

PRESS RELEASE

VAT recoverability

Astana, 14 October 2016. JSC KazMunaiGas Exploration Production (“KMG EP” or the “Company”) is pleased to announce that following extensive work by the Company, facilitated and significantly aided by JSC National Company KazMunayGas (“NC KMG”), the Ministry of Energy and the Ministry of Finance of the Republic of Kazakhstan, a positive decision was made regarding the Company’s recent application for recovery of a value added tax (VAT).

The Company filed an application for the VAT recoverability in the amount of 57.4bn Tenge (US\$174m¹), of which the VAT confirmed to be recoverable at this time, amounts to around 24.5bn Tenge (US\$74m). This amount has already been received by KMG EP. This VAT claim is related to the accumulated excess for the period of 2012-2015, including the formation of JSC Ozenmunaigas and JSC Embamunaigas in 2012. KMG EP intends to further engage with the relevant parties to work on the recoverability of the remaining amount.

As previously announced, tax authorities originally refused to recognize VAT amounts as recoverable in 2014. In the fourth quarter of 2015, the Company created the valuation allowance for the amount of 46.7bn Tenge in its profit and loss statement. Given the amendments to the Kazakh tax legislation, which were implemented on 1st January 2016, and full support of NC KMG, the Company was able to file an application for the abovementioned VAT recovery again and achieve this positive development.

Notes to Editors

KMG EP is among the top three Kazakh oil producers. The overall production in 2015 was 12.4 million tonnes (251 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 2015 was 193 million tonnes (1,409 mmbbl). The Company’s shares are listed on the Kazakhstan Stock Exchange and the GDRs are listed on The London Stock Exchange. The Company raised over US\$2bn at its IPO in September 2006.

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Forward-looking statements

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¹ Amounts were converted to US dollars solely for the convenience of the reader at 330 KZT/US\$ rate.

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