JSC “KazMunaiGas Exploration and Production”

March 2017

E&P ҚазМұнайГаз
БАРЛАУ ӨНДІРУ АКЦИОНЕРЛІК ҚОҒАМЫ

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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

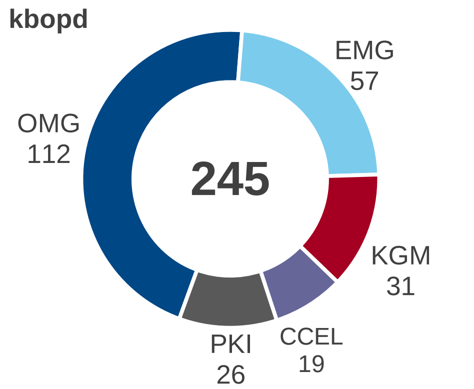
The US SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that the company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. The crude oil reserves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

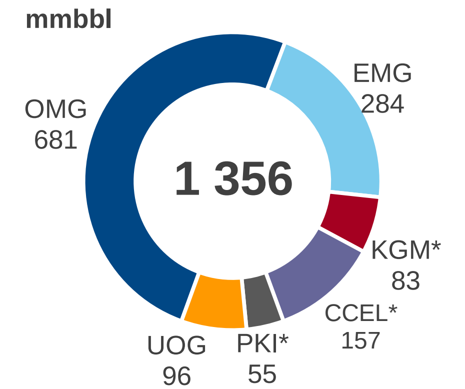
- Largest public exploration & production company in Central Asia.
- Switched to independent crude oil processing scheme in April 2016 to maximize value in current oil price environment.
- Maintained profitability and returned to positive FCF in 2016.
- Significant cash reserves to facilitate future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

US$ m	2016	2015	2014
Revenue	2,128	2,384	4,722
EBITDA[1]	605	40	1,574
Net profit / (loss)	385	1,096	263[3]
Free cash flow[2]	288	(562)	869
Net cash	3,516	3,221	3,987

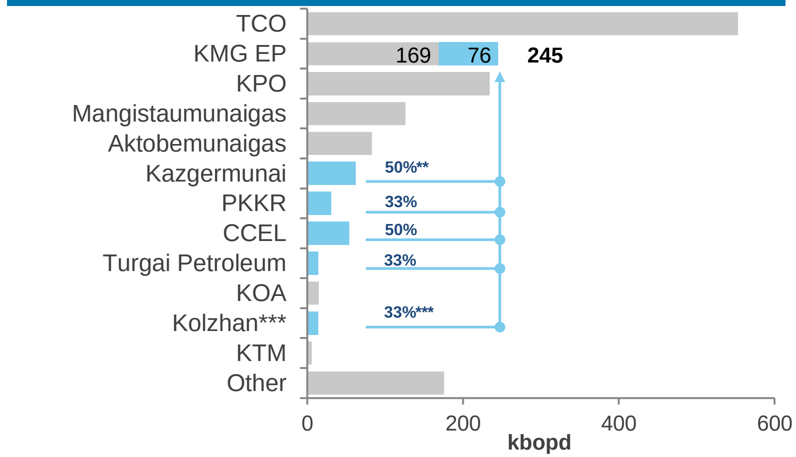
2016 production



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] Net profit in 2014 includes a one-off impairment charge of US$1,433m

** KMG EP's share of production and reserves in 2015*
*** 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 (1)

Corporate

- Igor Goncharov was elected Chairman of the Board of Directors (Sep'16).
- NC KMG's proposed amendments to the Relationship Agreement and KMG EP's Charter were rejected by 75.7% of independent shareholders (Aug'16).
- Serik Abdenov, Vice President for Human Resources at NC KMG, was elected as a new member of the KMG EP BoD (Dec'16).

Financial highlights

- The net cash position on 31 December 2016 was US$3.5 bn, an uplift of US$295m from 31 December 2015 (Feb'17).
- The Board of Directors has approved the Company's 2017 budget and 2017-2021 business plan. The budget for 2017 assumes a Brent price of US$45 per barrel and an exchange rate of 360 Tenge per US dollar.
- Capital expenditure in 2017 is planned at ~120 billion Tenge (US$330m) (Dec'16)
- The company has achieved positive results in a number of tax issues during the 2016 – 2017:
  - In accordance with a positive review of the Company's 2009 – 2012 tax audit appeal by the State Revenue Committee of the Ministry of Finance of RK, the initial tax charge was reduced by 24.9 bn Tenge to 13.5bn Tenge (Jan'17).
  - 24.6bn Tenge of value added tax was successfully recovered (out of the application for 57.4bn Tenge) following extensive work by KMG EP, facilitated and significantly aided by NC KMG, the Ministry of Energy and the Ministry of Finance (Oct'16).
  - MET rate for the OMG fields was set at 9.0% (compared to 13.0% in 2015) for 2016 provided that the OMG fields record losses under tax accounting for the year. Based on the 2016 results OMG is expecting a taxable loss in its 2016 tax filing. According to the Company's estimates, effect from reduced MET rate in 2016 was 15bn Tenge. (Sep'16).
  - The Supreme Court of RK has reduced the 2006-2008 tax charge by 7.7 billion Tenge – recorded in 2016 financials. (Aug'16).
- KMG EP received payment of 44 bn Tenge (US$130m) from KMG RM for crude oil supplied to the domestic market in 2015 (Jul'16).

Recent Developments (2)

Production/ Exploration

- 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)
- KMG EP, including its stakes in KGM, CCEL and PKI, produced 12,155 th. tonnes of crude oil (245 kbopd) for 2016, down 2% yoy. (Jan’17)
- OMG produced 5,555 th. tonnes (112 kbopd), up 1% yoy. EMG produced 2,832 th. tonnes (57 kbopd), up 0,3% yoy. (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)
- During testing of the U-25 exploration well at Rozhkovskoye field (“Ural Oil and Gas”), drilled in 2016, an inflow of gas and condensate was obtained with an average flow rate of 111,000 m^3/day and 245 m^3/day (1,497 boepd), respectively. (Nov’16)

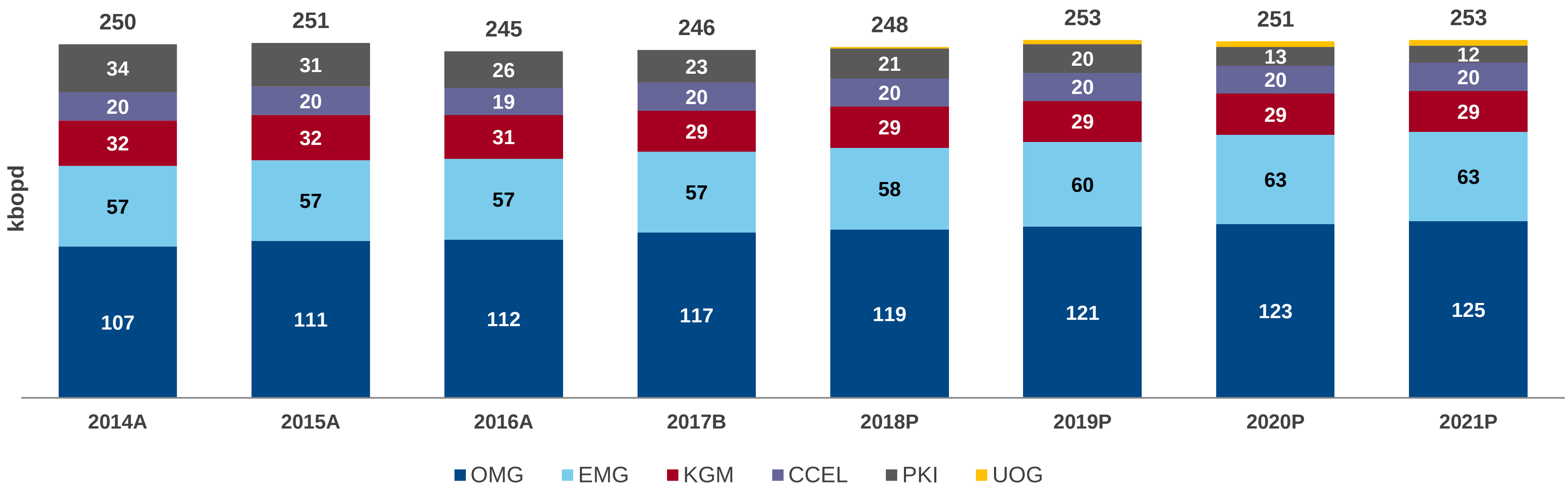
Technical initiatives

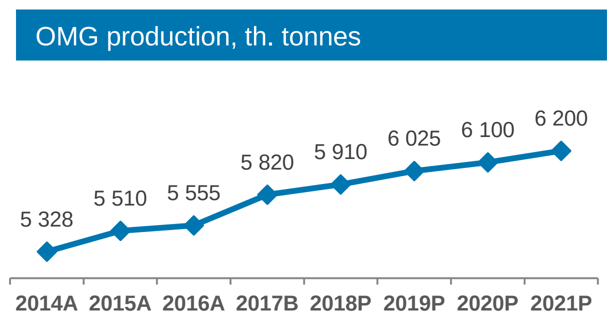
- Implemented “Smart fields” project at EMG’s UAZ field in 2016.
- Initiated Block 3 project at OMG jointly with the Technical Institute aimed at identifying efficiency measures to increase production at OMG fields.

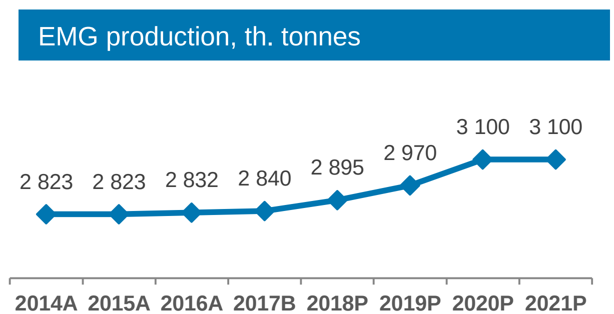
Domestic supply

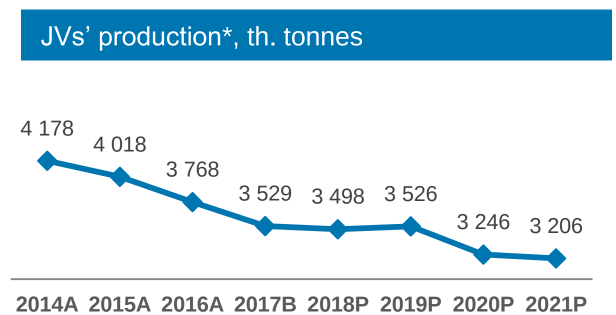
- KMG EP switched to an independent crude oil processing scheme for domestic supply. Under this framework, the company sells oil products after processing crude at ANPZ and PNHZ (Apr’16).
- Domestic supply is expected at 2.9 mn tonnes (57 kbopd) in 2017, or about 33% of OMG and EMG’s total crude oil sales. This compares to 41% in 2016 and 33% in 2015.

Consolidated Production Profile









* Includes UOG condensate

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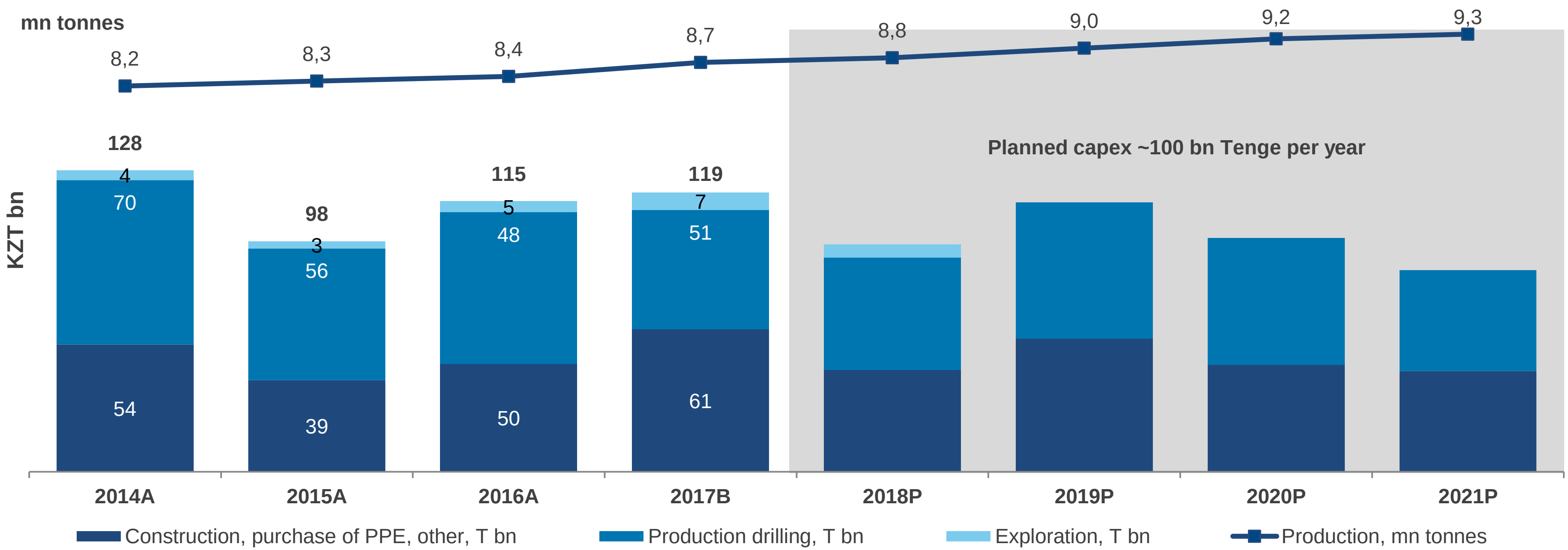
Capex profile of KMG EP*

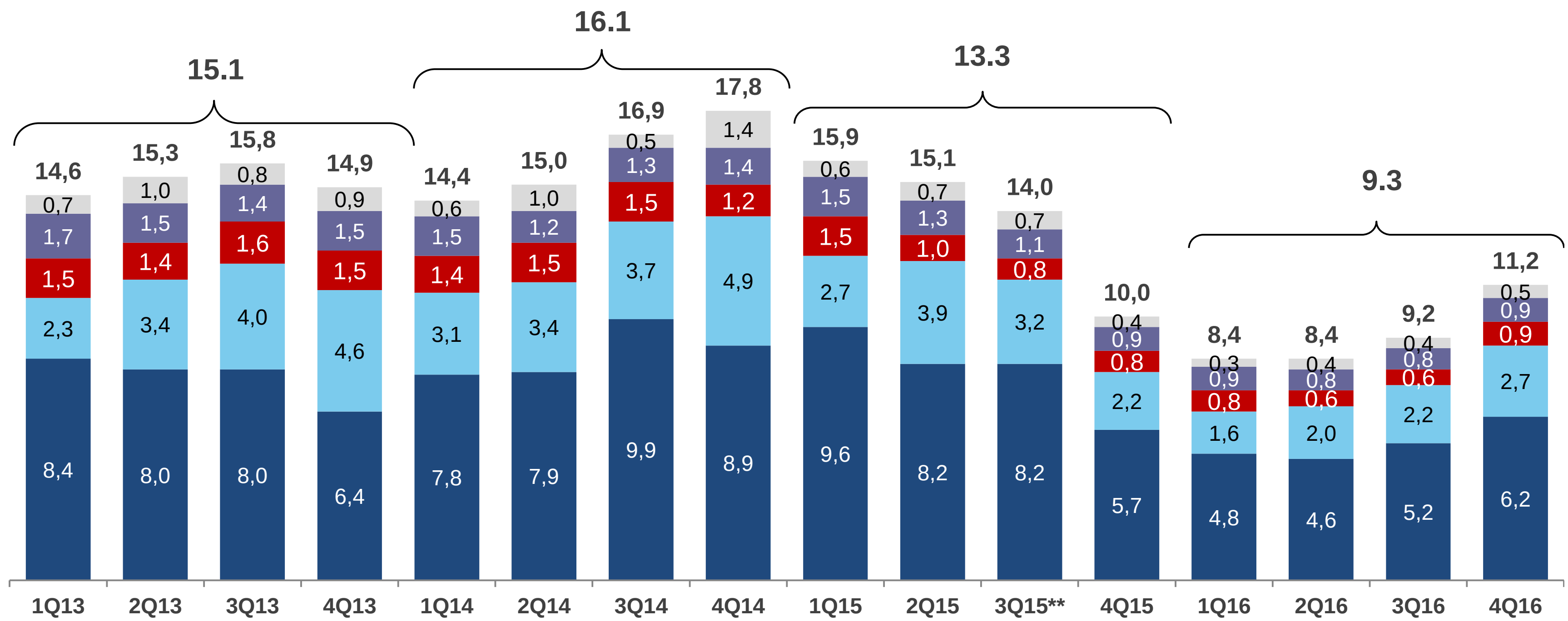


Capex

$/bbl	$11.9/bbl	$7.2/bbl	$4.5/bbl	$5,2/bbl	~$4.2/bbl			
US$m	US$715m	US$443m	US$337m	$330m	~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 n 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)



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	341,6	335,1

■ Employee benefits ■ Repairs & maintenance ■ Materials ■ Energy ■ Other

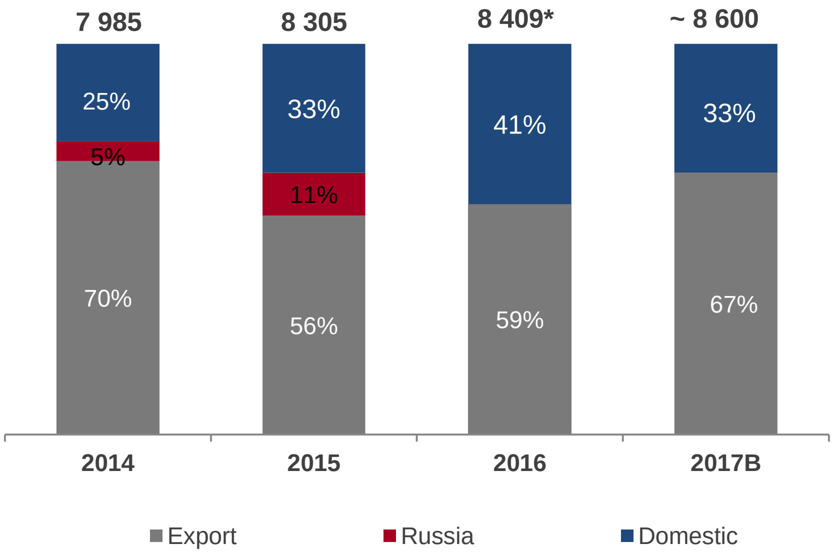
**Lifting cost per barrel is calculated as production costs of OMG and EMG, including materials and supplies, production payroll, repairs and maintenance, and other production expenses. DD&A, taxes and contractual social obligations are excluded from lifting costs calculations. The methodology of lifting 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.*

Export and Domestic Sales (OMG and EMG)

Sales volumes, ‘000 tonnes



2016 Netbacks by routes, $ per bbl**

	2016		1Q2016***		2Q-4Q2016***	
	UAS	CPC	ANPZ	PNHZ	ANPZ	PNHZ
Brent	43.7	43.7	-	-	-	-
Price diff, quality bank	(2.4)	(3.9)	-	-	-	-
Realized price	41.3	39.8	5.7	10.7	17.4	21.2
Rent tax	(2.6)	(2.4)	-	-	-	-
Transportation	(5.6)	(7.3)	(1.4)	(4.0)	(1.2)	(3.7)
Export customs duty	(5.4)	(5.4)	-	-	-	-
MET	(3.7)	(3.7)	(1.1)	(0.5)	(0.8)	(0.7)
Netback	**24.0**	**21.0**	**3.2**	**6.2**	**15.4**	**16.8**
Premium of bbl difference	-	4.0	-	-	-	-
Effective netback	**24.0**	**25.0**	**3.2**	**6.2**	**15.4**	**16.8**

***Converted at actual barrels per ton of crude oil.*

**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.*
***Converted at actual barrels per ton of crude oil.*
**** 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*

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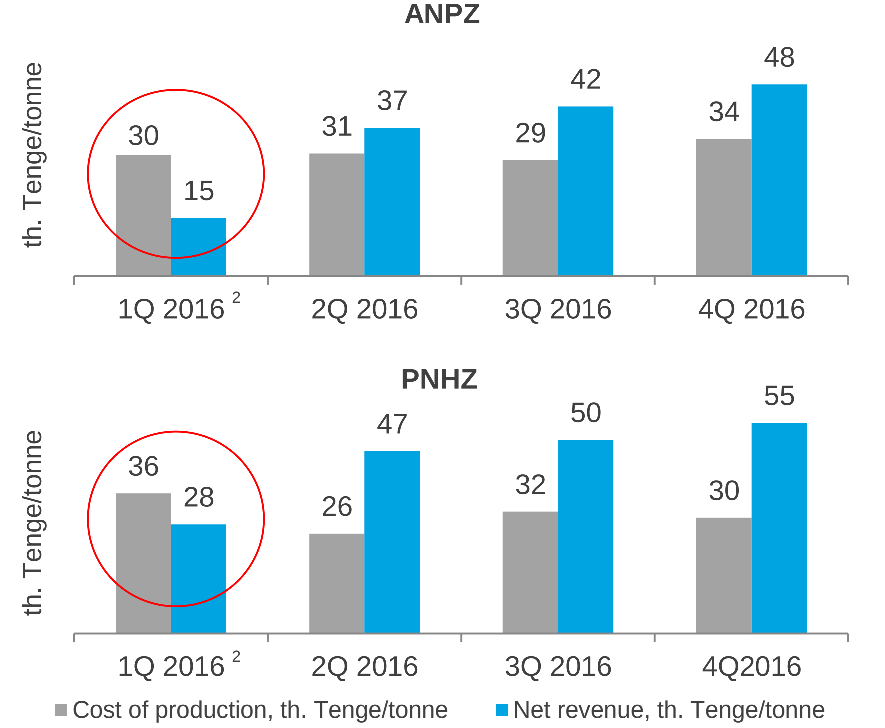
Domestic sales: Maximizing value through the new processing scheme

- KMG EP, as well as other Kazakh oil producers operating under non-PSA terms, have an obligation to supply oil to the domestic market. The Ministry of Energy sets quotas for the volumes of domestic supply. Only after fulfilling the requirement of domestic supplies, the producers may export oil.
- The company is working on the issue of transparency of the quotas to the domestic market for all subsoil users, including the interests of KMG EP under the existing processing scheme.
- Net revenue achieved from the sale of all refined oil products (net of all processing and marketing costs) in 2017 is expected to be 43 800 tenge/tonne at ANPZ and 43 700 tenge/tonne at PNHZ.
- The share of domestic supply volumes in 2017 is expected at ~33% of OMG and EMG sales volumes.
- The terms of the Relationship Agreement relating to domestic supply volumes expired at end of 2015.
- To maximize value, starting from April 2016, KMG EP began to supply oil directly to the Atyrau and Pavlodar refineries for processing into oil products, following with realisation on the market.
- This new processing scheme eliminates the situation where KMG RM, having no pricing formula, set the domestic price for KMG EP at its discretion for further refining and marketing of oil products.
- Upon completion of the on-going modernization program at the Atyrau and Pavlodar refineries, the output of light oil products is expected to increase. Average annual tariffs on oil refining are expected to increase by about 25% in the Atyrau and by 10% in the Pavlodar refinery after modernization compared to 2016.

Net realized price[1] exceeds cost of production from 2Q 2016



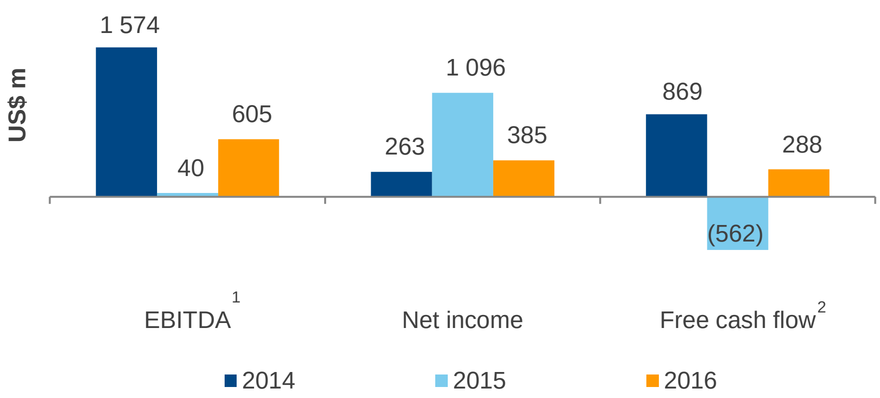
[1] Net revenue achieved from the sale of all refined oil products (net of all processing and marketing costs) from 2Q16
[2] Domestic sales price in 1Q 2016.

Net revenue from sales of oil products in April – December 2016

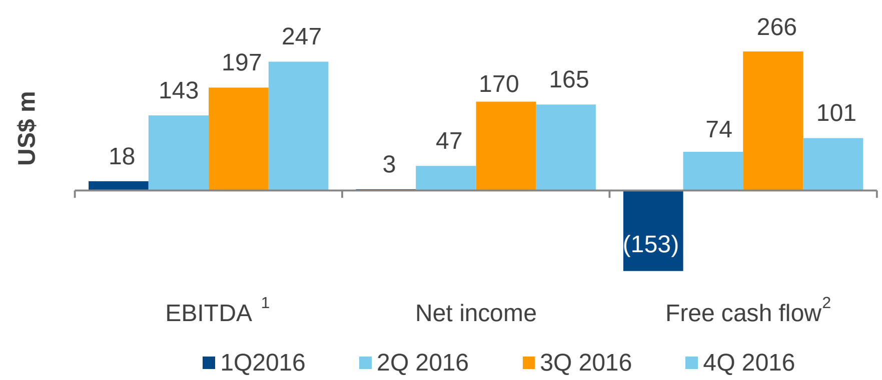
	ANPZ			PNHZ		
Tenge per tonne	**2Q 2016**	**3Q 2016**	**4Q 2016**	**2Q 2016**	**3Q 2016**	**4Q 2016**
Revenue	67 281	72 187	79 939	68 916	72 258	77 962
Less costs:	**(30 137)**	**(29 702)**	**(31 631)**	**(21 736)**	**(22 193)**	**(23 393)**
- Processing	(20 423)	(20 296)	(20 713)	(15 606)	(15 493)	(16 266)
- Additives	(126)	(267)	(552)	(622)	(1 168)	(1 034)
- Excise tax	(1 302)	(1 145)	(1 890)	(3066)	(3 032)	(3 496)
- Export customs duty	(5 601)	(5 244)	(5 745)	-	-	-
- Selling and transportation expenses	(435)	(491)	(628)	(422)	(412)	(597)
- KMG RM commission fee	(2 250)	(2 258)	(2 103)	(2 018)	(2 088)	(2 004)
= Net revenue	**37 145**	**42 485**	**48 308**	**47 180**	**50 065**	**54 569**

Maintaining profitability and returning to positive FCF in 2016

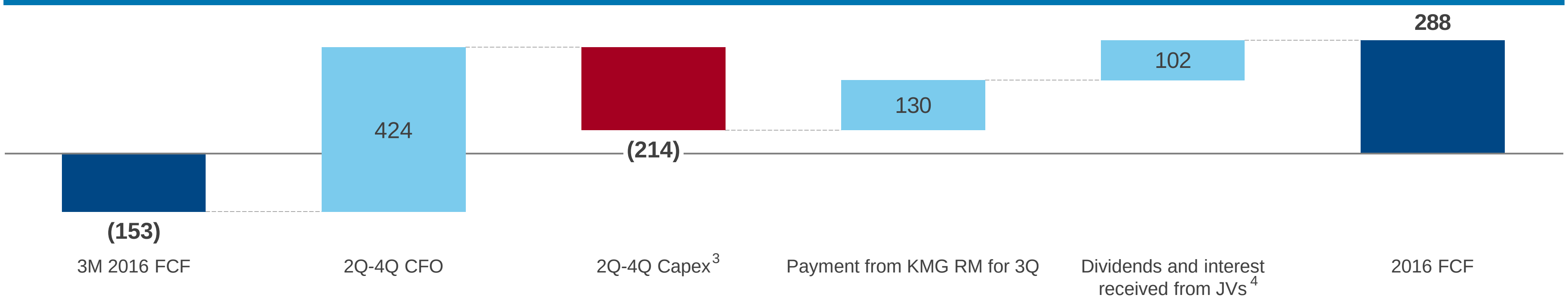
Financial indicators in 2014- 2016



Financial indicators by quarters in 2016



Free cash flow estimate[2] – 2016



[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
[3] 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
[4] Dividends received include dividends from KGM

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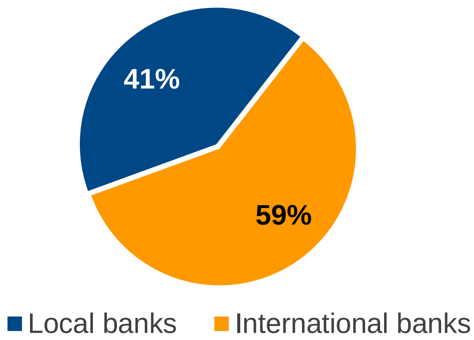
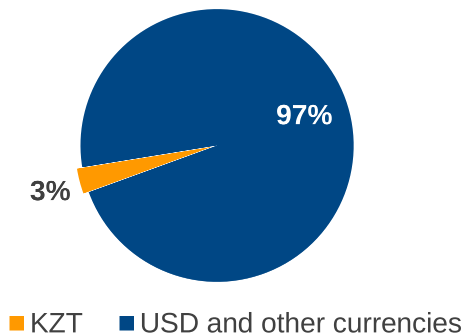
Cash and financial assets US$3.5bn as at 31/12/2016

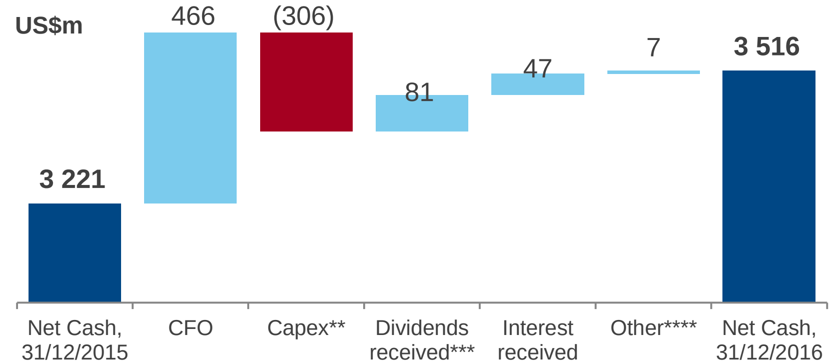
Cash and financial assets by banks as at 31/12/2016



Cash and financial assets by currency as at 31/12/2016



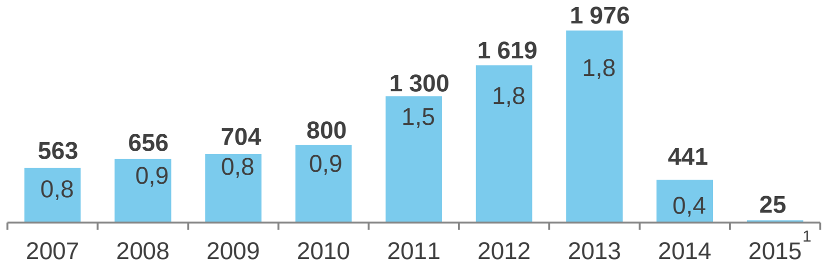
Net Cash* of US$3,516m as at 31/12/2016



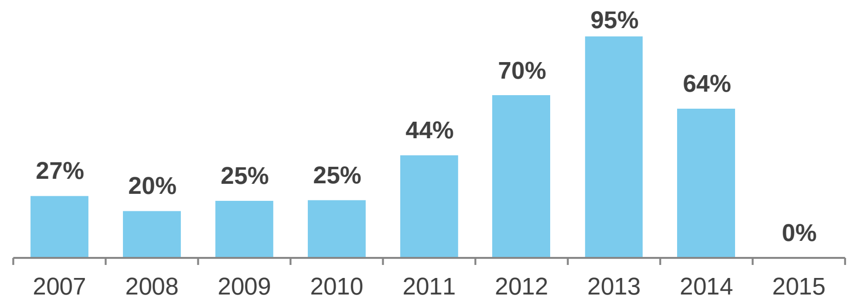
Cash and financial assets less borrowings of US$28m
*** Capital Expenditure per Cash Flow Statement represent purchases of Property, Plant and Equipment ('PPE') and intangible assets ('IA'), adjusted for the changes in related working capital accounts, such as advances prepaid and accounts payable for PPE and IA*
**** Dividends received include dividends from KGM*
***** Other includes other cash flow from investing and financing activities*

Dividend Distribution for Shareholders

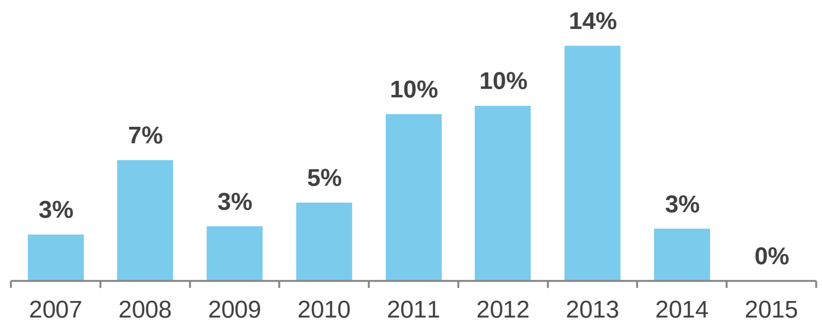
Declared dividends, Tenge/share ($/GDR)



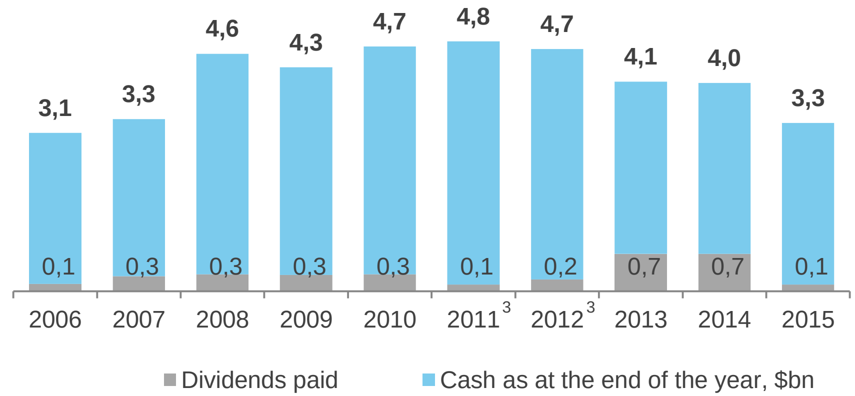
Payout ratio, %



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

Appendix

Efficiency measures

- ❑ **Implemented "Smart fields" project at Uaz field at EMG in 2016.**

✓ Installed telemetric system for production control at Uaz field.

✓ As of end of 2016 as a result of stabilizing oil flow rate dynamics and increasing production at separate wells additional production stood at 957 tonnes. Production at Uaz field increased by 4.4 tonnes per day (~1.2% of Uaz production).

✓ Achieved energy saving at Uaz field ~33%.

✓ Optimization of production costs.

- ❑ **Initiated Block 3 project at OMG jointly with the Technical Institute in 2016-2017.**

✓ Aimed to identify efficiency measures to increase oil production at Block 3 of the Uzen field.

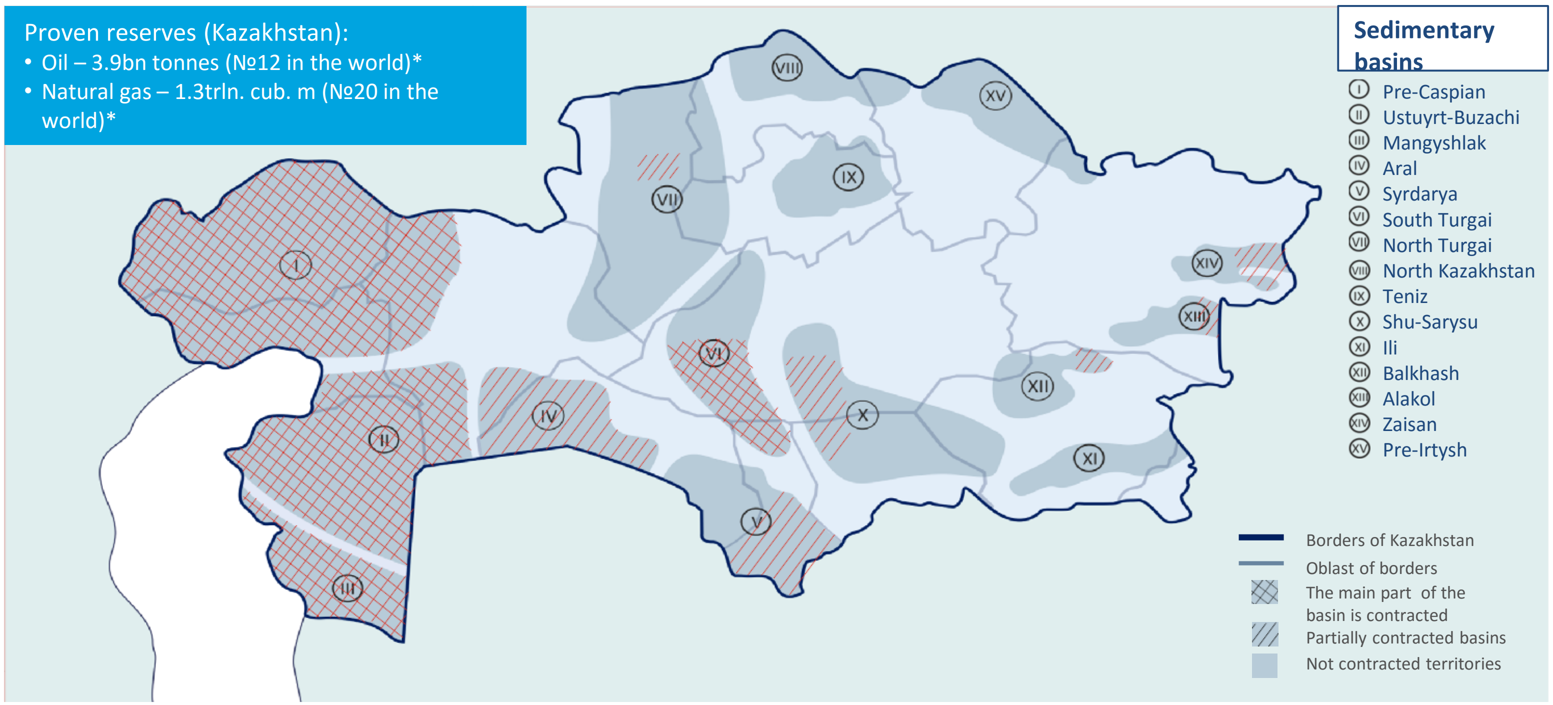
✓ Cut production cost per unit of oil per tonne as a result of improved efficiency of the development of Block 3 of the Uzen field, including through the use of cost-effective and well-reasoned methods and technology.

✓ Improve management processes, monitor and control field development in real time (digital oil field).

✓ Based on the results achieved, introduce similar practices and methods at other fields within the KMG EP group.

Exploration potential

- ✓ Based on assessment of Kazakhstan's resources at 15 oil and gas basins, the main reserves are located in the Caspian basin at a depth of 5 – 9 km (Devonian).
- ✓ Developed infrastructure in most parts of oil and gas basins.
- ✓ Opportunity for strategic partnership(s) on the terms of carry financing of exploration and appraisal costs to mitigate risks.
- ✓ Additional exploration and appraisal at existing fields and adjunct territories.



Development of oil servicing companies

❑ **Key objectives for 2017 – 2018**

- ✓ Implementation of unified reporting, business planning, tariff setting and data sharing for all oil servicing companies within KMG EP group.
- ✓ Mobility in using of labor and material resources.
- ✓ Optimization of management procedures.
- ✓ Transparency and compliance to corporate governance standards.

Oil servicing assets of KMG EP group*

UDTV LLP

OzenMunaiService LLP

KRUZ LLP

Zhondeu LLP

KKS LLP

ATS LLP

KMG EP Catering LLP

TMS LLP

47 workshops

UTTiOS LLP

Total ~15,000 employees

**incl. KGM and CCEL*

Petroleum products: prices and output in April – December 2016

Oil product	ANPZ Output[1] %	ANPZ Price[2] KZT'000/ton	PNHZ Output[1] %	PNHZ Price[2] KZT'000/ton
Petrol Normal AI-80	1%	86,9	4%	87,3
Petrol Regular AI-92	9%	125,3	18%	128,4
Petrol Premium AI-95	2%	131,8	2%	132,0
Diesel	31%	93,6	32%	98,7
Jet fuel	1%	125,5	0%	нд
Total light oil products	**43%**	**101,3**	**56%**	**108,4**
Vacuum gasoil	17%	76,6	2%	35,7
Mazut export	30%	47,9	14%	24,4
Bitum	0%	нд	4%	42,4
Total dark oil products	**47%**	**58,2**	**20%**	**29,3**
Liquid gas	1%	19,2	4%	17,7
Furnace oil	1%	69,7	0%	нд
Sulfur	0%	10,2	1%	нд
Coke calcinated	1%	54,6	0%	нд
Coke crude	1%	22,2	4%	13,4
Other	0%	185,1	4%	Нд
Total other oil products	**5%**	**50,3**	**13%**	**17,4**
Losses	6%	нд	11%	нд
Total	**100%**	**77,2**	**100%**	**83,4**

- Light oil products are mainly sold in the domestic market. Dark oil products and other products 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 ~30%.
- 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.

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

Financial summary (US$ million)

US$m unless otherwise indicated	2011	2012	2013	2014	2015	1Q16*	2Q16*	3Q16*	4Q16*	2016
Production at Core assets (kbopd)	159	156	162	164	168	169	170	169	167	169
Revenue	4,919	5,346	5,368	4,722	2 384	341	566	589	631	2,128
Total operating costs	(3,761)	(3,806)	(4,117)	(3,932)	(2 483)	(354)	(452)	(440)	(423)	(1,669)
Operating profit	1,157	1,540	1,251	790	(99)	(13)	114	150	208	458
Impairment of property, plant and equipment	(11)	(516)	(395)	(1,433)	0	0	0	0	0	0
Finance income costs	147	183	82	66	50	20	16	20	15	71
Foreign exchange gain (loss)	18	64	74	609	2,020	37	(33)	(25)	(17)	(38)
Share of results of associates and JVs	575	452	334	336	(90)	(10)	(9)	(3)	(15)	(37)
Other non-operating income/expense[1]	(28)	(21)	(29)	(24)	(211)	0	(20)	59	0	39
Income tax expense	(434)	(623)	(385)	(81)	(574)	(31)	(20)	(30)	(27)	(108)
Profit / (loss) for the period	1,425	1,079	932	263	1 096	3	47	170	165	385
Cash flows from operations	1,011	1,039	647	1,096	(316)	(87)	100	301	152	466
Capex (from Cash Flow Statement)[2]	(716)	(725)	(980)	(749)	(405)	(92)	(53)	(55)	(107)	(306)
Average Brent, US$/bbl	*111.3*	*111.7*	*108.7*	*99.0*	*52,4*	*33,9*	*45,6*	*45,9*	*49,3*	*43,7*
Average exchange rate	*146.6*	*149.1*	*152.1*	*179.1*	*222,3*	*355,11*	*335,6*	*341,3*	*335,1*	*341,8*

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)

KZT bn unless otherwise indicated	2011	2012	2013	2014	2015	1Q16*	2Q16*	3Q16*	4Q16*	2016
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
Revenue	721	797	817	846	530	121	192	201	213	727
Total operating costs	(552)	(567)	(626)	(704)	(552)	(126)	(153)	(150)	(142)	(571)
Operating profit	170	230	190	141	(22)	(5)	39	52	71	157
Impairment of property, plant and equipment	(2)	(77)	(60)	(257)	0	0	0	0	0	0
Finance income costs	22	27	13	12	11	7	5	7	5	24
Foreign exchange gain (loss)	3	10	11	109	449	13	(12)	(9)	(6)	(13)
Share of results of associates and JVs	84	67	51	60	(20)	(4)	(3)	(1)	(5)	(13)
Other non-operating income/expense[1]	(4)	(3)	(5)	(4)	(47)	0	(7)	20	-	13
Income tax expense	(64)	(93)	(59)	(15)	(128)	(11)	(7)	(10)	(9)	(37)
Profit / (loss) for the period	209	161	142	47	244	0.9	16	58	56	132
Cash flows from operations	148	155	98	196	(70)	(31)	35	103	51	159
Capex (from Cash Flow Statement)[2]	(105)	(108)	(149)	(134)	(90)	(33)	(17)	(19)	(36)	(105)
Average Brent, US$/bbl	*111,3*	*111,7*	*108,7*	*99,0*	*52,4*	*33,9*	*45,6*	*45,9*	*48,3*	*43,7*
Average exchange rate	*146,6*	*149,1*	*152,1*	*179,1*	*222,3*	*355,1*	*335,6*	*341,3*	*335,1*	*341,8*

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*

Summary of JVs' financial and operating results

KGM 100%, US$mn	2011	2012	2013	2014	2015	1Q16	2Q16	3Q16	4Q16	2016
Production, th. Tonnes	3,000	3,124	3,107	3,000	3,000	730	730	742	736	2,936
Revenue	2,354	2,310	2,448	1,400	628	91	92	144	128	455
Operating expenses	(1,343)	(1221)	(1486)	(636)	(399)	(76)	(74)	(96)	(96)	(340)
Income taxes	(375)	(470)	(355)	(289)	(219)	(7)	(3)	(33)	(23)	(58)
Profit for the period	**629**	**613**	**605**	**506**	**36**	**9**	**18**	**15**	**8**	**50**
Capex*	74	62	99	101	68	5	8	7	10	30

CCEL 100%, US$mn	2011	2012	2013	2014	2015	1Q16	2Q16	3Q16	4Q16	2016
Production, th. tonnes	1,981	2,037	2,052	2,132	2,138	532	522	534	542	2,128
Revenue	1,367	1,466	1,440	1,172	569	121	149	139	155	565
Operating expenses	(1,025)	(1,104)	(1,170)	(904)	(763)	(119)	(104)	(126)	(139)	(488)
Income taxes	(121)	(87)	(57)	(69)	(8)	0	(6)	0	(11)	(5)
Profit for the period	**214**	**256**	**191**	**173**	**(230)**	**(2)**	**46**	**8**	**9**	**61**
Capex*	102	57	114	100	48	6	5	4	11	26

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

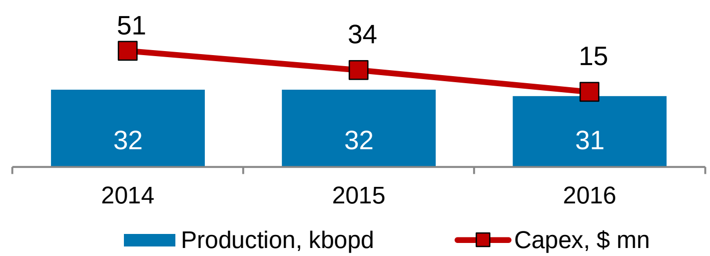
** Capital expenditure represents actual additions to property, plant and equipment and intangible assets.*

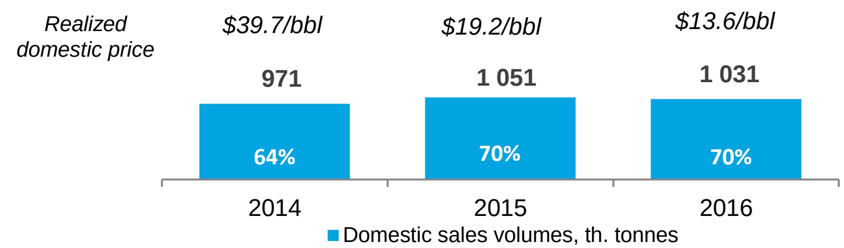
Summary of JVs' financials and operations

Capex and production profile

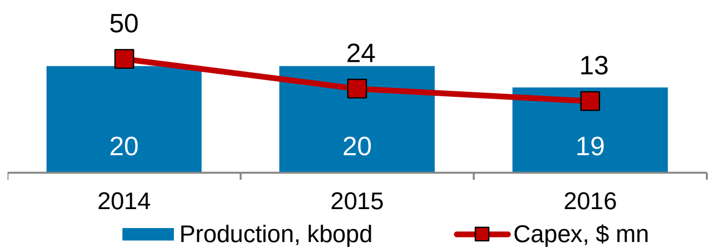
Domestic supply

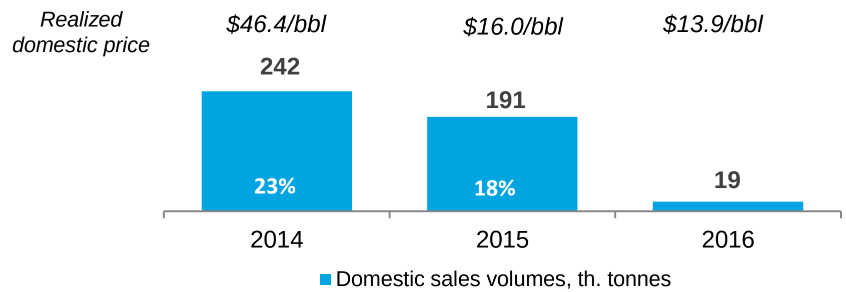
KGM, 50%



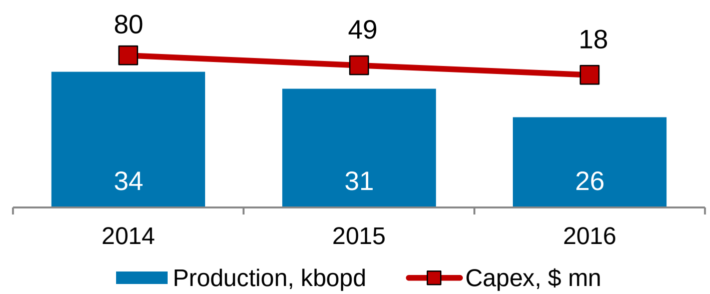


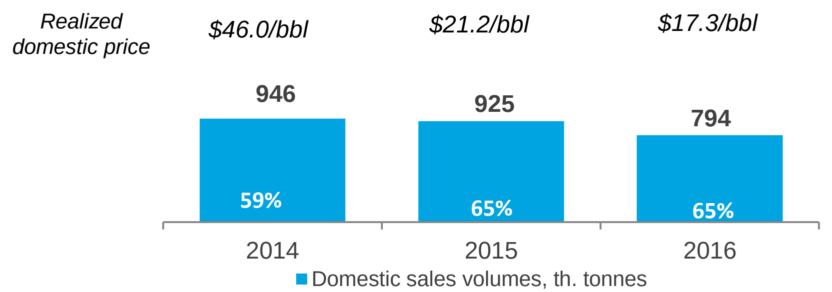
CCEL, 50%



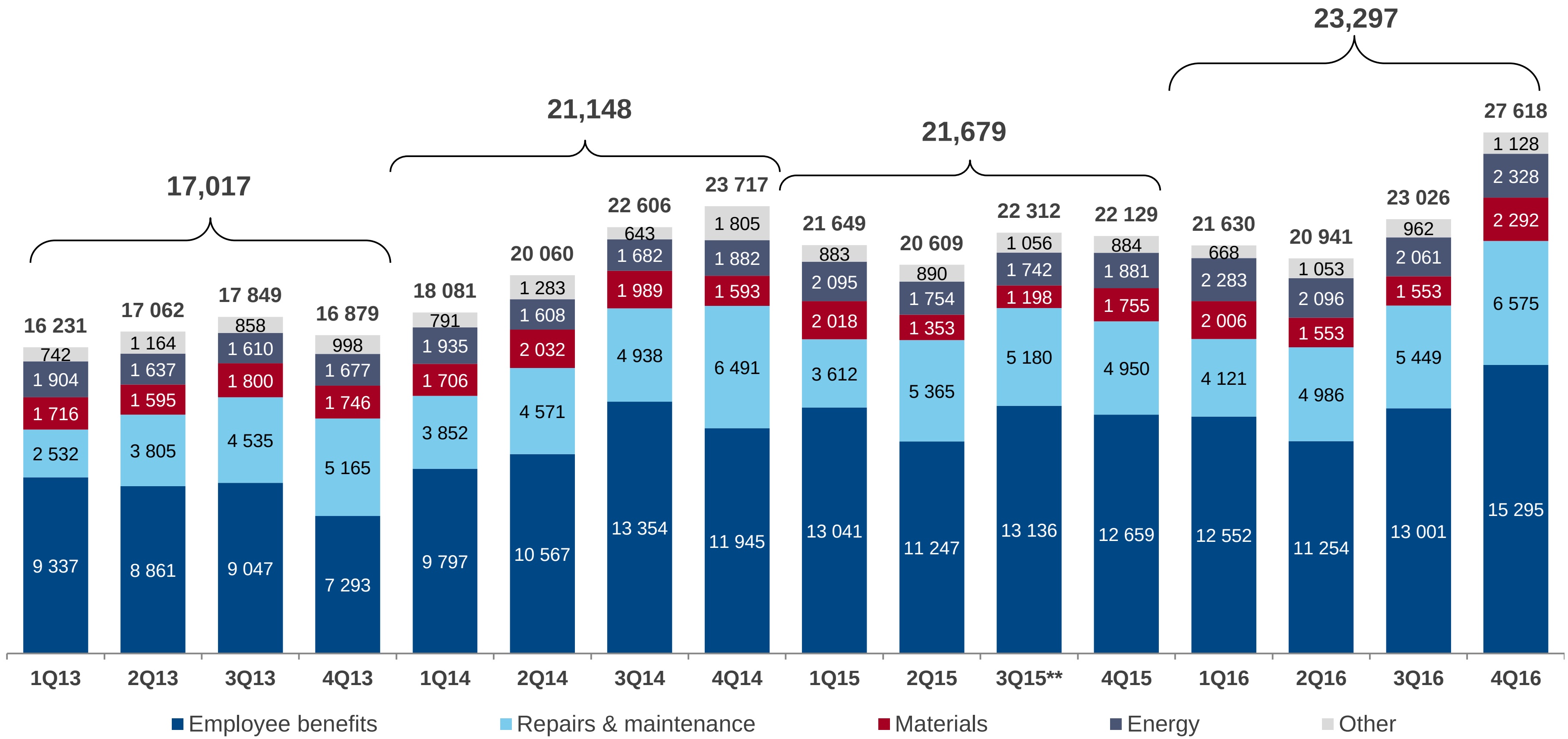


PKI, 33%





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

** 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.*

Chronology of cash distributions to shareholders

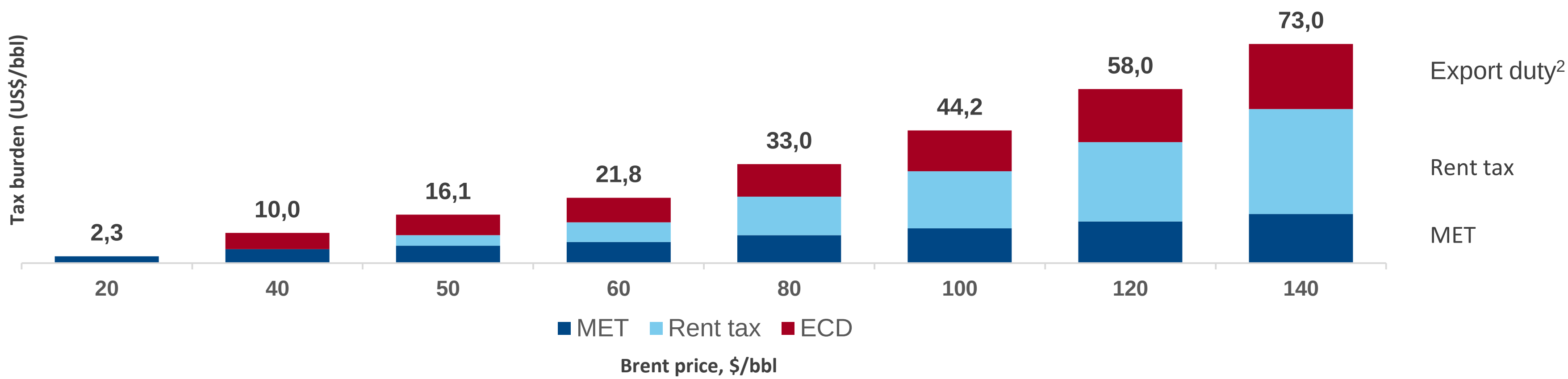
		Cumulative dividend/shareholder return
2007	May 2007 (AGM): dividend of US$303m	US$303m
2008	May 2008 (AGM): dividend of US$346m	US$649m
	Oct 2008 (BoD): 12 month buyback program, 110,632 ordinary shares and 8,699,697 GDRs bought back for about US$148m	US$797m
2009	May 2009 (AGM): dividend of US$321m	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**

Approximately US$4.6bn was returned to the shareholders since IPO

ҚазМұнайГаз
БАРЛАУ ӨНДІРУ АКЦИОНЕРЛІК ҚОҒАМЫ

Tax sensitivity

Hypothetical estimated tax take[1] at different oil prices



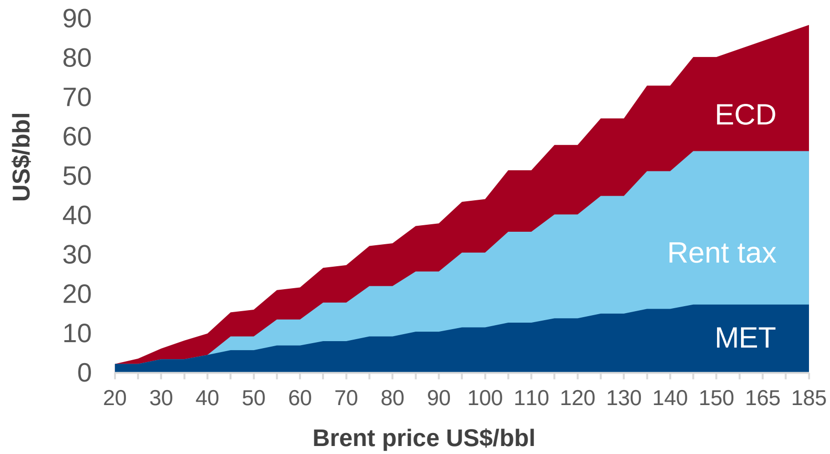
Notes:
(1) Estimated tax take for barrel of exported oil. Calculations exclude CIT, EPT and other taxes
(2) Export duty rate pegged to Brent and Urals prices.

Actual tax take in 2009 - 2016

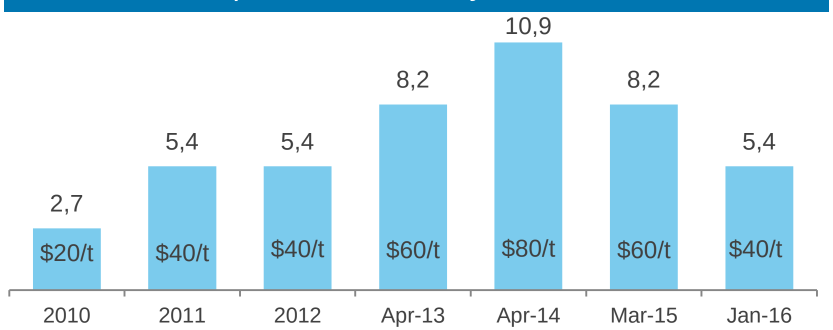
	2009	2010	2011	2012	2013	2014	2015	2016
Brent, $/bbl	60.7	76.8	111.3	111.7	108.7	99.0	52.4	43.7
Tax burden, $/bbl	19.1	31.9	56.0	55.0	54.9	46.7	40.7	14.7

Tax regime since 2009

Rent tax and MET are linked to oil price



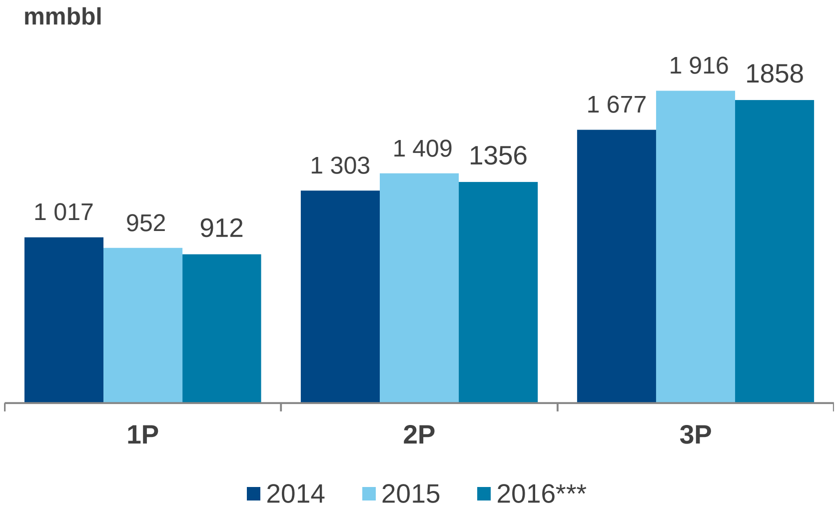
Export customs duty rate, $/bbl



- 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

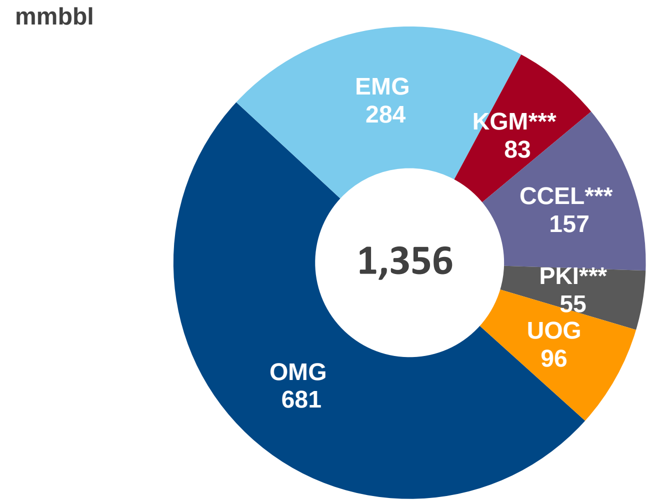
Consolidated reserves*



mn tonnes

138	130	124	178	193	186	228	262	254

Consolidated 2P reserves as at 2016 end



mn tonnes

OMG 100%	EMG 100%	KGM 50%	CCEL 50%	PKI 33%	UOG 50%
94	42	10	23	7	11

** 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)*

**** KMG EP's share in KGM, KBM and PKI reserves as end of 2015*

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 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

Share information, 31/12/2016	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

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