

## **Announcement about the search for a strategic partner by NC KazMunayGas JSC for the joint implementation of the Zhylyoi Project**

NC KazMunayGas JSC is looking for a strategic partner for the joint implementation of a new subsoil use project Zhylyoi.

- 1) **Name of the new subsoil use project (subsoil block):** Zhylyoi.
- 2) **Location of the subsoil block:** Atyrau Region. The subsoil block is included in the State Subsoil Fund Management Programme with indication of coordinates and is included in the List of Areas of Subsoil Blocks for Exploration and Production or Production of Hydrocarbons for Granting Subsoil Use Rights to National Companies. Link to the document: <https://www.gov.kz/memleket/entities/energo/documents/details/616745?lang=ru&ysclid=lzmlrzckk663963625>
- 3) **Requirements for legal entities (consortium of legal entities) establishing criteria for determining a strategic partner of NC KazMunayGas JSC for the implementation of investment financing of the Zhylyoi Project for the subsequent acquisition of subsoil use rights (the “Requirements”):**

“Organisation” means a Kazakhstani or foreign legal entity (their associations).  
“Parent Company” means a legal entity that directly or indirectly owns 100% of the interest (shareholdings) in the Organisation.

  1. Existence of a state registration as a legal entity (extract from the commercial register or another legalised document certifying that the applicant is a legal entity under the laws of a foreign state).
  2. The Organisation must not be in liquidation, reorganisation or bankruptcy.
  3. The Organisation must not have outstanding debts for the payment of taxes and other mandatory payments to the budget.
  4. The Organisation or its Parent Company must have positive experience in carrying out subsoil use operations within the Republic of Kazakhstan and/or abroad:
    - at least 10 years of experience in commercial production of hydrocarbons; and
    - at least 5 years of experience in geological exploration (seismic surveys and exploratory drilling); and
    - at least 5 years of experience in the implementation of work programmes.
  5. Availability of qualified professionals (management) in the Organisation or its Parent Company with at least ten (10) years of experience in the oil and gas industry.

6. The equity of the Organisation shall not be less than two hundred million (200,000,000) U.S. dollars.
  7. If the Organisation or its Parent Company is included in the list of the world's largest public companies in the oil and gas industry (Oil & Gas Operations) according to Forbes (<https://www.forbes.com/global2000/list/>), clauses 4, 5 and 6 of the Requirements do not apply.
  8. The Organisation shall undertake to provide investment financing for exploration under a joint venture agreement (contract) and/or a financing agreement concluded for the purpose of acquiring subsoil use rights on the basis of direct negotiations in accordance with the procedure established by the Code of the Republic of Kazakhstan On Subsoil and Subsoil Use.
  9. The Organisation shall undertake to pay the subscription bonus or refund the subscription bonus paid by NC KazMunayGas JSC.
  10. Information on managers, legal entities, individuals, states and international organisations that directly or indirectly control the strategic partner.
  11. Information on the strategic partner's previous activities, including a list of the countries in which it has operated over the past three years.
  12. Confirmation of the availability of sufficient financial resources to carry out a work programme that includes the scope, description and schedule of the work to be carried out during the exploration period.
- 4) **The list of documents to be submitted by the Organisations to confirm the Requirements includes:**
1. Copy of the certificate (or other document) of state registration (re-registration) of a legal entity, extract from the commercial register or another document certifying that the applicant is a legal entity under the laws of a foreign state; for a temporary association of legal entities (consortium), a copy of the consortium agreement and copies of certificates (or other documents) of state registration (re-registration) of the consortium members.
  2. Copy of the articles of association approved in accordance with the established procedure; for legal entities registered on the basis of standard articles of association, a copy of the application in the established form for registration of a legal entity.
  3. Information document including information on the directors and their powers, information on the members (shareholders) with an indication of the size of their interest (shareholdings), information on legal entities, individuals, states and international organisations that directly or indirectly control the applicant, information on the outstanding securities of the legal entity on the organised securities market with an indication of the total number of these securities, information on subsidiaries.
  4. Information on previous activities, including a list of countries in which the Organisation has operated for the past three years.

5. Number and date of the subsoil use contract or other agreement under which the Organisation is carrying out or has carried out geological exploration / subsoil use operations.
6. List of key employees (management) of the Organisation with at least ten (10) years of experience in the oil and gas industry, CVs of these employees of the Organisation.
7. Copies of the audited financial statements of the Organization for the period from 2021 to 2023.
8. If the Organisation or its Parent Company is included in the Forbes list of the world's largest public companies in the oil and gas industry (Oil & Gas Operations), a letter from the Organisation or the Parent Company with a confirmatory link to the source of information referred to in clause 7 of the Requirements.
9. A written confirmation from the Organisation that all information contained in the documents is true and correct.

All documents shall be in Kazakh and Russian. If the documents are submitted by a foreign legal entity, these documents may be drawn up in a different language, and a notarised translation of the documents into Kazakh and Russian must be attached to each document.

#### **5) Minimum requirements for the form of cooperation:**

1. Share of NC KazMunayGas JSC in the project and in the Operator - 50%.
2. Payment for the partnership, increased by the amount of VAT, including:
  - 2.1. The initial payment is the amount in US dollars that will be paid after the signing of the exploration and production contract;
  - 2.2. Deferred payment in US dollars per barrel produced is paid annually on the basis of annual production to the share of the strategic partner during the entire term of the contract.
3. Refund of KMG's share in the Subscription Bonus, increased by the amount of VAT;
4. The following shall be included in the minimum work programme:
  - 4.1. Independent Phase:
    - 1) 3D seismic survey of a full 400 square kilometres.
    - 2) Reprocessing of historical 2D profiles totalling 400 linear kilometres.
    - 3) Drilling of one (1) post-salt well of two thousand (2,000) metres (either to the roof or to the salt).
  - 4.2. Dependent Phase:

- 1) Drilling of one (1) pre-salt well with a depth of four thousand five hundred (4,500) metres (the depth can be specified based on the results of 3D seismic exploration).

**6) Procedure and deadline for Organisations to submit applications for the joint implementation of the new subsoil use project Zhylyoi:**

Applications from the Organisations with the submission of documents confirming the Requirements for applicants shall be submitted no later than thirty (30) calendar days from the date of publication of the announcement on the search for a strategic partner for the joint implementation of the new subsoil use project Zhylyoi.

Address of NC KazMunayGas JSC: Dinmukhamed Kunayev Street, building 8, n.p. 1, Yesil district, Astana, Z05H9E8, the Republic of Kazakhstan.

**7) Conditions and procedure for determining a strategic partner for the joint implementation of the Zhylyoi Project:**

After thirty (30) calendar days from the date of this announcement, the acceptance of applications from Organisations will be terminated and this will be noted on the corporate website of NC KazMunayGas JSC [www.kmg.kz](http://www.kmg.kz).

Applications submitted by the Organisations with the attached documents within the specified deadlines will be reviewed by NC KazMunayGas JSC for compliance with the Requirements.

In the event of non-compliance with clause 7 of the Requirements, the Organisation or its Parent Company must provide a security deposit for participation in the procedure for identifying a strategic partner in the amount of \$1,000,000 (one million U.S. dollars) for the Zhylyoi Project and use an escrow account or provide a bank guarantee or a guarantee from the Parent Company/affiliate (with adequate solvency) to secure the monetary obligations under the Zhylyoi Project. The security deposit paid for the participation will be returned to the Organisation as soon as the process of identifying a strategic partner is completed or after the search for a strategic partner has failed.

Bank details of NC KazMunayGas JSC

Account Holder: NC KazMunayGas JSC

BIN 020240000555

Bank: Halyk Bank JSC

Account number (USD): KZ4060101011111000002040

Account number (KZT): KZ3560101011111000002033

Swift BIC: HSBKKZKX

Beneficiary Code 16

The list of Organisations that meet the Requirements will be published on the corporate website of NC KazMunayGas JSC [www.kmg.kz](http://www.kmg.kz).

NC KazMunayGas JSC will send a Memorandum of Understanding and a Confidentiality Agreement to the eligible Organisations for signing. These documents will define the further procedure for attracting and identifying a strategic partner for the joint implementation of the new subsoil use project Zhylyoi.