

**Dated**

**Monday, 23 September 2019**

**SALE AND PURCHASE AGREEMENT #2019-01**

**SHOBA & TASKUDUK OILFIELDS**

**Between:**

**“FALCON OIL & GAS, LTD” LLP**

**&**

**[Redacted]**

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**THIS AGREEMENT** is dated Monday, 23 September 2019

**BY AND BETWEEN THE FOLLOWING PARTIES:**

- (1) **“Falcon Oil & Gas, LTD” LLP**, a legal entity duly registered and existing under the laws of the Republic of Kazakhstan, with Registration Number [Redacted], Business Identification Number [Redacted], and with its registered address at: **Shevchenko Street 90, “Karatal” Business Center, Office 81, 050022 Almaty, Republic of Kazakhstan**, represented herein by its General Director, **Norman Ralph Storm**;  
(hereinafter the **“Seller”**)
- and
- (2) **[Redacted]**  
(hereinafter the **“Buyer”**)

The Buyer and Seller are hereinafter collectively referred to as the **“Parties”** or individually as a **“Party”**, or as specified above.

**WHEREAS:**

- A. The Seller has 100% (one hundred percent) interests in the contract for the production of hydrocarbon materials within the Shoba oilfield (Contract Registration No. [Redacted], dated September 1, 2016) and in the contract for the production of hydrocarbon materials within the Taskuduk oilfield (Contract No. [Redacted], dated September 28, 2016), (hereinafter jointly referred to as the **“Subsoil Contracts”**); both oilfields are located in the Aktobe Oblast of the Republic of Kazakhstan; and
- B. The Seller has agreed to sell 100% (one hundred percent) interests in the Subsoil Contracts and certain Property associated with the Shoba and Taskuduk oilfields (hereinafter **“Oilfields”**) (the **“Sale Interest”**) and the Buyer has agreed to purchase and pay for the Sale Interest, as per the terms and conditions contained in this Agreement (hereinafter **“Agreement”**).

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the respective promises, representations, warranties and agreements herein contained, the Parties to this Agreement agree as follows:

**AGREED TERMS**

**1. INTERPRETATION**

- 1.1 The definitions provided for in this clause shall apply to and govern this Agreement.

**Accounting Procedures:** means the accounting procedures as set out in clause 4.12.

**Addendums:** means the addendums to the Subsoil Contracts entered into between the Buyer and the Competent Authority whereby the Seller shall be replaced by the Buyer as a party to the Subsoil Contracts, the form of which is set out in Schedule 6.

**Anti-Monopoly Authority:** means the Committee for the Regulation of Natural Monopolies, the Protection of Competition and Consumer Rights at the Ministry of National Economy of the Republic of Kazakhstan.

**Anti-Monopoly Consent:** means consent issued by the Anti-Monopoly Authority with respect to the acquisition by the Buyer of the Sale Interest.

**Business:** means the business of the Oilfields, namely the production of hydrocarbon materials and other related activities.

**Business Day:** means any day, other than Saturday, Sunday or public holidays, when banks in Almaty, Kazakhstan are open for business.

**Buyer Account:** means the bank account in the name of the Buyer, the details of which are set out in clause 4.10, or any other bank account as notified by the Buyer in writing.

**Claim:** means any claim by a Party in respect of the other Party's breach of any of the terms of this Agreement.

**Competent Authority:** means the Ministry of Energy of the Republic of Kazakhstan or such other agency or ministry as shall be designated as the competent authority for the execution and performance of subsurface use contracts with respect to hydrocarbons in accordance with the laws of the Republic of Kazakhstan.

**Completion:** means the completion of the sale and purchase of the Sale Interest in accordance with clause 6 which shall occur on the Completion Date.

**Completion Date:** means:

- (a) The date mutually agreed upon by the Parties that shall be within ten (10) Business Days following the fulfilment or waiver by the Parties of the Conditions Precedent and the execution and the registration by the Buyer with Competent Authority of the Addendums; or
- (b) Any other date, as agreed upon by the Parties in writing, that Completion occurs.

**Completion Documents:** means all documents which are required to fulfil the Conditions Precedent.

**Completion Payment:** means the total amount payable by the Buyer to the Escrow Account for the Sale Interest including the Purchase Price as per clause 4.1 and any adjustments that are required, as per clause 4.2, less the Deposit.

**Conditions Precedent:** means the conditions as set out in clauses 2.2 and 2.3 and a Condition Precedent means any one of them.

**Conditions Satisfaction Date:** means the first (1<sup>st</sup>) Business Day following the date on which a Party provides written notice to the other Party that the last of the Conditions Precedent, other than 2.3 (i) payment of the Completion Payment, have been satisfied or waived.

**Connected:** in relation to a person, means a member of the same family (including spouses, civil partners, unmarried domestic partners, parents and step-parents, children and step-children, and siblings and step-siblings); and in relation to a legal entity, means an entity in which the person (and persons connected with that person) is entitled to exercise Control.

**Consent:** means the consent issued by the Competent Authority for the sale of the Interests in accordance with Kazakhstan Legislation.

**Control:** means in relation to a legal entity, the power of a person to secure that the affairs of the entity are conducted in accordance with the wishes of that person:

- (a) by means of holding its equity capital, participation interests, or voting rights, in or in relation to that or any other entity; or
- (b) by virtue of any powers conferred by the constitutional or corporate documents, or any other document or agreement, regulating that or any other entity.

**Deposit:** shall have the meaning ascribed to it in clause 4.4.

**Director:** means each person who is a director of the Seller and each person who is a director of the Buyer.

**Disclosed:** means fairly and fully disclosed (with sufficient details to identify the nature and scope of the matter disclosed) in the Disclosure Schedule.

**Disclosure Schedule:** means the disclosure schedule delivered by the Seller to the Buyer on this Signing Date and on the Completion Date.

**Encumbrance:** means legal interest of any person (including any right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien, assignment, hypothecation, security, interest, title, retention, or any other security agreement or arrangement, on the Interests or the Property which are part of this Transaction.

**Escrow Account:** means an escrow account with the Escrow Agent in the name of the Buyer established under and in accordance with the Escrow Agreement.

**Escrow Agent:** means the agent to be appointed by the Parties to be party to the Escrow Agreement and to manage the Escrow Account as per the terms of this Agreement.

**Escrow Agreement:** means the escrow agreement to be entered into by and between the Seller, the Buyer and the Escrow Agent within forty five (45) Business Days following the Signing Date.

**Group:** means in relation to an entity: that entity, its Subsidiaries, any entity of which it is a Subsidiary (its holding company) and any other Subsidiaries of any such holding company.

**Interests:** means the 100% (one hundred percent) interests and obligations in the subsoil use rights, as per the Subsoil Contracts.

**Kazakhstan:** means the Republic of Kazakhstan.

**Kazakhstan Legislation:** means in relation to Kazakhstan, the existing and ratified constitution, constitutional laws, codes, laws, international agreements and conventions, edicts of the President, resolutions of the Parliament, decrees by the Government, normative decrees of the Constitutional Council and Supreme Court, orders of the Ministers and other normative legal acts of Kazakhstan.

**KZT or Tenge:** means lawful currency of the Republic of Kazakhstan.

**Liquidation Fund Bank Accounts:** means the restricted bank accounts established by the Seller for future decommissioning costs related to each of the Oilfields as required by the respective Subsoil Contracts.

**Longstop Date:** means the date that is 365 (three hundred sixty five) calendar days following the Signing Date.

**Mining Allotments:** means the land for the production of hydrocarbon materials with a size of 1.94 square kilometers for the Shoba oilfield, as per the Mining Allotment dated March 6, 2015 with Registration No. [Redacted], issued by the Geology Committee of the Ministry of Investments and Development of the Republic of Kazakhstan and the land for the production of

hydrocarbon materials with a size of 0.421 square kilometers for the Taskuduk oilfield, as per the Mining Allotment dated July 16, 2014 with Registration No. [Redacted], issued by the Geology Committee of the Ministry of Investments and Development of the Republic of Kazakhstan.

**Net Profits:** means the net revenues less costs (excluding VAT) generated from the production and sale of crude oil from the Oilfields, calculated on a monthly basis and reported by the Seller to the Buyer in monthly operating statements as per the Accounting Procedures.

**Net Profits Date:** means the the date as set out in clause 4.6.

**Officer:** means each person who is an officer of the Seller and each person who is an officer of the Buyer.

**Oilfields:** means the Shoba oilfield and the Taskuduk oilfield which are: (i) located in the Aktobe Oblast of the Republic of Kazakhstan (ii) currently in commercial production, and (iii) governed by the Subsoil Contracts.

**Payment Date:** means the date of payment as set out in clause 4.2.

**Property:** means certain assets and property owned by the Seller which are required for daily operations and considered to be an integral part of the Oilfields.

**Property Listing:** means the listing delivered by the Seller to the Buyer on the Signing Date and on the Completion Date itemizing the Property to be transferred from the Seller to the Buyer on the Completion Date.

**Parent Company of the Buyer:** [Redacted].

**Parent Company of the Seller:** New Horizon Energy Netherlands B.V., the beneficial owner of 100% (one hundred percent) of the share capital of the Seller, duly registered in The Netherlands, with its legal address at: Louis Couperusplaats 231, 2902-XE, Capelle aan den IJssel, The Netherlands, with Commercial Register No. [Redacted], issued by the Rotterdam Chamber of Commerce.

**Purchase Price:** means the total purchase price for the Sale Interest to be paid by the Buyer to the Seller in accordance with clause 4.

**Purchase Price Payment:** means the payment of the total amount due to the Seller for the Sale Interest, as per the terms and conditions of this Agreement.

**Registering Authority:** means the Ministry of Justice of the Republic of Kazakhstan, or such other State agency or ministry that shall be designated as the authorised body for the registration of the Property, as applicable.

**Sale Interest:** means the Interests and the Property related to the Oilfields, to be acquired and paid for by the Buyer.

**Seller Deposit Account:** means the bank account in the name of the Seller, the details of which are set out in clause 4.9, or any other bank account, as notified by the Seller in writing.

**Seller Escrow Receipt Account:** means the bank account in the name of the Seller, the details of which are set out in the Escrow Agreement, or any other bank account, as notified by the Seller in writing.

**Signing Date:** means the date of the signing of this Agreement by the Parties as stated herein.

**State:** means the Government of Kazakhstan.

**Subsidiary:** means in relation to a company (the holding company), any company in which the holding company (or persons acting on its behalf) directly or indirectly holds or controls either:

- (a) a majority of the voting rights exercisable at shareholder meetings of that company; or
- (b) the right to appoint or remove a majority of its board of directors or members of the executive body,

and any company which is a Subsidiary of another company that is also a Subsidiary of that company's holding company.

**Subsoil Contracts:** means the contracts for the production of hydrocarbon materials to which the Seller is a party in conjunction with the Competent Authority within the Shoba oilfield (Contract Registration No. [Redacted], dated September 1, 2016) and the Taskuduk oilfield (Contract Registration No. [Redacted], dated September 28, 2016) in the Aktobe Oblast of Kazakhstan, including all work programs pertaining thereto.

**Subsoil Use Code:** means the Code of the Republic of Kazakhstan on Subsoil and Subsoil Use of December 27, 2017, as amended.

**Taxation:** means all forms of taxation and statutory, governmental, state, federal, provincial, local, government or municipal charges, duties, imposts, contributions, levies, withholdings or liabilities in any jurisdiction wherever chargeable, and any penalty, fine, surcharge, interest, charges or costs relating thereto, and **Tax** shall have the equivalent meaning.

**Transaction:** means the sale and purchase of the Sale Interest, as contemplated by this Agreement.

**USD:** means dollars of the United States of America.

**Warranties:** means the representations, warranties and undertakings, as set out in Schedule 5 and Warranty means any one of them.

**VAT:** means the Kazakhstan value added tax.

**VAT Rate:** the current value added tax rate, as per Kazakhstan Legislation, at the time of the payment of the Purchase Price.

- 1.2 References herein to clauses and schedules are to clauses and schedules of this Agreement; references to paragraphs are to paragraphs of the relevant schedule. Clause and schedule headings do not affect the interpretation of this Agreement. Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular. A reference to one gender includes a reference to the other gender. References to this Agreement include this Agreement, as amended or varied in accordance with its terms.
- 1.3 A **person** includes a natural person, a corporate or unincorporated body (whether or not it has a separate legal personality) and that person's personal representatives, successors or permitted assigns. Subject to clause 13, a reference to any **party** shall include that party's personal representatives, successors and permitted assigns. A reference to a **company** or **entity** shall include any company, corporation, limited liability partnership or other legal entity, wherever and however incorporated or established.
- 1.4 A reference to a particular statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking into account any amendment or re-enactment which

shall include any statute, statutory provision or subordinate legislation which it amends or re-enacts.

- 1.5 **Writing or written** includes faxes, scanned or hard copies duly signed by the Parties but does not include e-mail. References to times of day, unless the context otherwise requires, shall refer to Almaty time. **Dollars** or **\$** shall denote USD.

## 2. **CONDITIONS PRECEDENT**

- 2.1 Completion is subject to all Conditions Precedent stated in clause 2.2 and 2.3 being satisfied or waived in accordance with the terms indicated therein.

2.2 The Seller shall:

- (a) within fifteen (15) Business Days following the Signing Date, provide a notarized resolution from the Board of Directors of the Parent Company of the Seller approving the Transaction and the execution and delivery of this Agreement, as well as any other documents referred to in this Agreement, by the officer who has been specified and authorized to do so in the resolution;
- (b) within fifteen (15) Business Days following the Signing Date, make a written request to the Competent Authority or relevant State body to confirm that there are no registered pledge agreements with regards to the Interests; and
- (c) on or before the Longstop Date, provide in a form satisfactory to the Buyer, verification from the Competent Authority or relevant State body that there are no registered pledge agreements with regards to the Interests and the immovable property being the part of the Property.

2.3 The Buyer shall:

- (a) within ten (10) Business Days following the Signing Date, transfer the Deposit to the Seller Deposit Account as set out in clause 4.4;
- (b) within fifteen (15) Business Days following the Signing Date, provide the Seller with the Proof of Funds Letter as set out in clause 4.11;
- (c) within fifteen (15) Business Days following the Signing Date, provide a notarized resolution from 100% (one hundred percent) of the participants of the Buyer approving the Transaction and the execution and delivery of this Agreement, as well as any other documents referred to in this Agreement, by the officer who has been specified and authorized to do so in the resolution;
- (d) within twenty (20) Business Days following the Signing Date, make an application to the Competent Authority for its consent with respect to the Transaction;
- (e) on or before the Longstop Date, obtain to the satisfaction of the Seller, the Consent from the Competent Authority with respect to the Transaction;
- (f) within twenty (20) Business Days, following the Signing Date, make an application to the Anti-Monopoly Authority for the Anti-Monopoly Consent with respect to the Transaction;

- (g) on or before the Longstop Date, obtain to the satisfaction of the Seller, the Anti-Monopoly Consent with respect to the Transaction;
- (h) within forty five (45) Business Days, following the Signing Date, appoint a reputable bank acceptable to the Seller as an Escrow Agent and establish an Escrow Account; and
- (i) deposit the Completion Payment to the Escrow Account within five (5) Business Days following the Conditions Satisfaction Date.

2.4 The Parties shall use all reasonable endeavors to procure that all Conditions Precedent are satisfied as soon as practicable and in any event no later than midnight on the Longstop Date, or such later time and date as may be agreed upon in writing by the Parties. The Parties shall cooperate fully in all actions necessary to procure the satisfaction of the Conditions Precedent, including, but not limited to, the provision by each Party of all information reasonably necessary to make any application for Consent, notification or filing that the Parties, acting reasonably, deem to be necessary or desirable, or as requested by the Competent Authority or State, keeping the other Party informed of the progress of any notification or filing and providing such assistance as may reasonably be required.

2.5 If any of the Conditions Precedent have not been satisfied or waived by the Parties by the Longstop Date, this Agreement, and any rights or liabilities that have accrued under this Agreement, shall cease to have effect except that the following provisions shall continue to have effect: clause 1; clause 2; clause 11; clause 14; clause 15; clause 16; clause 17; clause 22; and clause 23.

### 3. SALE AND PURCHASE

3.1 Under the terms of this Agreement and subject to the Conditions Precedent hereto, the Seller shall sell, and the Buyer shall buy, the Sale Interest, free and clear from any Encumbrances and with full legal and beneficial title.

3.2 The Sale Interest shall be sold with all rights and obligations that attach to it, or may attach to it in the future (including, in particular, the right to the production from the Oilfields), as of the Completion Date.

### 4. PURCHASE PRICE

4.1 The consideration for the Sale Interest is KZT 8,547,000,000 (eight billion five hundred forty seven million Tenge), plus VAT in the amount of KZT 1,025,640,000 (one billion twenty five million six hundred forty thousand Tenge), for a total Purchase Price of KZT 9,572,640,000 (nine billion five hundred seventy two million six hundred forty thousand Tenge), subject to terms and conditions indicated under clause 4.2, 4.3 and 4.4 (the “**Purchase Price**”).

4.2 The Purchase Price indicated in clause 4.1 is subject to change depending on the prevailing commercial KZT/USD exchange rate to be provided by the Escrow Agent on the date of payment (the “**Payment Date**”). As per Kazakhstan Legislation, the Buyer shall pay the Seller in KZT. However, since the Parent Company of the Seller is a foreign legal entity and has provided funding to the Seller in USD, the Seller would like to regulate the proceeds from the Transaction

such that the USD equivalent amount, as at the Signing Date, is the same as that on the Payment Date. As such, the Parties hereto agree that the Purchase Price, as per clause 4.1, will be adjusted such that Completion Payment on the Payment Date will be equivalent to USD 22,000,000 (twenty two million Dollars), plus VAT (at the VAT Rate on the Payment Date).

- 4.3 The Purchase Price indicated in clause 4.1 is also subject to change depending on any Net Profits which are attributed to the Buyer commencing on the Net Profits Date until the Completion Date.
- 4.4 The Buyer shall, within ten (10) Business Days following the Signing Date, transfer the KZT equivalent of USD 3,415,000 (three million four hundred fifteen thousand Dollars), plus VAT (at the VAT Rate at the time of payment), to the Seller Deposit Account set out in clause 4.9, as a non-refundable deposit (the “**Deposit**”). Should Completion occur, the Deposit shall be deemed to constitute a part of the Purchase Price. Should Completion fail to occur, the Seller shall be entitled to keep the Deposit in consideration of the time and resources allocated to the Transaction, except where:
- (a) this Agreement is rightfully terminated by the Buyer prior to Completion as a result of a breach of this Agreement by the Seller; or
  - (b) this Agreement is terminated if the Buyer does not obtain the Consent from the Competent Authority with respect to the Transaction before the Longstop Date; or
  - (c) despite reasonable efforts and proper and timely application, the competent authority of [Redacted] refuses to provide approval to the Parent Company of the Buyer for its application to transfer funds for the Completion Payment out of [Redacted] and the Buyer shall promptly provide to the Seller the official document (or documents) issued by the competent authority of [Redacted] that confirms the refusal.

In case of termination of the Agreement for reasons set out in clauses 4.4(a), 4.4(b) or 4.4(c) above, the Seller shall be obliged to return the Deposit in full to the Buyer within fifteen (15) Business Days following such termination.

- 4.5 In the interest of clarity, and without prejudice to the remedies available to the Seller, the Buyer hereby acknowledges and confirms to the Seller that should the Buyer not complete the Deposit payment, as described in clause 4.4, to the Seller Deposit Account as indicated herein, within the stipulated ten (10) Business Days following the Signing Date of this Agreement, this Agreement shall be deemed to be breached by the Buyer and the Buyer will have no further rights to acquire the Oilfields or the Sale Interest, as described herein.
- 4.6 Following the signing of the last of the Receipt Letters confirming the satisfaction of the Condition Precedent as per clause 2.3(a) Deposit payment, 2.3(b) Proof of funds Letter, 2.3(d) application to Competent Authority and 2.3(f) application to Anti-Monopoly Authority, and a further sixty (60) calendar days (the “**Net Profits Date**”), the Net Profits accruing from the Net Profits Date to the Completion Date shall attribute to the Buyer if Completion occurs. If Completion does not occur for any reason, all Net Profits shall attribute to the Seller.
- 4.7 The remaining amount payable by the Buyer to the Seller for the Sale Interest shall be calculated as follows: the Purchase Price (as per clause 4.1), less the Deposit (as per clause 4.4), less any adjustment required for the Net Profits attributed to the Buyer (as per clause 4.3) from the Net Profits Date until the month end immediately preceding the Conditions Satisfaction Date, and

taking into account any adjustments as required per clause 4.2, and applicable VAT accrued thereupon (the "**Completion Payment**"), shall be deposited in Dollars in full into the Escrow Account within five (5) Business Days following the Conditions Satisfaction Date. The funds held in the Escrow Account shall be converted into Tenge and paid by the Escrow Agent to the Seller Escrow Receipt Account or the Buyer Account, as the case may be, on or prior to the Completion Date in accordance with clause 8 hereof.

- 4.8 The Seller hereby acknowledges that the funds required by the Buyer to cover the Completion Payment may be provided by the Parent Company of the Buyer from outside of Kazakhstan. As a result, there may be circumstances that arise that are beyond the control of the Buyer which could lead to a delay in the receipt of the funds required by the Buyer to satisfy the deposit of the Completion Payment into the Escrow Account in a timely manner.

If such an event were to occur, the Buyer shall be obligated:

- (a) to inform the Seller, in writing, within three (3) Business Days after the Conditions Satisfaction Date, that it will not be able to meet its payment deadline;
- (b) to provide a document to the Seller from a third party organization which clearly states the cause for the delay in the payment of the funds;
- (c) to provide a revised timeline to the Seller when it will be able to deposit the Completion Payment in to the Escrow Account.

The Parties hereby agree that the maximum allowable period that will be provided to the Buyer to deposit the Completion Payment into the Escrow Account shall be fifteen (15) Business Days following the Conditions Satisfaction Date.

Failure by the Buyer to deposit the Completion Payment into the Escrow Account with the fifteen (15) Business Day period will mean that the Buyer is in material breach of its obligations under this Agreement and will forfeit any previous payments made to the Seller without recourse.

The Seller reserves the right, at its sole discretion, to extend the period of time for the Buyer to rectify its breach under this clause 4.8, but is under no legal obligation to do so.

- 4.9 The Buyer shall pay the Deposit to the Seller into the Seller Deposit Account as per the following bank requisites:

Bank Name: [Redacted]  
Bank Address: [Redacted]  
Swift – BIC: [Redacted]  
KZT Account No.: [Redacted]

The Buyer shall pay the Completion Payment to the Seller into the Seller Escrow Receipt Account as per the bank requisites provided in the Escrow Agreement.

- 4.10 Any sums repaid or returned to the Buyer hereunder shall be paid to the Buyer, as per the following bank requisites (the "**Buyer Account**"):

Bank Name: [Redacted]  
Bank Address: [Redacted]

Swift – BIC: [Redacted]  
KZT Account No.: [Redacted]

- 4.11 Within fifteen (15) Business Days following the Signing Date, as proof of financial means, the Buyer shall provide to the Seller a letter from a commercial bank acceptable to the Seller (the “**Proof of Funds Letter**”) which clearly states amount of the funds available at the bank account of the Buyer, which shall be sufficient to pay the Completion Payment in full upon Completion.
- 4.12 Within forty five (45) Business Days following the Signing Date, the Parties shall agree upon the accounting procedures to detail the methodology for calculating the net revenues and costs that comprise the Net Profits amount (the “Accounting Procedures”).

## 5. ACTIONS PRIOR TO COMPLETION

- 5.1 Following satisfaction of any of the Conditions Precedent, the relevant Party undertakes to immediately inform the other Party in writing in the form provided in Schedule 3 (the “**Receipt Letter**”) accompanied with the original or a notarized copy of the relevant document and the Party receiving the Receipt Letter shall sign a copy of the Receipt Letter confirming receipt thereof.
- 5.2 On or before the Net Profits Date, the Parties will conduct an inventory of the volumes of crude oil and processed oil in the storage tanks in the Oilfields. The Parties hereby agree that:
- (a) all produced crude oil and processed oil in the storage tanks in the Oilfields immediately prior to the Net Profits Date belongs to the Seller;
  - (b) the Seller’s crude oil referred to above will be processed at the existing facilities within the respective Oilfields and sold through regular marketing processes; and
  - (c) the revenues and costs related to volumes of crude oil produced on or after the Net Profits Date until the Completion Date shall attribute to the Buyer if Completion occurs as set out in clause 4.6.
- 5.3 Commencing on the Net Profits Date until the Completion Date, the Buyer is entitled to send a reasonable number of observers to the Oilfields to observe daily operations and plan the transition of the Oilfields from the Seller to the Buyer.
- 5.4 Unless this Agreement is previously terminated in accordance with its terms, on the Conditions Satisfaction Day, or on such other day as the Parties may agree to, but in any event within five (5) Business Days following the Conditions Satisfaction Day, the Parties shall execute the Conditions Satisfaction Protocol in the form provided in Schedule 1.
- 5.5 On the first (1<sup>st</sup>) Business Day following the execution of the Conditions Satisfaction Protocol by both Parties, the Buyer/Seller shall apply to the Competent Authority for execution of the Addendums.
- 5.6 Upon notice from the Competent Authority that the Addendums have been executed, the Parties shall jointly receive the signed Addendums from the Competent Authority with one original copy for the Buyer and one original copy for the Seller. Upon receipt of the signed Addendums, the Seller shall notify the Escrow Agent and set the date for the Completion Payment and the Parties

shall proceed to the Completion as soon as practical but in any case not later than five (5) Business Days following the receipt of the Addendums.

## **6. COMPLETION**

6.1 Completion shall take place at the Escrow Agent's office in Almaty, or at such other place as the Parties may agree to.

6.2 On or prior to the Completion Date, the Completion Payment shall be transferred from the Escrow Account to the Seller Escrow Receipt Account and at Completion the Seller shall provide confirmation of receipt of the Completion Payment.

6.3 At Completion, the Seller shall deliver to the Buyer the originals of the documents itemised in clause 2.2, and the original Subsoil Contracts.

6.4 At Completion, the Buyer shall deliver to the Seller the originals and the notarized or certified copies of the documents itemised in clause 2.3.

6.5 At Completion, the Parties shall execute the Completion Protocol in the form provided in Schedule 2.

6.6 At Completion, or immediately after Completion, but in any event within forty five (45) calendar days following Completion, the Seller shall deliver to the Buyer all documents related to the Property Listing and/or Oilfields, including:

- (a) technical passports, where relevant; and
- (b) transfer acts, if applicable,

such that the Buyer will be the owner of good, legal and beneficial title to the Property, and the Parties shall sign the relevant property transfer acts.

6.7 The transfer of title to the Sale Interest from the Seller to the Buyer, with all rights to possess and use the Sale Interest, as well as all rights and obligations attached or accruing to the Sale Interest, shall be effective as of the date of Completion and receipt by the Seller of the full Purchase Price. Upon the signing of the Completion Protocol and any relevant property transfer acts by the Parties and the release of the funds from the Escrow Account, the Buyer will assume control of the operations and all associated obligations and liabilities, as well as the proceeds from the production of the Oilfields.

6.8 The rights to the Sale Interest which transfer to the Buyer at Completion shall also include the rights to the Liquidation Fund Bank Accounts. Within 15 (fifteen) Business Days following the Completion Date, the Buyer and Seller shall apply to the Competent Authority for approval to transfer the Liquidation Fund Bank Accounts from the Seller to the Buyer.

## **7. POST-COMPLETION ARRANGEMENTS**

7.1 Promptly following Completion (and in any event within one (1) month (as such term is used in Article 42.2 of the Subsoil Use Code)) thereafter the Buyer shall notify the Competent Authority

in writing of the transaction in accordance with Article 42.2 of the Subsoil Use Code. A copy of such notification shall be provided to the Seller promptly thereafter (but any in event within five (5) Business Days following its receipt by the Competent Authority).

- 7.2 The Seller undertakes to provide any reasonable assistance to the Buyer for the registration of the transfer of the title to the Property to the Buyer with the Registering Authority, as applicable.
- 7.3 Within fifteen (15) Business Days following the Completion Date, the Parties shall agree upon the amount of Net Profits attributable to the Buyer based on the monthly operating statements for the period commencing on the first day of the month following the month end immediately preceding the Conditions Satisfaction Date until the completion Date and such amount shall be paid by Seller to the Buyer within ten (10) Business Days.

## **8. OPERATION OF THE ESCROW ACCOUNT**

- 8.1 The Parties agree the Escrow Account shall be operated in the following manner:
- (a) if Completion takes place, all funds held in the Escrow Account shall be converted into KZT and paid to the Seller Escrow Receipt Account upon the Seller providing to the Escrow Agent a notarized copy of the signed Addendums or a notarized copy of a confirmation letter from the Competent Authority stating that the Addendums have been signed; and
  - (b) if this Agreement is terminated without Completion taking place, all funds held in the Escrow Account shall be repaid to the Buyer Account by mutual instruction from the Parties. In case of delay or refusal of the Seller to provide its part of the instruction, the Buyer shall send to the Seller the written request to provide such instruction by registered mail. Such request shall include the details and reasons for the termination of the Agreement without Completion. In case the Escrow Agent does not receive the Seller's instruction related to the repayment of the funds back to the Buyer within 10 (ten) business days after the registered receipt of such request from the Buyer, all funds held in the Escrow Account shall be repaid to the Buyer Account without the instruction from the Seller, upon provision to the Escrow Agent the registered mail confirming the receipt of such request by the Seller.

## **9. WARRANTIES AND UNDERTAKINGS**

- 9.1 Both Parties enter into this Agreement on the basis of, and in reliance on, the Warranties as set out in Schedule 5.
- 9.2 The Parties to this Agreement acknowledge and agree that any Warranty and undertaking made in this Agreement shall be deemed to have the effect of and be recognized as obligations, such that a breach of such Warranty and undertaking shall be deemed to be a breach of obligations under Kazakhstan Legislation.
- 9.3 The Seller warrants and represents to the Buyer that each Warranty is true and not misleading on the Signing Date and on the Completion Date, except as otherwise Disclosed in the Disclosure Schedule.

- 9.4 The Warranties are deemed to be repeated immediately prior to Completion by reference to the circumstances existing at that time.
- 9.5 Without prejudice to the rights of the Buyer to claim on any other basis, or take advantage of any other remedies available to it, if any Warranty is breached or proves to be untrue or misleading, the Seller undertakes to pay to the Buyer on demand the amount necessary to put the Sales Interest into the same position as if the Warranty had not been breached and had not been untrue or misleading.
- 9.6 If at Completion the Seller has breached any of the terms of this Agreement that in the Buyer's opinion, acting reasonably, is deemed to be material to the value of the Sale Interest, the Buyer may:
- (a) terminate this Agreement by providing notice to the other Party; or
  - (b) proceed to Completion.
- The Parties understand and agree that in case the Buyer has pursued Completion under 9.6 (b) then the Buyer agrees with and accepts the occurred breach and agrees not to bring any Claims against the Seller.
- 9.7 In the event of the termination of this Agreement as per clause 9.6 (a), any payments made to the Seller or to the Escrow Account by the Buyer shall be repaid to the Buyer in full within ten (10) Business Days.
- 9.8 Warranties qualified by the expression "so far as the Seller is aware" (or any similar expression) are deemed to be given to the best knowledge, information and belief of the Seller.
- 9.9 Each of the Warranties is separate and, unless specifically deemed otherwise, is not limited by reference to any other Warranty or anything in this Agreement.
- 9.10 The Parties undertake to each other with regard to the terms set out in this Agreement and also rely fully upon the Warranties provided in Schedule 5.

## **10. LIMITATIONS ON CLAIMS**

- 10.1 The Seller is not liable for any Claim to the extent that the claim relates to matters Disclosed or specifically and fully provided for in the Schedules attached hereto.
- 10.2 A Party is not liable in respect of any Claim unless the amount that would otherwise be recoverable from the Party exceeds USD 250,000 (two hundred fifty thousand Dollars).
- 10.3 In the event of breach of any Warranty and or undertaking made in this Agreement, the Seller shall be liable to pay to the Buyer only the actual damages, excluding lost profits or consequential losses, and such liability shall be up to a maximum amount of USD 21,000,000 (twenty one million Dollars). The Buyer hereby expressly agrees that it shall not be entitled to any other compensation for damages for the breach of any Warranty and or undertaking made in this Agreement by the Seller, including compensation for lost profit or consequential losses.
- 10.4 The Seller shall not be liable for any Claim based upon a liability which is contingent unless and

until such contingent liability becomes an actual liability and is due and payable.

- 10.5 The Seller shall have no liability for the Claim if and to the extent that liability arises or is increased as a result of any law not in force as of the Completion Date or any change in any previously established interpretation of any law by the Supreme Court of Kazakhstan in force as of the Completion Date which takes effect retrospectively.
- 10.6 The Seller shall not be liable for any Claim after transfer (directly or indirectly) of all or any ownership interest in the Buyer to any third party.
- 10.7 The Seller shall not be liable for any Claim to the extent that any such Claim or the matter giving rise to such Claim has been made good or has been otherwise compensated for without any loss to the Buyer.
- 10.8 The Buyer shall not agree to any compromise or settlement, and shall cause its participants/shareholders to be bound by the same conditions, or make any payment in relation to any claim from a third party without the prior written consent of the Seller; such consent not to be unreasonably withheld or delayed.

## **11. CONFIDENTIALITY**

- 11.1 The Seller undertakes to the Buyer to keep confidential the terms of this Agreement and all information pertaining to the Buyer and the Buyer's Group and to use the information only for the purposes contemplated by this Agreement.
- 11.2 The Buyer undertakes to the Seller to keep confidential the terms of this Agreement and all information pertaining to the Seller and the Seller's Group and to use the information only for the purposes contemplated by this Agreement.
- 11.3 Neither Party is required to keep confidential or to restrict its use of:
- (a) knowledge of the existence of this Agreement after the Completion Date;
  - (b) information that is or becomes public knowledge, other than as a direct or indirect result of the information being disclosed in breach of the terms of this Agreement;
  - (c) information that the Parties jointly agree, in writing, to not be confidential in nature; or
  - (d) information related to the other Party's Group that comes from a source that is not connected with that other Party's Group which has been acquired free from any obligation of confidence to any other person.
- 11.4 The Buyer does not have to keep confidential or restrict its use of information that is known to the Buyer before the signing of this Agreement that it has acquired free from any obligation of confidence to any other person.
- 11.5 Either Party may disclose information, that it would otherwise be required to keep confidential, under this clause:
- (a) to such employees, professional advisers, consultants, or officers of its Group, as required in order to receive advice related to the execution of this Agreement, or to facilitate the

Transaction contemplated herein, in so far that the receiving party procures that the people to whom the information is disclosed shall be under the same obligation of confidentiality as the receiving party itself;

- (b) in so far that the other Party gives its written consent to do so;
- (c) in order to confirm that the Transaction has been concluded and has been Completed (without otherwise revealing any of the specific terms of the Transaction); or
- (d) to the extent that the disclosure is required:
  - i. by law;
  - ii. by a regulatory body, tax authority or securities exchange;
  - iii. to make any filing with, or obtain any authorisation from, a regulatory body, tax authority or securities exchange;
  - iv. to affect and conduct negotiations related to employment issues which directly relate to, or are affected by, the Completion of the Transaction; or
  - v. to protect the disclosing party's interest in any legal proceedings,

however, the Party that discloses the confidential information shall use all reasonable efforts to inform and consult with the other Party in relation to the disclosure before doing so.

11.6 The Buyer hereby acknowledges that an entity within the Seller's Group is listed on a public stock exchange and is subject to continuous disclosure requirements and will be required to disclose the existence of this Agreement, the terms of the Agreement and the status of the Agreement including Completion. Upon the Buyer's request, the Seller may redact the Buyer's name from any public disclosure (but not from disclosure to the stock exchange).

11.7 This clause 11 shall remain in force indefinitely after the Completion Date.

## **12. FURTHER ASSURANCE**

The Parties shall, at their own expense, promptly execute and deliver all documents, and do all things that the other respective Party may from time to time reasonably request in order to ensure that the provisions of this Agreement are effected in a timely manner.

## **13. ASSIGNMENT**

13.1 Except as provided for herein, no Party hereto shall assign or grant any Encumbrance or security interest over any of its rights under this Agreement, or any document referred to herein to a third party.

13.2 The Buyer may not assign any of its rights or obligations under this Agreement or any document referred to herein, nor shall it be permitted to transfer its Sale Interest until the Seller has received the Purchase Price in full.

**14. ENTIRE AGREEMENT**

14.1 This Agreement and any documents referred to herein, shall supersede any arrangements, understandings or previous agreements which may have been reached by the Parties related to the subject matter contained herein.

14.2 Each Party hereto acknowledges that upon entering into this Agreement that it is not relying on and shall have no remedy in respect of any statements, representations, assurances or warranties of any person other than as expressly set out in this Agreement or any documents which form a part of this Agreement and are referred to herein.

**15. VARIATION**

15.1 Any variation or change to the terms and conditions of this Agreement shall be made in writing and shall be duly signed by, or on behalf of, all of the Parties hereto.

15.2 No single or partial exercise of any right or remedy under this Agreement shall preclude or restrict the further exercise of any such right or remedy.

**16. COSTS**

16.1 Unless otherwise specified herein, each Party shall bear its own costs in connection with the negotiation, preparation, execution and performance of this Agreement and any and all documents referred to in it.

**17. NOTICE**

17.1 A notice given under this Agreement:

- (a) shall be in writing in the English language (or be accompanied by a properly prepared translation into English);
- (b) shall be sent to the attention of the person, and to the address, or fax number, given in this clause (or such other address, fax number or person, provided that the affected Party is duly notified by the other Party, that there has been a change in the contact details in accordance with the provisions of this clause); and
- (c) shall be:
  - i. delivered personally;
  - ii. sent by fax;
  - iii. sent by pre-paid first class post or registered delivery; or
  - iv. sent by courier.

17.2 The addresses of the Parties to this Agreement are as follows:

- (a) Seller: "Falcon Oil & Gas, LTD" LLP  
Address: Shevchenko Street 90, "Karatal" Business Centre, Office 81, 050022, Almaty, Republic of Kazakhstan

Attention: Norman Ralph Storm  
Fax number: +7 727 344 1988

(b) Buyer: [Redacted]  
Address: [Redacted]  
Attention: [Redacted]  
Mobile number: [Redacted]

17.3 Notice is deemed to have been received:

- (a) if delivered personally: at the time of delivery;
- (b) in the case of a fax: at the time of transmission;
- (c) in the case of pre-paid first class post or registered delivery: 48 hours from the date of posting; or
- (d) in the case of courier: two (2) Business Days following the date of sending; and
- (e) if the deemed receipt is not within normal business hours (meaning: 9:00 am to 5:30 pm, Monday to Friday, on a day that is not a public holiday in Kazakhstan), the earliest Business Day after it is received.

17.4 As proof of the delivery of the notice, it will be sufficient to prove that the notice was transmitted by fax to the fax number of the Party or, in the case of post (courier), when it has been received by the Party, as per the tracking register.

## **18. SEVERANCE**

18.1 If any provision of this Agreement (or part of a provision) is found to be invalid, unenforceable or illegal by a court or administrative body of a competent jurisdiction, the other provisions shall nevertheless remain in force. If any invalid, unenforceable or illegal provision would be valid, enforceable or legal if some part of it were deleted, the provision shall remain in force and shall be modified as necessary to give effect to the commercial intention of the Parties.

## **19. AGREEMENT SURVIVES COMPLETION**

This Agreement (other than any obligations that have already been fully performed) shall remain in full force after Completion, or until all of the obligations of the Parties herein have been duly fulfilled and discharged.

## **20. THIRD PARTY RIGHTS**

20.1 This Agreement and the documents referred to in it is prepared for the benefit of the Parties and their successors and permitted assigns, and is not intended to benefit, or be enforceable by anyone else.

20.2 Each Party hereto represents to the other Party that their respective rights to terminate, rescind, or agree to any amendment, variation, waiver or settlement under this Agreement is not subject to the consent of any third party that is not a Party to this Agreement, however, certain amendments and/or changes to this Agreement after it has been duly signed and agreed to may be subject to

the approval of the Parent Company of the Seller or the Parent Company of the Buyer or the participants of the Buyer, as stipulated in the respective statutes of the Seller and Buyer.

**21. COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which is an original and which together have the same effect as if each Party had signed the same document.

**22. LANGUAGE**

This Agreement is prepared in both the English and Russian languages however the English language version shall prevail in the interpretation and regulation of all of the terms and conditions stipulated by the Agreement.

**23. GOVERNING LAW AND JURISDICTION**

23.1 This Agreement and any disputes or claims arising out of or in connection with the subject matter contained herein (including non-contractual disputes or claims) shall be construed and governed in accordance with Kazakhstan Legislation.

23.2 Any dispute, controversy or claim which may arise in connection with this Agreement, or the Transaction, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce without recourse to the ordinary courts of law. The seat of arbitration shall be Stockholm, Sweden. The Arbitral Tribunal shall be composed of three arbitrators and the language used in the arbitral proceedings shall be English.

This Agreement has been duly signed and entered into on the date stated at the outset of this Agreement.

**For the Seller:**  
**“Falcon Oil & Gas, LTD” LLP**

**For the Buyer:**  
[Redacted]

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Norman Ralph Storm  
General Director

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[Redacted]  
General Director

## SCHEDULE 1

### FORM OF CONDITIONS SATISFACTION PROTOCOL

**Dated** [●]

**Between**

**“Falcon Oil & Gas, LTD” LLP**, a legal entity duly registered and existing under the laws of the Republic of Kazakhstan, with its registered address at: Shevchenko Street 90, “Karatal” Business Center, Office 81, 050022 - Almaty, Republic of Kazakhstan, represented herein by its General Director, Norman Ralph Storm (the **“Seller”**); and

[Redacted] (the **“Buyer”**).

The Seller and the Buyer are hereinafter collectively referred to as the **"Parties"** and individually as a **"Party"** or as specified above.

**It is hereby agreed:**

This is the Conditions Satisfaction Protocol related to the Sale and Purchase Agreement No. 2019-01, dated 23 September 2019 between the Seller and the Buyer (the **“Agreement”**). Words and expressions defined in the Agreement shall have the same meanings in this Conditions Satisfaction Protocol.

The Parties acknowledge fulfilment of the Conditions Precedent itemised in clause 2.2 and clause 2.3 of the Agreement, in form and substance satisfactory to the Parties.

This Conditions Satisfaction Protocol has been executed in three (3) originals, with one original for the Seller, one for the Buyer, and one for the Competent Authority.

**IN WITNESS WHEREOF**, each of the Parties has executed, or has caused to be executed by their duly authorised representatives, this Conditions Satisfaction Protocol as of the date written above.

**For the Seller:**

**“Falcon Oil & Gas, LTD” LLP**

**For the Buyer:**

[Redacted]

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Norman Ralph Storm  
General Director

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[Redacted]  
General Director

## SCHEDULE 2

### FORM OF COMPLETION PROTOCOL

**Dated [●]**

**Between**

**“Falcon Oil & Gas, LTD” LLP**, a legal entity duly registered and existing under the laws of the Republic of Kazakhstan with its registered address at: Shevchenko Street 90, “Karatal” Business Center, Office 81, 050022 - Almaty, Republic of Kazakhstan, represented herein by its General Director, Norman Ralph Storm (the **“Seller”**); and

[Redacted] (the **“Buyer”**).

The Seller and the Buyer are hereinafter collectively referred to as the **“Parties”** and individually as a **“Party”** or as specified above.

**It is hereby agreed:**

This is a Completion Protocol related to the Sale and Purchase Agreement No. 2019-01, dated 23 September 2019 between the Seller and the Buyer (the **“Agreement”**). Words and expressions defined in the Agreement shall have the same meanings in this Completion Protocol.

The Parties acknowledge fulfilment of (a) the Conditions Precedent itemised in clause 2.2 and clause 2.3 of the Agreement, and (b) the execution of the Addendums by the Buyer and the Competent Authority and the registration of the Addendums with the Competent Authority, in form and substance satisfactory to the Parties.

The Parties certify and acknowledge that the transfer from the Seller to the Buyer of the Sale Interest, with all rights to possess and use the Sale Interest, as well as all rights attached or accruing to the Sale Interest shall be effective as of the date of signing by the Parties of this Completion Protocol.

This Completion Protocol has been executed in 4 (four) originals, with one original for the Seller, one for the Buyer, one for the Competent Authority and one for the Registering Authority.

**IN WITNESS WHEREOF**, each of the Parties has executed, or has caused to be executed by their duly authorised representatives, this Completion Protocol as of the date written above.

**For the Seller:**

**“Falcon Oil & Gas, LTD” LLP**

**For the Buyer:**

[Redacted]

\_\_\_\_\_  
Norman Ralph Storm  
General Director

\_\_\_\_\_  
[Redacted]  
General Director

**SCHEDULE 3**

**FORM OF RECEIPT LETTER**

**Dated [•]**

We refer to the Sale and Purchase Agreement No. 2019-01 between the Seller and the Buyer dated 23 September 2019 (the “**Agreement**”).

Unless otherwise defined in this letter, capitalised words used in this letter have the meanings given to those terms in the Agreement.

Each party hereby acknowledges and agrees that:

*Satisfaction of Conditions Precedent*

[The Buyer] / [The Seller] has delivered to the [The Buyer] / [The Seller] the [original] / [notarised copy] of [a document] / [documents] evidencing satisfaction of Conditions Precedent set forth in clause [2.2] / [2.3] as follows:

<b>Agreement clause:</b>	<b>Document</b>
[2.2] / [2.3]	[•]

**IN WITNESS WHEREOF**, [the Buyer] / [the Seller] has acknowledged the receipt of the documents set forth in this letter.

**For the Seller:**  
“**Falcon Oil & Gas, LTD**” **LLP**

**For the Buyer:**  
[Redacted]

\_\_\_\_\_  
Norman Ralph Storm  
General Director

\_\_\_\_\_  
[Redacted]  
General Director

## SCHEDULE 4

### CONDUCT OF THE PARTIES AFTER THE SIGNING DATE

#### **In the Ordinary Course of Business**

1. From the Signing Date until Completion, the Seller undertakes to procure that activities on the Oilfields will continue to operate using acceptable and appropriate industry practices. The Seller agrees and warrants to the Buyer that it:
  - (a) will not dispose of any material assets included on the Property Listing which are required for the normal operation of the Business;
  - (b) except as Disclosed, will not make, or agree to make, material alterations to the terms and conditions of employment (including benefits) of any of the field personnel that are working in the Oilfields;
  - (c) will not create any Encumbrance over any of the Property or the Interests which are included as part of the Sale Interest;
  - (d) will not enter into any (or modify any existing) agreement with any trade union or any agreement that relates to any work council for the field personnel;
2. From the Signing Date until Completion, the Seller shall provide to the Buyer, as soon as possible, the full details of any material change in the business, operations, Property or any event or circumstance that may result in such material change.
3. The Seller undertakes that from the Signing Date until the Completion Date that it will keep the Subsoil Contracts in good standing and continue to operate the Oilfields using acceptable and appropriate industry practices as per Kazakhstan Legislation. In particular, and without limiting the generality of the foregoing, from the Signing Date until the Completion Date, except with the prior written consent of the Buyer, the Seller shall not:
  - (a) suffer or permit any encumbrance on the Subsoil Contracts;
  - (b) pledge any part of the Sale Interest to a third party; or
  - (c) sell, assign, convey or dispose of in any manner, any of its rights under the Subsoil Contracts, or allow the Subsoil Contracts to become subject to any material default or to lapse or become ineffective or void.
4. Prior to undertaking any action referred above in clause 3 of this Schedule 4, the Seller shall give written notice to the Buyer describing the proposed action in reasonable detail. If the Seller does not receive written notice from the Buyer objecting to such proposed action within ten (10) Business Days following the date on which the Buyer received notice of the proposed action from the Seller, then the Buyer shall be deemed to have consented to the proposed action.
5. In the interests of clarity, the Buyer acknowledges to the Seller that the Seller has the full rights to operate the Oilfields and to receive all revenues obtained from oil production from the Oilfields until the Completion Payment is paid in full by the Buyer to the Seller and the Completion Protocol is executed on the Completion Date.

## **SCHEDULE 5**

### **WARRANTIES**

#### **1. WARRANTIES OF THE SELLER**

- 1.1. The Seller has taken all necessary actions, and has all requisite power and authority, to enter into and perform this Agreement, and the other documents referred to in it, in accordance with the terms indicated herein. The Seller has the right to sell the Sale Interest on the terms set out in this Agreement.
- 1.2. This Agreement, and the other documents referred to in it, constitutes (or shall constitute when executed) valid, legal and binding obligations on the part of the Seller according to the terms of this Agreement and such other documents.
- 1.3. The Sale Interest is owned 100% by the Seller and the Seller is the sole legal and beneficial owner of the Sale Interest.
- 1.4. The Sale Interest is free from all Encumbrances and no commitment has been given to create an Encumbrance affecting the Sale Interest.
- 1.5. To the Seller's best knowledge, the Seller has been duly incorporated and properly formed and its constitutional documents are in accordance with Kazakhstan Legislation.
- 1.6. The Seller has not entered into an agreement with another party, nor has it made any arrangements or entered into any agreements with any financial institutions or lenders, which would lead to, or create, an obligation to form a joint venture, consortium, joint development or similar arrangements with regard to the Oilfields or the Sale Interest.
- 1.7. Any item included in the Disclosure Schedule shall not become the basis for a Claim for any breach of Warranties.
- 1.8. The Seller expressly makes no further Warranties except for those specified in this Agreement.

#### **SUBSOIL CONTRACTS**

- 1.9. The Seller is the sole subsoil user under the Subsoil Contracts. The Subsoil Contracts are free and clear of any Encumbrances.
- 1.10. The Subsoil Contracts are in full legal force and effect. The Seller has not defaulted under, or breached the conditions of the Subsoil Contracts, and so far as the Seller is aware, no default or breach by the Seller is likely or threatened.
- 1.11. As far as the Seller is aware, no act or omission of the Seller has resulted or could result in the termination of the Subsoil Contracts, or any of the rights of the Seller thereunder.
- 1.12. As far as the Seller is aware, no notice of termination of the Subsoil Contracts has been received or served to the Seller and there are no grounds for determination, rescission or a material change in the terms of the Subsoil Contracts.
- 1.13. The Seller shall be responsible, subject to clause 10 herein, for any fines or penalties imposed by the Competent Authority related to the Subsoil Contracts for all work program years completed prior to the Completion Date.

## **BORROWINGS**

- 1.14. No security has been given to, or is enforceable by, any third parties over the Subsoil Contracts or any of the Property of the Seller which comprises the Sale Interest.
- 1.15. The Subsoil Contracts and Property have not been given as a guarantee, pledge, or security, nor has any other arrangement been made to third parties.

## **INSOLVENCY**

- 1.16. The Seller is not insolvent or unable to pay its debts within the meaning of the insolvency legislation of Kazakhstan.
- 1.17. No step has been taken in any jurisdiction to initiate any process by, or under, which:
  - 1.17.1. the ability of the creditors of the Seller to take any action to enforce their debts is suspended, restricted or prevented; or
  - 1.17.2. some or all of the creditors of the Seller have accepted, by agreement or in pursuance of a court order, an amount less than the sums owed to them in satisfaction of those amounts owed with a view to preventing the dissolution of the Seller; or
  - 1.17.3. a person has been appointed to manage the affairs, business and assets of the Seller on behalf of the Seller's creditors.
- 1.18. As far as the Seller is aware, no process has been initiated which could lead to any of the Sale Interest of the Seller being attached or otherwise being distributed to the Seller's creditors, shareholders or other contributors.

## **DISPUTES AND INVESTIGATIONS**

- 1.19. The Seller hereby warrants, in relation to the Sale Interest, that it:
  - 1.19.1. is not engaged in any litigation, administrative, mediation or arbitration proceedings or other proceedings or hearings before any statutory or government body, department, board or agency; or
  - 1.19.2. is not the subject of any investigation, inquiry or enforcement proceedings by any government, administrative or regulatory body.
- 1.20. No proceedings, investigations or inquiries, as mentioned in clause 1.18 of this Schedule 5, has been threatened or is pending which could cause issues with the Sale Interest and, as far the Seller is aware, there are no circumstances likely to give rise to any such proceedings.

## **ENVIRONMENTAL**

- 1.21. The definitions in this paragraph apply in this Agreement:
  - 1.21.1. "**Environmental Laws**" means all applicable laws which relate to the environment or human health and safety which are in force on the date of this Agreement and includes all applicable laws relating to actual or threatened emissions, seepages, discharges, escapes, releases or leaks of pollutants, contaminants or other hazardous material arising from the creation, handling, storage or disposal of the same, and applicable laws relating to the labeling, distribution and packaging of waste.
- 1.22. The Seller, and the Oilfields which form part of the Sale Interest, is in material compliance with all applicable Environmental Laws and as far as the Seller is aware, there are no facts or circumstances

which may lead to any breach of or liability under any Environmental Laws. All noncompliance with Environmental Laws by the Seller in the last three years has been resolved without any material pending, on-going or future obligation, cost or liability.

- 1.23. As far as the Seller is aware, there are no material claims under Environmental Laws pending or threatened against the Seller, or the Oilfields which form part of the Sale Interest, and there are no circumstances that can reasonably be expected to form the basis of any such claim.

## **PROPERTY**

- 1.24. The Seller owns, possesses and has good and marketable title, free and clear of all encumbrances to all of the Sale Interest, including the Property which forms part of the Sale Interest and which is required to operate the Business as it is now being conducted.

## **TAXATION**

- 1.25. The Seller warrants that all Taxes due with regard to the Sale Interest have been properly and timely paid.
- 1.26. To the extent required by the laws of Kazakhstan, the Seller is a registered taxable person for the purpose of any applicable taxation statutes.

## **2. WARRANTIES OF THE BUYER**

- 2.1. The Buyer represents and warrants to the Seller that all statements, representations and warranties contained herein shall be true and not misleading on the Signing Date and on the Completion Date,.
- 2.2. The Buyer has been duly incorporated and properly formed and its constitutional documents are in accordance with the laws of Kazakhstan in all material respects.
- 2.3. This Agreement, when entered into and executed by the Buyer, shall constitute legal and binding obligations on the part of the Buyer in accordance with the terms indicated therein.
- 2.4. Save as specifically provided for in this Agreement, no consents, approvals, registrations, authorizations or permits are required to be obtained by the Buyer in connection with the execution and performance of its obligations under this Agreement or other transaction documents with respect to this Agreement.
- 2.5. The Buyer is not involved in or subject to any bankruptcy, liquidation, receivership, administration, any form of arrangement or scheme with creditors, moratorium, interim or provisional supervision by the court or court appointee or any other similar or analogous proceedings, whether in the jurisdiction of the place of incorporation or in any other jurisdiction, whether in or out of court.
- 2.6. Neither the Buyer nor its participants are engaged in any litigation or arbitration proceedings, which might negatively affect ability of the Buyer to perform this Agreement, and no such proceedings are pending or threatened by or against the Buyer or the participants.
- 2.7. Neither the Buyer, nor any officer, director, employee, participant, agent or other person acting on behalf of the Buyer are subject to any criminal investigation, inquiry, proceeding, or charge by or before any court or government authority arising from, in connection with, or relating to the activities of the Buyer.

## **FINANCIAL CAPACITY OF THE BUYER**

- 2.8. The Buyer has freely available funds to pay the full Completion Payment on or before the Completion Date.

**3. BUSINESS OF THE SELLER FROM SIGNING DATE UNTIL COMPLETION**

- 3.1. The Buyer is familiar with the business activities of the Seller, as they pertain to the Oilfields and their operation, and has had the opportunity to review the Business and has performed due diligence to its satisfaction on the activities of the Oilfields.

**SCHEDULE 6**

**FORM OF SUBSOIL CONTRACT ADDENDUM**

The state registration # \_\_\_\_\_-UVS-ME

dated «\_\_\_\_» \_\_\_\_\_ 2019

**ADDENDUM [•]**

**to Contract #[•] dated [•]  
for production of raw hydrocarbons on [•] field  
in Aktobe oblast of the Republic of Kazakhstan**

**between**

**THE MINISTRY OF ENERGY OF THE REPUBLIC OF KAZAKHSTAN**  
(Competent Authority),

**“Falcon Oil & Gas, LTD”**  
**Limited liability partnership**  
(Former Subsoil User)

**and**

[Redacted]  
(Subsoil User)

Nur-Sultan city, 2019

The present Addendum [●] to Contract [●] dated [●] for production of raw hydrocarbons on [●] field in Aktobe oblast of the Republic of Kazakhstan (hereinafter – Contract), between the Ministry of Energy of the Republic of Kazakhstan (hereinafter – Competent Authority), “Falcon Oil & Gas, LTD” Limited liability partnership (hereinafter – Former Subsoil User) and [Redacted] (Subsoil User) was concluded on «\_\_\_» \_\_\_\_\_ 2019.

## **PREAMBLE**

### **Given that:**

- The Former Subsoil User applied to the Competent Authority with the request to approve the transfer of 100% of subsoil use rights under the Contract to [Redacted] (Subsoil User);
- Expert Committee on subsoil use issues recommended approving the transfer of 100% subsoil use rights under the Contract to the Subsoil User (Minutes No. \_\_ dated \_\_\_\_\_);
- The Competent Authority took the decision to issue the approval for the transfer of 100% subsoil use rights under the Contract to the Subsoil User (Letter of the Ministry of Energy No. \_\_ dated \_\_\_\_\_).

### **The Parties agreed to introduce the following amendments to the Contract:**

1. Replace the Former Subsoil User by the Subsoil User by replacing the name “Falcon Oil & Gas, LTD” Limited Liability Partnership with the name [Redacted], on the front page and throughout the whole text of the Contract, Addenda, and Appendices thereto.
2. The present Addendum [●] is an integral part of Contract #[●] dated [●].
3. The present Addendum [●] is made in five original copies in the state and Russian languages with three original copies for the Competent Authority, one original copy for the Former Subsoil User and one original copy for the Subsoil User. In the event of disagreement, the Russian text shall prevail.
4. The present Addendum [●] was signed in Nur-Sultan city on «\_\_\_» \_\_\_\_\_ 2019 by authorized representatives of Parties and becomes effective on the day of its registration by Competent Authority.

### **Signatures of Parties:**

<b>Competent Authority</b>	<b>Former Subsoil User</b>	<b>Subsoil User</b>
The Ministry of Energy of the Republic of Kazakhstan	“Falcon Oil & Gas, LTD” LLP	[Redacted] LLP
Signature: _____	Signature: _____	Signature: _____