

PRESS RELEASE

Operating results for the first quarter of 2018

Astana, 25 April 2018. JSC KazMunaiGas Exploration Production ("KMG EP" or "Company") announces its operating results for the first quarter of 2018.

Production

KMG EP, including its stakes in Kazgermunai ("KGM"), CCEL ("Karazhanbasmunai") and PetroKazakhstan Inc. ("PKI"), produced 2,898 thousand tonnes of crude oil (238 kbopd) for the first quarter of 2018, at the same level compared to the same period of 2017.

In the first quarter of 2018, Ozenmunaigas JSC ("OMG") produced 1,350 thousand tonnes (110 kbopd), a 1% increase as compared to the same period of 2017. Embamunaigas JSC ("EMG") produced 695 thousand tonnes (57 kbopd), which is 1% more than in the same period of 2017. The total oil production volume of OMG and EMG was amounted to 2,046 thousand tonnes (167 kbopd), a 1% increase compared to the same period of 2017.

The Company's share in production from KGM, CCEL, and PKI for the first quarter of 2018 amounted to 852 thousand tonnes (71 kbopd) of crude oil, which is 3% less than in the same period of 2017. This was mainly driven by the natural decline in oil production at PKI and KGM.

Crude oil supplies and sales of oil products

In the first quarter of 2018, the Company's combined sales from OMG and EMG were 2,002 thousand tonnes (161 kbopd). Of these crude oil sales, 1,265 thousand tonnes (102 kbopd) were exported and 737 thousand tonnes (59 kbopd) were sold to the domestic market, which is equivalent to 37% of the total sales volume. The share of domestic supplies in the same period of 2017 was 34%.

Out of 737 thousand tonnes (59 kbopd) of crude oil supplied by OMG and EMG to the domestic market in the first quarter of 2018, 535 thousand tonnes (43 kbopd) were supplied to Atyrau Refinery and 202 thousand tonnes (16 kbopd) were supplied to Pavlodar Refinery.

Under the independent oil processing scheme, sales of oil products for the first quarter of 2018 were 669 thousand tonnes, a 5% increase on the same period of 2017. For more details about volumes of sales of oil products please see Table No.2.

The Company's share in the sales from KGM, CCEL, and PKI was 834 thousand tonnes (69 kbopd) of crude oil. Of this, 318 thousand tonnes (24 kbopd) were exported and 515 thousand tonnes (44 kbopd) supplied to the domestic market, which is equivalent to 62% of the total sales volume. In the same period of 2017, KGM, CCEL and PKI supplied 57% of the total sales volume to the domestic market.

Total 2P reserves of liquid hydrocarbons

The Company's share in Proved and Probable (2P) reserves of KGM (50% stake), CCEL (50% stake) and PKI (33% stake) as at the end of 2017 was 36 million tonnes (256 million barrels) or 20% of the total consolidated reserves of the Company. As at the end of 2016 the Company's share in Proved and Probable (2P) reserves of KGM (50% stake), CCEL (50% stake) and PKI (33% stake) was 37 million tonnes (266



million barrels) or 21% of the total consolidated reserves of the Company. The reserves assessment of 2P reserves of joint ventures were made separately by independent auditors¹.

As announced, according to the report by DeGolyer and MacNaughton, 2P reserves of liquid hydrocarbons at OMG, EMG, and Ural Oil and Gas (KMG EP's share - 50%) fields as at 31 December 2017 excluding the Company's stakes in KGM, CCEL and PKI were 145 million tonnes (1,065 million barrels).

Thus, the total 2P reserves of liquid hydrocarbons of KMG EP including its stakes in KGM, CCEL, and PKI as at 31 December 2017 amounted to 180 million tonnes (1,321 million barrels).

Table No.1. Production and sales of oil for the first quarter of 2018

	thousand tonnes			kbopd		
	3M2017	3M2018	y/y, %	3M2017	3M2018	
Oil production volumes						
OMG	1 335	1 350	1%	109	110	
EMG	691	695	1%	57	57	
Total from OMG and EMG	2 026	2 046	1%	166	167	
KGM, 50%	346	337	-3%	30	29	
CCEL, 50%	261	265	2%	19	20	
PKI, 33%	271	250	-8%	23	22	
Total from joint ventures	878	852	-3%	72	71	
Total oil production	2 904	2 898	-0,2%	238	238	
Crude oil sales						
OMG and EMG						
Uzen-Atyrau-Samara	719	963	34%	58	77	
CPC	565	302	-47%	45	24	
Export	1 284	1 265	-1%	103	102	
Atyrau Refinery	520	535	3%	42	43	
Pavlodar Refinery	135	202	50%	11	16	
Domestic market	655	737	13%	53	59	
Total from OMG and EMG	1 939	2 002	3%	156	161	
Export, %	66%	63%				
Domestic market, %	34%	37%				
KGM (50%)						
Export	66	20	-70%	6	2	
Domestic market	279	315	13%	24	27	
Total from KGM	345	335	-3%	30	29	
CCEL (50%)						
Export	230	251	9%	17	19	
Domestic market ²	20	-	100%	1	-	
Total from CCEL	250	251	-1%	19	19	
PKI (33%)						
Export	79	47	-41%	7	4	
Domestic market	194	200	3%	17	17	
Total from PKI	273	247	-10%	24	21	
Total from joint ventures						
Export	375	318	-15%	30	24	
Export						

¹ Reserves of KGM as at 31 December 2017 were estimated by Neftegazkonsult Kazakhstan; reserves of PKI were estimated by McDaniel and Associates Consultants Ltd; reserves of CCEL were estimated by Miller & Lents Ltd.

² CCEL has also supplied 16 ktonnes of bitumen (50%) within its domestic supply obligations in the first three months of 2018 and 3 ktonnes in the same period of 2017.



Total from joint ventures	868	834	-4%	72	69
Export, %	43%	38%			
Domestic market, %	57%	62%			

Table No. 2. Production and sales of oil products for the first quarter of 2018

Oil products		Production			Sales	
-	Atyrau	Pavlodar		Atyrau	Pavlodar	
thousand tonnes	Refinery	Refinery	Total	Refinery	Refinery	Total
92 RON gasoline	65,25	51,73	116,98	56,61	53,26	109,87
95 RON gasoline	6,96	2,94	9,90	4,57	3,20	7,77
98 RON gasoline	-	0,50	0,50	-	0,58	0,58
Diesel fuel	120,30	64,41	184,72	119,50	63,92	183,42
Aviation fuel	1,84	-	1,84	1,46	=	1,46
Total light oil products	194,36	119,58	313,94	182,13	120,97	303,10
Vacuum gas oil	93,82	-	93,82	93,24	-	93,24
Mazut	172,81	34,20	207,01	172,56	29,95	202,51
Bitum	-	1,72	1,72	-	1,72	1,72
Total dark oil products	266,63	35,92	302,55	265,80	31,67	297,47
Liquefied gas	6,40	12,00	18,40	6,40	12,63	19,03
Furnace oil	15,66	-	15,66	16,24	10,54	26,78
Sulfur	0,27	1,49	1,75	0,44	1,38	1,82
Coke	14,08	8,03	22,11	14,85	5,02	19,87
Benzol	1,24	-	1,24	1,36	-	1,36
Others	-	1,10	1,10	-	-	-
Total other oil products	37,65	22,62	60,27	39,28	29,58	68,86
Losses	36,37	22,99	59,35	-	-	-
Total	535,00	201,11	736,11	487,22	182,21	669,43

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 2017 was 180 million tonnes (1,321 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.

For further details please contact us at:

KMG EP. Investor Relations (+7 7172 97 5433)

e-mail: ir@kmgep.kz

KMG EP. Public Relations (+7 7172 97 7887)

Bakdaulet Tolegen e-mail: <u>pr@kmgep.kz</u>

Finsbury (+44 (0)20 7251 3801)

Dorothy Burwell

e-mail: KMGEP@finsbury.com

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 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 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.