

Nostrum Oil & Gas PLC

Interim financial report (unaudited, unreviewed)

For the six months ended 30 June 2024

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Business review

Some of the statements in this interim financial report are forward-looking. Forward-looking statements include statements regarding the intent, belief and current expectations of the Group or its officers with respect to various matters. When used in this document, the words "expects," "believes," "anticipates," "plans," "may," "will," "should" and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual outcomes to differ materially from those suggested by any such statements.

Overview

Nostrum Oil & Gas PLC (the "Company" and together with its subsidiaries the "Group" or "Nostrum") is an independent mixed-asset energy company with world-class gas processing facilities and export hub in north-west Kazakhstan. Nostrum, through its indirectly wholly-owned subsidiary Zhaikmunai LLP, is currently the owner and operator of the Chinarevskoye oil and gas condensate field (the "Chinarevskoye Field") in Kazakhstan. In addition, Nostrum owns an 80% stake in Positiv Invest LLP, which holds the subsoil use rights for the "Kamenskoe" and "Kamensko-Teplovsko-Tokarevskoe" areas in the West Kazakhstan region (the "Stepnoy Leopard Fields").

Chinarevskoye Field and reserves

The Group's primary producing field and licence area, which has been the Group's primary source of production to date, is the Chinarevskoye Field located in the northern part of the oil-rich Pre-Caspian Basin. 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 carries out its activities in accordance with the Contract for Additional Exploration, Production and Production-Sharing of Crude

Hydrocarbons in the Chinarevskoye Field (the "PSA") dated 31 October 1997 between the State Committee of Investments of the Republic of Kazakhstan and Zhaikmunai LLP in accordance with the license MG No. 253D.

Chinarevskoye Field is a multi-layer structure with 17 reservoirs and 53 compartments spread over three areas. Commercial hydrocarbons have been found in the Lower Permian, Bashkirian, Bobrikovski, Tournaisian, Frasnian, Mullinski, Ardatovski, and Biyski-Afoninski reservoirs.

Group management provided an estimate of the Chinarevskoye Proven, Probable and Possible reserves as of 31 December 2023, which was internally prepared under the guidelines set forth in the 2018 Petroleum Resources Management System (SPEPRMS) and was not subject to an external audit as no material change in the reserves development was made.

Total 2P (Proven and Probable) reserves were 23 mmboe as of 31 December 2023. The Proven and Probable reserves volume requires 14 CAPEX interventions, with an additional 11 OPEX well interventions for production maintenance.

Stepnoy Leopard Fields and reserves

The Group's activities on the Stepnoy Leopard Fields are carried out by Positiv Invest LLP, in which the Company holds an 80% interest. Positiv Invest LLP has 100% subsoil use rights under the contract No.25 dated 3 March 1995, for the assessment, development and production of hydrocarbons (hereinafter referred to as "Contract No.25").

The Stepnoy Leopard Fields are located approximately 60-120km west of Nostrum's Chinarevskoye Field and within 10km of its oil and condensate loading terminal and consist of two licences with eight fields. The existence of hydrocarbons was confirmed by the wells drilled at a depth of approximately 3,000 metres. The Stepnoy Leopard fields were not previously developed with their own standalone infrastructure.

During first half of 2024 the two-well appraisal operations on the Stepnoy Leopard Fields were completed and significant data had been collected, which has provided positive results and confirmed the commercial potential of the field.

Based on the initial results of the appraisal campaign the Company made a final investment decision ("FID") for the initial field development phase of the fields that included drilling of four development wells across the key reservoirs. The forecast total capital budget for this initial field development phase is US\$100 million gross.

Following the FID, in July 2024 Nostrum published the Competent Person's Report on the Stepnoy Leopard Fields (the "SL CPR"). The SL CPR is an independent third-party evaluation of the reserves and resources of the economically recoverable resources for the four eastern

Artinskian fields and the western Kamenskoye field.

The SL CPR shows 138 mmboe gross proved and probable gross reserves and over a fivefold increase in Nostrum's reserves base (80% working interest) from 23 mmboe to 133 mmboe, representing material value creation of approximately \$220 million of after-tax net Nostrum NPV10 at 34% IRR, and a substantial driver for increasing shareholder and investor returns.

In addition, the remaining large discovered, proven un-developed contingent resource base (2C) of 67 mmboe gross across the Stepnoy Leopard Fields represents a significant potentially commercial opportunity. Future subsurface work is also planned to identify deeper exploration and prospective resources.

Business review (continued)

Infrastructure

With its world-class infrastructure and processing hub, Nostrum is well positioned to become a major third-party gas processor. The Company's key operational facilities include:

- Gas treatment facility (GTF) which includes three gas treatment units (GTU1,2 & 3) with a total capacity to treat 4.2 billion cubic metres of raw gas per annum and produce condensate, LPG and dry gas with a by-product of granulated sulphur;
- The oil treatment facility (OTF) with a maximum throughput capacity of 400,000 tonnes of crude oil per annum;
- Gas Lift system (GL) enhancing well production with a capacity of 50,000 standard cubic metres per hour under current conditions. Currently, the compressors are running at 40,000 standard cubic metres per hour, limited by total gas lift system constraints which require further de-bottlenecking;
- Low-pressure system (LPS) to facilitate the reduction of the GTF inlet pressure from 42 to 8 bar, to prolong the run-life of wells, primarily gas-condensate. Installed capacity

of gas compression is 48,000 standard cubic meters per hour in total with 17 wells flowing through the low-pressure system as of 30 June 2024;

- Gas-fired power generation plant linked to the GTF with an output of 26 megawatts electrical power, which is sufficient to meet the existing and the maximum future need. Backup generation capacity of up to 15 megawatts is available at the processing facilities;
- Storage capacity for over 35,000 cubic metres of liquids at its field site and rail loading terminal;
- 17-km dry gas pipeline which is connected to the Orenburg-Novopskov gas pipeline, which is sufficient to export the entire GTF maximum production capacity dry gas volumes;
- 120-km liquids pipeline that runs from the Chinarevskoye processing facilities to the Company's rail loading terminal in Beles (near Uralsk). The pipeline has a maximum throughput capacity of 3,500 tonnes per day ("TPD");

- Automated rail loading terminal at Beles (near Uralsk), that receives all produced crude oil and condensate and has a capacity of 5,000 TPD;
- Secondary crude oil pipeline enabling export sales from rail loading terminal via the Atyrau-Samara export pipeline operated by KazTransOil (KTO). The connection to the KTO pipeline has enhanced the Company's ability to maximise crude oil netbacks through the commodity cycle;
- In 2023, modifications commenced on the Sulphur Recovery Unit to handle higher H₂S levels, necessary for processing third-party raw gas. This enables H₂S processing using either the direct oxidation or Claus process. The modifications were completed in April 2024. The repair works on incinerator are expected to be completed in August 2024.
- Other facilities include multiple oil gathering and transportation lines, warehouse and storage facilities, an employee field camp.

Products and sales

Nostrum's produces crude oil, condensate, LPG, and dry gas. In addition, from December 2023 the Group commenced processing third-party hydrocarbons.

The Group sells crude oil, gas condensate and LPG under agreements priced by reference to Platt's and/or Argus' index quotations and adjusted for freight, insurance and quality differentials where

applicable. The Group sells gas under agreements at fixed prices.

Historically, the Company efficiently exported its condensate by railcar to destinations including the Russian port of Kaliningrad and the Dutch port of Rotterdam. Our LPG exports were routed to various final delivery points in Russian Black Sea ports, Ukraine, Poland and Tajikistan. As per PSA

guidelines, the Group ensured that a minimum of 15% of our crude oil was sold domestically, with the majority transported via the KTO pipeline. The Group's dry gas exports were entirely directed to JSC National Company QazaqGas via a dedicated 17-km pipeline connected to the Intergas Central Asia network.

Market review

With its assets located in the Pre-Caspian Basin close to the Russian border and in close proximity to some of the most significant hydrocarbon resources in the FSU, the Group has the advantage of access to multiple export markets, as well as labour and specialist equipment providers.

Since the beginning of the latest conflict in the Middle East, Brent prices have been volatile amid potential geopolitical impact on supply and concerns of slowing global growth. The geopolitical factors have prominently led to significant fluctuations in oil prices and market uncertainty.

Due to the ongoing conflict between Russia and Ukraine, the US, UK and EU are regularly imposing new sanctions packages aimed at weakening Russia's ability to finance the war and specifically targeting the political, military and economic elite responsible for the invasion (the "Sanctions").

Nostrum is committed to complying with the Sanctions. The Company follows external legal advice on sanctions compliance, regularly updates lists of sanctioned persons and entities, terminates relationships affected by sanctions, inquires with commercial partners to mitigate risks, analyses sanctions restrictions on the sale,

export or shipment of products and consults with legal counsel as need.

Due to the Sanctions, Urals blend has been trading at a significant discount compared to Brent. During 2022 Nostrum considered and analysed alternative export routes where export prices are not linked to Urals quotation for oil and gas condensate supplies. As a result of this exercise, in both 2023 and H1 2024 the Company managed to achieve lower than average discounts for crude oil and gas condensate.

Strategic initiatives

Nostrum's core strategy is to create value for its stakeholders by commercializing its infrastructure investment, with a focus on utilizing spare capacity for processing third-party hydrocarbons.

As mentioned above during H1 2024 we made substantial progress towards monetising Stepnoy Leopard assets by completing two-well appraisal programme, making FID and publishing SL CPR.

In December 2023 Nostrum commenced first ever processing third-party hydrocarbons delivered by Ural Oil & Gas LLP ("Ural O&G") from the Rozhkovskoye field, which is situated less than 20km from the Chinarevskoye Field. Ural O&G is jointly owned by KazMunaiGas (the "KMG") (50%), Sinopec (27.5%) and MOL Group (the "MOL") (22.5%).

We have continued to internally evaluate various scenarios of connecting nearby fields, including

the giant Karachaganak field to our 4.2 bcma processing facilities. Located c.100 km south of our facilities, the Karachaganak field with an estimated 60 tcf of gas and currently producing c. 18 bcma, remains a strategic opportunity for Republic of Kazakhstan both in relation to energy security and transition. With the increasing demand for commercial gas paired with the growth in field-gas production, our established infrastructure is poised to deliver a rapid and economically efficient solution.

Business review (continued)**Business strategy**

Nostrum operates as a closely integrated team across all disciplines, committed to delivering excellence throughout the entire value chain. We take our corporate, social, and ecological responsibilities seriously and we are dedicated to the health, safety, and well-being of our employees and contractors.

The Company focuses on unlocking the full potential and value of its assets through the prism of the following strategic pillars:

	<u>Developing Upstream Potential</u>	<u>Pursuing Midstream Opportunities</u>	<u>Managing our liquidity and capital allocation</u>	<u>Focusing on ESG Performance</u>
<u>Strategic pillars</u>	We maintain confidence in our long-term strategy, while expanding opportunities through investments in best-in-class facilities for future growth and continuous portfolio improvement within the industry.	We have devised several strategies to monetize the spare capacity in our world-class gas processing facilities. Our strategic positioning enables us to emerge as a significant gas processor in the region, concentrating on opportunities that offer a favourable risk/reward balance.	Managing liquidity and capital remains central to our business. We remain committed to bolstering cash flow through disciplined capital and cost management by fostering a cost-conscious culture and configuring our business for self-sufficient and consistent operating leverage.	We remain committed to energy security and the transition to cleaner energy and have strengthened of our corporate governance with a new, highly experienced Board of Directors.
<u>2024 priorities</u>	The key priorities for the remainder of 2024: • Complete drilling and continue maintenance and workovers programmes at Chinarevskoye Field on time and within budget. • Commence initial development phase for the Stepnoy Leopard Fields.	The key priorities for the remainder of 2024: • Identify and negotiate third-party supply of raw gas to utilize the Group's gas processing capacity. • Ensure readiness for a tie-back of additional four Ural O&G wells.	The key priorities for the remainder of 2024: • Maintain cost discipline. • Explore new reliable and profitable sales route opportunities. • Efficient capital allocation to maximize stakeholder returns.	The key priorities for the remainder of 2024: • Safe operations and care for the environment. • Fulfilment of the social responsibility. • Transparency with all stakeholders by enhancing ESG Reporting. • Active involvement of the Board in the transformation/transition.
<u>Achievements / Forecasts</u>	Drilling well 301 was completed on time and within budget, and production commenced in May 2024. Completion of drilling operations on well 41 remain on track for Q3 2024. Stepnoy Leopard Fields initial development phase FID approved in March and full field CPR published in July 2024. Further steps are being taken in preparation for the field development.	Successfully continuing processing hydrocarbons Ural O&G and expecting further expansion of this midstream project through tie-back of additional four wells. Continuing to explore opportunities for binding commercial contracts to fill the Group's spare gas processing capacity with third-party volumes.	Measures are being realised to improve operational liquidity and cash reserves, including investment of spare cash reserves in term deposits and money market funds, yielding additional income for the company at market rates. Also, continuing to monitor costs and inflationary pressures. Looking into further ways of optimisation to ensure continuity of operations whilst unlocking the future growth opportunities.	As of the last update on 23 May 2024, our ESG risk rating in the Sustainalytics universe had been downgraded from high risk to medium risk. This improvement proves our ongoing efforts to improve our environmental, social, and governance practices. We continue to work on implementation of our ESG plan, and to achieve our objectives set in the HSE plan.

Business review (continued)

Operational performance

Production and field development

During the first half of 2024, daily production, including third-party volumes acquired, averaged 12,220 boepd. This is a 22% increase compared with the first half of 2023 (10,048 boepd). The increase is primarily attributed to:

- Additional volumes of dry gas and LPG produced by processing raw gas received from the Ural O&G Rozhkovskoye field U-21 well at Nostrum's gas processing facilities.
- Successful launch of the Gas lift system expansion in July 2023, which doubled its capacity and helped to slow down the production decline from the maturing Chinarevskoye Field.
- Additional LPG production from GTU-3 owing to improved yield by approximately 20%.

Chinarevskoye drilling programme

Well No.301 was drilled on time and within budget, reaching a total depth of 4,980 meters. The well was put into production in May 2024, with initial flow rates in line with the management's expectations. The drilling rig was moved to well No.41 for an appraisal sidetrack, with completion planned for Q3 2024.

Ural O&G volumes

Throughout H1 2024 the Company continued processing Ural O&G raw gas from the U-21 well in the Rozhkovskoye field. The tie-back of an additional four wells during 2024 is expected to increase processing to 1.5 million cubic meters of raw gas per day, according to Ural O&G guidance.

Sustainability

Sustainability has been a primary focus for Nostrum since its inception. By focusing on health and safety, our people, social responsibility, and the environment, we can advance our sustainability agenda. Within each focus area, we establish actionable activities and projects that are monitored by all levels of management and the board. Some of the achievements related to sustainability in H1 2024 include:

- Zero fatalities during operations to employees and contractors.
- Zero Lost Time Injury Rate (incidents per million man-hours) ("LTI").
- Total Recordable Incidents Rate (incidents per million man-hours) of 0.64.
- 2,590 tonnes of air emissions emitted in H1 2024 against 5,983 tonnes permitted for 2024 under the Kazakhstan Environmental Code.

Material events

AIX Delisting

In February 2024, the Group announced the successful completion of the delisting process for its ordinary shares from the Official List of the Astana International Exchange (AIX).

Listing on the AIX was required by security market regulations of Kazakhstan when the restructuring of the Company's debt was completed earlier in 2023. Due to changes to these regulations, this listing is no longer required.

Approval of Investment in Stepnoy Leopard Initial Field Development Phase

In March 2024, the Group made a FID for the initial field development phase of the Stepnoy Leopard Fields. During the initial development phase, the Company will drill 4 development wells across the key reservoirs. The wells will produce the raw sour gas and liquids full-well-stream to the Company's Chinarevskoye processing facilities via a 120-km multiphase trunkline.

Stepnoy Leopard Independent Reserves and Resources Evaluation

In July 2024, the Group published the SL CPR on the Stepnoy Leopard Fields. The SL CPR, an independent third-party evaluation of the reserves and resources of the Stepnoy Leopard Fields as at 1 January 2024, was prepared by Xodus Group Limited. For more details refer to page 2.

Financial review

Results of operations for the six months ended 30 June 2024 and 2023

The table below sets forth the line items of the Group's interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2024 and 2023 in US Dollars and as a percentage of revenue.

In thousands of US Dollars	For the six months ended 30 June			
	2024	% of revenue	2023	% of revenue
Revenue	65,291	100.0%	52,835	100.0%
Cost of sales	(34,846)	53.4%	(39,324)	74.4%
Gross profit	30,445	46.6%	13,511	25.6%
General and administrative expenses	(6,968)	10.7%	(6,059)	11.5%
Selling and transportation expenses	(6,627)	10.1%	(5,907)	11.2%
Taxes other than income tax	(7,440)	11.4%	(6,359)	12.0%
Finance costs	(55,456)	84.9%	(54,768)	103.7%
Fair value adjustment on recognition of debt instruments	–	0.0%	174,426	330.1%
Foreign exchange loss, net	(55)	0.1%	(803)	1.5%
Gain on debt-to-equity exchange	–	0.0%	769,611	1456.6%
Interest income	3,760	5.8%	899	1.7%
Other income	900	1.4%	1,145	2.2%
Other expenses	(4,230)	6.5%	(4,237)	8.0%
(Loss) / income before income tax	(45,673)	70.0%	881,459	1668.3%
Income tax expense	(2,492)	3.8%	(360)	0.7%
(Loss) / income for the period	(48,165)	73.8%	881,099	1667.6%
Currency translation difference	2	0.0%	(5)	0.0%
Total comprehensive (loss) / income for the period	(48,163)	73.8%	881,094	1667.6%

For the six months ended 30 June 2024 (the "Reporting Period"), the total comprehensive loss was US\$48.2 million, compared to comprehensive income of US\$881.1 million for the six months ended 30 June 2023 (the "H1 2023"). This substantial change is due to:

- Mainly, the one-off US\$769.6 million gain on debt-to-equity exchange upon completion of the restructuring and US\$174.4 million fair value adjustment on the recognition of SSNs and SUNs.
- The 23.7% increase in revenues, which is a combination of 5% increase in the average Brent crude oil price and 16.8% increase in the sales volumes.
- The reduction in cost of sales by US\$4.5 million primarily as a result of lower depreciation charge because of the change in the depreciation method for certain gas processing assets.
- The combined increase in general and administrative expenses, selling and transportation expenses and taxes other than income tax by US\$2.6 million.

Further detailed analysis of current period financial performance is provided below.

Revenue

The Group's revenue increased by US\$12.5 million to US\$65.3 million for the Reporting Period, compared to US\$52.8 million in H1 2023. This change was largely due to higher sales volumes, higher product prices and a new condensate tolling revenue stream.

The increase in sales volumes from 1.6 mmboe in H1 2023 to 1.9 mmboe in H1 2024 is mostly linked to the additional volumes of dry gas and LPG produced from Ural O&G raw gas. Also, successful launch of the gas-lift system expansion in July 2023, helped to slow down the production decline from the maturing Chinarevskoye Field and higher LPG yields from GTU-3 contributed to an increase in production volumes.

Pricing of the Group's products is, directly or indirectly, related to the price of Brent crude oil. The average Brent crude oil price for H1 2024 was US\$83.7/bbl (US\$79.7/bbl for H1 2023).

The following table shows the Group's revenue breakdown by product types:

In thousands of US Dollar	For the six months ended 30 June			
	2024	2023	Variance	Variance, %
Revenue from oil and gas condensate sales	49,009	44,095	4,914	11.1%
Revenue from gas and LPG sales	12,353	8,739	3,614	41.4%
Revenue from third-party hydrocarbon tolling	3,929	–	3,929	100.0%
Revenue from sulphur sales	–	1	(1)	(100.0%)
Total revenue	65,291	52,835	12,456	23.6%

The following table shows the Group's revenue breakdown by export and domestic:

In thousands of US Dollar	For the six months ended 30 June			
	2024	2023	Variance	Variance, %
Revenue from export sales	52,696	43,770	8,926	20.4%
Revenue from domestic sales and tolling fees	12,595	9,065	3,530	38.9%
Total revenue	65,291	52,835	12,456	23.6%

The Group's sales volumes by products and production volumes are presented below:

In boe	For the six months ended 30 June			
	2024	2023	Variance	Variance, %
Oil and gas condensate sales volumes	761,383	854,141	(92,758)	(10.9%)
Gas and LPG sales volumes	1,145,071	778,528	366,543	47.1%
Total sales volumes	1,906,454	1,632,669	273,785	16.8%
Production volumes	2,224,034	1,818,727	405,307	22.3%

Financial review (continued)

Cost of sales

The Group's cost of sales is presented as follows:

In thousands of US Dollars	For the six months ended 30 June			
	2024	2023	Variance	Variance, %
Depreciation, depletion and amortisation	12,835	20,224	(7,389)	(36.5%)
Payroll and related taxes	9,433	8,259	1,174	14.2%
Materials and supplies	3,900	2,379	1,521	63.9%
Repair, maintenance and other services	3,885	3,359	526	15.7%
Transportation services	1,714	1,173	541	46.1%
Well repair and maintenance costs	2,158	2,956	(798)	(27.0%)
Environmental levies	93	56	37	66.1%
Change in stock	220	604	(384)	(63.6%)
Other	608	314	294	93.6%
Total	34,846	39,324	(4,478)	(11.4%)

Overall cost of sales decreased by US\$4.5 million to US\$34.8 million for the Reporting Period (H1 2023: US\$39.3 million).

On a barrel of oil equivalent (the "boe") basis, cost of sales decreased by US\$5.8/bbl from US\$24.1/bbl in H1 2023 to US\$18.3/bbl in H1 2024. This is due to the reduction in DD&A. Excluding DD&A, cost of sales per boe saw a slight decrease of US\$0.2/bbl to reach US\$11.5/bbl in H1 2024 (H1 2023: US\$11.7/bbl).

The decrease in cost of sales was mainly driven by the reduction in DD&A by US\$7.4 million to US\$12.8 million for the Reporting Period (H1 2023: US\$20.2 million). DD&A decreased due to a change in the depreciation method from the unit of production to the straight-line, effective from 1 January 2024. The straight-line method, based on the technical remaining useful lives of the assets, better reflects their current usage, which is expected to continue for the foreseeable future.

The above-mentioned decrease was partially offset by:

- An increase in materials and supplies costs by US\$1.5 million to US\$3.9 million for the Reporting Period (H1 2023: US\$2.4 million). The increase in these costs is attributed to the planned maintenance of the above-ground equipment.
- Higher payroll and related taxes driven by annual wage indexation, which makes up most of the overall US\$1.2 million increase in these costs.

General and administrative expenses

The Group's general and administrative expenses are presented as follows:

In thousands of US Dollars	For the six months ended 30 June			
	2024	2023	Variance	Variance, %
Payroll and related taxes	3,877	3,200	677	21.2%
Professional services	2,120	2,019	101	5.0%
Insurance fees	236	217	19	8.8%
Business travel	243	213	30	14.1%
Short-term leases	71	42	29	69.0%
Communication	88	78	10	12.8%
Depreciation and amortisation	97	91	6	6.6%
Materials and supplies	56	57	(1)	(1.8%)
Bank charges	15	14	1	7.1%
Other	165	128	37	28.9%
Total	6,968	6,059	909	15.0%

General and administrative expenses increased by US\$0.9 million to US\$7.0 million for the Reporting Period (H1 2023: US\$6.1 million). The increase is mainly driven by a rise in payroll and related taxes.

Payroll and related taxes saw an increase of US\$0.7 million or 21.2% to US\$3.9 million (H1 2023: US\$3.2 million) resulting mainly from annual salary indexation.

Selling and transportation expenses

The Group's selling and transportation expenses are presented as follows:

In thousands of US Dollars	For the six months ended 30 June			
	2024	2023	Variance	Variance, %
Transportation costs	2,615	2,390	225	9.4%
Loading and storage costs	2,201	1,967	234	11.9%
Payroll and related taxes	921	733	188	25.6%
Other	890	817	73	8.9%
Total	6,627	5,907	720	12.2%

Selling and transportation expenses increased by US\$0.7 million to US\$6.6 million for the Reporting Period (H1 2023: US\$5.9 million). This change corresponds to a 16.8% increase in sales volumes, and consists of increases in transportation, loading and storage costs.

Interim management report

For the six months ended 30 June 2024

Financial review (continued)

Taxes other than income tax

The Group's taxes other than income tax are presented as follows:

In thousands of US Dollars	For the six months ended 30 June			
	2024	2023	Variance	Variance, %
Export customs duty	4,267	3,872	395	10.2%
Royalties	2,371	1,982	389	19.6%
Government profit share	598	493	105	21.3%
Other taxes	204	12	192	1,600.0%
Total	7,440	6,359	1,081	17.0%

Taxes other than income tax increased by 17% to US\$7.4 million for the Reporting Period (H1 2023: US\$6.4 million), reflecting the increase in hydrocarbon prices and production volumes. Export customs duty increased by US\$0.4 million or 10.2% to US\$4.3 million for the Reporting Period (H1 2023: US\$3.9 million). This change is directly correlated with the increase in oil prices, combined with an increase in production, both of which are primary determinants of customs duty calculations.

Finance costs

The Group's finance costs are presented as follows:

In thousands of US Dollars	For the six months ended 30 June			
	2024	2023	Variance	Variance, %
Interest expense on borrowings	54,259	48,207	6,052	12.6%
Other finance costs	362	5,262	(4,900)	(93.1%)
Unwinding of discount on amounts due to Government of Kazakhstan	303	327	(24)	(7.3%)
Unwinding of discount on abandonment and site restoration provision	532	972	(440)	(45.3%)
Total	55,456	54,768	688	1.3%

Finance costs increased by US\$0.7 million to US\$55.5 million for the Reporting Period (H1 2023: US\$54.8 million). The increase is primarily due to 12.6% rise in interest expense on borrowings to US\$54.3 million (H1 2023: US\$48.2 million). This increase reflects substantially higher effective interest rate on SUNs and SSNs (see Note 14 to the accompanying financial statements) relative to the effective interest rate on the 2022 Notes and 2025 Notes, despite of lower borrowings balance following the restructuring.

The increase in interest expense on borrowings was partially offset by 93.1% reduction in other finance costs to US\$0.4 million (H1 2023: US\$5.3 million), due to one-off restructuring advisory fees incurred in H1 2023.

Unwinding of discount on abandonment and site restoration provision decreased by US\$0.44 million to US\$0.53 million in H1 2024 (H1 2023: US\$0.97 million). This decrease is primarily attributed to an adjustment in the discount rate from 4.87% on 31 December 2022 to 4.52% on 31 December 2023.

Fair value adjustment on recognition of debt instruments and gain on debt-to-equity exchange

One-off debt-to-equity exchange gain of US\$769.6 million and fair value adjustment on recognition of debt instruments of US\$163.5 million in H1 2023 were recorded as a result of the conversion of Notes 2022 and Notes 2025 into SUNs and SSNs. There were no such items in the Reporting Period.

Interest Income

Interest income increased to US\$3.8 million in H1 2024 (2023 H1: US\$0.9 million). Since January 2024 the Company has been investing surplus cash balances in term deposits and money market funds (MMFs) yielding higher interest rates.

Income tax

Income tax expense increased by US\$2.1 million to US\$2.5 million for the Reporting Period (2023 H1: US\$0.4 million). This is primarily due to deferred income tax expense of US\$1.2 million in the Reporting Period vs. US\$2.6 million deferred income tax benefit in H1 2023, partially offset by reduction in current income tax expense.

Financial review (continued)

Liquidity and capital resources

During the period under review, Nostrum primarily relied on operational cash flows and existing cash reserves. Following completion of the restructuring, the Group started implementing its new mixed-asset energy strategy which is based on evaluation and continuing to invest in both upstream and midstream opportunities where Nostrum sees the right risk/reward opportunities, which could be either by processing third party hydrocarbons in the Company's world-class infrastructure and/or by scaling up its own production.

Cash Flows

The following table sets forth the summary of the Group's consolidated cash flow statement data:

In thousands of US Dollars	For the six months ended 30 June	
	2024	2023
Cash and cash equivalents at the beginning of the period	161,711	233,584
Net cash flows from / (used in) operating activities	4,220	(18,978)
Net cash used in investing activities*	(15,220)	10,233
Net cash used in financing activities	(8,181)	(32,893)
Effects of exchange rate changes on cash and cash equivalents	9	60
Cash and cash equivalents at the end of the period*	142,539	192,006

Net cash from operating activities amounted to US\$4.2 million for the Reporting Period (H1 2023: US\$19 million used in operating activities) and was primarily attributable to:

- | | |
|--|---|
| <ul style="list-style-type: none"> US\$45.7 million loss before income tax (H1 2023: US\$ 881.5 million profit) adjusted by: • a non-cash charge for DD&A of US\$12.9 million (H1 2023: US\$20.3 million). • finance costs of US\$55.5 million (H1 2023: US\$54.8 million). • interest income of US\$3.8 million (H1 2023: US\$0.9 million). | <ul style="list-style-type: none"> US\$12.1 million increase in working capital (H1 2023: US\$16.8 million increase) due to: • US\$7.0 million increase in trade receivables (H1 2023: nil). • US\$2.6 million increase in prepayments and other current assets (H1 2023: US\$2 million increase). • and US\$2.0 million increase in inventories (H1 2023: US\$0.4 million decrease). |
|--|---|

Net cash used in investing activities

Net cash used in investing activities for the Reporting Period amounted to US\$15.2 million (H1 2023: US\$10.2 million net cash proceeds).

Investing activities included:

- US\$3.9 million (H1 2023: nil) cash spending on Stepanov Leopard Fields appraisal works.
- US\$13.2 million (H1 2023: US\$5.6 million) Chinarevskoye Field drilling programme and other capital construction and repair works.
- US\$2.2 million (H1 2023: US\$0.9 million) cash proceeds from interest income on term deposit and MMFs.

Net cash used in financing activities

Net cash used in financing activities during the Reporting Period amounted to US\$8.2 million (H1 2023: US\$32.9 million), attributable primarily to the interest payment on SUNs and SSNs.

Capital commitments

As at 30 June 2024, the Group had contractual capital commitments in the amount of US\$7.8 million (31 December 2023: US\$16 million), mainly in respect of the Group's capital projects including Chinarevskoye Field drilling programme.

Dividend policy

The Group has not paid dividends since 2015, as the Board determined it was not in the Company's best interests to do so. This will be reviewed annually by the Board.

Alternative performance measures

In the discussion of the Group's reported operating results, alternative performance measures (APMs) are presented to provide readers with additional financial information that is regularly reviewed by management to assess the financial performance or financial health of the Group or is useful to investors and stakeholders to assess the Group's performance and position.

However, this additional information presented is not uniformly defined by all companies including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Certain information presented is derived from amounts calculated in accordance with IFRS but is not itself an expressly permitted IFRS measure. Such measures should not be viewed in isolation or as an alternative to the equivalent IFRS measure.

EBITDA

EBITDA is defined as the results of operating activities before DD&A, foreign exchange losses, finance costs, finance income, non-core income or expenses and taxes. This metric is relevant as it allows management to assess the operating performance of the Group in the absence of exceptional and non-cash items.

The following table shows the reconciliation between the income/(loss) before income tax (as reported under IFRS) and EBITDA (as defined here):

In thousands of US Dollars	For the six months ended 30 June	
	2024	2023
EBITDA Reconciliation		
(Loss) / income before income tax	(45,673)	881,459
Add back:		
Finance costs	55,456	54,768
Gain on debt-to-equity exchange	–	(769,611)
Fair value adjustment on recognition of debt instruments	–	(174,426)
Foreign exchange loss, net	57	803
Interest income	(3,760)	(899)
Other income	(900)	(1,145)
Other expenses	4,230	4,237
Depreciation, depletion and amortisation	12,835	20,224
Depreciation and amortisation	97	91
EBITDA	22,342	15,501

Operating costs

Operating costs are the cost of sales less depreciation and change in stock. This metric is relevant as it allows management to see the cost base of the Company on a cash basis.

Related parties and related party transactions

The following is a description of the material transactions with related parties to which the Company or its subsidiaries are a party. The Company believes that it has executed all transactions with related parties on terms no less favourable to the Group than those it could have obtained from unaffiliated third parties.

Save as disclosed in the Note 25 to the interim condensed consolidated financial statements, there were no related party transactions entered into during the Reporting Period.

Principal risks and uncertainties

Key risks are reviewed by the Audit Committee and the Board of Nostrum on a regular basis and where appropriate, actions are taken to mitigate the key risks that are identified.

The key risks and uncertainties are unchanged from those disclosed in the Group's 2023 Annual Report. The Group believes that its principal risks and uncertainties for the remaining six months are:

Principal financial risks and uncertainties

Description of risk	Risk management
STRATEGIC RISKS	
Geopolitical factors	
The Group's operations are exposed to risks associated with the political and business environment in Kazakhstan, being the Group's sole country of commercial operations, as well as its neighbouring countries. Nostrum has historically benefited from its geo-strategic position in the heart of an export corridor between Russia and markets to the west of the Caspian, however, the Group remains exposed to the risks of the ongoing economic and political impact on Russia of its actions in Ukraine, being reliant on its transport routes and ports. Ongoing severe sanctions and trade restrictions imposed by, among others, the US, UK and EU on Russia, have increased the economic and political uncertainty and may have a material adverse impact on the Group's business, results of operations, financial condition and prospects.	Nostrum's Senior Management Team is pro-actively engaged with key stakeholders among state authorities to address and resolve any potential issues at early stages. In addition, the Group endeavours to identify legislative changes at early stages before their introduction and to the extent possible participate in the relevant working groups engaged in development of such changes. To mitigate geopolitical, regional and customer risks, the Group continues to strengthen customer relationships through establishing long-term off-take agreements whilst also looking at possibilities to geographically diversify its customer portfolio. The Group has implemented robust internal controls and procedures to ensure compliance with international sanctions on Russian and Belarus individuals, organisations and supplies of goods and services, including the evaluation of counterparties and their banks, contract procedures, and liaising with external legal advisers. The Group regularly updates lists of all persons/entities and products sanctioned in order to ensure Nostrum does not enter into transactions with any sanctioned persons or entities.
Product price volatilities	
The Group's operations and financial performance are exposed to changes in the market prices for its products driven by external business and political factors, which are outside the Group's control. 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, production quotas set by OPEC and political events. Since the domestic selling price of dry gas is directly dependent on the price of crude oil and the price of oil is volatile, the Company could also face volatility in the price of dry gas. Also, the Group could be compelled by governmental authorities, purportedly acting based on RoK legislation, to sell its oil, condensate, LPG and gas domestically at prices determined by the RoK Government, which could be significantly lower than prices which the Group could otherwise achieve. 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. In particular, the Group's ability to produce economically from the Chinarevskoye Field or any prospective fields will be determined, in large part, by the difference between the revenue received for its products and the operating costs, taxation costs, royalties and costs incurred in transporting and selling those products.	The Group quarterly revisits the product price assumptions used in its short-term, medium-term and long-term financial models, and performs stress testing of such forecasts to fluctuations in product prices and these are monitored by senior management and the Board. The Group continues to take prudent actions to protect liquidity, including 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. Senior management constantly monitors the Group's exposure to foreign currency exchange rate changes and makes plans for necessary measures. In addition, the Group maintains its relationships with multiple financial institutions should it need to implement commodity price hedging contracts. No such contracts were entered into in H1 2024.

Principal risks and uncertainties (continued)

Description of risk	Risk management
Filling the spare gas processing capacity	
The Chinarevskoye Field is a mature declining asset with a proved and probable reserves base at a level that will produce volumes of hydrocarbons including raw gas sufficient to utilise less than 15 percent of capacity available at the Group's gas treatment facilities, which have a combined 4.2 billion cubic meters capacity per annum. At the end of 2023, Ural O&G production came onstream from its Rozhkovskoye field, increasing the capacity utilisation to 30 percent. The plan is to increase even more with connecting additional wells from Ural O&G. The agreement for the purchase of gas and processing of condensate from the Rozhkovskoye field is for a period of four years. 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. 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 oil and gas reserves through seismic re-processing and mapping, other surveys as well as drilling. Therefore, there can be no certainty that further commercial quantities of oil and gas will be discovered at Chinarevskoye or acquired by the Group to enable it to utilise the spare capacity in its treatment facilities.	From the end of 2019, the Board concluded that diversification of its sources of feed stock to the processing facilities would provide the Group with an opportunity to gain from expanding the use of available capacities, technological resources and human capital, and ultimately benefit from its under-utilised infrastructure. The GTU 3 plant was upgraded and made ready for receiving future gas. The Sulphur Recovery Unit has been completed in April 2024 allowing treatment of different concentrations of H₂S. The Group continues to actively engage in discussions with other third parties interested in supplying raw gas to completely fill its spare processing capacity. Following acquisition by Nostrum of an 80% interest in Positiv Invest LLP, which holds the subsoil use right to the Stepnoy Leopard Fields in the West Kazakhstan region, the two-well appraisal operations were completed, and significant data had been collected. Based on these results the Company made a FID for the initial field development phase of the fields that includes drilling of four development wells across the key reservoirs. The forecast total capital budget for this initial field development phase is US\$100 million gross. The SL CPR on the Stepnoy Leopard Fields was published on 17 July 2024, according to which the Group estimated 138 mmbbl proved plus probable (2P) gross reserves as at 1 January 2024. Also, the Group has several additional area-wide opportunities under review that may serve to strengthen the Group's upstream and midstream portfolio in the coming years.
OPERATIONAL RISKS	
Oil and gas reserves and production	
Estimating the value and quantity of economically recoverable oil and natural gas reserves and resources, and consequently the rates of production, 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, future product prices, operating costs, development and production costs and workover and remedial costs, all of which may vary from actual results, which would affect the Group's financial performance and achievement of strategic objectives. The re-classifications of significant amounts of reserves from 2P to contingent resources in 2020-2021 were the result of crystallising of such risks. 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. 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. Finally, given that the Chinarevskoye reservoir is a mature and declining asset, the Group has been actively performing well workover and interventions to reduce the rate of decline of the reservoirs. In addition, the Group has also started its drilling campaign in December 2023. The initial campaign is for drilling 2 wells (301 deepening and 41 sidetrack) as part of the SA20 obligations. Such activities, as well as construction, operation and maintenance of surface facilities, are subject to various risks, including the availability of adequate services, technologies and expertise, which may adversely affect the fulfilment of the Group's strategic objectives.	The Group has a department of geologists and reservoir engineers who perform periodic assessments of its oil and gas reserves in accordance with international standards on reserve estimations and prepare production forecasting using advanced exploration risk and resource assessment systems. The results of the assessments are audited periodically by the Group's independent reserves consultants. For drilling and well workover activities, the Group engages skilled personnel and leading service suppliers, as well as employing internationally accredited operations and cost monitoring systems, based on which management oversees the work progress. The Group continues its well workover and intervention programme in 2024 to minimise the production decline and this will be continued in 2025 as the field gets older and equipment requiring more regular maintenance. The gas lift expansion project, requiring an additional compressor to increase lift gas availability for both oil and gas condensate wells was successfully completed during 2023 and more than doubled the capacity to support the producing oil and gas condensate wells, accelerating production. Maintenance of wells and surface facilities is scheduled in advance, in accordance with technical requirements, and all necessary preparations are performed in a timely manner ensuring a high quality of work. In addition, the Group has emergency response and disaster recovery plans in place and periodically conducts necessary training and testing procedures.
Cybersecurity risks	
Nostrum may be vulnerable to the unauthorised or inappropriate access to data, or the unlawful use, disclosure, disruption, deletion, corruption, modification, inspection, recording, or devaluation of information. Such cybersecurity failures may significantly adversely affect the Group's operations and financial results through disruptions, shutdowns and delays in production and other activities.	The Group uses several dashboards such as MS Secure and MS Compliance, which monitor security and compliance, and also help to identify areas where security might be enhanced. At the start of employment each new employee is briefed on the Group's Information Security Policy and signs a confidentiality agreement. All mailboxes and data are placed on Microsoft servers with appropriate levels of protection. Passwords have complexity requirement and double authorisation has been introduced for most users. All data traffic, servers and computers are subject to scanning and protection by anti-virus software. Physical access to data storage is restricted to authorised personnel.

Principal risks and uncertainties (continued)

Description of risk	Risk management
ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS	
Risks of incidents, including risk of explosion	
The Group's operations are subject to hazards and risks common in its industry, including 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. Failure to prevent or adequately mitigate these hazards can have a broad range of results, including, but not limited to, injury of employees or local residents, a partial or total shutdown of operations, significant damage to equipment, suspension or withdrawal of licenses and relevant sanctions. Any of the above could materially and adversely affect the Group's business, results of operations, financial condition and prospects. It should also be noted that the legal framework for operational safety is not yet fully developed in Kazakhstan and given the changing nature of environmental regulations, there is a risk that the Group will not be in full compliance with all such regulations at all times.	The Group's QHSE policies are periodically revised to ensure compliance with changes and new requirements in this area. Periodic training on the requirements of policies and regulations is held for employees. Nostrum's operations are based on the five QHSE pillars: HSE leadership; rigorous incident investigation; process safety-critical elements identified and maintained; contractor HSE management; and environment and climate change. Monthly QHSE reports are issued to communicate HSE performance. Management KPIs include lost time injury frequency, road traffic injury frequency, total recordable injury frequency as well as managing reduction of GHG emissions from our operations. Through the system of Hazard Observation Cards, employees and contractors report any unsafe conditions observed in the workplace, which helps to ensure their awareness of safe working conditions at all times. All incidents are investigated, their causes identified, and corrective action plans developed. There is a classification of equipment as critical or non-critical. Safety critical elements are devices, equipment or systems that are required to ensure process conditions are maintained within safe operating limits, or the purpose of which is to prevent malfunctioning. For example, devices are installed at well-sites to automatically close the wells in the case of shutdown, preventing blow-down by flaring. Contractor HSE performance is managed by identifying and mitigating risks, setting HSE performance criteria, monitoring, auditing and reporting HSE performance, and subsequently using this information for continuous development and feedback into the process of contractor selection.
Governance risks	
Nostrum must adhere to UK corporate governance and reporting requirements. Governance risk factors are usually related to board composition and structure, executive remuneration, internal controls and risk management framework, corporate policies and procedures, risks of corruption and bribery, and others. Lack of adequate controls and policies, or a failure of those to operate effectively, could lead to loss of company resources, non-compliance with regulations, and respective significant fines, penalties, as well as reputational damage.	The Group has established a robust governance framework which covers all aspects of the Group's activities through respective Board committees and functional teams under senior management. The corporate governance framework is supported by an extensive range of policies and procedures covering division of responsibilities, bribery, corruption and whistleblowing, anti-facilitation of tax evasion, and various other policies and practices related to social and environmental matters. Such policies and procedures are designed and implemented to ensure that all required compliance obligations are met.
Environmental risks	
The Group's operations are subject to environmental risks inherent in oil and gas exploration and production industries. Examples of environmental risks include risks stemming from more intense extreme weather events, rising energy intensity in the oil and gas industry, the changing regulatory landscape, the risk of fugitive emissions and climate change policies driving down demand. Compliance with environmental regulations may make it necessary for the Group, at substantial cost, to undertake measures in connection with the storage, handling, transportation, treatment or disposal of hazardous materials and waste and the remediation of contamination. In addition, the legal framework for environmental protection and operational safety is not yet fully developed in Kazakhstan. Stricter environmental requirements 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 actively plans and manages projects designed to mitigate certain environment-related risks. Limiting GHG emissions is a management KPI. The Group's operations continuously put effort and commitment into improving energy efficiency, reducing flaring, venting and leaks, and monitoring and effectively managing emissions and waste. Also, the Group has recently started recycling utilised water at the campsite. The Senior Management Team actively evaluates opportunities to further adapt and implement cost-effective mitigation measures. The HSE and ESG Committees currently have responsibility for Environmental related matters. The Group put in place and periodically reviews Energy management policy, Energy efficiency improvement plan, HSE policy and QHSE Management System.

Principal risks and uncertainties (continued)

Description of risk	Risk management
CLIMATE CHANGE RISKS	
Climate change	
Continued attention to climate change issues by governments, investors and customers and relevant developments in laws and regulations, investor and customer preferences may have significant adverse impact on the Group's business. New requirements, laws, policies and regulations may result in substantial additional expenditures on capital construction, compliance, operations and maintenance. The level of expenditure required to comply with these laws and regulations is uncertain. In addition, any perceived weakness in environment related policies, procedures and efforts, sub-optimal assessment by an ESG rating agency and comparison to peers, might adversely impact the Group's access to capital markets, reduce ability to raise additional financing, increase financing costs and have a negative impact on the Group's business plans and financial performance.	The Group is actively planning and managing projects designed to mitigate certain climate change related risks. For instance: • To decrease its exposure to rising fuel prices, drilling rigs have been retooled to derive more power from electricity rather than diesel; • In operations, there is a permanent effort and commitment to improve energy efficiency and to reduce flaring, venting, and leaks; and • At campsite, most of the water the Group utilises now is recycled. Climate change is on the Board's agenda. The Senior Management Team actively evaluates opportunities to further adapt and implement cost-effective mitigation measures.
COMPLIANCE RISKS	
Subsoil use agreements	
As the Group performs exploration, development and production activities in accordance with related licenses for the oil and gas fields, there are related risks that the Group might not be able to obtain extensions or agree amendments to the field development plan, when necessary, risks of non-compliance with the licence requirements owing to ambiguities, risks of alteration of the licence terms by the authorities and others. These risks may result in the Group's inability to fulfil scheduled activities; fines, penalties, suspension or termination of licenses by authorities; and, respectively, significant and adverse impact on the Group's business, financial performance and prospects.	The Group has procedures and processes in place for the timely application for extension of licence periods or for amendments to the field development plan, when it is considered appropriate however, uncertainty remains in relation to timing and results of decisions of authorities. The Group maintains an open dialogue with RoK governmental authorities regarding its subsoil use agreement. In the event of non-compliance with a provision of the agreement, the Group endeavours to have such terms modified and pays any penalties and fines that may apply.
Compliance with laws and regulations	
The Group carries out its activities in a number of jurisdictions and, therefore, must comply with a range of laws and regulations, which exposes the Group to the respective risks of non-compliance. In addition, the Group must comply with the Listing Rules, the Disclosure Guidance and Transparency Rules, FRC guidance and requirements, as well as requirements in connection with its restructured debt, in light of its publicly traded shares and notes. Hence, there are non-compliance risks, including reputational, litigation and government sanction risks, to which the Group is exposed. The impact of these risks may vary in magnitude and include regulatory actions, fines and penalties by authorities, diversion of management time, and may have an overall adverse effect on the Group's performance and activities towards achieving its strategic objectives.	For the purpose of effective corporate governance and compliance with laws, regulations and rules, the Group has adopted a number of policies and procedures, as mentioned above. The Group also performs periodic updates based on the changes in regulatory requirements and carries out related communications and training for employees. Necessary communication lines are established with authorities to ensure timely and adequate inbound and outbound flow of information. Management and the Board monitor significant matters related to legal and compliance matters in order to act promptly in response to any actions. In addition, management maintains an open dialogue with its sponsors in relation to any matter related to non-compliance with Listing Rules and other regulatory requirements.
FINANCIAL RISKS	
Liquidity risks	
Forecasting to maintain an adequate liquidity position is subject to the risk that inaccurate information or assumptions are used for forecasts, and to risks of counter-party delay or a counter-party's failure to meet their contractual obligations owing to severe market conditions. Moreover, the Group's current and planned expenditures are subject to unexpected problems, costs and delays, and the economic results and actual costs may differ significantly from the Group's current estimates. 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. All the above factors in combination with a significant negative movement in world energy prices could result in the Group's liquidity position becoming more strained than the severe but plausible downside scenario in the Going Concern assessment.	Management and the Board constantly monitor the Group's actual and forecast liquidity position to ensure that sufficient funds are available to meet any commitments as they arise. In addition, management and the Board assess key financial ratios, sensitivity tests of its liquidity position for changes in crude oil price, production volumes and timing of completion of various ongoing projects, to understand the resilience of the business and to be prepared for taking necessary remedies. Further efforts are made on cost optimisation to reduce capital expenditures, operating costs and general and administration costs.

Principal risks and uncertainties (continued)

Description of risk	Risk management
Refinancing risks	
The Group's Notes will mature in June 2026 and, in the absence of support from any of the strategic initiatives described on page 3, there is a risk that the Group will require partial or full refinancing of SSNs, and repay SUNs in specie through the issuance of new shares (further diluting the existing ordinary shareholders at the time) or have their maturity extended through another refinancing or restructuring exercise.	The Board notes that uncertainty remains related to the Group's ability to repay/meet its liabilities, including the repayment of its Notes due in 2026 and the risk that the Group may require refinancing in 2026.
Tax risks and uncertainties	
The uncertainty of application, including retroactive application, of tax laws and the evolution of tax laws in Kazakhstan create risks related to additional tax liabilities from assessments and risks related to the recoverability of tax assets. Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional, and national tax authorities are not unusual. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe and where the tax authorities disagree with the positions taken by the Group the financial outcomes could be material. Fiscal periods remain open to review by tax authorities for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods. Tax risks and uncertainties may adversely affect the Group's profitability, liquidity and planned growth.	The Group has policies and procedures related to various tax assessments and positions, as well as other control activities to ensure the timely assessment and filing of tax returns, payment of tax obligations and recovery of tax assets. The Group regularly challenges, either with the RoK tax authorities or through the RoK courts, tax assessments that it believes are inapplicable to it, pursuant to the terms of either its subsoil use agreements or applicable law.
OTHER RISKS	
Other significant risks, including emerging risks	
Other risks are those that are not specifically identified within any of the principal risks and uncertainties but may be related to several such areas or be organisation wide. These include risks related to: - Fraudulent activities; - The Group's supply chains; - Accounting and reporting management systems; or - The availability of human resources. They may also significantly impact the Group's financial performance, reputation and achievement of its strategic objectives.	The Group has an Anti-Bribery and Corruption Policy, and provisions relating to the same are included in the Group's Code of Conduct. Related training and updates are periodically provided for employees in relation to their obligations in this area. The Group has a wide range of internal controls over its supply chains and accounting and reporting processes, including policies, procedures, segregation of duties for authorisation of matters, periodic training for employees and so on. The Contracts Board was established to meet weekly to review and approve the placement of contracts or expenditures. Senior management and the Board stay alert to emerging challenges related to various management systems and related governance matters and, when necessary, initiate change initiatives to ensure enhancement and integration of certain management systems.

The risks listed above do not comprise all those associated with the Group's business and are not set out in any order of priority. Additional risks and uncertainties not presently known to management, or currently deemed to be less material, may also have an adverse effect on the Group's business. The risks listed above are continuously monitored by the management team and assessed when making business decisions.

Going concern

The Group monitors on an ongoing basis its liquidity position, near-term forecasts, and key financial ratios to ensure that sufficient funds are available to meet its commitments as they arise and liabilities as they fall due. The Group reforecasts its rolling 3-year cashflows on a quarterly basis and stress tests its future liquidity position for changes in product prices, production volumes, costs and other significant events. Whilst looking for new opportunities to fill the spare capacity of the Group's infrastructure, the Directors are also focused on a range of actions aimed at improving the liquidity outlook in the near-term. These include the ongoing efforts on further cost optimisation to reduce capital expenditures, operating costs and general and administration cost.

The Directors' going concern assessment is supported by the future cash flow forecasts for the going concern period to 30 September 2025. The Group had unrestricted cash balances of over US\$5.5 million as at 30 June 2024, current investments of US\$137 million, and over US\$16 million in DSRA. The base case going concern assessment reflects production forecasts consistent with the Board approved plans and published guidance and assumes a Brent oil price of US\$75/bbl. Under the base case going concern assessment for the period to 30 September 2025, the Group forecasts to have a total cash reserve of over US\$185 million, including over US\$17 million in DSRA. The base case scenario has also been tested for sensitivity against the key assumptions over the period of assessment, including US\$5/boe reduction in Brent prices, 10% reduction in forecast production and sales volumes, 10% increase in operating cost, addition of contingent capital expenditures and certain possible fines and penalties for various non-compliance issues. Considering such sensitivity analysis conclusion was made that the Group is financially capable of withstanding downside volatility of these key assumptions individually or in aggregate.

After careful consideration, the Directors have a reasonable expectation that the Group and Company have sufficient resources to continue in operation for the going concern period to 30 September 2025. For these reasons, in accordance with provision 30 of the UK Corporate Governance Code 2018, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the interim condensed consolidated financial statements. Accordingly, the interim condensed consolidated financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group were unable to continue as a going concern.

Notwithstanding that the going concern period has been defined as the period to 30 September 2025, the Directors have considered events and conditions beyond the period of assessment which may cast doubt on the Group's ability to continue as a going concern. The Directors draw attention to the Viability Statement on pages 39-40 of the 2023 Annual Report which highlights a potential necessity in the future for partial or full refinancing or restructuring of the Group's debt.

Responsibility statement

To the best of our knowledge

- a) the interim condensed set of financial statements, which has been prepared in accordance with the International Accounting Standard 34, "Interim Financial Reporting", as adopted in the UK, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole as required by DTR 4.2.4 R;
- b) the interim management report includes a fair review of the information required by DTR 4.2.7 R; and
- c) the interim management report includes a fair review of the information required by DTR 4.2.8 R.

The interim management report and the interim condensed consolidated financial statements for the six months ended 30 June 2024 have not been audited nor reviewed by the Group's external auditor.

Signed on behalf of the Board:



Arfan Khan

Chief Executive Officer

19 August 2024

Nostrum Oil & Gas PLC

Interim condensed consolidated financial statements (unaudited, unreviewed)

For the six months ended 30 June 2024

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Interim condensed consolidated financial statements

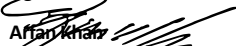
For the six months ended 30 June 2024

Consolidated statement of financial position

<i>In thousands of US Dollars</i>	Notes	30 June 2024 (unaudited)	31 December 2023 (audited)
Assets			
Non-current assets			
Property, plant and equipment	4	255,117	252,621
Exploration and evaluation assets	5	26,842	23,935
Advances for non-current assets	6	1,241	1,118
Restricted cash	10	25,479	25,215
		308,679	302,889
Current assets			
Inventories	7	31,812	29,852
Prepayments and other current assets	8	13,599	9,417
Income tax prepayment		1,302	–
Trade receivables	9	22,463	15,472
Cash, cash equivalents and current investments	10	142,539	161,711
		211,715	216,452
TOTAL ASSETS		520,394	519,341
Equity and liabilities			
Share capital and reserves	11		
Share capital		2,152	2,152
Treasury capital		(166)	(166)
Deferred shares		18,551	18,551
Share premium		792,744	792,744
Retained deficit and reserves		(927,509)	(879,456)
Attributable to owners of Nostrum Oil & Gas PLC		(114,228)	(66,175)
Non-controlling interest		392	502
		(113,836)	(65,673)
Non-current liabilities			
Notes payable and accumulated interest	14	518,444	471,572
<i>Principal</i>		661,607	636,222
<i>Arrangement fees and fair value adjustments</i>		(143,163)	(164,650)
Abandonment and site restoration provision		23,110	22,147
Amounts due to Government of Kazakhstan		3,412	3,625
Deferred tax liability		45,695	44,523
		590,661	541,867
Current liabilities			
Notes payable and accumulated interest	14	196	175
Trade payables	15	11,817	10,632
Advances received		189	254
Current tax payable		43	545
Current portion of amounts due to Government of Kazakhstan		1,031	1,031
Other current liabilities	16	30,293	30,510
		43,569	43,147
TOTAL EQUITY AND LIABILITIES		520,394	519,341

The interim condensed consolidated financial statements of Nostrum Oil & Gas PLC, registered number 8717287, were authorised for issue by the Board of Directors on 15 August 2024.

Signed on behalf of the Board:



Chief Executive Officer

19 August 2024

The accounting policies and explanatory notes on pages 26 through 34 are an integral part of these interim condensed consolidated financial statements.

Consolidated statement of comprehensive income

In thousands of US Dollars	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2024 (unaudited)	2023 (unaudited, restated*)	2024 (unaudited)	2023 (unaudited, restated*)
Revenue					
Revenue from export sales		26,682	32,316	52,696	43,770
Revenue from domestic sales and tolling fees		6,774	3,181	12,595	9,065
	17	33,456	35,497	65,291	52,835
Cost of sales	18	(17,831)	(22,938)	(34,846)	(39,324)
Gross profit		15,625	12,559	30,445	13,511
General and administrative expenses	19	(3,392)	(2,977)	(6,968)	(6,059)
Selling and transportation expenses	20	(3,323)	(3,575)	(6,627)	(5,907)
Taxes other than income tax	21	(3,733)	(5,180)	(7,440)	(6,359)
Finance costs	22	(26,977)	(23,812)	(55,456)	(54,768)
Gain on debt-to-equity exchange	11	–	–	–	769,611
Fair value adjustment on recognition of debt instruments	14	–	–	–	174,426
Foreign exchange gain / (loss), net		807	(79)	(57)	(803)
Interest income		1,952	831	3,760	899
Other income		505	852	900	1,145
Other expenses	23	(2,455)	(1,462)	(4,230)	(4,237)
(Loss) / Income before income tax		(20,991)	(22,843)	(45,673)	881,459
Current income tax benefit / (expense)		1,869	(2,800)	(1,320)	(3,033)
Deferred income tax (expense) / benefit		(1,130)	(897)	(1,172)	2,673
Income tax benefit / (expense)	24	739	(3,697)	(2,492)	(360)
(Loss) / income for the period		(20,252)	(26,540)	(48,165)	881,099
Currency translation difference		(3)	(123)	2	(5)
Other comprehensive income		(3)	(123)	2	(5)
Total comprehensive (loss) / income for the period		(20,255)	(26,663)	(48,163)	881,094
Loss for the period attributable to non-controlling interests (in thousands of US dollars)				(110)	–
(Loss)/income for the period attributable to the shareholders (in thousands of US dollars)				(48,055)	881,099
Weighted average number of shares**				169,381,600	169,381,600
Basic and diluted earnings per share (in US dollars)	12			(0.28)	5.20

* Certain amounts shown here do not correspond to the interim consolidated condensed financial statements for the six months ended 30 June 2023 and reflect adjustments made, please refer to Note 3 for more details.

** The number of shares has been adjusted as required under IAS 33.64 for the effect of the sub-division and consolidation of the ordinary share capital occurred after close of business on 9 February 2023.

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

Consolidated statement of cash flows

In thousands of US Dollars	Notes	For the six months ended 30 June	
		2024 (unaudited)	2023 (unaudited, restated*)
Cash flow from operating activities:			
(Loss) / Income before income tax		(45,673)	881,459
<i>Adjustments for:</i>			
Depreciation, depletion and amortisation	18, 19	12,932	20,315
Finance costs	22	55,333	54,768
Interest income		(3,760)	(899)
Foreign exchange loss on investing and financing activities		102	4
Loss on disposal of property, plant and equipment		385	685
Fair value adjustment on recognition of debt instruments		–	(174,426)
Gain on debt-to-equity exchange		–	(769,611)
Operating profit before working capital changes		19,319	12,295
<i>Changes in working capital:</i>			
Change in inventories		(1,960)	380
Change in trade receivables		(6,991)	(13)
Change in prepayments and other current assets		(2,605)	(2,010)
Change in trade payables		366	(2,087)
Change in advances received		(65)	(1)
Change in due to Government of Kazakhstan		(516)	(515)
Change in other current liabilities		(217)	(12,561)
Cash from / (used in) operations		7,331	(4,512)
Income tax paid		(3,111)	(14,466)
Net cash from / (used in) operating activities		4,220	(18,978)
Cash flow from investing activities:			
Interest received		2,183	899
Purchase of property, plant and equipment		(13,202)	(5,568)
Advances for non-current assets		–	167
Purchase of expenditures on exploration and evaluation assets		(3,937)	–
Transfer (to) / from restricted cash		(264)	14,735
Net cash (used in) / from investing activities		(15,220)	10,233
Cash flow from financing activities:			
Finance costs paid		(8,181)	(27,631)
Other finance costs		–	(5,262)
Net cash used in financing activities		(8,181)	(32,893)
Effects of exchange rate changes on cash and cash equivalents		9	60
Net decrease in cash, cash equivalents and current investments		(19,172)	(41,578)
Cash, cash equivalents and current investments at the beginning of the period	10	161,711	233,584
Cash, cash equivalents and current investments at the end of the period	10	142,539	192,006

* Certain amounts shown here do not correspond to the interim consolidated condensed financial statements for the six months ended 30 June 2023 and reflect adjustments made, please refer to Note 3 for more details.

The accounting policies and explanatory notes on pages 26 through 34 are an integral part of these interim condensed consolidated financial statements.

Consolidated statement of changes in equity

In thousands of US Dollars	Notes	Attributable to owners of Nostrum Oil & Gas PLC						Non-controlling interest	Total
		Share capital	Treasury capital	Deferred shares	Share premium	Other reserves (Note 12)	Retained deficit		
As at 1 January 2023		3,203	(1,660)	–	–	261,857	(1,203,626)	–	(940,226)
Income for the period (restated*)		–	–	–	–	–	881,099	–	881,099
Other comprehensive income		–	–	–	–	(5)	–	–	(5)
Total comprehensive income for the period (restated*)		–	–	–	–	(5)	881,099	–	881,094
Debt-to-equity exchange		(1,051)	1,494	18,551	23,133	229	–	–	42,356
Transfer of share premium on debt-to-equity exchange		–	–	–	769,611	–	(769,611)	–	–
As at 30 June 2023 (unaudited, restated*)		2,152	(166)	18,551	792,744	262,081	(1,092,138)	–	(16,776)
Loss for the period		–	–	–	–	–	(49,441)	–	(49,441)
Other comprehensive loss		–	–	–	–	67	–	–	67
Total comprehensive loss for the period		–	–	–	–	67	(49,441)	–	(49,374)
Recognition of non-controlling interest on purchase of Positiv Invest LLP		–	–	–	–	–	–	502	502
Share based payments under LTIP**		–	–	–	–	(25)	–	–	(25)
As at 31 December 2023 (audited)		2,152	(166)	18,551	792,744	262,123	(1,141,579)	502	(65,673)
Loss for the period		–	–	–	–	–	(48,055)	(110)	(48,165)
Other comprehensive income		–	–	–	–	2	–	–	2
Total comprehensive income / (loss) for the period		–	–	–	–	2	(48,055)	(110)	(48,163)
As at 30 June 2024 (unaudited)		2,152	(166)	18,551	792,744	262,125	(1,189,634)	392	(113,836)

* Certain amounts shown here do not correspond to the interim consolidated condensed financial statements for the six months ended 30 June 2023 and reflect adjustments made, please refer to Note 3 for more details.

** Long-Term Incentive Plan ("LTIP")

Notes to the interim condensed consolidated financial statements

1. General

Overview

Nostrum Oil & Gas PLC ("the Company" or "the Parent") is a public limited company incorporated on 3 October 2013 under the Companies Act 2006 and registered in England and Wales with registered number 8717287. The registered address of Nostrum Oil & Gas PLC is: 20 Eastbourne Terrace, London, W2 6LG, UK.

These interim condensed consolidated financial statements include the financial position and the results of the operations of Nostrum Oil & Gas PLC and its following subsidiaries:

Company	Registered office	Form of capital	Ownership, %
Nostrum Associated Investments LLP	43B Karev street, 090000 Uralsk, Republic of Kazakhstan	Participatory interests	100
Nostrum Oil & Gas Coöperatief U.A.	Anna van Buerenplein 41, Unit 4.09A, 2595DA The Hague, The Netherlands	Members' interests	100
Nostrum Oil & Gas B.V.	Anna van Buerenplein 41, Unit 4.09A, 2595DA The Hague, The Netherlands	Ordinary shares	100
Nostrum Oil & Gas Finance B.V.	Anna van Buerenplein 41, Unit 4.09A, 2595DA The Hague, The Netherlands	Ordinary shares	100
Nostrum Oil & Gas Holding Ltd.	20 Eastbourne Terrace, London, W2 6LA, United Kingdom	Ordinary shares	100
Nostrum Services Central Asia LLP	Aksai 3a, 75/38, 050031 Almaty, Republic of Kazakhstan	Participatory interests	100
Nostrum Services N.V.	Chaussee de Wavre 20, 1360 Perwez, Belgium	Ordinary shares	100
Positiv Invest LLP	Dostyk 310/15, Almaty, Republic of Kazakhstan	Participatory interests	80
Zhaikmunai LLP	43/1 Karev street, 090000 Uralsk, Republic of Kazakhstan	Participatory interests	100

Nostrum Oil & Gas PLC and its main subsidiaries are hereinafter referred to as "the Group". The principal producing asset of the Group is the Chinarevskoye field which is operated by its wholly-owned subsidiary Zhaikmunai LLP. Positiv Invest LLP holds the subsoil use rights for the "Kamenskoe" and "Kamensko-Teplovsko-Tokarevskoe" areas in the West Kazakhstan region (the "Stepnoy Leopard Fields"). The Group's operations comprise of a single operating segment including all Group's assets related to its Chinarevskoye field, including surface facilities, and Stepnoy Leopard Fields.

Zhaikmunai LLP carries out its activities in accordance with the Contract for Additional Exploration, Production and Production-Sharing of Crude Hydrocarbons in the Chinarevskoye oil and gas condensate field (the "Contract" or "PSA") dated 31 October 1997 between the State Committee of Investments of the Republic of Kazakhstan and Zhaikmunai LLP in accordance with the license MG No. 253D for the exploration and production of hydrocarbons in Chinarevskoye oil and gas condensate field.

The term of the Chinarevskoye subsoil use rights included a 5-year exploration period followed by a 25-year production period with the Contract being valid until the end of 2031.

On 17 July 2023, Nostrum Oil & Gas Coöperatief U.A. acquired an 80% interest in Positiv Invest LLP for US\$20 million. Positiv Invest LLP has 100% subsoil use rights under the contract No.25 for the assessment, development and production of hydrocarbons for the Stepnoy Leopard Fields dated 3 March 1995 (hereinafter referred to as "Contract No.25") valid until December 2044. The Stepnoy Leopard Fields are located approximately 60-120km west of Nostrum's Chinarevskoye field and within 10km of its oil and condensate loading terminal at Beles.

On 12 December 2023, Nostrum Oil & Gas UK Limited was dissolved.

As at 30 June 2024 the Group employed 600 employees (31 December 2023: 571).

Royalty payments

Zhaikmunai LLP is required to make monthly royalty payments throughout the entire production period, at the rates specified in the Contract.

Royalty rates depend on hydrocarbons recovery levels and the phase of production and can vary from 3% to 7% of produced crude oil and from 4% to 9% of produced natural gas. Royalty is accounted on a gross basis.

Government "profit share"

Zhaikmunai LLP makes payments to the Government of its "profit share" as determined in the Contract. The "profit share" depends on hydrocarbon production levels and varies from 10% to 40% of production after deducting royalties and reimbursable expenditures. Reimbursable expenditures include operating expenses, costs of additional exploration and development costs. Government "profit share" is expensed as incurred and paid in cash. Government profit share is accounted on a gross basis.

Group debt restructuring

On 31 March 2020, the Group announced that it would seek to engage with its bondholders regarding a possible restructuring of the Group's US\$725 million 8.0% Senior Notes due July 2022 ("2022 Notes") and its US\$400 million 7.0% Senior Notes due February 2025 ("2025 Notes") (together, the "Existing Notes"). On 23 December 2021, the Group entered into a lock-up agreement (the "First LUA") and agreed terms of a restructuring with noteholders. The below outlines the key terms of the restructuring as agreed between the Group, acceded noteholders and ICU in the LUAs and also voted in favour of by Nostrum shareholders:

Partial reinstatement of debt:

- In the form of US\$250 million Senior Secured Notes (SSNs) maturing on 30 June 2026 and bearing interest at a rate of 5.00% per year payable in cash. The SSNs are not convertible;

- In the form of US\$300 million Senior Unsecured Notes (SUNs) maturing on 30 June 2026 and bearing interest at a rate of 1.00% per year payable in cash and 13.00% per year payable in kind. If not repaid in cash at maturity, the SUNs are repayable in specie through the issuance of equity in the Company based on the value of the SUNs outstanding on the issuance date as a percentage of the fair market value of the Company (up to a maximum of 99.99% of the Company's fully diluted equity);

Conversion to equity:

- Conversion of the remainder of the Existing Notes and accrued interest into equity by way of a UK scheme of arrangement;
- Existing noteholders own 88.89% of the expanded ordinary share capital of the Company on closing of the restructuring. Existing noteholders also own warrants (to be held by trustee) allowing them to subscribe for an additional 1.11% of the ordinary share capital of the Company upon exercise – increasing noteholder ownership of the Company to 90.00%;
- The existing ordinary shareholders hold 11.11% upon closing of the restructuring. The existing ordinary shareholders diluted to 10.00% if the warrants held by existing noteholders are exercised.

New corporate governance arrangements:

- In respect of the Group and certain arrangements regarding future utilization of the Group's cashflows. This includes a cash sweep mechanism requiring that cash above US\$30 million is swept into a debt service retention account (to fund the next two cash interest payments due) and a restricted cash account which the Company can access with approval of the majority of Independent Non-Executive Directors of the Company; and
- Transfer the Company's listing to the Standard Listing segment of the London Stock Exchange.

Restructuring completion

On 9 February 2023, the Restructuring was implemented on the key terms as agreed under Lockup Agreement, and pursuant to the terms of the Scheme sanctioned by the Court on 26 August 2022. This led to the sub-division and consolidation of the Company's share capital, which resulted in a reduction of shares from approximately 1,693.8 million to 169.4 million following a 10:1 consolidation. By 10 February 2023, 150,563,304 new shares were listed on the London Stock Exchange (ticker symbol NOG.L), and by 13 February, also on the Astana International Exchange. The SSNs, SUNs and warrants were listed on The International Stock Exchange from 9 February 2023. On 14 March 2023, the Company's ordinary shares were delisted from the official list of the Kazakhstan Stock Exchange (KASE).

Notes to the interim condensed consolidated financial statements (continued)

2. Basis of preparation and consolidation

Basis of preparation

These interim condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting as adopted in the UK. These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023 prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with the UK adopted International Accounting Standards.

The interim condensed consolidated financial information for six months ended 30 June 2024 and 2023 is neither audited nor reviewed by the auditors and does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The comparative financial information as at 31 December 2023 has been derived from the statutory financial statements for that year. Statutory accounts for the year ended 31 December 2023 were approved by the Board of directors on 18 April 2024 and have been filed with the Registrar of Companies.

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as at 30 June 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this

presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Going concern

The Group monitors on an ongoing basis its liquidity position, near-term forecasts, and key financial ratios to ensure that sufficient funds are available to meet its commitments as they arise and liabilities as they fall due. The Group reforecasts its rolling 3-year cashflows on a quarterly basis and stress tests its future liquidity position for changes in product prices, production volumes, costs and other significant events. Whilst looking for new opportunities to fill the spare capacity of the Group's infrastructure, the Directors are also focused on a range of actions aimed at improving the liquidity outlook in the near-term. These include the ongoing efforts on further cost optimisation to reduce capital expenditures, operating costs and general and administration cost.

The Directors' going concern assessment is supported by the future cash flow forecasts for the going concern period to 30 September 2025. The Group had unrestricted cash balances of over US\$5.5 million as at 30 June 2024, current investments of US\$137 million, and over US\$16 million in DSRA. The base case going concern

assessment reflects production forecasts consistent with the Board approved plans and published guidance and assumes a Brent oil price of US\$75/bbl. Under the base case going concern assessment for the period to 30 September 2025, the Group forecasts to have a total cash reserve of over US\$185 million, including over US\$17 million in DSRA. The base case scenario has also been tested for sensitivity against the key assumptions over the period of assessment, including US\$5/boe reduction in Brent prices, 10% reduction in forecast production and sales volumes, 10% increase in operating cost, addition of contingent capital expenditures and certain possible fines and penalties for various non-compliance issues. Considering such sensitivity analysis conclusion was made that the Group is financially capable of withstanding downside volatility of these key assumptions individually or in aggregate.

After careful consideration, the Directors have a reasonable expectation that the Group and Company have sufficient resources to continue in operation for the going concern period to 30 September 2025. For these reasons, in accordance with provision 30 of the UK Corporate Governance Code 2018, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the interim condensed consolidated financial statements. Accordingly, the interim condensed consolidated financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group were unable to continue as a going concern.

Notwithstanding that the going concern period has been defined as the period to 30 September 2025, the Directors have considered events and conditions beyond the period of assessment which may cast doubt on the Group's ability to continue as a going concern. The Directors draw attention to the Viability Statement on pages 39-40 of the 2023 Annual Report which highlights a potential necessity in the future for partial or full refinancing or restructuring of the Group's debt.

3. Changes in accounting policies and disclosures

Change in depreciation method

In accordance with IAS 16 Property, plant and equipment par. 61, the depreciation method should be reviewed at least annually and, if the pattern of consumption of benefits has changed, the depreciation method should be changed prospectively as a change in estimate under IAS 8.

In the view of the recent changes in the Company's strategy and its repositioning as a mixed-asset

energy company, and commencement of the processing of third-party hydrocarbons from late December 2023, the management has reviewed the depreciation method applied to assets engaged in such processing of third-party hydrocarbons, and came to conclusion that application of straight-line depreciation method is more appropriate in line with the expected useful life of individually identified item of property, plant and equipment, as opposed to depletion using the

unit-of-production method based on estimated proved developed reserves of the Chinarevskoye field. The positive impact on profit and loss for the six months ended 30 June 2024 amounted to US\$6,321 thousand, and a positive impact on profit and loss for the year ending 31 December 2024 is expected to be approximately US\$12 million.

Notes to the interim condensed consolidated financial statements (continued)

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards which are summarised below and effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the

amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Correction of an error and changes in presentation

On 9 February 2023, the Group restructured its borrowings, and issued the SSNs and SUNs (for more details see Note 1). When preparing the interim condensed consolidated financial statements for the six months ended 30 June 2023, the management determined the fair value of the bonds on initial recognition by discounting future cashflows at the relevant implied yields on issue date (9.2% for SSNs and 35.2% for SUNs), which were determined through benchmarking against comparable instruments.

However, when preparing the consolidated financial statements for the year ended

31 December 2023, the management recognised that initially used discount rates of the bonds were not sufficiently representative of the terms and conditions of the bonds. Hence, management estimated the discount rates for the bonds through build-up method using relevant available market information on or around the date of the bond restructuring. As a result, the discount rates were adjusted to 13.3% for SSNs and 31.0% for SUNs. Corresponding fair value adjustment on initial recognition and other resulting adjustments were reflected and presented in the Group's consolidated financial statements for the year ended 31 December 2023.

Accordingly, the management made relevant adjustments in these interim condensed financial statements by restating comparative information for the six months and three months ended 30 June 2023 to ensure consistency with the annual financial statements for the year ended 31 December 2023.

The corrections have impacted various line items in the financial statements, and the comparative information for the six and three months ended 30 June 2023 has been restated accordingly as presented below:

In thousands of US Dollars	For the three months ended 30 June			For the six months ended 30 June		
	As previously reported	Fair value adjustment	As adjusted	As previously reported	Fair value adjustment	As adjusted
Consolidated statement of comprehensive income						
Finance costs	(31,857)	8,045	(23,812)	(67,063)	12,295	(54,768)
Fair value adjustment on recognition of debt instruments	–	–	–	163,506	10,920	174,426
(Loss) / income before income tax	(30,888)	8,045	(22,843)	858,244	23,215	881,459
(Loss) / income for the period	(34,585)	8,045	(26,540)	857,884	23,215	881,099
Total comprehensive (loss) / income for the period	(34,708)	8,045	(26,663)	857,879	23,215	881,094
(Loss) / income for the period attributable to the ordinary shareholders (in thousands of US dollars)	(34,708)	8,045	(26,663)	857,879	23,215	881,094
Weighted average number of ordinary shares ¹	169,381,600	–	169,381,600	169,381,600	–	169,381,600
Basic and diluted earnings per ordinary share (in US dollars)	(0.2)	–	(0.2)	5.1	–	5.2
Consolidated statement of cash flows						
<i>Cash flow from operating activities:</i>						
Income / (loss) before income tax				858,244	23,215	881,459
<i>Adjustments for:</i>						
Finance costs				67,063	(12,295)	54,768
Fair value adjustment on recognition of debt instruments				(160,024)	(10,920)	(170,944)
Operating profit before working capital changes				12,295	–	12,295

Notes to the interim condensed consolidated financial statements (continued)

4. Property, plant and equipment

During the six months ended 30 June 2024 the Group had additions of property, plant and equipment of US\$ 15,806 thousand (six months ended 30 June 2023: US\$ 7,673 thousand). These additions are mostly associated with commencement of Chinarevskoye two-well drilling campaign as well as capital repairs of equipment and capitalised interest US\$ 816 thousand (six months ended 30 June 2023: US\$ 938 thousand). See Note 24 for capital commitments.

5. Exploration and evaluation assets

Exploration and evaluation assets are attributable to acquisition of an 80% interest in Positiv Invest LLP, which holds the rights to the Stepnoy Leopard as well as the costs associated with the two-well appraisal programme completed after the acquisition on 17 July 2023. At the date of acquisition, the exploration and evaluation assets amounted to US\$18,890 thousand including the net purchase consideration of US\$17,330 thousand (purchase price less net assets) and capitalised costs of US\$1,560 thousand.

Subsequent to acquisition during 2023 the Group had additions to exploration and evaluation assets of US\$5,045 thousand and additions during the six months ended 30 June 2024 in the amount of US\$ 2,907 thousand. These additions were mostly associated with the two-well appraisal programme.

6. Advances for non-current assets

As at 30 June 2024 and 31 December 2023 advances for non-current assets comprised the following:

<i>In thousands of US Dollars</i>	30 June 2024 (unaudited)	31 December 2023 (audited)
Advances for construction services	850	790
Advances for construction materials	83	6
Advances for other non-current assets	308	322
	1,241	1,118

7. Inventories

As at 30 June 2024 and 31 December 2023 inventories comprised the following:

<i>In thousands of US Dollars</i>	30 June 2024 (unaudited)	31 December 2023 (audited)
Spare parts and other inventories	29,247	27,067
Gas condensate	1,067	1,072
Crude oil	930	1,217
LPG	519	462
Dry gas	45	30
Sulphur	4	4
	31,812	29,852

As at 30 June 2024 and 31 December 2023 inventories are carried at cost.

8. Prepayments and other current assets

As at 30 June 2024 and 31 December 2023 prepayments and other current assets comprised the following:

<i>In thousands of US Dollars</i>	30 June 2024 (unaudited)	31 December 2023 (audited)
VAT receivable	7,903	5,872
Advances paid	2,380	2,123
Interest receivable	1,577	—
Other taxes receivable	1,508	1,142
Other	231	280
	13,599	9,417

Advances paid consist primarily of prepayments made to service providers. As at 30 June 2024 the impaired VAT receivable amounted to US\$547 thousand (31 December 2023: US\$567 thousand).

There were no other movements in the provision for impairment of advances paid during the six months ended 30 June 2024 and year-ended 31 December 2023.

9. Trade receivables

As at 30 June 2024 and 31 December 2023 trade receivables were not interest-bearing and were mainly denominated in US dollars and Tenge. Their average collection period ranges between 30 and 120 days.

As at 30 June 2024 and 31 December 2023 there were past due but not impaired trade receivables. Based on the assessments made, the Group concluded that no provision for expected credit losses should be recognised as at 30 June 2024 and 31 December 2023.

10. Cash and cash equivalents and current investments

As at 30 June 2024 and 31 December 2023, cash, cash equivalents and current investments comprised the following:

<i>In thousands of US Dollars</i>	30 June 2024 (unaudited)	31 December 2023 (audited)
Investments in money market funds in US Dollars	87,000	—
Bank deposits with maturities over three months in US Dollars	50,000	—
Current investments, subtotal	137,000	—
Current accounts in US Dollars	4,942	160,646
Current accounts in Tenge	330	395
Current accounts in Euro	31	66
Current accounts in other currencies	233	601
Petty cash	3	3
Cash and cash equivalents, subtotal	5,539	161,711
	142,539	161,711

As of 30 June 2024, the Group has term deposit of US\$50,000 thousand placed with Citibank at an interest rate of 5.13% maturing in July 2024 (31 December 2023: nil).

Money Market Securities include investments in money market funds of JPMorgan Asset Management (Europe) S.à r.l and BlackRock Investment Management (UK) Limited. These investments in securities are classified as current investments since they are readily convertible into cash and have credit ratings of AAA and above, and their fair values are subject to minimal fluctuations.

In addition to the cash and cash equivalents in the table above, the Group has restricted cash accounts, which include liquidation fund deposits of US\$8,668 thousand with Halyk bank and US\$18 thousand with Jusan bank (31 December 2023: US\$ 8,662 thousand with Halyk bank and US\$20 thousand with Jusan bank), which are kept as required by the subsoil use rights for abandonment and site restoration liabilities of the Group. Also, restricted cash includes debt service retention account (DSRA) setup to ensure funding for the forthcoming two interest instalments on SUNs and SSNs. As of 30 June 2023, the DSRA contained US\$16,792 thousand (31 December 2023: US\$16,533 thousand).

Notes to the interim condensed consolidated financial statements (continued)

12. Share capital and reserves

As at 30 June 2024 the ordinary share capital of the Parent consists of 169,381,561 issued and fully paid ordinary shares, which are listed on the London Stock Exchange. The ordinary shares have a nominal value of GB£ 0.01. There were no movements in the number of shares during the six months ended 30 June 2024.

The movements in the number of shares during the six months ended 30 June 2023 was as follows:

Number of shares	In circulation	Treasury capital	TOTAL
As at 31 December 2022	185,234,079	2,948,879	188,182,958
Shares issued	1,505,633,046	–	1,505,633,046
Share consolidation	(1,521,780,413)	(2,653,991)	(1,524,434,404)
As at 30 June 2023	169,086,712	294,888	169,381,600

As part of the Restructuring, on 9 February 2023 the Company issued 1,505,633,046 new shares in connection with the repayment of the remaining face value of the Existing Notes following the issue of the SSNs and SUNs (see Note 14 below), together with accrued but unpaid interest (the “Debt for Equity Swap”). Given the number of new shares issued, at the close of business on 9 February 2023 the Company also performed a share consolidation, to achieve an appropriate share price following closing of the Restructuring (Note 1). As a result, the number of ordinary shares in issue was reduced from 1,693,816,004 (following the issue of the new shares) to 169,381,600 ordinary shares, on the basis of a 10:1 consolidation (the “Share Consolidation”). In order to give effect to the Share Consolidation, the Company initially reduced the nominal value of the ordinary shares (the “Sub-Division”) after the issue of the new shares, through sub-division of 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 resulting 15,244,344,036 Deferred Shares (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. The nominal value of the ordinary shares following the Share Consolidation was £0.01 each. Fractions of new ordinary shares were not issued in connection with the Share Consolidation and any fractional entitlements were rounded down to the nearest whole ordinary share.

Warrants

As part of the Restructuring 18,801,358 warrants were issued to the warrant trustee, which upon exercise in full, would result in the issue of new Ordinary Shares (the “Warrant Shares”) at their nominal value to the holders of the Existing Notes to Ordinary Shares from 88.89% to 90%, based upon the pro forma capitalisation of Nostrum immediately following closing of the Restructuring (but excluding entitlements under any new management incentive plan, long-term incentive plan or similar share scheme).

Warrants will be exercisable in full 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 without approval from the Warrant Director (“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 instrument pursuant to which the Warrants will be constituted) 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”).

Debt for Equity swap

Debt for Equity swap was recorded by the Company in accordance with the requirements of IFRS 9 Financial Instruments and IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, i.e.:

- Derecognition of the outstanding amount of Existing Notes (after issue of the SSNs and SUNs) as shown in the table below:

<i>In thousands of US Dollars</i>	Amount
2022 Notes principal amount	336,976
2025 Notes principal amount	192,946
2025 Notes accrued but unpaid interest of	195,216
2025 Notes accrued but unpaid interest of	91,056
Unamortised transaction costs	(2,013)
	814,181

- Recognition of the shares issued at their fair value at the time of issue of US\$42,356 thousand, which was estimated at the trading share price of £0.2375 and converted into US dollars using the prevailing exchange rate of 1.2169 GBP/USD. Relevant adjustments were made in the nominal amount of the share capital in accordance with the share issue, subdivision and consolidation described above, which resulted in the following allocations between various components of equity:

<i>In thousands of US Dollars</i>	Amount
Net reduction in share capital	(1,051)
Reduction in treasury capital	1,494
Deferred shares	18,551
Share premium	23,133
Other reserves (warrants)	229
	42,356

- The difference between Existing Notes balance of US\$814,181 thousand and the total equity additions of US\$42,356 thousand as described above after deduction of the relevant proportion of lock-up fees of US\$2,213 thousand, amounted to US\$769,611 thousand and was recognised as a separate item in the income statement in 2023.

Treasury shares

Treasury shares were issued to support the Group’s obligations to employees under the Employee Share Option Plan (“ESOP”) and the Long-Term Incentive Plan (“LTIP”) and are held by Intertrust Employee Benefit Trustee Limited as trustee for the Nostrum Oil & Gas Benefit Trust.

There were no movements in the Group’s other reserves during the six months ended 30 June 2024.

The movements in the Group’s other reserves are presented as follows:

<i>In thousands of US Dollars</i>	Group reorganisation reserve	Foreign currency translation reserves	Share-option reserves	Total
As at 31 December 2022	255,459	2,612	3,786	261,857
Currency translation difference	–	62	–	62
Debt-to-equity exchange	229	–	–	229
Share based payments under LTIP	–	–	(25)	(25)
As at 31 December 2023	255,688	2,674	3,761	262,123
Currency translation difference	–	2	–	2
As at 30 June 2024	255,688	2,676	3,761	262,125

Group reorganisation reserve in the amount of US\$255,688 thousand as of 30 June 2024 represents the difference between the partnership capital, treasury capital and additional paid-in capital of Nostrum Oil & Gas LP, the share capital of Nostrum Oil & Gas PLC, that arose during the reorganisation of the Group in 2014, as well as impact of bond restructuring in 2023 (see above and Note 1 for more details).

Distributions

There were no distributions made during the six months ended 30 June 2024 and 2023.

Notes to the interim condensed consolidated financial statements (continued)

13. Earnings per ordinary share

As at 30 June 2024 the ordinary share capital of the Parent consists of 169,381,600 issued and fully paid ordinary shares, which are listed on the London Stock Exchange. The ordinary shares have a nominal value of GB£0.01. For the purpose of calculations of earnings per share the number of shares for the six months ended 30 June 2023 has been adjusted as required under IAS 33.64 for the effect of the sub-division and consolidation of the ordinary share capital occurred after close of business on 9 February 2023.

	For the six months ended 30 June	
	(48,055)	881,099
(Loss)/income for the period attributable to the shareholders (in thousands of US dollars)		
Weighted average number of shares	169,086,712	169,086,712
Basic and diluted earnings per share (in US dollars)	(0.28)	5.21

14. Notes payable and accumulated interest

Notes payable and accumulated interest are comprised of the following as at 30 June 2024 and 31 December 2023:

In thousands of US Dollars	30 June 2024 (unaudited)	31 December 2023 (audited)
Senior Unsecured Notes	303,850	264,443
Senior Secured Notes	214,790	207,304
	518,640	471,747
Less amounts due within 12 months	(196)	(175)
	518,444	471,572

Senior Secured Notes (SSNs)

Following the Restructuring of the 2025 and 2022 Notes, Nostrum Oil & Gas Finance BV, issued US\$250,000,000 senior secured notes due 30 June 2026. The SSNs bear cash-pay interest at a rate of 5.0% per year, payable semi-annually. Pursuant to the Lock-up Agreement, the Group has agreed that the 5.0% cash interest will accrue from 1 January 2022 and such accrued amount was paid in cash after the issue of the SSNs. For more information, please refer to Note 1.

Senior Unsecured Notes (SUNs)

Following the Restructuring of the 2025 and 2022 Notes, Nostrum Oil & Gas Finance BV issued US\$300,000,000 senior unsecured notes due 30 June 2026. The SUNs bear interest at a rate of 1.0% cash-pay and 13.0% payment-in-kind (PIK) per year, payable semi-annually. Pursuant to the Lock-up Agreement, the Company agreed that the 1.0% cash interest and 13.0% PIK interest would accrue from 1 January 2022. Accordingly, Nostrum Oil & Gas Finance issued a principal amount of US\$45,078,172 additional SUNs representing the PIK interest which has been agreed to be payable with effect from 1 January 2022 until 9 February 2022 upon the issue of the SUNs. For more information, please refer to Note 1.

2022 Notes

On 25 July 2017, a newly incorporated entity, Nostrum Oil & Gas Finance B.V. (the "2022 Issuer") issued US\$725,000 thousand notes with maturity on 25 July 2022. The 2022 Notes bore interest at a rate of 8.00% per year, payable on 25 January and 25 July of each year. The issue of the 2022 Notes was used primarily to fund the refinancing of part of the Group's Notes issued in 2012 and 2014.

2025 Notes

On 16 February 2018, Nostrum Oil & Gas Finance B.V. (the "2025 Issuer") issued US\$400,000 thousand notes with maturity on 16 February 2025. The 2025 Notes bore interest at a rate of 7.00% per year, payable on 16 August and 16 February of each year. The issue of the 2025 Notes was used primarily to fund the refinancing of the remaining Group's Notes issued in 2012 and 2014.

Exchange of debt instruments

Considering significant differences in the terms of the Existing Notes and the terms of SSNs and SUNs issued in exchange, the Group accounted for the exchange transaction in accordance with the requirements of IFRS 9 Financial Instruments for a substantial modification, i.e. extinguishment of the Existing Notes and recognition of the SSNs and SUNs at their fair value.

Such fair values have been determined by discounting future expected cashflows related to SSNs and SUNs at the relevant implied yields of the instruments on their issue date (13.25% for SSNs and 31.04% for SUNs). The resulting gains on initial recognition of SSNs and SUNs in the amount of US\$40,294 thousand and US\$134,132 thousand, respectively, were recorded in the income statements under separate line item. These adjustments are amortised over the life of the instruments and reflected as part of finance costs in the income statement.

SSNs and SUNs covenants

The SSNs and SUNs contain consistent covenants requiring the Issuer, the Guarantors, and certain other members of the Group to (inter alia):

- Produce reports to holders, including quarterly and annual financial statements and certain other information;
- Adhere, subject to certain exceptions and qualifications, on limitations on indebtedness, distributions by the Company, restrictions on distributions to the Company, asset sales, affiliate transactions, changes of business, delisting, changes of control of the Company, liens securing indebtedness, guarantees of indebtedness and mergers and consolidations;
- Adhere to certain cashflow arrangements.

In addition, the indentures contain certain customary events of default.

15. Trade payables

Trade payables comprise the following as at 30 June 2024 and 31 December 2023:

In thousands of US Dollars	30 June 2024 (unaudited)	31 December 2023 (audited)
Tenge denominated trade payables	10,369	8,246
US Dollar denominated trade payables	842	1,684
Euro denominated trade payables	352	466
Russian Ruble denominated trade payables	26	44
Trade payables denominated in other currencies	228	192
	11,817	10,632

16. Other current liabilities

Other current liabilities comprise the following as at 30 June 2024 and 31 December 2023:

In thousands of US Dollars	30 June 2024 (unaudited)	31 December 2023 (audited)
Other accruals	18,212	16,867
Training obligations accrual (under PSA)	5,980	6,317
Due to employees	3,280	4,019
Taxes payable, including corporate income tax	2,041	2,600
Other current liabilities	780	707
	30,293	30,510

Other accruals include various amounts accrued according to management best estimates and assessment of probabilities of cash outflows, such as penalties related to tax audit payments, environmental provision and other similar items.

Notes to the interim condensed consolidated financial statements (continued)

17. Revenue

In thousands of US Dollars	For the three months ended 30 June		For the six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Revenue from oil and gas condensate sales	24,990	30,966	49,009	44,095
Revenue from gas and LPG sales	6,267	4,531	12,353	8,739
Revenue from third-party hydrocarbon processing	2,199	–	3,929	–
Revenue from sulphur sales	–	–	–	1
	33,456	35,497	65,291	52,835

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 average Brent crude oil price for the six months ended 30 June 2024 was US\$ 83.7/bbl (six months ended 30 June 2023: US\$79.7/bbl).

During the six months ended 30 June 2024 the revenue from sales to three major customers amounted to US\$26,926 thousand, US\$20,491 thousand and US\$5,923 thousand respectively (six months ended 30 June 2023: US\$19,691 thousand, US\$19,305 thousand and US\$5,100 thousand, respectively).

The operations of the Group are located in only one geographic location, Kazakhstan.

18. Cost of sales

In thousands of US Dollars	For the six months ended 30 June		For the six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Depreciation, depletion and amortisation	6,439	10,058	12,835	20,224
Payroll and related taxes	4,646	4,015	9,433	8,259
Materials and supplies	2,125	1,290	3,900	2,379
Repair, maintenance and other services	2,092	1,587	3,885	3,359
Well repair and maintenance costs	1,161	1,940	2,158	2,956
Transportation services	814	601	1,714	1,173
Change in stock	122	3,247	220	604
Environmental levies	48	29	93	56
Other	384	171	608	314
	17,831	22,938	34,846	39,324

19. General and administrative expenses

In thousands of US Dollars	For the six months ended 30 June		For the six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Payroll and related taxes	1,917	1,493	3,877	3,200
Professional services	1,022	1,040	2,120	2,019
Business travel	99	143	243	213
Insurance fees	117	109	236	217
Depreciation and amortisation	48	45	97	91
Communication	44	37	88	78
Short-term leases	38	20	71	42
Materials and supplies	32	36	56	57
Bank charges	8	7	15	14
Other	67	47	165	128
	3,392	2,977	6,968	6,059

20. Selling and transportation expenses

In thousands of US Dollars	For the three months ended 30 June		For the six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Transportation costs	1,329	1,615	2,615	2,390
Loading and storage costs	1,148	1,163	2,201	1,967
Payroll and related taxes	456	360	921	733
Other	390	437	890	817
	3,323	3,575	6,627	5,907

21. Taxes other than income tax

In thousands of US Dollars	For the three months ended 30 June		For the six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Export customs duty	2,284	3,872	4,267	3,872
Royalties	1,130	1,063	2,371	1,982
Government profit share	273	237	598	493
Other taxes	46	8	204	12
	3,733	5,180	7,440	6,359

Export customs duty is comprised of customs duties for export of crude oil and customs fees for services such as processing of declarations and temporary warehousing.

22. Finance costs

In thousands of US Dollars	For the six months ended 30 June		For the six months ended 30 June	
	2024 (unaudited)	2023 (unaudited, restated*)	2024 (unaudited)	2023 (unaudited, restated*)
Interest expense on borrowings	26,191	22,604	54,259	48,207
Other finance costs	362	139	362	5,262
Unwinding of discount on amounts due to Government of Kazakhstan	152	163	303	327
Unwinding of discount on abandonment and site restoration provision	272	906	532	972
	26,977	23,812	55,456	54,768

* Certain amounts shown here do not correspond to the interim consolidated condensed financial statements for the six months ended 30 June 2023 and reflect adjustments made, please refer to Note 3 for more details.

Other finance costs represent advisor fees incurred by the Group in relation to the Lock-up Agreement and process of restructuring of the Group's outstanding bonds during the six months ended 30 June 2023.

For more details on Lock-up Agreement and the consent fees see Note 1.

Notes to the interim condensed consolidated financial statements (continued)

23. Other expenses

For the six months ended 30 June 2024 and 2023 other expenses comprise the following:

In thousands of US Dollars	For the six months ended 30 June		For the six months ended 30 June	
	2024 (unaudited)	2023 (unaudited, restated*)	2024 (unaudited)	2023 (unaudited, restated*)
Business development costs	1,115	–	1,956	–
Sponsorship	629	9	640	19
Other taxes and penalties	328	327	419	1,657
Training accruals	149	298	308	565
Social program	78	77	156	155
Currency conversion	45	66	95	156
Loss on disposal of property, plant and equipment	(39)	685	–	685
Other	150	–	656	1,000
	2,455	1,462	4,230	4,237

Other taxes and penalties mainly include additional taxes and penalties assessed in relation to prior periods considering new information, which was not available at the time of preparation of respective financial information, and relevant interpretations by the management.

24. Income tax

In thousands of US Dollars	For the six months ended 30 June		For the six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Corporate income tax expense	(2,007)	2,674	993	2,747
Withholding tax	192	141	381	277
Deferred income tax expense	1,130	873	1,172	(2,673)
	(739)	3,697	2,492	360

Corporate income tax is recognised based on the estimated annual effective income tax rate applied to the income before tax for the six months ended 30 June 2024. Differences between the recognition criteria in IFRS and under the statutory taxation regulations give rise to a temporary difference between the carrying value of certain assets and liabilities for financial reporting purposes and for income tax purposes. The tax effect of the change in temporary differences is recorded at the applicable statutory rates, including the prevailing Kazakhstani tax rate of 30% applicable to income derived from the Chinarevskoye subsoil use license.

A major part of the Group's tax bases of non-monetary assets and liabilities is determined in Tenge. Therefore, any change in the US dollar/ Tenge exchange rates results in a change in the temporary difference between the tax bases of non-current assets and their carrying amounts in the financial statements.

25. Related party transactions

For the purpose of these interim condensed consolidated financial statements transactions with related parties mainly comprise transactions between subsidiaries of the Company and the key management.

Remuneration (represented by short-term employee benefits) of key management personnel amounted to US\$1,602 thousand for the six months ended 30 June 2024 (the six months ended 30 June 2023: US\$1,680 thousand).

26. Contingent liabilities and commitments**Taxation**

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe and where the tax authorities disagree with the positions taken by the Group the financial outcomes could be material. Administrative fines are generally 80% of the taxes additionally assessed and interest penalty is assessed at the refinancing rate established by the National Bank of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by tax authorities for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods. Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued as at 30 June 2024. As at 30 June 2024 management believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Group's tax position will be sustained.

Pending tax disputes

In late 2023 the Kazakhstan tax authorities conducted a withholding tax audit of Zhaikmunai LLP for the financial year 2018, and in January 2024 issued a withholding tax assessment equivalent to US\$6.8 million and related fines and penalties equivalent to US\$5.1 million. According to Company's best estimates, the application of similar arguments to the periods 2019-23 could result in additional amounts of taxes and penalties in the amount of circa US\$3.0 million. This excludes other items included within the assessment which the Company believes to be a remote risk.

Whilst Zhaikmunai LLP successfully challenged the legality and enforceability of the 2018 withholding tax assessment in January 2024, the Kazakhstan tax authorities subsequently filed an appeal in April 2024, and the appellate court ruled in favour of Zhaikmunai. Following the decision of the appellate court, in June 2024 tax authorities submitted a final appeal to the Supreme Court of Kazakhstan, which is pending court hearing.

Kazakhstan's tax legislation and regulations are subject to varying interpretations and instances of inconsistent opinions between local, regional, and national tax authorities and courts are not unusual. Taking this into account, while management believes that it is likely that the ruling in Zhaikmunai's favour will be upheld on appeal, management assesses the risk of an unfavourable outcome for Zhaikmunai in pending and future legal proceedings and resulting payment of the above-mentioned claimed amounts of taxes and penalties as possible.

Abandonment and site restoration (decommissioning)

As Kazakh laws and regulations concerning site restoration and clean-up evolve, the Group may incur future costs, the amount of which is currently indeterminable. Such costs, when known, will be provided for as new information, legislation and estimates evolve.

Environmental obligations

The Group may also be subject to loss contingencies relating to regional environmental claims that may arise from the past operations of the related fields in which it operates. Kazakhstan's environmental legislation and regulations are subject to ongoing changes and varying interpretations. As Kazakh laws and regulations evolve concerning environmental assessments and site restoration, the Group may incur future costs, the amount of which is currently indeterminable due to such factors as the ultimate determination of responsible parties associated with these costs and the Government's assessment of respective parties' ability to pay for the costs related to environmental reclamation.

Notes to the interim condensed consolidated financial statements (continued)

However, depending on any unfavourable court decisions with respect to any claims or penalties assessed by the Kazakh regulatory agencies, it is possible that the Group's future results of operations or cash flow could be materially affected in a particular period.

Capital commitments

As at 30 June 2024, the Group had contractual capital commitments in the amount of US\$11,518 thousand (31 December 2023: US\$16,039 thousand), mainly in respect to the Group's oil field development activities.

Social and education commitments

As required by the Contract (after its amendment on 2 September 2019), the Group is obliged to:

- spend US\$300 thousand per annum to finance social infrastructure;
- make an accrual of one percent per annum of the actual investments for the Chinarevskoye field for the purposes of educating Kazakh citizens.

Domestic oil sales

In accordance with Supplement # 7 to the Contract, Zhaikmunai LLP is required to deliver at least 15% of produced oil to the domestic market on a monthly basis for which prices are materially lower than export prices.

27. Financial risk management objectives and policies**Fair values of financial instruments**

Management assessed that the fair value of cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts as at 30 June 2024 and 31 December 2023.

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts reasonably approximating their fair values:

	Carrying amount		Fair value	
	30 June 2024 (unaudited)	31 December 2023 (audited)	30 June 2024 (unaudited)	31 December 2023 (audited)
<i>In thousands of US Dollars</i>				
Interest bearing borrowings	518,640	471,747	187,713	272,500
Total	518,640	471,747	187,713	272,500

The fair value of the financial assets and liabilities represents the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value of the quoted notes is based on price quotations at the reporting date and respectively categorised as Level 1 within the fair value hierarchy.

During the periods ended 30 June 2024 and 30 June 2023 there were no transfers between the levels of fair value hierarchy of the Group's financial instruments.

Capital management

For the purpose of the Group's capital management, capital includes issued capital, additional paid-in capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

Since the engagement with the AHG in discussions on potential restructuring of the Notes and signing of the FBAs in 2020 (see Note 1), the Group's focus was on maintaining short-term liquidity and preserving cash. Successful cost optimisation programme, favourable hydrocarbon pricing and successful restructuring enabled the Group to grow its unrestricted cash and current investment balances to the level of US\$142,539 thousand as at 30 June 2024. After successful implementation of the restructuring, the Group is in the process of revising its capital management policy in line with new requirements of SSN and SUN trust deeds and shareholder expectations.

28. Events after the reporting period

In July 2024, the Group published the Competent Person's Report (the "SL CPR") on the Steponoy Leopard Fields, in which it has an 80% working interest. The SL CPR, an independent third-party evaluation of the reserves and resources of the Steponoy Leopard Fields as of 1 January 2024, was prepared by Xodus Group Limited.

Key highlights of the report include:

- 138 mmboe (including approximately 25% liquids) proved plus probable (2P) gross reserves, increasing Nostrum's reserves base over fivefold (from 23 mmboe to 133 mmboe working interest reserves) and representing material value creation of approximately US\$220 million of after-tax net (80% working interest) Nostrum NPV10 at 34% IRR, and a substantial driver for increasing shareholder and investor returns.
- Achievement of this key milestone is another significant step in unlocking the potential and value of Nostrum's existing world-class 4.2 bcma gas processing infrastructure, as part of the Company's implementation of its mixed-asset energy strategy that aims to strengthen the country's energy security and affordability.
- In addition, the remaining large discovered, proven un-developed contingent resource base (2C) of 67 mmboe gross across the Steponoy Leopard Fields represents a significant potentially commercial opportunity. Future subsurface work is also planned to identify deeper exploration and prospective resources.

The full-field development SL CPR follows Nostrum's final investment decision for the initial field development phase of the Steponoy Leopard Fields, supporting the commercial viability of the scalable full-field development targeting the key reservoirs starting with the Eastern fields with subsequent expansion to the Western fields.