



## **PRESS RELEASE**

### **KMG EP trading update May 2016**

**Astana, 4 July 2016.** Independent Non-executive Directors of JSC KazMunaiGas Exploration Production (“KMG EP” or “the Company”) announce the following trading update for the month of May 2016.

#### **Net revenue from refined oil products**

KMG EP switched to an independent crude oil processing scheme in April 2016. According to preliminary data, net revenue achieved from the sale of all refined oil products (net of all processing and marketing costs<sup>1</sup>) during the month of May was 38,900 Tenge per tonne of oil processed at the Atyrau Refinery (ANPZ) and 46,800 Tenge per tonne of oil processed at the Pavlodar Refinery (PNHZ). This compares with 28,000 Tenge per tonne of oil processed at the ANPZ and 42,000 Tenge per tonne of oil processed at the PNHZ for the month of April 2016.

Given that Brent oil prices increased in June, higher revenue can be expected from refined oil products sales in June compared with May.

#### **Cash, cash equivalents and other financial assets as at 31 May 2016**

Cash, cash equivalents and other financial assets less borrowings at 31 May 2016 was 1,033bn Tenge (US\$3.1bn<sup>2</sup>), compared to 1,051bn Tenge (US\$3.1bn) at 31 March 2016. Approximately 96% of cash, cash equivalents and other financial assets were denominated in US Dollars and other foreign currencies, with the remainder denominated in Tenge. The financial assets on the balance sheet do not include overdue trade receivables of 44bn Tenge from KazMunaiGas - Refining & Marketing (KMG RM) for crude oil supplied to the domestic market in 2015.

#### **Free cash flow generated in May 2016**

According to preliminary data, the Company was cash flow neutral over the month of May 2016.

#### **Consolidated net income**

According to preliminary non-audited financial results, consolidated net income of KMG EP for the five months ended 31 May 2016 was 1,793 million Tenge (US\$5m<sup>3</sup>).

#### **OMG and EMG operating profit<sup>4</sup>**

According to the Statement of Operating Profit for the five months ended 31 May 2016 operating profit of Embamunaigas JSC (EMG) and Ozenmunaigas JSC (OMG) was 17,910 million Tenge (US\$52m<sup>3</sup>) and 8,654 million Tenge (US\$25m<sup>3</sup>), respectively.

<sup>1</sup> Except cost of production of crude oil and oil transportation expenses to the refineries.

<sup>2</sup> Amounts were converted to US dollars solely for the convenience of the reader at 335.84 KZT/US\$ rate.

<sup>3</sup> Amounts were converted to US dollars solely for the convenience of the reader at 347.03 KZT/US\$ rate.

<sup>4</sup> The operating profit does not include the effect of foreign exchange gain and loss, financial income and expense, other income and expense, gain and loss from disposal of assets and income tax expense, which are estimated in total in the financial accounts of EMG and OMG at 4,888 million Tenge (US\$14m) of net expense and 6,618 million Tenge (US\$19m) of net expense, respectively, for the period.

A presentation containing information on revenue from refined oil products can be found on the KMG EP website: [http://www.kmgep.kz/eng/investor\\_relations/presentations/](http://www.kmgep.kz/eng/investor_relations/presentations/).

Due to the interest of NC KMG in the Proposed Amendments and the Purchase Offer (dated 17 June 2016), this announcement has been prepared and released by the Independent Non-executive Directors of KMG EP.

*This announcement contains inside information.*

#### **Notes to Editors**

**KMG EP** is among the top three Kazakh oil producers. The overall production in 2015 was 12.4 million tonnes (251 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 2015 was 193 million tonnes (1,409 mmbbl). The Company's shares are listed on the Kazakhstan Stock Exchange and the GDRs are listed on The London Stock Exchange. The Company raised over US\$2bn at its IPO in September 2006.

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#### ***Forward-looking statements***

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