



SEMI-ANNUAL REPORT 2025

Approved by the Executive Body of JSC Sozak Oil and Gas

1. General Information about the Issuer

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 a limited liability partnership on 4 September 2019. The Company was initially registered on 16 July 2001.

2. Main Activities

The Company conducts subsurface use operations within the following 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), located in the Turkestan region of the Republic of Kazakhstan in accordance with the Subsoil Use Contract No. 2433 dated 27 July 2007.

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.

3. The important events that have occurred during the first six months of the financial year, and their impact on the financial statements

On February 17, 2025, the Company extended the validity period of Subsoil Use Contract No. 2433, dated July 27, 2007, for trial operations at the Asa, Kendirlik, Ortalyk, Oppak, and Tamgalytar fields until October 15, 2026. This is a significant achievement for the Company in the first six months of the financial year and has had a positive impact on its financial statements.

4. Principal Risks and Uncertainties for the Second Half of 2025

Capital Management

The Company manages its capital to ensure going concern while maximizing stakeholder returns through an optimal debt and equity balance. Decisions are made in consultation with member committees.

Credit Risk

The Company is exposed to credit risk primarily from deposits with Kazakh banks. Management periodically reviews banks' credit ratings. Current exposure is not considered extraordinary.

Interest Rate Risk

The Company's borrowings carry fixed interest rates. Therefore, income and cash flows are not exposed to market rate fluctuations.

Currency Risk

Exposure arises mainly from USD-denominated loans. The Company does not hedge but balances monetary assets and liabilities in foreign currency at a relatively stable level.

Monetary position in foreign currency (thousand tenge):

	30 June 2025	31 December 2024
Assets		
Cash and cash equivalents	49.429	10.897
Total assets	49.429	10.897
Liabilities		
Loans	25.112.243	24.511,005
Total liabilities	25.112.243	24.511,005
Net position	(25.062.814)	(24.500.108)

Liquidity Risk

Liquidity is managed through detailed budgeting and cash forecasting to ensure obligations are met.

Operational Risk

Potential financial losses from natural disasters, technological failures or business interruptions are mitigated by insurance policies.

5. CONTINGENT AND CONTRACTUAL COMMITMENTS

Operating Environment

Kazakhstan continues reforms in legal, tax, and administrative systems. Stability of the economy depends on effectiveness of government policies.

Tax Legislation

Tax laws are subject to frequent change and varying interpretations. The risk of penalties and interest is significant, though management believes its tax position as of 30 June 2025 is appropriate.

Legal Proceedings

The Company has been subject to legal proceedings and complaints, none of which had a material adverse effect.

Environmental Matters

The Company complies with environmental regulations; however, changes in law may result in potential liabilities. Management believes no material liabilities exist beyond those already accrued.

6. Financial Review

Here is the scanned copy of the Company's semi-annual financial statements for 2025

7. Interim management report and associated responsibility statements

In the first six months of 2025, the Company successfully extended the validity period of Subsoil Use Contract No. 2433, dated July 27, 2007, for trial operations at the Asa, Kendirlik, Ortalyk, Oppak, and Tamgalytar fields until October 15, 2026, which is expected to positively impact for the activities of the Company.

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.

It confirms that, to the best of its knowledge:

- the semi-annual financial statements give a true and fair view of the assets, liabilities, financial position, and results of the Company;
- this report includes a fair review of important events during the first six months of 2025, their impact on the financial statements, and the principal risks and uncertainties for the remaining six months of the year.

Sozak Oil and Gas JSC

Interim condensed financial statements

*As at and for the six months
ended 30 June 2025*

(unaudited)

CONTENTS

Interim condensed financial statements

Interim statement of financial position..... 1
Interim statement of comprehensive loss 2
Interim statement of changes in equity 3
Interim statement of cash flows 4
Notes to the interim condensed financial statements.....5-7

INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2025

<i>In thousands of tenge</i>	30 June 2025	31 December 2024
Assets		
Non-current assets		
Exploration and evaluation assets	65 259 073	63 194 247
Property plant and equipment	18 147	16 765
Long-term VAT recoverable	4 793 390	4 639 332
Restricted cash	193 109	193 109
Total non-current assets	70 263 718	68 043 453
Current assets		
Other current assets	124 607	124 337
Short-term VAT recoverable		19 992
Trade accounts receivable	297 593	325 945
Cash and cash equivalents	49 429	10 897
Total current assets	471 629	481 171
Total assets	70 735 348	68 524 624
Equity and liabilities		
Equity		
Share capital	283 780	283 780
Accumulated loss	(5 274 096)	(5 339 630)
Total equity	(4 990 316)	(5 055 850)
Non-current liabilities		
Abandonment and site restoration provision	283 973	283 973
Long-term loans	25 112 243	24 511 005
Total non-current liabilities	25 396 217	24 794 978
Current liabilities		
Accounts payable and other debts	23 143 993	21 970 146
Loans	26 777 389	26 405 004
Other current liabilities	408 064	410 346
Total current liabilities	50 329 447	48 785 496
Total equity and liabilities	70 735 348	68 524 624

General Director

Chief accountant



Liu Wei

Alma Koshekbayeva

The notes on pages 5 to 7 are an integral part of these interim condensed financial statements.

INTERIM STATEMENT OF COMPREHENSIVE LOSS**For the six months ended 30 June 2025**

<i>In thousands of tenge</i>	30 June 2025	30 June 2024
General and administrative expenses	(161 504)	(171 347)
Other income/expense	83 512	165 101
Operating loss	(77 992)	(6 246)
Finance income	10 138	56 802
Finance costs		
Net foreign exchange differences	133 388	(709 795)
Loss before taxes	65 534	(659 238)
Income tax expense		
Net loss for the year	65 534	(659 238)
Total comprehensive loss for the period, net of tax	65 534	(659 238)

General Director



Liu Wei

Chief accountant

Alma Koshekbayeva

INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

<i>In thousands of tenge</i>	Charter capital	Accumulated loss	Total
As at 1 January 2024	283 780	(3 634 464)	(3 350 684)
Net loss for the year		(1 705 166)	(1 705 166)
As at 31 December 2024	283 780	(5 339 630)	(5 055 850)
Net profit for the period		65 534	65 534
Total comprehensive loss for the period		65 534	65 534
As at 30 June 2025	283 780	(5 274 096)	(4 990 316)

General Director



Liu Wei

Chief accountant

Alma Koshekbayeva

INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

<i>In thousands of tenge</i>	30 June 2025	30 June 2024
Operating activities		
Profit/(loss) before taxes	65 534	(659 239)
<i>Adjustments to reconcile profit before tax to net cash flows</i>		
Depreciation and amortisation	221	152
Finance income	(10 138)	(56 802)
Finance costs		
Net foreign exchange difference	(133 388)	709 795
Accrual/(recovery) of unused vacation allowance	(2 852)	(621)
<i>Working capital adjustments:</i>		
Change in receivable and other current assets	(274)	(555)
Change in VAT recoverable	(134 065)	(349 830)
Change in other current liabilities	52 232	118 180
	(162 730)	(238 920)
Income tax paid		(72 303)
Interest received	10 138	10 138
Net cash flows used in operating activities	(152 592)	(301 085)
Investing activities		
Purchase of exploration and evaluation assets	(51 320)	(41 000)
Purchase of financial assets		(99 993)
Purchases of property plant and equipment	(1 603)	-
Net cash flows used in investing activities	(52 923)	(140 993)
Financing activities		
Proceeds from loans	244 019	441 618
Net cash flows from financing activities	244 019	441 618
Net increase/(decrease) in cash and cash equivalents	38 504	(460)
Net foreign exchange rate difference	28	528
Cash and cash equivalents as at 1 January	10 897	21 245
Cash and cash equivalents as at 31 December	49 429	21 313

General Director

Chief accountant



Liu Wei

Alma Koshekbayeva

The notes on pages 5 to 7 are an integral part of these interim condensed financial statements.

NOTES TO INTERIM CONDENSED 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.

The shareholders of the Company are:

	30 June 2025	31 December 2024
Sino-Science Netherlands Petroleum B.V.	50,05%	50,05%
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%	7,009%
Luck Gain Internation AI Limited	5,45%	5,45%
UFirst Energy Group Limited	4,636%	4,636%
	100%	100%

REGISTERED ADDRESS

The Head office of the Company is registered at the following address: 12 Zheltoksan Street, Kyzylorda, 120008, the Republic of Kazakhstan.

MAIN 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.

2. EXPLORATION AND EVALUATION ASSETS

<i>In thousands of tenge</i>	Tangible assets	Intangible assets	Total
As at 31 December 2024	62,461,383	732,864	63,194,247
Additions	2.064.826		2.064.826
As at 30 June 2025	64.526.209	732.864	65.259.073

As at 30 June 2025, exploration and evaluation assets include capitalised inventories in the amount of 279.384 thousand tenge (as at 31 December 2024: 279.190 thousand tenge). Capitalised inventory represents the cost of casing pipes, drilling bits and other drilling materials. During six month 2025, the Company capitalised geological and geophysical

The notes on pages 5 to 7 are an integral part of these interim condensed financial statements.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

expenses directly attributable to exploration and evaluation operations in the amount of 51.125 thousand tenge (2024: 89.227 thousand tenge). During six month 2025, the Company capitalised borrowing costs for 862.966 thousand tenge (2024: 1.546.994 thousand tenge). During 2025, the Company drilled 1 well (2024: the Company drilled 3 wells).

3. LONG-TERM VAT RECOVERABLE

In thousands of tenge

At 31 December 2024	4.639.332
Additions	154.057
30 June 2025	4.793.389

4. RESTRICTED CASH

Cash that is restricted in use, in terms of creating an appropriate liquidation fund, represents cash in tenge in a bank account to fulfil obligations for the future restoration of the site, 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 the moment of liquidation of the wells. In 2025, for accounts restricted in use, interest was accrued at a rate of 10.5% per annum (2024: 10.5%).

5. CASH AND CASH EQUIVALENTS

As at 30 June 2025 and 31 December 2024 cash and cash equivalents comprised the following:

<i>In thousands of tenge</i>	30 June 2025	31 December 2024
Bank accounts in US dollars		9.065
Bank accounts in tenge	49.429	1.832
Total	49.429	10.897

6. SHARE CAPITAL

As at 30 June 2025 and 31 December 2024, 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.

7. ABANDONMENT AND SITE RESTORATION PROVISION

In thousands of tenge

At 31 December 2024	283.973
Change in estimate	-
Unwinding of discount	-
30 June 2025	283.973

Assets 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.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**8. LOANS**

<i>In thousands of tenge</i>	Interest rate	Maturity	30 June 2025	31 December 2024
Kozhan JSC	15%	On demand	5.239.671	5.073.991
Other loans	0%	31 December 2027	21.857	21.857
Prosperity Oil Gas TOO	16.9%	10 July 2026	206.705	-
Hong Kong Sino-Science International Oil & Gas, Ltd	8%	31 December 2026	21.436.687	20.912.894
Sino-Science Netherlands Petroleum B.V.	0%	On demand	20.738.492	20.738.492
Sino-Science Netherlands Petroleum B.V.	8%	31 December 2027	3.675.556	3.598.111
Sino-Science Netherlands Energy Group B.V.	0%	On demand	570.664	570.664
Total loans			51.889.632	50.916.008
Total long-term loans			25.112.243	24.511.005
Total short-term loans			26.777.389	26.405.003

9. ACCOUNTS PAYABLE AND OTHER DEBTS

Payables primarily represent drilling services provided by third parties. As at 30 June 2025 and 31 December 2024 payables were denominated in tenge.

10. OTHER CURRENT LIABILITIES

<i>In thousands of tenge</i>	30 June 2025	31 December 2024
Fines and penalties under contracts	203.280	203.280
Contract performance bond paid by suppliers	154.891	155.486
Other	49.893	51.580
Total	408.064	410.346

The provision for fines and penalties is mainly a provision for non-fulfilment of contractual obligations to Anton Oilfield International Company Limited Branch in the amount of 203.280 thousand tenge (2024: 203.280 thousand tenge). Contract performance bond paid by suppliers represents prepayments in the amount of 3% of the contract amount made by participants during the service rendering period. Upon completion of the works, the contract performance bond is then returned.