

# JSC “KazMunaiGas Exploration and Production”

May 2017



# Disclaimer

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## Forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including, but not limited to, the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “target”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They include, but are not limited to, statements regarding the JSC KazMunaiGas Exploration Production (“Company”) intentions, beliefs and statements of current expectations concerning, amongst other things, the Company’s results of operations, financial condition, liquidity, prospects, growth, strategies and as to the industries in which the Company operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur. Forward-looking statements are not guarantees of future performance and the actual results of the Company’s operations, financial condition and liquidity and the development of the country and the industries in which the Company operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. The Company does not intend, and does not assume any obligation, to update or revise any forward-looking statements or industry information set out in this document, whether as a result of new information, future events or otherwise. The Company does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved.

## Cautionary Note to US Investors

The US SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that the company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. The crude oil reserves of Company and its associates and joint ventures (“Company’s reserves”) within this document have been estimated by Gaffney, Cline & Associates (“GCA”) and Miller and Lents (“MLL”) according to standards established by the Society of Petroleum Engineers (“SPE”) and the World Petroleum Congresses (“WPC”) and thus proved reserves may differ from those estimated according to the definitions of the US SEC. Further, the Company uses certain terms in this document in referring to the Company’s reserves, such as “probable” or “possible” reserves, that the US SEC’s guidelines would prohibit it from including in filings with the US SEC if the Company were subject to reporting requirements under the US Exchange Act. Prospective investors should read reports of GCA and MLL on the Company’s reserves for more information on the Company’s reserves and the reserves definitions the Company uses.

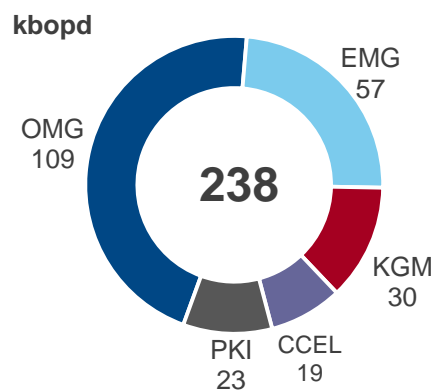


# KMG EP at a glance

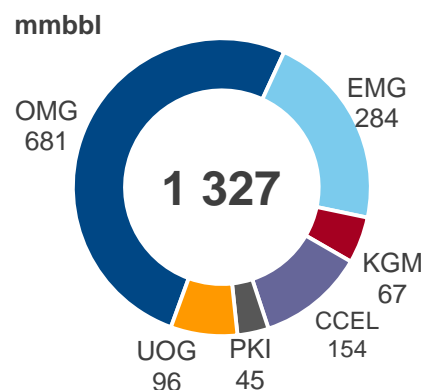
- Largest public exploration & production company in Central Asia.
- Switched to independent crude oil processing scheme in April 2016 to maximize value in current oil price environment.
- FCF positive since 2Q 2016.
- Significant cash reserves to facilitate future growth.
- Minority shareholders' rights protected by Relationship Agreement and high standards of corporate governance.

US\$ m	1Q 2017	2016	2015
Revenue	663	2,128	2,384
EBITDA <sup>1</sup>	212	605	40
Net profit / (loss)	7	385	1,096
Free cash flow <sup>2</sup>	108	288	(562)
Net cash	3,644	3,516	3,221

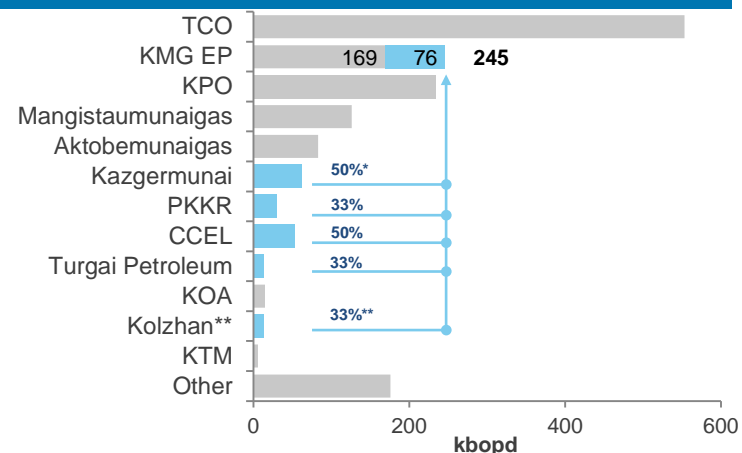
1Q 2017 production



2P reserves as at the end of 2016



Production in Kazakhstan in 2016



<sup>1</sup> EBITDA includes income from joint ventures and finance income

<sup>2</sup> Free Cash Flow calculated as CFO - Capex+Dividends received from JV's+Interest received+CCEL priority payment

\* KMG EP has direct ownership of a 50% stake in KGM and a 16,5% stake via PKI as PKI owns a 50% stake in KGM.

\*\* Kolzhan's gross production. PKI (KMG EP owns 33% in PKI) has a 100% stake in Kolzhan and 50% stake in Kolzhan SSM Oil.



## Recent Developments

### Financial highlights

- The Board of Directors has recommended a dividend at 15% of the Company's net profit for 2016. This is approximately equivalent to 19.8 bn Tenge or US\$63m. This will be voted upon at AGM in May 2017. (Apr'17)
- The net cash position as at 31 March 2017 was US\$3.6 bn, an uplift of US\$127m from the end of 2016 (Apr'17).
- The Board approved an increase in capex for 2017 to 133 billion Tenge (US\$369m), which is 14.1 billion Tenge or 12% more compared to the previous guidance. (Apr'17)
- The Board has agreed an increase of processing fees starting from 1 April 2017, as per the approved budget for 2017. The processing fee will stand at 24 512 Tenge per tonne at ANPZ (20 501 Tenge previously) and 16 417 Tenge per tonne at PNHZ (14 895 Tenge previously). (Apr'17)
- Net revenue achieved from the sale of refined oil products for 1Q2017 was 57,196 Tenge per tonne at ANPZ and 56,596 Tenge per tonne at PNHZ, which is 18% and 4% higher, respectively, compared to 4Q2016. (Apr'17)
- As a result of review of the Company's 2009-2012 tax audit appeal, the Court of Astana has ruled in March of 2017 to reduce the principle tax charge. Overall, it is expected that the ultimate tax charge will be reduced from the 38.5bn tenge initial claim and 13.5bn Tenge amount as at December 31, 2016 of previously reduced and provided to 6.1bn Tenge. (Apr'17)

### Production/ Exploration

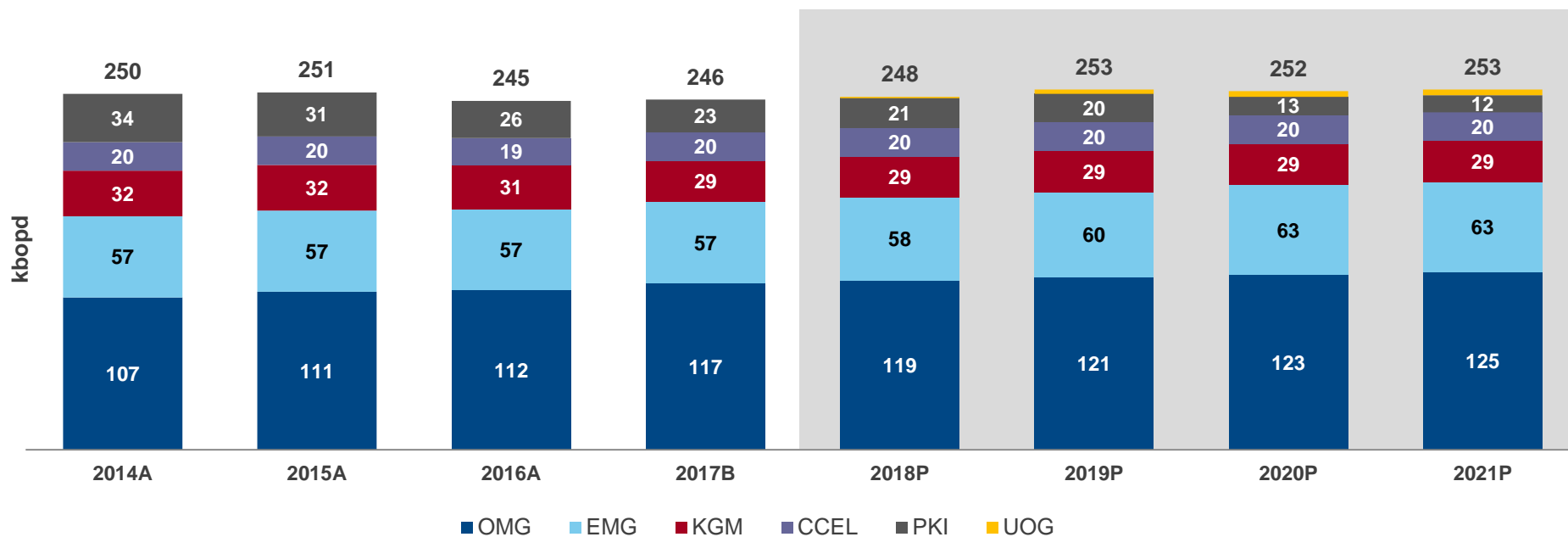
- KMG EP, including its stakes in KGM, CCEL and PKI, produced 2,904 th. tonnes of crude oil (238 kbopd) for the 1Q 2017, which is a 5% decrease over the same period of 2016. (Apr'17)
- According to the D&M report proved plus probable (2P) reserves of liquid hydrocarbons as at 31 December 2016 were 145 million tonnes (1,061 million barrels). (Jan'17)
- Production from OMG and EMG is expected to be 8,7 million tonnes (175 kbopd) in 2017, up 2% compared to 2016. (Dec'16)

### Domestic supply

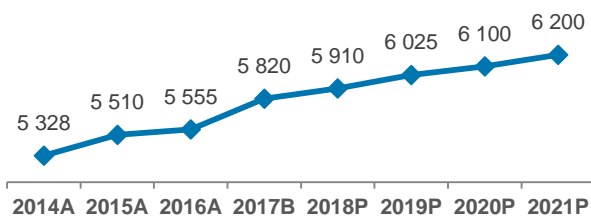
- Domestic supply is expected at 2.9 mn tonnes (57 kbopd) in 2017, or about 33% of OMG and EMG's total crude oil sales. This compares to 41% in 2016 and 33% in 2015.
- In 1Q2017, combined sales from OMG and EMG were 1,939 thousand tonnes (156 kbopd), representing a year on year decrease of 5%. The share of domestic supplies from the resources of OMG and EMG was 34% in 1Q2017 as compared to 40% in the same period of 2016. (Apr'17)



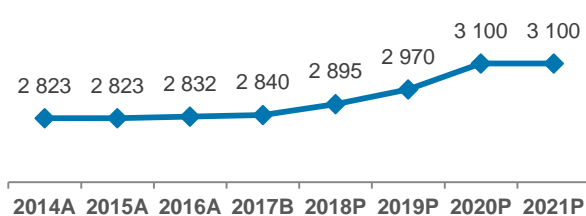
# Consolidated Production Profile



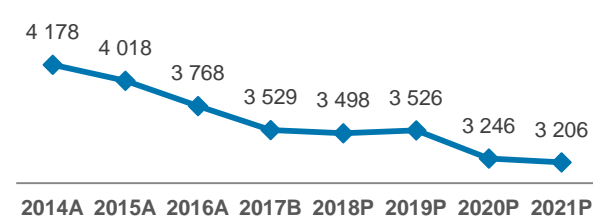
OMG production, th. tonnes



EMG production, th. tonnes



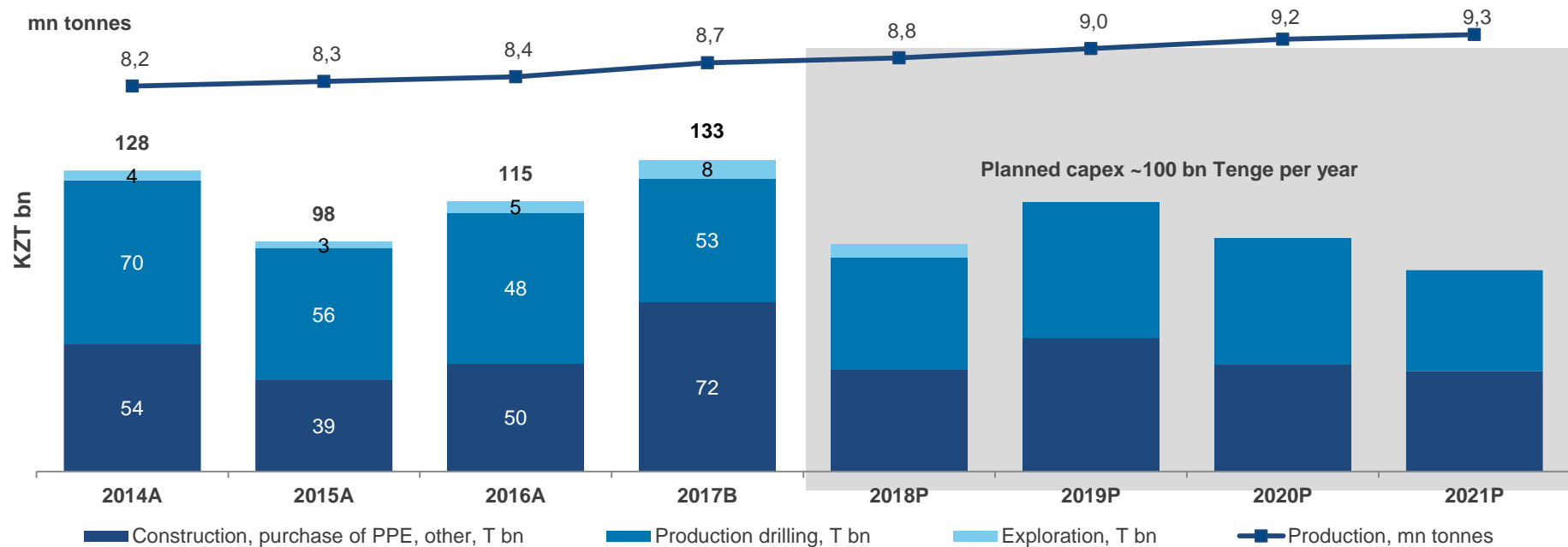
JVs' production\*, th. tonnes



\* Includes UOG condensate



# Capex profile of KMG EP\*



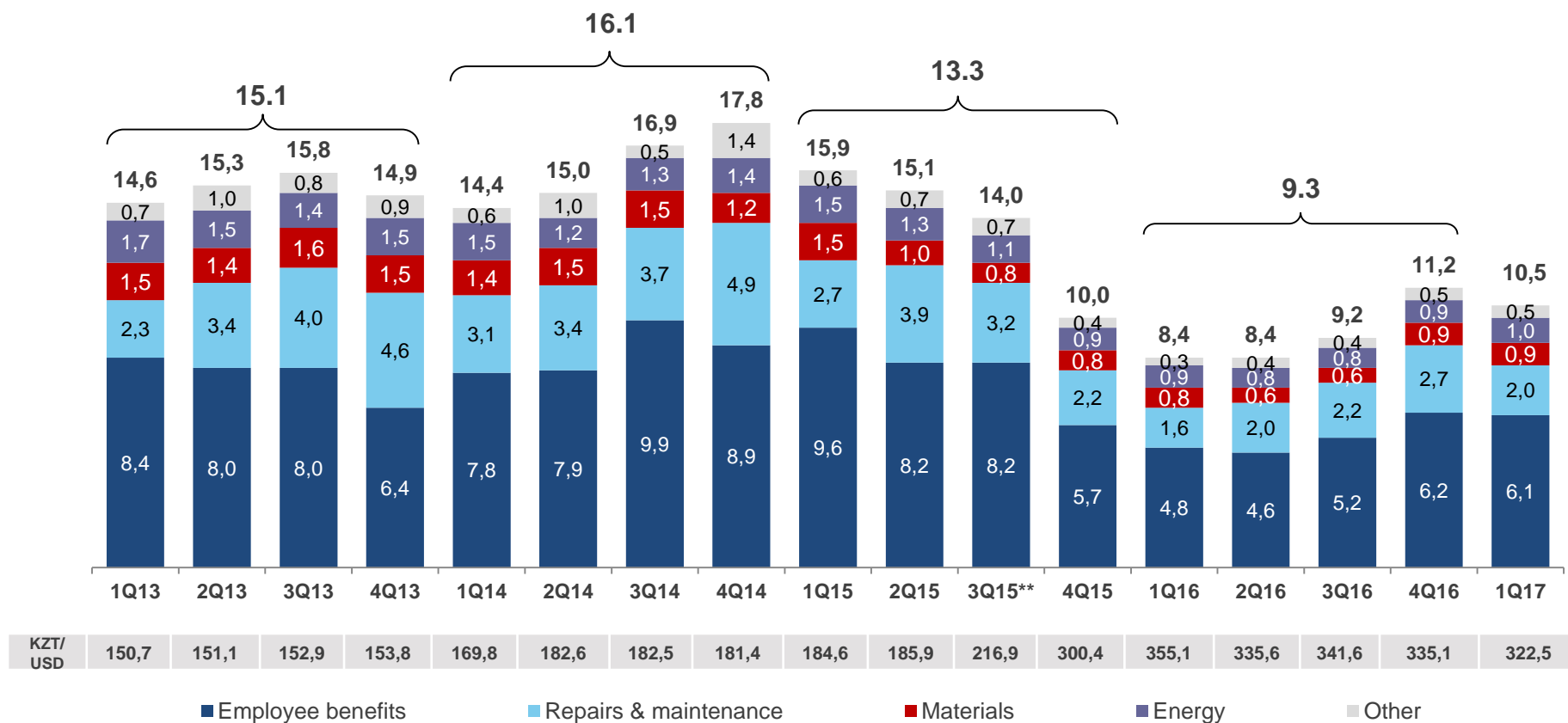
## Capex

\$/bbl	\$11.9/bbl	\$7.2/bbl	\$4.5/bbl	\$5,8/bbl	~\$4.2/bbl			
US\$m	US\$715m	US\$443m	US\$337m	\$369m	~US\$280m			
Production (kbopd)	164	168	169	175	178kbopd	181kbopd	185kbopd	188kbopd

\* Capital expenditure represents actual additions to property, plant and equipment and intangible assets. Capex includes investments in OMG, EMG, HO and other subsidiaries, excluding KGM, CCEL and PKI. Capex does not include investments in Karpovskiy and Fedorovskiy blocks, which are recognized as loans provided to JVs. KMG EP approves Capex in Tenge, amounts have been translated in US dollars solely for the convenience of the reader at 360 KZT/US\$ budget rate for 2017-2021.



# Lifting Costs\*, \$/bbl (OMG and EMG)



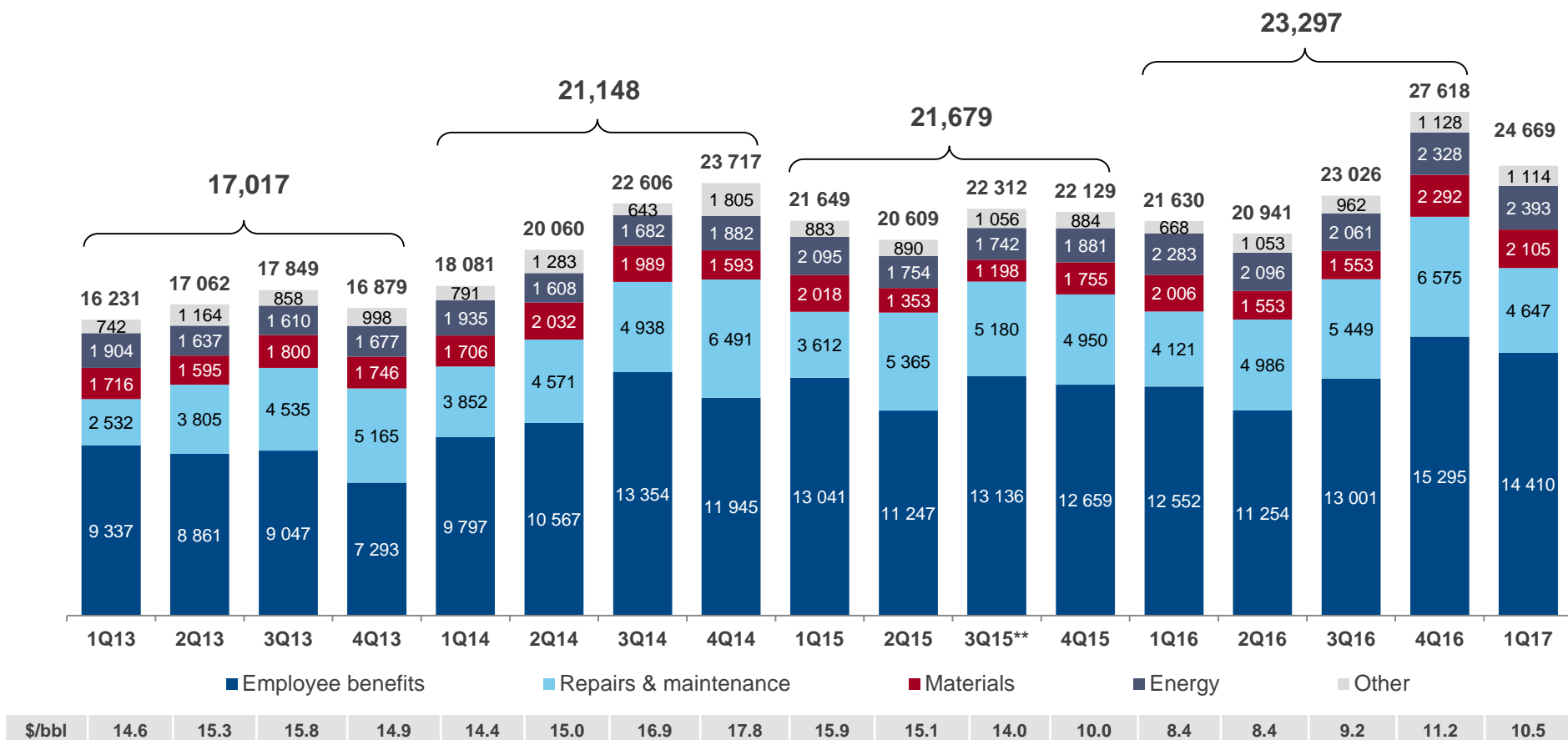
\*Lifting cost per barrel is calculated as production costs of OMG and EMG, including materials and supplies, production payroll, repairs and maintenance, and other production expenses. DD&A, taxes and contractual social obligations are excluded from lifting costs calculations. The methodology of lifting costs calculation was revised after reorganization of production branches into JSC OMG and JSC EMG in 2012. The Company excluded expenses not directly related to production from the calculation of lifting costs such as head-office and other administrative expenses.

Starting from 2014 the Company has revised its approach on lifting costs calculation by excluding actuarial costs, obligatory professional pension deductions and other expenses not directly related to the production process. The lifting costs starting from 1Q2014 have been restated accordingly.

\*\* In 3Q 2015 production services were reclassified from 'other expenses' to 'repairs and maintenance' to match the presentation of lifting costs in other periods.



# Lifting Costs\*, Tenge/tonne (OMG and EMG)



\* Lifting cost per barrel is calculated as production costs of OMG and EMG, including materials and supplies, production payroll, repairs and maintenance, and other production expenses. DD&A, taxes and contractual social obligations are excluded from lifting costs calculations. The methodology of lifting costs calculation was revised after reorganization of production branches into JSC OMG and JSC EMG in 2012. The Company excluded expenses not directly related to production from the calculation of lifting costs such as head-office and other administrative expenses.

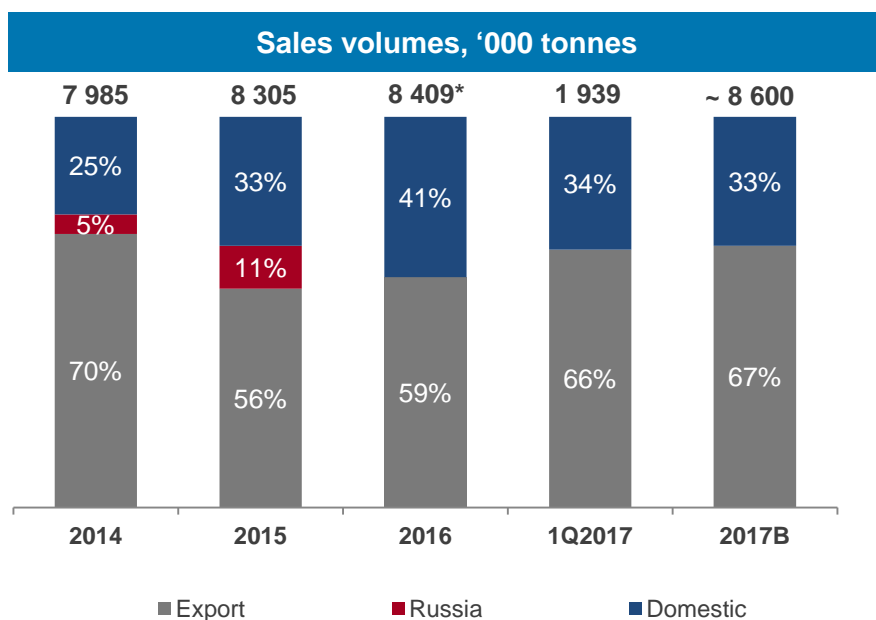
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## Export and Domestic Sales (OMG and EMG)



**1Q 2017 Netbacks by routes\*\*, \$ per bbl**

	UAS	CPC	ANPZ**	PNHZ**
Brent	53.7	53.7	-	-
Price diff, quality bank	(3.1)	(3.9)	-	-
Realized price	50.6	49.8	24.5	24.3
Rent tax	(6.0)	(6.1)	-	-
Transportation	(6.3)	(7.9)	(1.2)	(2.0)
Export customs duty	(6.8)	(6.8)	-	-
MET	(6.1)	(6.4)	(1.2)	(0.6)
<b>Netback</b>	<b>25.4</b>	<b>22.6</b>	<b>22.1</b>	<b>21.7</b>
Premium of bbl difference	-	5.0	-	-
<b>Effective netback</b>	<b>25.4</b>	<b>27.6</b>	<b>22.1</b>	<b>21.7</b>

\*Includes 830 th. tonnes of oil to domestic market in 1Q 2016. Starting from April 2016 KMG EP began to supply oil directly to the Atyrau and Pavlodar refineries for processing into oil products.

\*\*The netback calculation methodology has been changed starting from 1Q2015 to include MET subtraction from the netback

\*\*\* The Company switched to oil processing scheme starting from April 2016, as the result the Company shipped OMG and EMG crude oil for processing to ANPZ and PNHZ in 2Q-4Q 2016. Netbacks of ANPZ and PNHZ for 2Q-4Q 2016 are based on the net revenue tenge per tonne of crude oil shipped to ANPZ and PNHZ for oil processing reflected in the Statement of Net Revenue from sales of Refined Products



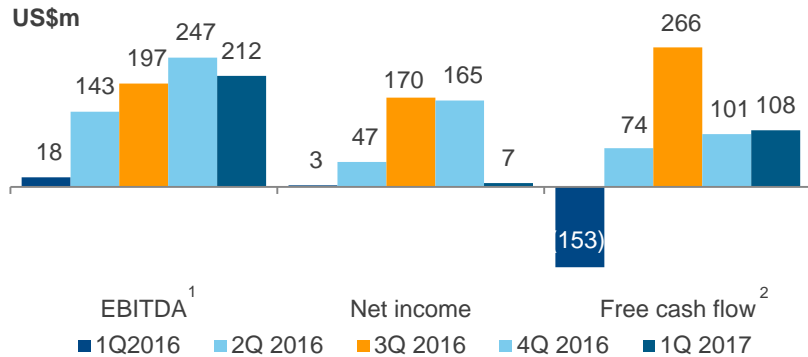
## Net revenue from sales of oil products since April 2016

Tenge per tonne	ANPZ			PNHZ		
	2-4Q2016	4Q 2016	1Q2017	2-4Q2016	4Q 2016	1Q2017
Revenue	72 791	79 939	86 791	74 465	77 962	74 758
<b>Less costs:</b>	<b>(30 425)</b>	<b>(31 631)</b>	<b>(29 595)</b>	<b>(22 722)</b>	<b>(23 396)</b>	<b>(18 158)</b>
- Processing	(20 464)	(20 713)	(20 508)	(15 940)	(16 266)	(13 294)
- Additives	(302)	(552)	(623)	(953)	(1 034)	(1 148)
- Excise tax	(1 421)	(1 890)	(1 633)	(3 290)	(3 496)	(3 026)
- Export customs duty	(5 516)	(5 745)	(6 126)	-	-	-
- Selling and transportation expenses	(512)	(628)	(705)	(514)	(597)	(691)
- KMG RM commission fee	(2 209)	(2 103)	-	(2 024)	(2 004)	-
<b>= Net revenue</b>	<b>42 366</b>	<b>48 308</b>	<b>57 196</b>	<b>51 743</b>	<b>54 569</b>	<b>56 596</b>

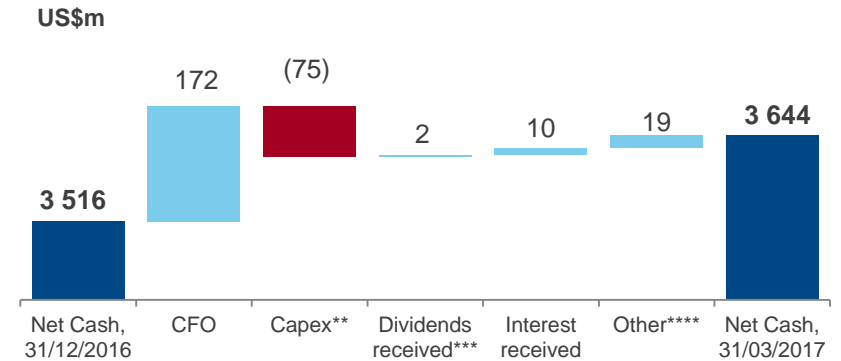


# Financial indicators

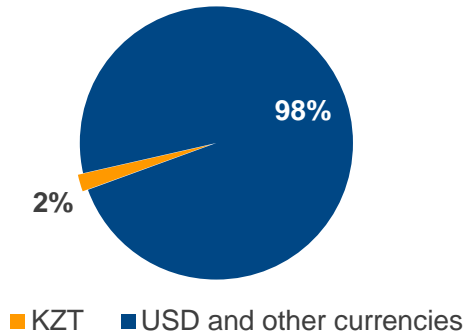
## Financial indicators by quarters in 2016 - 2017



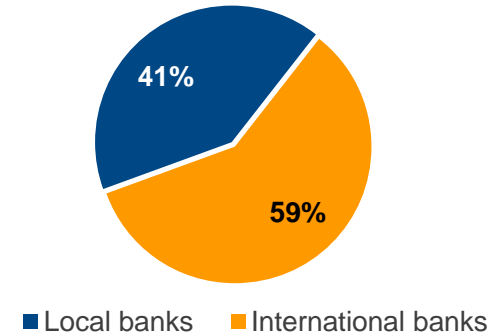
## Net Cash\* of US\$3,644m as at 31/03/2017



## Cash and financial assets by currency as at 31/03/2017



## Cash and financial assets by banks as at 31/12/2016



\* Cash and financial assets less borrowings of US\$28m

\*\* Capital Expenditure per Cash Flow Statement represent purchases of Property, Plant and Equipment ('PPE') and intangible assets ('IA'), adjusted for the changes in related working capital accounts, such as advances prepaid and accounts payable for PPE and IA

\*\*\* Dividends received include dividends from KGM

\*\*\*\* Other includes other cash flow from investing and financing activities

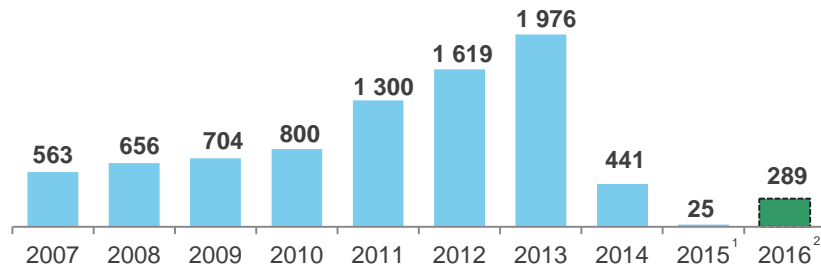
<sup>1</sup> EBITDA includes income from joint ventures and finance income

<sup>2</sup> Free Cash Flow is calculated as CFO-Capex (per CFS)+Dividends received from JV's+Interest received+CCEL priority payment

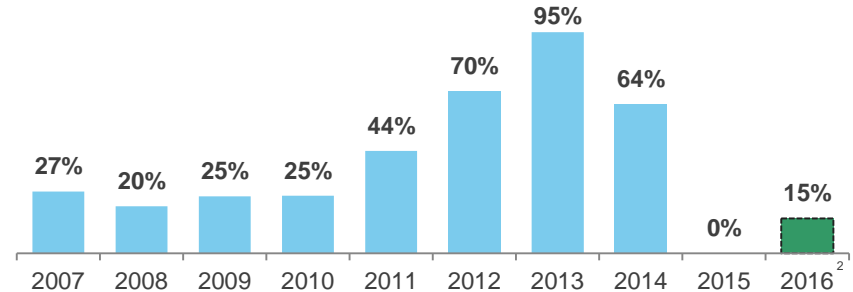


# Dividend Distribution for Shareholders

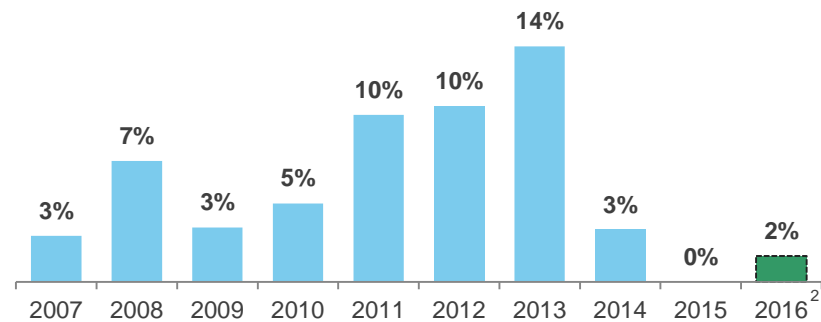
## Declared dividends, Tenge/share



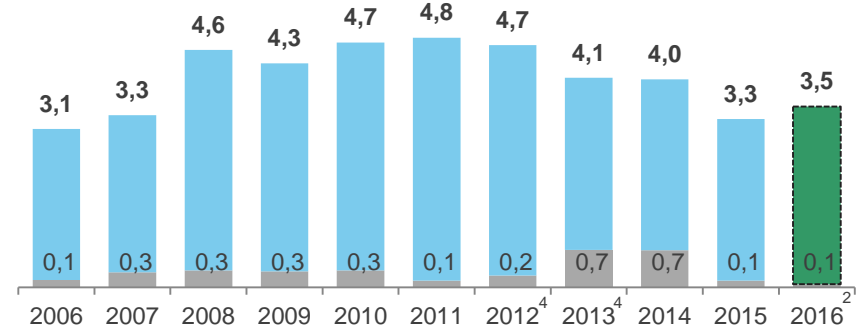
## Payout ratio, %



## Dividend yield<sup>3</sup>, %



## Cash balance at end of the year, US\$ bn



■ Dividends paid

■ Cash as at the end of the year, \$bn

<sup>1</sup> 25 Tenge per share was paid on preferred shares in accordance with KMG EP's Charter

<sup>2</sup> Subject to approval at AGM (May 2017)

<sup>3</sup> Calculated based on share prices as at the end of corresponding periods

<sup>4</sup> Dividend payments per CFS. Dividend payments in 2011-2012 with respect to a non-cash offset of the declared dividends payable to KMG NC against part of the NC KMG bond





# Appendix



## Petroleum products: prices and output in 1Q 2017

Oil product	ANPZ		PNHZ	
	Output <sup>1</sup> %	Price <sup>2</sup> KZT'000/ton	Output <sup>1</sup> %	Price <sup>2</sup> KZT'000/ton
Petrol Normal AI-80	1,6%	86,9	3,9%	86,9
Petrol Regular AI-92	10,3%	134,0	22,6%	137,5
Petrol Premium AI-95	1,0%	142,4	1,7%	144,5
Diesel	26,7%	114,5	33,6%	111,9
Jet fuel	0,8%	147,8	0,0%	na
<b>Total light oil products</b>	<b>40,5%</b>	<b>120,4</b>	<b>61,9%</b>	<b>120,7</b>
Vacuum gasoil	17,7%	86,9	0,0%	na
Mazut export	29,7%	65,0	16,3%	28,9
Bitum	0,0%	na	0,0%	na
<b>Total dark oil products</b>	<b>47,4%</b>	<b>72,6</b>	<b>16,3%</b>	<b>28,9</b>
Liquid gas	1,3%	28,0	5,8%	28,0
Furnace oil	1,4%	90,3	0,0%	na
Sulfur	0,1%	7,5	0,6%	na
Coke calcinated	1,8%	52,3	0,0%	na
Coke crude	1,1%	21,0	4,3%	13,4
Other	0,2%	233,2	0,1%	na
<b>Total other oil products</b>	<b>5,8%</b>	<b>58,0</b>	<b>10,9%</b>	<b>18,0</b>
Losses	6,3%	na	10,9%	na
<b>Total</b>	<b>100,0%</b>	<b>92,7</b>	<b>100,0%</b>	<b>83,9</b>

- Light oil products are mainly sold in the domestic market. Dark oil products and other products from ANPZ are mainly exported.
- Retail prices of Petrol Normal (AI-80) are regulated by the government.
- Following deregulation of diesel prices in August 2016, wholesale prices increased by ~33%.
- Oil products produced at PNHZ were sold only to the domestic market.
- The prices for the oil products sold in Kazakhstan are within market levels, based on data published by Argus Media. Export prices are Platts quoted prices less differential.

<sup>1</sup> As a percentage of total crude oil refined <sup>2</sup> Average prices for April - September 2016 excluding VAT of 12%; Source: Argus Media and Platts



## Financial summary (US\$ million)

<i>US\$m unless otherwise indicated</i>	2011	2012	2013	2014	2015	1Q16*	2Q16*	3Q16*	4Q16*	2016	1Q17
Production at Core assets (kbopd)	159	156	162	164	168	169	170	169	167	169	166
Revenue	4,919	5,346	5,368	4,722	2,384	341	566	589	631	2,128	663
Total operating costs	(3,761)	(3,806)	(4,117)	(3,932)	(2,483)	(354)	(452)	(440)	(419)	(1,663)	(526)
Operating profit	1,157	1,540	1,251	790	(98)	(13)	114	150	208	464	137
Impairment of property, plant and equipment	(11)	(516)	(395)	(1,433)	0	0	0	0	0	0	0
Finance income costs	147	183	82	66	50	20	16	20	15	33	(163)
Foreign exchange gain (loss)	18	64	74	609	2,020	37	(33)	(25)	(17)	(38)	(182)
Share of results of associates and JVs	575	452	334	336	(90)	(10)	(9)	(3)	(15)	(37)	26
Other non-operating income/expense <sup>1</sup>	(28)	(21)	(29)	(24)	(211)	0	(20)	58	(4)	33	1
Income tax expense	(434)	(623)	(385)	(81)	(574)	(31)	(20)	(30)	(27)	(108)	6
Profit / (loss) for the period	1,425	1,079	932	263	1 096	3	47	170	165	385	7
Cash flows from operations	1,011	1,039	647	1,096	(316)	(87)	100	301	152	466	172
Capex (from Cash Flow Statement) <sup>2</sup>	(716)	(725)	(980)	(749)	(405)	(92)	(53)	(55)	(107)	(306)	(75)
Average Brent, US\$/bbl	111.3	111.7	108.7	99.0	52.4	33.9	45.6	45.9	49.3	43.7	53.7
Average exchange rate	146.6	149.1	152.1	179.1	222.3	355.11	335.6	341.3	335.1	341.8	322.5

1. Including loss on disposal of fixed assets and allowance for VAT recoverable

2. Capital Expenditure per Cash Flow Statement represent purchases of Property, Plant and Equipment ('PPE') and intangible assets ('IA'), adjusted for the changes in related working capital accounts, such as advances prepaid and accounts payable for PPE and IA

\* Quarterly results in US\$ terms are calculated as the difference in US\$ amounts between 6M and 3M for 2Q, 9M and 6M for 3Q, 12M and 9M for 4Q



## Financial summary (Tenge billion)

<i>KZT bn unless otherwise indicated</i>	2011	2012	2013	2014	2015	1Q16*	2Q16*	3Q16*	4Q16*	2016	1Q17
Production at Core assets (th. tonnes)	7 900	7 766	8 049	8 151	8 333	2 089	2 097	2 117	2,084	8 387	2 026
Revenue	721	797	817	846	530	121	192	201	213	727	214
Total operating costs	(552)	(567)	(626)	(704)	(552)	(126)	(153)	(150)	(140)	(569)	(170)
Operating profit	170	230	190	141	(22)	(5)	39	52	71	159	44
Impairment of property, plant and equipment	(2)	(77)	(60)	(257)	0	0	0	0	0	0	0
Finance income costs	22	27	13	12	11	7	5	7	5	11	(53)
Foreign exchange gain (loss)	3	10	11	109	449	13	(12)	(9)	(6)	(13)	(59)
Share of results of associates and JVs	84	67	51	60	(20)	(4)	(3)	(1)	(5)	(13)	8
Other non-operating income/expense <sup>1</sup>	(4)	(3)	(5)	(4)	(47)	0	(7)	20	-	11	0,4
Income tax expense	(64)	(93)	(59)	(15)	(128)	(11)	(7)	(10)	(9)	(37)	2
Profit / (loss) for the period	209	161	142	47	244	0.9	16	58	56	132	2,3
Cash flows from operations	148	155	98	196	(70)	(31)	35	103	51	159	55
Capex (from Cash Flow Statement) <sup>2</sup>	(105)	(108)	(149)	(134)	(90)	(33)	(17)	(19)	(36)	(105)	(24)
Average Brent, US\$/bbl	111.3	111.7	108.7	99.0	52.4	33.9	45.6	45.9	49.3	43.7	53.7
Average exchange rate	146.6	149.1	152.1	179.1	222.3	355.11	335.6	341.3	335.1	341.8	322.5

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## Summary of JVs' financial and operating results

KGM 100%, US\$m	2011	2012	2013	2014	2015	1Q16	2Q16	3Q16	4Q16	2016	1Q17
Production, th. tonnes	3,000	3,124	3,107	3,000	3,000	730	730	742	736	2,936	692
Revenue	2,354	2,310	2,448	1,400	628	91	92	144	128	455	141
Operating expenses	(1,343)	(1,225)	(1,487)	(636)	(399)	(76)	(74)	(96)	(96)	(340)	(67)
Income taxes	(375)	(470)	(355)	(289)	(219)	(7)	(3)	(33)	(23)	(58)	(21)
<b>Profit for the period</b>	<b>629</b>	<b>613</b>	<b>605</b>	<b>506</b>	<b>36</b>	<b>9</b>	<b>18</b>	<b>15</b>	<b>8</b>	<b>50</b>	<b>49</b>
Capex*	74	62	99	101	68	5	8	7	10	30	4

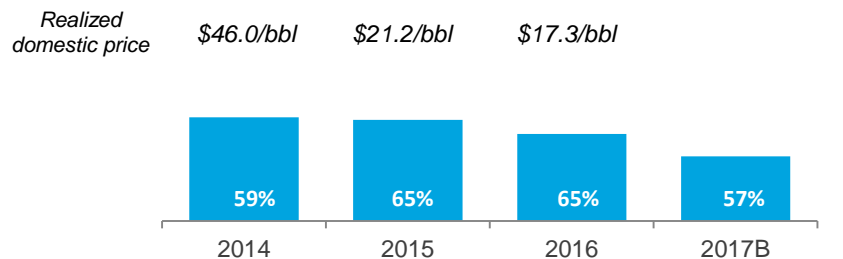
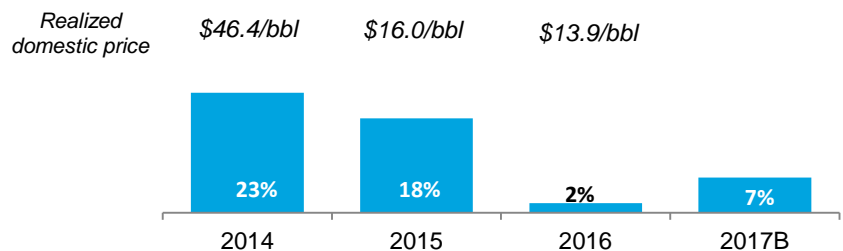
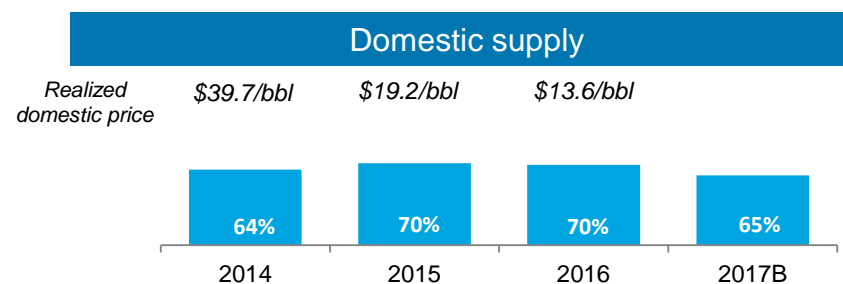
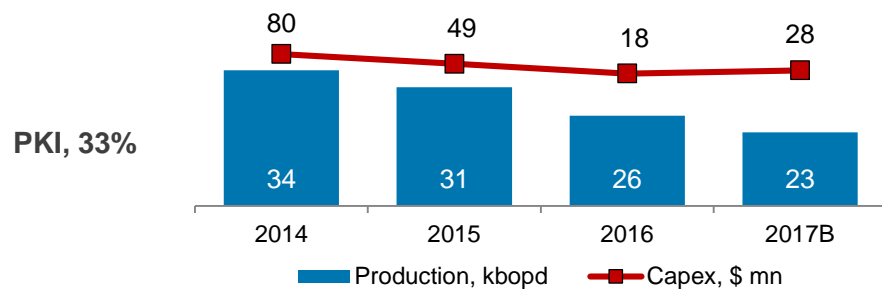
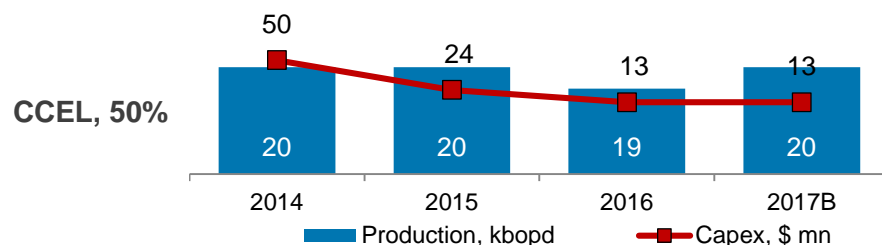
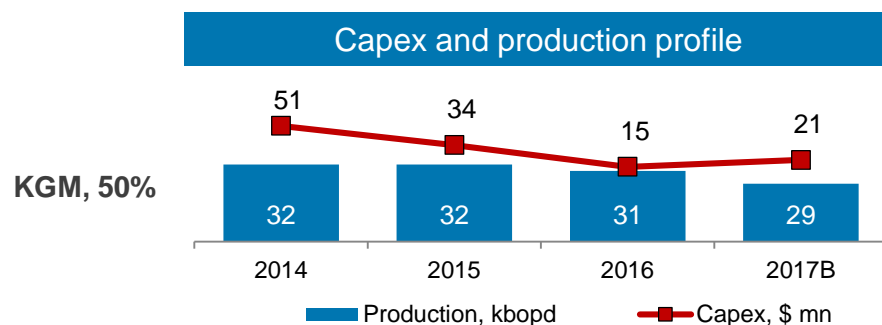
CCEL 100%, US\$m	2011	2012	2013	2014	2015	1Q16	2Q16	3Q16	4Q16	2016	1Q17
Production, th. tonnes	1,981	2,037	2,052	2,132	2,138	532	522	534	542	2,128	523
Revenue	1,367	1,466	1,440	1,172	569	121	149	139	155	565	171
Operating expenses	(1,025)	(1,104)	(1,170)	(904)	(763)	(119)	(104)	(126)	(139)	(488)	(125)
Income taxes	(121)	(87)	(57)	(69)	(8)	0	(6)	0	(11)	(5)	(10)
<b>Profit for the period</b>	<b>214</b>	<b>256</b>	<b>191</b>	<b>173</b>	<b>(230)</b>	<b>(2)</b>	<b>46</b>	<b>8</b>	<b>9</b>	<b>61</b>	<b>31</b>
Capex*	103	57	114	100	48	6	5	4	11	26	9

PKI 100%, US\$m	2011	2012	2013	2014	2015	1Q16	2Q16	3Q16	4Q16	2016	1Q17
Production, th. tonnes	5,913	5,589	5,331	4,882	4,388	981	946	915	903	3,745	821
Revenue	4,965	3,992	3,725	2,469	985	141	160	185	197	682	199
Operating expenses	(3,076)	(2,309)	(2,591)	(1,473)	(1,013)	(153)	(138)	(160)	(222)	(673)	(140)
Income taxes	(686)	(767)	(573)	(454)	(125)	13	(25)	(17)	2	(27)	(28)
<b>Profit for the period</b>	<b>1,184</b>	<b>891</b>	<b>536</b>	<b>517</b>	<b>(194)</b>	<b>(9)</b>	<b>(16)</b>	<b>6</b>	<b>(18)</b>	<b>(38)</b>	<b>29</b>
Capex*	373	312	390	241	147	7	11	14	20	53	10

\* Capital expenditure represents actual additions to property, plant and equipment and intangible assets.



# Summary of JVs' financials and operations



# Chronology of cash distributions to shareholders

## Cumulative dividend/shareholder return

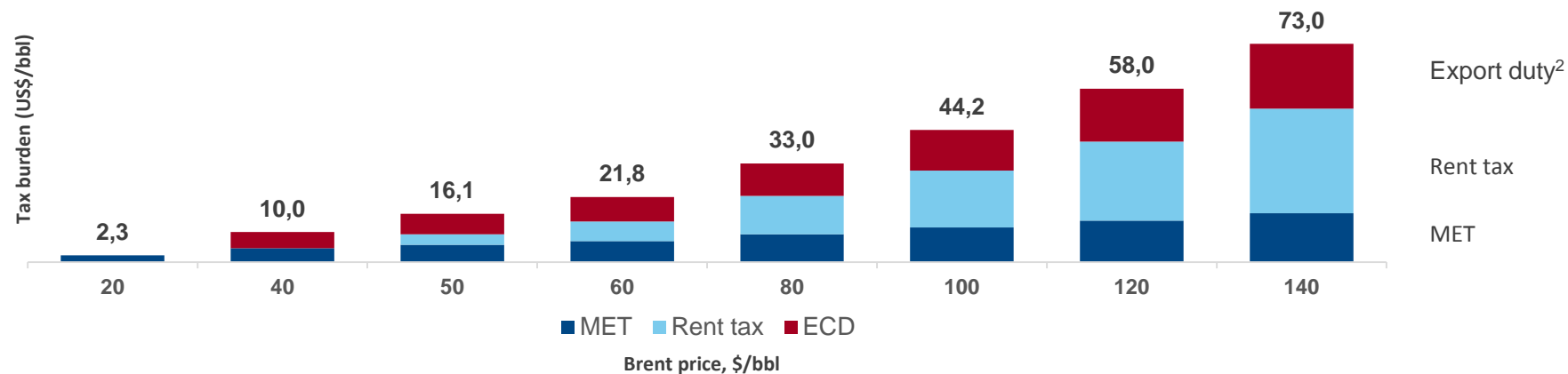
2007	May 2007 (AGM): dividend of US\$303m	US\$303m
2008	May 2008 (AGM): dividend of US\$346m	US\$649m
	Oct 2008 (BoD): 12 month buyback program, 110,632 ordinary shares and 8,699,697 GDRs bought back for about US\$148m	US\$797m
2009	May 2009 (AGM): dividend of US\$321m	US\$1,118m
2010	Feb 2010 (BoD): listing of preferred shares with further buy-back program, up to 100% of issued preferred shares	US\$1,118m
	May 2010 (AGM): dividend of US\$346m	US\$1,464m
2011	May 2011 (AGM): dividend of US\$389m	US\$1,853m
	Preferred shares buyback program: 50.1% bought back (2.1mn shares) for US\$252m	US\$2,105m
2012	May 2012 (AGM): dividend of US\$615m	US\$2,720m
	Ordinary shares buyback program till 31 Dec 2012: 19,461 ordinary shares and 14,386,605 GDRs bought back for about US\$263m	US\$2,983m
2013	May 2013 (AGM): Shareholders approved dividend of US\$740m	US\$3,723m
2014	May 2014 (AGM): Shareholders approved dividends of \$730m	US\$4,453m
2015	May 2015 (AGM): Shareholders approved dividends of \$162m	US\$4,615m
2016	May 2016 (AGM): No dividend paid on ordinary shares, US\$152th. paid on preferred shares in accordance with KMG EP's Charter	US\$4,615m
2017	Apr 2017 (BoD): Board has recommended dividend payment of \$63m. Subject to approval at AGM in May 2017.	<b>US\$4,678m</b>

**Approximately US\$4.7bn was returned to the shareholders since IPO**



# Tax sensitivity

## Hypothetical estimated tax take<sup>1</sup> at different oil prices



Notes:

(1) Estimated tax take for barrel of exported oil. Calculations exclude CIT, EPT and other taxes

(2) Export duty rate pegged to Brent and Urals prices.

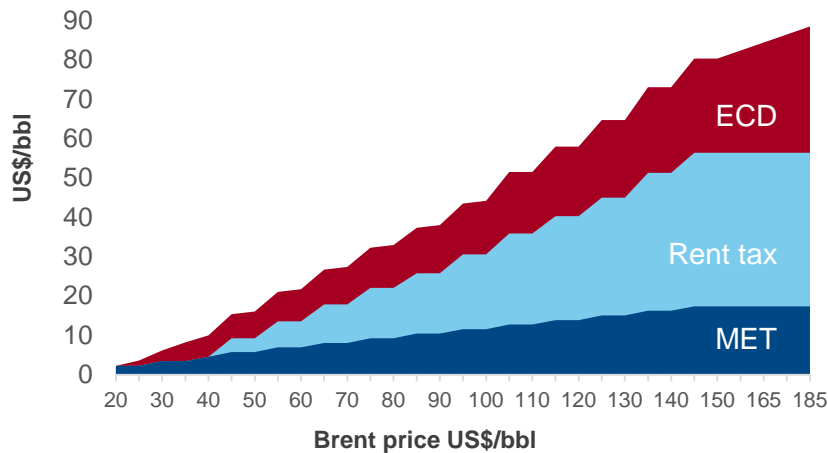
## Actual tax take in 2009 – 1Q 2017

	2009	2010	2011	2012	2013	2014	2015	2016	1Q2017
Brent, \$/bbl	60.7	76.8	111.3	111.7	108.7	99.0	52.4	43.7	53.7
Tax burden, \$/bbl	19.1	31.9	56.0	55.0	54.9	46.7	40.7	14.7	20.9



## Tax regime since 2009

### Rent tax and MET are linked to oil price



### Export customs duty rate, \$/bbl



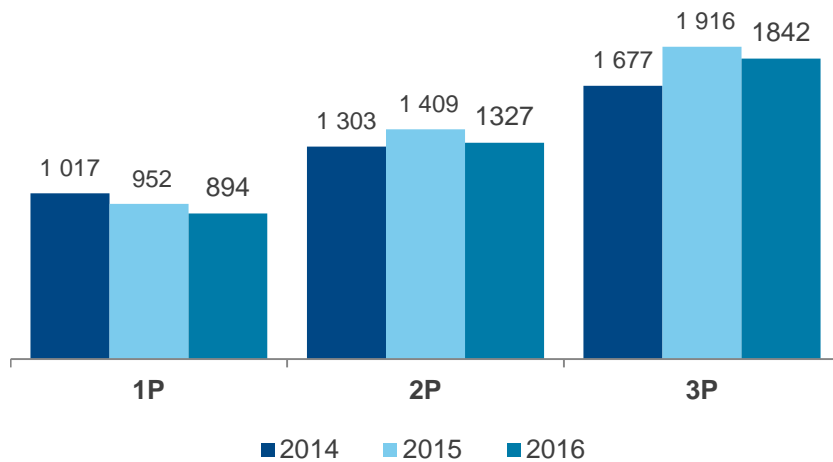
- Rent tax applies to crude oil exports, zero rate below US\$40/bbl Brent, then progressive scale from 7% to 32%.
- Mineral Extraction Tax (MET) rate depends on production level by field, ~10% for KMG EP legacy assets in 2016. Tax benefits for volumes supplied to domestic market.
- Corporate Income Tax (CIT) of 20% since 1 January 2009 (reduced from 30%).
- Excess Profit Tax (EPT): applies to profits exceeding 25% of relevant expenses, becomes significant only in a high oil price environment.
- Export customs duty (ECD) is regulated by the Government. The ECD rate was fixed until March 2016. A floating ECD rate was introduced on 1 March 2016 (pegged to Brent and Urals prices).



# KMG EP reserves

## Consolidated reserves\*

mmbbl

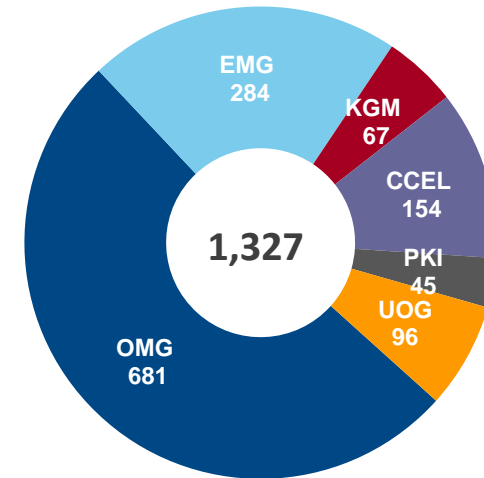


mn tonnes

138	130	122	178	193	182	228	262	252
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## Consolidated 2P reserves as at 2016 end

mmbbl



mn tonnes

Company	Reserves (mn tonnes)	Ownership
OMG	94	100%
EMG	40	100%
KGM	9	50%
CCEL	23	50%
PKI	6	33%
UOG	11	50%

\* KMG EP's reserves auditor as at 2015 end

\*\*KMG EP's reserves auditor as at 2014 end was made by Miller&Lents and as at 2015 end was DeGolyer and MacNaughton. The reserves audit of JVs was conducted by other independent consultants (Miller&Lents, McDaniel and Associates, Ryder Scott)



## Abbreviations list

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AGM – Annual General Meeting of shareholders

bbl – barrel

mmbbl – million barrels

bn bbl – billion barrels

bopd – barrels per day

boepd - barrels of oil equivalent per day

EGM – Extraordinary General Meeting of shareholders

kbopd – thousand barrels per day

US\$ m – million US dollars

US\$ bn – billion US dollars

KZT bn – billion Tenge

NC KMG – National Company KazMunaiGas JSC

KMG EP – KazMunaiGas Exploration Production JSC

KMG RM – KazMunaiGas Refining and Marketing JSC

OMG – JSC OzenMunaiGas

EMG – JSC EmbaMunaiGas

KGM – JV Kazgermunai LLP

CCEL – CITIC Canada Energy Limited (holds 94% in JSC Karazhanbasmunai)

PKI – KMG PKI Finance BV (holds 33% in PetroKazakhstan Inc.)

UOG – Ural Oil and Gas

PKKR – PetroKazakhstan Kumkol Resources

ANPZ – Atyrau Refinery

PNHZ – Pavlodar Refinery

CIT – Corporate Income Tax

EPT – Excess Profit Tax

MET – Mineral Extraction Tax

ECD – Export Customs Duty

Conversion factors: OMG, EMG production -7.36 bbl/ton, sales -7.23 bbl/ton; KGM - 7.7; KBM - 6.68; PKI – 7.75; others - 7.33



## Reference Information

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### Share information, 31/03/2017

	Total	Treasury
Number of ordinary shares	70,220,935	3,913,768
Number of preferred shares	4,136,107	2,073,147
GDRs per one ordinary share		6

### Tickers

LSE	KMG	Reuters	KMGq.L
KASE	RDGZ	Bloomberg	KMG LI

### Contacts

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