

30 September 2014

**Nostra Terra Oil and Gas Company plc**  
("Nostra Terra" or the "Company")

**Interim results for the six months ended 30 June 2014**

Nostra Terra (AIM:NTOG), the oil and gas producer with a growing portfolio of horizontal and vertical drilling projects in the USA, is pleased to announce its unaudited interim results for the six months ended 30 June 2014.

**Highlights:**

**Corporate**

- Cash flow generated from operating activities of £247,000, (30 June 2013: £636,000 consumed)
- Revenue for the period of £414,000k (30 June 2013: £415,000k)
- Gross profit before non-cash items of depreciation and amortisation of £250,000 (30 June 2013: £300,000)
- Revenue for the period of £414,000 (30 June 2013: £415,000)
- Interim loss before taxation reduced to £356,000 (30 June 2013: loss of £529,000)
- US\$25 million (non-dilutive) Credit Facility secured
- New Nomad appointed
- £1.75 million Placing to advance White Buffalo and portfolio (post-period)

**Operational**

- Largest working interested (20%) secured at Chisholm Trail Prospect
- Elected to participate in 5 additional wells during H1 2014
- High Plains leased and first drill being prepared
- Acquisition of 100% working interest in White Buffalo Prospect (post-period)
- Increased Production at Verde Prospect (post-period)

For further information, visit [www.ntog.co.uk](http://www.ntog.co.uk) or contact:

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## **Chief Executive's report**

We achieved a gross profit for the period before depreciation and amortisation costs of £250,000 and importantly, Nostra Terra is cash flow positive, while also still benefiting from tax incentives. During the period we began building on the firm foundations of the business by increasing our efforts to acquire a prospect that would be much larger than previously owned, fit our geological criteria and importantly be an asset that we would operate.

Our focus remains in Mid-Continent USA, applying proven, modern exploration and production technologies, such as horizontal drilling and hydraulic fracturing ("fracking") in order to target and win "new oil from old fields".

The Chisholm Trail Prospect, located in Kingfisher and Logan Counties of Oklahoma, is a good example of this strategy. A few years ago, the majority of the wells in the field were plugged and abandoned, and the wells that were producing were "stripper wells" (a marginal well nearing the end of its economic life). However, once modern technology was applied, new wells began coming into production at the rate of several hundred barrels of oil per day, and recovering over half a million barrels per square mile. Through the first half of the year we elected to participate in 5 additional wells at Chisholm Trail. Nostra Terra now has an interest in 17 wells within this prospect; 11 producing and 6 in various stages from permitting to completing.

Since acquiring the initial interest in the Chisholm Trail Prospect we acquired a 20% working interest in the High Plains Prospect. This adds another level of exploration to the Company and also expands the portfolio. The first prospect within High Plains has been leased by the operator and final preparations are being made in order to drill.

In the last Interim Statement we spoke about carefully building our portfolio of assets and working towards acquiring more operated prospects thereby taking larger steps to grow the Company. We've done exactly what we've said we would do with the acquisition of the White Buffalo Prospect in Wyoming, USA announced post period end on 3 September 2014. The White Buffalo Prospect is in the Big Horn Basin of Wyoming. The prospect ticked all the boxes for us; geological on multiple fronts, large in size and also importantly an asset we operate. At this time we are moving forward with becoming licensed as an operator in Wyoming and permitting multiple drilling locations.

In the last Interim Statement we also spoke about plans to secure a credit facility. At the beginning of the year we again did exactly what we said we would do, by arranging a US\$25 million non-dilutive facility with Texas Capital Bank with a competitive interest rate of 4.25%. Companies who focus on pure exploration have no choice but to dilute either on the asset level or corporate level. We're pleased to be in a position to have options on how we can finance growth of the Company.

We have reached an exciting time in the development of the Nostra Terra. While there is turmoil on the ground right now in Crimea (where Nostra Terra's original assets were located), the Company now has all of its assets in an area of low political risk, low geological risk, and some of the most exciting growth within the oil and gas industry worldwide. We are now cash flow positive and making a big move forward with our recent acquisition, providing Nostra Terra with more control over its own destiny, while also having potential for a tremendous increase in production and reserves.

We appreciate the support from our shareholders and look forward to updating them on the progress of the Company in the coming months and into 2015.

**Matt Lofgran**  
Chief Executive Officer

*30 September 2014*

## **Chief Operating Officer's Report**

Last year, we stated that the oil and gas industry of the United States was entering an exciting period of change, characterized by a dramatic shift of assets as many companies changed focus from dry gas to liquids such as oil and condensate, and that we were poised to expand when the opportunity

presented itself. We did this by establishing a platform of reliable partners and strong lender relationships. The goal was to apply horizontal drilling and completion techniques to known producing formations where they had not been previously applied. Over the course of the last year, we have performed due diligence on seven separate, large-scale potential acquisitions and selected White Buffalo as the most exciting.

White Buffalo moves the Company into a large exploration play and is a direct result of those careful steps in preparation. Ward Petroleum Company shifted its attention to very large resource plays recently. Their decision made White Buffalo available for acquisition and Nostra Terra was positioned to move very quickly and close the acquisition within 60 days from first discussion to transfer of title.

White Buffalo consists of 6,100 net mineral acres of leases in the Big Horn Basin of Wyoming. It represents the Company's first step into a basin, which has been producing oil and gas since the early 1900s. According to the US Department of Interior, more than 3.3 billion BOE have been produced from 48 separate formations across 139 oil and gas fields. Importantly, a study by the United States Geological Survey projects that a mean of 1 billion BOE (barrels of oil equivalent) additional resources remain to be discovered from both conventional and unconventional sources. Independent assessment of White Buffalo has projected a mean potential recovery of 13 million barrels of oil net to Nostra Terra.

Our Chisholm Trail prospect is located in Kingfisher, Oklahoma. We first committed to Ward Petroleum for this Prospect almost two years ago. The Company has since elected to participate 17 horizontal wells. The dominant target has been the Hunton Limestone and the Mississippian has also been tested. Several of the first wells reached payout within 18 months of completion and net production totals more than 27,000 BOE.

High Plains is the Company's prospect in the Panhandle of Texas. The venture consists of 50 square miles of proprietary 3-D seismic combined with extensive subsurface mapping. The operator is Brown and Borelli and their approach allows one to pinpoint the most desirable locations before leasing takes place. The first leases have been purchased and we anticipate the first well will be drilled soon.

The Verde prospect is located in Colorado and is operated by Plainsmen Partners. Two wells are producing, the first well reached payout in 9 months. A recent reworking of the 1-36 resulted in production that nearly doubled the original figure. The second producing well of the prospect has also shown dramatic improvement in its production levels. Net production totals have reached 2,500 BOE.

The Company's disciplined approach has established a stable revenue platform across several partnerships in this portfolio. It is the portfolio that enables us to move into much larger prospects as the energy lending relationships provide us with much of the capital required. The Company owns 100% of White Buffalo and plans to operate the wells and will further reduce exposure through the sale of promoted interests to industry partners. In this manner, we will continue to grow our portfolio.

**Alden McCall**  
Chief Operating Officer

## Nostra Terra Oil and Gas Company plc

### Statement of comprehensive income for the six months ended 30 June 2014

	Note	Six months to 30 June 2014 Unaudited £'000s	Six months to 30 June 2013 Unaudited £'000s	Year to 31 December 2013 Audited £'000s
<b>Revenue</b>		414	415	851
Cost of sales	3	<u>(452)</u>	<u>(546)</u>	<u>(1,301)</u>
<b>Gross profit/(loss)</b>		(38)	(131)	(450)
Share based payment		-	-	(4)
Administrative expenses		<u>(313)</u>	<u>(431)</u>	<u>(1,052)</u>
<b>Operating loss</b>		(351)	(562)	(1,506)
Finance income		-	49	62
Finance expense		<u>(11)</u>	<u>(16)</u>	<u>(110)</u>
<b>Loss before tax</b>		(362)	(529)	(1,554)
Taxation		<u>-</u>	<u>-</u>	<u>-</u>
<b>Loss for the financial period</b>		<u>(362)</u>	<u>(529)</u>	<u>(1,554)</u>
Other comprehensive income				
Exchange gain/(loss) on translation of foreign ops.		<u>(114)</u>	<u>267</u>	<u>102</u>
<b>Total comprehensive income for the period</b>		<u><u>(476)</u></u>	<u><u>(262)</u></u>	<u><u>(1,452)</u></u>
<b>Loss per share</b>				
Attributed to:				
Equity holders of the company				
Basic and diluted	4	<u>(0.017p)</u>	<u>(0.010p)</u>	<u>(0.059p)</u>

The Company's operating loss arose from continuing operations.

There were no recognised gains or losses other than those recognised in the income statement above.

# Nostra Terra Oil and Gas Company plc

## Statement of financial position as at 30 June 2014

	As at 30 June 2014 Unaudited £'000s	As at 30 June 2013 Unaudited £'000s	As at 31 December 2013 Audited £'000s
Note			
<b>Assets</b>			
<i>Non-current assets</i>			
Other intangibles	3,689	3,632	2,938
Property, plant and equipment	<u>571</u>	<u>486</u>	<u>489</u>
	<u>4,260</u>	<u>4,118</u>	<u>3,427</u>
<i>Current assets</i>			
Trade and other receivables	223	1,870	253
Deposits and prepayments	258	179	290
Inventory	-	12	-
Cash and cash equivalents	122	87	371
	<u>603</u>	<u>2,148</u>	<u>914</u>
<i>Current liabilities</i>			
Trade and other payables	708	1,056	336
Borrowings	<u>325</u>	<u>368</u>	<u>344</u>
	<u>1,033</u>	<u>1,424</u>	<u>680</u>
<b>Net current assets</b>	<u>(430)</u>	<u>724</u>	<u>234</u>
<i>Non-current liabilities</i>			
Other loans	<b>7</b> 645	-	-
<b>Net assets</b>	<u><u>3,185</u></u>	<u><u>4,842</u></u>	<u><u>3,661</u></u>
<b>Equity</b>			
<i>Capital and reserves</i>			
Share capital	<b>8</b> 2,776	2,776	2,776
Share premium account	9,991	9,986	9,991
Translation reserve	(40)	267	74
Share option reserve	119	115	119
Accumulative deficit	<u>(9,661)</u>	<u>(8,302)</u>	<u>(9,299)</u>
<b>Total equity</b>	<u><u>3,185</u></u>	<u><u>4,842</u></u>	<u><u>3,661</u></u>

## Nostra Terra Oil and Gas Company plc

### Cash flow statement For the six months ended 30 June 2014

	Six months to 30 June 2014 Unaudited	Six months to 30 June 2013 Unaudited	Year to 31 December 2013 Audited
Note	£'000	£'000	£'000
<b>Cash flows from operating activities</b>			
Cash generated/(consumed) by operations	5 247	(636)	61
<b>Net cash outflow from operating activities</b>	<u>247</u>	<u>(636)</u>	<u>61</u>
<b>Cash flows from investing activities</b>			
Sale/(purchases) of plant and equipment	(143)	(69)	(116)
Purchase of intangibles - new oil properties	(979)	(529)	(578)
Interest received	-	49	-
Net cash from investing activities	<u>(1,122)</u>	<u>(549)</u>	<u>(694)</u>
<b>Cash flows from financing activities</b>			
Proceeds on issue of shares	-	1,193	695
New borrowing (net)	626	(230)	-
Net cash from financing activities	626	963	695
Increase/(decrease) in cash and cash equivalents	<u>(249)</u>	<u>(222)</u>	<u>62</u>
Cash and cash equivalents at the beginning of the period	<u>371</u>	<u>309</u>	<u>309</u>
Cash and cash equivalents at the end of the period	<u><u>122</u></u>	<u><u>87</u></u>	<u><u>371</u></u>

## Nostra Terra Oil and Gas Company plc

### Consolidated statement of changes in equity For the six months ended 30 June 2014

	As at 30 June 2014 £'000	As at 30 June 2013 £'000	As at 31 December 2013 £'000
As at beginning of period	3,661	3,899	3,911
Other comprehensive income	(114)	267	102
Deficit for the period	(362)	(262)	(1,554)
Share based payments	-	115	4
Issue of share capital net of expenses	-	1,193	1,198
As at end of period	<u>3,185</u>	<u>5,212</u>	<u>3,661</u>

# Nostra Terra Oil and Gas Company plc

## Notes to the interim report for the six months ended 30 June 2014

### 1. General Information

Nostra Terra Oil and Gas Company plc is a public limited company incorporated in England with a company number 39768 and quoted on the AIM market of the London Stock Exchange Plc.

### 2. Basis of Preparation

This interim report, which incorporates the financial information of the company, has been prepared using the historical cost convention, on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, using accounting policies which are consistent with those set out in the financial statement for the year ended 31 December 2013. This interim financial information for the six months ended 30 June 2014 was approved by the Board on 29 September 2014.

The unaudited results for period ended 30 June 2014 do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The comparative figures for the 12 months ended 31 December 2013 are extracted from the statutory financial statements which have been filed with the Registrar of Companies and which contain an unqualified audit report, did not draw attention to any matters by way of an emphasis of matter paragraph and contained no statement under Section 498 (2) or (3) of the Companies Act 2006.

Copies of this interim statement are available from the Company at its registered office at Finsgate, 5-7 Cranwood Street, London EC1V 9EE. The interim statement will also be available on the Company's website [www.ntog.co.uk](http://www.ntog.co.uk) in accordance with Rule 26 of the AIM Rules for Companies.)

### 3. Cost of Sales

Cost of sales includes £289,000 non-cash items (not affecting actual cash flow), in respect of depreciation, depletion and amortisation costs (30 June 2014).

### 4. Loss per share

	Six months to 30 June 2014 Unaudited	Six months to 30 June 2013 Unaudited	Year to 31 December 2013 Audited
Loss per ordinary share			
Basic and diluted	<u>(0.017p)</u>	<u>(0.010p)</u>	<u>(0.059p)</u>

The loss per ordinary share is based on the Company's loss for the period of £476,000 (30 June 2013 - £262,000; 31 December 2013 - £1,554,000) and basic weighted average number of shares in issue of 2,776,211,610 (30 June 2013 - 2,516,546,055; 31 December 2013- 2,647,751,184).

Given the Company's loss for the period, the diluted loss per share is the same as the basic loss per share.

## Nostra Terra Oil and Gas Company plc

### Notes to the interim report For the six months ended 30 June 2014

#### 5. Reconciliation of operating loss to net cash outflow from operating activities.

	Six months to 30 June 2014 Unaudited £'000s	Six months to 30 June 2013 Unaudited £'000s	Year to 31 December 2013 Audited £'000s
<b>Loss for the period</b>	(362)	(262)	(1,554)
Adjustments for:			
Depreciation of property, plant and equipment	50	44	84
Amortisation of intangibles	239	387	806
Well impairments	-	-	86
Loss on disposal of assets	-	-	105
(Increase)/decrease in receivables	62	(898)	611
Finance income	-	(49)	-
Share based payment			4
Inventory	-	(12)	
(Decrease)/increase in payables	372	241	(229)
(Increase) in deposits and prepayments	-	(96)	-
Foreign exchange translation – movement in provision	(114)	9	148
	(114)	9	148
<b>Net cash from operating activities</b>	247	(636)	61

#### 6 Segmental analysis

In the opinion of the directors, the Group has one class of business, being the exploitation of hydrocarbon resources.

The Group's primary reporting format is determined by geographical segment according to the location of the hydrocarbon assets.

As the group only operates in a single business and geographical segment, no segmental information for business segment or geographical segment is required.

#### 7. Loan notes issued by Nostra Terra (Overseas) Limited

The long-term creditors represent unsecured and interest-free loan notes issued by Nostra Terra (Overseas) Limited ("NTOL") on 25 May 2007 with no contingency based on the cash flow from NTOL's Ukrainian assets.

Additionally, in 2014 the group entered into a revolving line of credit agreement that provides for borrowings of up to \$25 million USD, depending on certain borrowing base requirements. The line of credit matures in January 2016. Borrowings under the line of credit bear interest at either 1% plus the U.S. Prime Rate published by the Wall Street Journal or 4.25%, whichever is greater. All borrowings are collateralize by 80% of the value of the oil and gas properties utilized in

determining the borrowing base, plus certain liens and guaranties of Churchill Operating. The borrowings under the line of credit are subject to certain financial covenants and restrictions on indebtedness, business combinations, and other related items.

## **8. Share Capital**

The issued share capital as at 30 June 2013, 31 December 2013 and 30 June 2014 was 2,776,211,610 ordinary shares of 1p each.