



Project Santiago: Acquisition of a gas field owner in South Kazakhstan



Confidential

MATERIALS FOR DISCUSSION

May 2017

kpmg.kz

Investment opportunity


Summary

Seller: Samruk-Energy JSC is a state-owned Kazakhstan holding company which manages a number of its energy assets

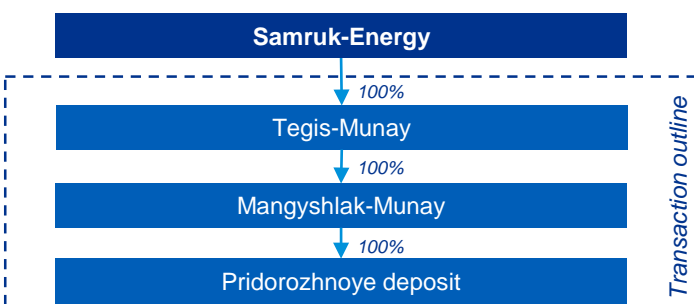
Privatisation in Kazakhstan: In December 2015 the Kazakhstan Government adopted the Comprehensive Privatisation Plan For 2016-2020. Samruk-Energy's assets were included in the privatisation programme

Target: A 100% stake in Tegis Munay (the "Company") which is the owner of Mangyshlak-Munay LLP ("Mangyshlak-Munay"), which in turn is the holder of gas exploration rights to the Pridorozhnoye deposit in South Kazakhstan Region, based on Subsoil Use Contract No. 2775 of 29 August 2008. The Pridorozhnoye deposit is located in the Suzak District of the South Kazakhstan Region of the Republic of Kazakhstan. The nearest industrial centres are the cities Jezkazgan, Kyzylorda, Taraz, Turkistan and Shymkent.

In December 2015, State commission on natural resources of the Republic of Kazakhstan approved gas reserves at the level of 16,475 million m³. In 2016 exploration works at the deposit have been completed. The protocol of direct negotiations between Kazakhstan Ministry of Energy and Mangyshlak Munay on granting hydrocarbon production rights was signed. Mangyshlak-Munay management is negotiating a gas production contract for Pridorozhnoye deposit with the Ministry of Energy.

 KPMG acts as an exclusive financial advisor for Samruk-Energy in the privatisation programme (the "Transaction")

Current ownership structure



Key project indicators and location



16,475 mln m³
Natural gas reserves



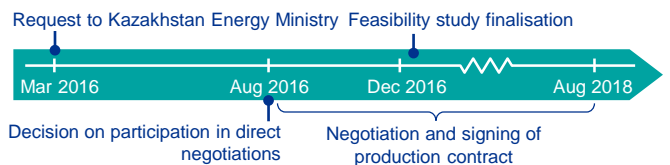
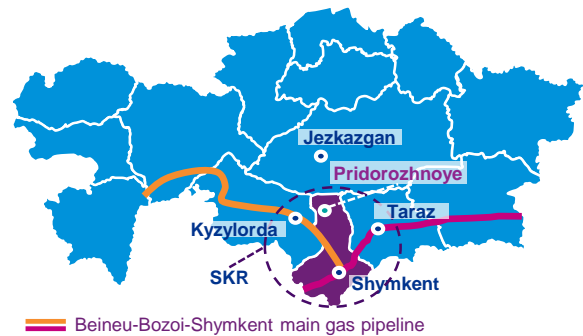
290 mln m³
Approved annual gas production



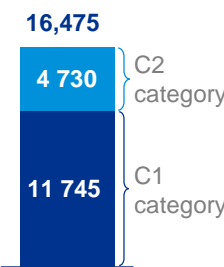
3 units
Number of drilled exploratory wells



200 km
Distance from BBS gas pipeline

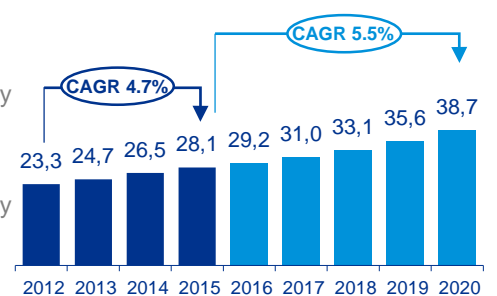


Gas reserves, mln m³



Source: Company data

Natural gas consumption in Kazakhstan, ktoe



Source: EIU data as of June 2016

Investment highlights



Significant reserves in one of the few pure natural gas fields

- ✓ Only 10% of the annual gas production in Kazakhstan are from pure natural gas fields like the Target, not requiring special refinement procedures
- ✓ Gas reserves at the deposit as of the early 2017 stood at 16,475 million m³



Excellent developed infrastructure

- ✓ TM has access to developed infrastructure (highways, transmission facilities) due to proximity of uranium production facilities of Kazatomprom



Flexibility over choice of development strategy

- ✓ A potential investor can tailor the production contract according to his strategy, and has flexibility over the following decisions:
 - Gas sales structure (export / import)
 - Construction of a gas-turbine power plant



Export sales opportunity

- ✓ The deposit is located 200 kilometres from the main gas pipeline Beineu-Bozoi-Shymkent, which provides an opportunity for export sales to China as it is connected to the Kazakhstan-China gas pipeline



Unique access to energy lacking region

- ✓ The Target is located in the South Kazakhstan Region, which has deficits of gas and energy. This can ensure high demand for the Company's resources



Next steps and contacts



Next steps and contacts

In order to receive more detailed information and to begin preliminary project discussions, the recipients of this teaser are required to sign a non-disclosure agreement



START OF ASSET SALE:

Information on the tender announcement date will be provided later

Sales process: **open two-phase tender**



Selection of qualified participants who meet the agreed requirements and conditions



Negotiations of key conditions, an opportunity to improve proposals, appointment of the winner

If you have any questions, please do not hesitate to get in touch with the KPMG professionals shown on the right

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