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JSC KazMunaiGas Exploration Production ("KMG EP" or the "Company")

Completion of final settlement under the tender offer by the Company to purchase its GDRs and the offer by the Company to purchase its Common Shares

Astana, April 6, 2018

1. Introduction

On 8 December 2017, KMG EP announced the launch of a conditional tender offer to repurchase all of its outstanding GDRs at a price of US\$14.00 per GDR (the "**Tender Offer**").

On 23 January 2018, KMG EP announced:

- that the Acceptance Condition and all other Tender Conditions were satisfied and the Tender Offer was declared unconditional in all respects; and
- an unconditional offer to repurchase on KASE all of its Common Shares in issue or to be issued (the "**Share Offer**") at a price of US\$84.00 per Common Share but payable in Tenge.

The Tender Offer and the Share Offer closed on 8 March 2018 and 12 March 2018, respectively.

Words and phrases defined in the Company's announcement of the launch of the Tender Offer on 8 December 2017 (the "**Tender Offer Announcement**") shall bear the same meaning in this announcement.

2. GDRs and Common Shares acquired pursuant to final settlement of the Tender Offer and the Share Offer

KMG EP is pleased to announce that the final settlement under the Tender Offer and the Share Offer was effected on the final Settlement Date of 5 April 2018, as a result of which KMG EP has repurchased a total of:

- 135,454,910 GDRs, which as at 18 February 2018 (being the latest practicable date prior to the publication of this announcement) represent approximately 98.7 per cent. of the GDRs in issue (excluding GDRs held by the Company as at 18 February 2018) and approximately 32.1 per cent. of the Common Shares (including Common Shares represented by GDRs) in issue; and
- 336,584 Common Shares in issue which as at 18 February 2018 (being the latest practicable date prior to the publication of this announcement) represent approximately 0.5 per cent. of the Common Shares (including Common Shares represented by GDRs) in issue.

The Common Shares repurchased by the Company will be held in treasury while the GDRs will be held by KMG EP subject to it in due course surrendering such GDRs in exchange for the underlying Common Shares as described in paragraph 3.8 of the Tender Offer Announcement.

NC KMG and KMG EP together now hold a total of 56,210,435 Common Shares and 82,165,972¹ GDRs being approximately 99.5% of the Common Shares (including Common Shares represented by GDRs) in issue.

3. Payments made on the final Settlement Date under the Tender Offer and the Share Offer

Settlement of the consideration due under the Tender Offer and the Share Offer was effected on 5 April 2018 as follows:

3.1 OTC Tender Offer

The Company remitted to the Tender Agent US\$7,974,558, being the relevant entire Tender Price less a Withheld Amount and any other applicable taxes and other governmental charges totalling US\$1,298,636, in respect of all valid acceptances received by 3.00 p.m. (London time) on 8 March 2018, being the expiry date of the Tender Offer. As a result the Company has acquired a further 662,371 GDRs pursuant to the OTC Tender Offer.

The Tender Agent will, as soon as practicable, pay the net amount received by it to the Clearing Systems for further distribution to those GDR Holders who validly tendered their GDRs by 3.00 p.m. (London time) on 8 March 2018. The net amounts shall be paid to tendering GDR Holders through the procedures of the relevant Clearing System.

3.2 KASE Tender Offer

The Company paid to the relevant KASE Brokers US\$10,114,790, being the entire Tender Price less any other applicable taxes and other governmental charges, in respect of all valid acceptances received by 3.00 p.m. (London time) on 8 March 2018, being the expiry date of the Tender Offer. As a result the Company has acquired a further 722,485 GDRs pursuant to the KASE Tender Offer.

3.3 Share Offer

The Company settled all valid acceptances of the Share Offer in the case of bids for sale received by close of trading on 12 March 2018 by the payment of KZT427,124,248 (being US\$1,335,264 at the official US dollar:Tenge exchange rate as published by the National Bank of Kazakhstan on its website on 5 April 2018). As a result the Company has acquired a further 15,896 Common Shares pursuant to the Share Offer.

4. Kazakhstan withholding tax

4.1 Proof of tax withheld

GDR Holders are reminded that they may be entitled to offset the amount of tax withheld by KMG EP against tax liabilities in their countries of residence. GDR Holders, according to the Kazakhstan Laws, can obtain evidence of withholding tax from the Kazakhstan tax authorities. GDR Holders, as stipulated in the Kazakhstan Laws, are required to request such evidence directly from the Kazakhstan tax authorities. Information on, and contact details for, the tax authorities can be found on the website of the Ministry of Finance of Kazakhstan: <http://kqd.gov.kz/en>.

4.2 Double tax treaties

A limited number of double tax treaties may provide relief from Kazakhstan withholding tax. However, such relief may only be applied via a tax refund mechanism, where withholding tax should first be paid to the Kazakhstan tax authorities. In practice, obtaining a tax refund may be an onerous process with an

¹ 54,000,000 GDRs have been converted into Common shares as at 21 February 2018.

uncertain outcome. GDR Holders who seek to apply the double tax treaty relief should consult their professional advisers for each specific case.

The attention of GDR Holders is drawn to Part VII of the tender offer document dated 8 December 2017 for further information on certain Kazakhstan taxation matters.

The above summary is intended only as a general guide to the taxation position under Kazakhstan tax legislation and does not constitute tax or legal advice. Any GDR Holders who are in doubt as to their taxation position or who require more detailed information should consult their professional tax advisers.

Further details are set out in the Tender Offer Document, which can be found at the following link: https://www.kmgcp.kz/eng/investor_relations/tender_offer/ or by calling Link Asset Services on +44 371 664 0321.

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Notes to Editors

KMG EP is among the top three Kazakh oil producers based on the 2017 results. The overall production in 2017 was 11.9 million tonnes (240 kbopd) of crude oil, including the Company's share in Kazgermunai, CCEL and PKI. The Company's volume of proved and probable reserves excluding shares in the associates, at the end of 2016 was 182 million tonnes (1,327 mmbbl). The Company's shares are listed on the Kazakhstan Stock Exchange and the GDRs are listed on The London Stock Exchange and Kazakhstan Stock Exchange. The Company raised over US\$2bn at its IPO in September 2006.

Important notices

This announcement contains inside information.

The release, publication or distribution of this announcement in, into or from jurisdictions other than the United Kingdom, the US or Kazakhstan may be restricted by the laws of those jurisdictions and therefore persons into whose possession this announcement comes should inform themselves about, and observe, such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. This announcement does not constitute an offer to sell or issue, nor the solicitation of an offer to buy or subscribe for, shares in any jurisdiction in which such offer or solicitation is unlawful.

J.P. Morgan, which is authorised in the United Kingdom by the PRA and regulated by the PRA and the FCA, is acting as financial adviser exclusively for KMG EP and for no one else in connection with the matters referred to in this announcement, will not regard any other person as its client in relation to the matters set out in this announcement and will not be responsible to anyone other than KMG EP for providing the protections afforded to clients of J.P. Morgan or its affiliates, nor for providing advice in relation to any matter referred to in this announcement.

Rothschild, which is authorised in the United Kingdom by the FCA, is acting as financial adviser exclusively for the INEDs and for no one else in connection with the Tender Offer and will not be responsible to any person other than the INEDs for providing the protections afforded to clients of Rothschild or for providing advice in relation to the matters described in this announcement.

HSBC is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom. HSBC is acting as financial adviser exclusively for the INEDs in connection with the Tender Offer and no one else and will not regard any person as its client in relation to any matters set out in this announcement and will not be responsible to anyone other than the INEDs for providing the protections afforded to clients of HSBC or for providing advice in connection with the Tender Offer or any matter referred to in this announcement.

No person has been authorised to give any information or make any representations other than those contained in this announcement and, if given or made, such information or representations must not be relied on as having been so authorised. The delivery of this announcement shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this announcement or that the information in it is correct as of any subsequent time.

Notice for US Securities Holders

The Tender Offer is not subject to the disclosure and other procedural requirements of Regulation 14D under the US Exchange Act. The Tender Offer will be made in the United States in accordance with the requirements of Regulation 14E under the US Exchange Act to the extent applicable. Certain provisions of Regulation 14E under the US Exchange Act are not applicable to the Tender Offer by virtue of Rule 14d-1(c) under the US Exchange Act. US GDR Holders should note that the GDRs are not listed on a US securities exchange and KMG EP is not subject to the periodic reporting requirements of the US Exchange Act and is not required to, and does not, file any reports with the US Securities and Exchange Commission under such Act.

This announcement has not been approved, disapproved or otherwise recommended by the US Securities and Exchange Commission or any US state securities commission and such authorities have not confirmed the accuracy or determined the adequacy of this announcement. Any representation to the contrary is a criminal offence in the United States.

Forward-looking statements

This announcement, including information included or incorporated by reference in this announcement, includes statements that are, or may be deemed to be, "forward-looking statements" concerning the Tender Offer, KMG EP, the KMG EP Group and NC KMG that are subject to risks and uncertainties. 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 Company's intentions, beliefs and statements of current expectations concerning, amongst other things, the Company's results of operations, financial condition, liquidity, prospects, growth, potential acquisitions, 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 announcement. 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 announcement, 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.