



# Financial Results for the period ended 30 June, 2020

August 2020



## Financial

- Revenue of US\$92.6m (H1 2019: US\$174.2m)
- EBITDA<sup>1</sup> US\$38.7m (H1 2019: US\$110.2m)
- Closing cash US\$75.7m<sup>2</sup> with net debt of US\$1,064m<sup>3</sup>
- Cash position as of 31<sup>st</sup> July 2020 in excess of US\$76m (excluding restricted cash).

## Operational

- H1 2020 average sales volumes 22,624 boepd.
- Drilling activities suspended for 2020. However, successful well intervention and workover programme has reduced the rate of decline above expectations.
- Continuing our focused cost management programme to manage liquidity in a low oil price environment.
- Actions continue to be taken to protect the safety of all staff and mitigate any impact of COVID-19 on operations.

## Strategic

- End of formal sale process announced in the period.
- Commercialise spare gas processing capacity utilising third party volumes, including UOG.
- Advisers engaging with Steering Committee of Bondholders to agree a Forbearance Agreement. Company utilising grace periods for July and August interest payments.

<sup>1</sup> Profit before tax net of finance costs, foreign exchange loss/gain, ESOP, depreciation, interest income, other income and expenses

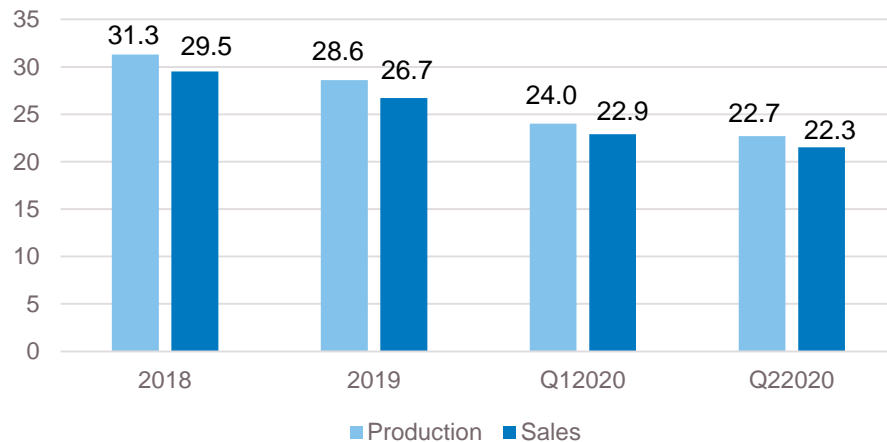
<sup>2</sup> Cash and cash equivalents including current and non-current investments and excluding restricted cash

<sup>3</sup> IFRS Long-term borrowings plus current portion of long-term borrowings less cash and cash equivalents

<sup>4</sup> As of 31 March 2020

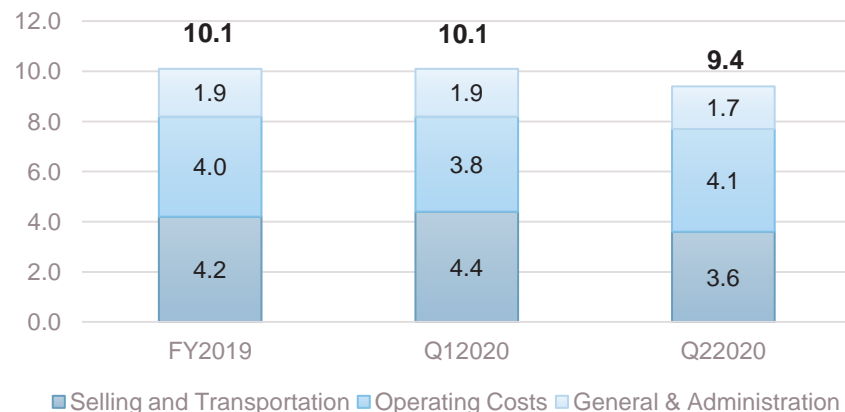
# Snapshot of key figures

## Production decline reduced above expectations [thousands of boepd]



- Successful well intervention & workover programme has reduced the rate of decline above expectations.
- FY 2020 guidance of 20 k boepd production and 19k boepd sales likely to be beaten.

## Operating costs under control [US\$ / boe]



- Continued emphasis on proactively managing costs.
- Significant headcount reduction in 2020 versus 2019.
- Major third-party contracts reviewed and terminated / renegotiated.
- IT and administrative costs reduced to required maintenance levels.
- On track to meet FY 2020 targets of operating cost below US\$45m and G&A below US\$15m (excluding costs of restructuring).

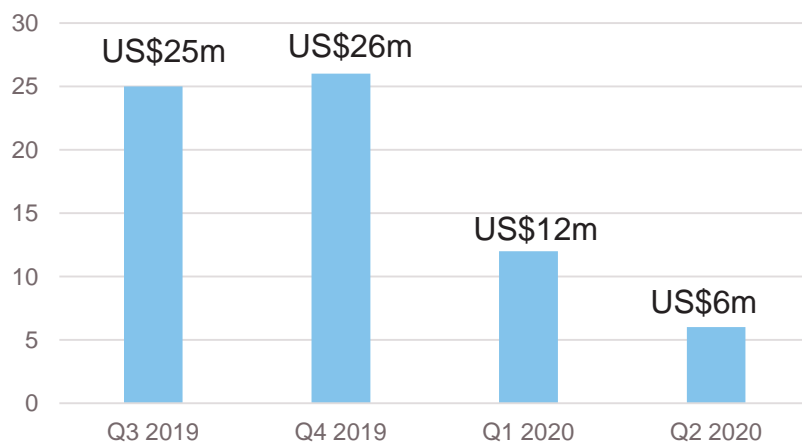
Notes:  
 Operating and G&A per barrel equivalent metrics based on production volume. Selling & marketing based on sales volumes.  
 General & administrative costs less depreciation and amortisation.  
 Cost of sales less depreciation, depletion and amortisation and inventory adjustment.

# Capital discipline

## Cash & Debt

- US\$75.7m<sup>1</sup> cash and cash equivalents as at 30 June 2020.
- Net debt of US\$1,064m<sup>2</sup> as at 30 June 2020.
- Low cash burn

## Capex by quarters



- Drilling halted in 2020.
- Only essential capital expenditure being undertaken.
- All capex needs to make a return at US\$30 oil price.

<sup>1</sup> Cash and cash equivalents including current and non-current investments and excluding restricted cash

<sup>2</sup> IFRS Long-term borrowings plus current portion of long-term borrowings less cash and cash equivalents

<sup>3</sup> Net cash flows from operating activities

# Bond Restructuring

---

- Rothschild & Cie and White & Case LLP representing the Company. PJT and Akin Gump representing a steering group of bond holders.
- Objective is to enter into a Restructuring Agreement with the bondholders.
- The Company will use the applicable grace periods for the interest payments that were due on 25 July 2020 and 16 August 2020 with respect to the Notes to continue active discussions with the financial and legal advisers to the steering committee of holders of the Notes with a view to entering into a forbearance agreement with the holders of the Notes in relation to the interest payments.

# An infrastructure hub in North-western Kazakhstan



Note: Map used for illustrative purposes only

<sup>1</sup> Nostrum signed an SPA to acquire 50% of Positive Invest LLP, which holds the subsoil use rights to the Stepnoy Leopard licences in Kazakhstan, on 24 June 2019. Nostrum has the right to buy the remaining 50%, subject to the satisfaction of certain additional conditions, at a price of US\$0.27 cent per boe of proven and probable reserves. Transaction currently on hold pending revision to deal terms

# Key focus areas for 2020

## Maximise commercial potential

- Utilise our gas processing infrastructure
- Advance discussions with third parties interested in supplying raw gas

## Liquidity Management

- Continue to actively manage costs in line with the strategy to focus on processing third-party volumes.
- Reshape the operational make-up of the business as we restructure the cost base towards a lean Company
- Continue engagement with Bondholders with a view to entering in to a Restructuring Agreement

## Prioritise Safety and sustainability

- Ensure the safety of employees, contractors and the environment.
- Special focus currently on ensuring operations not disrupted by COVID-19.
- Utilise our HSEC Committee which aims to:
  - Review and improve our overall health, safety, environmental and social performance
  - Lead initiatives to address important issues such as climate change and gender diversity



# Supporting materials



# Interim Condensed Consolidated Statement of Financial Position

<i>In thousands of US dollars</i>	<i>Notes</i>	<b>30 June 2020 (unaudited)</b>	<b>31 December 2019 (audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	623,711	650,229
Exploration and evaluation assets		182	—
Right-of-use assets		2,286	6,875
Restricted cash	9	7,681	7,620
Advances for non-current assets	5	10,554	8,412
<b>Total Non-current assets</b>		<b>644,414</b>	<b>673,136</b>
<b>CURRENT ASSETS</b>			
Inventories	6	31,026	35,849
Trade receivables	7	14,432	31,239
Prepayments and other current assets	8	8,585	12,040
Income tax prepayment		1,080	90
Cash and cash equivalents	9	75,700	93,940
<b>Total Current assets</b>		<b>130,823</b>	<b>173,158</b>
<b>TOTAL ASSETS</b>		<b>775,237</b>	<b>846,294</b>
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	10	3,203	3,203
Treasury capital		(1,660)	(1,660)
Retained deficit and reserves		(487,533)	(433,627)
<b>Total Share capital and reserves</b>		<b>(485,990)</b>	<b>(432,084)</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	12	1,104,026	1,100,453
Lease liabilities, long-term		84	641
Abandonment and site restoration provision		30,434	27,502
Due to Government of Kazakhstan		4,832	5,070
Deferred tax liability	22	44,883	42,787
<b>Total Non-current liabilities</b>		<b>1,184,259</b>	<b>1,176,453</b>
<b>CURRENT LIABILITIES</b>			
Current portion of long-term borrowings	12	35,633	35,633
Lease liabilities, current portion		2,553	6,735
Employee share option plan liability	21	4	4
Trade payables	13	12,866	27,638
Advances received		230	335
Income tax payable		2	263
Current portion of due to Government of Kazakhstan		1,031	1,031
Other current liabilities	14	24,649	30,286
<b>Total Current liabilities</b>		<b>76,968</b>	<b>101,925</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>775,237</b>	<b>846,294</b>

# Interim Condensed Consolidated Statement of Comprehensive Income

<i>In thousands of US dollars</i>	Notes	Three months ended 30 June		Six months ended 30 June	
		2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
<b>Revenue</b>					
Revenue from export sales		23,928	53,512	66,218	121,957
Revenue from domestic sales		8,332	25,228	26,418	52,230
	15	32,260	78,740	92,636	174,187
Cost of sales	16	(30,722)	(38,152)	(63,881)	(79,770)
<b>Gross profit</b>		1,538	40,588	28,755	94,417
General and administrative expenses	17	(3,570)	(4,532)	(8,181)	(9,732)
Selling and transportation expenses	18	(7,978)	(10,276)	(17,974)	(23,952)
Taxes other than income tax	19	(2,315)	(5,839)	(6,819)	(12,019)
Finance costs	20	(23,492)	(10,977)	(47,188)	(22,081)
Employee share options - fair value adjustment	21	222	(167)	373	(297)
Foreign exchange (loss)/gain, net		1,104	202	(561)	609
Interest income		141	(25)	171	39
Other income		653	405	1,765	1,270
Other expenses		(321)	(1,043)	(1,458)	(1,203)
<b>(Loss)/profit before income tax</b>		(34,018)	8,336	(51,117)	27,051
Current income tax expense		(131)	(687)	(419)	(1,101)
Deferred income tax benefit/(expense)		5,661	(7,435)	(2,001)	(19,840)
<b>Income tax benefit/(expense)</b>	22	5,530	(8,122)	(2,420)	(20,941)
<b>(Loss)/profit for the year</b>		(28,488)	214	(53,537)	6,110
<b>Other comprehensive income that could be reclassified to the income statement in subsequent periods</b>					
Currency translation difference		(746)	(143)	5	(427)
<b>Other comprehensive (loss)/income</b>		(746)	(143)	5	(427)
<b>Total comprehensive (loss)/income for the year</b>		(29,234)	71	(53,532)	5,683
(Loss)/profit for the period attributable to the shareholders (in thousands of US dollars)				(53,537)	6,110
Weighted average number of shares				185,234,079	185,234,079
Basic and diluted earnings per share (in US dollars)				(0.29)	0.03

# Interim Condensed Consolidated Statement of Cash Flows

<i>In thousands of US dollars</i>	Notes	Six months ended 30 June	
		2020 (unaudited)	2019 (unaudited)
<b>Cash flow from operating activities:</b>			
(Loss)/profit before income tax		(51,117)	27,051
Adjustments for:			
Depreciation, depletion and amortisation	16,17,18	42,941	65,244
Finance costs	20	47,188	22,081
Employee share option plan fair value adjustment		(373)	297
Interest income		(171)	(39)
Net foreign exchange differences		(12)	(496)
Loss on disposal of property, plant and equipment		8	(66)
Payments under derivative financial instruments		–	(3,741)
<b>Operating profit before working capital changes</b>		<b>38,464</b>	<b>110,331</b>
Changes in working capital:			
Change in inventories		4,823	(862)
Change in trade receivables		16,808	5,975
Change in prepayments and other current assets		3,456	8,615
Change in trade payables		(8,573)	(2,634)
Change in advances received		(106)	(272)
Change in due to Government of Kazakhstan		(515)	(515)
Change in other current liabilities		(5,790)	489
<b>Cash generated from operations</b>		<b>48,567</b>	<b>121,127</b>
Income tax paid		(1,576)	(4,366)
<b>Net cash flows from operating activities</b>		<b>46,991</b>	<b>116,761</b>
<b>Cash flow from investing activities:</b>			
Interest received		171	39
Purchase of property, plant and equipment		(18,146)	(64,403)
Exploration and evaluation works		(184)	(674)
Advances for non-current assets		(518)	–
<b>Net cash used in investing activities</b>		<b>(18,677)</b>	<b>(65,038)</b>
<b>Cash flow from financing activities:</b>			
Finance costs paid		(43,000)	(43,000)
Payment of lease liabilities		(3,211)	(7,829)
Finance charges on lease liabilities		(256)	(1,772)
Transfer to restricted cash		–	(119)
<b>Net cash used in financing activities</b>		<b>(46,467)</b>	<b>(52,720)</b>
Effects of exchange rate changes on cash and cash equivalents		(87)	69
<b>Net decrease in cash and cash equivalents</b>		<b>(18,240)</b>	<b>(928)</b>
Cash and cash equivalents at the beginning of the period	9	93,940	121,753
<b>Cash and cash equivalents at the end of the period</b>	<b>9</b>	<b>75,700</b>	<b>120,825</b>

**This presentation is not an offer or solicitation of an offer to buy or sell securities. It is solely for use at an investor presentation and is provided as information only. This presentation does not contain all of the information that is material to an investor. By attending the presentation or by reading the presentation slides you acknowledge and agree to the following:**

This document and its contents are confidential and proprietary to Nostrum Oil & Gas PLC. (the “Company”) and may not be reproduced, redistributed, published or passed on (or the contents otherwise divulged) to any other person, directly or indirectly, in whole or in part, for any purpose. If this presentation has been received in error then it must be returned immediately to the Company. This presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in, any locality, state, country or other jurisdiction where such distribution or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. This presentation does not constitute or form part of, and should not be construed as, an offer, invitation, recommendation to purchase, sell or subscribe for any securities of the Company in any jurisdiction or solicitation of any offer to purchase, sell or subscribe for any securities of the Company in any jurisdiction and neither the issue of the information nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever, or act as any inducement to enter into, any investment activity.

This presentation has been prepared by the Company, and no other party accepts any responsibility whatsoever, or makes any representation or warranty, express or implied, for the contents of this presentation, including its accuracy, completeness or verification or for any other statement made or purported to be made in connection with the Company and nothing in this document or at this presentation shall be relied upon as a promise or representation in this respect, whether as to the past or the future.

This presentation contains forward-looking statements. All statements other than statements of historical fact included in this presentation are forward-looking statements. Forward-looking statements give the Company’s current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance and business. These statements may include, without limitation, any statements preceded by, followed by or including words such as “target,” “believe,” “expect,” “aim,” “intend,” “may,” “anticipate,” “estimate,” “plan,” “project,” “will,” “can have,” “likely,” “should,” “would,” “could” and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the Company’s actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which it will operate in the future. Forward-looking statements are not guarantees of future performance and actual results, performance, achievements, industry or economic results may differ materially from those described in, or suggested by, this presentation.

No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of this presentation or the opinions contained therein. This presentation has not been independently verified and will not be updated. The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice. The Company does not intend to, nor does it have any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this presentation.

Market data used in this presentation not attributed to a specific source are estimates of the Company and has not been independently verified.

The Company does not accept any liability for any loss howsoever arising, directly or indirectly, from this presentation or its contents.