

## PRESS RELEASE

### KMG EP's Board of Directors approved the budget for 2015

*Astana, December 10, 2014.* JSC KazMunaiGas Exploration Production ("KMG EP" or the "Company") held its regular Board of Directors ("the Board") meeting on December 8, 2014. At the meeting the Board approved the budget for 2015 which assumes a Brent oil price of US\$70 per barrel.

Planned production in 2015 is expected to be 5.4 million tonnes (109 kbopd) from JCS OzenMunaiGas (OMG) and 2.8 million tonnes (57 kbopd) from JCS EmbaMunaiGas (EMG). Thus, the total planned production volume in 2015 from OMG and EMG is expected to be 8.2 million tonnes (166 kbopd) or 1% more than planned production in 2014.

The Company's share in the planned production of Kazgermunai (KGM), CCEL (CCEL) and PetroKazakhstan Inc. (PKI) in 2015 is estimated to be 4.0 million tonnes (81 kbopd) or 3% less than planned production in 2014 due to a natural decline of production at PKI.

The Company expects the annual volume of oil supply to the domestic market in 2015 to be 3.0 million tonnes (59 kbopd) which will be supplied to Atyrau and Pavlodar refineries. 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 2.2 million tonnes (45 kbopd) or approximately 55% of total sales from these companies.

As the Company has not received approved schedule for deliveries to Russia for 2015, shipments to Russia are not reflected in the 2015 budget.

Capital expenditure in 2015 is expected to be 115 bn Tenge (US\$621m<sup>1</sup>), 14% less than planned expenditure in 2015 according to the previous year business plan. The lower capital expenditure will not impact on field recovery and will stem from reduced spending on infrastructure projects and the postponement of some longer-term projects from the Company's modernisation programme.

#### Notes to editors

**KMG EP** is among the top three Kazakh oil and gas producers. The overall production in 2013 was 12.4 million tonnes (an average of 251 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 UOG (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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<sup>1</sup> 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

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