued share capital of the Company on Closing; and

(b) warrants, issued to the Warrant Trustee (as defined below), to subscribe for additional Ordinary Shares such that the holding of such holders of the Existing Notes, or their nominee(s), would increase from 88.89% to 90% of the enlarged issued share capital of the Company on exercise of all of the warrants, based upon the *pro forma* capitalisation of the Company immediately following Closing (the "**Warrants**").

The Warrants will be issued on or shortly after Closing and held by GLAS Trust Company LLC as warrant trustee, for the benefit of the holders of the Existing Notes, or their nominee(s), from time to time (the "**Warrant Trustee**"). The Warrants will be issued to the Warrant Trustee in such amount as will, upon exercise in full, result in the issue of new Ordinary Shares (the "**Warrant Shares**") at their nominal value to the holders of the Existing Notes (or their nominee(s)) so as to increase the aggregate entitlement of holders of the Existing Notes, or their nominee(s), to Ordinary Shares from 88.89% to 90%, based upon the *pro forma* capitalisation of Nostrum immediately following Closing (but excluding entitlements under any new management incentive plan, long-term incentive plan or similar share scheme).

The Warrants will be exercisable in full for the issue of the Warrant Shares upon:

- a breach of the Company's covenants or undertakings in relation to the SUNs or the Warrants;
- a change in, or breach of, certain governance principles to be adopted by the Company on or prior to Closing without approval from the Warrant Director (as defined below) (such approval to be on terms, and in accordance with the process, specifically set out in the Warrant Deed Poll and/or the New Articles) ("**Warrant Approval**");
- a change to the agreed composition of the Board that has not obtained Warrant Approval; or
- an exit event (as specifically defined in the Warrant Deed Poll) but including, in principle, any delisting of Nostrum from the London Stock Exchange, a change of control, sale of all or substantially all assets, the commencement of any winding-up or similar process in relation to Nostrum, or merger of Nostrum (an "**Exit**").

The Company is expected to issue approximately 1,505.6 million New Shares in connection with the Restructuring. The Existing Shareholders will retain 11.11% of the enlarged issued share capital of the Company on Closing (having given effect to the Share Consolidation (as defined below)). A full exercise of the Warrants would decrease that holding to 10% of the enlarged issued share capital of the Company, assuming that no share issuances or cancellations have occurred (or shares have been taken into treasury) in the interim and excluding entitlements under any new management incentive plan, long-term incentive plan or similar share scheme.

The interests of Existing Shareholders and Noteholders in the share capital of the Company on Closing will reflect the proposed consolidation of the enlarged issued share capital of the Company to be implemented as part of the Restructuring. See paragraph (C) "*New Governance Arrangements*" below for further details regarding the proposed share consolidation.

Approximately £0.19 million (approximately US$0.25 million) of indebtedness under the Existing Notes (the "**Warrants Subscription Amount**") will be released and a promissory note in the amount of the Warrants Subscription Amount will be issued to the Warrant Trustee for the benefit of the holders of the SUNs. The amount due under this promissory note may be applied to pay the nominal value of the approximately 18.8 million Warrant Shares to be issued to holders of the SUNs, or their nominee(s), upon any exercise of the Warrants (following the implementation of the Share Consolidation). The promissory note will not bear any interest.

Please see paragraph (F) "*Dilution*" below for further details on the number of New Shares and Warrant Shares expected to be issued in connection with Scenario 1.

Following the Closing, Scenario 1 is also subject to the potential repayment of the SUNs by the issue of new Ordinary Shares as referred to above upon the maturity of the SUNs in June 2026 if they are not repaid in cash. See "*Potential repayment in specie*" in paragraph (A) above.

If the Restructuring Resolution is approved, but Independent Shareholders do not approve the RPT Arrangements, the Company would still seek to implement the Restructuring, including the Transfer of Listing, on the proposed timetable. If the RPT Resolution is not approved at the General Meeting, the Company intends to include a provision within the Scheme whereby each Noteholder (other than ICU and its associates) irrevocably consents to the RPT Arrangements (and confers a power of attorney on or irrevocable instruction to the Note Trustee to vote in favour of (or deliver an irrevocable proxy to the chairman of the meeting to vote in favour of) any resolution to approve the RPT Arrangements at a general meeting of the Company to be held before the Restructuring becomes effective). See "*Effect of the Resolutions*" in paragraph (D) "*Conditionality of the Restructuring*" below for more details regarding this proposal.

Scenario 2 – implementation of an Alternative Restructuring through a Part 26A Restructuring

If Shareholders do not approve the Restructuring Resolution at the General Meeting, Nostrum will pursue an Alternative Restructuring without delay. It is anticipated that Scenario 2 would be pursued where Shareholders do not pass the Restructuring Resolution at the General Meeting. Scenario 1 will not be pursued in such circumstances.

If Shareholders do not pass the Restructuring Resolution so that Scenario 1 is no longer capable of implementation, holders of the Existing Notes, or their nominee(s), will (assuming the other conditions to the Restructuring are satisfied or waived) receive pursuant to a restructuring plan to be implemented in accordance with Part 26A of the Companies Act (the "**Restructuring Plan**"):

(a) New Shares so as to result in them owning 98.89% of the enlarged issued share capital of the Company on closing of the Restructuring Plan; and

(b) Warrants, issued to the Warrant Trustee, to subscribe for additional Warrant Shares such that the holding of such holders of the Existing Notes, or their nominee(s), would increase from 98.89% to 99% of the enlarged issued share capital of the Company on exercise of all of the Warrants, in each case based upon the *pro forma* capitalisation of the Company immediately following closing of the Restructuring Plan.

The Warrants will be exercisable in full for the issue of the Warrant Shares upon:

- a breach of the Company's covenants or undertakings in relation to the SUNs or the Warrants;
- a change in, or breach of, certain governance principles to be adopted by the Company on or prior to closing of the Restructuring Plan without Warrant Approval;
- a change to the agreed composition of the Board that has not obtained Warrant Approval; or
- an Exit.

The Company is expected to issue approximately 16,765 million New Shares in connection with a Part 26A Restructuring. The Existing Shareholders will retain 1.11% of the enlarged issued share capital of the Company on closing of the Restructuring Plan (having given effect to the Share Consolidation (as defined below)). A full exercise of the Warrants would decrease that holding to 1%

of the enlarged issued share capital of the Company following closing of the Restructuring Plan, assuming that no share issuances or cancellations have occurred (or shares have been taken into treasury) in the interim and excluding entitlements under any new management incentive plan, long-term incentive plan or similar share scheme.

Under Scenario 2, approximately £18.65 million (approximately US$24.3 million) of indebtedness under the Existing Notes will be released and a promissory note for such amount will be issued to the Warrant Trustee for the benefit of the holders of the SUNs. The amount due under this promissory note may be applied to pay the nominal value of the approximately 1,865 million Warrant Shares to be issued to holders of the SUNs, or their nominee(s), upon any exercise of the Warrants pursuant to Scenario 2 (subject to any adjustment in the number of Warrant Shares to reflect any subsequent share consolidation). The promissory note will not bear any interest.

Please see paragraph (F) "*Dilution*" below for further details on the number of New Shares and Warrant Shares expected to be issued in connection with Scenario 2.

Following the closing of a Part 26A Restructuring, Scenario 2 is also subject to the potential repayment of the SUNs by the issue of new Ordinary Shares as referred to above upon the maturity of the SUNs in June 2026 if they are not repaid in cash. See "*Potential repayment in specie*" in paragraph (A) above.

If the Restructuring Resolution is not passed, but Independent Shareholders approve the RPT Resolution, the Company will remain as a premium listed company. The Company will proceed to implement an Alternative Restructuring and intends to implement the Restructuring Plan in such circumstances on the basis of a waiver of the pre-emption provisions of the Listing Rules to be requested from the FCA.

Scenario 3 – implementation of an Alternative Restructuring through an insolvency process

It is anticipated that Scenario 3 would be pursued if for any reason it is not possible to implement either the Restructuring as contemplated under Scenario 1 or a Part 26A Restructuring as contemplated under Scenario 2.

If for any reason an Alternative Restructuring cannot be consummated via a Part 26A Restructuring, it is possible that an Alternative Restructuring would be implemented through a formal insolvency process.

Scenario 3 would entail the Noteholders acquiring all or substantially all of the existing assets of the Group in consideration for a release of part of the debt under of the Existing Notes (the "**Assets Transfer**"). Scenario 3 would be expected to involve the Company and/or other members of the Group filing for formal insolvency processes.

In the event that an Assets Transfer is successfully implemented, it is anticipated that the holders of the Existing Notes would receive their *pro rata* share of 100% of the share capital of a newly-incorporated vehicle which would acquire and hold all or substantially all of the existing assets of the Group. The Group would not receive any cash consideration in respect of the Assets Transfer. No New Shares would be issued to the holders of the Existing Notes in connection with an Assets Transfer. Existing Shareholders would not receive any proceeds from the sale of such assets or any interest in such newly-incorporated vehicle. Existing Shareholders would retain an interest in the Company which would have no assets but may retain certain liabilities and it is expected that the Existing Shares would have no value. It is anticipated that an Assets Transfer would be followed by a winding-up of the Company.

It is not certain that it would be possible to implement an Alternative Restructuring pursuant to an Assets Transfer. Whilst the Lock-up Agreement contemplates the possibility of implementation via an Assets Transfer, the Lock-up Agreement also requires the parties thereto to agree any changes which would be needed to the terms of the Restructuring as necessary to implement it in this manner. There can be no certainty that any such changes would be agreed. If such changes were to be agreed, and in any event, there would be no guarantee that: (a) any insolvency process pursuant to which the Assets Transfer would occur would be approved by the relevant court; or (b) any scheme of arrangement under Part 26 of the Companies Act (or, if applicable, parallel proceedings in other jurisdictions) necessary to implement an Alternative Restructuring pursuant to an Assets Transfer would be approved by the Noteholders or approved or sanctioned by the relevant court. As a result of the uncertainty

associated with these matters and other relevant variables, it is not possible for the Directors to assess conclusively whether or not the implementation of an Alternative Restructuring pursuant to an Assets Transfer is likely to be viable.

(C) New Governance Arrangements

In connection with the implementation of the Restructuring (or a Part 26A Restructuring), the Company will implement new corporate governance arrangements in respect of the Group and the proposal to transfer the Company's listing to the Standard Listing segment of the London Stock Exchange.

Governance

The Board's composition shall comply with the Corporate Governance Code (save for any temporary breaches). The Board shall consist of no fewer than five and no more than nine directors. Upon Closing, the Board shall consist of seven directors, comprised of: (i) the Chair; (ii) two executive directors; (iii) three independent non-executive directors and (iv) one Warrant Director (as defined below), subject to any restrictions relating to independence applicable under any applicable listing rules.

Any directors appointed to the Board in addition to the initial seven person composition shall be independent non-executive directors.

Certain actions by the Company will be reserved matters requiring consent of the Warrant Trustee (acting at the direction of two-thirds by value of the holders of the SUNs present and voting on the relevant reserved matter(s)). Those reserved matters will include, without limitation:

- approval of any amendments to the New Articles which are adverse to the rights of the holders of the Warrants;
- certain Group insolvency processes being in the United Kingdom;
- any alteration to the terms of the Warrants that is adverse to the rights and obligations of the holders of the Warrants; and
- any change to (or removal of) the listing status of the Company, subject to certain exceptions.

It is also intended that the Company will transfer to the standard listing segment of the Official List. This will require the approval of a special resolution of Shareholders which is being proposed at the General Meeting as part of the Restructuring Resolution.

Warrant Director

The terms of the Warrants will include the right for the Warrant Trustee to appoint, remove and replace one director to the Board (the "**Warrant Director**"). The method of appointment for the Warrant Director via instructions from holders of the SUNs will be set out in the Warrant Deed Poll. The Warrant Director shall sit on certain board committees following the Closing, including a remuneration committee, nomination and governance committee and strategic committee. The composition, and objectives, of each of those committees will be set out in the relevant terms of reference.

Transfer of Listing

The Company has agreed, pursuant to the Lock-up Agreement, to seek to transfer the Company's listing to the Standard Listing segment of the London Stock Exchange. The proposed Standard Listing will mean that the Company will not be required to comply with the super-equivalent provisions of the Listing Rules that apply to companies with securities admitted to the premium listing segment of the Official List. The Board considers that certain provisions relating to its current premium listing, in particular the requirement to obtain prior shareholder approval for any class 1 transaction, impose onerous obligations on the Company given its current market capitalisation. The Transfer of Listing would allow the Company to pursue potential strategic options to allow it to implement its business plan and grow the value of its assets without the need to prepare a circular to shareholders (including the preparation of a working capital statement). The Board considers this additional flexibility will assist in the successful execution of the Group's business plan and therefore a Standard Listing is more suited to the Company's size and strategy following the implementation of the Restructuring.

The Directors consider that the Transfer of Listing should occur as soon as reasonably practicable and, subject to shareholder approval, ahead of completion of the Restructuring.

Under the Listing Rules, the Transfer of Listing requires the approval of Shareholders in general meeting by way of a special resolution. In addition, the Company must give notice of the anticipated transfer date, which must be not less than 20 Business Days after the passing of the relevant resolution. The resolution to approve the Transfer of Listing is proposed at the General Meeting to be held on 29 April 2022 as part of the Restructuring Resolution. Accordingly, the Directors propose that, subject to the Restructuring Resolution being approved at the General Meeting, the Transfer of Listing is expected to take place on 31 May 2022.

Part 5 (*Consequences of a Transfer to a Standard Listing*) of this document provides a summary of the impact on the Company's listing if the Transfer of Listing is approved.

If Shareholders do not pass the Restructuring Resolution at the General Meeting and a Part 26A Restructuring is implemented, it is expected that the Company would seek to implement the Transfer of Listing following closing of the Restructuring Plan, subject to the approval of shareholders by way of a separate special resolution at that time (which would include the Shareholders to whom the New Shares will be issued).

Share Consolidation

Given the number of New Shares to be issued in connection with the Restructuring, the Company proposes to undertake a share consolidation following the issue of the New Shares, so as to achieve an appropriate share price following Closing. Assuming the Restructuring is approved, this share consolidation will result in the number of Ordinary Shares in issue being reduced from approximately 1,693.8 million Ordinary Shares (following the issue of the New Shares) to approximately 169.4 million Ordinary Shares, on the basis of a 10:1 consolidation (the "**Share Consolidation**"). It is intended that the total number of issued Ordinary Shares of the Company following Closing and the Share Consolidation will be more appropriate for the expected market capitalisation of the Company and therefore improve the trading price of the ordinary shares.

In order to give effect to the Share Consolidation, Shareholders are being asked to approve (as part of the Restructuring Resolution) an initial reduction in the nominal value of the Ordinary Shares (the "**Sub-Division**") after the issue of the New Shares. The issued Ordinary Shares currently have a nominal value of £0.01 per Ordinary Share. The Company is proposing that each Ordinary Share will be subdivided at a ratio of 1:10 into one ordinary share of nominal value of £0.001 each together with nine deferred shares of nominal value £0.001 each (the "**Deferred Shares**"). The Deferred Shares will (in practice) have no economic or voting rights in the capital of the Company and it is expected that they will be cancelled following the implementation of the Restructuring.

Following the Sub-Division, it is proposed that the Company undergoes a share consolidation by which the ordinary shares of £0.001 each are consolidated at a ratio of 10:1 (the "**Consolidation**"). The nominal value of the Ordinary Shares following the Consolidation will be £0.01 each (the same as the current nominal value of the Ordinary Shares). Fractions of new Ordinary Shares will not be issued in connection with the Consolidation and any fractional entitlements shall be rounded down to the nearest whole Ordinary Share.

If Shareholders do not pass the Restructuring Resolution at the General Meeting and a Part 26A Restructuring is implemented, it is expected that the Company would seek to implement a share consolidation following closing of the Part 26A Restructuring, subject to the approval of shareholders at that time (which would include the Shareholders to whom the New Shares will be issued). However, any such share consolidation is likely to be on significantly greater multiple than the Share Consolidation, given the Company is expected to issue approximately 16,765 million Ordinary Shares in connection with any Part 26A Restructuring (to reflect the increased dilution to Existing Shareholders), meaning that approximately 16,953 million Ordinary Shares would be in issue following any Part 26A Restructuring and prior to any share consolidation. Any such proposal would be put to Shareholders in due course if required.

The number of Warrant Shares that may be issued will also be adjusted if the resolution to approve the Share Consolidation is passed (whether at the General Meeting or subsequently). The Company's share capital shall be subject to dilution by any new management incentive plan, long-term incentive plan or similar share scheme.

(D) Conditionality of the Restructuring

Each part of the Restructuring is conditional and each of the relevant transactions are inter-conditional.

If Shareholders do not vote in favour of the Restructuring Resolution, but the other conditions to the implementation of the Restructuring are satisfied or waived, a restructuring will still be implemented, but on adjusted terms as contemplated in paragraph (B) "*Debt for Equity Swap*" above and paragraph (E) "*Alternative Restructurings*" below. The Board considers that the Alternative Restructurings are far less favourable to Shareholders for the reasons set out in paragraph (E) "*Alternative Restructurings*" below.

It should be noted that in addition to obtaining Shareholder approval for the passing of the Restructuring Resolution (and Independent Shareholder approval for the passing of the RPT Resolution), the Restructuring will require certain additional approvals.

- The Scheme will require the consent of a majority in number representing not less 75% by value of the holders of the Existing Notes that attend and vote at the Scheme Meeting.
    - As at 6 April 2022, holders of Existing Notes representing at least 76.29% of the 2022 Notes and 80.35% of the 2025 Notes have contractually undertaken in the Lock-up Agreement to vote in favour of the Scheme at the Scheme Meeting.
    - The Lock-up Agreement is subject to termination rights, including (i) automatic termination upon the occurrence of the Longstop Date, the occurrence of certain insolvency events or the termination of the Forbearance Agreement (as defined in the Lock-up Agreement), (ii) termination by a majority by value of Noteholders party thereto upon, amongst other things, a failure by the Company to meet certain prescribed restructuring milestones or the occurrence of certain other adverse events, and (iii) certain termination rights in favour of the Company, Noteholders and Shareholders party thereto.
- The Scheme will also require the sanction of the Court.
- The Admission of the New Shares to the Official List will require the approval of the FCA (following the approval by the FCA of a prospectus in respect of such Admission).
- In addition, the Restructuring will require the consent of the Kazakhstan Ministry of Energy in relation to (i) the issue of the New Shares and the Warrants and (ii) the waiver of the State's priority right to acquire such New Shares and Warrants.

Even if Shareholders approve the Restructuring Resolution, if the remaining conditions to the Restructuring are not satisfied (or where possible waived) no form of restructuring in the manner outlined in Scenario 1 will be implemented. In such circumstances, the Directors believe that the Group would face an immediate risk of being unable to meet its contractual obligations when they fall due and an Alternative Restructuring through an insolvency process, in the manner contemplated in Scenario 3, may be implemented. Further details of the consequences of not implementing the Restructuring or the Part 26A Restructuring are set out in paragraph (E) "*Alternative Restructurings*" below.

Description of the Resolutions related to the Restructuring

In order to implement the Restructuring, a single resolution is being put to Shareholders at the General Meeting, to be approved as a special resolution, to (a) grant the Directors all relevant authorities needed to issue the New Shares and the Warrant Shares in connection with the Restructuring, (b) give effect to the Transfer of Listing and (c) approve the Share Consolidation (the "**Restructuring Resolution**").

In addition, an ordinary resolution is being put to Independent Shareholders to approve the RPT Arrangements (the "**RPT Resolution**") as required by the Listing Rules.

As the General Meeting will be held before either the Scheme or Restructuring Plan is proposed to be launched, the Company, the Shareholders and Noteholders will know in advance of the launch of the Scheme or the Restructuring Plan whether the Restructuring or the Part 26A Restructuring will be implemented, depending on whether or not the Restructuring Resolution has been passed at the General Meeting. This will allow the Company to prepare the necessary forms of documents required to be submitted to the court in relation to the Scheme or the Restructuring Plan and avoid further delays.

It should be noted that if Shareholders approve the Restructuring Resolution at the General Meeting (and Independent Shareholders approve the RPT Resolution), no subsequent Shareholder approval will be required for the implementation of the Restructuring, including as part of the Scheme. However, as noted above, if Shareholders do not approve the Restructuring Resolution, the Company anticipates that an Alternative Restructuring will be implemented.

Effect of the Resolutions

If the Restructuring Resolution is passed, and Independent Shareholders approve the RPT Resolution, the Company will proceed to implement the Scheme.

If the Restructuring Resolution is approved, but Independent Shareholders do not approve the RPT Arrangements, the Company would still seek to implement the Restructuring, including the Transfer of Listing, on the proposed timetable. In such circumstances:

- the Company's listing will have transferred to the standard listing segment of the Official List prior to the creditor's meeting to vote on the Scheme (although the Company will still be required to seek approval of the RPT Arrangements from Independent Shareholders);
- the Company shall include a provision within the Scheme whereby each Noteholder (other than ICU and its associates) irrevocably consents to the RPT Arrangements (and confers a power of attorney on or irrevocable instruction to the Note Trustee (or an agent thereof) to vote the New Shares in favour of (or deliver an irrevocable proxy to the chairman of the meeting to vote in favour of) any resolution to approve the RPT Arrangements at a general meeting of the Company, or any similar structure to permit the New Shares to be voted on a resolution to approve the RPT Arrangements as may be permitted as part of the Scheme);
- the Company shall convene another general meeting of the Company to approve the RPT Arrangements (by way of another circular to shareholders to approve a related party transaction in accordance with the requirements of the Listing Rules);
    - this subsequent general meeting shall be held at a time after the creditor's meeting to vote on the Scheme and when the New Shares have been issued to the Noteholders (other than ICU and its associates), but prior to Closing so that such Noteholders shall be Independent Shareholders who are entitled to vote (or direct the voting of) such New Shares on a resolution to approve the RPT Arrangements; and
- the Closing shall be implemented in stages as follows:
    - prior to the record date for the subsequent general meeting (which is expected to be at the close of business two days prior to such subsequent general meeting), the Company shall issue the New Shares to the Note Trustee on behalf of the Noteholders (but excluding ICU and its associates), diluting the Existing Shareholders to approximately 11.7% of the then enlarged share capital;
    - in reliance on the irrevocable instruction to the Note Trustee set out in the Scheme, the Note Trustee shall deliver a proxy instruction in respect of all of the New Shares that have been issued to the Noteholders (but excluding ICU and its associates) to vote in favour of the resolution to approve the RPT Arrangements at such general meeting;
    - the Note Trustee shall, following the delivery of the proxy instruction, then transfer the New Shares to the Noteholders (but excluding ICU and its associates);
    - the Company shall hold the subsequent general meeting, at which it is expected that the RPT Arrangements will be approved on the basis that the Noteholders (excluding ICU and its associates) will represent approximately 90.8% of Independent Shareholders at such time having given effect to the issue of the New Shares; and
    - following such approval, the Company will then proceed to complete the remainder of the Restructuring, including (i) the issue of New Shares to ICU and its affiliates *pro rata* to their entitlement, (ii) the cancellation of the Existing Notes, (iii) the issue of the New Notes and the Warrants and (iv) the admission of the New Shares to the standard listing segment of the Official List and to trading on the London Stock Exchange.

In such circumstances, notwithstanding that the existing Independent Shareholders did not approve the RPT Arrangements at the General Meeting, if the Scheme is sanctioned by the Court and all other conditions to the Restructuring have been satisfied or waived the Noteholders (other than ICU and its associates), in their capacity as Shareholders following the issue of the New Shares, shall hold a sufficient number of Ordinary Shares to enable them to approve the RPT Arrangements at a subsequent general meeting of the Company prior to Closing.

Accordingly the Directors recommend that Independent Shareholders vote in favour of the RPT Resolution to be proposed at the General Meeting.

If the Restructuring Resolution is not passed, but Independent Shareholders approve the RPT Resolution, the Company will remain as a premium listed company. The Company will proceed to implement an Alternative Restructuring and intends to implement the Restructuring Plan in such circumstances on the basis of a waiver of the pre-emption provisions of the Listing Rules to be requested from the FCA.

If neither the Restructuring Resolution nor the RPT Resolution is passed, the Company will proceed to implement an Alternative Restructuring and intends to implement the Restructuring Plan on the basis of waivers of certain provisions of the Listing Rules to be requested from the FCA, failing which it anticipates the Alternative Restructuring outlined in Scenario 3 will occur.

Restructuring Resolution

Shareholders are being asked to approve the Restructuring Resolution to give the necessary authorities which are required to be passed in order to implement various aspects of the Restructuring as follows:

- to give the Directors the authority to allot New Shares for the purposes of the Debt for Equity Swap;
- to give the Directors the authority to allot Warrant Shares for the purposes of any exercise of the Warrants;
- to empower the Directors to allot New Shares pursuant to that authorisation as if Shareholders' rights of pre-emption did not apply to the allotment in respect of the Debt for Equity Swap, or applied to the allotment with such modifications as the Directors may determine;
- to empower the Directors to allot Warrant Shares pursuant to that authorisation as if Shareholders' rights of pre-emption did not apply to the allotment in respect of the exercise of the Warrants, or applied to the allotment with such modifications as the Directors may determine;
- to adopt new articles of association to give effect to the new governance arrangements and the proposed issue of the Deferred Shares as part of the Share Consolidation;
- to approve the Transfer of Listing;
- to approve the Share Consolidation, comprising the Sub-Division and the Consolidation;
- approve the Capital Reduction in respect of the share premium account of the Company and create a distributable reserve in the capital of the Company (subject to separate sanction by the Court); and
- to approve the Restructuring and ratify the actions of the Directors in respect of the implementation of the Restructuring.

If the Restructuring Resolution is approved at the General Meeting, the Transfer of Listing is expected to take place on 31 May 2022.

RPT Resolution

Independent Shareholders (being any Shareholders other than ICU and its associates) are also being asked to approve the RPT Arrangements (as an ordinary resolution on which only Independent Shareholders may vote).

Working capital

The Company is of the opinion that, following the implementation of the Restructuring and taking into account the facilities available to the Group, the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

Importance of the vote and consequences of a failure to implement the Restructuring

If Shareholders do not approve the Restructuring Resolution at the General Meeting, but the other conditions to the Restructuring are satisfied or waived (including the approval of a Restructuring Plan by the Noteholders at a Restructuring Plan Meeting), the Restructuring will still be implemented, but on the terms of a Part 26A Restructuring. If neither the Restructuring Resolution nor the RPT Resolution is passed, the Company will proceed to implement an Alternative Restructuring and intends to implement the Restructuring Plan on the basis of waivers of certain provisions of the Listing Rules to be requested from the FCA, failing which it anticipates the Alternative Restructuring outlined in Scenario 3 will occur.

As the Scheme or Restructuring Plan is proposed to be launched after the General Meeting, the Company, the Shareholders and Noteholders will know in advance of the launch of the Scheme or the Restructuring Plan whether the Restructuring or the Part 26A Restructuring will be implemented.

If a Restructuring Plan is implemented, Shareholders would be left with only a 1.11% shareholding interest in the enlarged issued share capital of the Company following the closing of a Part 26A Restructuring (as compared to a 11.11% shareholding interest in the enlarged issued share capital of the Company following the Closing), in each case prior to any further dilution upon the exercise of the Warrants and/or any repayment of the SUNs in specie in June 2026 if the SUNs are not repaid in cash.

If neither the Scheme nor a Restructuring Plan is implemented and an Alternative Restructuring is implemented by means of an Assets Transfer, pursuant to a formal insolvency process, the Directors believe that Shareholders would hold shares in a company with no material assets and would be unlikely to receive any proceeds from the sale of the Group or the disposal of the Group's assets or other return of income or capital by the Company.

Therefore, if Shareholders do not approve the Restructuring Resolution at the General Meeting, it is expected that the economic terms of an Alternative Restructuring will mean that the Shareholders would be likely to see a significantly worse outcome than in the event of the Restructuring being approved.

(E) Alternative Restructurings

An Alternative Restructuring will be pursued without delay if the Restructuring cannot be consummated. The Directors anticipate that the form of an Alternative Restructuring will depend upon whether the other conditions to the Restructuring are satisfied.

Scenario 2 – implementation of an Alternative Restructuring through a Part 26A Restructuring

If the Restructuring Resolution is not passed by Shareholders, but the other conditions to the Restructuring are satisfied or waived (including the approval of a Restructuring Plan by the Noteholders at a Restructuring Plan Meeting), holders of the Existing Notes, or their nominee(s), will receive:

(a) New Shares so as to result in them owning 98.89% of the enlarged issued share capital of the Company on closing of the Restructuring Plan; and

(b) Warrants, issued to the Warrant Trustee, to subscribe for additional Warrant Shares such that the holding of such holders of the Existing Notes, or their nominee(s), would increase from 98.89% to 99% of the enlarged issued share capital of the Company on exercise of all of the Warrants, in each case based upon the *pro forma* capitalisation of the Company immediately following closing of the Restructuring Plan.

The Warrants will be exercisable in full for the issue of the Warrant Shares upon:

- a breach of the Company's covenants or undertakings in relation to the SUNs or the Warrants;
- a change in, or breach of, certain governance principles to be adopted by the Company on or prior to closing of the Restructuring Plan without Warrant Approval;
- a change to the agreed composition of the Board that has not obtained Warrant Approval; or
- an Exit.

The Existing Shareholders will retain 1.11% of the enlarged issued share capital of the Company on closing of the Restructuring Plan. A full exercise of the Warrants would decrease that holding to 1% of the enlarged issued share capital of the Company following closing of the Restructuring Plan, assuming that no share issuances or cancellations have occurred (or shares have been taken into treasury) in the interim and excluding entitlements under any new management incentive plan, long-term incentive plan or similar share scheme.

If the Restructuring Resolution is not passed, but Independent Shareholders approve the RPT Resolution, the Company will remain as a premium listed company. The Company intends to implement the Restructuring Plan in such circumstances on the basis of a waiver of the pre-emption provisions of the Listing Rules to be requested from the FCA.

Therefore, if Shareholders do not approve the Restructuring Resolution at the General Meeting it is expected that the economic terms of a Part 26A Restructuring will mean that the Shareholders would be likely to see a significantly worse outcome than in the event that the Restructuring is approved.

The Restructuring Plan, if approved by the Noteholders and sanctioned by the Court, will grant the Directors the authority to allot the New Shares and the Warrant Shares, including as if Shareholders' rights of pre-emption did not apply to the allotment in respect of such Ordinary Shares. Accordingly the New Shares and the Warrant Shares will be capable of being issued to Noteholders even if Shareholders do not approve the Restructuring Resolution.

The Part 26A Restructuring comprises a number of inter-conditional steps and transactions. Even if the Resolutions are passed, in order for the Restructuring to be implemented there are other conditions that need to be fulfilled, including:

- The approval of the Restructuring Plan by a majority in number representing not less 75% by value of the Noteholders that attend and vote at the Restructuring Plan Meeting.
- The sanction of the Restructuring Plan by the Court.
- Consent of the Kazakhstan Ministry of Energy with respect to (i) the issue of the New Shares and the Warrants and (ii) the waiver of the State's priority right to acquire such New Shares and Warrants. No other consents are required under the Group's production sharing agreement.

If any of these inter-conditional requirements are not satisfied (or where possible waived), the Part 26A Restructuring will not be implemented. In such circumstances, the Directors believe that, given the considerable effort, time and cost that it has taken for the Company to agree to the terms of the Restructuring with its key stakeholders, the prospect of such parties agreeing to an alternative transaction which would leave the Group with a viable capital structure before enforcement action was commenced or it became necessary to place one or more of the Group members, including the Company, into an insolvency procedure, is unlikely.

Following the closing of a Part 26A Restructuring, Shareholders are also potentially subject to further dilution upon the maturity of the SUNs in June 2026 if the SUNs are not repaid in cash.

Scenario 3 – implementation of an Alternative Restructuring through an insolvency process

If neither the Restructuring nor a Part 26A Restructuring proceeds, the Directors are of the opinion that, given the defaults under the Group's existing borrowings, the Group will be unable to meet its debts as they fall due. If for any reason an Alternative Restructuring cannot be consummated via a Part 26A Restructuring, it is possible that an Alternative Restructuring would be implemented by means of an Assets Transfer, pursuant to a formal insolvency process.

In the event that an Assets Transfer is successfully implemented, it is anticipated that holders of the Existing Notes would receive their *pro rata* share of 100% of the share capital of a newly-incorporated vehicle which would acquire and hold all or substantially all of the existing assets of the Group in consideration for a release of part of the debt under the Existing Notes. The Group would not receive any cash consideration in respect of the Assets Transfer. No New Shares would be issued to the holders of the Existing Notes in connection with an Assets Transfer. Existing Shareholders would not receive any proceeds from the sale of such assets or any interest in such newly-incorporated vehicle. Existing Shareholders would retain an interest in the Company which would have no assets but may retain certain liabilities and it is expected that the Existing Shares would have no value. It is anticipated that an Assets Transfer would be followed by a winding-up of the Company.

It is not certain that it would be possible to implement an Alternative Restructuring pursuant to an Assets Transfer. Whilst the Lock-up Agreement contemplates the possibility of implementation via an Assets Transfer, the Lock-up Agreement also requires the parties thereto to agree any changes which would be needed to the terms of the Restructuring as necessary to implement it in this manner. There can be no certainty that any such changes would be agreed. If such changes were to be agreed, and in any event, there would be no guarantee that: (a) any insolvency process pursuant to which the Assets Transfer would occur would be approved by the relevant court; or (b) any scheme of arrangement under Part 26 of the Companies Act (or, if applicable) parallel proceedings in other jurisdictions) necessary to implement an Alternative Restructuring pursuant to an Assets Transfer would be approved by the Noteholders or approved or sanctioned by the relevant court. As a result of the uncertainty associated with these matters and other relevant variables, it is not possible for the Directors to assess conclusively whether or not the implementation of an Alternative Restructuring pursuant to an Assets Transfer is likely to be viable.

The Directors believe that, if it becomes apparent that the Restructuring or an Alternative Restructuring is not capable of being implemented because, for example, the requisite majorities of Noteholders do not vote in favour of the Scheme (or a Restructuring Plan), the Court does not sanction the Scheme (or a Restructuring Plan) or the necessary Kazakhstan Ministry of Energy consents are not obtained, it is likely that shortly thereafter the Noteholders would terminate the Lock-up Agreement and the present forbearance arrangements. In those circumstances, one or more of the Noteholders or other creditors of the Group would be able to take enforcement action against the Group or cause such action to be taken. Such enforcement action may include the acceleration of the 2022 Notes (to the extent not already due and payable following maturity on 25 July 2022) and the 2025 Notes. Furthermore, it is likely that the Directors would be forced to conclude that the Company no longer has a reasonable prospect of avoiding an insolvent liquidation or an administration.

In these circumstances, the Directors would likely conclude that the only viable course of action for the Group would be for the key group companies to apply for the commencement of insolvency procedures in relevant jurisdictions in order to obtain, where possible, the benefit of statutory moratoriums. However, in any alternative scenario, it is expected that Shareholders would receive lower or even no recovery on their investments in the Ordinary Shares than the anticipated returns for Shareholders in the Restructuring or an Alternative Restructuring.

(F) Dilution

The Restructuring will result in substantial dilution for Existing Shareholders of their interests in the Company.

Scenario 1 – implementation of the Restructuring

Following the implementation of the Restructuring, the Existing Shareholders, in aggregate, will own approximately 11.1% (which may be diluted on exercise of the Warrants to 10%) of the enlarged issued share capital in the Company, and the Noteholders (or their nominees), in aggregate, will own approximately 88.9% (which may be increased on exercise of the Warrants up to 90%) of the enlarged issued share capital in the Company.

The following table shows the dilution to the issued share capital for each stage of the Restructuring and the cumulative dilution effect for Existing Shareholders.

Step	Number of Shares	Cumulative number of shares	Dilution to issued share capital	Cumulative Interests of Existing Shareholders
Current position	188.2m	188.2m	0%	100%
Debt for Equity Swap	1,505.6m	1,693.8m	88.89%	11.11%
Exercise of Warrants	188.0m	1,881.8m	90%	10%

As noted in "Share Capital Consolidation" in paragraph (C) "*New Governance Arrangements*" above, the Company proposes to undertake a share consolidation following the issue of the New Shares, so as to achieve an appropriate share price following Closing. This Share Consolidation will – if the Restructuring is implemented in the manner contemplated in Scenario 1 – result in the number of Ordinary Shares in issue being reduced from approximately 1,693.8 million Ordinary Shares (following

the issue of the New Shares) to approximately 169.4 million Ordinary Shares, on the basis of a 10:1 consolidation. Accordingly, the table above reflects the position following the issue of the New Shares and prior to the effect of the Share Consolidation. Following the Share Consolidation, the Company is expected to have approximately 169.4 million Ordinary Shares in issue, with Warrants representing 18,801,358 Warrant Shares being issued to the Warrant Trustee.

In addition, on maturity in June 2026, if not repaid in cash, the SUNs may be repaid in specie, subject to (among other necessary approvals) receiving the prior consent of the Kazakhstan Ministry of Energy, by way of the issue of new Ordinary Shares based on the value of the SUNs outstanding on the conversion date as a percentage of the fair market value of the Company ("**FMV**"), up to a maximum of 99.99% of the Company's fully diluted equity. The FMV for these purposes will be the equity value of the Company (as if having given effect to the repayment of the SUNs in specie), calculated by reference to the enterprise value of the Company and its assets (including cash) ("**Gross FMV**"), less liabilities (including any indebtedness ranking ahead of the Ordinary Shares assuming the repayment of the SUNs in specie, such as the SSNs), which shall be determined by an independent third party in the business of providing professional valuation services, selected by a majority of the independent directors of the Company. Repayment of the SUNs on maturity by way of the issue of new Ordinary Shares will require: (i) the consent of holders of 75% in outstanding principal amount of the SUNs and (ii) where the Company is to be delisted, notification to the FCA regarding the cancellation of listing.

The SUNs will be repaid following the repayment of the SSNs, which have a principal repayment amount of US$250 million. It is anticipated that the Group's repayment liability upon the maturity of the SUNs will be approximately US$528.6 million (reflecting the initial principal of US$300 million together with the compounded payment-in-kind interest payable semi-annually under the SUNs from 1 January 2022 until maturity on 30 June 2026) (the "**SUNs Maturity Amount**"). The holders of the SUNs may therefore be issued new Ordinary Shares calculated by reference to the SUNs Maturity Amount as a percentage of the FMV, up to a maximum of 99.99% of the Company's fully diluted equity, if the SUNs are not repaid in cash on maturity in June 2026.

For illustrative purposes only, the following table shows the expected dilution to the issued share capital for the repayment of the SUNs in specie, assuming (i) the repayment of the SSNs in the amount of US$250 million, (ii) a repayment obligation of US$528.6 million in respect of the SUNs, (iii) an issued share capital of 169.4 million Ordinary Shares (following the Debt for Equity Swap and Share Consolidation and assuming no exercise of the Warrants) and (iv) the indicative Gross FMVs (in US$) of the Company.

Gross FMV (US$ m)	Gross FMV less SSNs repayment (US$ m)	SUNs Maturity Amount (US$ m)	SUNs as a percentage of Gross FMV after SSNs repayment	SUNs ownership	Shareholders ownership (excluding SUNs ownership)	Existing Shareholders ownership
350	100	528.6	529%	99.99%	0.01%	0.00%
450	200	528.6	264%	99.99%	0.01%	0.00%
550	300	528.6	176%	99.99%	0.01%	0.00%
850	600	528.6	88%	88.10%	11.90%	1.32%
1,000	750	528.6	70%	70.48%	29.52%	3.28%

If the SUNs are repaid in specie on maturity in June 2026, the holders of the SUNs will receive approximately 1,693,647 million new Ordinary Shares representing 99.99% of the further enlarged issued share capital of the Company in all situations where the FMV (being the Gross FMV of the Company less the repayment of the SSNs) is less than approximately US$528.6 million (being the expected amount to be repaid under the SUNs on maturity, assuming no prior repayments are made from the Blocked Account).

Scenario 2 – implementation of an Alternative Restructuring through a Part 26A Restructuring

If a Part 26A Restructuring is implemented, this will result in additional dilution for Existing Shareholders of their interests in the Company as compared to the Restructuring. Following the implementation of a Part 26A Restructuring, the Existing Shareholders, in aggregate, will own approximately 1.1% (which may be diluted on exercise of the Warrants to 1%) of the enlarged issued

share capital in the Company, and the Noteholders (or their nominees), in aggregate, will own approximately 98.9% (which may be increased on exercise of the Warrants up to 99%) of the enlarged issued share capital in the Company.

The following table shows the dilution to the issued share capital for each stage of a Part 26A Restructuring and the cumulative dilution effect for Existing Shareholders.

Step	Number of Shares	Cumulative number of shares	Dilution to issued share capital	Cumulative Interests of Existing Shareholders – Restructuring Plan
Current position	188.2m	188.2m	0%	100%
Debt for Equity Swap	16,765.2m	16,953.4m	98.89%	1.11%
Exercise of Warrants	1,864.9m	18,818.3m	99%	1.0%

Following any Part 26A Restructuring, the Company may following Closing subsequently seek shareholder approval to undertake a larger share consolidation following the issue of the New Shares, so as to achieve an appropriate share price. Any such share consolidation is likely to be on significantly greater multiple than the Share Consolidation, given the Company is expected to issue approximately 16,765 million Ordinary Shares in connection with any Part 26A Restructuring (to reflect the increased dilution to Existing Shareholders), meaning that approximately 16,953 million Ordinary Shares would be in issue following any Part 26A Restructuring and prior to any share consolidation.

Under Scenario 2, Shareholders may also suffer additional dilution if the SUNs are repaid in specie upon maturity in June 2026 as outlined in Scenario 1 above. Based on the indicative Gross FMVs and assumptions outlined in Scenario 1 above, the cumulative interests of Existing Shareholders following any repayment of the SUNs in specie under Scenario 2 may be between 0.0% and 0.3% of the enlarged issued share capital having given effect to such repayment. If the SUNs are repaid in specie on maturity in June 2026, the holders of the SUNs will be issued new shares representing 99.99% of the further enlarged issued share capital of the Company in all situations where the FMV (being the Gross FMV of the Company less the repayment of the SSNs) is less than approximately US$528.6 million (being the expected amount to be repaid under the SUNs on maturity, assuming no prior repayments are made from the Blocked Account).

Scenario 3 – implementation of an Alternative Restructuring through an insolvency process

Upon any Alternative Restructuring (other than a Part 26A Restructuring), such as that contemplated in paragraph (E) "*Alternative Restructurings*" above, the Existing Shareholders will retain 100% of the issued share capital of the Company and no New Shares or Warrants will be issued to Noteholders. However the Company is likely to cease to hold any assets and therefore the interests of the Existing Shareholders in the Company are likely to have no value.

(G) Reduction of Capital

In connection with the Restructuring, the Company expects to issue approximately 1,505.6 million New Shares to the holders of the Existing Notes pursuant to the Debt for Equity Swap, at a significant premium to the nominal value of the Ordinary Shares. This share premium comprises a non-distributable reserve for the purposes of the Companies Act.

The value of the Existing Notes which will be repaid pursuant to the Debt for Equity Swap, and therefore the size of the premium to nominal value of the New Shares, will depend upon the date of Closing (given the Existing Notes continue to accrue interest and default interest). For example, if the Closing of the Restructuring occurs on 30 June 2022, approximately US$798.1 million of the Existing Notes (including accrued but unpaid interest) is expected to be repaid in this manner. As at the date of the General Meeting the amount of share premium that will be created upon the issue of the New Shares will be unknown.

The share premium account only has limited applications and, accordingly, the Company is proposing to reduce the sum standing to the amount of the share premium account arising upon the issue of the New Shares by £0.30 per New Share (or by £451,689,913.80 in aggregate) (the "**Capital Reduction**"), in order to create distributable reserves to support (i) the future payment by the Company of dividends to its Shareholders and (ii) share buybacks should circumstances dictate it is desirable to do so.

On completion of the Capital Reduction, the Company's share premium account will be reduced by £451,689,913.80, subject to the Court being satisfied with the Company's approach to creditors as outlined in section 7 "*Terms of the Capital Reduction*" below.

The completion of the Capital Reduction will not affect the rights attaching to the Ordinary Shares and will not result in any change to the number of Ordinary Shares in issue.

The Capital Reduction will not be implemented if an Alternative Restructuring is implemented.

(H) Application for Admission

Assuming the Restructuring Resolution is passed and the Transfer of Listing has become effective, an application will be made to the FCA, in its capacity as competent authority under FSMA, for all of the New Shares to be issued pursuant to the Restructuring to be admitted to the standard listing segment of the Official List of the FCA under Chapter 14 of the Listing Rules and to the London Stock Exchange plc for such New Shares to be admitted to trading on the London Stock Exchange's main market for listed securities, in each case upon the Closing. Such application will require the approval of a prospectus by the FCA in due course prior to the Closing.

Position after the Restructuring

The Directors cannot give any assurance (even if the Restructuring is successfully completed) that the Group's business will be successful in the future. Please refer to Part 2 "*Risk Factors*" of this document for a more detailed description of some of the principal risks and uncertainties to which the business of the Group will be subject.

Even if the Restructuring does proceed, the ability of the Group to be in a position to return value to Shareholders (either through an increased share price or payment of dividends or a return of capital in the longer term) for their investment is highly dependent on the ability of the Group to restructure its operations in order to reduce its cost base, develop and monetise its reserves and fill the spare capacity in its processing facilities.

Nostrum conducts its principal operations in the Chinarevskoye oil and gas condensate field (the "**Chinarevskoye Field**") in North-Western Kazakhstan. The Chinarevskoye Field is a mature, declining asset with a low proved and probable reserves base of only 39 million barrels of oil equivalent as at 31 December 2020 based on the Ryder Scott reserves report. Production from the field will be insufficient to utilise the total 4.2 billion cubic metre processing capacity of the Company's gas treatment facilities.

The Company is therefore reliant on acquiring and developing nearby assets with significant resource potential and / or processing third party gas through its processing facilities to continue to produce free cash flows and build sufficient cash reserves to repay future indebtedness. The ability to negotiate and secure these strategic acquisitions is highly uncertain and the ability to fund the development of such projects, the costs of which may be substantial and require external funding, may not materialise. The Group's aim is to ensure that its business is in a strong position to sustain operations at current oil and gas price levels, although it will take time to implement the operational restructuring and see the benefits of such changes.

The Group will be dependent on the prevailing market prices for oil and gas as well as the ability to export a significant proportion of its production. The Group's aim is to ensure that its business is in a strong position to sustain operations at current oil and gas price levels. If oil and gas price levels return to or even fall below levels seen in 2020, the Company will need to review ongoing capital expenditures and operational costs.

The Group's production levels are expected to continue to decrease as the Group depletes the reservoirs in the Chinarevskoye Field. If cost reductions and operational improvements are not successfully implemented, if appraisal assets are not developed, if no new discoveries are made and monetised and/or if the Group is unable to fill the spare capacity in its processing facilities, it is likely that no dividends would be declared, made or paid and that the Company would be unable otherwise

to return any value to its Shareholders. If prices for the Group's crude oil fall further or remain at lower levels, this would materially adversely affect the Group's business, results of operations, financial condition and prospects, and the trading price of the Ordinary Shares. Please refer to the section entitled "*Risks Relating to the Company's Business*" in Part 2 "*Risk Factors*" of this document for further details.

Debt structure of the Group prior to the Restructuring

As at the date of this document, the Group has the following indebtedness:

- US$725,000,000 8.00% notes due July 2022; and
- US$400,000,000 7.00% notes due February 2025.

Debt structure of the Group after the Restructuring

Immediately following the completion of the Restructuring, the Group will have aggregate borrowings of approximately US$550.0 million (as adjusted). This will comprise the following:

- Senior secured notes of US$250,000,000 due 30 June 2026; and
- Senior unsecured notes of US$300,000,000 due 30 June 2026 (together with additional SUNs representing capitalised payment-in-kind interest on the SUNs for the period from 1 January 2022 until the date of issue of the SUNs).
    - For example, if the SUNs are issued on 30 June 2022, Nostrum Oil & Gas Finance B.V. will issue approximately US$19.4 million in principal amount of additional SUNs representing the accrued payment-in-kind interest.

Debt maturity profile

The following table sets out the current debt maturity profile and expected payment obligations of the Group under its principal third party debt financings (without giving effect to the Restructuring or an Alternative Restructuring).

Maturity profile	**Principal (US$ millions)**	**Accrued and unpaid interest (US$ millions)[(1)]**	**Payment obligation (US$ millions)[(2)]**
Due by 31 December 2022	725		
Existing Notes due July 2022	725	157.1	882.1
Due by 31 December 2023	—		
Due by 31 December 2024	—		
Due by 31 December 2025	400		
Existing Notes due February 2025	400	73.2	473.2
Total	1,125	230.3	1,355.3

(1) As at 25 July 2022, being the maturity date of the 2022 Notes, including default interest.
(2) Assuming the Existing Notes are repaid in full on 25 July 2022.

The following table sets out the amended debt maturity profile and expected payment obligations of the Group under its principal third party debt financings after giving effect to the Restructuring or a Part 26A Restructuring (including the amounts due in respect of payment-in-kind interest on the SUNs for the period from 1 January 2022 until the maturity date of 30 June 2026).

Maturity profile	Principal (US$ millions)	Payment-in-kind interest (US$ millions)	Payment obligation (US$ millions)
Due by 31 December 2022	—		
Due by 31 December 2023	—		
Due by 31 December 2024	—		
Due by 31 December 2025	—		
Due by 31 December 2026	550		
SSNs due 30 June 2026	250	—	250
SUNs due 30 June 2026	300	228.6	528.6
Total	550	228.6	778.6

4. Trend information

4.1 On 28 January 2022, the Company issued the following operational update for the year ended 31 December 2021.

"Operational

Noting the recent unrest in Kazakhstan and the evolving environment, we confirm no Group employees were harmed and our operations continued undisrupted. We will continue to monitor the situation and any potential future impact on the business.

Average daily production after treatment for 2021 totalled 17,032 boepd with average daily sales volumes for the year of 15,330 boepd. Condensate is sold when there are sufficient volumes to fill a cargo and inventory builds in the absence of a sale. There was approximately 268,000 boe of condensate in inventory at the year end.

We continued our well and reservoir management activities that are supported by well workovers and interventions. These are generally not capital intensive and offer reasonable risk / reward. These activities will continue in 2022.

We continue our focus on pursuing ways to monetise spare capacity in the gas treatment facility through processing third party volumes.

We remain extremely vigilant in respect of COVID-19 and the latest Omicron variant. We continue to implement stringent precautionary measures and we believe we have the systems in place to monitor and manage the risks presented by the pandemic in west Kazakhstan. To date, no production has been lost because of COVID-19.

Financial

2021 revenues expected to be in excess of US$195 million (2020: US$175.9 million).

The cash position as at 31 December 2021 is in excess of US$165 million (31 December 2020: US$78.6 million). As at 31 December 2021, the balance excludes US$22.6 million placed into a secured cash account under the terms of the Forbearance Agreement.

Sales volume

The sales volumes split for 2021 was as follows:

Products	***2021 sales volumes (boepd)***	***2021 product mix (%)***
Crude Oil	*3,395*	*22.1%*
Stabilised Condensate	*3,120*	*20.4%*
LPG (Liquid Petroleum Gas)	*2,003*	*13.1%*
Dry Gas	*6,812*	*44.4%*
Total	***15,330***	***100.0%***

The difference between production and sales volumes is due to the internal consumption of gas and inventory build-up of primarily condensate as volumes might be insufficient to fill a full cargo."

4.2 On 6 April 2022, the Company issued the following update regarding the proposed restatement of impairment charge for its financial statements for the year ended 31 December 2020 and the impact on the financial statements for the year ended 31 December 2021.

"*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, announces that following an identification of an error which came to light during its ongoing 2021 financial statements audit process, it intends to make a further US$40 million asset impairment charge in its prior year 2020 financial statements, increasing the impairment charge from US$245 million to US$285 million for the year ended 31 December 2020. The Company notes that its current intention, subject to completion of the audit, is to reverse all of this increased impairment in the 2021 financial statements due to the significant improvement in hydrocarbon pricing at the end of 2021 versus prices at the end of 2020. The Company confirms the above restatement has no impact on the Group's cash position.*"

5. Terms of the Restructuring

A summary of the terms of the Restructuring, including the conditions precedent to the Restructuring becoming effective, is set out in Part 3 (*Details of the Restructuring*) of this document.

A summary of the Lock-up Agreement is set out in paragraph 6 of Part 6 (*Additional Information*) of this document.

The key conditions precedent to the Restructuring becoming effective include:

(a) the passing of the Restructuring Resolution by Shareholders and the RPT Resolution by Independent Shareholders;

(b) the approval of the Scheme by a majority in number representing not less 75% by value of the Noteholders that attend and vote at the Scheme Meeting;

(c) the sanction of the Scheme by the Court;

(d) consent of the Kazakhstan Ministry of Energy with respect to (i) the issue of the New Shares and the Warrants and (ii) the waiver of the State's priority right to acquire such New Shares and Warrants;

(e) satisfaction of certain conditions precedent that are customary for a secured financing transaction;

(f) the FCA and the London Stock Exchange each having approved the applications for Admission to take place; and

(g) payment of certain costs associated with the Restructuring.

Additional Listings

In connection with the implementation of the Restructuring, the Company will undertake an offering of all of the New Shares and Warrants on the Astana International Stock Exchange ("**AIX**"), by way of the waiver of certain claims under the Existing Notes, in satisfaction of certain regulatory requirements in Kazakhstan. As a result, the Ordinary Shares and Warrants are also expected to be admitted to listing on AIX as part of the implementation of the Restructuring. The Ordinary Shares are currently admitted to listing on the Kazakhstan Stock Exchange ("**KASE**"). The Directors consider that having the Ordinary Shares traded on two stock exchanges in Kazakhstan will create additional costs and

have limited benefits. Accordingly the Directors propose that they will seek to cancel the listing of the Ordinary Shares on the Kazakhstan Stock Exchange shortly prior to or at the time that the Scheme become effective and to only have the Ordinary Shares listed on the AIX following the completion of the Restructuring.

It is also anticipated that the Warrants will be admitted to listing on The International Stock Exchange in the Channel Islands at Closing.

6. Terms of the RPT Arrangements

As at the Latest Practicable Date, affiliates of ICU hold approximately US$67.5 million in principal of the Existing Notes, representing approximately 6.0% of the total principal amount of the Existing Notes. Affiliates of ICU hold approximately 23.8% of the Existing Shares and so ICU is a related party of the Company for the purposes of Chapter 11 of the Listing Rules. The affiliates of ICU will be issued with New Shares, New Notes and Warrants *pro rata* to their holdings of Existing Notes pursuant to the Restructuring. The RPT Arrangements constitute a related party transaction for the purposes of Chapter 11 of the Listing Rules and require the approval of Independent Shareholders in accordance with the provisions of the Listing Rules.

A summary of the RPT Arrangements is set out in Part 4 (*Details of the RPT Arrangements*) of this document.

The RPT Arrangements are conditional upon the RPT Resolution being approved by Independent Shareholders at the General Meeting. ICU has undertaken not to vote on the RPT Resolution, and to take all reasonable steps to ensure that its associates will not vote on the RPT Resolution, at the General Meeting.

In addition, the affiliates of ICU (i) have received their *pro rata* proportion of the Consent Fee and (ii) will, pursuant to the Lock-up Agreement, be paid the Lock-up Fee, in each case in respect of their holdings of Existing Notes. In addition, pursuant to the Lock-up Agreement, the Company agreed to pay certain legal fees to legal advisers to ICU, in respect of their legal advice in connection with the Restructuring, up to a maximum agreed amount. These arrangements are outside of the RPT Arrangements and do not require the approval of Independent Shareholders in accordance with the provisions of the Listing Rules.

Effect of the Resolutions

If the Restructuring Resolution is passed, and Independent Shareholders approve the RPT Resolution, the Company will proceed to implement the Scheme.

If the Restructuring Resolution is approved, but Independent Shareholders do not approve the RPT Arrangements, the Company would still seek to implement the Restructuring, including the Transfer of Listing, on the proposed timetable. In such circumstances:

- the Company's listing will have transferred to the standard listing segment of the Official List prior to the creditor's meeting to vote on the Scheme (although the Company will still be required to seek approval of the RPT Arrangements from Independent Shareholders);
- the Company shall include a provision within the Scheme whereby each Noteholder (other than ICU and its associates) irrevocably consents to the RPT Arrangements (and confers a power of attorney on or irrevocable instruction to the Note Trustee (or an agent thereof) to vote the New Shares in favour of (or deliver an irrevocable proxy to the chairman of the meeting to vote in favour of) any resolution to approve the RPT Arrangements at a general meeting of the Company, or any similar structure to permit the New Shares to be voted on a resolution to approve the RPT Arrangements as may be permitted as part of the Scheme);
- the Company shall convene another general meeting of the Company to approve the RPT Arrangements (by way of another circular to shareholders to approve a related party transaction in accordance with the requirements of the Listing Rules);
    - this subsequent general meeting shall be held at a time after the creditor's meeting to vote on the Scheme and when the New Shares have been issued to the Noteholders (other than ICU and its associates), but prior to Closing so that such Noteholders shall be Independent Shareholders who are entitled to vote (or direct the voting of) such New Shares on a resolution to approve the RPT Arrangements; and

- the Closing shall be implemented in stages as follows:
    - prior to the record date for the subsequent general meeting (which is expected to be at the close of business two days prior to such subsequent general meeting), the Company shall issue the New Shares to the Note Trustee on behalf of the Noteholders (but excluding ICU and its associates), diluting the Existing Shareholders to approximately 11.7% of the then enlarged share capital;
    - in reliance on the irrevocable instruction to the Note Trustee set out in the Scheme, the Note Trustee shall deliver a proxy instruction in respect of all of the New Shares that have been issued to the Noteholders (but excluding ICU and its associates) to vote in favour of the resolution to approve the RPT Arrangements at such general meeting;
    - the Note Trustee shall, following the delivery of the proxy instruction, then transfer the New Shares to the Noteholders (but excluding ICU and its associates);
    - the Company shall hold the subsequent general meeting, at which it is expected that the RPT Arrangements will be approved on the basis that the Noteholders (excluding ICU and its associates) will represent approximately 90.8% of Independent Shareholders at such time having given effect to the issue of the New Shares; and
    - following such approval, the Company will then proceed to complete the remainder of the Restructuring, including (i) the issue of New Shares to ICU and its affiliates *pro rata* to their entitlement, (ii) the cancellation of the Existing Notes, (iii) the issue of the New Notes and the Warrants and (iv) the admission of the New Shares to the standard listing segment of the Official List and to trading on the London Stock Exchange.

  In such circumstances, notwithstanding that the existing Independent Shareholders did not approve the RPT Arrangements at the General Meeting, if the Scheme is sanctioned by the Court and all other conditions to the Restructuring have been satisfied or waived the Noteholders (other than ICU and its associates), in their capacity as Shareholders following the issue of the New Shares, shall hold a sufficient number of Ordinary Shares to enable them to approve the RPT Arrangements at a subsequent general meeting of the Company prior to Closing.

  Accordingly the Directors recommend that Independent Shareholders vote in favour of the RPT Resolution to be proposed at the General Meeting.

If the Restructuring Resolution is not passed, but Independent Shareholders approve the RPT Resolution, the Company will remain as a premium listed company. The Company will proceed to implement an Alternative Restructuring and intends to implement the Restructuring Plan in such circumstances on the basis of a waiver of the pre-emption provisions of the Listing Rules to be requested from the FCA.

If neither the Restructuring Resolution nor the RPT Resolution is passed, the Company will proceed to implement an Alternative Restructuring and intends to implement the Restructuring Plan on the basis of waivers of certain provisions of the Listing Rules to be requested from the FCA, failing which it anticipates the Alternative Restructuring outlined in Scenario 3 will occur.

7. Terms of the Capital Reduction

Pursuant to section 641(1)(b) of the Companies Act, a company may, with the sanction of a special resolution and the confirmation of the Court, reduce or cancel its existing share capital (including by way of (i) the reduction or cancellation of its share premium account and (ii) the cancellation of shares).

The value of the Existing Notes which will be repaid pursuant to the Debt for Equity Swap, and therefore the size of the premium to nominal value of the New Shares, will depend upon the date of Closing (given the Existing Notes continue to accrue interest and default interest). For example, if the Closing of the Restructuring occurs on 30 June 2022, approximately US$798.1 million of the Existing Notes (including accrued but unpaid interest) is expected to be repaid in this manner.

As at the date of the Restructuring Resolution the amount of share premium that will be created upon the issue of the New Shares will be unknown. The Directors estimate that the deemed issue price per New Share upon the Closing, reflecting the partial repayment of the Existing Notes, will be not less than £0.38 (US$0.52). Accordingly, the Directors propose that the Capital Reduction is made in

respect of a majority, but not all, of the expected share premium arising upon the issue of the New Shares, given the uncertainty, as at the Latest Practicable Date, as to the final amount of share premium to be created.

Therefore the Company is proposing to reduce the sum standing to the amount of the share premium account arising upon the issue of the New Shares by £0.30 per New Share (or by £451,689,913.80 in aggregate), in order to create distributable reserves to support (i) the future payment by the Company of dividends to its Shareholders and (ii) share buybacks should circumstances dictate it is desirable to do so.

In seeking the Court's approval of the Capital Reduction, the Court will need to be satisfied that the interests of the creditors (including contingent creditors) of the Company, whose debts remain outstanding on the date on which the Court Order is registered, are protected. If the Company can show that there is no real likelihood that the Capital Reduction would result in the Company being unable to discharge its debt or claims when they fall due the Court will be satisfied. Sometimes the Court will seek or accept forms of express creditor protection such as seeking the consent of the Company's creditors to the Capital Reduction or the provision by the Company to the Court of an undertaking to deposit a sum of money into a blocked account created for the purpose of discharging the non-consenting creditors of the Company, or not to distribute reserves arising upon the Capital Reduction until such creditors have consented or been discharged. The Company proposes that the terms of the Scheme (or the Restructuring Plan, as applicable) shall include a consent from the holders of the Existing Notes to the Capital Reduction.

The Company intends that an application will be made for the Court to approve the Capital Reduction as soon as reasonably practicable after the Restructuring Resolution has been passed. It is anticipated that the initial directions hearing in relation to the Capital Reduction will take place in Q2 2022, with the final Court Hearing taking place, at which Shareholders and creditors are entitled to appear, promptly following the Restructuring Effective Date and the Capital Reduction becoming effective shortly following the final Court Hearing, following the necessary registration of the Court Order at Companies House.

Shareholders should note that whilst the reserves arising from the Capital Reduction are distributable (if the Court is satisfied with the Company's approach), the Capital Reduction itself will not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying net assets of the Company. The Company will be able to apply in due course the distributable reserves arising from the Capital Reduction, in accordance with Part 23 of the Companies Act, towards the payment of a dividend in line with the Company's dividend policy from time to time and for the purposes of future share buybacks should circumstances dictate it is desirable to do so.

In view of the Court's considerations in giving its approval and in consultation with professional advisors, the Board has undertaken a review of the Company's liabilities (including contingent liabilities). The Board considers that the Company will be able to satisfy the Court that, as at the date on which the Court Order relating to the Capital Reduction becomes effective, the Capital Reduction would not result in the Company being unable to discharge the debt or claim of any creditor of the Company at that time when they fall due.

The Capital Reduction will not be implemented if an Alternative Restructuring is implemented.

8. General Meeting

Completion of the Restructuring is conditional upon, amongst other things, Shareholders' approval being obtained at the General Meeting. Accordingly, you will find set out at the end of this document a notice convening a General Meeting to be held at the offices of White & Case LLP, 5 Old Broad Street, London, EC2N 1DW at 10:00 a.m. on 29 April 2022 at which the Resolutions will be proposed to approve the Restructuring.

In order to implement the Restructuring, the Restructuring Resolution (as a single resolution) is being put to Shareholders at the General Meeting, to be approved as a special resolution, to (a) grant the Directors all relevant authorities needed to issue the New Shares in connection with the Restructuring, (b) give effect to the Transfer of Listing, (c) approve the Share Consolidation and (d) approve the Capital Reduction (subject to the separate sanction of the Court).

The RPT Resolution is being put to Independent Shareholders (as an ordinary resolution) to approve the RPT Arrangements as required by the Listing Rules.

It should be noted that if Shareholders approve the Restructuring Resolution at the General Meeting, and Independent Shareholders approve the RPT Resolution, no subsequent Shareholder approval will be required for the implementation of the Restructuring, including as part of the Scheme. However, as noted above, if Shareholders do not approve the Restructuring Resolution the Company anticipates that an Alternative Restructuring will be implemented.

The Restructuring Resolution:

- authorises the Directors to allot Ordinary Shares up to an aggregate nominal amount of £15,056,330.46 in connection with the Debt for Equity Swap, representing approximately 800% of the existing issued share capital of the Company;
- authorises the Directors to allot Ordinary Shares up to an aggregate nominal amount of £188,013.58 in connection with the Warrant Shares, representing approximately 11.1% of the enlarged issued share capital of the Company as enlarged by the issue of the New Shares and having given effect to the Share Consolidation;
- approves the amendments to the Articles to give effect to the new governance arrangements in connection with the Restructuring and the issue of the Deferred Shares in connection with the Share Consolidation;
- approves the consolidation of the Ordinary Shares upon the Closing of the Restructuring;
- approves the Capital Reduction in respect of the share premium account of the Company and create a distributable reserve in the capital of the Company (subject to a separate sanction by the Court); and
- approves the transfer of the Company's listing to the Standard Listing segment of the London Stock Exchange.

The Directors intend to use the authorities granted at the General Meeting pursuant to the Restructuring Resolution to allot Ordinary Shares pursuant to the Debt for Equity Swap (and, as applicable, upon any exercise of the Warrants).

The Restructuring Resolution will be proposed as a special resolution, requiring approval from not less than 75% of the votes attaching to the Ordinary Shares which are voted on such Restructuring Resolution at the General Meeting.

The RPT Resolution will require approval from a majority of the votes attaching to the Ordinary Shares of Independent Shareholders (being, for the purpose of the RPT Arrangements, any Shareholders other than ICU and its associates) which are voted on the RPT Resolution at the General Meeting. ICU has undertaken not to vote on the RPT Resolution, and to take all reasonable steps to ensure that its associates will not vote on the RPT Resolution, at the General Meeting.

If Shareholders do not approve the Restructuring Resolution at the General Meeting Nostrum will pursue an Alternative Restructuring without delay. An Alternative Restructuring would provide Existing Shareholders with no more than a *de minimis* recovery upon completion and therefore a limited prospect, or no prospect, of recovering any material value.

In light of ongoing issues and concerns arising as a result of COVID-19, the Directors have put in place a number of practical arrangements in relation to the General Meeting to safeguard the health and wellbeing of its shareholders and employees, whilst giving shareholders the maximum opportunity to have their say.

Location of the General Meeting

The General Meeting will be held at White & Case LLP, 5 Old Broad Street, London, EC2N 1DW at 10:00 a.m. on 29 April 2022. In order to satisfy the minimum quorum requirements pursuant to Article 76 of the Company's Articles of Association, only a small number of the Company's employees will be physically present at the General Meeting. Appropriate social distancing measures will be observed by these attendees.

Voting at the General Meeting

Given the current COVID-19 situation, we strongly encourage you to vote electronically or to vote by proxy.

You will not receive a form of proxy for the General Meeting. If you would like to vote on the Resolutions, you may appoint a proxy via www.signalshares.com by following the instructions on that website or, if you hold your shares in CREST, via the CREST system.

You may request a hard copy form of proxy directly from the Company's Registrar, Link Group, by calling 0371 664 0391. Calls are charged at the standard geographical rate and may vary by provider. If you are outside the United Kingdom, please call +44 (0)371 664 0391. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. – 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales.

If you wish to vote by proxy, you are asked to appoint a proxy as soon as possible and, in any event, so as to be received by the Registrar by not later than 10:00 a.m. on 27 April 2022 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). You may submit your proxy electronically at www.signalshares.com using the 'Voting ID', 'Task ID' and 'Shareholder Reference Number' on the proxy. If you are a member of CREST you may be able to use the CREST electronic proxy appointment service. In the case of institutional investors you may utilise the Proxymity platform. Proxies sent electronically must be sent as soon as possible and, in any event, so as to be received by not later than 10:00 a.m. on 27 April 2022 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

If you do complete a hard copy form of proxy, this should be completed and returned as soon as possible and, in any event, so as to be received by the Registrar (at Link Group, 10th Floor Central Square, 29 Wellington Street, Leeds LS1 4DL) by not later than 10:00 a.m. on 27 April 2022 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

Any Shareholder that is the subject of any asset freeze (or otherwise a designated entity which is subject to such economic sanctions) as a result of the Russia-Ukraine conflict (or otherwise) will not be entitled to vote at the General Meeting or appoint a proxy to exercise all or any such member's rights to attend, speak and vote on their behalf at the meeting.

Questions

Given that the General Meeting is an opportunity for shareholders to ask questions of the Board in relation to the business of the General Meeting, the Resolutions and the Company's operations, the Company is keen to ensure that this dialogue continues, despite the challenges posed by COVID-19. The Company will therefore be accepting questions for the General Meeting via email (ir@nog.co.uk) or, alternatively, written questions by post sent to the Company's Registrar, Link Group. The Company reserves the right to summarise and/or aggregate questions of a similar nature and responses given will be in relation to the business of the General Meeting only. Any questions to be put to the General Meeting should be submitted by the close of business on 27 April 2022.

For further details in respect of the General Meeting, please see *Notice of General Meeting* of this document.

Results

The General Meeting is due to be held on 29 April 2022. Once tabulated, the results of the votes cast at the General Meeting will be announced as soon as possible through a Regulatory Information Service and on the Company website (https://www.nostrumoilandgas.com). As the Scheme or Restructuring Plan is proposed to be launched after the General Meeting, the Company, the Shareholders and Noteholders will know in advance of the launch of the Scheme or the Restructuring Plan whether the Restructuring or an Alternative Restructuring will be implemented.

9. Action to be Taken

You will not receive a form of proxy for the General Meeting. If you would like to vote on the Resolutions, you may appoint a proxy via www.signalshares.com by following the instructions on that website or, if you hold your shares in CREST, via the CREST system.

You may request a hard copy form of proxy directly from the Company's Registrar, Link Group, by calling 0371 664 0391. Calls are charged at the standard geographical rate and may vary by provider. If you are outside the United Kingdom, please call +44 (0)371 664 0391. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9:00 a.m. – 5:30 p.m., Monday to Friday, excluding public holidays in England and Wales.

If you hold Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by Nostrum's Registrar, Link Group (CREST participant ID RA10), by no later than 10:00 a.m. on 27 April 2022 (or, in the case of an adjournment, not later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting).

Proxy appointments may be submitted via the internet at www.signalshares.com (or if in hard copy form, to the Registrar at Link Group, 10th Floor Central Square, 29 Wellington Street, Leeds LS1 4DL) so that the appointment is received by no later than 10:00 a.m. on 27 April 2022 (or, in the case of an adjournment, not later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting).

Unless the proxy, CREST Proxy Instruction or an electronic registration of proxy appointment (as applicable) is received by the relevant date and time specified above, it will be invalid. Completion and return of a proxy, the submission of a CREST Proxy Instruction or an electronic registration of a proxy appointment will not preclude you from attending and voting in person at the General Meeting if you wish to do so and are so entitled.

If you are in any doubt as to what action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 who specialises in advice on the acquisition of shares and other securities if you are resident in the United Kingdom or, if not, from another appropriately authorised independent adviser.

10. Further information

Your attention is drawn to the further information contained in Part 2 (*Risk Factors*) to Part 7 (*Definitions and Glossary*) of this document.

You should read the whole of this document and not merely rely on the summarised information contained in Part 1 of this document. In particular, your attention is drawn to the risk factors set out in Part 2 of this document.

Once tabulated, the results of the votes cast at the General Meeting will be announced as soon as possible through a Regulatory Information Service and on the Company website (https://www.nostrumoilandgas.com). It is expected that this will be on 29 April 2022.

The Directors believe that, based on the level of support which the Restructuring has received to date, and subject to the remaining conditions of the Restructuring being satisfied and Shareholders resolving to pass the Resolutions at the General Meeting, the Restructuring is expected to complete by late Q2/early Q3 2022.

11. Recommendation

The Board considers the Restructuring to be in the best interests of the Shareholders as a whole and unanimously recommends Shareholders to vote in favour of the Restructuring Resolution, as the Directors intend to do so in respect of their own beneficial holdings of 181,669 Ordinary Shares, representing approximately 0.1% of the Company's existing issued ordinary share capital at the Latest Practicable Date.

12. Related Party Transaction and Recommendation

ICU, affiliates of which hold approximately 23.8% of the Existing Shares, is treated as a "substantial shareholder" of the Company for the purposes of the Listing Rules and, as a result, the RPT Arrangements are a "related party transaction" for the purposes of the Listing Rules.

The Directors, having been so advised by Stifel acting in its capacity as the Company's sponsor, consider the RPT Arrangements to be fair and reasonable as far as the Shareholders are concerned. In providing advice to the Board, Stifel has taken into account the Directors' commercial assessments of the RPT Arrangements.

The Board unanimously recommends Independent Shareholders to vote in favour of the RPT Resolution, as the Directors intend to do so in respect of their own beneficial holdings of 181,669 Ordinary Shares, representing approximately 0.1% of the Company's existing issued ordinary share capital at the Latest Practicable Date.

If the Restructuring Resolution is approved, but Independent Shareholders do not approve the RPT Arrangements, the Company would still seek to implement the Restructuring on the proposed timetable as contemplated in paragraph (D) "*Conditionality of the Restructuring*" in Section 3 (*Overview of the Restructuring*) of this Part 1. **In such circumstances, notwithstanding that the existing Independent Shareholders did not approve the RPT Arrangements, if the Scheme is sanctioned by the Court and all other conditions to the Restructuring have been satisfied or waived the Noteholders (other than ICU and its associates), in their capacity as Shareholders following the issue of the New Shares, shall hold a sufficient number of Ordinary Shares to enable them to approve the RPT Arrangements as if the RPT Resolution had been validly passed at the General Meeting and the Company will be able to give effect to the RPT Arrangements at Closing.**

Accordingly the Directors recommend that Independent Shareholders vote in favour of the RPT Resolution to be proposed at the General Meeting.

13. Importance of the vote and consequences of the failure to implement the Restructuring

The Group is currently in default under the 2022 Notes and the 2025 Notes. If neither the Restructuring nor a Part 26A Restructuring proceeds, the Directors are of the opinion that, given the defaults under the Group's existing borrowings, the Group will be unable to meet its debts as they fall due. As at 31 January 2022, the Group had approximately US$163.8 million in unrestricted cash, while it owed approximately US$849.3 million (including principal and accrued but unpaid interest) under the 2022 Notes and approximately US$457.7 million (including principal and accrued but unpaid interest) under the 2025 Notes. The Group does not have sufficient funds available to repay the 2022 Notes (including principal and accrued but unpaid interest) on maturity or the 2025 Notes (if accelerated) without an agreed restructuring of the terms of the 2022 Notes and the 2025 Notes.

The 2022 Notes are, in any event, due for repayment in full on 25 July 2022 and accordingly the Group needs to achieve a successful restructuring of its current indebtedness on or before such date.

The Company is of the opinion that, following the implementation of the Restructuring and taking into account the facilities available to the Group, the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

If Shareholders do not approve the Restructuring Resolution at the General Meeting but the other conditions to the Restructuring are satisfied (including the approval of a Restructuring Plan by the Noteholders at a Restructuring Plan Meeting), the Restructuring will still be implemented, but on the terms of a Part 26A Restructuring (to the extent possible). If neither the Restructuring Resolution nor the RPT Resolution is passed, the Company will proceed to implement an Alternative Restructuring and intends to implement the Restructuring Plan on the basis of waivers of certain provisions of the Listing Rules to be requested from the FCA, failing which it anticipates the Alternative Restructuring outlined in Scenario 3 will occur.

If a Part 26A Restructuring is implemented, Shareholders would be left with only a 1.11% shareholding interest in the enlarged issued share capital of the Company (as compared to a 11.11% shareholding interest in the enlarged issued share capital of the Company following the closing), in each case prior to any further dilution upon the exercise of the Warrants and/or any repayment of the SUNs in specie in June 2026 if the SUNs are not repaid in cash.

If neither the Restructuring nor a Part 26A Restructuring is implemented and an Alternative Restructuring is implemented by means of an Assets Transfer, pursuant to a formal insolvency process, the Directors believe that Shareholders would hold shares in a company with no material assets and would be unlikely to receive any proceeds from the sale of the Group or the disposal of the Group's assets or other return of income or capital by the Company.

The Directors believe that, if it becomes apparent that the Restructuring or an Alternative Restructuring is not capable of being implemented on or before the maturity date of the 2022 Notes, it is likely that shortly thereafter the Noteholders would terminate the Lock-up Agreement and the present forbearance arrangements. In those circumstances, one or more of the Noteholders or other creditors of the Group would be able to take enforcement action against the Group or cause such action to be taken. Such enforcement action may include the acceleration of the 2022 Notes (to the extent not already due and payable following maturity on 25 July 2022) and the 2025 Notes.

Furthermore, it is likely that, in such circumstances, the Directors would be forced to conclude that the Company no longer has a reasonable prospect of avoiding an insolvent liquidation or an administration.

Therefore, if Shareholders do not approve the Restructuring Resolution at the General Meeting it is expected that the economic terms of an Alternative Restructuring will mean that the Shareholders would be likely to see a significantly worse outcome than in the event that such approvals are given (including lower or even no recovery in their investments in the Ordinary Shares).

Yours faithfully

Atul Gupta
Executive Chairman

PART 2

RISK FACTORS

Shareholders should be aware that a shareholding in the Company involves a degree of risk. In addition to the other information contained in, or incorporated by reference into this document, the following risk factors should be considered carefully in evaluating whether to vote in favour of the Resolutions.

The risks and uncertainties described below represent those known to the Board as at the date of this document which the Board consider to be material risks relating to the Restructuring, in addition to material risks relating to the Group which result from or are impacted by the Restructuring. Prior to making any decision to vote in favour of the Resolutions, Shareholders should carefully consider all the information contained in this document, including, in particular, the specific risks and uncertainties described below. The risks and uncertainties set out below are those which the Directors believe are the material risks relating to the Restructuring or existing material risks to the Group which will be impacted by the Restructuring. However, these risks and uncertainties are not the only ones facing the Group. Additional risks and uncertainties that do not currently exist or that are not currently known to the Board, or that the Board currently consider to be immaterial, could also have a material adverse effect on the business, results of operations, financial condition or prospects of the Group. If any, or a combination, of these risks actually materialise, the business operations, financial condition and prospects of the Group, could be materially and adversely affected. In such case, the market price of Company shares could decline and Shareholders may lose all or part of their investment.

Shareholders should read this document as a whole and not rely solely on the information set out in this Part 2.

The information given is as at the date of this document and, except as required by the FCA, the London Stock Exchange, the Listing Rules, the Market Abuse Regulation and DTRs (and/or any regulatory requirements) or applicable law, will not be updated.

1. Risks relating to the Restructuring

If the Resolutions are not approved and an Alternative Restructuring is implemented, the Restructuring will be implemented in a manner less favourable to Shareholders and there may be little value for Existing Shareholders

In order for the Restructuring to proceed, among other conditions, (i) Shareholders must approve the Restructuring Resolution, (ii) Independent Shareholders must approve the RPT Resolution, (iii) the FCA must approve the admission of the New Shares to the standard segment of the Official List and (iv) all conditions precedent in relation to the issue of the New Notes and the Debt for Equity Swap must be fulfilled. The Restructuring will also require the consent of the Kazakhstan Ministry of Energy in relation to (a) the issue of the New Shares and the Warrants and (b) the waiver of the State's priority right to acquire such New Shares and Warrants.

If the Resolutions are approved by Shareholders, the Company intends to proceed with a Scheme to implement the Restructuring. As part of the Scheme, the Existing Notes will be released and converted into equity pursuant to the issue of New Shares to Noteholders, which will result in Noteholders holding (i) 88.89% of the enlarged issued share capital of the Company on Closing; and (ii) Warrants, issued to the Warrant Trustee, to subscribe for additional Ordinary Shares of the Company such that the holding of such holders of the Existing Notes, or their nominee(s), would increase from 88.89% to 90%, based upon the *pro forma* capitalisation of the Company immediately following Closing.

The Existing Shareholders will retain 11.11% of the enlarged issued share capital of the Company on Closing. A full exercise of the Warrants would decrease that holding to 10% of the enlarged issued share capital of the Company on Closing, assuming that no share issuances or cancellations have occurred (or shares have been taken into treasury) in the interim and excluding entitlements under any management incentive plan, long-term incentive plan or similar share scheme.

The Restructuring Resolution will be proposed as a special resolution, requiring approval from not less than 75% of the votes attaching to the Ordinary Shares which are voted on such Resolution at the General Meeting.

The RPT Resolution will require approval from a majority of the votes attaching to the Ordinary Shares of Independent Shareholders (being, for the purpose of the RPT Arrangements, any Shareholders other than ICU and its associates) which are voted on the RPT Resolution at the General Meeting. ICU has undertaken

not to vote on the RPT Resolution, and to take all reasonable steps to ensure that its associates will not vote on the RPT Resolution, at the General Meeting.

If the Restructuring Resolution is approved, but Independent Shareholders do not approve the RPT Arrangements, the Company would still seek to implement the Restructuring, including the Transfer of Listing, on the proposed timetable. In such circumstances:

- the Company's listing will have transferred to the standard listing segment of the Official List prior to the creditor's meeting to vote on the Scheme (although the Company will still be required to seek approval of the RPT Arrangements from Independent Shareholders);
- the Company shall include a provision within the Scheme whereby each Noteholder (other than ICU and its associates) irrevocably consents to the RPT Arrangements (and confers a power of attorney on or irrevocable instruction to the Note Trustee (or an agent thereof) to vote the New Shares in favour of (or deliver an irrevocable proxy to the chairman of the meeting to vote in favour of) any resolution to approve the RPT Arrangements at a general meeting of the Company, or any similar structure to permit the New Shares to be voted on a resolution to approve the RPT Arrangements as may be permitted as part of the Scheme);
- the Company shall convene another general meeting of the Company to approve the RPT Arrangements (by way of another circular to shareholders to approve a related party transaction in accordance with the requirements of the Listing Rules);
    - this subsequent general meeting shall be held at a time after the creditor's meeting to vote on the Scheme and when the New Shares have been issued to the Noteholders (other than ICU and its associates), but prior to Closing so that such Noteholders shall be Independent Shareholders who are entitled to vote (or direct the voting of) such New Shares on a resolution to approve the RPT Arrangements; and
- the Closing shall be implemented in stages as follows:
    - prior to the record date for the subsequent general meeting (which is expected to be at the close of business two days prior to such subsequent general meeting), the Company shall issue the New Shares to the Note Trustee on behalf of the Noteholders (but excluding ICU and its associates), diluting the Existing Shareholders to approximately 11.7% of the then enlarged share capital;
    - in reliance on the irrevocable instruction to the Note Trustee set out in the Scheme, the Note Trustee shall deliver a proxy instruction in respect of all of the New Shares that have been issued to the Noteholders (but excluding ICU and its associates) to vote in favour of the resolution to approve the RPT Arrangements at such general meeting;
    - the Note Trustee shall, following the delivery of the proxy instruction, then transfer the New Shares to the Noteholders (but excluding ICU and its associates);
    - the Company shall hold the subsequent general meeting, at which it is expected that the RPT Arrangements will be approved on the basis that the Noteholders (excluding ICU and its associates) will represent approximately 90.8% of Independent Shareholders at such time having given effect to the issue of the New Shares; and
    - following such approval, the Company will then proceed to complete the remainder of the Restructuring, including (i) the issue of New Shares to ICU and its affiliates *pro rata* to their entitlement, (ii) the cancellation of the Existing Notes, (iii) the issue of the New Notes and the Warrants and (iv) the admission of the New Shares to the standard listing segment of the Official List and to trading on the London Stock Exchange.

  In such circumstances, notwithstanding that the existing Independent Shareholders did not approve the RPT Arrangements at the General Meeting, if the Scheme is sanctioned by the Court and all other conditions to the Restructuring have been satisfied or waived the Noteholders (other than ICU and its associates), in their capacity as Shareholders following the issue of the New Shares, shall hold a sufficient number of Ordinary Shares to enable them to approve the RPT Arrangements at a subsequent general meeting of the Company prior to Closing.

If the Restructuring Resolution is not passed, but Independent Shareholders approve the RPT Resolution, the Company will remain as a premium listed company. The Company will proceed to implement an Alternative

Restructuring and intends to implement the Restructuring Plan in such circumstances on the basis of a waiver of the pre-emption provisions of the Listing Rules to be requested from the FCA.

If neither the Restructuring Resolution nor the RPT Resolution is passed, the Company will proceed to implement an Alternative Restructuring and intends to implement the Restructuring Plan on the basis of waivers of certain provisions of the Listing Rules to be requested from the FCA, failing which it anticipates the Alternative Restructuring outlined in Scenario 3 will occur.

In an Alternative Restructuring implemented via a Part 26A Restructuring, the Noteholders will instead receive (i) New Shares representing 98.89% of the enlarged issued share capital of the Company on closing of the Restructuring Plan; and (b) Warrants, issued to the Warrant Trustee, to subscribe for additional Ordinary Shares of the Company such that the shares held by the holders of the Existing Notes, or their nominee(s), would increase from 98.89% to 99% of the enlarged issued share capital on exercise of all of the warrants; in each case based upon the *pro forma* capitalisation of the Company immediately following closing of the Restructuring Plan.

If for any reason the Alternative Restructuring cannot be consummated via a Part 26A Restructuring, it is possible that an Alternative Restructuring would be implemented through a formal insolvency process. This would entail the Noteholders acquiring all or substantially all of the existing assets of the Group in consideration for a release of part of the debt under the Existing Notes. In the event that such an Assets Transfer is successfully implemented, it is anticipated that holders of the Existing Notes would receive their *pro rata* share of 100% of the share capital of a newly-incorporated vehicle which would acquire and hold all or substantially all of the existing assets of the Group in consideration for a release of part of the debt under the Existing Notes. The Group would not receive any cash consideration in respect of the Assets Transfer. No New Shares would be issued to the holders of the Existing Notes in connection with an Assets Transfer. Existing Shareholders would not receive any proceeds from the sale of such assets or any interest in such newly-incorporated vehicle. Existing Shareholders would retain an interest in the Company which would have no assets but may retain certain liabilities and it is expected that the Existing Shares would have no value. It is anticipated that an Assets Transfer would be followed by a winding-up of the Company.

It is not certain that it would be possible to implement an Alternative Restructuring pursuant to an Assets Transfer. Whilst the Lock-up Agreement contemplates the possibility of implementation via an Assets Transfer, the Lock-up Agreement also requires the parties thereto to agree any changes which would be needed to the terms of the Restructuring as necessary to implement it in this manner. There can be no certainty that any such changes would be agreed. If such changes were to be agreed, and in any event, there would be no guarantee that: (a) any insolvency process pursuant to which the Assets Transfer would occur would be approved by the relevant court; or (b) any scheme of arrangement under Part 26 of the Companies Act (or, if applicable) parallel proceedings in other jurisdictions) necessary to implement an Alternative Restructuring pursuant to an Assets Transfer would be approved by the Noteholders or approved or sanctioned by the relevant court. As a result of the uncertainty associated with these matters and other relevant variables, it is not possible for the Directors to assess conclusively whether or not the implementation of an Alternative Restructuring pursuant to an Assets Transfer is likely to be viable.

The Directors believe that, if it becomes apparent that the Restructuring or an Alternative Restructuring is not capable of being implemented because, for example, the requisite majorities of Noteholders do not vote in favour of the Scheme (or a Restructuring Plan), the Court does not sanction the Scheme (or a Restructuring Plan) or the necessary Kazakhstan Ministry of Energy consents are not obtained, it is likely that shortly thereafter the Noteholders would terminate the Lock-up Agreement and the present forbearance arrangements. In those circumstances, one or more of the Noteholders or other creditors of the Group would be able to take enforcement action against the Group or cause such action to be taken. Such enforcement action may include the acceleration of the 2022 Notes (to the extent not already due and payable following maturity on 25 July 2022) and the 2025 Notes. Furthermore, it is likely that the Directors would be forced to conclude that the Company no longer has a reasonable prospect of avoiding an insolvent liquidation or an administration. In these circumstances, the Directors would likely conclude that the only viable course of action for the Group would be for the key group companies to apply for the commencement of insolvency procedures in relevant jurisdictions in order to obtain, where possible, the benefit of statutory moratoriums.

Therefore, in any alternative scenario (including any form of Alternative Restructuring) which is likely to materialise in the event that the Restructuring Resolution is not approved, the Shareholders will hold a materially smaller or less valuable stake in the Company.

Existing Shareholders' ownership of the Company is subject to potential further dilution on (i) any exercise of the Warrants and (ii) maturity of the SUNs (if not repaid in cash)

Under each of the Restructuring and a Part 26A Restructuring, in connection with the Debt for Equity Swap the Company will issue Warrants to the Warrant Trustee to subscribe for additional Warrant Shares for the benefit of the holders of the SUNs (or their nominee(s)).

If the Restructuring is implemented, then upon the exercise of the Warrants the holding of such holders of the Existing Notes, or their nominee(s), would increase from 88.89% to 90% of the enlarged issued share capital of the Company, in each case based upon the *pro forma* capitalisation of the Company immediately following Closing. If a Part 26A Restructuring is implemented, then upon the exercise of the Warrants the holding of such holders of the Existing Notes, or their nominee(s), would increase from 98.89% to 99% of the enlarged issued share capital of the Company, in each case based upon the *pro forma* capitalisation of the Company immediately following closing of the Restructuring Plan.

The Warrants will be exercisable in full for the issue of the Warrant Shares upon:

- a breach of the Company's covenants or undertakings in relation to the SUNs or the Warrants;
- a change in, or breach of, certain governance principles to be adopted by the Company on or prior to Closing without Warrant Approval, subject to materiality thresholds and cure rights to be agreed;
- a change to the agreed composition of the Board that has not obtained Warrant Approval; or
- an Exit.

The Existing Shareholders will retain 11.11% of the enlarged issued share capital of the Company on Closing (under the Restructuring) or 1.11% of the enlarged issued share capital of the Company on closing of the Restructuring Plan (under a Part 26A Restructuring). A full exercise of the Warrants would decrease that holding to 10% of the enlarged issued share capital of the Company (under the Restructuring) or 1% of the enlarged issued share capital of the Company (under a Part 26A Restructuring), assuming that no share issuances or cancellations have occurred (or shares have been taken into treasury) in the interim and excluding entitlements under any management incentive plan, long-term incentive plan or similar share scheme.

In addition, on maturity in June 2026, if not repaid in cash, the SUNs may be repaid in specie, subject to (among other necessary approvals) receiving the prior consent of the Kazakhstan Ministry of Energy, by way of the issue of new Ordinary Shares based on the value of the SUNs outstanding on the conversion date as a percentage of the FMV of the Company, up to a maximum of 99.99% of the Company's fully diluted equity. The FMV for these purposes will be the equity value of the Company (as if having given effect to the repayment of the SUNs in specie), calculated by reference to the Gross FMV, less liabilities (including any indebtedness ranking ahead of the Ordinary Shares assuming the repayment of the SUNs in specie, such as the SSNs), which shall be determined by an independent third party in the business of providing professional valuation services, selected by a majority of the independent directors of the Company. Repayment of the SUNs on maturity by way of the issue of new Ordinary Shares will require: (i) the consent of holders of 75% in outstanding principal amount of the SUNs and (ii) where the Company is to be delisted, notification to the FCA regarding the cancellation of listing.

The SUNs will be repaid following the repayment of the SSNs, which have a principal repayment amount of US$250 million. It is anticipated that the Group's repayment liability upon the maturity of the SUNs will be the SUNs Maturity Amount. The holders of the SUNs may therefore be issued new Ordinary Shares calculated by reference to the SUNs Maturity Amount as a percentage of the FMV, up to a maximum of 99.99% of the Company's fully diluted equity, if the SUNs are not repaid in cash on maturity in June 2026.

If the SUNs are repaid in specie on maturity in June 2026, the holders of the SUNs will receive approximately 1,693,647 million new Ordinary Shares representing 99.99% of the further enlarged issued share capital of the Company in all situations where the FMV (being the Gross FMV of the Company less the repayment of the SSNs) is less than approximately US$528.6 million (being the expected amount to be repaid under the SUNs on maturity, assuming no prior repayments are made from the Blocked Account).

Accordingly, Existing Shareholders face potentially material further dilution upon any exercise of the Warrants or if the Company is unable to repay the SUNs in full when due on 30 June 2026.

The Restructuring is subject to a number of conditions that must be satisfied in order for it to proceed; failure to fulfil any one of these conditions will result in neither the Restructuring nor the Part 26A Restructuring proceeding

The Restructuring comprises a number of inter-conditional steps and transactions. Even if the Resolutions are passed, in order for the Restructuring to be implemented there are other conditions that need to be fulfilled or waived, including:

- the approval of the Scheme by a majority in number representing not less 75% by value of the Noteholders that attend and vote at the Scheme Meeting;
- the sanction of the Scheme by the Court;
- consent of the Kazakhstan Ministry of Energy with respect to (i) the issue of the New Shares and the Warrants and (ii) the waiver of the State's priority right to acquire such New Shares and Warrants;
- satisfaction of certain conditions precedent that are customary for a secured financing transaction;
- the FCA and the London Stock Exchange each having approved the applications for Admission to take place; and
- payment of certain costs associated with the Restructuring.

If any of these conditions are not satisfied or waived (to the extent applicable) the Restructuring will not proceed. For the consequences of the Restructuring not proceeding, please refer to the risk factor below.

These same conditions (other than the passing of the Resolutions) would also be required to implement the Part 26A Restructuring, although such restructuring would be implemented by means of a Restructuring Plan, rather than a Scheme. If any of these inter-conditional requirements are not satisfied (or where possible waived), the Part 26A Restructuring will not be implemented.

There can be no assurance that these conditions will be satisfied or that completion of the Restructuring will be achieved. The Board believes that the Restructuring is in the best interests of Shareholders as a whole. If completion does not occur, the Company will have incurred significant costs and lost management time in connection with the Restructuring. It will also continue to be significantly over-leveraged. Depending on the reason(s) that completion of the Restructuring did not occur, it is expected that an Alternative Restructuring may be consummated. If an Alternative Restructuring is implemented, the Directors believe that the Shareholders would either be left with only a 1.1% shareholding interest in the Company or would hold shares in a company with no material assets, and in the latter case, would be unlikely to receive any proceeds from the sale of the Group or the disposal of the Group's assets or other return of income or capital by the Company. An Alternative Restructuring would therefore provide Shareholders with no more than a *de minimis* recovery upon completion and therefore a limited prospect, or no prospect, of recovering any material value.

If the Restructuring or the Part 26A Restructuring does not proceed, the ability of members of the Group to continue trading will depend on ongoing support from the Noteholders and/or the members of the Group may face insolvency proceedings

On 23 December 2021, the Company agreed a term sheet with the AHG and ICU and entered into the Lock-up Agreement. The Restructuring is subject to certain conditions which must be satisfied or waived, as described further in these risk factors. If any of the conditions to the Restructuring are not satisfied or waived, the Restructuring will not proceed.

In order to allow time for the Restructuring to complete, the Lock-up Agreement and the terms of a forbearance agreement entered into with the AHG provide that the AHG will not take steps to accelerate the Existing Notes following the missed payment of interest under the Existing Notes.

In circumstances where the Resolutions are not passed, the ability of members of the Group to continue trading will depend upon a significant portion of its creditors remaining bound by the Lock-up Agreement and/or continuing to provide forbearance in respect of the Existing Notes.

The Directors believe that, if it becomes apparent that the Restructuring or an Alternative Restructuring is not capable of being implemented because, for example, the requisite majorities of Noteholders do not vote in favour of the Scheme (or a Restructuring Plan), the Court does not sanction the Scheme (or a Restructuring Plan) or the necessary Kazakhstan Ministry of Energy consents are not obtained, it is likely that shortly thereafter the Noteholders would terminate the Lock-up Agreement and the present forbearance arrangements. In those circumstances, one or more of the Noteholders or other creditors of the Group would

be able to take enforcement action against the Group or cause such action to be taken. Such enforcement action may include the acceleration of the 2022 Notes (to the extent not already due and payable following maturity on 25 July 2022) and the 2025 Notes. Furthermore, it is likely that the Directors would be forced to conclude that the Company no longer has a reasonable prospect of avoiding an insolvent liquidation or an administration.

It is not certain that it would be possible to implement an Alternative Restructuring pursuant to an Assets Transfer as contemplated in Scenario 3. Whilst the Lock-up Agreement contemplates the possibility of implementation via an Assets Transfer, the Lock-up Agreement also requires the parties thereto to agree any changes which would be needed to the terms of the Restructuring as necessary to implement it in this manner. There can be no certainty that any such changes would be agreed. If such changes were to be agreed, and in any event, there would be no guarantee that: (a) any insolvency process pursuant to which the Assets Transfer would occur would be approved by the relevant court; or (b) any scheme of arrangement under Part 26 of the Companies Act (or, if applicable) parallel proceedings in other jurisdictions) necessary to implement an Alternative Restructuring pursuant to an Assets Transfer would be approved by the Noteholders or approved or sanctioned by the relevant court. As a result of the uncertainty associated with these matters and other relevant variables, it is not possible for the Directors to assess conclusively whether or not the implementation of an Alternative Restructuring pursuant to an Assets Transfer is likely to be viable.

In these circumstances, the Directors would likely conclude that the only viable course of action for the Group would be for the key group companies to apply for the commencement of insolvency procedures in relevant jurisdictions in order to obtain, where possible, the benefit of statutory moratoriums. In such circumstances, it is expected that Shareholders would receive lower recoveries on their investments in the Ordinary Shares than the anticipated returns for Shareholders in the Restructuring or an Alternative Restructuring.

Noteholders who are subject to economic sanctions as a result of the Russia-Ukraine conflict may not be able to take up their entitlement to New Notes and New Shares and Lock-up Fee (if applicable)

In late February 2022, Russian military forces invaded Ukraine (the "**Russia-Ukraine conflict**"), significantly amplifying already existing geopolitical tensions between Russia, and Ukraine, Europe, NATO, and the West. In connection with the Russia-Ukraine conflict, the United States, the European Union, the United Kingdom, Canada, Japan, Australia and other countries have imposed broad-ranging economic sanctions against officials, individuals, regions, companies and industries in Russia. The sanctions consist of (*inter alia*) the prohibition of engaging in certain private transactions, the prohibition of doing business with certain Russian corporate entities, large financial institutions, officials and other individuals, the freezing of Russian assets and restrictions on the import of Russian oil into the United States.

To the extent that any Noteholder is the subject of any asset freeze (or otherwise a designated entity which is subject to such economic sanctions), such Noteholder's entitlement to the New Notes and the New Shares (and the Lock-up Fee, if applicable) will not be issued to the relevant Noteholder and will be held on trust (on the basis set out in the Scheme). In addition, any Noteholder that is the subject of any asset freeze will not be entitled to vote at the Scheme meeting or appoint a proxy to exercise all or any such Noteholder's rights to vote on their behalf at the meeting. If the relevant asset freeze is removed, the relevant Noteholder will receive its entitlement to the New Notes, the New Shares and the Lock-up Fee (if applicable), failing which such entitlement may be cancelled (on the basis set out in the Scheme), with funds in respect of such entitlement being held on trust (at the discretion of the Company) and the relevant New Notes, New Shares and Lock-up Fee (if applicable) returned to the Company.

Even if the Restructuring does proceed the Company may be unable to return any value to Shareholders.

Even if the Restructuring does proceed, such that the terms of the Existing Notes are repaid, the New Notes issued and the Debt for Equity Swap is implemented, the ability of the Group to be in a position to return value to Shareholders (either through an increased share price or payment of dividends or a return of capital in the longer term) for their investment is highly dependent, among other factors, on oil and gas prices, the level of production of hydrocarbons by the Group, the ability for the Group to reduce its costs and operational cost base and the ability to increase the level of hydrocarbons that are treated by the Group's gas treatment facility.

The Group has no ability to control the prevailing level of oil and gas prices that it receives and will be dependent on prevailing market oil and gas prices. Please refer to the section entitled "*Risks Relating to the Group—Oil and gas prices are volatile and have fluctuated considerably in recent years, which has had,*

and may continue to have, a significant impact on the Group" in this section of the document for further details.

Nostrum conducts its principal operations in the Chinarevskoye oil and gas condensate field (the "**Chinarevskoye Field**") in North-Western Kazakhstan. The Chinarevskoye Field is a mature, declining asset with a low proved and probable reserves base of only 39 million barrels of oil equivalent as at 31 December 2020 based on the Ryder Scott reserves report. Production from the field will be insufficient to utilise the total 4.2 billion cubic metre processing capacity of the Company's gas treatment facilities.

The Company is therefore reliant on acquiring and developing nearby assets with significant resource potential and / or processing third party gas through its processing facilities to continue to produce free cash flows and build sufficient cash reserves to repay future indebtedness. The ability to negotiate and secure these strategic acquisitions is highly uncertain and the ability to fund the development of such projects, the costs of which may be substantial and require external funding, may not materialise. The Group's aim is to ensure that its business is in a strong position to sustain operations at current oil and gas price levels, although it will take time to implement the operational restructuring and see the benefits of such changes.

See "*Risks Relating to the Group—The Group's future strategy and viability relies on the strategic tie-up of third-party gas and/or development of stranded resources in the region. The achievement of this strategy is highly uncertain and may impact the ability of the Company to repay the New Notes*".

The Group may not be able to achieve its planned costs savings, included those planned under the costs savings initiatives under the 2022 Business Plan, increase the level of production of hydrocarbons by the Group or increase the level of hydrocarbons that are treated by the Group's gas treatment facility.

The Group's production levels are expected to continue to decrease as the Group depletes the reservoirs in the Chinarevskoye Field. If hydrocarbon prices fall, if cost reductions and operational improvements are not successfully implemented and if no new discoveries are made or reserves acquired and monetised, or if the Group cannot acquire and develop nearby assets with significant resource potential and/or process third party gas through its processing facilities, it is likely that no dividends would be declared, made or paid and the Group may be unable to invest in its development and appraisal assets, thereby restricting the future growth of the Group. In such circumstances, it is likely that the Company would be unable to return any value to its Shareholders, or invest in the ongoing monetisation of reserves, as a result of which the market value of the Ordinary Shares may deteriorate.

The Lock-up Agreement may be terminated in accordance with its terms on the occurrence of certain specified events

The Lock-up Agreement contains termination provisions allowing for termination in certain, specified circumstances. In particular, the Lock-up Agreement may be terminated at the election of a majority by value of Noteholders party thereto in certain circumstances, including if certain prescribed restructuring milestones are not met or certain other adverse events occur.

The Longstop Date for completion of the Restructuring, as set out in the Lock-up Agreement, is 23 August 2022. If any of the conditions to the Restructuring becoming effective above is not satisfied or waived by the Longstop Date (as amended or extended), then the Restructuring will not proceed.

Should the Lock-up Agreement terminate, the parties to it would not be obliged to support the Restructuring, including by voting in favour of the Scheme or a Restructuring Plan. For the consequences of the Restructuring not proceeding, please refer to the other risk factors herein.

Approval of the Restructuring Resolution will result in the transfer of the Company's listing to the standard listing segment of the Official List, which may provide less oversight for shareholders on the Company's ability to implement significant transactions.

If the Restructuring Resolution is approved by Shareholders, the Company will transfer admission of the Ordinary Shares to the standard listing segment of the Official List (a "**Standard Listing**") pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listing. The proposed Standard Listing will mean that the Company will not be required to comply with the super-equivalent provisions of the Listing Rules that apply to companies with securities admitted to the premium listing segment of the Official List (a "**Premium Listing**").

The Board considers that certain provisions relating to its current premium listing, in particular the requirement to obtain prior shareholder approval for any class 1 transaction, imposes onerous obligations on the Company given its current market capitalisation. The Transfer of Listing would allow the Company to

pursue potential strategic options to allow it to implement its business plan and grow the value of its assets without the need to prepare a circular to shareholders (including the preparation of a working capital statement). The Board considers this additional flexibility will assist in the successful execution of the Group's business plan and therefore a Standard Listing is more suited to the Company's size and strategy following the implementation of the Restructuring. However, Shareholders will not have the ability to approve any such transactions in the manner that they current have (given the Company's existing Premium Listing), which may reduce the level of control they have over the activities of the Company.

2. Risks relating to the Group

The Group's future strategy and viability relies on the strategic tie-up of third-party gas and/or development of stranded resources in the region. The achievement of this strategy is highly uncertain and may impact the ability of the Company to repay the New Notes.

The Chinarevskoye Field is a mature, declining asset with a low proved and probable reserves base of only 39 million barrels of oil equivalent as at 31 December 2020 based on the Ryder Scott reserves report. Production from the field will be insufficient to utilise the total 4.2 billion cubic metre processing capacity of the Company's gas treatment facilities.

The Company is therefore reliant on acquiring and developing nearby assets with significant resource potential and / or processing third party gas through its processing facilities to continue to produce free cash flows and build sufficient cash reserves to repay future indebtedness. The ability to negotiate and secure these strategic acquisitions is highly uncertain and the ability to fund the development of such projects, the costs of which may be substantial and require external funding, may not materialise.

The Group has a significant amount of indebtedness which limits its financial and operational flexibility.

At 31 December 2021, the Group had US$1,125 million in total indebtedness outstanding under the Existing Notes, together with a further US$173.9 million in accrued and unpaid interest. If the Restructuring completes, the Group will have US$550 million in total indebtedness outstanding under the New Notes, together with additional SUNs issued in respect of accrued payment-in-kind interest for the period from 1 January 2022 to the date of issue of the New Notes. The Group is subject to the risk that over the longer term it will be unable to generate sufficient cash flow, or be able to obtain sufficient funding, to satisfy its obligations to service and/or refinance its indebtedness under the New Notes.

The Group's substantial level of indebtedness has important consequences over the longer term, including:

- requiring Nostrum to use a significant portion of cash flow to service its debt obligations, thereby reducing financial flexibility and cash available to finance its operations;
- potentially limiting Nostrum's ability to borrow additional amounts for working capital in the longer term, capital expenditure or debt service requirements, or the Group's ability to refinance existing indebtedness;
- increasing the Group's vulnerability to general adverse economic and industry conditions; and
- restricting (or eliminating) the Group's ability to pay dividends or other distributions from retained earnings.

The above factors could limit Nostrum's financial and operational flexibility, and as a result could have a material adverse effect on Nostrum's business, prospects, financial condition and results of operations.

The Group's business requires significant capital expenditures in order to maintain its production levels and improve overall efficiency. In addition, the future expansion and development of the Group's business could require further debt and equity financing. The future availability of such funding is not certain and immediately following Completion, the Group's cash balances will be reduced.

Nostrum anticipates that in order to continue to implement its stated strategy it will need to make substantial capital investments for its operations, exploration, appraisal, development and/or production plans.

The Group's existing business requires significant capital expenditure in order to maintain its production levels and improve overall efficiency. Future expansion and development of its business, and capital expenditure beyond the Group's current committed capital expenditure for the next 12 months, could require debt and/or equity financing. The Group's ability to secure future debt or equity financing in amounts sufficient to meet its financial needs and capital expenditure could be adversely affected by many factors and the availability of any future funding, whether obtained through debt or equity financing, is not certain.

If the Group's revenues or reserves decline, it may not be able to raise additional funds (or any external debt or equity financing may not be on acceptable terms) or have the capital necessary (either from internal sources or through external debt or equity financing) to undertake or complete future drilling programmes. Furthermore, any additional debt financing may involve refinancing costs or penalties or restrictive covenants, which may limit or affect the Group's operating flexibility. There can be no assurance that the Group will be successful in obtaining such required financing or that the cost of such financing or the other applicable terms of such financing will not make such financing more onerous than under the facilities available to the Group at present.

Alternatively, the Group may in the future seek funds for such business activities or capital expenditure by selling part of its operations and/or by farming down its assets. If the Group is unable to generate or obtain further additional funding (for expenditure beyond its current committed capital expenditure for the next 12 months), it is likely to be limited in its ability to undertake any additional operations, exploration, appraisal, development or appraisal plans.

If the Group is unable to raise the necessary financing, then it will have to revise its planned capital expenditures. Such possible reduction could adversely affect the Group's ability to expand its business and meet its anticipated production levels and, if the reductions are severe enough, they could adversely affect the Group's ability to maintain its production at planned levels.

The Group's debt service obligations and requirements to comply with related covenants may adversely affect its business, prospects, financial condition and results of operations.

The indentures governing the New Notes will contain restrictions that substantially limit the financial and operational flexibility of the Notes Issuer and the Guarantors of the New Notes (including the Company and Zhaikmunai). In particular, these agreements place limits on their ability to incur additional debt, grant security interests to third persons, dispose of material assets, undertake organisational measures such as mergers, changes of corporate form, joint ventures or similar transactions and enter into transactions with related parties. Other limitations in the terms of the New Notes restrict (or entirely eliminate) the Group's ability to pay dividends. The Group's ability to comply with these provisions may be affected by changes in economic or business conditions or other events beyond its control.

Further, the Directors may wish to implement the Company's business plan in a way that is not permitted by such restrictive covenants so as to add value to the business as a whole and/or increase the ability of the Group to generate cash in the long term. The Company will not be able to implement such changes to its business plan unless it first obtains the consent of the holders of the New Notes, which may not be forthcoming. There can be no assurance that the operating and financial restrictions and covenants in the indentures governing the New Notes will not adversely affect the Group's ability to finance its future operations or capital needs, or engage in other business activities that may be in its best interest.

Further, if the Group does not comply with the covenants and restrictions in the indentures governing the New Notes, it could also be in default under such indentures. If the Group's obligations under the indentures governing the New Notes were to be accelerated, it is possible that the Group's collateral under such indentures would not be sufficient to repay such debt in full.

Additionally, if the Group does not comply with the covenants and restrictions in the Warrant Deed Poll, it could also be in default under such instrument. Any such default, or the occurrence of any other event which would allow the exercise of the Warrants, would lead to the Warrant Shares being issued and further dilution to the interests of the Existing Shareholders.

The Group's debt service obligations and requirements to comply with related covenants could have negative consequences for the Group in the longer term, including the following:

- limiting the Group's ability to obtain additional financing in the future, including its ability to refinance its debt;
- limiting the Group's flexibility in planning for, or responding to, changes in its business and industry;
- limiting the Group's ability to pay dividends; and
- placing the Group at a competitive disadvantage to other, less leveraged competitors or those who are not reliant on external funding,

each of which, alone or in combination, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's principal activities are conducted within the Chinarevskoye Field. The field, which is mature and experiences natural reservoir decline, is currently the Group's sole source of revenue.

Nostrum conducts its principal operations in the Chinarevskoye Field pursuant to a subsoil use licence (the "**Licence**") and an associated production sharing agreement ("**PSA**"). The Licence expires in 2027 and the PSA expires in 2031 and upon expiry of the Licence and the PSA, all operational assets pass to the Republic of Kazakhstan without compensation. The PSA grants exclusive rights to the Licence area. Nostrum's activities in the Licence area (which consists of multiple reservoirs) are currently the Group's sole source of revenue. As a result, the Group's success depends heavily on the success of its activities in the Licence area. Any event (such as operational failures or adverse sovereign action) that adversely interferes with the Group's ability to conduct its operations in the Chinarevskoye Field or that adversely impacts production volumes or quality, or levels of reserves or resources, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. Production from the key production reservoirs on the field has been falling steadily since 2017. Despite best efforts to stem the decline, the Company has been unable to find viable, economic drilling targets to stabilise and/or grow field production.

The Russia-Ukraine conflict and sanctions imposed against Russia and certain Russian companies and individuals may disrupt sales of the Group's oil and gas products that are transported through Russia, and an economic downturn in Russia may reduce demand for the Group's products, which may have a material adverse effect on the Group.

In late February 2022, Russian military forces invaded Ukraine, significantly amplifying already existing geopolitical tensions between Russia, and Ukraine, Europe, NATO, and the West. Following this invasion, the United States, the European Union, the United Kingdom, Canada, Japan, Australia and other countries have imposed broad-ranging economic sanctions against officials, individuals, regions, companies and industries in Russia. The sanctions consist of (*inter alia*) the prohibition of engaging in certain private transactions, the prohibition of doing business with certain Russian corporate entities, large financial institutions, officials and other individuals, the freezing of Russian assets and restrictions on the import of Russian oil into the United States. The sanctions also include a commitment by certain countries and the European Union to remove selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications (SWIFT), the electronic network that connects banks globally, and impose restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions. In addition, a number of large corporations and businesses have announced plans to divest interests or otherwise curtail business dealings with certain Russian businesses and/or to close their operations in Russia.

The Russia-Ukraine conflict, the current sanctions against Russia and persons connected with the Russian Federation or its officials, potential further sanctions in response to continued Russian military activity in Ukraine and other related actions undertaken by countries and businesses may disrupt the Group's sales channels for its oil and gas products by making it more difficult or impossible for the Group to transport its products to customers, which may have a material adverse effect on the Group. Specifically, the Group depends on networks of pipelines, including the Atyrau-Samara pipeline, and railways in Russia to transport its crude oil through Russia and deliver it to export markets. There is a risk that the Group may be unable to access these or alternative transportation systems in Russia as a result of disruptions due to the Russia-Ukraine conflict and the related sanctions, security issues, political developments or other related force majeure events. Any reduction or cessation in the availability of pipelines or rail infrastructure or other means of transporting the Group's crude oil gas products in Russia as a result of the sanctions against Russia and persons connected with the Russian Federation or its officials could have a material adverse effect on the Group's business, prospects, financial condition, cash flows and results of operations.

In addition, even if the Group is able to transport its oil into Russia, the Russia-Ukraine conflict and/or the sanctions against Russia may prevent the Group or its customers from transporting or selling the products outside of Russia, and thereby realising the proceeds from the sale of such oil (as the Group's oil will have been blended with Russian oil in the pipelines), which would lead to a decrease in the Group's sales and customers. While the US has banned the import of Russian oil from 8 March 2022 (subject to limited exceptions), such restrictions do not apply to Kazakh origin oil delivered into or via Russian transportation infrastructure on a segregated basis (which applies to the Group's products); in addition, the Group does not sell its products into the US or to US persons. Currently the Company is able to sell its products without restriction and there have been no disruptions to deliveries of the Group's products as at the date of this document, although a number of businesses have indicated their intention not to purchase any further oil from Russia and this may impact any future sale if the Group's current customers decide they cannot purchase oil from delivery points in Russia (even if such products are not subject to sanctions).

The Group imports certain materials from Russia for use in its business, including spare parts. If the providers of such products request payment to be made to their accounts with sanctioned financial institutions who are subject to asset freezes, Zhaikmunai may be unable to make such payments. This may restrict the Group's ability to acquire relevant materials for use its business on a timely basis or at all, which could have an adverse effect on the Group's business, prospects, financial condition, cash flows and results of operations.

Future sanctions on the purchase or sale of Russian oil, on the use of Russian oil and gas transportation infrastructure, or disruptions to the prices at which Russian oil is sold (given the Group sells its oil by reference to prices for Urals blend), may lead to a decrease in the Group's sales and customers and could have a material adverse effect on the Group's business, prospects, financial condition, cash flows and results of operations. The Group believes that in such circumstances it would be able to find alternative export markets for its products, including in Finland (if transportation through Russia is permitted), Uzbekistan, Tajikistan or China via rail tank cars, although there can be no certainty as to its ability to do so, the prices at which its products may be sold or the increased costs of transporting its products to such new markets.

The Russia-Ukraine conflict and the related sanctions have also led to market disruptions, including significant declines in Russian stock markets, the value of securities in Russian-domiciled companies listed on international stock markets, and the value of the ruble and an increase in the price of oil to its highest level since 2008 and gas to its highest ever level. If there is a prolonged economic recession or other adverse economic developments in Russia or elsewhere, it may have a negative impact on the oil and gas markets. High oil and gas prices may lead to a material reduction in demand for the Group's products. Poor economic conditions may lead to a decrease in construction and manufacturing activities and, as a result, there may be reduced demand for the Group's oil and gas products. Any reduction or cessation in the availability of rail infrastructure or other means of transporting the Group's oil and gas products in Russia, loss of customers as a result of the sanctions against Russia and persons connected with the Russian Federation or its officials, or decrease in demand for the Group's oil and gas products as a result of an economic downturn in Russia could have a material adverse effect on the Group's business, prospects, financial condition, cash flows and results of operations.

If there is a change of law or the interpretation thereof in Kazakhstan, the Group may be forced to sell its gas at prices determined by the Kazakhstan Government, which could be significantly lower than prices which the Group could otherwise achieve.

If there is a change of law in Kazakhstan, the Group may be forced to sell its raw/commercial gas and/or LPG at prices determined by the Kazakhstan Government, which could be significantly lower than prices which the Group could otherwise achieve.

Since 2012, Zhaikmunai has been included in a list prepared by the Competent Authority of subsoil users that the Competent Authority believes are subject to the Kazakhstan Law on Gas and Gas Supply No.532 IV dated 9 January 2012, as amended, (the "**Gas Law**") effective from 29 January 2012 with regards to the priority right of the Kazakhstan Government for the purchase of raw and commercial gas (this right became effective on 10 April 2012) at the price specified in accordance with the Minister of Energy of the Republic of Kazakhstan Order No. 121 dated 13 November 2014 "On approval of Rules for determination of price for raw and commercial gas purchased by the national operator under the priority right of the State" ("**Order 121**"). Subsoil users to which the Gas Law and Order 121 apply are required to sell their gas to National Operator at prices determined by the Kazakhstan Government calculated in accordance with a formula provided in Order 121 (which is costs plus up to 10% profit). Order 121 was issued to implement Article 15 of the Gas Law. However, according to Clause 14 of Article 15 of the Gas Law, the provisions of Article 15 of the Gas Law do not apply to (*inter alia*) raw and/or commercial gas produced (treated) by a subsoil user under a production sharing agreement which includes a tax stability clause, if the terms of that production sharing agreement include a priority right in favour of the Kazakhstan Government for the purchase of transferred raw and/or commercial gas.

Based on advice received from Kazakhstan legal counsel and in accordance with a letter received from the Ministry of Oil and Gas (the predecessor of the Ministry of Energy of the Republic of Kazakhstan) on 30 December 2013 management believes that Article 15 of the Gas Law (save for the aforementioned exception in Clause 14 thereof) should not apply to Zhaikmunai, as (a) Article 9 of the PSA contains a priority right in favour of the Kazakhstan Government for the purchase of transferred raw and/or commercial gas and (b) it is the intention of Article 15 of the Gas Law that the priority right contained in the PSA shall apply (to the exclusion of the priority right referred to in Article 15 of the Gas Law). However, if the Ministry of Energy were to change its position or there was to be a change in the relevant legislation or the

interpretation thereof in Kazakhstan, there is a risk that Zhaikmunai would be forced to sell its raw/commercial gas and/or LPG at prices determined by the Kazakhstan Government in accordance with a formula provided in Order 121 or otherwise, which could be significantly lower than prices which the Group could otherwise achieve. If this were to happen, whilst the Group believes that it would still be able to implement its strategy as such gas sales would form only a minority part of its overall revenues, it could have a material adverse effect on the Group's business, prospects, financial condition, cash flows and results of operations. Such an event will also impact the Group's ability to secure viable strategic gas tie-back projects and associated funding for these projects.

The Group's future hydrocarbon production profile is based principally on its gas treatment facility, oil treatment unit and field facilities operating with no unplanned maintenance periods. If these facilities were under extended periods of maintenance, the Group may not be able to produce sales products and pay its ongoing operating and general expenses.

The Group's gas treatment facility is essential for the treatment of gas condensate to produce dry gas, condensate and LPG for sale by the Group. The Group also relies on its oil treatment unit to process up to 400,000 tonnes per year of crude oil. Other field infrastructure plays a vital role in supporting the wells and facilities in the production process. The Group conducts an annual shutdown of the gas processing facility for up to fifteen days which results in some downtime in capacity. There can be no assurance that the Group will be able to maintain the gas treatment facility operational outside of scheduled maintenance periods. If the gas treatment facility fails to operate, the Group would have to reduce or suspend its production activities which would have a material adverse effect on the Group's business, prospects, financial condition, cash flows and results of operations.

Additionally, if the gas treatment facility ceases to be operational due to operational risks or hazards, the Group would have to rely on its existing gas flaring permits to flare the associated gas that cannot be treated or, if necessary, apply for additional gas flaring permits from the Competent Authority in order to flare the additional associated gas. There can be no guarantee that these permits would be issued. If the Group's existing gas flaring permits are insufficient and no such additional permits were issued, the Group might have to reduce or suspend its production activities which depend upon an operational gas treatment facility.

Any significant reduction in or suspension of the Group's production of hydrocarbons for a prolonged period of time would have a material adverse effect on the Group's business, prospects, financial condition, cash flows and results of operations.

The Group operates solely in Kazakhstan which is subject to significant political, economic, legal, regulatory and social uncertainties and has recently experienced political and civil unrest

The Group's operations are exposed to significant political, social, economic, fiscal, legal, regulatory and social instability in Kazakhstan in which it operates, being its sole country of commercial operations (including expropriation of assets, unilateral amendments to subsoil use contracts, hostilities, civil unrest, corruption, labour unrest and limitations or price controls on exports of hydrocarbons).

In January 2022, following a rise in fuel prices, certain mass demonstrations and gatherings occurred in various cities across Kazakhstan. The Kazakhstan Government deployed the police and military forces to address the disorder. At the president's request, military units belonging to the Russia-led Collective Security Treaty Organization (CSTO), a coalition composed of Russia, Armenia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan, entered the country on 6 January 2022 to assist government forces. President Kasym-Zhomart Tokayev declared a state of emergency comprising curfews and other measures.

Amid the protests, President Tokayev also accepted the resignation of the Kazakhstan government and designated Alikhan Smailov as the country's acting Prime Minister. He was officially approved as the new Prime Minister by the Mazhilis on 11 January 2022. On 5 January 2022, President Tokayev replaced former president Nursultan Nazarbayev as the chairman of the Security Council.

These events have reportedly resulted in more than 225 deaths, over 9,000 arrests and significant property damage. More than 100 businesses, including major banks, were also reportedly attacked and looted during the conflict, with Kazakhstan's main city of Almaty in particular experiencing numerous fatalities and significant damage to its infrastructure.

The recent political and civil unrest and the occurrence of any such factors could have a material and adverse effect on the Group's business, results of operations, financial condition and prospects. The status of the legal system in Kazakhstan may result in risks and uncertainties and regulatory requirements can be

onerous and expensive. The laws in Kazakhstan may also be subject to differing interpretations and are often subject to legislative change and changes in administrative interpretation which may be implemented with retrospective effect and which could result in transactions (which could include the Restructuring) being challenged. It may accordingly not be possible to establish, assert, protect or defend legal rights or title to assets in Kazakhstan with any certainty and any contracts or other legal agreements may not be enforceable under local laws. There can also be no assurance that the Group's title to its Licence or PSA or other assets will not be challenged or impugned. The occurrence of similar events or any such challenge could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The repair of the third train of the gas processing facility ("GTU-3") could take significantly longer and cost more than envisaged.

GTU-3 has total gas processing capacity of 2.5 billion cubic metres per annum and, together with gas processing trains 1 and 2 ("GTU1-2"), gives the Company a combined gas processing capacity of 4.2 billion cubic metres per annum. In addition to the higher processing capacity, the facility is also able to extract higher LPG yield from the same throughput of raw gas.

GTU-3 was commissioned and put into operation in 2019 but thereafter, two major pieces of equipment were found to require repair. These repairs are required to reinstate the Company's full design processing capacity of 4.2 billion cubic metres and help the Company achieve its strategic initiatives of processing third party gas volumes. There is a risk that these repairs may take longer than expected and that the costs of such repairs may become material, thus delaying the achievement of those objectives and reducing future value.

Oil and gas prices are volatile and have fluctuated considerably in recent years, which has had, and may continue to have, a significant impact on the Group.

Oil and gas prices are subject to volatility due to a variety of factors beyond the Group's control. Factors affecting crude oil prices include supply and demand fundamentals, economic outlooks and production quotas set by the Organisation of Petroleum Exporting Countries and political events. Oil and gas prices have also increased significantly since the Russia-Ukraine conflict started in February 2022, with an increase in the price of oil to its highest level since 2008 and in the price of gas to its highest ever level. In recent years, as a result of factors, including weaker outlook for global demand growth combined with excess supply, oil and gas prices worldwide have been subject to significant volatility and there can be no assurance that the recent recovery in oil prices or the recent high gas prices (relative to historical averages), or the higher oil and gas prices as a result of the Russia-Ukraine conflict, will continue. Lower oil and gas prices may reduce the economic viability of the Group's operations and proposed operations and materially adversely affect its business, results of operations, financial condition and prospects.

The Group's ability to produce economically from the Licence and PSA will be determined, in large part, by the difference between the revenue received for oil, condensate and gas produced by the Group at the Chinarevskoye Field and the Group's operating costs, taxation costs, royalties and costs incurred in transporting and selling its oil, condensate and gas. Therefore, lower oil, condensate and gas prices may reduce the amount of oil, condensate and gas that the Group is able to produce economically or may reduce the economic viability of the production levels of specific wells or of projects planned or in development, to the extent that production costs exceed anticipated revenue from such production. This could, in turn, result in a reduction in the reserves and resources to the extent the Chinarevskoye Field (in whole or in part) is no longer economically viable to develop. Any reduction in reserves and resources and/or any curtailment in the overall production volumes of the Group due to a decline in oil and/or gas prices could result in a reduction in the Group's net profit or increase in net losses, and impair its ability to make planned capital expenditures in the longer term and to incur costs that are necessary for the development of the Chinarevskoye Field, any of which could materially adversely affect the Group's business, results of operations, financial condition and prospects.

Climate change abatement legislation may have a material adverse effect on the oil and gas industry

Continued political attention to issues concerning climate change, the role of human activity in it and potential mitigation through regulation could have a material impact on the Group. International agreements, national and regional legislation, and regulatory measures to limit greenhouse emissions are currently in various stages of discussion or implementation. These and other greenhouse gas emissions-related laws, policies and regulations may result in substantial capital, compliance, operating and maintenance costs. The level of expenditure required to comply with these laws and regulations is uncertain and is expected to vary depending on the laws enacted by particular countries. As such, climate change legislation and regulatory

initiatives restricting emissions of greenhouse gases may adversely affect Nostrum's operations, cost structure or the demand for oil and gas. Such legislation or regulatory initiatives could have a material adverse effect by diminishing the demand for oil and gas, increasing the Group's cost structure or causing disruption to its operations by regulators. In addition, Nostrum may be subject to activism from groups campaigning against fossil fuel extraction, which could affect its reputation, disrupt its campaigns or programs or otherwise negatively impact Nostrum's business.

The Group will face inherent uncertainty as to the success of any future exploration and drilling activities both on the Chinarevskoye Field and potential future acquired fields

The Group is dependent on finding, acquiring, developing and producing oil and gas reserves that are economically recoverable, the success of which is subject to significant uncertainty. Oil and gas exploration and production activities are capital intensive and subject to financing limitations and inherent uncertainty in their outcome. Further, significant expenditure is required to establish the extent of the oil and gas reserves through seismic and other surveys and drilling. Therefore, there can be no certainty that further commercial quantities of oil and gas will be discovered or acquired by the Group. The Group's existing and future oil and gas appraisal and exploration projects may therefore involve unprofitable efforts, either from dry wells or from wells that are productive but do not produce sufficient net revenues to return a profit after development, operating and other costs.

Even if the Group is able to discover or acquire commercial quantities of oil and gas in the future, there can be no assurance that these will be commercially developed. Few prospects that are explored are ultimately developed into producing oil and gas fields. Development activities may be subjected to unexpected problems and delays and incur significant costs, which can differ significantly from estimates, with no guarantee that such expenditure will result in the recovery of oil and gas in sufficient quantities to justify investments. The Group, may be required to curtail, delay or cancel any development operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, breaches of security, title problems, adverse weather conditions, compliance with governmental requirements or failure to comply with work commitments under license, labour disputes and shortages or delays in the availability of drilling rigs, ancillary support vessels and the delivery of equipment. Any such curtailment, delay or cancellation could delay production or prevent production from taking place, which reduces cash flows and can lead to impairment charges.

Appraisal and development activities involving the drilling of wells across a field may be unpredictable and may not result in the outcome planned, targeted or predicted, as only by extensive testing can the properties of an entire field be more fully understood. The Group may also be required to curtail, delay or cancel any drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, breaches of security, adverse weather conditions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment or other factors which may result in drilling operations becoming uneconomic.

Completion of the Group's development plans does not ensure a profit on the investment or recovery of drilling, completion and operating costs and drilling hazards and environmental damage can further increase the cost of operations to be recovered. In addition, various field operating conditions may also adversely affect production from successful wells including delays in obtaining governmental approvals, permits, licenses, authorisations or consents, shut ins of connected wells, insufficient or uneconomic storage or transportation capacity or other unusual or unexpected geological, oceanographic and mechanical conditions.

Kazakhstan's tax regime is not fully developed and is somewhat unpredictable.

Due to numerous ambiguities in Kazakhstan's commercial legislation, in particular in its tax legislation, including its interpretation and implementation, Kazakhstan tax authorities may make arbitrary and inconsistent assessments of tax liabilities and challenge previously acceptable tax positions, thereby rendering it difficult for companies to ensure full compliance and to avoid assessments of additional taxes, administrative penalties and interest. On top of this, the Group's sole income generating activity under the PSA is subject to tax stability tied to tax legislation in effect in 1997. There are very few taxpayers in Kazakhstan who operate under the 1997 tax legislation and this means that there are very few tax authority representatives with the required knowledge and experience to audit the tax accounting of the Group's PSA activities. There is also very limited tax court case history on which the Group may draw to help manage and mitigate any perceived tax risks. As a result of these general ambiguities and relative uniqueness of the 1997 tax legislation, including, in particular, the uncertainty surrounding judgments rendered under the stabilized tax legislation, as well as a lack of an established system of precedent or consistency in legal

interpretation, the legal and tax risks involved in doing business in Kazakhstan are substantially greater than those in jurisdictions with more developed legal and tax systems. Tax legislation in Kazakhstan may also continue to evolve, which may result in further uncertainty for any of the Group's future non-PSA activities.

The current tax legislation was adopted at the end of 2017 and came into force on 1 January 2018. It is subject to annual revision. The Group expects certain revenue-raising measures to be implemented, which may result in significant additional taxes becoming payable. Additional tax exposure could have a material adverse effect on companies operating in Kazakhstan, such as Nostrum.

The oil and gas reserves and resources data in respect of the Group are estimates and uncertain.

Estimating the value and quantity of economically recoverable natural oil and gas reserves and resources, and consequently the rates of production, net present value of future cash flows realised from those reserves and resources and the timing and amount of capital expenditure, necessarily depend upon a number of variables and assumptions, such as ultimate reserves recovery, interpretation of geological and geophysical data marketability of oil and gas, royalty rates, continuity of current fiscal policies and regulatory regimes, future gas prices, operating costs, development and production costs and work over and remedial costs, all of which may vary from actual results.

The estimates assume that the future development of the Group's fields and the future marketability of its oil, condensate and gas will be similar to past development and marketability, that the assumptions as to capital expenditure and operating costs are accurate and that the capital expenditure strategy of the Group is successfully implemented by it.

Oil and gas exploration, development and production can be dangerous and involve numerous risks and hazards, including health, safety and environmental risks.

The Group's future success will depend, in part, on its ability to develop and extract oil and natural gas reserves in a timely and cost-effective manner and achieve its production targets. Developing oil and gas resources and reserves into commercial production involves a high degree of risk. The Group's exploration, development and production operations will be subject to all the risks common in its industry. These hazards and risks include encountering unusual or unexpected rock formations or geological pressures, fires, explosions or power shortages, equipment failures or accidents, premature declines in reservoirs, blowouts, uncontrollable flows of oil, gas or well fluids, or water cut levels, pollution and other environmental risks, shortages or delays in the availability of drilling rigs and other equipment and transport and the delivery of equipment.

Consequent exploration, development and/or production delays and/or declines and deterioration in normal field operating conditions may adversely affect revenue and cash flow levels, result in significant additional costs to replace or repair the Group's assets, and result in expected production targets not being achieved.

Such events may result in environmental damage, injury to persons and loss of life and a failure to produce oil or gas in commercial quantities. They could also result in significant delays to drilling programmes, a partial or total shutdown of operations, significant damage to equipment owned by the Group and equipment owned by third parties and personal injury or wrongful death claims being brought against Nostrum. These events could also put at risk some or all of the Group's licences and could result in the Group incurring significant civil liability claims, significant fines or penalties as well as criminal sanctions potentially being enforced against the Group and/or its officers. The Group may also be required to curtail or cancel any operations following the occurrence of such events.

Any of the above could materially and adversely affect the Group's business, results of operations, financial condition and prospects.

The Group is obliged to comply with environmental regulations and cannot guarantee that it will be able to comply with these regulations in the future.

The Group's operations are subject to environmental risks inherent in oil and gas exploration and production industries. Compliance with environmental regulations may make it necessary for the Group, at costs that may be substantial, to undertake measures in connection with the storage, handling, transportation, treatment or disposal of hazardous materials and waste and the remediation of contamination.

The legal framework for environmental protection and operational safety is not yet fully developed in Kazakhstan. Stricter environmental requirements, such as those governing discharges to air and water, the handling and disposal of solid and hazardous wastes, land use and reclamation and remediation of contamination, may be adopted in the near future, and the environmental authorities may move towards a

stricter interpretation of existing legislation. The costs associated with compliance with such regulations could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group's environmental obligations include complying with Kazakhstan environmental legislation, particularly the new Kazakhstan Environmental Code that entered into force on 1 July 2021. The purpose of the enactment of the new Environmental Code was, *inter alia*, to introduce positive experience of foreign countries, consolidate mechanisms for Kazakhstan to perform its international environmental obligations and increase public participation in environmental decision-making by the state. A few major changes introduced by the Environmental Code include revision of the approach to environmental permitting, including making the operators of the first category facilities (which include hydrocarbon production and processing plants and facilities) responsible for accounting for and including into their own environmental permits the emissions of contractors / service providers engaged by the operators to construct, operate, service (maintain) or abandon the said facilities, mandating gradual implementation of the best available techniques (the "**BAT**") starting from 2025 (with certain exceptions) and a significant increase in the rates of fines for environmental offenses. The Environmental Code defines the BAT as the most effective and advanced stage in the development of activities and methods of carrying them out, which indicates their practical suitability to serve as the basis for the establishment of technological standards and other environmental conditions aimed at preventing or, if this is not practicable, minimizing negative anthropogenic impact on the environment. The BAT catalogue is being developed by the Government. As a newly developed piece of legislation the Environmental Code and relevant subordinate acts may be subject to different interpretation by the governmental agencies and/or courts and may undergo further amendments the extent of which is uncertain.

The costs of environmental compliance in the future, including those related to the implementation of the BAT, and potential liability due to any environmental damage that may be caused by the Group could be material. Moreover, the Group could be adversely affected by future actions and fines imposed on the Group by the environmental protection agencies of the government of Kazakhstan, including the potential suspension or revocation of the Licence or subsoil use agreements and termination of the PSA. To the extent that any provision in the Group's accounts relating to remediation costs for environmental liabilities proves to be insufficient, this could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

In March 2009, the President of Kazakhstan signed the law on the ratification of the Kyoto Protocol to the United Nations Framework Convention on Climate Change (the "**Kyoto Protocol**"), which is intended to limit or discourage emissions of greenhouse gases such as carbon dioxide. The so-called Doha Amendment to the Kyoto Protocol, which purpose was to establish the second commitment period thereunder from 2013 to 2020 for participating countries, entered into force in December 2020. As of today Kazakhstan had not ratified the Doha Amendment to the Kyoto Protocol. In November 2016, Kazakhstan also ratified the Paris Agreement in accordance with the United Nations Framework Convention on Climate Change (the "**Paris Agreement**") which is believed to have effectively replaced the Kyoto Protocol. Kazakhstan's nationally determined planned contribution under the Paris Agreement is to reduce the country's greenhouse gas emissions by at least 15 percent from 1990 levels, or by 25% (subject to certain conditions) by 2030. The potential compliance costs associated with the Paris Agreement in Kazakhstan are unknown and may be significant. Nonetheless, the likely effect will be increase in costs for electricity and transportation, restriction of levels of emissions and allocation of quotas for greenhouse gases, imposition of additional costs for emissions in excess of permitted levels and increase in costs for monitoring, reporting and financial accounting. Increases in such costs could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Although the Group is obliged to comply with all applicable environmental laws and regulations, given the changing nature of environmental regulations, it may not be in compliance at all times. Any failure to comply with these environmental requirements could subject the Group to, among other things, civil liabilities and penalty fees and possibly temporary or permanent shutdown of the Group's operations. In the past, the Group has been served with administrative and other environmental claims from the Kazakhstan Government or its regulatory departments.

The Group's operations are dependent on the Group's compliance with the obligations under its Licence and the PSA

The Group's exploration and production operations must be carried out in accordance with the terms of its Licence and PSA, including any annual work programmes, field development plans and budgets as set forth therein. The relevant Kazakhstan legislation, including the Subsoil Code, and the PSA provide that fines

may be imposed or damages claimed and the Licence may be suspended or terminated if Zhaikmunai fails to (i) comply with its obligations under the Licence or PSA; (ii) make timely payments of levies and taxes for the licenced activity; (iii) provide the required geological information; or (iv) meet other reporting requirements. The extent of such obligations may be unclear or ambiguous and regulatory authorities in Kazakhstan may not confirm that such work obligations have been fulfilled, which can lead to operational uncertainty.

The suspension, revocation or termination of the Licence or PSA may have a material adverse effect on the Group's business, prospects, financial condition and results of operations. In addition, failure to comply with the obligations under the Licence or PSA, whether inadvertent or otherwise, may lead to fines, penalties, restrictions, withdrawal of the Licence and/or the PSA, which could have a material and adverse effect on the Group's business, prospects, financial condition and results of operations.

The Group is obliged to comply with health and safety regulations and cannot guarantee that it will be able to comply with these regulations.

The Group's operations are subject to laws and regulations relating to the protection of human health and safety. Failure, whether inadvertent or otherwise, by the Group to comply with applicable legal or regulatory requirements may give rise to significant liabilities. The Group's health and safety policy is to observe local and national, legal and regulatory requirements and generally to apply best practice where local legislation does not exist.

The Group incurs, and expects to continue to incur, substantial capital and operating costs in order to comply with increasingly complex health and safety laws and regulations. New laws and regulations, the imposition of tougher requirements in licences, subsoil use agreements and permits, increasingly strict enforcement of, or new interpretations of, existing laws, regulations and licences, or the discovery of previously unknown contamination may require further expenditures to modify operations or pay fees or fines or make other payments for breaches of health and safety requirements.

Although the costs of the measures taken to comply with health and safety regulations have not had a material adverse effect on the Group's financial condition or results of operations to date, in the future, the costs of such measures and/or liabilities related to damage to human health and safety caused by the Group may increase, adversely affecting its business, results of operations, financial conditions and prospects.

The Group's insurance coverage does not cover all risks and may not be adequate for covering losses arising from potential operational hazards and unforeseen interruptions.

The insurance industry in Kazakhstan is not as developed as in other economies and many forms of insurance protection typically used in more advanced economies, such as business interruption insurance, are unavailable on commercially reasonable terms. The laws in Kazakhstan require oil and gas companies to insure only against certain limited types of risks, such as insurance of employees against accidents at work, environmental damage and certain civil liability, for instance civil liability of owners of objects, activities of which may cause damage to third parties, and vehicle owners' civil liability. As a result of its engagement in extraction and exploration activities, the Group is subject to liabilities for hazards against which it either cannot obtain insurance, or which it elects not to insure against because of high insurance premium costs. Losses from uninsured risks may cause the Group to incur costs that could have a material adverse effect on the Group's business, prospects, operating results, cash flows and financial condition.

The Group's insurance does not cover business interruption, key-man, terrorism or sabotage insurance. The proceeds of insurance applicable to covered risks may not be adequate to cover increased expenses relating to these losses or liabilities. Accordingly, the Group may suffer material losses from uninsurable or insured risks or insufficient insurance coverage which could materially and adversely affect the Group's business, prospects, financial condition and results of operations.

The Group may face unanticipated increased or incremental costs.

The oil and gas business is a capital-intensive industry. To implement its business strategy, the Group has invested in the construction of its oil and gas pipelines, and has invested in drilling and exploration activities and infrastructure. The Group's current and planned expenditures on such projects are subject to unexpected problems, costs and delays, and the economic results and actual costs of these projects may differ significantly from the Group's current estimates.

The Group relies on oil field suppliers and contractors to provide materials and services in conducting its exploration, appraisal, development and production activities, and may incur additional expenses if it is

required to perform some of these activities directly. Any competitive pressures on the oil field suppliers and contractors, or substantial increases in the global prices of certain commodities, such as steel, could result in a material increase in costs of materials and services required by the Group to conduct and expand its business. The cost of oil field services and materials globally has increased significantly in recent years and is heavily linked to the price of oil and could continue to increase in the future. Future increases could have a material adverse effect on the Group's operating income, cash flows and borrowing capacity and may require a reduction in the carrying value of the Group's properties, its planned level of spending for exploration and development and the level of its reserves.

Prices for the materials and services the Group depends on to conduct and expand its business may increase to levels that no longer enable the Group to operate profitably. The Group may also need to incur various unanticipated costs, such as those associated with personnel, transportation and Kazakhstan Government royalties and taxes. Personnel costs, including salaries, are increasing as the standard of living rises in Kazakhstan and as demand for suitably-qualified personnel for the oil and gas industry increases. Additionally, trade unions are active in Kazakhstan, particularly in the oil and gas sector. Although there have been no strikes in the history of the Group, industrial action, and the increased costs associated with such action, could occur. An increase in any of these or other costs could materially and adversely affect the Group's business, prospects, financial condition, cash flows and results of operations.

The Group may be subject to currency fluctuations and exchange controls

The Group is subject to risks from changes in currency values and exchange controls. Changes in currency values (specifically US$:KZT) and exchange controls could have a material adverse effect on the Group's business, operating results, financial condition or prospects.

The functional currency of the Group is US dollars. The Group mainly receives revenues in US dollars and converts funds to foreign currencies to meet payment obligations which are contracted in currencies other than US dollars, such as labour and employee costs in KZT. Exchange rates between the KZT and the US dollar have fluctuated significantly in the past and may do so in the future. Consequently, construction, exploration, development, operating, administration and other costs may be higher in US dollars than in KZT.

Hedging activities may inadequately protect the Group from hydrocarbon price, exchange rate and interest rate volatility

The Group may seek to mitigate the impact of volatility in hydrocarbon prices and currency exchange rates by maintaining oil and gas price and foreign exchange hedging to underpin its financial strength and protect its capacity to fund future developments and operations. Oil and gas hedging can be undertaken with swaps, collar options, reverse collars and hedges embedded in long-term crude offtake agreements.

Inadequate hedging could adversely affect the Group due to a range of reasons including mismatch between the hedging instrument and risk for which protection is sought, mismatch between the nominal amount or duration of the hedging instrument and the related liability, default on obligation by the hedge counterparty, adjustment of the value of the derivatives, and the high level of transaction costs and subsequent exposure to financial risk. If the Group is unable to hedge its hydrocarbon price or foreign exchange risks effectively or experiences a loss as a result of its hedging activities, this could have a material adverse effect on the business, operating results, financial condition or prospects of the Group.

The Group may be subject to work stoppages or other labour disturbances

Work stoppages or other labour disturbances, such as industrial action, with the Group's employees or those of its contractors, suppliers and customers may occur in the future. If this occurred, the Group, or its contractors, suppliers or customers (as applicable) may not be able to negotiate acceptable collective bargaining agreements or may become subject to material cost increases or additional work rules imposed by such agreements. The occurrence of any of the foregoing could materially and adversely affect the Group's business, prospects, financial condition and results of operations.

The Group will depend, on its boards of directors, key members of management, independent experts, technical and operational service providers and on its ability to retain and hire such persons to effectively manage the business.

The Group's future operating results depend in significant part upon the continued contribution of the board of directors, key senior management and technical, financial and operations personnel. Management of the Group's growth will require, among other things, stringent control of financial systems, compliance

environment and operations, the continued development of management control, the ability to attract and retain sufficient numbers of qualified management and other personnel, the continued training of such personnel and the presence of adequate supervision.

The Group's success is dependent on the ability of the board of directors and management to operate its growing business and to manage the ongoing changes from potential future acquisitions. Failure to manage the Group's growth and development effectively, could materially and adversely affect the Group's business, prospects, financial condition and results of operations.

In addition, the personal connections and relationships of the Directors and key management are important to the conduct of the Group's business. If the Group was to unexpectedly lose a key management member or fail to maintain one of the key management team's strategic relationships, the Group's business and results of operations could be materially adversely affected.

The Group will use independent contractors to provide it with certain technical, financial, commercial and legal assistance and services. In certain cases, the Group may exercise limited control over the activities and business practices of these providers and any inability on the Group's part to maintain satisfactory commercial relationships with them or their failure to provide quality services could materially adversely affect the Group's business, prospects, results of operations and financial condition.

Attracting and retaining additional skilled personnel will be fundamental to the continued growth and success of the Group's business after completion of the Restructuring. The Group will require skilled personnel in the areas of exploration and development, operations, engineering, business development, oil marketing, finance and accounting. Personnel costs, including salaries, are increasing as industry wide demand for suitably qualified personnel increases. There is a scarcity of qualified personnel in the more technical areas in which the Group operates. The Group may not successfully attract new personnel and retain existing personnel required to continue to expand the business and to successfully execute and implement its business strategy.

Future subsoil use activity outside of Chinarevskoye will be subject to the prevailing tax legislation. This legislation is less advantageous than the fiscal terms under the PSA and is without legal stability; which may result in those terms deteriorating.

The fiscal terms under the prevailing Kazakhstan tax code are less favourable in comparison to the grandfathered tax code applicable under the current PSA. Strategic initiatives outside of Chinarevskoye may require higher economics reserves and pricing environment to overcome the higher tax burden on such subsoil use activity and be commercially viable.

In addition, for any future non-PSA oil and gas production activity, the provisions of prevailing tax legislation would likely be applicable, without legal stability, and since the prevailing tax legislation is subject to constant revision, there is a risk that the fiscal terms which govern any non-PSA activity could deteriorate.

The Group's future decommissioning liabilities are not accurately measurable.

The Group, through its operations, has in the past assumed certain obligations in respect of the decommissioning of the Chinarevskoye Field and related infrastructure and is expected to assume additional decommissioning liabilities in respect of its future operations. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and require the Group to make provision for and/or underwrite the liabilities relating to such decommissioning. Although the Group's accounts make a provision for such decommissioning costs, there can be no assurances that the costs of decommissioning will not exceed the value of the long-term provision set aside to cover such decommissioning costs. Actual costs may exceed Company estimates as the Republic of Kazakhstan evolves its legislation and methodologies around the recognition of decommissioning provisions for companies. Such legislative changes that cause a divergence between the Company's estimates and its actual costs, could materially and adversely affect the Group's business, prospects, financial condition, cash flows and results of operations.

The Group is subject to the UK Bribery Act 2010 (the "Bribery Act") and similar anti-corruption legislation in Kazakhstan, and its failure to comply with the laws and regulations or similar legislation in other jurisdictions could result in penalties which could harm its reputation and have a material adverse effect on the Group's business, prospects, financial condition, cash flows and results of operations.

The Group is subject to the UK Bribery Act and similar anti-corruption legislation in Kazakhstan, which generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business and/or other benefits. Although the Group has policies and procedures designed to ensure that the Group, its employees and agents comply with the UK Bribery Act and similar anti-corruption legislation in Kazakhstan, including a whistle-blowing policy, there is no assurance that such policies or procedures will work effectively all of the time or protect the Group against liability under the UK Bribery Act or similar anti-corruption legislation in Kazakhstan for actions taken by its agents, employees and intermediaries with respect to the Group's business. If the Group is not in compliance with the UK Bribery Act, similar anti-corruption legislation in Kazakhstan or other laws governing the conduct of business with government entities, it may be subject to criminal and civil penalties and other remedial measures, which could have a material adverse impact on the Group's business, prospects, financial condition, cash flows and results of operations. Any investigation or allegation of any potential violations of the UK Bribery Act, similar anti-corruption legislation in Kazakhstan or other anti-corruption laws by foreign authorities also could have a material adverse impact on the Group's business, prospects, financial condition, cash flows and results of operations. Furthermore, any remediation measures taken in response to such potential or alleged violations of the UK Bribery Act, similar anti-corruption legislation in Kazakhstan or other anti-corruption laws in other jurisdictions, including any necessary changes or enhancements to the Group's procedures, policies and controls and potential personnel changes and/or disciplinary actions, may materially adversely impact its business, prospects, financial condition, cash flows and results of operations.

There is a risk that the Group could be held to have financial obligations under a hydrocarbon license issued by the Republic of Latvia in January 2018.

The Group may be subject to claims that it has financial obligations under a hydrocarbon license issued on 9 January 2018 by the Republic of Latvia to the Company's subsidiary Nostrum Oil & Gas Coöoperatief U.A. ("**NOG Coop**") and two unrelated entities. In 2017 the three entities had jointly bid in response to an invitation to tender for such license and their bid was ultimately selected as the winning bid. However while NOG Coop subsequently decided that it did not wish to pursue or accept the license, one of the other joint bidders paid a license fee to the Latvian authorities without NOG Coop's consent and thereby purportedly accepted the license on behalf of all three entities. NOG Coop thereafter informed both the entity that paid the fee and the Latvian authorities that it had not accepted any license and disclaimed any interest in the same. Since that time the Latvian authorities have not requested any performance from NOG Coop or asserted any claims against NOG Coop in connection with the license. The Group believes that the most likely consequence is that such license or any interest that NOG Coop may have had therein will be terminated by the Latvian authorities without further liability for the Group, which termination would not have any adverse effect on the Group. The Group also believes that it is unlikely that the Latvian authorities would seek to hold NOG Coop to any financial obligations in connection with such license and that it is very unlikely that they would seek to hold NOG Coop to significant financial obligations thereunder. However risk in this regard cannot be excluded and in the event that NOG Coop would be held to be liable for substantial commitments under such license, the potential financial obligations for the Group could be significant.

PART 3

DETAILS OF THE RESTRUCTURING

1. Introduction

The Company has been in discussions with certain of its creditors for some time regarding the restructuring of its Existing Notes due to its missed coupon payments and the upcoming maturity date for certain of the Existing Notes of US$725,000,000 on 25 July 2022.

The proposed terms of the Restructuring, which will be implemented through a Court-sanctioned Scheme, were agreed with a subset of the Company's creditors on 23 December 2021. In the event that the Resolutions are not passed, an Alternative Restructuring will be pursued, pursuant to which a transaction substantially similar to the Restructuring will be consummated but as part of which the shareholdings of Existing Shareholders will be further diluted.

If the Restructuring completes, Noteholders will receive the following in satisfaction of their Existing Notes claims:

- A *pro rata* share of new: US$250 million of SSNs and US$300 million of SUNs, in each case maturing on 30 June 2026; and
- A *pro rata* share of (a) New Shares representing 88.89% of the enlarged issued share capital of the Company on Closing; and (b) Warrants, issued to the Warrant Trustee, to subscribe for additional Shares of the Company such that the Ordinary Shares held by the holders of the Existing Notes, or their nominee(s), would increase from 88.89% to 90% of the enlarged issued share capital of the Company on exercise of all of the Warrants; in each case based upon the *pro forma* capitalisation of the Company immediately following Closing.

In addition, the Restructuring will involve a transfer of the ordinary shares of the Company from the premium listing on the London Stock Exchange to a standard listing.

As at the Latest Practicable Date, affiliates of ICU hold approximately US$67.5 million in principal of the Existing Notes, representing approximately 6.0% of the total principal amount of the Existing Notes. Affiliates of ICU hold approximately 23.8% of the Existing Shares and so ICU is a related party of the Company for the purposes of Chapter 11 of the Listing Rules. The affiliates of ICU will be issued with New Shares, New Notes and Warrants *pro rata* to their holdings of Existing Notes pursuant to the Restructuring (assuming the RPT Resolution is approved or the RPT Arrangements are approved at a subsequent general meeting of the Company as contemplated in paragraph (D) "*Conditionality of the Restructuring*" in Section 3 (*Overview of the Restructuring*) of Part 1 (*Letter from the Chairman to Shareholders*) of this document). The RPT Arrangements constitute a related party transaction for the purposes of Chapter 11 of the Listing Rules and require the approval of Independent Shareholders in accordance with the provisions of the Listing Rules.

In addition, the affiliates of ICU (i) have received their *pro rata* proportion of the Consent Fee and (ii) will, pursuant to the Lock-up Agreement, be paid the Lock-up Fee, in each case in respect of their holdings of Existing Notes. In addition, pursuant to the Lock-up Agreement, the Company agreed to pay certain legal fees to legal advisers to ICU, in respect of their legal advice in connection with the Restructuring, up to a maximum agreed amount. These arrangements are outside of the RPT Arrangements and do not require the approval of Independent Shareholders in accordance with the provisions of the Listing Rules.

2. Overview of the Group's capital structure

Nostrum Oil & Gas Finance B.V., an indirect subsidiary of the Company, has issued US$1,125,000,000 of senior notes, guaranteed by the Company, Nostrum Oil & Gas Coöperatief U.A., Zhaikmunai and Nostrum Oil & Gas B.V.

As at the date of this document, the Group has the following material third party financial indebtedness:

- US$725,000,000 8.00% notes due July 2022; and
- US$400,000,000 7.00% notes due February 2025.

3. Overview of the New Notes

As part of the Scheme, Nostrum Oil & Gas Finance B.V. (the issuer of the Existing Notes) will issue US$250 million of SSNs and US$300 million of SUNs, in each case maturing on 30 June 2026. The SSNs and SUNs will be governed by English law.

The following outlines the material features of the SSNs and SUNs:

New Notes tranches and amounts

- SSNs in an original aggregate principal amount of US$250,000,000; and
- SUNs in an original aggregate principal amount of US$300,000,000.

Material terms of the New Notes:

Interest (payable every six months):

- SSNs – 5.0% cash; and
- SUNs – 1.0% cash and 13.0% payment-in-kind.

Interest accrual: Interest shall accrue on the New Notes from 1 January 2022 until the issue date and shall be paid on the issue date in cash to holders of the SSNs and SUNs or, in the case of the payment-in-kind component of the SUNs, capitalised in accordance with the terms of the SUNs trust deed.

Pursuant to the Lock-up Agreement, the Company has agreed that the 5.0% cash interest on the SSNs will accrue from 1 January 2022 and such accrued amount is expected to be paid in cash to the Noteholders upon the issue of the SSNs.

Pursuant to the Lock-up Agreement, the Company has agreed that the 1.0% cash interest and 13.0% payment-in-kind interest will accrue from 1 January 2022. Accordingly Nostrum Oil & Gas Finance B.V. will (i) issue a principal amount of additional senior notes representing the payment-in kind interest which has been agreed to be payable with effect from 1 January 2022 until the date of issue and (ii) pay to the Noteholders upon the issue of the SUNs an amount in cash representing this accrued cash interest. For example, if the SUNs are issued on 30 June 2022, Nostrum Oil & Gas Finance B.V. will issue approximately US$19.4 million in principal amount of additional SUNs representing the accrued payment-in kind interest.

Maturity date: 30 June 2026.

Repayment price: 100% plus accrued and unpaid interest to the date of repayment.

Covenants: The New Notes shall be subject to restrictive covenants which are generally customary for restructured notes of this type, including a change of control provision requiring a change of control offer at a price of 101%. No super senior or *pari passu* indebtedness or liens with respect to the SSNs or SUNs shall be permitted without the consent of holders of at least 50% in principal amount of each of the SSNs and SUNs, except for customary permissions for restructured notes of this type.

Guarantors, security and ranking: The New Notes shall benefit from guarantees to be provided on substantially the same terms as those which benefit the Existing Notes.

Subject to complying with the regulatory requirements in Kazakhstan:

- the SSNs shall benefit from first-ranking security interests over all of the Group's assets including, but not limited to: (A) a share pledge over the shares in each material subsidiary of the Company; (B) a floating charge over the Company's assets; and (C) account security over the key operational bank accounts of the Group (including the Blocked Account and the DSRA (each as defined below)); and
- the SUNs shall benefit from second-ranking security interests over the Blocked Account and the DSRA.

Amendments and waivers: The New Notes will incorporate English law style amendment and waiver provisions.

Intercreditor arrangements: To be agreed, with intercreditor documentation to be based on the LMA standard form.

Cashflow arrangements: The following is a summary of certain cashflow management arrangements to be put in place as part of the Restructuring:

- on (or shortly prior to) the Closing, a cash balance sufficient to pay: (A) the next two cash interest payments due on the New Notes; and (B) the total amount of the Lock-Up Fee, shall be deposited into a Debt Service Retention Account ("**DSRA**"). On each interest payment date under the New Notes following the Release Date, if there is insufficient cash in the DSRA to fund the next two cash interest payments due on the New Notes, a corresponding amount shall be transferred to the DSRA. On the Closing, the Lock-up Fees will be paid to eligible Noteholders out of the funds in the DSRA. On each interest payment date under the New Notes after Closing, the remaining funds will be released from the DSRA and applied first, to pay cash interest due under the SSNs; and second, to pay cash interest due under the SUNs. After a drawdown has been made from the DSRA to fund cash interest due under the SSNs and the SUNs, cash will be swept to the DSRA in accordance with the terms of the cash sweep mechanism described below;
- subject to a minimum cash balance of between US$15-US$30 million to be retained by the Company, all free cash within the Group at Closing shall be applied as follows: (A) first, paid into the DSRA as described above; and (B) second, the remaining balance (if any) to be paid into an account, in the name of the Company, pledged and blocked in favour of the trustee for the New Notes (the "**Blocked Account**"); and
- for a period of 30 months (the end of such period, the "**Release Date**"), cash in the Blocked Account may only be released from the Blocked Account with the approval of the majority of independent directors of the Company for the purpose of either: (i) funding capital expenditure approved by the Board (which may include but is not limited to future projects for which the Company has undertaken, or is undertaking, feasibility studies, approved by the Board) (an "**Approved Expenditure**"); (ii) restoring the cash balance of the Company's other accounts (excluding the Blocked Account) to the agreed minimum cash balance of between US$15-US$30 million; or (iii) making arms' length repurchases for value of the SSNs on the open market and, only once the SSNs have been repaid in full, making arms' length repurchases for value of the SUNs on the open market.

On the Release Date, any amounts standing to the credit of the Blocked Account not committed to, or held in reserve for, an Approved Expenditure or not required to top up the balance of the DSRA to ensure that it is sufficient to fund upcoming cash pay interest due on the New Notes shall be transferred to the paying agent for the New Notes and applied first, against costs and expenses of the trustee or security agent for the New Notes, second applied in repayment of the SSNs and third, applied in repayment of the SUNs. At all times following the Release Date, any amounts standing to the credit of the Blocked Account (if any) shall be only released in connection with (i) an Approved Expenditure, (ii) making arms' length repurchases for value of the SSNs on the open market and, only once the SSNs have been repaid in full, making arms' length repurchases for value of the SUNs on the open market, or (iii) to top up either the minimum cash balance or the balance of the DSRA to ensure that there is sufficient cash to fund the upcoming cash pay interest due on the New Notes.

Potential repayment in specie: The SSNs will not be convertible and may only be repaid in cash.

On maturity in June 2026, if not repaid in cash, the SUNs may be repaid in specie, subject to (among other necessary approvals) receiving the prior consent of the Kazakhstan Ministry of Energy, by way of the issue of new Ordinary Shares based on the value of the SUNs outstanding on the conversion date as a percentage of the FMV of the Company, up to a maximum of 99.99% of the Company's fully diluted equity. The FMV for these purposes will be equity value of the Company (as if having given effect to the repayment of the SUNs in specie), calculated by reference to the Gross FMV, less liabilities (including any indebtedness ranking ahead of the Ordinary Shares assuming the repayment of the SUNs in specie, such as the SSNs), which shall be determined by an independent third party in the business of providing professional valuation services, selected by a majority of the independent directors of the Company. Repayment of the SUNs on maturity by way of the issue of new Ordinary Shares will require: (i) the consent of holders of 75% in outstanding principal amount of the SUNs and (ii) where the Company is to be delisted, notification to the FCA regarding the cancellation of listing.

If the SUNs are repaid in specie on maturity in June 2026, the holders of the SUNs will receive new shares representing 99.99% of the further enlarged issued share capital of the Company in all situations where the FMV of the Company is less than approximately US$528.6 million (being the expected amount to be repaid under the SUNs on maturity, assuming no prior repayments are made from the Blocked Account).

4. Overview of the Warrants

The Warrants

A fixed number of Warrants will be issued on or shortly after Closing, which will be held by the Warrant Trustee for the benefit of the holders of the SUNS, or their nominee(s), from time to time (the "**Warrant Trustee**"). Prior to repayment in full of the SUNs, beneficial interests in the Warrants will trade alongside the SUNs as the SUN Holders change over time, other than where Noteholders have nominated different recipients of these interests through the Restructuring (or a Part 26A Restructuring, as applicable).

The Warrants will be issued to the Warrant Trustee in such amount as will, upon exercise in full, result in the issue of new Ordinary Shares (the "**Warrant Shares**") at their nominal value to the holders of the SUNs (or their nominee(s)) so as to increase the aggregate entitlement of holders of the SUNs, or their nominee(s), to Ordinary Shares:

- in respect of the Restructuring, from 88.89% to 90%, based upon the *pro forma* capitalisation of Nostrum immediately following Closing; or
- in respect of a Part 26A Restructuring, from 98.89% to 99%, based upon the *pro forma* capitalisation of Nostrum immediately following Closing,

in each case excluding entitlements under any new management incentive plan, long-term incentive plan or similar share scheme and reflecting the Share Consolidation to be implemented as part of the Restructuring.

Pursuant to the Restructuring, the Company will issue Warrants representing 18,801,358 Warrant Shares to the Warrant Trustee (to give effect to the Share Consolidation on the number of issued shares in the Company). Approximately £0.19 million (US$0.25 million) of indebtedness under the Existing Notes (the "**Warrants Subscription Amount**") will be released and a promissory note in the amount of the Warrants Subscription Amount will be issued to the Warrant Trustee for the benefit of the holders of the SUNs. The amount due under this promissory note may be applied to pay the nominal value of the 18,801,358 Warrant Shares to be issued to holders of the SUNs, or their nominee(s), upon any exercise of the Warrants. The promissory note will not bear any interest.

If a Part 26A Restructuring is implemented, the Warrants Subscription Amount will be approximately £18.65 million. This will ensure that the increased Warrant Subscription Amount is sufficient to pay the nominal value of the increased number of Warrants, noting that the Warrants will represent approximately 1,865 million Warrant Shares, given the increased dilution under a Part 26A Restructuring and that no share consolidation will automatically occur under the Restructuring Plan.

Warrants shall (prior to exercise) have (i) anti-dilution protection with respect to the issuance of any additional Nostrum Shares (other than in respect of any management incentive plan, long-term incentive plan or similar share scheme) through the ability to subscribe for additional shares in the case of any new share issue or other dilutive event and (ii) dividend rights ranking *pari passu* with the Ordinary Shares.

The Warrants shall lapse upon the repayment of the SUNs in full.

No Warrants will be issued in the event of an Alternative Restructuring implemented by way of Scenario 3.

Warrant Holder Reserved Matters

The Warrant Deed Poll and the New Articles will incorporate certain reserved matters which cannot be undertaken by Nostrum (or any member of its Group) without the prior written consent of the Warrant Trustee (acting at the discretion of a Special Majority of the SUNs) which shall include the following matters:

- Approval of any amendments to the New Articles adverse to the rights of the holders of the Warrants.
- Any insolvency process for the Company and certain of its subsidiaries that is conducted outside of the UK.
- Any alteration to the terms of the Warrants that is adverse to the rights and obligations of the holders of the Warrants.
- The delisting of the Company or any changes to the listing status of the Company (other than where a special resolution of shareholders approves a transfer from the standard segment to the premium segment of the London Stock Exchange's main market).

For these purposes, a "**Special Majority**" of the SUNs shall be two-thirds of those SUN Holders present and voting at a meeting convened by the Warrant Trustee (or otherwise under the Warrant Deed Poll) or two thirds of SUN Holders acting by way of written instrument.

Right to appoint Warrant Director and Warrant Director Appointment and Removal procedure

The Warrant Deed Poll will include an undertaking from Nostrum allowing the Warrant Trustee to appoint and remove one director to the Board.

The Warrant Deed Poll will incorporate mechanics for selecting the Warrant Director to be appointed to the Board. Where a Warrant Director vacancy arises for any reason, the Company will instruct the Warrant Trustee to invite holders of SUNs to nominate candidates for appointment as Warrant Director within 30 days of such invitation. Holders of 15% or more of the SUNs may nominate one candidate for appointment by notice to the Warrant Trustee together with evidence of their holdings of SUNs. The Warrant Trustee will conduct a consent solicitation exercise (for at least 10 days) of the holders of the SUNs to ascertain whether it should direct the appointment of any such candidate to the Company. All duly nominated candidates will be offered for approval to the holders of SUNs through the same consent solicitation process. The candidate with the highest number of approving votes cast by holders of SUNs shall be put forward by the Warrant Trustee to the Company for appointment in accordance with the terms of the Warrant Deed Poll. The Board will then formally elect the director nominated by the Warrant Trustee to the Board.

The Warrant Trustee shall, at the direction of the holders of 25% or more of the SUNs (the "**25%+ Holders**") conduct a consent solicitation of the holders of the SUNs (for at least 10 days) to ascertain whether to remove a Warrant Director. Where holders of a majority of SUNs voting through such consent solicitation process approve the removal of the Warrant Director, the Warrant Trustee will instruct the Company accordingly in accordance with the terms of the Warrant Deed Poll. The Board will then formally remove the Warrant Director from the Board. As part of such process it shall be open to the 25%+ Holders to nominate a replacement Warrant Director for appointment to the Board in place of the Warrant Director so removed and the Warrant Trustee shall offer such replacement candidate to the holders of SUNs for approval as part of the same consent solicitation process. Where the holders of a majority of SUNs voting through such consent solicitation approve both the removal of the existing Warrant Director and the appointment of the replacement nominee, the Warrant Trustee will put forward such replacement nominee to the Company for appointment in accordance with the terms of the Warrant Deed Poll and the Board will then formally elect the replacement nominee put forward by the Warrant Trustee to the Board at the same time as the removal of the existing Warrant Director is effected.

Where the Warrant Director is removed but no replacement is appointed in accordance with the above procedure, then holders of 15% or more of the SUNs may instruct the Warrant Trustee, with notice to the Company, to invite holders of SUNs to nominate candidates for appointment as Warrant Director within 30 days of such invitation and the Warrant Trustee and the Company shall conduct a consent solicitation and appointment process for a new Warrant Director in accordance with the above procedures.

Exercise of Warrants

The Warrants will be exercisable in full upon:

(i) a breach of the Company's covenants or undertakings in relation to the SUNs or the Warrants;

(ii) a change in, or breach of, certain governance principles to be adopted by the Company on or prior to closing of the Restructuring Plan without Warrant Approval;

(iii) a change to the agreed composition of the Board that has not obtained Warrant Approval; or

(iv) an Exit.

For these purposes, "**Governance Principles**" shall mean:

(i) the composition of the Nostrum Board and the composition of the Strategic Committee (being constituted as set out below);

(ii) insolvency processes for the Company and certain of its subsidiaries can only be instigated in the UK unless (a) the Warrant Trustee acting on an instruction from SUN Holders approve; or (b) by way of special resolution of shareholders (with equivalent provisions to be included in subsidiary articles);

(iii) the Audit Committee, Remuneration Committee and Nomination Committee to be constituted in accordance with the Corporate Governance Code (as amended by the below); and

(iv) Reserved Matters (as set out above) to be included in the Warrant Deed Poll.

For these purposes, Warrant Approval will mean approval of the Warrant Director. In the event the Warrant Director refuses or does not provide approval within 10 business days of any request being made to him/her but the Company within 30 days of such time proposes that the holders of the Warrants are consulted, then the following procedure shall apply. The Company shall notify the proposed change to the SUN Holders, which shall go into effect unless within 30 days of the proposed change being notified to the SUN Holders, holders of at least 10% of the SUNs have provided a notice of objection relating to such change via the Warrant Trustee. In the event of such objection, Nostrum shall undertake a consent solicitation of the SUNs for a period of not less than 10 days, and Warrant Approval shall be deemed to have been provided unless a majority of SUNs present and voting through the consent solicitation process vote against such Warrant Approval.

For these purposes, an "**Exit**" shall mean: (i) any delisting of Nostrum from the London Stock Exchange; (ii) a change of control of Nostrum (for these purposes, a change of control shall be triggered if a shareholder (together with any concert parties) owns or controls 50% or more of the ordinary shares in Nostrum); (iii) a sale of all or substantially all of Nostrum's assets; (iv) the commencement of any winding-up or similar process in relation to Nostrum; and (v) a merger of Nostrum with any other entity.

The Warrant exercise mechanics shall, to the extent possible, provide for cashless exercise. The nominal value of the Warrant Shares (the Warrants Subscription Amount) will be paid up through application of converted subordinated debt established at or shortly after Closing and held by the Warrant Trustee for the benefit of the holders of the SUNs.

It is anticipated that the Warrants will be admitted to listing on The International Stock Exchange in the Channel Islands at or shortly after Closing.

5. Overview of the Company's share capital following the Restructuring

If the Resolutions are approved by Shareholders, the Company intends to proceed with a Scheme to implement the Restructuring. Pursuant to the Scheme, part of the indebtedness due under the Existing Notes will be released and converted into equity pursuant to the issue of New Shares to Noteholders, which will result in Noteholders holding (i) 88.89% of the enlarged issued share capital of the Company on Closing; and (ii) Warrants, issued to the Warrant Trustee, to subscribe for additional Shares of the Company such that the holding of such holders of the Existing Notes, or their nominee(s), would increase from 88.89% to 90% of the enlarged issued share capital of the Company upon exercise in full of the Warrants, based upon the *pro forma* capitalisation of the Company immediately following Closing (the "**Debt for Equity Swap**").

The Existing Shareholders will retain 11.11% of the enlarged issued share capital of the Company on Closing. A full exercise of the Warrants would decrease that holding to 10% of the enlarged issued share capital of the Company, assuming that no share issuances or cancellations have occurred (or shares have been taken into treasury) in the interim and excluding entitlements under any management incentive plan, long-term incentive plan or similar share scheme.

Scenario 1 – implementation of the Restructuring

Following the implementation of the Restructuring, the Existing Shareholders, in aggregate, will own approximately 11.1% (which may be diluted on exercise of the Warrants to 10%) of the enlarged issued share capital in the Company, and the Noteholders (or their nominees), in aggregate, will own approximately 88.9% (which may be increased on exercise of the Warrants up to 90%) of the enlarged issued share capital in the Company.

The following table shows the dilution to the issued share capital for each stage of the Restructuring and the cumulative dilution effect for Existing Shareholders (prior to the effect of the Share Consolidation).

Step	Number of Shares	Cumulative number of shares	Dilution to issued share capital	Cumulative Interests of Existing Shareholders
Current position	188.2m	188.2m	0%	100%
Debt for Equity Swap	1,505.6m	1,693.8m	88.89%	11.11%
Exercise of Warrants	188.0m	1,881.8m	90%	10%

The Company proposes to undertake a share consolidation following the issue of the New Shares, so as to achieve an appropriate share price following Closing. This Share Consolidation will – if the Restructuring is implemented in the manner contemplated in Scenario 1 – result in the number of Ordinary Shares in issue being reduced from approximately 1,693.8 million Ordinary Shares (following the issue of the New Shares) to approximately 169.4 million Ordinary Shares, on the basis of a 10:1 consolidation. Accordingly, the table above reflects the position following the issue of the New Shares and prior to the effect of the Share Consolidation. Following the Share Consolidation, the Company is expected to have approximately 169.4 million Ordinary Shares in issue, with Warrants representing 18,801,358 Warrant Shares being issued to the Warrant Trustee.

In addition, on maturity in June 2026, if not repaid in cash, the SUNs may be repaid in specie, subject to (among other necessary approvals) receiving the prior consent of the Kazakhstan Ministry of Energy, by way of the issue of new Ordinary Shares based on the value of the SUNs outstanding on the conversion date as a percentage of the FMV, up to a maximum of 99.99% of the Company's fully diluted equity. The FMV for these purposes will be the equity value of the Company (as if having given effect to the repayment of the SUNs in specie), calculated by reference to the enterprise value of the Company and its assets (including cash), less liabilities (including any indebtedness ranking ahead of the Ordinary Shares assuming the repayment of the SUNs in specie, such as the SSNs), which shall be determined by an independent third party in the business of providing professional valuation services, selected by a majority of the independent directors of the Company. Repayment of the SUNs on maturity by way of the issue of new Ordinary Shares will require: (i) the consent of holders of 75% in outstanding principal amount of the SUNs and (ii) where the Company is to be delisted, notification to the FCA regarding the cancellation of listing.

The SUNs will be repaid following the repayment of the SSNs, which have a principal repayment amount of US$250 million. It is anticipated that the Group's repayment liability upon the maturity of the SUNs will be approximately US$528.6 million (reflecting the initial principal of US$300 million together with the compounded payment-in-kind interest payable semi-annually under the SUNs from 1 January 2022 until maturity on 30 June 2026). The holders of the SUNs may therefore be issued new Ordinary Shares calculated by reference to the SUNs Maturity Amount as a percentage of the FMV, up to a maximum of 99.99% of the Company's fully diluted equity, if the SUNs are not repaid in cash on maturity in June 2026.

For illustrative purposes only, the following table shows the expected dilution to the issued share capital for the repayment of the SUNs in specie, assuming (i) the repayment of the SSNs in the amount of US$250 million, (ii) a repayment obligation of US$528.6 million in respect of the SUNs, (iii) an issued share capital of 169.4 million Ordinary Shares (following the Debt for Equity Swap and Share Consolidation and assuming no exercise of the Warrants) and (iv) the indicative Gross FMVs (in US$) of the Company.

Gross FMV (US$ m)	Gross FMV less SSNs repayment (US$ m)	SUNs Maturity Amount (US$ m)	SUNs as a percentage of Gross FMV after SSNs repayment	SUNs ownership	Shareholders ownership (excluding SUNs ownership)	Existing Shareholders ownership
350	100	528.6	529%	99.99%	0.01%	0.00%
450	200	528.6	264%	99.99%	0.01%	0.00%
550	300	528.6	176%	99.99%	0.01%	0.00%
850	600	528.6	88%	88.10%	11.90%	1.32%
1,000	750	528.6	70%	70.48%	29.52%	3.28%

If the SUNs are repaid in specie on maturity in June 2026, the holders of the SUNs will receive approximately 1,693,647 million new Ordinary Shares representing 99.99% of the further enlarged issued share capital of the Company in all situations where the FMV (being the Gross FMV of the Company less the repayment of the SSNs) is less than approximately US$528.6 million (being the expected amount to be repaid under the SUNs on maturity, assuming no prior repayments are made from the Blocked Account).

Scenario 2 – implementation of an Alternative Restructuring through a Part 26A Restructuring

If a Part 26A Restructuring is implemented, this will result in additional dilution for Existing Shareholders of their interests in the Company as compared to the Restructuring. Following the implementation of a Part 26A Restructuring, the Existing Shareholders, in aggregate, will own approximately 1.1% (which may be diluted on exercise of the Warrants to 1%) of the issued share capital in the Company, and the Noteholders (or their nominees), in aggregate, will own approximately 98.9% (which may be increased on exercise of the Warrants up to 99%) of the issued share capital in the Company.

The following table shows the dilution to the issued share capital for each stage of a Part 26A Restructuring and the cumulative dilution effect for Existing Shareholders.

Step	Number of Shares	Cumulative number of shares	Dilution to issued share capital	Cumulative Interests of Existing Shareholders – Restructuring Plan
Current position	188.2m	188.2m	0%	100%
Debt for Equity Swap	16,765.2m	16,953.4m	98.89%	1.11%
Exercise of Warrants	1,864.9m	18,818.3m	99%	1.0%

Following any Part 26A Restructuring, the Company may following Closing subsequently seek shareholder approval to undertake a larger share consolidation following the issue of the New Shares, so as to achieve an appropriate share price.

Under Scenario 2, Shareholders may also suffer additional dilution if the SUNs are repaid in specie upon maturity in June 2026 as outlined in Scenario 1 above. Based on the indicative FMVs and assumptions outlined in Scenario 1 above, the cumulative interests of Existing Shareholders following any repayment of the SUNs in specie under Scenario 2 may be between 0.0% and 0.3% of the enlarged issued share capital having given effect to such repayment. If the SUNs are repaid in specie on maturity in June 2026, the holders of the SUNs will be issued new shares representing 99.99% of the further enlarged issued share capital of the Company in all situations where the FMV of the Company is less than approximately US$528.6 million (being the expected amount to be repaid under the SUNs on maturity, assuming no prior repayments are made from the Blocked Account).

6. Overview of the Company's governance structure following the Restructuring

Warrant Director

The terms of the Warrants will include the right for the Warrant Trustee to appoint, remove and replace one director to the Board (the "**Warrant Director**"). The method of appointment for the Warrant Director via instructions from holders of the SUNs will be set out in the Warrant Deed Poll. The Warrant Director shall sit on certain board committees following the Closing, including a remuneration committee, nomination and governance committee and strategic committee. The composition, and objectives, of each of those committees are set out in the relevant terms of reference.

Failure to appoint a Warrant Director in accordance with the terms of the Warrant Deed Poll shall constitute an event of default under the SUNs.

Governance

The Board's composition shall comply with the Corporate Governance Code (save for any temporary breaches). The Board shall consist of no fewer than five and no more than nine directors. Upon Closing, the Board shall consist of seven directors, comprised of: (i) the Chair; (ii) two executive directors; (iii) three independent non-executive directors and (iv) one Warrant Director, subject to any restrictions relating to independence applicable under any applicable listing rules.

Any directors appointed in addition to the above initial seven person composition shall be independent non-executive directors.

Certain actions by the Company will be reserved matters requiring consent of the Warrant Trustee.

It is intended that the Company will transfer to the standard listing segment of the Official List. This will require the approval of a special resolution of Shareholders which is being proposed at the General Meeting as part of the Restructuring Resolution. Subject to the Restructuring Resolution being approved at the General Meeting, the Transfer of Listing is expected to take place on 31 May 2022. If Shareholders do not pass the Restructuring Resolution at the General Meeting and a Part 26A Restructuring is implemented, it is expected that the Company would seek to implement the Transfer of Listing following closing of the Restructuring Plan, subject to the approval of shareholders by way of a separate special resolution at that time (which would include the Shareholders to whom the New Shares will be issued).

The Company shall "comply or explain" with the Corporate Governance Code (notwithstanding the Transfer of Listing), requiring, amongst other things:

- At least half of the board (excluding the chair) to be independent non-executive directors.
- Appropriate combination of executive and independent non-executive directors.
- Clear division of responsibilities between the leadership of the board and the executive leadership of the business.
- Senior independent director to act as sounding board for the chair and intermediary for other directors and shareholders. Senior independent director should meet with non-executive directors at least annually to appraise the chair's performance.
- Non-executive directors have prime role in appointing and removing executive directors and scrutinising their performance against agreed performance objectives.
- Chair to hold meetings with non-executive directors without executive directors present.
- Annual board evaluation to consider composition, diversity and how effectively members work together to achieve objectives. Individual evaluation to show whether each director contributes effectively.
- All directors subject to annual re-election.
- Nomination, audit and remuneration committees to be established.

The Board shall have conduct of the day-to-day operations of Nostrum and its subsidiaries, subject to customary shareholder rights, the terms of the Warrant Deed Poll and the delegated authority of Board committees, including the Strategic Committee.

The New Articles shall provide:

- That the term of office of all members of the Board shall expire annually and each Board member's continuation in office shall be subject to annual (re)election by shareholders.
- That (re-)election of Board members shall be by way of majority of votes of shareholders.
- That any petition for the commencement of insolvency proceedings in respect of the Company or any member of the Group shall be filed in the United Kingdom (subject to applicable law for any members of the Group other than the Company).

The Board shall have the right to fill casual vacancies other than in respect of the Warrant Director. The Board will have the right to appoint and remove the Warrant Director in accordance with a valid instruction from the Warrant Trustee. The removal of a Warrant Director by shareholders in a general meeting or a failure of shareholders to re-elect the Warrant Director will trigger the exercise (subject to a consent solicitation of the SUNs producing a majority vote in favour of such exercise) of the Warrants unless an alternative Warrant Director proposed by the Warrant Trustee is promptly appointed by the Board in accordance with the Warrant Director appointment procedure.

The selection, appointment, removal and tenure/retirement requirements of board members shall in any event comply with (as applicable) Nostrum's articles of association, Nostrum's policies from time to time in force (including in relation to diversity and inclusion), the rules and regulations of the London Stock Exchange and reflect customary market practice for the London Stock Exchange.

Each director shall enter into a letter of appointment or service agreement with Nostrum on customary terms.

The Board shall create with effect from the Closing and maintain the following committees:

- Audit Committee, comprising a minimum of three independent non-executive directors and at least one member with recent and relevant financial experience, without the Board chair being a member.
- Remuneration Committee, comprising a minimum of three independent non-executive directors, without the Board chair chairing the committee and without the Board chair being a member unless he or she is independent on appointment. The chair of the remuneration committee is required to have served on a remuneration committee for at least 12 months.
- Nomination and Governance Committee, comprising a majority independent non-executive directors, the Warrant Director (where appointed) and without the Board chair chairing the committee when dealing with their successor's appointment.
- Strategic Committee, comprising the CEO (or Executive Chairman) and the Warrant Director (or where no Warrant Director is appointed, one independent non-executive director).

The Board may also decide to form a Disclosure Committee in order to take decisions in accordance with its disclosure requirements under the Market Abuse Regulation, the DTRs and the Listing Rules.

Composition and roles of all committees (other than Strategic Committee) to comply with the Corporate Governance Code subject to the Warrant Director in place on the audit and remuneration committees as a shareholder representative.

The Strategic Committee will have responsibility for strategic decisions for the short, medium and long-term, including exit, acquisitions and any disposals. The Strategic Committee shall meet at least quarterly.

7. Conditions to the Restructuring

The Restructuring is subject to certain conditions which must be satisfied or waived, including:

- the passing of the Restructuring Resolution by Shareholders and the RPT Resolution by Independent Shareholders;
- the approval of the Scheme by a majority in number representing not less 75% by value of the Noteholders that attend and vote at the Scheme Meeting;
- the sanction of the Scheme by the Court;
- consent of the Kazakhstan Ministry of Energy with respect to (i) the issue of the New Shares and the Warrants and (ii) the waiver of the State's priority right to acquire such New Shares and Warrants;
- satisfaction of certain conditions precedent that are customary for a secured financing transaction;
- the FCA and the London Stock Exchange each having approved the applications for Admission to take place; and
- payment of certain costs associated with the Restructuring.

As at the date of this document, each of the conditions listed above remain outstanding. In order to satisfy each of these outstanding conditions the Company intends to:

(A) propose the Restructuring Resolution and the RPT Resolution at a General Meeting to be held on 29 April 2022;

(B) obtain approval of the Scheme from Noteholders as part of the Scheme process and present the Scheme for sanction by the Court;

(C) facilitate and arrange the delivery of the relevant conditions precedent;

(D) make the applications to the FCA and the London Stock Exchange required for Admission; and

(E) arrange for the relevant costs associated with the Restructuring to be paid prior to or at completion of the Restructuring.

If any of the conditions to the Restructuring are not satisfied or waived (to the extent applicable) the Restructuring will not complete. If the Restructuring does not complete, the Company intends to proceed with an Alternative Restructuring without delay.

8. Alternative Restructuring

An Alternative Restructuring will be pursued without delay if the Restructuring cannot be consummated. The Directors anticipate that the form of an Alternative Restructuring will depend upon whether the other conditions to the Restructuring are satisfied.

Scenario 2 – implementation of an Alternative Restructuring through a Part 26A Restructuring

If the Restructuring Resolution is not passed by Shareholders, but the other conditions to the Restructuring are satisfied (including the approval of a Restructuring Plan by the Noteholders at a Restructuring Plan Meeting), holders of the Existing Notes, or their nominee(s), will receive:

(a) New Shares so as to result in them owning 98.89% of the enlarged issued share capital of the Company on Closing; and

(b) Warrants, issued to the Warrant Trustee, to subscribe for additional Warrant Shares such that the holding of such holders of the Existing Notes, or their nominee(s), would increase from 98.89% to 99% of the enlarged issued share capital of the Company on exercise in full of the Warrants, in each case based upon the *pro forma* capitalisation of the Company immediately following Closing.

The Warrants will be exercisable in full for the issue of the Warrant Shares upon:

- a breach of covenants or undertakings in relation to the SUNs or the Warrants;
- a change in, or breach of, certain governance principles without Warrant Approval;
- a change to the agreed composition of the Board that has not obtained Warrant Approval; or
- an Exit.

The Existing Shareholders will retain 1.11% of the enlarged issued share capital of the Company. A full exercise of the Warrants would decrease that holding to 1% of the enlarged issued share capital of the Company, assuming that no share issuances or cancellations have occurred (or shares have been taken into treasury) in the interim and excluding entitlements under any management incentive plan, long-term incentive plan or similar share scheme.

Therefore, if Shareholders do not approve the Restructuring Resolution at the General Meeting it is expected that the economic terms of Part 26A Restructuring will mean that the Shareholders would be likely to see a significantly worse outcome than in the event that the Restructuring is approved.

The Restructuring Plan, if approved by the Noteholders and sanctioned by the Court, will grant the Directors the authority to allow the New Shares and the Warrant Shares, including as if Shareholders' rights of pre-emption did not apply to the allotment in respect of such Ordinary Shares. Accordingly the New Shares and the Warrant Shares will be capable of being issued to Noteholders even if Shareholders do not approve the Restructuring Resolution.

The Part 26A Restructuring comprises a number of inter-conditional steps and transactions. Even if the Restructuring Resolution is passed, in order for the Restructuring to be implemented there are other conditions that need to be fulfilled, including:

- the approval of the Restructuring Plan by a majority in number representing not less 75% by value of the Noteholders that attend and vote at the Restructuring Plan Meeting;
- the sanction of the Restructuring Plan by the Court; and
- consent of the Kazakhstan Ministry of Energy with respect to (i) the issue of the New Shares and the Warrants and (ii) the waiver of the State's priority right to acquire such New Shares and Warrants.

If any of these inter-conditional requirements are not satisfied (or where possible waived), the Part 26A Restructuring will not be implemented. In such circumstances, the Directors believe that, given the considerable effort, time and cost that it has taken for the Company to agree to the terms of the Restructuring with its key stakeholders, the prospect of such parties agreeing to an alternative transaction which would leave the Group with a viable capital structure before enforcement action was commenced or it became necessary to place one or more of the Group members, including the Company, into an insolvency procedure, is unlikely.

Following the closing of a Part 26A Restructuring, Shareholders are also potentially subject to further dilution upon the maturity of the SUNs in June 2026 if the SUNs are not repaid in cash.

Scenario 3 – implementation of an Alternative Restructuring through an insolvency process

If neither the Restructuring nor a Part 26A Restructuring proceeds, the Directors are of the opinion that, given the defaults under the Group's existing borrowings, the Group will be unable to meet its debts as they fall due. If for any reason an Alternative Restructuring cannot be consummated via a Part 26A Restructuring, it is possible that an Alternative Restructuring would be implemented by means of an Assets Transfer, pursuant to a formal insolvency process.

In the event that an Assets Transfer is implemented, it is anticipated that holders of the Existing Notes would receive their *pro rata* share of 100% of the share capital of a newly-incorporated vehicle which would acquire and hold all or substantially all of the existing assets of the Group in consideration for a release of part of the debt under the Existing Notes. The Group would not receive any cash consideration in respect of the Assets Transfer. No New Shares would be issued to the holders of the Existing Notes in connection with an Assets Transfer. Existing Shareholders would not receive any recovery or any interest in such newly-incorporated vehicle. Existing Shareholders would retain an interest in the Company which would have no assets but may retain certain liabilities and it is expected that the Existing Shares would have no value. It is anticipated that an Assets Transfer would be followed by a winding-up of the Company.

It is not certain that it would be possible to implement an Alternative Restructuring pursuant to an Assets Transfer. Whilst the Lock-up Agreement contemplates the possibility of implementation via an Assets Transfer, the Lock-up Agreement also requires the parties thereto to agree any changes which would be needed to the terms of the Restructuring as necessary to implement it in this manner. There can be no certainty that any such changes would be agreed. If such changes were to be agreed, and in any event, there would be no guarantee that: (a) any insolvency process pursuant to which the Assets Transfer would occur would be approved by the relevant court; or (b) any scheme of arrangement under Part 26 of the Companies Act (or, if applicable) parallel proceedings in other jurisdictions) necessary to implement an Alternative Restructuring pursuant to an Assets Transfer would be approved by the Noteholders or approved or sanctioned by the relevant court. As a result of the uncertainty associated with these matters and other relevant variables, it is not possible for the Directors to assess conclusively whether or not the implementation of an Alternative Restructuring pursuant to an Assets Transfer is likely to be viable.

The Directors believe that, if it becomes apparent that the Restructuring or an Alternative Restructuring is not capable of being implemented because, for example, the requisite majorities of Noteholders do not vote in favour of the Scheme (or a Restructuring Plan), the Court does not sanction the Scheme (or a Restructuring Plan) or the necessary Kazakhstan Ministry of Energy consents are not obtained, it is likely that shortly thereafter the Noteholders would terminate the Lock-up Agreement and the present forbearance arrangements. In those circumstances, one or more of the Noteholders or other creditors of the Group would be able to take enforcement action against the Group or cause such action to be taken. Such enforcement action may include the acceleration of the 2022 Notes (to the extent not already due and payable following maturity on 25 July 2022) and the 2025 Notes. Furthermore, it is likely that the Directors would be forced to conclude that the Company no longer has a reasonable prospect of avoiding an insolvent liquidation or an administration.

In these circumstances, the Directors would likely conclude that the only viable course of action for the Group would be for the key group companies to apply for the commencement of insolvency procedures in relevant jurisdictions in order to obtain, where possible, the benefit of statutory moratoriums. However, in any alternative scenario, it is expected that Shareholders would receive lower or even no recovery on their investments in the Ordinary Shares than the anticipated returns for Shareholders in the Restructuring or an Alternative Restructuring.

9. Holdings of Designated Entities

In connection with the Russia-Ukraine conflict, the United States, the European Union, the United Kingdom, Canada, Japan, Australia and other countries have imposed broad-ranging economic sanctions against officials, individuals, regions, companies and industries in Russia. The sanctions consist of (*inter alia*) the prohibition of engaging in certain private transactions, the prohibition of doing business with certain Russian corporate entities, large financial institutions, officials and other individuals, the freezing of Russian assets and restrictions on the import of Russian oil into the United States.

To the extent that any Noteholder is the subject of any asset freeze (or otherwise a designated entity which is subject to such economic sanctions), such Noteholder's entitlement to the New Notes and the New Shares (and the Lock-up Fee, if applicable) will not be issued to the relevant Noteholder and will be held on trust (on the basis set out in the Scheme). In addition, any Noteholder that is the subject of any asset freeze will

not be entitled to vote at the Scheme meeting or appoint a proxy to exercise all or any such Noteholder's rights to vote on their behalf at the meeting. If the relevant asset freeze is removed, the relevant Noteholder will receive its entitlement to the New Notes, the New Shares and the Lock-up Fee (if applicable), failing which such entitlement may be cancelled (on the basis set out in the Scheme), with funds in respect of such entitlement being held on trust (at the discretion of the Company) and the relevant New Notes, New Shares and Lock-up Fee (if applicable) returned to the Company. In the alternative, the Company may determine to not issue the relevant New Notes and New Shares (or pay the relevant Lock-up Fee, if applicable) until such time as the relevant Noteholder has confirmed that it is no longer subject to any asset freeze (so as to avoid any future cancellation or return of the relevant New Notes and New Shares and Lock-up Fee, if applicable).

PART 4

DETAILS OF THE RPT ARRANGEMENTS

The following is a summary of the principal terms of the RPT Arrangements.

Overview

In connection with the implementation of the Restructuring, the Company entered into the Lock-up Agreement with members of the AHG and affiliates of ICU, which hold approximately 23.8% of the Existing Shares and ICU is therefore a substantial shareholder of the Company for the purposes of the Listing Rules. As at the Latest Practicable Date, the affiliates of ICU hold approximately US$67.5 million in principal of the Existing Notes, representing approximately 6.0% of the total principal amount of the Existing Notes.

The terms of the Restructuring (to be implemented on the basis set out in the Lock-up Agreement) includes certain arrangements for the benefit of ICU and/or its affiliates, including the issue of New Shares, New Notes and Warrants to the affiliates of ICU pursuant to the Restructuring. This issue of New Shares, New Notes and Warrants to the affiliates of ICU constitutes a related party transaction for the purposes of Chapter 11 of the Listing Rules and requires the approval of Independent Shareholders in accordance with the provisions of the Listing Rules. In this document (and in accordance with the Listing Rules), the term "Independent Shareholders" means, for the purposes of the RPT Resolution, any Shareholders other than ICU and its associates.

Conditions to RPT Arrangements

The RPT Arrangements are conditional upon the RPT Resolution being approved by Independent Shareholders at the General Meeting.

In addition, the Longstop Date for completion of the Restructuring, as set out in the Lock-up Agreement, is 23 August 2022. If any of the conditions to the Restructuring becoming effective above is not satisfied or waived by the Longstop Date (as amended or extended), then the Restructuring will not proceed and the RPT Arrangements will not be implemented.

ICU has undertaken not to vote on the RPT Resolution, and to take all reasonable steps to ensure that its associates will not vote on the RPT Resolution, at the General Meeting.

Effect of the Resolutions

If the Restructuring Resolution is passed, and Independent Shareholders approve the RPT Resolution, the Company will proceed to implement the Scheme.

If the Restructuring Resolution is approved, but Independent Shareholders do not approve the RPT Arrangements, the Company would still seek to implement the Restructuring, including the Transfer of Listing, on the proposed timetable. In such circumstances:

- the Company's listing will have transferred to the standard listing segment of the Official List prior to the creditor's meeting to vote on the Scheme (although the Company will still be required to seek approval of the RPT Arrangements from Independent Shareholders);
- the Company shall include a provision within the Scheme whereby each Noteholder (other than ICU and its associates) irrevocably consents to the RPT Arrangements (and confers a power of attorney on or irrevocable instruction to the Note Trustee (or an agent thereof) to vote the New Shares in favour of (or deliver an irrevocable proxy to the chairman of the meeting to vote in favour of) any resolution to approve the RPT Arrangements at a general meeting of the Company, or any similar structure to permit the New Shares to be voted on a resolution to approve the RPT Arrangements as may be permitted as part of the Scheme);
- the Company shall convene another general meeting of the Company to approve the RPT Arrangements (by way of another circular to shareholders to approve a related party transaction in accordance with the requirements of the Listing Rules);

- this subsequent general meeting shall be held at a time after the creditor's meeting to vote on the Scheme and when the New Shares have been issued to the Noteholders (other than ICU and its associates), but prior to Closing so that such Noteholders shall be Independent Shareholders who are entitled to vote (or direct the voting of) such New Shares on a resolution to approve the RPT Arrangements; and

- the Closing shall be implemented in stages as follows:

  - prior to the record date for the subsequent general meeting (which is expected to be at the close of business two days prior to such subsequent general meeting), the Company shall issue the New Shares to the Note Trustee on behalf of the Noteholders (but excluding ICU and its associates), diluting the Existing Shareholders to approximately 11.7% of the then enlarged share capital;

  - in reliance on the irrevocable instruction to the Note Trustee set out in the Scheme, the Note Trustee shall deliver a proxy instruction in respect of all of the New Shares that have been issued to the Noteholders (but excluding ICU and its associates) to vote in favour of the resolution to approve the RPT Arrangements at such general meeting;

  - the Note Trustee shall, following the delivery of the proxy instruction, then transfer the New Shares to the Noteholders (but excluding ICU and its associates);

  - the Company shall hold the subsequent general meeting, at which it is expected that the RPT Arrangements will be approved on the basis that the Noteholders (excluding ICU and its associates) will represent approximately 90.8% of Independent Shareholders at such time having given effect to the issue of the New Shares; and

  - following such approval, the Company will then proceed to complete the remainder of the Restructuring, including (i) the issue of New Shares to ICU and its affiliates *pro rata* to their entitlement, (ii) the cancellation of the Existing Notes, (iii) the issue of the New Notes and the Warrants and (iv) the admission of the New Shares to the standard listing segment of the Official List and to trading on the London Stock Exchange.

In such circumstances, notwithstanding that the existing Independent Shareholders did not approve the RPT Arrangements at the General Meeting, if the Scheme is sanctioned by the Court and all other conditions to the Restructuring have been satisfied or waived the Noteholders (other than ICU and its associates), in their capacity as Shareholders following the issue of the New Shares, shall hold a sufficient number of Ordinary Shares to enable them to approve the RPT Arrangements at a subsequent general meeting of the Company prior to Closing.

Accordingly the Directors recommend that Independent Shareholders vote in favour of the RPT Resolution to be proposed at the General Meeting.

If the Restructuring Resolution is not passed, but Independent Shareholders approve the RPT Resolution, the Company will remain as a premium listed company. The Company will proceed to implement an Alternative Restructuring and intends to implement the Restructuring Plan in such circumstances on the basis of a waiver of the pre-emption provisions of the Listing Rules to be requested from the FCA.

If neither the Restructuring Resolution nor the RPT Resolution is passed, the Company will proceed to implement an Alternative Restructuring and intends to implement the Restructuring Plan on the basis of waivers of certain provisions of the Listing Rules to be requested from the FCA, failing which it anticipates the Alternative Restructuring outlined in Scenario 3 will occur.

Other transactions or arrangements with (or for the benefit of) ICU

In connection with the Restructuring the Issuer has paid Consent Fee in cash to each forbearing Noteholder. The first Consent Fee for the first 90 days of 29.7866 basis points (0.297866% of the principal amount of the Existing Notes) totalling US$3,350,992 was paid on 19 November 2020. The second consent fee for 19.8577 basis points, totalling US$2,233,991 was paid on 22 December 2020. The final consent fee for 9.9288 basis points equating to US$1,116,990 was paid on 20 February 2021.

Certain affiliates of ICU, as holders of Existing Notes, have received their *pro rata* amount of the Consent Fee in respect of its holding of Existing Notes, being (in aggregate) approximately US$201,000 in respect of the first Consent Fee, approximately US$134,000 in respect of the second Consent Fee and approximately US$67,000 in respect of the third Consent Fee. The payment of the Consent Fee to such affiliates of ICU is considered to be outside of the scope of chapter 11 of the Listing Rules in respect of related party

transactions, do not form part of the RPT Arrangements and do not require the approval of Independent Shareholders.

In addition, such affiliates of ICU will, pursuant to the Lock-up Agreement, be paid the Lock-up Fee in respect of their holdings of Existing Notes. It is expected that such affiliates of ICU will receive (in aggregate) approximately US$337,500 in respect of the Lock-up Fee upon Closing. The payment of the Lock-up Fee to such affiliates of ICU is considered to be outside of the scope of chapter 11 of the Listing Rules in respect of related party transactions, does not form part of the RPT Arrangements and does not require the approval of Independent Shareholders.

Furthermore, as announced by the Company on 19 January 2022, as part of the arrangements relating to the Lock-up Agreement, the Company entered into an agreement with ICU's legal counsel, to pay such legal counsel's costs in connection with the restructuring of the Notes up to GBP 350,000 (inclusive of any costs or disbursements (including costs of local counsel(s) if any) but exclusive of VAT) (the "**Fee Letter**"). The entry into of the Fee Letter constituted a related party transaction (within the meaning of Listing Rule 11.1.5R (3)), for the benefit of ICU (being a substantial shareholder of the Company). The Company is of the view that the entry into of the Fee Letter falls within the meaning of Listing Rule 11.1.10R (smaller related party transactions). The entry into the Fee Letter is outside of the RPT Arrangements and does not require the approval of Independent Shareholders in accordance with the provisions of the Listing Rules.

PART 5

CONSEQUENCES OF A TRANSFER TO A STANDARD LISTING

If approved by Shareholders, the Company will transfer admission of the Ordinary Shares to the standard listing segment of the Official List (a "**Standard Listing**") pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listing. The proposed Standard Listing will mean that the Company will not be required to comply with the super-equivalent provisions of the Listing Rules that apply to companies with securities admitted to the premium listing segment of the Official List (a "**Premium Listing**").

The Company will comply with the Listing Principles set out in Listing Rule 7.2.1. The Company will not be formally subject to the Premium Listing Principles and will not be required by the FCA to comply with them.

There are a number of continuing obligations set out in Chapter 14 of the Listing Rules that will be applicable to the Company, including (without limitation) the following:

- the forwarding of circulars and other documentation to the FCA for publication through the document viewing facility and the related notification to a Regulatory Information Service;
- the provision of contact details of appropriate persons nominated by the Company to act as a first point of contact with the FCA in relation to compliance with (i) the Listing Rules, (ii) articles 17, 18 and 19 of the Market Abuse Regulation (the "**MAR Requirements**") and (iii) the rules relating to the notification and dissemination of information in respect of issuers of transferable securities and relating to major shareholdings (the "**Transparency Rules**");
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- the making of Regulatory Information Service notifications in relation to a range of debt and equity capital issues; and
- at least 10% of the Ordinary Shares being held in public hands at all times (notwithstanding that a modification may be granted by the FCA to accept a lower percentage if it considers that the market will operate properly with a lower percentage in view of the large number of shares of the same class and the extent of their distribution to the public).

The Company will also be required to comply with Listing Principles 1 and 2 as set out in Chapter 7 of the Listing Rules as required by the FCA on an ongoing basis, which will require the Company to:

- take reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations; and
- deal with the FCA in an open and co-operative manner.

In addition, as a company whose securities are admitted to trading on a regulated market, the Company will be required to comply with the MAR Requirements and the Transparency Rules. In particular, the Company will be required to comply with Chapters 4, 5, 6 and 7 of the Transparency Rules which are set out in the FCA's Disclosure Guidance and Transparency Rules sourcebook.

An applicant that is applying for a Standard Listing of equity securities must also comply with all the requirements listed in Chapter 2 of the Listing Rules, which specifies the requirements for listing for all securities.

While the Company has a Standard Listing, it is not required to comply with certain other provisions of the Listing Rules, including the following:

- Chapter 6, containing additional requirements for the listing of equity securities, which are only applicable for companies with a Premium Listing;
- Chapter 7, to the extent that the provisions therein refer to the Premium Listing Principles;
- Chapter 8, regarding the appointment of a listing sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters;

- Chapter 9, containing provisions relating to transactions, including, *inter alia*, requirements relating to further issues of shares, the ability to issue shares at a discount in excess of 10% of market value, notifications and contents of financial information disclosures;
- Chapter 10, relating to significant transactions, which requires Shareholder consent for certain acquisitions;
- Chapter 11, containing requirements regarding related party transactions for companies with a Premium Listing (notwithstanding that the Company will still be required to comply with the requirements regarding related party transactions set out in Chapter 7.3 of the Transparency Rules);
- Chapter 12 of the Listing Rules regarding purchases by the Company of its securities; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

It should be noted that the FCA will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules or any aspects of the Disclosure Guidance and Transparency Rules with which the Company is not required to comply as a company with a Standard Listing, nor will the FCA have the authority to impose sanctions in respect of any failure by the Company to so comply.

A company with a Standard Listing is not currently eligible for inclusion in the FTSE UK Index Series. This may mean that certain institutional investors are unable to invest in the Ordinary Shares.

Following the Transfer of Listing, the Company will continue to be subject to the City Code on Takeovers and Mergers.

PART 6

ADDITIONAL INFORMATION

1. Responsibility

The Company accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Company (which have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Nostrum

The Company was incorporated and registered in England and Wales on 3 October 2013 under the Companies Act as a private company limited by shares with registered number 8717287 with the name of "Nostrum Oil Plc". On 24 April 2014, the Company changed its name to "Nostrum Oil & Gas Plc".

The registered office of the Company is 20 Eastbourne Terrace, London, England, W2 6LG and its telephone number is +44 (0) 203 740 7430.

3. Directors and Company Secretary

The Directors and their principal functions and company secretary are as follows:

Directors	**Position**
Atul Gupta	Executive Chairman
Arfan Khan	Chief Executive Officer
Sir Christopher Codrington, Bt.	Senior Independent Director
Kaat Van Hecke	Independent Non-Executive Director
Martin Cocker	Independent Non-Executive Director
Thomas Hartnett	Company Secretary

4. New Articles

4.1 The following is a summary of the proposed amendment to the Articles to be implemented upon the adoption of the New Articles (if approved by Shareholders at the General Meeting).

Governance arrangements

In connection with the implementation of the Corporate Governance Arrangements for the Restructuring, the New Articles shall provide that:

- the term of office of all members of the Board shall expire annually and each Board member's continuation in office shall be subject to annual (re-)election by shareholders;
- (re-)election of Board members shall be by way of majority of votes of shareholders attending and voting at the relevant general meeting; and
- any petition for the commencement of insolvency proceedings in respect of the Company or any member of the Group shall be filed in the United Kingdom (subject to applicable law for any members of the Group other than the Company).

Share Consolidation

In connection with the implementation of the Share Consolidation, the New Articles shall provide for a new class of Deferred Shares, which shall have the following rights and restrictions:

- a Deferred Share:
  - does not entitle its holder to receive any dividend or other distribution;
  - does not entitle its holder to receive a share certificate in respect of the relevant shareholding;
  - does not entitle its holder to receive notice of, nor to attend, speak or vote at, any general meeting of the Company;

- entitles its holder on a return of capital on a winding up of the Company (but not otherwise) only to the repayment of the amount paid up or credited as paid up on that share and only after payment of the amounts entitled to be paid to holders of ordinary shares in the share capital of the Company and the further payment of £10,000,000 on each such ordinary share;
- does not entitle its holder to any further or other participation in the capital, profits or assets of the Company; and
- shall not be capable of transfer at any time other than with the prior written consent of the Directors;

- the Company may at its option and is irrevocably authorised at any time after the creation of the Deferred Shares to:
  - appoint any person to act on behalf of any or all holder(s) of a Deferred Share(s), without obtaining the sanction of the holder(s), to transfer any or all of such shares held by such holder(s) for nil consideration to any person appointed by the Directors and to execute for and on behalf of such holder(s) such documents as are necessary in connection with such transfer; and
  - without obtaining the sanction of the holder(s), but subject to the Companies Act (i) purchase any or all of the Deferred Shares then in issue and to appoint any person to act on behalf of all holders of Deferred Shares to transfer and to execute a contract of sale and a transfer of all the Deferred Shares to the Company for an aggregate consideration of £1.00 payable to one of the holders of Deferred Shares to be selected by lot (who shall not be required to account to the holders of the other Deferred Shares in respect of such consideration) and (ii) cancel any Deferred Share without making any payment to the holder; and
- any offer by the Company to purchase the Deferred Shares may be made by the Directors depositing at the registered office of the Company a notice addressed to such person as the Directors shall have nominated on behalf of all holders of the Deferred Shares.

Other amendments

In addition, the New Articles shall provide for the following additional amendments:

- to remove references to the redeemable non-voting preference shares, warrant shares to bearer and subscriber shares (which are not in issue);
- to allow the Company to distribute its annual report and accounts in electronic format only; and
- to include provisions to permit general meetings to be held electronically.

The full terms of the proposed amendments will be available for inspection as noted in paragraph 10 "*Documents available for inspection*" below and on the national storage mechanism from the date of this document.

5. Major Shareholders of Nostrum

As at the Latest Practicable Date, the Company had been notified of the following holdings in the Company's issued ordinary share capital (exclusive of treasury shares) pursuant to DTR 5 (each, a "**Notifiable Interest**"):

Name	Number of Ordinary Shares	% of issued Ordinary Shares
ICU Holdings Limited	44,837,071	23.83
Dehus Dolmen Nominees Ltd[(1)]	30,588,054	16.25
AT Investments Limited	22,162,116	11.78
Steppe Resources Investments FZE	16,111,100	8.56
Fraseli Investments S.A.R.L	16,111,100	8.56
Trafigura Ventures V B.V.	8,352,557	4.44
FPP Asset Management	6,438,421	3.42
Veles Capital	6,355,163	3.38

(1) Dehus Dolmen Nominees Limited holds on trust for entities with which Baring Vostok Investments PCC Limited (which holds 3,119,990 shares, being 1.66%) is affiliated.

Save as set out above, the Company is not aware of any other Notifiable Interests.

As at the Latest Practicable Date, affiliates of ICU hold approximately US$67.5 million in principal of the Existing Notes, representing approximately 6.0% of the total principal amount of the Existing Notes. Following the Closing, ICU (together with its affiliates) is expected to hold approximately 7.96% of the enlarged issued share capital of the Company, reflecting the dilution in ICU's existing Notifiable Interest and the issue of New Shares to certain affiliates of ICU.

6. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group (i) within the two years immediately preceding the date of this document which are or may be, material or (ii) which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document:

(a) The Licence and the PSA

The Licence is valid until 26 May 2027 and the PSA is valid until 26 May 2031.

The duration of the production phase, which began in 2007 in respect of the North East Tournaisian reservoir and 2008 in respect of the other Chinarevskoye reservoirs, for all reservoirs is 25 years. Nostrum must comply with the terms of the production permit and the development plans during this period.

Amendments to the PSA

As at the date of this document, the PSA includes 18 amendments. These amendments have, variously, restated certain environmental commitments, amended the provisions regarding the share of and royalty payments to the State, extended the exploration periods and set out the requirements during the exploration phase, amended the provisions relating to tax and royalty payments, established the production period on the North East Tournaisian reservoir, provided for the delivery of at least 15% of Nostrum's crude oil production to domestic buyers in Kazakhstan at domestic market prices (which are lower than those Nostrum can achieve in the export market) and clarified Nostrum's obligations under the PSA related to social funds payments and expenses and infrastructure development.

The following summarises the other principal terms of the PSA:

Royalty Payments

The rate of monthly royalty payments to be made by Nostrum to the State depends on the volume of hydrocarbons extracted, calculated according to the realised value for each class of hydrocarbon sales at its final destination less the cost of transportation to its final destination and any discounts incurred due to the quality of hydrocarbons produced, as compared to a benchmarked quality.

Zhaikmunai is required to make monthly royalty payments throughout the entire production period, at the rates specified in the PSA. Royalty rates can vary from 3% to 7% of produced crude oil and from 4% to 9% of produced natural gas. Royalties are accounted on a gross basis.

Annual crude oil production levels (tonnes)	**Royalty rate**
From 0 to 100,000	3%
From 100,000 to 300,000	4%
From 300,000 to 600,000	5%
From 600,000 to 1,000,000	6%
Over 1,000,000	7%

Annual gas production levels (1,000m^3)	**Royalty rate**
From 0 to 1,000,000	4%
From 1,000,000 to 2,000,000	4.5%
From 2,000,000 to 3,000,000	5%
From 3,000,000 to 4,000,000	6%
From 4,000,000 to 6,000,000	7%
Over 6,000,000	9%

State Share

Pursuant to the PSA, in addition to the royalty payments, the State receives a monthly share of Nostrum's hydrocarbon production which is paid by Zhaikmunai. The share that the State receives is calculated, first, by notionally separating production into "**Cost Oil**" and "**Profit Oil**". Cost Oil denotes an amount of hydrocarbons produced in respect of which the market value is equal to Nostrum's monthly expenses that may be recovered pursuant to the PSA. Cost recoverable expenses for the purposes of Cost Oil include all work programme approved costs including operating costs and the development and exploration costs of completed infrastructure and wells up to an annual maximum of 90% of the annual gross realised value of hydrocarbon production. Any unused expenses may be carried forward indefinitely in the calculation of Cost Oil. Profit Oil, being the difference between Cost Oil and the total amount of hydrocarbons produced each month, is shared between the State and Nostrum. Consequently, increases in Nostrum's monthly expenditures result in lower amounts of Profit Oil being transferred to the State (due to the higher notional value of Cost Oil).

The State's share of Profit Oil must be physically delivered to the State or, alternatively, the State can elect to receive an amount equal to the value of the Profit Oil on a monthly basis. To date, the State has always elected to receive a monetary payment. Any such amounts delivered or paid are based on actual monthly production volumes. The share to be allocated to the State is calculated based on annual levels of production of crude oil and gas as set out below.

Annual Crude Oil Production levels (tonnes)	**State's share**
From 0 to 2,000,000	10%
From 2,000,000 to 2,500,000	20%
From 2,500,000 to 3,000,000	30%
Over 3,000,000	40%

Annual Gas Production levels (1,000m^3)	**State's share**
From 0 to 2,000,000	10%
From 2,000,000 to 2,500,000	20%
From 2,500,000 to 3,000,000	30%
Over 3,000,000	40%

Delivery of crude oil

Pursuant to the PSA, the State has the priority right to purchase up to 50% of hydrocarbons produced by Nostrum calculated after the share of production with the State at prices not exceeding world market prices, as determined by the government of Kazakhstan with guaranteed payment at world market prices. In addition, the State has the right under the PSA to request Nostrum to deliver the State's distributed oil and gas in-kind to destinations specified by the State. The State also has the right to requisition part or all of the hydrocarbons owned by Nostrum under the PSA in the event of war, natural disasters or other emergency situations, albeit at world market prices. Moreover, the Kazakhstan Government can require oil producers in Kazakhstan to supply a portion of their crude oil production to domestic refineries to meet domestic energy requirements.

Tax – General

- Corporate Income Tax

  In accordance with Kazakhstan's tax regulations, the Group via Zhaikmunai makes estimated monthly advanced payments of corporate income tax at a fixed rate of 30% of Zhaikmunai's pro-rata estimated taxable income from activity under the PSA.

- Discovery Payments

  Under the PSA, Nostrum must declare each new discovery of a crude oil horizon that leads to commercial production and pay US$500,000 to the State in respect of each of such discoveries.

- Recovery Bonus

  Nostrum must pay to the State a US$1,000,000 recovery bonus for each 10 million metric tonnes of cumulative recovery of crude oil and natural gas. Nostrum has made recovery bonus payments of US$1,000,000 to date.

- Reimbursement of Historic Expenses

  Nostrum is required to reimburse the State for a total of US$25,000,000 for historic costs (its costs for appraisal activities undertaken prior to the grant of the Licence) in equal quarterly instalments during the production phase of the PSA starting from the production phase. Nostrum began making such payments on 1 January 2007 and makes such payments on an annual basis.

- Social Expenditures

  The Group is obliged to perform repair and reconstruction of state roads (including the construction of a 37 kilometre asphalt road accessing the field site), spend US$300,000 per annum to finance social infrastructure, make an accrual of 1% of capital expenditures per annum for the purpose of educating Kazakhstan citizens and adhere to a spending schedule on education (which lasts to and including 2020).

- Liquidation Fund

  The PSA requires Nostrum to establish a liquidation fund in the amount of US$12,000,000 by making annual contributions to the fund of US$100,000 per year during the exploration phase and US$452,000 per year during the production phase. The liquidation fund will provide funds for the removal of Nostrum's property and equipment at the end of the PSA's term.

In addition, Nostrum makes accruals for the abandonment of facilities. The amount of the obligation is the present value of the estimated expenditures expected to be required to settle the obligation adjusted for expected inflation and discounted using average long-term interest rates for emerging market debt adjusted for risks specific to the Kazakhstan market.

(b) **2022 Notes**

Overview

On 25 July 2017, Nostrum Oil & Gas Finance B.V. issued the 2022 Notes. The 2022 Notes are guaranteed by Nostrum and certain of its subsidiaries.

Interest and Maturity

The 2022 Notes bear interest at the rate of 8.000% per year. Interest on the 2022 Notes is payable on 25 January and 25 July of each year. The 2022 Notes mature on 25 July 2022.

Redemption

From and including 25 July 2021 onwards Nostrum Oil & Gas Finance B.V. may redeem some or all of the 2022 Notes at any time at 100.000% plus accrued and unpaid interest to the redemption date.

In the event of certain developments affecting taxation, the 2022 Notes may also be redeemed in whole, but not in part, at any time, at a redemption price of 100% of the principal amount of the 2022 Notes plus accrued and unpaid interest and additional amounts to the date of redemption.

Upon the occurrence of certain events defined as constituting a change of control, the issuer of the 2022 Notes will be required to offer to repurchase the 2022 Notes at 101% of their principal amount, plus accrued and unpaid interest to the date of purchase.

Guarantees and Security

The 2022 Notes are jointly and severally guaranteed on a senior basis by Nostrum, Nostrum Oil & Gas Coöperatief U.A., Zhaikmunai and Nostrum Oil & Gas B.V. The 2022 Notes constitute senior obligations of Nostrum Oil & Gas Finance B.V. and the Guarantors and will rank equally with all of Nostrum Oil & Gas Finance B.V.'s and the Guarantors' other senior indebtedness.

The 2022 Notes do not benefit from any security.

Ranking

The 2022 Notes:

- constitute general senior obligations of Nostrum Oil & Gas Finance B.V.;
- rank senior in right of payment to all existing and future subordinated obligations of Nostrum Oil & Gas Finance B.V.;
- rank equally in right of payment to any future senior indebtedness of Nostrum Oil & Gas Finance B.V., without giving effect to collateral arrangements; and

- effectively rank junior to any existing or future indebtedness of Nostrum Oil & Gas Finance B.V. secured by property or assets to the extent of the value of such property or assets.

Certain Covenants and Events of Default

The indenture governing the 2022 Notes contains a number of covenants that, among other things, restrict, subject to certain exceptions, the ability of Nostrum and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to Zhaikmunai or any of its restricted subsidiaries;
- sell, lease or transfer certain assets including shares of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses; and
- consolidate or merge with other entities.

Each of these covenants is subject to certain exceptions and qualifications.

In addition, the indenture governing the 2022 Notes imposes certain requirements as to future subsidiary guarantors. In addition, the indenture governing the 2022 Notes also contains certain customary information covenants and events of default.

(c) **2025 Notes**

Overview

On 8 February 2018, Nostrum Oil & Gas Finance B.V. issued the 2025 Notes. The 2025 Notes are guaranteed by Nostrum and certain of its subsidiaries.

Interest and Maturity

The 2025 Notes bear interest at the rate of 7.000% per year. Interest on the 2025 Notes is payable on 16 February and 16 August of each year. The 2025 Notes mature on 16 February 2025.

Redemption

Nostrum Oil & Gas Finance B.V. may redeem some or all of the 2025 Notes at any time on or after 16 February 2021 at established redemption prices (being 105.250% of nominal principal amount until and including 16 February 2021, 103.500% until and including 16 February 2022, 101.750% until and including 16 February 2023 and 100% from and including 16 February 2024 onwards) plus accrued and unpaid interest to the redemption date.

In the event of certain developments affecting taxation, the 2025 Notes may also be redeemed in whole, but not in part, at any time, at a redemption price of 100% of the principal amount of the 2025 Notes plus accrued and unpaid interest and additional amounts to the date of redemption.

Upon the occurrence of certain events defined as constituting a change of control, the issuer of the 2025 Notes will be required to offer to repurchase the 2025 Notes at 101% of their principal amount, plus accrued and unpaid interest to the date of purchase.

Guarantees and Security

The 2025 Notes are jointly and severally guaranteed on a senior basis by Nostrum, Nostrum Oil & Gas Coöperatief U.A., Zhaikmunai and Nostrum Oil & Gas B.V. The 2025 Notes constitute senior obligations of Nostrum Oil & Gas Finance B.V. and the Guarantors and will rank equally with all of Nostrum Oil & Gas Finance B.V.'s and the Guarantors' other senior indebtedness.

The 2025 Notes do not benefit from any security.

Ranking

The 2025 Notes:

- constitute general senior obligations of Nostrum Oil & Gas Finance B.V.;
- rank senior in right of payment to all existing and future subordinated obligations of Nostrum Oil & Gas Finance B.V.;
- rank equally in right of payment to any future senior indebtedness of Nostrum Oil & Gas Finance B.V., without giving effect to collateral arrangements; and
- effectively rank junior to any existing or future indebtedness of Nostrum Oil & Gas Finance B.V. secured by property or assets to the extent of the value of such property or assets.

Certain Covenants and Events of Default

The indenture governing the 2025 Notes contains a number of covenants that, among other things, restrict, subject to certain exceptions, the ability of Nostrum and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to Zhaikmunai or any of its restricted subsidiaries;
- sell, lease or transfer certain assets including shares of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses; and
- consolidate or merge with other entities.

Each of these covenants is subject to certain exceptions and qualifications.

In addition, the indenture governing the 2025 Notes imposes certain requirements as to future subsidiary guarantors. In addition, the indenture governing the 2025 Notes also contains certain customary information covenants and events of default.

(d) **Lock-up Agreement**

On 23 December 2021, certain members of the Group (including the Company, Nostrum Oil & Gas Finance B.V. and Zhaikmunai) entered into the Lock-up Agreement with Noteholders then representing in aggregate approximately 54% of the 2022 Notes and 55% of the 2025 Notes. Pursuant to the Lock-up Agreement, all parties have agreed, among other things and subject to certain conditions and limitations, to take all steps reasonably necessary to support, facilitate, implement, consummate or otherwise give effect to the Restructuring, including, in the case of the Noteholders, by attending the Scheme Meeting in person or by proxy and casting all of the votes in respect of their Notes in favour of the Scheme of Arrangement. The creditors who are

party to the Lock-up Agreement also agreed to refrain from taking actions, such as accelerating sums owing by the Group or taking enforcement action, which may frustrate, delay or impede the implementation of the Restructuring.

The purpose of the Lock-up Agreement is to enable the Group to launch the Restructuring with a greater degree of certainty as to its success, particularly in light of the considerable publicity, cost and potential impact on the Group's business operations involved in its launch.

Pursuant to the terms of the Lock-up Agreement, a Lock-up Fee of 0.5% of the principal amount of the Existing Notes will be payable upon consummation of the Restructuring to each participating Noteholder who was originally party to the Lock-up Agreement or who acceded to the Lock-up Agreement within 22 days of its execution (i.e. by 14 January 2022). Noteholders will not be eligible for the Lock-up Fee if they acceded to the Lock-up Agreement after 14 January 2022 (save with respect to any Notes acquired by them which were already eligible to receive a Lock-up Fee). The Lock-up Agreement is subject to termination rights, including (i) automatic termination upon the occurrence of the Longstop Date (as described below), the occurrence of certain insolvency events or the termination of the Second Forbearance Agreement, (ii) termination by a majority by value of Noteholders party thereto upon, amongst other things, a failure by the Company to meet certain prescribed restructuring milestones or the occurrence of certain other adverse events, and (iii) certain termination rights in favour of the Company and individual Noteholders and Shareholders party thereto.

The Longstop Date for completion of the Restructuring, as set out in the Lock-up Agreement, is 23 August 2022. If any of the conditions to the Restructuring becoming effective above is not satisfied or waived by the Longstop Date (as amended or extended), then the Restructuring will not proceed.

The Lock-up Agreement is governed by English law.

As at the Latest Practicable Date, holders of at least 76.29% of the 2022 Notes and 80.35% of the 2025 Notes have signed or acceded to the lock-up agreement, which comprises approximately 77.73% of the total aggregate principal amount of the Existing Notes.

(e) **Second Forbearance Agreement**

On 23 October 2020, the Company, together with certain of its subsidiaries, entered into a forbearance agreement with members of the AHG (the "**Forbearance Agreement**"). Pursuant to the Forbearance Agreement, members of the AHG agreed to forbear from the exercise of certain rights and remedies that they have under the indentures governing the Existing Notes. The agreed forbearances include agreeing not to accelerate the Existing Notes' obligations as a result of the missed interest payments (or any subsequent missed interest payments which occurred prior to the expiry of the Forbearance Agreement).

The Company agreed to pay, or procure the payment by the Issuer of a Consent Fee to each forbearing Noteholder. The first Consent Fee for the first 90 days of 29.7866 basis points (0.297866% of the principal amount of the Existing Notes) totalling US$3,350,992 was paid on 19 November 2020. The second consent fee for 19.8577 basis points, totalling US$2,233,991 was paid on 22 December 2020. The final consent fee for 9.9288 basis points equating to US$1,116,990 was paid on 20 February 2021. In addition, under the Forbearance Agreement, the Company agreed to deposit US$21,541,990 into a secured account (the "**Restricted Account**"). The Company has the ability to make certain withdrawals from the Restricted Account if its liquidity falls below an agreed level.

On 19 May 2021, the Forbearance Agreement expired in accordance with its terms and was replaced by a second forbearance agreement (the "**Second Forbearance Agreement**"), which is on substantially the same terms as the Forbearance Agreement. Holders of in excess of 49% of the aggregate principal amount of the 2022 Notes and in excess of 47% of the aggregate principal amount of the 2025 Notes entered into the Second Forbearance Agreement.

On 21 July 2021, the forbearance period under the Second Forbearance Agreement was extended to 4:00 p.m. on 25 August 2021. In connection with the extension of the forbearance period to 25 August 2021, the Company agreed to pay into the Restricted Account an amount of US$1,116,990, equating to 9.9288 basis points of the outstanding Existing Notes. The total amount held in the Restricted Account as at the date of this document is US$22,658,980.

The forbearance period under the Second Forbearance Agreement was further extended on multiple occasions. On 23 December 2021, the Second Forbearance Agreement was extended until the earlier of the Restructuring Effective Date and the Longstop Date (each as defined in the Lock-up Agreement).

7. Significant Change

Save as disclosed in paragraph 4.2 of Part 1 (Letter from the Chairman to Shareholders) of this document, there has been no significant change in the financial performance or financial position of the Group since 30 September 2021, the date to which the last published interim financial statements were prepared.

8. Working capital

The Company is of the opinion that, following the implementation of the Restructuring and taking into account the facilities available to the Group, the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

9. Consents

Stifel has given and not withdrawn its written consent to the inclusion of its name in this document in the form and context in which it is included.

10. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at 20 Eastbourne Terrace, London, England, W2 6LG up to and including the date of the General Meeting and on the Company's website (www.nostrumoilandgas.com/investors/):

(a) the Articles of Association of the Company;

(b) the New Articles;

(c) the consent letter referred to in paragraph 9 above; and

(d) this document.

PART 7

DEFINITIONS AND GLOSSARY

1. Definitions

The following definitions apply throughout this document unless the context requires otherwise:

2022 Notes	the 8.0% Senior Notes due 2022 issued by Nostrum Oil & Gas Finance B.V.
2025 Notes	the 7.0% Senior Notes due 2025 issued by Nostrum Oil & Gas Finance B.V.
Admission	the admission of the Ordinary Shares to listing on the standard segment of the FCA's Official List and to trading on the main market of the London Stock Exchange
AIX	Astana International Exchange
Articles or Articles of Association	the existing articles of association of the Company
Best Available Techniques or **BAT**	the most effective and advanced stage in the development of activities and methods of carrying them out, which indicates their practical suitability to serve as the basis for the establishment of technological standards and other environmental conditions aimed at preventing or, if this is not practicable, minimizing negative anthropogenic impact on the environment (pursuant to the Environmental Code)
Blocked Account	an account, in the name of the Company, pledged and blocked in favour of the trustee for the New Notes
Board	the board comprising the Directors of the Company from time to time
Business Day	any day (excluding Saturdays, Sundays and public holidays in England and Wales) on which banks are generally open for business in London
Circular	this document issued by Nostrum in connection with the Restructuring (including the RPT Arrangements) containing the Notice of General Meeting
Companies Act	the Companies Act 2006 (as amended)
Company or **Nostrum**	Nostrum Oil & Gas PLC a company registered in England and Wales with registered number 8717287 whose registered office is at 20 Eastbourne Terrace, London, England, W2 6LG
Competent Authority	Kazakhstan's central executive agency, designated by the Government of Kazakhstan to act on behalf of the State to exercise rights relating to the execution and performance of subsoil use contracts in respect of hydrocarbons, which is currently the Kazakhstan Ministry of Energy
Corporate Governance Code	the latest UK Corporate Governance Code published by the Financial Reporting Council
Court	the High Court of Justice of England and Wales
CREST	the paperless settlement procedure operated by Euroclear enabling system securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument
CREST Manual	the rules governing the operation of CREST as published by Euroclear
CREST member	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations)
CREST Proxy Instruction	the instruction whereby CREST members send a CREST message appointing a proxy for the meeting and instructing the proxy on how to vote
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 / 3755)

Directors	the directors of the Company from time to time, currently comprising the Directors whose names are set out on page 3, and "**Director**" shall mean any one of them
DSRA	Debt Service Retention Account
DTRs or **Disclosure Guidance and Transparency Rules**	the disclosure guidance and transparency rules made by the FCA pursuant to section 73A of FSMA, as amended from time to time
Environmental Code	Code No. 400-VI of the Republic of Kazakhstan dated 2 January 2021 "Environmental Code of the Republic of Kazakhstan"
EU	the European Union
Existing Shareholders	the holders of the Existing Shares
Existing Shares	the Ordinary Shares in issue immediately prior to the Restructuring
Explanatory Statement	the explanatory statement relating to the scheme of arrangement to be proposed by the Company to the Noteholders in accordance with Part 26 of the Companies Act
FCA	the Financial Conduct Authority or its successor from time to time
FSMA	Financial Services and Markets Act 2000 (as amended)
Gas Law	has the meaning given to it on page 51
General Meeting	the general meeting of the Company to be held at the offices of White & Case LLP, 5 Old Broad Street, London, EC2N 1DW on 29 April 2022 at 10:00 a.m. (or any adjournment thereof), notice of which is set out at the end of this document
Group	the Company and its subsidiary undertakings
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards as adopted by the EU
KASE	the Kazakhstan Stock Exchange
Kazakhstan	the Republic of Kazakhstan
Kazakhstan Ministry of Energy	the Ministry of Energy of the Republic of Kazakhstan
Latest Practicable Date	11 April 2022, being the latest practicable date before publication of this document
Licence	Licence series MG No. 253-D (Oil) issued to Zhaikmunai by the government of Kazakhstan on 26 May 1997
Listing Rules	the rules and regulations made by the FCA under the FSMA, and contained in the UK Listing Authority's publication of the same name
LLP Law	Law No. 220-I of the Republic of Kazakhstan dated 22 April 1998 "On Limited and Additional Liability Partnerships"
Lock-up Agreement	the lock-up agreement described in paragraph 6 of Part 6 (*Additional Information*)
Lock-up Fee	A fee of 0.5% of the principal amount of the Existing Notes payable upon consummation of the Restructuring to each participating Noteholder who was originally party to the Lock-up Agreement or who acceded to the Lock-up Agreement within 22 days of its execution (that is, by 14 January 2022)
London Stock Exchange	the regulated market operated by London Stock Exchange plc or its successor
Longstop Date	23 August 2022
MAR Requirements	articles 17, 18 and 19 of the Market Abuse Regulation

Market Abuse Regulation or **MAR**	Regulation (EU) No. 594/2014 of the European Parliament and the Council of 16 April 2014 on market abuse, which forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018
New Articles	the new articles of association of the Company proposed to be adopted in connection with the Restructuring
New Shares	the Ordinary Shares to be issued pursuant to the Restructuring
Nomination Committee	the nomination committee of the Company from time to time
Noteholder	a holder of the Existing Notes
Notice of General Meeting	the notice of the General Meeting which is set out at the end of this document
Notifiable Interest	an interest of 3% or more in the issued ordinary share capital of the Company
Official List	the official list of the FCA
Ordinary Shares	the ordinary shares with a nominal value of 1 pence each in the capital of the Company in issue from time to time
Overseas Shareholders	Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
pence or **£**	the lawful currency of the United Kingdom
PSA	the contract for additional exploration, production and production sharing of crude oil hydrocarbons in the Chinarevskoye oil and gas condensate field in the West-Kazakhstan Oblast No. 81, dated 31 October 1997, as amended, between Zhaikmunai and the Kazakhstan Ministry of Energy, representing Kazakhstan
Registrar	Link Group of 10th Floor Central Square, 29 Wellington Street, Leeds LS1 4DL
Regulatory Information Service	any of the services authorised by the FCA from time to time for the purpose of disseminating regulatory announcements
Resolutions	the Restructuring Resolution and the RPT Resolution
Restructuring Plan	means a restructuring plan proposed pursuant to Part 26A of the Companies Act between the Company and the holders of the Existing Notes before the Court in order to implement the proposed Part 26A Restructuring
Restructuring Resolution	the special resolution to give effect to the Restructuring and certain other matters as set out in the Notice of General Meeting at the end of this document
RPT Arrangements	the arrangements with ICU and its affiliates which constitute related party transactions for the purposes of Chapter 11 of the Listing Rules
RPT Resolution	the resolution to approve the RPT Arrangements as set out in the Notice of General Meeting at the end of this document
Scheme Meeting	the meeting of the Noteholders anticipated to be convened in accordance with the permission of the Court pursuant to section 896 of the Companies Act to consider, and if thought fit, to approve the Scheme, including any adjournment thereof
SEC	the US Securities and Exchange Commission
Shareholders	the holders of the Ordinary Shares from time to time
Sponsor or **Stifel**	Stifel Nicolaus Europe Limited

SSNs	the new senior secured notes in a principal amount of US$250,000,000 maturing on 30 June 2026 anticipated to be issued as part of the Restructuring
State	the Republic of Kazakhstan
Strategic Committee	a new committee of the Board to be created in connection with the implementation of the Restructuring
Subsoil Code	Code No. 125-VI of the Republic of Kazakhstan dated 27 December 2017 "On Subsoil and Subsoil Use"
SUNs	the new senior unsecured notes in a principal amount of US$300,000,000 maturing on 30 June 2026 (together with principal amount of additional senior notes representing the payment-in kind interest payable with effect from 1 January 2022 until the date of issue) anticipated to be issued as part of the Restructuring
Transfer of Listing	Admission of the Ordinary Shares to the standard listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities
Transparency Rules	The rules relating to the notification and dissemination of information in respect of issuers of transferable securities and relating to major shareholdings
UK or **United Kingdom**	United Kingdom of Great Britain and Northern Ireland
Uncertificated or **in uncertificated form**	in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form that is, in CREST) and title to which may be transferred by using CREST
United States or **US**	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia, and all other areas subject to its jurisdiction
US$ or **US dollar**	the lawful currency of the United States
VAT	value added tax
Warrant Deed Poll	the deed poll pursuant to which the Warrants will be constituted
Warrant Holder	any holder of a Warrant
Warrant Shares	means the new Ordinary Shares issuable upon the exercise of the Warrants, as the same may be adjusted from time to time in accordance with the terms of the Warrants
Warrant Trustee	GLAS Trust Company LLC or one of its affiliates
Warrants	the equity warrants issued to holders of the SUNs (or their nominees), the terms of which are governed by the Warrant Deed Poll as described in Part 3 (*Details of the Restructuring*) of this document
Warrants Exercise Price	1 penny, as adjusted from time to time
Zhaikmunai	Zhaikmunai LLP, a limited liability partnership formed under the laws of Kazakhstan and the holder of the PSA and Licence

All times referred to are London times unless otherwise stated.

All references to legislation in this document are to the legislation of England and Wales unless otherwise stated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

2. Glossary of Technical Terms

boe	barrels of oil equivalent
boepd	barrels of oil equivalent per day
probable reserves (2P)	those reserves that analysis of geological and engineering data suggests are more likely than not to be recoverable. There is at least a 50% probability that reserves recovered will exceed probable reserves. Proven plus probable reserves are referred to as 2P

(Incorporated in England and Wales with Registered No. 8717287)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a GENERAL MEETING of NOSTRUM OIL & GAS PLC (the "**Company**") will be held at the offices of White & Case LLP, 5 Old Broad Street, London, EC2N 1DW on 29 April 2022 at 10:00 a.m. to consider and, if thought fit, passing the following ordinary and special resolutions (the "**Resolutions**").

This Notice of General Meeting concerns matters described in a circular to shareholders of the Company dated 13 April 2022 (the "**Circular**"). Words and expressions defined in the Circular have the same meaning when used in this Notice of General Meeting.

RESTRUCTURING RESOLUTION – AS A SPECIAL RESOLUTION

THAT:

(1) in substitution for any existing authority, the Directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "**Act**") to exercise any power of the Company to allot shares and grant rights to subscribe for or to convert securities into shares in the Company up to a maximum nominal amount of £15,244,344.04 in connection with the issue of ordinary shares of £0.01 each:

(a) for the purposes of the Debt for Equity Swap; and

(b) upon the exercise of the Warrants,

such authority to expire, unless renewed, varied or revoked by the Company, on 31 December 2022 but, in each case, so that the Company may make offers and enter into agreements prior to the expiration of the authority which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Directors may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended;

(2) in substitution for any existing authority, the Directors be given power pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash under the authority granted by paragraph (1) of this resolution, and/or where the allotment is treated as an allotment of equity securities under section 560(2)(b) of the Act as if section 561(1) of the Act did not apply to any such allotment, such power to be limited to the allotment of equity securities in connection with the Restructuring, pursuant to and subject to the authority granted under paragraph (1) above, such authority to expire on 31 December 2022, unless previously renewed, varied or revoked by the Company, save that the Company may make offers and enter into agreements prior to the expiration of the authority which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Directors may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended;

(3) the articles of association of Nostrum be amended by adopting new articles of association in the form marked "X" and presented to the General Meeting;

(4) the transfer of the Company's listing of the Ordinary Shares from a Premium Listing of the Official List to the Standard Listing of the Official List be approved;

(5) immediately following the issue of new Ordinary Shares in connection with the Debt for Equity Swap, each ordinary share in the Company of £0.01 be sub-divided into (i) one ordinary share of £0.001 nominal value (an "**Intermediate Share**"), such shares having the same rights and being subject to the same restrictions (save as to nominal value) as the existing ordinary shares of £0.01 each in the capital of Nostrum as set out in Nostrum's articles of association as amended by paragraph (3) above,

and (ii) nine deferred shares of £0.001, such shares having the rights and being subject to the restrictions set out in Nostrum's articles of association as amended by paragraph (3) above (the "**Sub-Division**");

(6) subject to, conditional upon and with effect from the Sub-Division, each Intermediate Share be consolidated into ten ordinary shares of £0.01 nominal value (a "**Consolidated Share**"), such shares having the same rights and being subject to the same restrictions (save as to nominal value) as the Intermediate Shares as set out in the Company's articles of association as amended by paragraph (3) above (the "**Consolidation**"), provided that no member shall be entitled to a fraction of a share and any fractions of Consolidated Shares arising out of the consolidation pursuant to this paragraph (6) will be aggregated and the Directors are authorised to sell (or appoint any other person to sell), on behalf of the relevant members, the whole number of Consolidated Shares so arising and the net proceeds of sale will be distributed in due proportion (rounded down to the nearest penny) among those members who would otherwise have been entitled to such fractional elements, save that any net proceeds of sale not exceeding £5.00 for any member may be retained by the Company. For the purpose of implementing the provisions of this paragraph (6), the Directors may nominate any person to execute transfers on behalf of any person entitled to any such fractions and may generally make all arrangements and do all acts and things which appear to the Directors to be necessary or appropriate for the settlement and/or disposal of such fractional entitlements;

(7) subject to the confirmation of the Court, the amount standing to the credit of the share premium account of the Company arising upon the issue of the ordinary shares in connection with the Debt for Equity Swap be reduced by £451,689,913.80; and

(8) the Restructuring be approved and all actions undertaken by the Directors and all documents entered into, or to be entered into, by the Company or any of the Company's subsidiary undertakings in connection with, or otherwise related to, the Restructuring or as otherwise described in a prospectus be ratified and/or approved.

RPT RESOLUTION – AS AN ORDINARY RESOLUTION FOR INDEPENDENT SHAREHOLDERS ONLY

THAT the RPT Arrangements be approved, such authority to expire, unless renewed, varied or revoked by the Company on the close of business on 31 December 2022.

By order of the Board,
Thomas Hartnett
Company Secretary

13 April 2022

Registered office:

20 Eastbourne Terrace
London, England
W2 6LG
Registered in England and Wales No. 8717287

EXPLANATORY NOTES ON THE RESTRUCTURING RESOLUTION

The Restructuring Resolution is a single resolution covering a number of different authorities. Shareholders will be asked to vote as a single approval, rather than in respect of each different authority. It is proposed as a special resolution and will be passed if not less than 75% of the votes cast are in favour.

Paragraph (1) – authority to allot New Shares and Warrant Shares

The Company's Directors may only allot ordinary shares or grant rights over ordinary shares if authorised to do so by the shareholders. This Paragraph seeks to grant a new authority under section 551 of the Companies Act 2006 to authorise the Directors to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company in connection with the issue of the New Shares for the purposes of the Restructuring or in connection with the issue of Warrant Shares. If given, the authority will expire at the close of business on 31 December 2022.

If passed, Paragraph (1) would give the Directors authority to allot shares or grant rights to subscribe for, or convert any security into, shares in the Company in connection with the issue of New Shares for the purposes of the Restructuring or the issuance of Warrant Shares up to an aggregate nominal value of £15,244,344.04. It should be noted that this authority is specific to the issue of New Shares and Warrant Shares for the purposes of the Restructuring.

Paragraph (2) – disapplication of pre-emption rights

Under section 561(1) of the Companies Act 2006, if the Directors wish to allot any of the unissued shares or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings. Under the Restructuring, it is proposed that new ordinary shares will be issued for cash on a non-pre-emptive basis in connection with the Debt for Equity Swap and, if exercised, the Warrants. This cannot be done under the Companies Act 2006 unless the shareholders have first waived their pre-emption rights. Paragraph (2) seeks shareholders authority for this and the authority will be limited to the allotment of equity securities in connection with the Restructuring, including upon any exercise of the Warrants. If given, the authority will expire at the close of business on 31 December 2022.

Paragraph (3) – adoption of the New Articles

Paragraph (3) would amend the Company's articles of association to include a new sub-article specifying the rights attaching to the Deferred Shares arising as a result of the Sub-Division.

The Deferred Shares created on the proposed sub-division becoming effective will not have voting or dividend rights. Each Deferred Share will entitle its holder to participate on a return of assets on a winding up of the Company, such entitlement to be limited to the repayment of the amount paid up or credited as paid up on such share to a maximum of £1, and shall be paid only after the holder of any and all ordinary shares then in issue shall have received payment in respect of such amount as is paid up or credited on those ordinary shares held by them at such time.

The Company may, at any time, seek the transfer and/or purchase and subsequent cancellation of the Deferred Shares using such lawful means as the Directors may determine.

In addition, the New Articles would:

- provide that the term of office of all members of the Board shall expire annually and each Board member's continuation in office shall be subject to annual (re-)election by shareholders;
- provide that (re-)election of Board members shall be by way of majority of votes of shareholders;
- provide that any petition for the commencement of insolvency proceedings in respect of the Company or any member of the Group shall be filed in the United Kingdom (subject to applicable law for any members of the Group other than the Company);
- remove references to the redeemable non-voting preference shares, warrant shares to bearer and subscriber shares (which are not in issue);
- allow the Company to distribute its annual report and accounts in electronic format only; and
- include provisions to permit general meetings to be held electronically.

Paragraph (4) – Transfer of Listing

The Company has agreed, pursuant to the Lock-up Agreement, to seek to transfer the Company's listing to the Standard Listing segment of the London Stock Exchange. The proposed Standard Listing will mean that the Company will not be required to comply with the super-equivalent provisions of the Listing Rules that apply to companies with securities admitted to the premium listing segment of the Official List.

Under the Listing Rules, the Transfer of Listing requires the approval of Shareholders in general meeting by way of a special resolution. In addition, the Company must give notice of the anticipated transfer date, which must be not less than 20 Business Days after the passing of the relevant resolution.

Paragraph (5) – Sub-Division

Paragraph (5) deals with the Sub-Division of each ordinary share of £0.01 into (i) one ordinary share of £0.001 nominal value and (ii) nine deferred shares of £0.001 ("**Deferred Shares**").

The nominal value of the ordinary shares is being reduced to facilitate the Share Consolidation. The creation of a class of Deferred Shares will ensure that the reduction in the nominal value of the ordinary shares effected by the Sub-Division will not result in an unlawful reduction in the Company's share capital.

As a result of the Sub-Division, each Existing Shareholder's proportionate interest in the Company's issued ordinary share capital will remain unchanged. The only changes will be to the nominal value of the Ordinary Shares. The rights attaching to the divided ordinary shares (including voting and dividend rights on return of capital) will be identical in all respects to those of the existing Ordinary Shares. This reduction in nominal value does not impact the 'value' of the Ordinary Shares, as the Deferred Shares have no economic value.

Paragraph (6) – Consolidation

The Company's current issued share capital comprises 188,182,958 ordinary shares. Under the Restructuring, the Company will issue 1,505,633,046 New Shares, resulting in a total issued share capital of 1,693,816,004 Ordinary Shares upon completion (prior to the Consolidation).

The Directors consider that this level of issued share capital is too high for the Company's current circumstances, and therefore they propose to reduce the number of shares in issue after the Restructuring by way of a share consolidation.

This authority will take effect from the issue of the New Shares. Paragraph (6), if approved, consolidates each ordinary share of £0.001 each (following the Sub-Division) into 10 ordinary shares of £0.01 nominal value. Accordingly, immediately following the Consolidation the Company will have a total issued share capital of up to 169,381,601 Ordinary Shares and 15,244,344,036 Deferred Shares.

As a result of the Consolidation, each ordinary shareholder's proportionate interest in the Company's issued ordinary share capital will remain unchanged (ignoring the effects of the treatment of the fractions). The only changes will be to the nominal value and the number of Ordinary Shares. The rights attaching to the Ordinary Shares (including voting and dividend rights on return of capital) will be identical in all respects to those of the existing Ordinary Shares.

Paragraph (7) – Capital Reduction

In connection with the Restructuring, the Company expects to issue approximately 1,505.6 million New Shares to the holders of the Existing Notes, at a significant premium to the nominal value of the Ordinary Shares. This share premium comprises a non-distributable reserve for the purposes of the Companies Act.

The share premium account only has limited applications and, accordingly, the Company is proposing to reduce the sum standing to the amount of the share premium account arising upon the issue of the New Shares by £0.30 per New Share (£451,689,913.80 in aggregate), in order to create distributable reserves to support (i) the future payment by the Company of dividends to its Shareholders and (ii) share buybacks should circumstances dictate it is desirable to do so.

The completion of the Capital Reduction will not affect the rights attaching to the Ordinary Shares and will not result in any change to the number of Ordinary Shares in issue.

Paragraph (8) – General approval of the Restructuring

Given the significant impact of the Restructuring on the Company and all of its stakeholders, including shareholders and creditors, the Directors consider it appropriate that shareholders approve the Restructuring as a whole.

If passed, Paragraph (8) ratifies and approves the Restructuring and all actions undertaken by the Directors and all documents entered into or to be entered into in relation to the Restructuring.

EXPLANATORY NOTES ON THE RPT RESOLUTION

The RPT Resolution is a resolution to approve the RPT Arrangements, being the issue of the New Shares, New Notes and Warrants to affiliates of ICU pursuant to the Restructuring. Only Independent Shareholders will be permitted to vote. It is proposed as an ordinary resolution and will be passed if a simple majority of the votes cast by Independent Shareholders are in favour.

Notes

1. Voting on the Resolutions will be conducted by way of a poll rather than a show of hands. In a poll, each shareholder has one vote for every share held. This is a more transparent method of voting as shareholders' votes are counted according to the number of shares registered in their names. On arrival at the General Meeting all those entitled to vote will be required to register and collect a poll card. As soon as practicable following the meeting, the results of the voting will be announced via a Regulatory Information Service and also placed on the Company's website.

2. Only those Shareholders registered in the Company's register of members at:

   a. Close of business on 27 April 2022; or

   b. if this meeting is adjourned, at close of business on the day two days prior to the adjourned meeting,

   shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

   To be entitled to vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the register of members of the Company at close of business on 27 April 2022 (or, in the event of any adjournment, close of business on the date which is two working days before the time of the adjourned General Meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.

   Any Shareholder that is the subject of any asset freeze (or otherwise a designated entity which is subject to such economic sanctions) as a result of the Russia-Ukraine conflict (or otherwise) will not be entitled to vote at the General Meeting or appoint a proxy to exercise all or any such member's rights to vote on their behalf at the meeting.

3. Every member entitled to attend and vote at the General Meeting has the right to appoint some other person(s) of their choice, who need not be a Shareholder, as his proxy to exercise all or any of his rights, to attend, speak and vote on their behalf at the meeting. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person.

4. In order to be valid, a proxy appointment must be made by one of the following methods, in each case so as to be made no later than 10:00 a.m. on 27 April 2022 or, in the case of an adjourned meeting, not less than 48 hours before the time appointed for holding such adjourned meeting (ignoring for these purposes non-Business Days) or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used:

   - via www.signalshares.com by logging on and selecting the 'Proxy Voting' link. If you have not previously registered for electronic communications, you will first be asked to register as a new user, for which you will require your investor code (IVC) (which can be found on your share certificate), family name and postcode (if resident in the UK). If for any reason a member does not have this information, they will need to contact the Registrar by telephone on 0371 664 0391 (Calls are charged at the standard geographic rate and will vary by provider). If you are outside of the United Kingdom, please call +44 371 664 0391. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9:00 a.m. – 5:30 p.m. Monday to Friday, excluding public holidays in England and Wales;

   - if your Ordinary Shares are held electronically via CREST, the proxy appointment may be lodged using the CREST Proxy Voting Service in accordance with notes 11 to 14 below; or

   - you may request a hard copy form of proxy directly from the Registrar, Link Group, on 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. If you are outside the United Kingdom, please call +44 (0)371 664 0391. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9:00 a.m. to 5:30 p.m., Monday to Friday excluding public holidays in England and Wales. The form of proxy and any power of attorney or other authority under which it is executed (or a

duly certified copy of any such power or authority) must be sent to the Company's registrars, Link Group, 10th Floor Central Square, 29 Wellington Street, Leeds LS1 4DL, so as to be received no later than 10:00 a.m. on 27 April 2022

Please note that any electronic communication sent to the Company or to the Shareportal Service that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the General Meeting is governed by the conditions of use set out on the website, www.signalshares.com and may be read by logging on to that site. If you want to appoint more than one proxy electronically please contact the Company's registrar on the Link Telephone Helpline on 0371 664 0391 (Calls are charged at the standard geographic rate and will vary by provider, lines are open 9:00 a.m. to 5:30 p.m. Monday to Friday) or if you are calling from overseas please call +44 371 664 0391 (calls outside the United Kingdom will be charged at the applicable international rate).

Completion and return of such a proxy will not prevent a member from attending the General Meeting and voting in person.

5. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder. If you sign and return the proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of Ordinary Shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a Shareholder, the full voting entitlement for that designated account).

6. To appoint more than one proxy you should log on to www.signalshares.com or contact the Registrar by telephone on 0371 664 0391 (calls are charged at the standard geographic rate and will vary by provider). If you are outside of the United Kingdom, please call +44 371 664 0391. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9:00 a.m. – 5:30 p.m. Monday to Friday, excluding public holidays in England and Wales. If you submit more than one valid proxy appointment in respect of the same share or shares, the appointment received last before the latest time for the receipt of proxies will take precedence. If the Company is unable to determine which was received last, none of the proxy appointments in respect of that share or shares shall be valid.

Appointing a proxy

Shareholders are entitled to vote at the General Meeting and may appoint the Chairman of the General Meeting as their proxy to exercise all or any of their rights to vote on their behalf at the General Meeting. A Shareholder may not appoint more than one proxy in relation to the General Meeting.

The Articles of Association of the Company provide that:

(i) if a member appoints more than one proxy and the proxy forms appointing those proxies would give those proxies the apparent right to exercise votes on behalf of the member in a general meeting over more shares than are held by the member, then each of those proxy forms will be invalid and none of the proxies so appointed will be entitled to attend, speak or vote at the relevant general meeting; and

(ii) if a member submits more than one valid proxy appointment in respect of the same share, the appointment received last (regardless of its date or the date on which it is signed) before the latest time for the receipt of proxies will take precedence. If it is not possible to determine the order of receipt, none of the forms will be treated as valid.

A vote withheld is not a vote in law, which means that the vote will not be counted in the proportion of votes "for" and "against" the Resolutions. Where a proxy has been appointed by a member, if such member does not give any instructions in relation to the Resolutions that member should note that their proxy will have authority to vote on the Resolutions as they think fit.

Any power of attorney or any other authority under which the form of proxy is signed (or a duly certified copy of such power or authority) must be included with the proxy form. In the case of a member which is a company, the form of proxy should either be sealed by that company or signed by someone authorised to sign it.

7. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

8. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "**Nominated Person**") should note that the provisions in this Notice concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.

9. Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.

10. Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755) (as amended) and for the purposes of section 360B of the Companies Act 2006, the Company has specified that only those members registered on the register of members of the Company at close of business on 27 April 2022 or if the meeting is adjourned, on the day which is two days prior to the time of the adjourned meeting shall be entitled to attend and vote at the General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to the register of members after close of business on 27 April 2022 shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.

11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 29 April 2022 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

12. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID number RA10) by the latest time(s) for receipt of proxy appointments, together with any power of attorney or other authority under which it is sent. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Link Group is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

13. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s))

such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings www.euroclear.com/CREST).

The Company may treat an instruction as invalid in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

14. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended). For further information relating to the CREST proxy system, please refer to the CREST Manual.

15. A corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member (provided, in the case of multiple corporate representatives of the same corporate shareholder, they are appointed in respect of different shares owned by the corporate shareholder or, if they are appointed in respect of those same shares, they vote those shares in the same way). Corporate shareholders can also appoint one or more proxies in accordance with Notes 3-7 and, if relevant, Notes 8-9 above. Please note, however, that if multiple corporate representatives purport to vote the same block of shares in different ways, they will be treated as not having voted.

16. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

    Where you have appointed a proxy using a hard-copy form and would like to change the instructions using another hard-copy proxy form, please contact Link Telephone Helpline on 0371 664 0391 (calls are charged at the standard geographic rate and will vary by provider, lines are open 9:00 a.m. to 5:30 p.m. Monday to Friday) or if you are calling from overseas please call +44 371 664 0391 (calls outside the United Kingdom will be charged at the applicable international rate).

    If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

17. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

18. Any Shareholder attending the General Meeting has the right to ask questions. The Company must cause to be answered any question relating to the business being dealt with at the meeting put by a Shareholder attending the General Meeting. However, members should note that no answer need be given in the following circumstances:

    a. if to do so would interfere unduly with the preparation of the General Meeting or would involve a disclosure of confidential information;

    b. if the answer has already been given on a website in the form of an answer to a question; or

    c. if it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

    Any member attending the General Meeting has the right to ask questions relating to the business of the General Meeting in accordance with section 319A of the Companies Act 2006. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if (i) to do so would involve the disclosure of confidential

information, (ii) the answer has already been given on a website in the form of an answer to a question, or (iii) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

19. As at 11 April 2022, being the latest practicable date before the publication of this Notice, the Company's issued capital consisted of 188,182,958 Shares carrying one vote each. The Company does not hold any Ordinary Shares in treasury. Therefore, the total voting rights in the Company as at 11 April 2022 are 188,182,958 Ordinary Shares.

20. This Notice, together with information about the total numbers of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting as at 11 April 2022, being the latest practicable date before the publication of this Notice, and, if applicable, any members' matters of business received after the publication of this Notice can be found on the Company's website at http://www.nostrumoilandgas.com.

21. Shareholders are advised that, unless otherwise stated, any telephone number, website and email address set out in this Notice or Chairman's letter should not be used to communicate with the Company (including the service of documents or information relating to the proceedings at the General Meeting). Shareholders who have general queries about the meeting should email IR@nog.co.uk or telephone +44 203 740 7430 (no other methods of communication will be accepted).

Nominated persons and information rights

Any person to whom this Notice of General Meeting is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to appoint the Chairman of the General Meeting as its proxy for the General Meeting.

If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights. However, the statement of the rights of Shareholders in relation to the appointment of proxies described above does not apply to Nominated Persons. The rights described in those sections of the Companies Act 2006 can only be exercised by Shareholders.

Queries and access to information

Except as provided above, Shareholders who have general queries about the General Meeting should use the following means of communication (no other methods of communication will be accepted): call the Link Telephone Helpline on 0371 664 0391 (calls are charged at the standard geographic rate and will vary by provider) or from outside the United Kingdom, please call +44 (0)371 664 0391 (calls outside the United Kingdom will be charged at the applicable international rate). Lines are open 9:00 a.m. to 5:30 p.m. Monday to Friday, excluding public holidays in England and Wales. You may not use any electronic address provided either: (i) in this Notice of General Meeting, or (ii) in any related documents (including the Letter from the Chairman contained within the Circular) to communicate with the Company for any purposes other than those expressly stated.

If you would like to request a copy of this Notice of General Meeting in an alternative format such as in large print or audio, please contact Link Group, on 0371 664 0391.

A copy of this Notice of General Meeting, and other information required by section 311A of the Companies Act 2006, can be found at www.nostrumoilandgas.com/investors/.

Processing of personal data

The Company may process the personal data of attendees at the General Meeting. This may include audio recordings as well as other forms of personal data. The Company shall process any such personal data in accordance with its Privacy Policy.