



Simple Sustainable Successful

9M 2017
Financials Results
Presentation



9M 2017 Financial Results

Solid revenue and operating cash generation following a strong half year

- 1 Revenue of US\$303.7m (9M 2016: US\$245.1m) and net operating cash¹ flows of US\$135.2m (9M 2016: US\$132.5m)
- 2 EBITDA² of US\$171.5m (9M 2016: US\$142.6m) and EBITDA margin of 56.5% (9M 2016: 58.2%)
- 3 Cash position of US\$144.4m³ and net debt⁴ of US\$912.6m as at 30 September 2017
- 4 9M 2017 average daily production of 44,879 boepd; 9M average daily sales volume of 39,600 boepd
- 5 Tie in of GTU3 project due in April 2018 and commissioning before end of H1 2018
- 6 Refinanced US\$607m of Existing Notes due 2019 with proceeds of US\$725m new bond issue

Nostrum is well positioned to deliver its next phase of production growth

¹ Net cash flows from operating activities

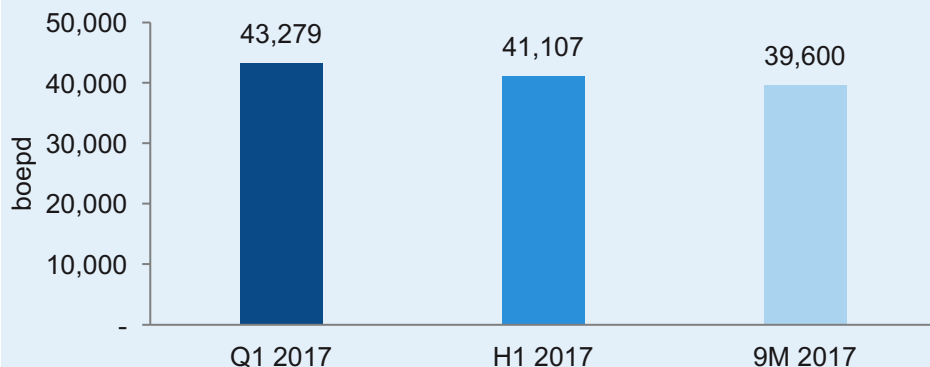
² Profit Before Tax + Finance Costs + Foreign Exchange Loss/(Gain) + ESOP + Depreciation – Interest Income + Other Expenses / (Income) + cash received from hedge

³ Cash & Cash Equivalents excluding restricted cash

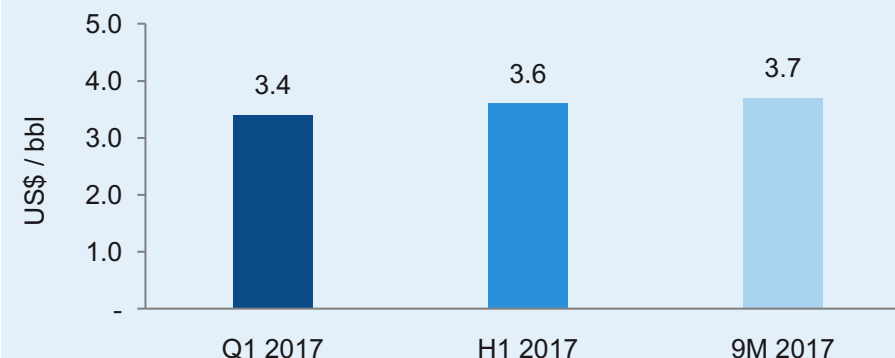
⁴ Total debt on balance sheet minus cash and cash equivalents

Snapshot of key figures from 9M 2017

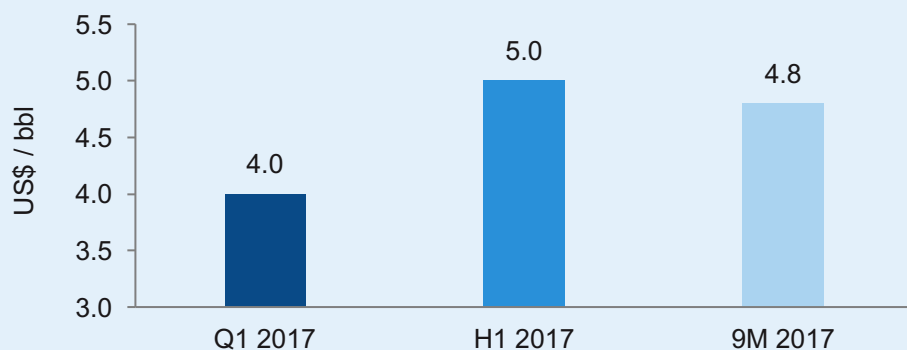
Sales volumes



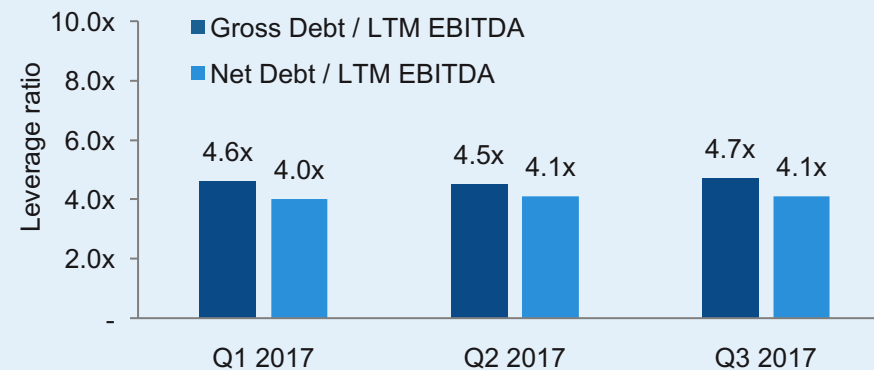
Opex / boe^{1,2}



Transport costs / boe²



Gross debt / net debt



¹ COGS less depreciation, less royalties, less government profit share, less change in stock

² Per barrel metrics calculated using sales volumes

Capital discipline

Balance sheet

- US\$144.4m cash and cash equivalents¹ (as at 30 September 2017)
- US\$912.6m Net debt² (as at 30 September 2017)

Successful refinancing of 2019 Notes

- Successful new bond issuance of US\$725 million 8% senior notes due 2022
- Proceeds used in part to refinance US\$607 million of Existing Notes due 2019
- Reduction in refinancing risk of the Company

Capex flexibility

- Existing financing, hedging arrangements and cash flow from operations ensures GTU III is fully funded under any oil price scenario
- Drilling capex scalable up/down according to prevailing oil price environment and outlook

Hedging programme

- 15,000 boepd hedge entered into on 14 December 2015
- Strike price of US\$49.16
- Settles quarterly for eight quarters (final settlement December 2017)
- No cash received from hedge in 9M 2017
- Hedging program for 2018+ being considered – to be decided post finalisation of 2018 drilling budget

Scalable drilling

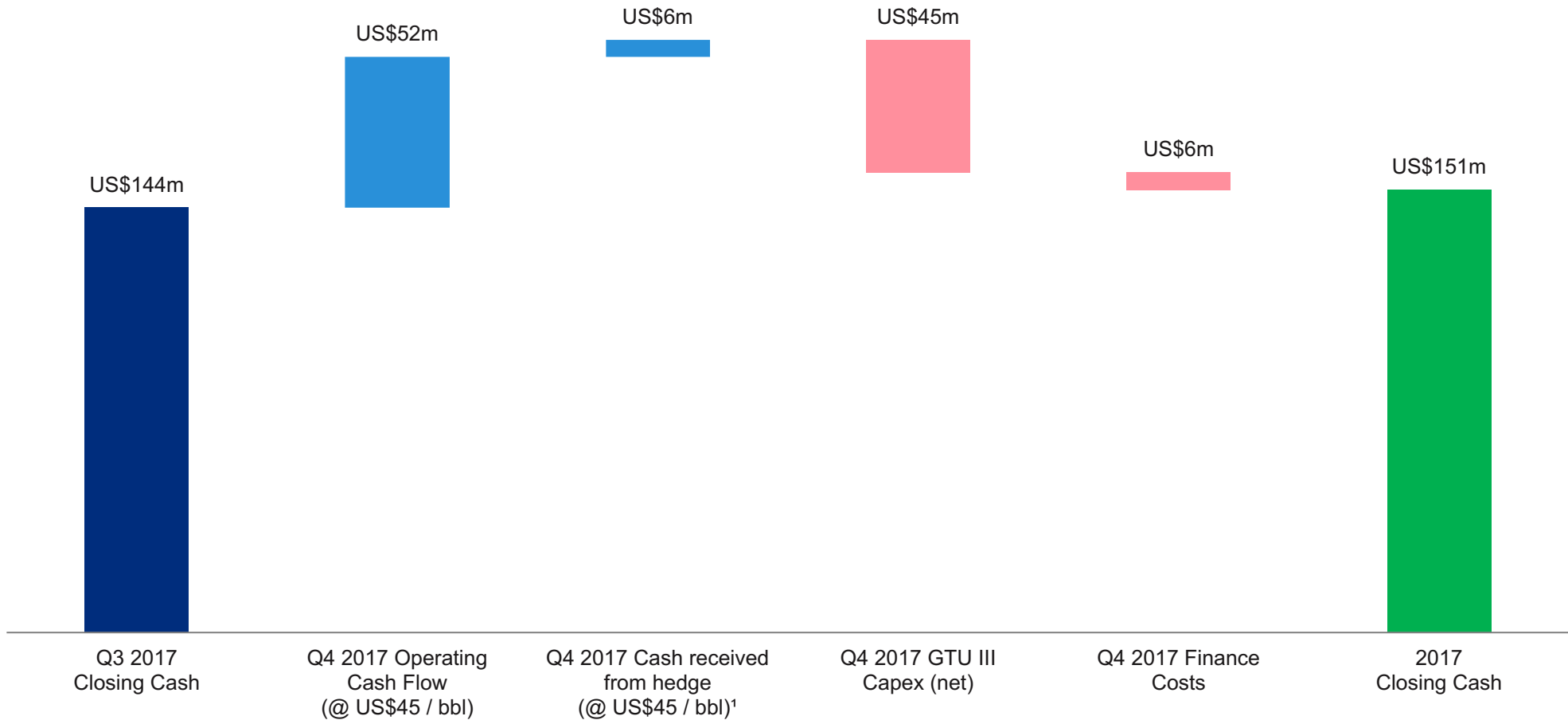
- Forecast drilling capex for 2017 reduced down to approximately US\$55m from US\$60m without reducing any wells
- Further savings of approximately US\$5m recognised on work-overs and reservoir management during 2017

¹ Cash & Cash Equivalents including current investments but excluding restricted cash

² Total Debt on balance sheet - Cash & Cash Equivalents

Resilience under low oil prices

– Fully funded to complete GTU III and maintain existing production in 2017 and 2018 under any oil price

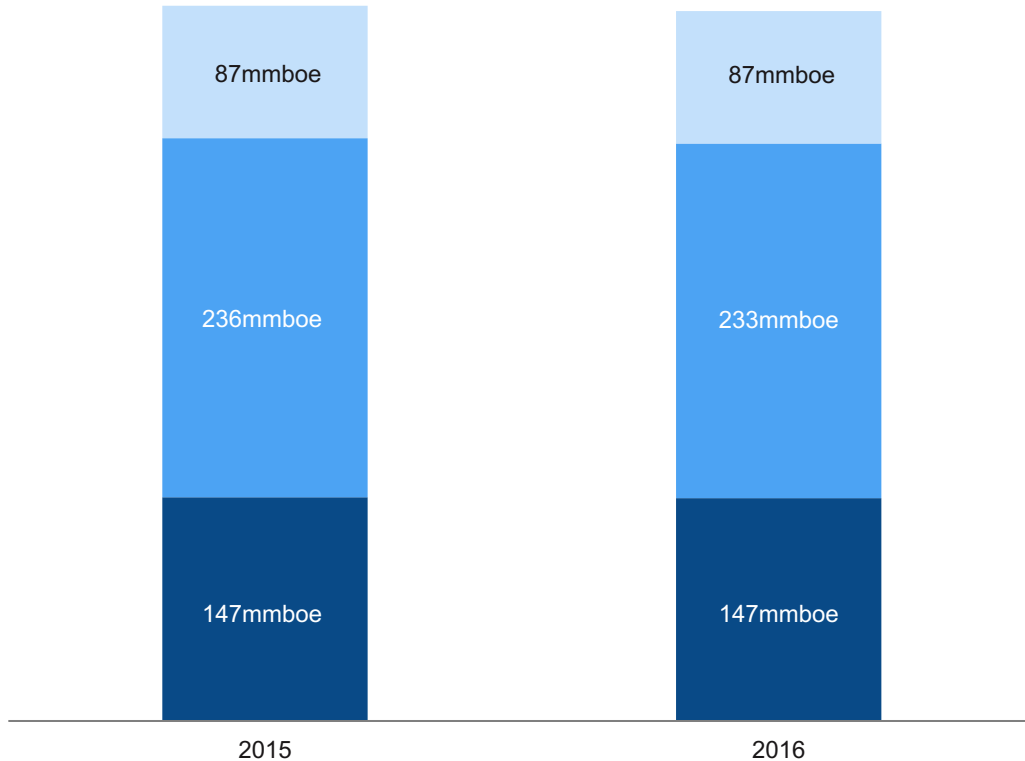


¹ Hedge income taxed at non-contractual rate of 20.0% included in Operating Cash Flow

2016 Ryder Scott Reserve Audit

– The asset continues to perform in line with expectations

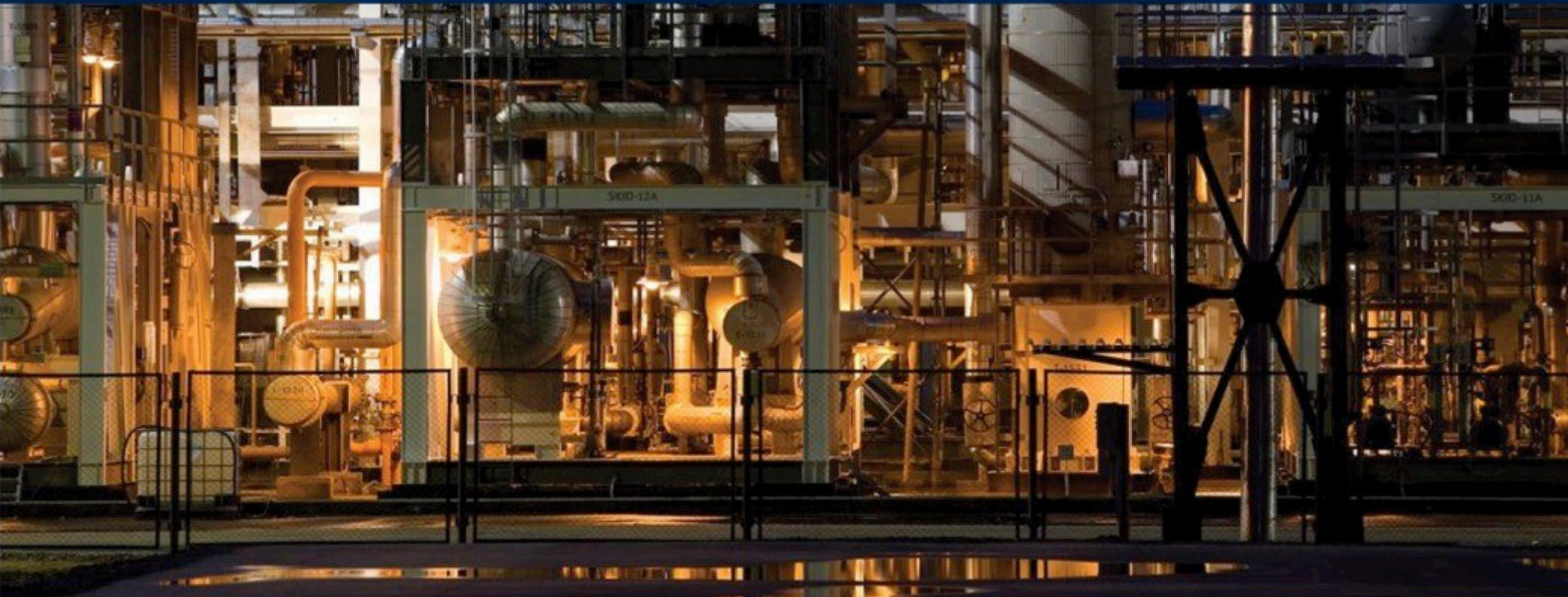
■ Chinarevskoye - Proven ■ Chinarevskoye - Probable ■ Trident - Probable



- 466mmboe 2P reserves as at 1 January 2017
 - Proven – 147mmboe
 - Probable – 320mmboe
- Contingent resources – 221mmboe
- Remaining reserve life of +10 years with GTU III running at full capacity
- 14.8mmboe of production during 2016
- 1P reserves replacement ratio of 97% and 2P reserves replacement ratio of 73%
- Identification of material contingent resources across all licenses in 2017 reserve audit
- Ryder Scott continues to confirm 100,000 boepd ramp up in 2020

1P reserves replacement ratio of 97% achieved under a low oil price environment

9M 2017 Financial Results



Financial Overview – 9M 2017

US\$m	9m 2016	9m 2017
Revenue	245.1	303.7
EBITDA ¹	142.6	171.5
Profit before tax	(60.5)	24.6
<i>Current income tax expense</i>	(12.4)	(33.4)
<i>Deferred income tax expense</i>	8.6	0.0
Net income	(64.3)	(8.7)
Earnings per share (USc) ²	(35.0)	(4.0)
Capital expenditure ³	(157.7)	(132.1)
Net cash flows from operating activities	132.5	135.2

US\$m	Q3 2016	Q3 2017
Gross debt	961.1	1,056.9
Cash & cash equivalents ⁴	94.3	144.4
Net debt ⁵	866.8	912.6
Net debt / LTM EBITDA	5.1x	4.1x

¹ Profit Before Tax + Finance Costs + Foreign Exchange Loss/(Gain) + ESOP + Depreciation – Interest Income + Other Expenses / (Income) + cash received from hedge

² Based on a weighted average no. of shares as at Q3 2017 of 185.1m and Q3 2016 of 184.8m

³ Purchases (net of sales) of property, plant and equipment + purchase of exploration and evaluation assets + acquisitions

⁴ Cash & Cash Equivalents including current investments but excluding restricted cash

⁵ Total Debt on balance sheet - Cash & Cash Equivalents

Balance Sheet Summary

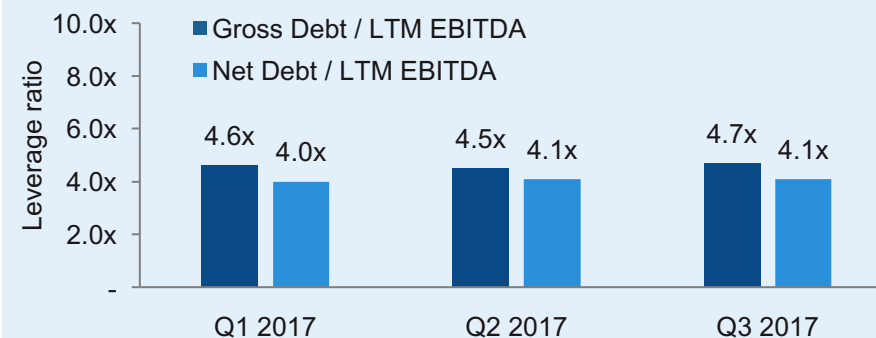
Highlights

- 56.5% EBITDA¹ margin for 9M 2017
- US\$144.4m cash & equivalents²
- Successful refinancing of majority of 2019 Notes through US\$725m new issue bond
- 15,000 boepd production hedged at US\$49.16/bbl – expires 14th Dec 2017

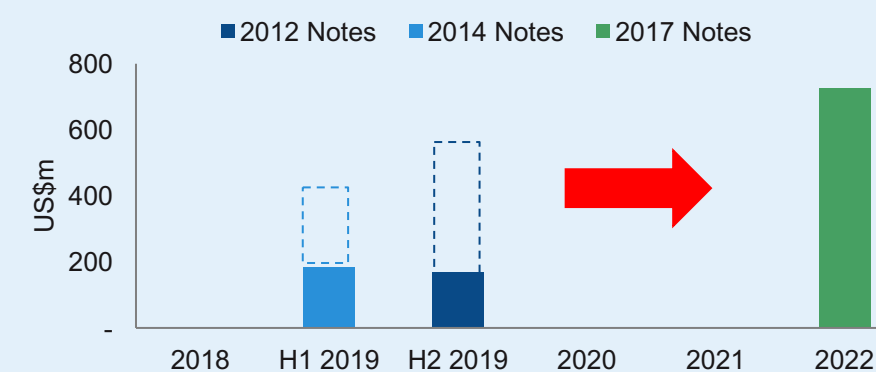
Net Debt³ at 9M 2017– US\$912.6m

US\$m	Q3 2017
Total debt, including:	1,056.9
2012 Notes (7.125% coupon)	170.4
2014 Notes (6.375% coupon)	184.8
2022 Notes (8.000% coupon)	700.9
Finance lease liability	0.8
Cash & cash equivalents ²	144.4
Net Debt	912.6

Gross debt / net debt



Maturity profile of current debt

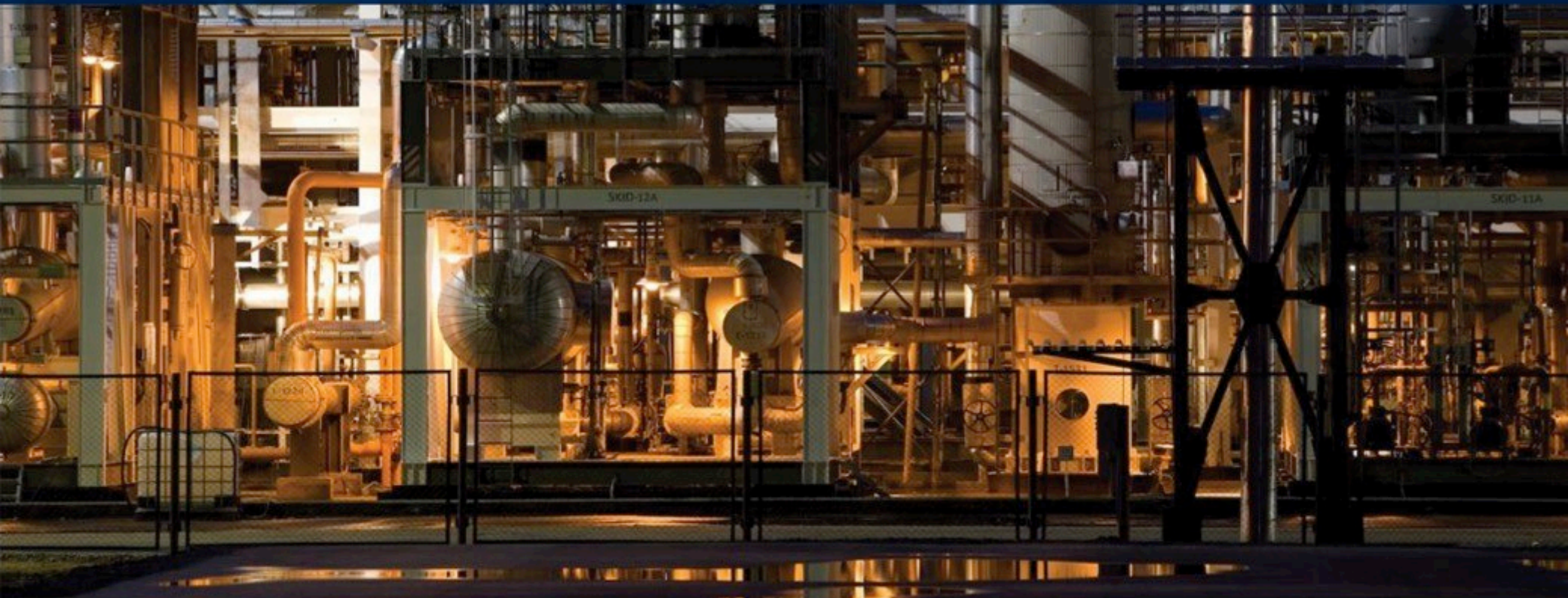


¹ Profit Before Tax + Finance Costs + Foreign Exchange Loss/(Gain) + ESOP + Depreciation – Interest Income + Other Expenses / (Income)

² Cash & Cash Equivalents including current investments but excluding restricted cash

³ Table represents IFRS balance sheet figures

Supporting materials



Consolidated Statement of Financial Position

Interim condensed consolidated statement of financial position

As at 30 September 2017

In thousands of US dollars	Note	30 September 2017 (unaudited)	31 December 2016 (audited)
ASSETS			
Non-current assets			
Exploration and evaluation assets	3	46,821	44,271
Goodwill		32,426	32,426
Property, plant and equipment	4	1,899,618	1,807,768
Restricted cash	3	8,390	5,981
Advances for non-current assets	5	16,133	28,676
		1,999,282	1,919,121
Current assets			
Inventories		29,160	28,326
Trade receivables	6	34,210	29,052
Prepayments and other current assets	7	23,239	21,171
Derivative financial instruments	21	31	6,658
Income tax prepayment		13	1,062
Cash and cash equivalents	8	144,390	101,134
		281,033	187,403
TOTAL ASSETS		2,280,296	2,106,524
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	9	3,203	3,203
Treasury capital		(1,880)	(1,845)
Retained earnings and reserves		683,343	690,617
		684,391	691,974
Non-current liabilities			
Long-term borrowings	11	1,040,069	943,534
Abandonment and site restoration provision		20,909	19,635
Due to Government of Kazakhstan		6,488	5,631
Deferred tax liability		344,843	344,689
		1,411,882	1,313,489
Current liabilities			
Current portion of long-term borrowings	11	18,233	15,518
Employee share option plan liability		3,663	4,339
Trade payables	12	59,130	43,320
Advances received		293	1,810
Income tax payable		17,084	1,124
Current portion of due to Government of Kazakhstan		1,031	1,289
Other current liabilities	13	36,718	33,661
		134,822	101,061
TOTAL EQUITY AND LIABILITIES		2,280,296	2,106,524

The Interim condensed consolidated financial statements of Nostrum Oil & Gas PLC, registered number 8717287, were approved by the Board of Directors. Signed on behalf of the Board:

Kai-Uwe Kessel

Chief Executive Officer

Tom Richardson

Chief Financial Officer

Consolidated Statement of Comprehensive Income

Interim condensed consolidated statement of comprehensive income

For the nine months ended 30 September 2017

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
<i>In thousands of US dollars</i>					
Revenue					
Revenue from export sales		50,009	36,853	192,414	173,722
Revenue from domestic sales		43,684	44,752	111,300	71,342
	14	93,693	81,605	303,714	245,064
Cost of sales	15	(47,785)	(51,333)	(146,253)	(145,827)
Gross profit		45,908	30,272	157,455	99,237
General and administrative expenses	16	(9,451)	(8,471)	(27,869)	(27,933)
Selling and transportation expenses	17	(14,934)	(18,240)	(52,016)	(55,504)
Finance costs	18	(13,006)	(11,126)	(34,479)	(32,315)
Employee share option plan fair value adjustment		1,305	340	632	2,323
Foreign exchange (loss)/gain, net		(3,384)	6,091	(435)	(695)
Loss on derivative financial instruments	21	(6,935)	(6,021)	(6,627)	(46,750)
Interest income		138	112	305	353
Other income		3,897	3,223	9,373	7,225
Other expenses	19	(13,333)	(93)	(21,690)	(6,416)
(Loss)/profit before income tax		(9,795)	(3,912)	24,649	(60,475)
Current income tax expense		(6,233)	3,127	(33,418)	(12,408)
Deferred income tax benefit / (expense)		(6,165)	(7,659)	47	8,622
Income tax expense	20	(12,398)	(4,532)	(33,371)	(3,786)
Loss for the period		(22,193)	(8,444)	(8,722)	(64,261)
Other comprehensive income that could be reclassified to the income statement in subsequent periods					
Currency translation difference		260	51	804	144
Other comprehensive income		260	51	804	144
Total comprehensive loss for the period		(21,933)	(8,393)	(7,918)	(64,117)
Loss for the period attributable to the shareholders (In thousands of US dollars)				(7,918)	(64,117)
Weighted average number of shares				185,068,917	184,828,819
Basic and diluted earnings per share (In US dollars)				(0.04)	(0.35)

Consolidated Statement of Cash Flows

Interim condensed consolidated statement of cash flows

For the nine months ended 30 September 2017

In thousands of US dollars	Notes	Nine months ended 30 September	
		2017 (unaudited)	2016 (unaudited)
Cash flow from operating activities:			
Profit/(loss) before income tax		24,849	(60,475)
Adjustments for:			
Depreciation, depletion and amortisation	16,18	89,987	99,619
Finance costs	18	84,478	32,315
Employee share option plan fair value adjustment		(682)	(2,323)
Interest income		(506)	(353)
Foreign exchange gain on investing and financing activities		(1,788)	(1,205)
Loss on disposal of property, plant and equipment		860	65
Proceeds from derivative financial instruments	21	–	27,198
Loss on derivative financial instruments	21	8,827	46,750
Provision for doubtful debts		1,761	–
Impairment loss		8,286	–
Accrued expenses		2,833	(846)
Operating profit before working capital changes		171,348	140,745
Changes in working capital:			
Change in inventories		(601)	206
Change in trade receivables		(5,168)	(2,749)
Change in prepayments and other current assets		(11,180)	4,746
Change in trade payables		829	5,434
Change in advances received		(817)	414
Change in due to Government of Kazakhstan		(1,081)	(773)
Change in other current liabilities		(1,608)	(6,379)
Payments under Employee share option plan		(1,182)	–
Cash generated from operations		160,418	141,144
Income tax paid		(16,187)	(8,664)
Net cash flows from operating activities		144,231	132,480
Cash flow from investing activities:			
Interest received		306	353
Purchase of property, plant and equipment		(182,074)	(154,111)
Exploration and evaluation works	8	(1,678)	(3,610)
Loans granted		(1,223)	–
Net cash used in investing activities		(184,669)	(157,368)
Cash flow from financing activities:			
Finance costs paid		(61,018)	(45,561)
Issue of notes		726,000	–
Repayment of notes		(808,808)	–
Fees and premium paid for early repayment and on arrangement of notes		(28,118)	–
Treasury shares sold/(purchased)		1,363	–
Payment of finance lease liabilities		(618)	(444)
Transfer to restricted cash		(378)	(382)
Net cash from/(used in) financing activities		(171,569)	(46,387)
Effects of exchange rate changes on cash and cash equivalents		877	25
Net increase/(decrease) in cash and cash equivalents		(107,131)	(71,250)
Cash and cash equivalents at the beginning of the period	8	101,134	165,560
Cash and cash equivalents at the end of the period	8	(6,003)	94,310

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