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.

For a discussion of certain risk and other factors that should be considered in connection with an investment in the New Shares, see Part 2 "*Risk Factors*".

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

Proposed Restructuring

Issue of up to 1,505,633,046 New Shares and issue of Warrants in connection with the repayment of the Existing Notes

Share Consolidation

Application for Admission of the New Shares

An application will be made to the FCA for all of the New Shares to be admitted to the standard listing segment of the Official List of the FCA (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such New Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities (together, "**Admission**"). Admission constitutes admission to trading on a regulated market. It is expected that Admission will become effective in Q4 2022. The New Shares issued by the Company will rank *pari passu* in all respects with each other and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the issued Ordinary Shares after Admission.

The Company and its Directors (whose names appear on page 30 of this Prospectus) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

The Company also intends to seek admission of the New Shares to the Official List of the Astana International Exchange (the "**AIX**") and to trading on the AIX in connection with Admission (the "**AIX Admission**"). The AIX Admission is expected to become effective in Q4 2022. The Company intends to offer all the New Shares through the AIX. Subject to sufficient demand, investors' orders submitted through the AIX will be satisfied in full and all and any New Shares remaining after the satisfaction of the investors' orders submitted through the AIX may be offered and placed outside of and inside Kazakhstan. It is expected that delivery of the New Shares to purchasers thereof will be made through the facilities of the AIX Central Securities Depository (the "**AIX CSD**"). To take delivery of the New Shares, purchasers need to have an account opened with a broker that has a valid and active trading membership agreement with the AIX (the "**AIX Trading Member**"). The purchasers shall take all actions required in accordance with the applicable law and regulations to take delivery of the purchased New Shares.

This Prospectus does not constitute an offer of, or the solicitation of an offer to subscribe for or buy, any New Shares to any person in any jurisdiction in which such offer or solicitation is unlawful. The New Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or under any of the relevant securities laws of any state or other jurisdiction of the United States. Neither the U.S. Securities and Exchange Commission nor any U.S. State securities commission has approved of the New Shares or determined if this Prospectus is accurate or complete. Any representation to the contrary is a criminal offence in the United States. The New Shares will be offered in the United States only pursuant to an exemption from the registration requirements of the Securities Act. The New Shares may not be offered or sold in the United States except pursuant to an exemption from the Securities Act or in a transaction not subject to the registration requirements of the Securities Act or the registration requirements or any exemptive filings under any securities laws of any state of the United States.

Recipients of this Prospectus are authorised to use it solely for the purpose of considering the issue of the New Shares in connection with the proposed reorganisation of Nostrum Oil & Gas plc and may not reproduce or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than considering an investment in the New Shares. Such recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.

Prospective investors should rely only on the information contained in this Prospectus. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been so authorised by the Company or the Directors. Any delivery of this Prospectus shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company or its subsidiaries since, or that the information contained herein is correct at any time subsequent to, the date of this Prospectus. In particular, the contents of the Group's website (www.nostrumoilandgas.com) do not form part of this Prospectus and prospective investors should not rely on it. The contents of this Prospectus are not to be construed as legal, financial or tax advice. Each recipient of this Prospectus should consult his, her or its own solicitor, independent financial adviser or tax adviser for legal, financial or tax advice.

The distribution of this Prospectus may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company to permit a public offering of the New Shares or to permit the possession or distribution of this Prospectus (or any other offering or publicity materials relating to the New Shares) in the United Kingdom or any other jurisdiction where action for that purpose may be required. Accordingly, neither this Prospectus, any advertisement nor any other material relating to it may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus 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 any such jurisdiction.

The New Shares have not been and will not be registered or qualified for distribution under the applicable securities laws of Australia, Canada or Japan. The New Shares may not be offered for sale or subscription or sold or subscribed directly or indirectly in Australia, Canada or Japan or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada or Japan.

Dated 14 October 2022

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PART 1
SUMMARY

Section A - Introduction and Warnings

The registered office of Nostrum Oil & Gas plc (the "**Company**" and together with its subsidiaries the "**Group**" or "**Nostrum**") is at 20 Eastbourne Terrace London W2 6LG United Kingdom and the telephone number is +44 20 3740 7430. The Company's LEI is 2138007VWEP4MM3J8B29. The ISIN of the Ordinary Shares (and the New Shares) is GB00BGP6Q951.

This Prospectus has been approved in the United Kingdom by the United Kingdom Financial Conduct Authority (the "**FCA**") as competent authority with its head office at 12 Endeavour Square, London E20 1JN, United Kingdom and telephone number: +44 (0) 20 7066 1000. This Prospectus was approved as a prospectus by the FCA on 14 October 2022.

This summary should be read as an introduction to this prospectus (the "**Prospectus**"). Any decision to invest in any of the New Shares should be based on a consideration of this Prospectus as a whole by the investor and not just this summary. An investor could lose all or part of the invested capital. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus, or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest.

Section B - Key information on the issuer

Who is the issuer of the securities?

Domicile and Legal Form. The Company is a public company incorporated under the Companies Act 2006 and registered in England and Wales with registered number 8717287. The Company is subject to the Prospectus Regulation Rules made by the FCA under Part VI of FSMA (the "**Prospectus Regulation Rules**"), the listing rules made by the FCA under Part VI of FSMA (the "**Listing Rules**"), the disclosure guidance and transparency rules made by the FCA under Part VI of FSMA, Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 and all other laws and regulations which apply to securities sold and traded in England and Wales.

Principal activities. Nostrum is an independent oil and gas company engaged in the production, development and exploration of oil and gas products in the pre-Caspian Basin. Zhaikmunai LLP ("**Zhaikmunai**") an indirectly wholly-owned subsidiary of the Company, is the sole holder of the subsoil use rights with respect to the development of the Chinarevskoye Field in Kazakhstan and as such, operates the field. The Group's primary field and licence area is the Chinarevskoye Field located in the northern part of the oil rich pre-Caspian Basin. The Group had average daily production volumes of 17,032 boepd for the year ended 31 December 2021, marginally exceeding its 2021 guidance of 17,000 boepd. Based on the 2021 Ryder Scott reserves audit, as at 31 December 2021, the estimated gross proved plus probable hydrocarbon reserves at the Chinarevskoye Field were 34.3 million boe. These estimated reserves comprise proven reserves of 26.2 million boe and probable reserves of 8.1 million boe. Oil and condensate amounted to 14.6 million barrels of oil equivalent of proven and provable reserves, plant products of 4.0 million barrels of oil equivalent and gas (after shrink) of 15.8 million barrels of oil equivalent.

Major Shareholders. As at the latest practicable date, the Company is aware of the following persons who, directly or indirectly, have a notifiable interest in 3% or more of the Company's issued Ordinary Shares:

Name	**Number of Existing Shares**	**% of issued Ordinary Shares**
ICU Holdings Limited......................................	44,837,071	23.83
Tengri Partners Kazakhstan LLP.......................	38,273,216	20.34
Dehus Dolmen Nominees Limited	30,588,054	16.25
Fraseli Investments S.a r.l................................	16,111,100	8.56
Trafigura Ventures V BV	8,352,557	4.44
FFP Asset Management	6,438,421	3.42
Veles Capital	6,438,421	3.42

Following the implementation of the Scheme, Existing Shareholders 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. Therefore, there will be a dilution of approximately 88.9% (which may increase to 90% on exercise of the Warrants). In addition, pursuant to the Restructuring, the Company will implement the Share Consolidation, which will result in the number of New 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 table below reflects the anticipated number of Ordinary Shares which will be held by the current persons who have a notifiable interest in 3% or more of the Company's issued Ordinary Shares following the Restructuring (including the Share Consolidation) and following the full exercise of the Warrants.

Name	Number of Ordinary Shares post Restructuring	% of issued Ordinary Shares post Restructuring	Number of Ordinary Shares post Restructuring and exercise of Warrants	% of issued Ordinary Shares post Restructuring and exercise of Warrants
ICU Holdings Limited..........................	13,481,126	7.96	14,604,665	7.76
Tengri Partners Kazakhstan LLP...........	3,827,321	2.26	3,827,321	2.04
Dehus Dolmen Nominees Limited	3,058,805	1.81	3,058,805	1.63
Fraseli Investments S.a r.l....................	1,611,110	0.95	1,611,110	0.86
Trafigura Ventures V BV	835,255	0.49	835,255	0.44
FFP Asset Management	643,842	0.38	643,842	0.34
Veles Capital	643,842	0.38	643,842	0.34

Directors. The Company's Directors are:

Name	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

Company secretary. The Company's Company Secretary is Thomas Hartnett.

Independent Auditor. Ernst & Young LLP is the independent auditor and reporting accountant of the Company.

What is the key financial information regarding the issuer?

Historical key financial information.

This Prospectus contains historical financial information of the Company and the notes thereto (the "**Historical Financial Information**") for the period from 1 January 2019 to 31 December 2021. The Historical Financial Information has been reported on by Ernst & Young LLP in accordance with the Standards for Investment Reporting 2000 'Investment Reporting Standards Applicable to Public Reporting Engagements on Historical Financial Information' issued by the Financial Reporting Council in the United Kingdom. This Prospectus also contains historical financial information of the Company and the notes thereto for the six month period from 1 January 2022 to 30 June 2022 (the "**Interim Financial Information**"). The Interim Financial Information is unaudited and has not been report on by any auditors.

Statement of comprehensive income.

In thousands of US Dollars	Six month period ended 30 June 2022	2021	Year ended 31 December 2020 (restated)	2019
Revenue	107,832	195,285	175,939	322,128
Cost of sales	(41,146)	(87,849)	(125,392)	(172,002)
Gross profit	66,686	107,436	50,547	150,126
General and administrative expenses	(5,957)	(12,124)	(14,671)	(21,399)
Selling and transportation expenses	(9,534)	(23,066)	(31,037)	(45,875)
Taxes other than income tax	(9,654)	(17,083)	(14,113)	(22,886)
Finance costs	(64,068)	(116,696)	(102,067)	(43,047)
Employee share options – fair value adjustment	-	247	496	(584)
Impairment reversal/(charge)	-	74,186	(286,569)	(1,354,651)
Foreign exchange loss, net	98	(285)	(1,827)	361
Interest income	97	319	253	86
Other income	2,381	5,886	4,757	7,210
Other expenses	(2,190)	(13,218)	(7,606)	(12,490)
Profit/(loss) before income tax	(22,141)	5,602	(401,837)	(1,343,149)
Income tax (expense)/benefit	(12,636)	(31,720)	37,478	353,222
Loss for the year/period	(34,777)	(26,118)	(364,359)	(989,927)
Currency translation difference	(82)	(203)	253	211
Total comprehensive loss for the year/period	(34,859)	(26,321)	(364,106)	(989,716)

Statement of Financial Position.

In thousands of US Dollars	30 June 2022	31 December 2021	31 December 2020 (restated)	31 December 2019
Assets				
Non-current assets	332,094	351,981	330,162	673,136
Current assets	264,344	213,327	133,610	173,158
TOTAL ASSETS	**596,438**	**565,308**	**463,772**	**846,294**
Equity and liabilities				
Share capital and reserves	858,112	(823,253)	(796,685)	(432,627)
Non-current liabilities	79,982	67,643	37,596	1,176,453
Current liabilities	1,374,568	1,320,918	1,222,861	101,925
TOTAL EQUITY AND LIABILITIES	**596,438**	**565,308**	**463,772**	**846,294**

Statement of cash flows

In thousands of US Dollars	Six months ended 30 June 2022	2021	Year ended 31 December 2020 (restated)	2019
Operating profit before working capital changes	69,655	113,054	76,435	189,757
Cash generated from operations	59,346	120,086	84,742	202,314
Income tax paid	(555)	(2,671)	(1,996)	(5,477)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**58,791**	**117,415**	**82,746**	**196,837**
Net cash used in investing activities	6,805	(19,778)	(40,101)	(120,990)
Net cash used in financing activities	7,941	(10,862)	(58,431)	(103,709)
Effects of exchange rate changes on cash and cash equivalents	(626)	(112)	429	49
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**43,419**	**86,663**	**(15,357)**	**(27,813)**
Cash and cash equivalents at the beginning of the year/period	165,246	78,583	93,940	121,753
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	**208,665**	**165,246**	**78,583**	**93,940**

Selected *pro forma* financial information. No *pro forma* financial information has been included in this Prospectus.

Qualifications to the audit report. The audit report in respect of each of the financial years ended 31 December 2021 and 31 December 2020 included a statement of material uncertainty related to going concern. For 2021, the remaining conditions to implement the Restructuring (which were outside of the Company's control) indicated that a material uncertainty existed that may cast significant doubt on the Group's ability to continue as a going concern. For 2020, the agreement on the terms of a restructuring of the Existing Notes, as well as being able to obtain the necessary consents and waivers, (which were outside of the Company's control) indicated that a material uncertainty existed that may cast significant doubt on the Group's ability to continue as a going concern. The audit opinions for each year were not modified in respect of these matters.

The audit report in respect of the financial year ended 31 December 2019 included a disclaimer of opinion. The audit report did not include an opinion on the financial statements of the Group and Company. At the date of the audit report, while the Group needed to negotiate with bondholders and shareholders in respect of the restructuring of the Group's outstanding bonds, engagement with bondholders had not yet commenced. Consequently, the auditors were unable to obtain sufficient appropriate audit evidence to support the assumption that a restructuring of the Group's bonds, including the deferral of associated interest due in the going concern period, is achievable in the necessary timeframe to provide a basis for us to issue an audit opinion on these financial statements.

What are the key risks that are specific to the issuer?

The following is a summary of key risks that, alone or in combination with other events or circumstances, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In making the selection, the Company has considered circumstances such as the probability of the risk materialising, the potential impact which the materialisation of the risk could have on the Company's business, financial condition, and prospects, and the attention that management would, on the basis of current expectations, have to devote to these risks if they were to materialise:

- 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 the Restructuring not proceeding.
- The Group requires various licences in respect of the implementation of the Restructuring as certain Noteholders are subject to economic sanctions; failure to obtain any of these licences will result in the Restructuring not proceeding.
- If the 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.
- Even if the Restructuring does proceed the Company may be unable to return any value to Shareholders.
- 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 Group has, and following the Restructuring will continue to have, a significant amount of indebtedness which limits its financial and operational flexibility.
- 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.
- 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 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.
- 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, or the ability for the Group to import materials from 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.

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

Section C - Key information on the securities

What are the main features of the securities?

Type, Class, ISIN and SEDOL number. The New Shares are denominated in and will trade in pound sterling on the main market for listed securities of London Stock Exchange. The ISIN of the New Shares is GB00BGP6Q951.

Pursuant to the Restructuring, the Company will implement the Share Consolidation, which will result in the number of New 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.

Rights attached to the New Shares. The New Shares will rank *pari passu* with each other alongside the existing Ordinary Shares and holders of New Shares will be entitled to dividends and other distributions declared and paid on them. Each New Share carries distribution rights and entitles its holder to the right to attend and to cast one vote at a general shareholders' meeting of the Company.

Restrictions. There are no restrictions on the free transferability of the New Shares.

Dividend Policy. The Group currently does not pay dividends and has not paid dividends for the last three years, as the Board determined this was in the best interest of the Group and will be reviewed annually by the Board.

Seniority. The New Shares shall rank equally in the right to receive a relative proportion of the Group's assets upon dissolution and are the most senior security in the Group's capital structure.

Where will the securities be traded?

An application will be made to the FCA, in its capacity as competent authority under FSMA, for all of the New Shares to be admitted to the standard listing segment of the Official List of the FCA ("**Official List**") under Chapter 14 of the Listing Rules and to the London Stock Exchange plc (the "**London Stock Exchange**"). All New Shares are expected to be admitted to the standard listing segment of the Official List and to the London Stock Exchange's main market for listed securities. The London Stock Exchange is a regulated market for the purposes of the UK Prospectus Regulation. The Company is offering the New Shares through the facilities of the AIX pursuant to its regulations and settlement procedures. The AIX trading symbol for the New Shares will be "NOG".

No application for admission to listing or trading in the United Kingdom will be made in respect of the Warrants. The Warrants will be listed on The International Stock Exchange and on the AIX.

What are the key risks that are specific to the securities?

- 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).
- Share price volatility and liquidity may affect the performance of investments in the Group.

Section D - Key information on the offer of securities to the public and/or the admission to trading on a regulated market

Under which conditions and timetable can I invest in this security?

Offer. No New Shares have been marketed to, or are available for purchase, in whole or in part, by the public in the UK or elsewhere in connection with Admission and AIX Admission, except to the holders of the Existing Notes. Save as aforesaid, this Prospectus does not constitute or form part of any invitation to purchase, subscribe for, sell or issue, or any solicitation of any offer to purchase, subscribe for, sell or issue Ordinary Shares.

Expected Timetable. The timing for completion of the Restructuring remains depending upon the receipt of required licences from the UK Office of Financial Sanctions Implementation and the Ministry of Finance in the Netherlands. Subject to acceleration, extension or withdrawal, the expected timetable of the Restructuring is as set forth below (subject to change following notice by the Company):

Event	**Date and time (London)**
Sanction of the Scheme by the Court	26 August 2022
Date of this Prospectus	14 October 2022
Receipt of OFSI Licence and NMOF Licence	Q4 2022
AIX Admission	Q4 2022
Issue of New Shares, Debt for Equity Swap and Share Consolidation	Q4 2022
Effective Date of the Restructuring	Q4 2022
Admission	Q4 2022
Crediting of New Shares to CREST accounts	Q4 2022
Despatch of definitive share certificates in respect of New Shares (where applicable)	By no later than 14 days from AIX Admission/ Admission

Dilution. Following the implementation of the Scheme, Existing Shareholders 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. Therefore, there will be a dilution of approximately 88.9% (which may increase to 90% on exercise of the Warrants).

Estimated Expenses. Not applicable – no expenses will be charged to the investor. The total commissions, fees and expenses payable in connection with the Restructuring will be approximately US$35-45 million excluding US$22.7 million transferred to a blocked account under the terms of the forbearance agreement signed with the ad hoc group of noteholders during the Restructuring process.

Why is this Prospectus being produced?

This Prospectus is being produced in connection with the Restructuring, Admission and AIX Admission.

Use of and estimated net amount of the proceeds. Not applicable, the Company is not raising any proceeds in connection with this Prospectus, Admission or AIX Admission.

Underwriting Agreement. Not applicable. There is no underwriting agreement.

Most Material Conflicts of Interest pertaining to the Restructuring. There are no material conflicts of interest pertaining to the Restructuring, Admission or AIX Admission.

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.

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 New Shares, in addition to material risks relating to the Group which result from or are impacted by the Restructuring. 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

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 the Restructuring not proceeding.

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

- 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.

The Company also needs to receive relevant licences from the UK Office of Financial Sanctions Implementation (the "**OFSI Licence**"), the Ministry of Finance in the Netherlands (the "**NMOF Licence**") and the Office of Foreign Assets Control in the United States in order to be able to implement the Restructuring, as certain of the Existing Notes are held by entities that are subject to asset freezes under applicable sanctions regulations. See the following risk factor — *"The Group requires various licences in respect of the implementation of the Restructuring as certain Noteholders as subject to* *economic sanctions; failure to obtain any of these licences will result in the Restructuring not proceeding".*

As at the Latest Practicable Date, the following conditions precedent have been satisfied:

- the sanction of the Scheme by the Court; and
- the 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.

As at the Latest Practicable Date, the following conditions precedent remain outstanding:

- 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.

In addition, while the Group has made the relevant applications the Company has not yet received the OFSI Licence (or confirmation from the UK Office of Financial Sanctions Implementation that no such licence is required) and Nostrum Oil & Gas Finance BV has not yet received the NMOF Licence (or confirmation from the Ministry of Finance in the Netherlands that no such licence is required).

If any of these conditions or requirements 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 —*"If the 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"* below.

There can be no assurance that these conditions or requirements 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.

The Group requires various licences in respect of the implementation of the Restructuring as certain Noteholders are subject to economic sanctions; failure to obtain any of these licences will result in the Restructuring not proceeding.

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 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 Company has identified that a limited number of Noteholders are subject to economic sanctions which impose asset freezes, including over their Existing Notes, as a result of the Russia-Ukraine conflict. As a result of such asset freezes, the Company is required to obtain a licence from the UK Office of Financial Sanctions Implementation ("**OFSI**") and the Office of Foreign Assets Control in the United States, and Nostrum Oil & Gas Finance BV (as the issuer of the Existing Notes) is required to obtain a licence from the Ministry of Finance in the Netherlands ("**NMOF**") (together, the "**Required**

Licences") or otherwise clear guidance from such bodies that licences are not required, in order to be able to deal with such Existing Notes as part of the Restructuring. Accordingly, the Restructuring cannot be implemented until such Required Licences are obtained.

A Required Licence from the Office of Foreign Assets Control was received on 29 July 2022. As at the Latest Practicable Date, the Group has made the relevant applications but the Company has not received the OFSI Licence (or confirmation from the UK Office of Financial Sanctions Implementation that no such licence is required) and Nostrum Oil & Gas Finance BV has not received the NMOF Licence (or confirmation from the Ministry of Finance in the Netherlands that no such licence is required).

If any of the remaining Required Licences are not obtained, the Restructuring will not proceed. For the consequences of the Restructuring not proceeding, please refer to the risk factor —*"If the 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"* below.

There can be no assurance that the remaining Required Licences will be obtained on a timely basis, in terms capable of achieving the Restructuring or at all 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.

If the 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 an informal ad hoc group of the largest Noteholders (the "**AHG**") and ICU and entered into a lock-up agreement. (the "**Lock-up Agreement**"), pursuant to which those members of the Group agreed to implement the Restructuring in accordance with the terms of the Implementation Documents (as defined in the Lock-up Agreement) 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 were party to the Lock-up Agreement also agreed to refrain from taking actions, such as taking enforcement action, which may frustrate, delay or impede the implementation of the Restructuring.

The longstop date for completion of the Restructuring in the Lock-up Agreement was 17 August 2022 and the Lock-up Agreement expired on that date. On 17 August 2022, the Company entered into a replacement lock-up agreement with the AHG and ICU (the "**Second Lock-up Agreement**"), whereby each party agreed to take all steps reasonably necessary and reasonably requested to support, facilitate and implement the Restructuring. In addition the parties to the Second Forbearance Agreement agreed to extend its term to the longstop date under the Second Lock-up Agreement, being 16 December 2022. If any of the conditions to the Restructuring becoming effective above is not satisfied or waived by the Longstop Date (as extended), then the Restructuring will not proceed.

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 Second Lock-up Agreement and the terms of a forbearance agreement entered into with the AHG provide, amongst other things, 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 Restructuring is not implemented, the ability of members of the Group to continue trading will depend upon a significant portion of its creditors remaining bound by the Second 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 is not capable of being implemented, it is likely that shortly thereafter the Noteholders would terminate the Second Lock-up Agreement and the present forbearance arrangements. In those circumstances, a sufficient majority 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 action being taken in respect of the matured 2022 Notes and of the acceleration of 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 best (and likely, the only viable) course of action for the Group and its stakeholders would be for the key Group companies that hold the Group's significant assets to petition the courts (in the relevant jurisdictions) to commence insolvency processes.

The Directors believe that if the Restructuring is not implemented, it is unlikely that an alternative transaction could be agreed amongst the requisite number of stakeholders before it would become necessary to place the Company (and possibly other Group companies) into an insolvency process. This view is based on the fact that significant effort, time, cost and compromise were involved in agreeing the proposed Restructuring with key stakeholders (including the AHG and ICU) and their advisers and that any alternative restructuring would have to be negotiated in the context of the continuing defaults under the Notes Indentures, including having US$725 million (plus accrued and unpaid interest) due and payable under the 2022 Notes, likely without the current forbearance arrangements in place and therefore with the possibility of enforcement action being taken against the Group at any moment.

The Directors believe that the assets of the Group available for repayment of the Existing Notes are insufficient to satisfy the claims of Noteholders in full. In such circumstances, it is expected that Shareholders would be unlikely to receive any recovery on their investments in the Ordinary Shares and there will be little or no value for Existing Shareholders.

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 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 risk factor 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 34.3 million barrels of oil equivalent as at 31 December 2021 based on the Ryder Scott reserves audit. 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 risk factor "*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 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 and New Shares may deteriorate.

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 Shares.

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 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 Shares (and the New Notes) will not be issued to the relevant Noteholder and will be held on trust (on the basis set out in the Scheme). If the relevant asset freeze is removed, the relevant Noteholder will receive its entitlement to the New Shares (and the New Notes), failing which such entitlement will be dealt with on the basis set out in the Scheme and in compliance with applicable sanctions requirements.

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

The Second Lock-up Agreement contains termination provisions allowing for termination in certain, specified circumstances. In particular, the Second 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 has been extended by way of entry into the Second Lock-up Agreement to 16 December 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 Second Lock-up Agreement terminate, the parties to it would not be obliged to support the Restructuring. For the consequences of the Restructuring not proceeding, please refer to the other risk factors herein.

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 Chinarevskoye Field is a mature, declining asset with a low proved and probable reserves base of only 34.3 million barrels of oil equivalent as at 31 December 2021 based on the Ryder Scott reserves audit. 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, and following the Restructuring will continue to have, 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 (US$249.0 million as at 30 September 2022). 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 which govern 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 Instrument, 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, or the ability for the Group to import materials from 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. In June 2022, the European Union imposed a partial ban on imports of Russian oil into the European Union.

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 and 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 Kazakhstan 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. Similarly, the European Union's partial ban on Russian oil and the further UK sanctions on the import of Russian oil into the UK do not currently apply to the Group's products. 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 in 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 Russian 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.

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.

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 Environmental Code that entered into force on 1 July 2021. The Environmental Code targets entities that contribute most heavily to pollution, including those in the oil and gas sector. 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**") and a significant increase in the rates of fines for environmental offenses. The BAT may be defined as the technological methods and processes, the implementation of which is intended to prevent or significantly minimize the negative environmental impact of a given activity. To promote the implementation of BAT, fees payable by I category facility operators for causing negative environmental impact will gradually increase two, four and eight-fold every three years. For operators included in the list of top-50 polluters approved by the Government of the Republic of Kazakhstan (the "**Kazakhstan Government**"), including Zhaikmunai, this fee's increase will commence in 2025 and for all other operators from 2031. Facilities that have implemented the BAT will be exempt from the obligation to pay the negative environmental impact fees. 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 could be material.

Further, the Environmental Code significantly extended the applicable statute of limitations period for claims relating to environmental damage to 30 years from the date that any such damage was inflicted. If the Group is audited and found to have breached the Environmental Code, this may lead to the authorized authorities imposing fines on Zhaikmunai, mandating remediation or potentially suspending or revoking the Licence and (or) terminating the PSA.

As a newly developed piece of legislation, the Environmental Code and relevant subordinate acts may be subject to different interpretations by the governmental agencies and(or) courts, and may undergo further amendments, the extent of which remains uncertain.

Additionally, Kazakhstan's commitment to reduce the country's greenhouse gas emissions by at least 15% from 1990 levels, or by 25% (subject to certain conditions) by 2030 under the Paris Agreement in accordance with the United Nations Framework Convention on Climate Change ratified in 2016 (the "**Paris Agreement**") affects the amount of available greenhouse gas emission quotas allocated by the Kazakhstan Government. 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 authorities.

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 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.

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 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 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.

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 licence issued by the Republic of Latvia in January 2018.

There is a risk that the Group could have financial obligations in connection with a hydrocarbon licence awarded on 9 January 2018 by the Republic of Latvia to the Company's subsidiary Nostrum Oil & Gas

Coöperatief 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 licence 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 licence, one of the other joint bidders paid a licence fee to the Latvian authorities without NOG Coop's consent and thereby purportedly accepted the licence 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 licence and disclaimed any interest in the same and has continued to assert this disclaimer. In August 2022 the Latvian authorities sought performance of the minimum work commitment due in 2020 and 2021 (which had not been undertaken by the other entities named on the licence), failing which it reserved the right to terminate the licence. The Group believes (based on legal advice) that it is unlikely that the Latvian authorities would seek to hold NOG Coop to any financial obligations in connection with such licence or for damages for any non-performance 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 licence, the potential financial obligations for the Group could amount to up to approximately US$20 million.

Risk Factors Relating to the Oil and Gas Industry

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 the Group'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, the Group 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 the Group'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 licence, 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, licences, 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.

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 the Group. 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 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'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.

Risk Factors Relating to Kazakhstan

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). Changes to Kazakhstan's political, social, economic, fiscal, legal, regulatory or social stability may affect the operations of the Group, including but not limited to its Licence and the PSA, its assets, operating costs and ability to export (potentially adversely) crude oil.

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 Kassym-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, who was subsequently approved as the new Prime Minister. 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. In response to the protests, the Kazakhstan Government suspended trading of LPG through electronic trading platforms and reinstated state regulation of pricing for LPG and other petroleum products. In June 2022, the Ministry of Energy repealed regulations on LPG trading through electronic trading platforms. Further, President Tokayev proposed that a series of political and economic reforms will be introduced. As part of these reforms, President Tokayev suggested a referendum on the amendments to the Constitution of Kazakhstan. The referendum held on 5 June 2022 included, *inter alia,* a vote on a limitation of powers of the president, exclusion of the privileges of the First President of Kazakhstan-Elbasy and expansion of the powers of the local representative bodies (the Maslikhats). The referendum passed and was deemed to be valid, with the amendments deemed adopted by the Central Election Commission of Kazakhstan.

If Kazakhstan suffers from similar events or disruptions, or if the proposed political and economic reforms are not introduced, or are implemented in a manner that disrupts the political, social, economic, fiscal or legal regimes in Kazakhstan, this could have an 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 Kazakhstan's central executive agency, designated by the Kazakhstan Government to act on behalf of Kazakhstan 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 (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 1 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.

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 the 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 Group is subject to routine tax audits and also a process whereby tax computations are discussed and agreed with the tax authorities. Whilst the ultimate outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of provisions required for taxes for which it is considered probable will be payable, based on professional advice and consideration of the nature of current discussions with the tax authority. There is currently an ongoing tax audit for the years 2016-2021 which began on 25 April 2022. Given the ongoing nature of this tax audit, the Company is not certain what, if any, tax claims may arise out of such tax audit.

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 businesses operating in Kazakhstan, such as the Group.

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.

Risk Factors Relating to the Ordinary Shares

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 the 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.

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). A full exercise of the Warrants would decrease that holding to 10% of the enlarged issued share capital of the Company (under the 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, at the election of Nostrum Oil & Gas Finance BV, 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 ("**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 enterprise value of the Company and its assets (including cash) ("**Gross FMV**"), less liabilities (including any indebtedness ranking ahead of the Ordinary Shares and the New 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.

Share price volatility and liquidity may affect the performance of investments in the Group.

The share price of listed companies can be highly volatile and their shares may have limited liquidity. The trading price for Ordinary Shares may fluctuate significantly. Investors may be unable to recover their original investment.

The market price of the Ordinary Shares may, in addition to being affected by the Group's actual or forecast operating results, fluctuate significantly as a result of factors beyond the Company's control, including, among others:

- the results of exploration, development and appraisal programmes and production operations;
- changes in securities analysts' recommendations or estimates of earnings or financial performance of the Group, its competitors or the industry, or the failure to meet expectations of securities analysts;
- fluctuations in stock market prices and volumes, and general market volatility;
- factors impacting market confidence, including the practices of other listed companies with operations in Kazakhstan;
- changes in laws, rules and regulations applicable to the Group, its operations and the operations in which the Group has interests, and involvement in litigation;
- general economic and political conditions, including in Kazakhstan; and
- fluctuations in the prices of oil, gas and other petroleum products.

Equity market conditions also are affected by many factors, such as the general economic, political or regulatory outlook, movements in or the outlook for interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand for and supply of capital. Trading in the Ordinary Shares by other investors, such as large purchases or sales of Ordinary Shares, may also affect the share price. Accordingly, the market price of Ordinary Shares may not reflect the underlying value of the Group's investments and the price at which investors may dispose of their Ordinary Shares at any point in time may be influenced by a number of factors, only some of which may pertain to the Group while others maybe outside the Group's control. Investors should not expect that they will necessarily be able to realise, within a period that they would regard as reasonable, their investment in Ordinary Shares. The Group's results and prospects from time to time may be below the expectations of market analysts and investors.

Future sales, or the real or perceived possibility of sales, of a significant number of Ordinary Shares in the public market could adversely affect the prevailing trading price of the Ordinary Shares. Further share issues could also dilute the interests of shareholders.

Following the Restructuring, if the Company's existing or new shareholders were to sell, or the Company were to issue and sell, a substantial number of Ordinary Shares in the public market, the market price of the Ordinary Shares could be adversely affected and/or result in the dilution of the interests of holders of the Ordinary Shares. The sale of a significant amount of Ordinary Shares in the public market, or the perception that such sales may occur, could materially affect the market price of the Ordinary Shares.

The Group cannot assure investors that it will make dividend payments in the future.

The Directors may be unable to declare or pay any dividends. Future dividends will depend, among other things, on the Group's future profits, financial position, distributable reserves, holding capital requirements, general economic conditions and other factors that the Directors deem significant from time to time.

The Capital Reduction may not be implemented on a timely basis or at all

Following Admission, the Directors intend to undertake the Capital Reduction in order to create distributable reserves in the Company. Implementation of the Capital Reduction is conditional upon, among other things, approval by the Court. There are risks that approval will not be given or not given on acceptable terms and that the Capital Reduction will not occur on a timely basis or at all. If any of these events happen, the Capital Reduction will not be implemented and the benefits expected to result from the Capital Reduction will not be achieved.

Exchange rate fluctuations may adversely affect the foreign currency value of the Ordinary Shares.

The Ordinary Shares will be quoted in pounds sterling on the London Stock Exchange. The Group's financial statements are prepared in U.S. Dollars. Fluctuations in the exchange rate between the U.S. Dollar and pounds sterling will affect, amongst other matters, the pounds sterling value of the Ordinary Shares.

Risk Factors Relating to the Dual Listing

The London Stock Exchange and the AIX have different characteristics.

In connection with the Restructuring, the Company intends to seek a listing of the Ordinary Shares on the AIX. If such a listing is obtained, the Ordinary Shares will be fungible and able to be traded on the London Stock Exchange or the AIX.

The London Stock Exchange and the AIX have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading price of the Ordinary Shares on the London Stock Exchange and the AIX may not be the same at any given time.

Fluctuations in the Ordinary Share price on the London Stock Exchange could materially and adversely affect the Ordinary Share price on the AIX (and vice versa). Moreover, fluctuations in the exchange rate between United Kingdom pounds sterling and Tenge could materially and adversely affect the prices of the Ordinary Shares listed on the London Stock Exchange and the AIX.

Furthermore, the AIX was launched in July 2018 and, therefore, has very short history of operations. Market participants, issuers and other involved parties may experience technical difficulties with various aspects of AIX's operations, such as quotation and trading information and settlement.

As a company admitted to the Official List and admitted to trading on the Main Market and listed on the AIX, the Company will be subject to United Kingdom and Kazakhstan laws, and the Astana International Financial Centre regulations.

Kazakhstan laws and the Astana International Financial Centre regulations (including the AIX Rules) may differ in some respects from comparable laws, regulations and policies in the United Kingdom. The differences in compliance requirements may subject the Company to additional regulatory burdens. In the event of any conflict between the applicable laws, regulations and policies in the United Kingdom and those in Kazakhstan and the Astana International Financial Centre (including the AIX Rules), the Company will have to comply with the more onerous rules and may incur additional costs and require additional resources.

PART 3
DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors

Name	*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

Company Secretary	Thomas Hartnett	
Registered Office	20 Eastbourne Terrace London W2 6LG United Kingdom	
Financial Adviser in respect restructuring of the Existing Notes	Rothschild & Co New Court St Swithin's Lane London EC4N 8AL United Kingdom	
Legal Advisers to the Company as to English, United States and Kazakhstan law	White & Case LLP 5 Old Broad Street London EC2N 1DW United Kingdom	White & Case Kazakhstan LLP 11th floor, BC Talan Towers 16 Dostyk Street Nur-Sultan Z05H9K3 Kazakhstan
Auditors to the Company	Ernst & Young LLP One More London London SE1 2AF United Kingdom	
Registrar	Link Group 29 Wellington Street Leeds LS1 4DL United Kingdom	

PART 4
EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	Date
Convening Hearing..	20 June 2022
Explanatory Statement sent to Creditors	21 June 2022
Creditors' meeting to vote on the Scheme.......................................	22 August 2022
Sanction Hearing...	26 August 2022
Effective date of the Scheme	31 August 2022
Date of this Prospectus	14 October 2022
Receipt of OFSI Licence and NMOF Licence	Q4 2022
AIX Admission	Q4 2022
Issue of New Notes, Debt for Equity Swap and Share Consolidation	Q4 2022
Effective Date of the Restructuring...	Q4 2022
Admission..	Q4 2022
De-listing from KASE...	Q4 2022
Crediting of New Shares to CREST accounts..................................	Q4 2022
Despatch of definitive share certificates in respect of New Shares (where applicable)..	By no later than 14 days from Admission/AIX Admission

The Company will issue an announcement as to the receipt of the relevant licences from the UK Office of Financial Sanctions and the Ministry of Finance in the Netherlands and the subsequent timetable for the implementation of the Restructuring.

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

PART 5
PRESENTATION OF INFORMATION

General

This Prospectus has been approved by the FCA, as competent authority under Article 6 of Regulation (EU) 2017/1129 which forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129 and such approval should not be considered as an endorsement of the issuer that is the subject of this Prospectus.

Investors should rely only on the information in this Prospectus. No person has been authorised to give any information or make any representations other than those contained in this Prospectus in connection with the Admission, AIX Admission and, if given or made, such information or representations must not be relied on as having been authorised by the Company or the Directors. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and PR 3.4.1 of the Prospectus Rules, the publication of this Prospectus or any sale made under this Prospectus does not, under any circumstances, create any implication that there has been no change in the affairs of the Group since, or that the information contained herein is correct at any time subsequent to, the date of this Prospectus.

AIX and its related companies and their respective directors, officers and employees do not accept responsibility for the content of this Prospectus including the accuracy or completeness of any information or statements included in it. Liability for the Prospectus lies with the issuer of the Prospectus and other persons, whose opinions are included in the Prospectus with their consent. Nor has AIX, its directors, officers or employees assessed the suitability of the securities to which the Prospectus relates for any particular investor or type of investor. If you do not understand the contents of this Prospectus or are unsure whether the securities are suitable for your individual investment objectives and circumstances, you should consult an authorised financial advisor.

Cautionary Note Regarding Forward-Looking Statements

This Prospectus contains forward-looking statements which reflect the Group's current views or, as appropriate, those of the Directors, with respect to financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Group's business). These forward-looking statements relate to the Group and the sectors and industries in which it operates. Statements that include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "estimates", "will", "may", "targets", "aims", "may", "should", "would", "could", "continue", "budget", "schedule" and similar statements of a future or forward-looking nature identify forward-looking statements for purposes of the United States federal securities laws or otherwise.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

All forward-looking statements included in this Prospectus address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Group's actual results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in Part 2 "*Risk Factors*", which should be read in conjunction with the other cautionary statements that are included in this Prospectus. Other important factors that could cause actual results to differ materially from the Group's expectations include, among others, the following:

- price fluctuations in crude oil, gas and refined products markets and related fluctuations in demand for such products;
- operational limitations, including equipment failures, labour disputes and processing limitations;
- the availability or cost of transportation routes;

- changes in governmental regulation, including regulatory changes affecting the availability of permits, and governmental actions that may affect operations or the Group's planned expansion;
- the availability of debt financing;
- unfavourable changes in economic or political conditions in Kazakhstan;
- unplanned events or accidents affecting the Group's operations or facilities;
- incidents or conditions affecting the export of crude oil and gas; and
- reservoir performance, drilling results and implementation of the Group's oil expansion plans.

Any forward-looking statements in this Prospectus reflect the Group's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Group's operations, financial condition, results of operations and growth strategy.

Investors are cautioned that forward-looking statements are not guarantees of future performance. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this Prospectus speak only as of the date of this Prospectus, reflect the Company's 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 Company's operations, results of operations and growth strategy. Investors should specifically consider the factors identified in this Prospectus which could cause actual results to differ before making an investment decision. All of the forward-looking statements made in this Prospectus are qualified by these cautionary statements. Specific reference is made to Part 2 "*Risk Factors*", Part 7 "*Information on the Group*" and Part 11 "*Operating and Financial Review*".

Any forward-looking statements speak only as at the date of this Prospectus. Subject to any obligations under the Prospectus Rules, the Listing Rules, the Market Abuse Regulation and/or the Disclosure Guidance and Transparency Rules, the Company undertakes no obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this Prospectus that could cause actual results to differ before making an investment decision.

Presentation of Financial and Other Information

Historical Financial Information

The financial information in this Prospectus has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union. The significant accounting policies applied to the financial information are set out in Part 13 "*Historical Financial Information*" of this Prospectus.

Unaudited operating information in relation to the Group's business is derived from the following sources: (i) internal records related to production, transportation and sales of crude oil; (ii) accounting systems (based on invoices issued and/or received); (iii) internal reporting systems supporting the preparation of financial statements; (iv) management assumptions and analyses; and (v) discussions with key operating personnel. Operating information derived from management accounts or internal reporting systems in relation to the Group's business is to be found principally in Part 7 "*Information on the Group*" and Part 11 "*Operating and Financial Review*" of this Prospectus.

As presented in this Prospectus, "**EBITDA**" means earnings before interest, taxation, depreciation and amortisation. EBITDA is a supplemental measure of the Group's performance and liquidity that is not required by or presented in accordance with IFRS. Furthermore, EBITDA should not be considered as an alternative to net income, profit before income tax or as an alternative to cash flow from operating activities as a measure of the Group's liquidity or as a measure of cash available to the Group to invest in the growth of its business.

Although the Company does not currently employ EBITDA as a measure for internal valuations, the Company presents EBITDA in this Prospectus because the Company believes it is frequently used by securities analysts, investors and other interested parties in evaluating similar issuers, most of which present EBITDA when reporting their results. Nevertheless, EBITDA has limitations as an analytical tool and it should not be considered in isolation from, or as a substitute for, analysis of the Group's results of operations. As a measure of performance, EBITDA presents some limitations for the following reasons:

- it does not reflect the Group's cash expenditures or future requirements for capital expenditures or contractual commitments;
- it does not reflect changes in, or cash requirements for, the Group's working capital needs;
- it does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on the Group's debt;
- it does not capture differences in income taxes, which may be significant even for companies operating in the same sector or country;
- although depreciation and amortisation are non-cash charges, the assets being depreciated will often have to be replaced in the future and EBITDA does not reflect any cash requirements for such replacements;
- it does not reflect foreign exchange gains or losses; and
- other companies in the Group's industry may calculate these measures differently from the way the Group does, limiting its usefulness as a comparative measure.

Certain figures contained in this Prospectus, including financial information and information set out in Part 13 "*Historical Financial Information*", have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this Prospectus may not conform exactly to the total figure given for that column or row.

Certain Reserves Information

Cautionary Note to U.S. Investors: The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that the Company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. The crude oil reserves data presented in this Prospectus have been estimated at the request of the Company by Ryder Scott Company LP, an international oil and gas consultant ("**Ryder Scott**"), according to definitions and disclosure guidelines contained in the Society of Petroleum Engineers ("**SPE**"), the World Petroleum Council (the "**WPC**"), American Association of Petroleum Geologists ("**AAPG**") and Society of Petroleum Evaluation Engineers ("**SPEE**") Petroleum Resources Management System ("**SPE-PRMS**") and thus proved reserves may differ from those estimated according to definitions used by the SEC. Further, the Company uses certain terms in this Prospectus in referring to its reserves, such as "probable" or "possible" reserves, or its resources that the SEC's guidelines would prohibit it from including in filings with the SEC if the Company were subject to reporting requirements under the United States Securities Exchange Act of 1934. Prospective investors should read Part 7 "*Information on the Group*".

Hydrocarbon Data

General

The Company uses standards established by the SPE-PRMS. Additionally, Zhaikmunai LLP is obliged to submit data according to Kazakhstan standards for reporting purposes to State bodies. Kazakhstan's method of classifying oil reserves is based on a system employed in the former Soviet Union and differs substantially from the standard international methodology. Since 2004, the Group has engaged Ryder Scott to conduct reviews of the Group's hydrocarbon reserves and resources. Unless otherwise stated herein, the estimates set forth in this Prospectus of the Group's proved, probable and possible reserves and resources are based on reports prepared for the Group by Ryder Scott in accordance with the standards established by the SPE-PRMS.

For internal record-keeping purposes, the Group records information relating to production, transportation and sales of crude oil and gas condensate in tonnes, a unit of measure that reflects the mass of the relevant hydrocarbon, and, accordingly, the Company presents such information on the same basis in this Prospectus. References in this Prospectus to "tonnes" are to metric tonnes. One metric tonne equals 1,000 kilograms.

Third-Party Information Regarding the Group's Market and Industry

Statistical data and other information appearing in this Prospectus relating to the oil and gas industry in the Republic of Kazakhstan have, unless otherwise stated, been extracted from documents and other publications released by the President of Kazakhstan, the Statistics Agency of Kazakhstan, the Ministry of Finance of Kazakhstan, the Competent Authority, the National Bank of Kazakhstan ("**NBK**") and other public sources in Kazakhstan, including the NBK's Annual Report, as well as from Kazakhstan press reports and publications and edicts and resolutions of the Kazakhstan Government and the World Bank and International Monetary Fund. Some of the market and competitive position data has been obtained from U.S. government publications and other third-party sources, including publicly available data from the World Bank, the Economist Intelligence Unit, the annual BP Statistical Review of World Energy, as well as from Kazakhstan press reports and publications, and edicts and resolutions of the Kazakhstan Government. In the case of the presented statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source.

The information described above has been accurately reproduced and, as far as the Company is aware and has been able to ascertain from information published by those sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus the source of such information has been identified.

This Prospectus contains illustrations and charts derived from the Company's internal information, which have not been independently verified unless specifically indicated.

No Incorporation of Website Information

The contents of the Company's website, any website mentioned in this Prospectus or any website directly or indirectly linked to these websites have not been verified and do not form part of this Prospectus and investors should not rely on such information.

Currency Presentation

Unless otherwise indicated, in this Prospectus, references to "**Tenge**" or "**KZT**" are to Kazakhstan Tenge, the lawful currency of Kazakhstan; references to "**U.S. Dollars**" or "**US$**" are to United States Dollars, the lawful currency of the United States; and references to "**pounds sterling**", "**GBP**" or "**£**" are to the lawful currency of the United Kingdom.

On 12 October 2022, the exchange rate for U.S. Dollars on the KASE as reported by the NBK was KZT 477.92 per US$1.00. For further details of applicable exchange rates, see the financial information set out in Part 13 "*Historical Financial Information*".

No representation is made that the Tenge or U.S. Dollar amounts in this Prospectus could have been converted into U.S. Dollars or Tenge, as the case may be, at any particular rate or at all. Certain amounts which appear in this Prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

PART 6
INFORMATION ON THE RESTRUCTURING

1. 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 earlier that year, the Company announced that it would seek to engage with its Noteholders regarding a possible restructuring of its 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 group of the largest Noteholders (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.

The Group remained unable to satisfy the scheduled interest payments on the Existing Notes at the expiry of the grace periods. 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 the subsequent missed interest payments which occurred prior to the expiry of the Forbearance Agreement). The Forbearance Agreement was intended to provide the Group with a short-term solution to its liquidity issues, by allowing it to preserve unrestricted cash and maintain cash reserves, and a platform to engage in discussions with the Noteholders in relation to a potential restructuring).

In connection with the entry into the Forbearance Agreement, the Company agreed to pay, or procure the payment by Nostrum Oil & Gas Finance BV (the co-issuer of the Existing Notes, the "**Co-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, 0.099288% 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. Noteholders 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, 0.099288% 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 17 August 2022, the Second Forbearance Agreement was extended until the earlier of the Restructuring Effective Date (as defined in the Second Lock-up Agreement, being the date on which the Restructuring is implemented) and the Longstop Date, being 16 December 2022 (subject to certain termination provisions).

Agreement on the terms of the Restructuring

Following entry into the Forbearance Agreement and during the term of the Second Forbearance Agreement, the Company 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 (and certain of its affiliates), and its legal adviser, 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% in value of the 2022 Notes and approximately 55% in value of the 2025 Notes. The Company and certain other members of the Group entered into a lock-up agreement with the AHG and affiliates of ICU (in their capacity as Noteholders and holders of Existing Shares) on 23 December 2021 (the "**Lock-up Agreement**"), pursuant to which those members of the Group agreed to implement the Restructuring in accordance with the terms of the Implementation Documents (as defined in the Lock-up Agreement) 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 taking enforcement action, which may frustrate, delay or impede the implementation of the Restructuring. See paragraph 10 "*Material Contracts*" in Part 14 "*Additional Information*" for further information regarding the terms of the Lock-up Agreement.

A fee of 0.5% of the aggregate principal amount of the Existing Notes held by each participating Noteholder which were subject to the Lock-up Agreement (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 Existing Notes acquired by them which were already eligible to receive a Lock-up Fee) or if they do not comply with certain obligations set out in the Lock-up Agreement. All holders of Existing Notes were eligible to accede to the Lock-up Agreement, whether or not they are entitled to receive the Lock-up Fee.

On 17 August 2022, the Lock-up Agreement expired in accordance with its terms. entered into a replacement lock-up agreement with the Ad Hoc Group and ICU (the "**Second Lock-up Agreement**"), whereby each party agreed to take all steps reasonably necessary and reasonably requested to support, facilitate and implement the Restructuring. In addition the parties to the Second Forbearance Agreement agreed to extend its term to the longstop date under the Second Lock-up Agreement, being 16 December 2022. No consent or 'early bird' fee is payable to any holder of Existing Notes in relation to the Second Lock-Up Agreement. All holders of Existing Notes are eligible to accede to the Second Lock-up Agreement. See paragraph 10 "*Material Contracts*" in Part 14 "*Additional Information*" for further information regarding the terms of the Second Lock-up Agreement.

On 22 August 2022, holders of Existing Notes representing approximately 85.90% of the outstanding claims under the 2022 Notes and approximately 83.64% of the outstanding 2025 Notes, representing in aggregate approximately 85.11% of the outstanding claims under the Existing Notes and approximately 99.32% of the number of holders of Existing Notes represented at the Scheme Meeting, voted in favour of the Scheme at the Scheme Meeting and the relevant resolution was approved. On 26 August 2022, the Court sanctioned the Scheme and the Scheme became effective on 31 August 2022.

2. Overview of the Restructuring

Objectives of the Restructuring

The primary objectives of the Restructuring are to, amongst other things:

(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 make any form of insolvency filing, as a result of which the recoveries for creditors would be materially lower than if the 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

Following the receipt of the necessary approvals from Shareholders at the general meeting of the Company on 29 April 2022, 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 Scheme will bind (amongst others) the Company, GLAS Trustees Limited as the trustee of the Existing Notes and the Noteholders.

On 22 August 2022, holders of Existing Notes in aggregate approximately 85.11% of the outstanding claims under the Existing Notes and approximately 99.32% of the number of holders of Existing Notes represented at the Scheme Meeting voted in favour of the Scheme at the Scheme Meeting and the relevant resolution was approved. On 26 August 2022, the Court sanctioned the Scheme and the Scheme became effective on 31 August 2022, binding all scheme creditors and the Company by its terms. The Restructuring remains subject to certain further conditions being satisfied in order to be implemented.

The Restructuring is intended to be implemented on the following basis.

(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 BV (the co-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. A portion of the principal amount (but not the accrued interest) of the Existing Notes Debt (reflecting approximately 49%) will be exchanged for the issue of the New Notes.

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

SSNs

Nostrum Oil & Gas Finance BV, the issuer of the Existing Notes, will issue US$250,000,000 senior secured notes due 30 June 2026. The SSNs will bear cash-pay interest at a rate of 5.0% 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 or shortly after the issue of the SSNs.

SUNs

Nostrum Oil & Gas Finance BV, 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-pay and 13.0% payment-in-kind per year, payable semi-annually.

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 BV 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 30 September 2022 and (ii) pay to the Noteholders upon or shortly after the issue of the SUNs an amount in cash representing this accrued cash interest. For example (and by way of illustration only), if the SUNs are issued on 30 September 2022, Nostrum Oil & Gas Finance BV will issue approximately US$29.9 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 and Nostrum Oil & Gas BV (together, the "**Guarantors**"). The SSNs are Nostrum Oil & Gas Finance BV's and the Guarantors' senior obligations and rank equally with all of Nostrum Oil & Gas Finance BV'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 Nostrum Oil & Gas Finance BV'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 will be granted for the 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 will be granted 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; (B) the total amount of the Lock-Up Fee, shall be deposited into a Debt Service Retention Account ("**DSRA**); and (C) subject to a minimum cash balance of US$30 million to be retained by the Company, all free cash (after taking into account holdbacks by the Company in relation to certain required or contingent payments or amounts) within the Group, other than those paid into the DSRA or in accordance with (A) or (B) shall be paid into the Blocked Account. On each interest payment date under the New Notes following the Closing, 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, the DSRA shall be topped up to ensure that there is sufficient cash in the DSRA to fund the next two cash-pay interest payments due on the New Notes, in accordance with the terms of the cash sweep mechanism described below or, if there is insufficient Excess Cash available, through funds in the Blocked Account;

- on a quarterly basis following Closing, subject to a minimum cash balance of US$30 million to be retained by the Company, all unrestricted cash (which will take into account free cash) which is generated, received or held by the Group (excluding cash held in the Blocked Account and the DSRA) in excess of the aforementioned minimum cash balance ("**Excess Cash**") at Closing shall be applied as follows: (A) after interest has been paid on the New Notes, 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

- with respect to the Blocked Account, for a period of 30 months from Closing (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) topping up the DSRA, such that there is sufficient cash to fund the next two cash-pay interest payments due on the New Notes, to the extent there is insufficient Excess Cash to do so, and restoring the cash balance of the Company's other accounts (excluding the Blocked Account) to the agreed minimum cash balance of US$30 million (provided that there is sufficient cash in the DSRA to fund the next two cash-pay interest payments due on the New Notes); 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 the next two upcoming cash pay interest payments 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, at the election of Nostrum Oil & Gas Finance BV, 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 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 and the New 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 (see below)), together with accrued but unpaid interest, will be exchanged 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 exchanged 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 September 2022, approximately US$894.8 million of the Existing Notes (including accrued but unpaid interest) is expected to be exchanged in this manner. The Existing Notes (excluding the Warrants Subscription Amount which is separately dealt with) will subsequently be cancelled in accordance with the Scheme.

If the remaining 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) the benefit of the Warrants, issued to the Warrant Trustee (as defined below) for and on behalf of the Noteholders or their nominee(s), from time to time, to allow for a subscription for additional Ordinary Shares such that the holding of such holders of the SUNs, 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 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.

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 the Restructuring.

Following the Closing, Shareholders are also subject to dilution upon 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.

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**"). Prior to repayment in full of the SUNs, beneficial interests in the Warrants will trade alongside, but separate to, the SUNs as the SUN Holders change over time, other than where Noteholders have nominated different recipients of these interests through the Restructuring.

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 agreed 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 Instrument 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 Instrument) 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 Warrant exercise mechanics shall, to the extent possible, provide for cashless exercise. Approximately £0.19 million (approximately US$0.24 million) of indebtedness under the Existing Notes (the "**Warrants Subscription Amount**") will be amended so as to convert them into a promissory note in the amount of the Warrants Subscription Amount to be held by 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.

Warrants shall (prior to exercise) have (i) anti-dilution protection with respect to the issuance of any additional Ordinary 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.

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

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

(C) New Governance Arrangements

In connection with the implementation of the Restructuring, the Company will implement new corporate governance arrangements in respect of the Group and transfer the Company's listing to the Standard Listing segment of the London Stock Exchange. The following is a summary of the governance arrangements to apply with effect from Closing.

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 (i) the chair; (ii) one executive director and (iii) three independent non-executive directors, subject to any restrictions relating to independence applicable under any applicable listing rules. Additionally, as soon as practicable following Closing, an additional non-executive director, being the Warrant Director, will also be appointed to the Board.

Any directors appointed to the Board in addition to the initial five person composition shall be independent non-executive directors, save that the Directors may appoint one additional executive director to the Board following Closing.

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.

For the purposes of any exercise of the Warrants, the relevant governance principles shall mean:

- the composition of the Board and the composition of the Strategic Committee (being constituted as set out in paragraph 3 of Part 9 "*Directors, Management and Corporate Governance*");
- 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);
- the Audit Committee, Remuneration Committee and Nomination Committee to be constituted in accordance with the Corporate Governance Code (as amended by the below); and
- the reserved matters (as set out above).

Warrant Director

The terms of the Warrants will include an undertaking from the Company, providing the right for the Warrant Trustee to appoint, remove and replace one director to the Board as soon as practicable following Closing (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 Instrument. 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 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. Following the passing of the necessary resolution at the general meeting of the Company held on 29 April 2022, the transfer of listing took effect on 31 May 2022.

Paragraph 5 of Part 9 "*Directors, Management and Corporate Governance*" of this document provides a summary of the impact of the transfer of listing.

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, the Company will initially reduce 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 will sub-divide each Ordinary Share 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.

The number of Warrant Shares that may be issued will also be adjusted to reflect the Share Consolidation. 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.

The Restructuring requires certain approvals, including the following:

- 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. On 22 August 2022, holders of Existing Notes representing approximately 85.90% of the 2022 Notes and approximately 83.64% of the 2025 Notes voted in favour of the Scheme at the Scheme Meeting. Accordingly such approval has been obtained.

- The Scheme will also require the sanction of the Court. On 26 August 2022, the Court sanctioned the Scheme. Accordingly such approval has been obtained.

- 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, to implement the Restructuring, the Group will require certain authorisations, including the Required Licences and 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.

As at the Latest Practicable Date, the 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 has been obtained and the Required Licence from the Office of Foreign Assets Control was received on 29 July 2022. In addition, while the Group has made the relevant applications the Company has not yet received the OFSI Licence (or confirmation from the UK Office of Financial Sanctions Implementation that no such licence is required) and Nostrum Oil & Gas Finance BV has not yet received the NMOF Licence (or confirmation from the Ministry of Finance in the Netherlands that no such licence is required).

If the remaining conditions to the Restructuring are not satisfied (or, where possible, waived or confirmed that they are not necessary) no form of restructuring in the manner outlined above 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 to the Restructuring through an insolvency process may be implemented. Further details of the consequences of not implementing the Restructuring are set out in paragraph (E) "*Alternative to the Restructuring*" below.

(E) Alternative to the Restructuring

If the Scheme is not approved by the requisite majorities of Scheme Creditors or if any of the other inter-conditional requirements or conditions to the Restructuring are not satisfied (or, where possible, waived) to enable the Restructuring to be implemented in accordance with the Implementation Deed and the presently proposed timetable, then the Restructuring is unlikely to be consummated.

If such an event were to occur, the Directors believe that the Group would face an immediate risk of being unable to meet its contractual obligations (including under the Existing Notes) when they fall due. In particular, the Directors have given consideration to the existing defaults and potential defaults under the Notes Indentures, including the maturity of the 2022 Notes on 25 July 2022 and the consequences for the Group of insolvency proceedings under the Group's material trading arrangements, as well as the Licence and the PSA (which represent the Group's main operational arrangements). The Directors believe that, if it becomes apparent that the Restructuring is not capable of being implemented, it is likely that, shortly thereafter, the Noteholders would terminate the Second Lock-Up Agreement and the present forbearance arrangements.

Following termination of the Second Lock-Up Agreement, and in view of the 2022 Notes maturity, 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 best (and likely, the only viable) course of action for the Group and its stakeholders would be for the key Group companies that hold the Group's significant assets to petition the courts (in the relevant jurisdictions) to commence insolvency processes.

The Board believes that if the Restructuring is not implemented, it is unlikely that an alternative transaction could be agreed amongst the requisite number of stakeholders before it would become necessary to place the Company (and possibly other Group companies) into an insolvency process. This view is based on the fact that significant effort, time, cost and compromise were involved in agreeing the proposed Restructuring with key stakeholders (including the Ad Hoc Group and ICU) and their advisers and that any alternative restructuring would have to be negotiated in the context of the continuing defaults under the Notes Indentures, including having US$725 million (plus accrued and unpaid interest) due and payable under the 2022 Notes, likely without the current forbearance arrangements in place and therefore with the possibility of enforcement action being taken against the Group at any moment.

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.

(F) Dilution

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

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 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, at the election of Nostrum Oil & Gas Finance BV, 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 Gross FMV, less liabilities (including any indebtedness ranking ahead of the Ordinary Shares and the New 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).

Implementation of an alternative to the Restructuring through an insolvency process

Upon any alternative to the Restructuring, such as that contemplated in paragraph (E) "*Alternative to the Restructuring*" 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 September 2022, approximately US$894.8 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.

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.

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 Field in North-Western Kazakhstan. The Chinarevskoye Field is a mature, declining asset with a low proved and probable reserves base of only 34.3 million barrels of oil equivalent as at 31 December 2021 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 30 September 2022).
    - o For example, if the SUNs are issued on 30 September 2022, Nostrum Oil & Gas Finance BV will issue approximately US$29.9 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).

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	169.8	894.8
Due by 31 December 2023	-		
Due by 31 December 2024	-		
Due by 31 December 2025	400		
Existing Notes due February 2025	400	79.1	479.1
Total	1,125	248.9	1374.0

(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 30 September 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 (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

In addition, if the SUNs are issued on 30 September 2022, Nostrum Oil & Gas Finance BV will issue approximately US$29.9 million in principal amount of additional SUNs representing the accrued payment-in-kind interest.

3. Impact of the proposals on the Company's business, strategy, employees and management

The Restructuring will not result in any changes to the day-to-day operations of the business of the Group or its strategy.

The existing employment rights of the management and employees of the Group will continue to be safeguarded and the accrued rights and benefits of the management and employees of the Group will continue to be protected to the same extent immediately before and after the Scheme becomes effective.

4. Share certificates and settlement

An application will be made for the New Shares to be admitted to CREST for settlement and transfer purposes. Euroclear requires the Company to confirm to it that certain conditions imposed by the CREST Regulations are satisfied before Euroclear will admit any security to CREST. It is expected that these conditions will be satisfied in respect of the New Shares prior to admission to the Official List. As soon as practicable after satisfaction of the conditions, the Company will confirm this to Euroclear. The Company expects that custodial and depositary links have been established between Euroclear and a custodian bank of the AIX CSD ("**AIX CSD Custodian Bank**") to facilitate the issue of the New Shares and cross-market transfers of the New Shares.

Subject to the satisfaction of the conditions to which the Restructuring is subject, the New Shares to which the Noteholders are entitled will be effected by the New Shares which will be delivered in certificated form in the name of the relevant Shareholder. Definitive certificates for the New Shares will be despatched by first-class post (or by such other method as determined by the Company) within 14 days of the scheme record date to the address appearing on the register (or in the case of joint holders, at the address of that joint holder whose name stands first in the register of such joint holdings) or in accordance with any special instructions regarding communications, and the Company shall not be responsible for any loss or delay in the transmission of certificates sent in this way and such certificates shall be sent at the risk of the person entitled thereto.

Temporary documents of title will not be issued pending the despatch by post of the new definitive share certificates. Persons wishing to register transfers of New Shares prior to the issue of the new share certificates will be required to forward a completed transfer form to the Company's registrar for certification and registration.

Settlement will be made through Euroclear, Clearstream or CREST and their direct and indirect participants, including AIX CSD Custodian Bank, on the Effective Date, or as soon as practicable thereafter, but in any case within 14 days of the Restructuring Record Date, in accordance with CREST arrangements. Transfers within Euroclear, Clearstream, CREST and AIX CSD Custodian Bank will be in accordance with the usual rules and operating procedures of the relevant system.

Notwithstanding anything above or any other provision of this Prospectus or any other document relating to the New Shares, the Company reserves the right to deliver any New Shares applied for in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST), or on the part of the facilities and/or systems operated by the Registrar in connection with CREST. This right may also be exercised if the correct details in respect of *bona fide* market claims (such as the CREST member account ID and CREST participation ID details) are not provided as requested on any application form relating to the New Shares.

The New Shares offering on AIX will be made through the book-building platform of the trading system of the AIX in accordance with the AIX Market Rules and relevant AIX Market Notice. The settlement will be made through the settlement system of the AIX CSD in accordance with the AIX CSD Rules, in particular delivery of the New Shares through the system of the AIX CSD.

In order to participate in the offering of the New Shares, take delivery of the New Shares and trade the New Shares on the AIX, investors are required to have an account opened with a broker company admitted as an AIX Trading Member in the AIX CSD. The New Shares will be held on behalf of investors in the relevant AIX Trading Member's custodial account at AIX CSD.

AIX CSD holds securities for AIX Trading Members and their clients and facilitates the clearance and settlement of securities transactions between these participants through electronic book entry changes in accounts of such participants. AIX CSD provides, among other things, services for safekeeping, administration, clearance and settlement of traded securities and securities lending and borrowing.

Distributions of dividends and other payments with respect to book entry interests in the New Shares held through AIX CSD will be credited to the cash accounts of AIX Trading Members in accordance with the relevant system's rules and procedures.

AIX maintains an account with a participant of the Euroclear system. Indirect access to Euroclear is available to AIX CSD through the AIX CSD Custodian Bank. Upon settlement of the New Shares, the AIX CSD Custodian Bank will receive the New Shares allocated to the AIX Trading Members through the book-build process and transfer the same into the AIX CSD nominee account at AIX CSD Custodian Bank. Upon receipt, AIX CSD will create the total number of New Shares allocated to AIX Trading Members' accounts in AIX CSD and allocate the same to the investor nominee or custodial account of an AIX Trading member as instructed by the Company.

5. Overseas Shareholders

The implications of the Scheme for and the distribution of this Prospectus to Shareholders who are resident or located in, or citizens or nationals of, jurisdictions outside the United Kingdom ("**Overseas Persons**") may be affected by the laws of relevant jurisdictions. Such Overseas Persons should inform themselves about and observe all applicable legal requirements.

It is the responsibility of any person into whose possession this Prospectus comes to satisfy themselves as to their full observance of the laws of the relevant jurisdiction in connection with the Scheme and the distribution of this Prospectus, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

If, in respect of any Overseas Person, the Company is advised that the allotment and issue of New Shares would or might infringe the laws of any jurisdiction outside the United Kingdom or would or might require the Company to obtain any governmental or other consent or effect any registration, filing or other formality with which, in the opinion of the Company, it would be unable to comply or which it regards as unduly onerous, the Scheme provides that the Company may determine either: (a) that the entitlement to New Shares pursuant to the Scheme shall be issued to such person and then sold on his behalf as soon as reasonably practical at the best price which can be reasonably obtained at the time of sale, with the net proceeds of sale being remitted to the share owner; or (b) that the entitlement to New Shares shall be issued to a nominee for such share owner appointed by the Company and then sold, with the net proceeds being remitted to the share owner concerned. Any remittance of the net proceeds of sale referred to in this paragraph shall be at the risk of the relevant holder.

Overseas Persons should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme in their particular circumstances.

PART 7
INFORMATION ON THE GROUP

1. Overview

Nostrum Oil & Gas PLC ("**Nostrum**") is an independent oil and gas enterprise engaged in the exploration and production of oil and gas products in North-Western Kazakhstan. Zhaikmunai, an indirectly wholly-owned subsidiary of the Company, is the sole holder of the subsoil use rights with respect to the development of the Chinarevskoye Field in Kazakhstan and, as such, operates the field. The Group's primary field and licence area, which has been the Group's sole source of production to date, is the Chinarevskoye Field located in the northern part of the oil-rich Pre-Caspian Basin.

For the year ended 31 December 2021, the Group reported total revenue, EBITDA and net cash flows from operating activities of US$195.3 million, US$112.5 million and US$117.4 million, respectively. For the year ended 31 December 2020, the Group reported total revenue, EBITDA and net cash flows from operating activities of US$175.9 million, US$80.5 million and US$82.7 million, respectively. The Group had average daily production volumes after treatment of 17,032 boepd (and sales volumes of 15,330 boepd) and 22,337 boepd for the year ended 31 December 2021 and for the year ended 31 December 2020, respectively, exceeding its 2021 guidance of 17,000 boepd.

For the six months ended 30 June 2022, the Group reported total revenue, EBITDA and net cash flows from operating activities of US$107.8 million, US$68.8 million and US$58.8 million, respectively. The Group had average daily production volumes after treatment of 14,167 boepd (and sales volumes of 13,102 boepd) for the six months ended 30 June 2022.

The Chinarevskoye Field, approximately 274 square kilometres in size, is located in the West-Kazakhstan Oblast, near the border between Kazakhstan and Russia, and close to the main international railway lines in and out of Kazakhstan as well as to several major oil and gas pipelines. The Group conducts its operations in the Chinarevskoye Field pursuant to a subsoil use licence (the "**Licence**") and an associated production sharing agreement ("**PSA**").

Based on management's estimates that were audited by Ryder Scott, as at 31 December 2021, the estimated gross proved *plus* probable hydrocarbon reserves at the Chinarevskoye Field were 34.3 million boe, of which 14.6 million boe was crude oil and condensate, 4.0 million boe was plant products and 15.8 million boe was gas (after shrink).

The Group's operational facilities in the Chinarevskoye Field consist of an oil treatment unit currently capable of processing 400,000 tonnes per year of crude oil, multiple oil gathering and transportation lines including a 120 kilometre oil pipeline from the field to its oil loading rail terminal in Rostoshi near Uralsk, a 17 kilometre gas pipeline from the field to the Orenburg-Novopskov pipeline, which has been extended to connect to the KTO pipeline, a gas powered electricity generation system, warehouse facilities, an employee field camp and a gas treatment facility. The gas treatment facility consists of three gas treatment units and enables Nostrum to produce marketable liquid condensate (a product lighter than Brent crude oil) and LPG from the gas condensate stream.

2. Strengths

Management believes that the strengths of the Group are as follows:

- *World-class infrastructure*

  Over a period of 16 years, the Group has built a world-class infrastructure processing hub that can support the production and sale of billions of cubic metres of gas in North-West Kazakhstan. The Group is working with stakeholders and potential business partners with an eye to increase utilisation of its state-of-the-art infrastructure hub. This hub provides a processing answer to regional energy companies with stranded upstream assets to develop them and contribute to supporting the national goal of producing more gas and improving the clean-energy mix.

- *Advantageous location to access export infrastructure*

  - The Group's facilities are located in western Kazakhstan approximately 10 kilometres from the Russian border, which reduces overall transportation distances from the Group's production operations to ultimate purchasers of its oil in European markets (as compared to other Kazakhstan oil and gas producers). In addition, the Group's operations are located close to various transportation routes, being 17 kilometres from the Orenburg-Novopskov gas pipeline and less than 100 kilometres from rail links and the Atyrau-Samara oil export pipeline (KTO pipeline). The Group's oil pipeline from its field to its rail terminal in Beles gives it direct access to the rail terminal as well as a direct connection to the Atyrau-Samara export pipeline. The Group constructed this secondary pipeline from Beles to the Atyrau-Samara international export pipeline in 2017 and transporting via this pipeline substantially reduces its crude oil transportation costs and enhances its ability to manage crude oil netbacks through the commodity cycle. The Group's closer proximity to export infrastructure compared with other Kazakhstan oil and gas producers provides it with a competitive advantage and allows it to benefit from reduced transportation costs.

- *Stable tax and royalty payment terms under the PSA and strong relationship with regulators and authorities*

  The Group currently benefits from a relatively stable tax and royalty payment burden under the PSA for the Chinarevskoye field as the terms of the PSA have been "grandfathered" from its signing in 1997. As such, the terms of the PSA allow the Group to estimate the Kazakhstan Government's share of production revenue with reasonable certainty (although the Kazakhstan Government could seek to restrict or amend such "grandfathering"). The Group has amended the terms of the PSA on eighteen previous occasions and the Group is regularly in discussions with regulators about the terms of the PSA and issues that impact the Group's operations.

- *Low operating costs*

  The Group prudently manages its balance sheet while still positioning itself for successful future operations. As of 31 December 2021 and 31 December 2020, the Group had US$165.2 million and US$78.5 million, respectively, of cash on its balance sheet (US$208.7 million as at 30 June 2022), though this was partly as a result of the Group not making interest payments on its bond debt since March 2020. In 2020 and 2021, the Group streamlined its operations and significantly reduced its cost base through targeted headcount reductions and the renegotiation of contract rates and work scopes with all major suppliers. These actions ensure continued cash flows to maintain the business and continue production.

- *Strong and highly experienced management team*

  The Group benefits from management with significant experience in the oil and gas sector in general, and Kazakhstan in particular. The Group's Chief Executive Officer has worked in the oil and gas industry for over 30 years and has strong experience working in emerging markets for Shell. In addition, the Group has experienced senior managers in key departments, including geology, drilling, production and engineering, with significant years of experience in the oil and gas industry.

  - *Remaining reserve base with high quality crude oil*

  According to the 2021 Ryder Scott Report, as at 31 December 2021, the estimated gross proved plus probable hydrocarbon reserves at the Chinarevskoye Field were 34.3 million boe. These estimated reserves comprise proven reserves of 26.2 million boe and probable reserves of 8.1 million boe. Oil and condensate amounted to 14.6 million boe of proven and probable reserves, plant products of 4.0 million barrels boe and gas (after shrink) of 15.8 million boe.

The crude oil produced by the Group is a high quality "sweet" crude oil with an average API gravity of 42-43° and a low sulphur content of approximately 0.4%. The high quality of its crude oil allows the Group to sell its crude oil at a smaller discount to Brent crude than other oil producers in the region.

- *25 years of in-country operations and stakeholder engagement*

  The Group has been operating and producing in North-Western Kazakhstan since 1997 and, in that time, has created vast employment for the surrounding region as well as contributed over US$1 billion to the State in tax revenues. In addition, the Company has established key relationships with local and national government bodies, working alongside these individuals to further local and national interests.

3. Business Strategy

The Group's long-term objective is to further consolidate its position as one of the leading independent oil and gas companies in Kazakhstan. Over the last 15 years, the Group has developed a world-class infrastructure hub that has allowed for the exploration and development of the Chinarevskoye field and can continue to support the production and sale of gas in north-western Kazakhstan. The Group's core strategy is now to commercialise the investments it has made in its infrastructure.

The constituents of the Group's strategy in delivering the future growth potential of the Group comprise:

- *Completing the Restructuring*

  The Company is focused on delivering the implementation of the Restructuring on the basis set out in this Prospectus. The primary objectives of the Restructuring are to:

  - 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;

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

  - mitigate the risk and avoid the adverse consequences of any of the Group companies having to file for an insolvency process, as a result of which the recoveries for creditors would be materially lower than if the Restructuring were to be successfully completed and the value of the Group's operating business would be significantly weakened; and

  - provide existing holders of the Ordinary 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.

- *Monetising Remaining Capacity in Gas Treatment Facility*

  The Group is working with counterparties to secure a long-term stream of raw gas from which it can generate significant revenues. In 2018, the Group took the first step towards achieving this by entering into binding agreements to process third-party hydrocarbons starting in 2023 delivered by Ural Oil & Gas LLP from the Rozhkovskoye field, which is situated less than 20 kilometres from the Chinarevskoye field. Ural Oil & Gas LLP will fund the connection of existing wells at the Roshkovskoye to the Group's licence area and thereafter, the Group will process all of the hydrocarbons coming into the field. The Group is also continuing its efforts to advance discussions with other third parties interested in supplying raw gas with the aim of completely filling the spare processing capacity.

- *Maintaining Financial Discipline to Minimise Costs and Maintain Liquidity*

  The Group has faced challenges relating to the collapse in oil prices in early 2020 and the write-down of certain of its reserves in 2019, 2020 and 2021. As a result, the Group is pursuing a sustainable restructuring arrangement. In addition, the Group has significantly reduced its cost base, renegotiated contract rates and work scopes with all major suppliers. Going forward, the Group will continue to maintain this tight financial discipline and seek out production and cost efficiencies to preserve the Group's liquidity whilst at the same time ensuring continuous and safe product.

- *Making Sustainable Development a Priority*

  The Group's long presence in Kazakhstan has led to a natural, gradual and ambitious involvement in sustainable development. Over the years, it has built a comprehensive corporate social responsibility roadmap comprised of employee safety, security and welfare, investment in community building and environmental protection and reporting. Each of these priorities is now taken up in the overall yearly management plan and monitored against specific voluntary as well as compliance objectives. As such, the Group continues to strive to improve and implement new policies each year in order to integrate further sustainability in all of its operations.

  The Group sees corporate social responsibility as an important indicator of non-financial risk and is regularly developing internal best practices to improve its standards. This is an important standalone part of the Group's strategy while it is also complementary to all of the other strategic initiatives. Sustainable development remains a priority for the Group going forward.

4. History and Corporate Structure

Zhaikmunai LLP was registered on 20 March 1997 as a Kazakhstan limited liability partnership and obtained the Licence from JSC Condensate (which was granted the Licence in January 1996). Zhaikmunai LLP entered into the PSA in October 1997.

Zhaikmunai LP (the "**Partnership**") was formed in August 2007 as an Isle of Man limited partnership in connection with the proposed admission of Group to trading on the London Stock Exchange in 2008. In March 2008, the former shareholder of Zhaikmunai LLP effected a reorganisation which resulted in the Partnership indirectly holding all of the participation interests in Zhaikmunai LLP, with Nostrum Oil & Gas Group Limited becoming the general partner of the Partnership. As a result, Zhaikmunai LP became the parent entity of the Group. On 29 November 2013, the limited partners of Zhaikmunai LP duly approved a change in Zhaikmunai LP's name to "Nostrum Oil & Gas LP".

The Company was incorporated as an English public limited company on 3 October 2013. On 20 May 2014, Nostrum Oil & Gas LP announced its intention to seek a premium listing of a public limited liability company newly incorporated in England and Wales. On 24 June 2014, the Company was admitted to the premium list of the London Stock Exchange and also became the new holding company for the Group. The Company also sought a listing of its ordinary shares on the KASE.

The Company's registered office is 20 Eastbourne Terrace, London, W2 6LG, United Kingdom. The headquarters of Zhaikmunai LLP are located in Uralsk, Kazakhstan.

Operations

The Group's primary field and licence area is the Chinarevskoye Field in north-west Kazakhstan.

History of Operations

Oil and gas operations in the Chinarevskoye Field began during the Soviet era with the drilling of nine wells. Hydrocarbons were discovered in the Biski-Afoninski reservoirs in 1991. The discovery of the Tournaisian reservoir was made in 1992.

In May 1997, Zhaikmunai was granted exploration and production licences with respect to the Chinarevskoye Field, which initially covered the entire Chinarevskoye Field. During October 1997, Zhaikmunai entered into the PSA with the Kazakhstan Government which has been subsequently amended 18 times. See "— *Subsoil Licences and Permits*". The PSA sets forth parameters for the exploration and development of the Chinarevskoye Field and the fees, profit sharing and tax liabilities payable to the Kazakhstan Government. To date, the Group has met all of its capital investment obligations under the PSA.

As at 31 December 2021, the Group had gross proven reserves of 26.2 million boe and probable reserves of 8.1 million boe, resulting in estimated gross proven *plus* probable hydrocarbon reserves at the Chinarevskoye Field of 34.3 million boe.

The Group invested significantly in the construction and development of the gas treatment facility. The first two units of the gas treatment facility came online into full production in November 2011. Prior to the construction of the first two units of the gas treatment facility the Group's revenue resulted solely from the sale of crude oil. Commencing in November 2011, the Group began selling condensate, dry gas and LPG in addition to crude oil. The third unit of the gas treatment facility was completed in 2019 and has a capacity of 2.5 billion cubic metres per annum. In total, the three units of the gas treatment facility have the capacity to treat 4.2 billion cubic metres of raw gas per annum. The gas treatment facility is equipped with its own gas-driven power generation system with a maximum output of 15 megawatts, which is linked to the major power generation plant.

Oil and Gas Reserves

The following tables set forth the Group's gross proved and probable hydrocarbon reserves at the Chinarevskoye Field according to management's estimates and audited by Ryder Scott, as of 31 December 2021:

	2021	2020
Total Proved Developed Producing (PDP)*	**24.8**	**27.7**
Total Proved Undeveloped (PUD)/Proved Developed Non-Producing (PDNP)	1.4	1.2
Total Proved (1P)	**26.2**	**28.9**
Total Probable	8.1	10.1
Total Proved and Probable (2P)	**34.3**	**39.0**

* The reduction in PDP reserves at 31 December 2020 includes production in 2020 of 8.1 mmboe.

Note: boe totals are management estimates using a conversion factor of 5.327 mcf/boe.

Fluid	Unit	Proven producing	Non-producing and undeveloped	Total Proven	Probable	Total Proven and Probable
Oil/condensate	barrels	9,879,068	978,334	10,857,402	3,710,908	14,568,310
Plant products	barrels	3,013,320	111,398	3,124,718	840,674	3,965,392
Gas (after shrink)	mmcf	63,445	1,626	65,071	19,014	84,085
Gas (after shrink)	boe	11,911,178	305,331	12,216,509	3,569,758	15,786,267
Total	**boe**	**24,803,566**	**1,395,063**	**26,198,629**	**8,121,340**	**34,319,969**

Note: boe totals are management estimates using a conversion factor of 5.327 mcf/boe.

Geological Information

The Chinarevskoye Field is a multi-formation structure. It has tested hydrocarbons at significant rates from (i) the Lower Permian horizons at depths of 2,700m to 2,900m, represented by limestone and dolomitic limestone; (ii) limestone of the Lower Carboniferous Tournaisian formation at a depth of approximately 4,200m with a gross thickness of about 200m; (iii) the middle Devonian Givetian horizons at a depth of approximately 5,000m, represented by sandstone with carbonate cement; and (iv) the middle Devonian Biski-Afoninski formations at a depth of approximately 5,000m with a gross thickness of 200m and represented by limestone and dolomitic limestone. Oil has been found in the

Lower Permian, Tournaisian and Givetian Mulinski reservoirs, while gas condensate has been found in the Tournaisian, Biski-Afoninski, Givetian, Ardatovski, Famenian and Vorobyovski reservoirs.

Production and Facilities

Oil, Gas, LPG and Condensate Production

During the year ended 31 December 2021 the Group produced a total of 6.2 million boe, with average production volumes of 17,032 boepd, a decrease compared to the year ended 31 December 2020, during which the Group produced a total of 8.2 million boe, with average production volumes of 22,337 boepd. During the six months ended 30 June 2022 the Group produced a total of 2.6 million boe, with average production volumes of 14,167 boepd.

The crude oil extracted from the Chinarevskoye Field has an API gravity of 39.3° and sulphur content of approximately 0.55%. Primary benchmark crude oils produced in Kazakhstan include CPC Blend (approximately 44.2° API with 0.53% sulphur), Kumkol (approximately 41.2° API with 0.4% sulphur) and Tengiz (approximately 47.2° API with 0.55% sulphur). The quality of the crude oil extracted allows the Group to sell its crude oil at a smaller discount to Brent crude than other oil producers in the region.

The stabilised condensate produced out of the gas-condensate feeds has an average API gravity of 59.6° with a sulphur content of less than 0.6%.

The Chinarevskoye Field contains gas reserves. The Group monetises these gas reserves using the gas treatment facility ("**GTF**") and by implementing a gas utilisation concept prepared by NIPI Neftegaz Institute. The GTF units have the capacity to treat 4.2 billion cubic metres of raw gas per annum. For more information regarding the gas treatment facility, see "*—Production and Facilities—Gas Treatment facility*". Gas processed by the Group's treatment units is used to produce dry gas, LPG and condensate for sale in addition to providing feed stock for power generation to cover its power requirements.

The Group continues to operate a reservoir pressure maintenance system currently consisting, *inter alia*, of six water production wells, seven water injection wells, central pumping facilities, central water treatment facilities and infield waterlines to the water well sites.

As of 31 December 2021, the Group had 44 production wells (26 oil and 18 gas condensate) in operation on the Chinarevskoye Field.

Gas Treatment facility

The first phase of the gas treatment facility involved the construction of two gas treatment units and cost approximately US$270 million. Each of the gas treatment units has the capacity to treat approximately 850 million cubic metres of raw gas (a combination of associated gas and gas condensate). Both units are equipped with sweetening and sulphur recovery units to improve the quality of the gas. The gas treatment facility also includes a gas-fired power plant with a design capacity of 15 megawatts that provides the field site with all required electricity. The power plant was constructed as part of the first phase of the gas treatment facility. Handover of the gas treatment facility took place in December 2011.

The second phase of the gas treatment facility involved the construction of a third gas treatment unit, which was completed in 2019. The third gas treatment unit has a capacity of 2.5 billion cubic metres per annum. In total, the three units of the gas treatment facility have the capacity to treat 4.2 billion cubic metres of raw gas per annum.

The Group's future hydrocarbon production profile is based on the gas treatment facility operating at full or near-full capacity. If the gas treatment facility is not operating at full or near-full capacity, this may result in a reduction or suspension of the Group's production of hydrocarbons.

Crude Oil Facilities

The Group's facilities consist of an oil treatment unit capable of processing 400,000 tonnes per year of crude oil, as well as multiple oil gathering and transportation lines within the Licence area. The Group's storage facilities currently allow storage of 5,000 cubic metres of oil and 15,000 cubic metres of condensate on-site and 10,000 cubic metres of oil and 10,000 cubic metres of condensate at the rail terminal. In addition, the Group operates a 120 kilometre oil pipeline through which it pumps crude oil and condensate from the field site to the railway-loading terminal in Rostoshi near Uralsk. All exported crude oil volumes are delivered into the KTO pipeline.

Oil Pipeline and Railway-Loading Terminal

The Group's pipeline and loading terminal has been fully operational since January 2009. The pipeline links the Chinarevskoye Field directly to the Group's railway loading terminal at a rail connection located at Rostoshi, near Uralsk. The oil pipeline has a maximum annual throughput capacity of 3 million tonnes (equivalent to approximately 66,000 boepd). The railway-loading terminal receives all crude oil and condensate produced by the Group and has a capacity of 4 million tonnes of crude oil and gas condensate per year (equivalent to approximately 66,000-87,000 boepd). The pipeline and the loading terminal facilitates the Group's distribution of its crude oil and condensate internationally, where it can achieve higher prices than can be obtained within Kazakhstan.

Gas Pipeline

The Group's 17 kilometre gas pipeline linking it to the Orenburg-Novopskov gas pipeline has a capacity sufficient to transport all of its volumes even when gas plants are at full capacity.

Subsoil Licences and Permits

Zhaikmunai is the sole holder of the subsoil use rights with respect to development of and is the operator of one field in Kazakhstan: the Chinarevskoye Field.

The Group's authorisation to conduct operations in the Chinarevskoye Field was granted pursuant to the Licence issued by the Kazakhstan Government on 26 May 1997 which is part of an associated PSA entered into with the Competent Authority (on behalf of Kazakhstan) on 31 October 1997. The Licence and the PSA were granted under Kazakhstan's pre-1999 "licence and contract" regime.

The Licence and the PSA are currently valid until 2031 (with respect to the North Eastern Tournaisian reservoir) and 2033 (with respect to the rest of the Chinarevskoye Field). To date, management believes that the Group has met all of its obligations, including capital investment obligations, under the PSA.

The duration of the production phase for all reservoirs is 25 years and expires in 2031. The Group must comply with the terms of the production permit and the Development Plans during this period. Management believes that Nostrum has fulfilled all those contractual obligations.

The following summarises the other principal terms of the PSA:

Royalty Payments

The rate of monthly royalty payments to be made by the Group 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. See "*Risk Factors—Risk Factors Relating to the Group— 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.*"

Zhaikmunai LLP 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 the Group's hydrocarbon production which is paid by Zhaikmunai LLP. 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 the Group's monthly expenses that may be deducted pursuant to the PSA. Deductible expenses for the purposes of Cost Oil include all 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 the Group. Consequently, increases in the Group'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%

The State's share of Profit Oil was 10% in 2019, 2020 and 2021.

If the Group pays cash in lieu of delivery of the State's share of Profit Oil, the price (in U.S. Dollars) is determined to be that which the Group actually received on the same date for a similar volume of hydrocarbons at connection to a trunk pipeline, on the basis of an arm's length transaction, less transportation costs from the trunk pipeline.

Upon expiration of the Licence and the PSA (which is currently scheduled to occur between 2027-2031), Nostrum is obliged to transfer to the State all assets acquired, built or installed as per the work program and the approved budget.

Delivery of crude oil

Pursuant to the PSA, the State has the priority right to purchase up to 50% of hydrocarbons produced by the Group calculated after the share of production with the State at prices not exceeding world market prices, as determined by the Kazakhstan Government. In addition, the State has the right under the PSA to request the Group to deliver the State's distributed oil and gas in-kind to destinations specified by the State. Also, the State has the right to requisition part or all of the hydrocarbons owned by the Group under the PSA in the event of war, natural disasters or other emergency situations. 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.

Pursuant to the seventh amendment of the PSA, the Group agreed to deliver not less than 15% of its monthly crude oil production to the domestic market. The seventh amendment of the PSA does not specify the price at which any such crude oil should be supplied.

Tax—General

- *Corporate Income Tax*

  In accordance with Kazakhstan's tax regulations, the Group makes monthly payments of corporate income tax at a fixed rate of 30% of the Group's taxable income from contract activity for each year of commercial production during the term of the PSA. Any taxable income from non-contract activity (such as income from hedging) is taxable at the corporate income tax rate applicable for the year the income is realised.

- *Discovery Payments*

  Under the PSA, the Group 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*

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

- *Reimbursement of Historic Expenses*

  Nostrum is required to reimburse the State for a total of US$25.0 million 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*

  Further, 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 thousand 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 the Group to establish a liquidation fund in the amount of US$12.7 million 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 the Group's property and equipment at the end of the PSA's term. Management sets aside the amounts required for the liquidation fund and believes that such provisions satisfy its obligations to make annual contributions to the fund.

  In addition, the Group 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.

5. Transportation

Transportation of Crude Oil and Condensate

Transportation routes for the export of hydrocarbons by the Group and other oil and gas producers in Kazakhstan are important because of the country's land-locked position. In particular, Kazakhstan depends heavily on Russia's transportation infrastructure for export routes. Crude oil is exported from Kazakhstan through pipelines and railways across the Caspian Sea and through Russia to the Black Sea ports or by pipeline to China. See "*Risk Factors – Risks Relating to the Group—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, or the ability for the Group to import materials from 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*."

The principal transportation options for the export of the Group's crude oil and condensate are rail car and pipeline. Crude oil and condensate are pumped through the Group's 120 kilometre oil pipeline from the Chinarevskoye Field to the nearby village of Rostoshi near Uralsk, where it is loaded at the Group's oil loading terminal onto rail cars. By transporting its production by rail, the Group does not encounter any dilution of the quality of its crude oil or condensate as it would if it was transported by pipeline, and is therefore able to obtain a higher price for its production in the export market. Also, as a result of the completion of its oil pipeline, transportation of the Group's crude oil has become safer, less costly and more efficient.

There is one pipeline operated by a third party—the KTO pipeline—to which the Group's oil pipeline has now been connected by a short connecting pipeline to the Group pipeline. All exported crude oil volumes are delivered into the KTO pipeline.

Transportation of Dry Gas and LPG

The Group's gas production is transported by its 17 kilometre gas pipeline linking the Chinarevskoye Field to the Orenburg-Novopskov gas pipeline. The gas pipeline has a maximum annual throughput of 5.0 billion cubic metres. As the gas is sold at the point of entry to the pipeline, the Group is not liable for any additional transportation tariffs.

In addition, the Group engages third-party contractors to transport its LPG products by truck to railway-loading terminals operated by third parties near Uralsk. LPG is then delivered by rail car to its ultimate purchaser.

6. Sales and Marketing

Crude Oil and Condensate

Pursuant to the PSA, the Group has agreed to deliver 15% of its crude oil production in the domestic market and sell the remaining crude oil to the export market.

Since 2011, the Group has sold its crude oil and condensates based on DAP (delivery at place) and FOB (free on board) terms. The benefit of selling on DAP and FOB terms is that the sales discount is significantly reduced, although this benefit is partially offset by an increase in transportation costs for the Group as it must pay for transportation costs from the terminal to the point of sale. The Group plans to continue selling on a DAP and FOB basis as management believes the Group will benefit from a net decrease in overall transportation costs.

Dry Gas and LPG

The Group's deliveries of dry gas are made to the Group's gas purchaser at the Group's connection to the Orenburg-Novopskov gas pipeline. Prices for the Group's gas products are negotiated annually with the buyer pursuant to annual contracts at market rates on arm's length terms. The purchaser of the Group's dry gas is a well-established gas company within Kazakhstan and the commercial relationship between them and the Group has been stable since its inception.

7. Environmental Matters

Management is committed to minimising the Group's impact on the natural environmental and to complying with applicable local and international standards for environmental protection. In 2022, the Group provided its inaugural disclosure against each Taskforce on Climate-related Financial Disclosure recommendations and recommended disclosures. In 2021, the Group also participated in the CDP (formerly Carbon Disclosure Project) questionnaire for climate change (obtaining its targeted "C" score for the climate module) and participated for the first time in the water security module.

The Group prepares and submits to authorities a yearly action plan in accordance with Kazakhstan environmental regulations. The Group also adheres to both UK and Kazakhstan regulatory requirements with regard to greenhouse gas emissions and continues to invest in new technologies to improve greenhouse gas emissions performance and reduce GHG emissions.

Nostrum's environmental protection policies include the following key objectives: (i) further reduce greenhouse gas emissions; (ii) minimise gas flaring; (ii) remediate or re-cultivate areas impacted by petroleum hydrocarbons, particularly abandoned wells and mud pits; (iii) provide training to employees and contractors to understand its environmental policies and minimise environmental damage; (iv) monitor the impact of its operations on the environment; (v) put in place emergency procedures to deal with the environmental impact of any spillage; and (vi) utilise associated production gas to produce low cost power as part of its gas treatment facility.

The Group is committed to minimising flaring activity. Timely maintenance work at gas treatment facilities has been shown to reduce the risks of accidental flaring, and the implementation of a gas utilisation programme has led to a decrease in gas flaring. In 2020, the Group also made several changes to increase its energy efficiency, including replacing heaters and lamps with more efficient alternatives. The Group also undertakes air, soil and sub-surface water testing to ensure sanitary and epidemiological compliance with Kazakhstan legislation. There were no fines or other sanctions against the Group as regards non-compliance with environmental requirements in 2021. In 2022, the Kazakhstan Government included Zhaikmunai into the top-50 polluter entities list. Entities included into the list will have to pay increased fees for negative environmental impact starting from 2025 if they do not implement the BAT. Please refer to the section entitled "*Regulation in Kazakhstan*" in Part 8 of this Prospectus for further details.

8. Employees, Health and Safety

The table below sets out the average number of people (full-time equivalents) employed by the Group over the periods indicated below:

	Year ended 31 December		
	2021	**2020**	**2019**
Location			
Kazakhstan	547	547	636
Other	12	17	32
Total	**559**	**564**	**668**

The average number of people (full-time equivalents) employed by the Group has decreased due to the Group's staff optimisation programme. The Group has not experienced any work stoppages, strikes or similar actions in the past and considers its relations with its employees to be good.

Management believes that the Group has complied in all material respects with applicable health and safety standards within the Kazakhstan oil and gas industry. Health and safety is a priority for the Group as it is key to the sustainability and success of the business. In 2019, the Group introduced "Hazard Observation Cards" and requested that employees and contractors report any unsafe conditions observed in the workplace to help ensure that employees and contractors are mindful of safe working conditions at all times and that the Group continuously improves the safety its work environments. Hazard Observations Cards are now an established process to ensure that all those working at or visiting Nostrum's facilities remain safe. In 2021, the Group and the four main contractors' personnel raised 1,278 hazard observation cards.

In 2020, the Group developed and implemented an updated contractor management framework. The Group has also developed HSE pre-qualification criteria and HSE requirements for high-risk activities. COVID-19 restricted the Group's audit activity, but two HSE management system audits of major contractors and two internal Zhaikmunai process audits were performed in 2020.

Additionally, in 2021 the Group introduced communication and awareness initiatives such as daily safety awareness pop-up windows on each individual screen at first log-in each day, HSE posters published at all locations and issuance of monthly HSE reports.

In the years ended 31 December 2021, 2020 and 2019, Nostrum achieved a Total Recordable Incident (TRI) frequency of 2.4, 3.8 and 2.9 incidents per million man hours worked, respectively, and a Lost Time Injury (LTI) frequency of 0.8, 0.8 and 1.4 incidents per million man hours worked, respectively. In line with the Group's health and safety procedures, all incidents are investigated, their causes identified and corrective action plans developed. For the third consecutive year, the Group and its contractors had zero fatalities across its operations.

Since 2020, the Group has remained committed to reducing the risk of COVID-19 infection and to complying with governmental notices. All employees were provided with masks, gloves and antiseptic and 50% of office staff were transferred to remote, online work patterns. Regular quartz treatments with UV lamps were conducted in the main office in Uralsk and the field offices. All staff working on a rotational basis were given a pre-shift PCR test with daily thermometry before the start of work each day, and medical staff were provided with protective coveralls. Within the Group the vaccination of staff was started in April 2021 and over 78% of employees were fully-vaccinated by end of 2021, which was considerably higher than the national fully-vaccinated rate of approximately 43%.

9. Insurance

Management believes that the types of coverage structure, limits and quality of the Group's insurance programme are comparable with other Kazakhstan oil companies of a similar size.

The Group insures some of its risks under the following mandatory insurance contracts:

- general third-party liability insurance;

- employer's liability insurance;
- environmental insurance; and
- civil liability as the owner of vehicles.

As at the date of this Prospectus, the Group maintains and is in compliance with all mandatory insurance requirements under Kazakhstan laws. In addition, the Group maintains the following voluntary insurance contracts:

- voluntary cargo insurance;
- oil operations voluntary insurance contract;
- voluntary third party liability insurance;
- property voluntary insurance contract; and
- voluntary property insurance for the gas treatment facility.

The Group has also arranged directors' and officers' liability insurance through a third-party insurer.

The Group does not maintain business interruption, key-man, terrorism or sabotage insurance because the Group believes that the chance of any such event occurring is small. *See "Risk Factors—Risk Factors Relating to the Group—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*".

PART 8
INDUSTRY AND REGULATORY OVERVIEW

The information contained in this section is intended to give an overview of the upstream oil and gas industry in Kazakhstan and the Caspian region. This information has, unless otherwise stated, been extracted from documents, websites and other publications released by the President of Kazakhstan, the Statistics Agency of Kazakhstan, the Ministry of Finance of Kazakhstan, the Competent Authority and other public sources.

Some of the market and competitive position data has been obtained from US government publications and other third-party sources, including publicly available data from the World Bank, the Economist Intelligence Unit, the annual BP Statistical Review of World Energy for 2021, as well as from Kazakhstan press reports and publications, and edicts and resolutions of the Kazakhstan Government. In the case of statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source.

Certain sources are only updated periodically. This means that certain data for current periods cannot be obtained and we cannot assure you that such data has not been revised or will not be subsequently amended.

Overview

The Caspian region includes those parts of the countries (including Russia and Iran) that are adjacent to the Caspian Sea. A part of Uzbekistan is also considered to be part of the Caspian region due to its proximity to the Caspian Sea. Kazakhstan and Azerbaijan are the two significant crude oil producing countries in the Caspian region, producing 1.8 million boepd and 0.7 million boepd, respectively in 2021. It is expected that these countries will continue to lead the region in crude oil production. Turkmenistan and Uzbekistan are the predominant gas producers in the Caspian region, producing 59.0 bcm and 47.1 bcm respectively.

According to BP's Statistical Review of World Energy 2021, as at 31 December 2020 Kazakhstan ranked twelfth in the world by total proved oil reserves and joint 15th in the world by total proved gas reserves. Kazakhstan is the second largest oil producer (after Russia) among the former Soviet Republics and has the Caspian region's largest recoverable oil reserves. Kazakhstan's proved oil and gas reserves were 3.9 billion tonnes and 2.3 trillion cubic metres respectively as at 31 December 2020.

Regulation in Kazakhstan

Regulation of the oil and gas sector can be divided into the following main broad areas:

- regulation in relation to subsoil operations;
- regulation in relation to sale and transportation of hydrocarbon products;
- regulation in relation to environmental, health and safety matters; and
- anti-monopoly regulation.

Regulation of subsoil operations and sale and transportation of hydrocarbon products in Kazakhstan

General

In Kazakhstan, the subsoil and minerals contained therein are owned by the State in accordance with the Constitution of the Republic of Kazakhstan. The State shall ensure access to the subsoil on the terms, conditions and within the limits as provided for by the Subsoil Code (as applicable), which is the main law regulating the bases and procedure for provision of the subsoil use rights and conducting subsoil use operations in Kazakhstan. Unless otherwise stipulated by Kazakhstan laws and subsoil use contracts, the title to mineral raw resources shall vest with the subsoil user that produced / extracted such resources. The Competent Authority, on behalf of the State, grants exploration and production rights for hydrocarbons. Subsoil use rights are granted for a specific period but may be extended before the expiration of the applicable contract and licence (if applicable), subject to certain limitations and conditions. Subsoil use rights may be terminated by the Competent Authority if, among other things, subsoil users do not satisfy their contractual obligations, which may include periodic payment of royalties and taxes to the Kazakhstan Government and the satisfaction of mining, environmental, and health and safety requirements.

Prior to August 1999, subsoil use rights for hydrocarbons and mining sector operations were established by the grant of a licence and the execution of a subsoil use contract in a tax royalty or a production sharing agreement model. In August 1999, in an attempt to simplify the procedure, the Kazakhstan Government abolished the licence regime for subsoil use rights granted after September 1999 and, in December 2008, the production sharing agreement model was also abolished. Subsoil use rights are currently established only by means of a subsoil use contract and no licence is required. Nevertheless, previously issued and unexpired licences and production sharing agreements, including the Licence and the PSA, remained in effect and survived a few legislative reforms in the oil and gas regulation field, including the introduction of the Subsoil Law and subsequently, the Subsoil Code. Nostrum holds its subsoil use rights in the Chinarevskoye Field on the basis of the pre-August 1999 "licence and contract" regime.

Regulation of subsoil use rights under the Subsoil Code

The Subsoil Code introduced a new regulatory model for the use of the subsoil in Kazakhstan compared to the preceding subsoil legislation changing some of its core principles. The Subsoil Code became effective on 29 June 2018 and the Subsoil Law ceased to have effect, save for a number of surviving provisions which continue to apply to contracts executed prior to the Subsoil Code becoming effective.

The reform mostly affected the mining sector while the regulation of the oil and gas sector remained substantially unchanged. The Subsoil Code retained the contractual model for granting the subsoil use right, the obligations of the subsoil user to develop the work programme and project documents to conduct operations, obligations to form and maintain a liquidation fund, and the provisions regulating the transfer of the subsoil use rights. Nevertheless, there are a number of key changes concerning oil and gas subsoil use contracts.

The State, inter alia, has the following rights under the Subsoil Code:

Priority Right to Acquire Hydrocarbons

The State continues to enjoy a priority right over other parties to acquire hydrocarbons produced by a subsoil user on the same terms and conditions as are currently provided by the Subsoil Law.

Right to Requisition Minerals

The Subsoil Code no longer stipulates the Kazakhstan Government's right to requisition minerals owned by a subsoil user. At the same, pursuant to the Law "On State Property" No.413-IV, dated 1 March 2011, as amended, the State is entitled to requisition any person or legal entity's property in the public interest in the event of martial law or a state of emergency, subject to compensation being paid to the owner of such requisitioned property.

The State's Priority Right with respect to strategic subsoil deposits

The concept of the State's Priority Right has been retained in the Subsoil Code which continues to apply to strategic deposits. By the Resolution of the Kazakhstan Government No. 389 dated 28 June 2018 Chinarevskoye field was included into the list of strategic subsoil deposits with respect to its gas reserves, and, as such, the State's Priority Right continues to apply to it.

The Consent for Transfers of Subsoil Use Rights and the Objects

Similarly as provided in the Subsoil Law, under the Subsoil Code the Competent Authority's consent continues to be required in case of transfer of subsoil use rights and the Objects, including in case of the initial public offering of shares (including other equity securities and securities convertible into equity interests) and pledge of subsoil use rights and the Objects. At the same time, the Subsoil Code extended the list of exemptions and otherwise liberates some of the applicable thresholds. The State's Priority Right continues to be exercised through a national company or a national management holding company (currently Samruk-Kazyna JSC). In November 2022, the Kazakhstan Government designated QazaqGaz National Company JSC ("**QazaqGaz**"), formerly known as KazTransGaz JSC, as a national company for the purposes of the Subsoil Code with respect to gas and gas condensate fields.

Any transactions or other related actions effected without the required consent of the Competent Authority are null and void *ab initio*.

The Competent Authority and other regulatory authorities

The State plays a role in a few areas of subsoil regulation and management. Firstly, the Kazakhstan Government is, *inter alia*, responsible for organising and managing state-owned reserves; imposing restrictions on subsoil use for the purposes of national security, environmental security and the protection of the life and health of the population; defining procedures for the conclusion of contracts; appointing the Competent Authority; regulating oil and gas export by imposing customs, protection, anti-dumping and compensation duties and quotes; establishing quotes for oil transportation by various transport methods; and approving a number of normative legal acts in the sphere of oil and gas. Secondly, the Competent Authority (currently, the Ministry of Energy) executes, implements and monitors subsoil use contracts, which has the power to execute and implement oil and gas contracts, approve the work programme and project documents. Thirdly, other state authorities oversee the subsoil user's compliance with fiscal, environmental, health and industrial safety obligations under the applicable law. Finally, local executive authorities have responsibility for, *inter alia*, granting land to subsoil users; supervising the protection of the land; and participating in negotiations with subsoil users for environmental and social protection.

The Ministry of Energy

The Ministry of Energy is the Competent Authority for the purposes of the subsoil use regulations with respect to hydrocarbons. According to the Subsoil Code and other effective legislation, the Ministry of Energy is responsible for, *inter alia*:

- implementing the State's policy in oil and gas, petrochemical and hydrocarbon transportation industries;
- representing the State's interests in production sharing agreements;
- appointing members of the Inter-Departmental Committee on exercising the State's Priority Right;
- organising tenders and auctions for grants of subsoil use rights for oil and gas exploration and production, preparing and approving lists of blocks for tenders and auctions;
- executing and registering subsoil use contracts with respect of hydrocarbons;
- preparing and approving model subsoil use contracts;
- approving work programmes under subsoil use contracts with respect of hydrocarbons;
- monitoring compliance with the terms subsoil use contracts with respect of hydrocarbons;
- granting consents for the transfer of subsoil use rights and the Objects and registration of transactions involving pledges of subsoil use rights, as applicable to subsoil use contracts with respect of hydrocarbons;

- suspending and terminating subsoil use contracts with respect of hydrocarbons;
- determining the amounts of oil and gas to be supplied by subsoil users to the domestic market;
- monitoring compliance of oil and gas subsoil users with requirements to purchase certain amounts of goods, works and services from local providers;
- approving gas utilisation programmes and gas flaring permits; and
- issuing permits for using money in the liquidation fund.

Other regulatory authorities

Other governmental ministries and authorities which regulate certain aspects of hydrocarbon production in Kazakhstan include, *inter alia*:

- the Ministry for Ecology, Geology and Natural Resources (the "**MEGNR**"), mainly its Committee for Environmental Regulation and Control, which issues the environmental permits, oversees compliance of subsoil users with their environmental obligations and participate in state expertise of project documents, and the Committee of Geology and Subsoil use, which maintains the state register of subsoil deposits, gathers geological information and participates in the expertise of project documents with respect to development of hydrocarbons;
- the Committee for Technical Regulation and Metrology of the Ministry for Trade and Integration, which supervises compliance of oil and gas equipment with quality and safety standards in Kazakhstan;
- the Ministry of Internal Affairs whose Committee for Emergency Situations (the "**CES**"), *inter alia,* supervises mining operations in terms of health and safety matters;
- various governmental authorities responsible for the approval of construction projects and the use of water and land resources;
- the Committee for Public Health Protection of the Ministry of Healthcare ("**CPHP**"), which is responsible for monitoring compliance with sanitary standards and conducting state sanitary-epidemiological examination of project documents;
- the Ministry of Labour and Social Protection of the Population, which is responsible for monitoring compliance with subsoil users' obligations to employ a certain minimum percentage of, and to provide equal wages and labour conditions to Kazakhstan nationals;
- regional and municipal justice authorities, which are responsible for registering properties, pledges and mortgages; and
- central and regional tax authorities.

Law on Trunk Pipeline

The Law on Trunk Pipeline No.20 V dated 22 June 2012, as amended, (the "**Trunk Pipeline Law**") provides a unified legislative basis for the construction, ownership, and operation of trunk pipelines and represents another step towards extending the State's control over strategic industries.

Pursuant to the Trunk Pipeline Law, the Kazakhstan Government has a priority right to participate in any newly constructed trunk pipelines with an interest of no less than 51%. Further, the Trunk Pipeline Law provides that, for trunk pipelines where the State, national management holding company, or national company directly or indirectly owns 50% or more of the shares or participatory interests, operator services must be provided by the national operator, unless the Kazakhstan Government decides to authorise another legal entity (in which the State, a national management holding company, or a national company owns 50% or more of the shares or participatory interests) to provide such services in order to comply with international treaties.

The Trunk Pipeline Law (as well as the legislation regulating natural monopolies) provides for the equal right of shippers to access trunk pipeline services if there is free throughput capacity, subject to certain statutory limitations. If there is limited throughput pipeline capacity, oil and oil product transportation services must be rendered in the priority established by the Trunk Pipeline Law, where first priority is given to shippers supplying oil to domestic refineries. The Trunk Pipeline Law also provides for the possibility of swap operations (i.e., swap of products by one shipper for the products of another shipper) for the purposes of supplying oil to domestic refineries and gas to the domestic market and/or outside Kazakhstan, upon written consent of the pipeline owner (or any other person legally holding rights to the pipeline), the Competent Authority, and the relevant swapping entities.

Law on Gas and Gas Supply

The Law on Gas and Gas Supply No.532 IV dated 9 January 2012, as amended (the "**Gas Law**") consolidates and streamlines the various parts of legislation that previously regulated this area.

Pursuant to the Gas Law, state ownership of associated gas has been further elaborated. The State is the owner of associated gas produced in Kazakhstan (under all new contracts and old contracts that provide that the State is the owner of the associated gas) and transferred to the State by oil producers (under old contracts that provide that the subsoil user is the owner of the associated gas).

The Gas Law establishes the State's priority right to purchase on terms no less favourable than those offered by a third party: (i) any facility within an integrated sales gas supply system (connecting pipeline, trunk pipelines, sales gas storage facilities and other facilities for production, transport, storage, sale and consumption of gas); (ii) a share in the right of common ownership over such facilities, and (iii) shares (participatory interest) in the owner of such facilities (i.e. any oil producer that owns gas processing facilities or connecting pipelines for sales of gas).

Further, the Gas Law provides for the State's priority right to buy (through the national operator) raw and commercial gas (with some exceptions provided for in Clause 14 of Article 15 of the Gas Law) at a price approved by the Competent Authority and calculated pursuant to a formula provided in the Competent Authority's order. If the State waives its priority right, the seller may sell the gas to a third party.

Applicability of Article 15 of the Gas Law to the Group is discussed above (see "*—Risk Factors Relating to Kazakhstan— 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*").

Production and Circulation of Certain Types of Oil Products

The Law of the Republic of Kazakhstan "On State Regulation of Production and Circulation of Certain Types of Oil Products" (No. 463 IV, dated 20 July 2011, as amended) empowers the authorised body in the field of petroleum production, currently the Ministry of Energy, to determine and approve the list of petroleum products that are subject to state price regulation and to set marginal retail prices for oil products. The law does not provide for government regulation of the wholesale prices of oil products. Following the protests against the surge in LPG prices in January 2022, the Kazakhstan Government suspended use of the electronic trading platform for LPG trading and reinstated state regulation of LPG prices. In June 2022, the Ministry of Energy repealed regulations on LPG trading through electronic trading platforms.

Also the Kazakhstan Government has, in accordance with the national security legislation, in October 2021, effectively instituted temporary bans on the export of certain types of petroleum products and the export of diesel and gasoline, with such temporary bans extended for 6 months in June 2022.

The environmental regulation

The Environmental Code is a major law regulating operations of subsoil users in terms of environmental standards. Under the Environmental Code, which entered into force on 1 July 2021, companies are obligated to obtain permits (as described below) for causing negative impact on the environment as part of their ordinary activities and must observe all requirements set out in such permits.

The purpose of the enactment of the new Environmental Code was, inter alia, to emulate successful regulation in foreign countries, consolidate mechanisms for Kazakhstan to meet its international environmental obligations and increase public participation in environmental decision-making by the state.

The Environmental Code targets entities that contribute most heavily to pollution, including those in the oil and gas sector. The Environmental Code makes the operators of category I facilities directly responsible for the emissions of operator-engaged contractors involved in the construction, operation and servicing of the facilities, and mandates the implementation of the automated air monitoring systems starting from 2023 and gradual implementation of the BAT from 2025 onwards. Category I facilities may continue to operate without using BAT after 2025, provided that (i) the relevant operator received an ecological expertise approval to operate the facility prior to 1 July 2021, (ii) the term of this approval must not have expired (the maximum term is 10 years), and no reconstruction or material modification of the facility have been carried out during the term. If an operator intends to carry out a reconstruction or a material modification of its category I facility it would have to obtain a new ecological expertise approval and a new environmental permit in accordance with the requirements of the Environmental Code, including those on implementation of the BAT. The BAT sectoral catalogues are currently being developed by the MEGNR. Resolutions on the BAT are expected to be approved by the Government by 31 December 2023. The environmental state authorities will have real-time access to data gathered by the automated air monitoring system to promptly react to any incidents, including excessive emissions. Further, the Environmental Code significantly extended the applicable statute of limitations period for claims relating to environmental damage to 30 years from the date that any such damage was inflicted.

Environmental permits

A person must have a permit in order to operate a facility or perform activities that may have negative impact on the environment. Depending on the level of negative impact the facility has on the environment, the facilities are classified into 4 categories: I (highest negative impact), II, III and IV (lowest negative impact) categories. I category facilities include hydrocarbon producing and processing plants, metal producing plants, power generation plants (depending on capacity), chemical plants and other heavy-polluting types of enterprises. There are three types of environmental permits (the "**EP**") under the Environmental Code: 1) integrated environmental permits; 2) permits for impact on the environment and 3) declaration on negative impact on the environment. EPs contain the conditions governing the user's negative impact on the environment. Operators of I category facilities must obtain integrated EPs starting generally from 2025 and until then may obtain a permit for impact on the environment. One of the mandatory terms of an integrated EP is the implementation of BAT. Integrated EPs are perpetual, unless the underlying production method or technology changes or BAT conclusion is revised. Operators of facilities of II category must obtain permits for negative impact on the environment and those of III category – declaration on negative impact on the environment. Fees for causing negative environmental impact are established by the 2018 Tax Code and may be increased (within certain limits) by local representative bodies (*Maslikhats*). To promote the implementation of BAT, fees payable by category I facilities' operators for causing negative environmental impact will gradually increase two, four and eight-fold every three years. For operators included in the Government-approved list of Kazakhstan's top-50 polluters (including Zhaikmunai), this fees' increase will commence in 2025, and for all other operators – from 2031. Having an EP does not exempt a subsoil user from liability to pay compensation for damage to the environment caused by its activities, or exempt the subsoil user or its officers from administrative or criminal liability.

Zhaikmunai's current EP is valid until 31 December 2023, and may be renewed subject to the terms and conditions of the applicable environmental laws. According to the EP granted to the Group, Zhaikmunai is allowed to emit and discharge in the amounts not exceeding certain pre-set thresholds as set forth in the EP. Zhaikmunai does not intend to voluntarily obtain an integrated environmental permit.

Nostrum is generally in compliance with material national and international regulations and standards associated with onshore oil and gas production (as confirmed by AMEC during its environmental, health and safety due diligence review in October 2021). Only minor areas of non-compliance were identified by AMEC, which do not require complex mitigation.

Gas Flaring

Under the Subsoil Code, the flaring of raw gas is prohibited except if (i) there is an emergency or a threat of emergency, threat to the life of personnel or threat to health of population and threat to the environment, (ii) during the testing of wells, (iii) during operational trial of the field, or (iv) if the flaring is unavoidable for technological reasons.

In case of emergency, threat of emergency, threat to the life of personnel or threat to health of population and threat to the environment the flaring of gas is possible without approval.

If the flaring is made because of emergency or a threat of emergency, the subsoil user shall notify the Competent Authority and the MEGNR in writing within ten days of such flaring. In all other cases, the subsoil user is subject to obtaining the Competent Authority's permits for gas flaring provided that the subsoil user complies with the limits on gas flaring contained in the project documents and the gas processing development program approved by the Competent Authority.

Zhaikmunai's current gas flaring permit is valid through until the end of 31 December 2023.

Greenhouse gas emission regulations

In March 2009, the President of Kazakhstan signed the law on the ratification of the Kyoto Protocol of the Framework Convention of Organizations of United Nations on climate change signed on 12 March 1999 (the "**Kyoto Protocol**"). Ratification of the Kyoto Protocol, which is intended to limit or discourage emissions of greenhouse gases such as carbon dioxide, is expected to have an impact on environmental regulation in Kazakhstan. The so-called Doha Amendment to the Kyoto Protocol, the purpose of which was to establish a second commitment period for the participating countries thereunder from 2013 to 2020, entered into force in December 2020. As of today, Kazakhstan had not ratified the Doha Amendment to the Kyoto Protocol.

Following the ratification of the Kyoto Protocol, the then in force environmental code was amended to set out a framework for climate change control in Kazakhstan, which came into force on 1 January 2013. This framework included obtaining quotas for greenhouse gas emissions from legal entities emitting more than 20,000 tonnes of carbon dioxide in a year, quota trading and the development of the national quota allocation plan. In response to industry complaints on the imperfections of the legal mechanism put in place for the allocation of quotas and trading, and difficulties with adherence to such quotas, in April 2016, Kazakhstan suspended the application of a number of provisions of the then-in-force environmental code related to greenhouse gas emissions until 1 January 2018.

In November 2016, Kazakhstan ratified 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% from 1990 levels, or by 25% (subject to certain conditions) by 2030.

On 26 December 2017, the Government approved the National Plan for the Allocation of Quotas in respect of Greenhouse Gases for 2018-2020, which came into effect on 1 January 2018. This Plan replaced the national allocation plan for 2016-2020. The Government then approved the National Plan for the Allocation of Quotas in respect of Greenhouse Gases for 2021. On 11 July 2022, the MEGNR approved the National Plan for the Allocation of Quotas in respect of Greenhouse Gases for 2022-2025. Historically, the volume of greenhouse gas quotas allocated has been decreasing and is expected to decrease as the Government aims to achieve its commitments under the Paris Agreement.

Enforcement

The Environmental Code specifies which state authorities are responsible for controlling environmental compliance over natural resources and the environment and enforcing environmental requirements. These officials include the Chief State Ecological Inspector, the Deputy Chief State Ecological Inspector and other regional officials who have the authority to supervise environmental compliance and initiate judicial proceedings.

The Environmental Code authorises the relevant state authorities, in their enforcement of environmental protection measures, to, *inter alia*:

- inspect facilities and take measurements and samples for analysis;
- request and receive documentation, results of analysis and other materials;
- initiate procedures relating to the suspension and annulment of environmental and other permits in the event of violation of the terms of such permits;
- issue orders for individuals and legal entities to eliminate violations of Kazakhstan environmental regulation; and
- file claims with courts to restrict, suspend and prohibit business and other activities carried out in violation of Kazakhstan law and claim compensation for ecological damage.

Anti-monopoly regulation

Until September 2020, supervision of market dominant entities in a particular market (such as the oil and gas market) was performed by the Natural Monopolies Committee and the Committee for Protection and Development of Competition under the Ministry of the National Economy (the "**Natural Monopolies Committee**"). Subsequently, these duties and competences were transferred to the newly-formed Agency for Protection and Development of Competition (the "**Antitrust Agency**"). The Natural Monopolies Committee retained duties and competences related to supervision of activities of natural monopolies.

A market entity is deemed to hold a dominant position if the entity's market share is at least 35% and provided that the entity, *inter alia*, independently determines the commodity's price and general terms of sale within the market for a given commodity. The criteria are inapplicable to market entities with market shares of over 50%.

Kazakhstan law also specifies criteria for holding a dominant position by a group of market entities. The criteria, inter alia, include circumstances when an aggregate market share of at least 50% is held by the group of not more than three entities, or an aggregate market share of at least 70% is held by the group of not more than four entities. In these circumstances, each entity within the group would be deemed to hold a dominant position unless the entity's market share is equal to or less than 15%.

Market entities wishing to engage or that have engaged in economic concentration must obtain approval from the Antitrust Agency or notify them thereof. The prior approval or notification regime depends on the type of economic concentration and rights or interest acquired, such as shares (participating interest in the charter capital, participatory units), fixed assets, intangible assets or property rights.

Approval from the Antitrust Agency would be required following an acquisition by a person (or a group of persons) of voting shares in a market entity where that person (or group of persons) becomes entitled to dispose of more than 50% of such shares if, prior to such acquisition, that person (or group of persons) has not possessed shares in the market entity or possessed 50% or less of the voting shares in the charter capital of the market entity. This, however, does not apply to a new company set up.

Any transaction effectuated within one group of entities is not considered to be economic concentration and as such does not require approval from or notice to the Antitrust Agency.

In general, it is the responsibility of the purchaser that acquires shares, fixed assets, intangible assets or respective rights, to obtain prior approval from the Antitrust Agency. Failure to obtain approval may lead to administrative fines, invalidation of the transaction, and invalidation of state (re-) registration of the market entity or rights to real estate, as a result of an action brought by the Antitrust Agency.

PART 9
DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE

1. Directors

As at the date of this Prospectus, the members of the Board and their positions are:

Name	Position
Atul Gupta	Executive Chairman
Arfan Khan	Chief Executive Officer
Sir Christopher Codrington, Bt.	Senior Independent Non-Executive Director
Kaat Van Hecke	Independent Non-Executive Director
Martin Cocker	Independent Non-Executive Director

Atul Gupta (Executive Chairman)

Mr. Atul Gupta was appointed as Chairman of Nostrum Oil & Gas on 25 April 2017 and Executive Chairman on 27 November 2018, having previously served as a Director of the Company since 30 November 2009. Mr Gupta has worked for 40 years in the international upstream oil and gas business with Charterhouse Petroleum, Petrofina, Monument and Burren Energy. Mr Gupta joined Burren in 1999 as Chief Operating Officer and served as its Chief Executive Officer from 2006 until the company was sold to ENI in 2008. Mr Gupta has a degree in chemical engineering from Cambridge University and a Masters in petroleum engineering from Heriot Watt University, Edinburgh.

Arfan Khan (Chief Executive Officer)

Mr. Arfan Khan, who was appointed as a Director of the Company on 26 January 2021, has over 30 years' experience in the oil and gas industry. A qualified petroleum engineer, he has held various operational and senior management positions in the industry throughout his career, including positions with ExxonMobil in the US and roles at Shell, Enterprise Oil and Maersk Oil. Mr Khan also has strong emerging markets experience, having held operational roles in Nigeria, Angola and Kazakhstan, where he acted as Kashagan Well, Reservoir and Facilities Manager whilst with Shell. As Chief Operating Officer, Executive Director and Special Advisor to the Chairman and CEO at Amni International Petroleum from 2014 to 2019, Arfan oversaw strategic growth plans and fundraising programmes. Most recently he has served as President and Managing Director of Stratum Energy Group.

Sir Christopher Codrington, Bt. (Senior Independent Non-Executive Director)

Sir Christopher Codrington, Bt. was appointed as an Independent Non-Executive Director on 19 May 2014. Sir Christopher has 30 years of executive board and senior management experience in the oil and gas, hospitality and other industries and has spent eight years living in Houston, Texas developing prospects in various oil and gas fields for COG, Inc., Texas General Resources, Inc., TexBrit Corporation, Inc. and Whitehall Energy Limited. Sir Christopher has a diploma in advanced farm management from the Royal Agricultural University.

Kaat Van Hecke (Independent Non-Executive Director)

Ms. Kaat Van Hecke was appointed as an Independent Non-Executive Director on 31 December 2016 and served on an interim basis as Chief Executive Officer from 1 December 2019 to 31 August 2020 before resuming her role as an Independent Non-Executive Director. From 2013-2016 she served as Managing Director and Senior Vice President of the Austrian Upstream business at Österreichische Mineralölverwaltung (OMV). Ms. Van Hecke has more than 25 years' experience in the oil and gas industry, having worked with ExxonMobil, OMV and Shell on projects in Austria, Russia, Nigeria, The Netherlands and Belgium. Ms Van Hecke currently holds several independent non-executive board positions. Ms Van Hecke holds an

MSc in Chemical Engineering from the University of Ghent, Belgium, and a Masters in General Management from the Vlerick Management School, Belgium.

Martin Cocker (Independent Non-Executive Director)

Mr Cocker was appointed as an Independent Non-Executive Director on 16 November 2017 and then as interim Chief Financial Officer on 1 April 2020. Mr Cocker is a chartered accountant with over 35 years' business experience. He has held several line management, project leader and CEO level positions with Deloitte & Touche, KPMG, Ernst & Young and Amerada Hess Limited as well as several independent non-executive board positions.

2. Senior Management

As at the date of this Prospectus, in addition to the Board, the members of the senior management and their positions are:

Name	**Position***
Thomas Hartnett	Chief Legal Officer, Company Secretary and acting head of Human Resources
Robert Tinkhof	Chief Operating Officer
Abi Zivs	Director of Marketing
Daulet Tulegenov	Group head of QHSE

*The Chief Financial Officer of the Company, Shane Drader, resigned effective 30 September 2022. The Company will initiate a process to recruit a replacement Chief Financial Officer.

Thomas Hartnett (Chief Legal Officer, Company Secretary and acting head of Human Resources)

Mr. Thomas Hartnett was appointed as General Counsel of Nostrum Oil & Gas on 5 September 2008, as Company Secretary on 3 October 2013 and as Acting Head of Human Resources on 13 January 2020. Mr. Hartnett was previously a partner in the international law firm White & Case LLP, where he focused on cross border corporate and mergers and acquisitions transactions. He worked in the firm's New York, Istanbul, London, Brussels and Bangkok offices over a 16-year period. Mr. Hartnett also served as Senior Corporate Counsel for Intercontinental Hotels Group from 1996 to 1998. He is a graduate of the University of Pennsylvania and New York University School of Law and is a member of the New York Bar.

Abi Zivs (Director of Marketing)

Abi Zivs was appointed as Director of Marketing on 4 February 2022. Mr. Zivs has over 15 year experience working in gas and oil industry and over 25 years of leadership experience in companies in Latvia, Russia, Turkey. He also repeatedly delivered lectures and reports at many international conferences in Moscow, St. Petersburg, London, Tehran, Cape Town. He is a graduate of Latvia State University, Latvia and Lloyd's Maritime Academy, London.

Robert Tinkhof (Chief Operating Officer)

Mr. Robert Tinkhof joined Nostrum Oil & Gas as its new Chief Operating Officer in February 2019. Prior to this he has held several senior management positions, most recently as Managing Director at the Scientific Research Institute of KMG for Production & Technology in Kazakhstan. Mr. Tinkhof has more than 30 years of experience in the oil and gas industry mainly with Royal Dutch Shell with assignments in the Netherlands, UK, Syria, Iran, Egypt, Iraq and Russia.

Daulet Tulegenov (Group head of QHSE)

Daulet Tulegenov was appointed as Head of QHSE Department on 1 October 2018. Mr Tulegenov has over 15 years experience working in both onshore and offshore E&P, and has taken part in major projects for Chevron, Shell, Lukoil, Tengizchevroil and CNPC companies in Kazakhstan. He is a graduate of Tyumen State Oil & Gas University, Russian Federation.

3. Corporate Governance

In connection with the Restructuring, the Company will implement new corporate governance arrangements in respect of the Group. Additionally, in connection with the Shareholders approving the Restructuring Resolution, the Company transferred the Company's listing to the Standard Listing segment of the London Stock Exchange effective as of 31 May 2022.

As a standard listed company, while the Company is not required by the Listing Rules to "comply or explain" in respect of the Corporate Governance Code, the Company has adopted the Corporate Governance Code as the corporate governance code which will apply for the purposes of the Disclosure Guidance and Transparency Rules, 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, equality 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 New Articles, adopted at the General Meeting by the Shareholders and which become effective upon the Closing, additionally provide:

- That the term of office of all members of the Board expire annually and each Board member's continuation in office is subject to annual (re)election by shareholders.
- That (re-)election of Board members is 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 will be filed in the United Kingdom (subject to applicable law for any members of the Group other than the Company).

Board

The Board conducts the day-to-day operations of Nostrum and its subsidiaries, subject to customary shareholder rights, the terms of the Warrant Instrument and the delegated authority of Board committees, including the Strategic Committee. Certain actions by the Company are reserved matters requiring consent of the Warrant Trustee.

The selection, appointment, removal and tenure/retirement requirements of board members will 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.

The Board's composition currently complies with the Corporate Governance Code. Following the Restructuring, the Board shall consist of no fewer than five and no more than nine directors. The Board currently consists of five directors. Following the Restructuring, the Board will continue to consist of five directors, comprised of: (i) the chair; (ii) one executive director and (iii) three independent non-executive directors, subject to any restrictions relating to independence applicable under any applicable listing rules. Additionally, as soon as practicable following Closing, an additional non-executive director, being the Warrant Director, will also be appointed to the Board. Any directors appointed in addition to the above initial five person composition and the Warrant Director will be independent non-executive directors, save that the Directors may appoint one additional executive director to the Board following Closing.

The Board has the right to fill casual vacancies other than in respect of the Warrant Director. The Board has 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.

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

The Board has appointed (and from Closing will appoint) an Audit Committee, a Remuneration Committee and a Nomination Committee. It has also appointed a Health, Safety, Environment and Communities Committee. Following the Restructuring, the Board also intends to appoint the Strategic Committee. The composition and roles of all committees (other than Strategic Committee) complies (or will comply) with the Corporate Governance Code.

The Board is able to form a disclosure committee in order to for it to decisions in accordance with its disclosure requirements under the Market Abuse Regulation, the DTRs and the Listing Rules.

Each committee and each Director has the authority to seek independent professional advice where necessary to discharge their respective duties, in each case at the Company's expense. In addition, each Director and committee has access to the advice of the Company Secretary, Thomas Hartnett.

The Company has adopted a share dealing code of securities dealings in relation to the Ordinary Shares which is based on, and is no less exacting than, the Model Code (and in compliance with the requirements of the Market Abuse Regulation). The dealing code applies to the Directors, senior management and other relevant employees of the Group.

The Company has implemented internal procedures and measures designed to ensure compliance by it and other members of the Group with the Bribery Act.

Areas of Non-Compliance

Nostrum fully complied throughout 2021 with the provisions of the 2018 version of the UK Corporate Governance Code except in the following respects:

Provision 9

Contrary to Provision 9, which states that the roles of chair and chief executive should not be exercised by the same individual, due to a new Chief Executive Officer not having been identified by the time of the planned resignation of Ms Van Hecke on 31 August 2020, the responsibilities of the Chief Executive Officer were discharged by Mr Gupta from 1 September 2020 until the appointment of Mr Khan on 26 January 2021.

Provision 10

Mr Cocker joined the Board of the Company on 16 November 2017, serving as an independent Non-Executive Director. Following the departure of Mr Richardson as Chief Financial Officer in March 2020, Mr Cocker was asked by the Board to assume the executive responsibilities of the Chief Financial Officer on an interim basis. Mr Cocker agreed to do so and from 31 March 2020 to 30 August 2021 he was not considered an independent Non-Executive Director by the Board. Following the completion of his duties as interim Chief Financial Officer, the Board considered whether it was appropriate that Mr Cocker resume his previous role as an independent Non-Executive Director.

In that regard the Board took into account Provision 10 of the Corporate Governance Code and the circumstances listed therein that are likely to impair, or could appear to impair, an independent Non-Executive Director's independence. However, as Mr Cocker only assumed executive responsibilities at the request of the Board for a short interim period, the Board did not believe these circumstances would be or were likely to impair his ability to act independently as foreseen in Provision 10.

The Board considered that Mr Cocker had demonstrated throughout the period during which he acted as an independent Non-Executive Director of the Company that he acted independently in his role as a Director. The Board was of the view that following the end of his interim role Mr Cocker remains fully capable of scrutinising and holding to account the performance of management and individual executive directors against agreed performance objectives as foreseen in Provision 13 of the Corporate Governance Code. Accordingly, the Board considers Mr Cocker to be independent and redesignated him as an independent Non-Executive Director of the Company on 30 August 2021.

Provision 11

Following the appointment of Ms Van Hecke as Chief Executive Officer on 16 December 2019 and until the re-designation of Mr Cocker as an independent director on 30 August 2021, at least half of the board, excluding the Chair, were no longer considered to be independent. Given recent changes in various Directors' roles, the Company's engagement with its bondholders and the ongoing uncertainties caused by the COVID-19 pandemic, the Board has not yet commenced a search for additional independent Non-Executive Directors to join the Board but this subject is being kept under review.

Provision 36

The Company's LTIP has a total holding and vesting period of no more than three years and therefore does not comply with the requirements of Code Provision 36, which requires share awards to be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more. The Board and the Remuneration Committee believe that the current provisions of the LTIP relating to the performance period and vesting period are appropriate and aligned with the interests of shareholders, so that modifying such provisions of the LTIP at this time would not be the right course of action.

Audit Committee

The Audit Committee currently comprises Martin Cocker (chair), Sir Christopher Codrington, Bt., and Kaat van Hecke. With effect from the Closing, the terms of reference of this committee will require that it comprise of 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.

The Audit Committee meets at least three times a financial year at appropriate times in the reporting and audit cycle of the Company and more frequently if required.

The purpose of the Audit Committee is to assist the Board in fulfilling its responsibilities of oversight and supervision of, among other things:

- the integrity of the financial statements of the Company including annual and interim reports, financial returns to regulators and announcements of a price sensitive nature;
- the adequacy of the Company's internal controls and accountancy standards; assessing consistency and clarity of disclosure as well as the operating and financial review and corporate governance statement; and
- the relationship with the Company's external auditor including appointment, remuneration, terms of engagement, assessing independence and objectivity and ultimately reviewing the findings and assessing the standard and effectiveness of the external audit.

The Audit Committee considers annually how the Group's internal audit requirements shall be satisfied and makes recommendations to the Board accordingly as well as on any area it deems needs improvement or action.

Remuneration Committee

The Remuneration Committee currently comprises Kaat Van Hecke (chair), Sir Christopher Codrington, Bt. and Martin Cocker. With effect from the Closing, the terms of reference of this committee will require that it comprise of 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.

The Remuneration Committee is responsible for:

- making recommendations to the Board on the Company's overall framework for remuneration and its cost and in consultation with the Chairman and Chief Executive Officer determining remuneration packages of each Executive Director;
- reviewing the scale and structure of Executive Directors' remuneration and the terms of their service or employment contracts, including share based schemes, other employee incentive schemes adopted by the Company from time to time and pension contributions. Executive Directors of the Company are not permitted to participate in discussions or decisions of the Committee regarding their own remuneration; and
- ensuring that payments made on termination are fair to the individual and the Company.

The remuneration of the Non-Executive Directors is determined by the Chairman and the other Executive Directors outside the framework of the Remuneration Committee.

Nomination Committee

The Nomination Committee currently comprises Sir Christopher Codrington, Bt. (chair), Kaat Van Hecke and Martin Cocker. With effect from the Closing, the terms of reference of this committee will require that a majority of its members comprise independent non-executive directors, the Warrant Director (where appointed) and without the Board chair chairing the committee when dealing with their successor's appointment.

The Nomination Committee meets at least once each financial year and more frequently if required and has responsibility for making recommendations to the Board regarding the composition of the Board, its committees and corporate governance issues. The nominations committee is also responsible for periodically reviewing the Board's structure, determining succession plans for the Chairman and Chief Executive, and providing advice to the Board on the retirement and appointment of additional and/or replacement Directors.

Health, Safety, Environment and Communities Committee

The Health, Safety, Environment and Communities Committee currently comprises Kaat Van Hecke (chair), Martin Cocker and Arfan Khan.

The Health, Safety, Environment and Communities Committee is responsible for attention to climate change issues, working with the operational teams on site, compiling and evaluating the relevant information for the Company to self-report environmental data in 2019 using CDP submission process, assessing the requirements for TCFD disclosure and analysing the Company's preparedness to meet these and working with the Audit Committee and the Board to include climate change among the principal risks and uncertainties faced by Nostrum and to endeavour to quantify climate change related risks.

Strategic Committee

The Strategic Committee, to be appointed following the appointment of the Warrant Director, will be responsible for strategic decisions for the short, medium and long-term, including exit, acquisitions and any disposals. The Strategic Committee shall meet at least quarterly.

The Strategic Committee will comprise of the CEO (or Executive Chairman) and the Warrant Director (or where no Warrant Director is appointed, one independent non-executive director).

4. The City Code

The City Code is issued and administered by the Takeover Panel. The Company is subject to the City Code and therefore its shareholders are entitled to the protection afforded by the City Code.

Mandatory bids

Under the City Code, if an acquisition of interests in the Company's shares were to result in the aggregate interests of an acquirer and persons acting in concert with it in the Company's shares representing 30% or more of the voting rights in the Company, the acquirer and, depending upon the circumstances, persons acting in concert with it, would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding shares. A similar obligation to make such a mandatory offer would also arise on the acquisition of an interest in shares by a person holding (together with persons acting in concert with it) an interest in shares carrying between 30% and 50% of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

Squeeze-out

Under the Companies Act, if a "takeover offer" (as defined in section 974 of the Companies Act) is made for the Company's shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90% in value of the shares to which the offer relates (the "**Takeover Offer Shares**") and not less than 90% of the voting rights attached to the Takeover Offer Shares, within three months of the last day on which its offer can be accepted, it could acquire compulsorily the remaining 10%. It would do so by sending a notice to outstanding shareholders telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose Takeover Offer Shares are acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

Sell-out

The Companies Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90% of the shares to which the offer relates, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror is required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his or her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

5. The Standard Listing

The Company transferred admission of the Ordinary Shares to the standard listing segment of the Official List (a "**Standard Listing**") on 31 May 2022 pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listing. The Standard Listing means that the Company is not 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 complies with the Listing Principles set out in Listing Rule 7.2.1. The Company is not formally subject to the Premium Listing Principles and is not required by the FCA to comply with them.

There are a number of continuing obligations set out in Chapter 14 of the Listing Rules which are 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 also complies 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 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 complies with the MAR Requirements and the Transparency Rules. In particular, the Company complies 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 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.

6. 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 AIX, for a consideration constituting 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 KASE 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 and on the AIX at or shortly after Closing.

PART 10
PRINCIPAL SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

1. Principal Shareholders

As at the close of business on 12 October 2022 (being the latest practicable date prior to the publication of this Prospectus) and in addition to the interests of certain Directors, as set out in paragraph 8 of Part 14 "*Additional Information*", the Company is aware of the following persons who, directly or indirectly, have a notifiable interest in 3% or more of the Company's issued Ordinary Shares:

Name	Number of Existing Shares	% of issued Ordinary Shares
ICU Holdings Limited	44,837,071	23.83
Tengri Partners Kazakhstan LLP	38,273,216	20.34
Dehus Dolmen Nominees Limited	30,588,054	16.25
Fraseli Investments S.a r.l.	16,111,100	8.56
Trafigura Ventures V BV	8,352,557	4.44
FFP Asset Management	6,438,421	3.42
Veles Capital	6,438,421	3.42

Notes:

(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.

As at the latest practicable date prior to the publication of this Prospectus, affiliates of ICU Holdings Limited 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 issue of the new shares, ICU Holdings Limited (together with its affiliates) is expected to hold approximately 7.96% of the enlarged issued share capital of the Company, reflecting the dilution of ICU Holdings Limited's existing notifiable interest and the issue of New Shares to certain affiliates of ICU Holdings Limited.

So far as the Company is aware, save as set out in the table above no person owns 3% or more of the issued share capital of the Company.

Following the implementation of the Scheme, Existing Shareholders 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. Therefore, there will be a dilution of approximately 88.9% (which may increase to 90% on exercise of the Warrants). In addition, pursuant to the Restructuring, the Company will implement the Share Consolidation, which will result in the number of New 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 table below reflects the anticipated number of Ordinary Shares which will be held by the current persons who have a notifiable interest in 3% or more of the Company's issued Ordinary Shares following the Restructuring (including the Share Consolidation) and following the full exercise of the Warrants.

Name	Number of Ordinary Shares post Restructuring	% of issued Ordinary Shares post Restructuring	Number of Ordinary Shares post Restructuring and exercise of Warrants	% of issued Ordinary Shares post Restructuring and exercise of Warrants
ICU Holdings Limited	13,481,126	7.96	14,604,665	7.76
Tengri Partners Kazakhstan LLP	3,827,321	2.26	3,827,321	2.04
Dehus Dolmen Nominees Limited..	3,058,805	1.81	3,058,805	1.63
Fraseli Investments S.a r.l.	1,611,110	0.95	1,611,110	0.86
Trafigura Ventures V BV	835,255	0.49	835,255	0.44
FFP Asset Management	643,842	0.38	643,842	0.34
Veles Capital................................	643,842	0.38	643,842	0.34

The Company is not aware of any person who as at the date of this Prospectus exercises, or could exercise, directly or indirectly, control over the Company.

2. Related party transactions

Arrangements with ICU Holdings Limited

The terms of the Restructuring, as approved by the Existing Shareholders, includes certain arrangements for the benefit of ICU Holdings Limited and/or its affiliates, including the issue of New Shares which constitutes a related party transaction for the purposes of Chapter 11 of the Listing Rules.

The Independent Shareholders passed the ordinary resolution approving the arrangements with ICU Holdings Limited and its affiliates, which constitute related party transactions for the purposes of Chapter 11 of the Listing Rules, and authorised the Directors to implement them at the General Meeting of the Company.

The disclosure on the related party arrangements in connection with the Restructuring (and other related party transactions with ICU Holdings Limited) set out in Part 4 of the Circular headed "Details of the RPT Arrangements" is incorporated by reference into this Prospectus.

Other related party transactions

The following disclosures on related party transactions are incorporated by reference into this Prospectus

Annual Report 2021

- Section headed "Related Party Transactions" – pages 87 to 88
- Note 29 to the consolidated financial statements – page 160

Annual Report 2020

- Note 30 to the consolidated financial statements – page 149

Annual Report 2019

- Note 31 to the consolidated financial statements – page 157

PART 11
OPERATING AND FINANCIAL REVIEW

This Part 11 "Operating and Financial Review" should be read together with the financial information in this Prospectus, including the notes thereto and the basis of preparation thereof. Prospective investors should read the whole of this Prospectus and not rely on the summarised data. This operating and financial review includes information on the Group extracted from the Group's audited financial information in respect of the years ended 31 December 2021, 2020 and 2019 and the Group's interim condensed consolidated financial statements (unaudited, unreviewed) prepared in accordance with the International Accounting Standards in conformity with the requirements of the Companies Act 2006 and UK adopted International Accounting Standards, as set out in Part 13 "Historical Financial Information" of this Prospectus.

Some of the information set forth below and elsewhere in this Prospectus includes forward-looking statements that involve risks and uncertainties. See Part 5 "Presentation of Information—Cautionary Note Regarding Forward-Looking Statements" and Part 2 "Risk Factors" for a discussion of important factors that could cause actual results to differ materially from the results described in the forward-looking statements contained in this Prospectus.

Overview

Nostrum is an independent oil and gas enterprise engaged in the exploration and production of oil and gas products in North-Western Kazakhstan. Nostrum, through its indirectly wholly-owned subsidiary Zhaikmunai operates the Chinarevskoye Field in Kazakhstan. The Group's primary field and licence area, which has been the Group's sole source of production to date, is the Chinarevskoye field located in the northern part of the oil-rich Pre-Caspian Basin.

For the six months ended 30 June 2022, the Group reported total revenue, EBITDA and net cash flows from operating activities of US$107.8 million, US$52.8 million and US$58.7 million, respectively. For the six months ended 30 June 2021, the Group reported total revenue, EBITDA and net cash flows from operating activities of US$92.3 million, US$68.6 million and US$46.2 million, respectively. For the year ended 31 December 2021, the Group reported total revenue, EBITDA and net cash flows from operating activities of US$195.3 million, US$112.5 million and US$117.4 million, respectively. For the year ended 31 December 2020, the Group reported total revenue, EBITDA and net cash flows from operating activities of US$176.0 million, US$80.5 million and US$82.7 million, respectively. The Group had average daily production volumes after treatment of 14,167 boepd (and sales volumes of 13,102 boepd) and 18,107 boepd (and sales volumes of 16,294 boepd) for the six months period ended 30 June 2022 and for the six months period ended 30 June 2021, respectively. The Group had average daily production volumes after treatment of 17,032 boepd (and sales volumes of 15,330 boepd) and 22,337 boepd for the year ended 31 December 2021 and for the year ended 31 December 2020, respectively, exceeding its 2021 guidance of 17,000 boepd.

The Chinarevskoye field, approximately 274 sq.km. in size, is located in the West-Kazakhstan Oblast, near the border between Kazakhstan and Russia, and close to the main international railway lines in and out of Kazakhstan as well as to several major oil and gas pipelines. The Group conducts its operations in the Chinarevskoye Field pursuant to the Licence and the PSA. Based on management's estimates that were audited by Ryder Scott, as at 31 December 2021, the estimated gross proved *plus* probable hydrocarbon reserves at the Chinarevskoye field were 34.3 million boe, of which of which 14.6 million barrels was crude oil and condensate, 4.0 million barrels was plant products and 15.8 million boe was gas (after shrink).

Nostrum's operational facilities in the Chinarevskoye field consist of an oil treatment unit currently capable of processing 400,000 tonnes per year of crude oil, multiple oil gathering and transportation lines including a 120 kilometre oil pipeline from the field to its oil loading rail terminal in Rostoshi near Uralsk, a 17 kilometre gas pipeline from the field to the Orenburg-Novopskov pipeline, which has been extended to connect to the KTO pipeline, a gas powered electricity generation system, warehouse facilities, an employee field camp and a gas treatment facility. The gas treatment facility consists of three gas treatment units and enables Nostrum to produce marketable liquid condensate (a product lighter than Brent crude oil) and LPG from the gas condensate stream.

Primary Factors Affecting Results of Operations

The primary factors affecting the Group's results of operations during the years under review are the following:

Volatility of oil and gas prices

The pricing for all of the Group's crude oil, condensate and LPG is, directly or indirectly, related to the price of Brent crude oil. The pricing of the Group's dry gas is negotiated on a case by case basis with relevant off-takers for a fixed term. During the periods under review, the price of Brent crude oil experienced significant fluctuations. According to Bloomberg, the spot price of Brent crude oil reached approximately US$114.81 per barrel as at 30 June 2022, US$78.55 per barrel as at 31 December 2021, US$51.57 per barrel as at 31 December 2020 and US$67.22 per barrel as at 31 December 2019. Prices have varied between a low of approximately US$78.25 per barrel and a high of approximately US$133.18 per barrel in the first six months of 2022. See "*Risk Factors—Risk Factors 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*".

	Years ended 31 December			**Six months ended 30 June**	
	2021	**2020**	**2019**	**2022**	**2021**
Average Brent crude oil price (US$/bbl).....	71.0	43.2	64.2	104.7	65.2

In early 2020, given the uncertainties caused by a low oil price environment, the Group took prudent, mitigating actions to protect liquidity. These included cancelling uncommitted capital expenditures and identifying reductions in operating costs, general and administrative, and selling and transportation costs that could be implemented without having a negative impact on production or operations in the going concern period.

The Group continued these optimisation initiatives throughout 2021 and as a result is now able to withstand a period of prolonged low oil prices. Also, senior management constantly monitors the Group's exposure to foreign currency exchange rate changes and makes plans for necessary measures.

In previous years, the Group has entered into hedging instruments to mitigate the volatility of commodity prices. The last such instrument expired in 2018. In 2021, the Group has produced a draft hedging policy and updated its relationships with multiple financial institutions which would allow for hedges to be placed. In light of the favourable commodity pricing environment, backwardation of the forward oil price curve, cash resources available to meet its operational and capital requirements for the next financial year and other factors, the Board has not taken the decision to enter into any hedges in 2021.

The rise in oil prices has led to increased free cash flow generation for the Company. The completion of the debt restructuring will further stabilise the Group, as will the Company's continued focus on reducing cost base to ensure it can maintain adequate liquidity whilst it pursues the opportunities to fill the spare capacity in its gas processing facilities. As at 30 June 2022, cash reserves were in excess of US$208.7 million (compared to US$108.1 million as at 30 June 2021) excluding US$22.7 million placed into a secured cash account under the terms of the Forbearance Agreement with the informal ad-hoc noteholder group. As at 31 December 2021, cash reserves were in excess of US$165.2 million (compared to US$78.6 million as at 31 December 2020) excluding US$22.7 million placed into a secured cash account under the terms of the Forbearance Agreement with the informal ad-hoc noteholder group.

The Group generates revenue from the sale of four principal products: crude oil, condensate, dry gas and LPG.

- *Crude oil*

  Pursuant to the PSA, the Group is required to deliver no less than 15% of its crude oil production sourced from wells in production in the domestic Kazakhstan market at government-regulated prices. The remainder of the Group's crude oil is free to be exported; currently the Group exports its remaining crude oil to purchasers in, among other places, Russia, Finland, Ukraine and Belarus. During 2021, Nostrum exported all of its crude oil volumes through the KTO pipeline.

- *Condensate*

  The Group exports 100% of its condensate. Destinations include the Russian port of Kaliningrad and the Dutch port of Rotterdam. Condensate is exported through Nostrum's 120 km pipeline from the field site to its rail loading terminal in Uralsk.

- *Dry gas*

  The Group sells 100% of its dry gas not used in production domestically in Kazakhstan to KazTransGaz JSC, a state-owned company, at the connection point with the Intergas Central Asia pipeline.

- *LPG*

  Currently, the Group exports 100% of its LPG. Destinations include the Russian Black Sea ports, Ukraine and Tajikistan.

Declining Production

The table below sets forth Nostrum's production volume for the six months ended 30 June 2022 and 2021 and for the years ended 31 December 2021, 2020 and 2019.

	Years ended 31 December			**Six months ended 30 June**	
	2021	**2020**	**2019**	**2022**	**2021**
Total production volume (boe)......................	6,216,764	8,175,342	10,417,100	2,564,265	2,944,899
Average production volume (boepd)	17,032	22,337	26,671	14,167	18,107

Nostrum's production profile has been declining at a rate of approximately 20% per annum and declined at a rate of approximately 24% in 2021 when compared to 2020. The declining production volumes is primarily due to problems encountered on key producing reservoirs and the subsequent cessation of drilling on the Chinarevskoye field. Nostrum's production volume for the six months ended 30 June 2022 and 2021 and for the years ended 31 December 2021, 2020 and 2019 were 14,167 boepd, 18,107 boepd, 17,032 boepd, 22,337 boepd and 28,540 boepd respectively.

Cost of sales

The Group's oil and gas prices are based on a mix of fixed and quotation pricing, and therefore Nostrum's ability to control costs is critical to its profitability. Nostrum's cost of sales comprise various costs including depreciation of oil and gas properties, repair, maintenance and other services, royalties, payroll and related taxes, materials and supplies, other transportation services, government profit share, environmental levies, and well workover costs. The most material of these are depreciation and amortisation costs and repair, maintenance and other services costs.

Depreciation, depletion and amortisation costs, during the years under review, have represented as a percentage of total cost of sales 66.13%, 66.32%, 63.33%, 68.82% and 79.52% for the six months ended 30 June 2022 and 2021 and for the years ended 31 December 2021, 2020 and 2019, respectively. Such costs fluctuate according to the level of Nostrum's proved developed reserves, the volume of oil and gas it produces and the net book value of its oil and gas properties. For further details, see "— *Summary of Significant Accounting Policies*" below for an explanation of this accounting policy.

Repair, maintenance and other services are related to the repair and maintenance of the Group's infrastructure, including the gas treatment facility but does not include ongoing repair and maintenance of production and exploration wells. These costs, during the periods under review, have represented as a percentage of total cost of sales 7.2%, 6.5%, 7.5%, 6.2% and 8.3% for the six months ended 30 June 2022 and 2021 and for the years ended 31 December 2021, 2020 and 2019, respectively.

Finance costs

Finance costs for the six months ended 30 June 2022 and 2021 and for the years ended 31 December 2021, 2020 and 2019 among others, consisted of interest expenses on borrowings.

Interest expense on borrowings in the year ended 31 December 2021 and in the six month periods ended 30 June 2022 and 2021 includes interest on defaulted interest accrued in accordance with the indentures governing the 2022 Notes and 2025 Notes.

Royalties, Government Share and Taxes payable pursuant to the PSA

Nostrum operates the Chinarevskoye field and produces hydrocarbons pursuant to the PSA. The PSA has, during the periods under review, and will continue to have both a positive and negative effect on Nostrum's results of operations as a result of (i) the tax regime applicable to Nostrum under the PSA (discussed below), (ii) increasing royalty expenses payable to the State, (iii) the share of profit oil and the share of gas that Nostrum pays to the State and (iv) recovery bonus payable to the State.

Under the PSA, the Kazakhstan tax regime that was in place in 1997 applies to the Group for the entire term of the PSA and the Licence (as to VAT and social tax, the regime that was in place as of 1 July 2001 applies). As of 1 January 2009, the Old Tax Code became effective and introduced a new tax regime and taxes applicable to subsoil users (including mineral extraction tax and historical cost). As of 1 January 2018, the Tax Code became effective and introduced amendments to the tax regime and taxes applicable to subsoil users (including alternative subsoil use tax). However, neither the Old Tax Code nor the Tax Code superseded the previous tax regime applicable to PSAs entered into before 1 January 2009 and underwent mandatory tax expertise, which continues to be effective under Articles 721 and 722 of the Tax Code. Despite the stabilisation clauses (providing for general and tax stability) provided for by the PSA, in 2008, in 2010 and again in 2013, Nostrum was required to pay new crude oil export duties introduced by the Kazakhstan Government. Despite Nostrum's efforts to show that the new export duties were not applicable to it, the State authorities did not accept this position and Nostrum was required to pay the export duties. During January 2009, the Kazakhstan Government revised and established the rate of the export duties at US$ nil per tonne of crude oil, but reimposed a US$20 per tonne duty in August 2010 which was gradually increased to a rate of US$80 per tonne by April 2014. Following the fall in oil prices in 2014, the Kazakhstan Government began to reduce the rate of export duties. In March 2016, the Kazakhstan Government introduced a floating export duty rate linked to world oil prices. As at the date of this Prospectus the rate of export duties was US$115 per tonne.

For the purposes of corporate income tax from 1 January 2007, the Group considers its revenue from oil and gas sales related to the Tournaisian horizon as taxable revenue and its expenses related to the Tournaisian horizon as deductible expenses, except those expenses which are not deductible in accordance with the Kazakhstan tax laws. Assets related to the Tournaisian reservoir that were acquired during the exploration phase are then depreciated for tax purposes at a maximum rate of 25.0% per annum. Assets related to the Tournaisian reservoir that were acquired after the commencement of the production phase are subject to the depreciation rate in accordance with the 1997 Kazakhstan tax regime, which is between 5% and 25% depending on the nature of the asset. Assets related to the other horizons will depreciate in the same manner as those described above for the Tournaisian reservoir.

Under the PSA, Nostrum is obliged to pay to the State royalties on the volumes of crude oil and gas produced, with the royalty rate increasing as the volume of hydrocarbons produced increases. In addition, Nostrum is required to deliver a share of its monthly production to the State (or make a payment in lieu of such delivery). The share to be delivered to the State also increases as annual production levels increase. Pursuant to the PSA, the Group is currently able to effectively deduct a significant proportion of production (known as Cost Oil) from the sharing arrangement that it would otherwise have to share with the Kazakhstan Government. Cost Oil reflects the deductible capital and operating expenditures incurred by the Group in relation to its operations. During the years under review, royalties and government profit share represented, as a percentage of total revenues, 4% and 1%, respectively, for the six months ended 30 June 2022, 4% and 1%, respectively, for the six months ended 30 June 2021, 4% and 1%, respectively, for the year ended 31 December 2021, 4% and 1%, respectively, for the year ended 31 December 2020 and 4% and 1%, respectively, for the year ended 31 December 2019.

Factors Affecting Comparability

Summary of Significant Accounting Policies

The Group's management believes that, among others, the following accounting policies that involve management judgments and estimates are the most critical to understanding and evaluating its reported financial results.

Estimations and Assumptions

Oil and gas reserves

Oil and gas reserves are a material factor in the Group's computation of depreciation, depletion and amortisation (the "**DD&A**"). Management used significant accounting judgement in selecting proved developed hydrocarbon reserves for calculating the unit-of-production depletion rate, as it reflects the expected pattern of consumption of future economic benefits by the Group.

The Group uses internal estimates to assess the oil and gas reserves of its fields. The reserves estimates are made in accordance with the methodology of the Society of Petroleum Engineers (the "**SPE**") and are confirmed or audited by independent reserve engineers. All reserve estimates involve some degree of uncertainty, which depends mainly on the amount of reliable geological and engineering data available at the time of the estimate and the interpretation of this data, as well as long-term hydrocarbon pricing, which may affect classification of reserves. The relative degree of uncertainty can be conveyed by placing reserves into one of two principal classifications, either proved or unproved. Proved reserves are more certain to be recovered than unproved reserves and may be further sub classified as developed and undeveloped to denote progressively increasing uncertainty in their recoverability.

Reserves estimates are reviewed and revised annually. Revisions occur due to the evaluation or re-evaluation of already available geological, reservoir or production data; availability of new data; or changes to underlying price assumptions. Reserve estimates may also be revised due to improved recovery projects, changes in production capacity or changes in development strategy.

Management's estimates of the Chinarevskoye 2P (Proven plus Probable) volume as at 31 December 2021 was 34.3 mmboe requiring 12 interventions (2020: 39.0 mmboe requiring 16 interventions, and 2019: 138.1mmboe requiring 45 interventions). The reduction was primarily due to the production of 6.3 mmboe in 2021, which was offset by 1.6 mmboe increase due to better than forecasted performance of certain wells.

The field development plan assumed in the estimations did not take into account any restructuring or repayment of the Company's 2022 Notes and 2025 Notes and the ability to maintain sufficient liquidity to fund such a plan. There is no guarantee that the Group will be able to achieve this, which can have a material impact on the Group's ability to develop the remaining proven and probable reserves at Chinarevskoye. Further downward revision of the proved developed reserves estimates by 5% would lead to additional DD&A expense of US$596 thousand in the fourth quarter of 2021. Estimates of economically recoverable oil and gas reserves and related future net cash flows also impact the impairment assessment of the Group.

Property, Plant and Equipment

Oil and gas properties

Expenditure on the construction, installation or completion of infrastructure facilities such as treatment facilities, pipelines and the drilling of development wells, is capitalised within property, plant and equipment as oil and gas properties. The initial cost of an asset comprises of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and the initial estimate of decommissioning obligations, if any.

The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. When a development project moves into the production stage, the capitalisation of certain construction/development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to oil and gas property asset additions, improvements or new developments.

All capitalised costs of oil and gas properties are depleted using the unit-of-production method based on estimated proved developed reserves of the field, except the Group depreciates its oil pipeline and oil loading terminal on a straight-line basis over the life of the relevant subsoil use rights. In the case of assets that have a useful life shorter than the lifetime of the field the straight-line method is applied.

Other properties

All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the year in which they are incurred. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Buildings and constructions	7-15
Vehicles	8
Machinery and equipment	3-13
Other	3-10

Provisions and contingencies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed by the Group at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. The Group classifies as contingent liabilities those possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise and the present obligations that arise from past events but are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Group does not recognise contingent liabilities but discloses contingent liabilities in Note 31 of the Historical Financial Information, unless the possibility of an outflow of resources embodying economic benefits is remote.

Borrowing Costs

The Group capitalises borrowing costs on qualifying assets. Assets qualifying for borrowing costs capitalisation include all assets under construction that are not being depreciated, depleted, or amortised, provided that work is in progress at that time. Qualifying assets mostly include wells and other operations field infrastructure under construction. Capitalised borrowing costs are calculated by applying the capitalisation rate to the expenditures on qualifying assets. The capitalisation rate is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the period. All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

Derivative Financial Instruments and Hedging

The Group from time to time uses hedging contracts for oil export sales to cover part of its risks associated with oil price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value of derivatives during the year that do not qualify for hedge accounting are taken directly to profit or loss.

Results of Operations

Comparison of the six months ended 30 June 2022 and 2021

The table below sets forth the line items of the Group's consolidated statement of comprehensive income for the six months ended 30 June 2022 and 2021 in U.S. Dollars.

	Six months ended 30 June 2022	**Six months ended 30 June 2021 (restated)***
	(unaudited, unreviewed) *(US$ thousands)*	
Revenue from export sales	97,558	79,137
Revenue from domestic sales	10,274	13,174
Revenue	**107,832**	**92,311**
Cost of sales	(41,146)	(45,238)
Gross Profit	**66,686**	**47,073**
General and administrative expenses	(5,957)	(5,832)
Selling and transportation expenses	(9,534)	(12,086)
Taxes other than income tax	(9,654))	(7,760)
Finance costs	(64,068)	(53,625)
Foreign exchange gain/(loss), net	98	(221)
Interest income	97	112
Other income	2,381	3,397
Other expenses	(2,190)	(1,278)
Profit/(Loss) before income tax	**(22,141)**	**(30,220)**
Income tax benefit	(12,636)	(7,933)
Profit/(loss) for the year	**(34,777)**	**(38,153)**

* Certain amounts shown here do not correspond to the interim financial report as of and for the six months ended June 2021 and reflect certain adjustments made.

Revenue

Revenue increased by US$15.5 million, or 16.8%, to US$107.8 million in the six months ended 30 June 2022 from US$92.3 million in the six months ended 30 June 2021 primarily due to higher product prices. However, this was offset by lower sales volumes resulting from a decrease in production during the six months ended 30 June 2022. Revenue from export sales increased by US$18.4 million, or 23.3%, to US$97.6 million in the six months ended 30 June 2022 from US$79.1 million in the six months ended 30 June 2021 primarily due to the increase in average Brent crude oil price to US$104.7/bbl during the six months ended 30 June 2022 from US$65.2/bbl during the six months ended 30 June 2021. Revenue from domestic sales decreased by US$2.9 million, or 22.0%, to US$10.3 million in the six months ended 30 June 2022 from US$13.2 million in the six months ended 30 June 2021 primarily due to higher average Brent crude oil prices, which led to higher prices in the domestic market in the six months ended 30 June 2022.

The following table shows the Group's revenue breakdown by export/domestic sales for the six months ended 30 June 2022 and 2021:

	Six months ended 30 June	
	2022	**2021**
	(unaudited, unreviewed) *(US$ thousands)*	
Revenue:		
Oil and gas condensate sales	85,583	71,611
Gas and LPG sales	22,219	20,695
Sulphur sales	30	5
Total revenue	**107,832**	**92,311**

During the six months ended 30 June 2022, the revenue from sales to three major customers amounted to US$82.2 million, US$6.8 million and US$5.1 million, respectively compared to US$68.0 million, US$9.6 million and US$3.7 million, respectively during the six months ended 30 June 2021.

Cost of sales

Cost of sales decreased by US$4.1 million, or 9.0%, to US$(41.1) million in the six months ended 30 June 2022 from US$(45.2) million in the six months ended 30 June 2021. While these costs mostly remained stable, this was primarily due to decrease in various factors including in depreciation, depletion and amortisation to US$(27.2) million in the six months ended 30 June 2022 from US$(30.0) million in the six months ended 30 June 2021 and materials and supplies to $(1.9) million in the six months ended 30 June 2022 from US$(2.2) million in six months ended 30 June 2021.

General and administrative expenses

General and administrative expenses increased by US$0.1 million, or 2.1%, to US$(5.9) million in the six months ended 30 June 2022 from US$(5.8) million in the six months ended 30 June 2021. The main changes within general and administrative expenses included a decrease in professional services to US$(2.0) million in the six months ended 30 June 2022 from US$(2.1) million in the six months ended 30 June 2021 as a result of the cost optimisation programme which was partially offset by an increase in payroll and related taxes to US$(3.0) million in the six months ended 30 June 2022 from US$2.8 million in the six months ended 30 June 2021.

Selling and transportation expenses

Selling and transportation costs decreased by US$2.6 million, or 21.1%, to US$(9.5) million in six months ended 30 June 2022 from US$(12.1) million in the six months ended 30 June 2021 primarily due to a decrease in the volumes sold and a reduction in marketing expenses to nil in the six months ended 30 June 2022 from US$(1.1) million in the six months ended 30 June 2021.

Taxes and other income tax

Taxes and other income tax increased by US$1.9 million, or 24.4%, to US$(9.7) million in the six months ended 30 June 2022 from US$(7.8) million in the six months ended 30 June 2021 primarily due to increase in royalties to US$(4.4) million in the six months ended 30 June 2022 from US$(3.5) million in the six months ended 30 June 2021 and export customs duty to US$(4.3) million in the six months ended 30 June 2022 from US$(3.6) million in the six months ended 30 June 2021. This was in addition to an increase in government profit share to US$(0.9) million in six months ended 30 June 2022 from US$(0.7) million in the six months ended 30 June 2021. This was however offset by a decrease in other taxes to US$(0.03) million in the six months ended 30 June 2022 from US$(0.05) million in the six months ended 30 June 2021.

Finance costs

Finance costs increased by US$10.5 million, or 19.5%, to US$(64.1) million in the six months ended 30 June 2022 from US$(53.6) million in the six months ended 30 June 2021 primarily due to the increase in interest expense on borrowings to US$(53.3) million in the six months ended 30 June 2022 from US$(46.8) million in the six months ended 30 June 2021 and other finance costs to US$(10.2) million in the six months ended 30 June 2022 from US$(6.0) million in six months ended 30 June 2021.

Other income

Other income decreased by US$1.0 million, or 29.9%, to US$2.4 million in the six months ended 30 June 2022 from US$3.4 million in the six months ended 30 June 2021 primarily due to a decrease in compensation for damage that was received in the six months ended 30 June 2021 compared to nil in the six months ended 30 June 2022, partly offset by an increase in reversal of training accruals in the six months ended 30 June 2022.

Other expenses

Other expenses increased by US$0.9 million, or 69.2%, to US$(2.2) million in the six months ended 30 June 2022 from US$(1.3) million in the six months ended 30 June 2021 primarily due to increase in sponsorship costs to US$(0.4) million in the six months ended 30 June 2022 from nil in the six months ended 30 June 2022, training liabilities accruals to US$(0.6) million in the six months ended 30 June 2022 from US$(0.2) million in the six months ended 30 June 2021 and currency conversion expenses to US$(0.4) million in the six months ended 30 June 2022 from US$(0.1) million in the six months ended 30 June 2021.

Profit/(Loss) before income tax

Profit/(Loss) before income tax decreased by US$8.1 million, or 26.7% to US$(22.1) million in the six months ended 30 June 2022 from US$(30.2) million in the six months ended 30 June 2021.

Income tax benefit

Income tax benefit decreased by US$4.7 million, or 59.3%, to US$(12.6) million in the six months ended 30 June 2022 from US$(7.9) million in the six months ended 30 June 2021.

Profit/(Loss) for the year

Profit/(Loss) for the year decreased by US$3.4 million, or 8.8%, to US$(34.8) million in the six months ended 30 June 2022 from US$(38.1) million in the six months ended 30 June 2021.

Comparison of the years ended 31 December 2021 and 2020

The table below sets forth the line items of the Group's consolidated statement of comprehensive income for the years ended 31 December 2021 and 2020 in U.S. Dollars.

	Year ended 31 December 2021	Year ended 31 December 2020 (restated)*
	(US$ thousands)	
Revenue from export sales	169,825	140,843
Revenue from domestic sales	25,460	35,096
Revenue	**195,285**	**175,939**
Cost of sales	(87,849)	(125,392)
Gross Profit	**107,436**	**50,547**
General and administrative expenses	(12,124)	(14,671)
Selling and transportation expenses	(23,066)	(31,037)
Taxes other than income tax	(17,083)	(14,113)
Finance costs	(116,696)	(102,067)
Employee share options expense reversals	247	496
Impairment reversal/ (charge)	74,186	(286,569)
Foreign exchange gain/(loss), net	(285)	(1,827)
Interest income	319	253
Other income	5,886	4,757
Other expenses	(13,218)	(7,606)
Profit/(Loss) before income tax	**5,602**	**(401,837)**
Income tax benefit	(31,720)	37,478
Profit/(loss) for the year	**(26,118)**	**(364,359)**

* Certain amounts shown here do not correspond the Historical Financial Information as of and for the financial years ended 31 December 2020 and reflect certain adjustments made.

Revenue

Revenue increased by US$19.3 million, or 11.0%, to US$195.2 million in the year ended 31 December 2021 from US$175.9 million in the year ended 31 December 2020 primarily due to an increase in revenue from export sales. However, this was marginally set-off by a decrease in revenue from domestic sales. Revenue from export sales increased by US$29.0 million, or 20.6%, to US$169.8 million in the year ended 31 December 2021 from US$140.8 million in the year ended 31 December 2020 primarily due to the increase in average Brent crude oil price to US$71.0/bbl on 31 December 2021 from US$ 43.2/bbl on 31 December 2020. Revenue from domestic sales decreased by US$9.6 million, or 27.5%, to US$25.5 million in the year ended 31 December 2021 from US$35.1 million in the year ended 31 December 2020 primarily due to higher average Brent crude oil prices, which led to higher prices in the domestic market in the year ended 31 December 2021.

The following table shows the Group's revenue breakdown by export/domestic sales for the years ended 31 December 2021 and 2020:

	Years ended 31 December	
	2021	2020
	(US$ thousands)	
Revenue:		
Oil and gas condensate sales	150,290	123,861
Gas and LPG sales	44,978	52,078
Sulphur sales	17	-
Total revenue	**195,285**	**175,939**

During the year ended 31 December 2021 the revenue from sales to three major customers amounted to US$143.1 million, US$18.2 million and US$8.7 million, respectively compared to US$118.8 million, US$29.7 million and US$7.3 million, respectively during the year ended 31 December 2020.

Cost of sales

Cost of sales decreased by US$37.6 million, or 30.0%, to US$(87.8) million in the year ended 31 December 2021 from US$(125.4) million in the year ended 31 December 2020. While these costs mostly remained stable, this was primarily due to decrease in various factors including in depreciation, depletion and amortisation to $(55.6) million in the year ended 31 December 2021 from $(86.3) million in the year ended 31 December 2020 and change in stock to $(0.4) million in the year ended 31 December 2021 from $(7.2) million in the year ended 31 December 2020.

General and administrative expenses

General and administrative expenses decreased by US$2.5 million, or 17.4%, to US$(12.1) million in the year ended 31 December 2021 from US$(14.7) million in the year ended 31 December 2020 primarily due to decrease in payroll and related taxes to US$(6.1) million in the year ended 31 December 2021 from US$(7.1) million in the year ended 31 December 2020.

Selling and transportation expenses

Selling and transportation costs decreased by US$8.0 million, or 25.7%, to US$(23.1) million in the year ended 31 December 2021 from US$(31.0) million in the year ended 31 December 2020 primarily due to decrease in transportation costs to US$(9.5) million in the year ended 31 December 2021 from US$(12.8) million in the year ended 31 December 2020.

Taxes and other income tax

Taxes and other income tax increased by US$3.0 million, or 21.0%, to US$(17.1) million in the year ended 31 December 2021 from US$(14.1) million in the year ended 31 December 2020 primarily due to increase in royalties to US$(7.8) million in the year ended 31 December 2021 from US$(7.0) million in the year ended 31 December 2020 and export customs duty to US$(7.7) million in the year ended 31 December 2021 from US$(5.0) million in the year ended 31 December 2020. This was partially set off by decrease in government profit share to US$(1.6) million in the year ended 31 December 2021 from US$(2.0) million in the year ended 31 December 2020 and other taxes to US$(0.01) million in the year ended 31 December 2021 from US$(0.03) million in the year ended 31 December 2020.

Finance costs

Finance costs increased by US$14.6 million, or 14.3%, to US$(116.7) million in the year ended 31 December 2021 from US$(102.1) million in the year ended 31 December 2020 primarily due to increase in interest expense on borrowings to US$(103.1) million in the year ended 31 December 2021 from US$(92.7) million in the year ended 31 December 2020 and other finance costs to US$(12.4) million in the year ended 31 December 2021 from US$(8.0) million in the year ended 31 December 2020.

Employee share options expense reversals

Employee share options – expense reversals decreased by US$0.2 million, or 50.0%, to US$0.2 million in the year ended 31 December 2021 from US$0.4 million in the year ended 31 December 2020.

Impairment reversal/(charge)

There was an impairment reversal of US$74.2 million in the year ended 31 December 2021 compared to an impairment charge of US$(286.6) million in the year ended 31 December 2020 primarily due to higher hydrocarbon prices being reflected in the impairment model of the Group.

Other income

Other income increased by US$1.2 million, or 25.5%, to US$5.9 million in the year ended 31 December 2021 from US$4.7 million in the year ended 31 December 2020 primarily due to an increase in compensation for damages to US$1.5 million in the year ended 31 December 2021 from US$0.01

million in the year ended 31 December 2020 and reversal of training accruals to US$1.5 million in the year ended 31 December 2021 from US$0.9 million in the year ended 31 December 2020.

Other expenses

Other expenses increased by US$5.6 million, or 73.7%, to US$(13.2) million in the year ended 31 December 2021 from US$(7.6) million in the year ended 31 December 2020 primarily due to increase in write-off of new development costs to US$(9.0) million in the year ended 31 December 2021 from nil in the year ended 31 December 2020 on account of new development opportunities pursued by the Group.

Profit/(Loss) before income tax

Profit/(Loss) before income tax increased by US$407.4 million, or 101.4% to US$5.6 million in the year ended 31 December 2021 from US$(401.8) million in the year ended 31 December 2020.

Income tax benefit

Income tax benefit decreased by US$69.1 million, or 184.8%, to US$(31.7) million in the year ended 31 December 2021 from US$37.4 million in the year ended 31 December 2020.

Profit/(Loss) for the year

Profit/(Loss) for the year decreased by US$338.2 million, or 92.8%, to US$(26.1) million in the year ended 31 December 2021 from US$(364.3) million in the year ended 31 December 2020.

Comparison of the years ended 31 December 2020 and 2019

The table below sets forth the line items of the Group's consolidated statement of comprehensive income for the years ended 31 December 2020 and 2019 in U.S. Dollars.

	Year ended 31 December 2020	**Year ended 31 December 2019**
	(US$ thousands)	
Revenue from export sales	140,843	218,511
Revenue from domestic sales	35,096	103,617
Revenue	**175,939**	**322,128**
Cost of sales	(125,392)	(172,002)
Gross Profit	**50,547**	**150,126**
General and administrative expenses	(14,671)	(21,399)_
Selling and transportation expenses	(31,037)	(45,875)
Taxes other than income tax	(14,113)	(22,886)
Finance costs	(102,067)	(43,047)
Employee share options – fair value adjustments	496	(584)
Impairment charge	(244,923)	(1,354,651)
Foreign exchange gain/(loss), net	(1,827)	361
Interest income	253	86
Other income	4,757	7,210
Other expenses	(7,606)	(12,490)
Profit/(Loss) before income tax	**(360,191)**	**(1,343,149)**
Income tax benefit	32,766	(353,222)
Profit/(loss) for the year	**(327,425)**	**(989,927)**

Revenue

Revenue decreased by US$146.2 million, or 45.4%, to US$175.9 million in the year ended 31 December 2020 from US$322.1 million in the year ended 31 December 2019 primarily due to decrease in revenue from export sales and domestic sales. Revenue from export sales decreased by US$77.7 million, or 35.5%, to US$140.8 million in the year ended 31 December 2020 from US$218.5 million in the year ended 31 December 2019 primarily due to the decrease in average Brent crude oil price from US$64.2/bbl on 31 December 2019 to US$43.2/bbl on 31 December 2020. Revenue from domestic sales decreased by US$68.5 million, or 66.1%, to US$35.1 million in the year ended 31 December 2020 from US$103.6 million in the year ended 31 December 2019 primarily due to lower average Brent crude oil prices, which led to lower prices in the domestic market in the year ended 31 December 2020.

The following table shows the Group's revenue breakdown by product for the years ended 31 December 2020 and 2019:

	Years ended 31 December	
	2020	**2019**
	(US$ thousands)	
Revenue:		
Oil and gas condensate sales	123,861	196,176
Gas and LPG sales	52,078	125,947
Sulpher sales	-	5
Total Revenue	**175,939**	**322,128**

During the year ended 31 December 2020 the revenue from sales to three major customers amounted to US$118.9 million, US$29.7 million and US$7.4 million, respectively compared to US$190.3 million, US$95.1 million and US$9.3 million, respectively during the year ended 31 December 2019.

Cost of sales

Cost of sales decreased by US$46.6 million, or 27.1%, to US$(125.4) million in the year ended 31 December 2020 from US$(172.0) million in the year ended 31 December 2019. This was primarily due to decrease in various factors including in depreciation, depletion and amortisation to US$(86.3) million in the year ended 31 December 2020 from US$(136.8) million in the year ended 31 December 2019, payroll and taxes to US$(14.1) million in the year ended 31 December 2020 from US$(18.5) million in the year ended 31 December 2019, repairs, maintenance and other services to US$(10.8) million in the year ended 31 December 2020 from US$(14.2) million in the year ended 31 December 2019 and well workover costs to US$(0.5) million in the year ended 31 December 2020 from US$(1.7) million in the year ended 31 December 2019. However, change in stock, increased to US$(7.2) million in the year ended 31 December 2020 from US$(6.2) million in the year ended 31 December 2019.

General and administrative expenses

General and administrative expenses decreased by US$6.7 million, or 31.3%, to US$(14.7) million in the year ended 31 December 2020 from US$(21.4) million in the year ended 31 December 2019 primarily due to decrease in various factors including in payroll and related taxes to US$(7.1) million in the year ended 31 December 2020 from US$(10.2) million in the year ended 31 December 2019, insurance fee to US$(0.6) million in the year ended 31 December 2020 from US$(1.2) million in the year ended 31 December 2019, depreciation, depletion and amortisation to US$(0.6) million in the year ended 31 December 2020 from US$(2.0) million in the year ended 31 December 2019 and business travel to US$(128) thousand in the year ended 31 December 2020 from US$(617) thousand in the year ended 31 December 2019.

Selling and transportation expenses

Selling and transportation expenses decreased by US$14.8 million, or 32.3%, to US$(31.0) million in the year ended 31 December 2020 from US$(45.8) million in the year ended 31 December 2019 primarily due to decrease in various factors including in loading and storage costs to US$(8.8) million in the year ended 31 December 2020 from US$(11.8) million in the year ended 31 December 2019, marketing services to US$(3.7) million in the year ended 31 December 2020 from US$(10.6) million in the year ended 31 December 2019, depreciation of right-of-use assets to US$(2.9) million in the year ended 31 December 2020 from US$(4.5) million in the year ended 31 December 2019 and others to US$(1.4) million in the year ended 31 December 2020 from US$(4.3) million in the year ended 31

December 2019. However, transportation costs, increased slightly to US$(12.8) million in the year ended 31 December 2020 from US$(12.4) in the year ended 31 December 2019.

Taxes and other income tax

Taxes and other income tax decreased by US$8.8 million, or 38.4%, to US$(14.1) million in the year ended 31 December 2020 from US$(22.9) million in the year ended 31 December 2019 primarily due to decrease in royalties to US$(7.0) million in the year ended 31 December 2020 from US$(12.9) million in the year ended 31 December 2019, export customs duty to US$(5.0) million in the year ended 31 December 2020 from US$(7.2) million in the year ended 31 December 2019 and government profit share to US$(2.0) million in the year ended 31 December 2020 from US$(2.8) million in the year ended 31 December 2019. However, other taxes increased to US$0.03 million in the year ended 31 December 2020 from US$0.001 million in the year ended 31 December 2019.

Finance costs

Finance costs increased by US$59.0 million, or 137.2%, to US$(102.0) million in the year ended 31 December 2020 from US$(43.0) million in the year ended 31 December 2019 primarily due to increase in interest expense on borrowings to US$(92.8) million in the year ended 31 December 2020 from US$(40.4) million in the year ended 31 December 2019 and other finance costs to US$(8.0) million in the year ended 31 December 2020 from US$(0.2) million in the year ended 31 December 2019. This was partially offset by a decrease in unwinding of discount on lease liability to US$(0.3) million in the year ended 31 December 2020 from US$(1.4) million in the year ended 31 December 2019.

Employee share options – fair value adjustments

Employee share options – fair value adjustments increased by US$0.9 million, or 183%, to US$(0.5) million in the year ended 31 December 2020 from US$0.6 million in the year ended 31 December 2019.

Impairment charge

There was an impairment charge of US$(286.6) million in the year ended 31 December 2020 compared to an impairment charge of US$(1,354.7) million in the year ended 31 December 2019. Both impairment charges were primarily due to a write-down in booked proven and probable reserves in the Ryder Scott reserves report.

Other income

Other income decreased by US$2.5 million, or 34.7%, to US$4.7 million in the year ended 31 December 2020 from US$7.2 million in the year ended 31 December 2019 primarily due to decrease in reversals of other accruals to US$1.4 million in the year ended 31 December 2020 from US$5.0 million in the year ended 31 December 2019.

Other expenses

Other expenses decreased by US$4.8 million, or 38.7%, to US$(7.6) million in the year ended 31 December 2020 from US$(12.4) million in the year ended 31 December 2019 primarily due to decrease in accruals under subsoil use agreements to US$(0.1) million in the year ended 31 December 2020 from US$(3.0) million in the year ended 31 December 2019, training to US$(0.8) million in the year ended 31 December 2020 from US$(2.8) million in the year ended 31 December 2019 and business development to US$(0.07) million in the year ended 31 December 2020 from US$(1.5) million in the year ended 31 December 2019. This was partially offset by an increase in other taxes and penalties to $3.8 million in the year ended 31 December 2020 from nil in the year ended 31 December 2019.

Profit/(Loss) before income tax

Profit/(Loss) before income tax decreased by US$983.0 million, or 73.2%, to US$(360.1) million in the year ended 31 December 2020 from US$(1,343.1) million in the year ended 31 December 2019.

Income tax benefit

Income tax benefit decreased by US$320.5 million, or 90.7%, to US$32.7 million in the year ended 31 December 2020 from US$353.2 million in the year ended 31 December 2019.

Profit/(Loss) for the year

Profit/(Loss) for the year decreased by US$662.7 million, or 66.9%, to US$(327.2) million in the year ended 31 December 2020 from US$(989.9) million in the year ended 31 December 2019.

Liquidity and Capital Resources

General

During the years under review, Nostrum's principal source of funds was cash from operations. Its liquidity requirements since July 2020 primarily related to payment of interest on 2022 Notes and 2025 Notes. Following the decision to start negotiations to restructure the Existing Notes, the focus turned to preservation of cash by reducing capital expenditures and working capital requirements.

Cash Flows

The following table sets forth the Group's consolidated cash flow statement for the six months ended 30 June 2022 and 2021 and for the years ended 31 December 2021, 2020 and 2019.

	Year ended 31 December			Six months ended 30 June	
	2021	2020 (restated)*	2019	2022	2021
				(unaudited, unreviewed)	
			(US$ thousands)		
Net cash flow from/(used in) operating activities	117,415	82,746	196,837	58,791	46,295
Net cash from/(used in) investing activities	(19,778)	(40,101)	(120,990)	(6,805)	(11,639)
Net cash from/(used in) financing activities	(10,862)	(58,431)	(103,709)	(7,941)	(5,397)
Cash and cash equivalents at the end of year	165,246	78,583	(93,940)	208,665	108,054

Net cash flows from/(used in) operating activities

Net cash used in operating activities increased by US$12.5 million, or 27.0% to US$58.8 million in the six months ended 30 June 2022 from US$46.2 million in the six months ended 30 June 2021. This increase was primarily due to a decrease in depreciation, depletion and amortisation of US$22.1 million in 30 June 2022 from US$(31.4) million in 30 June 2021 and the increase in finance costs to US$(64.1) in the six months ended 30 June 2022 from US$(53.6) million in the six months ended 30 June 2021.

Net cash flows from operating activities increased by US$34.7 million, or 42.0% to US$117.4 million in the year ended 31 December 2021 from US$82.7 million in the year ended 31 December 2020. The increase was primarily due to a decrease in depreciation, depletion and amortisation to US$57.2 million in 31 December 2021 from US$ 89.8 million in 31 December 2020, an impairment (reversal)/charge to US$(74.2) million in the year ended 31 December 2021 from US$286.6 million in the year ended 31 December 2020 and an increase in write-off and impairment of new development costs to US$9.1 million in the year ended 31 December 2021 from nil in the year ended 31 December 2020.

Net cash flows from operating activities decreased by US$114.1 million, or 58.0% to US$82.7 million in the year ended 31 December 2020 from US$196.8 million in the year ended 31 December 2019. The decrease was primarily due to a decrease in depreciation, depletion and amortisation to US$89.8 million in 31 December 2020 from US$143.3 million in 31 December 2019, impairment charge to US$244.9 million in the year ended 31 December 2020 from US$1,354.7 million in the year ended 31 December 2019 and employee share option plan fair value adjustment to US$(0.3) million in the year ended 31 December 2020 from US$0.4 million in the year ended 31 December 2019. This was partially off-set by an increase in finance costs to US$102.1 million in the year ended 31 December 2020 from US$43.0 million in the year ended 31 December 2019.

Net cash from/(used in) investing activities

Net cash used in investing activities decreased by US$4.8 million, or 41.4% to US$(6.8) million in the six months ended 30 June 2022 from US$(11.6) million in the six months ended 30 June 2021. The decrease was primarily due to an increase in payment of expenditures related to gaslift well infrastructure development to US$(3.6) million in 30 June 2022 from US$(2.9) million in 30 June 2021. This was also due to the payment of expenses related to the well workover and intervention programme in the sum of US$(2.2) million in the six months ended 30 June 2022 from US$(2.9) million in the six months ended 30 June 2021.

Net cash used in investing activities decreased by US$20.3 million, or 50.6% to US$(19.8) million in the year ended 31 December 2021 from US$(40.1) million in the year ended 31 December 2020. The decrease was primarily due to a decrease in purchase of property, plant and equipment to US$(8.6) million in 31 December 2021 from US$(25.8) million in 31 December 2020 and transfer of restricted cash to US$(9.8) million in the year ended 31 December 2021 from US$(13.5) million in the year ended 31 December 2020. This was partially off-set by an increase in advances for non-current assets to US$(1.4) million in the year ended 31 December 2021 from US$(0.6) million in the year ended 31 December 2020.

Net cash used in investing activities decreased by US$80.8 million, or 66.8% to US$(40.1) million in the year ended 31 December 2020 from US$(120.9) million in the year ended 31 December 2019. The decrease was primarily due to a decrease in purchase of property, plant and equipment to US$(25.8) million in 31 December 2020 from US$(114.8) million in 31 December 2019, advances for non-current assets to US$(0.6) million in the year ended 31 December 2020 from US$(4.7) million in the year ended 31 December 2019 and transfer of restricted cash to US$(13.5) million in the year ended 31 December 2020 from US$(0.6) million in the year ended 31 December 2019.

Net cash from/(used in) financing activities

Net cash used in financing activities increased by US$2.5 million, or 47.1% to US$(7.9) million in the six months ended 30 June 2022 from US$(5.4) million in the six months ended 30 June 2021. This increase was primarily due to an increase in the payment of advisor fees related to restructuring negotiations in the six month period ended 30 June 2022 compared to the six month period ended 30 June 2021 , the payment of bondholder consent fees of US$(1.1) million in the six months ended 30 June 2022 as well as the payment of US$1.4 million under finance lease liabilities recognised as required by IFRS 16 in the six months ended 30 June 2022.

Net cash used in financing activities decreased by US$47.5 million, or 84.6% to US$(10.9) million in the year ended 31 December 2021 from US$(58.4) million in the year ended 31 December 2020. The decrease was primarily due to a decrease in finance costs paid to nil in 31 December 2021 from US$(43.0) million in 31 December 2020 and payment of principal portion of lease liabilities to US$(1.6) million in the year ended 31 December 2021 from US$(5.1) million in the year ended 31 December 2020.

Net cash used in financing activities decreased by US$45.3 million, or 43.7% to US$(58.4) million in the year ended 31 December 2020 from US$(103.7) million in the year ended 31 December 2019. The decrease was primarily due to a decrease in finance costs paid to US$(43.0) in 31 December 2020 from US$(86.0) million in 31 December 2019 and payment of principal portion of lease liabilities to US$(5.1) million in the year ended 31 December 2020 from US$(14.9) million in the year ended 31 December 2019. Cash flow from/(used in) other finance costs however, increased to US$(10.0) million in the year ended 31 December 2021 form US$(103.7) million in the year ended 31 December 2019.

Indebtedness

For details of the 2022 Notes and 2025 Notes, please see paragraph 10 of Part 14 "*Additional Information*".

Commitments

Liquidity risk is the risk that the Group will encounter difficulty raising funds to meet commitments associated with its financial liabilities. Liquidity requirements are monitored on a regular basis and management seeks to ensure that sufficient funds are available to meet any commitments as they arise. The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2021 based on contractual undiscounted payments:

	Year ended 31 December 2021					
	On demand	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**	**Total**
			(US$ thousands)			
Borrowings	1,289,926	43,000	43,000	-	-	1,384,926
Trade payables	7,853	-,	546	-	-	8,399
Other current liabilities	14,636	-	-	-	-	14,636
Due to Government of Kazakhstan	-	258	773	4,124	4,381	9,536
Total	**1,321,415**	**43,258**	**44,319**	**4,124**	**4,381**	**1,417,497**

For more information on the Group's commitments regarding the Chinarevskoye field, see "*Information on the Group—Subsoil Licences and Permits*".

Contingent Liabilities

For a description of the Group's contingent liabilities, please see Part 14 "*Historical Financial Information*" of the Prospectus.

Capital Expenditures

In the years ended 31 December 2021, 2020 and 2019, Nostrum's cash used in capital expenditures for purchase of property, plant and equipment (excluding VAT) was approximately US$8.6 million, US$25.8 million and US$114.8 million, respectively, reflecting primarily the costs associated with well workover/intervention program and other field infrastructure development projects.

Gas Treatment Facility

Following the successful completion of the first phase of the gas treatment facility, consisting of two units, the Group achieved full commissioning of a third unit during 2019. This unit is in hot stand-by mode and a discrete maintenance scope for the year ended 31 December 2021 was approved to improve further recovery efficiency of products from the raw gas stream.

Dividend Policy

The Group currently does not pay dividends and has not paid dividends for the last three years, as the Board determined this was in the best interest of the Group and will be reviewed annually by the Board.

Disclosure about Market Risk

The Group is exposed to a variety of market risks with respect to the market price of crude oil and condensate, foreign currency exchange rates, interest rates and the creditworthiness of the counterparties with whom Nostrum expects payments under normal commercial conditions.

Commodity price risk

The Group is exposed to the effect of fluctuations in price of crude oil, which is quoted in U.S. dollar on the international markets. The Group prepares annual budgets and periodic forecasts including sensitivity analysis in respect of various levels of crude oil prices in the future.

Foreign currency exchange rate risk

As a significant portion of the Group's operation is Tenge denominated, the Group's statement of financial position can be affected by movements in the U.S. dollar / Tenge exchange rates. The Group mitigates the effect of its structural currency exposure by borrowing in U.S. dollars and denominating sales in U.S. dollars.

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. dollar exchange rate, with all other variables held constant. A devaluation of Tenge against U.S. dollar by 13% would lead to decrease in the net Tenge liability position by US$1.1 million as of 31 December 2021 and respective reduction of the loss before income tax for the year ended 31 December 2021. The impact on equity is the same as the impact on profit before tax.

Year ended 31 December	**Change in Tenge to U.S. dollar exchange rate**	**Effect on profit before tax (US$ thousands)**
	13%	1,085
2021	-10%	(1,048)
	14%	1,633
2020	-11%	(1,644)
	60%	1,253
2019	-20%	(835)

Interest rate risk

The Group was not exposed to interest rate risk in 2021, 2020 and 2019 as the Group had no financial instruments with floating rates as at years ended 31 December 2021, 2020 and 2020.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with its financial liabilities. The Group monitors its risk to a shortage of funds using a liquidity planning tool. The tool allows selecting severe stress test scenarios. To ensure an adequate level of liquidity a minimum cash balance has been defined as a cushion of liquid assets. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of notes, export financing and leases.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and foreign exchange transactions.

The Group places its cash and deposits primarily with Citibank, N.A., ING Bank N.V. and Halyk bank JSC with most recent credit ratings from Moody's rating agency of Aa3 (Stable), Aa3 (Stable), and Ba1 (Stable), respectively. The Group sells its products and makes advance payments only to recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts and recoverability of prepayments made is not significant and thus risk of credit default is low. Also, the Group's policy is to mitigate the payment risk on its offtakers by requiring all purchases to be prepaid or secured by a letter of credit from an international bank. An impairment analysis is performed at each reporting date on an individual basis for major clients. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Current Trading and Recent Developments

Shareholder Circular and General Meeting vote

On 13 April 2022, the Company issued a Circular and gave notice convening a General Meeting of its shareholders on 29 April 2022, at which shareholders voted on the terms of the restructuring (the "**Restructuring Resolution**"). The Circular and General Meeting also included a resolution to vote in favour of the related party transactions with ICU Holdings Limited ("**ICU**") in respect of new ordinary shares being issued to ICU pursuant to the restructuring – only independent shareholders (excluding ICU) were required to vote on this specific resolution (the "**RPT Resolution**").

At the General Meeting, 99.99% voted for the implementation of the restructuring which means the restructuring will proceed under a UK scheme of arrangement under Part 26 of the Companies Act 2006. Further, 99.98% voted in favour of the RPT Resolution, allowing ICU as a related party to receive the issuance of new securities under the scheme. For further details, see Part 6 "*Information on the Restructuring*".

Impact of sanctions on Russia

The recent Russia-Ukraine conflict has led to widespread sanctions being imposed on various Russian institutions and individuals such as by the U.S., UK and EU and these sanctions have been sequentially expanding. Given the geographical position of the Group's main operating company, it is very close to the evolving situation in Ukraine. Whilst Kazakhstan is not directly involved in the ongoing conflict, nor have any Western sanctions been imposed upon on it, the country is connected to Russia through infrastructure, banking, and other business links. The Group currently sends approximately 40% of its products through Russia via Russian transport infrastructure and ports. Furthermore, the Group contracts with a limited number of Russian service companies. The Group will need to be cognisant of the current and evolving sanctions list to ensure it is conducting business in compliance with these sanctions and, if it is foreseen that it will not be, the necessary alternatives will need to be set up to be compliant whilst continuing to conduct ordinary course of business. For further details, see Part 2 "*Risk Factors – 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, or the ability for the Group to import materials from 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*".

Political and civil unrest in Kazakhstan

In January 2022, following a rise in fuel prices, certain mass demonstrations and gatherings occurred in various cities across Kazakhstan that culminated in significant loss of life, arrests and property damage and resulted in a state of emergency being declared and military units from surrounding former commonwealth of independent states (CIS) countries being called in to assist the local security forces. During this period no Group employees were harmed, and the Group experienced no disruptions to its operations in the field or at the head office. For further details, see Part 2 "*Risk Factors – 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*".

Operational and financial update

On 16 August 2022, Nostrum announced its financial results for the six months ended 30 June 2022 together with an operational update for the Group as follows.

"**H1 2022 Highlights:**

Financial

- Revenues of US$107.8m (H1 2021: US$92.3m) against average realised Brent oil price of US$104.7/bbl (H1 2021: US$65.2/bbl).
- EBITDA of US$68.8m (H1 2021: US$52.8m) with EBITDA margin of 63.8% (H1 2021: 57.2%).
- Closing unrestricted cash as at 30 June 2022 of US$208.7m (31 March 2021: US$180.8m). US$22.7m remains held in a restricted account as at 30 June 2022.
- Continued focus on cost optimisation to help manage our liquidity. Targeting US$45.5m for operating and general & administrative expenses for FY2022.

Operational

- Daily production after treatment averaged 14,167 boepd (H1 2021: 18,107 boepd).
- Daily sales volumes for averaged 13,102 boepd (H1 2021: 16,249 boepd).
- The Group continues its well and reservoir management strategy through well workovers and rigless well intervention in 2022.
- The Group has initiated a tie back project, budgeted for c.US$5m of capital expenditures, that will allow for the first third-party feedstock from Ural Oil & Gas LLP ("Ural OG") to be received for processing in the Group's facilities by Q4 2023.
- The Directors have ensured the Group has remained in full compliance with the Russian sanctions.

Sustainability

- Zero fatalities during operations to employees and contractors (H1 2021: zero).
- Zero Lost Time Injury ("LTI") (H1 2021: zero).
- 2 Total Recordable Incidents ("TRI") (H1 2021: 2).
- 81% of staff vaccinated against COVID-19 as at 30 June 2022.
- Initiated an ESG task force who will endeavour to receive the first solicited rating from an internationally recognized rating agency.

Restructuring update:

On 20 June 2022, a Scheme Convening hearing was held and the Court made an order granting the Company permission to convene the Scheme meeting.

On 1 July 2022, the Company received the necessary consents from the Kazakhstan Ministry of Energy with respect to (i) the issuance of new shares and warrants and (ii) the waiver of the Republic of Kazakhstan's priority right to acquire these new shares and warrants. This is a condition to the successful closing of the restructuring.

The restructuring will be implemented as soon as practicable following the receipt of all necessary authorisations and licenses to complete the transaction. The Company anticipates receiving all necessary authorisations and licences required to close before or at the start of Q4.

Sales volumes

The sales volume split for H1 2022 was as follows:

Products	H1 2022 volumes	H1 2022	H1 2021 volumes	H1 2021

	(boepd)	product mix (%)	(boepd)	product mix (%)
Crude Oil	2,858	21.8%	3,705	22.8%
Stabilised Condensate	3,100	23.7%	3,170	19.5%
LPG (Liquid Petroleum Gas)	1,836	14.0%	2,150	13.2%
Dry Gas	5,308	40.5%	7,224	44.5%
Total	**13,102**	**100.0%**	**16,249**	**100.0%**

The difference between production and sales volumes is primarily due to the internal consumption of gas and the timing of selling condensate."

Second Lock-up Agreement

The longstop date for completion of the Restructuring in the Lock-up Agreement was 17 August 2022 and the Lock-up Agreement expired on that date. On 17 August 2022, the Company entered into a replacement lock-up agreement with the AHG and ICU, whereby each party agreed to take all steps reasonably necessary and reasonably requested to support, facilitate and implement the Restructuring. In addition the parties to the Second Forbearance Agreement agreed to extend its term to the longstop date under the Second Lock-up Agreement, being 16 December 2022.

Scheme Meeting vote and Court sanction

On 1 August 2022, the Company issued a notice convening the Scheme Meeting of the holders of the Existing Notes on 22 August 2022, at which holders of the Existing Notes voted on the terms of the Scheme.

At the Scheme Meeting, holders of Existing Notes representing approximately 85.11% of the outstanding claims under the Existing Notes voted in favour of the Scheme at the Scheme Meeting. On 26 August 2022, the Court sanctioned the Scheme and the Scheme became effective on 31 August 2022, binding all scheme creditors and the Company by its terms. The Restructuring remains subject to certain further conditions being satisfied in order to be implemented.

PART 12
CAPITALISATION AND INDEBTEDNESS

The information in the table set out below should be read together with Part 11 "*Operating and Financial Review*" and has been extracted from the financial information set out in Part 13 "*Historical Financial Information*".

	As of 31 July 2022
	(*US$ thousands*)
Total current debt	
Guaranteed	1,356,939
Secured	-
Unguaranteed/unsecured	-
	1,356,939
Total non-current debt (excluding current portion of long-term debt)	-
Guaranteed	-
Secured	-
Unguaranteed/unsecured	-
	-
Shareholders' equity	
Share capital	3,203
Treasury capital	(1,660)
Other reserves	(859,655)
	(858,112)
Total	498,827

There has been no material change to the capitalisation and indebtedness since 31 July 2022.

The following table sets out the Group's unaudited net financial indebtedness as of 31 July 2022 and has been extracted without material adjustment from the unaudited accounting records of the Group. There has been no material change to the Group's net financial indebtedness since 31 July 2022.

	As of 31 July 2022
	(*US$ thousands, unaudited*)
Cash and cash equivalents	202,992
Trading securities	-
Total liquidity	**202,992**
Current financial receivable	
Current bank debt	-
Current portion of long-term borrowings (including accrued and unpaid interest)	1,356,939
Other current financial debt	-
Total current financial debt	1,356,939
Net current financial indebtedness	**1,153,947**
Non-current bank loans	-
Bonds issued (including accrued and unpaid interest)	1,356,939
Other non-current loans	-
Non-current financial indebtedness	**1,356,939**
Net financial indebtedness	**1,153,947**

The Group has no indirect and contingent indebtedness.

PART 13
HISTORICAL FINANCIAL INFORMATION

1. Basis of Financial Information

The audited consolidated financial statements of Nostrum Oil & Gas PLC and its subsidiaries (the "**Group**") included in the Annual Report 2019, the Annual Report 2020 and the Annual Report 2021 together with the audit reports thereon, are incorporated by reference into this Prospectus. The consolidated financial statements as of and for the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021 were prepared in accordance with IFRS and were audited.

The audit report in respect of the financial year ended 31 December 2019 includes a disclaimer of opinion. The audit report did not include an opinion on the financial statements of the Group and Company and included a "Basis for disclaimer of opinion" as follows:

"*As disclosed in note 1 to the financial statements, the financial statements of the Group and Company are prepared on the assumption that the Group and Company will continue as a going concern.*

With the outbreak of COVID-19 in the post-balance sheet period, and the uncertain demand for oil, the market price for the Group's products has fallen sharply and the outlook remains highly uncertain. There is a significant uncertainty in relation to the extent and period over which these developments will continue, but they will have a significant impact on the Group and Company's financial position, future cashflows and results of operations.

Management prepared a cash flow forecast to support their assessment that the Group and Company will continue as a going concern, including consideration of plausible downside scenarios. Management's assessment highlighted that the liquidity of the Group and Company is highly exposed to commodity prices. The Group's outstanding bonds, including coupon payments in the going concern period, will need to be restructured in the event conditions reflect commodity prices below management's base case. The prices assumed in management's base case are significantly above current market prices.

The ability of management to restructure the outstanding bonds is a key assumption supporting the Directors' conclusion that it is appropriate to prepare the financial statements of the Group and Company on a going concern basis. The directors were aware that there was a need to restructure the Group's outstanding bonds as it was clear to them that, under all reasonable assumptions, the Group would be unable to meet its US$725 million bond liability falling due in July 2022. This fact is disclosed in the viability statement on page 50 of the annual report. The sharp fall in the market price and demand of the Group's products in the post-balance sheet period, and the estimated impact on the Group's future cashflows, has accelerated the need to negotiate with bondholders and shareholders. A financial advisor has recently been selected; however, engagement with bondholders has not yet commenced. Consequently, we were unable to obtain sufficient appropriate audit evidence to support the assumption that a restructuring of the Group's bonds, including the deferral of associated interest due in the going concern period, is achievable in the necessary timeframe to provide a basis for us to issue an audit opinion on these financial statements.

The financial statements do not reflect any adjustments that would be required should the Group and Company be unable to continue as a going concern."

The audit report in respect of the financial year ended 31 December 2020 includes a statement of material uncertainty related to going concern. The audit report stated that the agreement on the terms of a restructuring of the Existing Notes, as well as being able to obtain the necessary consents and waivers (which were outside of the Company's control) indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The audit opinion is not modified in respect of this matter.

The audit report in respect of the financial year ended 31 December 2021 includes a statement of material uncertainty related to going concern. The audit report stated that the remaining conditions to implement the Restructuring (which were outside of the Company's control) indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The audit opinion is not modified in respect of this matter.

The unaudited consolidated financial statements of the Group included in the Interim Financial Report 2022 published on 16 August 2022 (the "**Interim Financial Report 2022**"), together with the audit reports thereon, are incorporated by reference into this Prospectus. The consolidated financial statements as of and for the six month period ended 30 June 2022 were prepared in accordance with IFRS and were not audited.

2. Documents Incorporated by Reference

Certain sections, as set out below, of the Annual Report 2019, the Annual Report 2020, the Annual Report 2021 and the Interim Financial Report 2022 are incorporated by reference into this Prospectus.

The following cross-reference list is intended to enable investors to identify easily specific items of information that have been incorporated by reference into this Prospectus.

(a) **Annual Report 2019**

The page numbers below refer to the relevant pages of the Annual Report 2019. Where information contained on pages in the Annual Report 2019 is omitted, it is either not relevant for the investor or such information is covered elsewhere in this Prospectus:

- Independent auditors' report to the members of Nostrum Oil and Gas plc – pages 111 to 119;
- Group statement of comprehensive income – page 121;
- Group statement of financial position – page 120;
- Group statement of changes in equity – page 123
- Group statement of cash flows – page 122; and
- Notes to the consolidated financial statements – pages 124 to 163.

(b) **Annual Report 2020**

The page numbers below refer to the relevant pages of the Annual Report 2020. Where information contained on pages in the Annual Report 2020 is omitted, it is either not relevant for the investor or such information is covered elsewhere in this Prospectus:

- Independent auditors' report to the members of Nostrum Oil and Gas plc – pages 116 to 124;
- Group statement of comprehensive income – page 126;

- Group statement of financial position – page 125;
- Group statement of changes in equity – page 128
- Group statement of cash flows – page 127; and
- Notes to the consolidated financial statements – pages 129 to 152.

(c) **Annual Report 2021**

The page numbers below refer to the relevant pages of the Annual Report 2021. Where information contained on pages in the Annual Report 2021 is omitted, it is either not relevant for the investor or such information is covered elsewhere in this Prospectus:

- Independent auditors' report to the members of Nostrum Oil and Gas plc – pages 126 - 134;
- Group statement of comprehensive income – page 137;
- Group statement of financial position – page 136;
- Group statement of changes in equity – page 139
- Group statement of cash flows – page 138; and
- Notes to the consolidated financial statements – pages 140 to 163.

(d) **Interim Financial Report 2022**

The page numbers below refer to the relevant pages of the Interim Financial Report 2022. Where information contained on pages in the Interim Financial Report 2022 is omitted, it is either not relevant for the investor or such information is covered elsewhere in this Prospectus:

- Interim condensed consolidated statement of comprehensive income – page 22;
- Interim condensed consolidated statement of financial position – page 21;
- Interim condensed consolidated statement of changes in equity – page 24;
- Interim condensed consolidated statement of cash flows – page 23; and
- Notes to the interim condensed consolidated financial statements – pages 25 to 34.

PART 14
ADDITIONAL INFORMATION

1. Persons Responsible

The Company and the Directors, whose names and functions are set out in Part 9 "*Directors, Management and Corporate Governance*", accept responsibility for this Prospectus and to the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

2. Incorporation and Share Capital

2.1 The Company was incorporated and registered in England and Wales, as a public company, on 3 October 2013, under the Companies Act, with the name Nostrum Oil plc and with registered number 8717287. On 24 April 2014, the name of the Company was changed to Nostrum Oil & Gas plc.

2.2 The principal legislation under which the Company operates is the Companies Act.

2.3 The liability of the members of the Company is limited. The Company's registered office and principal place of business in the UK is 20 Eastbourne Terrace, London, England, W2 6LG and its telephone number is +44 (0) 203 740 7430. The Company's website is located at www.nostrumoilandgas.com.

2.4 The following table sets out the issued ordinary share capital of the Company as at the date of this Prospectus and as it is expected to be immediately following Admission:

	Date of this Prospectus		**Admission**	
	Number of Ordinary Shares	**Share Capital**	**Number of Ordinary Shares (1)**	**Share Capital**
Issued Ordinary Shares (fully paid)	188,182,958	£1,881,829.58	1,693,816,004	£16,938,160.04

(1) Prior to the Share Consolidation. Pursuant to the Restructuring, the Company will implement the Share Consolidation, which will result in (a) the issue of approximately 13,551 million Deferred Shares (which will be cancelled shortly after Admission) and (b) the number of New 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.

2.5 There have been no changes in the number of Ordinary Shares in issue since 1 January 2019.

2.6 Immediately following the issue of the New Shares, it is expected that at least 10% of the Company's issued ordinary share capital will be held in public hands (within the meaning of Listing Rule 14).

2.7 Save as disclosed in Part 6 "*Information on the Restructuring*" (in respect of the Warrants) or this Part 14 "*Additional Information*":

(a) no share or loan capital of the Company has, since incorporation of the Company, been issued or agreed to be issued, or is now proposed to be issued, fully or partly paid, either for cash or for consideration other than cash, to any person;

(b) no convertible securities, exchangeable securities or securities with warrants have been issued by the Company;

(c) none of the New Shares will be listed or traded on any stock exchange other than the AIX;

(d) no commissions, discounts, brokerages, or other special terms have been granted by the Company in connection with the issue or sale of any such share or loan capital; and

(e) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

3. Memorandum and Articles of Association

3.1 In accordance with section 8 of the Companies Act, the memorandum of association of the Company consists of a simple statement that the subscribers wish to form a company and subscribe for two Ordinary Shares in total. Pursuant to the Companies Act, unless a company's articles provide otherwise, a company's objects are unrestricted. The Company's objectives are not restricted by the Articles or the New Articles.

3.2 The Articles of the Company include provisions to the following effect:

Share Rights

Subject to the provisions of the Companies Act and without prejudice to any rights attached to any existing shares or class of shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine.

Subject to the provisions of the Companies Act and without prejudice to any rights attached to any existing shares or class of shares, the Board may issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the holder. Subject to the Articles and to the Companies Act, all the shares for the time being in the capital of the Company are at the disposal of the Board.

The New Shares will rank *pari passu* with each other alongside the existing Ordinary Shares and holders of New Shares will be entitled to dividends and other distributions declared and paid on them. Each New Share carries distribution rights and entitles its holder to the right to attend and to cast one vote at a general shareholders' meeting of the Company. There are no restrictions on the transferability of the New Shares.

Voting Rights

Subject to any rights or restrictions attached to any shares, and any rights or restrictions detailed in the notice of the meeting, on a show of hands every member who is present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

No member shall be entitled to vote at any general meeting of the Company unless all moneys presently payable by him in respect of Ordinary Shares in the Company have been paid.

If at any time the Board is satisfied that any member, or any other person appearing to be interested in Ordinary Shares held by such a member, has been duly served with a notice under section 793 of the Companies Act and is in default for the prescribed period in supplying to the Company the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, the Board may, in its absolute discretion at any time thereafter by notice to such member, direct that, in respect of the Ordinary Shares in relation to which the default occurred, the member shall not be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll.

Dividends and Other Distributions

Subject to the provisions of the Companies Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, *provided that* no dividend shall exceed the amount recommended by the Board. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, but no amount paid on a share in advance of calls shall be treated for these purposes as paid on the share.

Subject to the provisions of the Companies Act, the Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution.

The Board may also pay, at intervals determined by it, any dividend at a fixed rate if it appears to the Board that the profits available for distribution justify the payment. Dividends may be declared and paid in any currency or currencies that the board shall determine. If the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

If at any time the Board is satisfied that any member, or any other person appearing to be interested in Ordinary Shares held by such member, has been duly served with a notice under section 793 of the Companies Act and is in default for the prescribed period in supplying to the Company the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the Board may, in its absolute discretion at any time thereafter, serve a direction notice on such member and withhold payment from such member of any dividend otherwise payable, if the relevant Ordinary Shares represent at least a 0.25% interest in the Company's Ordinary Shares or any class thereof.

The Board may, if authorised by an ordinary resolution of the Company, offer to any holder of shares the right to elect to receive shares, credited as fully paid, instead of cash in respect of the whole, or some part (to be determined by the Board), of any dividend.

Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

A liquidator may, with the sanction of a special resolution and any other sanction required by the Insolvency Act 1986, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members.

Variation of Rights

Rights attached to any class of shares may be varied or abrogated with the written consent of the holders of three-quarters in nominal value of the issued shares of the class, or the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class.

Lien and Forfeiture

The Company shall have a first and paramount lien on every share (that is not a fully paid share) for all moneys payable to it (whether presently or not) in respect of that share. The Company may sell any share on which it has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share demanding payment and stating that if the notice is not complied with the share may be sold.

The Board may from time to time make calls on the members in respect of any moneys unpaid on their shares. Each member shall (subject to receiving at least 14 clear days' notice) pay to the Company the amount called on his shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the board may give the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

Transfer of Shares

A member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any form which the Board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer need not be under seal. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register in respect of the shares.

All transfers which are in uncertificated form shall be effected by means of the relevant system unless the CREST Regulations provide otherwise.

The Board may, in its absolute discretion, refuse to register the transfer of a certificated share which is not a fully paid share, *provided that* the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis. The Board may also refuse to register the transfer of a certificated share unless the instrument of transfer:

- is lodged, stamped (if stampable), at the office or at another place appointed by the Board, accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- is in respect of one class of share only; and
- is in favour of not more than four persons.

If the Board refuses to register a transfer of a share in certificated form, it shall send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged with the Company.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.

Subject to the provisions of the CREST Regulations, the Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class, by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

If a notice is given to a member in respect of a share, which is subsequently transferred, a person entitled to that share is bound by the notice if it was given to the member before the person entitled to that share was entered into the register as the holder of that share.

General Meetings

The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Companies Act. The Board may call general meetings whenever and at such times and places as it shall determine (which may in the Board's discretion be held as a physical meeting, as an electronic meeting or as a hybrid meeting).

Directors

Appointment of Directors

Unless otherwise determined by ordinary resolution, the number of Directors shall be not less than two but shall not be subject to any maximum in number. Directors may be appointed by ordinary resolution of Shareholders at a general meeting, by the Board or, if there is only one Director, by such Director.

At such times as the Warrants are in issue, one directorship shall be reserved for one director who shall be appointed and removed in accordance with the terms of the Warrant Instrument, (subject to the provisions of the Companies Act, Article 113, Article 141 and Article 142).

No Share Qualification

A Director shall not be required to hold any shares in the capital of the Company by way of qualification.

Retirement of Directors

At every annual general meeting all the Directors at the date of the notice convening the annual general meeting shall retire from office. Any Director who retires at an annual general meeting may offer himself for re-appointment by election of the majority of the shareholders.

No person other than a retiring Director shall be appointed a director at any general meeting unless he is recommended by the Board, or not less than seven nor more than 42 days before the date appointed for the meeting, notice by a member qualified to vote at the meeting (not being the person to be proposed) has been received by the Company of the intention to propose that person for appointment stating the particulars which would, if he were so appointed, be required to be included in the Company's register of directors, together with notice by that person of his willingness to be appointed.

If any resolution or resolutions for the appointment or re-appointment of the persons eligible for appointment or re-appointment as Directors are put to the annual general meeting and lost and at the end of that meeting, the number of Directors is fewer than any minimum number of Directors required under Article 111, all retiring directors who stood for re-appointment at that meeting (the "**Retiring Directors**") shall be deemed to have been re-appointed as directors and shall remain in office, but the Retiring Directors may only; act for the purpose of filling vacancies and convening general meetings of the Company; and perform such duties as are appropriate to maintain the Company as a going concern and to comply with the Company's legal and regulatory obligations, but not for any other purpose.

The Retiring Directors shall convene a general meeting as soon as reasonably practicable following the annual general meeting referred to Article 117, and they shall retire from office at that meeting. If at the end of any meeting convened under this Article the number of directors is fewer than any minimum number of directors required under Article 111, the provisions of Article 117 and Article 118 shall also apply to that meeting.

Remuneration of Directors

The emoluments of any Director holding executive office for his services as such shall be determined by the Board, and may be of any description.

The ordinary remuneration of the Non-Executive Directors for their services (excluding amounts payable under any other provision of these Articles) shall be such amount as the Board may from time to time determine. Subject thereto, each such Director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board. In addition, any Non-Executive Director who performs special services which in the opinion of the Board are outside the scope of the ordinary duties of a Director may be paid such extra remuneration as the Board may determine.

In addition to any remuneration to which the Directors are entitled under the Articles, they may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board, general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

The Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any past or present Director or employee of the Company or any of its subsidiary undertakings or any body corporate associated with, or any business acquired by, any of them, and for any member of his family or any person who is or was dependent on him.

Permitted Interests of Directors

Subject to the provisions of the Companies Act, and *provided that* he has disclosed to the Board the nature and extent of his interest, a Director, notwithstanding his office:

(i) may be a party to, or otherwise interested in, any transaction or arrangement with the Company in which the Company is otherwise interested;

(ii) may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;

(iii) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is (directly or indirectly) interested as shareholder or otherwise or with which he has such a relationship at the request or direction of the Company; and

(iv) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment, or from any such transaction or arrangement, or from any interest in any such body corporate if the acceptance, entry into or existence of which has been approved by the Board or properly disclosed and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

Restrictions on Voting

A Director shall not vote on any resolution of the Board concerning a matter in which he has an interest which can reasonably be regarded as likely to give rise to a conflict with the interests of the Company, but these prohibitions shall not apply to:

(i) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;

(ii) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility (in whole or part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;

(iii) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

(iv) a contract, arrangement, transaction or proposal concerning any other body corporate in which he or any person connected with him is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise, if he and any persons connected with him do not to his knowledge hold an interest (as that term is used in sections 820 to 825 of the Companies Act) representing 1% or more of either any class of the equity share capital of such body corporate (or any other body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed to be a material interest in all circumstances);

(v) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or of any of its subsidiary undertakings which does not award him any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and

(vi) a contract, arrangement, transaction or proposal concerning any insurance which the Company is empowered to purchase or maintain for, or for the benefit of, any Directors or for persons who include Directors.

Borrowing Powers

The Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Indemnity of Officers

Subject to the provisions of the Companies Act, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every Director or other officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company, or any associated company, and any other liability incurred by or attaching to him in relation to or in connection with his duties, powers or office, including in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme but this shall not apply to any liability owed to the Company or associated company and shall not provide for or entitle any such person to indemnification to the extent that it would cause this provision, or any element of it, to be treated as void under the Companies Act. This indemnity shall extend to all costs, changes, losses, expense and liabilities incurred by him in relation thereto.

Insolvency Proceedings

Subject to the provisions of the Companies Act, any petition or commencement of winding up procedures in respect of the Company or any subsidiary must be filed in the United Kingdom (subject to applicable laws for any subsidiary of the Company that is not incorporated in the United Kingdom) other than except in respect of any such procedure for a subsidiary that is approved by the Warrant Trustee.

3.3 In connection with the implementation of the corporate governance arrangements for the Restructuring, the New Articles to be adopted with effect from Closing additionally provide that:

Governance arrangements

- 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 New Articles provide that the Articles are available for inspection at the address specified in paragraph 16 of this Part 14 "*Additional Information*".

4. Subsidiary Undertakings and Investments

The Group comprises the Company and its subsidiary undertakings. The Company has the following significant subsidiaries, all of which are directly or indirectly owned by the Company and which are likely to have a significant effect on the assessment of the Company's assets and liabilities, profits and losses:

Company name	**Principal Activity**	**Country of registration**	**Country of operation**	**%**
Nostrum Oil Coöperatief U.A.	Holding entity	Netherlands	Netherlands	100
Zhaikmunai LLP	Crude oil and gas exploration and production	Kazakhstan	Kazakhstan	100
Nostrum Oil & Gas Finance BV	Finance Subsidiary	Netherlands	Netherlands	100
Nostrum Oil & Gas BV	Holding entity	Netherlands	Netherlands	100
Nostrum Services N.V.	Holding entity	Belgium	Belgium	100
Nostrum Associated Investments LLP	Dormant	Kazakhstan	Kazakhstan	100
Nostrum Services Central Asia LLP	Dormant	Kazakhstan	Kazakhstan	100
Nostrum Oil & Gas UK Limited	Dormant	United Kingdom	United Kingdom	100

The percentage interests shown opposite the names of the subsidiaries of the Company represent both ownership interests and voting rights.

5. Premises/Property

There are no relevant premises or property which are leased by the Group.

6. Interests of Directors

6.1 None of the Directors has any business interests nor performs any activities outside the Group which are significant with respect to the Group. No Director has any conflict of interest between his duties to the Company and any private interests or other duties.

6.2 As at the date of this Prospectus, the share ownership and any options over such shares held by the Directors in respect of the share capital of the Company is as follows:

Director	**Number of Ordinary Shares**	**Number of Ordinary Shares over which options are held pursuant to the Phantom Option Plan**	**Number of Ordinary Shares over which options are held pursuant to the Long-term Incentive Plan**	**Total**
Atul Gupta	**178,357**	—	—	**178,357**
Arfan Khan	—	—	—	—
Sir Christopher Codrington, Bt...........	**3,312**	—	—	**3,312**
Kaat Van Hecke	—	—	—	**-**
Martin Cocker	—	—	—	**-**

6.3 Interests in Transactions

Save for the related party transactions set out in the financial information set out in Part 13 "*Historical Financial Information*", as set out in Part 10 "*Principal Shareholders and Related Party Transactions*" and as set out in Part 14 "*Additional Information*" of this Prospectus, no Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the Group and which was effected by the Company in the current or immediately preceding financial year of the Company or which was effected in an earlier financial year and remains in any respect outstanding or unperformed.

6.4 Directorships and Partnerships

Set out below are the directorships and partnerships in which the Directors are currently directors or partners or have been directors or partners at any time in the five years prior to the date of this Prospectus:

Name	Current directorships/partnerships	Former directorships/partnerships held in the last five years
Atul Gupta	No other directorships/partnerships	Midway Resources LLC - Director
Arfan Khan	No other directorships/partnerships	Stratum Energy Group (Romania) - President
Sir Christopher Codrington, Bt....	Navarino Services Limited - Director Capital Marketing Investments Limited – Director Codco Limited – Director Network Point Management (Witney) Limited	No other directorships or partnerships
Kaat Van Hecke .	Glover Gas & Power BV – Independent Non-Executive Director Axxela Limited – Independent Non-Executive Director Axxela Funding 1 PLC – Independent Non-Executive Director Trinity Exploration & Production PLC – Independent Non-Executive Director Transit Gas Nigeria Limited – Independent Non-Executive Director	No other directorships or partnerships
Martin Cocker	Nostrum Oil & Gas UK Limited – Director JEC Property Management Limited - Director	Northumberland, Tyne & Wear NHS Foundation Trust – Non-Executive Director Beverley Building Society – Non-Executive Director Zeminik Trading Limited - Director Gyassi Limited – Director Etalon Group PLC – Non-Executive Director Tinkoff Credit Systems Group Holdings – Non-Executive Director Headhunter Group PLC – Non-Executive Director

6.5 Receiverships, Liquidations and Administrations

None of the Directors has, in the five years immediately preceding the date of this Prospectus:

(a) received any convictions in relation to fraudulent offences;

(b) been declared bankrupt or been the subject of an individual voluntary arrangement or been associated with any bankruptcy, receivership or liquidation in his capacity as a director of another company;

(c) been a partner in a partnership which has been subject to a compulsory liquidation, administration or a partnership voluntary arrangement; or

(d) been subject to any official public incrimination and/or sanction by statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a director or member of the administrative, management or supervisory bodies of a company or entity or from acting in the management or conduct of the affairs of any company or entity.

7. Directors' Service Contracts and Letters of Appointment

7.1 The Directors and their functions are set out in Part 9 "*Directors, Management and Corporate Governance*".

7.2 **Executive Directors**

(A) *General*

Mr. Gupta and Mr. Khan were appointed as Directors of the Company on 19 May 2014 and 26 January 2021 respectively. The ongoing appointment of each of the Executive Directors is subject to being re-elected as a director at each annual general meeting. Each Executive Director may be required to resign as a statutory director at any time in accordance with the Articles or for any regulatory reason such as the revocation of any approvals required from the FCA. Atul Gupta or the Company may terminate the employment of Atul Gupta at any time upon 12 months' written notice. Arfan Khan or the Company may terminate the employment of Arfan Khan at any time upon 6 months' written notice.

7.3 Non-Executive Directors

(B) *General*

Sir Christoper Codrington, Bt. Kaat Van Hecke and Martin Cocker were appointed as Non-Executive Directors on 19 May 2014, 31 December 2016 and 16 November 2017 respectively. The appointment of each Non-Executive Director is for a term of three years, subject to being re-elected as a director at each annual general meeting, save that a Non-Executive Director or the Company may terminate the appointment at any time upon one month's written notice, or the Non-Executive Director may be required to resign at any time in accordance with the Articles, the Corporate Governance Code or for any regulatory reason such as the revocation of any approvals required by the FCA. These appointments are otherwise subject to the provisions of the Articles and the terms of reference of the Board committees.

The Non-Executive Directors are subject to certain restrictive covenants during the appointment and, with respect to the undertaking not to disclose or use confidential information, at any time thereafter. The relevant agreements contain provisions relating to confidentiality, share dealings and conflicts of interest. The Non-Executive Directors are required to devote sufficient time to the affairs of the Company as is necessary to perform their respective duties. The Non-Executive Directors are not permitted to take up any office or employment with, or have any direct or indirect interest in any firm or company which is in direct or indirect competition with the Company. Upon termination of the appointment, and where such termination is for any reason other than due to the Non-Executive Director's gross misconduct, material breach of the terms of the appointment, act of fraud or dishonesty or wilful neglect of the Non-Executive Director's duties, the Non-Executive Director will be paid a pro rated amount of his fees in respect of the period between the beginning of the quarter in which termination took place and the termination date. Otherwise, none of the Non-Executive Directors is entitled to any damages for loss of office and no fee shall be payable in respect of any unexpired portion of the term of the appointment.

The Non-Executive Directors are also entitled to reimbursement of reasonable expenses. There is no entitlement to participate in Company pension plans or share option plans.

7.4 Save as disclosed in paragraphs 7.1 to 7.3 above, there are no existing or proposed service agreements or letters of appointment between the Directors and any members of the Group.

7.5 **Directors' Remuneration**

Under the terms of their service contracts and applicable incentive plans, in the year ended 31 December 2021, the remuneration, including bonuses and benefits in kind, granted to the Directors who served during 2021 is as set out below.

The table below shows the remuneration for each of the Executive Directors.

Director 1,2	Period	Salary and fees	Taxable benefit	Annual Bonus bonus[3]	Phantom Share Option Plan	LTIP[4]	Pension[5]	Total (audited)	Total fixed remuneration	Total variable remuneration
						Amounts in EUR				
Atul Gupta (Executive Chairman)........	2021	431,031	3,542	—	—	—	3,221	437,794	437,794	
Arfan Khan (Chief Executive Officer)	2021	532,809	38,555	161,257	—	—	33,836	766,458	605,200	161,257

NOTES

1. Mr Khan received part of his remuneration under a contract for services as a director and part under separate service agreements for his role as a Group executive. Mr Gupta (from November 2018 when he was appointed as Executive Chairman) received his remuneration under Group executive service contracts. Prior to November 2018, Mr Gupta was not an Executive Director. For clarity, this table presents their total remuneration from the Group whether received under a contract for services as a Director or a Group executive services contract.
2. Mr Gupta is remunerated in US$ and Mr Khan is remunerated in GBP and KZT.
For the purposes of this table, the following exchange rates have been used:
2021: GBP: EUR 1.159; EUR:US$ 1.188; EUR:KZT 505
3. Mr Khan received a bonus for his contribution to the operating, commercial, strategic and environmental objectives of the Group in 2021. None of the bonus awarded to Mr Khan was in relation to the appreciation or depreciation of the Company's share price.
4. Awards made under the LTIP in 2017 have vested but no awards have been exercised by the Executive Directors in respect of such awards. No awards made under the LTIP in 2018 are capable of vesting as the performance conditions were not met in 2018. No awards were made under the LTIP in 2019, 2020 or 2021.
5. The Company did not operate a pension scheme for Executive Directors in 2021 but may make a pension contribution or a payment in lieu of pension contributions to Executive Directors under their employment contracts as executives of the Group as opposed to under their service agreements as Directors of the Company. The total amount paid to Executive Directors in 2021 in lieu of pension contributions was 37,057 EUR. Executive Directors are not entitled to any additional benefit if they retire early.

The table below shows the single total figure of remuneration for each of the Non-Executive Directors. Non-Executive Directors are remunerated in US dollars.

Director	Period	Fees	Total (audited)
		Amounts in US$	
Sir Christopher Codrington, Bt.[1, 2]	2021	120,000	120,000
Kaat Van Hecke[1,3]	2021	120,000	120,000
Martin Cocker[4]	2021	40,000	40,000

NOTES

1. From 22 October 2020, Sir Christopher Codrington and Kaat van Hecke were paid fees of US$120,000 per annum. No additional amounts were payable for being Chair of any of the Board's committees nor the Senior Independent Non-Executive Director.
2. Sir Christopher Codrington received an additional fee for being the Chairman of the Nomination and Governance Committee and for being the Non-Executive Director responsible for workforce engagement. Sir Christopher also received an additional fee for being Chairman of the Audit Committee until 4 June 2019.
3. Ms Van Hecke was named Chief Executive Officer on 16 December 2019 and her salary increased to EUR 480,000 to reflect her additional responsibilities. Amounts paid to Ms Van Hecke from 1 January 2020 to 31 August 2020 for her role as Chief Executive Officer are reported in the table on page 106 of the 2021 Annual Report. Ms Van Hecke resigned as Chief Executive Officer on 31 August 2020 and was redesignated as an independent Non-Executive Director effective 10 September 2020.
4. Mr Cocker stepped down as Chairman of the Audit Committee on 1 April 2020 following his appointment as Interim Chief Financial Officer on 31 March 2020. His salary was increased to GBP 450,000 from 1 April 2020 to reflect his additional responsibilities. Amounts paid to Mr Cocker from 1 April 2020 to 29 August 2021 are reported in the table on page 106 of the 2021 Annual Report. Mr Cocker resigned as Chief Financial Officer on 30 August 2021 and was redesignated as an independent Non-Executive Director on 30 August 2021.

7.6 Other than as set out above, there is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this Prospectus.

7.7 There were no amounts set aside or accrued to provide pension, retirement or other benefits to the Directors of the Group for the year ended 31 December 2021.

7.8 Save as disclosed in this paragraph 7, there have been no changes to the emoluments or the terms of employment of the Directors or senior management within the six months prior to the date hereof.

8. Employees, Employee Share Schemes and Pensions

8.1 As at 31 December 2021, the Group employed 559 people. The table below sets out the number of full time employees employed by the Group at the end of each of the last three financial years:

	Year ended		
	31 December 2021	**31 December 2020**	**31 December 2019**
Total	559	564	636

8.2 **Share Option Plans**

The Group currently operates a sole non-performance related share option plan (the "**Phantom Option Plan**") and a long term incentive plan (the "**LTIP**").

Phantom Option Plan

As at the date of this Prospectus, the Phantom Option Plan provides for options over ordinary shares of Nostrum, generally vesting over a five year period, exercisable at either US$4.00 or US$10.00 per ordinary share and expiring ten years from the date of grant. The Phantom Option Plan expired in March 2018. No awards were made under the Plan in 2020 or 2021 and all options have lapsed as of 30 March 2021, save for certain awards made to three beneficiaries in 2013 which lapse in November 2023.

The Phantom Option Plan rules do not contain any malus or clawback mechanisms. The Company believes there is no realistic prospect of there being any further exercises of options under the Phantom Option Plan, given the relevant exercise prices.

LTIP

In 2017, the remuneration committee reviewed the effectiveness of the Phantom Option Plan for the executive directors and wider employee population and concluded that appropriate senior management remuneration would be better achieved by implementing a long term incentive plan on the terms of the LTIP that provides awards subject to the achievement of performance conditions. Accordingly, at the Company's annual general meeting held on 26 June 2017, shareholder authority was obtained with respect to the LTIP. The LTIP was further amended in August 2018 to exclude the participation of non-executive directors in the LTIP.

Awards comprise a conditional right over a specified number of ordinary shares in the Company structured as "nil/nominal cost options" or share appreciation rights granted by the Company. The terms of the plan also provide flexibility for cash settlement of awards at the Company's discretion and to accommodate any differences in treatment of awards in other jurisdictions.

The LTIP awards granted are based on performance over one calendar year, which is followed by an additional two-year holding period such that no awards may vest before the third anniversary of the date of grant.

All employees (including executive directors) of a member of the Group are eligible to participate in the Plan at the discretion of the Board. There is no entitlement for the Non-Executive Directors to participate in the LTIP.

The aggregate number of ordinary shares in respect of which awards may be outstanding under the LTIP may not exceed 2% of the Company's issued share capital over the 10 year period to the date of award. The maximum market value of awards which may be issued to any individual in any year is limited to 200% of base salary. Malus and clawback provisions apply to the LTIP such that participants are liable to repay/forfeit some or all of their shares if there is a material misstatement of results, or error in calculation, or if there is serious misconduct. The discovery period is three years commencing on the date on which the award vests, which can be extended by the Committee for an additional two years if an event occurs which the Committee determines could result in the operation of recovery or withholding provisions.

Awards under the LTIP were made in 2017 and 2018 but no further awards were made in 2019, 2020 or 2021. The Remuneration Committee expects that the Company's long-term incentive plan will be revised following the Restructuring. Therefore, the Remuneration Committee does not envisage any awards under the LTIP in 2022 and no performance conditions have been set for 2022.

Intertrust Employee Benefit Trust

The Intertrust Employee Benefit Trustee Limited holds shares in the Company in trust (the "**Trust**") for the purposes of Nostrum's Phantom Option Plan and the LTIP, and the rights attaching to them are exercised by independent trustees. As at 31 December 2021 the Trust held 2,948,879 ordinary shares in Nostrum.

8.3 Pension Scheme

The Group currently has no pension plans in place.

9. Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), which during the previous 12 months may have, or have had in the recent past significant effects on the Company and/or the Group's financial position or profitability.

10. 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

A summary of the Licence and the PSA is set out in paragraph 4 of Part 7 "*Information on the Group*".

(b) 2022 Notes

Overview

On 25 July 2017, Nostrum Oil & Gas Finance BV issued the 2022 Notes. On 4 February 2022, the Company entered into supplemental indentures to, amongst other things, change the governing law of the 2022 Notes to English law and accede to the 2022 Notes as a co-issuer, pursuant to a consent solicitation approved by the requisite majorities of Noteholders (as defined below) on 4 February 2022. The 2022 Notes are guaranteed by Nostrum and certain of its subsidiaries.

The Company announced on 25 July 2022 that the 2022 Notes matured on the 25 July 2022. The Company further announced that in accordance with the Restructuring, it does not intend to take any further action (outside of the Restructuring) in respect of the maturity of the 2022 Notes.

Interest and Maturity

The 2022 Notes have a principal amount outstanding of US$725 million and with US$169.8 million in accrued and unpaid interest, including default interest as at 30 September 2022. 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 matured on 25 July 2022.

Guarantees and Security

The 2022 Notes are jointly and severally guaranteed on a senior basis by Nostrum, Nostrum Oil & Gas Finance BV, Nostrum Oil & Gas Coöperatief U.A., Zhaikmunai and Nostrum Oil & Gas BV. The 2022 Notes constitute senior obligations of Nostrum Oil & Gas Finance BV and the Guarantors and will rank equally with all of Nostrum Oil & Gas Finance BV'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 BV;
- rank senior in right of payment to all existing and future subordinated obligations of Nostrum Oil & Gas Finance BV;
- rank equally in right of payment to any future senior indebtedness of Nostrum Oil & Gas Finance BV, without giving effect to collateral arrangements; and
- effectively rank junior to any existing or future indebtedness of Nostrum Oil & Gas Finance BV 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 and also contains certain customary information covenants and events of default.

(c) **2025 Notes**

Overview

On 8 February 2018, Nostrum Oil & Gas Finance BV issued the 2025 Notes. On 4 February 2022, the Company entered into supplemental indentures to, amongst other things, change the governing law of the 2025 Notes to English law and accede to the 2025 Notes as a co-issuer, pursuant to a consent solicitation approved by the requisite majorities of Noteholders (as defined below) on 4 February 2022. The 2025 Notes are guaranteed by Nostrum and certain of its subsidiaries.

Interest and Maturity

The 2025 Notes have a principal amount outstanding of US$400 million with US$79.1 million in accured and unpaid interest, including default interest as at 30 September 2022. 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.

Guarantees and Security

The 2025 Notes are jointly and severally guaranteed on a senior basis by Nostrum, Nostrum Oil & Gas Finance BV, Nostrum Oil & Gas Coöperatief U.A., Zhaikmunai LLP and Nostrum Oil & Gas BV. The 2025 Notes constitute senior obligations of Nostrum Oil & Gas Finance BV and the Guarantors and will rank equally with all of Nostrum Oil & Gas Finance BV'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 BV;
- rank senior in right of payment to all existing and future subordinated obligations of Nostrum Oil & Gas Finance BV;
- rank equally in right of payment to any future senior indebtedness of Nostrum Oil & Gas Finance BV, without giving effect to collateral arrangements; and
- effectively rank junior to any existing or future indebtedness of Nostrum Oil & Gas Finance BV 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 and also contains certain customary information covenants and events of default.

(d) **Lock-up Agreement and Second Lock-up Agreement**

On 23 December 2021, certain members of the Group (including the Company, Nostrum Oil & Gas Finance BV 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. The Lock-up Agreement was terminated on 17 August 2022 and the Second Lock-up Agreement was entered into. 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 aggregate principal amount of the Existing Notes of each participating Noteholder which are subject to the Lock-up Agreement (as at 14 January 2022) 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) or if they fail to comply with certain obligations set out in the Lock-up Agreement. 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 and majority Noteholders and Shareholders party thereto.

The Longstop Date for completion of the Restructuring, as set out in the Lock-up Agreement, is 17 August 2022. The Lock-up Agreement expired on that date.

On 17 August 2022, the Company entered into a replacement lock-up agreement with the AHG and ICU (the "**Second Lock-up Agreement**"), whereby each party agreed to take all steps reasonably necessary and reasonably requested to support, facilitate and implement the Restructuring. In addition the parties to the Second Forbearance Agreement agreed to extend its term to the longstop date under the Second Lock-up Agreement, being 16 December 2022. If any of the conditions to the Restructuring becoming effective above is not satisfied or waived by the Longstop Date (as extended), then the Restructuring will not proceed. 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.

Each holder of Existing Notes which is party to the Second Lock-Up Agreement has given similar undertakings to those set out in the Lock-Up Agreement, including voting for and supporting the Scheme.

The Company (and certain of its subsidiaries) has also given materially similar undertakings to those given in the Lock-Up Agreement.

The terms of the Restructuring which the parties to the Second Lock-Up Agreement have agreed to implement are the same terms as those which the parties to the Lock-up Agreement agreed to implement. None of the documents relating to the Scheme will be amended as a result of the Company's entry into the Second Lock-Up Agreement.

No consent or 'early bird' fee is payable to any holder of Existing Notes in relation to the Second Lock-Up Agreement.

The Lock-up Agreement was, and the Second Lock-up Agreement is, governed by English law.

(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 subsequent missed interest payments which occurred prior to the expiry of the Forbearance Agreement). The Forbearance Agreement was intended to provide the Group with a short-term solution to its liquidity issues, by allowing it to preserve unrestricted cash and maintain cash reserves, and a platform to engage in discussions with the Noteholders in relation to a potential restructuring.

The Company agreed to pay, or procure the payment by the Co-Issuer of a 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 total aggregate 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. Noteholders 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.

11. UK Taxation

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Shares. They are based on current UK legislation and what is understood to be the current practice of HMRC as of the date of this Prospectus, both of which may change, possibly with retroactive effect. They apply only to Shareholders who are resident and, in the case of individuals, domiciled for tax purposes in (and only in) the United Kingdom (except insofar as express reference is made to the treatment of non-UK residents), who hold their Shares as an investment (other than in an individual savings account or self-invested personal pension arrangement) and who are the absolute beneficial owner of both the Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules (such as persons acquiring their Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

The statements summarise the current position and are intended as a general guide only. Shareholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their own professional advisers.

11.1 Taxation of dividends

The Company is not required to withhold tax when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a Shareholder.

UK resident individual Shareholders

Different rates of tax apply to different bands of an individual's dividend income, which for these purposes includes UK and non-UK source dividends and certain other distributions in respect of shares.

An individual Shareholder who is resident for tax purposes in the United Kingdom and who receives a dividend from the Company will not be liable to UK tax on the dividend to the extent that (taking account of any other dividend income received by the Shareholder in the same tax year and excluding any dividends paid within an individual savings account or exempt pension arrangement)) that dividend falls within the nil rate band (i.e. the band of an individual's dividend income to which the dividend nil rate of 0% applies).

In the tax year 2022/2023, the nil rate band applies to the first £2,000 of an individual's dividend income.

To the extent that (taking account of any other dividend income received by the Shareholder in the same tax year and excluding any dividends paid within an individual savings account or exempt pension arrangement) the dividend exceeds the nil rate band, it will be subject to income tax at 8.75% to the extent that it falls below the threshold for higher rate income tax. To the extent that (taking account of other dividend income received in the same tax year and excluding any dividends paid within an individual savings account or exempt pension arrangement) it falls above the threshold for higher rate income tax then the dividend will be taxed at 33.75% to the extent that it is within the higher rate band, or 39.35% to the extent that it is within the additional rate band (each such rate as applicable in tax year 2022/2023). For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the nil rate band which (in the absence of the nil rate band exemption) would otherwise have fallen within the basic or higher rate bands will use up those bands respectively and so will be taken into account in determining whether the threshold for higher rate or additional rate income tax is exceeded.

UK resident corporate Shareholders

It is likely that dividends paid on the Shares to UK resident corporate Shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules. If a dividend paid on the Shares to a UK resident corporate Shareholder does not fall within one of the exempt classes, that Shareholder will be subject to corporation tax on the gross amount of the dividend at a current rate of 19% but increasing to 25% from April 2023).

Non-UK resident Shareholders

A Shareholder resident outside the United Kingdom may be subject to non-UK taxation on dividend income under local law. A Shareholder who is resident outside the United Kingdom for tax purposes should consult their own tax adviser concerning their tax position on dividends received from the Company.

11.2 **Taxation of disposals**

UK resident Shareholders

A disposal or deemed disposal of Shares by a Shareholder who is resident in the United Kingdom for tax purposes may, depending upon the Shareholder's circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals of £12,300 for 2020/2021), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

For such individual Shareholders, any chargeable gain on their disposal of Shares will be subject to capital gains tax at 10% to the extent it does not exceed the income tax basic rate band and 20% to the extent that it exceeds the income tax basic rate band (in each case when treated as received on top of any income and other chargeable gains in that tax year and each such rate as applicable in 2020/2021). Individual Shareholders will not be able to benefit from any indexation allowance in respect of any disposal of shares.

For corporate Shareholders, any chargeable gain, subject to the availability of any exemptions, reliefs and/or allowable losses, will be subject to corporation tax at the prevailing rate (currently 19%).

Non-UK resident Shareholders

Shareholders who are not resident in the United Kingdom will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of Shares unless, at the relevant time, they are carrying on a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the Shares are, or have been, used, held or acquired. Non-UK tax resident Shareholders may be subject to non-UK taxation on any gain under local law.

An individual Shareholder who acquires shares whilst resident for tax purposes in the United Kingdom but subsequently ceases to be so resident or is subsequently treated as resident outside the UK for the purposes of a double tax treaty for a period of five years or less and who disposes of all or part of his or her Shares during that period may be liable to UK capital gains tax on his or her return to the UK, subject to any available exemptions or reliefs.

11.3 United Kingdom Stamp duty and Stamp Duty Reserve Tax ("SDRT")

Issuance

No United Kingdom stamp duty, or SDRT, should be payable on the issue of the Shares.

Transfers and agreements to transfer

Stamp duty at the rate of 0.5% (rounded up to the next multiple of £5) of the amount or value of the consideration given is generally payable on an instrument transferring Shares. A charge to SDRT will also arise on an unconditional agreement (or a conditional agreement which becomes unconditional) to transfer Shares (at the rate of 0.5% of the amount or value of the consideration payable). In certain cases, the stamp duty or SDRT charges may be based on the market value of the Shares transferred or agreed to be transferred. However, if within six years of the date of the agreement becoming unconditional an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument which is duly stamped, any SDRT already paid will be refunded (generally, but not necessarily, with interest), *provided that* a claim for repayment is made, and any outstanding liability to SDRT will be cancelled. The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee. However, certain persons (called 'accountable persons', such as brokers, dealers and custodians) may have further compliance and payment obligations in respect of SDRT.

Where Shares are transferred to, or to a nominee or agent for, a person whose business is or includes providing a clearance service within Section 70 or Section 96 of the Finance Act 1986, stamp duty or SDRT may be charged at a rate of 1.5% of the amount or value of the consideration given where transferred for consideration, or, in certain circumstances, the value of the Shares transferred.

The statements in this paragraph 11 apply to any holders of Shares irrespective of their residence and are intended as a general guide only. Special rules apply to agreements made by, amongst others, intermediaries and to shares held through clearance systems and depositary receipt arrangements.

12. Working Capital

It is the opinion of the Company that, taking into account the Existing Notes, the Group does not have sufficient working capital for its present requirements, which is for at least the next 12 months from the date of this Prospectus.

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

- 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.

The Company also needs to receive the OFSI Licence, the NMOF Licence and a licence from the Office of Foreign Assets Control in the United States in order to be able to implement the Restructuring, as certain of the Existing Notes are held by entities that are subject to asset freezes under applicable sanctions regulations.

As at the Latest Practicable Date, the following conditions precedent have been satisfied:

- the sanction of the Scheme by the Court; and
- the 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.

As at the Latest Practicable Date, the following conditions precedent remain outstanding:

- 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.

In addition, while the Group has made the relevant applications the Company has not yet received the OFSI Licence (or confirmation from the UK Office of Financial Sanctions Implementation that no such licence is required) and Nostrum Oil & Gas Finance BV has not yet received the NMOF Licence (or confirmation from the Ministry of Finance in the Netherlands that no such licence is required). A licence from the Office of Foreign Assets Control in the United States was received on 29 July 2022.

The Second Lock-up Agreement has a long stop date of 16 December 2022 to complete the Restructuring. If any of these conditions or requirements are not satisfied or waived (to the extent applicable), the Restructuring will not proceed. Given certain conditions and requirements have not been satisfied as at the date of this Prospectus, this working capital statement is made on the basis that the Restructuring does not complete.

In circumstances where the Restructuring is not implemented, the ability of members of the Group to continue trading will depend upon a significant portion of its creditors remaining bound by the Second 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 is not capable of being implemented, it is likely that shortly thereafter the Noteholders would terminate the Second Lock-up Agreement and the present forbearance arrangements within a short period. Further, there can be no assurance that the Second Lock-up Agreement or current forbearance arrangements will be extended if the conditions or requirements to implement the Restructuring are not satisfied or waived (to the extent applicable) by 16 December 2022. In those circumstances, a sufficient majority 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 action being taken in respect of the matured 2022 Notes and of the acceleration of 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 best (and likely, the only viable) course of action for the Group and its stakeholders would be for the key Group companies that hold the Group's significant assets to petition the courts (in the relevant jurisdictions) to commence insolvency processes. The Directors believe that the assets of the Group available for repayment of the Existing Notes are insufficient to satisfy the claims of Noteholders in full. As at 30 September 2022, the Group had approximately US$210.2 million in cash (excluding approximately US$22.7 million placed into a secured cash account under the terms of the Forbearance Agreement). As at 30 September 2022, the total outstanding principal and accrued and unpaid interest on the 2022 Notes and the 2025 Notes was approximately US$1,373.3 million. Accordingly, if the Restructuring were to fail to complete, the shortfall in funds available to repay the Existing Notes as at 30 September 2022 (being the latest practicable date to determine such shortfall) would have been not less than US$1,175 million, taking into account the cash available to the Group and its total liabilities. As the Existing Notes continue to accrue interest and default interest, the Directors anticipate that a similar (or even greater) shortfall would exist if the Restructuring does not complete and the Second Lock-up Agreement and current forbearance arrangements were to be terminated on the long stop date of 16 December 2022.

The Directors believe that if the Restructuring is not implemented, it is unlikely that an alternative transaction could be agreed amongst the requisite number of stakeholders before it would become necessary to place the Company (and possibly other Group companies) into an insolvency process. This view is based on the fact that significant effort, time, cost and compromise were involved in agreeing the proposed Restructuring with key stakeholders (including the AHG and ICU) and their advisers and that any alternative restructuring would have to be negotiated in the context of the continuing defaults under the Notes Indentures, including having US$725 million (plus accrued and unpaid interest) due and payable under the 2022 Notes, likely without the current forbearance arrangements in place and therefore with the possibility of enforcement action being taken against the Group at any moment. In addition, the 2025 Notes would be expected to be accelerated for ongoing breach.

If the Restructuring is implemented in accordance with its terms, the Company considers that it will be able to continue as a going concern, based upon the cash holdings of the Group and the restructured terms of its indebtedness, where no payments of principal are due under the SSNs and SUNs until 30 June 2026. Accordingly, following receipt of the outstanding OFSI Licence and the NMOF Licence, the Company intends to proceed promptly to Closing of the Restructuring. This will include entering into an implementation agreement to give effect to the terms of the Closing on the manner specified in the Scheme. Pursuant to such agreement, the Company will become contractually bound to complete the Restructuring, including satisfying the payment of certain costs associated with the Restructuring (which will be funded from the existing cash balances of the Group) and the granting of security (which will satisfy the conditions precedent that are customary for a secured financing transaction noted above).

13. No Significant Change

There has been no significant change in the financial performance or financial position of the Group since 30 June 2022, the date to which the last financial statements were published.

14. General

14.1 The expenses of the Restructuring are estimated to be approximately US$35-45 million excluding US$22.7 million (as at 30 June 2022) transferred to a blocked account under the terms of the forbearance agreement signed with the AHG during the restructuring process and are payable by the Company.

14.2 The Group is dependent upon the exploration and production licences and agreements summarised in Part 7 "*Information on the Group*" of this Prospectus. The Directors believe that there are no patents, contracts or new manufacturing processes which are of fundamental importance to the Group's business or profitability.

15. Auditors

By resolution of the shareholders dated 8 June 2022, Ernst & Young LLP, whose address is One More London Place, London SE1 2AF was appointed as the auditor of the Company. Ernst & Young LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

16. Documents Available for Inspection

Copies of the following documents may be inspected at www.nostrumoilandgas.com and at the head office of the Company at 20 Eastbourne Terrace, London, England, W2 6LG during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted):

(a) the memorandum of association and Articles of Association of the Company;

(b) the New Articles; and

(c) this Prospectus.

PART 15
DEFINITIONS AND GLOSSARY

DEFINITIONS

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

"**2022 Notes**"	the 8.0% Senior Notes due 25 July 2022 issued by Nostrum Oil & Gas Finance BV
"**2025 Notes**"	the 7.0% Senior Notes due 16 February 2025 issued by Nostrum Oil & Gas Finance BV
"**Admission**"...............................	the admission of the New 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
"**AHG**"	The informal ad hoc Noteholder group which the Company has engaged with since May 2020 in relation to a possible restructuring of the Existing Notes
"**AIX**"...	Astana International Exchange
"**AIX Admission**"	the admission of the New Shares to listing Official List of the AIX and to trading on the AIX
"**AIX CSD**"	Astana International Exchange Central Securities Depository Ltd.
"AIX CSD Custodian Bank"	a custodian bank of the AIX CSD
"**AIX Trading Member**"	a broker that has a valid and active trading membership agreement with the AIX
"**Antitrust Agency**"	the Agency of the Republic of Kazakhstan for Development and Protection of Competition
"**Articles**" or "**Articles of Association**"............................	the existing articles of association of the Company
"**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**"	the document dated 13 April 2022 issued by Nostrum in connection with the Restructuring (including the RPT Arrangements) which contained the Notice of General Meeting

"**Clearstream**"............................	means Clearstream Banking, *société anonyme*
"**Closing**"....................................	means the closing of the Restructuring
"**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
"**Consent Fee**"............................	Has the meaning given to it in Part 6 "*Information on the Restructuring*"
"**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 30, 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
"**Effective Date**".........................	means the date that the Restructuring is implemented
"**Environmental Code**"..............	the Code of the Republic of Kazakhstan "Environmental Code of the Re-public of Kazakhstan" No. 400-VI dated 2 January 2021, as amended
"**EU**"...	the European Union
"**Euroclear**"................................	means Euroclear Bank SA/NV
"**Existing Notes**".........................	means 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 BV
"**Existing Shareholders**"	the holders of the Existing Shares
"**Existing Shares**"	the Ordinary Shares in issue immediately prior to the Restructuring
"**FCA**"	the Financial Conduct Authority or its successor from time to time
"**Forbearance Agreement**"	means the forbearance agreement entered into between the Company, certain of its subsidiaries and certain members of the AHG, as announced by the Company on 23 October 2020
"**FMV**"	means the fair market value of the Company
"**FSMA**"	Financial Services and Markets Act 2000 (as amended)
"**Gas Law**"	the Law No. 532-IV of the Republic of Kazakhstan "On Gas and Gas Supply" dated 9 January 2012, as amended
"**General Meeting**"	the general meeting of the Company which was held on 29 April 2022
"**Gross FMV**"	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)
"**Group**"	the Company and its subsidiary undertakings
"**IAS**"	International Accounting Standards
"**ICU**"	ICU Holdings Limited
"**IFRS**"	International Financial Reporting Standards as adopted by the EU
"**Issuer**"	means Nostrum Oil & Gas Finance BV
"**KASE**"	the Kazakhstan Stock Exchange
"**Kazakhstan**"	the Republic of Kazakhstan
"**Kazakhstan Ministry of Energy**"	the Ministry of Energy of the Republic of Kazakhstan
"**Kazakhstan Government**"	the Government of the Republic of Kazakhstan
"**Kyoto Protocol**"	the Kyoto Protocol of the Framework Convention of Organizations of United Nations on climate change signed on 12 March 1999
"**Latest Practicable Date**"	12 October 2022, being the latest practicable date before publication of this document
"**Licence**"	the Licence series MG No. 253-D (Oil) issued to Zhaikmunai by the Government of the Republic 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 originally dated 23 December 2021 between the Company, AHG, ICU and certain other members of the Group in respect of the terms of the Restructuring which expired on 17 August 2022
"**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 by 14 January 2022
"**London Stock Exchange**"	the regulated market operated by London Stock Exchange plc or its successor
"**Longstop Date**"	means 16 December 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
"**MEGNR**"	the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan
"**Natural Monopolies Committee**"	the Committee for Regulation of Natural Monopolies under the Ministry of the National Economy of the Republic of Kazakhstan
"**New Articles**"	the new articles of association of the Company proposed to be adopted in connection with the Restructuring
"**New Shares**".............................	the up to 1,505,633,046 new fully paid 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 was set out in the Circular
"**Official List**"............................	the official list of the FCA
"**Order 121**"	the Order of the Minister of Energy of the Republic of Kazakhstan 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"
"**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
"**Paris Agreement**".....................	the Paris Agreement under the United Nations Framework Convention on Climate Change dated 4 November 2016

"**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
"**QazaqGaz**"	QazaqGaz National Company JSC (formerly KazTransGaz JSC)
"**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
"**Required Licences**"	means, to the extent necessary to implement the Restructuring, specific licences from any of: (a) the Office of Financial Sanctions Implementation of Her Majesty's Treasury; (b) the Ministry of Finance of the Netherlands; (c) the Office of Foreign Assets Control of the US Department of Treasury; and (d) any other governmental institutions and agencies responsible for administering, enacting or enforcing Sanctions
"**Restructuring**"	the Restructuring involves: (a) partial reinstatement of the Existing Notes in the form of new: (a) SSNs and (b) SUNs, in each case maturing on 30 June 2026; (b) 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; 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 the Restructuring; (c) implementing new corporate governance arrangements in respect of the Group; (d) implementing certain arrangements regarding future utilisation of the Group's cashflows; and

	(e) the transfer of the Company's listing to the Standard Listing segment of the London Stock Exchange.
"**Restructuring Resolution**".......	the special resolution to give effect to the Restructuring and certain other matters as set out in the Notice of General Meeting
"**RPT Arrangements**"...............	the arrangements with ICU 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
"**Scheme Meeting**"	the meeting of the Noteholders held on 22 August 2022, 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
"**Second Lock-up Agreement**"...	the second lock-up agreement dated 17 August 2022 between the Company, AHG, ICU and certain other members of the Group in respect of the terms of the Restructuring
"**Shareholders**"...........................	the holders of the Ordinary Shares from time to time
"**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"
"**Subsoil Law**"	the Law No. 291 IV of the Republic of Kazakhstan "On Subsoil and Subsoil Use" dated 24 June 2010), as amended
"**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
"**Transparency Rules**"	the rules relating to the notification and dissemination of information in respect of issuers of transferable securities and relating to major shareholdings
"**Trunk Pipeline Law**"	the Law No. 20-V of the Republic of Kazakhstan "On Trunk Pipeline" dated 22 June 2012, as amended
"**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**"..	means: (a) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere
"**Warrant Instrument**"	the instrument 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 Instrument as described in Part 6 (*Information on 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.

GLOSSARY

"**AAPG**"	American Association of Petroleum Geologists
"**accumulation**"	an individual body of moveable petroleum. A known accumulation (one determined to contain reserves or contingent resources) must have been penetrated by a well
"**API**"...	American Petroleum Institute
"**appraisal well**"	well drilled in order to assess characteristics (such as flow rate, volume) of a proved hydrocarbon accumulation
"**barrel**" or "**b**" or "**bbl**"..................	a stock tank barrel, a standard measure of volume for oil, condensate and natural gas liquids, which equals 42 U.S. gallons
"**block**"	an area of licenced territory comprising one or more licences
"**boe**"	barrels of oil equivalent
"**bopd**"..	barrels of oil per day
"**boepd**"	barrels of oil equivalent per day
"**Brent**"...	a particular type of crude oil that is light, sweet oil produced in the North Sea with most of it being refined in North-West Europe. Brent is a benchmark oil
"**contingent resources**"....................	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies
"**crude oil**"......................................	unrefined oil
"**EP**"	an environmental permit
"**exploration well**"...........................	a well drilled to find hydrocarbons in an unproved area or to extend significantly a known oil or natural gas reservoir
"**field**"	an area consisting of either a single reservoir or multiple reservoirs, all grouped on or related to the same individual geological structural feature and/or stratigraphic condition
"**formation**"....................................	a body of rock that is sufficiently distinctive and continuous that it can be mapped
"**gross reserves**"	the total estimated petroleum to be produced from a field
"**hydrocarbons**"	compounds formed primarily from the elements hydrogen and carbon and existing in solid, liquid or gaseous forms
"**km**"...	kilometre
"**km^2**"...	square kilometre
"**m**"	metres
"**mmboe**"..	million barrels of oil equivalent
"**mmcf**"...	gas in millions of cubic feet
"**OPEC**"..	Organisation of Petroleum Exporting Countries

"**petroleum system**"	geologic components and processes necessary to generate and store hydrocarbons, including a mature source rock, migration pathway, reservoir rock, trap and seal. Exploration plays and prospects are typically developed in basins or regions in which a complete petroleum system has some likelihood of existing
"**possible reserves**"..........................	those unproved reserves which analysis of geosciences and engineering data indicate are less likely to be recoverable than probable reserves
"**probable reserves**"	those unproved reserves which analysis of geosciences and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves
"**production**"	the cumulative quantity of petroleum that has been recovered at a given date
"**production well**"............................	a well drilled to obtain production from a proved oil or gas field. Production wells may be used either to extract hydrocarbons from a field or to inject water or gas into a reservoir in order to improve production
"**proved reserves**"	those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations
"**reservoir**"	a subsurface body of rock having sufficient porosity and permeability to store and transmit fluids. A reservoir is a critical component of a complete petroleum system
"**seismic survey**"..............................	a method by which an image of the earth's subsurface is created through the generation of shockwaves and analysis of their reflection from rock strata. Such surveys can be done in two or three dimensional form
"**SPE-PRMS**"..................................	Petroleum Resources Management System of the Society of Petroleum Engineers, World Petroleum Council, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers
"**SPEE**"..	Society of Petroleum Evaluation Engineers
"**upstream**"......................................	activities related to the exploration, appraisal, development and extraction of crude oil, condensate and gas
"**Urals**"	a benchmark Russian crude oil (used as a basis for pricing Russian export oil mixture), which trades at a discount to Brent crude, an international benchmark oil blend