

# **INVESTMENT PROJECT**

**Project of geological study of subsurface resources, geological exploration and evaluation of identified deposits in the areas of hydrocarbon raw materials in the Republic of Kazakhstan**





# «FORUM» Group of Companies

## «Development of a Pool of hydrocarbon raw materials sites»

### Project Description

The development of a Pool of oil fields located in the Aktobe, West Kazakhstan, Atyrau, Mangystau, Almaty, and Kyzylorda regions is a new project initiated by the FORUM Group companies, which meets the requirements of the Industrial and Innovative Development Strategy of the Republic of Kazakhstan and can be implemented within the framework of industry, regional, and state support. It combines geological exploration, exploration, trial operation, production, innovative technologies, environmental friendliness of production and social orientation. At the initial stage, the project is financed by the Company's own funds, followed by attracting funds from project partners.

### Market background

The financial condition and economic growth of most countries mainly depend on the degree of development of the oil industry. Global oil consumption increased from \$ 20 billion to \$ 30 billion between 1995 and 2020. barrels per year. Despite the pandemic and the associated recession, as well as the increasing share of alternative energy sources in the global energy sector, there is a high guaranteed effective demand for oil and the production of petrochemicals from it. In addition, global analytical companies predict an increase in oil and gas consumption from 2022. In addition, due to political and economic reasons, investment risks in Kazakhstan are low.

### Investment attractiveness of the Project

The total prospective resources of the Site Pool are:

Oil- 368.54 million tons,

Gas resources-785 billion. cubic meters.

The project begins implementation in the second half of 2021, will enter the exploration phase no earlier than 2023, and will enter the operational phase no earlier than 2026

### Project Location

The project is being implemented in several regions of the Republic of Kazakhstan.

In accordance with the Business Code of the Republic of Kazakhstan No. 375-V of October 29, 2015, the project "Development of a Pool of hydrocarbon Raw Materials" refers to an investment project. After the conclusion of the investment contract, it is expected to receive the following preferences:

exemption from customs duties and value added tax (hereinafter referred to as VAT) of the delivered equipment;

- reimbursement of 20% of the cost of fixed assets and equipment in the case of field development and equipment with processing points.

The Republic of Kazakhstan and the Republic of Latvia signed an agreement between the Government of the Republic of Kazakhstan and The Government of Latvia on the promotion and mutual protection of investments. The Agreement entered into force on April 21, 2006.

### Investor

individuals and legal entities that invest in the Republic of Kazakhstan in an amount not exceeding two million fold of the MCI\*, which is equivalent to US \$ 13,500,000.

### Major investor

an individual or legal entity making investments in the Republic of Kazakhstan in the amount of two million MRP.

\*MRP-monthly calculation index, for 2021-2917 tenge.

The project is planned to be implemented on a turnkey basis, including the construction of a complete infrastructure through the appointment of a subsurface use operator, an EPC contract, which is considered as a means of risk management in the implementation of construction projects, as well as a means of ensuring a balance of interests of the parties in the project.



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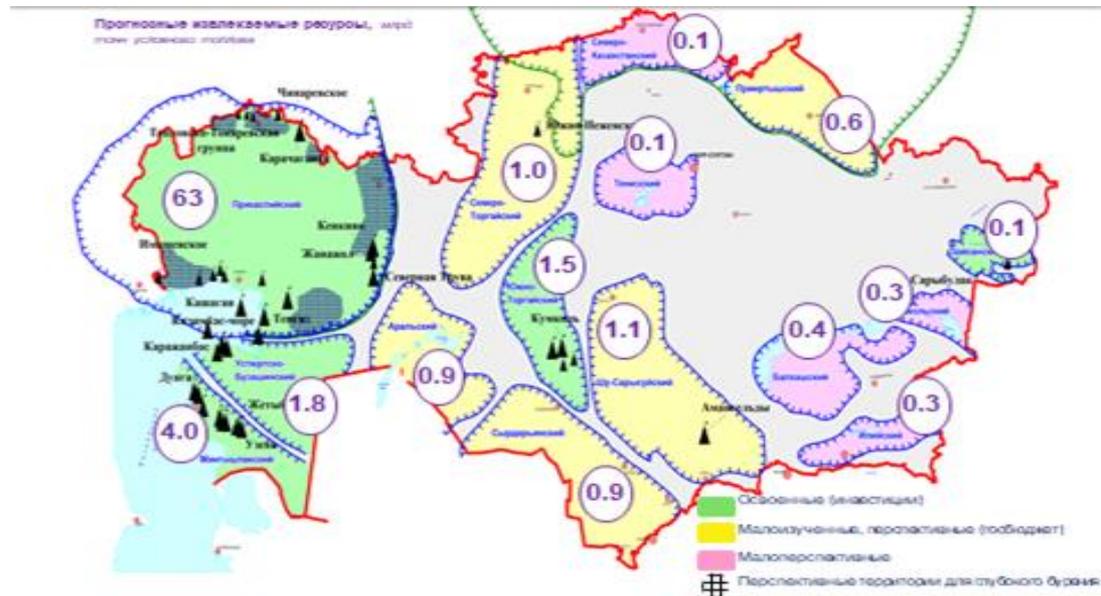
## «Development of a Pool of hydrocarbon raw materials sites»

### The attractiveness of the project for the partner and the regions

Acceptable geological and recoverable reserves  
The possibility of creating a pool of sites  
Acceptable production terms of up to 25 years, with a subsequent extension of 20 years  
Availability of own raw material base in the regions  
Stable guaranteed demand  
The emergence of additional jobs  
Receiving additional taxes to the republican and local budgets

### Выводы

An open and liberal investment policy with clear, effective and strictly enforced laws, The initiator of the project has high-quality geological exploration data. The initiator of the project has all the necessary rights to organize the development, as well as a good working relationship with the authorities. The production process will fully correspond to the characteristics of the sites. The team is able to ensure the efficient use of the available project resources. The development of a pool of UVS sites will not lead to a significant increase in production and an imbalance in the market. The features of the regions make it very attractive. At the same time, there are certain advantages of the project implementation for the regions as well. In addition to the appearance of new jobs, a new impetus will be given to the development of other enterprises in the regions, which will be actively involved in the development of the pool of land plots



## Mineral extraction tax

Within the framework of a single subsoil use contract, the MET rate is applied, which corresponds to the declared total annual production volume under such a subsoil use contract, regardless of the fact of transfer (transfer) of the subsoil use right

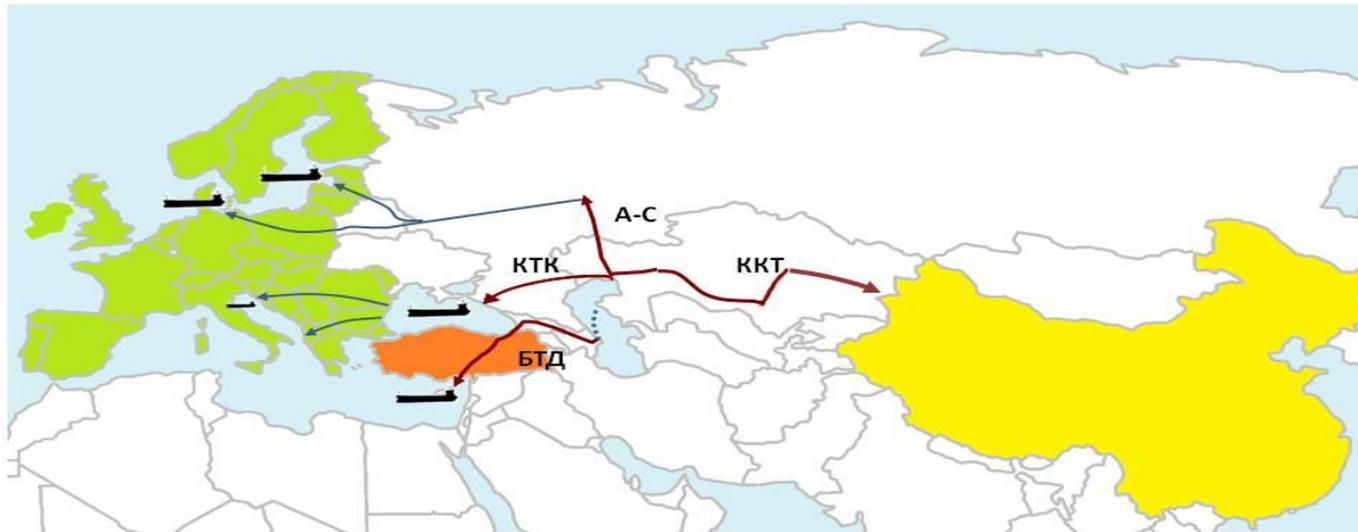
Weighted average barrelization coefficient, calculated with an accuracy of up to four decimal places

The conversion of units of measurement from metric tons to barrels will be based on the weighted average BBL ratio according to the formula

The BBL ratio is determined at the beginning of the export route on the territory of the Republic of Kazakhstan

The calculation of the MET will be based on the actual content of minerals in the taxable volume of redeemed reserves of mineral raw materials

## Export routes of oil from Kazakhstan



КТК- Каспийский трубопроводный консорциум Novorossiysk  
ККТ – Казастанско-Китайский Трубопровод  
А-С – Атырау-Самара  
БТД – Баку – Тбилиси-Джейхан

## Transportation and related costs for oil supplies from Kazakhstan via the Caspian Sea\$/barrel

Expenses in the Caspian Sea	Aktau-Baku-Batumi-Augusta	Aktau-Makhachkala Novorossiysk - Augusta	Aktau-Neka	Aktau-Baku-Ceyhan	IPC im.Korchagina - Baku-Ceyhan
Freight on the Caspian Sea		1,68—1,69	2,18—2,45		2,14—2,68
Transshipment via Azerbaijani terminals					1,07
Transshipment in Makhachkala		2,22—2,27			
Transshipment in Nek			1,09—1,36		
Transshipment in Batumi					
Transshipment in Novorossiysk	8,08	0,45		8,92—8,99	
Replacement cost			2,18—2,45		
Railway fare in Azerbaijan					
Railway fare in Georgia					
Pipeline tariff		0,87			3,56—3,82
Losses	0,72	0,64	0,29	0,46	0,46
Insurance	0,05	0,00	0,02	0,00	
Inspection	0,04	0,06	0,01	0,06	0,06

## Pipeline tariffs in the Caspian region

Route	Bet
Atyrau — Alashankou (total expenses)	19,078. 77 tenge / ton
Tengiz — Novorossiysk (KTK)	\$38.00 / ton
Baku-Ceyhan (for shareholders)	\$3.75—4.00 / bbl.
Baku-Ceyhan (for non-active citizens)	\$3.50—5.00 / bbl.
Baku — Novorossiysk	749.99 rubles/ton
Baku-Supsa	\$10.70 / ton
Makhachkala — Novorossiysk	396.41 rubles/ton

The length of the Baku — Tbilisi — Ceyhan pipeline is 1,768 kilometers. The pipeline passes through the territory of three countries — Azerbaijan (443 km), Georgia (249 km) and Turkey (1076 km). The throughput capacity is 1.2 million barrels of oil per day



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**We invite you to partner in this project!**