

## Joining new oil and gas assets

The key decision-making factor when selection of new projects is:

- ▶ The presence of existing production at fields in the initial stages of development and synergies in terms of the feasibility of creating a cluster of projects
- ▶ Fields with ready reserves that can be quickly commissioned in a short period
- ▶ The feasibility of the joint use of existing infrastructure
- ▶ The feasibility of the replication of technological solutions
- ▶ The feasibility of cost optimization for the field's development

### Upstream gas

#### Priority:

Vietnam is a priority for developing the gas business (through the expansion of its presence)



#### Focus

on the acquisition of gas assets in order to diversify the portfolio by the type of hydrocarbon and reduce risks associated with oil price volatility



#### The key point

in this regard is clustering, including active assets

*As a result of its proficient project exploration and appraisal work, the Company joined 6 new projects in 2020.*

### Upstream oil

#### Priority:

Joining new projects at the operational stage in the main regions of operation (Vietnam, Yamalo-Nenets Autonomous District, and priority countries)



#### Main source of profit

These assets require large investments, but are seen as main source of profit for the Company in the future.



#### The current main priority

is the development of the Volga region cluster and northern Kazakhstan



#### Focus

to mitigate risks from acquiring an unproductive asset, the main focus is viewed as the stage of the project not below the farm in/out stage

**>10** projects

*are being actively developed and will provide potential for joining new projects in 2021.*

## KEY PRINCIPLES FOR EXPANDING AREAS OF OPERATION

- ▶ Existing assets are the main source of profit, an 'incubator' of employees for future assets, and a platform for building expertise
- ▶ Elimination of unprofitable assets (no 'rotten apples')
- ▶ Key parameters of the project are free entry and fast payback (FCF 1–2 years > 0)
- ▶ Focus on the cluster format within the corporate priority footprint and the search for possible synergies with existing assets

- ▶ New regions only in the format of constant monitoring (minimization of labor costs — no more than 2 people per development unit)
- ▶ Priority countries for finding new projects are Algeria, Egypt, Kazakhstan, and Iraq (Kurdistan)

In order to achieve its strategic goals in 2020, the Company continued to actively seek out and evaluate new projects in the Middle East, North Africa, Central Asia, and the Russian Federation, as well as within its traditional corporate footprint