PRESS RELEASE

KMG EP Board of Directors revised 2015 budget

Astana, April 2, 2015. JSC KazMunaiGas Exploration Production ("KMG EP" or the "Company") held its regular Board of Directors ("the Board") meeting on March 30, 2015. During the meeting the Board approved the revision of the 2015 budget and approved the meeting agenda for the Annual General Meeting of Shareholders ("AGM") set for 19 May 2015.

I. Revised 2015 budget

The Board of Directors approved the revision of the 2015 budget based on an average Brent oil price of US$50 per barrel.

Production

Planned production in 2015 is expected to be 5.4 million tonnes (108 kbopd) from JSC OzenMunaiGas (OMG) and 2.8 million tonnes (56 kbopd) from JSC EmbaMunaiGas (EMG). The total planned production volume in 2015 from OMG and EMG is expected to be 8.2 million tonnes (164 kbopd), which is 69 thousand tonnes or 1% less than the 2015 planned production volumes approved in December 2014.

The Company's share in the planned production of Kazgermunai (KGM), CCEL (CCEL) and PetroKazakhstan Inc. (PKI) in 2015 remained unchanged compared to the earlier approved budget and is expected to be 1.5 million tonnes (32 kbopd), 1.1 million tonnes (19 kbopd) and 1.4 million tonnes (31 kbopd), respectively.

Domestic supply

Expected volumes of oil supply to the domestic market in 2015 were revised downwards. It is expected that the annual volume of oil supply to the domestic market from OMG and EMG in 2015 will be 2.3 million tonnes (47 kbopd), of which 1.9 million tonnes (38 kbopd) will be supplied from OMG to the Atyrau refinery and 0.4 million tonnes (9 kbopd) from EMG to the Pavlodar refinery. The lower volumes of oil supply to the domestic market by 0.7 million tonnes (13 kbopd) from OMG and EMG compared to the previous plan is due to the fact that the full reverse of the Kenkiyak – Atyrau oil pipeline is not yet completed. An additional 100 thousand tonnes of oil will be processed at the Atyrau refinery for the Company's own use.

The Company's share in the planned volume of oil supply to the domestic market in 2015 from KGM, CCEL and PKI is 1.9 million tonnes (39 kbopd) or 48% of total sales from these companies. KGM and PKI will supply oil to the Pavlodar and Shymkent refineries and CCEL will supply the Aktau bitumen plant.

Capital expenditures

Capital expenditure in 2015 is expected to be 84 bn Tenge (US$457m[1]), which is 30 bn Tenge (US$164m) or 26% less than the capital expenditure plan for 2015 approved in December 2014. This is 34% lower than the actual capital expenditure in 2014. The decrease in capital expenditure compared to the earlier approved plan is primarily due to the reduction in development drilling from 257 to 179 wells and the postponement of a few longer-term projects not related to production.

It is expected that in 2015 at an oil price of US$50 per barrel, the Company's free cash flow will be negative.

The Board approved a revision of the budget, previously approved in December 2014, based now on a US$50 per barrel oil price. This revised budget requires further work on certain aspects to achieve, at least cash and profit neutrality for 2015. Progress on these aspects will be monitored and reported to the Board regularly and the budget will correspondingly evolve.

II. Other decisions

The Board reviewed the terms of payment for sales of crude oil for export. On 1 April 2015 permissible payment deadlines will be reduced from 90 to 30 days to reduce trade receivables.

The Board also made a decision to provide financial aid to OMG in the amount of 37 bn Tenge (US$200m) to avoid cash shortfalls when urgent payments are due to be made in 2015.

III. AGM agenda approved

The Board approved the meeting agenda and set a date for the AGM for 19 May 2015.

The AGM agenda includes the following:

- approval of annual financial statements for 2014;
- outlining a procedure for distribution of net income of the Company and the size of dividend per Company share;
- approval of annual report of the Company for 2014;
- review of complaints made by shareholders about Company's and its officers' actions, and results of their review in 2014; and
- report on compensation package for members of the Board of Directors and the Management Board in 2014.

IV. 2014 Dividend

A further announcement will be made in due course respecting the proposed dividend for the year ended 31 December 2014.

An investor conference call on the Board decisions will be held today at 11.00 AM UK time (16.00 Astana time) with the participation of top management of the Company.

[1] Amounts shown in US dollars ("US$" or "$") have been translated solely for the convenience of the reader at the average rate of 185 tenge/US dollar.

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 2013 was 200 million tonnes (1.5 bn bbl), out of which 148.8 million tonnes (1.1 bn bbl) 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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