

2014 Performance Results

UPSTREAM

In 2014, PetroKazakhstan Inc. produced 4.883 million tonnes of oil, which includes the 50% interests in its JVs – Kazgermunai and Turgai-Petroleum. Total production by PKKR, Kolzhan and PKVI amounted to 2.788 million tonnes, while Turgai-Petroleum production was responsible for 0.599 million tonnes and Kazgermunai - 1.499 million tonnes.

In 2014, PKKR, Kolzhan and PKVI drilled 101 new wells, including 47 production wells and 54 exploration and appraisal wells, while Kazgermunai drilled 28 production wells. According to the report by an independent auditor, Ryder Scott, category P1 oil reserves grew by 1.9 million barrels for the PKI group.

DOWNSTREAM

In 2014, PKOP processed 5.065 million tonnes of crude oil, which is a 208 thousand tonne increase on 2013.

In 2014 to help the republic stabilize oil products market and reduce public tension the Refinery operated without suspending operations for planned repairs, and recorded no breakdowns or accidents, supplying the many regions of Kazakhstan with oil products.

Last year, high-octane gasoline output amounted to 735 thousand tonnes, while refining depth was 75% and light petroleum product output was 57%. Compared to 2013, the Refinery increased gasoline, aviation kerosene, mazut and vacuum gasoil output.

PKOP has continued with its project to upgrade and reconstruct the Shymkent refinery. The result will be 14 new technical units, including a catalytic cracking unit for RFCC heavy residue, a Prime G+ gasoline catalytic cracking hydrotreatment unit, an MTBE production unit, a Merox unit to remove sulphur from unsaturated liquefied hydrocarbon gases, a residual gas treatment and sulphur removal unit. The licensors for these new units are global leaders such as UOP from Great Britain, Axens from France and CPE from China. Three current units are due to be reconstructed.

In addition, new general facilities are due to be built at the Refinery, such as nitrogen recovery and air compression units, a water chemical treatment unit, a steam preparation unit (boiler room), a reservoir to store oil products, a flare unit, central operating units (to manage the technical process) and others.

The result of all of this work is that the Refinery will transit to producing EURO-4 and EURO-5 oil products, increasing processing depth and light petroleum product output.

MARKETING AND TRANSPORTATION

Year on year PetroKazakhstan has met its requirements to supply fuel to consumers, and 2014 was no exception. To stabilise the Kazakhstan POL (petrol, oil, lubricants) market and support the status of a socially responsible company, PetroKazakhstan supplied 1.25 million tonnes of oil products (diesel, gasoline, mazut and aviation kerosene) under social programmes.

In 2014, to meet the demands of the Kazakhstan domestic market, the Shymkent Refinery shipped, including tolling goods, 3.1 million tonnes of oil products, such as diesel, gasoline, TS-1 jet fuel and M-100 mazut.

We also maintained our position as one of the leading freight dispatchers in Kazakhstan with total rolling stock of 2,210 units, providing quality wagon operator services for tolling companies.

Thanks to smooth-running cargo traffic system, the effective use of company rolling stock, the

absence of violations and criticisms from the authorities, PetroKazakhstan has the reputation as a reliable long-term partner in the shipment of oil products.

HSE

Promoting industrial safety, PetroKazakhstan initiated the 1th HSE Conference under the umbrella of KAZENERGY for 78 representatives of leading Kazakhstan oil and gas companies. Due to the company's continued active implementation of one the HSE department's innovations – the Programme to encourage employees to report Near Miss and Unsafe conditions and actions – 16 PetroKazakhstan employees have received awards and recognition.

PKOP has been successfully recertified as complying with ISO:14001 and passed compliance audit for OHSAS:18001 requirements. In addition, after taking place in a review contest 'Best Organisation, Enterprise and Work Safety Service in South Kazakhstan Oblast' the Refinery was named 'Best Safe Enterprise'. The refining division also planted 1,350 trees as part of an initiative to landscape the refinery's buffer zone.

To promote and teach employees about fire-fighting, PKKR held its annual fire safety competition 'It's better to anticipate than extinguish a fire'. An integrated HSE management structure has been created to aid the realisation of the Korgau project. It is to be headed by the central safety committee and has led to the creation of a system of cascade committees and implementation of behavioural safety audits at the company's oil fields.

CORPORATE SOCIAL RESPONSIBILITY

As has been the case in the past, PetroKazakhstan has been actively realising its multifaceted sponsorship programme in the regions, and we are proud that all social responsibility goals for 2014 have been met – whether they were the realisation of traditional sponsorship, helping sponsored organisations or working within the framework of Memorandums of cooperation with the relevant Akimats. On the whole, the amount allocated by PetroKazakhstan for social projects in 2014 exceeded US\$ 7 million, of which US\$ 4 million was spent within the framework of the Memorandums.

Sports projects are one of the priorities for both internal and external policy. A good example is PetroKazakhstan Olympics. The 5th Jubilee PetroKazakhstan Olympics took place in Almaty in September 2014 with more than 100 employees of not only PetroKazakhstan but also the joint ventures Kazgermunai and Turgai-Petroleum taking part. The presence of the Kazakhstan Minister for Culture and Sport Arystanbek Mukhamediuly at the opening ceremony once again underlined the importance of developing mass sport in the corporate environment.

In autumn 2014 Shymkent played host to a meeting between PetroKazakhstan management and representatives from all organisations supported. At the meeting, on the eve of the 70th anniversary of the end of the Great Patriotic War, the South Kazakhstan Oblast Council of Veterans was given a cash certificate worth KZT 5 million.

ACHIEVEMENTS AND AWARDS

We are proud of the recognition our contribution to regional development has received, with PKKR and PKOP employees' achievements being recognised again nationally.

In honour of the professional Oil Workers' Day celebration, KazMunaiGas, Samruk-Kazyna and the Ministry of Energy awarded the 'Munai-gas keshenin damytyga koskan ulesi ushin' medal, certificates of honour, the KazMunaiGas badge of honour and the 'Munai-gas salasynyn ebek sinirgen kyzmetkeri' badge to 7 PKKR employees and 14 PKOP employees. 30 PKOP employees received certificates of honour from company management.