

## **JSC KazMunaiGas Exploration Production**

### **9M 2015 Financial Results**

**Astana, 5 November 2015.** JSC KazMunaiGas Exploration Production (“KMG EP” or “the Company”) announces condensed consolidated interim financial statements for the nine months ended 30 September 2015.

- Net profit for the first nine months of 2015 was 138bn Tenge (US\$703m<sup>1</sup>) compared with 242bn Tenge (US\$1,357m) for the same period in 2014. A decline in net profit was largely due to lower revenue after the oil price decline which was partially offset by a gain related to the increase in the Tenge/USD rate.
- Revenue in the first nine months of 2015 was 349bn Tenge (US\$1,783m), 49% lower compared with the same period in 2014. The lower revenue was the result of a 48% decline in the Brent price and a 50% decline in the average domestic realized price from 48 th. Tenge per tonne in the first nine months of 2014 to 23.8 th. Tenge per tonne in the same period of 2015.
- The Company recognised foreign exchange gain of 262bn Tenge.
- Production expenses in the first nine months of 2015 were 160bn Tenge (US\$817m), an 11% increase compared with the same period in 2014, mainly due to increased employee benefit expenses relating to production personnel.

### **Production Highlights**

KMG EP, including its stakes in Kazgermunai (KGM), CCEL (CCEL) and PetroKazakhstan Inc. (PKI), produced 9,245 thousand tonnes of crude oil (251 kbopd) in the first nine months of 2015, a 0.3% increase over the same period of 2014.

Ozenmunaigas JSC (OMG) production increased by 3% to 4,115 thousand tonnes (111 kbopd) in comparison with the same period of 2014. Embamunaigas JSC (EMG) produced 2,104 thousand tonnes (57 kbopd), which is 6 thousand tonnes (0.2 kbopd) less than in the same period of 2014. The total volume of oil OMG and EMG produced was 6,219 thousand tonnes (168 kbopd), a 2% increase compared with the same period of 2014.

The Company’s share in production from CCEL, KGM and PKI for the nine months of 2015 amounted to 3,026 thousand tonnes of crude oil (83 kbopd), which is 3% less than in the same period of 2014 which primarily relates to the planned reduction of production in PKI.

### **Crude oil and oil products sales**

In the first nine months of 2015, OMG and EMG sold 6,117 thousand tonnes (162 kbopd) of crude oil, including 3,303 thousand tonnes (87 kbopd) to export, 1,898 thousand tonnes (50kbopd) of crude oil and oil products to the domestic market and 916 thousand tonnes of crude

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<sup>1</sup> Amounts shown in US dollars (“US\$” or “\$”) have been translated solely for the convenience of the reader at the average rate over the applicable period for information derived from the consolidated statements of income and consolidated statements of cashflows and the end of the period rate for information derived from the consolidated balance sheets (average rates for 9M2015 and 9M2014 were 195.90 and 178.35 Tenge/US\$, respectively; period-end rates at 30 September 2015 and 31 December 2014 were 270.40 and 182.35 Tenge/US\$, respectively).

oil to Russia<sup>2</sup>.

Out of 1,898 thousand tonnes (50 kbopd) of crude oil and oil products supplied to domestic market, 1,715 thousand tonnes (45 kbopd) of crude oil were supplied to Atyrau Refinery from OMG and EMG; 140 thousand tonnes (4 kbopd) of crude oil were supplied to Pavlodar Petrochemical Plant from EMG. Additionally, 43 thousand tonnes (1.2 kbopd) of oil products were sold in the domestic market.

Based on the oil transportation schedule received from the Ministry of Energy, it is expected that the volume of KMG EP's domestic supplies in January-November of 2015 will be 2,346 thousand tonnes (47 kbopd). The Ministry of Energy may set certain volumes of oil supplies to the domestic market for OMG and EMG in December 2015, therefore there is a possibility of exceeding the planned volume of 2015 shipments to the domestic market. As announced earlier the planned volume of domestic supply in 2015 is 2,340 thousand tonnes (47 kbopd).

The Company's share in the sales from CCEL, KGM, and PKI was 2,974 thousand tonnes of crude oil (81 kbopd), including 1,285 thousand tonnes (34 kbopd) supplied to export, or 43% of total sales volume. The domestic sales volume was 1,620 thousand tonnes (45 kbopd) of crude oil of which 1,097 thousand tonnes (31 kbopd) were supplied to Pavlodar Petrochemical Plant; 363 thousand tonnes (10 kbopd) were supplied to Shymkent Refinery; 44 thousand tonnes (1 kbopd) were supplied to Atyrau Refinery; and 116 thousand tonnes (3 kbopd) were supplied to Aktau Bitumen Plant. 70 thousand tonnes of crude oil (2 kbopd) were shipped to Russia.

### **Net Profit for the Period**

Net profit in the first nine months of 2015 was 138bn Tenge (US\$703m), compared with 242bn Tenge (US\$1,357m) in the same period of 2014. A decline in net profit was largely due to lower revenue following the decline in oil price, partially offset by a gain related to the increase in the Tenge/USD rate.

### **Revenue**

The Company's revenue in the first nine months of 2015 was 349bn Tenge (US\$1,783m), which is 49% lower compared with the same period of 2014. This is due to a 48% decline in Brent price and a 50% decline in average domestic realized price from 48 th. Tenge per tonne in the first nine months of 2014 to 23.8 th. Tenge per tonne in the same period of 2015.

Domestic market supplies in first six months of 2015 were paid at 22.4 th. tenge per tonne to the Atyrau Refinery and 30.0 th. Tenge per tonne to the Pavlodar Refinery. Starting from 1 July 2015 domestic supplies were paid at 24.0 th. Tenge per tonne and 32.0 th. Tenge per tonne to the Atyrau and Pavlodar refineries, respectively. In September 2015 domestic supplies were paid at 26.8 th. Tenge per tonne and 34.2 th. Tenge per tonne to Atyrau and Pavlodar refineries, respectively.

There is a risk that prices for the domestic market supplies for October to December 2015 will be significantly lower than the prices set in September 2015.

Domestic prices have yet to be approved by the independent directors.

### **Production Expenses**

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<sup>2</sup> Supplies to Russia are carried out in fulfilment of obligations under the counter-oil supply agreement between the Government of Kazakhstan and the Russian Government. Sales volumes shipped to Russia are specified by the Ministry of Energy of Kazakhstan.

Production expenses in the first nine months of 2015 were 160bn Tenge (US\$817m), 11% higher than in the same period of 2014. This is mainly due to an increase in production personnel benefits.

Expenses for employee benefits in the first nine months of 2015 increased by 22% compared with the same period of 2014. This was largely due to an indexation of salary for production personnel by 7% in January 2015, the introduction of a Unified System of Wages for production employees from April 2014 onwards, a 10% increase in wages related to the devaluation of the Tenge from April 2014 onwards, and an increase in production bonuses from 25% to 33% for supporting production personnel from September 2014 onwards.

### **Selling, General and Administrative Expenses**

Selling, general and administrative expenses in the first nine months of 2015 were 90bn Tenge (US\$461m), which is 20% higher than in the same period of 2014. This was largely due to the accruals of fines and penalties, partly offset by lower transportation expenses due to lower export volumes. In the first nine months of 2015 the Company accrued fines and penalties amounting to 22bn Tenge (US\$114m) of which 19bn Tenge (US\$99m) is related to the tax audit for 2009-2012.

### **Taxes other than on Income**

Taxes, other than on income, in the first nine months of 2015 were 132bn Tenge (US\$672m), which is 51% lower than in the same period of 2014. The decline in rent tax and mineral extraction tax (MET) was due to a 48% lower Brent price and lower export volumes. Export customs duty (ECD) declined largely due to a decrease in export volumes and the reduction of ECD rate from US\$80 to US\$60 per tonne from 19 March 2015.

Additionally, in the third quarter of 2015 the Company accrued MET of 12.8bn Tenge (US\$65m) related to the results of the tax audit for 2009-2012, including 6.1bn Tenge (US\$31m) accrued as tax provision (see below).

### **Tax Provision**

In the first nine months of 2015, the Company accrued tax provision of 53bn Tenge, mostly related to the results of complex tax audit for 2009-2012 years (see “Complex tax audit for 2009-2012” below).

### **Cash Flows from Operating Activities**

Net cash outflow from operating activities in the first nine months of 2015 was 14.9bn Tenge (US\$76m) compared with 250bn Tenge (US\$1,404m) inflow in the same period of 2014, mainly due to the decrease in revenues.

### **Capital expenditure**

Capital expenditure<sup>3</sup> in the first nine months of 2015 was 75bn Tenge (US\$384m), which is 18% less compared with the same period of 2014 mainly due to lower investments in maintenance

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<sup>3</sup> The Company revised its approach to calculation of capital expenditure. Starting from 4Q 2013 the Capex represents amount of additions to property, plant and equipment. Formerly it represented purchases of property, plant and equipment and intangible assets according to the Cash Flow Statement.

Capex and a decrease in drilling activity. In the first nine months of 2015, 238 wells were drilled at OMG and EMG compared with 248 wells in the same period of 2014.

### **Cash and Debt**

Cash and cash equivalents as at 30 September 2015 amounted to 141bn Tenge (US\$0.5bn) compared with 180bn Tenge (US\$1.0bn) as at 31 December 2014. Other financial assets as at 30 September 2015 were 807bn Tenge (US\$3.0bn), compared with 554bn Tenge (US\$3.0bn) as at 31 December 2014.

As at 30 September 2015, 96% of cash and financial assets were denominated in foreign currencies (mainly US\$) and 4% were denominated in Tenge. Finance income in the first nine months of 2015 was 18bn Tenge (US\$93m) compared with 16bn Tenge (US\$90m) in 9M2014.

Borrowings as at 30 September 2015 were 9.7bn Tenge (US\$36m), compared with 7.2bn Tenge (USD\$40m) as at 31 December 2014.

The net cash position<sup>4</sup> as at 30 September 2015 amounted to 938bn Tenge (US\$3.5bn) compared with 727bn Tenge (US\$4.0bn) as at 31 December 2014.

### **Foreign exchange gain**

On 20 August 2015 the Government and the National Bank of Kazakhstan decided to switch to a free floating exchange rate regime of Tenge. Subsequently the rate of Tenge/US\$ increased by about 50% during the month. As a result, in the first nine months of 2015 the Company recognised a foreign exchange gain of 262bn Tenge (US\$1,336m), as at the time of the KZT devaluation more than 90% of cash and financial assets were denominated in foreign currencies.

### **Share of results of associate and joint ventures**

In the first nine months of 2015, KMG EP's share in loss of associate and joint ventures was 3.5bn Tenge (US\$18m) compared with profit of a 49bn Tenge (US\$273m) in the same period of 2014.

#### *Kazgermunai*

In the first nine months of 2015, KMG EP recognised income of 7.9bn Tenge (US\$40m) from its share in KGM. This amount represents 8.2bn Tenge (US\$42m) corresponding to 50% of KGM's net profit, with the effect of the 0.3bn Tenge (US\$2m) impact from amortization of the fair value of licenses, the related deferred tax and revised effective income tax rate used to calculate deferred tax.

KGM's net profit in US dollars in the first nine months of 2015 declined by 78% compared with the same period of 2014. This was largely due to decline in the Brent and domestic prices as well as 23% lower export sales volumes. KGM reassessed its income taxes for previous years and accrued additional US\$30m in the first nine months of 2015. Also, KGM accrued US\$11m of fines and penalties as a result of the tax audit.

In the first nine months of 2015 KMG EP received US\$62.5m as dividends from KGM.

#### *PetroKazakhstan Inc.*

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<sup>4</sup> Cash, cash equivalents and other financial assets less borrowings.

In the first nine months of 2015, KMG EP recognised loss of 11.4bn Tenge (US\$58m) from its share in PKI. This amount represents 6.6bn Tenge (US\$12m) corresponding to 33% of PKI's net loss, net of the 4.8bn Tenge (US\$25m) effect of amortization of the fair value of the licenses.

In the first nine months of 2015, PKI's net loss was US\$102m compared with net profit of US\$430m in the same period of 2014. This was largely due to a 27% decline in export sales volumes as well as lower Brent and domestic prices.

### *CCEL*

As of 30 September 2015, the Company had 27bn Tenge (US\$99m) as a receivable from CCEL, a jointly controlled entity with CITIC Resources Holdings Limited. The Company accrued 2.3bn Tenge (US\$12m) of interest income in the first nine months of 2015 related to the US\$26.87m annual priority return from CCEL.

### **Tax and environmental audits**

As at 30 September 2015 the Company had several outstanding claims related to tax and environmental matters. More detailed information is provided in the condensed consolidated interim financial statements for the nine months ended 30 September 2015.

*Value-added-tax (VAT) recoverability.* As at 30 September 2015 total recoverable VAT related to the Company's sale of assets to OMG and EMG in 2012 is 46.6bn Tenge. The tax authorities have conducted various audits and have repeatedly denied the Company's requests to have these VAT amounts recognized as recoverable. The Company disagree with the tax authorities' position and initiated court proceedings.

The court of first instance, Courts of Appeal and Cassation of Mangistau region all ruled in favor of OMG. On July 28, 2015 the Tax authorities filed an appeal of the court of first instance's judgment to the Supreme court. On October 7, 2015 the Supreme Court cancelled the previous decisions issued by the courts in favor of OMG. OMG is currently organizing its appeal.

As a result of the complaint by the EMG on January 29, 2015 the Specialized Interdistrict Economic Court of Atyrau region ruled to dismiss the VAT claim in its entirety. On July 31, 2015 EMG filed an appeal of this decision to the cassation court of Atyrau region. On September 16, 2015 the Cassation court ruled that the case should be returned back to the first instance court for further consideration.

The Company believes that it is more probable than not that it will ultimately be successful in each of the above cases and consequently has classified the amounts as long term in these financial statements. Based on expectations with respect to the ultimate timing of the receipt of the VAT amounts the receivable has been discounted at 7.93% over the period ending December 31, 2016.

*Comprehensive Tax audit for 2009-2012.* On September 2, 2015 the Company received the final tax assessment related to the 2009-2012 Comprehensive tax audit for 38.5bn Tenge, including additional taxes of 18.6bn Tenge, 9.7 bn Tenge penalty and 10.2bn Tenge of fine.

The Company's management believes its interpretations of the tax legislation are appropriate and that the Company has justifiable arguments for its tax positions, but in light of the current environment and recent court outcomes management has modified its estimate on the ultimate amounts of additional tax charges and claims.

As at September 30, 2015 tax provision of 53bn Tenge includes 33bn Tenge related to the 2009-2012 Comprehensive Tax audit comprising of 16bn Tenge of principal and 17bn Tenge of fines and penalties. In addition, the Company with its tax advisors has undertaken a review of its tax

accounts for 2012-2015 and has made an additional provision of 20bn Tenge for amounts that are believed to be more likely than not to be ultimately paid. This amount comprises of 17bn Tenge of principal and 3bn Tenge of penalties.

These amounts are reflected in the statement of comprehensive income as additional charges to the corporate income tax and excess profit tax of 27bn Tenge (US\$138m), the MET of 6.1bn Tenge (US\$31m), and fines and penalties in SG&A expenses of 19bn Tenge (US\$99m).

The Company does not agree with the results of the tax audit and has sent an appeal of the additional charges to the Committee of the State Revenues on September 7, 2015. In September 28, 2015 the Committee of the State Revenues reduced fines from 10.2bn Tenge to 9.3bn Tenge. As a result, the amount of the tax claim was reduced from 38.5bn to 37.6bn Tenge. Pending the results of the appeal management will consider further actions including but not limited to appealing to the appropriate courts.

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The condensed consolidated interim financial statements for the nine months ended September 30, 2015, the notes thereto, and the operating and financial review for the period is available on the Company's website ([www.kmgcp.kz](http://www.kmgcp.kz)).

**APPENDIX****Consolidated Interim Statement of Comprehensive Income (unaudited)***Tenge million*

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Revenue	108,232	225,829	349,337	690,274
Share of results of associate and joint ventures	(5,393)	10,373	(3,486)	48,725
Finance income	6,560	4,878	18,295	16,036
<b>Total revenue and other income</b>	<b>109,399</b>	<b>241,080</b>	<b>364,146</b>	<b>755,035</b>
Production expenses	(50,865)	(56,136)	(160,037)	(144,620)
Selling, general and administrative expenses	(36,815)	(26,012)	(90,260)	(75,432)
Exploration expenses	(1,186)	(412)	(1,663)	(798)
Depreciation, depletion and amortization	(4,538)	(17,163)	(15,158)	(44,266)
Taxes other than on income	(49,011)	(91,632)	(131,584)	(269,809)
Impairment of property, plant and equipment	(253)	(983)	(858)	(28,431)
Gain/(loss) on disposal of property, plant and equipment	4	(1,260)	(71)	(2,068)
Finance costs	(14,809)	(719)	(16,740)	(2,691)
Foreign exchange gain/(loss), net	243,029	(5,711)	261,663	107,724
<b>Profit before tax</b>	<b>194,955</b>	<b>41,052</b>	<b>209,438</b>	<b>294,644</b>
Income tax expense	(60,071)	(9,360)	(71,665)	(52,648)
<b>Profit for the period</b>	<b>134,884</b>	<b>31,692</b>	<b>137,773</b>	<b>241,996</b>
Foreign currency translation difference	153,433	(3,296)	155,018	52,313
<b>Other comprehensive income for the period to be reclassified to profit and loss in subsequent periods</b>	<b>153,433</b>	<b>(3,296)</b>	<b>155,018</b>	<b>52,313</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>288,317</b>	<b>28,396</b>	<b>292,791</b>	<b>294,309</b>
EARNINGS PER SHARE – Tenge thousands				
Basic and diluted	1.98	0.46	2.02	3.55

## Consolidated Interim Statement of Financial Position

Tenge million

	September 30, 2015	December 31, 2014
	Unaudited	Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	220,083	156,436
Intangible assets	9,668	10,855
Investments in joint ventures	147,120	95,177
Investments in associate	144,587	116,054
Receivable from a jointly controlled entity	23,521	13,808
Loans receivable from joint ventures	21,325	25,738
Other financial assets	27,509	18,567
Deferred tax asset	86,764	84,067
VAT recoverable	42,595	42,300
Other assets	11,510	15,472
<b>Total non-current assets</b>	<b>734,682</b>	<b>578,474</b>
<b>Current assets</b>		
Inventories	25,761	26,357
Income taxes prepaid	26,695	23,916
Taxes prepaid and VAT recoverable	24,108	37,831
Mineral extraction tax and rent tax prepaid	6,064	2,581
Prepaid expenses	29,809	30,011
Trade and other receivables	46,815	56,570
Receivable from a jointly controlled entity	3,284	4,658
Loans receivable from joint ventures	–	7,692
Other financial assets	779,585	535,513
Cash and cash equivalents	140,859	180,245
<b>Total current assets</b>	<b>1,082,980</b>	<b>905,374</b>
<b>Total assets</b>	<b>1,817,662</b>	<b>1,483,848</b>
<b>EQUITY</b>		
Share capital	163,004	163,004
Other capital reserves	2,355	2,355
Retained earnings	1,205,863	1,098,170
Other components of equity	230,605	75,587
<b>Total equity</b>	<b>1,601,827</b>	<b>1,339,116</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	5,151	4,218
Deferred tax liability	240	569
Provisions	44,009	34,929
<b>Total non-current liabilities</b>	<b>49,400</b>	<b>39,716</b>
<b>Current liabilities</b>		
Borrowings	4,548	3,000
Provisions	59,491	8,287
Income taxes payable	26,274	15
Mineral extraction tax and rent tax payable	19,986	34,200
Trade and other payables	56,136	59,514
<b>Total current liabilities</b>	<b>166,435</b>	<b>105,016</b>
<b>Total liabilities</b>	<b>215,835</b>	<b>144,732</b>
<b>Total liabilities and equity</b>	<b>1,817,662</b>	<b>1,483,848</b>



## Consolidated Interim Statement of Cash Flows (unaudited)

Tenge million

	Nine months ended September 30,	
	2015	2014
<b>Cash flows from operating activities</b>		
Profit before tax	209,438	294,644
Adjustments to add / (deduct) non-cash items		
Depreciation, depletion and amortisation	15,158	44,266
Share of result of associate and joint ventures	3,486	(48,725)
Loss on disposal of property, plant and equipment (PPE)	71	2,068
Impairment of PPE and intangible assets	858	28,444
Dry well expense on exploration and evaluation assets	695	202
Forfeiture of share-based payments	–	(69)
Unrealised foreign exchange gain on non-operating activities	(253,008)	(9,654)
Other non-cash income and expense	96	356
Add finance costs	16,740	2,691
Deduct finance income relating to investing activity	(18,295)	(16,036)
Working capital adjustments		
Change in other assets	429	(20)
Change in inventories	506	(1,406)
Change in taxes prepaid and VAT recoverable	6,032	(7,269)
Change in prepaid expenses	202	(3,024)
Change in trade and other receivables	11,106	41,914
Change in trade and other payables	(3,468)	(11,285)
Change in mineral extraction and rent tax payable	(5,169)	3,952
Change in provisions	28,093	(1,653)
Income tax paid	(27,868)	(68,936)
<b>Net cash generated from operating activities</b>	<b>(14,898)</b>	<b>250,460</b>
<b>Cash flows from investing activities</b>		
Purchases of PPE	(72,645)	(85,182)
Proceeds from sale of PPE	270	219
Purchases of intangible assets	(1,241)	(1,058)
Loans provided to the joint ventures	(2,605)	(1,829)
Dividends received from joint ventures and associate, net of withholding tax	13,822	27,377
Sale of financial assets held-to-maturity, net	23,639	79,229
Repayments of loan receivable from related parties	2,495	2,232
Proceeds from sale of other financial assets	–	155
Interest received	7,111	11,748
<b>Net cash generated from investing activities</b>	<b>(29,154)</b>	<b>32,891</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(918)	(820)
Dividends paid to Company's shareholders	(28,781)	(128,849)
<b>Net cash used in financing activities</b>	<b>(29,699)</b>	<b>(129,669)</b>
Net change in cash and cash equivalents	(73,751)	153,682
Cash and cash equivalents at the beginning of the period	180,245	119,036
Exchange gain/(loss) on cash and cash equivalents	34,365	(369)
<b>Cash and cash equivalents at the end of the period</b>	<b>140,859</b>	<b>272,349</b>

The following tables show the Company's realised sales prices adjusted for oil transportation and other expenses for the nine months ended September 30, 2015<sup>5</sup>.

<b>9M2015</b> (US\$/bbl)	<b>UAS</b>	<b>CPC</b>	<b>Atyrau refinery</b>	<b>Pavlodar refinery</b>	<b>Shipments to Russia</b>
Benchmark end-market quote	55.3	55.3	-	-	-
Quality bank	-	(5.1)	-	-	-
Price differential	(3.2)	(2.0)	-	-	-
<b>Realised price</b>	<b>52.1</b>	<b>48.2</b>	<b>16.4</b>	<b>21.7</b>	<b>35.5</b>
Rent tax	(6.5)	(6.9)	-	-	-
Export customs duty	(9.2)	(9.1)	-	-	-
MET	(5.9)	(5.9)	(1.9)	(1.9)	(3.8)
Transportation	(6.9)	(7.9)	(1.1)	(6.9)	(5.1)
<b>Netback</b>	<b>23.6</b>	<b>18.4</b>	<b>13.4</b>	<b>12.9</b>	<b>26.6</b>
Premium of bbl difference	-	4.5	-	-	-
<b>Effective netback incl. premium of bbl difference</b>	<b>23.6</b>	<b>22.9</b>	<b>13.4</b>	<b>12.9</b>	<b>26.6</b>

<b>9M2014</b> (US\$/bbl)	<b>UAS</b>	<b>CPC</b>	<b>Atyrau refinery</b>	<b>Pavlodar refinery</b>	<b>Shipments to Russia</b>
Benchmark end-market quote	106.5	106.5	-	-	-
Quality bank	-	(7.4)	-	-	-
Price differential	(2.8)	(2.1)	-	-	-
<b>Realised price</b>	<b>103.7</b>	<b>97.0</b>	<b>37.5</b>	-	<b>42.4</b>
Rent tax	(22.8)	(23.6)	-	-	-
Export customs duty	(10.1)	(10.1)	-	-	-
MET	(11.9)	(11.9)	(2.6)	-	(6.9)
Transportation	(8.8)	(7.9)	(2.0)	-	(5.6)
<b>Netback</b>	<b>50.1</b>	<b>43.5</b>	<b>32.9</b>	-	<b>29.9</b>
Premium of bbl difference	-	8.9	-	-	-
<b>Effective netback incl. premium of bbl difference</b>	<b>50.1</b>	<b>52.4</b>	<b>32.9</b>	-	<b>29.9</b>

<b>Reference information</b>	<b>9M2014</b>	<b>9M2015</b>
Average exchange US\$/KZT rate	178.35	195.90
End of period US\$/KZT rate	181.90	270.40
Coefficient barrels to tonnes for KMG EP crude (production)		7.36
Coefficient barrels to tonnes for KMG EP crude (sales)		7.23
Coefficient barrels to tonnes for Kazgermunai crude		7.70
Coefficient barrels to tonnes for CCEL crude		6.68
Coefficient barrels to tonnes for PKI crude		7.75

<sup>5</sup> The netback calculation methodology has been changed starting from 1Q2015 to include MET subtraction from the netback. As a result comparative information for 1H2014 has been restated as well.

## Notes to editors

**KMG EP** is among the top three Kazakh oil producers. The overall production in 2014 was 12.3 million tonnes (250 kbopd) of crude oil, including the Company's share in Kazgermunai, CCEL and PKI. The Company's total consolidated volume of proved and probable reserves including shares in the associates, as at the end of 2014 was 177 million tonnes (1,303 mmbbl), out of which 132 million tonnes (981 mmbbl) relates to Ozenmunaigas, Embamunaigas, and Ural Oil and Gas (Rozhkovskoye field, Fyodorovskiy block). 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 in its IPO in September 2006.

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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 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.*