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DEVELOPMENT STRATEGY

OUR VISION

Embamunaigas JSC is a highly efficient oil and gas Company with majority state interest, meeting the highest safety standards, with highly qualified personnel and a profitable resource base ensuring long-term development.

OUR MISSION

We produce oil and gas in order to ensure stability for employees and efficiency for the shareholder by balancing social and business interests well.

OUR VALUES

Human life is our absolute value. Ensuring the safety of life and health of our employees through the introduction of a safety culture for themselves and their colleagues. An employee who comes to work must return home safe and sound.

Making it through. The Company is committed to achieving the stated results and goals. We value result-motivated employees.

Careful attitude to the motherland and the Company. The Company appreciates the environmentally friendly employees and those taking care of the Company's assets.

Expertise. The Company creates conditions to improve the expertise of its employees. We value employees seeking to acquire new knowledge and create equal conditions for career growth.

Ethics and respect for the individual. The Company is committed to creating a culture of relations based on mutual respect and trust.

STRATEGIC PRIORITIES

The main strategic priorities of the Company in decision making are as follows:

Profitability

as an essential condition for the existence of the Company.

Environment

Rational use of subsoil and reduction of adverse environmental impact. With the growth of production, the Company is introducing new technologies that reduce the adverse environmental impact.

Social stability

Ensuring the employment of the Company's employees through the rational distribution of staff for current and new projects.

Automation of production

Improving performance and occupational safety.

Energy efficiency

When choosing technologies for new and existing projects, the Company will give priority to the use of energy efficient technologies.



STRATEGIC LINES OF ACTIVITIES

The priority line of activities of the Company is the formation of a competitive resource base supporting the stable and long-term (more than 25 years) development of Embamunaigas JSC to provide employment and create shareholder value through:

- ▶ conducting exploration operations under existing and new contracts,
- ▶ conducting additional exploration at existing fields, and
- ▶ acquiring new assets.

The Company produces oil and intensifies production at the operating fields through the introduction of new technologies to increase the oil recovery factor (ORF).

In order to ensure the continuous production processes, the Company develops oil service processes aimed at increasing the time between overhauls (TBO) of wells, increasing the operation factor of the special-purpose equipment fleet and providing comfortable living conditions for personnel.

The utilization of associated gas generated in the process of oil production is a prerequisite for the environmental friendliness. In addition, the portfolio of investment projects of the Company contains projects for the exploration and production of gas fields. Thus, the Company considers the development of the gas business as a promising direction, including measures to upgrade the existing and build new associated gas processing plants to produce marketable gas, methanol, and diesel fuel using GTL technology. In addition, the Company implements measures for the construction of gas piston power plants (GPPP) in order to generate its own electricity. The Company will use the products for its own needs as well as for sale in the domestic market.

In order to maintain the production and social infrastructure at the fields, the Company builds and repairs highways, solves the problems of staff accommodation and meals, and ensures the rational use of economic infrastructure facilities.

In order to ensure the stable development of all business lines, the Company pays great attention to the development of occupational health and safety, HR and production automation.

The implementation of the Development Concept of Embamunaigas JSC will allow the Company to make a significant contribution to the economic development of the region and confidence in the future for a team of many thousands (over 5,000 employees).



STRATEGIC INDICATORS

KPI	UoM	2017 (ACTUAL)	2018 (PLAN)	2018 (ACTUAL)	2022 (PLAN)	2027 (PLAN)	2032 (PLAN)
Reserves	mln tonnes	70.4	75.49	74.30	202.64	184.68	146.24
Production output	mln tonnes	2.8	2.9	2.9	3.99	3.15	11.3
Lifting costs	mln tonnes	186.96	210.35	200.25	405.18	483.26	1,749.05
Headcount	ppl	5,275	5,439	4,942	5,341	5,341	5,341
ROACE	%	17.92%	13.60%	26.71%	>WACC	>WACC	>WACC
EBITDA	mln USD	283.8	259.6	337.7	384.1	248.3	1,840.7
EVA	mln USD	62.9	22.3	139.21	>0	>0	>0

KEY RISKS

The Company has identified the following key risks in implementing the Development Concept and risk mitigation measures:

#	Factors	Potential impact	Mitigation measures
1	Decreased production at fields that are in the final stages of development due to the high cost of production	Reduced production volumes	Increased reserves due to exploration operations and M&A transactions
2	The high level of geological risks due to the depth of the promising layers of the P-1 project	Decreased Company's value	A strategic partner recruitment
3	Reduced investment potential for financing projects due to the shareholder withdrawing a significant amount of dividends	No increase in reserves and production rates	The Concept approved by the shareholder (including the investment and dividend policies) as well as business plans for investment projects.
4	Reduced oil prices (below baseline)	Reduced Company's earnings	Search for business cost reduction initiatives
5	Negative change in the economic macroparameters of Kazakhstan (KZT-to-USD exchange rate, inflation rate)	Reduced Company's value, increased costs	Developed and implemented measures to optimize the Company's tax policy
6	The risk of unauthorized strikes	Break of continuous operation	Weighted policy on process outsourcing Prompt implementation of staff retraining programs. Monitoring and analysis of the social climate in the Company

The Company has developed and approved risk management documents and procedures for the purpose of risk management.