

14 February 2019

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

**More than threefold increase in reserves**

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 a 276% increase over the prior year in the Company's Proved and Probable (2P) oil reserves to 2,429,660 barrels of oil, covering its assets at Pine Mills in East Texas and its Permian Basin assets West Texas, including the Mesquite Asset ("Mesquite").

**Highlights**

- 276% increase in net 2P (Proved & Probable) reserves to 2,429,660 barrels of oil, up from 646,280 barrels of oil (1P at Pine Mills and Permian Basin from 2017)
  - o Total Proved & Probable Future Net Income ("FNI") estimated at US\$58.65 million
  - o Net Present Value at 9% discount ("NPV9") estimated at US\$23.93 million
- Net Proved reserves of 764,030 barrels of oil (1P)
  - o Increase primarily due to drilling and development of existing Permian Basin assets during H1 2018.
  - o Total Proved FNI estimated at US\$14.96 million
  - o Total Proved NPV9 estimated at US\$7.54 million
- Net Probable reserves of approximately 1,665,630 barrels of oil
  - o Increase attributable entirely to Mesquite
  - o Total Probable FNI estimated at US\$43.69 million
  - o Total Probable NPV9 estimated at US\$16.39 million

**Preparation of net reserve, FNI and NPV estimates**

Nostra Terra has updated its annual reserves, using a third-party engineer APN Energy ("APN"), effective 1 Jan 2019. The reserves report was prepared by APN for the Company with a view to submission to the Washington Federal Bank. As such it contains conservative calculations for Nostra Terra's net reserves, Future Net Income, and Net Present Value estimates, primarily by use of a lower price deck compared to those of Trey Resources LLC ("Trey").

Net Reserves are defined as the portion of gross reserves attributable to Nostra Terra's interests after deducting all shrinkage, royalties, overriding royalties, and reversionary interests owned by outside parties.

The reserves estimates have been prepared using decline curve analysis, which is appropriate in estimating the reserves of pressure depletion or fluid expansion reservoirs with sufficient historical production data to establish decline trends. Starting production rates for producing wells were based on history matching decline curves to historical production. This decline curve was then used as the basis for projecting future production rates.

FNI and NPV9 are estimated using Washington Federal Bank February 2019 pricing (starting below \$52/bbl for the first 7 years) after deducting estimated future operating and development costs, production and ad valorem taxes, but before Federal income taxes are assessed.

**Increase in 1P Reserves**

Nostra Terra's updated reserves report reflects the significant progress the Company has made over the last year. Stable production has continued at Pine Mills throughout the period. Meanwhile Nostra Terra's successful vertical drill campaign in H1 2018 in the Permian Basin led to an 18% increase in the Company's 1P reserves compared to 2017.

As of 01 January 2019, Nostra Terra had 764,030 barrels Proven (1P) oil reserves, in both Proved Developed Producing and Proved Developed Non-Producing locations, up from 646,280 barrels of oil.

Nostra Terra's 1P reserves are bankable against the Company's US\$5million Senior Lending Facility with Washington Federal Bank. The current borrowing base of the facility is US\$1.95million.

## Mesquite Probable Reserves

In addition to the increase in 1P reserves, engineering work Nostra Terra has completed at Mesquite has added 1,665,630 barrels of oil classified as Probable reserves, net to the Company.

On 21 January 2018 Nostra Terra announced the completion of the first iteration of the Mesquite Field Development Plan ("FDP"). This covers the initial 1,384 net acres, which Nostra Terra has acquired at Mesquite.

The FDP is based on a detailed study completed by Trey. This study analysed substantial regional well, geological and historical production data from the prolific area surrounding Mesquite. The FDP includes a proposed horizontal well design for a 5,000ft (1,524m) lateral, on 160-acre spacing per well.

Nostra Terra is currently in discussions with potential farm-in partners concerning the development of Mesquite.

The reserve figures stated above use the standards set by The Petroleum Resources Management, which is accepted by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers. The definitions can be found at [www.spe.org/industry/docs/Petroleum\\_Resources\\_Management\\_System\\_2007.pdf](http://www.spe.org/industry/docs/Petroleum_Resources_Management_System_2007.pdf)

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

### *Competent Person Disclosure*

*John Stafford, a Director at Nostra Terra with over 35 years relevant experience in the oil industry, has reviewed this announcement for the purposes of the current Guidance Note for Mining, Oil and Gas Companies issued by the London Stock Exchange in June 2009. Mr. Stafford is a Fellow of the Geological Society and a member of the Petroleum Exploration Society of Great Britain.*

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

Nostra Terra Oil and Gas Company plc                      Tel:            +1 480 993 8933

Matt Lofgran, CEO

Strand Hanson Limited    Tel:            +44 (0) 20 7409 3494

(Nominated & Financial Adviser and Joint  
Broker)

Rory Murphy / Ritchie Balmer / Jack Botros

Smaller Company Capital Limited (Joint Broker)            Tel:            +44 (0) 20 3651 2910

Rupert Williams / Jeremy Woodgate

## About Mesquite

The Mesquite asset covers 2,184 gross acres (1,984 net acres to Nostra Terra) in the Eastern Shelf of the prolific Permian Basin. The target formations at Mesquite are "tight", meaning the oil-bearing rock formations are conventional horizons of low permeability. As such, the target formations have characteristics that make them ideal targets for horizontal drilling and have delivered substantial oil

production in other areas of the Permian Basin using these techniques. Comparable horizontal drilling in the region has delivered initial oil production rates of 200-300bopd.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact [ms@seg.com](mailto:ms@seg.com) or visit [www.ms.com](http://www.ms.com).

END

UPDEAXADFSLNEFF