

Nostrum Oil & Gas Plc

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Nostrum Oil & Gas given bloody nose by Berenberg double-downgrade

Nostrum Oil & Gas PLC (LON:NOG) shares tanked on Wednesday after Berenberg double-downgraded the shares and absolutely smashed its target price down from 200p all the way to 25p.

Analysts at the German bank cut their rating on the shares to 'sell' from 'buy' after their hopes for a turnaround on the back of disappointing drilling at Kazakhstan's Chinarevskoye field.

With one of the two Chinarevskoye wells failing to flow at commercial levels, the analysts said "all hope" rested on the Northern Area site.

But Nostrum's half-year results a day earlier revealed no upside yet from Northern, so Berenberg's resource estimate for the area has been reduced to 25mln barrels of oil equivalent (mboe) from 50mboe previously.

While results from a drill-stem test are still pending, initial results are not encouraging, though Nostrum is still planning to drill one more well in the region.

"We have nevertheless decided to take a more conservative approach, risking our 25mboe resource estimate at a 75% chance of success in our NAV, adding 32p of incremental value."

With "significant" risk from a refinancing process made more challenging by the lack of operational turnaround so far, Berenberg said, "time may be running out for Nostrum to put such agreements in place before refinancing negotiations".

Shares Nostrum, already down two-thirds this year, fell another 17% to 29.2p on Wednesday.

Price: 10.12

Market Cap: £18.75 m

1 Year Share Price Graph



February 2019 August 2019 February 2020

Share Information

Code: NOG

Listing:

52 week	High	Low
	110.8	5.1423

Sector: Energy

Website: www.nostrumoilandgas.com

Company Synopsis:

Nostrum Oil & Gas PLC is a leading independent exploration and production with assets located in the oil-rich pre-caspian basin. The principal producing asset of Nostrum Oil & Gas is the Chinarevskoye field, in which it holds a 100% interest and is the operator, through its wholly-owned subsidiary Zhaikmunai LLP.

action@proactiveinvestors.com

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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