

# Report on payments to governments for the year ended 31 December 2019

## 1. Introduction

For the purpose of this Report payments are broken down by government and entity. Payments are not allocated between the Group's oil and gas fields, as the entities do not attribute payments to a specific field.

The Report is prepared in **US dollars** (USD). Payments made in currencies other than US dollars were translated using the following average exchange rates for the year:

USD to Russian Roubles: 64.7362

USD to Kazakhstan Tenge: 382.8698

Where the amount of payment made during the period for a specific project or country are less than the threshold of **EUR 100,000** or the equivalent amount in another currency such payment is not disclosed in the Report. For the purposes of the Report the threshold of EUR 100,000 were recounted into US\$111,940 using the average exchange rate for the year of 1.1194 USD per EUR.

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## 2. Reporting principles

### Definitions

**Group's Extractive Companies:** Alliance Oil Company Ltd ("AOC") and its subsidiaries whose activities consist, in whole or in part, of the exploration, prospection, discovery, development and extraction of minerals, crude oil and natural gas, that should be fully consolidated by AOC in accordance with International Financial Reporting Standards (IFRS).

**Government:** any national, regional or local authority of a country or territory, or any department, agency or undertaking controlled by that authority.

**Project:** operational activities governed by a single contract, license, lease, concession or similar legal agreement that form the basis for payment liabilities with a Government. If multiple such agreements are substantially interconnected, they are considered as a single Project.

**Payment:** a single payment or multiple interconnected payments, whether in money or in kind, for extractives activities.

The payment types included in this Report:

**Taxes:** taxes and levies paid on income, production or profits, excluding taxes levied on consumption such as value added tax, personal income taxes and sales taxes. Regarding taxes paid in the Russian Federation the Report includes Income Tax, Property Tax and Mineral extraction tax.

**Royalties:** percentage of production payable to the owner of mineral rights.

**Customs duties:** export customs duty on oil sales.

**License and other fees:** license fees, rental fees, entry fees and other considerations for licenses and/or concessions that are paid for access to the area where the extractive activities will be conducted.

**Social responsibility:** payments for local infrastructure development, including the improvement of infrastructure, except where the infrastructure is exclusively used for operational purposes and other community supporting activities.

For the year ended 31 December 2019 there were no other reportable payments to the Governments in addition to those stated above.

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### 3. Payments broken down by Governments, reporting entity and type of payments

(in thousands of USD)

Payments by Governments and reporting entity	Total amount of payments	Taxes	Royalties	Customs duties	Social responsibility
<b><u>Russian Federation</u></b>	<b><u>426.545</u></b>	<b><u>375.474</u></b>	-	<b><u>48.812</u></b>	<b><u>2.259</u></b>
<b><i>Federal tax service</i></b>	<b><i>375.474</i></b>	<b><i>375.474</i></b>	-	-	-
AO Tatnefteotdacha	114.889	114.889	-	-	-
ZAO Kolvinskoye	70.887	70.887	-	-	-
OOO Vostochnaya Transnationalnaya Kompaniya	66.374	66.374	-	-	-
AO NNK-Pechoraneft	65.951	65.951	-	-	-
AO Saneco	53.367	53.367	-	-	-
OOO SN-Gazdobycha	3.557	3.557	-	-	-
OOO Gusikhinskoye	449	449	-	-	-
<b><i>Federal customs service</i></b>	<b><i>48.812</i></b>	-	-	<b><i>48.812</i></b>	-
AO NNK-Pechoraneft	29.203	-	-	29.203	-
AO Tatnefteotdacha	19.609	-	-	19.609	-
<b><i>Local government authorities</i></b>	<b><i>2.259</i></b>	-	-	-	<b><i>2.259</i></b>
AO Tatnefteotdacha	1.788	-	-	-	1.788
AO NNK-Pechoraneft	471	-	-	-	471
<b><u>Republic of Kazakhstan</u></b>	<b><u>24.081</u></b>	<b><u>10.563</u></b>	<b><u>9.036</u></b>	<b><u>4.482</u></b>	-
<b><i>State revenues office</i></b>	<b><i>24.081</i></b>	<b><i>10.563</i></b>	<b><i>9.036</i></b>	<b><i>4.482</i></b>	-
TOO Potential Oil	24.081	10.563	9.036	4.482	-