

Simple Sustainable Successful

Half Year 2017 Financial
Results Presentation

H1 2017 Financial Results

Solid revenue and operating cash generation following a strong half year

- 1 Revenue of US\$210.0m (H1 2016: US\$163.5m) and net operating cash¹ flows of US\$118.5m (H1 2016: US\$78.9m)
- 2 EBITDA² of US\$119.8m (H1 2016: US\$100.9m) and EBITDA margin of 57.0% (H1 2016: 61.7%)
- 3 Cash position of US\$97.5m³ and net debt⁴ of US\$864.3m as at 30 June 2017
- 4 H1 2017 average daily production of 46,685 boepd; H1 average daily sales volume of 41,107 boepd
- 5 KazTransOil pipeline connection finalised in June 2017 at a cost of less than US\$7m
- 6 Construction of GTU3 project on track for completion by the end of 2017
- 7 Refinanced US\$607m of Existing Notes due 2019 with proceeds of US\$725m new bond issue⁵

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

¹Net cash flows from operating activities

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

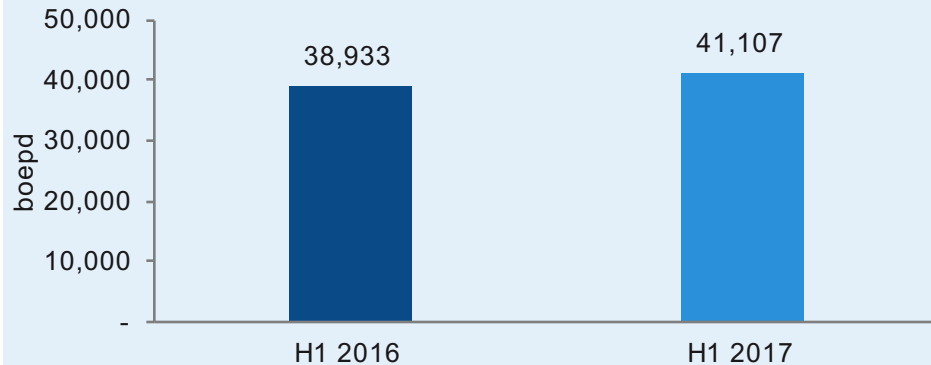
³Cash & Cash Equivalents excluding restricted cash

⁴Total debt minus cash and cash equivalents

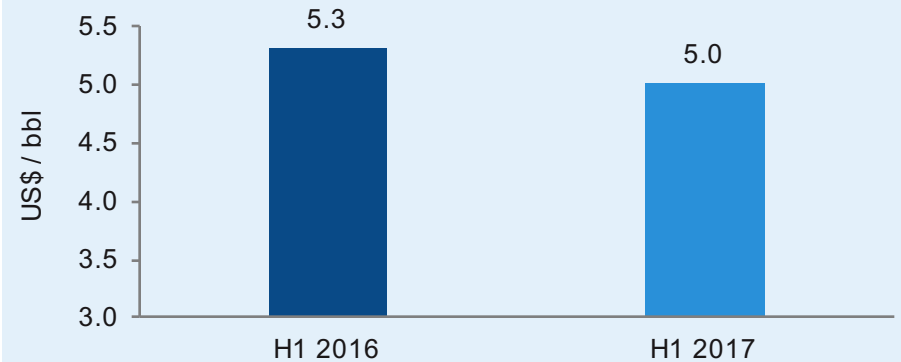
⁵In July 2017, H1 2017 pro forma cash position +US\$174m following refinancing

Snapshot of key figures from H1 2017

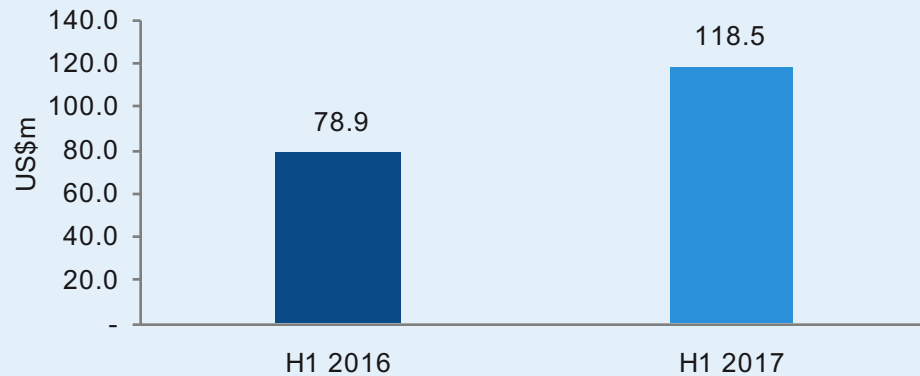
Sales volumes



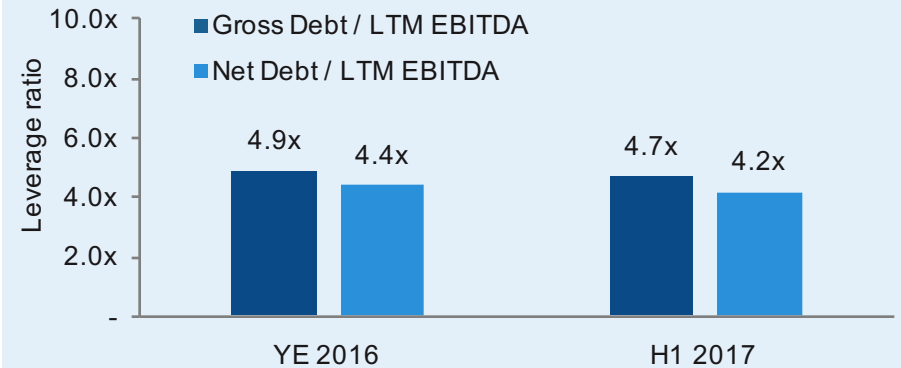
Transport costs / boe^{1,2}



Net Operating Cash flows



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\$97.5m cash and cash equivalents¹ (as at 30 June 2017)
- US\$864.3m Net debt² (as at 30 June 2017)

Post half year

- 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
- +US\$174 million pro-forma cash position as at 30 June 2017³

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 H1 2017

Scalable drilling

- c.US\$35m of drilling capex required to maintain existing production in 2017
- c.US\$50m of discretionary drilling capex in 2017

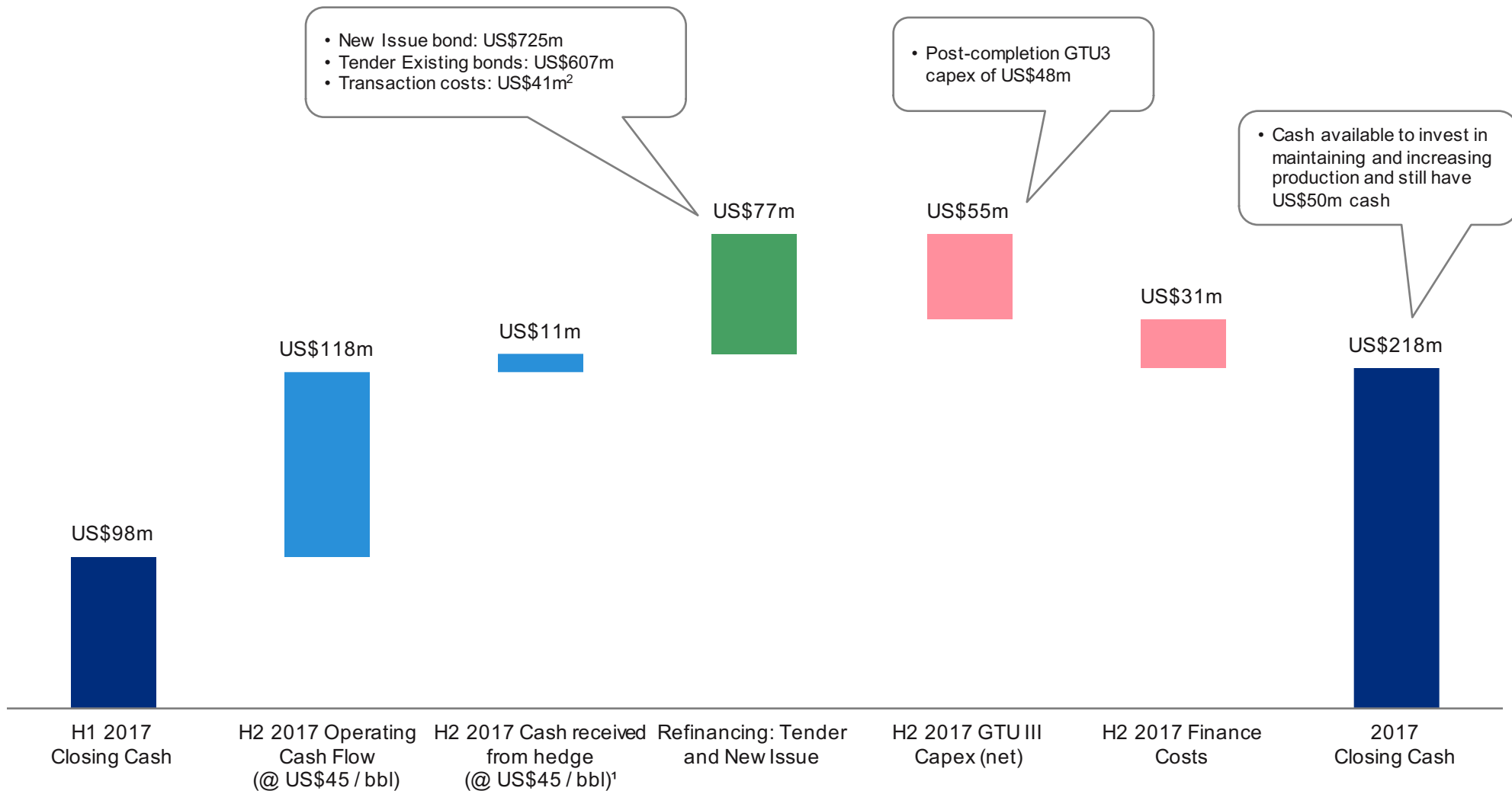
¹ Cash & Cash Equivalents including current investments but excluding restricted cash

² Total Debt on balance sheet - Cash & Cash Equivalents

³ US\$77 million additional cash following tender and new issue net of costs, expenses, premiums and accrued interest

Resilience under low oil prices

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

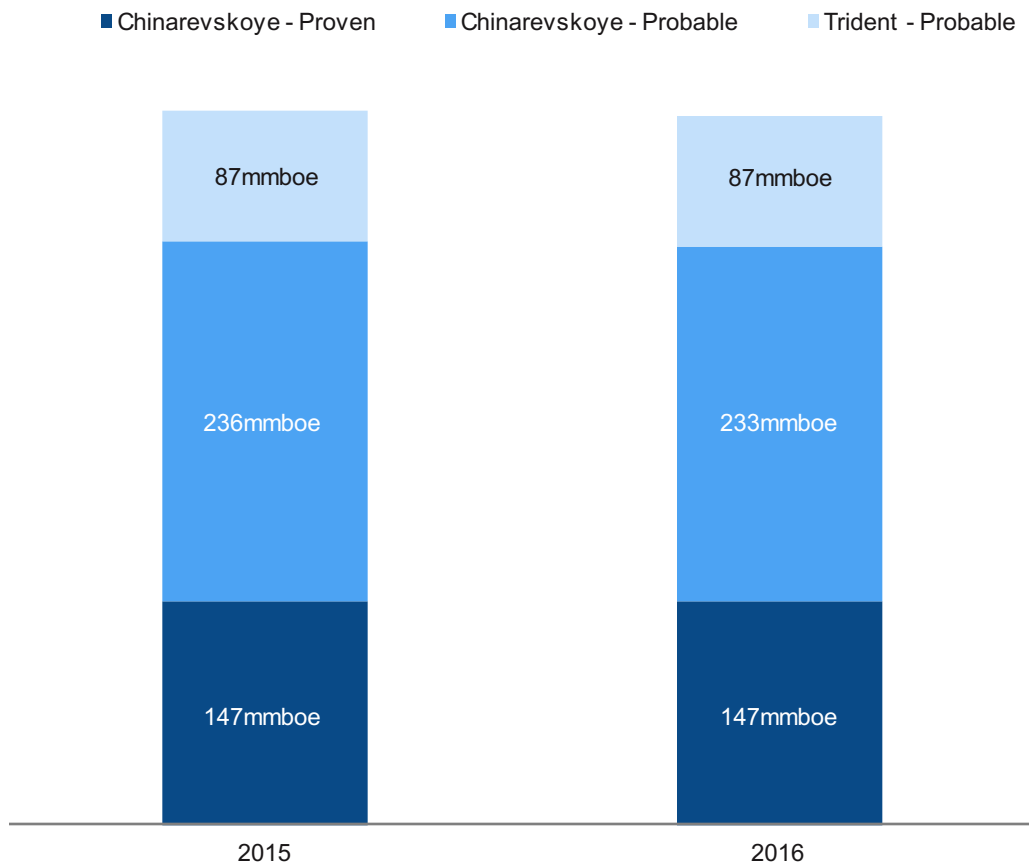


¹ Hedge income taxed at non-contractual rate of 20.0% included in Operating Cash Flow

² Includes Tender premiums, consent fees, transaction expenses and accrued interest

2016 Ryder Scott Reserve Audit

– The asset continues to perform in line with expectations

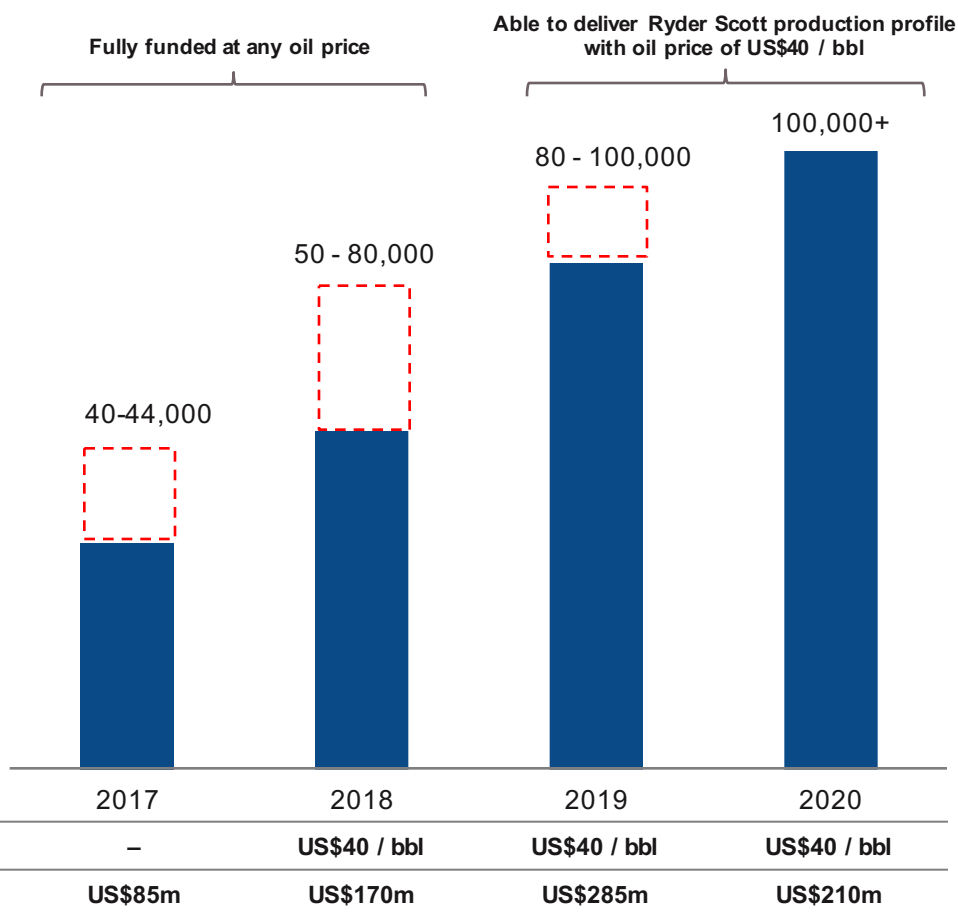


- 466mmboe 2P reserves as at 1 January 2017
 - Proven – 147mmboe
 - Probable – 320mmboe
- Contingent resources – 221mmboe
- Remaining reserve life of +10 years with GTU III running at full capacity
- 14.8mmboe of production during 2016
- 1P reserves replacement ratio of 97% and 2P reserves replacement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

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

A clear path to over 100k boepd

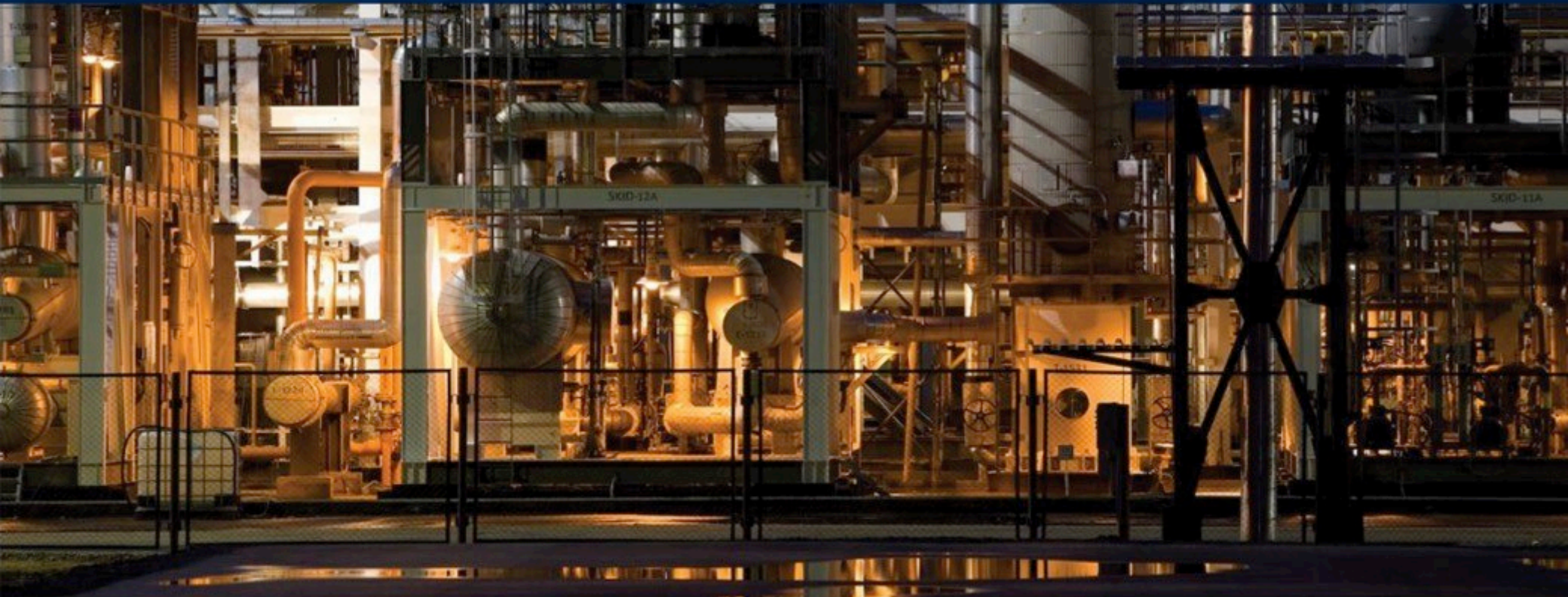
– GTU III delivers material near term production growth



- Fully funded to complete the construction of GTU III during 2017 under any oil price scenario
- Fully funded drilling programme to maintain existing production in 2017 and 2018 under any oil price scenario
- Following the completion of GTU III during 2017, Ryder Scott production profile can be delivered under a US\$40 / bbl oil price environment prior to principal debt repayments due 2019
- Drilling activity remains flexible according to the prevailing oil price environment
- A sustained improvement in the oil price environment could increase drilling activity in 2017 which would increase available feedstock for GTU III in 2018
- Full year sales volumes will vary depending on the amount of downtime required to tie in GTU3 to GTU1&2 during Q4. Following a recent detailed assessment for the commissioning phase, downtime is currently estimated at three weeks in Q4 2017 but options to reduce this are being considered

Nostrum is fully financed to complete the construction of GTU III in 2017 and has a clear path to delivering average daily production of over 100k boepd by 2020

H1 2017 Financial Results



Financial Overview – H1 2017

US\$m	H1 2016	H1 2017
Revenue	163.5	210.0
EBITDA ¹	100.9	119.8
Profit before tax	(56.6)	34.4
<i>Current income tax expense</i>	(15.5)	(27.2)
<i>Deferred income tax expense</i>	16.3	6.2
Net income	(55.7)	14.0
Earnings per share (USc) ²	(30.0)	8.0
Capital expenditure ³	(99.4)	(91.4)
Net cash flows from operating activities	78.9	118.5

US\$m	YE 2016	H1 2017	Pro forma H1 2017 ⁶
Gross debt	959.1	961.8	1,042.2
Cash & cash equivalents ⁴	101.1	97.5	174.5
Net debt ⁵	857.9	864.3	867.7
Net debt / LTM EBITDA	4.4x	4.2x	4.2x

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 H1 2016 of 184.8m and H1 2017 of 185.1m

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 ⁶ includes pro forma adjustments for recent Company refinancing

Balance Sheet Summary

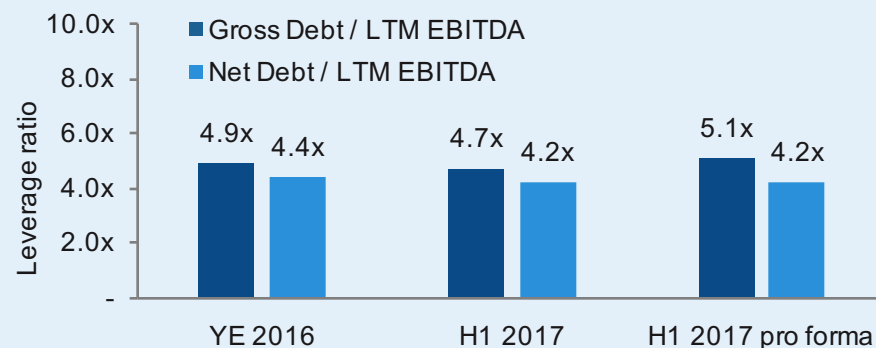
Highlights

- 57.0% EBITDA¹ margin for H1 2017
- US\$97.5m cash & equivalents²
- Pro-forma cash +US\$174m following successful bond refinancing in H2
- 15,000 boepd production hedged at US\$49.16/bbl – expires 14th Dec 2017

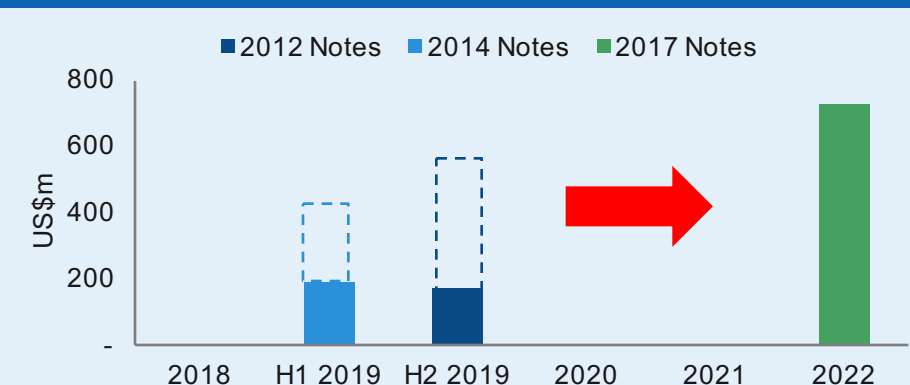
Net Debt at H1 2017– US\$864.3m

US\$m	H1 2017 ³	H1 2017 Pro forma
Total debt, including:	961.8	1,042.2
2012 Notes (7.125% coupon)	553.4	158.8
2014 Notes (6.375% coupon)	407.6	186.4
2022 Notes (8.000% coupon)	-	696.1
Finance lease liability	0.9	0.9
Cash & cash equivalents ²	97.5	174.5
Net Debt	864.3	867.7

Gross debt / net debt



Maturity profile of current debt⁴



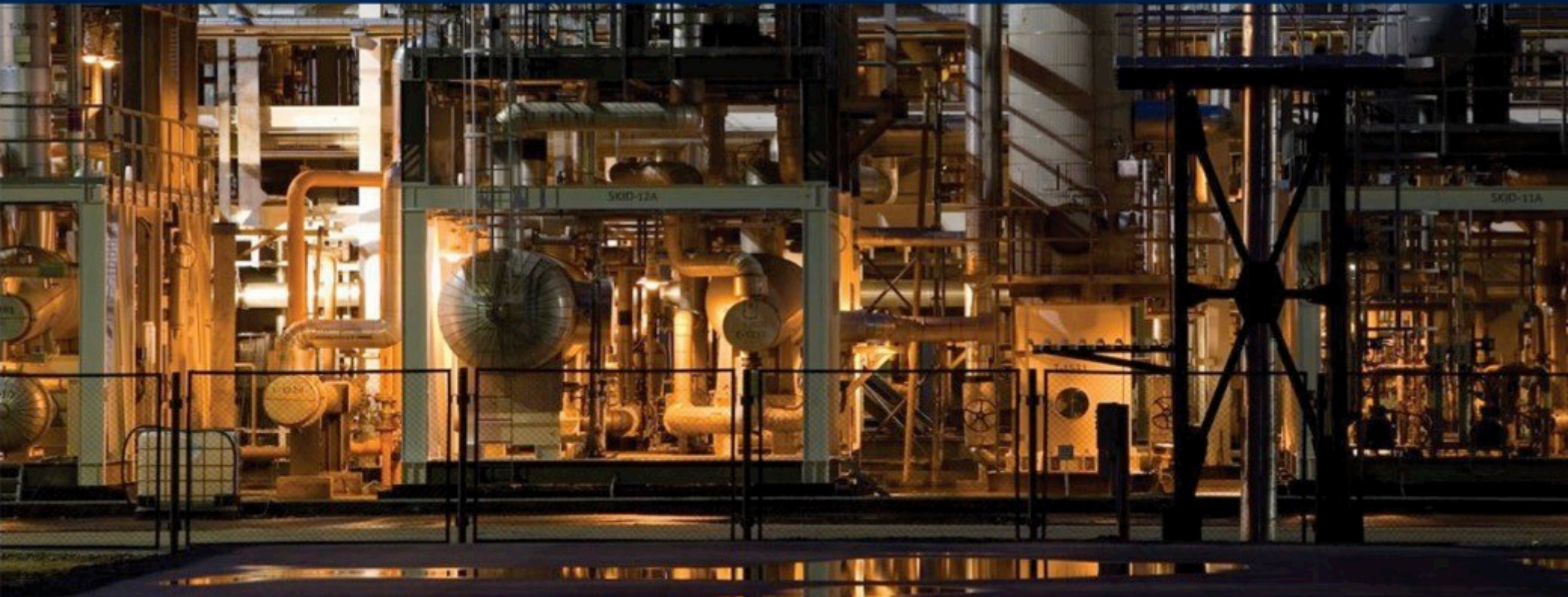
¹ Profit Before Tax + Finance Costs + Foreign Exchange Loss/(Gain) + ESOP + Depreciation – Interest Income + Other Expenses / (Income)

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

³ Table represents IFRS balance sheet figures

⁴ As at 1st Aug 2017

Supporting materials



Consolidated Statement of Financial Position

Interim condensed consolidated statement of financial position

As at 30 June 2017

<i>In thousands of US dollars</i>	Notes	30 June 2017 (unaudited)	31 December 2016 (audited)
ASSETS			
Non-current assets			
Exploration and evaluation assets	3	45,401	44,271
Goodwill		32,425	32,425
Property, plant and equipment	4	1,856,758	1,807,768
Restricted cash	8	6,303	5,981
Advances for non-current assets	5	21,849	28,676
		1,962,736	1,919,121
Current assets			
Inventories		28,607	28,326
Trade receivables	6	20,846	29,052
Prepayments and other current assets	7	21,890	21,171
Derivative financial instruments	20	6,966	6,658
Income tax prepayment		28	1,062
Cash and cash equivalents	8	97,523	101,134
		175,860	187,403
TOTAL ASSETS		2,138,596	2,106,524
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	9	3,203	3,203
Treasury capital		(1,660)	(1,846)
Retained earnings and reserves		705,282	690,617
		706,825	691,974
Non-current liabilities			
Long-term borrowings	11	946,722	943,534
Abandonment and site restoration provision		20,509	19,635
Due to Government of Kazakhstan		5,466	5,631
Deferred tax liability		338,474	344,689
		1,311,171	1,313,489
Current liabilities			
Current portion of long-term borrowings	11	15,098	15,518
Employee share option plan liability		4,857	4,339
Trade payables	12	46,237	43,320
Advances received		2,056	1,810
Income tax payable		17,131	1,124
Current portion of due to Government of Kazakhstan		1,031	1,289
Other current liabilities	13	34,190	33,661
		120,600	101,061
TOTAL EQUITY AND LIABILITIES		2,138,596	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 six months ended 30 June 2017

<i>In thousands of US dollars</i>	Notes	Six months ended 30 June	
		2017 (unaudited)	2016 (unaudited)
Revenue			
Revenue from export sales		142,405	136,869
Revenue from domestic sales		67,616	26,590
	14	210,021	163,459
Cost of sales	15	(98,474)	(94,494)
Gross profit		111,547	68,965
General and administrative expenses	16	(18,418)	(19,462)
Selling and transportation expenses	17	(37,082)	(37,264)
Finance costs	18	(21,473)	(21,190)
Employee share option plan fair value adjustment		(673)	1,983
Foreign exchange gain/(loss), net		2,949	(6,787)
Gain/(loss) on derivative financial instrument	20	308	(40,729)
Interest income		167	241
Other income		5,476	4,002
Other expenses		(8,357)	(6,323)
Profit/(loss) before income tax		34,444	(56,564)
Current income tax expense		(27,185)	(15,535)
Deferred income tax benefit / (expense)		6,212	16,281
Income tax expense	19	(20,973)	746
(Loss)/profit for the period		13,471	(55,818)
Other comprehensive income that could be reclassified to the income statement in subsequent periods			
Currency translation difference		544	93
Other comprehensive income		544	93
Total comprehensive income/(loss) for the period		14,015	(55,725)
Profit/(loss) for the period attributable to the shareholders (in thousands of US dollars)		14,015	(55,725)
Weighted average number of shares		185,068,917	184,828,819
Basic and diluted earnings per share (in US dollars)		0.08	(0.30)

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

Consolidated Statement of Cash Flows

Interim condensed consolidated statement of cash flows

For the six months ended 30 June 2017

<i>In thousands of US dollars</i>	Notes	Six months ended 30 June	
		2017 (unaudited)	2016 (unaudited)
Cash flow from operating activities:			
Profit/(loss) before income tax		34,444	(56,564)
<i>Adjustments for:</i>			
Depreciation, depletion and amortisation	15,16	63,758	63,902
Finance costs	18	21,473	21,190
Employee share option plan fair value adjustment		673	(1,983)
Interest income		(167)	(241)
Foreign exchange gain on investing and financing activities		(1,041)	(1,228)
Loss on disposal of property, plant and equipment		396	53
Proceeds from derivative financial instruments	20	–	24,783
Loss/(gain) on derivative financial instruments	20	(309)	40,729
Provision for doubtful debts		1,751	–
Accrued expenses		254	(1,163)
Operating profit before working capital changes		121,232	89,478
<i>Changes in working capital:</i>			
Change in inventories		(233)	2,322
Change in trade receivables		8,206	(8,164)
Change in prepayments and other current assets		(1,688)	5,525
Change in trade payables		2,459	3,513
Change in advances received		246	184
Change in due to Government of Kazakhstan		(774)	(516)
Change in other current liabilities		197	(4,927)
Payments under Employee share option plan		(1,162)	–
Cash generated from operations		128,483	87,415
Income tax paid		(10,020)	(8,508)
Net cash flows from operating activities		118,463	78,907
Cash flow from investing activities:			
Interest received		167	241
Purchase of property, plant and equipment		(90,155)	(98,671)
Exploration and evaluation works	3	(1,156)	(754)
Loans granted		(246)	–
Net cash used in investing activities		(91,390)	(99,184)
Cash flow from financing activities:			
Finance costs paid		(32,809)	(32,812)
Payment of finance lease liabilities		(379)	(221)
Transfer to restricted cash		(323)	(376)
Treasury shares sold/(purchased)		1,853	–
Net cash used in financing activities		(31,658)	(33,409)
Effects of exchange rate changes on cash and cash equivalents		974	1
Net decrease in cash and cash equivalents		(3,611)	(53,685)
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	97,523	111,875

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