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

Tender offer by the Company to purchase its GDRs declared unconditional in all respects

Launch of offer by the Company to purchase its Common Shares

Astana, January 23, 2018. KMG EP announces the result of its tender offer to purchase its GDRs.

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**").

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

The full terms and conditions and the procedures for acceptance of the Tender Offer are set out in the tender offer document which was published by the Company and sent to GDR Holders on 8 December 2017 (the "**Tender Offer Document**").

The Tender Offer is subject to the following Tender Conditions:

- the GDRs having been admitted to the official list of KASE;
- KMG EP having received valid acceptances of the Tender Offer in respect of 53,908,494 GDRs, which as at 30 November 2017 (being the latest practicable date prior to the publication of the Tender Offer Document) represent approximately 39.4 per cent. of the GDRs in issue (excluding GDRs held by the Company) and approximately 12.8 per cent. of the Common Shares (including Common Shares represented by GDRs) in issue; and
- the passing of the resolution at EGM 1.

On 15 December 2017 the Company announced that the GDRs had been admitted to listing on the official list of KASE.

2. Result of extraordinary general meeting ("EGM 1")

KMG EP announces that the resolution to amend the Share Valuation Methodology was duly passed at EGM 1 held on 22 January 2018. A total of 89.5 per cent votes were cast in favour of the resolution and none votes against.

3. Level of acceptances

As at 3.00 p.m. (London Time) on 22 January 2018, being the last Business Day prior to the date of this announcement, KMG EP had received valid acceptances in respect of a total of 119 741 576 GDRs, which as at 15 January 2018 (being the latest practicable date prior to the publication of this announcement) represent approximately 87 per cent. of the GDRs in issue (excluding GDRs held by the Company) and approximately 28 per cent. of the Common Shares (including Common Shares represented by GDRs) in issue.

4. Tender Offer unconditional in all respects

Accordingly KMG EP is pleased to announce that the Acceptance Condition and all the other Tender Conditions have been satisfied. The Company therefore declares the Tender Offer unconditional in all respects.

5. Final Closing Date

In accordance with its terms and conditions, the Tender Offer will now remain open for acceptances until 3.00 p.m. (London time) on the Final Closing Date, which is 8 March 2018.

The Directors, including the INEDs, unanimously recommend that Qualifying GDR Holders accept the Tender Offer.

GDR Holders who have not yet accepted the Tender Offer are therefore urged to tender their GDRs as soon as possible.

6. Settlement

Settlement of the consideration due under the Tender Offer will be effected as follows:

6.1 OTC Tender Offer

KMG EP will remit the relevant entire Tender Price in US dollars to the Tender Agent, subject to any Withheld Amount and any other applicable taxes and other governmental charges:

- (a) in the case of all valid acceptances received by 3:00 p.m. (London time) on 22 January 2018, on the first Settlement Date, that is 19 February 2018; or
- (b) in the case of all valid acceptances received after 3:00 p.m. (London time) on 22 January 2018 but while the Tender Offer remains open for acceptance, on the final Settlement Date, that is 5 April 2018.

6.2 KASE Tender Offer

Subject to the relevant GDR Holders selling their tendered GDRs on KASE on the relevant Settlement Date, the Company will pay the entire Tender Price in US dollars to the relevant KASE Brokers free of Kazakhstan withholding tax but subject to any other applicable taxes and other governmental charges on that Settlement Date.

7. Share Offer

The Company is pleased to announce the board of KMG EP has unanimously approved the launch of an 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 (the "**Share Price**") but payable in Tenge.

The Share Offer is wholly unconditional and will close on 12 March 2018 and will not be extended beyond that period.

Settlement by the Company of all valid acceptances of the Share Offer will occur:

- (a) in the case of all bids for sale received by 16 February 2018, on the first Settlement Date, that is 19 February 2018; or
- (b) in the case of all bids for sale received after 16 February 2018 but by 4 April 2018, on the final Settlement Date, that is 5 April 2018.

The parameters of the Share Offer including the start and end of the bid acceptances periods will be published in the subsequent KASE announcements for the relevant Open Trades.

The Share Price in Tenge at which the Company will purchase Common Shares on KASE on each Settlement Date will be calculated and converted into Tenge (rounded up to two decimal places) using the official US dollar:Tenge exchange rate as published by the National Bank of Kazakhstan on its website on the relevant Settlement Date.

8. EGM 2 and Delisting

The Company also announces the convening of an extraordinary general meeting ("**EGM 2**") on 12 March 2018 to approve the cancellation of the listing of the GDRs on the Official List and of their admission to trading on the LSE and the cancellation of the admission of the Common Shares and the GDRs to the official list of KASE, as well as to approve certain amendments to the Charter. Due to the irrevocable undertaking given by NC KMG to vote in favour of the resolutions to be proposed at EGM 2 described in the Tender Offer Announcement, the resolutions to be proposed at EGM 2 will be passed and it follows that Delisting will occur.

Subject to the resolutions being passed at EGM 2 and the expiry of the Share Offer, KMG EP intends to apply for the LSE Delisting and the KASE Delisting.

The Company will submit notices to cancel the admission of the GDRs to the Official List and to trading on the LSE after both the notice of the amendments to the Deposit Agreement and the Put Option Right which will arise after EGM 2 have expired.

On such notices becoming effective and on the passing of the Delisting resolution at EGM 2, the Relationship Agreement shall terminate immediately.

The Company will also submit an application for the delisting of the Common Shares and the GDRs with a view to the Listing Commission of KASE approving the KASE Delisting after the expiry of the Put Option Period which will arise after EGM 2.

The Delisting will significantly reduce the liquidity and marketability of any GDRs not tendered under the Tender Offer.

9. Revised expected timetable

A revised expected timetable of principal events relating to the Proposals is set out in the appendix to this announcement.

10. Action to be taken

GDR Holders who have not yet accepted the Tender Offer are therefore urged to tender their GDRs as soon as possible.

Further details of the GDR Tender Offer and the proposed delisting of the GDRs are set out in the Tender Offer Document, which can be found at the following link: https://www.kmgep.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 2016 results. The overall production in 2016 was 12.2 million tonnes (245 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. 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.

APPENDIX

EXPECTED REVISED TIMETABLE OF PRINCIPAL EVENTS

The following table describes the expected revised timing of the implementation of the Proposals taking into account that both the closing date of the Share Offer and the date of EGM 2 will be 12 March 2018. If any of the times and dates shown below change, the revised times and/or dates will be announced by the Company through a Regulatory Information Service without delay.

First Settlement Date of the Tender Offer and the Share Offer	19 February 2018
Final SBI Document Collection Date	8 March 2018
The time on the Final Closing Date by which KASE Tender Forms must be received by the Receiving Agent	1.00 p.m. on 8 March 2018
3.00 p.m. on the Final Closing Date, being the latest time and date the Tender Offer will be open for acceptances of the OTC Tender Offer if it becomes unconditional in all respects	3.00 p.m. on 8 March 2018 ¹
Expiry of the notice period for the amendments to the Deposit Agreement	8 March 2018
The amendments to the Deposit Agreement become effective	9 March 2018
Latest date for the receipt of acceptances in relation to the Share Offer (i.e. the close of the Share Offer)	12 March 2018
EGM 2 to approve the Delisting and to make certain amendments to the Charter	12 March 2018
Commencement of the period for the exercise of the Put Option Right by Shareholders and GDR Holders who vote against the Delisting resolutions at, and Shareholders and GDR Holders who do not attend, EGM 2	12 March 2018
Final Settlement Date of the Tender Offer and the Share Offer	5 April 2018
End of the period for the exercise of the Put Option Right by Shareholders and GDR Holders who vote against the Delisting resolutions at, and Shareholders and GDR Holders who do not attend, EGM 2	11 April 2018
Cancellation of the admission of the GDRs to the Official List and to trading on the LSE	11 May 2018
Delisting of the Common Shares and the GDRs from KASE	11 May 2018

All references to time in this announcement are to London time (unless otherwise stated).

¹ Please note that Euroclear, Clearstream and DTC, their respective participants and the brokers or other securities intermediaries through which GDRs are held will establish their own cut-off dates and times for the tender of the GDRs, which will be earlier than 3.00 p.m. on the Final Closing Date.