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Caspian Sunrise plc
30 June 2023

Caspian Sunrise PLC

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

AGM Statement

Update on the timing of the publication of the 2022 financial statements; the impact of sanctions; and dividends

Ahead of its AGM today the Company provides the following update.

Publication of the audited 2022 Financial Statements

The Board expects to approve its financial statements for the year ended 31 December 2022 in the first week of July.

AIM Rule 19 re-quires that audited ac-counts are pre-pared within six months of the year end. Therefore, in the event they are not signed and published by Monday 3 July 2023 the Company expects trading in its shares would be temporarily suspended from 7.30am on 3 July 2023 until publication.

While we cannot refer to any financial numbers to be included in these financial statements we are able to confirm that 792,284 barrels of oil were produced in 2022, some 48% more than in 2021 and a company record.

Ukraine war

The two principal consequences of the Ukraine war have been to make international sales uneconomic at the current time and to make operating far more difficult.

Urals oil discount

Despite the UK and the EU specifically exempting oil produced in Kazakhstan and transported through the Russian pipeline network being free from sanctions, the large discounts for oil using the Russian pipeline network and emerging as Urals Oil continues with no sign of lessening.

We have explored various alternatives to transport our oil but have yet to find a solution that would allow us to sell at or close to international prices. We are therefore selling all our oil on the domestic market at domestic prices.

Selling to the domestic market and to domestic mini refineries does have advantages, such as speed of payment and the absence of significant deductions for tax, oil treatment and transportation. Nevertheless, we estimate the loss of revenue to be running at an annualised rate of approximately $18 million based on current production volumes.

For much of the period under review and subsequently our inability to sell on the international markets also led to missed profits. However, the recent fall in international oil prices means we are currently achieving broadly the same net outcome by selling to local mini refineries where the deductions to the headline price are much lower, as we would by selling on the international markets.

Operations

Before the Ukraine war the majority of international supplies and consumables were sourced via Russia. Now they typically come from China, a vast country whose border with Kazakhstan is some 3,000 kilometers from the BNG Contract Area and where the originating destination is usually far further.

The extra distance involved and the complexities of this new supply route with long delays at the border has typically resulted in much greater lead times for key supplies and consumables resulting in some significant operational delays. It has also required a much greater investment in working capital as these supplies and consumables have to be paid for many months earlier than previously.

Drilling at certain key wells was paused waiting for key parts and supplies with crews shifting from project to project. The overall impact is that, while progress has been made across a number of wells, it has not been possible to complete the work at any to increase production to the levels expected.

Dividends

The financial backdrop to the board's consideration of dividends in the immediate future includes:

- We continue to forego approximately $18 million revenue each year based on current production levels as the result of the continuing discount for oil sent through the Russian pipeline network
- Sourcing all key drilling consumables via China has significantly delayed operations and increased costs
- As a result of the operational interruptions, we are yet to increase daily production beyond the current 2,000 bopd
- We have yet to receive the $22.5 million proceeds from the conditional sale of 50% of the holding company for the Caspian Explorer.

Accordingly, and with reluctance, the board has decided to suspend further dividend payments until either the end of the year or following a significant increase in production from Wells 141, 142 or 802 or the receipt of the $22.5 million proceeds from the sale of 50% of the Caspian Explorer.

The 2022 financial statements when published will include a detailed overview of our assets, progress in the year and subsequently and our views on the future which remain very positive.

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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)