

## **Caspian Sunrise PLC**

### **("Caspian Sunrise", or the "Company")**

## **Sale of 50% of Caspian Explorer & Operational Update**

### **Introduction**

The Board of Caspian Sunrise is pleased to update the market with news of the conditional sale of 50% of the Caspian Explorer for \$22.5 million together with a general operational update.

### **Background**

The Caspian Explorer is a drilling vessel designed specifically for use in the shallow northern Caspian Sea where traditional deep water rigs cannot be used.

Caspian Sunrise acquired it for approximately \$3.7 million in 2020, since then it has undertaken a safety related contract for the North Caspian Operating Company .

In March 2023, the Company announced its first drilling contract, which is scheduled to be drilled in the summer of 2024 with a well to be drilled to a planned depth of 2,500 meters for the Isatay Operating Company LLP ,a Kazakh registered explorer, in which Italy's ENI is a leading participant.

### **Disposal of 50%**

The Company has conditionally agreed to sell 50% of the shares in the UAE registered Prosperity Petroleum FZE, the holding company of the Kazakh registered KC Caspian Explorer LLP, which in turn owns the Caspian Explorer drilling vessel, for a cash consideration of \$22.5 million. The purchaser is Stepping Stone Investments Limited, a company registered in the Seychelles.

The sale is conditional *inter alia* upon payment being received by the Company and the re registration of the sale shares in the UAE.

The carrying value in the Group's 2021 financial statements of 100% of the Caspian Explorer was \$3.6 million. The disposal would therefore be expected to result in a gross accounting profit of approximately \$20 million.

In the year ended 31 December 2022 the Caspian Explorer had no revenue and costs of approximately \$850,000.

The proceeds from the sale would be used in the further development of the Group's assets.

### **Operational update**

In recent months the focus of the Company's work at its flagship BNG Contract Area has been at the shallow wells and in particular Well 142.

Work at Deep Well 802 on the Yelemes Deep structure was suspended awaiting additional equipment, which due to the sanctions on Russia, now needs to be sourced via China with much longer lead times. Accordingly, the crew at Deep Well 802 was moved to work on Shallow Well 142, historically one of BNG's best performing shallow wells, at which the Company is drilling a horizontal side track.

The Company is yet to bring Well 142 back into production but is now ready to resume work at Deep Well 802 to which the crew has returned. The Directors estimate it will be up to a further two months before the Company is able to complete our work at Deep Well 802.

Recent production volumes at BNG have been approximately 2,000 bopd.

As previously reported, the high levels of discount for oil transported through the Russian pipeline network, even though Kazakh produced oil is not subject to sanctions, together with tax still being assessed based on international rather than actual prices, means the Company is not using the international markets to sell its oil.

However, the recent fall in the international oil price means that the net price achieved from sales to mini refineries is now broadly equivalent to the net price the Company would expect from international sales without the Urals oil discount.

Preparatory work has begun at Deep Well 803 which is to be drilled on the Yelemes Deep structure. The Company plans to spud the well in Q3 and complete it before the end of the year in accordance with this year's work programme commitments.

#### **Annual General Meeting**

This year's AGM will be held on 30 June 2023.

#### **2022 audited financial statements**

Work continues in the preparation of the 2022 financial statements, which are not now expected to be published until towards the end of June 2023.

#### **Clive Carver, Chairman said**

*"We are naturally pleased that our faith in the Caspian Explorer will result in a significant influx of funding to further develop the Group's assets without any dilution to shareholders."*

#### **Caspian Sunrise PLC**

Clive Carver, Chairman +7 727 375 0202

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#### **Qualified person**

*Mr. Assylbek Umbetov, a member Association of Petroleum Engineers, has reviewed and approved the technical disclosures in this announcement.*

*This announcement has been posted to:*

[www.caspiansunrise.com/investors](http://www.caspiansunrise.com/investors)

The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the "UK MAR") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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