

Nostrum Oil & Gas PLC

Interim condensed consolidated financial statements

For the nine months ended 30 September 2024

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Consolidated statement of financial position

<i>In thousands of US Dollars</i>	Notes	30 September 2024 (unaudited)	31 December 2023 (audited)
Assets			
Non-current assets			
Property, plant and equipment	4	283,099	252,621
Exploration and evaluation assets	5	–	23,935
Other non-current financial assets		1,019	–
Advances for non-current assets	6	742	1,118
Restricted cash	10	25,586	25,215
		310,446	302,889
Current assets			
Inventories	7	31,731	29,852
Prepayments and other current assets	8	12,651	9,417
Trade receivables	9	14,216	15,472
Cash and cash equivalents and current investments	10	155,219	161,711
		213,817	216,452
TOTAL ASSETS		524,263	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		(956,159)	(879,456)
Attributable to owners of Nostrum Oil & Gas PLC		(142,878)	(66,175)
Non-controlling interest		289	502
		(142,589)	(65,673)
Non-current liabilities			
Notes payable and accumulated interest	14	531,309	471,572
<i>Principal</i>		661,324	636,222
<i>Arrangement fees and fair value adjustments</i>		(130,015)	(164,650)
Abandonment and site restoration provision		23,104	22,147
Amounts due to Government of Kazakhstan		3,306	3,625
Deferred tax liability		45,354	44,523
		603,073	541,867
Current liabilities			
Notes payable and accumulated interest	14	17,696	175
Trade payables	15	11,829	10,632
Advances received		959	254
Current tax payable		1,920	545
Current portion of amounts due to Government of Kazakhstan		1,031	1,031
Other current liabilities	16	30,344	30,510
		63,779	43,147
TOTAL EQUITY AND LIABILITIES		524,263	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 14 November 2024.

Signed on behalf of the Board:

Arfan Khan

Chief Executive Officer

18 November 2024

The accounting policies and explanatory notes on pages 7 through 15 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 September		For the nine months ended 30 September	
		2024 (unaudited)	2023 (unaudited, restated*)	2024 (unaudited)	2023 (unaudited, restated*)
Revenue					
Revenue from export sales		22,711	32,991	75,407	76,761
Revenue from domestic sales and tolling fees		13,408	2,967	26,003	12,032
	17	36,119	35,958	101,410	88,793
Cost of sales	18	(19,865)	(19,682)	(54,711)	(59,006)
Gross profit		16,254	16,276	46,699	29,787
General and administrative expenses	19	(3,933)	(3,170)	(10,901)	(9,229)
Selling and transportation expenses	20	(3,982)	(3,241)	(10,609)	(9,148)
Taxes other than income tax	21	(3,043)	(3,559)	(10,483)	(9,918)
Finance costs	22	(30,560)	(27,060)	(86,016)	(81,828)
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		132	568	75	(235)
Interest income		1,839	931	5,599	1,830
Other income		403	4,835	1,303	5,980
Other expenses	23	(2,644)	(3,562)	(6,874)	(7,799)
(Loss) / income before income tax		(25,534)	(17,982)	(71,207)	863,477
Current income tax expense		(3,558)	(4,226)	(4,878)	(7,259)
Deferred income tax benefit / (expense)		341	2,250	(831)	4,923
Income tax expense	24	(3,217)	(1,976)	(5,709)	(2,336)
(Loss) / income for the period		(28,751)	(19,958)	(76,916)	861,141
Currency translation difference		(2)	–	–	(5)
Other comprehensive income		(2)	–	–	(5)
Total comprehensive (loss) / income for the period		(28,753)	(19,958)	(76,916)	861,136
Loss for the period attributable to non-controlling interests				(213)	–
(Loss)/income for the period attributable to the shareholders				(76,703)	861,141
Weighted average number of shares**				169,381,600	169,381,600
Basic and diluted earnings per share (in US dollars)	12			(0.45)	5.08

* Certain amounts shown here do not correspond to the interim consolidated condensed financial statements for the nine months ended 30 September 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 nine months ended 30 September	
		2024 (unaudited)	2023 (unaudited, restated*)
Cash flow from operating activities:			
(Loss) / income before income tax		(71,207)	863,477
<i>Adjustments for:</i>			
Depreciation, depletion and amortisation	18, 19	20,015	31,470
Finance costs	22	86,016	81,828
Interest income		(5,599)	(1,830)
Foreign exchange loss on investing and financing activities		98	293
Loss on disposal of property, plant and equipment		385	–
Fair value adjustment on recognition of debt instruments		–	(174,426)
Gain on debt-to-equity exchange		–	(769,611)
Operating profit before working capital changes		29,708	31,201
<i>Changes in working capital:</i>			
Change in inventories		(1,879)	154
Change in trade receivables		1,256	(3,124)
Change in prepayments and other current assets		(3,400)	(5,346)
Change in trade payables		1,311	332
Change in advances received		705	(4)
Change in due to Government of Kazakhstan		(774)	(773)
Change in other current liabilities		(166)	(12,171)
Cash from operations		26,761	10,269
Income tax paid		(3,490)	(15,547)
Net cash from / (used in) operating activities		23,271	(5,278)
Cash flow from investing activities:			
Interest received		5,055	1,830
Purchase of property, plant and equipment		(19,627)	(11,708)
Purchase of Positiv Invest LLP	5	–	(19,312)
Advances for non-current assets		–	898
Other non-current financial assets		(309)	–
Expenditures on exploration and evaluation assets		(5,778)	(1,471)
Transfer (to)/from restricted cash		(374)	6,445
Net cash used in investing activities		(21,033)	(23,318)
Cash flow from financing activities:			
Finance costs paid		(8,181)	(27,630)
Other finance costs		(561)	(5,737)
Net cash used in financing activities		(8,742)	(33,367)
Effects of exchange rate changes on cash and cash equivalents		12	60
Net decrease in cash and cash equivalents and current investments		(6,492)	(61,903)
Cash and cash equivalents and current investments at the beginning of the period	10	161,711	233,584
Cash and cash equivalents and current investments at the end of the period	10	155,219	171,681

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

The accounting policies and explanatory notes on pages 7 through 15 are an integral part of these interim condensed consolidated financial statements.

Consolidated statement of changes in equity

In thousands of US Dollars	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*)	–	–	–	–	–	861,141	–	861,141
Other comprehensive income	–	–	–	–	(5)	–	–	(5)
Total comprehensive income for the period (restated*)	–	–	–	–	(5)	861,141	–	861,136
Debt-to-equity exchange	(1,051)	1,494	18,551	23,133	229	–	–	42,356
Recognition of non-controlling interest on purchase of Positiv Invest LLP	–	–	–	–	–	–	502	502
Transfer of share premium on debt-to-equity exchange	–	–	–	769,611	–	(769,611)	–	–
As at 30 September 2023 (unaudited, restated*)	2,152	(166)	18,551	792,744	262,081	(1,112,096)	502	(36,232)
Loss for the period	–	–	–	–	–	(29,483)	–	(29,483)
Other comprehensive loss	–	–	–	–	67	–	–	67
Total comprehensive loss for the period	–	–	–	–	67	(29,483)	–	(29,416)
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	–	–	–	–	–	(76,703)	(213)	(76,916)
Other comprehensive income	–	–	–	–	(18)	18	–	–
Total comprehensive income / (loss) for the period	–	–	–	–	(18)	(76,685)	(213)	(76,916)
As at 30 September 2024 (unaudited)	2,152	(166)	18,551	792,744	262,105	(1,218,264)	289	(142,589)

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

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

Notes to the interim condensed 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 Karez 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 Karez 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 August 20, 2024, Nostrum Oil & Gas Coöperatief U.A. transferred its 80% participating interest in Positiv Invest LLP and its 100% participating interest in Zhaikmunai LLP to Nostrum Oil & Gas Finance B.V. This reorganisation consolidates ownership of the Group's primary assets, including the Chinarevskoye field operated by Zhaikmunai LLP and the Stepnoy Leopard Fields managed by Positiv Invest LLP, under a single entity, enhancing operational alignment and strategic focus.

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

As at 30 September 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. For further information see 2023 Annual Report and Accounts.

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 nine months ended 30 September 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 nine months ended 30 September 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 September 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 increase the utilised capacity of the Group's processing 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 31 December 2025. The Group had unrestricted cash balances of over

US\$18.2 million as at 30 September 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 31 December 2025, the Group forecasts to have a total cash reserve of over US\$157 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, the Directors concluded 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 31 December 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 31 December 2025, the Directors have also 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 nine months ended 30 September 2024 amounted to US\$8,983 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 nine months ended 30 September 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 nine months and three months ended 30 September 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 nine and three months ended 30 September 2023 has been restated accordingly as presented below

In thousands of US Dollars	For the three months ended 30 September			For the nine months ended 30 September		
	As previously reported	Fair value adjustment	As adjusted	As previously reported	Fair value adjustment	As adjusted
Consolidated statement of comprehensive income						
Finance costs	(32,155)	5,095	(27,060)	(99,218)	17,390	(81,828)
Fair value adjustment on recognition of debt instruments	–	–	–	163,506	10,920	174,426
(Loss) / income before income tax	(23,077)	5,095	(17,982)	835,167	28,310	863,477
(Loss) / income for the period	(25,053)	5,095	(19,958)	832,831	28,310	861,141
Total comprehensive (loss) / income for the period	(25,053)	5,095	(19,958)	832,826	28,310	861,136
(Loss) / income for the period attributable to the ordinary shareholders (in thousands of US dollars)	(25,053)	5,095	(19,958)	832,826	28,310	861,136
Weighted average number of ordinary share ⁵¹	169,381,600	–	169,381,600	169,381,600	–	169,381,600
Basic and diluted earnings per ordinary share (in US dollars)	–	–	–	5	–	5
Consolidated statement of cash flows						
Cash flow from operating activities:						
Income / (loss) before income tax				835,167	28,310	863,477
Adjustments for:						
Finance costs				(99,218)	17,390	(81,828)
Fair value adjustment on recognition of debt instruments				163,506	(10,920)	152,586
Operating profit before working capital changes				31,201	–	31,201

Notes to the interim condensed consolidated financial statements (continued)

4. Property, plant and equipment

During the nine months ended 30 September 2024 the Group had additions of property, plant and equipment of US\$25,333 thousand (nine months ended 30 September 2023: US\$7,673 thousand). These additions are mostly associated with the Chinarevskoye two-well drilling campaign, capital repairs of equipment as well as capitalised interest of US\$816 thousand (nine months ended 30 September 2023: US\$1,517 thousand). See Note 24 for capital commitments.

In addition, as at 17 July 2024, the Group transferred Stepnoy Leopard exploration and evaluation assets valued at US\$26,842 thousand to property, plant, and equipment. This transfer was based on the Competent Person's Report on the Stepnoy Leopard Fields (the "SL CPR"), an independent third-party evaluation of the reserves and resources as of 1 January 2024. The report confirmed 138 mmboe of proved plus probable (2P) gross reserves, extraction of which is technically feasible and commercially viable. The SL CPR supported the Group's assessment that the field is commercially viable and ready for further development, justifying the transition of these assets from exploration to a development phase for the purpose of IFRS accounting.

5. Exploration and evaluation assets

Exploration and evaluation assets were attributable to the acquisition of an 80% interest in Positiv Invest LLP, which holds the rights to the Stepnoy Leopard Fields 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 the Group had additions to exploration and evaluation assets of US\$5,045 thousand during 2023 and additions during the period ended 17 July 2024 in the amount of US\$2,907 thousand. These additions were mostly associated with the two-well appraisal programme. As at 17 July 2024 the Group reclassified the balance of Stepnoy Leopard exploration and evaluation assets in the amount of US\$26,842 thousand to property, plant and equipment (see Note 4).

6. Advances for non-current assets

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

<i>In thousands of US Dollars</i>	30 September 2024 (unaudited)	31 December 2023 (audited)
Advances for construction services	282	790
Advances for construction materials	282	6
Advances for other non-current assets	178	322
	742	1,118

7. Inventories

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

<i>In thousands of US Dollars</i>	30 September 2024 (unaudited)	31 December 2023 (audited)
Spare parts and other inventories	29,603	27,067
Crude oil	1,089	1,217
Gas condensate	821	1,072
LPG	39	462
Dry gas	58	30
Sulphur	121	4
	31,731	29,852

Spare parts and other inventories include a minimum stock level required to ensure safe and uninterrupted operations. As at 30 September 2024 and 31 December 2023 inventories are carried at cost.

8. Prepayments and other current assets

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

<i>In thousands of US Dollars</i>	30 September 2024 (unaudited)	31 December 2023 (audited)
VAT receivable	7,951	5,872
Advances paid	2,396	2,123
Other taxes receivable	1,420	1,142
Interest receivable	544	–
Other	340	280
	12,651	9,417

Advances paid consist primarily of prepayments made to service providers. As at 30 September 2024 the impaired VAT receivable amounted to US\$606 thousand (31 December 2023: US\$567 thousand).

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

9. Trade receivables

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

As at 30 September 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 September 2024 and 31 December 2023.

10. Cash and cash equivalents and current investments

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

<i>In thousands of US Dollars</i>	30 September 2024 (unaudited)	31 December 2023 (audited)
Investments in Money Market Funds in US Dollars	137,000	–
Current accounts in US Dollars	14,849	160,646
Current accounts in Tenge	3,026	395
Current accounts in Euro	163	66
Current accounts in other currencies	172	601
Petty cash	9	3
	155,219	161,711

Money Market Funds include investments in money market funds of JPMorgan Asset Management (Europe) S.à r.l, BlackRock Investment Management (UK) Limited, Goldman Sachs Funds, Plc and Morgan Stanley Investment Management, Inc. These investments in securities are classified as current investments since they are readily convertible into cash, 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\$8,775 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 September 2023, the DSRA contained US\$16,793 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 September 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 nine months ended 30 September 2024.

The movements in the number of shares during the nine months ended 30 September 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 September 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:

In thousands of US Dollars	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:

In thousands of US Dollars	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 the 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.

Other reserves

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

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

In thousands of US Dollars	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	–	(18)	–	(18)
As at 30 September 2024	255,688	2,656	3,761	262,105

Group reorganisation reserve in the amount of US\$255,688 thousand as of 30 September 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 nine months ended 30 September 2024 and year ended 31 December 2023.

Notes to the interim condensed consolidated financial statements (continued)

13. Earnings per ordinary share

As at 30 September 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 nine months ended 30 September 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 nine months ended 30 September	
	2024	2023
(Loss)/income for the period attributable to the shareholders (in thousands of US dollars)	(76,703)	861,141
Weighted average number of shares	169,381,600	169,381,600
Basic and diluted earnings per share (in US dollars)	(0.45)	5.08

14. Notes payable and accumulated interest

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

	30 September 2024 (unaudited)	31 December 2023 (audited)
<i>In thousands of US Dollars</i>		
Senior Unsecured Notes	327,099	264,443
Senior Secured Notes	221,906	207,304
	549,005	471,747
Less amounts due within 12 months	(17,696)	(175)
	531,309	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 September 2024 and 31 December 2023:

	30 September 2024 (unaudited)	31 December 2023 (audited)
<i>In thousands of US Dollars</i>		
Tenge denominated trade payables	10,297	8,246
US Dollar denominated trade payables	728	1,684
Euro denominated trade payables	443	466
Russian Rouble denominated trade payables	130	44
Trade payables denominated in other currencies	231	192
	11,829	10,632

16. Other current liabilities

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

	30 September 2024 (unaudited)	31 December 2023 (audited)
<i>In thousands of US Dollars</i>		
Other accruals	18,010	16,867
Training obligations accrual	5,837	6,317
Taxes payable, including corporate income tax	2,820	2,600
Due to employees	2,696	4,019
Other current liabilities	981	707
	30,344	30,510

Other accruals include management's best estimates and assessment of probable cash outflows, such as penalties related to tax audit payments, environmental provisions 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 September		For the nine months ended 30 September	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Revenue from oil and gas condensate sales	20,723	31,002	69,732	75,097
Revenue from gas and LPG sales	10,579	4,955	22,932	13,694
Revenue from third-party hydrocarbon processing	4,817	–	8,746	–
Revenue from sulphur sales	–	1	–	2
	36,119	35,958	101,410	88,793

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 nine months ended 30 September 2024 was US\$82.6/bbl (nine months ended 30 September 2023: US\$81.9/bbl).

During the nine months ended 30 September 2024 the revenue from sales to three major customers amounted to US\$35,878 thousand, US\$30,159 thousand and US\$10,900 thousand respectively (nine months ended 30 September 2023: US\$37,502 thousand, US\$31,949 thousand and US\$6,213 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 three months ended 30 September		For the nine months ended 30 September	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Depreciation, depletion and amortisation*	7,034	11,106	19,869	31,330
Payroll and related taxes	4,659	3,965	14,092	12,224
Materials and supplies	2,867	1,141	6,767	3,520
Repair, maintenance and other services	2,198	1,543	6,083	4,902
Well repair and maintenance costs	1,253	1,194	3,411	4,150
Transportation services	953	610	2,667	1,783
Change in stock	437	(100)	657	504
Environmental levies	43	40	136	96
Other	421	183	1,029	497
	19,865	19,682	54,711	59,006

Effective from 1 January 2024 the Group applies a straight-line method of depreciation for certain property, plant and equipment involved in processing hydrocarbons, as opposed to previously applied unit-of-production method. For further details on change of depreciation method refer to Note 3.

19. General and administrative expenses

In thousands of US Dollars	For the three months ended 30 September		For the nine months ended 30 September	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Payroll and related taxes	1,908	1,770	5,785	4,970
Professional services	1,525	914	3,645	2,933
Business travel	145	134	388	347
Insurance fees	122	130	358	347
Depreciation and amortisation	49	49	146	140
Communication	40	37	128	115
Short-term leases	31	28	102	70
Materials and supplies	35	54	91	111
Bank charges	7	8	22	22
Other	71	46	236	174
	3,933	3,170	10,901	9,229

20. Selling and transportation expenses

In thousands of US Dollars	For the three months ended 30 September		For the nine months ended 30 September	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Transportation costs	1,703	1,280	4,318	3,670
Loading and storage costs	1,248	1,138	3,449	3,105
Payroll and related taxes	470	372	1,391	1,105
Other	561	451	1,451	1,268
	3,982	3,241	10,609	9,148

21. Taxes other than income tax

In thousands of US Dollars	For the three months ended 30 September		For the nine months ended 30 September	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Export customs duty	1,708	1,770	5,975	5,642
Royalties	1,063	1,421	3,434	3,403
Government profit share	269	363	867	856
Other taxes	3	5	207	17
	3,043	3,559	10,483	9,918

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 three months ended 30 September		For the nine months ended 30 September	
	2024 (unaudited)	2023 (unaudited, restated*)	2024 (unaudited)	2023 (unaudited, restated*)
Interest expense on borrowings	29,940	26,310	84,199	74,517
Other finance costs	198	475	560	5,737
Unwinding of discount on amounts due to Government of Kazakhstan	152	164	455	491
Unwinding of discount on abandonment and site restoration provision	270	111	802	1,083
	30,560	27,060	86,016	81,828

* Certain amounts shown here do not correspond to the interim consolidated condensed financial statements for the nine months ended 30 September 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 nine months ended 30 September 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

In thousands of US Dollars	For the three months ended 30 September		For the nine months ended 30 September	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Business development costs	1,279	—	3,235	—
Social contribution	652	27	1,292	46
Other taxes and penalties	297	2,584	716	4,241
Training accruals	157	(112)	465	453
Social program	77	77	233	232
Currency conversion	59	74	154	230
Loss on disposal of property, plant and equipment	390	39	390	724
Other	(267)	873	389	1,873
	2,644	3,562	6,874	7,799

Business development costs primarily relate to the Company's strategic initiatives to expand midstream operations through processing third-party hydrocarbons, including ongoing evaluations of further regional field connections.

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 three months ended 30 September		For the nine months ended 30 September	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Corporate income tax expense	3,419	4,061	4,358	6,808
Deferred income tax expense	(341)	(2,250)	831	(4,923)
Withholding tax	194	165	575	442
Adjustment in respect of the current income tax for the prior periods	(55)	—	(55)	9
	3,217	1,976	5,709	2,336

Corporate income tax is recognised based on the estimated annual effective income tax rate applied to the income before tax for the nine months ended 30 September 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 of key management personnel amounted to US\$2,823 thousand for the nine months ended 30 September 2024 (the nine months ended 30 September 2023: US\$2,860 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 September 2024. As at 30 September 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 the 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, resulting in a court ruling in favour of Zhaikmunai. In June 2024 the tax authorities submitted a final appeal to the Supreme Court of Kazakhstan, which is pending a 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 common. 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 contingent losses 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)

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 September 2024, the Group had contractual capital commitments in the amount of US\$21,703 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 September 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 September 2024 (unaudited)	31 December 2023 (audited)	30 September 2024 (unaudited)	31 December 2023 (audited)
<i>In thousands of US Dollars</i>				
Interest bearing borrowings	549,005	471,747	183,660	272,500
Total	549,005	471,747	183,660	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 September 2024 and 30 September 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.

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. The Group's focus is on maintaining short-term liquidity and preserving cash. Successful cost optimisation programme, favourable hydrocarbon pricing and successful restructuring enabled the Group to maintain its unrestricted cash and current investment balances to the level of US\$155,219 thousand as at 30 September 2024.

28. Events after the reporting period

Following the listing of bonds issued by Zhaikmunai LLP on the AIX on 19 September 2024, the Notes issued by Zhaikmunai LLP for \$560 million and \$400 million, fully held by NOG Finance B.V., were delisted from the Kazakhstan Stock Exchange (KASE) on 30 October 2024.