Zhaikmunai LLP

Interim condensed consolidated financial statements (unaudited)

For the three months ended March 31, 2013

CONTENTS

Ernst & Young LLP
Esentai Tower
Al-Farabi Ave., 77/7
Almaty, Kazakhstan

Tel: +7 (727) 258 5960
Fax: +7 (727) 258 5961
www.ey.com/kazakhstan

ТОО «Эрнст энд Янг»
Казахстан, Алматы
пр. Аль-Фараби, 77/7
Здание «Есентай Тауэр»

Тел.: +7 (727) 258 5960
Факс: +7 (727) 258 5961

Report on review of the interim condensed consolidated financial statements

To the participants and management of Zhaikmunai LLP

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Zhaikmunai LLP and its subsidiaries ("the Group") as at 31 March 2013 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young LLP

Paul Cohn
Audit Partner

Evgeny Zhemaletdinov
Auditor / General Director
Ernst & Young LLP

State Audit License for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of Finance of the Republic of Kazakhstan on 15 July 2005

Auditor Qualification Certificate
No. 0000553 dated 24 December 2003

14 May 2013

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of US dollars

	Note	March 31, 2013 (unaudited)	December 31, 2012 (audited)
ASSETS			
Non-current assets			
Exploration and evaluation assets	3	**15,937**	–
Property, plant and equipment	4	**1,240,929**	1,222,980
Restricted cash		**3,766**	3,652
Advances for non-current assets		**13,038**	25,278
		1,273,670	1,251,910
Current assets			
Inventories		**23,615**	24,963
Trade receivables		**67,876**	54,002
Prepayments and other current assets		**23,196**	24,070
Short-term investments		**50,000**	50,000
Cash and cash equivalents		**200,348**	164,979
		365,035	318,014
TOTAL ASSETS		**1,638,705**	1,569,924
EQUITY AND LIABILITIES			
Partnership capital and reserves			
Partnership capital	5	**4**	4
Other reserves	5	**32,440**	32,637
Retained earnings		**406,105**	340,857
		438,549	373,498
Non-current liabilities			
Long-term borrowings	6	**917,041**	915,776
Abandonment and site restoration liabilities		**10,823**	11,064
Due to Government of Kazakhstan		**6,021**	6,122
Deferred tax liability	12	**144,068**	148,932
		1,077,953	1,081,894
Current liabilities			
Current portion of long-term borrowings	6	**19,555**	7,152
Trade payables		**48,003**	58,809
Advances received		**1,012**	61
Income tax payable		**22,461**	11,662
Current portion of Due to Government of Kazakhstan		**1,031**	1,031
Other current liabilities		**30,141**	35,817
		122,203	114,532
TOTAL EQUITY AND LIABILITIES		**1,638,705**	1,569,924

General Director of Zhaikmunai LLP ________ *Vyacheslav Druzhinin*

Chief Financial Officer of Zhaikmunai LLP ________ *Gudrun Wykrota*

Chief Accountant of Zhaikmunai LLP ________ *Olga Shoshinova*

The accounting policies and explanatory notes on pages 5 through 16 are an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of US dollars

		Three months ended March 31,	
	Note	**2013 (unaudited)**	2012 (unaudited)
Revenues:			
Revenues from export sales		**196,712**	139,287
Revenues from domestic sales		**31,814**	24,108
	7	**228,526**	163,395
Cost of sales	8	**(72,402)**	(44,393)
Gross profit		**156,124**	119,002
General and administrative expenses	9	**(6,611)**	(4,803)
Selling and transportation expenses	10	**(28,330)**	(21,475)
Finance costs	11	**(16,672)**	(17,310)
Foreign exchange (loss)/ gain		**(98)**	222
Interest income		**258**	48
Other expenses		**(2,838)**	(1,285)
Other income		**1,005**	516
Profit before income tax		**102,838**	74,915
Income tax expense	12	**(37,590)**	(27,515)
Profit for the period		**65,248**	47,400
Total comprehensive income for the period		**65,248**	47,400

General Director of Zhaikmunai LLP — *Vyacheslav Druzhinin*

Chief Financial Officer of Zhaikmunai LLP — *Gudrun Wykrota*

Chief Accountant of Zhaikmunai LLP — *Olga Shoshinova*

The accounting policies and explanatory notes on pages 5 through 16 are an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of US dollars

		Three months ended March 31,	
	Note	2013 (unaudited)	2012 (unaudited)
Cash flow from operating activities:			
Profit before income tax		**102,838**	74,915
Adjustments for:			
Depreciation, depletion and amortization	8,9	**36,031**	21,921
Finance costs	11	**16,672**	17,310
Interest income		**(258)**	(48)
Foreign exchange gain on investing and financing activities		**(3)**	(103)
Operating profit before working capital changes		**155,280**	113,995
Changes in working capital:			
Change in inventories		**1,348**	(1,444)
Change in trade receivables		**(13,874)**	(27,905)
Change in prepayments and other current assets		**874**	(4,518)
Change in trade payables		**(5,222)**	3,229
Change advances received		**951**	2,857
Change in other current liabilities		**(5,822)**	432
Change in due to Government of Kazakhstan		**(258)**	(257)
Cash generated from operations		**133,277**	86,389
Income tax paid		**(31,656)**	(1,822)
Net cash flows from operating activities		**101,621**	84,567
Cash flow from investing activities:			
Interest received		**258**	48
Purchase of property, plant and equipment		**(60,875)**	(64,274)
Net cash used in investing activities		**(60,617)**	(64,226)
Cash flow from financing activities:			
Finance costs paid		**(5,521)**	(8,815)
Transfer to restricted cash		**(114)**	(113)
Net cash flows used in financing activities		**(5,635)**	(8,928)
Net increase in cash and cash equivalents		**35,369**	11,413
Cash and cash equivalents at the beginning of the period		**164,979**	47,537
Cash and cash equivalents at the end of the period		**200,348**	58,950

NON-CASH TRANSACTIONS

Non-cash transaction, including the following, have been excluded from the interim condensed consolidated statement of cash flows:

Offset of Corporate Income Tax with Value Added Tax

During the three months ended March 31, 2012, the Partnership offset tax liabilities for the non-cash amount of US$ 3,622 thousand with value added tax receivables.

General Director of Zhaikmunai LLP — Vyacheslav Druzhinin

Chief Financial Officer of Zhaikmunai LLP — Gudrun Wykrota

Chief Accountant of Zhaikmunai LLP — Olga Shoshinova

The accounting policies and explanatory notes on pages 5 through 16 are an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of US dollars

	Partnership capital	Other reserves	Retained earnings	Total
As at December 31, 2011 (audited)	**4**	**32,637**	**193,208**	**225,849**
Net income for the period	–	–	47,400	**47,400**
Total comprehensive income for the period	–	–	**47,400**	**47,400**
As at March 31, 2012 (unaudited)	**4**	**32,637**	**193,208**	**225,849**
As at December 31, 2012 (audited)	**4**	**32,637**	**340,857**	**373,498**
Net income for the period	–	–	65,248	65,248
Total comprehensive income for the period	–	–	**65,248**	**65,248**
Loss on acquisition of Zhaikmunai International B.V.	–	**(197)**	–	**(197)**
As at March 31, 2013 (unaudited)	**4**	**32,440**	**406,105**	**438,549**

General Director of Zhaikmunai LLP — *Vyacheslav Druzhinin*

Chief Financial Officer of Zhaikmunai LLP — *Gudrun Wykrota*

Chief Accountant of Zhaikmunai LLP — *Olga Shpshinova*

The accounting policies and explanatory notes on pages 5 through 16 are an integral part of these interim condensed consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

In thousands of US dollars

1. GENERAL

Zhaikmunai, a Limited Liability Partnership (the "Partnership" or "Zhaikmunai") was established in Kazakhstan in 1997 for the purpose of exploration and development of Chinarevskoye oil and gas condensate field in the Western Kazakhstan Region. The Partnership carries out its activities in accordance with the Contract for Additional Exploration, Production and Production-Sharing of Crude Hydrocarbons in the Chinarevskoye oil and gas condensate field (the "Contract") dated October 31, 1997 in accordance with the license MG No. 253D (the "License") for the exploration and production of hydrocarbons in Chinarevskoye oil and gas condensate field between the State Committee of Investments of the Republic of Kazakhstan and the Partnership.

On December 29, 2010 the Partnership has acquired in a transaction under common control 18,000 ordinary shares of Zhaikmunai Finance B.V., representing 100% of its charter capital, from Zhaikmunai Netherlands B.V. (formerly known as Frans van der Schoot B.V.), an entity under control of a common parent. Zhaikmunai Finance B.V. was established by Frans van der Schoot B.V. in April 2010 specifically to issue the US$450 million senior notes with an October 19, 2015 maturity and a fixed coupon of 10.50% per annum (the "2015 Notes").

The consolidated financial statements include the financial statements of the Partnership and its subsidiaries (jointly the "Group"), Zhaikmunai Finance B.V. and Zhaikmunai International B.V., which was established by Zhaikmunai Netherlands B.V., an entity under control of a common parent, in October 2012 specifically to issue the US$ 560 million senior notes with a November 13, 2019 maturity and fixed coupon of 7.125% per annum (the "2019 Notes"). As at December 31, 2012 Zhaikmunai International B.V. was consolidated as a special purpose entity of the Partnership.

The Group's operations comprise of one production license and 3 additional exploration concessions and are primarily conducted through its oil and gas producing entity Zhaikmunai LLP located in Kazakhstan.

On August 17, 2012 the Partnership signed Asset Purchase Agreements to acquire 100% of the subsoil use rights related to three oil and gas fields – Rostoshinskoye, Darjinskoye and Yuzhno-Gremyachinskoye – all located in the Western Kazakhstan region. On March 1, 2013 the Partnership has acquired the subsoil use rights related to these three oil and gas fields in Kazakhstan following the signing of the respective supplementary agreements related thereto by the Ministry of Oil and Gas of the Republic of Kazakhstan.

The participants of the Partnership, their shares and changes in the participants' structure are disclosed in Note 5.

The registered legal address of the Partnership is: 59/2, Prospect Evrazia, Uralsk, the Republic of Kazakhstan.

These interim condensed consolidated financial statements were authorized for issue by the Partnership's General Director, Chief Financial Officer and Chief Accountant on May 14, 2013.

Licence terms

The term of the license Chinarevskoye oil and gas condensate field originally included a 5-year exploration period and a 25-year production period. The exploration period was initially extended for additional 4 years and then for further 2 years according to the supplements to the Contract dated January 12, 2004 and June 23, 2005, respectively. In accordance with the supplement dated June 5, 2008, Tournaisian North reservoir entered into production period as at January 1, 2007. Following additional commercial discoveries during 2008, the exploration period under the license, other than for the Tournaisian horizons, was extended for an additional 3-year period, which expired on May 26, 2011. An application for further extension has been made.

The extensions to the exploration periods have not changed the license term, which will expire in 2031.

The contract for exploration and production of hydrocarbons from Rostoshinskoye field dated February 8, 2008 originally included a 3-year exploration period and a 12-year production period. On April 27, 2009 the exploration period was extended so as to have a total duration of 6 years. In January 2012 the MOG made the decision to extend the exploration period until February 8, 2015. Upon receipt of the ownership rights the Partnership started the process of application for signing of the relevant supplementary agreement.

The contract for exploration and production of hydrocarbons from Darjinskoye field dated July 28, 2006 originally included a 6-year exploration period and a 19-year production period. On October 21, 2008 the exploration period was extended for 6 months so as to expire on January 28, 2013. On April 27, 2009 the exploration period was extended until January 28, 2015. Upon receipt of the ownership rights the Partnership started the process of application for further extension of the exploration period.

The contract for exploration and production of hydrocarbons from Yuzhno-Gremyachinskoye field dated July 28, 2006 originally included a 5-year exploration period and a 20-year production period. On April 27, 2009 the exploration period was extended until 28 July, 2012. On 8 July 2011 the exploration period was further extended until 28 July 2014

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. GENERAL (continued)

Royalty Payments

The Partnership is required to make monthly royalty payments throughout the entire production period, at the rates specified in the Contract.

Royalty rates depend on hydrocarbons recovery levels and the phase of production and can vary from 3% to 7% of produced petroleum and from 4% to 9% of produced natural gas.

Government "profit share"

The Partnership makes payments to the Government of its "profit share" as determined in the Contract. The "profit share" depends on hydrocarbon production levels and varies from 10% to 40% of production after deducting royalties and reimbursable expenditures. Reimbursable expenditures include operating expenses, costs of additional exploration and development costs. Government "profit share" is expensed as incurred and paid in cash.

2. BASIS OF PREPARATION AND CONSOLIDATION

Basis of preparation

These interim condensed consolidated financial statements for the three months ended March 31, 2013 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements for the year ended December 31, 2012.

New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2012, except for the adoption of new standards and interpretations as of January 1, 2013, noted below.

The nature and the impact of each new standard/amendment is described below:

<u>Improvements to IFRSs 2009-2011</u>

IAS 1 Clarification of the requirement for comparative information (Amendment)

The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements.

The opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet. The amendment did not have an impact on the interim condensed consolidated financial statements of the Group.

IAS 32 Tax effects of distributions to holders of equity instruments (Amendment)

The amendment to IAS 32 Financial Instruments: Presentation removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the interim condensed consolidated financial statements of the Group, as there are no tax consequences attached to cash or non-cash distribution.

In addition to the above-mentioned amendments and new standards, IFRS 1 First-time Adoption of International Financial Reporting Standards was amended with effect for reporting periods starting on or after 1 January 2013. The Group is not a first-time adopter of IFRS, therefore, this amendment is not relevant to the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION AND CONSOLIDATION (continued)

New standards, interpretations and amendments thereof, adopted by the Group (continued)

New standards, interpretations and amendments thereof

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the chief operating decision maker (CODM). The amendment did not have an impact on the disclosures in the interim condensed consolidated financial statements for the Group,

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment had no impact on the Group's financial position or performance.

IAS 19 Employee Benefits (Revised 2011) (IAS 19R)

IAS 19R includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures. The amendment had no impact on the Group's financial position or performance.

IFRS 7 Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Group.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. As the Group does not have JCEs, hence IFRS 11 had no impact on the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION AND CONSOLIDATION (continued)

New standards, interpretations and amendments thereof, adopted by the Group (continued)

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period require that they are provided. Accordingly, the Group has not made such disclosures.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16 A (j), thereby affecting the interim condensed consolidated financial statements period. The Group provides these disclosures in Note 15.

In addition to the above-mentioned amendments and new standards, IFRS 1 First-time Adoption of International Financial Reporting Standards was amended with effect for reporting periods starting on or after 1 January 2013. The Group is not a first-time adopter of IFRS, therefore, this amendment is not relevant to the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Seasonality of operations

The Group's operating expenses are subject to seasonal fluctuations, with higher expenses for various maintenance and other oil field services usually performed in the warmer months.

3. EXPLORATION AND EVALUATION ASSETS

During the three months ended March 31, 2013 the Group had additions of exploration and evaluation assets of US$ 15,937 thousand (three months ended March 31, 2012: US$ nil).The additions are related to the acquisition of subsoil use rights of three oil and gas fields – Rostoshinskoye, Darjinskoye and Yuzhno-Gremyachinskoye.

4. PROPERTY, PLANT AND EQUIPMENT

During the three months ended March 31, 2013, the Group had additions of property, plant and equipment of US$ 49,443 thousand (three months ended March 31, 2012: US$ 38,425 thousand). These additions are mostly associated with drilling costs, capitalised interest of US$ 2,932 thousand (three months ended March 31, 2012: US$ 4,044 thousand), and abandonment and site restoration assets of US$ 224 thousand (three months ended March 31, 2012: US$ 208 thousand).

As of March 31, 2013 the Partnership's property, plant and equipment of US$ 1,086,250 thousand are pledged as security for the loans due to Zhaikmunai Netherlands B.V. (Note 6).

5. PARTNERSHIP CAPITAL

The charter capital of the Partnership was contributed in Tenge and amounts to Tenge 600 thousand, equivalent to US$ 4 thousand as at December 31, 2003. The shares of Condensate Holding LLP and Claydon Industrial Ltd in charter capital of the Partnership constitutes 55% and 45%, respectively, equivalent to US$ 2.2 thousand and US$ 1.8 thousand, respectively.

Gain on initial recognition of loans received from Zhaikmunai Netherlands B. V. at the below market interest rates as well as loss on its subsequent substantial modification have been recorded in other reserves.

Partners in the Partnership are allowed to vote based on their participation percentage and are also entitled to participate in any distributions on the same basis.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. BORROWINGS

Borrowings comprise the following as at March 31, 2013 and December 31, 2012:

In thousands of US dollars	**March 31, 2013 (unaudited)**	)ecember 31, 2012 (audited)
Notes payable with maturity in 2019	**541,491**	530,425
Zhaikmunai Netherlands B.V.	**300,000**	300,000
Notes payable with maturity in 2015	**95,105**	92,503
	936,596	922,928
Less: amounts due within 12 months	**(19,555)**	(7,152)
Amounts due after 12 months	**917,041**	915,776

2015 Notes

On October 19, 2010 Zhaikmunai Finance B.V. (the «2015 Initial Issuer") issued US$ 450,000 thousand notes (the "2015 Notes").

On February 28, 2011 Zhaikmunai LLP (the "2015 Issuer") replaced the 2015 Initial Issuer of the 2015 Notes, whereupon it assumed all of the obligations of the 2015 Initial Issuer under the 2015 Notes.

The 2015 Notes bear interest at the rate of 10.50% per year. Interest on the 2015 Notes is payable on April 19 and October 19 of each year, beginning on April 19, 2011. Prior to October 19, 2013, the 2015 Issuer may, at its option, on any one or more occasions redeem up to 35% of the aggregate principal amount of the 2015 Notes with the net cash proceeds of one or more equity offerings at a redemption price of 110.50% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that (1) at least 65% of the original principal amount of the 2015 Notes (including Additional Notes as defined in the indenture relating to the 2015 Notes) remains outstanding after each such redemption; and (2) the redemption occurs within 90 days after the closing of the related equity offering.

In addition, the 2015 Notes may be redeemed, in whole or in part, at any time prior to October 19, 2013 at the option of the 2015 Issuer upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail to each holder of 2015 Notes at its registered address, at a redemption price equal to 100% of the principal amount of the 2015 Notes redeemed plus the Applicable Premium (as defined below) as of, and accrued and unpaid interest to, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). Applicable Premium means, with respect to any 2015 Note on any applicable redemption date, the greater of: (1) 1.0% of the principal amount of such 2015 Note; and (2) the excess, if any, of: (a) the present value at such redemption date of (i) the redemption price of such 2015 Note at October 19, 2013 plus (ii) all required interest payments (excluding accrued and unpaid interest to such redemption date) due on such 2015 Note through October 19, 2013 computed using a discount rate equal to the United States treasury rate as of such redemption date plus 50 basis points; over (b) the principal amount of such 2015 Note.

The 2015 Notes are jointly and severally guaranteed (the "2015 Guarantees") on a senior basis by Zhaikmunai LP and all of its subsidiaries other than the 2015 Issuer (the "2015 Guarantors"). The 2015 Notes are the 2015 Issuer's and the 2015 Guarantors' senior obligations and rank equally with all of the 2015 Issuer's and the 2015 Guarantors' other senior indebtedness. The 2015 Notes and the 2015 Guarantees have the benefit of first-priority pledges over the shares of Zhaikmunai Finance B.V. and Zhaikmunai Netherlands B.V.

On October 19, 2012, the Zhaikmunai International B.V. commenced a cash tender offer (the "Tender Offer") to purchase any and all of the 2015 Notes. US$ 347,604 thousand aggregate principal amount of the 2015 Notes had been tendered into the Tender Offer, representing approximately 77% of the outstanding 2015 Notes, by the time the Tender Offer for 2015 Notes expired on November 19, 2012. The holders of US$ 200,732 thousand 2015 Notes that accepted the Tender Offer have subscribed to the 2019 Notes of the same amount.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. BORROWINGS (continued)

2019 Notes

On November 13, 2012, Zhaikmunai International B.V. (the «2019 Initial Issuer") issued US$ 560,000 thousand notes (the "2019 Notes").

Under the terms of the indenture relating to the 2019 Notes, Zhaikmunai LLP is permitted, subject to certain conditions, to be substituted for the 2019 Initial Issuer as issuer of the 2019 Notes. The 2019 Notes bear interest at the rate of 7.125% per year. Interest on the 2019 Notes is payable on May 14 and November 13 of each year, beginning on May 14, 2013. Prior to November 13, 2016, the 2019 Issuer may, at its option, on any one or more occasions redeem up to 35% of the aggregate principal amount of the 2019 Notes with the net cash proceeds of one or more equity offerings at a redemption price of 107.125% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that (1) at least 65% of the original principal amount of the 2019 Notes (including Additional Notes as defined in the indenture relating to the 2019 Notes) remains outstanding after each such redemption; and (2) the redemption occurs within 90 days after the closing of the related equity offering.

In addition, the 2019 Notes may be redeemed, in whole or in part, at any time prior to November 13, 2016 at the option of the 2019 Issuer upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail to each holder of 2019 Notes at its registered address, at a redemption price equal to 100% of the principal amount of the 2019 Notes redeemed plus the Applicable Premium (as defined below) as of, and accrued and unpaid interest to, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). Applicable Premium means, with respect to any 2019 Note on any applicable redemption date, the greater of: (1) 1.0% of the principal amount of such 2019 Note; and (2) the excess, if any, of: (a) the present value at such redemption date of (i) the redemption price of such 2019 Note at 13 November 2016 plus (ii) all required interest payments (excluding accrued and unpaid interest to such redemption date) due on such 2019 Note through November 13, 2016 computed using a discount rate equal to the United States treasury rate as of such redemption date plus 50 basis points; over (b) the principal amount of such 2019 Note.

The 2019 Notes are jointly and severally guaranteed (the "2019 Guarantees") on a senior basis by Zhaikmunai LP and all of its subsidiaries other than the 2019 Issuer (the "2019 Guarantors"). The 2019 Notes are the 2019 Issuer's and the 2019 Guarantors' senior obligations and rank equally with all of the 2019 Issuer's and the 2019 Guarantors' other senior indebtedness. The 2019 Notes and the 2019 Guarantees do not have the benefit of first-priority pledges over the shares of Zhaikmunai Finance B.V. and Zhaikmunai Netherlands B.V.

Loans due to Zhaikmunai Netherlands B.V.

On July 1, 2008 the Partnership signed a loan agreement with Frans van der Schoot B.V. under which the latter provided the Partnership with a US$ 90,276 thousand loan at an annual interest rate of two times LIBOR.

On September 15, 2009 Frans van der Schoot B.V. provided an additional loan of US$ 261,650 thousand at the then prevailing interest rate of 2.6% pa. On December 22, 2010, a portion of this loan amounting to US$ 51,926 thousand was repaid.

On October 19, 2010, amendments to the loan agreement were made according to which the interest rate was increased from 2.6% to 10% and the maturity date was moved to December 31, 2015.

On January 1, 2013, amendments to the loan agreement were made according to which the interest rate was decreased from 10% to 6.625%.

The outstanding balance of the loan as of March 31, 2013 has an interest rate of 6.625% (December 31, 2012: 10%).

7. REVENUES

	Three months ended March 31,	
In thousands of US dollars	**2013 (unaudited)**	2012 (unaudited)
Oil and gas condensate	**182,784**	130,608
Gas and LPG	**45,742**	32,787
	228,526	163,395

During the three months ended March 31, 2013 the revenue from sales to three major customers amounted to US$ 61,063 thousand, US$ 55,475 thousand and US$ 53,640 thousand, respectively (the three months ended March 31, 2012: US$ 56,206 thousand, US$ 53,100 thousand and nil, respectively).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. COST OF SALES

In thousands of US dollars	Three months ended March 31, 2013 (unaudited)	2012 (unaudited)
Depreciation, depletion and amortization	**35,668**	21,647
Repair, maintenance and other services	**12,284**	8,606
Royalties	**9,771**	3,209
Payroll and related taxes	**3,985**	3,966
Materials and supplies	**3,003**	3,684
Government profit share	**2,295**	787
Other transportation services	**1,178**	1,611
Well workover costs	**854**	1,477
Management fees	**811**	506
Environmental levies	**181**	418
Other	**283**	534
Change in stock	**2,089**	(2,052)
	72,402	44,393

9. GENERAL AND ADMINISTRATIVE EXPENSES

In thousands of US dollars	Three months ended March 31, 2013 (unaudited)	2012 (unaudited)
Payroll and related taxes	**1,624**	1,046
Training	**1,077**	804
Management fees	**921**	1,015
Professional services	**703**	198
Insurance fees	**451**	294
Depreciation and amortization	**363**	274
Sponsorship	**338**	142
Bank charges	**270**	206
Communication	**204**	200
Materials and supplies	**132**	132
Business trip	**120**	100
Lease payments	**119**	83
Other taxes	**94**	144
Social program	**75**	75
Other	**120**	90
	6,611	4,803

10. SELLING AND TRANSPORTATION EXPENSES

In thousands of US dollars	Three months ended March 31, 2013 (unaudited)	2012 (unaudited)
Transportation costs	**18,476**	15,244
Loading and storage costs	**7,839**	4,654
Payroll and related taxes	**601**	407
Management fees	**198**	476
Other	**1,216**	694
	28,330	21,475

11. FINANCE COSTS

In thousands of US dollars	Three months ended March 31, 2013 (unaudited)	2012 (unaudited)
Interest expense on borrowings	**16,257**	16,938
Unwinding of discount on Due to Government	**157**	168
Unwinding of discount on Abandonment and Site Restoration Liability	**258**	204
	16,672	17,310

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. INCOME TAX EXPENSE

The income tax expense consisted of the following:

In thousands of US dollars	Three months ended March 31, 2013 (unaudited)	2012 (unaudited)
Current income tax expense	**42,454**	26,194
Deferred income tax (benefit)/expense	**(4,864)**	1,321
Total income tax expense	**37,590**	27,515

The Group's profits are assessed for income taxes only in the Republic of Kazakhstan. A reconciliation between tax expense and the product of accounting profit multiplied by the Kazakhstani tax rate applicable to the license for the three months ended March 31 is as follows:

In thousands of US dollars	2013 (unaudited)	2012 (unaudited)
Profit before income tax	**102,838**	74,915
Statutory tax rate	**30%**	30%
Expected tax provision	**30,851**	22,475
Non-deductible interest expense on borrowings	**4,515**	5,405
Adjustments in respect of current income tax of previous years	**646**	(173)
Non-deductible cost of natural loss	**341**	142
Non-deductible compensation for gas	**238**	189
Non-deductible training expenditures	**214**	142
Change of the tax base	**101**	(635)
Effect of income taxed at different rate	**12**	5
Foreign exchange gain / (loss)	**106**	(62)
Other non-deductible expenses	**566**	27
Income tax expense reported in the financial statements	**37,590**	27,515

Deferred tax balances are calculated by applying the Kazakhstani statutory tax rates in effect at the respective reporting dates to the temporary differences between the tax amounts and the amounts reported in the financial statements and are comprised of the following:

In thousands of US dollars	March 31, 2013 (unaudited)	December 31, 2012 (audited)
Deferred tax asset:		
Accounts payable and provisions	**3,084**	2,868
	3,084	2,868
Deferred tax liability:		
Property, plant and equipment	**(147,152)**	(151,800)
	(147,152)	(151,800)
Net deferred tax liability	**(144,068)**	(148,932)

The movements in the deferred tax liability were as follows:

In thousands of US dollars	2013 (unaudited)	2012 (unaudited)
Balance at January 1	**(148,932)**	(146,674)
Charge to profit or loss for the period	**4,864**	(1,321)
Balance at March 31	**(144,068)**	(147,995)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. RELATED PARTY TRANSACTIONS

Transactions with related parties mainly comprise transactions between the Group and the participants and/or their subsidiaries or associated companies.

Accounts payable to and borrowings from related parties as at March 31, 2013 and December 31, 2012 consisted of the following:

In thousands of US dollars	**March 31, 2013 (unaudited)**	December 31, 2012 (audited)
Borrowings		
Zhaikmunai Netherlands B.V.(Note 6)	**300,000**	300,000
Trade payables		
Probel Capital Management N.V.	**433**	288
Prolag BVBA	**98**	298
Amersham Oil LLP	**52**	48

During the three months ended March 31, 2013 and 2012 the Group had the following transactions with related parties:

In thousands of US dollars	**2013 (unaudited)**	2012 (unaudited)
Interest paid		
Zhaikmunai Netherlands B.V.	**5,521**	8,333
Management fees and consulting services		
Amersham Oil LLP	**325**	296
Prolag BVBA	**451**	571
Probel Capital Management B.V.	**1,154**	1,061

Management fees are payable in accordance with the Technical Assistance Agreements signed between the Partnership, Amersham Oil LLP, Prolag BVBA and Probel Capital Management NV related to the rendering of geological, geophysical, drilling, technical and other consultancy services.

Remuneration of key management personnel amounted to US$ 107 thousand for the three months ended March 31, 2013 (three months ended March 31, 2012: US$ 123 thousand). Other key management personnel were employed and paid by Amersham Oil LLP and Probel Capital Management, and whose remuneration forms part of management fees and consulting services above.

14. CONTINGENT LIABILITIES AND COMMITMENTS

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Penalties are generally 50% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of Kazakhstan multiplied by 2.5. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by tax authorities for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods. Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at March 31, 2013. As at March 31, 2013 management believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Group's tax position will be sustained.

Abandonment and site restoration (decommissioning)

As Kazakh laws and regulations concerning site restoration and clean up evolve, the Partnership may incur future costs, the amount of which is currently indeterminable. Such costs, when known, will be provided for as new information, legislation and estimates evolve.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Environmental obligations

The Partnership may also be subject to loss contingencies relating to regional environmental claims that may arise from the past operations of the related fields in which it operates. As Kazakh laws and regulations evolve concerning environmental assessments and site restoration, the Partnership may incur future costs, the amount of which is currently indeterminable due to such factors as the ultimate determination of responsible parties associated with these costs and the Government's assessment of respective parties' ability to pay for the costs related to environmental reclamation. However, depending on any unfavorable claims or penalties assessed by the Kazakh regulatory agencies, it is possible that the Partnership's future results of operations or cash flow could be materially affected in a particular period.

Capital commitments

As at March 31, 2013 the Group had contractual capital commitments in the amount of US$ 10,303 thousand (December 31, 2012: US$ 23,088 thousand) mainly in respect to the Partnership's oil field development activities.

Operating leases

The Partnership entered into a cancellable lease agreement for the main administrative office in Uralsk in October 2007 for a period of 20 years for US$ 15 thousand per month.

In March 2010 the Partnership entered into an agreement on lease of 200 railway tank wagons for transportation of LPG and other hydrocarbon products for a period of 7 years for KZT 6,989 (equivalent of US$ 47) per day per one wagon.

Social and education commitments

As required by the Contract (as amended by, inter alia, Supplement #9), the Partnership is obliged to:

(i) spend US$ 300 thousand per annum to finance social infrastructure;
(ii) perform repair and reconstruction of state automobile roads for the amount of US$ 12,000 thousand in 2012;
(iii) make an accrual of one percent of the capital expenditure per annum for the purposes of educating Kazakh citizens; and
(i) adhere to a spending schedule on education which lasts until (and including) 2020.

The contracts for exploration and production of hydrocarbons from Rostoshinskoye, Darjinskoye and Yuzhno-Gremyachinskoye fields require fulfillment of several social and other obligations. However, these obligations represent part of the work programs and may change in the process of negotiations and approval of the renewed work programs submitted by the Partnership to the MOG.

The current contract for exploration and production of hydrocarbons from Rostoshinskoye field requires the subsurface user to:

(ii) spend at least 1% of investments for education of personnel engaged to work under the contract during the exploration stage;
(iii) spend US$ 1,250 thousand to finance social infrastructure of the region during the last year of exploration stage;
(iv) fund development of Astana city for the amount of US$ 1,000 thousand during the last year of the exploration stage;
(v) invest at least US$ 13,420 thousand for exploration of the field during the exploration period;
(vi) reimburse historical costs of US$ 383 thousand to the Government, including US$ 11 thousand for the right to use geological information; and
(vii) create a liquidation fund (special deposit account with local bank) equal to 1% of investment during the exploration stage and 0.1% of operational costs during the production stage.

The current contract for exploration and production of hydrocarbons from Darjinskoye field requires the subsurface user to:

(i) spend at least US$ 200 thousand for education of personnel engaged to work under the contract during the exploration stage;
(ii) spend US$ 18,850 thousand to finance social infrastructure of the region (including US $1,000 thousand for funding of development of Astana city in case of commercial discovery);

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Social and education commitments (continued)

(iii) invest at least US$ 20,000 thousand for exploration of the field during the exploration period;

(iv) reimburse historical costs of US$ 6,499 thousand to the Government, including US$ 195 thousand for right to use geological information; and

(v) create a liquidation fund (special deposit account with local bank) equal to 1% of capital expenditures during the exploration stage and 0.1% of operational costs during the production stage.

The current contract for exploration and production of hydrocarbons from Yuzhno-Gremyachinskoye field requires the subsurface user to:

(i) spend at least US$ 200 thousand for education of personnel engaged to work under the contract during the exploration stage;

(ii) spend US$ 18,850 thousand to finance social infrastructure of the region (including US$ 1,000 thousand for funding of development of Astana city in case of commercial discovery);

(iii) invest at least US$ 23,050 thousand for exploration of the field during the exploration period;

(iv) reimburse historical costs of US$ 3,194 thousand to the Government, including US$ 96 thousand for right to use geological information; and

(v) create a liquidation fund (special deposit account with local bank) equal to 1% of capital expenditures during the exploration stage and 0.1% of operational costs during the production stage.

Domestic oil sales

In accordance with Supplement # 7 to the Contract, the Partnership is required to sell at least 15% of produced oil on the domestic market on a monthly basis for which prices are materially lower than export prices.

15. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which an instrument could be exchanged in a current transaction between knowledgeable willing parties according to arm's length conditions, other than in a forced or liquidation sale. As no readily available market exists for a large part of the Group's financial instruments, judgment is needed to arrive at a fair value, based on current economic conditions and the specific risks attributable to the instrument.

The fair value of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The Group's borrowings are at market rates of interest specific to those instruments and as such are stated at fair value. The fair value of other financial assets has been calculated using market interest rates.

Management believes that the Group's carrying value of financial assets and liabilities consisting of cash and cash equivalents, trade accounts receivable, trade and other payables are not significantly different from their fair values at March 31, 2013 and December 31, 2012.

16. EVENTS AFTER THE REPORTING PERIOD

On April 24, 2013 Zhaikmunai LLP replaced Zhaikmunai International B.V. as the issuer of the 2019 Notes and assumed all of the obligations of Zhaikmunai International B.V. under the 2019 Notes.