PRESS RELEASE

KMG EP Board of Directors revised the 2016 budget and recommend dividend for 2015

Astana, 31 March 2016. JSC KazMunaiGas Exploration Production ("KMG EP" or the "Company") held its regular Board of Directors ("the Board") meeting. During this meeting, the Board approved the revised budget for 2016, recommended a dividend payment on 2015 earnings and approved the agenda items for the Shareholder Annual General Meeting ("AGM"), which will take place on 24 May 2016.

Revised 2016 budget

The revised budget for 2016 assumes an average annual Brent price of US$30 per barrel and an average annual exchange rate of 360 Tenge per US dollar. It also assumes an export duty rate linked to Brent price from 1 March 2016.

After several rounds of negotiations and consultations with NC KMG and the Board of Directors, KMG EP's management has decided to change the process for domestic supply with the sale of oil products. The new processing scheme, which the Board of Directors endorses, will take effect in April 2016. Changes associated with this new scheme have already been included in the approved 2016 budget.

A transitional price is being agreed with respect to the first three months of the year on the basis of the netbacks generated by the new processing scheme.

Approved budget and business plan for the 2016-2020 will be further elaborated with the aim of improving the performance of the Company.

Mineral Extraction Tax (MET) relief

JCS Ozenmunaigas (OMG) has sent an application to the Ministry of Economy of Republic of Kazakhstan requesting the Uzen and Karamandybas fields be included on the list of hydrocarbon fields that produce low or no profits, so that they can be granted MET relief for 2016.

2015 dividend recommendation

For the first time since the Company's IPO, the Board of Directors has recommended not to pay dividends on ordinary shares. In accordance with KMG EP's Charter, an annual minimum guaranteed dividend of 25 Tenge per share will be paid on preferred shares. This decision is subject to approval by the shareholders at the AGM on 24 May 2016.

The decision not to pay dividends is caused by sharp decline in oil prices since end of 2014, as a result of which the Company's cash flow and operating profit turned negative. The tax burden and the cost of production at KMG EP's core assets remain high.

The independent non-executive directors recommended a significantly larger annual dividend payment in respect to the year ended 31 December 2015 as well as a substantial special dividend. The Board did not endorse those recommendations.

AGM agenda

The Board has approved the agenda items for the AGM on 24 May 2016. These are as follows:

1. Approval of the annual financial statements for the year ended 31 December 2015.
2. Outline a procedure for distribution of the Company's net income and dividend payment per Company share;
3. Approval of the Company's annual report for 2015;
4. Review of complaints made by shareholders about the Company's and its officers' actions, and results of their review in 2015;
5. Report on 2015 remuneration report for members of the Board of Directors and the Management Committee;
6. Review of the Company's Board of Directors and Management Board's activities in 2015;
7. Changes to the Company's charter - the provision of an indemnity for the directors of the Company;
8. Composition of the Counting Committee of the Company.

An investor conference call is planned to be held on Monday, 4 April, 2016. The details of the call will be sent shortly.

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 152 million tonnes (1,115 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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