

Caspian Sunrise PLC
("Caspian Sunrise" or the "Company" and together with its subsidiaries, the "Group")

Proposed disposal of the Shallow MJF & South Yelemes structures

On 14 May 2024 the board of the Company (the "**Board**") announced the conditional disposal of the MJF and South Yelemes Structures currently held by the Group, for a headline cash consideration of approximately US 83 million. At that time the proposed purchaser Absolute Resources LLP ("**Absolute Resources**"), was granted a 90 day exclusivity period to conclude its due diligence. On 18 July 2024 the Board announced that the proposed purchase price had by negotiation increased to approximately US 88 million and that the exclusivity period had been extended until 31 August 2024.

The board is now pleased to announce it has entered into a conditional and binding term sheet (the "**Heads of Terms**") with Absolute Resources regarding the proposed disposal of the shallow MJF and South Yelemes Structures on the BNG contract area, which is located in the west of Kazakhstan, 40 kilometres southeast of Tengiz on the edge of the Mangistau Oblast, covering an area of 1,561 square kilometres, and the oil and gas assets and operations carried out therein (the "**BNG Contract Area**") (the "**Disposal**"). The Disposal will be effected by way of the sale to Absolute Resources of the entire issued share capital of a Group entity to be established in the Astana International Finance Centre (the "**NewCo**").

The MJF structure is the principal shallow structure on the BNG Contract Area and has accounted for the vast majority of the Group's oil production since it first produced oil in 2016. The South Yelemes structure was awarded its own export licence in 2021 but to date has only produced from wells drilled in the Soviet era, as improved by recent horizontal drilling.

The Group would continue to own the remainder of the BNG Contract Area including the licences for the two key deep structures Airshagyl and Yelemes Deep.

The Board believes that the Group has a competitive advantage in the identification and acquisition of new projects in Kazakhstan, which it does not necessarily have to the same degree in the day to day operation of maturing assets. Accordingly, in the opinion of the Board, the funds released from the Disposal can be better used elsewhere to enhance longer term shareholder value.

In the year ended 31 December 2023 revenue attributable from the production of oil at the MJF and South Yelemes Structures was approximately US 21.6 million, down from approximately US 39.2 million in 2022, with gross profit in 2023 of approximately US 16.6 million, down from approximately US 32.7 million in 2022. In 2023 the profit before tax from the BNG shallow structures was approximately US 12.5 million, down from approximately US 15.0 million in 2022.

The carrying value of the MJF and South Yelemes Structures at 31 December 2023 as set out in the 2023 audited financial statements was approximately US 60.6 million.

Under the AIM Rules, the proposed disposal is of a sufficient size relative to the Group to require shareholder approval. A shareholder circular (the "**Circular**"), including further details relating to the Disposal and including a notice convening a general meeting of the Company's shareholders ("**Shareholders**") will be posted to Shareholders in due course and at that time will also be uploaded to the Company's website at <https://caspiansunrise.com/investors/circulars-documents>. The Company will make a separate announcement relating to the publication of the Circular in due course.

Material terms of the Heads of Terms

The aggregate consideration payable by Absolute Resources shall be the Kazakhstan Tenge equivalent of USD 88 million (the "**Price**"), which shall be payable by Absolute Resources as follows:

- the outstanding amount of historical costs under certain subsoil use contracts (the "**Subsoil Use Contracts**") shall be deemed paid by Absolute Resources by the transfer to NewCo of the outstanding amount of such historical costs as at the date of completion of the Disposal

estimating amount of each material costs as at the date of completion of the Disposal ("**Completion**"). As of 26 August 2024, these costs were approximately US 16.3 million and to the extent that the actual transfer of costs is less than this amount then the first tranche below shall be increased by the difference;

- US 2 million that was paid by Absolute Resources to the Group earlier this year under the terms of a related exclusivity agreement, in two separate tranches of US 1 million each;
- US 12 million within 5 business days following the signing of the Heads of Terms;
- approximately US 54.1 million that will be payable upon Completion; and
- US 4 million (the "**Second Tranche Payment**") shall be paid in equal monthly instalments in the 120-day period post-Completion.

The Group will contribute subsurface use rights under the Subsoil Use Contracts and assets related to the production of hydrocarbons under those contracts to NewCo prior to Completion. No other obligations or debts other than those specified in the Heads of Terms shall be transferred to NewCo.

Absolute Resources has made certain assumptions regarding the Disposal which, if any are incorrect, entitle Absolute Resources to withdraw from the transaction or otherwise renegotiate the Heads of Terms and/or the Sale and Purchase Agreement ("**SPA**").

Completion will be conditional on, inter alia, the following conditions (the "**Conditions**"):

- the Group having complied with certain pre-Completion obligations relating to the ongoing operation of the Company as set out in the Heads of Terms;
- Absolute Resources having obtained relevant antimonopoly and governmental consents in Kazakhstan;
- the Company obtaining the consent of the requisite majority of Shareholders;
- Absolute Resources having completed satisfactory technical, financial and tax investigations, and an inventory of assets related to the operations under the Subsoil Use Contracts;
- Absolute Resources having received debt-financing to pay the Price under the SPA;
- there being no material adverse change in the business, operations, assets, financial or trading position, profits or prospects of the Group related to the Subsoil Use Contracts prior to Completion;
- the successful negotiation and signing of suitable contractual documents between the parties, including the SPA; and
- Absolute Resources having paid the portions of the Price due prior to Completion.

The Conditions must be satisfied by 31 October 2024. If any of the Conditions have not been satisfied by this date, the parties have agreed to negotiate and agree in good faith a new long-stop date.

The Group shall retain full operational control over NewCo until the Price (other than the Second Tranche Payment) has been paid by Absolute Resources.

The parties intend to enter into the SPA on or before 30 September 2024. If this date is not met, the defaulting Party may become liable to pay the sum of US 2 million in liquidated damages to the other Party, and in the case of the Group's default, amounts equal to up to approximately US 14 million then received by the Group may become repayable by the Group to Absolute Resources, subject to certain deductions.

Contacts:

Caspian Sunrise PLC

Clive Carver, Chairman and CFO +7 727 375 0202

Zeus Capital Limited +44 (0) 203 829 5000

James Joyce
James Bavister
Andrew de Andrade

Qualified person

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

The person responsible for arranging the release of this announcement on behalf of the Company is Clive Carver, Chairman and CFO of the Company.

This announcement has been posted to:

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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