



# Q1 2020 Financial Results

May 2020



## Financial

- Revenue of US\$60.4m (Q1 2019: US\$95.5m)
- EBITDA<sup>1</sup> US\$31.7m (Q1 2019: US\$58.7mm)
- Closing cash US\$66m<sup>2</sup> with net debt of US\$1,050m<sup>3</sup>
- Appointed financial and legal advisors for possible Notes restructuring

## Operational

- Ensuring the health and safety of staff and operations during COVID-19
- Q1 2020 average production volumes 24,006 boepd and sales volumes of 22,903 boepd
- Full year 2020 average sales volumes guidance of 19,000 boepd
- Drilling activities suspended for 2020
- Headcount and cost optimisation continuing into 2020

## Strategic

- End of formal sale process
- Commercialise spare gas processing capacity utilising third party volumes
- UOG commercial agreement in place but delayed pending UOG update
- Further cost cutting to manage liquidity at current oil prices
- Acquisition of Positive Invest on hold

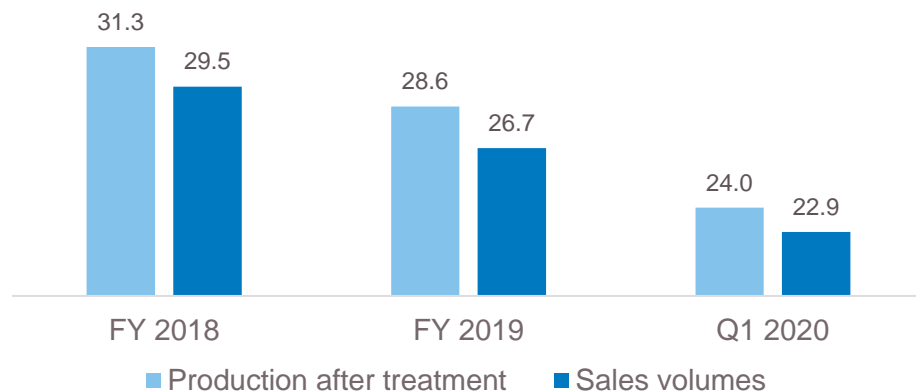
<sup>1</sup> Profit before tax net of finance costs, foreign exchange loss/gain, ESOP, depreciation, interest income, other income and expenses

<sup>2</sup> Cash and cash equivalents excluding restricted cash

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

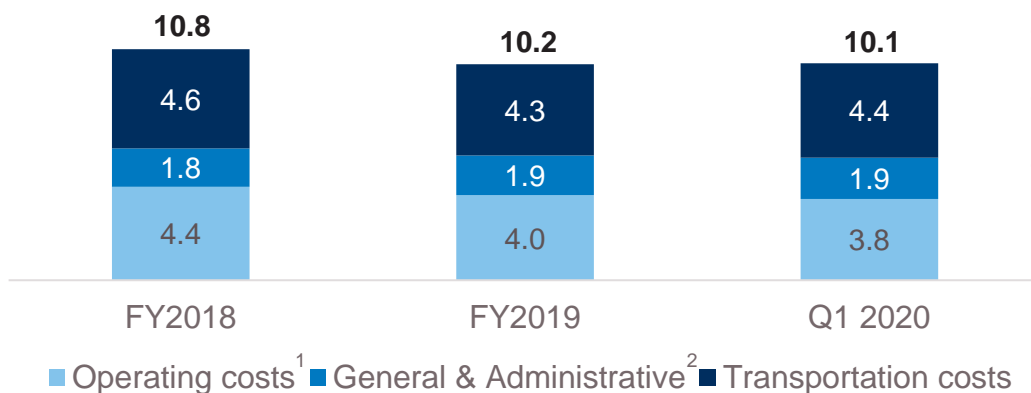
# Snapshot of key figures

## Production and sales volumes [kboepd]



- Field production impacted by higher than anticipated decline rates and suspension of drilling
  - Q1 2020 production 24.0k boepd
  - Q1 2020 sales volumes 22.9k boepd
- FY 2020 guidance:
  - 20k boepd production
  - 19k boepd sales volumes

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



- Continued emphasis on cost reduction
- Target FY 2020 operating costs below US\$45m
- Target FY 2020 G&A below US\$15m<sup>3</sup>

Note: Per barrel equivalent metrics based on production volume except transportation which are based on sales

<sup>1</sup> Cost of sales less depreciation, depletion and amortisation and less change in hydrocarbon inventories

<sup>2</sup> General & administrative costs less depreciation and amortisation

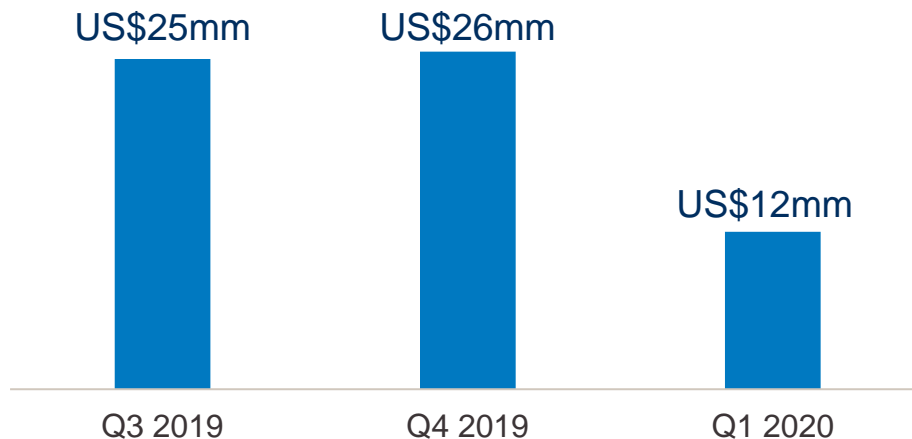
<sup>3</sup> Excluding expected restructuring charges in 2020

# Capital discipline

## Balance sheet

- US\$66m<sup>1</sup> cash and cash equivalents as at 31 March 2020
- Net debt of US\$1,050m<sup>2</sup> as at 31 December 2020
- No debt maturities until 2022

## Capital expenditures<sup>3</sup>



<sup>1</sup> Cash and cash equivalents 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> Purchase of property, plant and equipment and exploration and evaluation works

## Capex reduction

- Drilling halted
- All non essential capex under review
- All workover related capex needs to make a return within one year at US\$30 oil price
- Q1 capex mainly related to drilling unwinding costs and carry over of GTU3 commissioning activities

## Opex & G&A reduction

- All third-party service contracts being renegotiated
- Significant headcount reduction taking place
- Subsurface development activities scaled back
- IT and administrative costs reduced to minimum

# 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
- Await update from UOG on delivery of raw gas

## Liquidity management

- Seek to cut costs across all parts of the business
- Restructure the cost base towards a midstream infrastructure Company
- Engage with bondholders through appointed financial and legal advisors

## Prioritise Safety and sustainability

- Maintaining robust HSE standards during COVID-19
- Ensure the safety of employees, contractors and the environment
- 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

# Consolidated Statement of Financial Position

<i>In thousands of US dollars</i>	Notes	31 March 2020 (unaudited)	31 December 2019 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	636,491	650,229
Exploration and evaluation assets		92	—
Right-of-use assets		3,684	6,875
Restricted cash	9	7,506	7,620
Advances for non-current assets	5	9,647	8,412
<b>Total Non-current assets</b>		<b>657,420</b>	<b>673,136</b>
<b>CURRENT ASSETS</b>			
Inventories	6	33,709	35,849
Trade receivables	7	26,291	31,239
Prepayments and other current assets	8	9,519	12,040
Income tax prepayment		755	90
Cash and cash equivalents	9	66,107	93,940
<b>Total Current assets</b>		<b>136,381</b>	<b>173,158</b>
<b>TOTAL ASSETS</b>		<b>793,801</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		(459,187)	(433,627)
<b>Total Share capital and reserves</b>		<b>(457,644)</b>	<b>(432,084)</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	12	1,102,258	1,100,453
Lease liabilities, long-term		131	641
Abandonment and site restoration provision		30,291	27,502
Due to Government of Kazakhstan		4,832	5,070
Deferred tax liability	22	50,449	42,787
<b>Total Non-current liabilities</b>		<b>1,187,961</b>	<b>1,176,453</b>
<b>CURRENT LIABILITIES</b>			
Current portion of long-term borrowings	12	14,133	35,633
Lease liabilities, current portion		3,999	6,735
Employee share option plan liability	21	4	4
Trade payables	13	18,446	27,638
Advances received		111	335
Income tax payable		15	263
Current portion of due to Government of Kazakhstan		1,289	1,031
Other current liabilities	14	25,487	30,286
<b>Total Current liabilities</b>		<b>63,484</b>	<b>101,925</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>793,801</b>	<b>846,294</b>



# Consolidated Statement of Comprehensive Income

<i>In thousands of US dollars</i>	Notes	Three months ended 31 March	
		2020	2019
<b>Revenue</b>			
Revenue from export sales		42,291	68,446
Revenue from domestic sales		18,086	27,002
	15	60,377	95,448
Cost of sales	16	(33,160)	(41,618)
<b>Gross profit</b>		27,217	53,830
General and administrative expenses	17	(4,612)	(5,200)
Selling and transportation expenses	18	(9,996)	(13,676)
Taxes other than income tax	19	(4,504)	(6,180)
Finance costs	20	(23,696)	(11,103)
Employee share options - fair value adjustment		151	(131)
Foreign exchange (loss)/gain, net		(1,665)	407
Interest income		30	63
Other income		1,113	865
Other expenses		(1,137)	(160)
<b>(Loss)/profit before income tax</b>		(17,099)	18,715
Current income tax expense		(288)	(414)
Deferred income tax expense		(7,662)	(12,405)
<b>Income tax expense</b>	22	(7,950)	(12,819)
<b>(Loss) /profit for the period</b>		(25,049)	5,896
<b>Other comprehensive income that could be reclassified to the income statement in subsequent periods</b>			
Currency translation difference		(360)	(284)
<b>Other comprehensive loss</b>		(360)	(284)
<b>Total comprehensive (loss)/income for the period</b>		(25,409)	5,612
(Loss)/profit for the period attributable to the shareholders (in thousands of US dollars)		(25,774)	5,896
Weighted average number of shares		185,234,079	185,234,079
Basic and diluted earnings per share (in US dollars)		(0.14)	0.03

# Consolidated Statement of Cash Flows

<i>In thousands of US dollars</i>	Notes	Three months ended 31 March	
		2020 (unaudited)	2019 (unaudited)
<b>Cash flow from operating activities:</b>			
(Loss)/profit before income tax		(17,099)	18,715
Adjustments for:			
Depreciation, depletion and amortisation	15,16,17	23,559	33,638
Finance costs	19	23,696	11,102
Employee share option plan fair value adjustment		(151)	131
Interest income		(30)	(20)
Net foreign exchange differences		(70)	(311)
Loss on disposal of property, plant and equipment		2	(6)
Payments under derivative financial instruments		–	(3,741)
<b>Operating profit before working capital changes</b>		<b>29,907</b>	<b>59,508</b>
Changes in working capital:			
Change in inventories		2,140	857
Change in trade receivables		4,948	(23,522)
Change in prepayments and other current assets		2,522	2,606
Change in trade payables		(3,826)	4,552
Change in advances received		(224)	11
Change in due to Government of Kazakhstan		(258)	(258)
Change in other current liabilities		(4,839)	1,966
<b>Cash generated from operations</b>		<b>30,370</b>	<b>45,720</b>
Income tax paid		(1,202)	(3,529)
<b>Net cash flows from operating activities</b>		<b>29,168</b>	<b>42,191</b>
<b>Cash flow from investing activities:</b>			
Interest received		30	20
Purchase of property, plant and equipment		(11,592)	(39,210)
Exploration and evaluation works		(94)	(1,232)
Advances for non-current assets		(518)	–
<b>Net cash used in investing activities</b>		<b>(12,174)</b>	<b>(40,422)</b>
<b>Cash flow from financing activities:</b>			
Finance costs paid		(43,000)	(43,000)
Payment of lease liabilities		(1,494)	(3,830)
Finance charges on lease liabilities		(156)	(939)
Transfer to restricted cash		–	(120)
<b>Net cash used in financing activities</b>		<b>(44,650)</b>	<b>(47,889)</b>
Effects of exchange rate changes on cash and cash equivalents		(178)	27
<b>Net decrease in cash and cash equivalents</b>		<b>(27,834)</b>	<b>(46,093)</b>
Cash and cash equivalents at the beginning of the period	8	93,941	121,753
<b>Cash and cash equivalents at the end of the period</b>	<b>8</b>	<b>66,107</b>	<b>75,660</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.