Nostra Terra

OIL & GAS COMPANY PLC

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Nostra Terra Oil & Gas Company PLC
30 September 2016

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

Interim Results

Nostra Terra (AIM:NTOG), the oil and gas exploration and production company with a portfolio of assets in the USA and Egypt, is pleased to announce its unaudited results for the six month period ended 30 June 2016.

Highlights:

- Revenue for the period of £133,000 (30 June 2015: £393,000)
- Gross profit from operations (before non-cash items of depreciation and amortization) for the period of £60,000 (30 June 2015: £268,000)
- Average production during first half at 60 boepd (US only)
- Cost cutting initiative - 42% reduction in overheads, including a 25% reduction in management and board remuneration
- Raised £350,000 via an equity placing in March 2016
- Reorganisation of share capital completed in May 2016

Post-period events:

- Equity placing to raise £250,000 in July 2016
- Divestment of majority of Company's wells in the Chisholm Trail Prospect for US$2.1 million completed
- Independent Resources (Egypt) Ltd, the Company's JV with Independent Resources plc, settles US$2.5 million loan note for US$200,000

Chairman's report

In the recently released annual report for 2015, I reported to shareholders that there was "still a lot of work to be done" in repositioning Nostra Terra to withstand the worst bear market in the oil and gas industry for over 30 years. With this in mind, our main priority in the first half of 2016 was to restructure Nostra Terra so that we could start to rebuild the business on firmer foundations. Conditions remain extremely tough in the market for all exploration and production companies, including junior oil and gas companies. As such, during H12016 we made a number of difficult decisions for the long term good of the Company, including the share capital reorganization which we completed in May.

I am pleased to report that in the second half of 2016 we are clearly seeing the benefits of the actions we took earlier in the year and our expectation now is to be able to start introducing new assets into Nostra Terra before the end of the period. We remain confident that our strategy of acquiring assets which generate positive cash flow in a low oil price environment, should deliver substantial value to shareholders over the medium term.

The cost cutting initiative in the first half yielded significant savings within the business, achieving a 40 per cent reduction in total operating costs. This included a 25 per cent reduction in board and management salaries. Together with the £350,000 the Company raised at the start of March, Nostra Terra entered the second half of the year on a much firmer financial footing. We further strengthened Nostra Terra's balance sheet post-period, through the £250,000 we raised in July and the completion of the sale of the Company's interest in the Chisholm Trail prospect for $2.1million.

During the period we were able to negotiate a contract to acquire a larger asset in the Permian Basin, which Nostra Terra would operate. We intended that the asset be financed via a bond offering, however unfortunately a number of market factors, outside of Nostra Terra's control, worked against our efforts to secure this funding. It is naturally extremely disappointing to have missed out on what should have been a transformational deal for Nostra Terra. However, with the prudent steps we have taken in restructuring the business, our job is to move on from this and focus our energies on securing the next deal for Nostra Terra.

From the decisions taken earlier in 2016 Nostra Terra is in a much better position to grow the business, building a portfolio of producing assets from a robust deal pipeline. where Nostra Terra will operate and therefore have more control over its own destiny. At the same time we will reach for more substantial transactions when we perceive the assets have the ability to add to shareholder value. Meanwhile in Egypt, as reported in our annual report, there is uncertainty with operations. However, we continue to make steady progress with our partner Independent Resources plc. Currently the market appears to have written off our stake in the East Ghazalat concession. We believe this is unduly pessimistic and ignores progress made on the ground. During H1-2016 our 50% owned Joint Venture, Independent Resources (Egypt) Ltd, completed permitting with the Egyptian Government and received the necessary security clearance in anticipation of receiving payments. We are realistic in our expectations of likely timelines moving forward, but the cash-generative potential at East Ghazalat remains unchanged.

I look forward to reporting progress as we fulfill our strategic objectives and introduce new acquisitions to Nostra Terra in the coming months.

Ewen Ainsworth

Chairman
30 September 2016

Chief Executive Officer's report

During the first half of 2016 oil prices ranged from below $30 per barrel to the low $50's. Pressure on the oil price may well remain for the foreseeable future and therefore we will remain diligent to keep overheads low.

Our goal remains to reinvest funds to build our asset base during the low price environment. The immediate focus is on building production and revenues where we surpass free cash flow on a corporate level. We're primarily seeking assets where Nostra Terra has more control over the pace of exploration and development.

During the period we entered a contract to sell our largest producing asset in the US; the Chisholm Trail Prospect. While we were primarily interested in one particular formation, one of the aspects we liked when we originally acquired the interest in the prospect was the stacked pay. This discipline faired well for us, as the prospect is in an area of high activity and interest allowing us to sell at a premium to our internal valuation. While we retained some of the wells and acreage, we sold the bulk of these and raised in excess of US$2.1 million. Some of those funds were used to pay down Company debt leaving flexibility to use the finance facilities for other assets, while we retained enough funds to reinvest in new projects.

We are currently evaluating a number of producing and drill ready opportunities in the USA, which would be part funded by our cash flows. Chisholm Trail was a portfolio of leases and producing wells. All of the wells were operated by other companies where Nostra Terra had a working interest up to 20 per cent. The various assets we review are those where Nostra Terra will have a large working interest and operate.

As Ewen commented we have continued to make progress with our initial asset in Egypt during the first half of the year. The recent early settlement by Independent Resources (Egypt) Ltd ("IRE") of the TransGlobe loan note for $200,000 has made the fundamentals of the project even more attractive. Rather than paying $3.47 per barrel of attributable 2P reserves IRE's entry cost has now decreased to $1.19 per barrel. This valuation underpins our desire to continue working on local operational improvements with our partners.

We look forward to updating shareholders on progress during the remainder of the year.

Matt Lofgran

Chief Executive Officer

30 September 2016

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

For further information, visit www.ntog.co.uk or contact:

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Nostra Terra Oil and Gas Company plc

Consolidated statement of comprehensive income for the six months ended 30 June 2016

	Note	Six months to 30 June 2016 Unaudited	Six months to 30 June 2015 Unaudited	Year to 31 December 2015 Audited
		£'000s	£'000s	£'000s
Revenue		133	393	594
Cost of sales	3	(389)	(1,065)	(1,909)
Gross profit/(loss)		(256)	(672)	(1,315)
Share based payment		-	-	(27)
Administrative expenses		(222)	(378)	(689)
Share of results of joint venture		(314)	-	(157)
Operating loss		(792)	(1,050)	(2,188)
Other income		4		
Finance expense		(16)	(11)	(122)
Loss for the financial period		(804)	(1,061)	(2,310)
Other comprehensive income				
Exchange gain/(loss) on translation of foreign ops.		177	(19)	111
Total comprehensive income for the period		(627)	(1,080)	(2,199)
Loss per share				
Attributed to:				
Equity holders of the company				
Basic and diluted	4	(0.022p)	(0.032p)	(0.069)

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

Consolidated statement of financial position as at 30 June 2016

	As at 30 June 2016 Unaudited	As at 30 June 2015 Unaudited	As at 31 December 2015 Audited

	Note	£'000s	£'000s	£'000s
Assets				
Non-current assets				
Other intangibles		2,012	3,545	3,127
Property, plant, and equipment		237	483	464
Investment in joint venture		(125)		190
		2,124	4,028	3,781
Current assets				
Assets held for resale	6	1,374	-	-
Trade and other receivables		291	216	176
Cash and cash equivalents		11	526	144
		1,676	742	320
Total assets		3,800	4,770	4,101
Equity and liabilities				
Equity				
Share capital	9	3,666	3,360	3,360
Share premium account		11,060	11,060	11,060
Translation reserve		113	(194)	(64)
Share option reserve		165	139	165
Accumulative deficit		(13,256)	(11,204)	(12,452)
Total equity		1,748	3,161	2,069
Liabilities				
Non-current liabilities				
Other loans	8	387	1,380	351
Current liabilities				
Trade and other payables		383	229	373
Borrowings		1,282	-	1,308
		1,665	229	1,681
Total liabilities		2,052	1,609	2,032
Total equity and Liabilities		3,800	4,770	4,101

Nostra Terra Oil and Gas Company plc

Consolidated cash flow statement
For the six months ended 30 June 2016

	Note	Six months to 30 June 2016 Unaudited	Six months to 30 June 2015 Unaudited	Year to 31 December 2015 Audited
	Note	£'000	£'000	£'000

Cash flows from operating activities				
Cash generated/(consumed) by operations	5	(300)	79	57
Interest paid		(11)	-	(115)
Net cash outflow from operating activities		(311)	79	(58)
Cash flows from investing activities				
Sale/(purchases) of plant and equipment		(1)	(18)	(25)
Purchase of intangibles - new oil properties		(4)	(174)	(276)
Purchase of equity in joint venture investment		-	-	(347)
Net cash from investing activities		(5)	(192)	(648)
Cash flows from financing activities				
Proceeds on issue of shares		306	-	-
Repayment of borrowings		(162)	(381)	(1,162)
New borrowing (net)		-	159	1,156
Net cash from financing activities		144	(222)	(6)
Effect of exchange rate changes on cash and cash equivalents		39	-	(5)
Increase/(decrease) in cash and cash equivalents		(133)	(335)	(717)
Cash and cash equivalents at the beginning of the period		144	861	861
Cash and cash equivalents at the end of the period		11	526	144

Nostra Terra Oil and Gas Company plc

Consolidated statement of changes in equity
For the six months ended 30 June 2016

	As at 30 June 2016 £'000	As at 30 June 2015 £'000	As at 31 December 2015 £'000
As at beginning of period	2,069	4,241	4,241
Other comprehensive income	177	(19)	111
Loss for the period	(804)	(1,061)	(2,310)
Share based payments	-	-	27

Issue of share capital net of expenses	306	-	-
As at end of period	1,748	3,161	2,069

Nostra Terra Oil and Gas Company plc

Notes to the interim report
For the six months ended 30 June 2016

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 2015. This interim financial information for the six months ended 30 June 2016 was approved by the Board on 29 September 2016.

The unaudited results for the six months ended 30 June 2016 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 2015 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 in accordance with Rule 26 of the AIM Rules for Companies.

3. Cost of Sales

Cost of sales includes £316,000 non-cash items (not affecting actual cash flow), in respect of depreciation, depletion and amortization costs (30 June 2016).

4. Loss per share

	Six months to 30 June 2016 Unaudited	Six months to 30 June 2015 Unaudited	Year to 31 December 2015 Audited
Loss per ordinary shareholders			
Basic and diluted	(0.022p)	(0.032p)	(0.069p)

The loss per ordinary share is based on the Company's loss for the period of £804,000 (30 June 2015 - £1,061,000; 31 December 2015 - £2,310,000) and basic weighted average number of shares in issue of £3,656,114,645 (30 June 2015 - 3,359,578,276; 31 December 2015 - 3,359,578,276).

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 2016

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

	Six months to 30 June 2016 Unaudited	Six months to 30 June 2015 Unaudited	Year to 31 December 2015 Audited
	£'000s	£'000s	£'000s
Operating loss for the period	(792)	(1,050)	(2,188)
Adjustments for:			
Depreciation of property, plant, and equipment	56	51	103
Amortization of intangibles	260	889	1,026
Well impairment		-	571
Share of results of joint venture	314		157
Share based payment	-	-	27
Loss on disposal of assets	-	221	-
(Decrease)/increase in finance charge provision	-	(176)	(15)
(Increase)/decrease in receivables	(77)	-	310
(Decrease)/increase in related party	(47)	142	
(Decrease)/increase in payables	(16)	(62)	34
(Increase)/decrease in deposits and prepayments	2	48	32
Foreign exchange Translation-movement in provision	-	16	-
Net cash from operating activities	(300)	79	57

6. Assets held for resale

The company announced on 29 June 2016 that it had contracted to sell its wells within the Chisholm Trail and as a consequence these have been reclassified as current assets.

7. 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.

8. 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 2015 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. The borrowings under the line of credit are subject to certain financial covenants and restrictions on indebtedness, business combinations, and other related items.

9. Share Capital

The issued share capital as at 30 June 2016 was 82,206,954 ordinary shares of 1p each following the share capital reorganization completed in May 2016. The issued share capital as at 31 December 2015 and 30 June 2015 was 3,359,578,276 ordinary shares of 1p each, respectively.

10. Events arising after the balance sheet date

On 27 September 2016, the Company, Independent Resources Group plc ("IRG") and Independent Resources (Egypt) Limited ("IRE"), being the Company's joint venture vehicle with IRG which owns the Company's and IRG's interests in the East Ghazalat concession, agreed a settlement agreement with TransGlobe Petroleum International Inc. ("TransGlobe") concerning the early repayment of the US$2.5 million loan note ("Loan Note") issued to TransGlobe as deferred consideration for the acquisition of East Ghazalat in October 2015 and repayable on 30 September 2017.

Under the terms of the agreement, the Company, Independent Resources (Egypt) Limited and Independent Resources Group plc will collectively pay US$200,000 to TransGlobe in full and final settlement of the Loan Note and all interest accruing on the Loan Note. This removes the outstanding liability net to the Company of approximately US$1.38 million (including accrued interest), leaving no further debt on the asset or payments owed to TransGlobe.

The impact of the settlement arrangements will be reflected in the results of IRE and the Company for the second half of the financial year ending 31 December 2016 and will result in

- a reduction in the cost of Independent Resources (Egypt) Limited's investment in its subsidiary company Sahara Resources GOS Inc. from $3.5 million to $1.2million, this will result in a reduction in the cost of the Company's investment in East Ghazalat to $0.6million;

- a write back of loan note interest accrued from 13 October 2015 until the settlement date of 27 September 2016 (in respect of which there was an accrual of £133,749 in the balance sheet creditors of Independent Resources (Egypt) Limited at 30 June 2016: and a charge to profit of £93,625 in Independent Resources (Egypt) Limited during the six months ended 30 June 2016). This will result in a reduction in the Company's balance sheet creditors of £62,875 and a write back to the Company's profit and loss account of £46,813; and

- a write back of foreign exchange translation differences arising on the retranslation of the loan note balance and the associated accrued interest (in respect of which there was a charge of £183,920 in Independent Resources (Egypt) Limited during the six months ended 30 June 2016). This will result in a write back of £91,960 in the Company's profit and loss account.

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