

ANNUAL REPORT 2024

Approved by Board of Directors of Sozak Oil and Gas JSC

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Dear shareholders, investors and
partners!

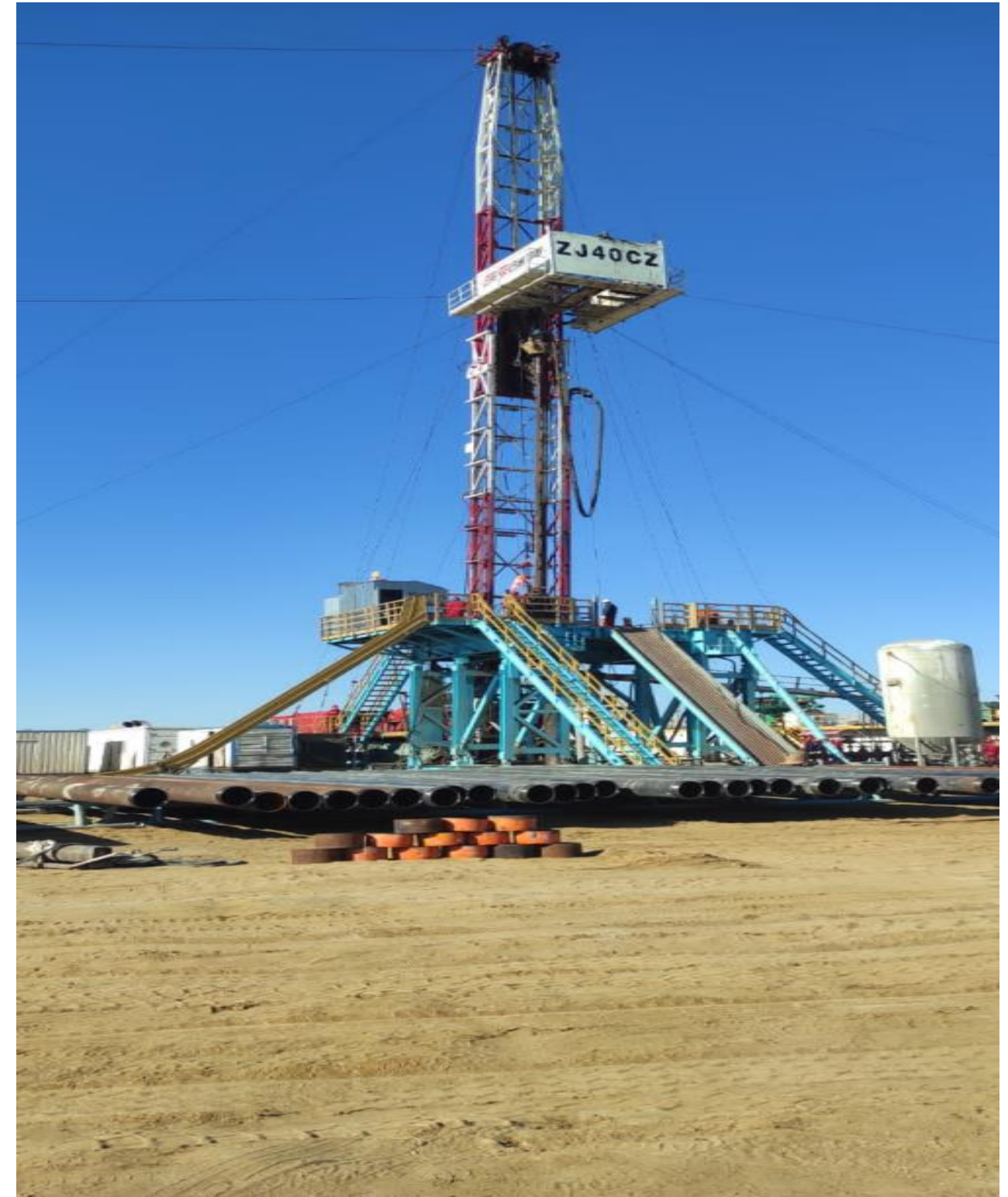
In 2024, Kazakhstan's oil and gas industry—and Sozak Oil and Gas JSC in particular—faced significant pressure from a range of global macroeconomic factors. Nevertheless, SOG successfully met its strategic objectives, working in the best interests of all its stakeholders, including shareholders, investors, employees, partners, and local communities in the regions where we operate.

Looking ahead to the coming year, the Company will continue to enhance its efficiency, ensure full and timely fulfillment of its contractual obligations, and implement plans to establish production periods for the fields of the Company.

We are growing together with you.

Chairman of the Board of Directors

Lam Tak Leung





Dear shareholders, investors and partners!

Let me present to your attention the Annual Report of "Sozak oil and Gas" JSC for 2024.

2024 was a pivotal and eventful year for Sozak Oil and Gas JSC, marked by heightened global and regional uncertainty. Despite the many challenges faced, our team's coordinated efforts and strong leadership enabled us to overcome obstacles and navigate external pressures effectively. The reporting year brought numerous accomplishments for the Company.

Among the key developments in 2024:

We successfully conducted subsoil use operations in accordance with the trial operation projects at the Asa, Kendirlik, Ortalyk, Oppak, and Tamgalytar fields, fulfilling all project indicators, planned volumes, and contractual obligations under Subsoil Use Contract No.2433 dated July 27, 2007.

We also completed the necessary work to secure an extension of the exploration period to conduct trial operation at the Asa, Kendirlik, Ortalyk, Oppak, and Tamgalytar fields until October 15, 2026.

We continue to prioritize the safety, well-being, and development of our workforce. Significant investments are being made to enhance working conditions, boost motivation, and foster productivity. Occupational safety, the creation of a secure working environment, and environmental stewardship remain core values for the Company. We are deeply committed to minimizing our environmental footprint and ensuring the health and safety of both our employees and the surrounding communities.

Ensuring safe operations and upholding our environmental responsibilities in the regions where we operate will remain fundamental to our approach. Our Company remains steadfast in fulfilling all obligations to the Republic of Kazakhstan. Work on current projects is progressing steadily according to plan, and we look forward to building on this momentum in the coming years.

The progress made in 2024—and what lies ahead—is the result of a united team that approaches every challenge with confidence and dedication. Each team member plays an essential role in advancing the development of Kazakhstan's gas industry.

The achievements of 2024 demonstrate our ability to pursue ambitious strategic goals while maintaining resilience and stability. These milestones have laid a solid foundation for continued growth and long-term success.

General Director

"Sozak oil and Gas" JSC

Liu Wei

Who is the Issuer ?

The legal and commercial name of the Issuer is "Sozak Oil and Gas" JSC. The Company was initially established as a limited liability partnership in accordance with the legislation of Kazakhstan on July 16, 2001 and re-registered as a joint stock company in accordance with the legislation of Kazakhstan on September 04, 2019 with business identification number (BIN) 010740001351. The main legislation in accordance with which the Company operates is the Law of the Republic of Kazakhstan No. 415-II "On Joint Stock Companies" dated May 13, 2003 (as amended) (hereinafter - the "Law on JSC").

Main activities

The Company conducts subsurface use operations within blocks XXX-43 –B (partially), C (partially), D (partially), E (partially), F (partially), 44-A (partially), B (partially), C (partially), D (partially), E (partially), F (partially); XXXI- 43-C (partially), F (partially); 44-A (partially), B (partially), D (partially) in the Turkestan region of the Republic of Kazakhstan in accordance with the Subsoil Use Contract No. 2433 dated July 27, 2007. According to Appendix 20 to the Subsoil Use Contract No. 2433 dated July 27, 2007, for the trial operation of the Asa, Kendirlik, Oppak, Tamgalytar, Ortalyk fields, the Contract period is until until October 15, 2026, and the production period for Pridorozhnoye Yuzhnoe field is 25 (twenty-five) years.

The most significant recent trends affecting the Company and the industries in which it operates are the following:

- Changes in global demand for hydrocarbons and fluctuations in crude oil and gas prices;
- Intergovernmental and governmental regulations and policies, including the agreement of oil and gas producing countries to reduce production and/or regulate prices for crude oil and hydrocarbon products;
- The ongoing military conflict between Russia and Ukraine and anti-Russian sanctions already imposed or expected to be imposed by the United States, the EU, the United Kingdom and other countries; and
- Increased pressure on the oil and gas industry to increase carbon neutrality and promote the implementation of ESG standards.

Issuer's history

2001 year

On July 16, 2001, the initial state registration of the Limited Liability Partnership "Marseille Petroleum" was carried out

2007 year

On July 27, 2007, JSC "Sozak Oil & Gas" signed a contract for hydrocarbon exploration No. 2433 (hereinafter referred to as the "Contract") with the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan.

2014 year

October 23, 2014: In accordance with the Decision of the Sole Participant (Decision No. 6 of Sino-Science Netherlands Petroleum B.V. dated October 1, 2014), the Company's name was changed from Marseille Petroleum LLP to Sozak Oil and Gas LLP.

2019 year

September 4, 2019: Sozak Oil and Gas LLP "Sozak Oil and Gas" was reorganized in the form of transformation from Sozak Oil and Gas LLP "Sozak Oil and Gas" into Joint Stock Company "Sozak Oil and Gas" "Sozak Oil and Gas"

The Company's shares were included in the Official AIX List as part of the pre-IPO listing as of November 14, 2019.



May 2023

On May 30, 2023, the report "Calculation of gas reserves of the Pridorozhnoye Yuzhnoye field as of 02.01.2023" was reviewed by the Interregional Commission on Mineral Reserves of the RSU "South Kazakhstan Interregional Department of Geology of the Committee of Geology of the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan "Yuzhkaznedra". On August 03, 2023, he was presented to the State Committee for Geology of the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan for an independent examination. After conducting an independent examination, the report was reviewed by the Working and approved by the Plenary Sessions of the State Committee of the Republic of Kazakhstan "Committee of Geology of the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan".





August 2023

On August 24, 2023, "Projects for trial operation of the Asa, Ortalyk, Kendirlik, Oppak, Tamgalytar fields" were presented and agreed upon at a meeting of the Central Commission for Exploration and Development of Hydrocarbon Deposits of the Republic of Kazakhstan.

December 2023

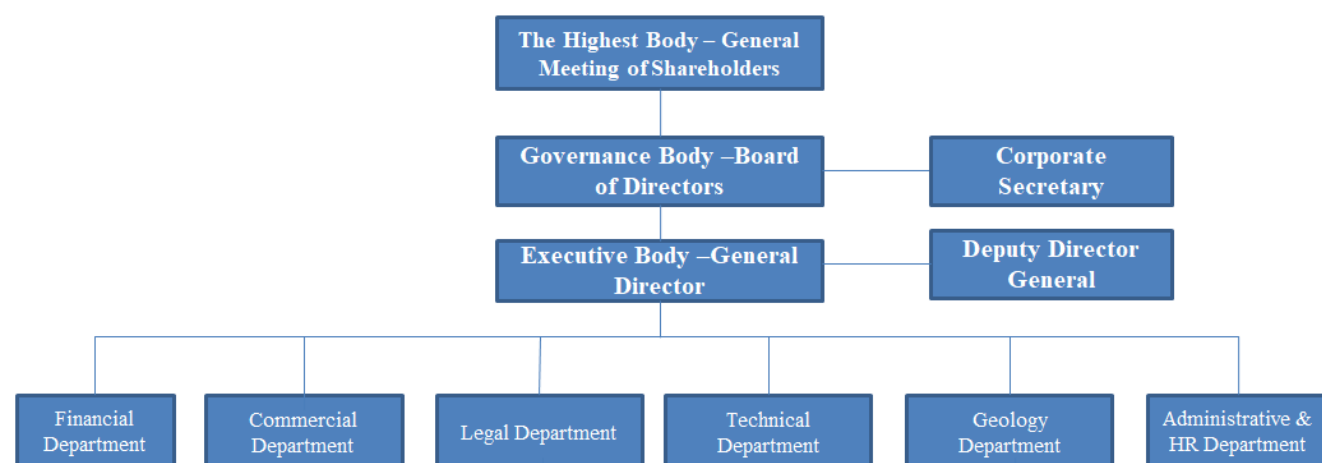
On December 14, 2023, the Company switched to the terms of a standard contract for exploration and production or production of hydrocarbons for a complex project. The provisions of Contract No. 2433 dated July 27, 2007 are set out in a new version, in accordance with the Standard Contract for the Exploration and Production of Hydrocarbons for Complex Projects. The validity period of Contract No. 2433 dated July 27, 2007 is combined and consists of: (1) the exploration period for conducting trial operation at the Asa, Kendirlik, Ortalyk, Oppak, Tamgalytar fields is valid until July 27, 2025, taking into account the transition to the terms of a standard contract for the exploration and production of hydrocarbons for a complex project; (2) the production period for the Pridorozhnoye Yuzhnoye field lasting 25 (twenty-five) years;

March 2024

Since March 20, 2024, the Company has been officially registered on AIX

Production structure

As of December 31, 2024, the company's production structure consisted of 6 divisions



The management of the Company is carried out by the Central Management Office located in Kyzylorda. The main functions are divided by areas of competence between the General Director and Deputy General Directors, leading specialized departments and reporting directly to the General Director. The Company does not have representative offices or branches.

Future Developments and Expected Results

14 December 2023: The Company transferred to the terms of a standard contract for exploration and production of hydrocarbons for a complex project in accordance with paragraph 40 of Article 278 of the Subsoil Code. In 2024, the Company carried out and conducted subsoil use operations in accordance with trial operation projects at the Asa, Kendirlik, Ortalyk, Oppak, and Tamgalytar fields, in line with project indicators, work volumes, and contractual obligations as per Subsoil use Contract No.2433 dated 27 July 2007.

In 2025, the Company will continue to perform its activities under the Contract in accordance with project indicators, work volumes, and contractual obligations according to Subsoil use Contract No.2433 dated 27 July 2007. In 2025, the Company extended the validity period of the contract for trial operation at the Asa, Kendirlik, Ortalyk, Oppak, and Tamgalytar fields until October 15, 2026.

In 2025, the Company does not plan to produce hydrocarbons, and therefore, no revenue from hydrocarbon sales is expected.



Risks

The company has concluded an agreement with Ernst & Young LLP for audit services, according to which the audit organization conducts an audit of financial statements for 12 months with the preparation and publication of the relevant conclusion.

The Board of Directors considers effective risk management as part of its role in providing strategic oversight and management of the Company. We believe that in order to implement our strategic plans, we must understand the risks and respond appropriately to them, as well as consider the possibility of implementing additional business opportunities through effective risk management. The process of risk acceptance and management is carried out through a system of policies, procedures and internal control mechanisms. All policies are subject to approval by the Board of Directors and ongoing management review. Compliance with regulatory, legal and ethical standards is a priority for the Company. The financial divisions of the Company assume an important supervisory role in this regard.

Investment Risk

For the Company, this is the risk of losses associated with any investments: deviation from the schedule or a change in the project budget. The discrepancy in the project schedule leads to an increase in the attracted capital and, accordingly, to an increase in the payback period.

Currency risk

The Company is exposed to currency risk in respect of loans denominated in a currency other than tenge. The main currency causing this risk is the US dollar. The Company does not hedge its currency risks; at the same time, the Company's management tries to reduce this risk by maintaining the level of monetary assets and liabilities denominated in foreign currency at the same (more or less stable) level

Operational Risk

Operational risk is the risk for a Company to incur financial losses as a result of a business interruption and possible damage to the Company's property as a result of natural disasters and technological accidents. As of December 31, 2024, the Company's management believes that the Company has a sufficient number of insurance policies in respect of civil liability.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to repay its obligations upon the actual due date. The Company's liquidity position is carefully monitored and managed. The Company uses detailed budgeting and cash forecasting to ensure that sufficient funds are available to meet all payment obligations

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to meet an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk for its operating activities and certain investment activities. The Company places funds in Kazakhstani banks. The Company's management periodically reviews the credit ratings of this bank in order to eliminate extraordinary credit risks. According to the Company's management, the recent global credit crisis and subsequent changes in the credit ratings of local banks do not justify the extreme credit risk.

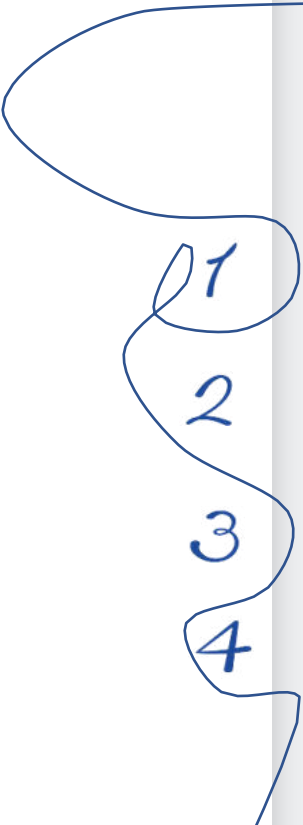
Interest rate risk

The interest rate on loans to maturity is fixed. Therefore, as of December 31, 2024, income and cash flows from the Company's core business are not subject to changes in market interest rates. The Company's policy is to capitalize all borrowing costs to be capitalized.

Employment

As of the end of 2024, the number of employees amounted to 22 full-time employees. The Company's employees have a high level of education and solid work experience. The Company's staff is dominated by middle-aged employees, 70% of whom are between the ages of 30 and 50. Due to the exceptional activity of the Company, the proportion of women among the employees is 36%. The company has no employees working under the terms of a collective agreement. The staff turnover rate, voluntary and involuntary, for the main categories of employees is 9%. In 2024, 2 employees left the company: 2 by agreement of the parties. The total number of employees who went on maternity leave in the reporting year was 1 employee.

The determination of the appropriate recipient of financial assistance, social benefits and compensation, social guarantees and payment is carried out by the employer. The remuneration system, the amounts of tariff rates and official salaries, allowances and additional payments to employees are regulated in accordance with the internal documents of the organization. When making a decision to reduce the number or staff of employees working in an organization, the employer is obliged to notify the employee in writing of the termination of the employment contract at least one month in advance, unless a longer notice period is provided in the employment or collective agreements. With the written consent of the employee, the termination of the employment contract may be made before the expiration of the notice period.



The guaranteed social package includes financial assistance, social benefits and compensations, social guarantees, including those guaranteed by the legislation of the Republic of Kazakhstan: payment upon termination, in accordance with the established procedure, of an employment contract with an employee who has lost his ability to work as a result of an industrial accident, occupational disease, or disability; compensation payments related to the relocation of an employee in the event of his transfer to work in another area together with the employer; compensation payments in connection with the loss of work (with a reduction in the number and staff of employees and the liquidation of the employer - a legal entity)

social benefits for temporary disability within 25 times the amount of the MCI

education, training, retraining, advanced training of employees

The Company has the right to consider the formation of an additional social package only if there are sufficient funds to ensure a guaranteed social package.

Health and safety at workplace

One of the Company's priority goals is to ensure the safe operation of all subordinate facilities by monitoring compliance with fire, industrial safety, labor protection and environmental requirements. In its activities in the field of occupational safety and health, the Company is guided by the current legislation of the Republic of Kazakhstan, Rules and international standards adopted in practice during the construction of wells. In order to build its own occupational safety and health management system, in order to harmonize it with the integrated management system of the management company, the Company has introduced a unified occupational safety management system. In accordance with the legislation of the Republic of Kazakhstan, compulsory insurance contracts were concluded with all employees of JSC "Sozak Oil and Gas": employees from accidents in the performance of their work (official) duties; civil liability of owners of hazardous production facilities for causing harm to third parties. There were no accidents or incidents at work in 2024.



"Sozak Oil and Gas" JSC is at the stage of geological exploration, the staff belongs to the category of administrative and managerial personnel, rents premises from Global Plaza LLP. Annually, the owner of the building conducts fire-fighting trainings with the participation of the staff of JSC "Sozak Oil and Gas". In 2024, a training session was held on the topic "Actions of management and employees in case of emergency situations - Fire".

The occupied premises are equipped with security and fire alarm systems and primary fire extinguishing systems. No fires or accidents were registered in the company in 2024

Training and education

According to the Legislation of the Republic of Kazakhstan, personnel training in industrial safety requirements and on safety and labor protection issues was carried out by a specialized company. "The company has all the permits for this type of activity, as well as the corresponding 3 employees of the Company passed the knowledge test on occupational safety and health, industrial safety and fire-technical minimum.

Diversity and equal opportunities

JSC "Sozak Oil and Gas" ensures the existence of uniform rules for hiring, evaluating achievements and promoting employees and officials based on clear and transparent criteria. The Company does not allow intimidation, including in a playful form, and any discrimination against anyone based on race, religion, nationality, gender, political or other affiliation, social origin, property and official status, language of communication and other circumstances, as well as granting any privileges to individual employees on the basis of based on the specified features. In the reporting period, no cases of discrimination against the Issuer's employees were identified.

The practice of labor relations

We respect and promote the observance of human rights provided for by the Constitution of the Republic of Kazakhstan and international documents such as the Universal Declaration of Human Rights. We categorically do not accept and prohibit the use of child labor. Our employees are our main value and main resource, the results of our activities and the value created for investors directly depend on their level of professionalism and safety, therefore we attract professional candidates from the labor market on an open and transparent basis and develop our employees based on the principle of meritocracy. We ensure the safety and labor protection of our employees, conduct wellness programs and provide social support to employees, create an effective system of motivation and employee development; develop corporate culture. In the reporting period, there were no complaints filed against the Issuer for violating the practice of labor relations. Labor disputes are considered in accordance with the procedure provided for by the labor legislation of the Republic of Kazakhstan.

Sponsorship and charity

JSC "Sozak Oil and Gas" does not directly provide charitable and sponsorship assistance to government agencies, commercial and non-profit organizations, their representatives, as well as other persons

JSC "Sozak Oil and Gas" may carry out charity only in the event of an emergency and (or) a state of emergency, or to eliminate the consequences of an emergency and (or) a state of emergency.



Anti-corruption

As part of the fight against corruption, the Company adheres to the anti-corruption policy of JSC "Sozak Oil and Gas" and adheres to the following principles: JSC "Sozak Oil and Gas" is guided by applicable local and international legislation, the provisions of the Code and other internal documents in the field of anti-corruption, and also confirms its commitment to international standards in the field of anti-corruption. The Company enshrines the principle of rejection of corruption in all forms and manifestations. JSC "Sozak Oil and Gas" identifies, regularly updates indicators of corruption risks, develops and implements appropriate procedures to minimize corruption risks and monitors their compliance.

There are no identified risks associated with corruption, as well as violations related to corruption. No administrative or criminal cases were recorded during the reporting period.

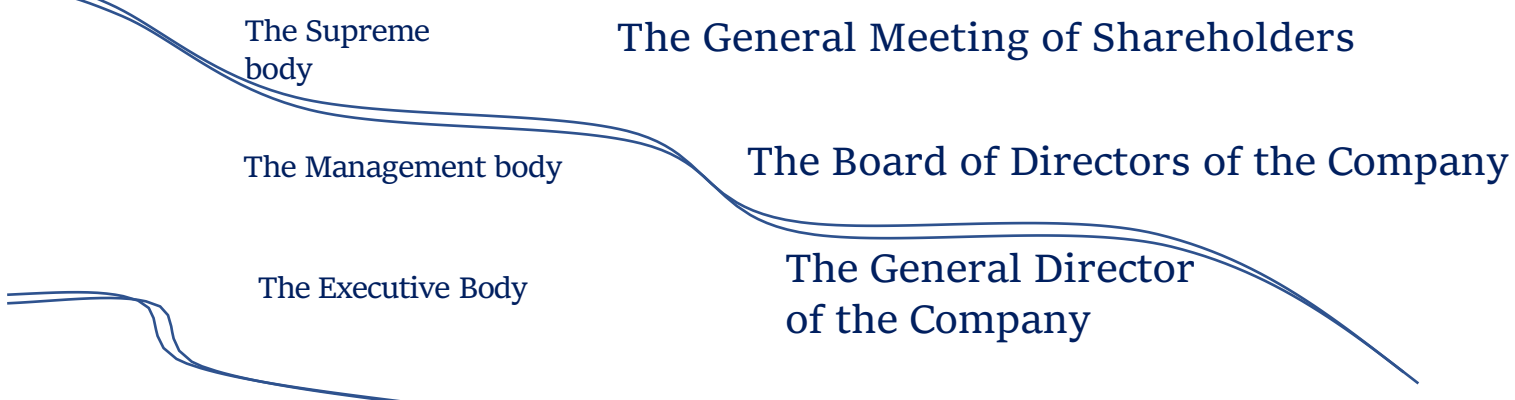
Compliance with legislation requirements

There are no cases related to the obstruction of competition and violation of antimonopoly legislation during the reporting year. No fines or sanctions were imposed on JSC "Sozak Oil and Gas".

Responsibility for services

There are no cases of non-compliance by the Company with the requirements of the legislation and the Code regarding the impact of the services provided on health and safety in 2024.

Corporate governance structure



Control over the financial and economic activities of the Company, assessment in the field of internal control, risk management, execution of documents in the field of corporate governance and consulting in order to improve

The Company's activities are carried out by the internal audit services of shareholders.

The General Meeting

(a) Reserved matters

The charter of the Company reserves to the exclusive competence of the General Meeting the standard list of matters established by the JSC Law.

(b) Right to consider other matters

Under the JSC Law and the charter of the Company, notwithstanding the scope of authority of the General Meeting established by the charter, the General Meeting shall have the right to take for consideration any matters related to the Company's activity. The General Meeting has the right to cancel any decision of other bodies of the Company on issues related to the internal activities of the Company.

Composition of the Board of Directors

The Company's Board of Directors consists of the following members:

| Name | Date of birth | First Appointed | Term expires | Current Position |
|---------------|------------------|-----------------|--------------|--|
| Lam Tak Leung | 11 July 1953 | 01.04.2022 | 05.11.2024 | Member of the Board of Directors- the Chairman of the Board of Directors |
| Liu Wei | 8 March 1974 | 01.04.2022 | 05.11.2024 | Member of the Board of Directors, * General Director |
| Li Guocheng | 17 November 1955 | 05.11.2019 | 05.11.2024 | Member of the Board of Directors - Independent Director |

Lam Tak Leung

Working Experience

- The Fifth director of the China Overseas Friendship Association;
- The Vice President of the Hunan Overseas Friendship Association;
- A member of the Third and Fourth Tuen Mun District Council of the Government of the Hong Kong Special Administrative Region;
- A member of the Seventh and Eighth Provincial CPPCC;
- In December 2013, Lam Tak Leung was hired as a counsellor of the Hunan Provincial People's Government.

Acknowledgment about independence criteria of the Chairman of Board of Directors of Company

The Company acknowledges that the Chairman of the Board of Directors, Mr. Lam Tak Leung, meets the independence criteria set out in the AIFC Market Rules.

He does not own shares of Sozak Oil and Gas JSC.

Liu Wei

Working Experience

- 1995.07-2005.01 SINOPEC, Engineer / Chief Engineer
- 2005.01-2008.01 GEO-JADE Petroleum Corporation Chief Geologist
- 2008.01-2015.07 GEO-JADE Petroleum Corporation Deputy Chairman of the Board
- 2015.09-2015.12 North Caspian Petroleum JSC (Kazakhstan) Deputy Chairman of the Board
- 2015.12-2016.05 North Caspian Petroleum JSC (Kazakhstan) Deputy General Director
- 2016.05-2022.04 North Caspian Petroleum JSC (Kazakhstan) General Director
- 2022.05.31 – at Sozak Oil and Gas JSC (Kazakhstan) General Director.

Liu Wei has a working experience from 1995 year in oil fields in the sector of oil industry; he has a possession and knowledge of geophysics, geology, drilling, logging, testing, oil field production, etc. He is also familiar with budget planning, oilfield production operation management processes and key tasks. He has the ability to analyze and solve complex production problems; has a strong sense of professionalism and responsibility, good communication skills and quick learning skills.

Educational Background

September, 1991-July, 1995: Petroleum University (East China) - Bachelor in Geographic exploration of oil and natural gas (BSc.).

During 2024, General Director – Mr. Liu Wei did not hold any shares of the Company.

Li Guocheng

Working Experience

33 years oil and gas field work experience, 12 years overseas work experience.

January 2016-April 2019: Senior technical consultant, provided short-term technical advice or long-term technical support to Jiangsu Dajiang petroleum technology LTD., Huaxin oil & gas LTD., Baoli Xiexin LTD. and Madagascar petroleum LTD.

October 2013-November 2015: Beijing. Chief engineer and member of the CPC committee of China national petroleum exploration and development corporation, in charge of enterprise management, internal risk control and logistics support, and also served as director of pedri Canada and member of the executive committee of sifang LNG project in Canada.

October 2001-September 2013: Sudan, Africa. General manager, vice President and President of exploration and production in the sixth regions of petro-china international Sudan. In March 2005, Serving as chief engineer of CPC international (Nile) and deputy general manager of CPC international Sudan. In April 2005, appointed as senior technical expert of CNPC oil and gas field development program design. In October 2008, appointed as general manager assistant of CNPC Nile (Pluralism). In October 2009, appointed as President of the joint operation company of six districts. In December 2009, appointed as vice premier, party member and general manager of the project of six districts of petro-china Nile company.

January 2001-September 2001: Working at overseas research center, petro-china Beijing institute of petroleum exploration and development science and technology, as professorship senior engineer.

January 1991-December 2000: TUHA oilfield, Xinjiang. Appointed as deputy director of TUHA oil production plant. In January 1991, deputy manager of TUHA oil field development business department. In July 1992, manager and deputy secretary of the party committee of TUHA oil field development business department. In December 1995, deputy chief engineer and manager of TUHA oil field development business department in October 1996.

February 1982-December 1990: worked in the oil ditch of Yumen oilfield. In March 1983, appointed as assistant engineer of the production department, vice-captain of the oil production team in March 1984, and vice director (deputy department level) of the oil mine of petroleum ditch in Yumen petroleum administration bureau in October 1984. Engineer title in 1988.

Awards

2015, Sudan oil industry outstanding contributor certificate, Sudan oil ministry.

2011, Petro-China overseas outstanding contribution award.

1999, Bronze medal for scientific and technological progress of China national petroleum corporation.

1998, advanced individual in oil enterprise management of China national petroleum corporation.

1996, advanced worker in mining development in Xinjiang.

During his work in the sixth district of Sudan, the project company was rated as an excellent exploration and development project and advanced HSE management unit by the ministry of petroleum of Sudan and Petro-China for many times.

In charge of TUHA oilfield development division, the unit was awarded the title of advanced mining enterprise in Xinjiang autonomous region in 1996 and the title of advanced equipment management unit in China in 1997. The team was rated as a good team every year.

Professional achievements

As the main participant or person in charge, he has won 8 provincial (ministerial) and 25 bureau-level scientific and technological progress awards.

Published ten papers in professional journals, three of which were read at the SPE meeting.

He has obtained 3 invention patents and 7 utility model patents for the minor renovation activities required by downhole technology and surface engineering of oil fields.

Publications

Scientific and technological achievements involve the adjustment and comprehensive management of oil and gas field development, technology for increasing oil and gas production, and technology for oil and gas accumulation and transportation and treatment on the ground.

The thesis related to oil field development methods, oil extraction technology research, natural gas comprehensive utilization research. Publications on: Oil and Gas, Gas Industry, Oil Drilling Process and SPE; In addition to the above, Six other scientific articles have been published in science and technology journals of the bureau.

Education

September 2013-December 2013: Petroleum management cadre institute.

March 2001-June 2001: CNPC foreign language training center, English.

September 1997-July 2001: Doctor's degree: Southwest petroleum university (oil and gas field development engineering).

March 1994-June 1994: Petroleum management cadre institute.

March 1985-December 1985: Petroleum university (Changping district) petroleum enterprise economic management cadre research institute.

December 1978-July 1982: Bachelor's degree: Southwest petroleum institute (oil production engineering).

He does not own shares of Sozak Oil and Gas JSC.

The Board of Directors of the Company, according to the Company's Charter

1. The Board of Directors exercises general management of the Company's activities, except for resolving issues referred by the Law of the Republic of Kazakhstan "On Joint Stock Companies" and Charter to the exclusive competence of the General Meeting of Shareholders.
2. The exclusive competence of the Board of Directors includes the following issues:
 - 1) determination of the priority directions of the Company's activities and the Company's development strategy or approval of the Company's development plan in cases provided for by legislative acts of the Republic of Kazakhstan;
 - 2) making a decision to convene the annual and extraordinary General Meetings of Shareholders of the Company;
 - 3) making a decision on the placement (sale), including the number of shares to be placed (sold) within the number of declared shares, the method and price of their placement (sale), except for the cases provided for in Articles 6.2., 6.3. of Charter;
 - 4) making a decision on the Company's repurchase of outstanding shares or other securities and the price of their repurchase;
 - 5) preliminary approval of the Company's annual financial statements;
 - 6) approval of the regulations on the committees of the Board of Directors;
 - 7) determining the terms of the issue of bonds and derivative securities of the Company, as well as making decisions on their issue;
 - 8) determination of the quantitative composition, term of office of the executive body, election of its head and members (the person solely performing the functions of the executive body), as well as early termination of their powers;
 - 9) determination of the size of official salaries and conditions of remuneration and bonuses for the head and members of the executive body (the person solely performing the functions of the executive body);
 - 10) determination of the quantitative composition, term of office of the internal audit service, appointment of its head and members, as well as early termination of their powers, determination of the working procedure of the internal audit service, the amount and conditions of remuneration and bonuses for employees of the internal audit service;
 - 11) appointment, determination of the term of office of the corporate secretary, early termination of his powers, as well as determination of the amount of the official salary and conditions of remuneration of the corporate secretary;
 - 12) determining the amount of payment for the services of an audit organization for the audit of financial statements, as well as an appraiser to assess the market value of property transferred to pay for the Company's shares, or being the subject of a major transaction;
 - 13) approval of documents regulating the internal activities of the Company (with the exception of documents adopted by the executive body for the purpose of organizing the Company's activities), including an internal document establishing the conditions and procedure for auctions and subscriptions of the Company's securities;
 - 14) making decisions on the establishment and closure of branches and representative offices of the Company and approving regulations on them;

- 15) making a decision on acquisition (alienation) The Company has ten or more percent of shares (participation shares in the Charter capital) of other legal entities;
- 16) making decisions on issues related to the competence of the general meeting of shareholders (participants) of a legal entity, ten or more percent of the shares (participation shares in the Charter capital) of which belongs to the Company;
- 17) an increase in the Company's liabilities by an amount amounting to ten percent or more of its own capital;
- 18) determination of information about the Company or its activities that constitute an official, commercial or other secret protected by law;
- 19) making a decision on the conclusion by the Company of major transactions and transactions in which the Company has an interest, with the exception of major transactions, the decision on the conclusion of which is made by the general meeting of shareholders of the Company in accordance with subparagraph 21) of paragraph 9.6. of the Charter;
- 20) other issues stipulated by the Law of the Republic of Kazakhstan "On Joint-Stock Companies" and (or) Charter that do not fall within the exclusive competence of the General Meeting of Shareholders.

3. Issues, the list of which is established by clause 10.2. of the Charter, cannot be transferred to the executive body of the Company for decision.

4. The Board of Directors of the Company is not entitled to make decisions on issues that, in accordance with Charter, are within the competence of the executive body of the Company, as well as to make decisions that contradict the decisions of the General Meeting of Shareholders.

5. In order to consider the most important issues and prepare recommendations to the Board of Directors, the Company should establish committees of the Board of Directors on:

- 1) strategic planning;
- 2) personnel and remuneration;
- 3) internal audit;
- 4) social issues.

Internal documents of the Company may provide for the establishment of committees of the Board of Directors on other issues.

The committees of the Board of Directors consist of members of the Board of Directors and experts with the necessary professional knowledge to work in a particular committee. The Committee of the Board of Directors is headed by a member of the Board of Directors. The heads (chairmen) of the committees of the Board of Directors referred to in subparagraphs 1-4 of Part one of this paragraph of the Charter are independent directors. The head of the executive body cannot be the chairman of the committee of the Board of Directors. The procedure for the formation and work of the Committee(s) of the Board of Directors, their number, as well as their quantitative composition are established by an internal document of the Company approved by the Board of Directors.

6. Only an individual may be a member of the Board of Directors of the Company.

Members of the Board of Directors of the Company are elected from among:

- 1) shareholders of the Company - individuals;
 - 2) persons proposed (recommended) for election to the Board of Directors of the Company as representatives of shareholders;
 - 3) individuals who are not shareholders of the Company and have not been proposed (recommended) for election to the Board of Directors as a representative of the shareholder.
- The election of members of the Company's Board of Directors is carried out by cumulative voting. A shareholder has the right to cast votes on shares belonging to him in full for one candidate or distribute them among several candidates for members of the Board of Directors of the Company. Candidates with the highest number of votes are considered elected to the Board of Directors of the Company. If two or more candidates for members of the Board of Directors of the Company have received an equal number of votes, an additional cumulative vote is held in respect of these candidates.

7. The General Director may be elected to the Board of Directors of the Company. The General Director may not be elected Chairman of the Board of Directors of the Company.

8. The number of members of the Board of Directors must be at least three people. At least thirty percent of the Company's Board of Directors must be independent directors.

9. Persons elected to the Board of Directors of the Company may be re-elected an unlimited number of times, unless otherwise provided by the legislation of the Republic of Kazakhstan.

10. The term of office of the Board of Directors of the Company is established by the General Meeting of Shareholders.

The term of office of the Board of Directors of the Company expires at the time of the General Meeting of Shareholders, at which the election of a new Board of Directors of the Company takes place.

11. The General Meeting of Shareholders of the Company has the right to terminate the powers of all or individual members of the Board of Directors of the Company ahead of schedule.

The powers of such a member of the Board of Directors shall terminate from the date of the decision of the General Meeting of Shareholders on the early termination of his powers.

12. Early termination of the powers of a member of the Board of Directors of the Company on his initiative is carried out on the basis of a written notice submitted to the Board of Directors of the Company.

The powers of such a member of the Board of Directors of the Company shall terminate upon receipt of the said notification by the Board of Directors, unless the notification specifies the date of early termination of the powers of a member of the Board of Directors.

13. In case of early termination of the powers of a member of the Board of Directors, the election of a new member of the Board of Directors is carried out by cumulative voting presented at the general meeting of Shareholders, while the powers of the newly elected member of the Board of Directors expire simultaneously with the expiration of the term of office of the Board of Directors as a whole.

Chairman of the Board of Directors of the Company, according to the Company's Charter

1. The Chairman of the Board of Directors of the Company is elected from among its members by a majority vote of the total number of members of the Board of Directors of the Company by open voting.

The Board of Directors of the Company has the right to re-elect the Chairman of the Board of Directors at any time.

2. The Chairman of the Board of Directors of the Company organizes the work of the Board of Directors of the Company, conducts its meetings, and also performs other functions defined by Charter.

3. In the absence of the Chairman of the Board of Directors of the Company, his functions are performed by one of the members of the Board of Directors of the Company by decision of the Board of Directors of the Company.

Convocation and procedure for holding a meeting of the Company's Board of Directors, according to the Company's Charter

1. A meeting of the Board of Directors of the Company may be convened at the initiative of its Chairman or the executive body of the Company, or at the request of:

- 1) any member of the Board of Directors of the Company;
- 2) internal audit services of the Company;
- 3) an audit organization performing an audit of the Company;
- 4) a major shareholder.

2. A request to convene a meeting of the Board of Directors of the Company is submitted to the Chairman of the Board of Directors by sending a corresponding written message containing the proposed agenda of the meeting of the Board of Directors.

If the Chairman of the Board of Directors refuses to convene a meeting, the initiator has the right to apply with the specified request to the executive body of the Company, which is obliged to convene a meeting of the Board of Directors.

A meeting of the Board of Directors must be convened by the Chairman of the Board of Directors or the executive body no later than ten calendar days from the date of receipt of the request to convene.

A meeting of the Board of Directors is held with the mandatory invitation of the person who submitted the request to convene it.

3. Written notices of the meeting of the Board of Directors with the attachment of materials on the agenda of the meeting must be sent to the members of the Board of Directors no later than 5 (five) calendar days before the date of the meeting.

The notice of the meeting of the Board of Directors must contain information about the date, time and place of the meeting, as well as its agenda.

4. A member of the Board of Directors is obliged to notify the executive body of the Company in advance of the impossibility of his participation in the meeting of the Board of Directors.

5. The quorum for holding a meeting of the Board of Directors is determined by the Company's charter, but should not be less than half of the number of members of the Board of Directors.

If the total number of members of the Board of Directors is insufficient to achieve a quorum, the Board of Directors is obliged to convene an extraordinary General Meeting of Shareholders to elect new members of the Board of Directors. The remaining members of the Board of Directors have the right to decide only on the convening of such an extraordinary General Meeting of Shareholders.

6. Each member of the Board of Directors of the Company has one vote.

Decisions of the Board of Directors are made by a majority vote of the members of the Board of Directors present at the meeting.

In case of equality of votes, the vote of the Chairman of the Board of Directors or the person presiding at the meeting of the Board of Directors is decisive.

A meeting of the Board of Directors of the Company may be held using telephone or video communication available to all participants and ensuring the authenticity of transmitted and received messages.

7. The Board of Directors of the Company has the right to make a decision on holding its closed meeting, which can be attended only by members of the Board of Directors of the Company.

8. The Board of Directors may make decisions by absentee voting on issues submitted for consideration by the Board of Directors in accordance with the procedure established by these Articles of Association.

The decision by absentee voting is recognized as adopted if there is a quorum in the ballots received in due time.

The decision of the absentee meeting of the Board of Directors must be made in writing and signed by the Secretary and the Chairman of the Board of Directors.

Within twenty days from the date of execution of the decision, it must be sent to the members of the Board of Directors with copies of the ballots attached, on the basis of which this decision was made.

9. Decisions of the Board of Directors of the Company, which were adopted at its meeting held in person, are formalized by a protocol, which must be drawn up and signed by the person presiding at the meeting and the Secretary of the Board of Directors within three days from the date of the meeting and contain:

- 1) full name and location of the Company's executive body;
- 2) date, time and place of the meeting;
- 3) information about the persons who participated in the meeting;
- 4) the agenda of the meeting;
- 5) the issues put to the vote and the results of voting on them with a reflection of the voting result of each member of the Board of Directors on each item on the agenda of the meeting of the Board of Directors;
- 6) decisions taken;
- 7) other information by decision of the Board of Directors.

Minutes of meetings of the Board of Directors and decisions of the Board of Directors adopted by absentee voting are kept in the Company.

10. The Secretary of the Board of Directors, at the request of a member of the Board of Directors, is obliged to provide him with the minutes of the meeting of the Board of Directors and decisions taken by absentee voting for familiarization and (or) give him extracts from the minutes and decisions certified by the signature of an authorized employee of the Company.

The Secretary of the meeting of the Board of Directors is responsible for the completeness and accuracy of the information displayed in the minutes of the meeting of the Board of Directors.

11. When absentee voting is conducted, voting ballots of a uniform form approved by the Board of Directors are distributed to the members of the Board of Directors of the Company.

The initiator of absentee voting is not entitled to selectively send voting ballots to the members of the Board of Directors of the Company in order to influence the results of absentee voting.

12. The ballot for absentee voting must be sent to the members of the Board of Directors no later than five days before the date of counting of votes for absentee voting with a notice of its holding. For issues that do not require preliminary examination of documents, the ballot may be sent to the members of the Board of Directors no later than 3 (three) days before the date of counting of votes.

13. The ballot for absentee voting must contain:

- 1) full name and location of the Company's executive body;
- 2) information about the initiator of absentee voting;
- 3) the final date of submission of ballots for absentee voting;
- 4) the closing date of the general meeting of shareholders;
- 5) questions submitted for absentee voting;
- 6) the wording of the issues on which the vote is being held;
- 7) voting options on each issue submitted to the Board of Directors of the Company, expressed in the words "for", "against", "abstained";
- 8) explanation of the procedure for absentee voting (filling out the ballot) on each issue.

14. The ballot for absentee voting must be signed by a member of the Company's Board of Directors. A ballot without the signature of a member of the Board of Directors of the Company is considered invalid.

When counting votes, votes are taken into account on those issues on which a member of the Board of Directors of the Company has observed the voting procedure defined in the ballot and only one of the possible voting options is marked.

The General Director

The sole executive body of the Company is the General Director. The General Director has responsibility and authority over the day-to-day management of the business of the Company. The General Director is entitled to act on behalf of the Company in relations with third parties without a power of attorney.

The charter of the Company provides for the standard competence of the General Director under the laws of the Republic of Kazakhstan. In general, the competence of the General Director includes all matters related to the Company's activities which are not within the competence of the General Meeting.

The current General Director of the Company is Mr Liu Wei. Mr Liu Wei is appointed to such position pursuant to the Meeting Minutes of the Board of Directors dated 3 May 2022.

Executive Body (General Director) of the Company, according to the Company's Charter

1. The management of current activities is carried out by the sole executive body – the General Director of the Company.
2. The General Director has the right to make decisions on any issues of the Company's activities that are not referred by legislative acts of the Republic of Kazakhstan and the Company's Charter to the competence of other bodies and officials of the Company. The General Director is obliged to comply with the resolutions of the General Meeting of Shareholders and the Board of Directors of the Company.
3. Decisions of the General Director are executed by order.
4. Decisions of the General Director on issues in respect of which the right of veto is established are subject to agreement with the owner of the "golden share".
5. The Company has the right to challenge the validity of a transaction made by its executive body in violation of the restrictions established by the Company, if it proves that at the time of the transaction the parties were aware of such restrictions.
6. The General Director of the Company is not entitled to hold the position of the head of the executive body or a person solely performing the functions of the executive body, another legal entity.



7. The functions, rights and duties of the General Director are determined by the legislative acts of the Republic of Kazakhstan, the Charter, as well as the employment contract.
8. An employment contract on behalf of the Company with the General Director is signed by the Chairman of the Board of Directors or another person authorized to do so by the General Meeting or the Board of Directors.
9. General Director of the Company:
 - decides on the development and submission to the Board of Directors for appropriate decisions of projects of priority areas of the Company's activities, the Company's development strategy or the Company's development plan;
 - approves documents regulating the internal activities of the Company (with the exception of documents adopted by the General Meeting of Shareholders, the Board of Directors for the purpose of organizing the Company's activities);
 - organizes the implementation of decisions of the General Meeting of Shareholders and the Board of Directors;
 - acts on behalf of the Company in relations with third parties without a power of attorney;
 - issues power of attorney for the right to represent the Company in its relations with third parties;
 - carries out the reception, transfer and dismissal of employees of the Company (except for cases provided for by the legislation of the Republic of Kazakhstan and the Charter), applies incentive measures to them and imposes disciplinary penalties, sets the size of official salaries of employees of the Company and personal allowances to salaries in accordance with the staffing table of the Company, determines the size of employee bonuses, after receiving approval of these decisions with Chairman of the Board of Directors, with the exception of employees who are members of the executive body, the Board of Directors, and the Company's Internal Audit Service;
 - in case of his absence, assigns the performance of his duties to one of his deputies;
 - distributes responsibilities, as well as areas of authority and responsibility among his deputies;
 - performs other functions defined by the Charter of the Company, decisions of the General Meeting of Shareholders and the Board of Directors of the Company and not included in the exclusive competence of these bodies

NEW COMPOSITION OF THE BOARD OF DIRECTORS

On November 5, 2024, due to the expiration of the term the Board of Directors of the Company, appointed on the basis of Minutes No. 1 (dated November 5, 2019) of the First General Meeting of Shareholders of JSC Sozak Oil and Gas, in accordance with Minutes No. 13 of the Extraordinary General Meeting of Shareholders of JSC Sozak Oil and Gas, dated November 5, 2024, the following persons were appointed to the new composition of Board of Directors for a period of 5 calendar years:

1. Lam Tak Leung (Member of the Board of Directors);
2. Liu Wei (Member of the Board of Directors);
3. Duan Shufu (Independent Director, member of the Board of Directors).

In addition, according to the Minutes No. 14 of the Extraordinary General Meeting of Shareholders of JSC "Sozak Oil and Gas" dated December 26, 2024, the quantitative composition of the Board of Directors of the Company was changed from 3 (three) to 5 (five) members. In accordance with Meeting Minutes No. 14 of the Extraordinary General Meeting of Shareholders of JSC "Sozak Oil and Gas" dated December 26, 2024, the following persons were appointed to the Board of Directors as new members of the Board of Directors:

1. Dai Xiaoping (Member of the Board of Directors);
2. Shi Ke (Independent Director, member of the Board of Directors).

Thus, the following persons are members of the Board of Directors of the Company:

1. Lam Tak Leung (Member of the Board of Directors);
2. Liu Wei (Member of the Board of Directors);
3. Dai Xiaoping (Member of the Board of Directors);
4. Duan Shufu (Independent Director, member of the Board of Directors);
5. Shi Ke (Independent Director, member of the Board of Directors).

AT THE END OF THE REPORTING PERIOD THE COMPOSITION OF THE BOARD OF DIRECTORS OF THE COMPANY

| Name and Surname | Date of Birth | Appointment Date | Term Expires | Title |
|------------------|-------------------|-------------------|------------------|---|
| Lam Tak Leung | 11 July 1953 | 5 November, 2024 | 5 November, 2029 | Member of the Board of Directors - the Chairman of the Board of Directors |
| Liu Wei | 8 March 1974 | 5 November, 2024 | 5 November, 2029 | Member of the Board of Directors |
| Dai Xiaoping | 28 February 1978 | 26 December, 2024 | 5 November, 2029 | Member of the Board of Directors |
| Duan Shufu | 15 September 1961 | 5 November, 2024 | 5 November, 2029 | Member of the Board of Directors - Independent Director |
| Shi Ke | 24 October 1977 | 26 December, 2024 | 5 November, 2029 | Member of the Board of Directors - Independent Director |

DAI XIAOPING (Member of the Board of Directors)

Educational Background:

Mr. Dai Xiaoping, born in 1978, holds a doctor's degree in oil and gas field development engineering from China University of Geosciences (Wuhan), and also minored in law from Wuhan University. More than 20 years of working experience in the oil and gas industry and 12 years of overseas working experience.

Working Experience:

From 2001 to 2008, he served as the deputy director and chief engineer of CNPC Tuha Oilfield Geological Research Institute and Engineering Technology Research Institute.

From 2009 to 2013, he served as the Deputy General Manager of Sonangol Sinopec International and General Manager of ChinaSonangol Angola branch.

Joined Geo- Jade Petroleum Corporation in 2014, successively served as the production and operation director and the general manager of an asset in Kazakhstan, and served as the president assistant of the company from December 2021 to May 2022. Since May 2022, he has been the CEO of Geo- Jade Petroleum Corporation.

Independent director

Independent directors play a significant role in the activities of the Board of Directors. They constitute the majority of committee members, often serve as committee chairs, and their representation corresponds fully to the proportion established in the composition of the Board of Directors.

All independent directors meet the independence requirements outlined in the Law of the Republic of Kazakhstan "On Joint Stock Companies," the AFSA Rules, and the Company's Corporate Governance Code. As defined by the Code, an independent director is a Board member with the professionalism and independency needed to make unbiased decisions without influence from major shareholders, the Executive Body, or other stakeholders. Independent directors actively contribute to discussions on matters that may involve conflicts of interest. These include the preparation of financial and non-financial reports, related-party transactions, executive appointments, and decisions on executive compensation.

They are also responsible for monitoring their own independence. Should any situation arise that could affect their independent status, they are required to inform the Chairman of the Board in advance. In such cases, the Chairman must promptly notify the shareholders so that an appropriate decision can be made. No such cases were reported in 2024.

Aligned with international standards of corporate governance, the Company remains committed to maintaining high standards for its independent directors. The Company confirms that, as of now, there are no actual or perceived threats to the independence of any Board member.

He does not own shares of Sozak Oil and Gas JSC.

Duan Shufu (Member of the Board of Directors - Independent Director)

Educational Background:

Jiangan Petroleum Institute
Specialty: Petroleum Geology
Graduated: In July, 1982

Working Experience:

1982- 1989: In August 1982 year, he joined the BGP (formerly the Geophysical Exploration Bureau). Undergraduate, professor-level senior engineer, government subsidy expert of the State Council, senior technical expert of CNPC. He has more than 10 national, provincial and ministerial science and technology progress awards.

From August 1982 to February 1989, the Second Research Institute of BGP (formerly the Petroleum Geophysical Exploration Bureau) was responsible for the interpretation of seismic data and comprehensive geological research in the Dongpu Depression and Linqing Depression, and made an important contribution to the rapid growth of petroleum reserves in the ZHONGYUAN Oilfield Contribution.

1989-2000: From March 1989 to July 2000, he participated in the Tarim Petroleum Conference and worked in the Tarim Geological Research Brigade and the Korla Research Center of the BGP Company, serving as the project director, deputy chief geologist and Deputy director. As the technical person in charge, he has been successively responsible for geological evaluation and exploration deployment research in key exploration areas such as the Tazhong Uplift, the Tabei Uplift, and the Kuche Depression in the Tarim Basin, and has led the promotion of the discovery and exploration of large oil and gas fields such as Tazhong No. 4, Yaha, and Carat 2.

200-2024: From August 2000 to December 2024, he worked for BGP Company and served as the secretary of the General Party Branch of the Geological Research Center of the Research Institute and the chief geologist of the Western Front. It has effectively supported geological research and exploration discoveries in the Qaidam Basin, Yumen Jiuquan Basin, and Songliao Basin in Qinghai.

From January 2005 to September 2021, he worked at the Institute Exploration and Development of CNPC, serving as deputy director and director of the Institute of Geophysical Exploration, the Institute of Geology, the Haita Center, the Tarim Branch, and the Sichuan Center. He has been successively responsible for the comprehensive geological research and deployment of China's petroleum risk exploration project, the Haita Basin exploration and development project, the Tarim Strategic Selection Area of the Ministry of Land and Resources, and the field of carbonate natural gas exploration in the Sichuan Basin, and has promoted the discovery of large oil and gas fields such as the Kuqa Crassus Deep, the Tarim Ordovician, and the Tianfu Gas Area of the Sichuan Basin.

He retired in Beijing at the end of September 2021 and returned to work to continue research in the Sichuan Basin. He has been engaged in petroleum geology and exploration and deployment research for nearly 40 years, and has a solid theoretical foundation for exploration, especially in the fields of alluvial zones and marine carbonate rocks in the foreland basin. He has rich practical experience in exploration.

He does not own shares of Sozak Oil and Gas JSC.

Shi Ke (Member of the Board of Directors - Independent Director)

Educational Background:

Specialty: Accounting, Business Administration

Education: Postgraduate (Master's degree)

Working Experience:

1. May 2018 – March 2024

Changsha Zhensheng Group Co., Ltd. (Deputy General Director and Finance Director)

2. September 2015 – April 2018

Zhejiang Yusheng Investment Management Co., Ltd. (Deputy Director General)

Zhejiang Penryn Investment Management Co., Ltd. (CEO)

3. September 2013 – August 2015

Hunan Xiangfu Investment Group (Deputy CEO and Chief Investment Officer)

4. May 2010 – August 2013

Hunan Huicai Investment Group Co., Ltd. (Chief Financial Officer)

5. July 2006 - April 2010

Hunan Hehe Investment Co., Ltd. (Assistant Chairman and Chief Financial Officer)

6. December 2003 – June 2006

Hunan Dayou Futures Brokerage Co., Ltd. (CFO)

7. May 1999 – November 2003

Changsha Zhensheng Aluminum Co., Ltd. (Finance)

He does not own shares of Sozak Oil and Gas JSC.

INFORMATION ON SHARE OWNERSHIP BY MEMBERS OF THE BOARD OF DIRECTORS

| Nº | Name and Surname | Number of common shares owned |
|-------|------------------|-------------------------------|
| 1 | Lam Tak Leung | 0 |
| 2 | Liu Wei | 0 |
| 3 | Dai Xiaoping | 0 |
| 4 | Duan Shufu | 0 |
| 5 | Shi Ke | 0 |
| Total | | 0 |

BOARD ACTIVITIES DURING 2024

In 2024, the Board of Directors of the Company held 7 meetings and reviewed 13 matters.

| Nº | Name and Surname | Title | Protokol of Board of Directors No.15 | Protokol of Board of Directors No.16 | Protokol of Board of Directors No.17 | Participation |
|----|------------------|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---------------|
| 1 | Lam Tak Leung | Chairman of the Board | + | + | + | 100% |
| 2 | Liu Wei | Board Member | + | + | + | 100% |
| 3 | Li Guocheng | Board Member – Independent Director | + | + | + | 100% |

On November 5, 2024, due to the expiration of the term the Board of Directors of the Company, appointed on the basis of Minutes No. 1 (dated November 5, 2019) of the First General Meeting of Shareholders of JSC Sozak Oil and Gas, in accordance with Minutes No. 13 of the Extraordinary General Meeting of Shareholders of JSC Sozak Oil and Gas, dated November 5, 2024, the following persons were appointed to the new composition of Board of Directors for a period of 5 calendar years:

- 1.Lam Tak Leung (Member of the Board of Directors);
2. Liu Wei (Member of the Board of Directors);
3. Duan Shufu (Independent Director, member of the Board of Directors).

| Nº | Name and Surname | Title | Protokol of Board of Directors No.18 | Participation |
|----|------------------|-------------------------------------|--------------------------------------|---------------|
| 1 | Lam Tak Leung | Chairman of the Board | + | 100% |
| 2 | Liu Wei | Board Member | + | 100% |
| 3 | Duan Shufu | Board Member – Independent Director | + | 100% |

According to the Minutes No. 14 of the Extraordinary General Meeting of Shareholders of JSC "Sozak Oil and Gas" dated December 26, 2024, the quantitative composition of the Board of Directors of the Company was changed from 3 (three) to 5 (five) members. In accordance with Meeting Minutes No. 14 of the Extraordinary General Meeting of Shareholders of JSC "Sozak Oil and Gas" dated December 26, 2024, the following persons were appointed to the Board of Directors as new members of the Board of Directors:

- 1.Dai Xiaoping (Member of the Board of Directors);
2. Shi Ke (Independent Director, member of the Board of Directors).

Thus, the following persons are members of the Board of Directors of the Company:

- 1.Lam Tak Leung (Member of the Board of Directors);
2. Liu Wei (Member of the Board of Directors);
- 3.Dai Xiaoping (Member of the Board of Directors);
- 4.Duan Shufu (Independent Director, member of the Board of Directors);
5. Shi Ke (Independent Director, member of the Board of Directors).

| Nº | Name and Surname | Title | Protokol of Board of Directors No.19 | Protokol of Board of Directors No.20 | Protokol of Board of Directors No.21 | Participation |
|----|------------------|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---------------|
| 1 | Lam Tak Leung | Chairman of the Board | + | + | + | 100% |
| 2 | Liu Wei | Board Member | + | + | + | 100% |
| 3 | Dai Xiaoping | Board Member | + | + | + | 100% |
| 4 | Duan Shufu | Board Member – Independent Director | + | + | + | 100% |
| 5 | Shi Ke | Board Member – Independent Director | + | + | + | 100% |

REVIEWED MATTERS BY THE BOARD OF DIRECTORS OF THE COMPANY IN 2024:

- Approval by the Board of Directors of the decision on placement (sale) and inclusion of 250,000 common shares with offer price KZT 1,058,000 per share of the Company in circulation on the securities market: Astana International Exchange (hereinafter - AIX);
- Assignment to Mr. Liu Wei (General Director of "Sozak Oil and Gas" JSC) and giving him all the powers necessary to implement the decision provided for by the first issue on the agenda. In pursuance of this instruction, for which Mr. Liu Wei is granted the right to sign, submit and/or receive all and any documents on behalf of the Company for the implementation of the decision provided for by the first issue on the agenda;
- Approval of the Company's Prospectus;
- On approval of the Rules of internal control of "Sozak Oil and Gas" JSC to distinguish the rights of access to insider information and to prevent the possibility of misuse of such information by insiders;
- Preliminary approval of the audited annual financial statements and annual report of the Company for the year ending December 31, 2023.
- Convening the annual General meeting of shareholders of the Company and submitting for consideration the following issues:
 1. Approval of the audited annual financial statements and annual report of the Company for the year ending December 31, 2023;
 - Determination of the order of distributing the net income of the company for the financial year 2023 and approval of the amount of the dividend per ordinary share of the Company for 2023. Determining the start date of dividend payment;
 - Consideration the shareholder' appeals to the company's activity and company's officials in 2023 and the results of their consideration;
- Election of the Chairman of the Board of Directors of the Company;
- Appointment, determination of the term of office of the Corporate Secretary of the Company.
Lam Tak Leung, Liu Wei, Duan Shufu;
- Re-Election of the Chairman of the Board of Directors of the Company;
- Appointment, determination of the term of office of the Corporate Secretary of the Company;
- Election of the Chairman and members of the Internal Audit Committee of the Board of Directors of the Company;
- Creation of the Committee on personnel and remuneration of the Board of Directors of the Company, determination of its quantitative composition and approval of the position of the Committee of the Board of Directors of the Company. Election of the Chairman and members of the Committee on personnel and remuneration of the Board of Directors of the Company.

PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS

In accordance with the Corporate Code of the Company, the Board of Directors, its committees, and individual members are required to undergo an annual performance evaluation. In fulfillment of this requirement, in 2024, the members of the Board of Directors conducted a self-evaluation of their performance for the year 2023.

The self-evaluation was carried out using a questionnaire developed by the Chairman of the Board of Directors. This questionnaire consisted of two sections—Composition and Processes, and Behaviour and Actions—and included a total of 25 questions.

The results of the self-evaluation were presented and discussed during a closed meeting of the Board of Directors, attended only by Board members and the Corporate Secretary. The discussion focused on analyzing the results of the self-evaluation and identifying skills and competencies that received a rating of less than four out of five points (the “areas for improvement”).

Following the discussion, the Board of Directors developed a Performance Improvement Plan aimed at enhancing the quality of its work, particularly in the identified areas for improvement.

In addition, in accordance with the Corporate Code, an independent professional organization must conduct an external evaluation of the Board's performance at least once every three years. In line with this requirement, an independent evaluation is planned for 2025.

It should be noted that no independent evaluation of the Board of Directors' performance was conducted in 2024.

THE CORPORATE SECRETARY

The primary responsibilities of the Corporate Secretary include facilitating the timely and effective decision-making process of the Board of Directors, acting as an advisor to the members of the Board on all matters related to their activities and the application of the provisions of this Code, as well as monitoring the implementation of the Corporate Code of the Company and participating in the improvement of corporate governance.

The main duty of the Corporate Secretary is to ensure the timely and effective adoption of corporate decisions by the Board of Directors and the General Meeting of Shareholders of the Company, as well as to ensure effective interaction between the Board of Directors, the Executive Body, and the Shareholders. In addition, the functions of the Corporate Secretary include overseeing proper corporate governance practices.

The core functions of the Corporate Secretary include, but are not limited to, the following:

In terms of supporting the activities of the Board of Directors:

- Assisting the Chairman of the Board of Directors in developing the work plan and meeting agendas;
- Organizing meetings of the Board of Directors and its committees;
- Ensuring that members of the Board receive up-to-date and timely information necessary for decision-making on agenda items and within the Board's competence;
- Recording the minutes of meetings of the Board of Directors and its committees, and ensuring the safekeeping of minutes, transcripts, audio and video recordings, and other meeting materials;
- Advising members of the Board on issues related to legislation, the Charter, this Code, and internal documents, monitoring changes, and informing Board members in a timely manner;
- Organizing onboarding for newly elected members of the Board of Directors;
- Coordinating training for Board members and the involvement of experts;
- Organizing interaction between the members of the Board of Directors, Shareholders, and the Executive Body.

In terms of interaction with Shareholders of the Company:

- Organizing General Meetings of Shareholders;
- Timely distribution of materials related to issues to be considered at the General Meeting of Shareholders / by the sole Shareholder for decision-making;
- Recording the minutes of the General Meeting of Shareholders and ensuring the safekeeping of minutes, transcripts, and meeting materials (including decisions of the sole Shareholder);
- Ensuring proper interaction between the Company and its Shareholders, including monitoring the timely response to Shareholder requests for information.

The Corporate Secretary of the Company is Saken Akhmetov. In 2024, he effectively fulfilled the responsibilities and functions outlined in the Company's Corporate Code at an appropriate level. Additionally, he participated in all meetings of the Company's Board of Directors and General Meetings of Shareholders, performing secretarial duties and fully meeting all related obligations.

Sustainable development

Striving to increase long-term value, the Company must ensure its sustainable development in the long term, while maintaining a balance of interests of stakeholders.

Shareholders' rights and fair treatment of shareholders

Respect for the rights of shareholders is a key condition for attracting investments, the Company must ensure fair treatment of each of them.

Effectiveness of the Board of Directors and the Executive Body

The Board of Directors and the executive body should cooperate in a spirit of cooperation, act in the interests of the organization and make decisions based on the principles of sustainable development and fair treatment of all shareholders.

Risk management, internal control and audit

The Company's risk management and internal control system provides reasonable confidence in the organization's achievement of its strategic and operational goals.

Transparency

In order to comply with the interests of interested parties, the Company timely and reliably discloses information about all important aspects of its activities,

including financial condition, results of operations, structure ownership and management.

For further information see the below information

Statement of compliance with applicable corporate governance codes

The Company complies with the Corporate Governance Code adopted in 5 November 2019.

The Corporate Governance Code was established in accordance with the current legislation of the Republic of Kazakhstan, the Charter of the Company, as well as taking into account the developing corporate governance practice in Kazakhstan, ethical standards, needs and conditions of companies in the capital market at the current stage of their development, and corporate governance principles recognized in international practice.

The Code is in line with the principles and standards of the AIFC Market Rules. Some of its standards provide more detailed guidance than those in the AIFC Market Rules, especially in consideration of the legal framework of the Republic of Kazakhstan, which governs the Company's corporate governance. The AIFC Market Rules offer best practice standards for each corporate governance principle and require a comply-or-explain approach for disclosure.

Please see pages 66-67 of Annual Report for further information.

The Company Corporate Governance Code deals with the following principal areas: Corporate governance in the Company is based on the positions of fairness, transparency, honesty, responsibility, professionalism and competence.

An effective Corporate Governance procedure implies guarantees for the exercise of rights and respect for the interests of all persons interested in the activities of the Company and contributes to the successful operation of the Company.

Corporate governance in the Company is based on the following fundamental principles:

- 1) the principle of protecting and respecting the rights and legitimate interests of the Shareholders of the Company;
- 2) the principle of effective management of the Company by the Board of Directors and the Executive Body;
- 3) the principle of transparency, timeliness and objectivity of disclosure of information about the Company's activities;
- 4) the principles of law and ethics;
- 5) the principle of dividend policy;
- 6) the principle of personnel policy;
- 7) the principle of environmental protection;
- 8) the principle of developing partnerships with concerned persons;
- 9) the principle of responsibility;
- 10) the principle of corporate conflict management.

Shareholder rights and fair treatment of shareholders

1. The General Meeting of Shareholders is the supreme body of the Company.
2. Respect for the rights of Shareholders is a key condition for attracting investment in the Company. The Company shall ensure fair treatment of all Shareholders and exercise of their rights. If there are several Shareholders in the Company, including minority shareholders, fair treatment of each of them must be ensured.
3. The powers, competence, rights and obligations of Shareholders are approved in the Charter and other internal documents of the Company, based on the provisions of the law.
4. The shareholder should be able to obtain information about the Company, necessary for making an appropriate decision, taking into account the requirements of confidentiality and disclosure of information.
5. The Company brings to the attention of its Shareholders information about its activities affecting the interests of the Shareholders in the manner prescribed by law, the Charter, as well as other internal documents of the Company.

Board of Directors

1. The Board of Directors carries out general management of the Company, with the exception of resolving issues referred by the Law of the Republic of Kazakhstan "On Joint Stock Companies" and the Charter to the exclusive competence of the General Meeting of Shareholders.
2. The competence of the Board of Directors, the procedure for the election of its members and the organization of activities are determined by the legislation, the Charter and internal documents of the Company.
3. The Board of Directors is a management body accountable to the General Meeting of Shareholders, providing strategic management of the Company and monitoring the activities of the Executive Body.
4. The Executive Body is accountable to the Board of Directors, manages the Company's daily activities and ensures its compliance with the strategy, development plan and decisions adopted by the General Meeting of Shareholders and the Board of Directors.
5. The Board of Directors and the Executive Body shall interact in a spirit of cooperation, act in the interests of the Company and make decisions based on the principles of sustainable development and fair treatment of all Shareholders.

Executive body

1. Management of current activities is carried out by the sole executive body- the General Director of the Company. He must have high professional and personal characteristics, as well as an impeccable business reputation and adhere to high ethical standards.
2. The General Director manages the daily activities of the Company, is responsible for implementing the strategy, development plan and decisions adopted by the Board of Directors and the General Meeting of Shareholders.
3. The Board of Directors elects the General Director of the Company, determines the terms of office, the size of the official salary, and the terms of remuneration.
4. The General Director provides management of the Company on a daily basis (operational management) in order to increase long-term value and sustainable development of the Company.
5. The General Director is accountable to the Shareholders and the Board of Directors. The General Director, under the leadership of the Board of Directors, should develop the Company's development strategy.

Corporate Secretary

1. The Board of Directors makes a decision on the appointment of a Corporate Secretary, determines the term of office, functions and procedures, the amount of official salary and remuneration conditions, decide on the establishment of a Corporate Secretary's service (secretariat) if necessary and determines the budget of the said service. The Corporate Secretary is accountable to the Board of Directors and independent of the Executive Body.
2. The main responsibilities of the Corporate Secretary include assistance in timely and high-quality corporate decision-making by the Board of Directors, acting as an adviser to members of the Board of Directors on all issues of their activities and the application of the provisions of the Corporate Governance Code, as well as monitoring the implementation of the Corporate Governance Code and participating in improving corporate management. The Corporate Secretary also prepares a report on compliance with the principles and provisions of Corporate Governance Code, which is included in the annual report. This report should contain a list of principles and provisions of the Corporate Governance Code that are not respected, with appropriate explanations.
3. The main responsibility of the Corporate Secretary is to ensure timely and high-quality adoption of corporate decisions by the Board of Directors and the General Meeting of Shareholders, to ensure effective interaction of the Board of Directors and the Executive Body with the Shareholders. In addition, the functions of the Corporate Secretary include oversight of good corporate governance practices.

Risk management, internal control and audit

1. An effective functioning risk management and internal control system should be created in the Company, aimed at ensuring reasonable confidence in the achievement by the Company of its strategic and operational goals, and representing a combination of organizational policies, procedures, standards of conduct and actions, management methods and mechanisms created by the Board of Directors and the Executive Body of the Company and to ensure:
 - 1) the optimal balance between the growth of the value of the Company, profitability and the risks associated with them;
 - 2) financial efficiency and financial sustainability of the company;
 - 3) the preservation of the assets and efficient use of the Company's resources;
 - 4) the completeness, reliability and reliability of financial and management reporting;
 - 5) compliance with legal requirements and internal documents;
 - 6) proper internal control to prevent fraud and provide effective support for the functioning of the main and auxiliary business processes and analysis of performance.
2. The Board of Directors and the Executive Body shall ensure the implementation of a culture of appropriate risk management in the Company. The implementation and functioning of the risk management and internal control system in the Company should have a clear regulatory framework based on best practices and methodology.
3. The Company's Board of Directors shall define principles and approaches to the organization of the risk management and internal control system based on the objectives of this system and taking into account best practices and methodologies in the field of risk management and internal control.
4. The Executive Body should ensure the establishment and maintenance of an effective risk management and internal control system. Risk management process should be integrated with planning processes (development strategy and plans, annual budget) and Company performance assessment (management reporting).

Transparency

1. In order to comply with the interests of concerned parties, the Company promptly and reliably discloses information on all important aspects of its activities, including financial condition, results of operations, ownership and management structure.

2. The Internet resource should be well structured, easy to navigate and contain information necessary for concerned parties to understand the Company's activities.

The Internet resource should contain the following information as minimum:

1) general information about the Joint-Stock Company, including information about the mission, main tasks, goals and activities, and the number of staff;

2) information on development strategies (at least strategic goals); priority areas of activity;

3) Charter and internal documents regulating the activities of bodies, committees, corporate secretary;

4) information about the ethical principles;

5) risk management information;

6) dividend policy;

7) annual financial statements;

8) information about the external auditor;

9) news and press releases.

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Shareholders

As of December 31, 2024, the shareholders of JSC "Sozak Oil and Gas" are the following Companies. As of the date of this Report, the authorized capital of the Company consists of 1,000,000 Shares, of which 1,000,000 shares have been issued and placed.

| | Number | Percentage |
|--|-----------|------------|
| 1. Ufirst Energy Group Limited | 46 360 | 4,636% |
| 2. Luck Gain International AI Limited | 54 500 | 5,450% |
| 3. Singapore Charter Power Pte. Ltd | 170 000 | 17,000% |
| 4. Singapore Starlights Energy Investment Pte. Ltd | 58 550 | 5,855% |
| 5. Sino-Science Netherlands Energy Group B.V | 70 090 | 7,009% |
| 6. Sino-Science Netherlands Petroleum B.V. | 500 500 | 50,050% |
| 7. Maten Petroleum JCS | 100 000 | 10,000% |
| | 1 000 000 | 100% |

Interaction with stakeholders

According to the Corporate Governance Code, JSC "Sozak Oil and Gas" is aware of the importance of its influence on the economy, the environment and society and, striving for long-term value growth, must ensure its sustainable development in the long term, respecting the balance of interests of stakeholders. The approach of responsible, thoughtful and rational interaction with stakeholders will contribute to the sustainable development of the Company.

The Company provides all necessary information to interested parties in a timely manner in accordance with current legislation, the articles of association and other internal documents of the Company.



THE INTERNAL AUDIT COMMITTEE

In 7 August 2023, the Internal Audit Committee is established in the Company. The Internal Audit Committee of the Board of Directors is an advisory body that carries out its activities in accordance with the decisions of the Board of Directors of the Company.

The first composition of the Internal Audit Committee:

| Nº | Name and Surname | Title in the Internal Audit Committee | Appointed | Title in the Board of Directors of the Company |
|----|------------------|--|---------------|--|
| 1 | Li Guocheng | Chairman of the Internal Audit Committee | August 7,2023 | Member of the Board of Directors of the Company – Independent Director |
| 2 | Lam Tak Leung | Member of the Internal Audit Committee | August 7,2023 | Chairman of the Board of Directors of the Company |
| 3 | Liu Wei | Member of the Internal Audit Committee | August 7,2023 | Member of the Board of Directors of the Company |

COMPETENCIES OF THE INTERNAL AUDIT COMMITTEE

The Internal Audit Committee has the following powers:

- interacts with the Internal Audit Service;
- reviews the audit plans of the Internal Audit Service;
- selectively, once every six months, reviews and analyzes reports on the results of audits of the Internal Audit Service;
- evaluates the Company's internal control system and provides recommendations to the Company's Board of Directors on its improvement;
- evaluates the implementation of the action plan for the elimination of violations identified by internal audit;
- Initiates the conduct of unscheduled inspections by the Internal Audit Service, if necessary.;
- provides recommendations to the Board of Directors on other matters in the field of internal audit in accordance with the instructions of the Board of Directors and/or the provisions of the Company's internal documents.

COMPOSITION, ELECTION AND TERM OF THE MEMBERS OF THE INTERNAL AUDIT COMMITTEE

The Internal Audit Committee of the Board of Directors consists of members of the Board of Directors and experts with the necessary professional knowledge to work in the Internal Audit Committee. The Board of Directors the Internal Audit Committee is headed by a member of the Board of Directors - an independent Director.

The Head of the Executive body (General Director) of the Company may not be the Chairman of the Internal Audit Committee.

The determination of the quantitative composition and term of members of the Internal Audit Committee, the election of its Chairman, members and Secretary, as well as the early termination of their powers are within the competence of the Board of Directors of the Company. The Secretary of the Internal Audit Committee is the Corporate Secretary of the Company, who is not a member of the Internal Audit Committee and does not participate in voting.

The Internal Audit Committee consists of at least three people.

COMPOSITION OF THE INTERNAL AUDIT COMMITTEE

On November 5, 2024, due to the expiration of the term the Board of Directors of the Company, appointed on the basis of Minutes No. 1 (dated November 5, 2019) of the First General Meeting of Shareholders of JSC Sozak Oil and Gas, in accordance with Minutes No. 13 of the Extraordinary General Meeting of Shareholders of JSC Sozak Oil and Gas, dated November 5, 2024, the following persons were appointed to the new composition of Board of Directors for a period of 5 calendar years:

1. Lam Tak Leung (Member of the Board of Directors);
2. Liu Wei (Member of the Board of Directors);
3. Duan Shufu (Independent Director, member of the Board of Directors).

In addition, according to the Minutes No. 14 of the Extraordinary General Meeting of Shareholders of JSC "Sozak Oil and Gas" dated December 26, 2024, the quantitative composition of the Board of Directors of the Company was changed from 3 (three) to 5 (five) members. In accordance with Meeting Minutes No. 14 of the Extraordinary General Meeting of Shareholders of JSC "Sozak Oil and Gas" dated December 26, 2024, the following persons were appointed to the Board of Directors as new members of the Board of Directors:

1. Dai Xiaoping (Member of the Board of Directors);
2. Shi Ke (Independent Director, member of the Board of Directors).

Thus, the following persons are members of the Board of Directors of the Company:

1. Lam Tak Leung (Member of the Board of Directors);
2. Liu Wei (Member of the Board of Directors);
3. Dai Xiaoping (Member of the Board of Directors);
4. Duan Shufu (Independent Director, member of the Board of Directors);
5. Shi Ke (Independent Director, member of the Board of Directors).

Due to the change in the number of members of the Board of Directors – from three to five – the composition of the Audit Committee has been reappointed for the duration of the new Board's term. Accordingly, as of the date of the Company's annual report, the Audit Committee is composed as follows:

| Nº | Name and Surname | Title in the Internal Audit Committee | Title in the Board of Directors of the Company | Appointment Date | Compliance (MAR Schedule 3, para 50) |
|----|------------------|--|--|-------------------|--------------------------------------|
| 1 | Shi Ke | Chairman of the Internal Audit Committee | Member of the Board of Directors of the Company - Independent Director | 27 December, 2024 | Yes |
| 2 | Duan Shufu | Member of the Internal Audit Committee | Member of the Board of Directors of the Company - Independent Director | 27 December, 2024 | Yes |
| 3 | Dai Xiaoping | Member of the Internal Audit Committee | Member of the Board of Directors of the Company | 27 December, 2024 | Yes |

WORK OF THE AUDIT COMMITTEE

Due to the appointment of the new composition of the Audit Committee of the Company at the end of 2024, that is, at the end of the reporting period, the new members of the Audit Committee of the Company did not carry out any significant activities that could be reflected in this Annual report.

It should also be noted that non-audit services were issued with respect to the Company for the year 2024.

REMUNERATION COMMITTEE

According to subparagraph 5) of paragraph 1 of Article 36 of the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415 "On Joint Stock Companies", the following issues belong to the exclusive competence of the general meeting of shareholders:

determination of the quantitative composition, term of office of the Board of Directors, election (re-election) its members, early termination of their powers, as well as determining the amount and conditions of remuneration and compensation of expenses to members of the Board of Directors for the performance of their duties.

27 December 2024, the Company is established the Board of Directors Human resources and Remuneration committee. Please be noticed that until 27 December 2024 remuneration issues are regulated in accordance with subparagraph 5) of paragraph 1 of Article 36 of the said Law and fall within the exclusive competence of the general meeting of shareholders of the Company.

Due to the appointment of the composition of the Remuneration Committee of the Company at the end of 2024, that is, at the end of the reporting period, the n members of the Remuneration Committee of the Company did not carry out any significant activities that could be reflected in this Annual report.

Please refer to page 30 in Financial Statements (see Note 20) for detailed information regarding the remuneration of executive directors and senior management of the Company.

It should be noted that the Company does not have a separate Nomination Committee within the Board of Directors. The functions and responsibilities typically assigned to a Nomination Committee are carried out by the Personnel and Remuneration Committee of the Company. This Committee fully addresses and manages all matters related to nominations.

THE FUNCTIONS OF THE PERSONNEL AND REMUNERATION COMMITTEE:

- prepares qualification requirements for candidates for the Board of Directors, the position of Chief Executive Officer (CEO) of the Company, the Corporate Secretary, as well as other employees in accordance with the internal documents of the Company;
- provides recommendations to the Board of Directors regarding the composition and competencies of the Board Committees;
- determines the method for identifying candidates for the Board of Directors, the position of CEO of the Company, and the Corporate Secretary of the Company;
- carries out the search and selection of candidates for the position of CEO of the Company, conducts interviews, and compiles a ranked short list of candidates;
- evaluates candidates for the Board of Directors of the Company, forms a list of candidates to the Board of Directors for subsequent submission to the shareholders of the Company;
- evaluates candidates for the position of Corporate Secretary and submits recommendations to the Board of Directors of the Company;
- provides recommendations on the remuneration of Independent Directors, the CEO, and the Corporate Secretary of the Company;
- reviews internal regulatory documents governing the remuneration of members of the Board of Directors, the CEO, and the Corporate Secretary of the Company;
- develops measures to optimize payments made to Independent Directors;
- monitors the proper disclosure of information regarding remuneration and compensation of governing bodies in accordance with the legislation of the Republic of Kazakhstan and internal regulations;
- reviews other matters falling within the competence of the Committee.

WORKING PROCEDURES OF THE REMUNERATION COMMITTEE

- The Committee operates in the form of meetings. Committee meetings are held according to an annual plan approved by the Committee's decision. Extraordinary meetings are convened as necessary.
- The functions of the Committee Secretary are performed by the Corporate Secretary.
- The Corporate Secretary is responsible for organizing and conducting Committee meetings, collecting and systematizing materials for the meetings, timely distribution of notices of meetings, meeting agendas, and materials on agenda items to Committee members and invited persons, recording meeting minutes, preparing draft decisions of the Committee, and maintaining all relevant documentation.
- The Corporate Secretary ensures that Committee members receive the necessary information.
- The decision to convene a regular Committee meeting, including the date, time, venue, agenda items, and the list of invitees, is made by the Chair of the Committee in accordance with the approved meeting schedule. A meeting of the Committee may be convened at the initiative of the Chair or at the request of:
 - any member of the Committee or the Board of Directors of the Company;
 - any shareholder of the Company.
- If the Chair of the Committee refuses to convene a meeting, the initiator has the right to submit the request to the Board of Directors of the Company, which is obliged to convene the Committee meeting. The person who submitted the request must be invited to attend the meeting.
- Only Committee members may attend Committee meetings. The presence of other persons is allowed only by invitation of the Committee. If necessary, the Committee may engage experts and consultants.
- The meeting agenda is prepared by the Corporate Secretary based on proposals from the Company's management, Committee members, and the Board of Directors, and is approved by the Chair of the Committee.
- The Corporate Secretary compiles materials on agenda items and distributes them to all Committee members and relevant parties no later than seven calendar days (or no later than four business days for materials in English) prior to the meeting date.
- A Committee meeting is considered valid (quorate) if at least half of the Committee members are present.
- Committee decisions may be made through in-person, absentee (written), or mixed voting. To create favorable conditions and reduce the costs of holding meetings, participation via technical means of communication is permitted during in-person meetings. The Committee aims to minimize the number of meetings held through absentee voting.
- Committee decisions are adopted by a simple majority of votes of Committee members present at the meeting or who have submitted a written opinion, or who participate in absentee voting. In the event of a tie, the Chair's vote is decisive.
- Each Committee member may submit a dissenting opinion, which shall be attached to the meeting minutes. If a decision cannot be made on certain issues due to conflicts of interest of specific Committee members, this fact shall be recorded in the minutes of the meeting.
- Committee members shall not participate in the decision-making process on matters related to their own appointment or remuneration.

COMPOSITION AND FORMATION PROCEDURE OF THE REMUNERATION COMMITTEE

- Determining the number of Committee members, the term of its authority, electing its Chair and members, as well as the early termination of their powers, falls within the competence of the Company's Board of Directors.
- The Committee shall consist predominantly of independent directors in order to ensure objective and independent decision-making and to prevent undue influence by interested parties (such as shareholder representatives, executive management, employees, or other individuals) on the judgments of Committee members.
- The Committee must maintain a balance of skills, experience, and knowledge to enable independent, objective, and effective decision-making in the interests of the organization, with due regard to fair treatment of all shareholders and the principles of sustainable development. Committee members should possess in-depth knowledge and practical experience in human resources management and performance evaluation, as well as in corporate governance.
- Committee members must have substantial knowledge and practical experience in human resources management and performance evaluation, as well as in the area of corporate governance.
- Committee members are elected by a majority vote of the members of the Board of Directors.
- If necessary, the Board of Directors may appoint a Committee expert who possesses the required professional knowledge to assist in the Committee's activities.
- Experts with relevant industry experience and qualifications may be engaged in accordance with the Committee's goals, objectives, and competencies to ensure the effective performance of the Committee. The role of experts is to provide Committee members with the necessary information for decision-making by applying their specialized knowledge and professional experience, thereby enabling the Committee to thoroughly examine issues and develop informed recommendations for the Board of Directors.

As at the date of this Annual Report, composition of the REMUNERATION Committee:

| No | Name and Surname | Title in the Internal Audit Committee | Title in the Board of Directors of the Company | Appointment Date | Compliance (MAR Schedule 3, para 70) |
|----|------------------|--|--|-------------------|--------------------------------------|
| 1 | Duan Shufu | Chairman of the Internal Audit Committee | Member of the Board of Directors of the Company - Independent Director | 27 December, 2024 | Yes |
| 2 | Shi Ke | Member of the Internal Audit Committee | Member of the Board of Directors of the Company - Independent Director | 27 December, 2024 | Yes |
| 3 | Dai Xiaoping | Member of the Internal Audit Committee | Member of the Board of Directors of the Company | 27 December, 2024 | Yes |

According to the Code, the Corporate Secretary annually reviews Sozak Oil and Gas JSC compliance with the Code's provisions and principles using a "comply or explain" approach. At present, most of the Code's provisions have been complied with. Please see REPORT ON COMPLIANCE /NN-COMPLIANCE WITH THE PRINCIPLES AND PROVISIONS OF THE CORPORATE GOVERNANCE CODE OF JSC SOZAK OIL AND GAS

Report on compliance / non-compliance with the principles and provisions of the corporate governance code of Sozak Oil and Gas JSC

In line with item 4 of Chapter 3 of the Code:

«The Executive Body is accountable to the Board of Directors, manages the daily activities of the Company and ensures its compliance with the strategy, development plan and decisions adopted by the General Meeting of Shareholders and the Board of Directors.» This requirement of the Code was generally complied with in Sozak Oil and Gas JSC during the reporting period. The Executive Body (General Director of Sozak Oil and Gas JSC) is accountable to the Board of Directors of Sozak Oil and Gas JSC.

In line with item 5 of Chapter 3 of the Code:

«The Board of Directors and the Executive Body should cooperate in a spirit of cooperation, act in the interests of the Company and make decisions based on the principles of sustainable development and fair treatment of all Shareholders.» This requirement of the Code was generally complied with in Sozak Oil and Gas JSC during the reporting period. The decisions made by Board of Directors and the Executive Body fully consistent with specified requirements.



In line with item 3 of Chapter 5 of the Code:

« The main responsibility of the corporate Secretary is to ensure timely and high-quality corporate decision-making by the Board of Directors and the General Meeting of Shareholders, ensuring effective interaction of the Board of Directors, the Executive Body with Shareholders. In addition, the functions of the corporate Secretary include overseeing good corporate governance practices.»

This requirement of the Code was generally complied with in Sozak Oil and Gas JSC during the reporting period. The Corporate Secretary and the Chairman of the Board of Directors regularly discuss relevant succession planning matters. In 2024, the Corporate Secretary has ensured effective interaction of the Board of Directors, the Executive Body with Shareholders.

In line with item 10 of Chapter 4 of the Code:

«The General Director should not allow a conflict of interest situation to arise. If a conflict of interest arises, he must notify the Board of Directors in advance and record it in writing.»

This requirement of the Code was generally complied with in Sozak Oil and Gas JSC during the reporting period. In 2024 there is no any conflict of interest.

The company approved the Policy for managing existing and potential conflicts of interest on August 10, 2023.

None of the members of the Issuer's Board of Directors or Executive Body in the last 5 years:

have not had any convictions (expired or unexpired) in relation to allegations of fraud or financial misconduct;

was not declared bankrupt and was not subject to an agreement with any person;

was not a director or other officer of any company which at the time or within the twelve months following his being a director or other officer in respect of which there was a bankruptcy, compulsory liquidation, receivership, entered into any arrangement with creditors generally or any class of creditors of such company;

has not been subject to any formal charge and/or sanction by any public authority (including special professional bodies) or been disqualified by a court of law for acting as a director or other officer of the company or for acting in the exercise of the management or conduct of the affairs of the company.

The audit of the financial statements of Solar Oil and Gas JSC for 2024 was conducted by Ernst & Young LLP.

The following is a scanned copy of the Independent auditor's Report on the Company's financial statements for the reporting year 2024.



"Sozak Oil and Gas" JSC

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Sozak Oil & Gas JSC

Financial statements

*For the year ended 31 December 2024
with independent auditor's report*

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Independent Auditor's Report

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Independent auditor's report

To the Shareholders, Board of Directors and Management of Sozak Oil and Gas JSC

Opinion

We have audited the financial statements of Sozak Oil and Gas JSC (hereinafter, the "Company") which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 to the financial statements, which indicates that the Company incurred a net loss of 1,705,166 thousand tenge during the year ended 31 December 2024 and, as of that date, the Company's current liabilities exceeded its current assets by 48,304,325 thousand tenge. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. In addition to the matter described in the Material uncertainty related to going concern section of our report, we have determined the matter described below to be the key audit matter to be communicated in our report. This matter was addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on this matter. For matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| <p><i>Impairment of exploration and evaluation assets</i></p> <p>We considered this matter to be one of most significance to our audit due to the significance of exploration and evaluation assets as at 31 December 2024, and subjectivity of judgements and estimates made by management in respect of assumptions underlying impairment indications analysis.</p> <p>In 2024 the Company performed an analysis of impairment indications of its exploration and evaluation assets and concluded that there are no indications of potential impairment.</p> <p>Information on exploration and evaluation assets is disclosed in Note 5 to the financial statements.</p> | <p>We have examined the analysis of the presence of indications of impairment made by management. Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • We assessed the period for which the Company has the right to explore the contract territory; • We analysed license agreements and supplemental agreements to them; • We analysed and assessed communication with relevant government bodies, provided by management; • We inquired management about the intention to carry out exploration and evaluation activity in the contract territory and compared the budget for 2025 with working program of the Company, approved by governmental bodies. <p>We assessed the disclosures related to the exploration and evaluation assets in the financial statements.</p> |

Other information included in the Company's 2024 Annual Report

Other information consists of the information included in the Company's 2024 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2024 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and the Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of Sozak Oil and Gas JSC regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Kairat Medetbayev.

Ernst & Young LLP



Kairat Medetbayev
Auditor

Auditor qualification certificate
No. MΦ-0000137 dated 8 February 2013

050060, Republic of Kazakhstan, Almaty
Al-Farabi ave., 77/7, Esentai Tower

17 April 2025



Rustamzhan Sattarov
General Director
Ernst & Young LLP

State Audit License for audit activities on
the territory of the Republic of Kazakhstan:
series MΦЮ-2 No. 0000003 issued by
the Ministry of Finance of the Republic of
Kazakhstan on 15 July 2005

STATEMENT OF FINANCIAL POSITION

At 31 December 2024

| <i>In thousands of tenge</i> | Notes | 31 December 2024 | 31 December 2023 |
|--|-------|---------------------|---------------------|
| Assets | | | |
| Non-current assets | | | |
| Exploration and evaluation assets | 5 | 63,194,247 | 56,968,401 |
| Property, plant and equipment | | 16,765 | 17,515 |
| Long-term VAT recoverable | 6 | 4,639,332 | 3,973,465 |
| Restricted cash | 7 | 193,109 | 193,109 |
| Total non-current assets | | 68,043,453 | 61,152,490 |
| Current assets | | | |
| Trade accounts receivable | 9 | 325,945 | 137,524 |
| Short-term VAT recoverable | 6 | 19,992 | 32,961 |
| Cash and cash equivalents | 10 | 10,897 | 21,245 |
| Financial assets | | 99,993 | - |
| Other current assets | | 24,344 | 7,170 |
| Total current assets | | 481,171 | 198,900 |
| Total assets | | 68,524,624 | 61,351,390 |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | 11 | 283,780 | 283,780 |
| Accumulated loss | | (5,339,630) | (3,634,464) |
| Total equity | | (5,055,850) | (3,350,684) |
| Non-current liabilities | | | |
| Abandonment and site restoration provision | 12 | 283,973 | 245,827 |
| Long-term loans | 13 | 24,511,005 | 16,199,492 |
| Total non-current liabilities | | 24,794,978 | 16,445,319 |
| Current liabilities | | | |
| Accounts payable and other debts | 14 | 21,970,146 | 19,983,092 |
| Loans | 13 | 26,405,004 | 27,699,235 |
| Other current liabilities | 15 | 410,346 | 574,428 |
| Total current liabilities | | 48,785,496 | 48,256,755 |
| Total equity and liabilities | | 68,524,624 | 61,351,390 |

General Director



Chief Accountant

Lu Wei

Koshekbayeva A.


The accounting policies and explanatory notes on pages 5 to 31 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE LOSS


For the year ended 31 December 2024

| <i>In thousands of tenge</i> | Notes | 2024 | 2023 |
|---|-------|--------------------|------------------|
| General and administrative expenses | 16 | 1,085,544 | (569,026) |
| Other income | | 345,115 | 272,284 |
| Operating profit/(loss) | | 1,430,659 | (296,742) |
| Finance income | 17 | 98,477 | 113,861 |
| Finance costs | 17 | (39,488) | (21,796) |
| Net foreign exchange differences | | (3,110,795) | 294,938 |
| (Loss)/profit before taxes | | (1,621,147) | 90,261 |
| Income tax expense | 18 | (84,019) | (75,344) |
| Net (loss) /income for the year | | (1,705,166) | 14,917 |
| Other comprehensive income | | - | - |
| Total comprehensive (loss)/income for the year, net of tax | | (1,705,166) | 14,917 |

General Director


 Lu Wei

Chief Accountant


 Koshekbayeva A.


STATEMENT OF CHANGES IN EQUITY**For the year ended 31 December 2024**

| <i>In thousands of tenge</i> | Share capital | Accumulated loss | Total |
|--|---------------|------------------|-------------|
| As at 1 January 2023 | 283,780 | (3,649,381) | (3,365,601) |
| Net profit for the year | - | 14,917 | 14,917 |
| Total comprehensive income for the year | - | 14,917 | 14,917 |
| As at 31 December 2023 | 283,780 | (3,634,464) | (3,350,684) |
| Net loss for the year | - | (1,705,166) | (1,705,166) |
| Total comprehensive loss for the year | - | (1,705,166) | (1,705,166) |
| As at 31 December 2024 | 283,780 | (5,339,630) | (5,055,850) |

General Director



Lu Wei

Chief Accountant




Koshkbayeva A.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

| <i>In thousands of tenge</i> | Notes | 2024 | 2023 |
|---|-------|--------------------|------------------|
| Operating activities | | | |
| (Loss)/profit before taxes | | (1,621,147) | 90,261 |
| <i>Adjustments to reconcile profit before tax to net cash flows</i> | | | |
| Depreciation and amortisation | 16 | 323 | 243 |
| Loss on disposal of property, plant and equipment | | 1,148 | |
| Finance income | 17 | (98,477) | (113,861) |
| Finance costs | 17 | 39,488 | 21,796 |
| Net foreign exchange difference | | 3,110,795 | (294,938) |
| Recovery/(accrual) of unused vacation allowance | 16 | 332 | 3,817 |
| Accrual of provision on loans given | 8 | (1,520,951) | 323,584 |
| <i>Working capital adjustments:</i> | | | |
| Change in receivable and other current assets | | (205,595) | (49,307) |
| Change in VAT recoverable | | 12,969 | (32,961) |
| Change in other current liabilities | | (86,724) | (3,435) |
| | | (367,839) | (54,801) |
| Income tax paid | | (72,632) | (37,630) |
| Interest received | | 17,235 | 20,277 |
| Net cash flows used in operating activities | | (423,236) | (72,154) |
| Investing activities | | | |
| Purchase of exploration and evaluation assets | | (3,359,381) | (348,782) |
| Purchase of financial assets | | (99,993) | - |
| Purchases of property, plant and equipment | | (721) | - |
| Net cash flows used in investing activities | | (3,460,095) | (348,782) |
| Financing activities | | | |
| Proceeds from loans | 13 | 3,869,385 | 431,873 |
| Net cash flows from financing activities | | 3,869,385 | 431,873 |
| Net (decrease)/increase in cash and cash equivalents | | (13,946) | 10,937 |
| Net foreign exchange rate difference | | 3,598 | (1,108) |
| Cash and cash equivalents as at 1 January | | 21,245 | 11,416 |
| Cash and cash equivalents as at 31 December | 10 | 10,897 | 21,245 |

SIGNIFICANT NON-CASH AND OTHER TRANSACTIONS: ADDITIONAL DISCLOSURE


The following non-cash transactions have been excluded from the statement of cash flows:

Purchase of exploration and evaluation assets

Additions to exploration and evaluation assets include capitalisation of interest on loans received for 1,546,994 thousand tenge (2023: 1,414,983 thousand tenge). During 2024 and 2023, the Company did not pay the principal and interest accrued on the loans.

General Director

Chief Accountant



 Lu Wei


 Koshekbayeva A.

The accounting policies and explanatory notes on pages 5 to 31 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)**1. ORGANIZATION AND PRINCIPAL ACTIVITIES****Corporate information**

Sozak Oil and Gas JSC (the “Company”) is a joint stock company established under the laws of the Republic of Kazakhstan, as a result of reorganization of limited liability partnership on 4 September 2019. Date of the initial registration was on 16 July 2001. In March 2024, the Company completed the listing procedure and received notification of inclusion in the official list of AIX.

The shareholders of the Company are:

| | 31 December 2024 | 31 December 2023 |
|--|-----------------------------|---------------------|
| Sino-Science Netherlands Petroleum B.V. | 50.05% | 51.4% |
| Singapore Charter Power Pte. Ltd. | 17% | 17% |
| Maten Petroleum JSC | 10% | 10% |
| Singapore Starlights Energy Investment Pte. Ltd. | 5.855% | 5.855% |
| Sino-Science Netherlands Energy Group B.V. | 7.009% | 5.659% |
| Luck Gain Internation Al Limited | 5.45% | 5.45% |
| Ufirst Energy Group Limited | 4.636% | – |
| Hongkong Loong Sapphire Energy Limited | – | 4.636% |
| | 100% | 100% |

Hui Ling is the ultimate controlling party.

These financial statements were approved by the management of the Company on 17 April 2025.

Registered address

The Head office of the Company is registered at the following address: 12 Zheltoksan Street, Kyzylorda, 120014, Republic of Kazakhstan.

Principal activities

The Company conducts operations in the field of subsoil use in the Turkestan region of the Republic of Kazakhstan. The company is at the exploration stage for trial production of the Asa, Kendirlik, Ortalyk, Oppak, Tamgalytar fields and has not yet begun commercial hydrocarbon production.

The Company performs its activities in accordance with hydrocarbon exploration contract No. 2433 (hereinafter referred to as the “Contract”), concluded with the Ministry of Energy of the Republic of Kazakhstan (hereinafter referred to as “ME”) on July 27, 2007. In 2023, the Company made the transition to the terms of a standard contract for exploration and production or production of hydrocarbons for a complex project. The provisions of Contract No. 2433 dated July 27, 2007 are set out in a new edition, in accordance with the Standard Contract for the exploration and production of hydrocarbons for complex projects. The validity period of Contract No. 2433 dated July 27, 2007 is combined and consists of: (1) an exploration period for trial production of the Asa, Kendirlik, Ortalyk, Oppak, Tamgalytar fields, and is valid until July 27, 2025; (2) production period for the Pridorozhnoye Yuzhnoye field of 25 (twenty-five) years.

On 17 February 2025, the Company signed an addendum to Contract No. 2433 dated 27 July 2007, under which the exploration period for test production at Asa, Kendirlik, Ortalyk, Oppak, and Tamgalytar fields was extended until 15 October 2026 (*Note 22*).

Exploratory drilling

In December 2008, the Company completed exploratory drilling of a well Kenderlyk-5. As result of this exploratory drilling, the Company decided to close this well due to the fact that it was dry. In 2010-2011 the Company drilled 2 wells. The wells have gas inflow, and by the management decision, further operations were suspended.

In 2013, the Company completed drilling operations on Bugulzhinskaya-1 well. In 2014, the Company completed drilling operations on Assa-2, Yuzhnoe-Pridorozhnoe-18 wells. In 2015, the Company completed drilling operations on wells Tamgalytar-6, Tamgalytar-8, Kendyrlyk-6, Kendyrlyk-7, and Tamgalynskaya-1. The wells have gas inflow, and by the management decision, further testing works on the specified wells will be performed. In 2016, the Company started drilling 2 wells SK-1012 (drilling was completed in 2017) and SK-1017 (drilling was completed in 2017).

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (continued)**Exploratory drilling (continued)**

In 2017, the Company drilled another exploration well SK-1018. In 2017, testing was carried out in 5 intervals in exploratory wells built on the contractual area. During 2018, SK-1018 well testing works were completed, as well as analysis of core boring for further drilling operations. In 2021, the construction of the evaluation well SK-1006 was commenced and completed. In 2022, the well SK-1006 was tested and two wells SK-1007 and SK-1005 were drilled. Cores from new wells were selected for analysis.

In 2023, seven wells SK-1008, SK-1024, SK-1004, SK-1001, SK-1002, SK-1003, SK-1009 were drilled.

In 2024, three wells Oppak-4, Kendyrlyk-8, Kendyrlyk-9 were drilled.

On 11 December 2019, the Company filed an application to the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan for confirmation of discovery at the Assa and Pridorozhnoe Yuzhnoe wells.

On 25 December 2019, the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan confirmed availability of hydrocarbons at the Assa and Pridorozhnoe Yuzhnoe wells.

On 29 April 2020, the Company sent a request to the Ministry of Geology to confirm the detection of gases at the Kenderlyk and Tamgalytar fields; on 15 May 2020, confirmation was received.

The Company sent a request to the Ministry of Geology to confirm the detection of gases at the Ortalyk and Appak fields, on 15 May 2020, confirmation was received.

On 14 October 2020, an operational report received on the approval of the reserves at Pridorozhnoe field.

On 8 December 2020, an operational report received on the approval of the reserves at Assa field.

On 28 June 2021, an operational report received on the approval of the reserves at Ortalyk field.

On 17 November 2021, an operational report received on the approval of the reserves at Kenderlyk field.

On 30 May 2022, an operational report received on the approval of the reserves at Tamgalytar field.

On 17 October 2022, an operational report received on the approval of the reserves at Oppak field.

On 24 August 2023, "Projects for trial exploitation of the Asa, Ortalyk, Kendirlik, Oppak, Tamgalytar fields" were presented and agreed upon at a meeting of the Central Commission for Exploration and Development of Hydrocarbon Fields of the Republic of Kazakhstan.

2. BASIS OF PREPARATION AND CHANGES IN THE COMPANY'S ACCOUNTING POLICY**Basis of preparation**

This financial statement of the Company has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

This financial statement has been prepared on a historical cost basis, except as described in the accounting policies and the notes to the financial statements. This financial statement is presented in Kazakhstan tenge ("tenge"), and all monetary amounts are rounded to the nearest thousand, except when otherwise indicated.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

As of the reporting date, the Company's current liabilities exceeded its current assets by 48,304,325 thousand tenge (as of December 31, 2023: by 48,057,855 thousand tenge). These circumstances indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS (continued)**2. BASIS OF PREPARATION AND CHANGE IN THE COMPANY'S ACCOUNTING POLICY (continued)****Going concern (continued)**

The ability of the Company to settle its trade payables, repay its borrowings and continue its planned exploration and evaluation activities, as well as to maintain its going concern status depend on the Company raising additional cash in the foreseeable future. At the date of these financial statements, the management is satisfied that there are reasonable grounds to believe that the Company will be able to continue as a going concern by raising additional funds as required. In developing this opinion, the management reviewed the position of the Company and analysed the option of raising additional funds from the company's shareholders. The significant uncertainty about the successful completion of the financing option listed above may cause significant doubts about the Company's ability to repay its debts on time, and, consequently, to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classifications of liabilities that might be necessary should the Company not be able to continue as a going concern.

Foreign currency translation

The financial statements are presented in tenge, which is the Company's functional and presentation currency.

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Any exchange gains and losses arising from assets and liabilities denominated in foreign currencies subsequent to the date of the underlying transaction are credited or charged to the statement of comprehensive income (loss).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Weighted average currency exchange rates established by the Kazakhstan Stock Exchange ("KASE") and published by the National Bank of the Republic of Kazakhstan are used as official currency exchange rates in the Republic of Kazakhstan.

The following foreign exchange rates of tenge to USD have been used in the preparation of these financial statements:

| | Exchange rate as at | The weighted average interest rate during the year |
|-------------------------|------------------------|---|
| 31 December 2024 | 523.54 | 469.11 |
| 31 December 2023 | 454.56 | 456.31 |

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION AND CHANGE IN THE COMPANY'S ACCOUNTING POLICY (continued)**New and amended standards and interpretations (continued)***Amendments to IAS 1 – Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

These amendments had no impact on the financial statements of the Company.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Company's financial statements.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency effects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the financial statements of the Company.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION AND CHANGE IN THE COMPANY'S ACCOUNTING POLICY (continued)**Standards issued but not yet effective (continued)***IFRS 18 Presentation and Disclosure in Financial Statements (continued)*

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ASSUMPTIONS

The Company uses estimates and judgements, which exert an influence on the amounts and carrying amount of assets and liabilities stated in the financial statements during the next financial period. Estimates and judgements are subject to constant critical analysis and are based on the past experience of the management and other factors including expectations regarding future events, which, as deemed, are reasonable in the existing circumstances. The management also uses certain judgements, except for those requiring estimates, in the process of application of accounting policies. Judgements, which exert the most significant influence on figures stated in the financial statements and estimates, which may lead to a significant adjustment of carrying amount of assets and liabilities during the next financial period include:

Exploration and evaluation assets

Exploration license costs are capitalized within intangible assets and amortized on a straight-line basis over the estimated period of exploration. Each property is reviewed on an annual basis to confirm that drilling activity is planned. If no future activity is planned, the remaining balance of the license cost is written off. Upon determination of economically recoverable reserves ("proved reserves" or "commercial reserves"), amortisation ceases, and the remaining costs are aggregated with exploration expenditure and held on a field-by-field basis as proved properties awaiting approval within other intangible assets. When development is approved internally, and all licenses and approvals are obtained from the appropriate regulatory bodies, the relevant expenditure is transferred to property, plant and equipment (oil and natural gas properties).

(i) Recognition and subsequent measurement

Exploration and evaluation assets are measured at cost less any provision for impairment, where necessary.

Exploration and evaluation assets include capitalised expenditures on acquisition of exploration rights, geological and geophysical studies, drilling of both successful and unsuccessful exploratory wells, support equipment and facilities, borrowing costs as well as administrative and other general overhead costs that are directly attributable to the exploration and evaluation activities.

Acquisition costs include the cost of a subscription bonus and other costs incurred to acquire subsurface rights.

Administrative and other general overhead costs capitalised into the exploration and evaluation assets, include the costs incurred to finance social projects and professional training of Kazakhstani employees, administrative expenses of the site offices (office rent, office cars, administrative personnel) and other overhead costs that are directly attributable to the exploration and evaluation activities. The Company includes these expenditures into the cost of exploration and evaluation assets as incurred.

General and administrative expenses that cannot be attributed directly to a particular exploration project are charged to the statement of comprehensive income during the financial period as they are incurred.

Expenditures related to the development of hydrocarbon resources are not recognised as exploration and evaluation assets. Development costs include the cost of development wells to produce proved reserves, the cost of production facilities (such as flow lines, separators, treaters, heaters, storage tanks, improved oil production systems and gas processing facilities) and other overhead costs related to the development of hydrocarbon resources.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ASSUMPTIONS (continued)**Exploration and evaluation assets (continued)***(i) Recognition and subsequent measurement (continued)*

The Company classifies exploration and evaluation assets as tangible and intangible assets according to the nature of the assets acquired. Intangible exploration and evaluation assets include a subscription bonus, social and training costs. All other exploration and evaluation assets are classified as tangible assets.

Exploration and evaluation assets are no longer classified as such when the technical feasibility and commercial viability of extracting a hydrocarbon resource is demonstrable. Once commercial reserves are found, exploration and evaluation assets are transferred to development assets and amortised using the unit-of-production method based on proved developed reserves.

Activities preceding the acquisition of oil and gas properties are defined as pre-exploration (or pre-license). All pre-exploration expenditures are recognised as an expense in the statement of comprehensive income when incurred and include project feasibility studies, surface mapping and appraisal activities, as well as other overhead costs related to pre-exploration activities.

(ii) Impairment of exploration and evaluation assets

Exploration and evaluation assets are tested by the Company for impairment when reclassified to development assets or whenever facts and circumstances indicate impairment of assets. An impairment loss is recognised for the amount by which exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is determined as the greater of the exploration and evaluation assets' fair value less costs to sell and their value in use.

One or more of the following facts and circumstances indicate that the Company should test exploration and evaluation assets for impairment (the list is not exhaustive):

- The period for which the Company entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on the further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of hydrocarbon resources and the Company has decided to discontinue such activities in the specific area;

The Company has sufficient evidence that, while it is probable that a particular area will be developed, the carrying amount of the exploration and evaluation assets will likely not be fully recovered through successful development or disposal.

Alternative subsoil use tax (ASUT)

In December 2023, the Company transitioned to the terms of a standard contract for the exploration and production or production of hydrocarbons for a complex project, concluded in accordance with the legislation of the Republic of Kazakhstan on subsoil and subsoil use.

According to the provisions of the Tax Code of the Republic of Kazakhstan, subsoil user companies that have entered into a contract for the exploration and production or production of hydrocarbons under complex projects apply the ASUT regime. ASUT is applied in place of the following payments:

- Payment for reimbursement of historical costs;
- Mineral extraction tax (MET);
- Excess profit tax.

ASUT is payable from the date of registration of the relevant contract and is calculated based on the volume of production and the global oil price level. Depending on these factors, the ASUT rate may range from 0% to 42%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ASSUMPTIONS (continued)**Provisions for asset retirement obligations**

The Company estimates the future asset retirement obligations with reference to the estimates provided from either internal or external engineers after taking into consideration the anticipated method of dismantlement and the extent of site restoration required in accordance with current legislation and industry practices.

Provisions are made, based on net present values, for site restoration and rehabilitation costs as soon as the obligation arises from past activities. The provision for site restoration obligation is estimated based on the management's interpretation of the current environmental legislation of the Republic of Kazakhstan and the Company's related program for liquidation of consequences of subsurface use on the contractual area supported by a feasibility study and engineering research in accordance with the existing rehabilitation standards and techniques. Asset retirement obligations are subject to potential changes in environmental regulatory requirements and the interpretation of the legislation.

Significant judgements in making such estimates include estimate of discount rate, amount and timing of cash flows.

The discount rate shall be applied to the nominal amounts the management intends to spend on site restoration in the future. Accordingly, management's estimates, which are in current prices, are inflated using expected long-term rate of inflation, and discounted using discount rate that reflects current market assessments of the time value of money and those risks specific to the liability.

Recognition of deferred tax asset

The Company does not recognize the amount of deferred tax assets since the Company's management at the reporting date does not have a reasonable assurance about when future taxable profit will be received, against which the deferred tax assets for losses of previous years can be used in the periods authorised for transfer, according to current tax legislation, since the Company is at the stage of exploration and has not yet started commercial oil production.

Exploration and evaluation costs

Exploration and evaluation costs are recorded at original cost on an area of interest basis. Expenditure on an area of interest is capitalised and carried forward where rights to tenure of the area of interest are current and:

- (1) It is expected that such expenditures will be reimbursed in the course of successful development and exploitation of the area of interest or, otherwise, by its sale; or
- (2) Exploration and evaluation activities are continuing in an area of interest but at the reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Accumulated costs in respect of areas of interest which are abandoned, are written off in full against profit in the period in which the decision to abandon the area is made. Costs of site restoration are provided from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the exploration permits.

Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Projects are advanced to development stage when it is expected that further expenditure can be recovered through sale or successful development and exploitation of the area of interest.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Impairment of exploration and evaluation assets**

The Company's management reviews the carrying amount of exploration and evaluation assets for impairment in accordance with the requirements of IFRS 6. As of December 31, 2023 and 2022, there were no indications that exploration and evaluation assets were impaired. The following conditions were taken into account by the management of the Company:

- The validity period of Contract No. 2433 dated July 27, 2007 is combined and consists of: (1) an exploration period for trial production of the Asa, Kendirlik, Ortalyk, Oppak, Tamgalytar fields, determined within the maximum exploration period of 18 (eighteen) years, minus the actually used exploration period under such a Contract and is valid until July 27, 2025, taking into account the transition to the terms of a standard contract for the exploration and production of hydrocarbons for a complex project; (2) production period for the Pridorozhnoye Yuzhnoye field of 25 (twenty-five) years;
- Based on the results of interpretation of the latest 2D and 3D seismic studies, as well as drilling operations, Management plans to incur significant costs for further exploration and evaluation of the Company's Contract Area;
- In 2024 and 2023, the Company carried out works expected by state authorities, which also enhanced the understanding of hydrocarbon reserves at the fields.
- The company plans to continue financing the costs of its work program.

Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 (twelve) months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- it is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as current and non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Property, plant and equipment*(i) Recognition and subsequent measurement*

Property, plant and equipment include vehicles, office and other equipment. Property, plant and equipment are stated at cost, less accumulated amortisation and provision for impairment, if required. Such cost comprises acquisition value, including import fees and non-reimbursable taxes on acquisitions, less trade discounts and rebates, and any costs directly related to bringing the asset to the place of its use and condition required for its proper use.

The cost of PPE items that are produced or constructed internally includes the cost of materials used, performed production work and an appropriate portion of direct construction overheads.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

(i) Recognition and subsequent measurement (continued)

Subsequent expenditures are included in the carrying amount of this asset or reflected as a separate asset providing only that there is probability that the Company will have economic benefits from the usage of this asset, and its cost can be reliably measured. The carrying amount of the replaced part is recognized in profit or loss. All other repairs and maintenance costs are charged to statement of comprehensive income during the financial period in which they are incurred.

Subsequent expenditures are included in the carrying amount of this asset or reflected as a separate asset providing only that there is probability that the Company will have economic benefits from the usage of this asset, and its cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to statement of comprehensive income during the financial period in which they are incurred.

Gain or loss on disposal of property, plant and equipment in the amount of difference between consideration received and their carrying amount is recorded in profit and loss.

(ii) Depreciation

Land is not depreciated. Depreciation of other PPE items is calculated on a straight-line basis to allocate the cost to the residual values of the assets over their estimated useful lives as follows:

| | Useful lives in years |
|-----------------------------|--------------------------|
| Buildings and constructions | 15 |
| Vehicles | 5 |
| Other | 4-5 |

The asset residual value represents the estimation of amount that the Company could currently from disposal of the asset, less cost to sell on the assumption that the asset age and its technical condition already correspond to the expected at the end of its useful life. The asset residual value equals to zero when the Company expects to use the asset until the end of its physical life. Assets residual value and their useful life are reviewed and, if necessary, adjusted at each reporting date.

(iii) Impairment

At each reporting date the management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, the management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying value is reduced to its recoverable amount and the impairment loss is recognized in the statement of comprehensive income. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or its fair value less cost to sell.

If an estimate of the recoverable value for an individual asset is not possible, the Company determines the recoverable value of a cash generating unit to which an asset belongs.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the future cash flow estimates have not been adjusted.

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments (continued)***Financial assets (continued)**Initial recognition and measurement (continued)*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Financial assets of the Company include cash and loans issued.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

This is the category most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains or losses are recognized in profit or loss when an asset is derecognized, modified or impaired.

The Company includes trade receivables, as well as a loan issued to an associate to the category of financial assets measured at amortised cost.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments (continued)***Financial assets (continued)**Derecognition (continued)*

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When the Company has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises a provision for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

*Financial liabilities**Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, less directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments (continued)***Financial liabilities (continued)**Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are only offset and reported at the net amount in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded at an active market, the fair value is determined by using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are restated in the financial statements on a periodic basis, the Company determines if it is necessary to transfer them between levels of the fair value hierarchy by re-analysing their classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosure, the Company classified assets and liabilities based on their nature, characteristics and risks related to them and applicable level of fair value hierarchy, as specified above (*Note 19*).

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and bank deposits on demand. Cash balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date are included in other non-current assets. Cash balances restricted for being exchanged or used to settle a liability are not included in cash and cash equivalents for the purposes of cash flow statement.

Value added tax (VAT)

Tax legislation allows to offset VAT on a net basis.

VAT payable

VAT is payable to tax authorities upon collection of receivables from customers. Export sales are zero rated. VAT on purchases, which have been settled at the balance sheet date, is deducted from the amount payable.

In addition, VAT related to sales which have not been collected at the balance sheet date is also included in the balance of VAT payable. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT. The related VAT liability is maintained until the debtor is written off for tax purposes.

VAT recoverable

VAT recoverable relates to purchases, which have not been settled at the reporting date. VAT receivable is reclaimable against VAT related to sales upon payment for the purchases or reimbursed by tax authorities by cash or by offset with other taxes payable. Reimbursable VAT is classified as a long-term if it is not expected to be repaid during one year from the reporting date.

Share capital

Gains and losses from transactions with shareholders or parties related to shareholders acting on behalf of shareholders are recognized in equity.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions for asset retirement obligations

The Company estimates provision for future asset retirement obligations with reference to the estimates provided from either internal or external engineers after taking into consideration the anticipated method of dismantlement/closure and the extent of site restoration required in accordance with current legislation and industry practices. Provisions for asset restoration obligations are provided for in the period in which the obligation arises if the fair value can be reasonably estimated. The corresponding asset restoration obligations are capitalised as part of the carrying amount of the exploration and evaluation assets, based on the net present value of estimated future cash flows. Provisions do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments.

NOTES TO THE FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Provisions for asset retirement obligations (continued)**

The amortisation of the discount applied in establishing the net present value of provisions is charged to profit or loss in each accounting period and is recognised as finance costs.

Changes in reserves for future site deconstruction and restoration costs resulting from new disruptions due to the drilling of new wells, revised cost estimates, changes in estimated operating life and revisions to discount rates are capitalized into exploration and evaluation assets. The amount of costs for dismantling 1 well is 12,613 thousand tenge as of December 31, 2024 (as of December 31, 2023: 11,614 thousand tenge).

| <i>In percentage terms</i> | 2024 | 2023 |
|--|----------------|---------|
| Discount rate | 16.06% | 12.05% |
| Inflation rate | 8.60% | 8.01% |
| Period of fulfilment of the obligation | 2 years | 2 years |

As at 31 December 2024, the carrying amount of the obligation to abandon wells and restore the site was 283,973 thousand tenge (31 December 2023: 245,827 thousand tenge) (*Note 12*)

In 2019, the Company engaged OPTIMUM Design Institute LLP to determine the residual value of the entire field.

Payroll expenses and payroll related deductions

Payroll expenses, pension contributions, contributions to the social insurance fund, paid annual vacations and sick leaves, bonuses and non-cash benefits are charged upon completion of certain types of works by employees of the Company. The Company pays pension benefits stipulated by the legislative requirements of the Republic of Kazakhstan on behalf of its employees. Upon retirement of employees, financial liabilities of the Company are derecognized and all subsequent payments to retired employees are made by the state savings pension fund.

Corporate income tax

In these financial statements corporate income tax is recorded in accordance with the tax legislation of the Republic of Kazakhstan, enacted or substantively enacted at the reporting date. Income tax expenses comprise current and deferred taxes and are recorded in the statement of loss, except for the taxes related to transactions recorded in one or different periods in other comprehensive income or directly within equity.

Current income tax represents the amount expected to be recovered from or paid to the tax authorities with respect to taxable profit or loss for the current and prior periods. Taxable profit or loss are based on estimated figures, in the event that the financial statements are submitted prior to filing of tax returns. Other taxes, apart from corporate income tax, are recorded within operating expenses.

Deferred income tax is provided using the liability method on tax losses carry-forward and temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial reporting.

The deferred tax is calculated according to effective tax rates enacted or substantively enacted at the reporting date, which are expected to be applied in the period of restoration of temporary differences or utilisation of tax losses carried forward. Deferred income tax assets with respect to deductible temporary differences and tax losses carried forward are recognised only to the extent that it is probable that taxable profit will be available in future that could be reduced to the amount of such deductions.

Uncertain tax positions

The Company's uncertain tax positions are reassessed by the management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (continued)**5. EXPLORATION AND EVALUATION ASSETS**

| <i>In thousands of tenge</i> | Tangible assets | Intangible assets | Total |
|--------------------------------|------------------------|--------------------------|-------------------|
| As at 1 January 2023 | 43,017,532 | 732,864 | 43,750,396 |
| Additions | 13,216,264 | - | 13,216,264 |
| Changes in estimates (Note 12) | 1,741 | - | 1,741 |
| As at 31 December 2023 | 56,235,537 | 732,864 | 56,968,401 |
| Additions | 6,265,217 | - | 6,265,217 |
| Changes in estimates (Note 12) | (39,371) | - | (39,371) |
| As at 31 December 2024 | 62,461,383 | 732,864 | 63,194,247 |

As at 31 December 2024, exploration and evaluation assets include capitalised inventories in the amount of 279,190 thousand tenge (as at 31 December 2023: 279,808 thousand tenge). Capitalised inventory represents the cost of casing pipes, drilling bits and other drilling materials. During 2024, the Company capitalised geological and geophysical expenses directly attributable to exploration and evaluation operations in the amount of 89,227 thousand tenge (2023: 102,620 thousand tenge). During 2024, the Company capitalised borrowing costs for 1,546,994 thousand tenge (2023: 1,414,983 thousand tenge). During 2024, the Company drilled 3 wells (2023: the Company drilled 7 wells).

6. LONG-TERM VAT RECOVERABLE

| <i>In thousands of tenge</i> | 2024 | 2024 |
|---|------------------|-------------|
| At 1 January | 3,973,465 | 2,653,350 |
| Additions | 690,120 | 1,386,037 |
| Reclassification to the short-term part | (19,992) | (32,961) |
| Netting | (4,261) | (32,961) |
| At 31 December | 4,639,332 | 3,973,465 |

7. RESTRICTED CASH

Restricted cash, in terms of creating an appropriate liquidation fund, represents cash in tenge in a bank account to fulfil obligations for the future site restoration, in accordance with the Subsoil Use Contract, the Company is obliged to accumulate cash in a special bank account for the relevant purposes. The management of the Company does not intend to use this cash with a restriction on withdrawal until liquidation of the wells. In 2024, interest on accounts restricted in use was accrued at a rate of 10.5% per annum (2023: 10.5%).

8. LOAN ISSUED

In 2018, the Company provided loans to North Caspian Petroleum JSC in the total amount of 1,684,231 thousand tenge at the rate of 9% per annum. Under the supplementary agreement dated 31 December 2019, repayment of the loan and payment of interest on each loan shall be paid by the borrower within 30 days after receiving an official written request for repayment from the Company. In 2024, the Company, North Caspian Petroleum JSC and Hong Kong Sino-Science International Oil & Gas Investment Group Company Limited signed a tripartite agreement where loans given by the Company to North Caspian Petroleum JSC were offset by loans payable to Hong Kong Sino-Science International Oil & Gas Investment Group Company Limited. The Company reversed the provision created in previous periods for expected credit losses related to loans issued to North Caspian Petroleum JSC.

The movement in the loans issued for the years ended 31 December 2024 and 2023 was as follows:

| <i>In thousands of tenge</i> | 1 January 2024 | Interest accrued for the year (Note 17) | Reversal of ECL allowance (Note 16) | Withholding Tax | Offset (Note 13) | 31 December 2024 |
|------------------------------|---------------------------|--|--|----------------------------|-----------------------------|-----------------------------|
| Short-term loans | - | 78,201 | 1,520,951 | (86,036) | (1,513,116) | - |
| | - | 78,201 | 1,520,951 | (86,036) | (1,513,116) | - |

NOTES TO THE FINANCIAL STATEMENTS (continued)**8. LOAN ISSUED (continued)**

| <i>In thousands of tenge</i> | 1 January 2023 | Interest accrued for the year (Note 17) | Accrual of ECL allowance (Note 16) | Withholding Tax | Offset (Note 13) | 31 December 2023 |
|------------------------------|-------------------|--|---|--------------------|---------------------|---------------------|
| Short-term loans | 230,000 | 93,584 | (323,584) | - | - | - |
| | 230,000 | 93,584 | (323,584) | - | - | - |

9. TRADE ACCOUNTS RECEIVABLE

| <i>In thousands of tenge</i> | 31 December 2024 | 31 December 2023 |
|------------------------------|---------------------|---------------------|
| Trade accounts receivable | 325,945 | 137,524 |
| | 325,945 | 137,524 |

In 2024, the Company provided property storage services in its own warehouses for Loong Sapphire International Operation Group LLP and Qinglong Oil Technology and Engineering Company LLP. Trade receivables as at 31 December 2024 amounted to 136,592 thousand tenge and 189,353 thousand tenge, respectively (31 December 2023: for Loong Sapphire International Operation Group LLP and Qinglong Oil Technology and Engineering Company LLP. Trade receivables as at 31 December 2023 amounted to 31,099 thousand tenge and 106,425 thousand tenge, respectively).

10. CASH AND CASH EQUIVALENTS

As at 31 December 2024 and 2023 cash and cash equivalents comprised the following:

| <i>In thousands of tenge</i> | 31 December 2024 | 31 December 2023 |
|------------------------------|---------------------|---------------------|
| Bank accounts in tenge | 9,065 | 380 |
| Bank accounts in USD | 1,832 | 20,865 |
| Total | 10,897 | 21,245 |

Current accounts with banks are non-interest bearing. The table below shows the analysis of credit ratings of bank institutions where the Company holds cash balances as at the reporting date.

| <i>In thousands of tenge</i> | Standard and Poor's and Fitch | 31 December 2024 | 31 December 2023 |
|------------------------------|----------------------------------|---------------------|---------------------|
| Bank CenterCredit JSC | BB/Positive | 10,897 | 21,245 |
| Total | | 10,897 | 21,244 |

11. SHARE CAPITAL

As at 31 December 2024 and 2023, the charter capital of the Company amounted to 283,780 thousand tenge and was fully formed and paid. On 4 September 2019, the Company was reorganised from a limited liability partnership into a Joint Stock Company. In reorganisation, additional paid-in capital in the amount of 34,957,358 thousand tenge was transferred to the share capital and accumulated loss of the Joint Stock Company.

During 2019 authorized share capital was increased by 283,780 thousand tenge through issue of 1,000,000 ordinary shares with nominal value 283,78 tenge each.

NOTES TO THE FINANCIAL STATEMENTS (continued)**12. ABANDONMENT AND SITE RESTORATION PROVISION**

| <i>In thousands of tenge</i> | 2024 | 2024 |
|-----------------------------------|-----------------|-------------|
| At 1 January | 245,827 | 135,689 |
| Additional provision for the year | 38,029 | 86,601 |
| Changes in estimates (Note 5) | (39,371) | 1,741 |
| Unwinding of discount (Note 17) | 39,488 | 21,796 |
| At 31 December | 283,973 | 245,827 |

Asset retirement obligations consist of provisions for future site restoration and relate to liabilities under the Contract for the recovery of a hydrocarbon field to its initial condition. Mainly, these expenditures will be incurred by the end of the useful life of wells. The volume and cost of future recovery programs will be difficult to estimate. They depend on the estimated useful life of wells, volume of possible contamination, timeline and volume of rehabilitation measures.

13. LOANS AND BORROWINGS

| <i>In thousands of tenge</i> | Interest rate | Currency | Maturity | 31 December 2024 | 31 December 2023 |
|---|----------------------|-----------------|---------------------|-----------------------------|---------------------|
| Short-term loans | | | | | |
| Sino-Science Netherlands Petroleum B.V. | 0% | tenge | On demand | 20,738,492 | 20,738,492 |
| Kozhan JSC | 15% | tenge | On demand | 5,073,993 | 4,738,967 |
| Sino-Science Netherlands Energy Group B.V. | 0% | tenge | On demand | 570,663 | 570,663 |
| Financial assistance from employees | 0% | tenge | On demand | 21,856 | 21,856 |
| Hong Kong Sino-Science International Oil & Gas Investment Group Company Limited | 8% | USD | On demand | - | 1,629,257 |
| Total short-term loans | | | | 26,405,004 | 27,699,235 |
| Long-term loans | | | | | |
| Hong Kong Sino-Science International Oil & Gas Investment Group Company Limited | 8% | USD | 31 December 2026 | 14,499,718 | 13,250,486 |
| Hong Kong Sino-Science International Oil & Gas Investment Group Company Limited | 8% | USD | 31 December 2027 | 6,413,176 | - |
| Sino-Science Netherlands Petroleum B.V. | 8% | USD | 31 December 2026 | 3,598,111 | 2,949,006 |
| Total long-term loans | | | | 24,511,005 | 16,199,492 |
| Total loans | | | | 50,916,009 | 43,898,727 |

The movement in loans given for the year ended 31 December 2024 and 2023 was as follows:

| <i>In thousands of tenge</i> | 1 January 2024 | Loans received/ (Offset) | Interest accrued for the year | Change in reclassifica- tion | Change in foreign currencies | 31 December 2024 |
|------------------------------|---------------------------|---|--|---|---|---------------------------------|
| Short-term loans | 27,699,235 | 3,869,385 | 591,510 | (6,413,176) | 658,050 | 26,405,004 |
| Long-term loans | 16,199,492 | (1,513,116) | 955,484 | 6,413,176 | 2,455,969 | 24,511,005 |
| | 43,898,727 | 2,356,269 | 1,546,994 | - | 3,114,019 | 50,916,009 |
| <i>In thousands of tenge</i> | 1 January 2023 | Loans received | Interest accrued for the year | Change in reclassifica- tion | Change in foreign currencies | 31 December 2023 |
| Short-term loans | 41,235,628 | 431,873 | 472,588 | (14,420,607) | (20,247) | 27,699,235 |
| Long-term loans | 1,112,286 | - | 942,395 | 14,420,607 | (275,796) | 16,199,492 |
| | 42,347,914 | 431,873 | 1,414,983 | - | (296,043) | 43,898,727 |

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. LOANS AND BORROWINGS (continued)**Sino-Science Netherlands Petroleum B.V.**

The loans were received from Sino-Science Netherlands Petroleum B.V., under a loan agreement dated October 11, 2011 and a loan agreement dated April 22, 2013, with a fixed interest rate of 8% in the amount of 142,070 thousand USD (equivalent to 74,379,328 thousand tenge as of December 31, 2024) and 6,645 thousand USD (equivalent to 3,478,923 thousand tenge as of December 31, 2024), respectively. In October 2014, the Company entered into an additional agreement to the General Agreement with Sino-Science Netherlands Petroleum B.V. to increase the loan amount in the amount of 85,000 thousand USD (equivalent to 44,500,900 thousand tenge as of December 31, 2024). The original maturity of the loan was December 31, 2017, which was extended on November 10, 2017 until December 31, 2024.

On December 31, 2018, an assignment agreement was concluded on the transfer of rights to claim the principal amount of the loan from Sino Science Netherlands Petroleum B.V. to Hong Kong Sino-Science International Oil & Gas Investment Group Company in the amount of 19,000 thousand USD (equivalent to 9,947,260 thousand tenge as of December 31, 2024).

On 31 December 2018, a supplementary agreement was concluded to the loan agreement dated 11 October 2011 and the loan agreement dated 22 April 2013. The following changes have been made:

- The term of the principal amount of the loan is defined as unlimited, the Company has right to repay the loan in one or several tranches at any time that is convenient to the Company by notifying the Sino-Science Netherlands Petroleum B.V. in writing in advance, one banking day before the date of repayment of the loan;
- The loan under the loan agreement is provided to the Company free of charge, and no interest for using the loan by Sino-Science Netherlands Petroleum B.V. is charged from 31 December 2018;
- Change of currency of the loan agreement from USD to tenge;
- Accumulated interest is payable upon the lender's request.

Upon signing supplementary agreements, the principal debt to the parent company was reclassified to the Company's equity as additional paid-in capital (*Note 11*).

As at 31 December 2024, the loan amounted to 20,738,492 thousand tenge (2023: 20,738,492 thousand tenge), the fair value of the loan approximates the carrying value of the loan.

On May 31, 2019, the Company entered into a non-revolving credit line agreement with Sino Science Netherlands Petroleum B.V. to obtain borrowed funds in the amount of 4,800 thousand USD (equivalent to 2,512,992 thousand tenge as of December 31, 2024) (2023: equivalent of 2,181,888 thousand tenge), with a maturity until December 31, 2026.

During 2023, the Company entered into an additional agreement as a result of which the repayment period was extended to December 31, 2026. During 2024 and 2023, the Company accrued but did not pay interest in the amount of 318,002 thousand tenge and 175,329 thousand tenge, respectively.

According to the loan agreement with Sino-Science Netherlands Petroleum B.V., the Company has non-financial covenants. As of December 31, 2024 and 2023, the Company has no outstanding covenants.

Sino-Science Netherlands Energy Group B.V.

On December 18, 2015, the Company entered into a non-revolving credit line agreement with Sino Science Netherlands Energy Group B.V. in order to obtain borrowed funds in the amount of 50,000 thousand USD (equivalent to 26,177,000 thousand tenge at the tenge exchange rate as of December 31, 2024) with fixed interest rate of 8% and maturity until December 31, 2024. Loans are denominated in USD.

In 2018, the Company additionally received 463 thousand USD (equivalent to 242,399 thousand tenge at the tenge exchange rate as of December 31, 2024).

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. LOANS AND BORROWINGS (continued)**Sino-Science Netherlands Energy Group B.V. (continued)**

On 31 December 2018, a supplementary agreement was concluded to the loan agreement dated 18 December 2015. The following changes have been made:

- The term of the principal amount of the loan is defined as unlimited, the Company has right to repay the loan in one or several tranches at any time that is convenient to the Company by notifying the Sino-Science Netherlands Petroleum B.V. in writing in advance, one banking day before the date of repayment of the loan;
- The loan under the loan agreement is provided to the Company free of charge, and no interest for using the loan by Sino-Science Netherlands Energy Group B.V. is charged from 31 December 2018;
- Change of currency of the loan agreement from USD to the national currency of the Republic of Kazakhstan, i.e., tenge;
- Repayment date changed upon the lender's request;
- Accumulated interest is payable upon the lender's request.

Upon signing supplementary agreements, the principal debt to the parent company was reclassified to the Company's equity as additional paid-in capital.

As at 31 December 2024, the loan amounted to 570,663 thousand tenge (2023: 570,663 thousand tenge), the fair value of the loan approximates its carrying value.

According to the loan agreement with Sino-Science Netherlands Energy Group B.V., the Company has non-financial covenants. As at 31 December 2024 and 2023, the Company has no outstanding covenants.

Kozhan JSC

On 9 March 2017, a short-term agreement was signed between the Company and Kozhan JSC to provide a non-revolving credit line for a total amount of 5,000,000 thousand tenge, with a repayment period until 9 March 2018. The interest rate on the loan is fixed – 18% per annum. In 2018, the Company entered into an additional contract to extend the repayment period until 9 March 2019. In 2019, the Company entered into an additional agreement to extend the repayment period until 16 June 2020. In 2020, the Company entered into an additional agreement to extend the repayment period until 16 June 2021. In 2021, the Company entered into an additional agreement to extend the repayment period until 16 June 2022. In 2022, the Company entered into an additional agreement to extend the repayment period until 16 June 2023. Pursuant to an additional agreement dated 15 June 2023, repayment of the loan and payment of interest on the loan must be paid by the borrower within 30 days after receiving a formal written request for repayment from the Company and the interest rate on the loan is changed from 18% to 15%. As of 31 December 2024, the loan amount is 5,073,993 thousand tenge (2023: 4,738,968 thousand tenge). During 2024 and 2023, the Company accrued but did not pay interest in the amount of 335,023 thousand tenge and 367,243 thousand tenge, respectively.

Hong Kong Sino-Science International Oil & Gas Investment Group Company Limited

On December 31, 2018, an assignment agreement was concluded on the transfer of rights to claim the principal amount of the loan from Sino Science Netherlands Petroleum B.V. to Hong Kong Sino-Science International Oil & Gas Investment Group Company in the amount of 19,000 thousand USD (equivalent to 9,947,260 thousand tenge as of December 31, 2024) (2023: equivalent to 8,636,640 thousand tenge). In 2024, the Company entered into an additional agreement as a result of which the repayment period was extended until December 31, 2026. In 2024, the Company, North Caspian Petroleum JSC and Hong Kong Sino-Science International Oil & Gas Investment Group Company Limited signed a tripartite agreement where loans given to the Company to North Caspian Petroleum JSC were offset by loans payable to Hong Kong Sino-Science International Oil & Gas Investment Group Company Limited.. During 2024 and 2023, the Company accrued but did not pay interest in the amount of 1,301,100 thousand tenge and 694,011 thousand tenge, respectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)**13. LOANS AND BORROWINGS (continued)****Hong Kong Sino-Science International Oil & Gas Investment Group Company Limited (continued)**

On January 10, 2020, the Company entered into a loan agreement with Hong Kong Sino-Science International Oil & Gas Investment Group Company Limited in order to obtain borrowed funds in the amount of 2,000 thousand USD. As of December 31, 2024, the Company received borrowed funds under the loan agreement in the amount of 2,000 thousand USD (equivalent to 1,047,080 thousand tenge as of December 31, 2024) (2023: equivalent to 909,120 thousand tenge) with a fixed interest rate of 8% and repayment period until December 31, 2023. In 2023, the Company entered into an additional agreement, as a result of which the loan repayment period was extended until December 31, 2026. During 2024 and 2023, the Company accrued but did not pay interest in the amount of 121,370 thousand tenge and 73,055 thousand tenge, respectively.

On June 17, 2021, the Company entered into a loan agreement with Hong Kong Sino-Science International Oil & Gas Investment Group Company Limited to obtain borrowed funds in the amount of 700 thousand USD. As of December 31, 2024, the Company received borrowed funds under the loan agreement in the amount of 641 thousand USD (equivalent to 335,589 thousand tenge as of December 31, 2024) (2023: equivalent of 291,279 thousand tenge) with a fixed interest rate of 8% and maturity until December 31, 2024. During 2024 and 2023, the Company accrued but did not pay interest in the amount of 35,639 thousand tenge and 23,406 thousand tenge, respectively.

On August 31, 2021, the Company entered into a loan agreement with Hong Kong Sino-Science International Oil & Gas Investment Group Company Limited to obtain borrowed funds in the amount of 3,000 thousand USD.

In 2024 and 2023, the Company received borrowed funds under the loan agreement in the amount of 291 thousand USD and 949 thousand USD, respectively (equivalent to 1,484,759 thousand tenge at the tenge exchange rate as of December 31, 2024) with a fixed interest rate of 8% and maturity until December 31, 2027 (2023: equivalent to 1,170,355 thousand tenge at the tenge exchange rate as of December 31, 2023). Loans are denominated in USD.

During 2024 and 2023, the Company accrued but did not pay interest in the amount of 135,919 thousand tenge and 81,938 thousand tenge, respectively. On April 10, 2023, the Company entered into a loan agreement with Hong Kong Sino-Science International Oil & Gas Investment Group Company, Ltd for the purpose of financing operations in the amount of 22,000 thousand USD (equivalent to 11,517,880 thousand tenge at the tenge exchange rate as of December 31, 2024) with fixed interest rate of 8% and maturity until December 31, 2027. As of December 31, 2024, the Company accrued but did not pay interest in the amount of 133,563 thousand tenge.

14. ACCOUNTS PAYABLE AND OTHER DEBTS

| <i>In thousands of tenge</i> | 31 December 2024 | 31 December 2023 |
|-----------------------------------|-----------------------------|---------------------|
| Accounts payable to third parties | 21,970,146 | 19,983,092 |
| | 21,970,146 | 19,983,092 |

Trade and other payables mostly represented payables for drilling services that are due within the next 12 months. As of 31 December 2024 and 2023 accounts payable were denominated in tenge.

15. OTHER CURRENT LIABILITIES

| <i>In thousands of tenge</i> | 31 December 2024 | 31 December 2023 |
|---|-----------------------------|---------------------|
| Provision for fines and penalties | 223,286 | 322,524 |
| Contract performance guarantees paid by suppliers | 155,486 | 154,141 |
| Provision for unused vacations | 13,364 | 13,032 |
| Other | 18,210 | 84,731 |
| Total | 410,346 | 574,428 |

As of 31 December 2024 and 2023, the provision for fines and penalties mainly represents a provision for failure to fulfil contractual obligations to Anton Oilfield International Company Limited Branch in the amount of 223,286 thousand tenge. During 2023, the Company recognized fines for excess emissions of gas in the amount of 99,238 thousand tenge. In 2024, the Company fully settled the obligation previously recognized in 2023. As of December 31, 2024 and 2023, contract performance guarantees by suppliers represents advance payments of 3% of the contract amount provided by suppliers during the provision of services. Upon completion of the work, the guarantees are returned to the suppliers.

NOTES TO THE FINANCIAL STATEMENTS (continued)**16. GENERAL AND ADMINISTRATIVE EXPENSES**

| <i>In thousands of tenge</i> | 2024 | 2023 |
|---|--------------------|----------------|
| Non-refundable auction fee | 147,015 | – |
| Payroll and related taxes | 105,614 | 93,421 |
| Listing fees | 44,544 | – |
| Rent expenses | 36,763 | 30,554 |
| Business trip expenses | 34,030 | 20,020 |
| Transportation expenses | 18,033 | 37,585 |
| Consulting services | 17,854 | 17,907 |
| Tax payments and charges | 4,413 | 8,762 |
| Office expenses | 3,907 | 1,247 |
| Lodging of employees | 3,095 | 5,593 |
| Telecommunication services | 2,053 | 1,226 |
| Insurance | 789 | 366 |
| Accrual of unused vacation allowance | 332 | 3,817 |
| Depreciation and amortization | 323 | 243 |
| Bank charges | 222 | 606 |
| Recovery/accrual of provision for expected credit losses (Note 8) | (1,520,951) | 323,584 |
| Other | 16,420 | 24,095 |
| Total | (1,085,544) | 569,026 |

The audit fee charged for 2024 to the Company by all EY member firms was 26,159 thousand tenge, net of VAT. In 2024, EY did not provide any non-audit services (2023: 17,703 thousand tenge, net of VAT, non-audit services were not provided).

17. FINANCE INCOME / COSTS

| <i>In thousands of tenge</i> | 2024 | 2023 |
|--|---------------|----------------|
| Interest income on loans issued (Note 8) | 78,201 | 93,584 |
| Interest income on restricted cash | 20,276 | 20,277 |
| Finance income | 98,477 | 113,861 |

| <i>In thousands of tenge</i> | 2024 | 2023 |
|---|-----------------|-----------------|
| Unwinding of discount on abandonment and site restoration provision (Note 12) | (39,488) | (21,796) |
| Finance costs | (39,488) | (21,796) |

18. INCOME TAX EXPENSE

The Company is subject to income tax of 20% on taxable profit as determined under the laws of the Republic of Kazakhstan. Income tax expense for the years ended 31 December 2024 and 2023 is as follows:

| <i>In thousands of tenge</i> | 2024 | 2023 |
|------------------------------|---------------|---------------|
| Current income tax expense | 84,019 | 75,344 |
| Deferred income tax expense | – | – |
| Income tax expenses | 84,019 | 75,344 |

NOTES TO THE FINANCIAL STATEMENTS (continued)**18. INCOME TAX EXPENSE (continued)**

A reconciliation of income tax expense applicable to profit/loss before tax at the statutory income tax rate to current income tax expense was as follows for the years ended 31 December 2024 and 2023:

| <i>In thousands of tenge</i> | 2024 | 2023 |
|---|--------------------|----------|
| Profit/(loss) before taxes | (1,621,147) | 90,261 |
| Statutory tax rate | 20% | 20% |
| Theoretical income tax benefit at the statutory tax rate | (324,229) | 18,052 |
| Change in unrecognised deferred tax assets | 218,030 | 74,685 |
| Non-deductible foreign exchange differences | 166,724 | – |
| Other differences | 23,494 | (17,393) |
| | 84,019 | 75,344 |

Deferred tax balances are calculated by applying the income tax rates in effect at the respective balance sheet dates to the temporary differences between the tax basis of assets and liabilities and the amounts reported in the financial statements. Tax losses carried forward as at 31 December 2024 per tax legislation of the Republic of Kazakhstan applied by the Company expire for tax purposes 10 (ten) years from the date they are incurred.

| <i>In thousands of tenge</i> | 31 December 2024 | Charged to statement of comprehen- sive income | 31 December 2023 | Charged to statement of comprehen- sive income | 1 January 2023 |
|-----------------------------------|-----------------------------|---|---------------------|---|-------------------|
| Deferred tax assets | | | | | |
| Exploration and evaluation assets | 4,688,912 | 514,523 | 4,174,389 | (12,822) | 4,187,211 |
| Long-term VAT recoverable | 80,713 | – | 80,713 | – | 80,713 |
| Accounts payable and other debts | 1,247,714 | – | 1,247,714 | – | 1,247,714 |
| Asset retirement obligations | 56,795 | 7,630 | 49,165 | 22,027 | 27,138 |
| Provision for unused vacations | 2,673 | 67 | 2,606 | 763 | 1,843 |
| Loans issued | – | (304,190) | 304,190 | 64,717 | 239,473 |
| Deferred tax assets | 6,076,807 | 218,030 | 5,858,777 | 74,685 | 5,784,092 |
| Deferred tax asset provisions | (6,076,807) | (218,030) | (5,858,777) | (74,685) | (5,784,092) |
| Deferred tax assets, net | – | – | – | – | – |

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management is the important element of the Company's activities. The Company's operations are associated with risks, including liquidity risk, interest rate risk, currency risk and operational risk. The risk management policies of the Company are described as follows:

Capital Management

The Company manages its capital in order to continue to adhere to the principle of going concern while maximizing returns for stakeholders by optimizing the debt and equity balance.

The Company's capital management is strictly dependent on the participants' capital management strategy. Most capital management decisions are made in consultation with the relevant member committees. To maintain or adjust the capital structure, members may make contributions to the Company's capital, undertake debt financing from related parties or authorize the Company to obtain debt financing from third parties by providing guarantees for all significant external borrowings.

NOTES TO THE FINANCIAL STATEMENTS (continued)**19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****The main categories of financial instruments**

The Company's principal financial liabilities comprise borrowings, accounts payable and other debts. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company also has various financial assets such as accounts receivable, cash and cash equivalents.

| <i>In thousands of tenge</i> | 31 December 2024 | 31 December 2023 |
|--|-----------------------------|---------------------|
| Financial assets | | |
| Restricted cash (Note 7) | 193,109 | 193,109 |
| Financial assets | 99,993 | – |
| Cash and cash equivalents (Note 10) | 10,897 | 21,245 |
| Total | 303,999 | 214,354 |
| Financial liabilities | | |
| Loans (Note 13) | 50,916,009 | 43,898,727 |
| Accounts payable and other debts (Note 14) | 21,970,146 | 19,983,092 |
| Contract liabilities (Note 15) | 155,486 | 154,141 |
| Total | 73,041,641 | 64,035,960 |

Fair value of financial instruments

The carrying amount of all financial assets and liabilities are estimated to be approximately equal to their fair value as at 31 December 2024 and 2023.

Set out below is a comparison by class of the carrying amounts and fair values of the Company's financial assets and liabilities that are not carried at fair value in the statement of financial position. The table does not include the fair values of non-financial assets and liabilities.

| <i>In thousands of tenge</i> | Carrying amount 2024 | Fair value 2024 | Carrying amount 2023 | Fair value 2023 |
|----------------------------------|---------------------------------|----------------------------|-------------------------|--------------------|
| Assets | | | | |
| Restricted cash | 193,109 | 193,109 | 193,109 | 193,109 |
| Financial assets | 99,993 | 99,993 | – | – |
| Cash and cash equivalents | 10,897 | 10,897 | 21,245 | 21,245 |
| Total | 303,999 | 303,999 | 214,354 | 214,354 |
| Liabilities | | | | |
| Loans | 50,916,009 | 50,916,009 | 43,898,727 | 43,898,727 |
| Accounts payable and other debts | 21,970,146 | 21,970,146 | 19,983,092 | 19,983,092 |
| Contract liabilities | 155,486 | 155,486 | 2,672,250 | 2,672,250 |
| Total | 73,041,641 | 73,041,641 | 66,554,069 | 66,554,069 |
| Net | (72,737,642) | (72,737,642) | (66,339,715) | (66,339,715) |

Credit risk

Credit risk is the risk that one party with financial instrument will not be able to fulfil an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk from its operating activities and certain investing activities. The Company places deposits with Kazakh banks (Notes 7 and 10). The Company's management reviews credit ratings of this bank periodically to eliminate extraordinary credit risk exposure. The Company's management believes that the recent international credit crisis and subsequent changes in credit rating of local banks does not justify extraordinary credit risk.

NOTES TO THE FINANCIAL STATEMENTS (continued)**19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Interest rate risk**

The interest rate on loans is fixed. Therefore, as at 31 December 2024, income and cash flows from the principal activities of the Company are not exposed to changes in market interest rate. The Company's policy is to capitalise all borrowing costs eligible for capitalisation.

Currency risk

The Company is exposed to foreign currency risk with respect to loans denominated in currency other than tenge. USD is the main currency that causes such risk. The Company does not hedge the currency risk exposure, at the same time the management attempts to reduce this risk through management of monetary assets and liabilities in foreign currency at the same (more or less stable) level.

Below is the carrying amount of monetary assets and liabilities of the Company denominated in foreign currency as at the reporting date:

| <i>In thousands of tenge</i> | 31 December 2024 | 31 December 2023 |
|-------------------------------------|-----------------------------|---------------------|
| Assets | | |
| Cash and cash equivalents (Note 10) | 10,897 | 20,865 |
| Total | 10,897 | 20,865 |
| Liabilities | | |
| Loans (Note 13) | 24,511,005 | 17,828,746 |
| Total | 24,511,005 | 17,828,746 |
| Net position | (24,500,108) | (17,807,881) |

The sensitivity analysis with respect to foreign currency

The Company is exposed mainly to USD / tenge exchange rate risk. The following table details the sensitivity to a 9.00% and (7.34%) increase or decrease in USD against tenge for 2024 (2022: 14.15% and (14.15%)). The sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes assets and liabilities expressed in foreign currency at the end of the reporting date.

| | For the year ended 31 December 2024 | | For the year ended 31 December 2023 | |
|-----------------------------|--|------------------------------|--|-------------------|
| | tenge/USD +14.15% | tenge/USD -14.15% | tenge/USD +21% | tenge/USD -21% |
| Effect on net (loss)/profit | (2,205,010) | 1,798,308 | (2,519,815) | 2,519,815 |

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations when due. The Company's liquidity position is carefully managed and controlled. The Company has in place a detailed budgeting and cash forecasting process to help ensure that it has adequate cash available to meet its payment obligations.

Operational risk

Operational risk is the risk to sustain financial losses as the result of business interruption and possible damage for the Company's property as the result of natural disasters and technological emergencies.

As at 31 December 2024 the Company's management believes that the Company has sufficient number of insurance policies with respect to civil liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)**19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Maturity of financial liabilities**

The table below analyses the Company's financial liabilities which will be settled on a gross basis into relevant maturity groups based on the remaining period at the reporting date to the contractual maturity date.

| <i>In thousands of tenge</i> | Less than 3 months | 3 to 12 months | 1 to 5 years | Total |
|----------------------------------|---------------------------|-----------------------|---------------------|-------------------|
| As at 31 December 2024 | | | | |
| Loans | 26,405,004 | – | 24,511,005 | 50,916,009 |
| Accounts payable and other debts | 21,970,146 | – | – | 21,970,146 |
| Total | 48,375,150 | – | 24,511,005 | 72,886,155 |
| As at 31 December 2023 | | | | |
| Loans | 26,048,124 | 1,861,799 | 19,026,678 | 46,936,601 |
| Accounts payable and other debts | 19,983,092 | – | – | 19,983,092 |
| Total | 46,031,216 | 1,861,799 | 19,026,678 | 66,919,693 |

20. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party, is jointly controlled or may exercise significant influence over or jointly control the other party in making operational and financial decisions. In considering each possible related party relationship, attention is directed to the nature of the relationship, and not merely the legal form. The ultimate controlling party of the Company is disclosed in *Note 1*.

The nature of the related party relationships for those related parties with whom the Company entered into significant transactions or had significant balances outstanding at 31 December 2024 and 2023 are detailed below:

As at 31 December 2024 balances of transactions with related parties are presented below:

| <i>In thousands of tenge</i> | Notes | Entities under common control | Parent |
|------------------------------|--------------|--------------------------------------|---------------|
| Loans issued | 8 | – | – |
| Loans obtained | 13 | 50,916,009 | – |

As at 31 December 2023 balances of transactions with related parties are presented below:

| <i>In thousands of tenge</i> | Notes | Entities under common control | Parent |
|------------------------------|--------------|--------------------------------------|---------------|
| Loans issued | 8 | – | – |
| Loans obtained | 13 | 43,898,727 | – |

Transactions with related parties as at 31 December 2024:

| <i>In thousands of tenge</i> | Notes | Entities under common control | Parent |
|------------------------------|--------------|--------------------------------------|---------------|
| Interest receivable accrued | 8 | 78,201 | – |
| Interest payable accrued | 13 | 1,546,994 | – |

Transactions with related parties as at 31 December 2023:

| <i>In thousands of tenge</i> | Notes | Entities under common control | Parent |
|------------------------------|--------------|--------------------------------------|---------------|
| Interest receivable accrued | 8 | 93,584 | – |
| Interest payable accrued | 13 | 1,414,983 | – |

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. RELATED PARTY BALANCES AND TRANSACTIONS (continued)**Compensation to the key management personnel**

Salaries and related taxes of the key management in 2024 and 2023 amounted to 48,617 thousand tenge and 48,731 thousand tenge, respectively. As at 31 December 2024, key management personnel consists of two directors. (31 December 2023: two directors).

21. CONTINGENT AND CONTRACTUAL COMMITMENTS**Operating environment**

Economic reforms and the development of legal, tax and administrative infrastructure that would meet the requirements of a market economy continue in Kazakhstan. The future stability of the Kazakh economy will largely depend on the progress of these reforms, as well as on the effectiveness of the government's economic, financial and monetary policy measures.

Tax legislation

Kazakhstan tax laws and regulations are subject to constant change and varying interpretations. There are often differences of opinion between local, regional and national tax authorities, including differences in approaches to the recognition of income, expenses and other items in financial statements under IFRS. The currently applied system of fines and penalties for detected offenses based on the laws in force in Kazakhstan is very severe. Due to the uncertainties inherent in the Kazakhstan tax system, the potential amount of taxes, penalties and interest, if any, could exceed the amount expensed to date and accrued at December 31, 2024. Management believes that, as of December 31, 2024, its interpretation of applicable law is appropriate and it is probable that the Company's tax position will be sustained other than to the extent that provisions have been accrued or disclosed in these financial statements.

Legal actions and claim

The Company was subject to legal proceedings and complaints, none of which, individually or collectively, had a significant adverse effect on the Company. Management believes that resolution of all these matters will not have a material impact on the Company's financial position or results of operations.

Environmental matters

The Company conducts relevant evaluation in order to comply with current environmental legislation and regulations of the Republic of Kazakhstan. However, recent environmental laws and regulations have been enacted, the interpretation and application of which are at the discretion of local environmental authorities and other regulatory authorities. Failure to comply with the laws and regulations of the Republic of Kazakhstan may result in the imposition of significant penalties and interest. Potential liabilities that may arise from changes in existing regulations or laws are not estimable but could be significant. However, based on its current interpretation of applicable law, management believes that the Company does not have any material liabilities that would have a material adverse effect on the Company's results of operations or financial condition in addition to the amounts already accrued and recognized in these financial statements.

Contractual commitments

The Company fulfilled its commitments to drill 3 (three) wells as of 31 December 2024 (2023: 7 (seven) wells).

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. CONTINGENT AND CONTRACTUAL COMMITMENTS (continued)**Social project commitments**

Upon starting production, the Company user is obligated to annually:

- finance the training of Kazakhstani personnel in the amount of one percent of the production costs incurred by the subsoil user during the hydrocarbon production period, based on the results of the previous year;
- finance the socio-economic development of the region and the development of its infrastructure in the amount of one percent of the investments under the subsoil use contract during the hydrocarbon production period, based on the results of the previous year;
- finance research, scientific and technical, and/or experimental design works in the amount of one percent of the production costs incurred by the subsoil user during the hydrocarbon production period, based on the results of the previous year.

Work program

In accordance with the subsurface use contract, the Company is required to carry out a minimum exploration work program. Exploration work program is included in the annual budget approved by the Company. The amount of the approved work program for exploration activities of the Company for 2024-2025 is for amount of 3,263,680 thousand tenge. As at 31 December 2024, the Company has fulfilled its obligations under the exploration work program in the amount of 4,934,555 thousand tenge.

22. SUBSEQUENT EVENTS

On 17 February 2025, the Company signed an addendum to Contract No. 2433 dated 27 July 2007, under which the exploration period for test production at Asa, Kendirlik, Ortalyk, Oppak, and Tamgalytar fields was extended until 15 October 2026.