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**JSC KazMunaiGas Exploration Production ("KMG EP" or the "Company")**

**KMG EP announces the expiry of the tender offer by the Company to purchase its GDRs and of the offer by the Company to purchase its Common Shares and the results of the Company's extraordinary general meeting of shareholders held on 12 March 2018**

**Astana, March 13, 2018**

**1. Introduction**

On 8 December 2017, KMG EP announced the launch of a conditional tender offer to repurchase all of its outstanding GDRs at a price of US\$14.00 per GDR (the "**Tender Offer**").

On 23 January 2018, KMG EP announced:

- that the Acceptance Condition and all other Tender Conditions were satisfied and the Tender Offer was declared unconditional in all respects; and
- an unconditional offer to repurchase on KASE all of its Common Shares in issue or to be issued (the "**Share Offer**") at a price of US\$84.00 per Common Share but payable in Tenge.

On the same day KMG EP also announced the convening of an extraordinary general meeting of shareholders on 12 March 2018 ("**EGM 2**") with the following agenda:

- (a) exclusion on a permanent basis (voluntary delisting) of GDRs of KMG EP from the official list of the London Stock Exchange ("**LSE Delisting**");
- (b) exclusion on a permanent basis (voluntary delisting) of ordinary shares and GDRs of KMG EP from the official list of the Kazakhstan Stock Exchange ("**KASE Delisting**"); and
- (c) adoption of a new version of the Charter of KMG EP.

Words and phrases defined in the Company's announcement of the launch of the Tender Offer on 8 December 2017 ("**Tender Offer Announcement**") shall bear the same meaning in this announcement.

**2. Expiry of the Tender Offer and the Share Offer**

KMG EP announces that, in accordance with their respective terms and conditions, the Tender Offer closed at 3.00 p.m. (London time) on the Final Closing Date of 8 March 2018 and the Share Offer closed on 12 March 2018.

As at 3.00 p.m. (London time) on the Final Closing Date, KMG EP had acquired or had received valid acceptances pursuant to the Tender Offer in respect of a total of 135,328,231 GDRs, which as at 18 February 2018 (being the latest practicable date prior to the publication of this announcement) represent approximately 98.6 per cent. of the GDRs in issue (excluding GDRs held by the Company as at 18 February 2018) and approximately 32.1 per cent. of the Common Shares (including Common Shares represented by GDRs) in issue. 54,000,000 GDRs have been converted into Common shares as at 21 February 2018.

As at the close of trading on KASE on 12 March 2018, KMG EP had acquired or received bids for sale pursuant to the Share Offer in respect of a total of 331,677 Common Shares in issue, which as at 18

February 2018 (being the latest practicable date prior to the publication of this announcement) represent approximately 0.5 per cent. of the Common Shares (including Common Shares represented by GDRs) in issue.

### **3. Final Settlement**

KMG EP is pleased to announce that final settlement of the consideration due under the Tender Offer and the Share Offer will be effected on the final Settlement Date of 5 April 2018 as follows:

#### **3.1 OTC Tender Offer**

In the case of all valid acceptances received before the expiry of the Tender Offer and not already settled on the first Settlement Date, KMG EP will remit the relevant entire Tender Price in US dollars to the Tender Agent, subject to any Withheld Amount and any other applicable taxes and other governmental charges.

#### **3.2 KASE Tender Offer**

In the case of all valid acceptances received before the expiry of the Tender Offer and not already settled on the first Settlement Date, KMG EP will remit the relevant entire Tender Price in US dollars to the relevant KASE Brokers free of Kazakhstan withholding tax but subject to any other applicable taxes and other governmental charges.

#### **3.3 Share Offer**

In the case of all valid acceptances received before the expiry of the Share Offer and not already settled on the first Settlement Date, KMG EP will purchase the relevant Common Shares on KASE at the Share Price calculated and converted into Tenge (rounded up to two decimal places) using the official US dollar:Tenge exchange rate as published by the National Bank of Kazakhstan on its website on the final Settlement Date.

### **4. Results of EGM 2 and Delisting**

KMG EP is pleased to announce that the resolutions proposed for EGM 2 were duly passed at the meeting held on 12 March 2018.

Pursuant to the resolutions having been duly passed at EGM 2 and the expiry of the Share Offer, KMG EP now intends to apply for the LSE Delisting and the KASE Delisting.

On 11 April 2018, KMG EP will submit an application for the delisting of the Common Shares and the GDRs with a view to the Listing Commission of KASE approving the KASE Delisting. On or after 11 April 2018, the Company will also submit notices to cancel the admission of the GDRs to the Official List and to trading on the main market of the LSE so as to take effect on the date of the KASE Delisting, which is expected to be approximately 20 working days after the service of such notices.

On such notices becoming effective, the Relationship Agreement shall terminate immediately.

## 5. Amendments to the Deposit Agreement

KMG EP is also pleased to announce that the amendments to the Deposit Agreement, three months' notice in respect of which was given to the GDR Holders on 8 December 2017, became effective on 9 March 2018.

KMG EP reminds GDR holders that, in view of the Company's intention to delist the GDRs, the Company agreed with the Depositary to remove certain obligations to maintain listings by entering into the Amended Deposit Agreement. In addition to removing such listing obligations, the Amended Deposit Agreement also reduces the notice periods for the termination of the Amended Deposit Agreement from 90 days to 30 days.

Further details of the Tender Offer and the proposed LSE Delisting and KASE Delisting are set out in the Tender Offer Document, which can be found at the following link: [https://www.kmgep.kz/eng/investor\\_relations/tender\\_offer/](https://www.kmgep.kz/eng/investor_relations/tender_offer/) or by calling Link Asset Services on +44 371 664 0321.

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### Notes to Editors

KMG EP is among the top three Kazakh oil producers based on the 2017 results. The overall production in 2017 was 11.9 million tonnes (240 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 2016 was 182 million tonnes (1,327 mmbbl). The Company's shares are listed on the Kazakhstan Stock Exchange and the GDRs are listed on The London Stock Exchange and Kazakhstan Stock Exchange. The Company raised over US\$2bn at its IPO in September 2006.

### Important notices

This announcement contains inside information.

The release, publication or distribution of this announcement in, into or from jurisdictions other than the United Kingdom, the US or Kazakhstan may be restricted by the laws of those jurisdictions and therefore persons into whose possession this announcement comes should inform themselves about, and observe, such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. This announcement does not constitute an offer to sell or issue, nor the solicitation of an offer to buy or subscribe for, shares in any jurisdiction in which such offer or solicitation is unlawful.

J.P. Morgan, which is authorised in the United Kingdom by the PRA and regulated by the PRA and the FCA, is acting as financial adviser exclusively for KMG EP and for no one else in connection with the matters referred to in this announcement, will not regard any other person as its client in relation to the matters set out in this announcement and will not be responsible to anyone other than KMG EP for providing the protections afforded to clients of J.P. Morgan or its affiliates, nor for providing advice in relation to any matter referred to in this announcement.

Rothschild, which is authorised in the United Kingdom by the FCA, is acting as financial adviser exclusively for the INEDs and for no one else in connection with the Tender Offer and will not be responsible to any person other than the INEDs for providing the protections afforded to clients of Rothschild or for providing advice in relation to the matters described in this announcement.

HSBC is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom. HSBC is acting as financial adviser exclusively for the INEDs in connection with the Tender Offer and no one else and will not regard any person as its client in relation to any matters set out in this announcement and will not be responsible to anyone other than the INEDs for providing the protections afforded to clients of HSBC or for providing advice in connection with the Tender Offer or any matter referred to in this announcement.

No person has been authorised to give any information or make any representations other than those contained in this announcement and, if given or made, such information or representations must not be relied on as having been so authorised. The delivery of this announcement shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this announcement or that the information in it is correct as of any subsequent time.

#### **Notice for US Securities Holders**

The Tender Offer is not subject to the disclosure and other procedural requirements of Regulation 14D under the US Exchange Act. The Tender Offer will be made in the United States in accordance with the requirements of Regulation 14E under the US Exchange Act to the extent applicable. Certain provisions of Regulation 14E under the US Exchange Act are not applicable to the Tender Offer by virtue of Rule 14d-1(c) under the US Exchange Act. US GDR Holders should note that the GDRs are not listed on a US securities exchange and KMG EP is not subject to the periodic reporting requirements of the US Exchange Act and is not required to, and does not, file any reports with the US Securities and Exchange Commission under such Act.

**This announcement has not been approved, disapproved or otherwise recommended by the US Securities and Exchange Commission or any US state securities commission and such authorities have not confirmed the accuracy or determined the adequacy of this announcement. Any representation to the contrary is a criminal offence in the United States.**

## **Forward-looking statements**

This announcement, including information included or incorporated by reference in this announcement, includes statements that are, or may be deemed to be, “forward-looking statements” concerning the Tender Offer, KMG EP, the KMG EP Group and NC KMG that are subject to risks and uncertainties. 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 announcement. 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 announcement, 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.