PAYMENTS TO GOVERNMENTS 2015
# TABLE OF CONTENTS

- Introduction .................................................................................................................. 3
- Basis for preparation .................................................................................................... 3
- Other ............................................................................................................................. 4
- Summary Report ........................................................................................................... 5
Introduction
This Report provides an overview of the payments to governments made by Nostrum Oil & Gas PLC and its subsidiary undertakings (hereinafter referred to as “Nostrum”) for the year 2015 as required under the UK’s Report on Payments to Governments Regulations 2014 (as amended in December 2015). These UK Regulations enact domestic rules in line with Directive 2013/34/EU (the EU Accounting Directive (2013)) and apply to LSE listed companies like Nostrum that are involved in the exploration, prospection, discovery, development and extraction of oil and natural gas deposits. This Report is also intended to satisfy the requirements of the Disclosure and Transparency Rules of the Financial Conduct Authority in the United Kingdom.

This Report is available for download from http://www.nostrumoilandgas.com/en/transparency

Basis for preparation

Legislation
This Report is prepared in accordance with The Reports on Payments to Governments Regulations 2014 as enacted in the UK in December 2014 and as amended in December 2015.

Reporting entities
This Report includes payments to governments made by Nostrum Oil & Gas PLC and its subsidiary undertakings (Nostrum).

Activities
Payments made by Nostrum to governments arising from activities involving the exploration, prospection, discovery, development and extraction of minerals, oil and natural gas deposits or other materials (extractive activities) are disclosed in this Report. For a fully integrated project, which does not have an interim contractual cut off point where a value can be attached or ascribed separately to the extractive activities and to other processing activities, payments to governments will not be artificially split but disclosed in full.

Government
Government includes any national, regional or local authority of a country, and includes a department, agency or entity that is a subsidiary of a government, which includes a national oil company.

Project
Payments are reported at project level except that payments that are not attributable to a specific project are reported at entity level. Project is defined as operational activities which are governed by a single contract, license, lease, concession or similar legal agreement, and form the basis for payment liabilities with a government. If such agreements are substantially interconnected, those agreements are to be treated as a single project. “Substantially interconnected” means forming a set of operationally and geographically integrated contracts, licenses, leases or concessions or related agreements with substantially similar terms that are signed with a government giving rise to payment liabilities. Such agreements can be governed by a single contract, joint venture, production sharing agreement, or other overarching legal agreement. Indicators of integration include, but are not limited to, geographic proximity, the use of shared infrastructure and common operational management.

Payment
The information is reported under the following payment types.
- Production entitlements
This is the Republic of Kazakhstan share of production in the reporting period derived from projects operated by Nostrum. This includes the government’s share as a sovereign entity or through its participation as an equity or interest holder in projects within its sovereign jurisdiction (home country). In certain contractual arrangement, typically a production sharing contract, a government through its participation interest may contribute funding of capital and operating expenditure to projects, from which it derives production entitlement to cover such funding (cost recovery). Such cost recovery production entitlement is included.

- Taxes
These are taxes paid by Nostrum on its income, profits or production (which include resource severance tax, and petroleum resource rent tax), including those settled by a government on behalf of Nostrum under a tax-paid concession. Payments are reported net of refunds. Consumption taxes, personal income taxes, sales taxes, property and environmental taxes are excluded.

- Royalties
These are payments for the rights to extract oil and gas resources, typically at set percentage of revenue less any deductions that may be taken.

- Dividends
These are dividend payments other than dividends paid to a government as an ordinary shareholder of an entity unless paid in lieu of production entitlements or royalties. For the year ended 31 December 2015, there were no reportable dividend payments to a government.

- Bonuses
These are payments for Bonuses. These are usually paid upon signing an agreement or a contract, or when a commercial discovery is declared, or production has commenced or reached a milestone. For the year ended 31 December 2015, there were no reportable bonus payments to a government.

- License fees, rental fees, entry fees and other considerations for licenses and/or concessions
These are fees and other sums paid as consideration for acquiring a license for gaining access to an area where extractive activities are performed. Administrative government fees that are not specifically related to the extractive sector, or to access to extractive resources, are excluded. Also excluded are payments made in return for services provided by a government.

- Infrastructure improvements
These are payments which relate to the construction of infrastructure (road, bridge or rail) not substantially dedicated for the use of extractive activities. Payments which are of a social investment in nature, for example building of houses, are included as well.

Other

Cash and in-kind payments
Payments are reported on cash basis. In 2015 no in-kind payments were made.

Materiality Level
For each payment type, total payments below the threshold (£86,000) to a government are excluded in this Report.

Exchange Rate
Payments made in currencies other than US Dollars are translated for this Report based on the foreign exchange rate at the date of the respective payment.
## Summary Report

### Countries

<table>
<thead>
<tr>
<th></th>
<th>Production Entitlement</th>
<th>Taxes</th>
<th>Royalties</th>
<th>Fees</th>
<th>Infrastructure Improvements</th>
<th>Total</th>
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<tbody>
<tr>
<td>Kazakhstan</td>
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<td>40,695,269</td>
<td>17,142,173</td>
<td>1,030,928</td>
<td>600,000</td>
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<tr>
<td><strong>Total</strong></td>
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<td>17,142,173</td>
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<td>600,000</td>
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### Kazakhstan

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<th>Royalties</th>
<th>Fees</th>
<th>Infrastructure Improvements</th>
<th>Total</th>
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<td>West Kazakhstan region Department of Public revenues</td>
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<td>300,000</td>
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<tr>
<td><strong>Total</strong></td>
<td>6,985,642</td>
<td>40,695,269</td>
<td>17,142,173</td>
<td>1,030,928</td>
<td>600,000</td>
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### Projects

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<th>Taxes</th>
<th>Royalties</th>
<th>Fees</th>
<th>Infrastructure Improvements</th>
<th>Total</th>
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<td><strong>Total</strong></td>
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<td>40,695,269</td>
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