SUMMARY

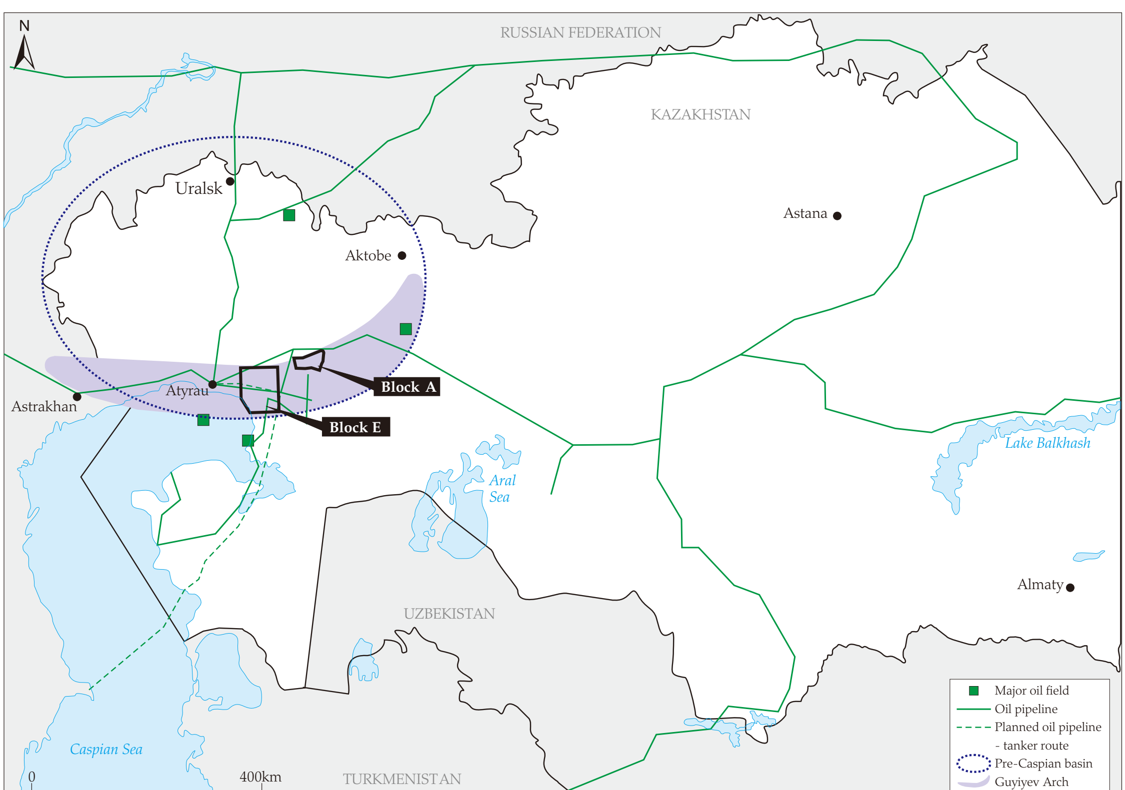
This summary aims to give you an overview of the information contained in this document. Since it is a summary, it does not contain all the information that may be important to you. You should read the document in its entirety before you decide whether to invest in our Shares. There are risks associated with any investment. Some of the particular risks in investing in our Shares are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to invest in our Shares. Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this document.

OVERVIEW

We are an oil exploration and production company based in Kazakhstan with the majority of our oilfields at the early stage of development. We have the exclusive right to conduct exploration and production of hydrocarbons in 14 oilfields situated within Blocks A and E in the Atyrau region, within the Pre-Caspian Basin of Kazakhstan. Kazakhstan is the largest oil producer in Central Asia, whereby the major source of its revenue come from oil exports. The Pre-Caspian Basin is one of the most prolific hydrocarbon basins and has produced some of the world's largest oil and gas discoveries, including the supergiants, Tengiz, Kashagan and Karachaganak fields. According to Frost & Sullivan, the Pre-Caspian Basin has Proved Reserves of approximately 19,500 million bbl, accounting for approximately 65.0% of the total Proved Reserves in Kazakhstan in 2022.

We had control of approximately 520,258 kbbl of gross Proved Reserves as at 31 December 2022. According to Frost & Sullivan, we ranked fourth in terms of Proved Reserves in the Pre-Caspian Basin in 2022, with our Proved Reserves accounting for approximately 2.7% of the total Proved Reserves in the Pre-Caspian Basin. In terms of Proved Reserves, we ranked sixth in Kazakhstan, with our Proved Reserves accounting for approximately 1.7% of the total Proved Reserves in Kazakhstan in 2022.

The map below sets forth the location of Blocks A and E in the Atyrau region, within the Pre-Caspian Basin of Kazakhstan and the nearby infrastructure:



OUR ASSETS AND DEVELOPMENT

We are in exclusive control of over 10,000 square kilometres of land in the Pre-Caspian basin region of the western part of Kazakhstan. We controlled and operated 14 oilfields (two oilfields within Block A and 12 oilfields within Block E) as at 31 December 2022, five of which were in full field development phase, two were under test production phase, whilst the remaining seven were in appraisal stage. As at 31 December 2022, we had a total of 51 actively producing wells and 11 injection wells.

The following table presents a summary of the reserves attributable to our oilfields as at 31 December 2022, as contained in the Competent Person's Report in Appendix III to this document:

Oilfield	Reserves Category 1P (kbbl)	2P (kbbl)	3P (kbbl)
Full Field Development			
East Makat	2,029	2,029	2,029
Borkyldakty	63	63	63
Asanketken	950	950	950
Sagiz West	2,352	2,352	2,352
Kyzylzhar I East	2,291	2,291	2,291
Test Production			
Baichunas West	274	274	274
Uitas	1,277	1,979	1,979
Appraisal			
Dossor SE	106,420	112,985	112,985
Kyzylzhar II	169,458	246,763	250,137
Zharshik	135,520	159,709	165,023
Zhylaya Kossa	32,728	58,802	58,802
Akatkol	33,414	108,057	108,057
Kyzylkala	18,296	25,414	25,414
Karasay	15,187	42,605	42,605
Total	**520,258**	**764,274**	**772,962**

The following table sets forth the production volume for each of our oilfields as at the periods indicated:

Oilfield	For the period from 25 September 2020 to 31 December 2020 (kbbl)	For the year ended 31 December 2021 (kbbl)	For the year ended 31 December 2022 (kbbl)
Appraisal[(1)]			
Dossor SE	Nil	Nil	Nil
Kyzylzhar II	Nil	Nil	Nil
Zharshik	Nil	Nil	Nil
Zhylaya Kossa	Nil	Nil	Nil
Akatkol	Nil	Nil	Nil
Kyzylkala	Nil	Nil	Nil
Karasay	Nil	Nil	Nil

Oilfield	For the period from 25 September 2020 to 31 December 2020 *(kbbl)*	For the year ended 31 December 2021 *(kbbl)*	For the year ended 31 December 2022 *(kbbl)*
Test Production			
Baichunas West	Nil	20.9	5.2
Uitas	Nil	Nil(2)	Nil(2)
Full Field Development			
East Makat	76.9	407.7	400.9
Borkyldakty	3.4	11.7	8.5
Asanketken	26.9	155.1	173.6
Sagiz West(3)	40.2	110.8	285.5
Kyzylzhar I East(3)	33.6	106.2	200.5
Total	**181.0**	**812.4**	**1,074.3**

Note:

1. The oil extracted from the oilfields under appraisal stage were for experimental purposes. They were not sold to domestic nor international markets, and the amount of oil extracted from these oilfields during the respective year/period were negligible.
2. The production volume for Uitas Oilfield during the Track Record Period was nil because we did not yet have an oil processing facility in place.
3. Kyzylzhar I East Oilfield and Sagiz West Oilfield completed test production and entered into the full field development phase in September 2021. As such, the figures also include the production volume during test production phase for these two oilfields.

Major License, Permits and Approvals

We hold the right to conduct exploration and production of hydrocarbons in Block A and Block E pursuant to (i) the E&P Contract which was amended and supplemented by 24 subsequently agreed addenda with the Competent Authority; (ii) Contract No. 4947; and (iii) Contract No. 4948. The E&P Contract was initially granted in March 2003 by the Ministry of Energy and Mineral Resources (succeeded by the Ministry of Energy) to a limited liability partnership established under the laws of Kazakhstan which was liquidated on July 2009, which was subsequently transferred to Samek International LLP (renamed to Manash in January 2017) in October 2005. On 27 April 2020, 5A Oil entered into a sale and purchase agreement with Manash to acquire the E&P Contract and related assets. The transaction was approved by the Competent Authority in August 2020 and completed in September 2020.

The E&P Contract initially covered the exploration and production of hydrocarbons in respect of all 14 of our oilfields and has a validity period until 4 March 2034. Under the term of the E&P Contract, the exploration period for appraisal of reserves is valid until 8 July 2023 which applies to all 14 oilfields operated under the E&P Contract, while the production period is different for each oilfield when they enter full field development phase. For instance, the production period for the East Makat Oilfield, Borkyldakty Oilfield and Asanketken Oilfield is valid until 31 December 2030, 31 December 2026 and 31 December 2028, respectively. As for Sagiz West Oilfield and Kyzylzhar I East Oilfield, we decided to extract these oilfields into separate subsoil use contracts according to the SSU Code, namely Contract No. 4947 and the Contract No. 4948, and their production periods are valid until 1 September 2034 and 1 September 2033, respectively.

Our rights under the E&P Contract are pledged by 5A Oil (borrower) in favour of the Company (lender) as security under the USD 65 million credit facility agreement dated 24 April 2020 (as supplemented by two addenda dated 7 July 2020 and 24 July 2020, respectively). For details of our rights under the SSU Contracts, please refer to the section headed "Business — Major License, Permits and Approvals" in this document.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths will contribute to our growth and differentiate us from our competitors:

- strategic location of Reserves in proven basin;
- holding sole operating control over our contract territory;
- maximisation of reserves, production and cash flow from our Group's shallow post-salt discoveries;
- access to production-enabling infrastructure;
- established export and domestic sale arrangements in place; and
- an experienced management team with significant industry experience.

For details, please refer to the section headed "Business — Competitive strengths" in this document.

OUR STRATEGIES

We believe that we can maintain our competitiveness and growth and increase Shareholder value by implementing the following strategies:

- enhancing the value of our oil assets through field development and subsequent increased operational efficiency;
- increasing our reserves by exploring and developing pre-salt deposits;
- pursuing new opportunities and business alliances within Kazakhstan and other regions; and
- application of automation and advanced technology to drilling techniques and digitalization of processes.

For details, please refer to the section headed "Business — Business Strategies" in this document.

PLANNED PRODUCTION SCHEDULE AND DEVELOPMENT PLAN

We acquired the rights for the exploration and production of hydrocarbon in Blocks A and E under the E&P Contract from Manash in September 2020. Since then, we primarily focused on (i) increasing the crude oil production at the five oilfields under full field development; and (ii) carrying out extensive exploration and drilling works in two oilfields under test production phase and seven oilfields under appraisal stage.

We currently have seven oilfields under appraisal stage, namely Dossor SE Oilfield, Kyzylzhar II Oilfield, Zharshik Oilfield, Zhylaya Kossa Oilfield, Akatkol Oilfield, Kyzylkala Oilfield and Karasay Oilfield, which encompass approximately 39.3 hectares of land within the Pre-Caspian Basin. According to the Competent Person's Report, as at 31 December 2022, these seven oilfields are justified for development and had accumulated gross Proved Reserves of 511,023 kbbl, gross Proved plus Probable Reserves of 754,335 kbbl and gross Proved plus Probable plus Possible Reserves of 763,023 kbbl. As part of our three-year development plan, we plan to primarily focus on (i) developing the Proved plus Probable Reserves of the seven oilfields by bringing them into full field development phase which involves drilling a total of 152 producing and injection wells between 2023 to 2025, constructing wellpads group and constructing oil processing facilities; and (ii) building ancillary infrastructure such as constructing new pipelines connecting each of the oilfields, either directly or indirectly, to the Makat Terminal and upgrading the Makat Terminal. We estimate that the initial capital investments required in order to implement our three-year development plan to be approximately US$1,101.0 million, of which approximately US$**[REDACTED]** million will be funded by the **[REDACTED]** of the **[REDACTED]** and approximately US$587.8 million will be financed by operating cash inflow and/or available banking facilities. To a lesser extent, we will also continue to develop our existing oilfields under full field development and test production phase.

For details of the key historical and planned milestones in the development of our oilfields, please refer to the section headed "Business — Planned Production Schedule and Development Plan" in this document.

CAPITAL EXPENDITURE AND OPERATING COSTS

Capital Expenditure

Our expected capital expenditure budget for exploration and appraisal, production drilling, facilities and infrastructure and well workover costs over an oilfield life of 30 years and based on Proved plus Probable Reserves is set out in the table below:

	Total Capital Cost	For the years ending 31 December 2023	2024	2025	2026	2027-2051
	(US$ million)	*(US$ million)*	*(US$ million)*	*(US$ million)*	*(US$ million)*	*(US$ million)*
Exploration and appraisal	14.0	0.6	0.5	0.5	0.5	11.9
Production drilling	165.1	49.2	29.0	37.4	24.1	25.5
Facilities and infrastructure	1,464.6	223.7	352.8	405.8	273.8	208.5
Well workover costs	9.5	1.1	0.2	0.2	-	8.0
Total capital expenditure	**1,653.2**	**274.6**	**382.5**	**443.8**	**298.3**	**254.0**

Production and cash operating costs

As disclosed in the Competent Person's Report and as illustrated below, our average cash operating costs per unit of oil per bbl (excluding non-income taxes, royalties and other government charges) is forecasted to decrease from US$16.82 per bbl for the year ended 31 December 2022 to US$6.9 per bbl for the year ended 31 December 2026 on a 2P basis. For more information regarding our cash operating costs, please refer to the section headed "Financial Information — Significant factors affecting our results of operation — Cash operating costs" in this document.

The following table is a breakdown of our actual cash operating costs for the period from 25 September 2020 to 31 December 2020 and the years ended 31 December 2021 and 2022, and the forecast cash operating costs between 2023 to 2026 on a 2P basis:

	Period from 25 September 2020 to 31 December 2020 Actual	For the year ended 2021 Actual	For the year ended 2022 Actual	For the years ending 31 December 2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
	US$/bbl	*US$/bbl*	*US$/bbl*	*US$/bbl*	*US$/bbl*	*US$/bbl*	*US$/bbl*
Workforce employment	1.67	1.83	2.20	1.24	0.54	0.20	0.13
Consumables	0.24	0.25	0.80	0.81	0.82	0.83	0.83
Fuel, electricity, water and other services	4.15	3.11	3.41	1.84	1.24	0.70	0.57
On and off-site administration	3.48	6.13	3.42	2.79	1.07	0.34	0.22
Environmental protection and monitoring	0.20	0.15	0.13	0.11	0.06	0.02	0.02
Transportation of workforce	0.04	0.03	0.03	0.03	0.01	0.00	0.00
Product marketing and transport	9.67	6.39	6.02	6.06	6.60	6.67	5.04
Other expenses	1.54	1.42	0.80	0.32	0.18	0.12	0.12
Subtotal	20.99	19.31	16.82	13.19	10.54	8.90	6.92
Non-income taxes, royalties and other governmental charges	2.63	13.14	18.86	16.99	27.49	28.78	30.16
Total operating costs	23.62	32.45	35.68	30.19	38.03	37.67	37.08

OUR PRODUCTS AND SALES

We sold crude oil extracted from our oilfields to domestic and international markets during the Track Record Period. The quality of crude oil which we sell is close to the Brent Standard, which is one of the highest benchmarks for crude oil in the industry. For export sales to international markets, we generally determine the price for the sales of our crude oil with reference to Brent Crude oil price, an international crude oil benchmark, subject to a discount. For crude oil supplied to the domestic market, the selling price of our crude oil is typically fixed pursuant to the relevant sale and purchase agreement with our customer.

Despite that the SSU Code requires oil producers in Kazakhstan (including our Group) to supply crude oil to domestic refineries and the quantity of crude oil sold by our Group is generally required to follow the monthly schedule for the supply of oil to the domestic and export markets as allocated by the Ministry of Energy, our Directors are of the view that the Ministry of Energy will not allocate a substantial portion or all of our crude oil for domestic supply as (i) export sales consists of customs tax, rent tax payable on exports and income tax which contributes to Kazakhstan's tax revenue; (ii) according to the 2021 Annual Report on the Competition Policy Development published by the Agency for the Protection and Development of Competition of the Republic of Kazakhstan on 6 October 2022 ("**2021 Competition Policy Annual Report**"), measures will be taken to supply oil domestically from large oilfields in Kazakhstan such as Tengiz, Kashagan and Karachaganak in the volume of not less than five million tons annually in 2022 with further subsequent increase; and (iii) according to the 2021 Competition Policy Annual Report, approximately 80% of oil sales in the domestic market are already accounted for by China National Petroleum Corporation and the Kazakh oil company, KazMunayGas. As such, our Directors are of the view that we will have sufficient supply of crude oil for export sales.

In November 2022, our Group commenced the sale of refined petroleum products such as diesel fuel, gasoline, heating oil, jet fuel and other petroleum products to domestic customers and wholesale traders in Kazakhstan. In order to provide refined petroleum products, our Group has also entered into arrangements with a domestic refinery plant whereby our crude oil were refined into petroleum products and sold directly to domestic customers and wholesale traders. The price for the processing works provided by the domestic refinery plant on our crude oil is generally determined in accordance with our service agreement with the domestic refinery plant which takes into account factors such as the overall cost of the processing works and the cost of additives and other raw materials used in the course of refining our crude oil. Our price for the refined petroleum products sold to domestic customers and wholesale traders are typically fixed pursuant to the relevant sale and purchase agreement which takes into account factors including the market price of our refined petroleum products published by international pricing agency Argus and the technical specifications of our refined petroleum products. Certain of our refined petroleum products are also subject to marginal wholesale prices established by the Competent Authority. For further details, please refer to "Regulatory Overview — Price Regulation".

TRANSPORTATION

The East Makat Oilfield acts as a major hub, where oil is processed through each of the oilfield's facilities and transported via oil tankers from Borkyldakty Oilfield, Kyzylzhar I East Oilfield, Sagiz West Oilfield, Baichunas West Oilfield to East Makat Oilfield, and is then fed through a pipeline owned by our Group to the Makat Terminal. Due to its remoteness, oil from Asanketken Oilfield is transported by oil tankers to the Karsak oil custody transfer unit terminal, which is operated by a third-party service provider. All of the oil produced at our oilfields is subsequently sent from the Makat Terminal and Karsak oil custody transfer unit terminal to the relevant pipelines in Kazakhstan for transportation to international and domestic markets. To secure pipeline transmission and transportation of oil across our oilfields, we entered into service agreements with certain pipeline providers and oil tanker providers. We also utilised various means of transportation for the supply of our crude oil to the domestic refinery plant for processing work and the sale of refined petroleum products including the Kenkiyak-Kumkol oil pipeline and railway transport. For details of the terms of our arrangements with transportation contractors, please refer to the section headed "Business — Our Suppliers and Contractors — Third party contractors" in this document.

OUR CUSTOMERS, SUPPLIERS AND CONTRACTORS

Our customers

During the Track Record Period, we mainly sold crude oil domestically to Customer B and internationally to Customer A. Customer B and Customer A were our only customers for the period from 25 September 2020 to 31 December 2020 and the year ended 31 December 2021. For the year ended 31 December 2022, in addition to our sale of crude oil, we also commenced the Refined Petroleum Products Business in November 2022 where we sold refined petroleum products such as diesel fuel, gasoline, heating oil, jet fuel and other petroleum products to domestic customers and wholesale traders in Kazakhstan.

For the period from 25 September 2020 to 31 December 2020 and the year ended 31 December 2021, sales to Customer B amounted to approximately US$1.1 million and US$3.0 million, respectively, representing approximately 42.3% and 9.3% respectively, of our total revenue for the same period. For the period from 25 September 2020 to 31 December 2020 and the year ended 31 December 2021, sales to Customer A, our largest customer for such periods, amounted to approximately US$1.5 million and US$29.8 million, respectively, representing approximately 57.7% and 90.7%, respectively of our total revenue for the same period.

For the year ended 31 December 2022, sales to our top five customers (including Customer A and Customer B) amounted to approximately US$43.4 million, representing 99.6% of our total revenue for the same period. For the year ended 31 December 2022, sales to Customer A, our largest customer, amounted to approximately US$37.6 million, representing 86.2% of our total revenue for the same period.

Our suppliers and contractors

During the Track Record Period, we primarily procured equipment and materials from our suppliers and engaged contractors to carry out well drilling, repair and maintenance works, oil transportation and refined petroleum product transportation. For the period from 25 September 2020 to 31 December 2020 and the years ended 31 December 2021 and 2022, purchases from our five largest suppliers amounted to approximately US$1.9 million, US$8.1 million and US$16.6 million, respectively, representing approximately 62.3%, 64.3% and 72.9%, respectively, of our total purchases for the same period. For the period from 25 September 2020 to 31 December 2020 and the years ended 31 December 2021 and 2022, purchases from our largest supplier amounted to approximately US$0.9 million, US$2.9 million and US$9.4 million, respectively, representing approximately 27.9%, 23.2% and 41.4%, respectively, of our total purchases for the same period.

OVERLAPPING CUSTOMER-SUPPLIER

During the Track Record Period, one of our major customers, Customer B, was also our supplier. For details, please refer to the section headed "Business — Overlapping Customer — Supplier" in this document.

SUMMARY OF FINANCIAL INFORMATION

The following table sets forth our key financial information during the years ended 31 December 2019, 2020, 2021 and 2022, and should be read in conjunction with the historical financial information included in the Accountants' Report set out in Appendix IA to this document.

Highlights of selected items from the consolidated statements of profit or loss and other comprehensive income of the Group

	For the year ended 31 December			
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Revenue	–	2,552	32,798	43,596
Gross profit	–	1,225	25,290	31,693
Operating (loss)/profit	(561)	(1,599)	353	(6,959)
Loss for the year/period	(706)	(3,065)	(8,303)	(11,054)
Total comprehensive income for the year/period	77	(2,830)	(7,569)	(12,113)
Non-IFRS Measures:				
EBIDTA[1]	(561)	(1,413)	563	(5,596)
Adjusted EBIDTA[2]	(561)	(1,569)	1,948	616

Notes:

(1) EBIDTA is a non-IFRS measure. We define EBIDTA as loss before income tax credit/(expense) plus interest expenses and depreciation of property, plant and equipment. The use of non-IFRS measure has limitations as an analytical tool and should not be considered in isolation form, or as substitute for analysis of our consolidated statement of profits or loss or financial condition as reported under IFRS. Please see "Financial Information — Non-IFRS Measures" for more details.

(2) Adjusted EBIDTA is a non-IFRS measure. We define Adjusted EBIDTA as EBITDA plus expenses on issuance of bond payables, [**REDACTED**] and net change in foreign currency transactions. The use of non-IFRS measure has limitations as an analytical tool and should not be considered in isolation form, or as substitute for analysis of our consolidated statement of profits or loss or financial condition as reported under IFRS. Please see "Financial Information — Non-IFRS Measures" for more details.

Revenue

We had no revenue for the year ended 31 December 2019 as we only commenced our oil exploration and production activities on 25 September 2020. For the years ended 31 December 2020 and 2021, all of our revenue was derived from the sales of crude oil. For the year ended 31 December 2022, our revenue was derived from (i) the sale of crude oil; and (ii) sale of oil related products as we commenced the Refined Petroleum Products Business in November 2022. In relation to our sale of crude oil, we sold crude oil to Customer B and Customer C through domestic sales and Customer A through export sales.

The following table sets forth the breakdown of our revenue by business stream for the periods indicated:

	For the year ended 31 December							
	2019		2020		2021		2022	
	US$'000	*% of total revenue*	*US$'000*	*% of total revenue*	*US$'000*	*% of total revenue*	*US$'000*	*% of total revenue*
Sale of crude oil								
– Domestic sales	–	–	1,080	42.3	3,043	9.3	5,283	12.1
– Export sales	–	–	1,472	57.7	29,755	90.7	37,583	86.2
Sub-total	–	–	2,552	100.0	32,798	100.0	42,866	98.3
Sale of oil related products	–	–	–	–	–	–	730	1.7
Total	**–**	**–**	**2,552**	**100.0**	**32,798**	**100.0**	**43,596**	**100.0**

We had no revenue for the year ended 31 December 2019 as we only commenced our oil exploration and production activities on 25 September 2020. Our revenue increased from approximately US$2.6 million for the year ended 31 December 2020 to approximately US$32.8 million for the year ended 31 December 2021, representing an increase of approximately US$30.2 million or 1,161.5%. Such growth in revenue was mainly due to the combined effect of: (i) the fact that we only commenced our sale of crude oil after the commencement of our oil exploration and production activities on 25 September 2020, and there was an increase in our production level and sales volume of crude oil for the year ended 31 December 2021; and (ii) the increase in the proportion of revenue from export sales for the year ended 31 December 2021, which had a higher average selling price of crude oil than domestic sales throughout the Track Record Period.

Our revenue increased by approximately US$10.8 million or 32.9% from approximately US$32.8 million for the year ended 31 December 2021 to approximately US$43.6 million for the year ended 31 December 2022. Such growth in revenue was mainly attributable to the combined effect of (i) an increase in our production level and sales volume of crude oil for the year ended 31 December 2022; and (ii) an increase in the average selling price of crude oil for export sales from US$65.3/bbl for the year ended 31 December 2021 to US$74.7/bbl for the year ended 31 December 2022.

For the years ended 31 December 2020, 2021 and 2022, we derived a substantial portion of our revenue from export sales, which accounted for approximately 57.7%, 90.7% and 86.2% of our total revenue for the years ended 31 December 2020, 2021 and 2022, respectively. With respect to the sale of crude oil, the increase in the percentage of revenue from export sales from approximately 57.7% for the year ended 31 December 2020 to approximately 90.7% for the year ended 31 December 2021 was primarily attributable to: (i) the increase in the Brent crude oil price during the year ended 31 December 2021; and (ii) the increase in our sales volume of crude oil to the export market as allocated by the Ministry of Energy in the crude oil export schedule. The percentage of revenue derived from export sales slightly decreased from 90.7% for the year ended 31 December 2021 to 86.2% for the year ended 31 December 2022. For further details, please refer to the section headed "Financial Information — Discussion of selected items from the consolidated statements of profit or loss and other comprehensive income of our Group — Revenue" in this document.

Gross profit and gross profit margin

The following table sets forth the breakdown of our gross profit and gross profit margin by business stream for the periods indicated:

	For the year ended 31 December							
	2019		2020		2021		2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
Sale of crude oil								
– Domestic sales	–	–	111	10.3	352	11.6	756	14.3
– Export sales	–	–	1,114	75.7	24,938	83.8	30,507	81.2
Sub-total	–	–	1,225	48.0	25,290	77.1	31,263	72.9
Sale of oil related products	–	–	–	–	–	–	431	59.0
Total	–	–	1,225	48.0	25,290	77.1	31,693	72.7

Our total gross profit amounted to nil, approximately US$1.2 million, US$25.3 million and US$31.7 million for the years ended 31 December 2019, 2020, 2021 and 2022, respectively, while our overall gross profit margin was nil, approximately 48.0%, 77.1% and 72.7% for the same periods, respectively. Our total gross profit increased by approximately US$24.1 million from approximately US$1.2 million for the year ended 31 December 2020 to approximately US$25.3 million for the year ended 31 December 2021. The increase was mainly attributable to the increase in the proportion of revenue from export sales for the year ended 31 December 2021, which generally had a higher gross profit margin than domestic sales for the year ended 31 December 2020. Our total gross profit increased by approximately US$6.4 million from approximately US$25.3 million for the year ended 31 December 2021 to approximately US$31.7 million for the year ended 31 December 2022. The increase was primarily attributable to the increase in average selling price of crude oil for export sales from US$65.3 per bbl for the year ended 31 December 2021 to US$74.7 per bbl for the year ended 31 December 2022 and the increase in export sales volume of our crude oil. As confirmed by our Kazakhstan Legal Advisers, the Kazakhstani government requires all oil producers in the full field development phase in Kazakhstan, including our Group, to supply some of the crude oil production to domestic refineries to meet domestic energy requirements. Such price was generally lower than the selling price for our export sales, and therefore we had a lower gross profit margin for domestic sales than export sales for the years ended 31 December 2020, 2021 and 2022. Our overall gross profit margin increased from approximately 48.0% for the year ended 31 December 2020 to approximately 77.1% for the year ended 31 December 2021. Such increase was mainly attributable to the increase in the proportion of revenue from export sales for the year ended 31 December 2021, which generally had a higher gross profit margin than domestic sales for the years ended 31 December 2020 and 2021. Our overall gross profit margin decreased from approximately 77.1% for the year ended 31 December 2021 to approximately 72.7% for the year ended 31 December 2022, primarily due to (i) the increase in proportion of sales volume for domestic sales for the year ended 31 December 2022, which generally had a lower gross profit margin than export sales for the year ended 31 December 2021 and 2022; (ii) the increase in staff costs due to an increase in wages; and (iii) the increase in cost of materials due to write-off of obsolete inventory. For further details, please refer to the section headed "Financial Information — Discussion of selected items from the consolidated statements of profit or loss and other comprehensive income of our Group — Gross profit" in this document.

Loss for the year

Our loss for the year amounted to approximately US$0.7 million, US$3.1 million, US$8.3 million and US$11.1 million for the years ended 31 December 2019, 2020, 2021 and 2022, respectively. Our loss for the year increased from approximately US$0.7 million for the year ended 31 December 2019 to approximately US$3.1 million for the year ended 31 December 2020 mainly due to (i) low average selling price and the fact we commenced our oil exploration and production activities on 25 September 2020 which resulted in a low volume of crude oil sold; and (ii) the increase in finance costs for the year ended 31 December 2020 primarily due to an increase in interest payment for loans and borrowings.

Our loss for the year increased from approximately US$3.1 million for the year ended 31 December 2020 to approximately US$8.3 million for the year ended 31 December 2021 primarily due to the increase in finance costs mainly due to (i) an increase in interest on loans and borrowings a result of the increase in the weighted average effective interest rate of loans and borrowings; and (ii) the recognition of expenses on issuance of bond payables and the relevant interest on bond payables following 5A Oil's issuance of bonds on the AIX in May 2021.

Our loss for the year increased from approximately US$8.3 million for the year ended 31 December 2021 to approximately US$11.1 million for the year ended 31 December 2022 primarily due to the combined effect of (i) an increase in other gains or losses, net due to net change on foreign currency transactions arising from difference between functional and reporting currency; (ii) an increase in selling expenses due to increase in export rent tax and export customs duties as result of the increase in Brent crude oil price and the increase in sales volume of our crude oil; and (iii) a decrease in finance costs due to decrease in interest on loans and borrowings as a result of (a) our acquisition of Avrora which consolidated outstanding debt under the Avrora Guarantee into our Group; and (b) the assignment of debt under the Amrita Guarantee owed by 5A Oil to Amrita to the Company pursuant to the Amrita Deed of Assignment which eliminated the interest paid by 5A Oil to Amrita upon consolidation.

For further details, please refer to the section headed "Financial Information — Discussion of selected items from the consolidated statements of profit or loss and other comprehensive income of our Group" in this document.

Highlights of selected items from the consolidated statements of financial position of the Group

	As at 31 December			
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current assets	2,426	72,158	75,340	76,287
Current assets	3	3,088	9,194	10,302
Current liabilities	–	10,539	17,665	34,891
Non-current liabilities	1,955	63,867	73,597	25,781
Net current assets/(liabilities)	3	(7,451)	(8,471)	(24,589)
Net assets/(liabilities)	474	840	(6,728)	25,917

We recorded net assets of approximately US$25.9 million as at 31 December 2022 as compared to net liabilities of approximately US$6.7 million as at 31 December 2021. Such increase in net assets was primarily attributable to the combined effect of (i) decrease in loans and borrowings from approximately US$64.8 million as at 31 December 2021 to approximately US$16.0 million as at 31 December 2022 mainly due to our acquisition of Avrora which consolidated outstanding debt under the Avrora Guarantee into our Group and the assignment of debt under the Amrita Guarantee owed by 5A Oil to Amrita to the Company pursuant to the Amrita Deed of Assignment; and (ii) the increase in trade and other payables from approximately US$9.0 million as at 31 December 2021 to approximately US$25.4 million as at 31 December 2022 mainly as a result of the increase in trade payables due to increase in amount of purchases of raw and other materials and the increase in other tax payables due to export rent tax and mineral extraction tax liabilities which were not settled as our Group was in the process of negotiating a reassessment of tax position with the relevant Kazakhstan tax authorities.

For further details, please refer to the section headed "Financial Information — Discussion of selected items from the consolidated statements of financial position of our Group" in this document.

Highlights of selected items from the consolidated statements of cash flows of the Group

	For the year ended 31 December			
	2019	**2020**	**2021**	**2022**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Operating (loss) / profit before working capital changes	(561)	(124)	6,251	(1,257)
Change in working capital	–	6,589	(6,408)	16,428
Income tax paid	–	–	–	(9)
Net cash (used in)/generated from operating activities	(561)	6,465	(157)	15,162
Net cash used in investing activities	–	(19,563)	(5,692)	11,707
Net cash generated from financing activities	548	13,500	5,462	(3,127)
Net (decrease)/increase in cash and cash equivalents	(13)	402	(387)	328
Cash and cash equivalents at the beginning of year/period	16	3	405	18
Effect of exchange rate changes on cash and cash equivalents	–	–	–	(3)
Cash and cash equivalents at the end of the year/period	3	405	18	343

Our net cash used in operating activities amounted to approximately US$0.6 million and US$0.2 million for the year ended 31 December 2019 and 2021, respectively.

For the year ended 31 December 2019, we had net cash outflow from operating activities of approximately US$0.6 million, which was primarily attributable to the loss before income tax expense of approximately US$0.7 million, as partially offset by the finance cost of approximately US$0.1 million.

For the year ended 31 December 2021, we had net cash outflow from operating activities of approximately US$0.2 million, which was primarily attributable to: (i) the loss before income tax expense of approximately US$8.6 million; (ii) the increase in trade and other receivables of approximately US$3.9 million; (iii) the increase in prepayments of approximately US$1.3 million; and (iv) the increase in inventories of approximately US$1.2 million, as partially offset by: (i) the finance cost of approximately US$8.9 million; (ii) the net loss on modification of loans and borrowings of approximately US$2.6 million; and (iii) exchange difference of approximately US$1.9 million.

For further details, please refer to the section headed "Financial Information — Liquidity and capital resources — Cash flows" in this document.

KEY FINANCIAL RATIOS

	For the year ended/As at 31 December			
	2019	**2020**	**2021**	**2022**
Current ratio	N/A	0.3 times	0.5 times	0.3 times
Quick ratio	N/A	0.2 times	0.4 times	0.2 times
Gearing ratio	80.5%	98.7%	109.2%	54.4%
Debt to equity ratio	411.8%	7,614.8%	N/A	119.4%

Note: Return on total assets and return on equity were also not applicable as we recorded net loss for the years ended 31 December 2019, 2020, 2021 and 2022.

Our gearing ratio decreased from approximately 109.2% as at 31 December 2021 to approximately 54.4% as at 31 December 2022. Such decrease was primarily attributable to our acquisition of Avrora as disclosed in the section headed "History, Reorganisation and Corporate Structure – Acquisition during the Track Record Period" which eliminated certain debt obligations owed by Manash to Avrora which the Group had assumed liability.

Debt to equity ratio was not applicable as at 31 December 2021 since we recorded net liabilities as at 31 December 2021. Our debt to equity ratio decreased from approximately 7,614.8% as at 31 December 2020 to approximately 119.4% as at 31 December 2022. Such decrease was primarily attributable to an increase in total equity as at 31 December 2022 due to (i) our acquisition in of Avrora in January 2022; and (ii) the assignment of all of Amrita's rights, benefits, title and interest in the debt obligations of Manash to our Company in January 2022.

For further details, please refer to the section headed "Financial Information — Selected key financial ratios" in this document.

SUFFICIENCY OF WORKING CAPITAL

We expect to be able to finance 125% of our working capital requirement for the 12 months following the date of this document by (i) the estimated cash inflow generated from our sales revenue; and (ii) estimated cash inflow of approximately US$**[REDACTED]** to be received by us from the **[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the indicative **[REDACTED]** range).

We expect to use our working capital for the 12 months following the date of this document mainly for (i) estimated cash outflow used in our operating activities; and (ii) estimated capital expenditure for well drilling and property, plant and equipment.

Our Directors are of the opinion, and the Sole Sponsor concurs, that taking into consideration the financial resources presently available to our Group, including our internal resources, expected operating cash inflow, an undertaking from Amrita to provide cash up to a maximum amount of US$33 million to our Group for a period up to the [**REDACTED**] or 31 December 2024, whichever occurs first, and the estimated [**REDACTED**] from the [**REDACTED**], the working capital available to our Group is sufficient for 125% of our present requirements as required under Rule 18.03(4) of the Listing Rules, that is, for at least the next 12 months from the date of this document.

THE ASSETS ACQUISITION AND THE ACQUISITION DURING THE TRACK RECORD PERIOD

On 27 April 2020, 5A Oil entered into a sale and purchase agreement to acquire the E&P Contract and related assets from Manash (the "**Assets Acquisition**"). On 11 August 2020, the Ministry of Energy approved the Assets Acquisition. On 25 September 2020, the Assets Acquisition was completed and we obtained full operational control over the E&P Contract and related assets. On 19 March 2021, 5A Oil acquired the equipment for acceptance, storage and transfer of crude oil at the Makat Terminal from Amrita. On 11 January 2022, our Company acquired the entire participating interest in the charter capital of Avrora, thereafter, Avrora has become a wholly-owned subsidiary of our Company. For details, please refer to the sections headed "History, Reorganisation and Corporate Structure — Assets acquisition" and "History, Reorganisation and Corporate Structure — Acquisition during the Track Record Period" in this document.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal proceedings

In 2021, we were a party to a legal proceeding initiated by the Ministry of Energy of the Republic of Kazakhstan in relation to payment of outstanding amount under the E&P Contract which occurred prior to our acquisition of the E&P Contract in 2020. The legal proceeding against us has been terminated and the settlement amount has been fully settled by our Group. For details of the legal proceeding, please refer to the section headed "Business — Legal proceedings and compliance — Legal proceedings" in this document.

Compliance

Save for the non-compliance incidents as disclosed in the section headed "Business — Legal proceedings and compliance — Compliance" in this document, as advised by our Kazakhstan Legal Advisers, based on the due diligence exercise carried out on 5A Oil and Avrora, 5A Oil and Avrora had complied with all relevant and applicable Kazakhstan laws governing 5A Oil's and Avrora's business in all material respects during the Track Record Period.

[REDACTED]

[**REDACTED**] will be made available under the [**REDACTED**] comprising:

(a) the [**REDACTED**] of [**REDACTED**] Shares (subject to reallocation) in Hong Kong, which represents [**REDACTED**]% of the total number of new Shares offered in the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any share options which may be granted under the Share Option Scheme), as described in the section headed "Structure of the [**REDACTED**] — The [**REDACTED**]" in this document; and

(b) the [**REDACTED**] of [**REDACTED**] Shares (subject to reallocation and the [**REDACTED**]) outside the United States in offshore transactions in reliance on Regulation S of the U.S. Securities Act, which represents [**REDACTED**]% of the total number of new Shares offered in the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any share options which may be granted under the Share Option Scheme), as described in the section headed "Structure of the [**REDACTED**] — The [**REDACTED**]" in this document.

Of the [**REDACTED**] Shares initially offered under the [**REDACTED**], (i) [**REDACTED**] Shares (which represents [**REDACTED**]% of the total number of new Shares offered in the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any share options which may be granted under the Share Option Scheme)); and (ii) [**REDACTED**] Shares represented by [**REDACTED**] (which represents [**REDACTED**]% of the total number of new Shares offered in the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any share options which may be granted under the Share Option Scheme)), will be made available for subscription to institutional and retail investors in Kazakhstan under the [**REDACTED**] as described in the section headed "Structure of the [**REDACTED**] — [**REDACTED**]" in the document.

OUR [REDACTED] ON THE AIX

Starting from 1 June 2022 (following the retrospective amendments introduced by the Law on Amendments) (a) the [**REDACTED**] is exempted from the AFR permission and (b) the Company is not subject to mandatory offer of the new Shares and (or) [**REDACTED**] for purchase on any local stock exchange in Kazakhstan (including AIX and KASE) as part of the [**REDACTED**]. Nevertheless, in order for the investors to enjoy the benefits of the AIFC Exemption, our Shares and [**REDACTED**] will be [**REDACTED**] and [**REDACTED**] for acquisition on the AIX.

Therefore, as part of the [**REDACTED**], our Company will [**REDACTED**] and [**REDACTED**], which represent [**REDACTED**]% of the total number of new Shares offered in the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be allotted and issued upon exercise of any share options which may be granted under the Share Option Scheme). Each [**REDACTED**] represents ownership interests in [one] Share. In connection with the [**REDACTED**], application has been made to the AIX to (i) admit our Shares and the [**REDACTED**] to be issued pursuant to the [**REDACTED**] to the official list of the AIX; and (ii) admit Shares and the [**REDACTED**] for [**REDACTED**] on the AIX. The [**REDACTED**] will be carried out in accordance with this document under the AIFC and AIX rules and regulations. The [**REDACTED**] will be led by and managed solely by [**REDACTED**]. Prospective investors who intend to participate in the [**REDACTED**] should review this document, which contains important information about the [**REDACTED**]. The [**REDACTED**] will be offered through the [**REDACTED**] at the [**REDACTED**]. For details, please refer to the section headed "Information about this document and the [**REDACTED**] — Information about the [**REDACTED**]" in this document.

We have obtained permission of the Competent Authority dated [●] for the [**REDACTED**] on the Stock Exchange and the permission of the Competent Authority dated 14 December 2022 for the [**REDACTED**] on the AIX. For details, please refer to the section headed "Regulatory Overview — Regulation of mineral rights in Kazakhstan — The Consent for Transfers of Subsoil Use Rights and the Objects" in this document.

SUMMARY OF THE MATERIAL KEY DIFFERENCES BETWEEN THE LISTING RULES, CERTAIN APPLICABLE HONG KONG LAWS, THE AIX BUSINESS RULES AND AIFC MARKET RULES

Our Company intends to **[REDACTED]** Shares on the Stock Exchange and both Shares and **[REDACTED]** on the AIX. The following is a summary of material key differences between (i) the Listing Rules and certain applicable Hong Kong Laws; and (ii) the AIX Business Rules and AIFC Market Rules:

- unlike the Listing Rules and Hong Kong laws (i.e. Rule 13.66 of the Listing Rules), there are no corresponding provisions in the AIX Business Rules and AIFC Market Rules dealing with the transfer books and register of members;
- in relation to disclosure of shareholding interests by substantial shareholders under the SFO, the AIFC Market Rules and AIX Business Rules does not stipulate a definition of substantial shareholding;
- the AIFC Market Rules and AIX Business Rules do not have corresponding or similar provisions dealing with power of directors to issue shares;
- unlike the Listing Rules (i.e. Chapter 17 of the Listing Rules), there are no corresponding or similar provisions in AIX Business Rules or AIFC Market Rules dealing with terms of share schemes (including share option schemes and share award schemes); and
- the AIFC Market Rules and AIX Business Rules currently do not have rules and regulations corresponding or similar to the Takeovers Code under the AIX and AIFC regulatory frameworks.

Prospective investors and/or Shareholders should consult their own legal advisers for specific legal advice concerning their legal rights and obligations under Hong Kong laws and AIX rules and regulations. In the event of any conflict between the Hong Kong laws, rules and regulations, including but not limited to the Listing Rules, the Takeovers Code and Part XV of the SFO, on the one hand, and the AIX or AIFC rules and regulations, including but not limited to the AIX Business Rules (which include AIX Market Disclosure Rules, AIX Markets Listing Rules, AIX Admission and Disclosure Standards, AIX Mining Company Rules) and AIFC Market Rules, on the other hand, we shall comply with the more restrictive and stringent rule. For further details, please refer to the section headed "Further Information About the Dual Primary **[REDACTED]**" set out in Appendix V to this document.

OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the **[REDACTED]** and the **[REDACTED]** (without taking into account any shares which may be allotted and issued upon exercise of the **[REDACTED]** and without taking into account any Shares to be allotted and issued upon exercise of any share options which may be granted under the Share Option Scheme), the total issued shares of our Company will be owned as to **[REDACTED]**% and **[REDACTED]**% by Toty and Yukyi, respectively. Each of Toty and Yukyi is directly wholly-owned by Mr. Peter Brigham, as nominee for and on behalf of Dr. Kanat Assaubayev, Mr. Aidar Assaubayev and Mr. Sanzhar Assaubayev who hold beneficial interests in Toty and Yukyi in equal shares. Therefore, Toty, Yukyi, Dr. Kanat Assaubayev, Mr. Aidar Assaubayev and Mr. Sanzhar Assaubayev, and through the shareholding arrangement, Mr. Peter Brigham will be our Controlling Shareholders upon the **[REDACTED]** as defined under the Listing Rules. For their background, please refer to the sections headed "History, Reorganisation and Corporate Structure", "Directors and Senior Management" and "Relationship with Controlling Shareholders" in this document.

DIVIDENDS AND DIVIDEND POLICY

No dividend has been paid or declared for the years ended 31 December 2019, 2020, 2021 and 2022 and up to the Latest Practicable Date.

We may declare and pay dividends by way of cash or by other means that we consider appropriate in the future. Distribution of dividends shall be formulated by our Board at its discretion and will be subject to shareholders' approval. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on, among other things, our results of operations, cash flows and financial condition, operating and capital expenditure requirements and other factors that our Directors may consider relevant. In any event, any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Companies Act. Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years.

[REDACTED] EXPENSE

Our Directors estimate that the total amount of expenses in relation to the **[REDACTED]** is approximately US$**[REDACTED]** million (assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the **[REDACTED]** range) and no exercise of the **[REDACTED]**), representing approximately **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]**, of which approximately **[REDACTED]**, **[REDACTED]**, approximately US$**[REDACTED]** and approximately US$**[REDACTED]** were charged to our consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2019, 2020, 2021 and 2022, respectively. Approximately US$**[REDACTED]** will be charged to the consolidated statements of profit or loss and other comprehensive income for the year ending 31 December 2023 and approximately US$**[REDACTED]** will be accounted for as a deduction from equity upon completion of the **[REDACTED]** for the year ending 31 December 2023. Among the total estimated amount of approximately US$**[REDACTED]**, approximately US$**[REDACTED]** is **[REDACTED]**-related expenses (including but not limited to commissions and fees); and approximately US$**[REDACTED]** is non-**[REDACTED]**-related expenses, which is further categorised into (i) fees and expenses of legal advisors and accountants of approximately US$**[REDACTED]**; and (ii) other fees and expenses of approximately US$**[REDACTED]**. Our Directors would like to emphasise that the **[REDACTED]** expenses stated above are the current estimation for reference purpose only and the actual amount to be recognised may differ from this estimation. Prospective investors should note that the financial performance of our Group for the year ending 31 December 2023 will be materially and adversely affected by the **[REDACTED]** expenses mentioned above.

[REDACTED] STATISTICS

	Based on the minimum [REDACTED] of HK$[REDACTED] per [REDACTED]	**Based on the maximum [REDACTED] of HK$[REDACTED] per [REDACTED]**
Market capitalisation[1]	HK$**[REDACTED]**	HK$**[REDACTED]**
Unaudited pro forma adjusted consolidated net tangible assets per Share[2]	HK$**[REDACTED]**	HK$**[REDACTED]**

Notes:

1. The calculation of the market capitalisation of our Shares is based on **[REDACTED]** Shares in issue immediately after completion of the **[REDACTED]** and the **[REDACTED]** but does not take into account any Shares which may be allotted and issued upon the exercise of any options which may be granted under the **[REDACTED]**, Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the Issue Mandate and the Repurchase Mandate.
2. The unaudited pro forma adjusted consolidated net tangible assets of our Group per Share has been prepared with reference to certain estimation and adjustment. Please refer to Appendix II to this document for further details.

[REDACTED]

We estimate that the **[REDACTED]** of the **[REDACTED]** which we will receive, assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]** range), will be approximately HK$**[REDACTED]** (equivalent to approximately US$**[REDACTED]**), after deduction of **[REDACTED]** commissions and estimated expenses payable by us in connection with the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised.

We intend to use the **[REDACTED]** of the **[REDACTED]** in the amounts and for the purposes set out below assuming that the **[REDACTED]** is not exercised and the **[REDACTED]** is fixed at HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]** range):

- approximately **[REDACTED]**% of our total estimated **[REDACTED]**, or HK$**[REDACTED]** (equivalent to approximately US$**[REDACTED]**), will be used for bringing seven of our oilfields, namely, Dossor SE Oilfield, Kyzylzhar II Oilfield, Zharshik Oilfield, Zhylaya Kossa Oilfield, Akatkol Oilfield, Kyzylkala Oilfield and Karasay Oilfield, into full field development from 2023 to 2025. We intend to allocate the amount as follows:
  - (i) approximately **[REDACTED]**% of our total estimated **[REDACTED]**, or HK$**[REDACTED]** equivalent to approximately US$**[REDACTED]**), will be used for constructing oil processing facilities located at Dossor SE Oilfield, Kyzylzhar II Oilfield, Zharshik Oilfield, Akatkol Oilfield, Zhylaya Kossa Oilfield and Karasay Oilfield, respectively, for oil production and treatment;
  - (ii) approximately **[REDACTED]**% of our total estimated **[REDACTED]**, or HK$**[REDACTED]** (equivalent to approximately US$**[REDACTED]**), will be used for constructing wellpads which includes installing wellheads and outflow lines at Dossor SE Oilfield, Kyzylzhar II Oilfield, Zharshik Oilfield and Akatkol Oilfield, respectively;
  - (iii) approximately **[REDACTED]**% of our total estimated **[REDACTED]**, or HK$**[REDACTED]** (equivalent to approximately US$**[REDACTED]**), will be used for drilling a total of 83 additional wells at the seven oilfields for production and injection;
- approximately **[REDACTED]**% of our total estimated **[REDACTED]**, or HK$**[REDACTED]** (equivalent to approximately US$**[REDACTED]**), will be used for constructing new pipelines connecting Dossor SE Oilfield, Kyzylzhar II Oilfield, Zharshik Oilfield, Akatkol Oilfield, Zhylaya Kossa Oilfield and Karasay Oilfield, directly or indirectly, to the Makat Terminal;
- approximately **[REDACTED]**% of our total estimated **[REDACTED]**, or HK$**[REDACTED]** (equivalent to approximately US$**[REDACTED]**), will be used for upgrading our Makat Terminal located near East Makat Oilfield and Makat oil pumping station;
- approximately **[REDACTED]**% of our total estimated **[REDACTED]**, or HK$**[REDACTED]** (equivalent to approximately US$**[REDACTED]**), for working capital and other general corporate purposes.

For details, please refer to the section headed "Future Plans and **[REDACTED]**" in this document.

RISK FACTORS

There are certain risks relating to our operations, some of which are beyond our control. Major risks we face include, among others, the following:

- our exploration, development and operations involve uncertainties and risks, including those inherent in the oil industry, such that our development plan and the level of expected profitability may not be achieved;

- our principal activities are conducted within Blocks A and E in the Atyrau region and currently are our sole source of revenue;
- our Group's revenue and net profits may be volatile because of changes in crude oil and refined petroleum products prices which are subject to factors beyond our control;
- our development plan may be delayed or may not progress within budget or achieve commercial viability;
- our Group's business could be adversely affected if we fail to maintain or renew existing permits, licenses and the SSU Contracts or fail to comply with the terms of our existing or future permits, licenses and the SSU Contracts;
- our growth strategy requires a significant amount of capital and we may not be able to finance our future planned capital expenditure;
- our E&P contract and related assets were acquired from Manash and our limited operating history may not serve as an adequate measure of our future prospects and results of operations;
- our ownership over the hydrocarbons extracted pursuant to the SSU Contracts is subject to the Kazakhstani Government's pre-emptive right to purchase hydrocarbons; and
- we derive a substantial portion of our revenue from a limited number of major customers, and the loss of any of such customers, or a significant loss, reduction or rescheduling of orders from any of these customers, could have a material adverse effect on our business, results of operations and financial condition.
- our Group may not be able to successfully operate the Refined Petroleum Products Business.

For details, please refer to the section headed "Risk Factors" in this document.

WAIVER APPLICATION

We have applied for, and the Stock Exchange [has granted] us a waiver from strict compliance with Rule 8.05(1) of the Listing Rules pursuant to Rules 8.05B(l) and 18.04 of the Listing Rules. For details, please refer to the section "Waiver from Strict Compliance with the Listing Rules" in this document.

TAXATION WITH RESPECT TO THE ACQUISITION, OWNERSHIP AND DISPOSAL OF THE SHARES AND THE [REDACTED]

Our Company is a company incorporated in Cayman Islands, and 5A Oil, the principal subsidiary of our Company, is incorporated in Kazakhstan. Since our Company's assets primarily derive their value from the subsoil use property/assets located in Kazakhstan, transactions connected with the Shares and the [**REDACTED**] will fall within the scope of Kazakhstan tax legislation. Under the AIFC Constitutional Law, individuals and legal entities, irrespective of tax residency status, are until 1 January 2066, exempt from tax on dividends (subject to a trading criteria for tax residents) received on and capital gain derived from securities (including Shares and [**REDACTED**]) in which the same class of Shares and/or [**REDACTED**] are admitted to the official list of the AIX on the date of the dividends' accrual and on the date of disposal, respectively (the "**AIFC Exemption**").

For details, please refer to the section headed "Regulatory Overview — Taxation with respect to the Acquisition, Ownership and Disposal of the Shares and the [**REDACTED**]" in this document.

The summary of Kazakhstan taxation in relation to the acquisition, ownership and disposal of the Shares and the [**REDACTED**] in this document (i) does not purport to be a comprehensive analysis of all the tax considerations and consequences that may be relevant to a decision to acquire, hold or dispose of the Shares and/or the **[REDACTED]**, and applicable to individuals or legal entities acquiring the Shares and/or the **[REDACTED]**, some of which may be subject to special rules; and (ii) is based on current Kazakhstan law which may be subject to change. Tax legislation of an investor's jurisdiction and of Kazakhstan may have an impact on the income received from the Shares and the **[REDACTED]**. Investors should consult professional advisers in their respective jurisdictions on the tax consequences of their acquisition, holding and disposal of the Shares or the **[REDACTED]** and seek professional Kazakhstan tax advice as necessary.

IMPACT OF COVID-19 OUTBREAK AND GEOPOLITICAL TENSION BETWEEN UKRAINE AND RUSSIA ON OUR BUSINESS

On 15 March 2020, the president of Kazakhstan declared a national state of emergency related to the COVID-19 outbreak starting from 16 March 2020, which expired on 11 May 2020. During such period and thereafter, the Kazakhstani government had set a number of restrictions, including limitations on public gatherings and suspension of businesses. These measures have caused a disruption to local manufacturing and production chain, which had led to a decline in domestic consumption of crude oil in Kazakhstan in 2020. Despite the temporary disruption caused by COVID-19 in Kazakhstan, our Directors confirmed that there was no material disruption to our operations during the Track Record Period. We were able to sustain growth momentum and delivered overall revenue and gross profit growth in 2021 and 2022. On 18 May 2022, due to the stabilization of the COVID-19 pandemic in all regions of Kazakhstan, all COVID-19-related quarantine restrictions have been lifted and all COVID-19 entry requirements into Kazakhstan were subsequently lifted on 8 June 2022.

Nevertheless, the global outbreak of COVID-19 pandemic has restrained the demand of crude oil resulting in fluctuation to oil prices. Notwithstanding, the price of crude oil started to rebound since 2020, reaching US$74.2/bbl by the end of 2021, attributable to a gradual resumption of economic performance globally. According to the Industry Report and the short-term energy outlook released by the U.S. EIA, the annual average Brent crude oil price has increased from US$70.9/bbl in 2021 to US$100.9/bbl in 2022 recording a year-on-year increase of approximately 42.4% in 2022.

There are numerous risks and uncertainties that affect the positive oil market outlook including the ongoing uncertainty and volatility related to the COVID-19 pandemic, such as the Omicron variant as well as the potential future variants. They present additional downside risks influencing oil demand which may in turn, directly or indirectly impact our business, results of operations, cash and financial conditions. For further details, please refer to the section headed "Risk Factors — Risks relating to our business and industry — Our business, financial condition, results of operations and prospects could be adversely affected by the outbreak of COVID-19" in is document.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our business operation remained stable after the Track Record Period and up to the date of this document. Save as disclosed herein, there was no material change to our general business model and the economic environment remained generally stable up to the date of this document.

New Permitted Oil Supplier Regulations

On 30 December 2022, the President signed (endorsed) the Law of the Republic of Kazakhstan "On Introduction of Amendments and Additions to Several Legislative Acts of the Republic of Kazakhstan on the Matter of Implementation of the Certain Assignments of the Head of the State" No.177-VII ("**Law on Amendments of Petroleum Products Law**").

The Law on Amendments of Petroleum Products Law amended the definition of an oil supplier in Article 11-1 of the Law of the Republic of Kazakhstan dated July 20, 2011

"On State Regulation of Production and Circulation of Certain Types of Petroleum Products" (the "**Petroleum Products Law**") to permit only subsoil users or their related legal entities to supply crude oil and/or gas condensate, including crude oil and/or gas condensate pre-processed by the subsoil user ("**Oil**") for further processing, to Kazakhstan and/or foreign oil refinery plants.

The subsoil user's related legal entities are legal entities in which a subsoil user, inter alia, holds at least 50% interest ("**Related Supplier**"). The Related Suppliers are entitled to supply Oil purchased directly from related subsoil users to Kazakhstan and/or foreign refinery plants.

According to the new definition of an oil supplier, (i) individuals; and (ii) legal entities which are not subsoil users or Related Suppliers are no longer permitted to supply Oil to Kazakhstan and/or foreign oil refinery plants.

The new definition of an oil supplier, including the Related Supplier, entered into force on 12 January 2023.

According to the Law on Amendments of Petroleum Products Law, supplies of Oil by subsoil users and Related Suppliers to Kazakhstan and foreign refinery plants may be carried out through either of the following options:

- a subsoil user sells Oil directly to the oil refinery plants for processing;
- a subsoil user (a) delivers Oil directly to oil refinery plants for tolling and (b) subsequently sells the petroleum products to wholesale distributors, retail distributors or sells them through its own petrol stations;
- a Related Supplier purchases Oil directly from the related subsoil user and further sells it to oil refinery plants for processing;
- a Related Supplier (a) purchases Oil directly from the subsoil user and (b) delivers it to oil refinery plants for tolling and (c) subsequently sells the petroleum products to wholesale distributors, retail distributors or sells them through its own petrol stations.

As advised by our Kazakhstan Legal Advisers, subsequent to the Law on Amendment of Petroleum Products Law, the Petroleum Products Law effectively allows only for subsoil users or Related Suppliers to supply crude oil to domestic refineries for processing and prohibits domestic traders who are not subsoil users or Related Suppliers from purchasing crude oil from subsoil users for their processing at oil refineries.

For further details of the Law on Amendments of Petroleum Products Law, please refer to the section headed "Regulatory Overview — Price Regulation — New Permitted Oil Supplier Regulations".

Refined Petroleum Products Business

In November 2022, our Group commenced the Refined Petroleum Products Business, in relation to the sale of refined petroleum products such as diesel fuel, gasoline, heating oil, jet fuel and other petroleum product to domestic customers and wholesale traders in Kazakhstan. In order to provide refined petroleum products, our Group had entered into arrangements with a domestic refinery plant whereby crude oil produced by our Group were refined into petroleum products and sold directly to domestic customers and wholesale traders. As a result of the Law on Amendments of Petroleum Products Law and the commencement of our Refined Petroleum Products Business, we have ceased our sales of crude oil to domestic oil traders, since 31 December 2022.

Arrangement with Customer B

Since the Law on Amendments of Petroleum Products Law and the commencement of our Refined Petroleum Products Business, our Group also entered into a business arrangement with Customer B whereby ("**Customer B Business Arrangement**"):

(i) in anticipation of the Law on Amendments of Petroleum Products Law, we established Subsoil Trading in November 2022 as a joint venture with Customer B, a company principally engaged in the sale of refined petroleum products which is owned as to 65% by 5A Oil and as to 35% by Mr. Mamykov Berik Mukhamediyarovich ("**Mr. Mamykov**"), who holds the interest in Subsoil Trading for the interests and on behalf of Customer B.

(ii) as at 21 September 2022, 5A Oil had received advance payments from Customer B in the amount of approximately US$1.6 million ("**Advance Payment**") in consideration of 5A Oil having undertaken to deliver certain crude oil deliveries under the sale and purchase agreement with Customer B. In January 2023, it was agreed among 5A Oil, Customer B and Subsoil Trading that (i) Customer B's right to claim the Advance Payment from 5A Oil will be assigned to Subsoil Trading in consideration of the Advance Payment being repaid by Subsoil Trading to Customer B on a monthly basis by instalment from February 2023 to November 2023; and (ii) 5A Oil will discharge its obligations on the Advance Payment by delivering certain crude oil to Subsoil Trading on a monthly basis from January 2023 to October 2023.

(iii) on 17 March 2023, since the Law on Amendments of Petroleum Products Law had prohibited domestic traders (e.g. Customer B) who are not subsoil users or Related Suppliers from purchasing crude oil from subsoil users for their processing at oil refineries, effectively rendering the Memorandum of Understanding and the Supplemental Appendices incapable of performance, we had entered into a settlement agreement (the "**Settlement Agreement**") with Customer B for the discharge and settlement of our Group's and Customer B's respective obligations (including waiving the Customer B Compensation Payment) under the Memorandum of Understanding and the Supplemental Appendices with retrospective effect on 28 December 2022. For further details, please refer to the section headed "Business – Our Customers – Domestic sales to Customer B"

Our Directors are of the view that the commencement of our Refined Petroleum Products Business and the Customer B Business Arrangement is beneficial to our Group because:

(i) the Refined Petroleum Products Business allows us to diversify into the downstream sector of the oil industry and allow us to enjoy higher margins as compared to the sales of crude oil to Customer B and Customer C during the Track Record Period. From 1 January 2023 to 28 February 2023, our Refined Petroleum Products Business recorded revenue, gross profit and gross profit margin of approximately US$1.0 million, US$0.4 million and 42.0%, respectively;

(ii) the Customer B Business Arrangement allows our Group to leverage on the experience and know-how of Customer B in respect of sales of refined petroleum products in the downstream sector of the oil industry, which will be beneficial to our new Refined Petroleum Products Business in the long term; and

(iii) the Settlement Agreement will allow our Group more flexibility in utilising the Domestic Supply Volume approved by the Competent Authority for our Refined Petroleum Products Business.

Military Conflict

In February 2022, Russia declared the commencement of special military operation in the territory of Ukraine and Russian military forces deployed into Ukraine (the "**Military Conflict**"). In response to this, various countries imposed sanctions against Russia and particularly in the early stages of the Military Conflict, the extent and participation of the sanctions were uncertain. On 8 March 2022, the United States imposed a ban on imports of oil, liquefied natural gas and coal from Russia. In addition, the European Union has banned all imports of refined oil products from Russia in February 2023 and the United Kingdom has banned Russian oil and oil products imports from December 2022. On 2 September 2022, the G7 group of nations also agreed to cap the price of Russian-origin oil and on 3 December 2022, the G7 group of nations and Australia agreed to cap the price of Russian-origin oil at US$60 per barrel from 5 December 2022. On 5 February 2023, further price caps by the European Union, the G7 group of nations, and Australia (the "**Price Cap Coalition**") came into effect which targeted Russian diesel and other refined petroleum products. In response, Russia announced plans to cut crude oil production and exports for March 2023 on 10 February 2023 and 22 February 2023 respectively, and raised the possibility of extending these measures beyond the month.

The Military Conflict, the oil-related sanctions imposed by the Price Cap Coalition and import ban from the European Union and various countries have caused a surge in Brent Crude oil prices. At the same time, although crude oil originating from Kazakhstan when carried via Russian pipeline network was not a subject of sanctions, our Directors consider that many traders, including Customer A, had capitalized on a period of uncertainty to bargain for a higher discount to Brent Crude oil price on our oil exports. From the end of March 2022 to June 2022, the discount to Brent Crude oil price for our oil export sales ranged from approximately US$35/bbl to approximately US$43/bbl. However notably, the Brent Crude oil price increased from approximately US$107/bbl from the end of March 2022 to approximately US$120/bbl at the end of June 2022 which partially offset the impact of the discount.

In June 2022, Kazakhstan announced the rebranding of crude oil it exports via the Russian pipeline network as Kazakhstan Export Blend Crude Oil ("**KEBCO**") to differentiate itself against Russian oil in order to avoid sanction risks and issues with financing. Since June 2022, our crude oil exports had been classified as KEBCO. From July 2022 to March 2023, discount to Brent Crude oil price for our oil export sales steadily decreased from approximately US$37.5/bbl to approximately US$18.4/bbl.

While the Military Conflict had an impact on our oil export price as described above, our Directors consider that it should not have a significant and prolonged impact on our oil export sales in the long term due to the following: (i) KEBCO is gaining popularity by the international traders, such that the discount against Brent Crude oil price applied to KEBCO is of commercial nature and narrowing, having decreased from approximately US$37.5/bbl from July 2022 to approximately US$18.4/bbl in March 2023; (ii) the establishment of KEBCO to avoid any potential confusion with Russian oil; (iii) our Company intends to diversify our customer base and we have been in negotiation with a major national oil and gas corporation in China for the sale of crude oil; and (iv) we had not been subject to any restrictions in oil exports, the use of crude oil pipelines, or any suspension in sales of crude oil since the Military Conflict and up to the Latest Practicable Date. Further, our Directors are of the view that such relatively higher discount to Brent Crude oil price of our oil export sales was temporary as our Group's crude oil did not originate from Russia.

According to the Short-Term Energy Outlook published in April 2023 administered by the U.S. EIA, Brent crude oil price is anticipated to average US$85.0/bbl in 2023. In early October 2022, with a view to spurring a recovery in crude prices, the OPEC+ have announced the reduction of crude oil production by 2 million barrels per day from November 2022. Subsequently in April 2023, with a view to supporting market stability, the OPEC+ announced further oil output cuts of approximately 1.16 million barrels per day, starting from May 2023 and will last until the end of 2023, which is likely to contribute to lifting crude oil price in the short run. As advised by Frost & Sullivan, considering the sustained impact of the shortfall of crude oil supply from Russia attributable to the crisis in Ukraine and the subsequent international sanctions on Russia, the output cut is expected to further shore up the oil price with subdued supply. Therefore, the oil price has remained at a high level of US$100 per barrel during 2022 and in the short to medium run. The yearly average Brent crude oil price increased at a year-on-year growth of approximately 42.4% in 2022. In regard to demand side, the global oil consumption is constantly rising owing to the normalisation of economic and logistics activities around the globe following the ease of COVID-19 restriction policies particular in major economy such as the PRC and the US, which is expected to accelerate demand and consumption of crude oil and serve as an impetus to the rise of crude oil price. According to IMF, the nominal GDP globally is projected to rise at year-on-year growth of approximately 4.6% and 4.6% in 2023 and 2024 respectively. Additionally, as advised by Frost & Sullivan, the continuously rising natural gas price is expected to sustain the demand for crude oil as an alternative source of energy. Nevertheless, there are risks and concerns impacting the crude oil price volatility including (i) the ongoing uncertainty and volatility related to the COVID-19 pandemic such as the Omicron variant as well as the potential future variants all present additional downside risks which influence oil demand; (ii) a potential weakening global economic growth due to supply chain disruption; (iii) a hawkish central bank response to inflation that likely slows down the economic growth as well as oil demand; and (iv) uncertain OPEC+ production targets in the long run. According to U.S. EIA, the crude oil price will witness a decline of approximately 7.4% in 2023, with the major assumption being that the global economic activities may not grow as rapidly as in 2022, as well as the expected ease of uncertainties in global supply chain. During the year of 2024, it is estimated that the crude oil price will slightly decline to US$81.2 per barrel, considering the steadily increasing crude oil production in the U.S., the expected discontinuation of OPEC+ crude oil production cuts post-2023, potential weakening of oil demand subsequent to the rebound from the outbreak of the COVID-19 in 2023 where growth may moderate over time. As crude oil sales and sale of petroleum products refined from our crude oil are our only sources of revenue, any decline in the price of crude oil and our refined petroleum products could have a material adverse effect on our business, prospects and financial condition. For details of the potential risks associated with the volatility of oil price on our Group's revenue, please refer to the section headed "Risk Factors — Our Group's revenue and net profits may be volatile because of changes in crude oil and refined petroleum products prices which are subject to factors beyond our control" in this document.

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects of our Group since 31 December 2022, being the date on which the latest audited consolidated financial statements of our Group were made up.

Our Directors further confirmed that no material changes have occurred since 31 December 2022, being the effective date of the reserves estimate in the Competent Person's Report, and up to the date of this document.