

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

Disposal of the shallow MJF & South Yelemes structures

and

Notice of General Meeting

Highlights

- On 3 September 2024 the board of the Company (the "**Board**") announced it had entered into a conditional and binding term sheet (the "**Heads of Terms**") with Absolute Resources LLP ("**Absolute Resources**") for the disposal of the shallow MJF and South Yelemes structures (the "**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**") for a headline cash consideration of the Kazakh Tenge equivalent of approximately US 88 million and that a further advance payment of approximately US 12 million is due to be received in the next few days taking the upfront consideration then received to approximately US 14 million (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 deep structures on the BNG Contract Area, namely the Airshagyl and Yelemes Deep structures, are not part of the proposed Disposal.
- Under the AIM Rules the proposed Disposal is of a sufficient size relative to the Group to require shareholder approval. A shareholder circular including a notice convening a General Meeting to be held at 11.00 a.m. on Thursday 26 September 2024, to seek shareholder approval of, among other things, the Disposal will today be posted to shareholders (the "**Circular**") and will also be uploaded to the company's website at <https://caspiansunrise.com/investors/circulars-documents>.

Extracts from the Circular are included below.

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

#### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Circular and the Notice of General Meeting	4 September 2024
Voting record date for attendance and voting at the General Meeting	Close of business on 24 September 2024
Latest time and date for receipt of completed Forms of Proxy and receipt of electronic proxy appointments via the CREST system and via Proxymity	11.00 a.m. on 24 September 2024
<b>General Meeting</b>	11.00 a.m. on 26 September 2024
Announcement of results of General Meeting	26 September 2024

#### Notes:

*(1) References to times and dates in this Document are to London times and dates (unless otherwise stated).*

*(2) The dates and timing of the events in the above timetable and in the rest of this Document are indicative only and may be subject to change at the absolute discretion of the Company. If any of the above times or dates should change, the revised times and/or dates will be notified to the Shareholders by an announcement through a RIS.*

## 1. INTRODUCTION

The Board has conditionally agreed to sell the MJF & South Yelemes Structures on the BNG Contract Area for a headline consideration of approximately US 88 million to be paid in cash.

The proposed Disposal is of a sufficient size relative to the Group to constitute a fundamental change in the business of the Company for the purposes of AIM Rule 15 and accordingly, is conditional, inter alia, upon the approval of Shareholders at the General Meeting.

The principal purpose of this Circular is therefore to explain the background to and the reasons for the Disposal and to seek Shareholder approval at the General Meeting to be held at the offices of Taylor Wessing LLP, Hill House, 1 Little New Street, London EC4A 3TR at 11.00 a.m. on 26 September 2024.

The General Meeting will also allow Shareholders to consider and if thought fit approve the audited financial statements for the year ended 31 December 2023 including the Directors and Auditors Reports contained therein and the associated Remuneration Committee Report, which were not available for consideration at the annual general meeting of the Company held on 27 June 2024.

## 2. DISPOSAL OF THE MJF & SOUTH YELEMES STRUCTURES

### Introduction

On 14 May 2024 the Board announced the conditional disposal of the MJF and South Yelemes Structures currently held within BNG Ltd LLP for a headline cash consideration of approximately US 83 million. At that time the proposed purchaser 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. At that time a further US 1 million advance payment was received.

On 3 September 2024 the Board announced that BNG Ltd LLP had on 2 September 2024 entered Heads of Terms with

Absolute Resources relating to the Disposal, triggering a further advance payment of approximately US 12 million payable within 5 business days, which when received would increase the aggregate advance payments to approximately US 14 million. The Disposal will be effected by way of the sale to Absolute Resources of the entire issued share capital of the NewCo.

Work continues between the parties to agree a formal sale and purchase agreement ("**SPA**") based on the above terms.

### Background

The Company owns a 99% stake in BNG Ltd LLP, the Kazakh entity which holds all the licences issued to develop structures at the BNG Contract Area.

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.

### Commercial rationale

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.

### MJF structure

The BNG Contract Area covers approximately 1,561 km<sup>2</sup> of which 3D seismic coverage extends to 1,376 km<sup>2</sup>. The MJF structure extends over 13 km<sup>2</sup>, representing approximately 1% of the total BNG Contract Area's seismic coverage. The productive Jurassic aged reservoir consists of stacked pay intervals with most ranging in thickness from two meters to 17 meters.

The first wells were drilled on the MJF structure in 2016, since when it has produced in aggregate in excess of 4.25 million barrels of oil.

The MJF structure's export licence became effective in July 2019, with the first revenues based on international prices received in August 2019, although since mid-2022 all oil produced has been sold on the domestic or domestic mini refinery markets principally as a consequence of the impact of Russian sanctions.

In 2023 the MJF structure produced 576,368 barrels of oil at an average of 1,579 bopd representing approximately 87% of total production. MJF production is currently approximately 1,350 bopd, including approximately 700 bopd from the recently drilled Well 155.

### South Yelemes structure

The first wells were drilled on the South Yelemes structure during the Soviet era, with test production commencing in 1994. The South Yelemes licence was upgraded to an export licence in 2021.

The South Yelemes structure has four operational wells drilled in the Soviet era from which in 2023 88,746 barrels of oil were produced at an average of 243 bopd representing approximately 13% of total production. The recent focus at South Yelemes has been preparation for and drilling of horizontal side tracks from the existing wells, targeting the shallow dolomite intervals. Well 815 is being drilled on the South Yelemes structure with a planned total depth of 1,900 meters.

South Yelemes production is currently approximately 250 bopd.

### Financial information on the MJF and South Yelemes structures

In the year ended 31 December 2023 revenue attributable from the production of oil at the MJF and South Yelemes

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.

#### Disposal Terms

The aggregate consideration payable by Absolute Resources shall be the Kazakhstan Tenge equivalent of US 88 million, which shall be payable by Absolute Resources as follows:

- the outstanding amount of Historic 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 Historic Costs as at the date of Completion. As of 26 August 2024, the Historic 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 shall be paid, in equal monthly instalments of US 1m each, 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.

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 at the General Meeting;
- 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 balance of the aggregate consideration due other than the US 14 million advance payments;
- 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 aggregate consideration 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 aggregate consideration (other than the 4 million 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.

Until Completion, the Group would retain operatorship, ownership and the rights to any oil produced.

The proceeds from the Disposal would be used to fund other of the Group's projects.

The Disposal constitutes a fundamental change in the business of the Company for the purposes of AIM Rule 15. Therefore, approval of Shareholders for the Disposal is being sought at the General Meeting pursuant to Resolution 1.

### 3. GENERAL MEETING

A General Meeting will be held at the offices of Taylor Wessing LLP, Hill House, 1 Little New Street, London EC4A 3TR at 11.00 a.m. on 26 September 2024 at which the Resolutions will be proposed.

#### Irrevocable undertakings

Irrevocable undertakings to vote in favour of the Resolutions have been received in respect of 1,073,760,643 Ordinary Shares held representing approximately 47.61% of the Ordinary Shares currently in issue.

### 4. RECOMMENDATION

**The Directors unanimously recommend that Shareholders vote in favour of the Disposal at the General Meeting as they intend to do in respect of their entire holdings which amount to 1,049,154,031 Ordinary Shares (representing approximately 46.52 per cent. of the total Issued Ordinary Shares).**

#### DEFINITIONS

##### "Absolute Resources"

Absolute Resources L.L.P a legal entity registered in the Republic of Kazakhstan with its registered address at 2/22, Miras, Bostandyk District, Almaty, Republic of Kazakhstan.

##### "AIM"

the AIM market operated by the London Stock Exchange

##### "AIM Rules"

the AIM Rules for Companies issued by the London Stock Exchange

##### "BNG"

BNG Ltd LLP, the Kazakh registered entity in which the Group holds a 99% interest and which

	holds the licences for the BNG Contract Area
<b>"BNG Contract Area"</b>	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
<b>"Board" or "Directors"</b>	the board of directors of the Company as at the date of this Circular consisting of Clive Carver, Aibek Oraziman, Kuat Oraziman and Seokwoo Shin
<b>"bopd"</b>	barrels of oil per day
<b>"Business Day"</b>	a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London, England
<b>"Certificated" or "Certificated form"</b>	an Ordinary Share recorded on the Company's share register as being held in certificated form (namely, not in CREST)
<b>"Circular" or "Document"</b>	this document, which, for the avoidance of doubt, does not comprise a prospectus (under the Prospectus Regulation Rules) or an admission document (under the AIM Rules)
<b>"Companies Act" or "Act"</b>	the Companies Act 2006, as amended
<b>"Company" or "Caspian Sunrise" or "CS" or "CASP"</b>	Caspian Sunrise Plc, a company incorporated and registered in England and Wales, with registered number 05966431
<b>"Completion"</b>	completion of the conditions to be set out in a Sale and Purchase Agreement for the sale of the MJF and South Yelemes Structures to Absolute Resources based on the terms set out in the Circular
<b>"Disposal"</b>	the proposed disposal of the MJF & South Yelemes Structures on the BNG Contract Area as described in this Circular
<b>"FCA"</b>	the UK Financial Conduct Authority (or its successor) the single regulator under FSMA
<b>"Form of Proxy"</b>	the form of proxy for use by Shareholders at the General Meeting
<b>"FSMA"</b>	the Financial Services and Markets Act 2000, as amended
<b>"General Meeting"</b>	the general meeting of the Company convened by the Notice, to be held at the offices of Taylor Wessing LLP, Hill House, 1 Little New Street, London EC4A 3TR on 26 September 2024 at 11.00 a.m.
<b>"Group"</b>	the Company and its subsidiaries from time to time
<b>"Heads of Terms"</b>	the conditional and binding term sheet with Absolute Resources dated 2 September 20204 regarding the proposed disposal of the shallow MJF and South Yelemes Structures on the BNG Contract Area
<b>"Historic Costs"</b>	the approximately US 32 million assessed as due in connection with the BNG Contract Area in 2019 and to be paid to the Kazakh state in quarterly instalments over 10 years of which at the date of this document approximately US 16.3 million remains outstanding
	the 2,254,978,483 Ordinary Shares in issue as at

"Issued Ordinary Shares" or "Existing Ordinary Shares"	3 September 2024 (being the latest practicable date prior to the publication of this Circular)
"Link Group"	the trading name of Link Market Services Ltd, Central Square, 29 Wellington Street, Leeds, LS1 4DL
"London Stock Exchange"	London Stock Exchange plc
"MJF and South Yelemes Structures"	The shallow MJF and South Yelemes structures on the BNG Contract Area
"NewCo"	a Group entity to be established in the Astana International financial Centre
"Notice"	the notice of general meeting which is set out at the end of this Circular
"Resolutions"	the shareholders resolutions set out in the Notice
"RIS"	a regulatory information service approved by the London Stock Exchange for the purposes of the AIM Rules
"Shareholders"	the holders of Ordinary Shares
"SPA"	the intended sale and purchase agreement to be agreed between the parties documenting the terms of the Disposal
"subsidiary"	have the meanings given to them by the Act
"Sub Soil Use Contracts"	the existing licences for the MJF and South Yelemes Structures on the BNG Contract Area
"UK"	the United Kingdom of Great Britain and Northern Ireland
"uncertificated" or "uncertificated form"	recorded on the relevant register or other record of the share or other security confirmed as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by way of CREST
"£"	pounds sterling, the basic unit of currency in the UK
"US "	the lawful currency of the United States of America
"Zeus Capital Limited"	Zeus Capital Limited, in its capacity as nominated adviser and broker to the Company

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