

INVESTOR PRESENTATION



**Qazaqstan
Marine Fuels**



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About the project

Project implementation prerequisites:

- As for today, more than 95,000 ships have emitted more sulfur-containing emissions into the atmosphere than all the cars in the world (1.45 billion units).
- In 2015, most of the UN countries signed the Paris Agreement, which confirmed the concern about air pollution.
- From January 1, 2020, in addition to restrictions in SECA (Special Emission Control Area) zones, a limit on the sulfur content in marine fuel of 0.5% in all waters of the World Ocean came into force.
- There is an interest of major international companies in the purchase of marine fuel under long-term contracts.

Project overview:

The project involves the construction of a Marine Fuel Plant (MFP), with a processing capacity of 1.5 million tons / year of ultra-low sulfur Kazakh oil in the Makat district of the Atyrau region

Planned investments:

During 2024 Qazaqstan Marine Fuels (QMF) plans to attract investments in the amount of 118 million US dollars

In 2024 – 2027 these funds are distributed approximately as follows:

- USD 100 million for the construction of a Marine Fuel Plant in Makat between 2024 and 2027
- USD 18 million working capital in 2024

About Qazaqstan Marine Fuels

Qazaqstan Marine Fuels LLP (hereinafter referred to as QMF) is a Kazakh company planning the production of marine fuels in accordance with the standards of the International Convention MARPOL 73/78

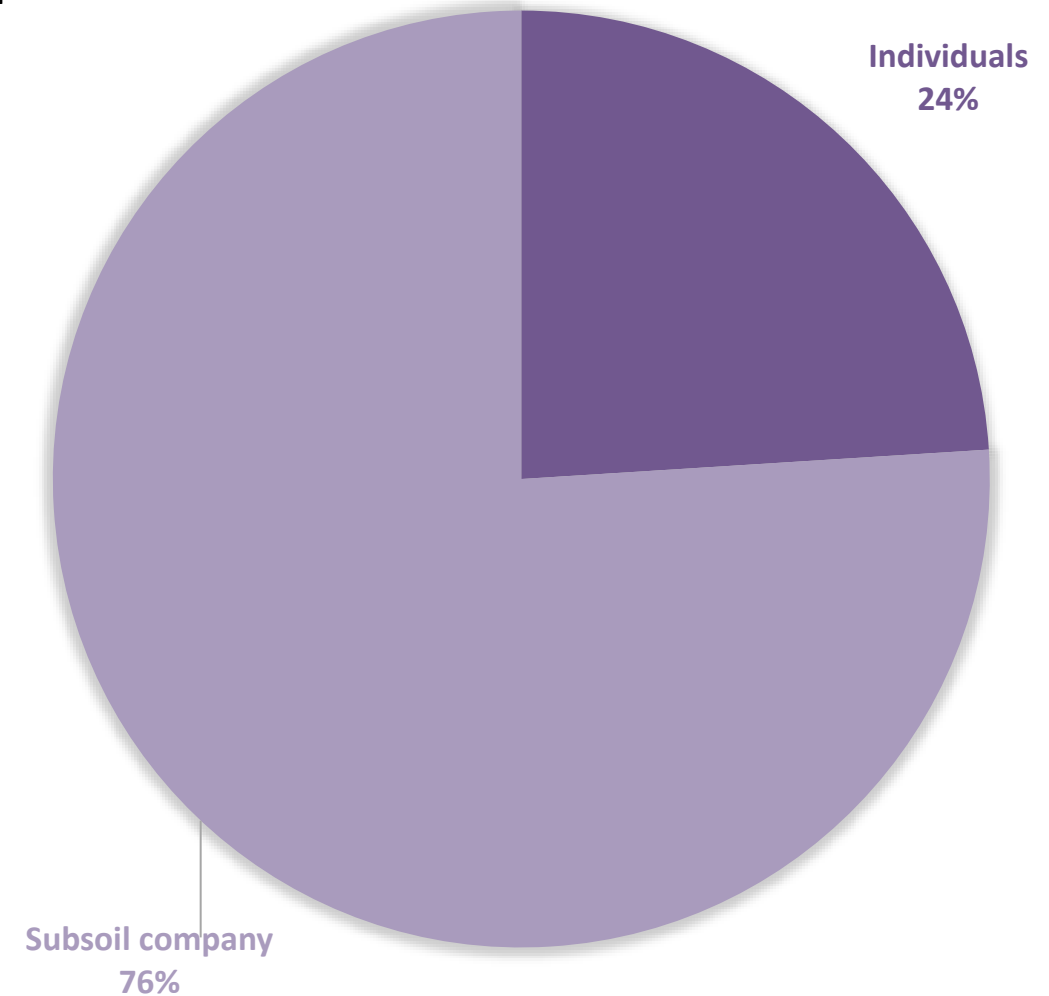
QMF plans to produce 2 (two) types of environmentally friendly marine fuel from Kazakh ultra-low sulfur oil:

Marine fuel distillate DMA (ISO 8217-2017)

Marine fuel residual RMD (ISO 8217-2017)

By having subsoil user company (76% share) as it's founder, QMF has obtained status of "Oil supplier" in accordance with RoK Law on State Regulation of Production and Circulation of Certain Types of Petroleum Products

Thus, QMF, as an oil supplier, can process the oil of parent subsoil company and other subsoil user companies and carry out the supply of marine fuel and mazut (heavy fuel oil)



Qazaqstan Marine Fuels: Management



Ilyat Kuzhagaliyev
General director

Over 17 years of experience in the oil industry
Experience in delivering of Major projects on Kashagan and Karachaganak projects



Almaz Kuzhagaliyev, MBA

Expert in marketing and logistics of oil and oil products
Over 20 years of experience in the oil and gas industry



Askar Kuzhagaliyev, PhD

QMF co-founder
Expert in construction and project management
Over 20 years of experience in the oil and gas industry



Timur Batrymbetov

QMF co-founder
Project Management Expert
Over 15 years of experience in the oil and gas industry

Qazaqstan Marine Fuels: team experience

In 2011, the team successfully implemented a project for the construction and commissioning of a refinery in Aktobe with a processing capacity of 300 thousand tons.

All products are certified in the State system of technical regulation of the Republic of Kazakhstan

At the end of 2016, an industrial batch of ULSFO with a sulfur content of 0.056% was produced at the Aktobe refinery

Ultra Low Sulfur Fuel Oil - ultra-low sulfur fuel oil or the product of mixing fuel oil with gas oil fractions



Raw material base for the QMF project

The raw material base for the QMF project is ultra-low sulfur oils with a sulfur content of up to 0.045%, which are produced in the Atyrau and Mangystau regions of the Republic of Kazakhstan:

№	Oilfield	Owner	Region	Transportation	Sulfur	Density	Pour point	Current monthly production (September 2022)	Total production January - September 2022
					%	Kg/m ³	to C°	tons/month	tons
1	Makat Vostochniy	Embamunaygaz	Atyrau Makat	KazTransOil railway	0.023%	857	-24	15 000	135 000
2	Zhana Makat	5 A Oil	Atyrau Makat	KazTransOil railway	0.029%	849	-24	5 000	45 000
3	Karakuduk	Karakudukmunay	Mangystau 6th junction	KazTransOil	0.032%	812	24	16 990	149 189
4	Emir	Emir Oil	Mangystau	KazTransOil	0.034%	824	26	7 140	69 528
5	Arystanovskoe	Ken Sary	Mangystau 6th junction	KazTransOil	0.030%	805	27	26 951	225 588
6	Akkar Severo-Vostochniy	Jupiter Energy	Mangystau	By road	0.045%	835	30	916	8 270
7	Komsomolskoe	Kom-Munay	Mangystau 6th junction	By road	0.020%	770	-15	11 093	96 055
8	Dunga	Total E&P Dunga GmbH	Mangystau	KazTransOil	0.022%	845	30	40 989	464 088
9	Rakushechnoe	CaspyOilGas	Mangystau	By road	0.021%	807	22	-	-
10	Tepke	Meridian Petroleum	Mangystau	By road	0.043%	804	23	1 331	1 331
11	TOTAL:							125 410	1 194 049

Markets for ultra low sulfur marine fuels QMF

Stage	Period	Delivery volume per month	Market	Delivery basis
I	I qtr. 2024	10 000 mt	<p>Baltic countries - Estonia, Latvia, Lithuania.</p> <p>Of the three Baltic countries, Estonia has the largest bunker market - about 30,000 metric tons (t) per month, Latvia - about 15,000 tons per month. Lithuania - about 10,000 tons of fuel oil per month. In the Baltic Sea, ships are allowed to use fuel with sulfur up to 0.1%.</p>	DAP Estonia
II	III qtr. 2024	25 000 mt	<p>Northwest Europe - ARA Region (Amsterdam, Rotterdam, Antwerp).</p> <p>In Q3 2022, only the port of Rotterdam had sold: ULSFO - 284,134 tons; LS MGO - 329,456 tons;</p>	FOB Estonia
III	IV qtr. 2024	75 000 mt	<p>North, Central and South America, Southeast Asia, Dubai region.</p> <p>These markets have a constant ULSFO deficit, especially in the American continent, where the premium to Rotterdam often exceeds \$150/mt.</p>	CIF Rotterdam CIF Fujairah CIF San Diego CIF Singapore

Prospects for the QMF project

In the areas of special control of the World Ocean (SECA - Special Emission Control Area), ships are allowed to use marine fuel with a sulfur content of up to 0.1%. As of December 2022, the SECA area includes:

- The North and Baltic Seas, the English Channel;
- The 200-mile coastal zone of Europe and North America;
- Arctic (by decision of the Arctic Council);
- 12-mile coastal zone throughout the World Ocean;

From May 1, 2024, the entire Mediterranean Sea will be included in the SECA zone.

From January 1, 2025, a 200-mile coastal strip of China will enter the SECA zone, which should lead to a multiple increases in demand for marine fuel with a sulfur content of up to 0.1%.

According to the forecast of Lloyd Register analysts, by 2030 the demand for marine fuel with a sulfur content of up to 0.1% will increase at least 2 times.

Only 3 countries: Kazakhstan, Malaysia and Indonesia, have oil deposits with sulfur content up to 0.025%.

However, unique oils are produced only in Kazakhstan, which mainly or completely consist of fractions of marine fuel.

In December 2022, ULSFO was only available at a few hubs (Rotterdam, Fujairah, Shanghai, Singapore) and in limited quantities. Basically, it was a hybrid ULSFO.

The QMF project has the prospect of becoming the most highly profitable project in the history of modern oil refining.

Company strategy

The company's strategy envisions the following steps:

- Ensuring sustainable economic development of the enterprise.
- Creating infrastructure, raw material base, and increasing assets.
- Development of alternative and "green" energy technologies and environmental protection.

The adopted strategy is expected to achieve the following indicators:

	2024	2025	2026	2027	2028	2029	2030
Net profit	(54 000)	81 000)	96 966 961	137 973 513	222 304 937	289 342 067	351 763 233
Assets (annual average)	7 500 000	20 024 000	41 871 500	61 175 500	71 443 000	72 017 000	41 882 000
Return on equity (ROE)	0%	0%	139%	138%	222%	289%	352%
Cost to income			-65%	-65%	-64%	-63%	-63%

Business model

The business model of Qazaqstan Marine Fuels LLP is built on a favorable combination of three factors:

- United Nations International Maritime Organization (IMO) limits on sulfur content in marine fuel
- Uniqueness of some oil fields of the Republic of Kazakhstan
- The price situation in the global marine fuel market

From January 1, 2020, restrictions on the sulfur content in marine fuel came into force in all waters of the World Ocean:

0,1%	In the North and Baltic Seas, in the Arctic, in coastal waters (200-mile zone)
0,5%	In other waters of the World Ocean

In the Republic of Kazakhstan, several dozens of oil fields with unique properties have been discovered and are being developed:

With sulfur content up to 0.025%	Makat Vostochniy, Zhana Makat, Karakuduk, Emir and others
With a low sulfur content (0.25%) combined with the absence of a gasoline fraction	Practically ready marine fuel (Maten, Daraimola, Shoba, Taskuduk, and many others)

The processing of ultra-low sulfur oil allows the production of premium environmentally friendly marine fuels without the use of expensive licensed technologies at minimal cost - this is the essence of the business model of the QMF project

This business model will allow the shareholders of QMF to create a global company worth **more than a billion US dollars** with an initial investment of **118 million US dollars**.

Business model

The initial volume of processing is 500 thousand tons with an increase to 1.5 million tons

Compared to Kazakh refineries, QMF has the lowest refining cost and loss rate

Refinery	Pavlodar Refinery	Atyrau Refinery	Shymkent Refinery	QMF
The cost of processing 1 ton, in tenge	22 132 inc. VAT	31 473	31 426 inc. VAT	14 560 inc. VAT
Processing loss rate	10,5 %	9 %	6,5 %	4 %

Economics of Sweet Oil Refining at Makat Vostochniy Field (20,000 mt)	
Expenses	\$7 838 923,88
Income	\$15 182 400,00
Net income	\$7 343 479,12

Key financial indicators for forecast period (2024-2030)

All amounts are in USD	
Capital expenditure (2024-2027)	(100 000 000)
Requirement of working capital for 1 st year	(17 548 000)
Sales (2026-2030)	3 421 860 000
Costs related to purchase, refinery and logistics of oil (COGP) (2026-2030)	(2 021 554 420)
Other expenses (administrative and taxes) (2024-2030)	(302 089 868)
Amount of tax expenses	(276 278 778)
Discount rate (WACC)	12,33%
Net present value (NPV) (2024-2030)	570 816 321
Total enterprise value including terminal value	1 921 535 261
Payback of capital expenditure	Less than 3,5 years

Sensitivity analysis (no loan)

Sales								
Change in sales per 1 t	5%	10%	15%	20%	-5%	-10%	-15%	-20%
NPV (2024-2030), USD	647 317 584	723 818 848	800 320 111	876 821 374	494 315 057	417 813 794	341 312 531	264 811 267
Cost of goods produced (COGP)								
Change in COGP per 1 t	5%	10%	15%	20%	-5%	-10%	-15%	-20%
NPV (2024-2030), USD	526 852 377	482 888 433	438 924 489	394 960 545	614 780 265	658 744 209	702 708 152	746 672 096
Discount rate – weighted average cost of capital (WACC)								
Discount rate (WACC)	10%	11%	13%	14%	15%			
NPV (2024-2030), USD	639 597 105	608 984 905	552 876 961	527 158 231	502 861 505			

Project risks

Risks	Mitigation measures
Legislative	Initiation of legislative changes in the Subsoil Use Law
Logistics	Adapting to new realities, building new alternative export routes
Tax	Unlike many countries, in the Republic of Kazakhstan marine fuels are not subject to excise tax
Currency	The entire QMF project is export-orientated. Income will be received in foreign currency
Shortage of qualified personnel	We will start our own training program for existing and new employees
Lack of own access to the oceans	<p>The success of the QMF project is possible only in conditions of close international cooperation.</p> <p>Since the Republic of Kazakhstan does not have direct access to the World Ocean, and, consequently, does not have a wide maritime market, marine fuels are not in demand on the domestic market, and many types of marine fuels are exported all year round with quite acceptable export customs duties.</p>



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Thank you for your attention!
We will be glad to answer all your questions!

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