

5A OIL LLP

U.S. \$15,000,000 8.0% Bonds due on 6 May 2024

The U.S.\$15,000,000 aggregate principal amount of 8.0% Bonds due 2024 (the “Securities” or the “**Bonds**”, and each a “**Bond**”) of 5A OIL LLP (the “Company” or the “**Issuer**”) will be issued in accordance with the Acting law of the Astana International Financial Center (the “**AIFC**”) in the denomination of U.S.\$100 each.

This document constitutes the Prospectus of the Bonds (the “**Prospectus**”) described herein and is prepared in accordance with and for the purposes of AIFC rules. Full information on the Issuer and the offer of the Bonds is only available on the basis of this Prospectus. The Prospectus will be published on the website of the Lead Manager at www.ffin.kz and on the website of the Astana International Exchange Ltd. (the “**AIX**”) at www.aix.kz at the time of admission to the Official List.

Application has been made for the Bonds to be admitted to the Official List of AIX and to be admitted to trading on the AIX. The AIX does not guarantee that the Bonds will be admitted to the Official List of AIX. The AIX reserves the right to grant admission of the Bonds to the Official List of AIX only where it is satisfied that such admission is in accordance with AIX Business Rules.

The Issuer did not seek independent legal advice with respect to listing the Bonds on AIX in accordance with the Bonds Prospectus.

The AIX and its related companies and their respective directors, officers and employees do not accept responsibility for the content of the information included in this Prospectus including the accuracy or completeness of such information. Liability for the Prospectus lies with the Issuer and other persons such as Experts whose opinions are included in the Prospectus with their consent. Nor has the AIX, its directors, officers or employees assessed the suitability of the securities to which the Prospectus relates for any particular investor or type of investor. If you do not understand the content of this Prospectus or are unsure whether the securities are suitable for your individual circumstances, you should consult an authorized financial advisor.

No representation or warranty, express or implied, is made by the Lead Manager as to the accuracy or completeness of the information set forth in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as a promise or representation, whether as to the past or the future. The Lead Manager does not assume any responsibility for the accuracy or completeness of the information contained in this Prospectus.

No action has been or will be taken in any jurisdiction by the Lead Manager or the Issuer that would permit a public offering of the Bonds in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Prospectus (in preliminary, proof or final form) or any amendment or supplement thereto or any other offering or publicity material relating to the Bonds, may be distributed in or from, or published in any country or jurisdiction, except under circumstances that will result to the best of the Lead Manager’s knowledge and belief in compliance with any applicable securities laws or regulations.

Under no circumstances shall this Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction or under any circumstances in which such offer, solicitation or sale is not authorized or would be unlawful. Recipients of this Prospectus who intend to subscribe for or purchase the Bonds are reminded that any subscription or purchase may only be made on the basis of the information contained in the final Prospectus.

These Bonds constitute debt instruments. An investment in the Bonds involves risks. By subscribing to the Bonds, investors lend money to the Issuer who undertakes to pay interest on a quarterly basis and to reimburse the principal on the Maturity Date. In case of bankruptcy or default by the Issuer, the investors may not recover the amounts they are entitled to and risk losing all or part of their investment. The Bonds are intended for investors who are capable of evaluating the interest rates in light of their knowledge and financial experience. An investment decision must solely be based on the information contained in the present Prospectus. Before making any investment decision, the investors must read the Prospectus in its entirety (and, in particular, “Risk factors” section in the Prospectus). Each potential investor must investigate carefully whether it is appropriate for this type of investor to invest in the Bonds, taking into account his or her knowledge and experience and must, if needed, obtain professional advice.

Lead Manager

Freedom Finance Global PLC

The date of this Prospectus is 28 April 2021

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PROSPECTUS SUMMARY

1. Introduction

The Prospectus Summary should be read as an introduction to the Prospectus. Any decision to invest in the Securities should be based on a consideration of the Prospectus as a whole by the investor. These Securities (Bonds) constitute debt instruments. An investment in the Bonds involves risks. By subscribing to the Bonds, investors lend money to the Issuer who undertakes to pay interest on a quarterly basis and to reimburse the principal on the Maturity Date. In case of bankruptcy or default by the Issuer, the investors may not recover the amounts they are entitled to and risk losing all or part of their investment. Civil liability attaches only to those Persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such Securities.

Issue	U.S.\$15,000,000 8.0% Bonds due on 6 May 2024, ISIN KZX000000690
Issuer	5A OIL LLP, business identification number 190940011143. The contact details of the Issuer are: Republic of Kazakhstan, Nur-Sultan, Kunayev street 2, 11 th floor, Z05M5E3 and its telephone number is +77017004004, email: info@5aoil.kz.
Prospectus	This Prospectus was approved by the AIX on 28 April 2021. Terms and conditions of the issue of the Bond set out in this Prospectus were approved by a resolution of Participants of the Issuer on 16 April 2021. The contact details of the AIX are: 55/19 Mangilik El st., block C 3.4. Nur-Sultan, Republic of Kazakhstan, Z05T3C4 and its telephone number is +7(717) 223 53 66.

2. Key Information on the Issuer

2.1. Who is the Issuer of the Bonds?

Issuer	5A OIL Limited Liability Partnership is incorporated and registered in the Republic of Kazakhstan and operates under the laws of the Republic of Kazakhstan, BIN 190940011143. The Company doesn't have a legal entity identifier number.
The Issuer's Principal activities	Incorporated in 2019, the Company is an oil and gas exploration and production company based in Kazakhstan, operating in Block A&E to explore, develop and produce oil from several oilfields in the Republic of Kazakhstan. The contract area covers over 11 thousand square kilometers in the Atyrau region of Kazakhstan. It is located on the South margin of the Pre-Caspian Basin within the Guryev arch, which is part of the Astrakhan-Aktobe zone of large basement protrusions. The Company produced 100,597 tons of crude oil in 2020. The Company operated three oilfields in commercial development: Zhana Makat, Asanketken and Borkyldakty. Nowadays Kyzylzhar I East, Sagiz West, Baichunas West and Uytas oilfields are in trial production within the geological allotment. Dossor South-East, Zharshik, Kyzylzhar II, Akatkol, Zhilaya Kosa, Kyzylkala and Karasay fields within the geological allotment are prepared for trial oil production, the oil and gas content of which are confirmed by drilled wells.
Major participants	MM Petroleum Plc (holds 100% of the Issuer's share capital, registration number HL-252468, Cayman Islands) - ultimate beneficiary owners are the Assaubayev family.
Information on the Issuer's Supervisory Board:	<p>Pursuant to the Constitution and the decision of the Sole Participant of the Issuer dated 16 April 2021, the Issuer has formed the Supervisory Board in the following composition and elected its members for a 5-year term:</p> <p>Kablan Uatay – Chairman of the Supervisory Board.</p> <p>Kablan Uatay, born in 1956, graduated from Kazakh State University in Almaty in 1979 with a degree in Mechanics and Mathematics. Kablan is an equivalent to Ph.D degree, Candidate of Physical-Mathematical Sciences. He started his professional career in 1979 as a teacher at Kazakh Chemical-Technological Institute. Then, in 1983 he worked as a Research Scientist at Seismology Institute and in 1988 as an Associate Professor at Satpayev Kazakh Technical University. In 1999 Mr. Uatay changed his focus from science and education and joined Kazakhaltyn, one of the oldest gold enterprises in Kazakhstan. In 1999, Kazakhaltyn's Aksu, Bestobe and Zholymbet mines were inactive and dry closed, the equipment and machinery were completely worn out, the three obsolete small-capacity beneficiation plants with a capacity of 250 to 350 tons per year each were idle, produced gold products mainly in the form of a float concentrate with a gold content of 30-50 g/t, which at the time had no sales and there were four years' wage arrears to employees. Over the period of 1999 -2008, Kablan was a part of a team led by Dr. Kanat Assaubayev developed and implemented a plan of reconstruction and upgrade of the mining-and-processing operations. As a result, in 2005 KazakhGold, a holding company of Kazakhaltyn, was the first company to be listed on London Stock Exchange from the Kazakhstan's private sector and attracted substantial funds for development of the company. At Kazakhaltyn he</p>

started as a Director of Economics and Planning Department and then was promoted to a Head of Almaty Branch, responsible for the Branch's operations. Between 2008 and 2015 he was a Director of Mashtekhparkservis.

Gabdrakhim Zhangbyrbayev – Independent Member of the Supervisory Board.

Gabdrakhim Zhangbyrbayev, born in 1947, graduated from Kazakh Polytechnic Institute in Almaty in 1970 with a degree in Electric Power Supply of Businesses and Cities with qualification as an Electrical Engineer. Gabdrakhim started his professional career in 1970 as a lab assistant and was promoted to Engineer of Plasma Power Lab at Kazakh Research Institute of Power Engineering. Later, he worked as a Chief Power Engineer at Gurjev Grain Processing Plant. In 1976 Mr. Zhangbyrbayev joined Almaty Power Engineering Institute and worked there for 18 years as Senior Engineer and then as Pro-Rector for Administration. Between 1994 and 1996 Gabdrakhim was a Representative of Concepts Department of the representative office of FIAT International SPA in Kazakhstan. Later, he served as Vice-President at Aziyasnabelectro responsible of Foreign Economic Issues and then at Kaztransoil covering General Issues. In 1997 Gabdrakhim became a Director of Shagala and worked there till 2001. After Shagala, he worked as a General Director at Zhayikenergoservis, before joining KazMunayGas group in 2002. Mr. Zhangbyrbayev served at various positions at KMG started as Director of Uralsk branch, later as Deputy Director of Atyrau Branch and then promoted to a Representative of head quarter covering West-Kazakhstan region. In 2013, he was an Area Supervisor and Representative in Uralsk of BatysElectroMontazhStroy and then became an Adviser to General Director at Karpovskiy Severnyi.

Maryam Buribayeva – Independent Member of the Supervisory Board.

Maryam Buribayeva, born in 1984, graduated from the KIMEP University in Almaty in 2005 with a bachelors' degree in Business Administration and Corporate Finance and later from Cass Business School of City University in London with a masters' degree in International Accounting and Finance (IFRS). Also, Maryam is an ACCA holder from 2018. Mr. Buribayeva started her professional career in 2005 as a Chief Specialist at Kaztransoil and in three years were promoted to Management Reporting Manager at KazMunayGas, a parent company of Kaztransoil. Later he continued her career in oil and gas industry working as an Accountant on Treasury Operations and Trade Accounts at NCOC BV for five years. Between 2015 and 2017 she served as a Chief Accountant at Mercury Properties, one of the leading entities in real estate management in Kazakhstan. After Mercury Properties, Maryam joined Qaz Capital Corporation as a Head of Treasury Department.

Members of the Management Board

Akzhan Kassenov – Chief Executive Officer.

Akzhan Kassenov is a senior professional with significant expertise in oil and gas industry in Kazakhstan. Akzhan is an Associate Member of the Society of Petroleum Evaluation Engineers (SPEE). He was born in 1980, graduated in 2002 from the Tyumen Oil and Gas University in Russian Federation with a bachelors' degree in Development of oil and gas fields and later in 2003 from Heriot-Watt University in Edinburg with a masters' degree in Petroleum Industry. In 2004 he also participated courses at Worldwide University of Education, Science and Society in Moscow. In 2001 Mr. Kassenov started his professional career as an Engineer at Center for Modelling of Knowledge-Intensive Oil Production Technologies, part of SibNII NP OJSC at Tyumen city, Russian Federation. Then, Akzhan became an Operator of oil and gas production of 4th degree at NC YuKOS, Yuganskneftegas OJSC at Nefteyugansk city and then in 2003 was promoted to a Project Manager at Moscow Technological Center of NC YuKOS. Next two years he continued as a Lead Specialist on increasing the performance of formations at NC YuKOS, Yuganskneftegas OJSC in Nefteyugansk city. From 2005, Mr. Kassenov relocated to Kazakhstan and joined Mangystaumunaigas as a Deputy Director of Oil Production of its Scientific-Production Center. Between 2006 and 2010, Akzhan worked as an Executive Director of Geology and Head of Oil and Gas Fields Engineering and Development Department of KazNIPImunaigas JSC in Aktau city. Later, during next four years he held several positions at Kazakh Institute of Oil and Gas JSC in Nur-Sultan city. Between 2014 and 2019, Mr. Kassenov joined Scientific-Research Institute of Production and Drilling Technology of NC KMG JSC in Nur-Sultan city and served as a Director of Geological-Hydrodynamic Modelling, Deputy Head of Project Chief Engineers Bureau, Chief Engineer of Tengiz and Kashagan Fields Project and Head of Scientific-Technical Support of Kashagan Field. Between 2019 and 2020, Akzhan is a Director of Hydrodynamic Modelling Department at KMG Engineering. Mr. Akzhan Kassenov is an Independent Expert of the Central Exploration and Development Committee of Ministry of Energy of Republic of Kazakhstan since 2006 and a Member of the National Scientific Council of the Government of Republic of Kazakhstan on Rational Utilization of Natural Resources since December 2017. He published over 30 works, 1

monograph, certificate of authorship on Petroresult software, patent application No. 29879 “Method of Development of Carbonate Oil Deposits Using a System of Horizontal Wells”.

Kalizhan Ablayev – Deputy Chief Executive Officer for Production

Kalizhan Ablayev, born in 1984, graduated in 2006 from the Kazakh National Technical University named after K.I. Satpayev in Almaty with a bachelors’ degree in oil and gas with specialty in engineering, construction, operation of oil-gas storage facilities and gas-oil pipelines and qualification as a Mechanical Engineer. Mr. Ablayev started his professional career in 2007 by joining Samek International, oil and gas exploration and production company operating in Western Kazakhstan. Kalizhan started as a Production Operator responsible for oil production and shipment. Later, he continued his career at Samek with promotion to a Maintenance Operator in 2009 and a Maintenance Supervisor in 2012. In 2014 he was promoted to a Field Supervisor at Samek. In 2018, Kalizhan passed certification of managers of declared facilities and members of the Standing Committee of the Industrial Development and Industrial Safety Committee of the Ministry of Industry and Development of Republic of Kazakhstan.

Serik Kainarbayev - Deputy Chief Executive Officer for Commercial Affairs

Serik Kainarbayev, born in 1990, graduated from Baurzhan Momysuly Almaty Republican Military Boarding School in 2006 and later in 2012 from Banking Business Academy in Almaty with specialization in Finance. Mr. Kainarbayev started his professional career in 2012 at Turkuaz Group of companies as a Financial Specialist. From 2016 he worked as a Commercial Specialist at Elite Guard leading commercial side of the business.

Askhat Tlekmetov - Deputy Chief Executive Officer for Finance

Askhat Tlekmetov, born in 1985, graduated in 2008 from the Kazakh National Technical University named after K.I. Satpayev in Almaty with a bachelors’ degree in Computer hardware and software and later in 2019 from the Regional Social Innovation University with a masters’ degree in Economy Science. In 2009 Mr. Tlekmetov joined Altyngroup Kazakhstan, a mining exploration company as a Director overseeing general management of business of the entity. Between 2014 and 2020, he was a General Director at Karatau Munai, oil and gas service company.

Saltanat Bizhigitova - Deputy Chief Executive Officer for Human Resources and Administration

Saltanat Bizhigitova, born in 1990, graduated from the Kazakh National Technical University in Almaty in 2012 with a degree in process machinery and equipment in oil & gas industry. Saltanat is an MBA candidate in MMU Business School of Malaysia. In 2013 she served as a Lead HR specialist at KazTransGas, the largest gas supply company in Kazakhstan. During the next two years Saltanat served as an Administrative Specialist at Geo Data Centre LLP. In 2015 Saltanat was a HR Specialist at Altyn MM, a part of main board LSE listed AltynGold Plc. In two years Mr. Bizhigitova was promoted to Director of Personnel and Administration.

Auditors

The independent auditor of the Company is BDO Kazakhstan LLP, 6 Gabdullin St., Almaty, Kazakhstan, A15H4E3. Website - www.bdokz.com, tel: +7 727 331 31 34, fax: +7 727 331 31 35, e-mail: info@bdokz.com

2.2. Key financial information regarding the Issuer?

The principal source of the Company’s revenue is proceeds from selling crude oil. For the year ended 31 December 2020, total revenue was 1,054,895 thousand tenge and the Company did not sell any crude oil in 2019 as it was in the process of acquiring the legal rights, including the subsoil use contract for operation on its contract area and production crude oil. The Company plans to increase its annual oil production in 2021 and achieve two-times growth in 2022 due to the drilling of additional production wells at the Sagiz West (21.9 thousand tons per year), Kyzylzhar I fields West (47.5 thousand tons per year), Baichunas West (7.3 thousand tons per year), Asanketken (10.9 thousand tons per year) and Borkyldakty (5.5 thousand tons per year) and intensification inflow due to the change of downhole pumping units.

The independent auditor of the Company is BDO Kazakhstan, LLP, issued unqualified independent auditor’s reports in respect of the Company’s audited financial statements as at and for the year ended 31 December 2020, which include comparative data as at and for the year ended 31 December 2019 and the Company’s audited consolidated financial statements as at and for the year ended 31 December 2019. Audited financial statements for years ending 31 December 2020 and 31 December 2019 are included in the Prospectus.

2.3. Key risks specific to the Issuer?

1. The Company’s revenue and net profits fluctuate significantly with changes in crude oil prices, which are historically volatile and are affected by a variety of factors beyond the Company’s control.

2. Oil and gas is a capital intensive industry, and the Company's business may require substantial ongoing capital expenditures.
3. The outbreak of the COVID-19 pandemic has impacted and will probably continue affecting the global economy, global financial markets and the oil and gas sector in which the Company operates and may have a material adverse effect on the Company's business, financial condition and results of operations.
4. The Company's business could be adversely affected if it fails to maintain or renew existing necessary permits and subsoil use contracts or fails to comply with the terms of its existing or future permits and subsoil use contract.
5. Government policies and regulations on the oil and gas sector, including in respect to pricing and domestic supply requirements, may affect the Group's business.
6. The Company may be subject to exchange and interest rate risk.
7. The Company is a recently formed company with lack of significant operating history upon which prospective investors may base an evaluation of future performance.
8. The Company's drilling, developing and operating involves a number of risks, many of which are beyond the control of the Company, which may delay or adversely impact the Company's activities.
9. The Company's drilling is subject to general industry operating risks such as environmental spills or hazards, explosions, fires, blow-outs, equipment failures.
10. All of the Company's operations are conducted, and all of its assets are located, in Kazakhstan. Accordingly, the Group is affected to a significant degree by legal, economic and political conditions prevailing in Kazakhstan.
11. The Company's operations are subject to environmental risk, and the Group is required to comply with environmental laws and regulations which may continue to develop and change.
12. Climate change and sustainability concerns and impacts could require the Company to incur costs or invest additional capital, could reduce global demand for oil and gas and could negatively affect the Company's ability to obtain financing.
13. Labour disputes may materially adversely affect the Company's business.
14. The Company faces competition from other suppliers of oil and gas.
15. Failure by the Company to develop additional reserves will cause its reserves and production to decline materially from their current levels over time.

3. Key Information on the Securities

3.1. Main features of the Securities

The Issue	U.S.\$15,000,000 8.0% Bonds due on 6 May 2024, 150,000 Bonds with the Nominal value of U.S.\$100 (one hundred) per Bond.
Currency	U.S. Dollars
Nominal Value	U.S.\$100 (one hundred U.S. Dollars) per Bond
Quantity	150,000 Bonds
ISIN	KZX000000690
Issue price range	The Issue price of the Bonds is expected to be 100.00% of the Nominal value of the Bonds.
Issue date	6 May 2021.
Rights attached to the Securities	<p>The Bondholders have the right to:</p> <ul style="list-style-type: none"> • receive coupon payments. • receive Nominal value upon redemption and at maturity date. • freely transfer the Bonds. • receive information concerning the Issuer's operations. • attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond. • If any of the events mentioned in Clause 3.3 of Securities Notes occurs and continues for more than 30 (thirty) calendar days, require that the Bonds shall immediately become due and repayable at their par value together with accrued coupon interest. •
Ranking	The Issuer shall ensure that at all times the claims of the Bondholders against it under the Bonds rank at least pari passu with the claims of all its other unsecured creditors, save those whose claims are preferred by any bankruptcy, insolvency, liquidation or similar laws of general application.
Restrictions on the free transferability	The Bonds are freely transferable and, once admitted to the Official List of AIX, shall be transferable only in whole in accordance with applicable rules and regulations of the AIX

amended from time to time.

Is there a guarantee attached to the Securities? There are no guarantees attached to the Securities.

3.2. Information on where the Securities will be traded

The Bonds will be admitted to trading on AIX under the ticker 5AOIL.0524.

3.3. Key risks specific to the Securities

1. The Bonds are subject to modification, waivers and substitution.
2. Delisting of the Bonds from the Official List of AIX may subject gains and coupon payments on the Bonds to tax in the Republic of Kazakhstan.
3. The Bonds will be listed on the AIX and benefit from an exemption on withholding tax which is untested in practice.
4. The AIX has relatively short history of operations.
5. The Bondholders may be subject to exchange rate risks and currency controls.
6. The market price of the Bonds may be volatile.

4. Key information on the admission to trading

4.1. Conditions and timetable for investing in this Securities

Admission to trading	Application has been made for the Bonds to be admitted to the Official List of AIX and the Bonds are expected to be admitted to trading on 11 May 2021.
Plan for distribution	Public offering. The Bonds will be offered in or from AIFC to a wide range of investors (subject to applicable laws and regulations) in Kazakhstan.
Offering method	Offering of the Bonds will be made through subscription using the book-building platform of the trading system of the AIX in accordance with the AIX Rules and regulations and relevant AIX market notice.
Offer period	6 May 2021.
Allotment of the Bonds	The Lead Manager may, at its sole discretion, allot any Bonds to itself or any of its related persons or related persons of the Issuer, without any restriction. The allotment of the Bonds to subscribers shall be at the absolute discretion of the Lead Manager. The Lead Manager may refuse to allot the Bonds subscribed by any subscribers at its sole discretion. The allotment date of the Bonds will be disclosed in the market notice issued by the AIX prior to the book-building process.
Selling restrictions	The offering and sale of the Bonds is subject to applicable laws and regulations and the Bonds may not be sold in other jurisdictions, including without limitation the United Kingdom, the European Economic Area, other than in compliance with applicable laws and regulations. The Bonds have not and will not be registered under the U.S. Securities Act of 1933 or the securities laws of any state of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.
Notification process for investors	Prior to the start of the book-building process the AIX will issue a market notice setting out, among other things, the main terms and conditions of the book-building and settlement procedures in connection with the offering through AIX, the yield range and the related responsibilities of the AIX trading members. Dealings in the Bonds shall not commence prior to admission to trading of the Bonds by the AIX or prior to the said notification.
Estimated Expenses	Estimated expenses associated with the preparation and offering of Bonds, including listing fees, are expected to be U.S.\$36,000.
Person asking for admission to trading	The Issuer is the initiator of the admission of the Bonds to the Official List.

4.2. The purpose of is this Prospectus

This Prospectus has been produced in connection with the application for the Bonds to be admitted to the Official List of the AIX.

Reasons for the Issuance / Use of Proceeds The issuance is being made, and the net proceeds of the issue of the Bonds will be used by the Issuer for the financing of its core operations for increasing oil production and

revenues. In particular, the Company plans to use the net proceeds for:

- drilling of new appraisal and production wells in Blocks A and E with the probability of obtaining industrial oil flows of more than 90%;
- geological and technical measures on wells, overhaul and underground workover of wells with replacement of screw pumps with models with a higher efficiency and a high operational efficiency;
- Pilot research to enhance oil recovery at existing fields;
- Implementation of measures to control the development of deposits;
- Acquisition of backup technological equipment: new screw pumps, tubing, equipment (CA320 unit, PPU) and gas-diesel generators for uninterrupted operation of fields and round-the-clock oil production and treatment;
- Automation and digitalization of production.

Estimated net amount of proceeds	The net proceeds from the issuance are expected to amount to approximately U.S.\$14,064,000 after deduction of fees and expenses related to the Issue.
Lead Manager	Freedom Finance Global PLC, 55/20, Mangilik Yel Avenue, office 141, Nur-Sultan, Z05T3D8, the Republic of Kazakhstan.
Conflict of interest	No person involved in the offering of the Bonds has any interest in the offering, which is material to the offering.

REGISTRATION DOCUMENT

1. Information about the Issuer

1.1. General information

The full legal and commercial name of the Issuer 5A OIL LLP.

Legal form of the Issuer Limited Liability Partnership.

The country of incorporation of the Issuer The Company was incorporated and registered in the Republic of Kazakhstan on 10 September 2019 as a Limited Liability Partnership with business identification number 190940011143.

The contact details of the Issuer are: Republic of Kazakhstan, Nur-Sultan, Kunayev street 2, 11th floor, Z05M5E3 and its telephone number is +77017004004, the company has not a corporate website.

1.2. Investments

There were no substantial investment activities carried out by the Issuer during the course of 2019 and 2020.

2. Operational financial overview

2.1. Actual and proposed business activities:

The history and description of the principal activities and business of the Issuer

5A OIL LLP is an oil and gas exploration and production company with assets in West Kazakhstan. The Company owns subsoil use rights in the oilfields of Blocks A and E. The Block A and E are part of the Pre-Caspian Basin of the Republic of Kazakhstan, one of the richest hydrocarbon basins in the world.

The Company produced 100,597 tons of crude oil in 2020.

Blocks A and E

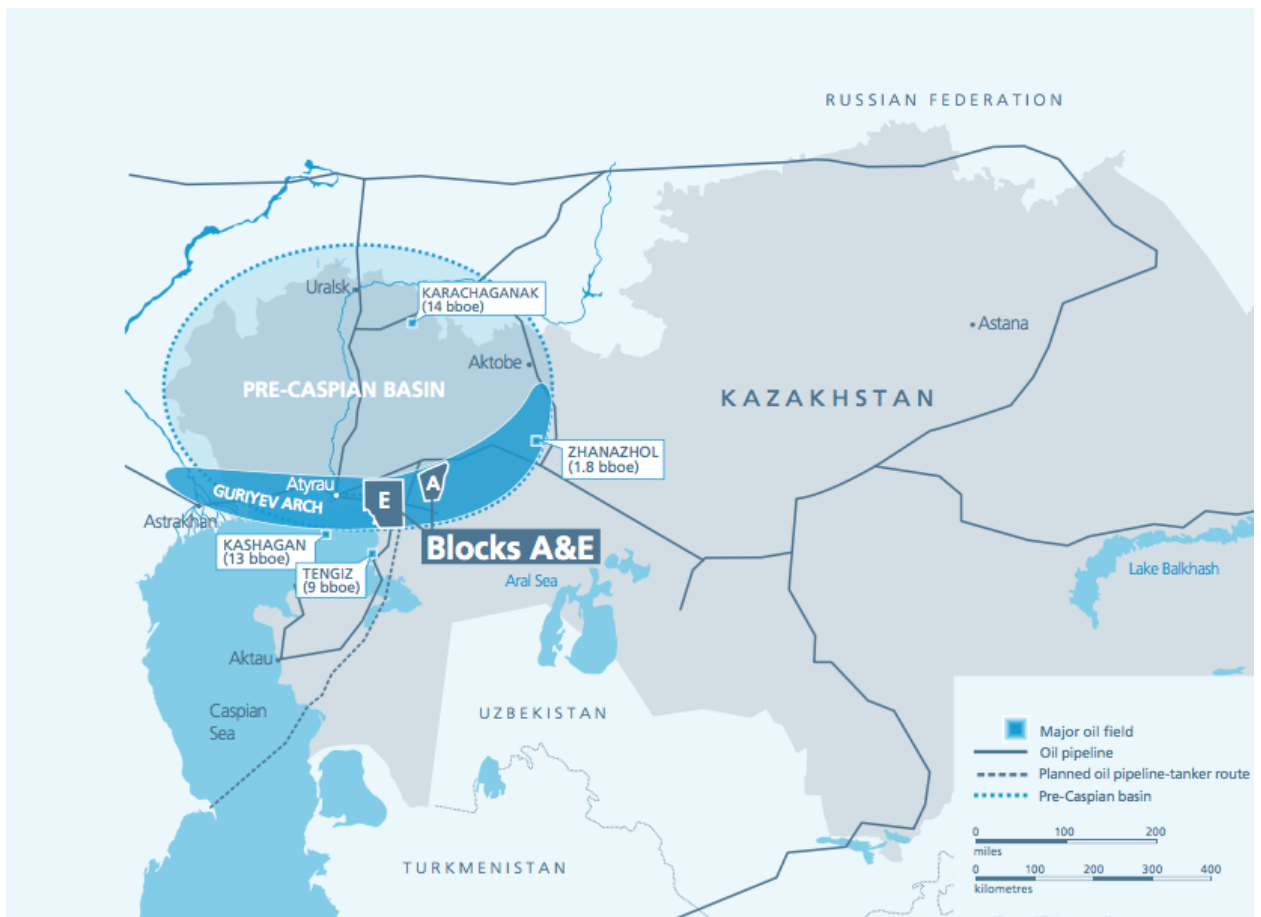
History

The Company was incorporated in September 2019 and started preparation for acquisition of oil and gas assets in Kazakhstan. In February 2020, MM Petroleum Plc, a company ultimately controlled by the Assaubayev family, through its wholly owned subsidiary 5A OIL LLP in Kazakhstan, approached and made an offer to Manash Petroleum LLP to purchase oil and gas assets including a subsoil use contract No. 1117, surface infrastructure. The offer was accepted in March 2020, the transaction documents were signed in April 2020. The deal was approved by the Ministry of Energy of the Republic of Kazakhstan in September 2020. Since the end of September 2020, 5A OIL LLP has obtained full operational control over oil and gas assets and appointed its management.

Property Area

The contract area covers over 11 thousand square kilometers in the Atyrau region of Kazakhstan. It is located on the South margin of the Pre-Caspian Basin within the Guryev arch, which is part of the Astrakhan-Aktobe zone of large basement protrusions.

The following map sets forth the location of the Company's Block A and E:



The Pre-Caspian Basin contains several super-giant sub-salt fields: Tengiz, Karachaganak, Kashagan, Zhanazhol and Astrakhan fields. In addition, there are a number of smaller shallower sub-salt fields in the basin which range in size from under one million barrels to more than two hundred million barrels. The territory of blocks A and E is characterized by a sufficient level of geological and geophysical knowledge. Deep drilling uncovered deposits from the Quaternary to the Lower Permian age. The commercial oil and gas content of the Jurassic and Triassic deposits has been established. A generalization of previously studied materials for calculating hydrocarbon resources is given. During the period 2003-2020, within the contract area there was completed a complex of geological and geophysical studies, including 2D seismic survey in the amount of 2,159 km, 3D seismic survey - 5148 km² and drilling of 88 exploration and appraisal wells.

The Company operated three oilfields in commercial development: Zhana Makat, Asanketken and Borkyldakty. Nowadays Kyzylzhar I East, Sagiz West, Baichunas West and Uytas oilfields are in trial production within the geological allotment. Dossor South-East, Zharshik, Kyzylzhar II, Akatkol, Zhilaya Kosa, Kyzylkala and Karasay fields within the geological allotment are prepared for trial oil production, the oil and gas content of which are confirmed by drilled wells.

Infrastructure

The Property area is serviced by excellent infrastructure, including electrical power lines, a good network of all-weather roads and an experienced oil industry work force. The Property area is also close to the regional rail and oil and gas pipeline transportation systems.

Personnel

At the year end of 31 December 2020, the number of the Company’s personnel was 183, including 121 production personnel, 55 administrative and management personnel and 7 top management personnel.

Legal Tenure

The company owns and operates for the oil production, workover and exploration within the contact area.

Major customers

The Company sells its crude oil to the domestic market and for export. 30% of produced crude oil in 2020 was exported and sold to Vitol, an international trader. Sales to Vitol Energy Trading S.A. are carried at global market prices. As per domestic market, the Company sells crude oil to the Atyrau and Pavlodar refinery plants via Premium Energy LLP, a local trader. The Company plans to increase export volume in 2021 and onwards.

Subsoil use contract

The Company has the subsoil use right to conduct exploration and production of hydrocarbons in the contract territory, including blocks A and E in the Atyrau region of the Republic of Kazakhstan based on Contract No.1117 dated the 4th of March 2003. The contract expires in 2034 and is expected to be extended by at least 20 years.

Competition

The Company operates in the oil and gas sector of Kazakhstan, which has been an attractive for investment opportunity for leading western, Asian and Russian oil and gas companies. Since Kazakhstan's independence, a number of major western and other oil companies have invested in the oil and gas sector of Kazakhstan. In recent years, principal competition in the exploration and production sector has been from China, which has enhanced its presence in Kazakhstan's oil and gas industry by acquiring a number of oil producing companies, as well as by entering into several significant joint ventures with the KazMunayGas group of companies. The last few years have also seen renewed interest, particularly in western Kazakhstan, from numerous smaller companies that have been attracted by development opportunities and the region's existing infrastructure. Companies in this group include, amongst others, Arawak Energy Limited, BMB Munai Inc., CanArgo Energy Corporation, Caspian Holdings PLC, Emir Oil LLP, Kaspiy Neft, JSC Nostrum Oil & Gas and Victoria Oil & Gas PLC. Thus, the Company experiences competition in identifying and acquiring exploration and development rights to attractive oil and gas properties in Kazakhstan, in western Kazakhstan. The Company also faces competition for the skilled oil and gas employees and geologists who work at its properties, and competition for such employees will increase as oil and gas activity in Kazakhstan.

2.2. Risk factors

The Company's revenue and net profits fluctuate significantly with changes in crude oil prices, which are historically volatile and are affected by a variety of factors beyond the Company's control.

Crude oil sales are the Company's largest source of revenue, and the price of crude oil and the revenue realised by the Company from the sales of crude oil are affected by a variety of factors beyond the Company's control, including:

- global and regional supply and demand, and expectations regarding future supply and demand, for crude oil and petroleum products;
- the impact of economic conditions on the Company's customers, including any reductions in demand for crude oil and petroleum products;
- global and regional socioeconomic and political conditions and military developments, government policies and influence, particularly in countries in the same region as Kazakhstan (including, but not limited to, Russia) and in the Middle East and other oil-producing regions;
- weather conditions, natural disasters and public health threats and global pandemics, such as the outbreak of novel coronavirus in 2019 ("Covid-19");
- access to pipelines, railways and other means of transporting crude oil and petroleum products;
- prices and availability of alternative fuels;
- the ability of the members of the Organisation of Petroleum Exporting Countries ("OPEC"), of which Kazakhstan is not a member and over which it has limited influence, and other crude oil producing nations to set and maintain specified levels of production and prices;
- Kazakhstan and foreign governmental regulations and actions, including export restrictions, standards on content of crude oil and petroleum products, and taxes; and
- market uncertainty and speculative activities. increases.

There can be no assurance that the price per barrel of crude oil will not fall further, increase or be maintained in the future. Any decline in the price per barrel for crude oil currently received by the Company (even a relatively modest decline) or any resulting curtailment in the Company's overall production volumes may result in a reduction in revenue and net profits, impair the Company's ability to make planned capital expenditures or to incur costs necessary for the development of the Company's fields and may materially adversely affect the Company's business, prospects, financial condition, cash flows or results of operations. In particular, if the price per barrel falls below certain budgeted amounts for a sustained period of time, the Company may need to revise its capital allocation and may not meet its production plans or continue with certain exploration projects. The Company plans to review options for hedging the crude oil price either with banks or trading companies.

Oil and gas is a capital intensive industry, and the Company's business may require substantial ongoing capital expenditures.

The oil and gas industry is capital intensive and requires capital expenditures related to maintenance, exploration and development, production, transportation, refining and trading and compliance with environmental laws and regulations. The Company currently expects that the majority of its capital expenditure commitments in the short-to-medium term will be in respect of projects aimed at maintaining the current level of production at existing fields. However, the Company may engage in further capital-intensive projects in future. If the Company is unable to raise necessary funding from international or domestic banks or capital markets, it may be forced to reduce planned capital expenditures or curtail, delay or abandon certain projects, which could adversely affect the Company's ability to expand its business and, if the reductions or curtailments are severe enough, could adversely affect its ability to maintain its production or operations at current levels. The Company will monitor its capital expenditure plans and optimize irrelevant costs for its future development.

The outbreak of the COVID-19 pandemic has impacted and will probably continue affecting the global economy, global financial markets and the oil and gas sector in which the Company operates and may have a material adverse effect on the Company's business, financial condition and results of operations.

The dramatic events caused by the COVID-19 pandemic in 2020 with the lockdown of entire economies and huge limitations on international commerce and travel triggered a collapse in hydrocarbon demand in a context of a structural oversupply of the oil market leading to an unprecedented reduction in hydrocarbon prices. In the first half 2020, the price of the Brent benchmark crude oil prices was on average 40% lower than the first half of 2019. These developments had negative, material effects on the Company's results of operations and cash flow. These effects reflected expected lower prices of equity hydrocarbons and the operational effects related to the COVID-19 pandemic due to production decreases caused by the rescheduling and curtailments of capital expenditures, lower demand of fuels and chemical products, plant shutdowns, lower crude oil demand due to a reduction in industrial activity and, finally, higher allowances for doubtful accounts. The Company cannot exclude risks of a possible downgrade of its creditworthiness, which might be driven by the oil scenarios adopted by rating agencies or by a possible sovereign credit downgrade. The evolution of the Company's financial situation in 2021 will be greatly influenced by trends in oil prices that will be closely correlated to the evolution of the pandemic crisis. The short-term recovery of the crude oil and gas prices will greatly depend on how the current COVID-19 crisis unfolds and on how long it lasts. Under the worst of the assumptions, the spread of the disease could extend the actual economic crisis which could materially hit demand for energy products and prices of energy commodities. This scenario could be further complicated in case of a faltering OPEC+ policy at supporting prices and promoting production cuts. These trends could have a material and adverse effect on the Company's results of operations, cash flow, liquidity and business prospects. The Company has taken a number of measures to preserve the liquidity of the Company, the ability to cover financial obligations that come due and to mitigate the impact of the crisis on the Company's net financial position.

The Company's business could be adversely affected if it fails to maintain or renew existing necessary permits and subsoil use contracts or fails to comply with the terms of its existing or future permits and subsoil use contract.

There can be no guarantee as to the terms of any such permits, licenses and subsoil use contracts or assurance that current or future permits, licenses and subsoil use contracts will be renewed or, if so, on what terms when they come up for renewal. It is possible that, in the event of any material non-compliance with the terms of any such permits (including in relation to the payment of moneys concerning their maintenance in good standing on an ongoing basis), the Company may risk its interest in those permits being forfeited. Although the management believes that the Company's exploration activities are currently carried out in accordance with all material applicable rules and regulations, no assurance can be given that new rules, laws and regulations will not be enacted, or that existing or future rules and regulations will not be applied in a manner which could serve to limit or curtail exploration, production or development of the Company's business or have an otherwise negative impact on its activities. Amendments to existing rules, laws and regulations governing its operations and activities of exploration and production, or increases in or more stringent enforcement, implementation or interpretation thereof, could have a material adverse impact on the Company's business, results of operations and financial condition and its industry in general in terms of additional compliance costs.

The Company's subsoil use contracts and related working programmes contain a range of obligations on the Group, and there may be adverse consequences of breach of these obligations ranging from penalties to, in extreme cases, suspension or termination of the Group's subsurface use contracts. However, The Company currently has all permits in place in relation to its material assets, should the Company identify future operations at its exploration sites, there is a risk that the necessary permits, consents, titles, authorisations and agreements to implement planned exploration, project development or production may not be obtained or renewed under conditions or within time frames that make such plans economic, that applicable laws, regulations or the governing authorities will change or that such changes will result in additional material expenditures or time delays. At the moment, the Company's subsoil use contract expires in 2034 and is expected to be extended by at least 20 years and the Company closely monitors its compliance with current requirements under existing permits and subsoil use contract.

Government policies and regulations on the oil and gas sector, including in respect to pricing and domestic supply requirements, may affect the Group's business.

The Government requires all oil producers in Kazakhstan, including the Company, to supply some of their crude oil production to domestic refineries to meet domestic energy requirements, primarily in the agriculture sector. The Government decides the volume of crude oil that needs to be supplied to the domestic market on a monthly basis. As domestic consumption of oil and refined oil products rises, the Company may be compelled by the Government to sell a larger portion of its production in furtherance of socially mandated policies. If the Government does increase the Company's domestic supply quota over and above the quantities currently supplied by the Company, such supplies will take precedence over market sales and will generate substantially less upstream revenue than crude oil sold on the export market, which may materially and adversely affect the Company's business, prospects, consolidated financial position and results of operations. The Company is in permanent contact and discussion with the Government and the Ministry of Energy of the Republic of Kazakhstan in terms of monitoring and potential future increase in export volume of the Company's crude oil.

The Company may be subject to exchange and interest rate risk.

The Company's principal exchange rate risk involves changes in the value of the U.S. Dollar relative to the Tenge

and, to a lesser extent, relative to other currencies. Most of the Company's cash inflows, as well as its accounts receivable balances, are denominated in U.S. Dollars, whilst a significant amount of the Company's costs of sales are denominated in Tenge. On the revenue side, all of the Company's export revenue, including the exports of crude oil and refined oil products, are denominated in U.S. Dollars or are correlated with U.S. Dollar-denominated prices for crude oil and refined oil products. Because most of the Company's revenue is denominated in U.S. Dollars, whilst a significant share of its costs is Tenge-denominated, the Company generally benefits from an appreciation of the U.S. Dollar against the Tenge, which consequently has a positive effect on the Company's results of operations; however, the appreciation of the Tenge will increase the Company's cost and negatively affect profitability.

The Company is a recently formed company with lack of significant operating history upon which prospective investors may base an evaluation of future performance.

The Company has only incurred losses since its inception due to its lack of revenues and current level of production. It is possible that the Company will continue to incur such losses until such time as oil and gas production increases. The Company established its development plan for increasing the production of crude oil and operational efficiency with close monitoring of capital expenditures, expecting improving its financial position and demonstrating successful track-record of production increase in 2021 and further.

The Company's drilling, developing and operating involves a number of risks, many of which are beyond the control of the Company, which may delay or adversely impact the Company's activities.

These include mechanical failures or delays, adverse weather conditions and Government regulations or delays. These delays and potential impacts could result in the Company's activities being delayed or abandoned and substantial losses could be incurred. Drilling may not result in the discovery of economically viable hydrocarbon resources either due to insufficient resources being discovered, the resources not being of sufficient quality to be developed economically or the costs of any development being in excess of that required for an economic project. The Company closely monitors its operations and mitigates risks of no discovery of economically viable hydrocarbon resources due to extensive geological exploration of the Company's Block A & E and the seismic survey in place for 2D of 2,159 kilometers and 3D 5,148 square kilometers.

The Company's drilling is subject to general industry operating risks such as environmental spills or hazards, explosions, fires, blow-outs, equipment failures.

The occurrence of any of environmental spills or hazards, explosions, fires, blow-outs, equipment failures could result in losses for the Company in the form of injury or loss of life, environmental damage, damage to or destruction of property and regulatory investigations that could result in curtailment of operations, fines and other additional costs. If the Company were to proceed with drilling for very deep sub-salt targets, the operational risks would be similar save for a greater possibility of encountering poisonous H₂S gas, with a consequent risk to Company's employees and contractors. The Company closely supervises its compliance with all environmental, health and safety requirements to avoid and prohibit such negative occasions with short-medium term plans to implement additional production automatization to increase operations efficiency and reduce risks.

The All of the Company's operations are conducted, and all of its assets are located, in Kazakhstan. Accordingly, the Group is affected to a significant degree by legal, economic and political conditions prevailing in Kazakhstan.

Kazakhstan became an independent sovereign state in 1991 as a result of the dissolution of the Soviet Union. Since then, Kazakhstan has undergone significant changes as it has emerged from a single party-political system and a centrally controlled command economy to a market-oriented economy. The transition was initially marked by political uncertainty and tension, a recessionary economy accompanied by high inflation, instability of the local currency and rapid, but incomplete, changes in the legal environment. Since 1992, Kazakhstan has actively pursued a programme of economic reform designed to establish a free-market economy through privatisation of state enterprises. However, as with any transition economy, there can be no assurance that these reforms will continue or that they will achieve any or all their intended aims.

Kazakhstan's financial sector continues to experience instability and remains under stress. It is not clear what impact this will have on Kazakhstan's mineral resources market. Small and medium-sized enterprises have been particularly affected while larger companies and state-owned entities have generally continued to have access to offshore funding albeit on a more limited basis and on less favourable terms. Any liquidity problems in Kazakhstan's economy could adversely affect its economic development, which could, in turn, materially and adversely affect the Group's prospects, business, financial condition and results of operations.

The Company's operations are subject to environmental risk, and the Group is required to comply with environmental laws and regulations which may continue to develop and change.

The Company's operations are subject to the environmental risks inherent in virtually all aspects of its business, including oil and gas exploration production. There are environmental issues with current sites of operations caused by the Company and its predecessors. The Company's primary environmental liabilities include land contamination, gas flaring, the disposal of wastewater and oil spills.

The costs of environmental compliance in the future and potential liability due to any environmental damage that may be or may have been caused by the Company could be material. Moreover, the Company could be adversely affected by future actions and fines imposed on the Company by the environmental authorities, including the potential

suspension or revocation of one or more of the Company's subsoil contract or environmental permits. The Company monitors its compliance with the environmental laws and regulation to ensure that its operations and production do not bring any additional negative environmental effect.

Climate change and sustainability concerns and impacts could require the Company to incur costs or invest additional capital, could reduce global demand for oil and gas and could negatively affect the Company's ability to obtain financing.

Climate change and sustainability concerns manifested in public sentiment, investor sentiment, government policies, laws and regulations, international agreements and treaties and other actions may reduce global demand for crude oil and propel a shift to lower carbon intensity fossil fuels or alternative energy sources. The Company may be required to incur costs, invest additional capital or make changes to the way it does business to address the impacts of climate change. Increasing pressure on governments to reduce greenhouse gas emissions has led to a variety of actions that aim to reduce the use of fossil fuels, including, amongst others, carbon emission cap and trade regimes, carbon taxes, increased energy efficiency standards and incentives and mandates for renewable energy and other alternative energy sources. Existing and future climate change concerns and impacts, and related laws, regulations, treaties, protocols, policies and other actions could shift demand to other fuels, reduce demand for the Company's products and have a material adverse effect on the Company's business, financial position and results of operations. The Company has short-medium term plans to issue its first environmental, social and governance (ESG) report and obtain the ESG rating from one of the international rating agencies in order to demonstrate its commitment to the highest ESG standards in oil and gas industry and explore financing opportunities in sustainability loans from international financial companies.

Labour disputes may materially adversely affect the Company's business.

The Company's industry is labor intensive. The Company's management is focused on social responsibility and its efforts to improve employee relationships, but there can be no assurance that work slowdowns, work stoppages, strikes or other labor dispute will not occur in the future. In the event of a strike there may not be sufficient alternative staff and employees to run production activities which may result in ongoing reductions in production or a need to devote financial resources to restore production. This could increase costs in absolute terms and/or as a percentage of revenue. Labor disputes materially affecting any of the Company's operations or the operations of any third party which the Company utilises for its business, may adversely affect the Company's business, prospects, financial condition, cash flows or results of operations. The Company closely monitors the standards of working conditions for its employees and is in permanent contact with

The Company faces competition from other suppliers of oil and gas.

The sale of crude oil internationally is very competitive. The Company's primary competitors for the sale of crude oil include domestic and international oil companies, many of which have substantial crude oil reserves and financial resources. The primary factors driving competition are global crude oil supply and demand and the quality of the crude oil produced, which impacts the relative value of the crude oil to be used in the production of diesel, gasoline and other refined products. Other factors that could affect competition in the crude oil marketplace include additional discoveries of crude oil reserves by the Company's competitors, new technologies that increase the viability of reserves or reduce production costs, political and economic factors and other factors outside of the Company's control. Increased competitive pressures could have a material adverse impact on prices at which the Company can sell crude oil. The Company's Blocks A and B are strategic and well positioned for facing competition from other crude oil producers in Kazakhstan and the Company's produced crude oil is close to the highest quality standards of the industry, the first category standard as per Kazakhstan's quality scale and close to Brent standard.

Failure by the Company to develop additional reserves will cause its reserves and production to decline materially from their current levels over time.

To realise future production growth, extend the lives of its oilfields and ensure the continued operation of the business, the Company must continue to realise its existing identified reserves, develop its reserves base through undertaking successful exploration. The Company's reserves decline as production increases. Reserves are increased when the Company discovers new oilfield or operations or increases reserves of operating oilfields via additional exploration. Substantial capital expenditure is required to identify and delineate oil reserves through geological modelling, drilling and sampling. Any acquisition that the Company may choose to complete may change the scale of the Company's business and operations and may expose the Company to geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms and integrate the acquired entity successfully. The Company has substantial potential for developing additional reserves from its discovered oilfields within Blocks A and E with its further transition to trial production and full commercial production.

2.3. Production and sales trends

The principal source of the Company's revenue is proceeds from selling crude oil. For the year ended 31 December 2020, total revenue was 1,054,895 thousand tenge and the Company did not sell any crude oil in 2019 as it was in the process of acquiring the legal rights, including the subsoil use contract for operation on its contract area and production crude oil. The Company plans to increase its annual oil production in 2021 and achieve two-times growth in 2022 due to the drilling of additional production wells at the Sagiz West (21.9 thousand tons per year), Kyzylzhar I fields West

(47.5 thousand tons per year), Baichunas West (7.3 thousand tons per year), Asanketken (10.9 thousand tons per year) and Borkyldakty (5.5 thousand tons per year) and intensification inflow due to the change of downhole pumping units. In 2020, the Company's consolidated crude oil production increased by 1.5% compared to 2019 to 100.5 thousand tons. Oil production by the Company includes production at all fields: Zhana Makat, Borkyldakty, Asanketken, Kyzylzhar I East and Sagiz West. As of now, the Company's active well stock includes 48 producing wells, 11 injection wells and 19 wells on conservation with 290 tons or 2,126 barrels of crude oil produced daily.

Over the past five years, from 30% to 61% of the oil produced at the company's oilfields was exported at the price of Brent quality, while 30% of the oil produced by the Company was exported under the offtake agreement with Vitol Energy Trading S.A. and the Company plans to increase the export volume in 2021 and further.

For more detailed financial information about the Company please see Schedule 2 of this Prospectus.

3. Constitution and organizational structure

3.1. Constitution

Issuer's objectives and purpose and where they can be found in the constitution

The Issuer's objectives and purpose can be found in clause 3 of the Constitution which was approved by the decision of the Sole Participant of the Issuer dated 16 April 2021. The primary activities of the Limited Liability Partnership ("Partnership") shall contemplate derivation of net income.

The rights, preferences and restrictions attaching to each class of the existing Securities

The Issuer's legal form is the Limited Liability Partnership and the Issuer currently does not have any equity securities issued.

The Sole Participant of the Partnership is entitled to:

- take part in management of the Partnership's affairs, to obtain information concerning activities of the Partnership;
- derive incomes from activities of the Partnership in accordance with the Law, the constituent documents and its resolutions as the Participant;
- in case of liquidation of the Partnership, to receive value of a part of the property remaining after settlement of payments with creditors or a part of that property in kind;
- retire from the Partnership by alienating its interest according to the procedure provided by the Law and this Constitution;
- contest in a judicial procedure the resolutions of the Partnership's bodies infringing their rights provided by the legislation and (or) the Constitution of the Partnership;
- The Partnership's participants also shall have other rights provided by the constituent documents of the Partnership and the effective legislation of the Republic of Kazakhstan.

The Sole Participant of the Partnership is obliged to:

- meet the requirements of the Constitution;
- make contributions to the Authorized capital stock of the Partnership according to the procedure, in amount and within terms as provided by the Constituent documents;
- not disclose information declared by the Partnership a trade secret;
- notify in writing the executive body of the Partnership of changes in the list of participants of the Partnership stating their names, locations, addresses, bank details (if the founder is a legal entity) or name, place of residence and details of an identifying document (of the founder is an individual);
- notify in writing of changes in membership the executive body, as well as a registrar if a register of the Partnership's Participants is kept;
- the Partnership's Participants shall bear other obligations provided by the Constitution and the effective legislation of the Republic of Kazakhstan.

The Supervisory Board is entitled to:

- The composition of the Supervisory Council is determined by the Participant.
- The Chief Executive Officer, members of the Management Board, Financial Director, Chief Accountant of the Partnership may not be members of the Supervisory Board.
- The Supervisory Board controls the financial-economic activity of the Management Board headed by the Chief Executive Officer and the Financial Director of the Partnership. Its functions are determined by a policy and other documents that regulate the internal activities of the Partnership. The members of the Supervisory Board may demand from any member of the Management Board of the Partnership the presentation of any documents that allow for checking and judging the conditions in which the Partnership carries out its activities. The Supervisory Board shall notify the Participant of any potential threat to the vital interests of the Partnership.
- The Supervisory Board issues an opinion on the annual budget, statements and balance sheet of the Partnership. The latter may not be approved by the Participant without such opinion.

- The Management Board is entitled to:
- The current activities of the Partnership are managed by the Management Board, which is accountable to the Member and Supervisory Board for the discharge of its duties;
- The principal duties of the Management Board are development of proposals on the business strategy of the Partnership, implementation of the financial-economic policy of the Partnership, working out solutions on the critical issues of its current economic activities, and coordination of the work of its business units, increasing the efficiency of the control and risk monitoring systems, safeguarding for the rights and legal interests of the Participant.
- Formation of the Management Board, determining the term of office of the Chief Executive Officer and members of the Management Board, assignment (election) of and taking disciplinary actions against the Chief Executive Officer and members of the Management Board, as well as early termination of their authorities fall under the exclusive jurisdiction of the Member.
- The Management Board is created by the Member for a period not exceeding five (5) years and consists of no less than four (4) persons. The Chief Executive Officer and the members of the Management Board of the Partnership may not be the members of the Supervisory Board at the same time.
- A meeting of the Management Board is deemed duly constituted if it is attended by at least three (3) members of the Management Board.
- Decisions at a meeting of the Management Board are made by the majority of votes of the members of the Management Board present at such meeting. In the event of a tie, the Chief Executive Officer shall have a casting vote.
- The Management Board is chaired by the Chief Executive Officer.
- The management of the activities of the Management Board and the procedure for convening and holding meetings of the Management Board are determined by the Partnership's internal regulations, which are approved by the Member. All or any member of the Management Board may participate in a meeting of the Management Board by means of a conference call or other means of communication allowing all attendants at the meeting to hear each other and speak to each other. A person participating in a meeting using such means of communication is entitled to vote and be accounted in a quorum.
- receive from the Partnership's business units reporting and reference materials, statistical and other data for making justified decisions;
- acquaint themselves with standards, accounting, reporting, financial and other documents and materials of the Partnership including auditor's opinions necessary for resolution of issues that fall under the jurisdiction of the Management Board, receive copies of such documents and minutes of meetings of the Management Board;
- make proposals on a work plan of the Management Board and an agenda of a meeting of the Management Board, as well as proposals on convening an extraordinary meeting of the Management Board;
- exercise other rights stipulated by the Legislation, the Articles of Association and internal regulations of the Partnership.
- duly provide information upon assignment of the Participant and the Supervisory Board;
- participate in the meetings of the Management board (including by virtue of absentee voting);
- ensure the integrity of the accounting and financial reporting system including the conduct of an independent audit;
- abstain from voting on issues, if they have a personal interest in decisions made on such issues;
- refuse to accept presents and other direct or indirect benefits aimed at influencing the activities of the members of the Management Board or their decisions (except tokens of appreciation accepted in accordance with common rules of courtesy, or souvenirs given during official events);
- inform the Chief Executive Officer of the state of affairs on the range of issues under its jurisdiction.
- The main principles by which the members of the Management Board operate are professionalism, common sense, prudence, integrity and objectivity. The members of the Management Board shall act in the interests of the Partnership, exercise their rights and perform their duties reasonably and in good faith for avoidance of risks in making decisions and unfavorable consequences for the Partnership.
- The members of the Management Board shall not use their position and information on the activities of the Partnership to the detriment of the Partnership. The confidentiality obligations remain valid for five (5) years after termination of an employment contract of a member of the Management Board.
- The Chairman and the members of the Management Board shall not:
 - without consent of the Participant, conclude transactions with the Partnership if such transactions are aimed at receiving material benefits (including gift contracts, loan contracts, gratuitous use contracts, sale and purchase contracts, etc.) from the Partnership;
 - receive commissions both from the Partnership and third parties for transactions concluded between the Partnership and third parties;
 - act for and on behalf of third parties in their dealings with the Partnership;

- carry out an entrepreneurial activity that competes with the activities of the Partnership;
- without consent of the Supervisory Board, work in other organizations. The members of the Management Board shall be held accountable in accordance with the Legislation and the Articles of Association for any harm caused by their actions and/or inactions, and for any losses incurred by the Partnership including but not limited to the losses incurred as a result of the following:
 - provision of misleading or intentionally false information;
 - violation of an information disclosure procedure established by the legislation of the Republic of Kazakhstan;
 - offering to conclude and/or making a decision to conclude major transactions or transactions in which such members have an interest and which led to losses to the Partnership as a result of their unfair actions and/or inactions including those aimed at receiving by them or their affiliated persons of a profit (income) from concluding such transactions with the Partnership.
- The Chief Executive Officer and the members of the Management Board, chief executive officers of the business units are accountable to the Member for the results of business activities of the Partnership. The responsibility for preparation and submission of tax declarations and statements of the Partnership, as well as for timely and full payment of taxes to the state budget, lies with the chief accountant or financial director of the Partnership, or any other person assigned by the Chief Executive Officer.
- The Management Board of the Partnership may make decisions on any issues related to the activities of the Partnership, which are not attributed by the Legislation, Articles of Association and internal regulations of the Partnership to the jurisdiction of other bodies of the Partnership and its officials, as well as:
 - make transactions and administer the property and money of the Partnership within its jurisdiction: the value of each individual transaction concluded by the Management Board represented by the Chief Executive Officer shall not exceed KZT 100 000 000 (one hundred million). Transactions valued at more than KZT 100 000 000 (one hundred million) shall be concluded by the Management Board represented by the Chief Executive Officer on the basis of a respective decision of the Member of the Partnership;
 - approve the structure and staffing table of the Partnership;
 - approve the structure of subsidiaries and representative offices, the total number and staff (staffing table) of the employees of the management bodies, as well as the total number of employees of the business units of the subsidiaries and representative offices;
 - make decisions (issue resolutions) and give instructions binding on all employees of the Partnership;
 - approve documents regulating the internal activity of the Partnership and related without limitation to the following:
 - in the area of labor relations and other relations directly related to labor – recruitment, scheduling and management of a workflow including scheduling of travels and business trips, implementing employer-sponsored training programs, specifying incentives, establishing procedures for granting leaves (days off), reimbursement of expenses, personnel performance appraisal, additional benefits to employees working in harmful (hazardous) environments or involved in physically-demanding work, as well as other issues related to workflow scheduling, and granting material benefits to employees;
 - ensuring health, safety and environmental protection;
 - procedures for acquisition (procurement) of goods (work, services) required for the activities of the Partnership, as well as tendering procedures in the Partnership;
 - all kinds of insurance that, in accordance with the requirements of the legislation and at the discretion of the Chief Executive Officer, are necessary for covering the risks in daily operations of the Partnership;
 - other issues at the discretion of the Member of the Partnership.
 - coordinate and guide the work of the Partnership’s subsidiaries and representative offices;
 - make decisions on operational issues of the Partnership’s internal activities;
 - approve the Partnership’s annual public procurement plans;
 - approve monthly management reports;
 - approve the signing of external financing contracts;
 - approve the Partnership’s annual work program and price policy, as well as changes thereto;
 - approve the Partnership’s annual statements;
- make decisions on other issues related to supporting the activities of the Partnership that do not fall under the exclusive jurisdiction of the Member, Supervisory Council and officials of the Partnership.
- The Management Board shall abide by decisions made by the Member, Supervisory Council and officials of the Partnership.
- The Partnership may dispute the validity of any transaction concluded on the basis of a decision made by the Management Board in violation of any restrictions specified by the Partnership, if the Partnership proves that, at the moment of concluding the transaction, the parties were aware of such restrictions.

The Chief Executive Officer is entitled to:

- Heads the Management Board;
- arranges for implementation of any decisions of the Member, the Supervisory Board and Management Board of the Partnership;
- Acts without a power of attorney on behalf of the Partnership in its dealings with third parties;
- Issues powers of attorney for representation of the Partnership in its dealings with third parties;
- Recruits, relocates and lays off the Partnership's employees except in cases stipulated by the Legislation, applies a reward and punishment mechanisms, specifies the sizes of salaries and pay supplements for the employees of the Partnership in accordance with the staffing table of the Partnership, determines the sizes of bonuses for the Partnership's employees except the employees who are members of the Management Board and internal audit team of the Partnership;
- Allocates the duties, authorities and responsibilities between the members of the Management Board;
- Approves the initiation and settlement of litigations, disputes or arbitration proceedings;
- Issues orders and instructions binding upon all employees of the Partnership;
- Establishes the work hours of the Partnership;
- Ensures that the Participant and the Supervisory Board are provided with semi-annual reports on implementation of the basic parameters of the consolidated annual budget and business plan, as well as the strategic map of key performance indicators of the controlling activities of the Chief Executive Officer;
- Opens bank accounts, as well as other accounts for the Partnership;
- Issues orders and gives instructions within its jurisdiction;
- Convenes meetings of the Management Board;
- Ensures that the Participant, Chairman of the Supervisory Board or persons authorized by the Participant are notified as soon as possible of any emergencies (accidents, disasters or catastrophes) related to the activities of the Partnership;
- Makes decisions on any other issues related to the Partnership's current activities not related to the exclusive jurisdiction of the Member or to the jurisdiction of the Management Board of the Partnership;

What action is necessary to change the rights of holders of the Securities, indicating where the conditions are more significant than is required by any law applicable to the Issuer

The Issuer does not have any equity securities issued.

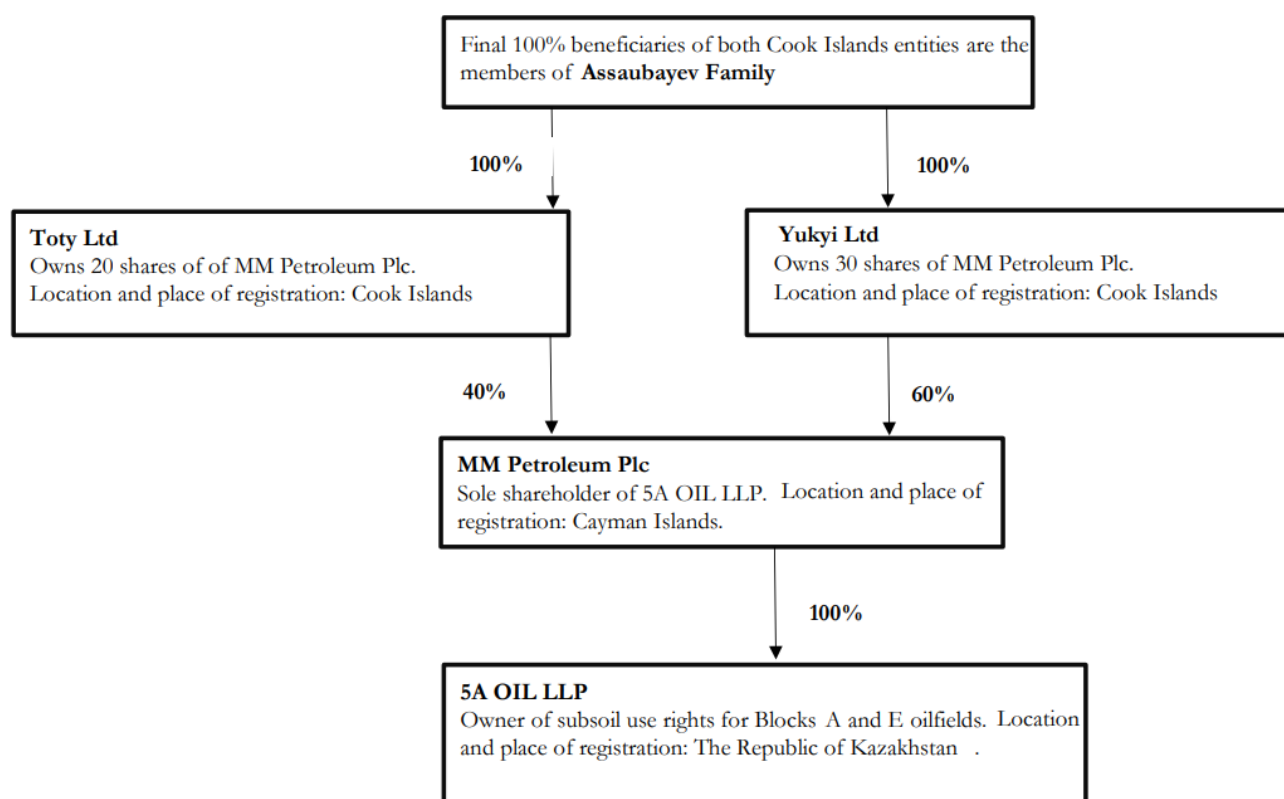
Any provisions in the constitution, governing the ownership threshold above which shareholder ownership must be disclosed

There are no provisions in the Constitution, governing the ownership threshold above which shareholder ownership must be disclosed.

The conditions imposed by the constitution governing changes in the capital, where such conditions are more stringent than is required by law applicable to the Issuer

No conditions imposed by the Constitution governing changes in the capital are more stringent than is required by law applicable to the Issuer.

3.2. Group structure



4. Assets

4.1. Material contracts

Offtake Agreements/Key Customers

The Company sells its production to Vitol Energy Trading S.A. for export and the Atyrau and Pavlodar Refinery plants for domestic market via Premium Energy LLP. The Company has no other off-take arrangements in place.

Subsoil Use Contract

The Company has the subsoil use right to conduct exploration and production of hydrocarbons in the contract territory, including blocks A and E in the Atyrau region of the Republic of Kazakhstan on the basis of Contract No. 1117 dated the 4th of March 2003.

5. Capital

5.1. Share capital

As of 28 April 2021, the authorized issued capital of the Company amounted to KZT252,500.

6. Management of the Issuer

6.1. Details relating to Supervisory Board and senior managers (“Key Persons”)

Name, position and business address	Functions and principal activities
Kablan Uatay, Chairman of the Supervisory Board of 5A OIL LLP Kazakhstan, Nur-Sultan, Kunayev street 2, 11 th floor	Company management in accordance with the constitution; Organization of work of the Supervisory Board and exercising overall control over the implementation of decisions of the Supervisory Board; Responsibility for formation of the agenda of meetings of the Supervisory Board; Convening meetings of the Supervisory Board and preside at them;

	<p>Organization the development of the most effective decisions on items on the agenda;</p> <p>Taking all necessary measures to timely furnish information required for making decisions on the agenda to members of the Supervisory Board;</p> <p>Organization of minutes taking at meetings of the Supervisory Board, sign them, and be responsible for correctness and timeliness of drawing up of minutes;</p> <p>Performing other functions in accordance with the requirements of the existing legislation of the Republic of Kazakhstan and decisions of the Supervisory Board.</p>
<p>Gabdrakhim Zhangbyrbayev, Independent Member of the Supervisory Board of 5A OIL LLP Kazakhstan, Nur-Sultan, Kunayev street 2, 11th floor</p>	<p>Company management in accordance with the constitution;</p> <p>Receiving complete and reliable information about the Partnership's activities which is necessary for performance of their functions;</p> <p>Familiarization with decisions of the Members, minutes of meetings and decisions of the Supervisory Board, which are made by absentee voting, audit opinions;</p> <p>Receiving any information from the Partnership's officials and, if necessary, listen to the Partnership's officials and employees on issues of interest of the Supervisory Board at its meetings;</p> <p>Placing issues on the agenda of meetings of the Supervisory Board in accordance with the established procedure,</p> <p>Demanding to convene an extraordinary meeting of the Supervisory Board;</p> <p>Submitting written proposals on organization of the work of the Supervisory Board;</p> <p>Abstaining from voting on items with the indication of separate opinion;</p> <p>Demanding to include to the minutes of the meeting of the Supervisory Board their own separate opinion on the items on the agenda and decisions taken;</p> <p>Exercising other rights stipulated by the legislation of the Republic of Kazakhstan, Articles of Association of the Partnership, internal documents and these Regulations.</p>
<p>Maryam Buribayeva, Independent Member of the Supervisory Board of 5A OIL LLP Kazakhstan, Nur-Sultan, Kunayev street 2, 11th floor</p>	<p>Company management in accordance with the constitution;</p> <p>Receiving complete and reliable information about the Partnership's activities which is necessary for performance of their functions;</p> <p>Familiarization with decisions of the Members, minutes of meetings and decisions of the Supervisory Board, which are made by absentee voting, audit opinions;</p> <p>Receiving any information from the Partnership's officials and, if necessary, listen to the Partnership's officials and employees on issues of interest of the Supervisory Board at its meetings;</p>

	<p>Placing issues on the agenda of meetings of the Supervisory Board in accordance with the established procedure,</p> <p>Demanding to convene an extraordinary meeting of the Supervisory Board;</p> <p>Submitting written proposals on organization of the work of the Supervisory Board;</p> <p>Abstaining from voting on items with the indication of separate opinion;</p> <p>Demanding to include to the minutes of the meeting of the Supervisory Board their own separate opinion on the items on the agenda and decisions taken;</p> <p>Exercising other rights stipulated by the legislation of the Republic of Kazakhstan, Articles of Association of the Partnership, internal documents and these Regulations.</p>
<p>Akzhan Kassenov, Chief Executive Officer of 5A OIL LLP Kazakhstan, Nur-Sultan, Kunayev street 2, 11th floor</p>	<p>Company management in accordance with the constitution;</p> <p>Management of oil and gas production;</p> <p>Conducting negotiations with counteragents;</p> <p>Coordination of subsoil use matters with Ministry of Energy of Republic of Kazakhstan;</p> <p>Ensuring compliance of the Company with Republic, regional and local government bodies;</p> <p>Controlling preparation, research and analysis of geological and geophysical data within the contract area;</p> <p>Coordination with the regulatory authorities matters related to obtaining permissions, certificates, licenses and other documents, required for operations of the Company.</p>
<p>Kalizhan Ablayev, Deputy Chief Executive Officer for Production of 5A OIL LLP Kazakhstan, Nur-Sultan, Kunayev street 2, 11th floor</p>	<p>Company management in accordance with the constitution;</p> <p>Management of Production, Engineering and Equipment, Engineering Security, Labor Protection and Environment Departments;</p> <p>Control extraction and timely shipment of hydrocarbons;</p> <p>Coordination operations of the Company with respective government bodies in Atyrau city and Atyrau region;</p> <p>Management and control of production operations of the Company.</p>
<p>Serik Kainarbayev, Deputy Chief Executive Officer for Commercial Affairs of 5A OIL LLP Kazakhstan, Nur-Sultan, Kunayev street 2, 11th floor</p>	<p>Company management in accordance with the constitution;</p> <p>Review and approval of agreements (obligations) entered by the Company: oil offtake, purchasing goods, works and services, sale-purchase, etc.;</p> <p>Control on obtaining according to established order quotas for oil export;</p> <p>Control compliance by authorized employees of the Company with order on purchasing goods,</p>

	works and services during conducting operations on exploration and production of hydrocarbons; Management of Material Technical Supply, Marketing and Business Development Departments.
Askhat Tlekmetov, Deputy Chief Executive Officer for Finance of 5A OIL LLP Kazakhstan, Nur-Sultan, Kunayev street 2, 11 th floor	Company management in accordance with the constitution; Formation of applications for Economy department of the Company with the purpose of providing funding; Management of Accounting and Economy department; Procedure management of internal control and expenditures of the Company; Implementation of control for accounting procedures; Management of payment processes for operations of the Company.
Saltanat Bizhigitova, Deputy Chief Executive Officer for Human Resources and Administration of 5A OIL LLP Kazakhstan, Nur-Sultan, Kunayev street 2, 11 th floor	Company management in accordance with the constitution; Management of Human Resources and Administration department; Control on personnel search and recruitment process; Control and coordination of human resources administration.

There is no information about convictions relating to fraud, wrongful trading, defaults, antitrust violations and any other financial crimes regarding founding members or members of the senior management of the Issuer.

There is no information about any bankruptcies, receiverships or liquidations of another entity with which founding members or members of the senior management of the Issuer was associated with for at least the previous five years when acting in a similar capacity.

There is no information about any official public incrimination and/or sanctions of founding members or members of the senior management of the Issuer by statutory or regulatory authorities (including designated professional bodies) and whether founding members or members of the senior management of the Issuer has ever been disqualified by a court from acting as a Director or from acting in the senior management of, or conduct the affairs of, any issuer for at least the previous five years.

Conflict of interest

There is no conflict of interests between the personal interests of any Key Person mentioned above and that of the duties such persons owed to the Issuer or interests of the Issuer.

6.2. Other information relating to key Persons

The Issuer doesn't have audit committee, nomination committee or remuneration committee, as the Issuer is not required to form committees in accordance with the legislation of the Republic of Kazakhstan governing the activities of legal entities operating in the form of limited liability partnerships.

7. Financial information about the Issuer

7.1. Historical financial information about the Issuer

Statement of Profit or Loss (thousand KZT)	2020 audited	2019 audited
Sales	1,054,895	0
Cost of goods sold	(681,439)	0
Gross profit	373,456	0
Sales expenses	(836,603)	0

Administrative expenses	(260,670)	0
Current operating costs	(52,955)	0
Operating profit (loss)	(776,772)	0
Other expenses	(59,639)	0
Fee expenses	(150)	0
Foreign exchange income	64,417	0
Profit (loss) before tax	(772,144)	0
Savings on corporate income tax	104,543	0
Net profit (loss)	(667,601)	0
Other comprehensive income	0	0
Total comprehensive income (expense)	(667,601)	0

Statement of Financial Position (thousand KZT)	31 December 2020 audited	31 December 2019 audited
ASSETS		
Intangible assets	2,381,362	0
Fixed assets	1,577,981	0
Exploration and appraisal assets, long-term part	5,232,287	0
Long-term debt on loans issued to employees	7,500	0
Total non-current assets	9,199,130	0
Inventory	268,823	0
Trade and other receivables	4,959	0
Advances paid and other prepaid expenses	91,971	0
VAT receivable	666,333	0
Cash	149,348	0
Total current assets	1,181,434	0
Total assets	10,380,564	0
EQUITY		
Issued capital	253	253
Unpaid capital	(253)	(253)
Retained earnings	1,480,818	0
Total equity	1,480,818	0
LIABILITIES		
Loans	2,952,140	0
Long-term appraisal liabilities	1,701,924	0
Deferred tax liability	432,562	0
Total long-term liabilities	5,086,626	0
Advances received	622,180	0
Trade and other payables	457,210	0
Contractual obligations	2,507,293	0
Taxes payable	226,437	0
Total short-term liabilities	3,813,120	0
Total liabilities	8,899,746	0
Total equity and liabilities	10,380,564	0

Statement of Changes in Equity (thousand KZT)	Issued capital	Unpaid capital	Fair value reserve for financial liabilities measured at fair value through OCI	Uncovered loss	Total capital
Capital increase	253	(253)		0	0
Net loss for the year	0	0		0	0
Balance as of 31 December 2019 (audited)	253	(253)		0	0
Effect of recognition of a loan at fair value less the effect of deferred tax liability	0	0	2,685,524	0	2,685,524
Effect on deferred tax liability	0	0	(537,105)	0	(537,105)
Net loss for the year	0	0		(667,601)	(667,601)
Balance as of 31 December 2020 (audited)	253	(253)	2,148,419	(667,601)	1,480,818

Statement of Cashflows (thousand KZT)	2020 audited	2019 audited
Operating activities		
Sales	604,551	0
Advances received	1,122,000	0
Other receipts	6,524	0
Payments to suppliers for goods and services	(194,381)	0
Advances issued	(1,757,698)	0
Salary payments	(173,050)	0
Other payments to the budget	(205,637)	0
Other payments	(1,688)	0
Net cash used in operating activities	(599,379)	0
Investing activities		
Acquisitions of fixed assets	(1,520,503)	0
Purchase of intangible assets	(1,686)	0
Acquisition of oilfields	(3,434,854)	0
Net cash used in investing activities	(4,957,043)	0
Financing activities		
Loan repayment	(38,487)	0
Loan receipts	5,744,257	0
Net cash flows from financing activities	5,705,770	0
Net cash increase	149,348	0
Cash at the beginning of the year	0	0
Cash at the end of the year	149,348	0

Financial statements for the years ended on 31 December 2019 and 31 December 2020, including in each case the auditor's report relating to such financial statements are attached in Schedule 2 of this Prospectus.

The following table demonstrates the Company's profit forecast indicators for 2021 – 2025:

Profit forecast indicators (thousand KZT)	2021 forecast	2022 forecast	2023 forecast	2024 forecast	2025 forecast
Net profit	5,466,653	9,016,283	9,990,821	9,672,143	9,808,470

The Company incurred an operating loss in the year end of 31 December 2020 due to the associated costs with acquiring the subsoil use contract, attracting and hiring qualified personnel for production development and management. Nevertheless, the Company has demonstrated its ability to generate marginal revenue. The loss incurred in 2020 is also associated with the additional costs of storing and shipping crude oil due to the lack of the Company's own oil transshipment point. In 2021 the Company plans to increase production by drilling new wells, which will lead to an increase in profitability, and also plans to acquire an oil transshipment point, which will lead to a decrease in costs associated with storing and shipping crude oil. These measures will have a positive impact on the Company's profits.

8. Other information relating to the Issuer

8.1. Information about auditors

The independent auditor of the Company is BDO Kazakhstan LLP, registered office – 6 Gabdullin St. Almaty, Kazakhstan A15H4E3. BDO Kazakhstan LLP is authorized and regulated by the Ministry of Finance of Kazakhstan under state license №150003448 issued on 19 February 2015.

BDO Kazakhstan LLP is a member of the Chamber of Auditors of the Republic of Kazakhstan.

8.2. Connected Persons

If a Connected Person is a controller, information about that Person

MM Petroleum Plc is the sole direct shareholder of 5A OIL LLP, holding a 100% stake in the Company. Ultimate beneficiary owners of MM Petroleum Plc are the Assaubayev family.

There are no arrangements known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.

8.3. Related Party Transactions

On 24 April 2020, the Company entered into the loan agreement with its parent company, MM Petroleum Plc in the amount of U.S.\$50 million with 2% interest rate per annum for financing its operational, production and development activities. On 7 July 2020, the Company signed Addendum No. 1 to the loan agreement with MM Petroleum Plc to increase the credit line to U.S.\$65 million. On July 24 2020, the Company entered into Addendum No. 2 to the loan agreement on changing the interest rate. The interest rate was set at 0.1% per annum of the amount of funds received and not returned for the actual period of use. The loan is repaid at the end of the term of this agreement with the Company's right to early repayment. On 27 October 2020, the Company entered into a pledge agreement No. S-FA-055-20 with MM Petroleum Plc. The pledge is the Subsoil Use Right based on Contract No. 1117 dated 4 March 2003.

8.4. Legal and other proceedings against the Issuer

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and of which the Company is aware) which may have or have had during the 12 months prior to the date of this Prospectus, a significant effect on the Company's financial position of profitability.

9. Responsibility for the Content of Prospectus

9.1. Responsibility Statement

The Responsibility Statement is included in Schedule 1 of this Prospectus.

9.2. Signing of the Prospectus by directors of the Issuer

The Prospectus was signed by Kablan Uatay, Chairman of the Supervisory Board and Akzhan Kassenov, Chief Executive Officer in the Schedule 1 of the Prospectus.

9.3. Expert opinions included in a Prospectus

There are no expert opinions included in this Prospectus.

10. Documents on display

Copies of the following documents may be inspected at, and are available from, the office of the Issuer at the Republic of Kazakhstan, Nur-Sultan, Kunayev street 2, 11th floor, Z05M5E3, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), as long as the Bonds are listed on the AIX:

- this Prospectus and any supplements thereto;
- the Constitution of the Issuer;
- Financial Statements for the years ended 31 December 2020 and 31 December 2019, including in each case, the audit report relating to such financial statements.

SECURITIES NOTE

1. Key information

1.1. Risk factors material to the Securities

The Bonds are subject to modification, waivers and substitution.

The terms and conditions of the Offer set out in “Terms and conditions of the offer” part of the Securities Notes of this Prospectus contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders.

Delisting of the Bonds from the AIX Official List may subject gains and coupon payments on the Bonds to tax in the Republic of Kazakhstan.

In order for coupon payments due on the Bonds and gains realized by the Bondholders in relation to disposal, sale, exchange or transfer of the Bonds to be exempt from Kazakhstan withholding tax, it will be necessary for the Bonds to be admitted to the Official List of AIX as at the Coupon Payment Date or the date of such disposal, sale, exchange or transfer of the Bonds. No assurance can be given that the Bonds will remain admitted to the Official List of AIX as at each Coupon Payment Date or during the term of the Bonds, or that there will be no material change in tax and securities laws in Kazakhstan.

The Bonds will be listed on the AIX and benefit from an exemption on withholding tax which is untested in practice.

The Issuer believes that coupon payments on the Bonds will be exempt from withholding and income taxes due to the favorable treatment available for securities admitted to the Official List of AIX under the Constitutional Law on “Astana International Financial Center” in effect as of the date of this Prospectus. However, practice is not yet fully developed.

The AIX has short history of operations.

The AIX was launched in July 2018. There can be no assurance that the AIX will attract a sufficient number issuers to ensure acceptable trading volumes in the foreseeable future or at all. FTSE Russell has added the AIX as an eligible trading venue within the Ground Rules for the FTSE Frontier Index Series.

The Bondholders may be subject to exchange rate risks and currency controls.

The Issuer will pay principal and interest on Bonds in U.S. Dollars. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit other than U.S. Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. Dollar or revaluation of the investor’s currency) and the risk that authorities with jurisdiction over the investor’s currency may impose or modify exchange controls. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The market price of the Bonds may be volatile.

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer’s operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by analysts and the actual or expected sale of a large number of Bonds.

1.2. Reasons for the offer

Estimated net amount of proceedings The net proceeds from the issuance are expected to amount to U.S.\$14,064,000 after deduction of fees and expenses related to the issue.

Use of Proceeds The issuance is being made, and the net proceeds of the issue of the Bonds will be used by the Issuer for the financing of its core operations for increasing oil production and revenues. In particular, the Company plans to use the net proceeds for:

- drilling of new appraisal and production wells in Blocks A and E with the probability of obtaining industrial oil flows of more than 90%;
- geological and technical measures on wells, overhaul and underground workover of wells with replacement of screw pumps with models with a higher efficiency and a high operational efficiency;
- Pilot research to enhance oil recovery at existing fields;
- Implementation of measures to control the development of deposits;
- Acquisition of backup technological equipment: new screw pumps, tubing, equipment (CA320 unit, PPU) and gas-diesel generators for uninterrupted operation of fields and round-the-clock oil production and treatment;

Automation and digitalization of production.

1.3. Creditworthiness of the Issuer

Debt service coverage ratio

The debt service coverage ratio is provided to demonstrate how well an Issuer is able to pay its entire debt service. Debt service includes all principal and interest payments due to be made. The ratio is defined as net operating income divided to total debt service. According to the Company's financial statements, earnings coverage ratios were equal to -0,26x and 0x for 31 December 2020 and 31 December 2019, respectively.

Relevant credit ratings

The Issuer and the Bonds do not have any credit ratings.

Risk factors that may affect the Issuer's ability to fulfil its obligations under the Securities to investors

All relevant risk factors are described in the "Risk factors" section of the Registration Document.

Guarantees

There are no guarantees attaching to the Securities.

2. Information relating to the securities offered/admitted to trading

2.1. General information relating to Securities

Form of the Bonds	The Bonds will be issued in fully registered and dematerialised form under the Acting law of AIFC.
Aggregate principal amount	U.S.\$15,000,000.
Nominal value	U.S.\$100 per one Bond.
Type of securities	Unsecured Coupon Bonds.
ISIN	KZX000000690
Admission to listing and trading	Application has been made for the Bonds to be admitted to the Official List of AIX and to be admitted to trading on the AIX.
Registrar	AIX Registrar.
Depository	AIX CSD.
Legislation	The Bonds and any non-contractual obligations arising out of, or in connection with, the Bonds shall be governed by, and construed in accordance with, the laws of the AIFC. The Issuer has agreed herein the conditions in favor of the Bondholders that any claim, dispute or discrepancy of any nature arising out of, or in connection with, the Bonds (including claims, disputes or discrepancies regarding the existence, termination thereof, or any non-contractual obligations arising out of, or in connection with, the Bonds) shall be brought to, and finally resolved by, the Court of the AIFC in accordance with the rules thereof, or the International Arbitration Center of the AIFC in accordance with the rules thereof, currently in effect, such rules shall be deemed incorporated herein.
Currency	U.S. Dollar.
Ranking	The Bonds shall constitute direct, general and unconditional obligations of the Issuer which will rank <i>pari passu</i> among themselves and rank <i>pari passu</i> , in terms of payment rights, with all other current or future unsubordinated obligations of the Issuer, except for liabilities mandatorily preferred by law.
Issue date	6 May 2021.
Maturity date	6 May 2024.
Redemption and purchase	Unless previously purchased and cancelled, the Issuer hereby irrevocably covenants in favor of each Bondholder that the Bonds will be redeemed at their Nominal value concurrently with the final coupon payment on the relevant Maturity Date. In such case the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under the law of the Republic of Kazakhstan and which are payable by the Bondholders.

The Issuer may at any time purchase the Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

Coupon interest	The Bonds bear coupon interest on its outstanding principal amount from and including the relevant Issue Date to but excluding the Maturity Date at the fixed coupon rate of 8.00% per annum (the “Coupon Interest Rate”), payable quarterly in arrear within 5 (five) business days after and including each Coupon Payment Date. Coupon interest amount per one Bond shall be calculated using the following formula: <i>Nominal value × Coupon Interest Rate × Day Count Fraction for the relevant Coupon period</i>
Coupon payment dates	6 August 2021, 6 November 2021, 6 February 2022, 6 May 2022, 6 August 2022, 6 November 2022, 6 February 2023, 6 May 2023, 6 August 2023, 6 November 2023, 6 February 2023, 6 May 2023, 6 August 2023, 6 November 2023, 6 February 2024 and 6 May 2024. If the date of payment of the principal debt or coupon interest fails on a weekend or holiday, the Issuer undertakes to pay the interest or principal debt on the next business day.
Coupon period	Each period beginning on (and including) the Issue Date or any Coupon Payment Date and ending on (but excluding) the next Coupon Payment Date.
Record dates	5 August 2021, 5 November 2021, 5 February 2022, 5 May 2022, 5 August 2022, 5 November 2022, 5 February 2023, 5 May 2023, 5 August 2023, 5 November 2023, 5 February 2024 and 5 May 2024.
Day count fraction	30/360; Coupon payments on the Bonds shall be calculated on the basis of a year of 360 days consisting of 12 months of 30 days each.
Yield	The yield of the Bonds is expected to be 8.0%. It is not an indication of future yield.
Rights attaching to the Bonds	Bondholders have the right to: <ul style="list-style-type: none"> • receive coupon payments; • receive Nominal value upon redemption; • freely transfer the Bonds; • receive information concerning the Issuer’s operations; • attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond; • If any of the events mentioned in Clause 3.3 of Securities Notes occurs and continues for more than 30 (thirty) calendar days, require that the Bonds shall immediately become due and repayable at their par value together with accrued coupon interest;
Issue restrictions	No amendment shall be made by the Issuer to the Prospectus unless the Issuer has secured prior written consent(s) of the Bondholders of at least three-fourth in principal amount of the Bonds then outstanding.
Selling restrictions	The offering and sale of the Bonds is subject to applicable laws and regulations and the Bonds may not be sold in other jurisdictions, including without limitation the United Kingdom, the European Economic Area, other than in compliance with applicable laws and regulations. The Bonds have not and will not be registered under the U.S. Securities Act of 1933 or the securities laws of any state of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.
Restrictions on the free transferability	The Bonds are freely transferable and, once admitted to the Official List of AIX, shall be transferable only in whole in accordance with the rules and regulations of the AIX amended from time to time.
Time limit for claims	Any claim against the Issuer in respect of the Bonds shall become invalid, unless it is filed within 3 years (in the case of principal and coupon payments), from the date of the relevant payment in respect of the Bonds.
Miscellaneous	For purposes of any calculation specified herein, a value shall be accurate to two decimal places.

3. Terms and conditions of the offer

Number of Bonds offered	150,000 Bonds
Offer price	The offer price of the Bonds is expected to be 100.00% of the Nominal value of the

	Bonds.
Categories of potential investors	The Bonds will be publicly offered in Kazakhstan to a wide range of investors (subject to applicable laws and regulations).
Conflict of interest	No person involved in the offering has any interest in the offering, which is material to the offering.
Offering method	Offering of the Bonds will be made through subscription using the book-building platform of the trading system of the AIX in accordance with the AIX Market Rules and relevant AIX market notice.
Offer period	6 May 2021.
Allotment of the Bonds	The Lead Manager may, at its sole discretion, allot any Bonds to itself or any of its related persons or related persons of the Issuer, without any restriction. The allotment of the Bonds to subscribers shall be at the absolute discretion of the Lead Manager. The Lead Manager may refuse to allot the Bonds subscribed by any subscribers at its sole discretion. The allotment date of the Bonds will be disclosed in the market notice issued by the AIX prior to the book-building process. It is expected that an allotment advice will be dispatched to investors by 6 May 2021.
Lead manager	<p>The Lead Manager, Freedom Finance Global PLC, has, pursuant to the Underwriting Agreement dated 22 January 2021, agreed with the Issuer to place the Bonds on a best-efforts basis. The Issuer has agreed to pay to the Lead Manager an underwriting commission.</p> <p>The Issuer also appointed Freedom Finance Global PLC as a book-runner in connection with the Offering.</p>
Authorisations	The issue of the Bonds was approved by a resolution of Participants of the Issuer dated 16 April 2021.
Clearing and settlement	<p>The payment and settlement will be made through the settlement system of the AIX CSD in accordance with the rules and regulations of the AIX CSD (the “AIX CSD Rules”), in particular delivery of the Bonds through the system of the AIX CSD.</p> <p>In order to participate in the offering of the Bonds, take delivery of the Bonds and trade the Bonds on the AIX, investors are required to have an account opened with a brokerage company admitted as an AIX Trading Member and an AIX CSD Participant. The Bonds will be held on behalf of investors in the relevant AIX Trading Member’s custodial account at AIX CSD.</p>
Notification process for investors	<p>Prior to the start of the book-building process the AIX will issue a market notice setting out, among other things, the main terms and conditions of the book-building and settlement procedures in connection with the offering through AIX, the yield range and the related responsibilities of the AIX trading members.</p> <p>Dealings in the Bonds shall not commence prior to admission to trading of the Bonds by the AIX or prior to the said notification.</p>

3.1 Payment

Coupon interest payments on the Bonds shall be paid to the Person shown on the register that the Issuer shall procure to be kept by AIX Registrar in accordance with AIX Registrar’s regulations at 23:59:59 on the last day of a period which coupon payment is due for (the “Record Date”). Coupon interest payments on Bonds shall be paid within 5 (five) business days after and including each Coupon Payment Date by money transfer (in USD only) to current bank accounts of the holders of the Bonds specified in the register of Bondholders as at the Record Date. The final coupon interest payment shall be made concurrently with payment of the principal of the Bonds on the relevant Maturity Date. All Payments in respect of the Bonds shall be made in USD.

If any date for payment in respect of the Bonds is not a Business day, the holder shall not be entitled to payment until the next following Business day nor to any coupon interest or other sum in respect of such postponed payment.

3.2 Penalty

The Issuer shall pay a penalty to the Bondholders for each day, on which any amount payable under the Bonds remains due and unpaid (the “Unpaid Amount”), at the rate equal to the Coupon Interest Rate. The amount of penalty payable per any Unpaid Amount in respect of any Bonds shall be equal to the product of the Coupon Interest Rate, the Unpaid Amount and the number of calendar days on which any such Unpaid Amount remains due and unpaid divided by 360, rounding the resultant figure to the nearest cent, half of any such cent being rounded upwards.

3.3 Events of Default

The Bonds shall become immediately due and repayable at their principal amount, together with any accrued interest,

if any of the following events occur and continue for more than 30 calendar days: (“Events of Default”):

- the Issuer shall fail to pay any interest on any Bond when due; or
- the Issuer duly fails to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds; or
- an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or
- the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or cease or threaten to cease to carry on its business or a substantial part of its business; or
- the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- any material indebtedness of the Issuer is not paid when properly due or becomes properly due and payable or any creditor of the Issuer becomes entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Issuer in respect of indebtedness is not honored when properly due and called upon; provided that for the purposes of this provision, material indebtedness shall mean an amount exceeding USD 1,000,000.
- the Issuer is in default in the performance, or is otherwise in breach, of any of the following obligations and such default continues for more than 30 calendar days:
 - the Issuer shall not fail to maintain or renew existing necessary permits and subsoil use contracts or fail to comply with the terms of its existing or future permits and subsoil use contract;
 - the Issuer shall not undertake or introduce any amendments into its constitutional documents, including the Issuer’s Constitution, that would alter the Issuer’s principal business activities unless such amendments aim at expansion of such activities;
 - the Issuer shall not undertake any reorganisation as a legal entity without prior written consent of holders of at least three-fourth in principal amount of the Bonds outstanding;
 - the Issuer shall not amend the Prospectus unless agreed upon in writing with the holders of at least three-fourth in principal amount of the Bonds outstanding;
 - the Issuer shall maintain the listing of the Bonds on the Official List of AIX;
 - the Issuer shall not amend or substitute any entity in place of the Issuer as the principal debtor in respect of the Bonds, without prior written consent of the Bondholders of at least three-fourth in principal amount of the Bonds then outstanding;
 - the Issuer shall not initiate a termination of the activity;
 - the Issuer shall pay any penalty due to any Bondholder in accordance with section 3.2 of this Securities Notes.

3.4 Meetings of Bondholders

- The Issuer may from time-to-time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of this Prospectus require the approval of a Bondholders’ meeting.
- A meeting of Bondholders shall be called by the Chief Executive Officer of the Issuer by giving all Bondholders listed on the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting, not less than 14 days’ notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this Section at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- The amendment or waiver of any of the provisions of and/or conditions contained in this Securities Notes, or in any other part of the Prospectus, may only be made with the approval of the Issuer and of the Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.
- A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two Bondholders present, in person or by proxy, representing not less than 50% in Nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within 2 days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than 7 days, and not later than 15 days, following the original meeting. At an adjourned meeting: the number of Bondholders present, in person or by proxy, representing not less than 30% in Nominal value of the Bonds then outstanding, shall constitute a

quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

- Any person who in accordance with the Constitution of the Issuer is to chair the General Meetings of Participants shall also chair meetings of Bondholders.
- Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.
- The voting process shall be managed by the Company's representative.
- The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% in Nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favor of the proposal.
- Save for the above, the rules generally applicable to proceedings at General Meetings of Participants of the Issuer shall apply to meetings of Bondholders.

3.5 Notices

To the Bondholders

All notices to the Bondholders shall be deemed to have been duly given if, so long as the Bonds are listed on the Official List of AIX and so long as the rules of the AIX so require, by publication (i) on the internet website of the AIX at www.aix.kz or (ii) otherwise in accordance with the regulations of the AIX. If the Bonds cease to be listed on the AIX, any notice shall be sent to the Bondholders by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the register, and any such notice shall be deemed to have been given on the fourth day after the date of mailing.

To the Issuer

Notices to the Issuer will be deemed to be validly given if delivered to the Issuer at Republic of Kazakhstan, Nur-Sultan, Kunayev street 2, 11th floor, Z05M5E3 for the attention of the Chief Executive Officer and will be deemed to have been validly given when delivered.

3.6 Early redemption

Early redemption at the option of the Issuer

The Bonds may be redeemed in whole at nominal amount before their stated maturity at the option of the Issuer only if the Issuer has secured prior written consent(s) of the Bondholders of at least three-fourth in nominal amount of the Bonds then outstanding.

Early redemption at the option of holders of the Bonds

If at any time while any of the Bonds remains outstanding an Event of Default (as defined in the Prospectus) in section 3.3 of this Securities Notes occurs, the Issuer shall, at the option of the holder of the Bonds, upon the holder of the Bonds giving not less than 15 days nor more than 30 days' notice to the Issuer, redeem such Bonds on the day specified in such notice at 100% of its nominal amount together with coupon interest accrued to but excluding the date specified for redemption.

3.7 Taxation

Under the Constitutional Law on "Astana International Financial Centre" any interest or capital gain on the securities listed on the AIX are tax exempt until 1 January 2066. Accordingly, following the admission of the Bonds to the Official List of AIX, any income derived from owning or selling such Bonds will be tax exempt as long as the Bonds are listed on the AIX Official List.

No stamp, registration or other tax arising out of the transfer of the Bonds exist in the Republic of Kazakhstan.

The discussion above is a general summary. It does not cover all tax matters that may be of importance to a particular purchaser. Each prospective investor is urged to consult its own tax adviser about the tax consequences to it of an investment in the Bonds in light of the purchaser's own circumstances.

3.8 Further issues and further indebtedness

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, s, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds) so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue.

4. Other information

4.1. Audit and source of information including use of expert reports

Audited financials for 2019 and 2020 prepared by the Company's auditors – BDO Kazakhstan LLP are included in Schedule 2 of this Prospectus.

5. Admission to trading

Admission to:	Actual date
-an Official List of Securities	6 May 2021
-trading on an Authorized Market Institution	11 May 2021

An estimate of the total expenses related to the admission to trading

Fees associated with admission of Bonds to the Official List of AIX, admission to trading on the AIX and book-building on AIX are expected to be U.S.\$36,000.

DEFINITIONS AND GLOSSARY

“2D seismic”	Seismic recorded in two dimensions.
“3D seismic”	Seismology that uses a grid of numerous cables, rather than just a few lines stretched in one direction.
“AIFC”	Astana International Financial Center.
“AIX”	Astana International Exchange.
“AIX CSD”	Astana International Exchange Central Depository.
“AIX Registrar”	Astana International Exchange Registrar.
“Barrel”	A unit of volume measurement used for petroleum and its products (7.3 barrels = 1 ton; 6.29 barrels = 1 cubic meter).
“bln”	Means billion.
“Board”	The Supervisory Board of 5A OIL LLP.
“Bondholder”	A holder of the Bond.
“Business day”	Means a day on which banks and exchange markets are open for business in the Republic of Kazakhstan.
“Company”	5A OIL LLP.
“Constitution”	Articles of association of 5A OIL LLP.
“Crude oil”	Liquid petroleum as it comes out of the ground, as distinguished from refined oils manufactured out of it
“Equity”	Value attributable to the owners of a business. The book value of equity is calculated as the difference between assets and liabilities on the company’s balance sheet.
“Exploration”	Activities associated with ascertaining the existence, location, extent or quality of mineralised material, including economic and technical evaluations of mineralised material.
“Government”	The Government of the Republic of Kazakhstan.
“Hydrocarbon”	A compound containing only the elements hydrogen and carbon. May exist as a solid, a liquid or a gas. The term is mainly used in a catch-all sense for oil, gas and condensate.
“Issuer”	5A OIL LLP.
“Lead manager”	Underwriter – Freedom Finance JSC.
“mln”	Means million.
“NBK”	National Bank of the Republic of Kazakhstan.
“Oilfield”	A geographical area under which an oil or gas reservoir lies.
“Person”	Any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other legal entity, whether or not having separate legal personality.
“State”	The Republic of Kazakhstan.
“KZT”	Means the lawful currency of the Republic of Kazakhstan.
“U.S. Dollars” and “U.S.\$”	Means the lawful currency of the United States.

SCHEDULE 1

RESPONSIBILITY STATEMENT

- a) The Issuer, having made all the reasonable enquiries, accept responsibility for this Prospectus and confirms that this Prospectus complies with the requirements set out in Section 69 of the AIFC Framework Regulations №18 of 2018 and Part 1 of the AIFC Market Rules.

Most of the information reflected in this Prospectus has been received by the Issuer from the Auditor's reports, constituent documents, public data placed on the website of the authorized state bodies. The Issuer confirms that such information has been accurately reproduced and is able to ascertain from information published by such third parties that no facts have been omitted which would render the reproduced information inaccurate or misleading.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bonds shall in any circumstances create any implications that there has been no adverse change, or any event reasonably likely to involve an adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

On behalf of the Issuer, the General Director of the Issuer confirms that this Prospectus complies with the requirements set out in Section 69 of the AIFC Framework Regulations №18 of 2018 and Part 1 of the AIFC Market Rules and contains all information which is material in the context of the issue and offering of the Bonds, that the information contained in this Prospectus is correct to the best of his knowledge and that no material facts or circumstances have been omitted.

- b) The Issuer's Supervisory Board is responsible for the information contained in the Prospectus, which to any extent relates to the Issuer's financial activity and financial statements.
- c) The persons responsible for the content of this Prospectus are those responsible for the content of this Prospectus in accordance with clauses (a) and (b) of this Schedule and MAR 1.9.1.

In accordance with
MAR 1.9.1 (c) (i)

Akzhan Kassenov as the Chief
Executive Officer of the Issuer



In accordance with
MAR 1.9.1 (e)

Kablan Uatay as the Chairman
of the Supervisory Board of the
Issuer

A handwritten signature in blue ink over a horizontal line.

SCHEDULE 2

5A OIL LLP

**FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 AND DECEMBER 31, 2019
INDEPENDENT AUDITORS' REPORT**

5A OIL LLP

Financial Statements
for the Years Ended 31 December 2020 and 2019
and Independent Auditor's Report

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Statement of 5A Oil LLP management’s responsibility for the preparation and approval of the financial statements for the years ended 31 December 2020 and 2019

The following statement which should be read together with the Auditor’s Responsibilities section of the accompanying Independent Auditor’s Report is made to distinguish the respective responsibilities of the Auditors concerning the financial statements of 5A Oil LLP (the Company).

Management is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 December 2020 and 2019, the results of its operations, its cash flows and changes in equity for the year then ended under the International Financial Reporting Standards (IFRS).

In preparing the financial statements, management is responsible for:

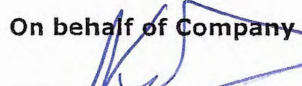
- Selecting appropriate accounting principles and applying them consistently
- Applying justified reasonable estimates and assumptions
- Compliance with the requirements of the IFRSs or disclosure of all material deviations from the IFRSs in the notes to the financial statements
- Preparing the financial statements assuming that the Company will continue as a going concern except when such an assumption is illegal.

Management is also responsible for:

- Design, implementation and ensuring reliable internal control in all the Company
- Record keeping that allows for the disclosure of Company’s transactions and providing sufficiently accurate information on the financial position of the Company as of any date and ensuring financial statements comply with IFRS
- Record keeping according to the Kazakhstan laws
- Taking all reasonable efforts to ensure the safety of the Company’s assets, and
- Financial mismanagement detection and prevention.


Financial statements for the years ended 31 December 2020 and 2019 was approved by 5A Oil LLP management on 22 April 2021.

On behalf of Company management:


A.K. Kassenov
Chief Executive Officer

22 April 2021
Nur-Sultan, Republic of Kazakhstan




L.N. Raziyeva
Chief Accountant

INDEPENDENT AUDITOR'S REPORT

To the Equity Holder of 5A Oil LLP

Opinion

We have audited the financial statements of 5A Oil LLP (the Company) which comprise the statement of financial position as at 31 December 2020 and 2019, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and ethical requirements that are relevant to our audit of the financial statements in Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

✓ *Recognition of subsoil use right*

In 2020 the Company recognized a subsoil use right for KZT 2,441,130 thousand (Notes 12 and 24).

Subsoil use right arose from a sale-purchase transaction with Manash Petroleum LLP. Under the transaction contract liabilities of Manash Petroleum LLP were transferred to the Company.

According to the Minutes of the Business Meeting of Manash Petroleum LLP and the Department of Subsoil Use dated 11 March 2019 a Reconciliation Report of Fines and Arrears under the Subsoil Use Contract was discussed. According to the Reconciliation Report, Manash Petroleum LLP outstanding contract liabilities for 2012-2018 amounted to KZT 1,072,311 thousand. Penalty for non-fulfilment of financial liabilities for 2014-2016 amounted to KZT 3,326,779 thousand. In 2019 Manash Petroleum LLP repaid KZT 2,400,000 thousand; as at the date of SPA signing and transfer of the subsoil use right the penalty amounted to KZT 926,779 thousand. The total outstanding contract liabilities and penalty for non-fulfilment of financial liabilities amounted to KZT 1,999,090 thousand.

The Company accrued contract liabilities for 2019 for KZT 185,315 thousand. In 2020 the Company accrued contract liabilities for KZT 298,198 thousand and a penalty for failure to fulfil financial liabilities under the subsoil use contract for KZT 69,690 thousand. In 2020 and 2019 the Company has repaid contract liabilities for KZT 9,500 thousand and KZT 35,500 thousand, respectively. Thus, as of 31 December, 2020 contract liabilities amounted to KZT 2,507,293 thousand (Note 24), of which KZT 2,441,130 thousand was recognized as subsoil use right (Note 12) and KZT 66,163 thousand was recognized as provision for contract liabilities.

Due to the significance and materiality of the amount of the recognized subsoil use right, we determined the recognition of subsoil use right as a key audit matter.

Notes 12, 14 and 24 to the financial statements provide disclose the recognition of the subsoil use rights and evaluation and exploration assets.

Audit Procedures Performed for Key Audit Matters

We have performed the following procedures:

Obtained and analysed the Minutes of the Business Meeting and the SPA signed between the Company and Manash Petroleum LLP dated 27 April 2020. Obtained the Reconciliation Report of Fines and Arrears of Manash Petroleum LLP under Contract No. 1117 dated 4 March 2003.

Verified that the Company complied with the terms and conditions of the SPA and paid KZT 5,670,000 thousand to Collector Agency 'Avrora' LLP.

According to the SPA, the property shall be transferred upon obtaining a Permit of the Competent Authority for the transfer of the subsoil use right. We have received a letter from the Ministry of Energy addressed to the Company stating that the Transfer Right has been approved by the Competent Authority.

Assessed the adequacy and completeness of the disclosures in the financial statements in accordance with IFRSs. We did not identify any material deviations during testing.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. We assume that the Company's approved annual report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

Emphasis of Matter

We draw attention to the following without modifying our opinion in respect of this matter:

Going concern

As disclosed in Note 2 to the financial statements, for the years ended 31 December 2020 and 2019, the Company incurred a net loss of KZT 667,601 thousand and KZT nil, respectively. The Company's uncovered losses as of 31 December 2020 and 2019 were KZT 667,601 thousand and KZT nil, respectively. In 2020 and 2019 net cash outflow from operating activities amounted to KZT 599,379 thousand and KZT nil, respectively. As of 31 December, 2020, and 2019 Company's current liabilities exceeded current assets by KZT 2,631,686 thousand and KZT nil, respectively. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Financial Statement for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis for accounting, unless management either intends to liquidate the Company to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

We are responsible for conducting our audit in accordance with International Standards on Auditing (ISAs) and audit report issue.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of financial statements due to fraud or errors; we develop and conduct audit procedures in response to these risks; we obtain audit evidence that is sufficient and appropriate to serve as a basis for expressing our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control system that is relevant for the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is



Talgat Omarov

Auditor Qualifying Certificate No. 0000237
Issued by the Qualifying Commission for
Certification of Auditors of the
Republic of Kazakhstan on 29 April 1996

BDO Kazakhstan LLP
State license for audit issued by the Committee of financial control of the Ministry of Finance of the Republic of Kazakhstan No.15003448 dated 19 February 2015



Talgat Omarov

BDO Kazakhstan LLP Director

Almaty, Republic of Kazakhstan

22 April 2021

5A OIL LLP

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019
(In thousands of Kazakhstan tenge)

	Notes	2020	From incorporation date to 31.12. 2019
Sales revenue	5	1,054,895	
Cost of sales	6	(681,439)	-
Gross profit		373,456	-
Selling expenses	7	(836,603)	-
Administrative expenses	8	(260,670)	-
Current operating expenses	9	(52,955)	-
Operating expenses		(776,772)	-
Other expenses		(59,639)	-
Interest expenses		(150)	-
Currency exchange gain	10	64,417	-
Loss before tax		(772,144)	-
Corporate income tax benefit	11	104,543	-
Net loss for the year		(667,601)	-
Other comprehensive income		-	-
Total comprehensive loss for the year		(667,601)	-

On behalf of Company management:

A.K. Kassenov
Chief Executive Officer

22 April 2021
Nur-Sultan, Republic of Kazakhstan



L.N. Raziyeva
Chief Accountant

Notes on pages 10-38 are an integral part of these financial statements.

5A OIL LLP

STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019
(In thousands of Kazakhstan tenge)

	Notes	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Intangible assets	12	2,381,362	-
Property, plant and equipment	13	1,577,981	-
Exploration and evaluation assets, non-current portion	14	5,232,287	-
Long-term receivables on loans to employees		7,500	-
Total current assets		9,199,130	-
Current assets			
Inventories	15	268,823	-
Trade and other receivables		4,959	-
Prepayments made and other prepaid expenses	16	91,971	-
VAT receivable	17	666,333	-
Cash	18	149,348	-
Total current assets		1,181,434	-
TOTAL ASSETS		10,380,564	-
EQUITY			
Issued capital			
Issued capital	19	253	253
Unpaid capital	19	(253)	(253)
Retained earnings		1,480,818	-
Total issued capital		1,480,818	-
Non-current liabilities			
Loans obtained	20	2,952,140	-
Non-current provisions	21	1,701,924	-
Deferred tax liability	11	432,562	-
Total non-current liabilities		5,086,626	-
Current liabilities			
Contractual obligations	22	622,180	-
Trade and other payables			-
Contract liabilities	23	457,210	-
Taxes payable	24	2,507,293	-
	25	226,437	-
Total current liabilities		3,813,120	-
TOTAL LIABILITIES		8,899,746	-
TOTAL EQUITY AND LIABILITIES		10,380,564	-

On behalf of Company management

A.K. Kassenov
Chief Executive Officer

22 April 2021
Nur-Sultan, Republic of Kazakhstan



L.N. Raziyeva
Chief Accountant

Notes on pages 10-38 are an integral part of these financial statements.

5A OIL LLP

STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019
(In thousands of Kazakhstan tenge)

	Issued capital	Unpaid capital	Fair value reserve for financial assets measured at FVTOCI	Uncovered loss	Total
As of 10 September 2019 (incorporation date)	-	-	-	-	-
Capital increase	253	(253)	-	-	-
Net loss for the year	-	-	-	-	-
As of 31 December 2019	253	(253)	-	-	-
Effect of loan recognition at fair value net of deferred tax liability effect (Note 20)					
Deferred tax liability effect (Note 11)	-	-	2,685,524	-	2,685,524
	-	-	(537,105)	-	(537,105)
Net loss for the year	-	-	-	(667,601)	(667,601)
As of 31 December 2020	253	(253)	2,148,419	(667,601)	1,480,818

On behalf of Company management

A.K. Kassenov
Chief Executive Officer

22 April 2021
Nur-Sultan, Republic of Kazakhstan



L.N. Raziyeva
Chief Accountant

Notes on pages 10-38 are an integral part of these financial statements.

5A OIL LLP

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019
(In thousands of Kazakhstan tenge)

	Notes	2020	From incorporation date to 31.12. 2019
OPERATING ACTIVITIES			
Cash flows			
Including:			
Sale of goods		604,551	-
Advances received		1,122,000	-
Other proceeds		6,524	-
Cash flows from operating activities		1,733,075	-
Cash outflow			
Including:			
Payments to suppliers for goods and services		(194,381)	-
Advances paid		(1,757,698)	-
Salaries paid		(173,050)	-
Other payments to the government budget		(205,637)	-
Other payments		(1,688)	-
Cash outflows from operating activities		(2,332,454)	-
Net cash flows used in operating activities		(599,379)	-
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	13	(1,520,503)	-
Purchase of intangible assets	12	(1,686)	-
Purchase of mines	14	(3,434,854)	-
Net cash outflows from investing activities		(4,957,043)	-
FINANCING ACTIVITIES			
Repayment of loans	20	(38,487)	-
Proceeds from loans	20	5,744,257	-
Net cash flows from financing activities		5,705,770	-
Net increase in cash		149,348	-
Cash at the beginning of the period	18	-	-
Cash at the end of the period	18	149,348	-

On behalf of Company management:

A.K. Kassenov
Chief Executive Officer

22 April 2021
Nur-Sultan, Republic of Kazakhstan



L.N. Raziyeva
Chief Accountant

Notes on pages 10-38 are an integral part of these financial statements.

5A OIL LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 *(In thousands of Kazakhstan tenge)*

1. CORPORATE INFORMATION

5A Oil Limited Liability Partnership (the Company) is incorporated in the Republic of Kazakhstan. The Company's sole equity holder is MM Petroleum PLC incorporated under the laws of the Cayman Islands (certificate of re-registration HL-252468, issued 21 August 2019 by an authorized officer of the Cayman Islands Register of Companies) having its registered address at 4th Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman KY-1002, Cayman Islands. The ultimate owner of MM Petroleum PLC is the Assaubaev family.

The Company's headquarters is registered at 2 Dinmuhamed Kunayev Street, Yessil District, Nur-Sultan, 010017, Kazakhstan.

The Company was incorporated under a resolution of the Company Founder dated 9 September 2019.

The Company's activities include geological exploration and prospecting (without research and development), exploration drilling and hydrocarbons production.

Subsoil Use Contract No. 1117 (the 'subsoil use contract') was originally signed on 4 March 2003 with the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan (the 'MEMR' which was later renamed into Ministry of Oil and Gas ('MOG') and then reorganised into the Ministry of Energy ('ME').

The subsoil use contract covers the exploration and production of hydrocarbons in the areas of Block A and Block E in the Atyrau Oblast of Western Kazakhstan with a total area of 12,312 square kilometres.

On 27 April 2020, the Company signed a SPA with Manash Petroleum LLP. According to the contract, Manash Petroleum LLP sold its property in the form of subsoil use rights, PPE, wells and oil to the Company (Note 20).

The Company is developing 14 open fields and structures:

- Three areas (Zhana Makat, Asanketken, Borkyldy) are being commercially developed.
- Four areas (Sagiz West, Kyzylzhar I East, Baichunas West and Uitas) are under pilot operations.
- Seven areas (Zharshik, Kyzylzhar II, Dossor South-East, Zhylaya Kosa, Karassai, Akatkol, and Kyzylkala) are being evaluated and prepared for operation.

In 2020 the Company has moved into the production phase on certain wells.

As of 31 December 2020 and 2019, the Company staffed 183 and nil employees, respectively.

2. Basis of preparation

General

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

Basis of preparation

These financial statements have been prepared on a historical cost basis.

5A OIL LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

2. Basis of preparation (continued)

Going concern

The Company was incorporated on 10 September 2019 and started commercial operations in Q4 2020.

For the year ended 31 December 2020 and 2019, the net loss was KZT 667,601 thousand and KZT nil, respectively. In 2020 and 2019 net cash outflow from operating activities amounted to KZT 599,379 thousand and KZT nil, respectively. As of 31 December, 2020 and 2019 Company's current liabilities exceeded current assets by KZT 2,631,686 thousand and KZT nil, respectively.

In preparing these financial statements, management assumes that the Company will continue as a going concern. In making such judgment the management considered:

1. MM Petroleum PLC being the sole equity holder of the Company opened a credit facility for the Company for USD 65,000 thousand (Note 20).
2. Besides, the Company received a letter from MM Petroleum PLC confirming the intention to financially support the Company for 12 months from the date of these financial statements.

Functional and presentation currencies

The national currency in Kazakhstan is Kazakhstan tenge ('KZT' or 'tenge'), which is the Company's functional and presentation currency. All the financial information is presented in KZT and rounded to the nearest thousand (thousand tenge).

3. Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

These financial statements have been prepared on a historical cost basis, except for the revaluation of some items of property, plant and equipment and financial instruments carried at revaluation cost or fair value at each reporting date as disclosed below. Historical cost is generally based on the fair value of the consideration in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. For fair value measurements and/or disclosures about fair value measurements, fair value in these financial statements is determined in the manner described above, except for equity-settled share-based payment transactions within the scope of IFRS 2, leasing transactions within the scope of IFRS 16, and measurements that are comparable to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

5A OIL LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

Significant accounting policies are disclosed below.

Functional and presentation currencies

The Company's functional and presentation currencies are the national currency of the Republic of Kazakhstan, Kazakhstan tenge, the currency of the entity's primary economic environment.

Revenue from contracts with customers

The Company is engaged in oil and gas fields' pilot production and development. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer and is measured at an amount of consideration to which the Company expects to be entitled in exchange for such goods or services.

The Company has generally concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.

The Company recognizes revenue from the following core activities:

- Prospecting, oil and gas fields pilot production and development, production, formation-pressure maintenance, oil and gas gathering and oilfield transportation, oil and gas treatment and processing, sale of crude oil and refined products, including production and sale of petroleum and petrochemicals
- Drilling of prospecting, exploration and operating oil, gas and water wells, wells conservation and abandonment
- Upstream
- Producers and injectors testing and exploration
- Technical upgrading, renovation and reconstruction of production facilities to ensure the most efficient oil recovery and utilization
- Other activities permitted by Kazakhstan laws.

The Company applies a practical expedient to short-term advances received from customers. Under the expedient, the promised consideration is not adjusted for the impact of a significant financing component if the period between the transfer of the promised good to the customer and the customer's payment for that good is less than one year.

Contract balances

Contract assets

A contract asset is initially recognized for the revenue received from sales of goods because consideration receipt is conditional upon production and goods delivery. Upon acceptance by the customer, the amount recognized as a contract asset is reclassified to accounts receivable.

Trade payables

Accounts receivable are recognized when the consideration which is unconditional (i.e., only the passage of time is required before payment of the consideration is due) becomes due and payable by the customer.

Contractual obligations

A contractual obligation is recognised if payment from the customer is received or becomes due and payable (whichever occurs first) before the Company delivers the relevant goods. A contractual obligation is recognised as revenue when the Company performs its contract liabilities (i.e., transfers control of the relevant goods to the customer).

5A OIL LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

Foreign currency transactions

Transactions in foreign currencies are initially recorded at respective functional currency spot rates at the date the transaction first qualifies for recognition. Transaction date is the date on which the recognition criteria of the transaction were first met following IFRSs.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Differences arising on settlement or translation of monetary items are recognised in profit or loss when occur.

For financial statements presentation, the assets and liabilities of foreign operations are translated into at the rate of exchange prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuated significantly during that period; otherwise, exchange rates at the date of transactions are used.

On 31 December 2020, the official closing exchange rate used to revalue foreign currency account balances was KZT 420,71 per US dollar (31 December 2019: 384,2 tenge per US dollar). Exchange restrictions and currency controls exist relating to the conversion of tenge into other currencies. At present, the tenge is not a freely convertible currency outside the Republic of Kazakhstan.

Loans granted and received

The Company initially assesses loans received (granted) at the present value of future payments (receipts) discounted at a market interest rate of similar financial instrument, which for the Company is equal to the weighted average interest rate on issued loans, posted on the official website of the National Bank of RK.

Short-term received (granted) loans on non-market conditions, i.e. at an interest rate lower than the market one, or without interest payment, are assessed at the initial amount, provided that discounting has no significant impact on the obtained results.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Company expenses

Company expenses are classified and recorded in the statement of profit and loss based on their function. Within the framework of this classification the expenses are subdivided into:

- Direct expenses, i.e. cost of Company's sales
- Expenses of the period which relate to the sales, administrative, finance and other expenses. These expenses are recognized during the period in which they are incurred.
- Expenses directly related to sales, i.e. the Company's expenses related to sales during the period.

5A OIL LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

Prepaid expenses

The most vital condition for expenses recognition for the accounting indicators formation is a matching concept. Based on the matching concept and time reference to the corresponding reporting period, current expenses do not relate to the period when they occurred, but to the period in which they were used to generate income. Thus, if such a period is longer than a reporting period, it is necessary to report such expenses as a separate prepaid expenses item and write them off to expenses based on the period to which they relate.

Prepaid lease and other prepayments are recorded in short-term and long-term prepayments given (as other current and other non-current assets) and are not recorded in prepaid expenses.

Prepaid expenses are to be written off to respective accounts for administrative expenses, sale of products and services, financial costs or other expenses on a straight-line basis during reporting periods to which they relate.

Taxes

Income tax expenses comprise current and deferred taxes.

Current tax is the amount of income tax payable (recoverable) on the taxable income (tax loss) for a period

Deferred tax is the tax payable or recoverable in future periods, usually as a result of the redemption or recovery by the Company of its assets and liabilities at their current carrying amounts and the tax effect of the carry forward of current unused tax losses and tax credits to future periods.

Recognition and assessment of current tax

The Company recognizes current tax liabilities concerning taxable income for current and prior periods. If the amount already paid for the current and prior periods exceeds the amount payable for those periods, the Company must recognize the excess amount as a current tax asset.

The Company recognizes a current tax asset equal to the benefit of the tax loss that can be carried forward to recover the tax paid in the prior period.

The Company measures a current tax liability (asset) as the amount expected to be paid (recovered), using the tax rates and tax laws enacted or substantively enacted for the reporting period.

The Company recognizes changes in current tax liability or a current tax asset as a tax expense in profit or loss.

Recognition and assessment of deferred taxes. The Company recognises:

- Deferred tax liability for all temporary differences that are expected to increase the future taxable income
- Deferred tax liability for all temporary differences that are expected to reduce the future taxable income
- Deferred tax asset for unused tax loss carry forwards and unused tax credits.

The Company has to estimate the deferred tax liability (asset) using current tax rates as of the reporting date.

5A OIL LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

Property, plant and equipment

Recognition and evaluation

Property, plant and equipment are initially measured at cost.

After initial recognition plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses if any. Cost consists of the purchase price, including import duties and non-refundable taxes charged on purchases, less trade discounts and rebates, and any costs directly attributable to bringing the asset to the location and working condition for its intended use. The original cost of items of fixed assets manufactured or constructed in-house includes the cost of consumed materials, production work performed and a part of production overheads.

Certain significant parts of an item of property, plant and equipment, whose useful lives are different from the useful life of the item as a whole, are reported as separate items (components) and depreciated at rates reflecting the estimated useful lives of those parts. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Special-purpose spare parts and servicing equipment with a significant original cost and a useful life of more than one year are included in property, plant and equipment. Other spare parts and ancillary equipment are recorded in inventory and recognized in profit or loss for the year as consumed.

Minor repairs and maintenance costs are expensed when incurred. Costs of replacing major parts or components of property, plant and equipment items are capitalized and the replaced part is retired.

Gains and losses on disposal of property, plant and equipment are determined as the difference between the sales proceeds and the carrying amount and are recognized in profit or loss for the year.

Depreciation

Land and construction in progress are not depreciated. Depreciation of each item of property, plant and equipment is calculated by straight-line method to write down its cost to residual value over the estimated useful life of the asset, but not exceeding the estimated useful life of the copper plant. The estimated useful lives are as follows:

Depreciation group	Useful lives, years
Buildings	7-100
Plant, machinery and equipment	3-50
Other	6-10

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset after deducting the estimated costs of disposal if the asset had already reached the end of its useful life and in the condition expected at the end of its useful life. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Impairment

At the end of each reporting period, management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, the Company estimates the asset's recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The carrying amount of the asset is reduced to its recoverable amount; an impairment loss is recognized in profit or loss for the year. The impairment loss recognized in prior periods is reversed, if necessary, if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

The Company de recognizes property, plant and equipment:

- When an item of property, plant and equipment is disposed of; or
- When no future economic benefits are expected from its use or disposal.

5A OIL LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

Intangible assets

The Company's intangible assets have finite useful lives and include capitalized exploration and evaluation expenses, software and licenses, and permits.

Intangible assets are initially recognized at cost, which includes purchase price, import duties, legal fees and other direct costs attributable to the intangible asset. The cost of internally generated intangible assets is recognized as actual direct costs and overheads that may be incurred in creating and preparing the asset for the intended use.

Intangible assets are amortized on a straight-line basis over their useful lives, limited to the period of the subsoil use contract. If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

The useful lives of intangible assets, their residual values and the pattern of consumption of the economic benefits that determines which amortization method is used are reviewed at each annual reporting date and, if there are indications that these estimates are changing, they are accounted for prospectively as changes in accounting estimates.

Exploration and evaluation expenditure

Exploration expenditure is expensed as incurred. An intangible asset arising from product-specific exploration expenditure is recognized when the Company can demonstrate:

- Feasibility of completing the development of the intangible asset and bringing it to a usable or marketable condition
- Intention to complete development of the intangible asset and its ability and intention to use or sell the asset
- Asset's ability to generate future economic benefits
- Availability of sufficient resources for exploration completion
- Ability to reliably estimate costs during the asset exploration.

After initial recognition of exploration expenditure as an asset, assets are carried at cost less accumulated depreciation and accumulated impairment losses. An asset is depreciated when exploration is complete, the asset is available for use, and is produced during the future economic benefits estimated period.

Depreciation is recorded as part of the cost of sales. The asset is tested for impairment annually during the exploration.

Impairment

At the end of each reporting period, management assesses whether there is any indication of impairment of intangible assets. If any such indication exists, the Company makes an estimate of the asset's recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The Company derecognizes intangible assets when:

- An item of intangible assets is disposed of, or
- No future economic benefits are expected from its use or disposal.

Inventories

Inventories are assets

- Held for sale in the ordinary course of business
- Being produced for such sale, or
- In the form of raw to be consumed for production or servicing.

For financial reporting purposes, the Company uses the following grouping of inventories:

Group One: Raw and materials comprising inventories to be disposed of during production.

Group Two: Finished goods produced by the Company and held for sale.

5A OIL LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

Inventories are measured at the lower of cost and estimated selling price less possible completion and distribution costs.

The cost of inventory is determined by the weighted average cost method. The Company must use the same method of calculating the cost of inventory for all inventories of the same quality and use by the Company.

The Company's inventories are written off if:

- Written off to production
- Sold to third parties
- Disposed of in any other way as a result of spoilage, improper storage, expiration of shelf life, etc.

The Company uses the FIFO method to estimate the cost of inventories written off to production or sold. After the sale of inventories, their carrying value is recognized as an expense in the period when the corresponding revenue is recognized.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company shall recognize a financial asset or financial liability only when the Company is subject to the contract provisions of the instrument.

At initial recognition of a financial asset or financial liability, the Company is obliged to measure such a financial asset or financial liability at the transaction price (including transaction costs other than initial measurement of financial assets and liabilities at fair value through profit or loss) unless the terms of the financing transaction are substantially the same.

Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) increase or decrease the fair value of financial assets or financial liabilities upon initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized in profit or loss.

Entities with only basic financial instruments will not have any financial liabilities carried at fair value through profit or loss and therefore are not required to make disclosures.

A *financial asset* may be represented by

- Cash
- Equity instrument of the other entity, or
- A right stipulated by the contract to:

(1) Receive cash or another financial asset from another entity, or

2) Exchange financial assets or financial liabilities with another company on the potentially beneficial terms for the company.

A *financial liability* is an obligation stipulated by the contract

- 1) For transfer cash or another financial asset to another entity, or
- 2) For exchange financial assets or financial liabilities with another entity under potentially unfavourable terms for the entity, or
- 3) A contract that will or may be settled by delivery of own equity instruments and is a non-derivative instrument under which the Company will or may be obligated to deliver a variable number of own equity instruments, or
- 4) A derivative that will or may be settled other than by the exchange for a fixed amount of cash or another financial asset for a fixed number of the entity's equity instruments.

5A OIL LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

An equity instrument is a contract confirming the right to a residual interest in the assets of the entity remaining after deducting all of its liabilities.

A puttable instrument is a financial instrument that gives the holder the right to sell the instrument back to the issuer for cash or other financial assets or that automatically reverts to the holder on the occurrence of an uncertain future event or the death or retirement of the instrument holder.

Provisions

Provisions are liabilities that are either uncertain in amount or of uncertain timing.

The Company recognizes provision only when:

- 1) Has an existing liability as a result of a past event, and
- 2) It is probable that economic benefits will be transferred to settle the liability; and
- 3) The liability can be reliably estimated.

Provisions measurement

The amount recognized by the Company as a provision is the best estimate of the costs necessary at the end of the reporting period to settle the existing liability. The best estimate is the amount that the Company reasonably would expend to settle the obligation at the reporting date or to transfer it to a third party at a specified time.

When the effect of the time value of money is material to the Company, the amount of the valuation allowance is the present value of the amount expected to be required to settle the liability.

Subsequent measurement

The Company reviews valuation allowances at each reporting date to report the best estimate of the amount required to settle the liability as of the reporting date.

Any adjustments to the amounts previously recognized are reported in the Company's profit or loss.

If the Company initially measures the provision based on the present value of the amount expected to be required to settle the liability, the difference between the future settlement amount of the liability and the related discounted value is recognized as a finance charge.

Impairment of accounts receivable

At the end of each reporting period, the Company assesses whether there is objective evidence that the trade receivables are impaired. Impairment loss on trade receivables is recognized by the Company in profit or loss.

A debt is uncollectible if the statute of limitations has expired or if its collection is deemed impossible due to the court's denial of a claim or the debtor's insolvency.

Uncollectible features must be supported by the relevant stocktaking reports and Company's CEO order on writing off uncollectible debt, a court decision, etc.

5A OIL LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) *(In thousands of Kazakhstan tenge)*

Accounts receivable in foreign currency

Upon initial recognition, receivables denominated in foreign currencies are recognized at the market exchange rate on the transaction date.

Accounts receivable are analytically recognised for each currency in terms of contracts and debtors. In accounting in parallel with records in national currency, the equivalent in foreign currency is indicated.

In subsequent periods (as of each reporting date) accounts receivable are translated to the national currency at a market closing rate.

Exchange differences arising between the transaction date and the settlement date of this transaction or the reporting date are recognized in the reporting period to which they relate and for which the financial statements are prepared. Foreign exchange differences are recognized in the statement of profit or loss under Other Income and Other Expenses.

Cash

The Company's cash comprises cash in banks. The Company does not hold any cash on hand.

Pension benefits

The Company does not have any additional pension schemes other than participation in the state pension scheme, which requires the employer and the employee to make current contributions calculated at a set percentage of salary.

Lease accounting

A lease is an agreement whereby the lessor conveys to the lessee the right to use an asset for an agreed time in return for a payment or series of payments.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an asset. Whether a lease is classified as a finance or operating lease depends on the substance of the transaction and not merely the contract.

Related parties

A related party is a person or entity related to an entity that prepares its financial statements (a reporting entity).

The relationship between the parent and its subsidiary must be disclosed whether or not there have been transactions between these related parties. An entity must disclose the name of its parent and the party with primary control if that party is not the parent. If neither the parent nor the party with primary control is a publicly traded entity, the name of the more senior parent (if any) that is a publicly-traded entity must be disclosed.

If related party transactions have occurred, an entity discloses the nature of the related party relationship as well as information about those transactions, outstanding balances and commitments necessary to understand the potential effect of that relationship on the financial statements. This disclosure requirement supplements the disclosures required in respect of compensation for the Company's key management.

5A OIL LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

Restoration liabilities

The Company is liable to restore assets due to the current laws and regulations or make a provision under the contract. Since subsoil users are obliged to restore land after development is completed, it is vital to consider such provision. The provision is made about the asset per well.

The provision for decommissioning and restoration is remeasured at the end of each reporting period for changes in circumstances or estimates. Changes in circumstances or estimates include changes in regulatory requirements, increased liabilities arising from increased production or exploration activities, changes in estimated costs and risk-free interest rates.

Changes in the measurement of liabilities are added to or deducted from the cost of the related asset in the current period. If a decrease in the liability exceeds the carrying amount of the asset, the increase is recognized immediately in the statement of profit or loss and other comprehensive income within other operating income.

Contingent liabilities

Contingent liabilities are recognised in the statement of financial position and disclosed except when the disposal of resources due to their repayment is unlikely. Contingent assets are not recognised in the statement of financial position but disclosed in the financial statements in case the economic benefits are likely.

Mining activity accounting

The Company is engaged in the exploration, evaluation and extraction of minerals. The Company records property, plant and equipment or intangible assets acquisition costs or exploration expenditure to be used in mining and recognizes them as property, plant and equipment or intangible assets, except for goodwill. If the Company has decommissioning or restoration liability, such liabilities and costs are recorded as restoration or contingent liabilities.

Expenditures incurred by a subsoil user after commercial discovery and before production phases, such as expenditure for exploration, first mining and quarrying, including evaluation, infrastructure development, general administrative expenses, signature bonus paid and commercial discovery bonus paid, costs of acquisition and/or creation of property, plant and equipment and intangible assets and other expenditure forms a separate group of depreciable assets written off as amortization deductions starting from production date after commercial discovery.

The Company capitalizes the expenditures (among those listed above) of intangible assets, rotation camp design, treatment process studies, bench-scale tests, roofing and other works or as construction-in-progress of property, plant and equipment.

The Company separately accounts for production, pre-production and refining costs, but rather maintains accounting records following chosen accounting policies, to record and allocate costs to production activities.

To account for hydrocarbon exploration and production costs, the Company has adopted the successful efforts method, modified to account for geophysics and geology costs as described below.

Under the successful efforts method, all costs associated with searching, acquiring and operating oil and gas deposits are capitalized only if proved oil and gas deposits are discovered and developed. All other costs, including expenditures for non-productive wells, are expensed in the statement of profit or loss.

5A OIL LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

Minimum work program

As of 31 December 2020, the Company has complied with a significant portion of the minimum work program ('MWP') requirements and has no material deviations in meeting its financial liabilities under MWP. The Company's management believes that the existing minor non-compliance with the work program does not have a material impact on the financial statements. The Company's management believes that the Company will carry forward the undrawn portion of the work program liabilities and meet all the liabilities in 2021 and subsequent years.

Environmental regulations

Management believes that the Company complies with local environmental regulations and, therefore, believes that the Company does not have any material liabilities relating thereto other than well restoration liabilities disclosed in Note 24.

Pre-emptive right of Government for purchase

On 15 October 2005, the Law on Subsoil Use of the Republic of Kazakhstan was amended. Amendments stipulate that deductions, transfers and amendments to subsoil use rights may only be made with the consent of MEMR (unless such deductions or transfers are driven by reorganization of a subsoil user and transfer to its successor of all rights and obligations of the reorganised subsoil user). The Government is given a pre-emptive right of purchase of a subsoil user right in case of transfer of any portion of a subsoil use right and interest in a company holding such rights to assets located in Kazakhstan, provided that the terms and conditions (in exercising such right) are as favourable as those under proposed for transferee willing to acquire such subsoil use right.

Capitalized development costs

Capitalised development costs are stated at cost less accumulated amortisation and accumulated impairment losses. Capitalized development costs include mine construction costs, related infrastructure and capitalized mine stripping costs, as well as prospecting and construction costs and main development and other costs arising from a preparatory job during the development or mine reconstruction phase. Capitalized development costs also comprise are estimated clean-up activities costs.

Contract liabilities

Under subsoil use contract No. 1117 dated 4 March 2013 the Company has contract liabilities for financial liabilities, social and economic development of the region and development of the region's infrastructure, contributions to the reclamation fund, training of Kazakhstan staff, scientific, research and technology and research and development expenses. The Company is not liable to reimburse historical costs as these costs were fully reimbursed by Manash Petroleum LLP. During 2020 and 2019 the Company has fulfilled its contract liabilities under the subsoil use contract and there is no risk of contract termination.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED)
(In thousands of Kazakhstan tenge)

New standards, interpretations and amendments to existing standards and interpretations

New and amended standards and interpretations adopted by the Company

The Company adopted some of the new standards and interpretations effective for the annual periods beginning on or after 1 January 2020. The Company did not prematurely apply the standards, clarifications or amendments issued but not yet effective.

Definition of a Business - Amendments to IFRS 3

The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. They also clarify that a business can exist without including all of the inputs and processes needed to create outputs. These amendments did not affect the Company's financial statements but can be applied in future if the Company is a party to a business combination.

Interest Rate Benchmark Reform - Amendments to IFRS 39, IFRS 9 and IFRS 7

The amendments include several reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments did not affect the financial statements of the Company as it has no hedging relations based on the interest rates.

Definition of Material - Amendments to IAS 1 and IAS 8

Amendment provides for the new definition of material. The new definition states that 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity.' The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity.' Obscuring information is significant if it is expected to influence the decisions of the main financial statements users. These amendments did not affect the financial statements of the Company and the impact is not expected in the future.

Revised Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. This document will impact the entities developing accounting policies in line with the Conceptual Framework.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. This revision of the Conceptual Framework did not affect the financial statements of the Company.

Covid-19-Related Rent Concessions – Amendment to IFRS 16

On 28 May 2020, the IASB amended IFRS 16 to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment does not apply to lessors. As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification. A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. These amendments did not affect the Company's financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED)**
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4. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Useful life of property, plant and equipment

The estimated useful lives of property, plant and equipment have been determined using judgment based on experience with similar assets. The future economic benefits embodied in these assets are consumed principally through use. However, other factors, such as technological or commercial obsolescence and depreciation often reduce economic benefits embodied in the assets. Management assesses the remaining useful lives of property, plant and equipment based on the current technical conditions of the assets and the estimated period during which they will continue to bring economic benefit to the Company. The following primary factors are considered: (a) the expected useful life of the assets; (b) expected physical depreciation of the equipment, which depends on operating characteristics and maintenance schedules; and (c) technological and commercial obsolescence resulting from changes in market conditions.

Provision for decommissioning and restoration liabilities

Under environmental legislation, upon work completion, the Company has a legal obligation for restoring the environmental disbenefit resulting from operations, equipment decommissioning and soil reclamation. Provisions are made, based on the present value of decommissioning and restoration costs, when the liability from past operating activities arises.

Provisions for decommissioning are based on the Company's interpretation of the current environmental legislation in Kazakhstan and related programs for remediation of subsoil use consequences on the license area and other operating activities supported by the feasibility study and engineering research under current restoration standards and techniques.

Remediation costs estimates may potentially be changed due to amendments to the environmental regulatory requirements and interpretations of the law. Decommissioning liabilities are recognized when it is probable that they will arise and a reasonable estimate of their amount can be made.

Significant judgements in making such estimates include the estimate of the discount rate and timing of cash flows. The discount rate is applied to the nominal value of work that management expects to incur on future decommissioning and restoration. Accordingly, the accounting estimates made by management based on the current prices, are afterwards increase using an assumed long-term inflation rate of 5,4% and subsequently discounted using a discount rate. The discount rate represents current market estimates of the time value of money, as well as the liabilities risks non-considered in the best estimates of costs. The discounting rate applied by the Company for provision estimate as of 31 December 2020 was 8%.

Related party transactions

The Company transacts with related parties in the ordinary course of business. In determining related party relationships and in considering each possible related party relationship, the emphasis is made on the economic substance of the relationship, not merely the legal form.

The Company's transactions with related parties give rise to the recognition of financial instruments. Following IFRS 9, financial instruments must be initially recognized at fair value. Judgement is applied in determining if transactions are priced at a market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar transactions with unrelated parties and effective interest rate analysis. Terms and conditions of related party balances are disclosed in Note 21.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

Subsoil use contract

The Company's subsoil use contract expires in 2034. The Company fulfils all the contract terms and conditions in full. The subsoil use contract is considered in determining the useful lives of property, plant and equipment, intangible assets and in calculating the decommissioning and restoration liabilities.

Measurement of financial instruments at fair value

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from quoted prices in active markets, they are determined using valuation models including the discounted cash flow model. Observable markets data is used as the inputs for these models; however, in cases where this does not seem practicable, a certain amount of judgement is required to determine fair value. Judgements include accounting for such inputs as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value of financial instruments reported in the financial statements.

Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the tax losses can be offset. Significant management judgement is required to determine the deferred tax assets that can be recognized in the financial statements, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

5. Sales revenue

	2020	2019
Export sales	608,627	-
Sales in the Republic of Kazakhstan	446,268	-
	<u>1,054,895</u>	<u>-</u>

In 2020 the Company sold products to Premium Energy LLP for KZT 446,268 thousand and to Vitol Energy Trading S. A. for KZT 608,627 thousand. Revenue from sales to Vitol Energy Trading S. is denominated in US dollars.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

6. Cost of sales

	2020	2019
Cost of oil sold	(677,834)	-
Loss from oil sales	(3,605)	-
	(681,439)	-
Cost of goods manufactured		
	2020	2019
Salary and related payments	(125,186)	-
Diesel oil fuel	(107,860)	-
Wells major workover costs	(93,875)	-
Exploration assets amortisation (Note 14)	(80,363)	-
Mineral extraction tax (MET) (Note 17)	(69,505)	-
Amortisation (Note 12)	(61,412)	-
Depreciation (Note 13)	(58,238)	-
Staff training	(35,063)	-
Workover costs	(31,500)	-
Meal expenses	(26,498)	-
Materials	(26,474)	-
PPE repair and maintenance	(25,471)	-
Other	(70,471)	-
Total cost of goods manufactured	(811,916)	-
Change in finished goods and raw oil balances	130,477	-
Total cost of sales	(681,439)	-

7. Selling expenses

	2020	2019
Oil import, export and storage costs	(353,572)	-
Pipeline operation costs	(274,766)	-
Transportation costs	(86,296)	-
Export customs duties	(72,781)	-
Export rental tax	(40,022)	-
Salary and related payments	(5,899)	-
Other	(3,267)	-
	(836,603)	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

8. Administrative expenses

	2020	2019
Salary and related payments	(105,477)	-
Business travel expenses	(93,281)	-
Lease costs	(28,121)	-
Health clubs membership	(11,340)	-
Depreciation of property, plant and equipment (Note 13)	(10,133)	-
Other	(12,318)	-
	<u>(260,670)</u>	<u>-</u>

9. Current operating expenses

	2020	2019
Salary and related payments	(38,386)	-
Deposits exploration and evaluation projects	(12,568)	-
Software maintenance	(1,875)	-
Other	(126)	-
	<u>(52,955)</u>	<u>-</u>

10. Other income

	2020	2019
Currency exchange gain	202,906	-
Currency exchange loss	(138,489)	-
Other income	10,234	-
Provision for contract liabilities	(66,163)	-
Other	(3,710)	-
	<u>4,778</u>	<u>-</u>

Other expenses comprise provision for contract liabilities for KZT 66,163 thousand (Note 24).

11. Corporate income tax expenses

(a) Corporate income tax expenses components

Income tax expenses recorded in the statement of profit or loss comprise the following components:

	2020	2019
Deferred income tax	(104,543)	-
Current deferred income tax	-	-
Total corporate income tax recovery	<u>(104,543)</u>	<u>-</u>

(b) Reconciliation of corporate income tax recovery with a book income multiplied by the applicable tax rate

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

The current tax rate applied to the Company's profit for 2020 and 2019 comprises 20%. Reconciliation of estimates with real income tax expenses is drawn below.

	2020	2019
Loss before tax	(772,144)	-
Income tax expenses estimate considering the 20% tax rate.	(154,429)	-
Tax effect of non-deductible and non-taxable items:	49,886	-
Total income tax recovery	(104,543)	-

(c) Deferred taxes by temporary differences

Differences between IFRS and Kazakhstan statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rate of 20% (2019: 20%).

	31 December 2019	Reported in profit or loss	Recognised in equity at a 20% rate	31 December 2020
Property, plant and equipment and intangible assets	-	(117)	-	(117)
Taxes	-	25,933	-	25,933
Loss carried forward	-	78,727	-	78,727
Loan obtained	-	-	(537,105)	(537,105)
Total deferred tax liability	-	104,543	(537,105)	(432,562)

12. Intangible assets

	Subsoil use right	Other intangible assets	Total
Cost			
As of 1 January 2019	-	-	-
As of 31 December 2019	-	-	-
Additions	2,441,130	1,686	2,442,816
As of 31 December 2020	2,441,130	1,686	2,442,816
Accumulated amortisation			
As of 1 January 2019	-	-	-
As of 31 December 2019	-	-	-
Accrued for the year	(61,454)	-	(61,454)
As of 31 December 2020	(61,454)	-	(61,454)
Net carrying amount as of:			
31 December 2019	-	-	-
31 December 2020	2,379,676	1,686	2,381,362

In 2020 the Company recognized a subsoil use right and contract liabilities for KZT 2,441,130 thousand (Note 24).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

13. Property, plant and equipment

	Buildings and structures	Vehicles, machinery and equipment	Other	Oil and gas assets	Construc- tion in progress	Right of use asset	Total
Cost							
As of 1 January 2019	-	-	-	-	-	-	-
As of 31 December 2019	-	-	-	-	-	-	-
Additions	810,855	382,419	346,352	1,010	50,460	69,700	1,660,796
Disposals	-	-	-	-	(14,444)	-	(14,444)
As of 31 December 2020	810,855	382,419	346,352	1,010	36,016	-	1,646,352
Accumulated depreciation							
As of 1 January 2019	-	-	-	-	-	-	-
As of 31 December 2019	-	-	-	-	-	-	-
Accrued for the year	(26,774)	(20,366)	(21,181)	(50)	-	-	(68,371)
As of 31 December 2020	(26,774)	(20,366)	(21,181)	(50)	-	-	(68,371)
Net carrying amount as of:							
31 December 2019	-	-	-	-	-	-	-
31 December 2020	784,081	362,053	325,171	960	36,016	69,700	1,577,981

On 27 April 2020, the Company acquired property, plant and equipment from Manash Petroleum LLP for KZT 1,520,503 thousand under SPA (Note 14).

In 2020 the Company engaged Ashyk Zhol Service LLP to develop the deposit project. Project development services amounted to KZT 69,700 thousand.

Amortisation expenses are presented below:

	2020	2019
Cost of sales (Note 6)	58,238	-
Administrative expenses (Note 8)	10,133	-
Total amortisation	68,371	-

14. Exploration and evaluation assets

	31 December 2020	31 December 2019
Exploration and evaluation assets	3,449,298	-
Well rehabilitation asset	322,019	-
Exploration assets amortisation (Note 6)	(80,363)	-
	3,690,954	-
Asset for social development of the region	1,541,287	-
	5,232,241	-

Exploration and evaluation assets mean deposits amounting to KZT 3,434,854 thousand and capitalized expenses on proven fields amounting to KZT 14,444 thousand (Note 13).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

On 27 April 2020, the Company signed SPA with Manash Petroleum LLP. According to SPA, Manash Petroleum LLP sold its property in the form of subsoil use right, PPE, wells and oil to the Company. Manash Petroleum LLP was rehabilitated due to an outstanding debt of KZT 5,670,000 thousand. The Company committed to repaying Manash Petroleum LLP outstanding debt for KZT 5,670,000 thousand to Collection Agency 'Avrora' LLP as the purchase price as per SPA. In 2020 the Company prepaid KZT 5,670,000 thousand to Collection Agency 'Avrora' LLP and offset against the property acquired from Manash Petroleum LLP.

According to SPA, the cost of property, plant and equipment amounted to KZT 1,702,963 thousand (including VAT) (Note 13), the cost of deposit amounted to KZT 3,847,037 thousand (including VAT) and the cost of process oil amounted to KZT 120,000 thousand.

Under the subsoil use contract, the Company is obliged to pledge USD 411,000 per annum as an amount deducted as a corporate social responsibility. The corporate social responsibility expires with the subsoil use contract, i.e. in 2034. As of 31 December 2020, the Company recognized an asset for the social development of the region for KZT 1,541,284 thousand at a 6, 5% discount rate.

15. Inventories

	31 December 2020	31 December 2019
Finished goods	234,066	-
Raw and other materials	34,757	-
	<u>268,823</u>	<u>-</u>

16. Prepayments made and other prepaid expenses

	31 December 2020	31 December 2019
Short-term advances paid	85,852	-
Prepaid expenses	4,855	-
Other	1,264	-
	<u>91,971</u>	<u>-</u>

Prepayments made and other prepaid expenses are denominated in:

	31 December 2020	31 December 2019
KZT	91,950	-
US dollar	21	-
	<u>91,971</u>	<u>-</u>

17. VAT receivable

As of 31 December 2020, value-added tax receivable arose due to the acquisition of property, plant and equipment and deposits from Manash Petroleum LLP (Note 14).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

18. Cash

	31 December 2020	31 December 2019
Cash held with savings deposits	<u>149,348</u>	<u>-</u>
	<u>149,348</u>	<u>-</u>

On 7 December 2020, the Company opened a savings deposit in Kazakhstan tenge in Bank CenterCredit JSC with 6, 2% interest rate per annum with a minimum permanent balance of KZT 100,000 thousand. The deposit matures in 12 months. The Company uses deposited cash for payment transactions.

Cash is denominated in tenge. As of 31 December 2020 and 2019, the Company did not have cash on hand.

19. Issued capital

The Company's issued capital equals KZT 253 thousand. As of 31 December 2020 and 2019, issued capital was not paid up.

20. Loans obtained

	31 December 2020	31 December 2019
Loans obtained	2,951,990	-
Long-term interest payable	<u>150</u>	<u>-</u>
	<u>2,952,140</u>	<u>-</u>

On 24 April 2020, the Company signed a credit facility agreement with MM Petroleum PLC, a Cayman Islands company being the Company's equity holder. The credit facility is intended for purchasing a subsoil use license from Manash Petroleum LLP under Contract No. 11117 dated 4 March 2003 for the combined exploration and production of hydrocarbons in blocks A and E, Atyrau Oblast. On 17 April 2020 MM Petroleum PLC approved the subsoil use license purchase and the credit facility.

In line with the agreement, a credit facility was opened for USD 50,000 thousand. The credit facility is provided at a 2% interest rate per annum charged on the cash received and used but not repaid. The credit facility expires on 31 December 2030. The loan shall be repaid at the expiration of the credit facility agreement. Interest shall be paid quarterly from 31 March 2026.

On 7 July 2020, the Company signed Addendum No. 1 to the credit facility agreement under which the credit facility was increased to USD 65,000 thousand.

The Company uses the loan for performing the minimum scope of works at the subsoil area during the exploration following Contract No. 11117 dated 4 March 2003 and for repayment of Manash Petroleum LLP debt to Collection Agency 'Avrora' LLP of KZT 5,670,000 thousand under SPA between Manash Petroleum LLP and 5A Oil LLP (Note 14).

On 24 July 2020, the Company signed Addendum No. 2 to the credit facility agreement under which the interest rate was amended. The interest rate was decreased to 0.1% per annum charged on the cash received and used but not repaid. The loan is repaid at the credit facility expiration date with the Borrower's right for early repayment.

On 27 October 2020, the Company signed a Security Agreement No. S-FA-055-20 with MM Petroleum PLC with a subsoil use license under Contract No. 1117 dated 4 March 2003 as collateral.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

During 2020 the Company received USD 13,490 thousand or KZT 5,744,257 thousand and repaid USD 90 thousand or KZT 38,487 thousand under the credit facility.

As of 31 December 2020, the carrying amount of the loan was adjusted and recognized at amortized cost of KZT 2,951,990 thousand, at a discount rate of 6.5%. The effect of loan recognition at fair value amounted to KZT 2,685,524 thousand less the effect of deferred tax liability was recognized in equity for KZT 537,105 thousand.

21. Non-current provisions

	31 December 2020	31 December 2019
Provision for area's socio-economic development		
	1,379,905	-
Well rehabilitation liabilities	322,019	-
	<u>1,701,924</u>	<u>-</u>

22. Contractual obligations

As of 31 December 2020, contractual obligation is represented by advances from Premium Energy LLP for crude oil for KZT 622,180 thousand. The contractual obligation is denominated in tenge.

23. Trade and other payables

	31 December 2020	31 December 2019
Trade payables	413,621	-
Salaries payable	42,705	-
Other accounts payable and liabilities		
	884	-
	<u>457,210</u>	<u>-</u>

24. Contract liabilities

	31 December 2020	31 December 2019
R&D liability	555,846	-
Social and economic development liability	476,222	-
Rehabilitation fund liability	337,669	-
Staff training liability	141,091	-
Fine for subsoil contract financial liabilities non-performance		
	996,466	-
	<u>2,507,293</u>	<u>-</u>

In 2020 the Company recognized a subsoil use right and contract liabilities for KZT 2,441,130 thousand (Note 12). Contract liabilities including penalties for non-fulfilment, are Manash Petroleum LLP liabilities transferred to the Company under the SPA with Manash Petroleum LLP (Note 20). In 2020 the Company accrued additional contract liabilities for KZT 66,163 thousand (Note 10).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

25. Taxes receivable

	31 December 2020	31 December 2019
<i>Taxes receivable</i>		
Export tax	84,663	-
Customs duty	4,955	-
Total taxes receivable	89,618	-
<i>Taxes payable</i>		
Social responsibility liabilities	(162,162)	-
MET (Note 6)	(69,505)	-
Oil export rental tax	(40,022)	-
Property tax	(14,543)	-
Individual income tax	(8,776)	-
Social tax	(5,899)	-
Other taxes and other compulsory payments to the budget	(15,148)	-
Total taxes payable	(316,055)	-
Total taxes payable	(226,437)	-

26. Related party transactions

In line with IFRS 24 Related Party Disclosures, parties are considered to be related if one party can control the other party or influence the other party during financial or operational decision-making. When considering possible relationships of related parties in each case, attention is drawn to the nature of the relationship, and not just the legal form.

Related-party transactions balance as of 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Loans obtained (Note 20)	2,952,140	-
	2,952,140	-
Compensation to key management:		
	31 December 2020	31 December 2019
Salaries	31,008	-
	31,008	-

27. Financial risk management objectives and policies

a) General

As the Company uses financial instruments, it is exposed to the following risks:

- Credit risk
- Liquidity risk
- Market risk

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

The Company's management oversees the above risks.

The Company's risk management policies are designed to identify and analyse the risks inherent to the Company, to establish permissible risk limits and appropriate controls as well as to monitor these risks and comply with the established limits. Risk management policies and systems are reviewed regularly to determine whether modifications are necessary due to changes in market conditions and Company operations. The Company establishes training and management standards and procedures to create a structured and effective control system in which all employees understand their roles and responsibilities.

The Company's management oversees compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework concerning the risks faced by the Company.

b) Categories and fair value of financial assets and financial liabilities

Breakdown of carrying value of financial assets and liabilities by categories:

	31 December 2020	31 December 2019
Financial assets carried at amortized cost		
Accounts receivable	4,959	-
Cash (Note 18)	149,348	-
	<u>154,307</u>	<u>-</u>
Financial liabilities carried at amortized cost		
Loans obtained (Note 20)	(2,952,140)	-
Accounts payable (Note 23)	(457,210)	-
	<u>(3,409,350)</u>	<u>-</u>

Fair value of financial assets and liabilities approximates their carrying value.

(c) Credit risk

Credit risk is the risk of a financial loss caused by the failure of the customer or counterparty to the financial instrument to fulfil its contractual liabilities. This risk mainly relates to the Company's loans issued, accounts receivable of related parties and cash.

Carrying value of financial assets has a maximum credit exposure. Maximum credit exposure as of 31 December comprised:

	31 December 2020	31 December 2019
Accounts receivable	4,959	-
Cash (Note 18)	149,348	-
	<u>154,307</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

Cash

Credit risk related to cash is monitored and controlled by the Company's management in line with Company's policies. Free cash is placed within the limits in local banks rated from B- to BB+ by Standard & Poor's. These policies are aimed at reducing credit risk concentration and minimizing possible financial losses if banks fail to fulfil their contractual liabilities.

	31 December 2020	31 December 2019
Rated from B+ to B-	149,348	-
	149,348	-

Expected credit losses (ECL) measurement

Expected credit losses are an estimate of the present value of future uncollected cash flows weighted by probability (i.e., a weighted average of credit losses using appropriate default risks in a given period as weights). Expected credit losses measurement is an objective one and determined by calculating a range of possible outcomes. Expected credit losses measurement is based on four components used by the Company: the probability of default, amount of credit claim exposed to the risk of default, loss in case of default and discount rate.

Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest and expected drawdowns on committed facilities. EAD on credit obligations is estimated using the credit conversion factor z (CCF). Credit conversion factor (CCF) is a coefficient demonstrating the probability that amounts of a contract obligation will be converted into a balance sheet liability over a specified period. The Company's management estimates that the 12-month CCF is essentially the same as the CCF for the total period. Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. Loss Given Default (LGD) is an estimate of the loss arising in the case where default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD at default. ECLs are discounted at the present value as of the end of the reporting period. The discount rate is an effective interest rate (EIR) on a financial instrument or its approximate amount.

For short-term trade receivables without a significant financing component, the Company applies the simplified approach required by IFRS 9 and estimates a provision for expected credit losses over the credit period from the initial recognition of the trade receivables. The Company uses a provision matrix where the provision for losses is calculated for trade receivables relating to different debt maturities or periods overdue. An analysis of defaults is performed over the past 36 months to determine the overall payment delay. Default levels are calculated for each 30-day interval between 30 and 360 days. The Company uses a 'migration matrix' to determine the default rate for a particular debt interval. This method analyses each account balance and calculates the percentage rate of trade receivables moving to the next interval or overdue category. Based on mathematical operations, default rates are determined at the date of trade receivables and for each subsequent interval between overdue payments.

To assess the probability of default, the Company defines default as a situation in which an exposure meets one or more of the following criteria:

- The borrower is over 90 days past due on contract payments
- International rating agencies include the borrower in the default rating.

For disclosure purposes, the Company aligned the definition of default with the definition of impaired assets. The above definition of default applies to all types of the Company's financial assets.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

Liquidity risk

The Company manages liquidity risk by monitoring expected cash flows and maintains a balance between continuity of funding and flexibility through the use of loans and hire purchase contracts.

Maturity profile of financial liabilities

The table below summarises the maturity profile of the Company's financial liabilities based on the periods between the reporting date and the contractual maturity dates:

	Less than 3	0 to 12 months	1 to 5 years	Over 5 years	Total
<i>As of 31 December 2020</i>					
Loans obtained (Note 20)	-	-	-	2,952,140	2,952,140
Accounts payable (Note 23)	457,210	-	-	-	457,210
Contract liabilities (Note 24)	-	2,507,293	-	-	2,507,293
	457,210	2,507,293	-	2,952,140	5,916,643

Commodity price risk

Following IFRS 7, as of 31 December 2020, the effect of commodity (service) prices was determined based on the balance of financial assets and liabilities. This sensitivity has no effect on the statement of profit or loss that would be expected as a result of changes in commodity (service) prices over time. Besides, this analysis assumes that all other variables remain unchanged. A 10% increase (decrease) in the commodity (service) price after year-end would not affect after-tax income.

Interest rate risk

The Company has no financial instruments with a floating interest rate. It is also not exposed to the interest rate risk.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise the shareholder's value. Capital management policies of the Company were not modified since incorporation, i.e. since 2019.

Currency risk

Foreign currency risk is the risk of losses associated with changes in foreign exchange rates during the Company's operation. The risk of losses arises from the remeasurement of the value of the Company's positions in currencies. Financial instruments in KZT are not exposed and included for totals reconciliation.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (CONTINUED) (In thousands of Kazakhstan tenge)

The foreign currency position as of 31 December 2020:

	KZT	USD	Total
Assets			
Accounts receivable	3,989	970	4,959
Advances paid and other receivable (Note 16)	91,950	21	91,971
Cash (Note 18)	149,348	-	149,348
Total assets	245,287	991	246,278
Liabilities			
Loans obtained (Note 20)	-	(2,952,140)	(2,952,140)
Contractual obligations	(622,180)	-	(622,180)
Accounts payable (Note 23)	(457,210)	-	(457,210)
Contract liabilities (Note 24)	(2,507,293)	-	(2,507,293)
Total liabilities	(3,586,683)	(2,952,140)	(6,538,823)
Net position	(3,341,396)	(2,951,149)	(6,292,545)

Sensitivity analysis

USD exchange rates were as follows:

	KZT/USD	
	2020	2019
Average rate for the year	412.95	382.75
Spot rate as of 31 December	420.71	381.18

The following table details the sensitivity of the Company's net income to a 20% appreciation of KZT against the USD dollar and a 20% depreciation of KZ against USD on 31 December 2020 and 2019. The sensitivity analysis considers only balances of items in foreign currencies and adjusts the translation of these balances at the reporting date. This analysis was based on the assumption that all other variables, in particular interest rates, remain unchanged:

	USD - effect	
	2020	2019
+20%	590,230	-
-20%	(590,230)	-

NOTES TO THE FINANCIAL STATEMENTS
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28. Commitments and contingencies

Taxes

The tax environment in Kazakhstan is subject to change and inconsistent application and interpretation. In particular, taxes related to the current subsoil use contracts are not constant since 1 January 2009 and tax liabilities are calculated on a generally established basis, which may result in unfavourable changes to the tax positions of subsoil users, including the Company's position. Various interpretations of Kazakhstan laws and regulations by the Company and Kazakhstan authorities may result in additional taxes, penalties and interest.

Kazakhstan tax laws and practices are developing and subject to varying interpretations and frequent changes, which may be retroactive. In some instances, tax laws have been interpreted by the Kazakhstan tax authorities as referring to IFRS provisions, however, the interpretations of the relevant IFRS provisions may differ from the accounting policies, judgments and estimates made by management in preparing these financial statements, which may result in additional tax liabilities of the Company. Tax years remain open to retroactive review by the tax authorities for five years following the end of the tax year.

Changes in facts and circumstances or new information that might lead to a revision of a judgment or assessment include, but are not limited to, tax inspections or measures taken by tax authorities, changes in rules established by the tax authorities, or expiration of the tax authorities' right to inspect or re-examine a particular income tax reporting matter. Lack of tax authorities' agreement or tax authorities' disagreement with a particular tax reporting issue, in the absence of other facts, is not likely to constitute a change in facts and circumstances or new information affecting judgments and estimates. The Company will report the impact of a change in facts and circumstances or new information that affects judgments or estimates as a change in estimates.

The Company's management believes its interpretations of the relevant laws are appropriate and the Company's tax positions are reasonable. In the opinion of the Company's management, the Company will not incur significant losses on current and potential tax claims over the provisions made in these financial statements.

Tax laws are subject to review and interpretation by the authorities; however, these interpretations and reviews may be ambiguous or unclear. Failure to comply with tax laws can result in fines, penalties and other charges. Non-maintaining records under tax laws and failure to monitor tax laws amendments may affect the Company's taxes: tax adjustments with a material positive or adverse effect on the Company's accounting for current or deferred tax assets or liabilities. Management believes that the Company's tax and transfer pricing positions are solid and appropriately represented.

Environmental regulations

Kazakhstan environmental regulations are developing, and the position of Kazakhstan government authorities concerning regulations enforcement is changing. The Company evaluates its liabilities related to environmental modification. Potential liabilities from changes in existing regulations, civil litigation or legislation, cannot be estimated.

Management believes that the Company complies with local environmental regulations and, therefore, believes that the Company does not have any material liabilities relating thereto other than well restoration liabilities.

Legal claim contingency

From time to time the Company is claimed against in the ordinary course of business. Based on own estimates, management believes the Company will not incur material losses due to claims which may exceed the provision of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
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29. Fair value of financial instruments

Fair value measurements are reviewed and classified between the levels of the fair value hierarchy as follows:

(i) Level 1 — measurements based on quoted (unadjusted) market prices in active markets for identical assets or liabilities, (ii) Level 2 — measurements based on valuation techniques for which the input that is significant to the fair value measurement is observable for an asset or liability directly (e.g. prices) or indirectly (e.g. derived from prices), and (iii) Level 3 — fair value measurements not based on observable market inputs (i.e. based on unobservable inputs). When classifying financial instruments into one or another category in the fair value hierarchy, the management uses judgement. If in fair value measurement observable inputs are used which require significant adjustments, they are allocated to Level 3. Assets and liabilities not measured at fair value but disclosed at fair value

Financial assets carried at amortized cost

The estimated fair value of fixed interest rate instruments is based on the discount method of expected future cash flows using current interest rates for new instruments with similar credit risk and maturity. The discount rate used depends on the credit risk of the counterparty. The carrying amount of the Company's financial assets carried at amortized cost approximates their fair value due to their short-term maturity.

Liabilities carried at amortised cost

The fair value of financial liabilities is determined using valuation techniques. The estimated fair value of fixed interest rate instruments with fixed maturities is based on estimated discounted cash flows using interest rates for new instruments with similar credit risk and maturity. The fair value of liabilities settled on demand or upon advance notice ('liability repaid on-demand') is calculated as the amount payable on demand discounted from the date when the first settlement on demand is likely. The carrying amount of the Company's financial assets approximates their fair value due to their short-term maturity.

30. Events after the reporting period

Coronavirus infection outbreak

An outbreak of new coronavirus infection in late 2019 ('coronavirus') or COVID-19 poses a serious threat to public health. A quarantine declared in 2020 has limited the movement of people and goods around the world, and many government agencies are imposing work restrictions on individuals and businesses. This event did not have a material impact on the solvency of creditors and both on the Company's 2020 fiscal year financial statements and the period after the reporting date.