

Dear KPO employees,

I would like to express my sincere congratulations to all of you on the forthcoming Nauryz holiday.

Taking its roots from the ancient times Nauryz symbolises the renewal of nature and the beginning of new life. On this festive day, we reflect on our achievements and make plans for the future.

Karachaganak celebrates Nauryz 2012 with the high production records, innovative technologies, achievements in development of local economy and social infrastructure, impressive environmental performance, and advancement of national employees and contractors' potential.

The success of Karachaganak has become possible thanks to hard work and efforts of the multinational KPO team and collaboration with the Republic of Kazakhstan, local community and Karachaganak Partners.

On the eve of this wonderful spring holiday, I would like to wish stability and happiness to you and your families.

Best regards,
Giuseppe Pasi
General Director

Message from Corporate Safety Manager

Dear colleagues,

Emergency response is a critical part of KPO's business, and effectiveness of resolving incidents, global reputation and business recovery is directly related to the preparedness and commitment of the members of Emergency Response organisation at all levels.

In this company as you know Level I is comprised of the dedicated highly qualified professionals who deal directly with the emergency, whereas Level II relies entirely on a volunteer Incident Management Team. You are the core of the Level II IMT which you take on willingly in amongst your core work duties. The reliability and efficiency of KPO's response and recovery, stems from you who would be mobilised in times of emergencies or crisis.

Let me thank each and every one of you for your commitment in providing this vital service to the company throughout the year!

You are a vital part of the team who provide support to the emergency response operations of the units or Incident Control Teams and ensures effective coordination and management of KPO resources for both minimising the risk to personnel, the environment and to company assets and reputation, and effectively mitigating the impact of an emergency.

You were very supportive and eagerly responded to invitations for duty. The average number of duty weeks per individual was 6, yet some of you were on duty for 9, 10 and even 12 weeks throughout the year! The number of volunteers in the roster increased up to 68 people.

For the weeks on duty you probably had to adjust your personal plans, and abstained from social activities in order to be prepared to handle an emergency.

You also maintained your own competence in emergency management which was extremely challenging as emergency management is not part of your core competence, education or job description.

You actively participated in weekly tabletop exercises and presentations, and attendance at the handover meetings increased compared to the previous years. In 2011 you were involved in 11 presentations (25 sessions) and discussed 8 scenarios (15 sessions). Some of you took part in the integrated and full-scale exercises as responders and role-players: Horizon in May (Levels I-II-III, well blowout), KATS Oil Spill in November (Levels I-II), Berkut in December (Level III-Parent Companies). The observations of the exercises and audit findings indicated a significant improvement in response, competence, command and control compared to previous years.

You responded to 4 genuine emergencies occurring in February, March, September and December 2011.

You became familiar with the First Arrival Procedure, First Briefing Board, Focus Board, use of equipment and maps.

You were proactive and put forward good ideas that we have adopted in procedures and used to improve the IMC.

Let me assure you that the KPO Leadership appreciate the efforts and involvement of every one of you, and we wish you to maintain this spirit in the future years.

I also wish to express sincere thanks to those members of the Corporate Safety Team who helped us all to make emergency response a success.

Best regards,
Lawrence Mattinson
Corporate Safety Manager



KPO celebrates Nauryz in Aksai

Nauryz is the national holiday in Kazakhstan which is widely celebrated across the whole country. It is truly a national holiday of spring, work and unity and it is dear to all the peoples living in the multinational Kazakhstan. Of course, the modern festival is essentially different from the old one, but still preserves the old traditions.

As in previous years, KPO together with the residents of the town of Aksai celebrated this holiday in a grand fashion and in a big way. The main holiday events were celebrated at the Gasmen Municipal Park.

On this occasion, Akim of Burlin district Marat Tusupkaliev, KPO General Director Giuseppe Pasi, the newly appointed KPO General



Director Damiano Ratti and other KPO top managers arrived at the Gasmen Park to congratulate the Aksai residents with this wonderful holiday. Giuseppe Pasi

and Damiano Ratti on behalf of KPO congratulated heartily all the city residents on this bright spring holiday, wishing them all of the best.



Vice-Minister of Environment visits Karachaganak

On 6 March 2012 KPO hosted a visit from the Vice-Minister of Environment of Republic of Kazakhstan M.Mukhambetov.

The main purpose of their visit was to familiarise himself with the Karachaganak oil and gas condensate field.

During his visit to Karachaganak Mr.Mukhambetov

was met by KPO General Director Giuseppe Pasi and other top managers of KPO who provided him with a detailed field overview. The guest was briefed on Karachaganak field development activities and KPO contribution to the social and economic development of the region. Finally, Mr.Mukhambetov was offered to tour the Karachaganak Processing Complex (KPC) and KPO's Eco-Centre. He was impressed by the production activities of KPO.





Dear Ladies of KPO organisation!

Please accept my sincere congratulations and best wishes on the occasion of the International Women's Day!

The success of the Karachaganak project would not have been possible without your professional contribution, dedication to work and talents, so I would like to take this opportunity to thank all of you and to wish you happiness, prosperity and success!

Congratulations!
Giuseppe PASI,
KPO General Director

KPO attends meeting with RoK Prime Minister

On 24 February KPO General Director Giuseppe Pasi took part in a meeting in Astana hosted by the Prime Minister's Office as part of the scheduled performance review of major international petroleum operations (KPO, TCO, and NCOO).

The meeting was attended by the Kazakhstan Prime-Minister K.Massimov, Vice Prime Ministers S.Akhmetov, E.Orynbayev, K.Kelimbetov, Minister of Oil and Gas S.Mynbayev, Minister of Finance B.Zhamishev and other high ranking officials of Kazakhstan government.

One of the agenda items was to review the progress of KPO's fulfilment of its obligations for social projects, local content and nationalization. KPO General Director Giuseppe Pasi made an extensive KPO Performance Overview presentation, which highlighted the Venture's achievements in key areas such as social projects program in the region and the Venture's most recent achievements in enhancing Kazakh content and nationalisation.

The information presented was received positively by the audience and followed with much attention

and interest.

On the same day, the Vice Prime Minister Mr.Orynbayev met with a team of senior KPO representatives. During the meeting were discussed the prospects of co-operation in the area of vocational training and technical education. It was discussed that a MoI would be drafted to outline commitments on the part of the Venture and the Republic with respect to the training and development of professionals needed to support the country's fast growing petroleum and petrochemical industry.



KPO introduced Hotline service



KPO is pleased to announce another step in the company's legal compliance programme. KPO now has a toll-free, anonymous and confidential Hotline.

KPO has signed an agreement with an international supplier of hotline services, Global Compliance which is to provide access to an ethics hotline. This Hotline is available 24-hours a day for employees to report legal or ethical offenses, including discrimination,

sexual harassment, conflicts of interest, safety or environmental violations and/or improper financial practices or bribery.

The calls will be monitored and reported to the Legal Compliance Counsel and other administrators, who will analyze the information, provided and decide the appropriate action. The information will be treated as confidential and the person who has reported the incident will remain anonymous.

Global Compliance will ensure that there is no risk that anyone will ever be able to relate the information to the actual call.

It is, therefore, important that any person who calls the Hotline should provide enough and reliable information to allow KPO's Compliance section to investigate the incident. The Compliance Committee will be provided regular reports on the calls received and the actions taken.

The implementation of the Hotline is another step for KPO in complying with the international standards for combating corruption and providing a fair and safe working environment for its employees and contractors. The Hotline is in no way replacing the existing opportunity that anyone has to report incidents of concern to his/her line manager, the Compliance Coordination Manager and/or the Legal Compliance Counsel.

KPO donates 20 wheelchairs to disabled children

On 5 March 2012 Karachaganak Petroleum Operating B.V (KPO) has donated twenty wheelchairs for disabled children to medico-social centre Shapagat located in Uralsk. The project was implemented as part of KPO Sponsorship Programme.

The ceremony was attended by the Deputy Head of WKO Board for Co-ordination, Employment and Social Programs, Dildash Iskakova, parents of children, as well as employees of the KPO Sustainability Department.

Svetlana Bissenova, Deputy Director for Social Work of Shapagat Centre, said: "I would like to express my sincere gratitude to KPO for giving our children an ability to move within our centre and beyond its boundaries. Thanks to KPO help, our children will now be able to attend cultural events, cinemas, theatres, parks and museums".

Zhanar Kazhiddanova, KPO Community Relations Section Head, said: "Support of disabled children is one of key priorities of KPO sponsorship and donation programme in frame of which twenty chairs were donated for children from Shapagat Centre".

KPO is implementing a number of other projects aimed at supporting the vulnerable social groups of society in Burlin District area, and in the Western Kazakhstan region.

For example, in 2011 KPO donated furniture for Bolshechagan school and toys for Peremetnyi kindergarten and Urals's kindergarten №22. As part of the KPO educational program, Aksai's kindergarten № 6 and № 7 have received necessary training equipment, swimming pool and educational games to equip two groups of disabled children.

On the whole, in 2011 KPO implemented over 45 sponsorship projects in the fields of healthcare, sports, education, and culture.



Kazakhstan has oil reserves for 60 years



According to the Minister of Oil and Gas Sauat Mynbayev, Kazakhstan has reserves to last for 60 years with annual oil production of 120-130 mln. tons.

"Even if oil production will be at the level of 120-130 million tons per year Kazakhstan will have oil reserves for more than 40-45 years. But taking into account the fact that the oil production is reduced Kazakhstan will have oil reserves for more than 50 to 60 years", the minister said at the plenary session of the Majilis on Wednesday.

According to the minister today extractable reserves are about 5.3 bln. tons and the annual oil production is 81 mln. tons.

In addition, the minister said that it is expected to increase oil production up to 90 mln. tons in 2015 and up to 120 mln. tons by 2020.

"This increase is associated with increased production from existing contracts, primarily TCO and Kashagan", he explained.

He also noted that some fields can be reserved for internal needs.