JSC “KazMunaiGas Exploration and Production”

September 2017

E&P ҚазМұнайГаз
БАРЛАУ ӨНДІРУ АКЦИОНЕРЛІК ҚОҒАМЫ

Disclaimer

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

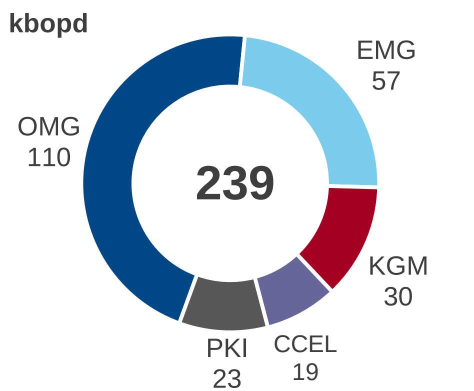
The US SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that the company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. The crude oil reserves 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

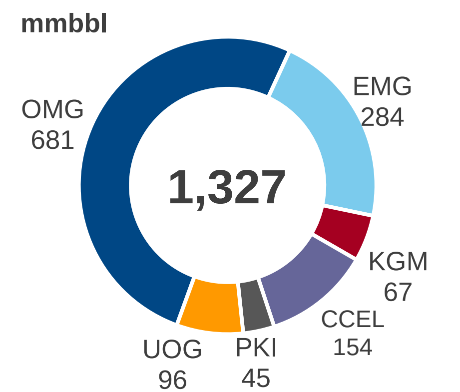
- Largest public exploration & production company in Central Asia
- Successful independent crude oil processing scheme from 2Q 2016
- Sustainable FCF generation
- Significant cash reserves to facilitate future growth ~$4.0bn
- Minority shareholders’ rights protected by the Relationship Agreement and active independent directors’ participation

US$ m	6M 2017	2016	2015
Revenue	1,371	2,128	2,384
EBITDA[1]	410	605	40
Net profit	276	385	1,096
Free cash flow[2]	459	288	(562)
Net cash, period end[3]	3,990	3,516	3,221

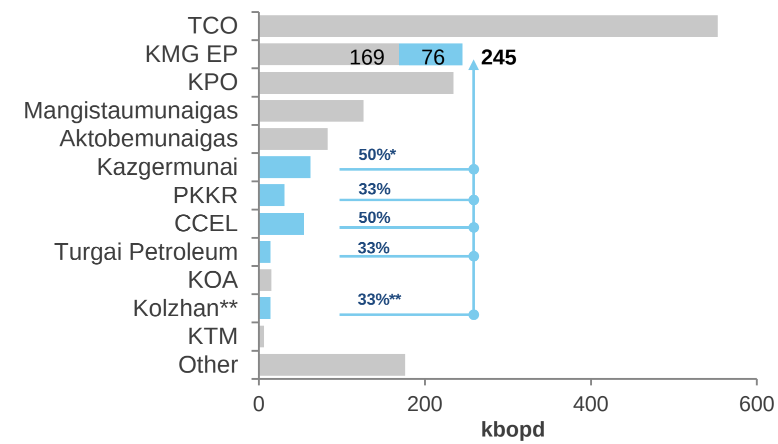
6M 2017 production



2P reserves as at the end of 2016



Production in Kazakhstan in 2016



[1] *EBITDA includes income from joint ventures and finance income*
[2] *Free Cash Flow calculated as CFO - Capex+Dividends received from JV’s+Interest received+CCEL priority payment*
[3] *Cash and financial assets less borrowings*

** 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.*

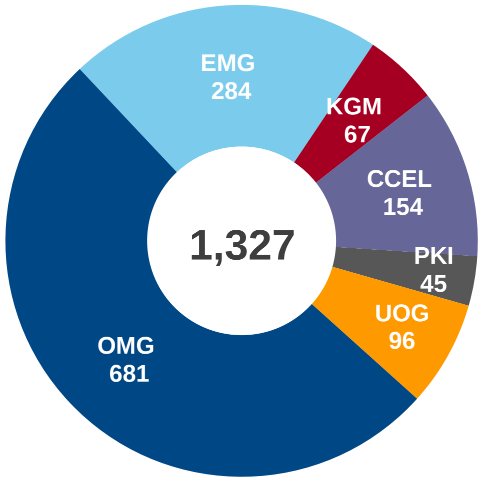
KMG EP assets overview

	Asset	% ownership	Production in 1H17, kbopd	2P reserves as of 2016 end, mmbbl	Contracts
Core assets	OMG	100%	110	681	Production contract until 2036
	EMG	100%	57	284	Exploration and production contracts – various until 2019-2043
Producing JVs	KGM	50%	30	67	Exploration and production contracts until 2024
	CCEL	50%	19	154	Production contract until 2035
	PKI	33%	23	45	Exploration contract until 2017-2018 Production contract – various until 2017-2038
Exploration	UOG (Fedorovskiy Block)	50%	-	96	Exploration contract until 2018 Production contract until 2040
	Karpovskiy Severnyi	100%	-	-	Exploration contract until 2017
	Total		**239**	**1,327**	

KMG EP reserves

Consolidated 2P reserves as at 2016 end

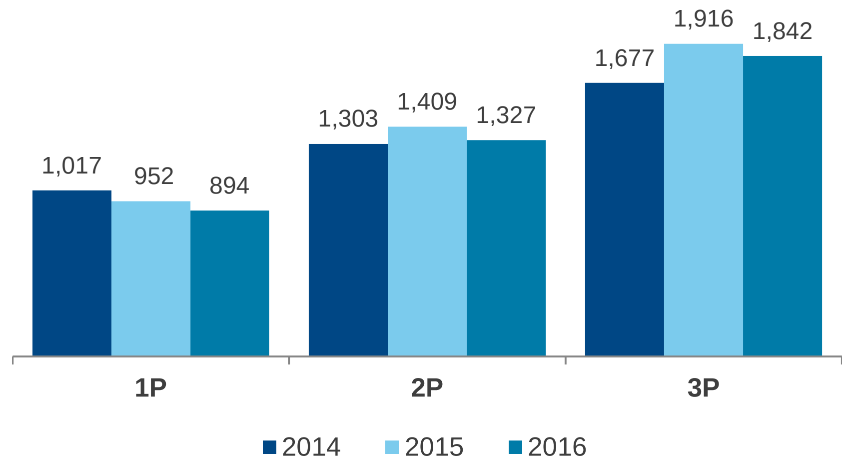
mmbbl



	OMG 100%	EMG 100%	KGM 50%	CCEL 50%	PKI 33%	UOG 50%
2P reserves, mt	94	40	9	23	6	11
2P reserves life**, years	17	14	6	22	5	na

Consolidated reserves*

mmbbl



mn tonnes

138	130	122	178	193	182	228	262	252

** KMG EP's reserves auditor as at 2014 end was Miller&Lents and as at 2015 end, 2016 end was DeGolyer and MacNaughton. The reserves audit of JVs as at 2016 end was conducted by other independent consultants (Miller&Lents, McDaniel&Associates, Neftegasconsult)*
*** Based on 2016 annual production*

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Recent Developments

Corporate events

- Announcement of EGM on October 19. (Aug 2017)
- During the AGM, the BoD was elected for a term up until 23rd May 2018. The newly elected Board includes three new directors – Mr. Dauren Karabayev and Mr. Ardak Mukushov, who were appointed as representatives of NC KMG, replacing Mr. Serik Abdenov and Mrs. Asiya Syrgabekova. Mr. Francis Sommer was also elected to the Board as an INED, replacing Mr. Edward Walshe. (May 2017)
- Shareholders approved the dividend payment for the year of 2016 at 289 Tenge per one ordinary and preferred share of KMG EP. This is equivalent to approximately 19.8 bn Tenge (US$63m), or 15% of the Company's net income for 2016. (May 2017)

Financial highlights

- Net cash position as at 30 June 2017 was 1,286bn Tenge (US$4.0bn) representing a 143bn Tenge (US$347m) increase over the net cash position as at 31 March 2017 and a 114bn Tenge (US$474m) increase from 31 December 2016. (Aug 2017)
- The Company plans capital expenditures for 2017 at the level of 136bn Tenge (US$378m)*, which is 21bn Tenge above the 115bn Tenge spent in 2016. (Aug'17)
- Net revenue from the sale of refined oil products (net of all processing and marketing costs) for 6M2017 was 55,877 Tenge per tonne at ANPZ and 58,609 Tenge per tonne at PNHZ. Net revenue achieved from the sale of refined oil products in 2-4Q2016 was 42,366 Tenge per tonne at ANPZ and 51,743 Tenge per tonne at PNHZ. (Aug'17)
- The company has achieved positive results in a number of tax issues during 2017 (Aug'17):
  - In June 2017, the Chamber for Appeal of the Supreme Court has ruled to set the principal amount of the claim related to the 2009-2012 tax audit at the level of 4.2bn Tenge. Overall, the existing amount of the tax charge, inclusive of fines and penalties, stands at 6.5bn Tenge, the initial amount of the tax charge in 2015 was 38.5bn Tenge.
  - In March 2017, the Company filed an application for the remaining excess VAT recoverability in an amount of 34.1bn Tenge for OMG and EMG related to the period of 2012-2015, of which the VAT confirmed to be recoverable, amounted to 30.1bn Tenge.
  - In May 2017, tax authorities returned previously required prepayments to the Company in an amount of 27.1bn Tenge, including 20bn Tenge corporate income tax (CIT), 1.4bn Tenge excess profit tax (EPT) and 5.7bn Tenge MET.

** Capital expenditure amount consolidated the budget of Karpovskiy Severniy LLP following the 49% acquisition.*

Recent Developments

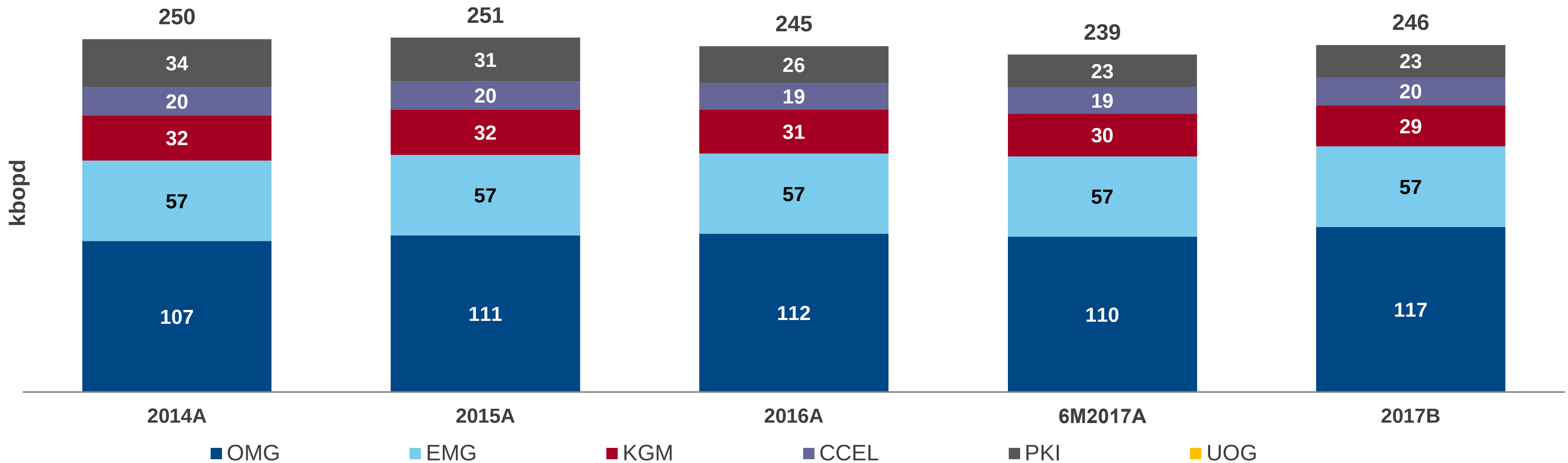
Production/ Exploration

- KMG EP, including its stakes in KGM, CCEL and PKI, produced 5,885 thousand tonnes of crude oil (239 kbopd) in 6M 2017, a 3% decrease over the same period of 2016. (Aug 2017)
- OMG produced 2,703 thousand tonnes (110kbopd), a 3% decrease as compared to the same period of 2016. EMG produced 1,399 thousand tonnes (57kbopd), 0.6% less than in the same period of 2016. (Aug 2017)
- The Company's share of production from CCEL, KGM, and PKI for 6M 2017 amounted to 1,783 thousand tonnes of crude oil (73kbopd), which is 6% less than in the same period of 2016. (Август, 2017)
- Announced the acquisition of a 49% share in Karpovskiy Severniy LLP ("KS") from MOL Hungarian Oil and Gas Plc. ("MOL") for 1 (one) US dollar. (June 2017)

Domestic supply

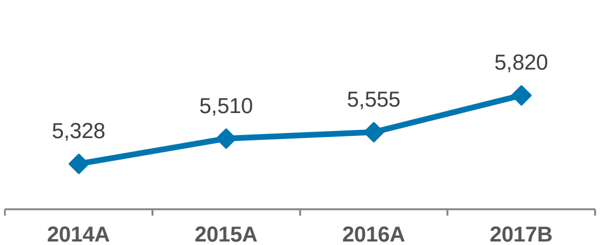
- In the first six months of 2017, the Company's combined crude oil sales from OMG and EMG were 4,084 thousand tonnes (163kbopd). This includes 2,766 thousand tonnes (110kbopd) of crude oil for export and 1,318 thousand tonnes (53 kbopd) of crude oil to the domestic market, which amounts to 32% of the total sales volume. In 2016, the Company sold 41% of crude oil in the domestic market. (Aug 2017)
- The Company expects that in 2017 OMG and EMG will supply approximately 2.9 million tonnes of oil (57 kbopd) to the domestic market.

Consolidated Production Profile

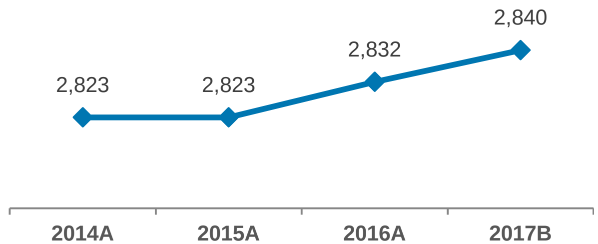


th. tones	12,328	12,351	12,155	5,885	12,189

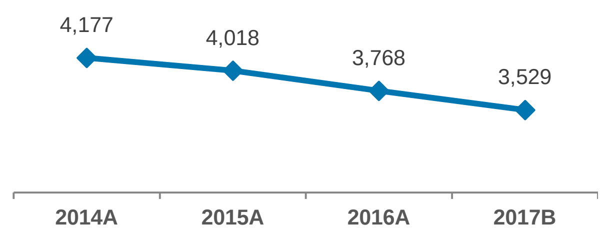
OMG production, th. tonnes



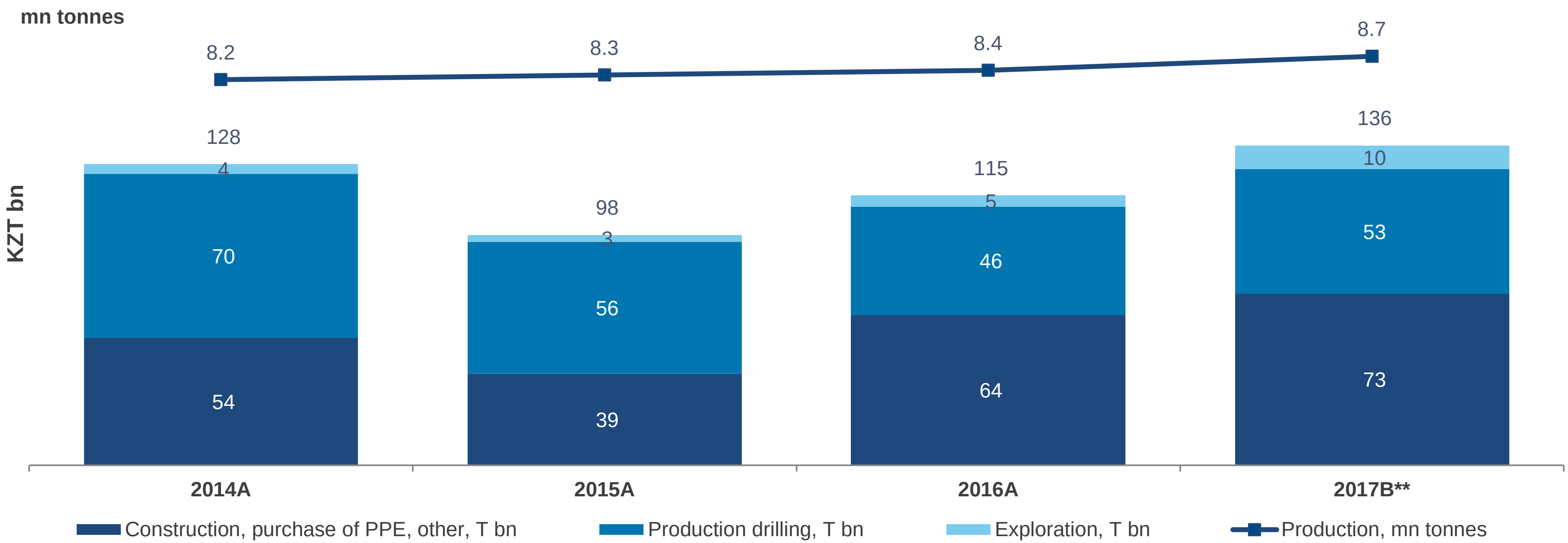
EMG production, th. tonnes



JVs' production, th. tonnes



Capex profile of KMG EP*



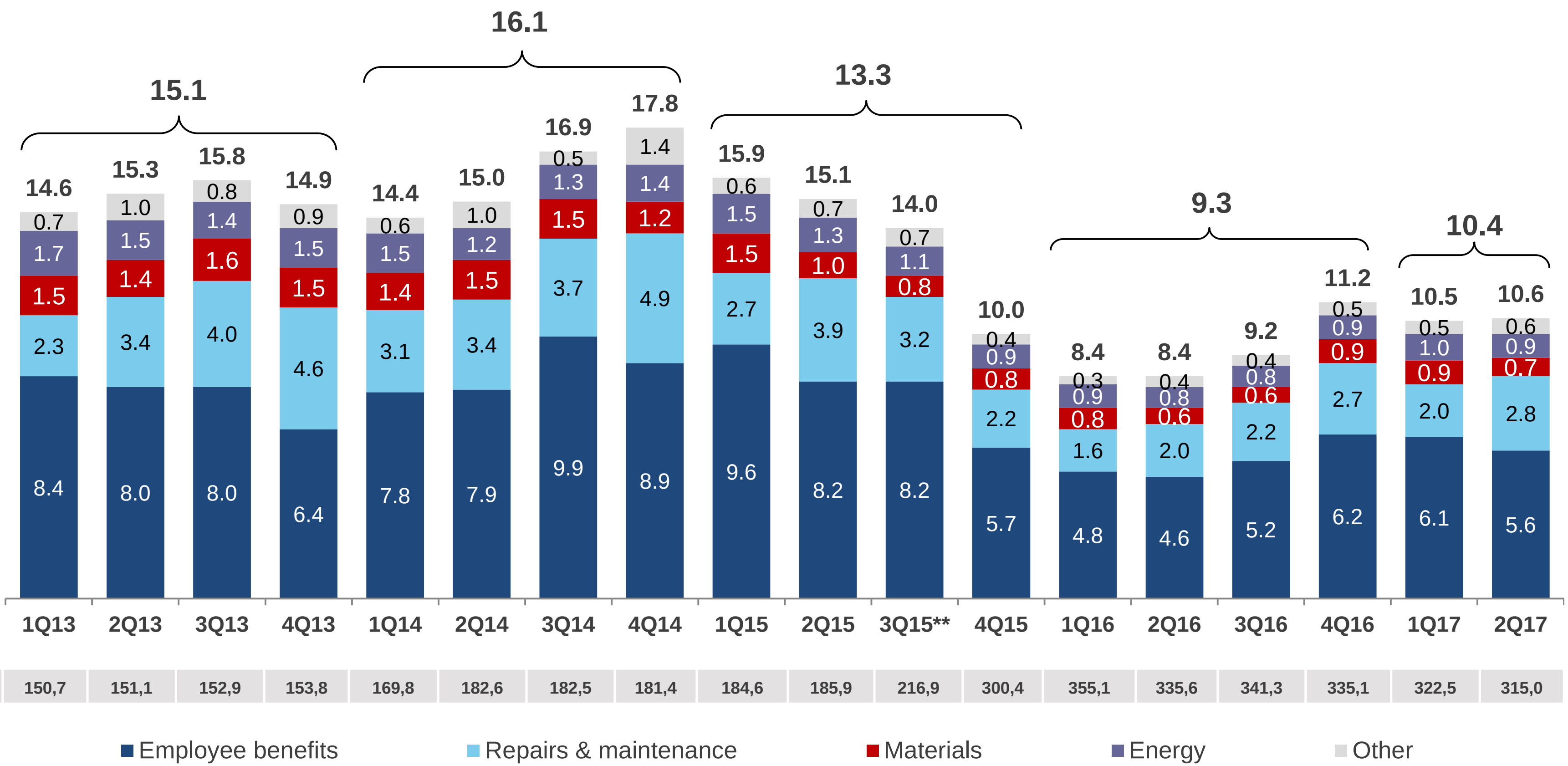
Capex

	2014A	2015A	2016A	2017B**
$/bbl	$11.9/bbl	$7.2/bbl	$5.5/bbl	$5.9/bbl
US$m	US$715m	US$443m	US$337m	US$378m
Production (kbopd)	164	168	169	174

** 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 investment in Fedorovskiy block, which is recognized as loan 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.*

*** Capital expenditure amount consolidated the budget of Karpovskiy Severniy LLP following the 49% acquisition.*

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



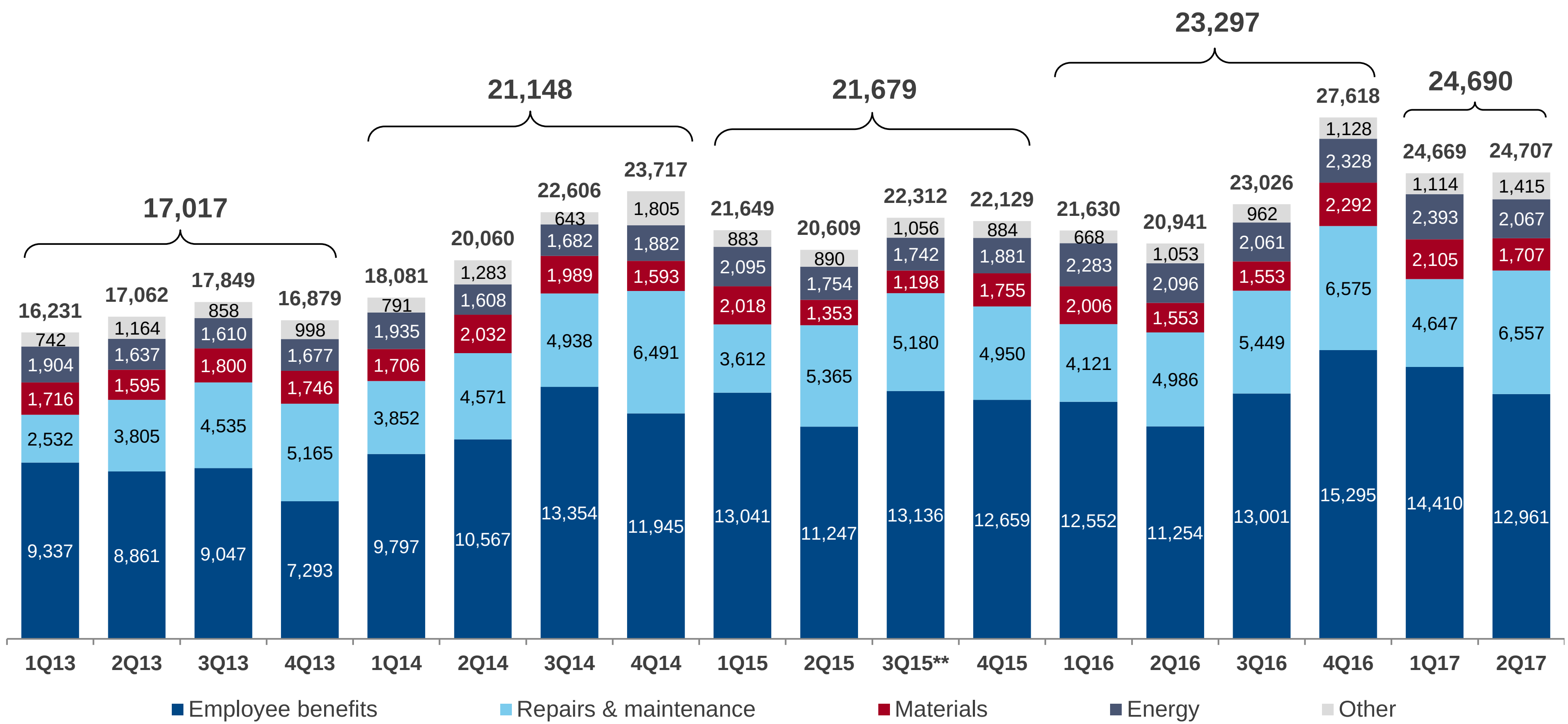
KZT/ USD	150,7	151,1	152,9	153,8	169,8	182,6	182,5	181,4	184,6	185,9	216,9	300,4	355,1	335,6	341,3	335,1	322,5	315,0

**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)



$/bbl	14.6	15.3	15.8	14.9	14.4	15.0	16.9	17.8	15.9	15.1	14.0	10.0	8.4	8.4	9.2	11.2	10.5	10.6

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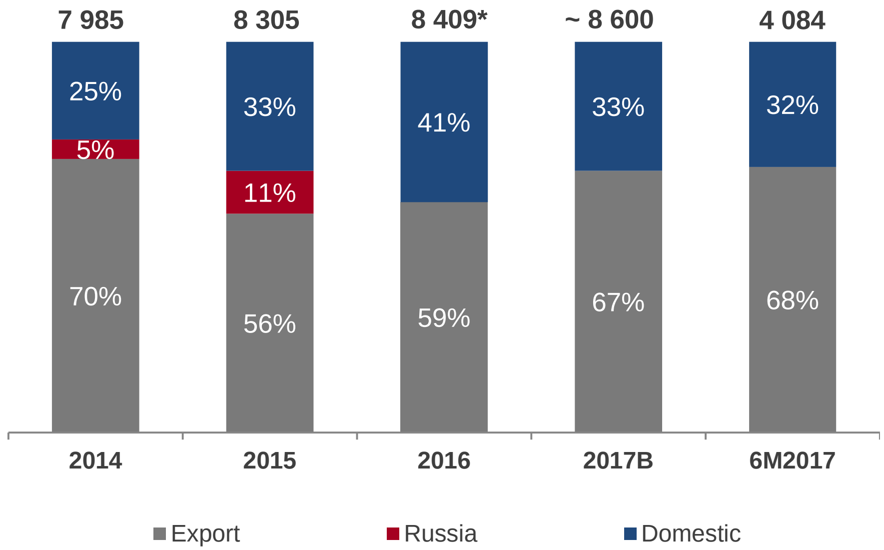
*** In 3Q 2015 production services were reclassified from 'other expenses' to 'repairs and maintenance' to match the presentation of lifting costs in other periods.*

Export and Domestic Sales (OMG and EMG)

Sales volumes, '000 tonnes



1H2017 Netbacks by routes, $ per bbl**

	UAS	CPC	ANPZ***	PNHZ***
Brent	51.7	51.7	-	-
Price diff, quality bank	(2.8)	(6.6)	-	-
Realized price	48.9	45.1	24.2	25.4
Rent tax	(4.7)	(4.7)	-	-
Transportation	(6.1)	(7.6)	(1.2)	(3.4)
Export customs duty	(6.8)	(6.7)	-	-
MET	(5.5)	(5.8)	(1.2)	(0.8)
Netback	**25.8**	**20.3**	**21.8**	**21.2**
Premium of bbl difference****	-	4.3	-	-
Effective netback	**25.8**	**24.6**	**21.8**	**21.2**

**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 ANPZ and PNHZ for processing into oil products*

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

****Netbacks of ANPZ and PNHZ for 1H2017 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*

*****Premium is a result of a higher barrelization coefficient of the output oil (7.86) compared to the input (7.23) in the CPC system due to the differences of the oil quality accepted in the CPC mix.*

Net revenue from sales of oil products form April 2016

	ANPZ		PNHZ	
Tenge per tonne	**2-4Q2016**	**6M2017**	**2-4Q2016**	**6M2017**
Revenue	72,791	87,033	74,465	77,364
Less costs:	**(30,425)**	**(31,156)**	**(22,722)**	**(18,755)**
- Processing	(20,464)	(22,375)	(15,940)	(13,683)
- Additives	(302)	(511)	(953)	(1,004)
- Excise tax	(1,421)	(1,947)	(3,290)	(3,424)
- Export customs duty	(5,516)	(5,655)	-	-
- Selling and transportation expenses	(512)	(667)	(514)	(644)
- KMG RM commission fee	(2,209)	-	(2,024)	-
= Net revenue	**42,366**	**55,877**	**51,743**	**58,609**

	2-4Q 2016	*6M 2017*
Brent, US$/bbl	*46,9*	*51,7*
Average exchange rate, KZT per USD	*337,3*	*318,7*

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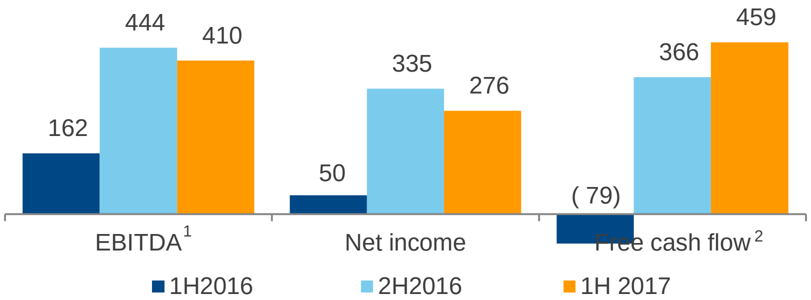
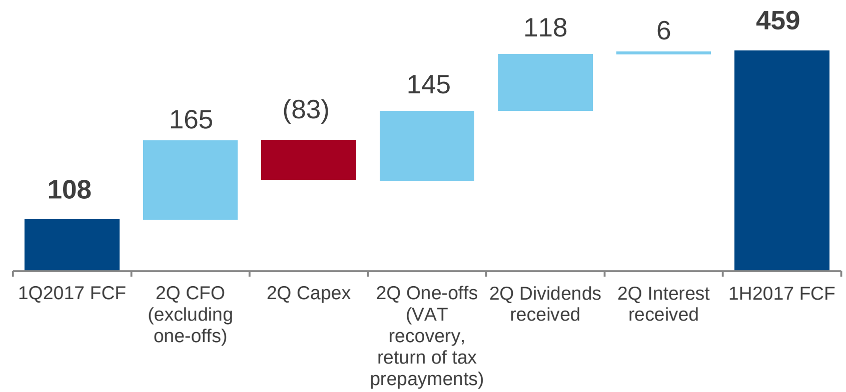
Financial indicators

Financial indicators by half-years in 2016 - 2017

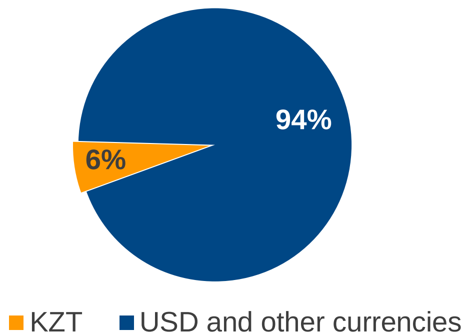
US$m



US$350m FCF** in 2Q2017

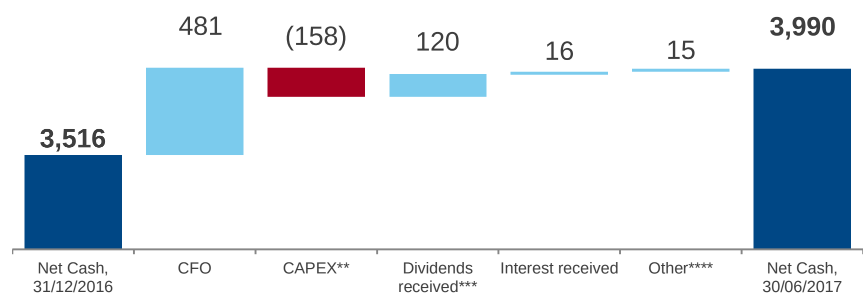


Cash and financial assets by currency as at 30/06/2017



Net Cash* of US$3,990m as at 30/06/2017

US$m



[1] *EBITDA includes income from joint ventures and finance income*

[2] *Free Cash Flow is calculated as CFO-Capex (per CFS)+Dividends received from JV's+Interest received+CCEL priority payment*

**Cash and financial assets excluding borrowed funds in the amount of US$25m*

*** The amount of CAPEX reflects the acquisition of fixed assets (FA) and intangible assets (IA), taking into account changes in the relevant working capital accounts, such as advances and payables for the FA and IA*

**** Including dividends received from KGM and PKI*

***** Including cash flows from investment and financial activities*

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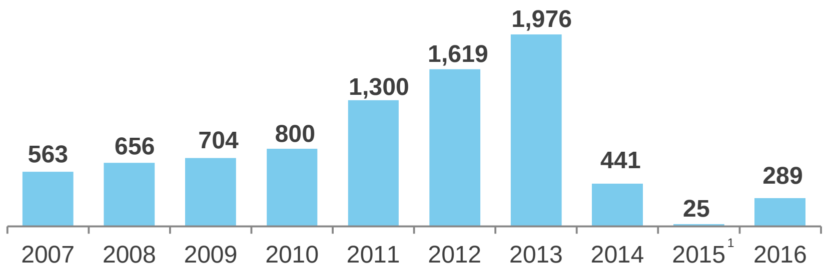
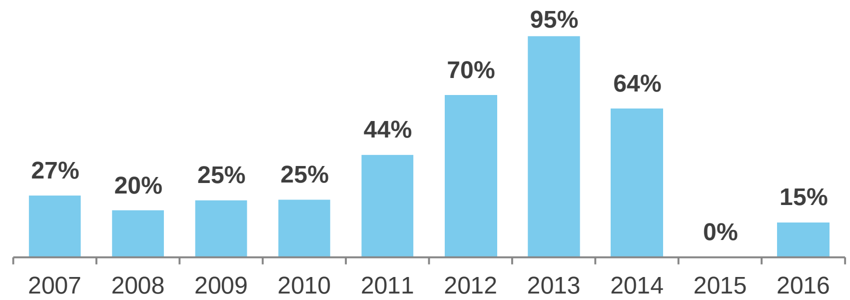
Dividend Distribution for Shareholders

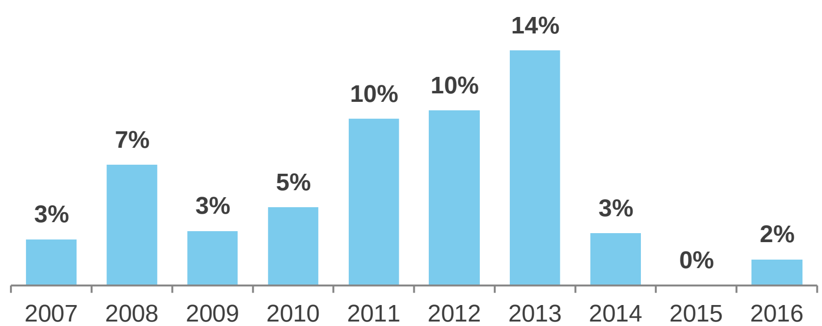
Declared dividends, Tenge/share



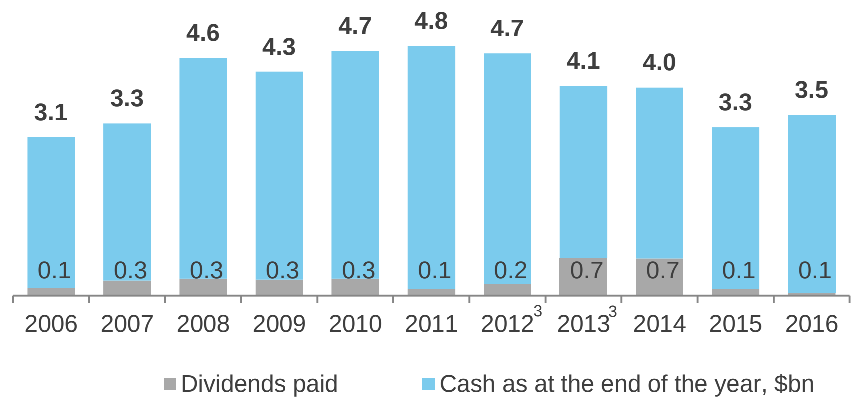
Payout ratio, %



Dividend yield[2], %



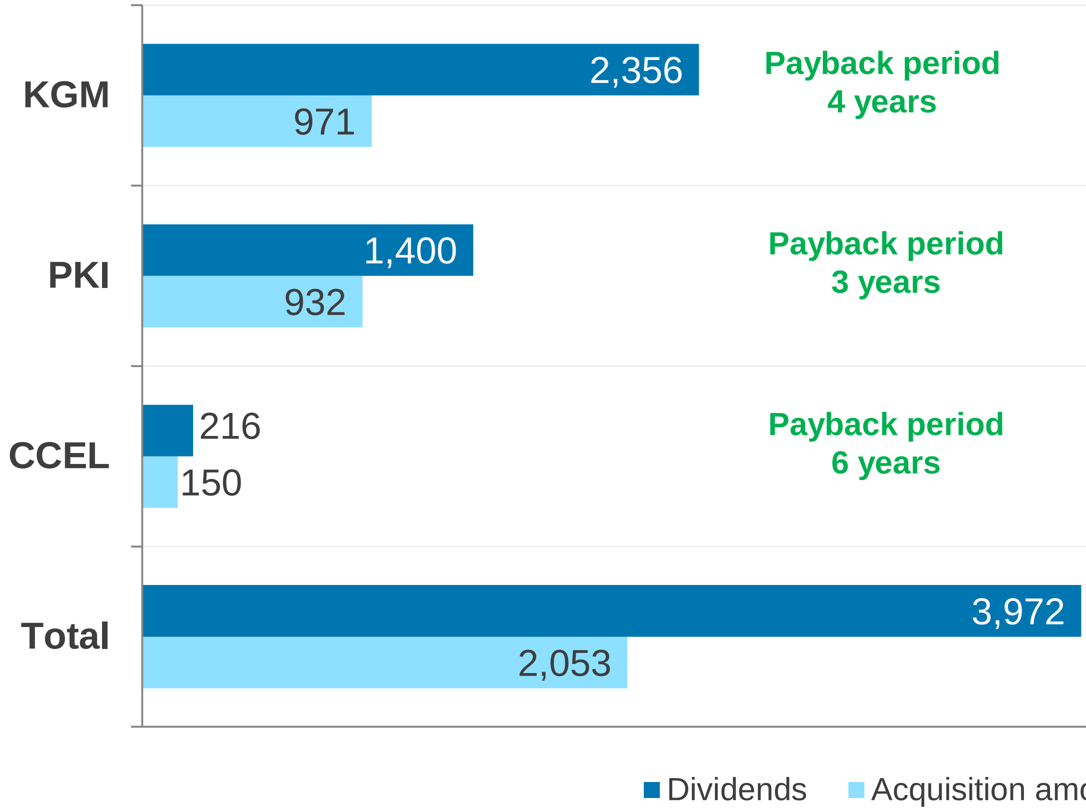
Cash balance at end of the year, US$ bn



[1] 25 Tenge per share was paid on preferred shares in accordance with KMG EP's Charter
[2] Calculated based on share prices as at the end of corresponding periods
[3] 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

Highly profitable investments in JVs

Dividends*/ Acquisition amount (in US$ mn)



	Payback period	Production**	Reserves***
KGM	Payback period 4 years	+17%	+6%
PKI	Payback period 3 years	+13%	+4%
CCEL	Payback period 6 years	+13%	+16%
Total		**+43%**	**+26%**

** Dividends received since acquisition of assets up to 1H 2017*
*** 100%=production at OMG and EMG in 6M2017*
**** 100%=2P reserves at OMG and EMG as at 2016 end*

Appendix

Petroleum products: prices and output in 6M2017

Oil product	ANPZ Output[1] %	ANPZ Price[2] KZT'000/ton	ANPZ Diff.* %	PNHZ Output[1] %	PNHZ Price[2] KZT'000/ton	PNHZ Diff.* %
Petrol Normal AI-80	1.3%	86.9	*0%*	4.1%	86.9	*0%*
Petrol Regular AI-92	9.7%	134.5	*7%*	22.8%	138.1	*8%*
Petrol Premium AI-95	1.1%	142.8	*8%*	1.5%	145.1	*10%*
Diesel	29.9%	116.4	*24%*	33.3%	115.0	*17%*
Jet fuel	0.7%	150.3	*20%*	0.0%	Na	*na*
Total light oil products	**42.7%**	**121.2**	***20%***	**61.6%**	**122.5**	***13%***
Vacuum gasoil	17.4%	84.3	*10%*	0.0%	Na	*na*
Mazut export	29.1%	61.3	*28%*	13.9%	29.3	*20%*
Bitum	0.0%	Na	*na*	2.1%	52.2	*23%*
Total dark oil products	**46.4%**	**69.7**	***20%***	**16.0%**	**31.9**	***9%***
Liquid gas	0.9%	28.0	*46%*	5.8%	28.0	*58%*
Furnace oil	1.3%	83.7	*20%*	0.0%	Na	*na*
Sulfur	0.1%	7.5	*-26%*	0.6%	11.0	*na*
Coke calcinated	1.6%	51.0	*-7%*	0.0%	Na	*na*
Coke crude	1.2%	20.5	*-8%*	4.2%	13.4	*0%*
Other[3]	0.2%	207.1	*12%*	0.5%	Na	*na*
Total other oil products	**5.2%**	**55.9**	***11%***	**11.2%**	**18.7**	***7%***
Losses	5.6%	Na	*na*	11.2%	Na	*na*
Total	**100.0%**	**92.2**	***19%***	**100.0%**	**87.1**	***4%***

- 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 retail prices in August 2016, wholesale prices increased by ~44% as of June 2017 compared to the regulated price.
- Oil products produced at PNHZ were sold only to the domestic market.

[1] *As a percentage of total crude oil refined*
[2] *Weighted average prices for January - June 2017 excluding VAT of 12%; Source: Argus Media and Platts*
[3] *Benzol sales from refined oil products at ANPZ*
* *Percentage difference of prices in 6M 2017 compared to 2-4Q 2016*

Financial summary (US$ million)

US$m unless otherwise indicated	2011	2012	2013	2014	2015	2016	1Q17*	2Q17*	1H17
Production at Core assets (kbopd)	159	156	162	164	168	169	166	168	167
Revenue	4,919	5,346	5,368	4,722	2,384	2,128	663	708	1,371
Total operating costs	(3,761)	(3,806)	(4,117)	(3,932)	(2,483)	(1,663)	(526)	(581)	(1,107)
Operating profit	1,157	1,540	1,251	790	(99)	464	137	127	264
Impairment of property, plant and equipment	(11)	(516)	(395)	(1,433)	0	0	0	0	0
Finance income costs	147	183	82	66	50	71	19	21	40
Foreign exchange gain (loss)	18	64	74	609	2,020	(38)	(182)	80	(102)
Other non-operating income/expense[1]	(28)	(21)	(29)	(24)	(211)	33	1	72	73
Income tax expense	(434)	(623)	(385)	(81)	(574)	(108)	6	(51)	(45)
Profit / (loss) for the period	1,425	1,079	932	263	1,096	385	7	269	276
Cash flows from operations	1,011	1,039	647	1,096	(316)	466	172	309	481
Capex (from Cash Flow Statement)[2]	(716)	(725)	(980)	(749)	(405)	(306)	(75)	(83)	(158)
Share of results of associates and JVs	575	452	334	336	(90)	(37)	26	20	46
Dividend received from JVs**	638	791	446	434	90	81	2	118	120
Average Brent, US$/bbl	*111.3*	*111.7*	*108.7*	*99.0*	*52.4*	*43.7*	*53.7*	*49.6*	*51.7*
Average exchange rate	*146.6*	*149.1*	*152.1*	*179.1*	*222.3*	*341.8*	*322.5*	*315.0*	*318.7*

1. Including loss on disposal of fixed assets, allowance for VAT recoverable and net loss on acquisition of a subsidiary
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*
*** Includes dividends from KGM, PKI and priority payment from CCEL*

Financial summary (Tenge billion)

KZT bn unless otherwise indicated	2011	2012	2013	2014	2015	2016	1Q17*	2Q17*	1H17
Production at Core assets (th. tonnes)	7,900	7,766	8,049	8,151	8,333	8,387	2,026	2,076	4,102
Revenue	721	797	817	846	530	727	214	223	437
Total operating costs	(552)	(567)	(626)	(704)	(552)	(569)	(170)	(183)	(353)
Operating profit	170	230	190	141	(22)	159	44	40	84
Impairment of property, plant and equipment	(2)	(77)	(60)	(257)	0	0	0	0	0
Finance income costs	22	27	13	12	11	24	6	7	13
Foreign exchange gain (loss)	3	10	11	109	449	(13)	(59)	26	(33)
Other non-operating income/expense[1]	(4)	(3)	(5)	(4)	(47)	11	0.4	23	23.4
Income tax expense	(64)	(93)	(59)	(15)	(128)	(37)	2	(16)	(14)
Profit / (loss) for the period	209	161	142	47	244	132	2.3	86	88
Cash flows from operations	148	155	98	196	(70)	159	55	98	153
Capex (from Cash Flow Statement)[2]	(105)	(108)	(149)	(134)	(90)	(105)	(24)	(26)	(50)
Share of results of associates and JVs	84	67	51	60	(20)	(13)	8	6	14.6
Dividend received from JVs**	94	118	68	79	21	28	1	37	38
Average Brent, US$/bbl	*111.3*	*111.7*	*108.7*	*99.0*	*52.4*	*43.7*	*53.7*	*49.6*	*51.7*
Average exchange rate	*146.6*	*149.1*	*152.1*	*179.1*	*222.3*	*341.8*	*322.5*	*315.0*	*318.7*

1. Including loss on disposal of fixed assets, allowance for VAT recoverable and net loss on acquisition of a subsidiary
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*** Includes dividends from KGM, PKI and priority payment from CCEL*

Summary of JVs' financial and operating results

KGM 100%, US$m	2011	2012	2013	2014	2015	2016	1Q17	2Q17	1H17
Production, th. tonnes	3,000	3,124	3,107	3,000	3,000	2,936	692	729	1,421
Revenue	2,354	2,310	2,448	1,400	628	455	141	147	288
Operating expenses	(1,343)	(1,221)	(1,487)	(636)	(399)	(340)	(67)	(62)	(128)
Income taxes	(375)	(470)	(355)	(289)	(219)	(58)	(21)	(47)	(69)
Profit for the period	**629**	**613**	**605**	**506**	**36**	**50**	**49**	**39**	**88**
Capex*	74	62	99	101	68	30	4	11	15

CCEL 100%, US$m	2011	2012	2013	2014	2015	2016	1Q17	2Q17	1H17
Production, th. tonnes	1,981	2,037	2,052	2,132	2,138	2,128	523	533	1,056
Revenue	1,367	1,466	1,440	1,172	569	565	171	178	349
Operating expenses	(1,025)	(1,104)	(1,170)	(904)	(763)	(488)	(125)	(157)	282
Income taxes	(121)	(87)	(57)	(69)	(8)	(5)	(10)	(8)	(17)
Profit for the period	**214**	**256**	**191**	**173**	**(230)**	**61**	**31**	**9**	**41**
Capex*	102	57	114	100	48	26	9	10	19

PKI 100%, US$m	2011	2012	2013	2014	2015	2016	1Q17	2Q17	1H17
Production, th. tonnes	5,913	5,589	5,331	4,882	4,388	3,745	821	828	1,649
Revenue	4,965	3,992	3,725	2,469	985	682	199	196	395
Operating expenses	(3,076)	(2,309)	(2,591)	(1,473)	(1,013)	(673)	(140)	(126)	(265)
Income taxes	(686)	(767)	(573)	(454)	(125)	(27)	(28)	(36)	(63)
Profit for the period	**1,184**	**891**	**536**	**517**	**(194)**	**(38)**	**29**	**32**	**61**
Capex*	373	312	390	241	147	53	10	20	30

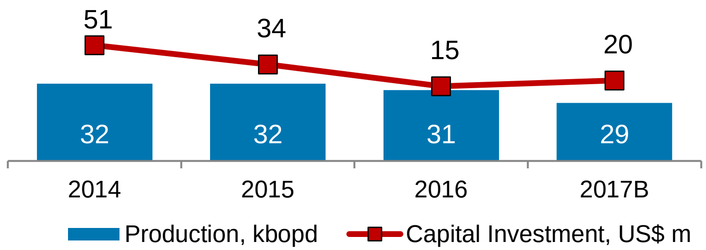
** Capital expenditure represents actual additions to property, plant and equipment and intangible assets.*

Financial and operating indicators of joint ventures

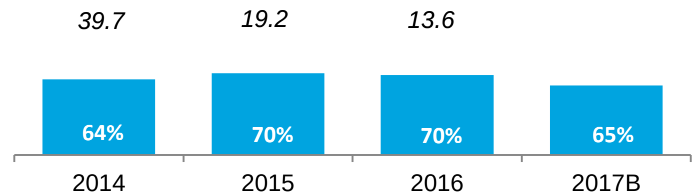
Capital Investment and production

Domestic supplies

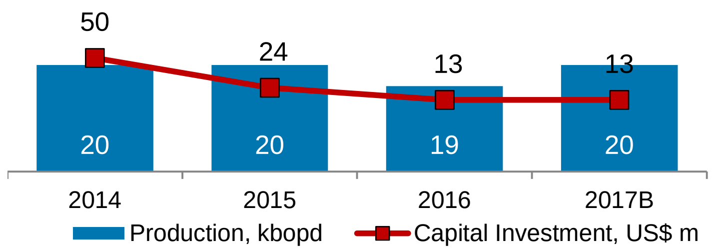
KGM, 50%



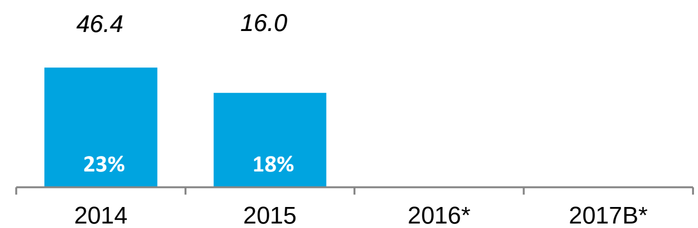
Domestic sales price (US$/bbl)



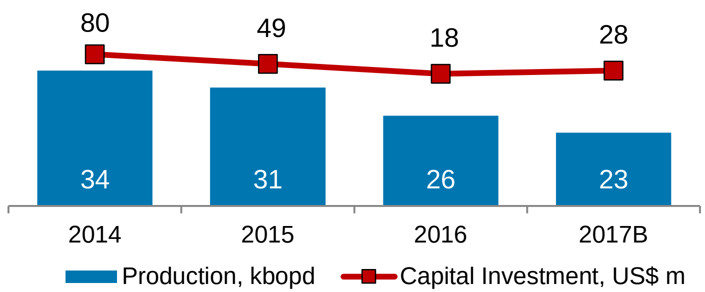
CCEL, 50%



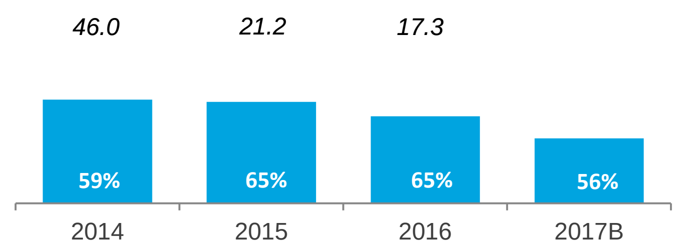
Domestic sales price (US$/bbl)



PKI, 33%



Domestic sales price (US$/bbl)



** CCEL sells bitumen within its domestic supply obligations.*

Positive tax developments

Tax issue	Outstanding amount, KZT bn	Status
Tax audit 2006 - 2008	4.5 KZT bn	The initial amount was reduced from 16.9bn Tenge to 4.5bn Tenge. Proceedings on the tax audit claim are completed.
VAT Allowance	8.3 KZT bn	30.1bn Tenge was reimbursed from the submitted application in the amount of 34.1bn Tenge In March 2017. Outstanding amount of VAT provided for as unrecoverable is related to the current period.
Tax audit 2009 - 2012	6.5 KZT bn	According to the results of the Company's appeal, the current amount of claims including fines and penalties is 6.5bn Tenge, which was reduced from the initial amount of 38.5bn Tenge.
Return of tax prepayments	-	In May 2017, tax authorities returned previously required prepayments to the Company in an amount of 27.1bn Tenge, including 20bn Tenge CIT, 1.4bn Tenge EPT and 5.7bn Tenge MET.

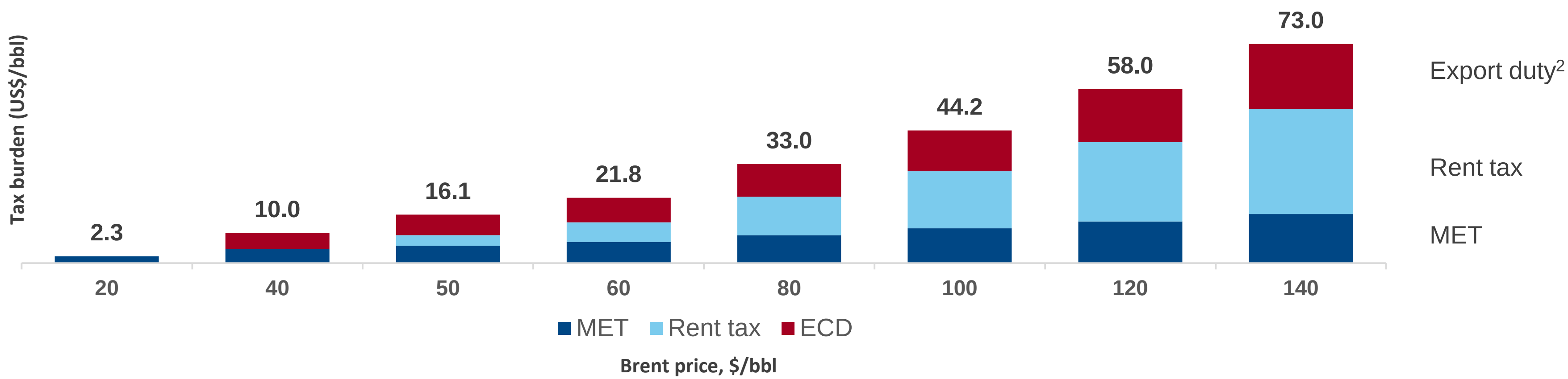
Chronology of cash distributions to shareholders

		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 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 US$263m	US$2,983m
2013	May 2013 (AGM): dividend of US$740m	US$3,723m
2014	May 2014 (AGM): dividends of US$730m	US$4,453m
2015	May 2015 (AGM): dividends of US$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	May 2017 (AGM): dividend of US$63m	**US$4,678m**

Approximately US$4bn in dividends and US$0.7bn in buybacks was returned to the shareholders since IPO

Tax sensitivity

Hypothetical estimated tax take[1] at different oil prices



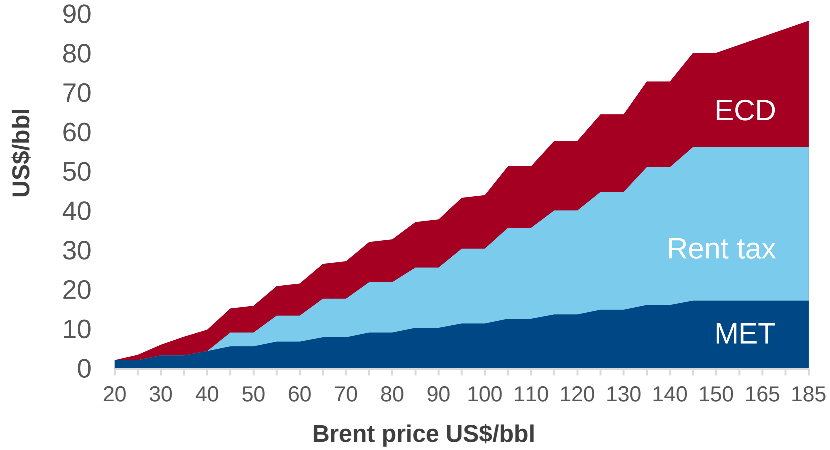
Notes:
(1) Estimated tax take for barrel of exported oil. Calculations exclude CIT, EPT and other taxes
(2) Export duty rate pegged to Brent and Urals prices.

Actual tax take in 2009 – 1H 2017

	2009	2010	2011	2012	2013	2014	2015	2016	1H2017
Brent, $/bbl	60.7	76.8	111.3	111.7	108.7	99.0	52.4	43.7	51.7
Tax burden, $/bbl	19.1	31.9	56.0	55.0	54.9	46.7	40.7	14.7	21.8
%	*31%*	*42%*	*50%*	*49%*	*51%*	*47%*	*78%*	*34%*	*42%*

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, ~13% for Ozen and ~8-9% for Emba fields. Tax benefits for volumes supplied to domestic market.
- Corporate Income Tax (CIT) of 20% since 1 January 2009.
- Excess Profit Tax (EPT): applies to profits exceeding 25% of relevant expenses, becomes significant only in a high oil price environment or for low cost production fields.
- 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).

Abbreviations list

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 KazMunayGas 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

Share information, 30/06/2017	Total	Treasury
Number of ordinary shares	70,220,935	3,906,671
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

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