

Operating results for the first nine months of 2014

Astana, 22 October 2014. JSC KazMunaiGas Exploration Production (“KMG EP” or “the Company”) announces its operating results for the first nine months of 2014.

KMG EP produced 9,217 thousand tonnes of crude oil (249 kbopd), including the Company’s stakes in Kazgermunai (KGM), CCEL and PetroKazakhstan Inc. (PKI), which is slightly below the same period of 2013.

Ozenmunaigas JSC (OMG) produced 3,992 thousand tonnes (108 kbopd), an increase of 3% over the same period of 2013. Embamunaigas JSC (EMG) produced 2,110 thousand tonnes (57 kbopd), which is 1% less than in the same period of 2013. The total volume of oil produced at OMG and EMG is 6,102 thousand tonnes (165 kbopd), which is a 2% increase over the same period of 2013.

The Company’s share in production from CCEL, KGM and PKI for the nine months of 2014 amounted to 3,115 thousand tonnes of crude oil (85 kbopd), which is 3.6% less than in the same period of 2013.

In the first nine months of 2014, the Company’s combined export sales from OMG and EMG were 4,402 thousand tonnes (117 kbopd), or 74% of total sales volume. Besides, 50 thousand tonnes were shipped in September to Russia to fulfil obligations under the counter-oil supply agreement between the Government of Kazakhstan and the Russian Government. According to preliminary estimates netback of crude oil supplied to the Russia is lower than netbacks of crude oil exported via UAS and CPC routes. Sales volumes shipped to Russia are determined by the Ministry of Energy of Kazakhstan and currently the Company has not received approved schedule for deliveries to Russia for Q4 2014 or full year 2015.

In the first nine months of 2014, the Company’s domestic sales from OMG and EMG amounted to 1,505 thousand tonnes (40 kbopd). The Company expects that domestic sales from OMG and EMG in 2014 will amount to 1.9 million tonnes.

The Company’s share in the sales from CCEL, KGM and PKI was 3,089 thousand tonnes of crude oil (85 kbopd), including 1,519 thousand tonnes (43 kbopd) supplied to export markets or 49% of total sales volume.

Outlook

The 2014 production plan at the Company’s core assets (OMG and EMG) is maintained at the planned level of 8,170 thousand tonnes (165 kbopd). It is expected that CCEL, KGM and PKI will achieve initial targets for 2014 and that the share of KMG EP in production will amount to 4,093 thousand tonnes (84 kbopd).

New member appointed to the Management Board

Shane Drader was hired as Finance Controller-Finance Director on 14 August to replace Benjamin Fraser whose contract with KMG EP had expired.

Shane Drader had previously held this position from 2007 to 2011. Before joining KMG EP he had been a partner with Deloitte & Touche (Kazakhstan). He has extensive experience with Big Four audit firms. He had also been Head of Finance, Financial Controller, Internal Audit & Business Risk Manager with British American Tobacco in various countries. He graduated from the University of Calgary's Faculty of Management majoring in Accounting. He is a member in good standing with the Institute of Chartered Accountants of Alberta (ICAA).

Subsequently, on 16 September 2014, the Board of Directors of KMG EP appointed Shane Drader, the new Finance Controller-Finance Director, to the Management Board.

Mr Abat Nurseitov, Chief Executive, said "Benjamin Fraser contributed much to company's growth, and improved financial reporting and internal controls within the company. Whilst we are sorry to lose him, we are pleased to welcome Shane Drader back to the role."

Further to the [announcement made on 25 July 2014](#) that the Company had received a highly preliminary approach from National Company KazMunaiGas, KMG EP confirms that discussions are ongoing and that a further announcement will be made in due course and as appropriate.

NOTES TO EDITORS

The Management Board of KMG EP as at 22 October 2014:

Abat Nurseitov, Chief Executive Officer;
Kairbek Yeleussinov, Chief Operations Officer;
Shane Drader, Finance Director-Finance Controller;
Malik Saulebay, Head of Staff;
Botagoz Ashirbekova, HR Managing Director;
Dastan Abdulgafarov, Managing Director for Business Development.

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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